



PriceSmart Announces December Net Merchandise Sales

Net Merchandise Sales grew 2.8%, after negative 3.1% FX impact

Comparable Net Merchandise Sales decreased 1.7%, after 2.9% negative FX impact

E-Commerce Penetration was 2.8% of Total Net Merchandise Sales

SAN DIEGO, Jan. 8, 2021 /PRNewswire/ -- PriceSmart, Inc. (NASDAQ: PSMT) today announced that for the month of December 2020, net merchandise sales increased 2.8% to \$372.6 million from \$362.3 million in December a year earlier. Foreign currency exchange fluctuations impacted net merchandise sales negatively by 3.1%, or \$10.5 million, versus the same one-month period in the prior year. There were 47 warehouse clubs in operation at the end of December 2020 and 45 warehouse clubs in operation at the end of December 2019.

For the four weeks ended December 27, 2020, comparable net merchandise sales for the 43 warehouse clubs open at least 13 ½ full months decreased 1.7% when compared to the same period last year. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by 2.9%, or \$9.2 million, versus the same period in the prior year.

Sherry S. Bahrambeygui, Chief Executive Officer, commented:

"In December, net merchandise sales grew despite increases in COVID-related cases and restrictions versus the prior month. Comparable sales decreased primarily in Costa Rica, Panama, and Colombia where COVID cases and related restrictions were on the rise and because of sales transferred from existing clubs to newly opened clubs in Panama and Colombia. In December, we lost approximately 14 club days to closures where in-club shopping was prohibited. Several clubs also contended with reduced operating hours, restrictions on segments of the population permitted to shop or circulate, limitations on the number of people allowed inside and restrictions on areas of our business such as food services and optical. In addition, sales declined in our Trinidad market, we believe, largely due to our decision to limit U.S. merchandise imports because of ongoing insufficient U.S. dollar liquidity. We are working on alternative solutions to mitigate the current illiquidity challenges.

Our Click & Go™ service, including curbside pickup and delivery, contributed approximately 2.8% of total net merchandise sales for the month. Delivery through Click & Go™ is now available in all of our markets, and the demand for delivery continues to grow as a portion of total Click & Go™ sales. Developing greater efficiencies remains a priority, especially within these new sales channels. We believe that Click & Go™ curbside and delivery services enabled by our new online platform, will remain important alternative shopping methods and will provide increased value for our Members. Expanded online interaction with our Members also yields opportunities for us to better access and analyze data to support merchandising decisions and enhance the connection with our Members.

On real estate, in early December we celebrated the grand opening of the new Usaquén Club, our third club in the greater metropolitan area of Bogota and located in the heart of a densely populated area. This is the second club we have successfully opened despite travel restrictions. Club Usaquén should drive sales growth, provide greater convenience and strengthen our presence in this market. In mid-December, we also announced that we plan to proceed with the construction of two new clubs, one each in Guatemala and Jamaica which are expected to open in fiscal year 2022. As I've frequently noted, new club openings likely impact adversely our comparable net merchandise sales in the early stages. However, these locations provide strategic opportunities to grow incremental Membership and sales and support our efforts to ensure that our Members continue to enjoy our in-club uniquely curated selection of goods and services at great values.

We are drawing upon the valuable experience gained through this last year and the systems that have been improved to enhance Member experience, strengthen online capabilities and keep our employees and Members safe. I'm proud of our team's performance for navigating these developments and for continuing to strengthen our core capabilities during our busiest month of the year."

Fiscal year to date, which includes the four months ended December 31, 2020, net merchandise sales increased 6.1% to \$1,211.0 million from \$1,141.0 million for the four months ended December 31, 2019. Foreign currency exchange rate fluctuations impacted net merchandise sales negatively by

3.4% or \$38.0 million versus the same four-month period in the prior year.

For the 17-week period ended December 27, 2020, comparable net merchandise sales increased 2.0% compared to the same 17-week period a year ago. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by 3.3% or \$36.2 million versus the same prior year period.

About PriceSmart

PriceSmart, headquartered in San Diego, owns and operates U.S.-style membership shopping warehouse clubs in Latin America and the Caribbean, selling high quality merchandise and services at low prices to PriceSmart Members. PriceSmart operates 47 warehouse clubs in 12 countries and one U.S. territory (eight in Costa Rica and Colombia; seven in Panama; five in the Dominican Republic, four in Trinidad and Guatemala; three in Honduras; two each in El Salvador and Nicaragua; and one each in Aruba, Barbados, Jamaica and the United States Virgin Islands). The Company also plans to open new warehouse clubs in Guatemala City, Guatemala and Portmore, Jamaica in the fall of 2021 and the spring of 2022, respectively. Once these two new clubs are open, the Company will operate 49 warehouse clubs.

The Company reports comparable net merchandise sales on a "same week" basis with 13 weeks in each quarter beginning on a Monday and ending on a Sunday. The periods are established at the beginning of the fiscal year to provide as close a match as possible to the calendar month and quarter that is used for financial reporting purposes. This approach equalizes the number of weekend days and weekdays in each period for an improved sales comparison, as the Company experiences higher merchandise club sales on the weekends. Each of the warehouse clubs used in the calculations was open for at least 13 ½ calendar months before its results for the current period were compared with its results for the prior period.

The term "currency exchange rates" refers to the currency exchange rates the Company uses to convert net merchandise and comparable net merchandise sales for all countries where the functional currency is not the U.S. dollar into U.S. dollars. The Company calculates the effect of changes in currency exchange rates as the difference between current period activities translated using the current period's currency exchange rates and the comparable prior year period's currency exchange rates. The Company believes the disclosure of the effects of currency exchange rate fluctuations on the Company's results permits investors to understand better the Company's underlying performance.

Club days lost means the total number of days one or more clubs are closed for an entire day because of government prohibitions on offering in-store shopping. For example, if one club was prohibited from offering in-store sales for five days during a month and another club was prohibited from offering in-store sales for two days during that month, we would say that we had seven club days lost during the month.

This press release may contain forward-looking statements concerning the Company's anticipated future revenues and earnings, adequacy of future cash flows, omni-channel initiatives, proposed warehouse club openings, the Company's performance relative to competitors, the outcome of tax proceedings and related matters. These forward-looking statements include, but are not limited to, statements containing the words "expect," "believe," "will," "may," "should," "project," "estimate," "anticipated," "scheduled," and like expressions, and the negative thereof. These statements are subject to risks and uncertainties that could cause actual results to differ materially including, but not limited to: adverse changes in economic conditions in the Company's markets, natural disasters, compliance risks, volatility in currency exchange rates, competition, consumer and small business spending patterns, political instability, increased costs associated with the integration of online commerce with our traditional business, whether the Company can successfully execute strategic initiatives, cybersecurity breaches that could cause disruptions in our systems or jeopardize the security of member or business information, cost increases from product and service providers, interruption of supply chains, COVID-19 related factors and challenges, including among others, the duration of the pandemic, the unknown long-term economic impact, the impact of government policies and restrictions that have limited access for our Members, and shifts in demand away from discretionary or higher priced products to lower priced products, exposure to product liability claims and product recalls, recoverability of moneys owed to PriceSmart from governments, and other important factors discussed in the Risk Factors section of the Company's most recent Annual Report on Form 10-K, and other factors discussed from time to time in other filings with the SEC, which are accessible on the SEC's website at www.sec.gov, including Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Forward-looking statements speak only as of the date that they are made, and the Company does not undertake to update them, except as required by law.

For further information, please contact Michael L. McCleary, EVP, Chief Financial Officer and Principal Accounting Officer (858) 404-8826 or send an email to ir@pricesmart.com.

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