PriceSmart®

2023

PriceSmart, Inc.

Overview Presentation
Issued April 2023

NASDAQ: PSMT

Forward Looking Statements:

This presentation 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,” “intend,” 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: various political, economic and compliance risks associated with our international operations, adverse changes in economic conditions in the Company’s markets, natural disasters, volatility in currency exchange rates and illiquidity of certain local currencies in our markets, 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, our reliance on third-party service providers, including those who support transaction and payment processing, data security and other technology services, 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, novel coronavirus (COVID-19) related factors and challenges, exposure to product liability claims and product recalls, recoverability of moneys owed to PriceSmart from governments, risks associated with our leadership transition, 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.

Non-GAAP Financial Measures:

In addition to relevant U.S. GAAP (Generally Accepted Accounting Principles) measures, we also provide non-GAAP measures including adjusted net income and adjusted net income per diluted share because management believes these metrics are useful to investors and analysts by excluding items that we do not believe are indicative of our core operating performance. These measures are customary for our industry and commonly used by competitors. These non-GAAP financial measures should not be reviewed in isolation or considered as an alternative to any other performance measure derived in accordance with GAAP. In addition, adjusted net income and adjusted net income per diluted share may not be comparable to similarly titled measures used by other companies in our industry or across different industries. A reconciliation of these non-GAAP financial measures to the most comparable GAAP financial measures are included in the Appendix to this presentation.

PriceSmart®

BUSINESS OVERVIEW



OUR ORIGINS

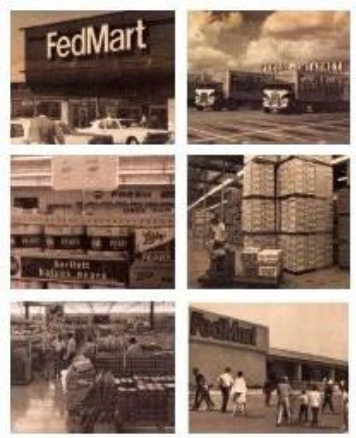
FedMart

FOUNDED 1954

Founded in San Diego, California in 1954
Founders: Sol Price and local investors

Founding Principles: Duty to our Customers

- Customers come first
- Sell only quality merchandise
- Keep prices consistently low
- Price all merchandise fairly
- Offer private label for additional value
- Treat all customers the same with courtesy and attentiveness
- Label and package merchandise honestly



By 1971 FedMart had 43 stores with annual sales in excess of $350 million

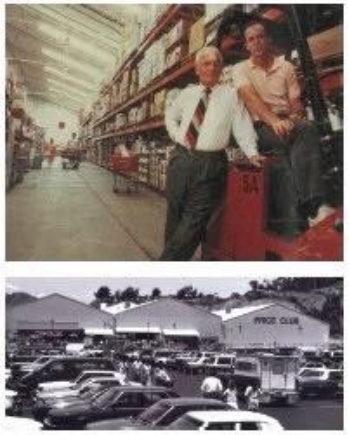
PRICE CLUB®

FOUNDED 1976

Founded the wholesale club industry in 1976 in San Diego
Founders: Sol Price and Robert Price

Founding Principles: The Six Rights

- **The Right Merchandise:** Basic, Seasonal and Exciting new items.
- **The Right Time:** Merchandise must be "fresh" and in tune with current seasons and trends.
- **The Right Place:** Position merchandise to maximize the sales of each item.
- **The Right Condition:** Sell only 1st quality merchandise.
- **The Right Quantity:** Purchase merchandise in quantities that allow for efficient handling and lower acquisition cost.
- **The Right Price:** Price merchandise as low as possible. Constantly Every Day Low Prices.



Price Club had 96 locations with $7.6 billion in sales when it merged operations with Costco Wholesale in 1993.

PRICE COSTCO

FOUNDED 1993

Price Club and Costco Merger in 1993

- Merger created the second largest membership warehouse chain.
- 195 Warehouses upon merger with revenue of approximately $16 Billion.



PriceSmart

FOUNDED 1996

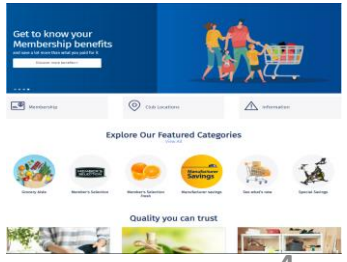
Founded in San Diego in 1996
Founders: Sol Price and Robert Price

Founding Principles:

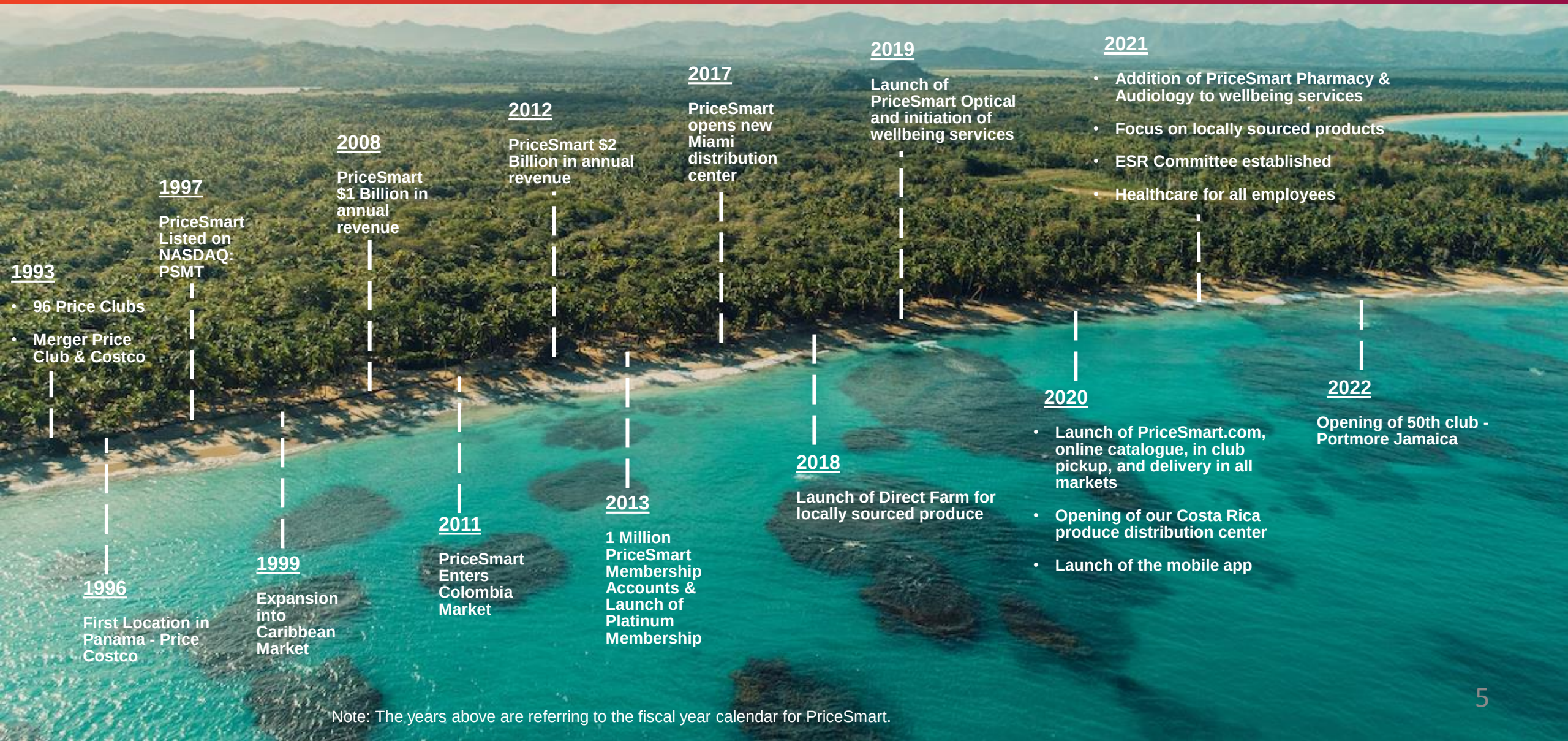
- Operating under the guiding principles established by FedMart and Price Club.
- Provides a U.S. Style Membership shopping experience for Members providing U.S, international, regional and locally sourced merchandise primarily in emerging markets.

PriceSmart currently operates warehouse clubs in 12 countries and one U.S. territory and has almost 1.8 million members.





OUR HISTORY



1993
- 96 Price Clubs
- Merger Price Club & Costco

1996
First Location in Panama - Price Costco

1997
PriceSmart Listed on NASDAQ: PSMT

1999
Expansion into Caribbean Market

2008
PriceSmart $1 Billion in annual revenue

2011
PriceSmart Enters Colombia Market

2012
PriceSmart $2 Billion in annual revenue

2013
1 Million PriceSmart Membership Accounts & Launch of Platinum Membership

2017
PriceSmart opens new Miami distribution center

2018
Launch of Direct Farm for locally sourced produce

2019
Launch of PriceSmart Optical and initiation of wellbeing services

2020
- Launch of PriceSmart.com, online catalogue, in club pickup, and delivery in all markets
- Opening of our Costa Rica produce distribution center
- Launch of the mobile app

2021
- Addition of PriceSmart Pharmacy & Audiology to wellbeing services
- Focus on locally sourced products
- ESR Committee established
- Healthcare for all employees

2022
Opening of 50th club - Portmore Jamaica

Note: The years above are referring to the fiscal year calendar for PriceSmart.

OUR CULTURE

Values

Integrity
Always do the right thing.

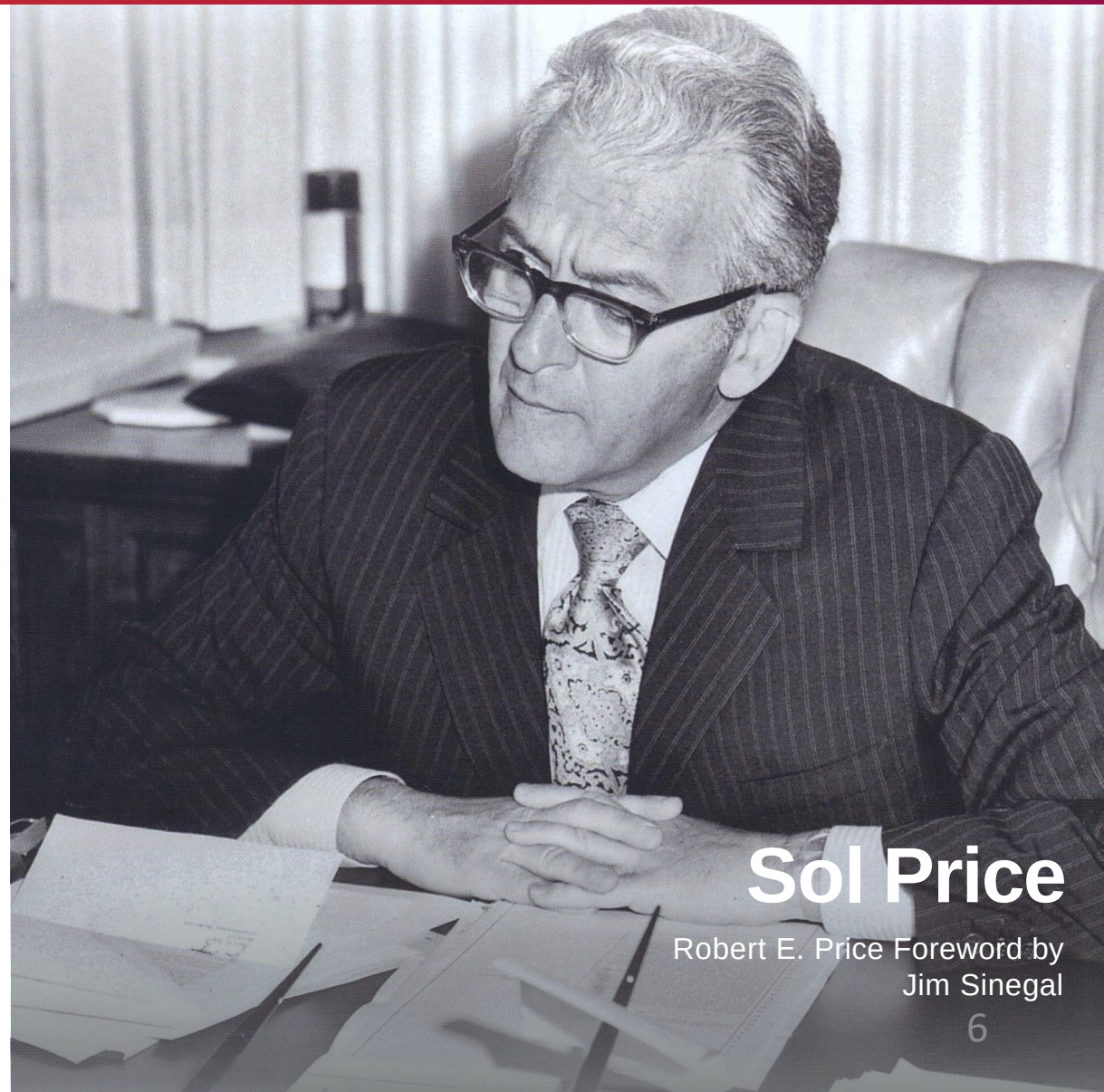
Respect
Treat employees, suppliers and Members the way you want to be treated.

Accountability
Deliver on commitments you make to your team and the company.

Passion
Operate great warehouse clubs while putting Members first.

Community
Support and improve the communities we serve.

Continuous Improvement
Try to make things better every day.



OUR MISSION

PriceSmart exists to improve the lives and businesses of our Members, our employees and our communities through the responsible delivery of the best quality goods and services at the lowest possible prices. Our mission is to serve as a model company, which operates profitably and provides a good return to our investors, by providing Members in emerging and developing markets with exciting, high-quality merchandise sourced from around the world and valuable services at compelling prices in safe U.S. style clubs and through PriceSmart.com. We prioritize the well-being and safety of our Members and employees. We provide good jobs, fair wages and benefits and opportunities for advancement. We strive to treat our suppliers right and empower them when we can. We conduct ourselves in a socially responsible manner as we endeavor to improve the quality of the lives of our Members and their businesses, while respecting the environment and the laws of all the countries in which we operate. The annual membership fee enables us to operate our business with lower margins than traditional retail stores. As we continue to invest in technological capabilities, we are increasing our tools to drive sales and operational efficiencies. We believe we are well positioned to blend the excitement and appeal of our brick-and-mortar business with the convenience and additional benefits of online shopping and services, and meanwhile, enhance Member experience and engagement.

OUR SIX RIGHTS VALUE PROPOSITION



Squeeze Out Inefficiencies

- Limited SKU Selection
- Efficient Distribution with Regional Distribution Centers
- Low Margins to Pass Savings onto Members
- Leverage Volume Buying

Reinvest in Membership Value

- Co-Branded Credit Card and Loyalty Rewards
- Enhance Services (ecommerce, optical, pharmacy, audiology, etc.)
- No Charge Optical Exams

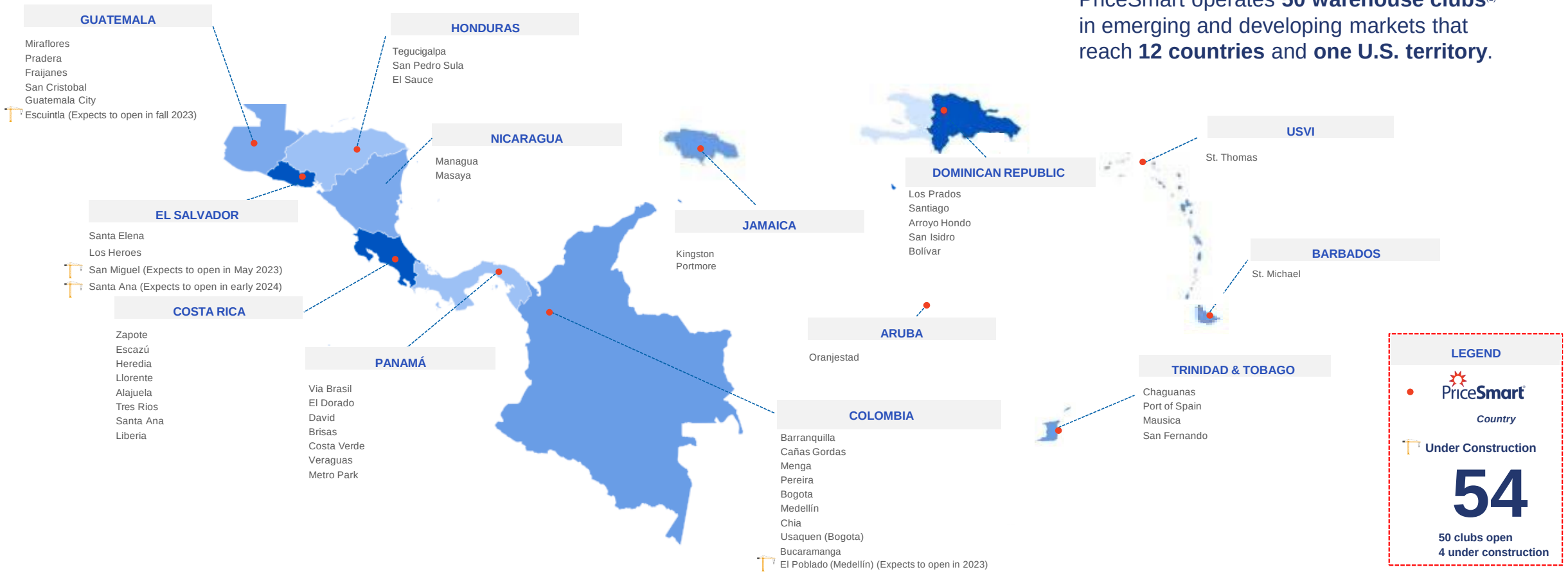
Membership Loyalty

- 88.0% Renewal Rate [1]
- Almost 1.8 Million Members [2]

(1) For the trailing twelve-month period ended 02/28/2023
(2) As of 02/28/2023

OUR CLUB LOCATIONS

PriceSmart operates **50 warehouse clubs**(2) in emerging and developing markets that reach **12 countries** and **one U.S. territory**.



LEGEND

PriceSmart *Country*

Under Construction

54

50 clubs open
4 under construction

$4.2 Billion TTM Revenue(1)

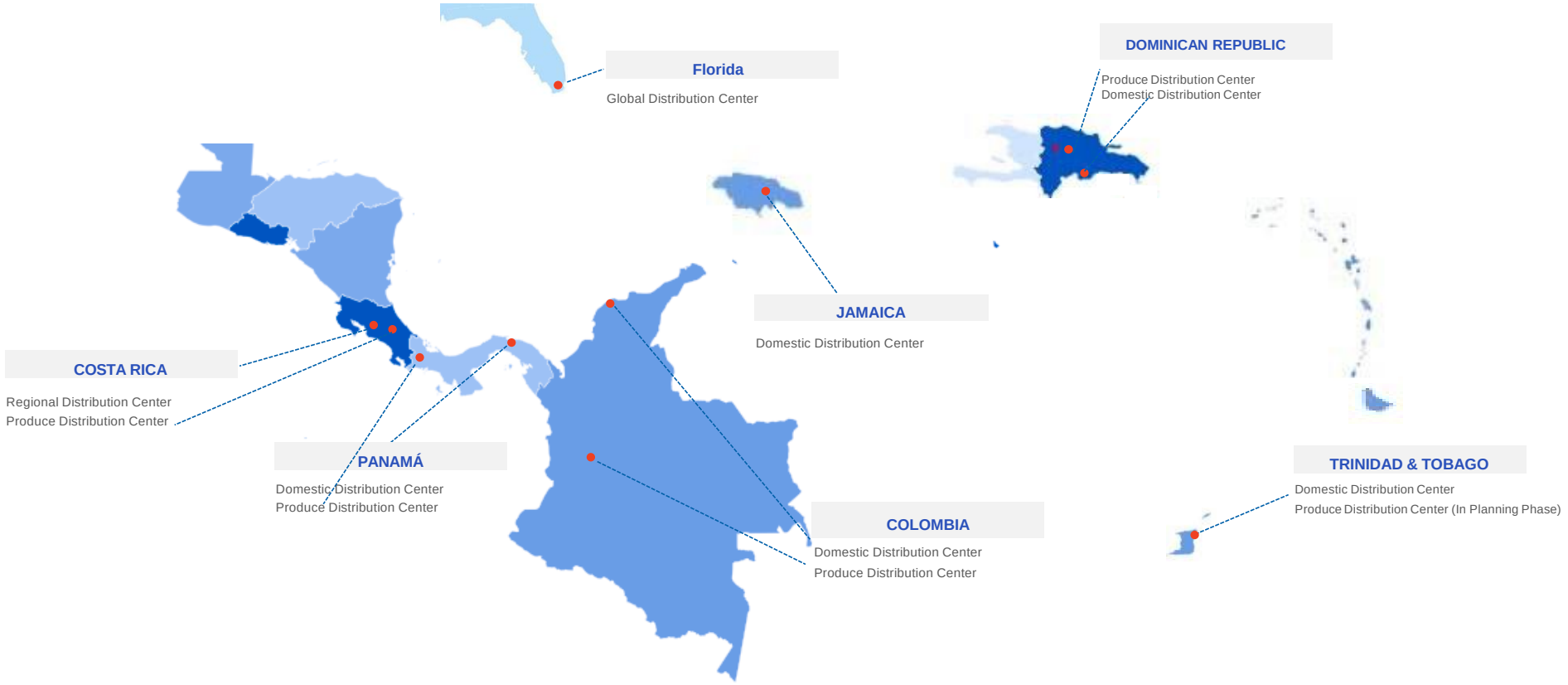
1.77 Million Memberships(2)

88.0% Membership Renewal Rate(1)

(1) For the trailing twelve-month period ended 02/28/2023

(2) As of 02/28/2023

OUR DISTRIBUTION NETWORK





OUR GROWTH PLAN



- **Invest in Remodeling Current PriceSmart Clubs, Adding New PriceSmart Locations and Opening More Distribution Centers.**
- **Increase Membership value for both retail and business Members. Expand our Membership services offering through our wellness initiatives such as pharmacy, optical and audiology centers.**
- **Drive Incremental Sales via PriceSmart.com and Enhanced Online, Digital and Technological Capabilities.**

RECENT CLUB OPENINGS



December 2020

Usaquén

8th Club in Colombia



October 2021

Guatemala City

5th Club Guatemala



November 2021

Floridablanca

9th Club Colombia



April 2022

Portmore

2nd Club Jamaica

REAL ESTATE GROWTH (Expected Openings)



May 2023
San Miguel
3rd Club El Salvador



2023
El Poblado (Medellín)
10th Club Colombia



Fall 2023
Escuintla
6th Club Guatemala



Early 2024
Santa Ana
4th Club El Salvador

ENHANCED MEMBERSHIP VALUE







25.9% Private Label Penetration of Total Net Merchandise Sales*

MEMBER'S SELECTION®

Continued growing of Member Wellness Offerings: Pharmacy, Optical and Audiology.

Our popular Member's Selection Product Line-up keeps expanding!

APRENDER Y CRECER

Continued focus on Philanthropy and Environmental/Sustainability

PriceSmart FOUNDATION

Helping communities thrive. Together.

We partner with the PriceSmart foundation to seek to support and strengthen our communities by investing in youth development, economic opportunity, and community and environmental resilience.

* For the trailing twelve-month period ended 02/28/2023

OMNI-CHANNEL PLATFORM

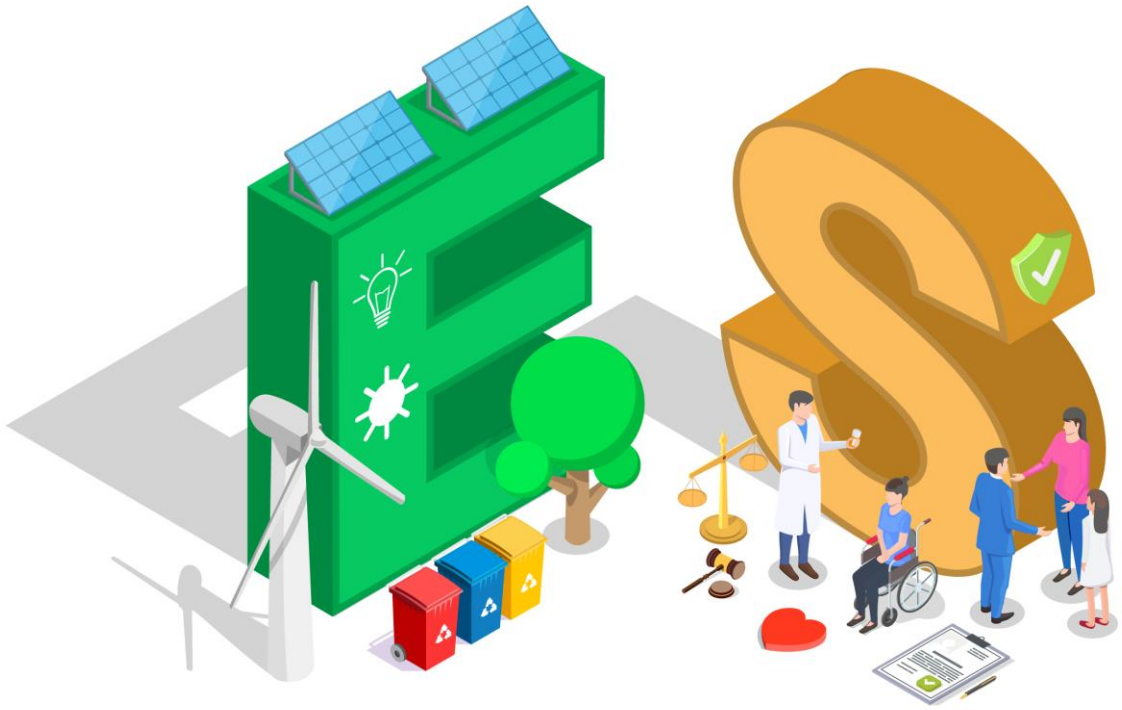


ENVIRONMENTAL AND SOCIAL

Environmental

Sustainable facilities focused on reducing and minimizing PriceSmart's environmental impact

- ✓ Solar Panels
- ✓ Lighting Systems
- ✓ Hot Water Reclamation Systems
- ✓ Waste Management
- ✓ Sustainable Fisheries
- ✓ Food Bank Partnerships
- ✓ Recycling Centers



Social

Driving principle and philosophy focusing on our employees

- ✓ Employee Healthcare
- ✓ Employee Safety Related to COVID-19
- ✓ Philanthropic Partnerships
- ✓ Diversified Employee Base
- ✓ PriceSmart Foundation and other Philanthropic Partnerships

WORKPLACE RANKINGS

We are ranked:

- *Top 100 Most Loved Workplace by Newsweek*
- *2nd Best Workplace in Colombia within the Retail Sector by job portal Computrabajo*

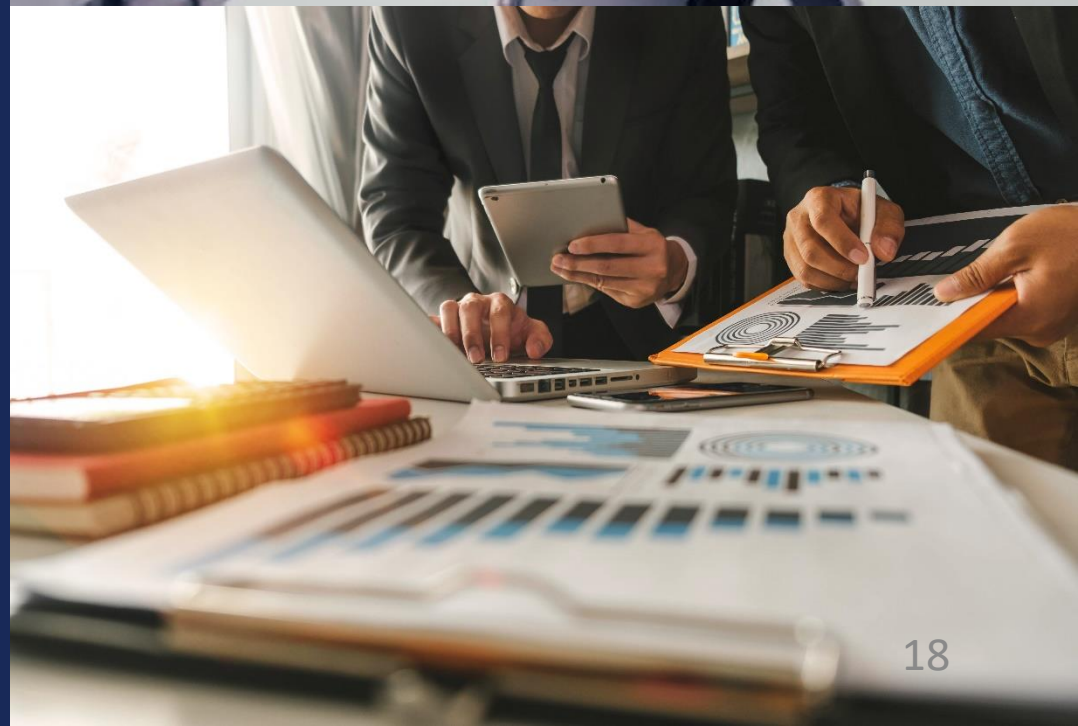




PriceSmart®

FINANCIALS





Q2 FY23 FINANCIAL HIGHLIGHTS

10.3%
Net Merchandise Sales Growth
$1.12 Billion

10.0%
Total Revenue Growth
$1.14 Billion

11.3%
Operating Income Growth
$53.8 Million

7.3%
Membership Income Growth
$16.2 Million

0.2%
Negative Foreign Currency Impact on Net Merchandise Sales
$2.3 Million

4.4%
Omni-Channel Sales Penetration of Total Net Merchandise Sales

$31.3 Million
Net Income attributable to PriceSmart, Inc.

$38.5 Million
Adjusted Net Income attributable to PriceSmart, Inc. *

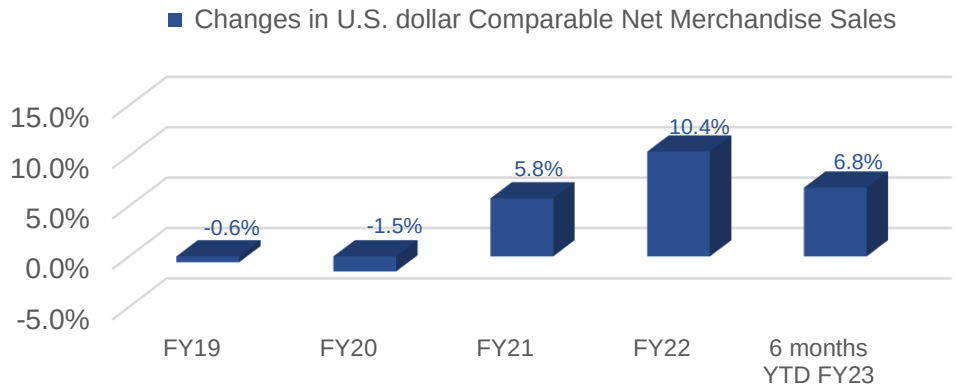
$1.02
Earnings per Share

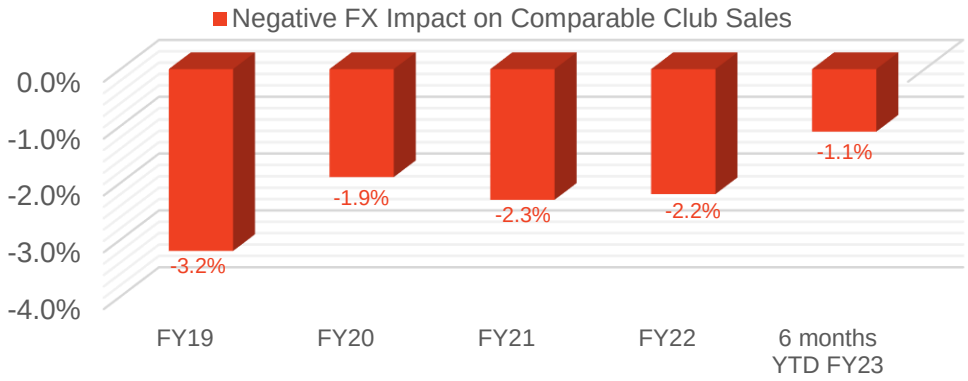
$1.25
Adjusted Earnings per Share *

As of and for the three months ended 02/28/2023
* Refer to the Appendix for a reconciliation of non-GAAP measures

STRONG SALES

Comparable Club Sales



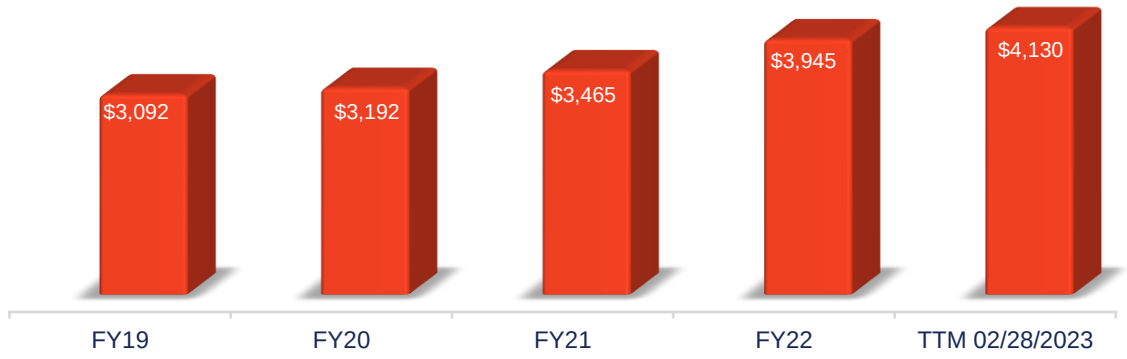


Factors affecting current comparable club sales

- Economic Factors
- Devaluation of Local Currency
- Transfer of sales from more mature clubs to new ones

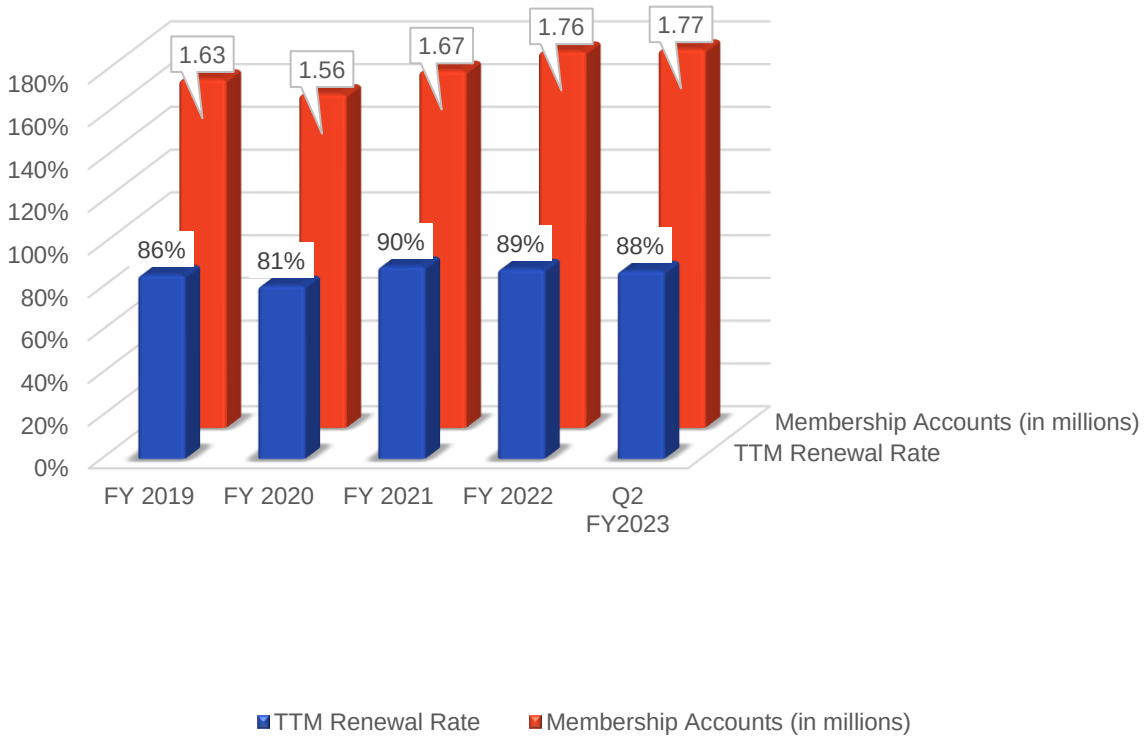
Net Merchandise Sales ($ in Millions)

CAGR 7.5%



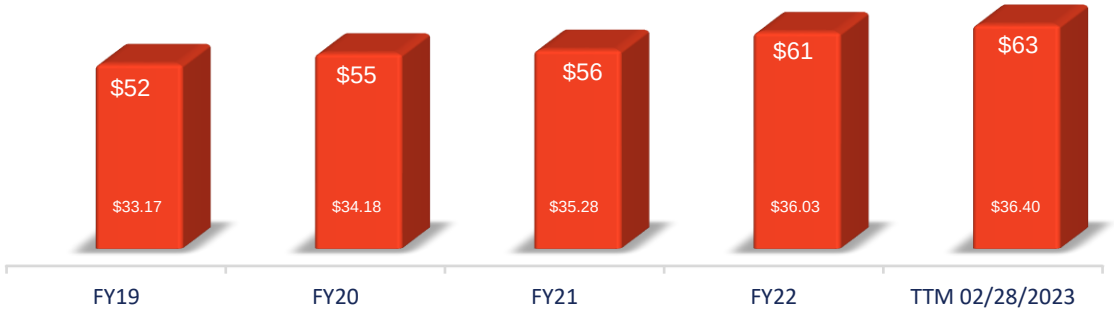
CONSISTENT AND RELIABLE MEMBERSHIP INCOME

Membership Renewal Rate & Membership Accounts



Membership Fee Income ($ in millions) & Average Fee

CAGR 5.0%



TTM = Trailing 12 months

INVESTING IN MEMBERSHIP EXPERIENCE



PriceSmart Platinum Membership

Platinum Membership Rollout

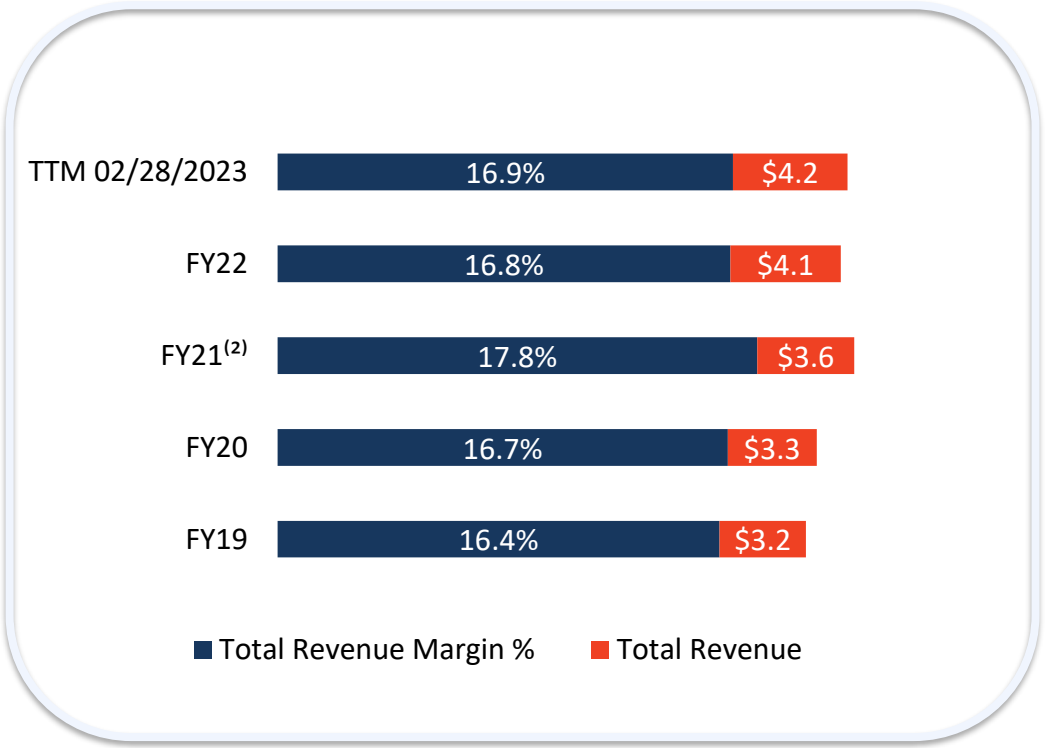
Platinum CAGR 25%



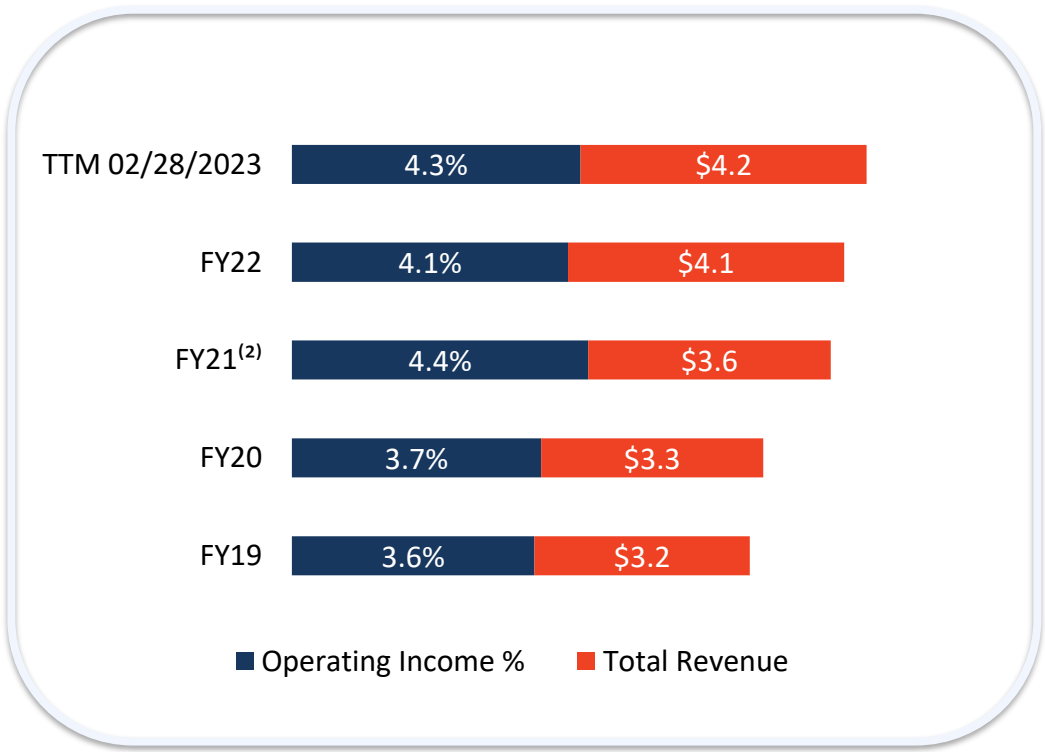
**Our Diamond Members generally pay an annual membership fee of approximately $35 and our Platinum Members generally pay $75 per year.*

MARGINS AND OPERATING INCOME

Total Revenue Margin%[1] and Total Revenue ($ in billions)



Operating Income % and Total Revenue ($ in billions)



(1) Defined as net merchandise sales, 3rd party export sales, membership income, and other revenue less cost of goods sold divided by total revenue.
(2) Increase primarily the result of pricing actions taken to offset foreign currency exchange costs on imported merchandise into our Trinidad market.
TTM = Trailing 12 months

STRONG FINANCIAL METRICS

(Amounts in thousands, except Number of Warehouse Clubs)	Selected Financial Data				
	FY 2019	FY 2020	FY 2021	FY 2022	YTD Q2 FY 2023
Cash Flow From Operations	170,332	259,268[1]	127,166	121,829	116,681
CAPEX	145,667	104,247	106,108	122,342	53,823
Dividends Paid (paid semi-annually)	21,654	21,527	21,988	26,559	14,260
Current Assets	491,896	699,002	697,204	773,579	836,771
Current Liabilities	407,454	568,275	533,552	579,456	586,583
Working Capital	84,442	130,727	163,652	194,123	250,188
Total Assets	1,296,411	1,656,825	1,705,790	1,808,400	1,886,172
Current Debt	25,875	19,437	19,395	33,715	27,421
Long Term Debt	63,711	112,610	110,110	103,556	126,383
Number of Warehouse Clubs	43	46	47	50	50

	Liquidity Metrics				
	FY 2019	FY 2020	FY 2021	FY 2022	YTD Q2 FY 2023
Current Ratio	1.2	1.2	1.3	1.3	1.4
Debt to Equity[2]	11%	16%	14%	14%	15%

(1) The large increase in net cash provided by operating activities was primarily due to net working capital improvements, which resulted from a decrease in merchandise inventories and an increase in accounts payable during the twelve-months ended August 31, 2020 compared to the prior year.

(2) Defined as total debt divided by total equity.

APPENDIX



GAAP to Non-GAAP Reconciliations

Adjusted Net Income and Adjusted Net Income per Diluted Share

(Amounts in thousands)	Three Months Ended February 28, 2023
Net income as reported	$ 31,347
Adjustments:	
Separation costs associated with Chief Executive Officer departure (1)	7,747
Tax impact of adjustments to net income (2)	(550)
Adjusted net income	$ 38,544
Net income per diluted share	$ 1.02
Separation costs associated with Chief Executive Officer departure (3)	0.23
Adjusted net income per diluted share	$ 1.25

(1) Reflects $7.7 million of separation costs associated with the departure of our former Chief Executive Officer in February 2023.
(2) Reflects the tax effect for the impact of separation costs associated with the departure of our former Chief Executive Officer.
(3) The separation costs associated with Chief Executive Officer departure, net of tax, reduced net income per diluted share by $0.23 in the second quarter of fiscal 2023.

INVESTOR RELATIONS























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