PriceSmart®

2023

PriceSmart, Inc.

Overview Presentation
Issued July 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 GAAP measures, we also provide non-GAAP measures including adjusted net income, adjusted net income per diluted share, adjusted EBITDA and net merchandise sales - constant currency 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, adjusted net income per diluted share, adjusted EBITDA and net merchandise sales – constant currency 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

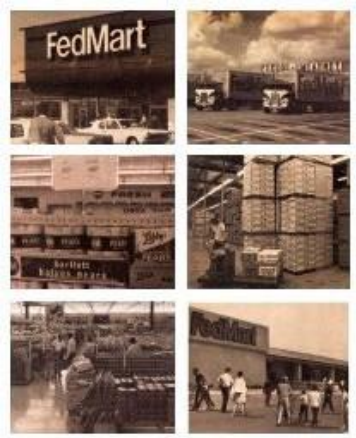
FedMart

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

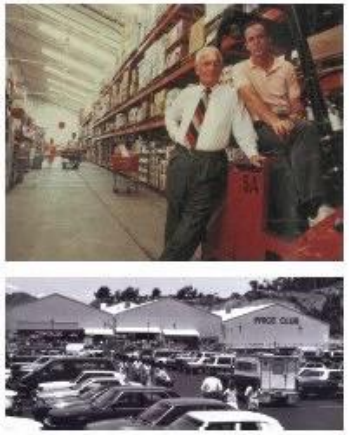
PRICE CLUB®

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

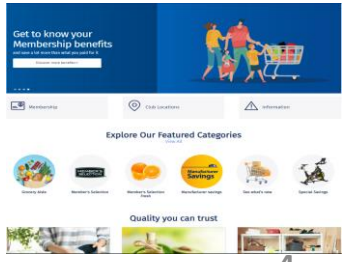
Founded in San Diego in 1996
Founders: Sol Price and Robert Price

Founding Principles:

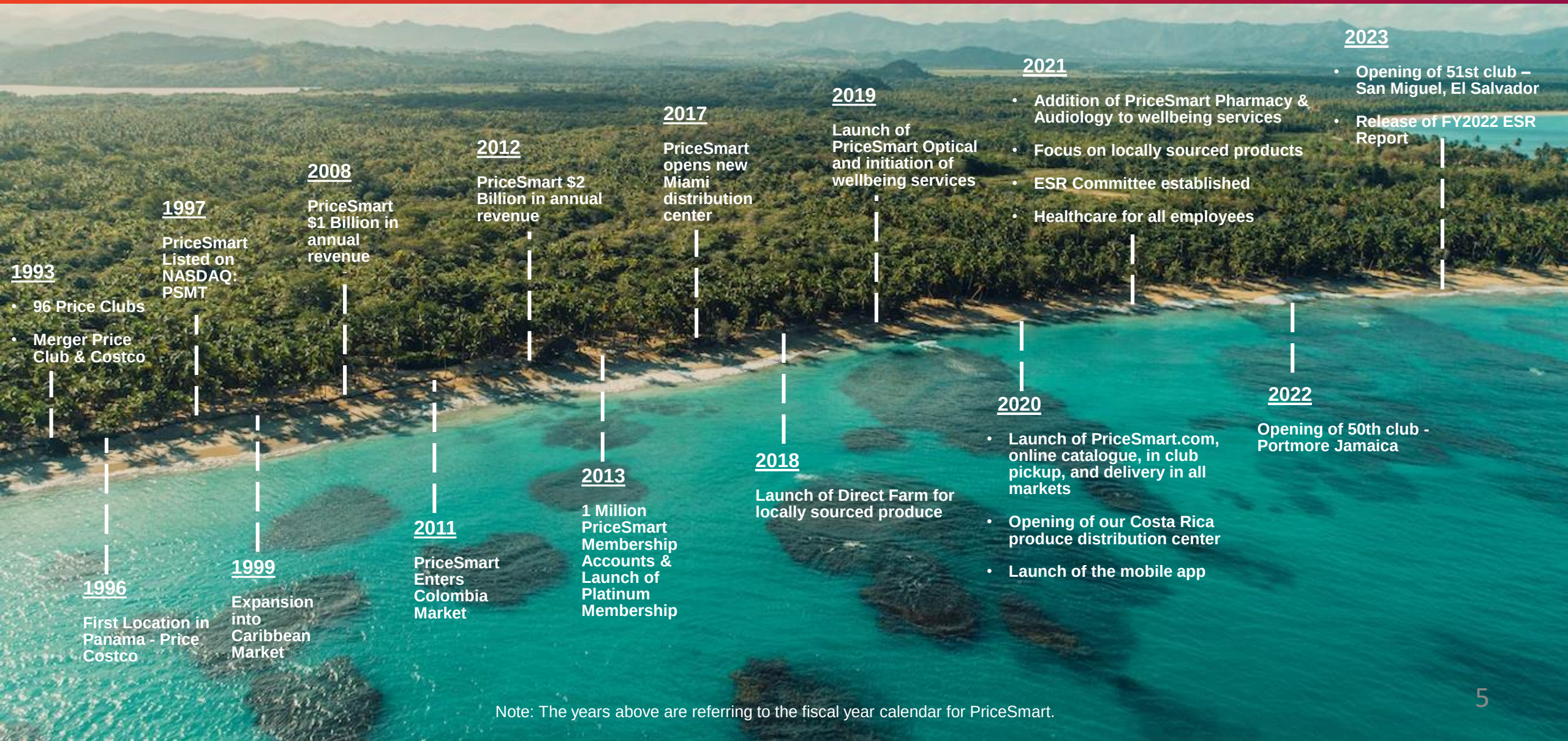
- Operating under the guiding principles established by FedMart and Price Club.
- Provides a U.S. Style Membership shopping experience for Members providing U.S, international, regional and locally sourced merchandise primarily in emerging markets.

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

2023
- Opening of 51st club – San Miguel, El Salvador
- Release of FY2022 ESR Report

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

OUR CULTURE

Values

Integrity
Always do the right thing.

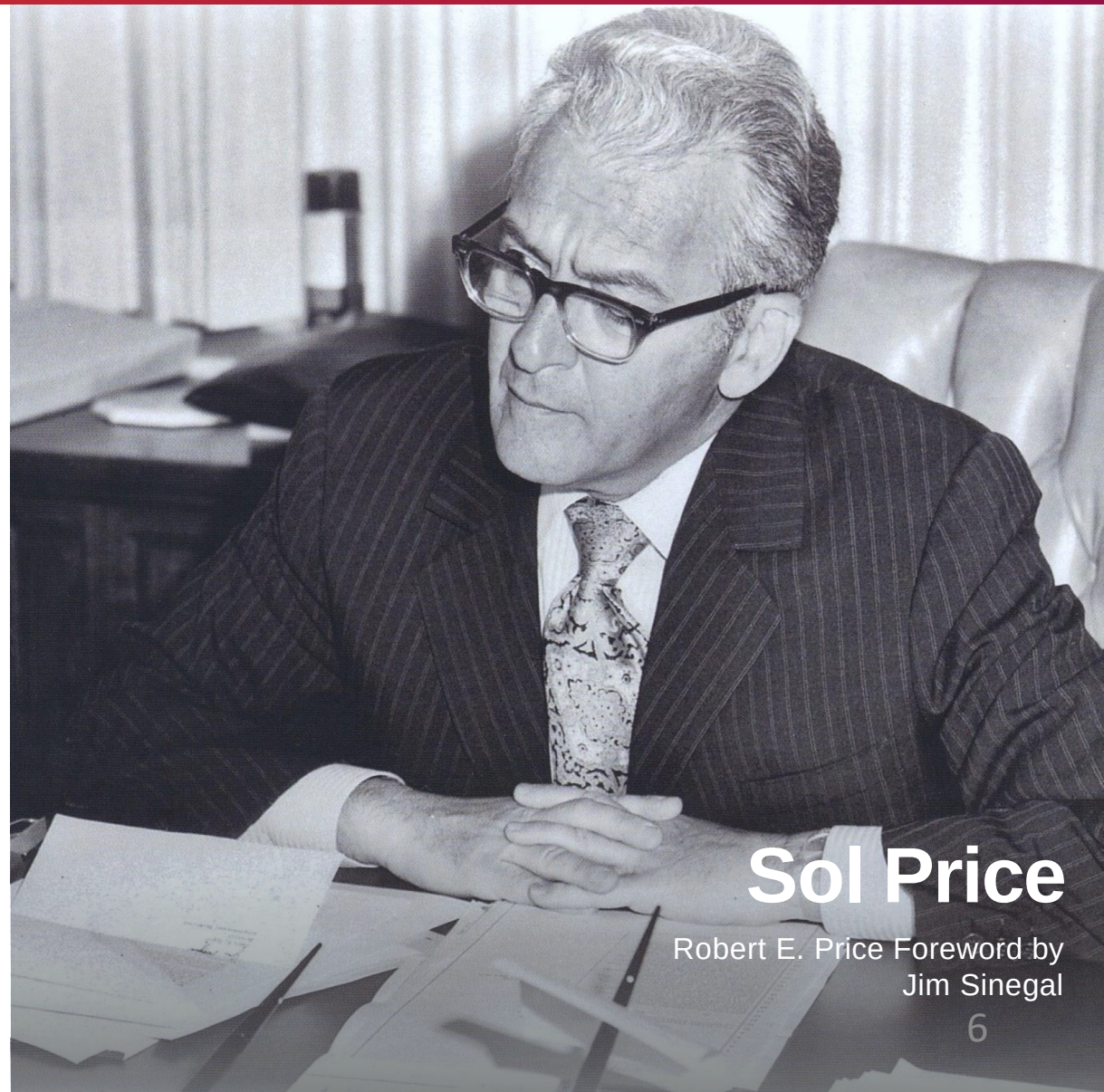
Respect
Treat employees, suppliers and Members the way you want to be treated.

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

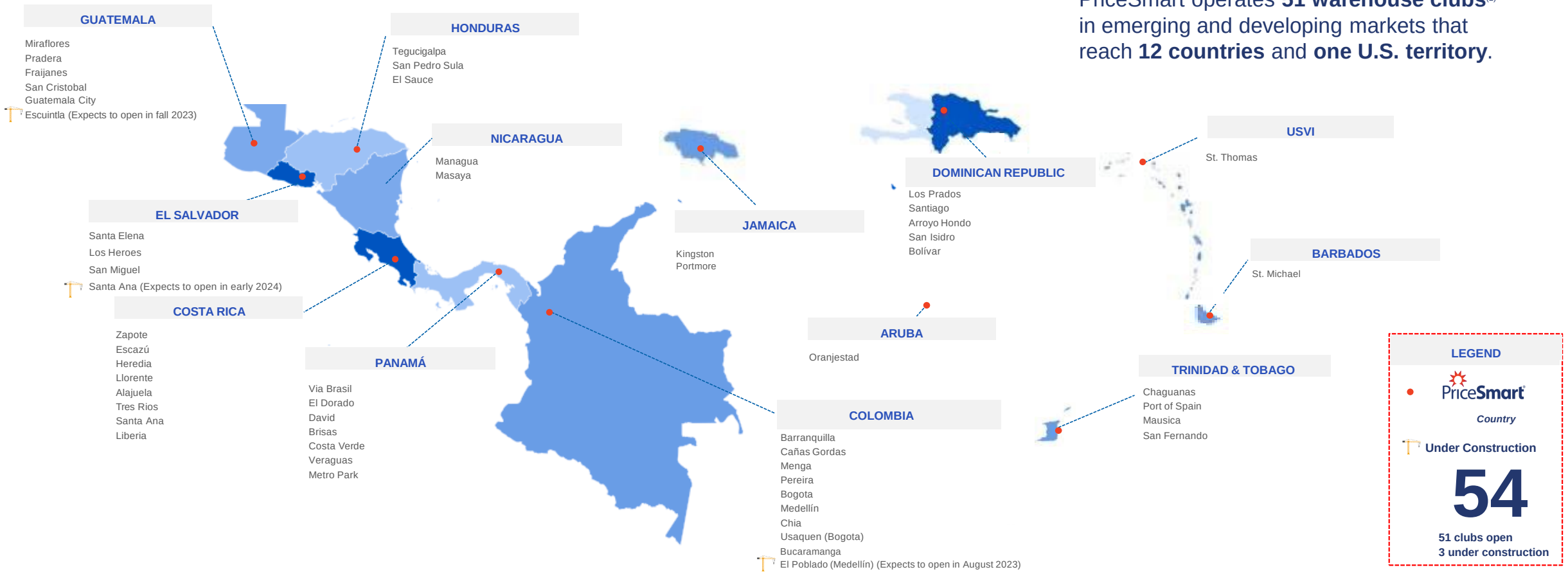
Membership Loyalty

- 87.1% Renewal Rate [1]
- Almost 1.8 Million Members [2]

[1] For the trailing twelve-month period ended 05/31/2023
[2] As of 05/31/2023

OUR CLUB LOCATIONS

PriceSmart operates **51 warehouse clubs**(2) in emerging and developing markets that reach **12 countries** and **one U.S. territory**.



$4.3 Billion TTM Revenue (1)

1.79 Million Memberships (2)

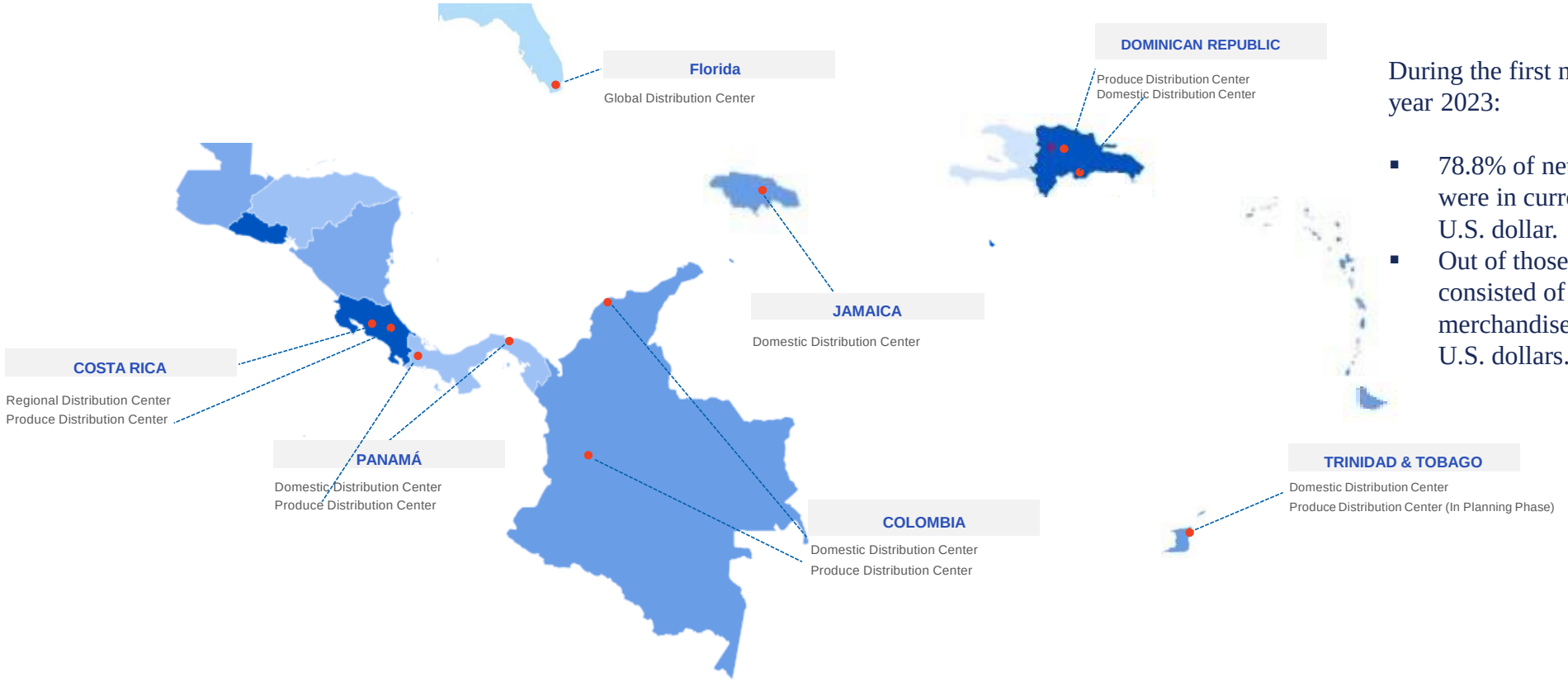
Over 2.5 Million sqf Sales Floor (2)

87.1% Membership Renewal Rate (1)

(1) For the trailing twelve-month period ended 05/31/2023

(2) As of 05/31/2023

OUR DISTRIBUTION NETWORK



During the first nine months of fiscal year 2023:

- 78.8% of net merchandise sales were in currencies other than the U.S. dollar.
- Out of those sales, 48.6% consisted of imported merchandise that we purchased in U.S. dollars.



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



May 2023
San Miguel
3rd Club El Salvador

REAL ESTATE GROWTH (Expected Openings)







ENHANCED MEMBERSHIP VALUE







26.0% 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 05/31/2023**

OMNI-CHANNEL PLATFORM



ENVIRONMENTAL AND SOCIAL

Our Environmental Impacts

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



Our Social Impacts

Driving principle and philosophy focusing on our employees

- ➢ Employee Healthcare
- ➢ Employee Safety Related to COVID-19
- ➢ PriceSmart Foundation and other Philanthropic Partnerships
- ➢ Diversified Employee Base
- ➢ Developing the Next Generation of Female Business Leaders
- ➢ Community Contributions and more…

Check out our FY2022 ESR Report and the PriceSmart Foundation website for more details!

WORKPLACE RANKINGS

We are ranked:

- *PriceSmart in the Top 100 Global Most Loved Workplaces for 2023 by Newsweek's Magazine*
- *2nd Best Workplace in Colombia within the Retail Sector by job portal Computrabajo*

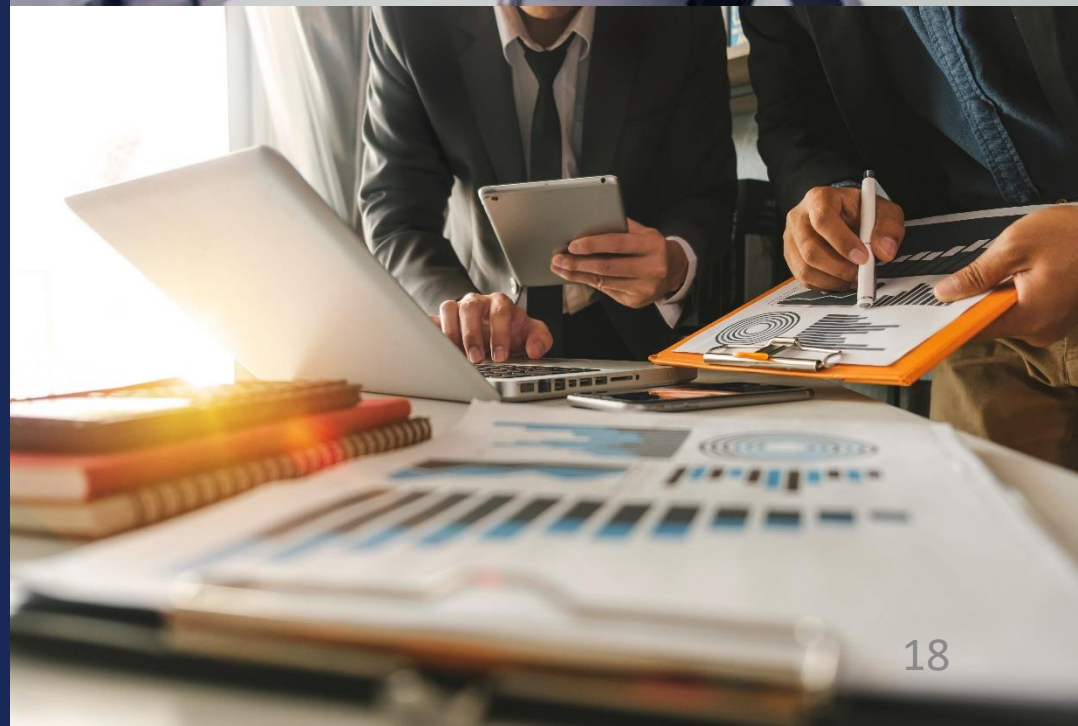




PriceSmart®

FINANCIALS





Q3 FY23 FINANCIAL HIGHLIGHTS

$29.6 Million
Net Income attributable to PriceSmart, Inc.

$31.9 Million
Adjusted Net Income attributable to PriceSmart, Inc. *

$63.2 Million
Adjusted EBITDA*

7.1%
Net Merchandise Sales Growth

$1.07 Billion
Net Merchandise Sales

27.5%
Operating Income Growth

$43.1 Million
Operating Income

8.4%
Membership Income Growth

$16.7 Million
Membership Income

5.6%
Net Merchandise Sales – Constant Currency Growth*

4.9%
Omni-Channel Sales Penetration of Total Net Merchandise Sales

$0.94
Earnings per diluted Share

$1.02
Adjusted Earnings per diluted Share *

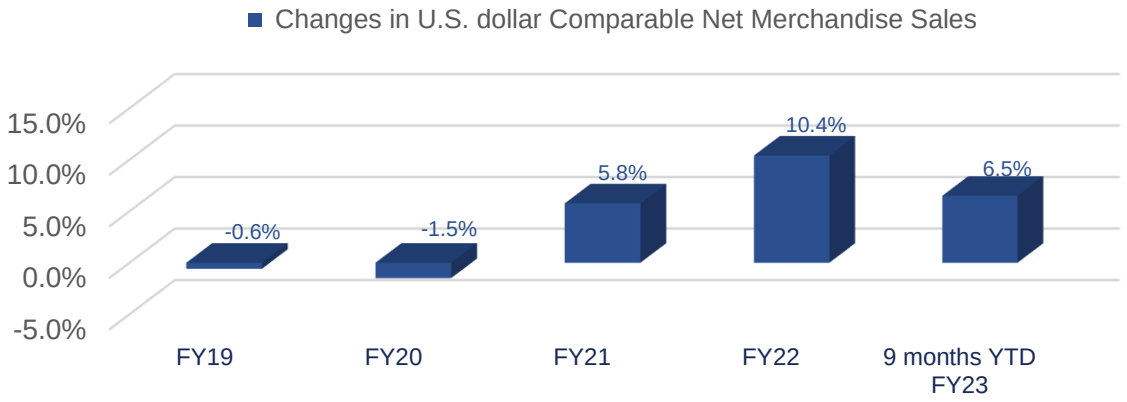
6.4%
Total Revenue Growth

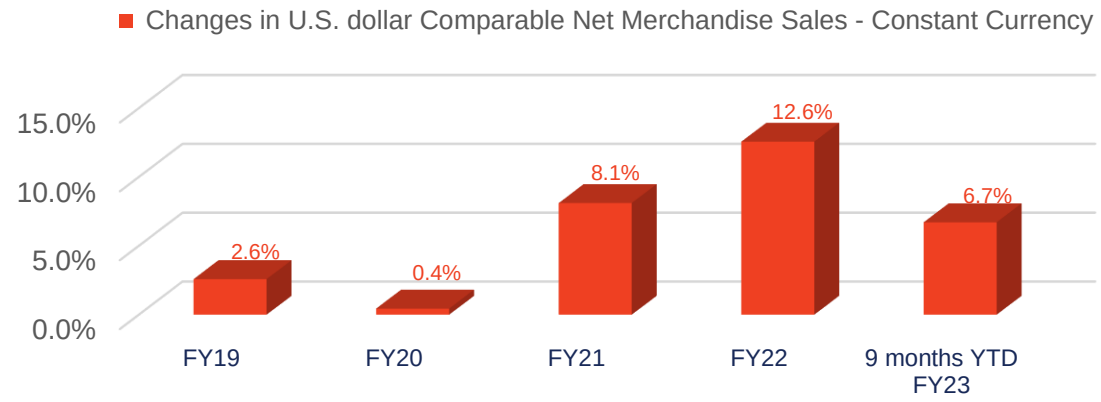
$1.10 Billion
Total Revenue

As of and for the three months ended 05/31/2023
* Refer to the Appendix for a reconciliation of non-GAAP measures

STRONG SALES

Comparable Club Sales

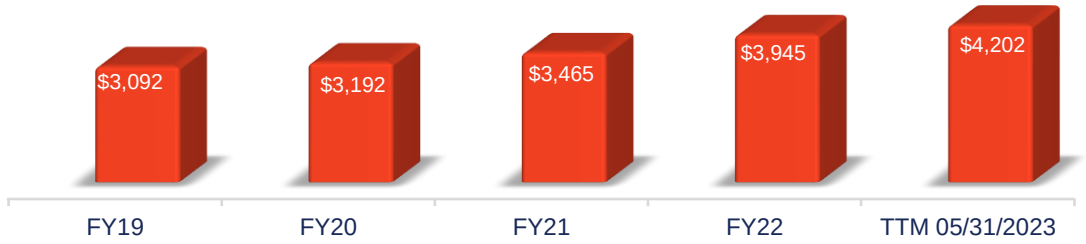




Net Merchandise Sales

($ in Millions)

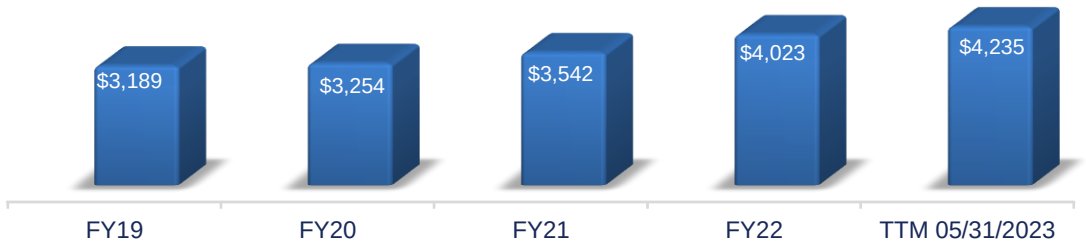
CAGR 8.0%



Net Merchandise Sales - Constant Currency*

($ in Millions)

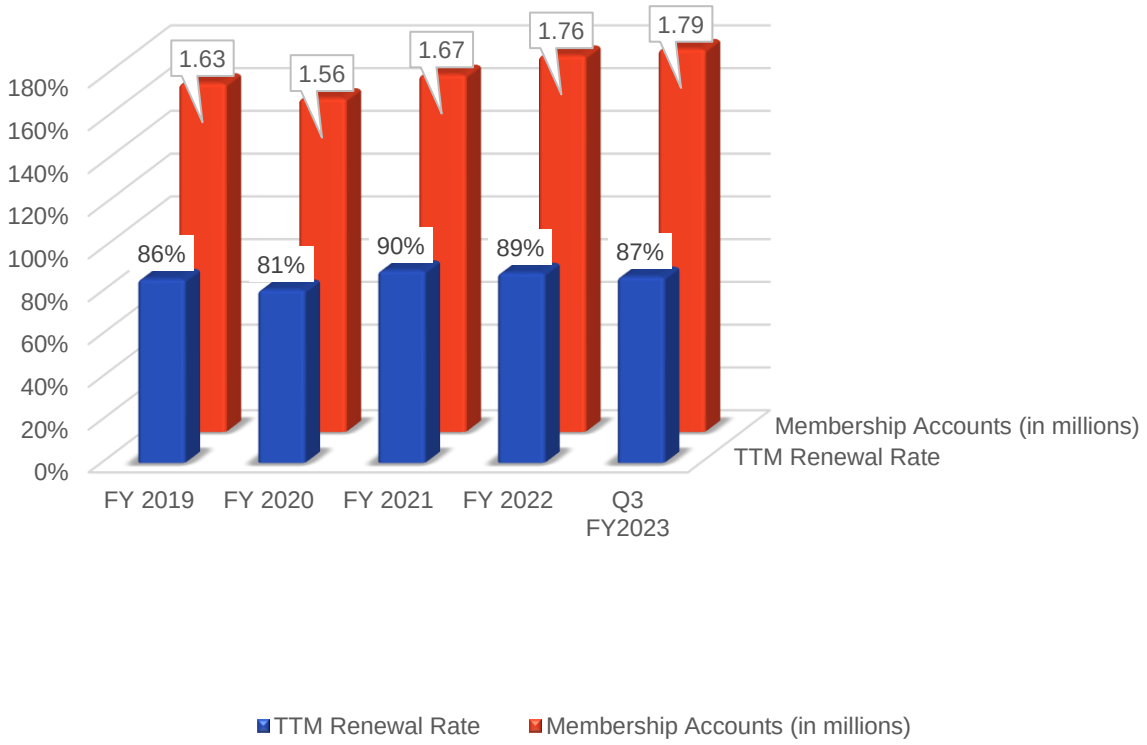
CAGR 7.3%



* Refer to the Appendix for a reconciliation of non-GAAP measures

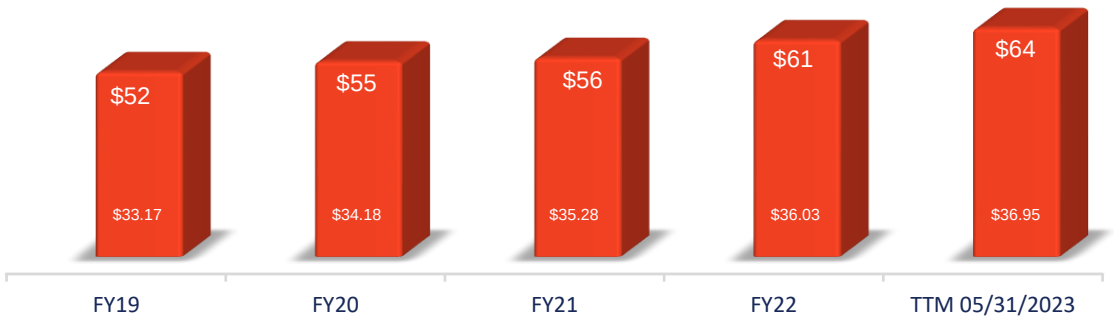
CONSISTENT AND RELIABLE MEMBERSHIP INCOME

Membership Renewal Rate & Membership Accounts



Membership Fee Income ($ in millions) & Average Fee

CAGR 5.5%



TTM = Trailing 12 months

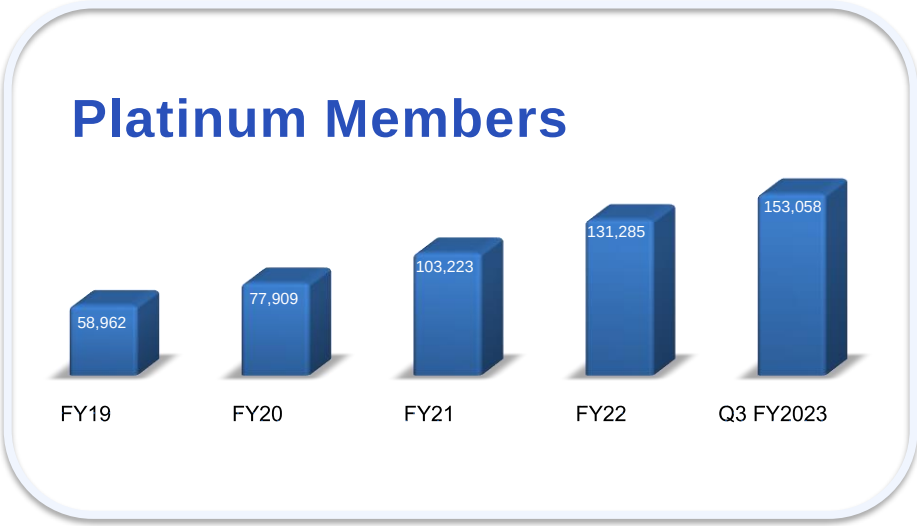
INVESTING IN MEMBERSHIP EXPERIENCE



PriceSmart Platinum Membership

Platinum Membership Rollout

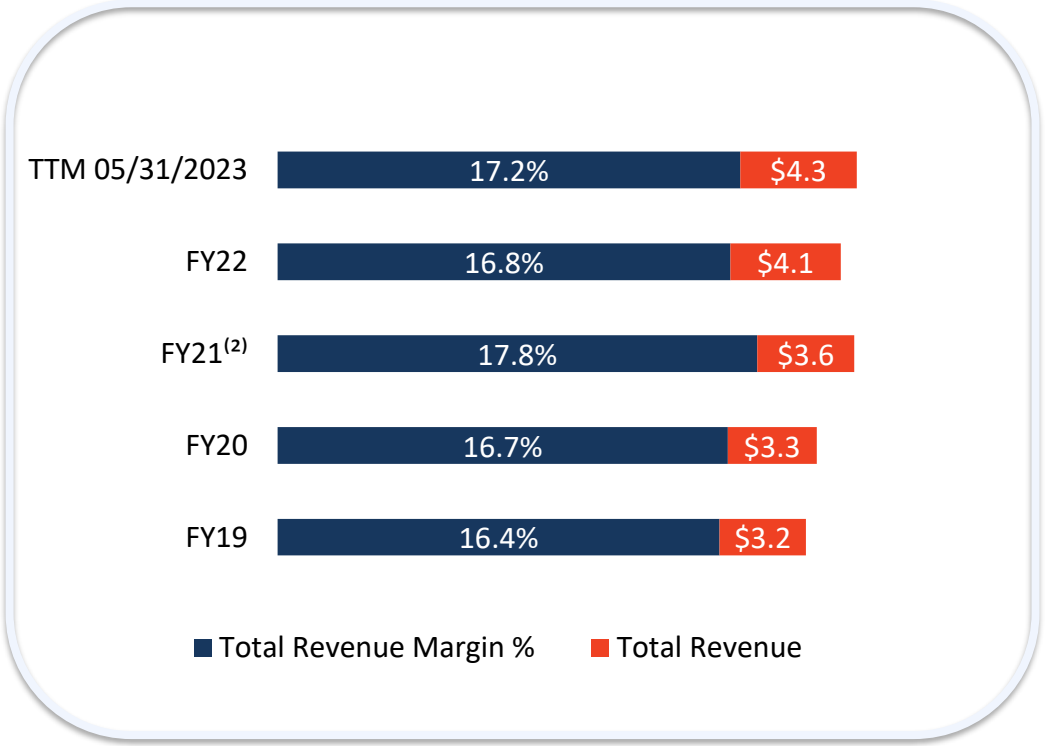
Platinum CAGR 27%



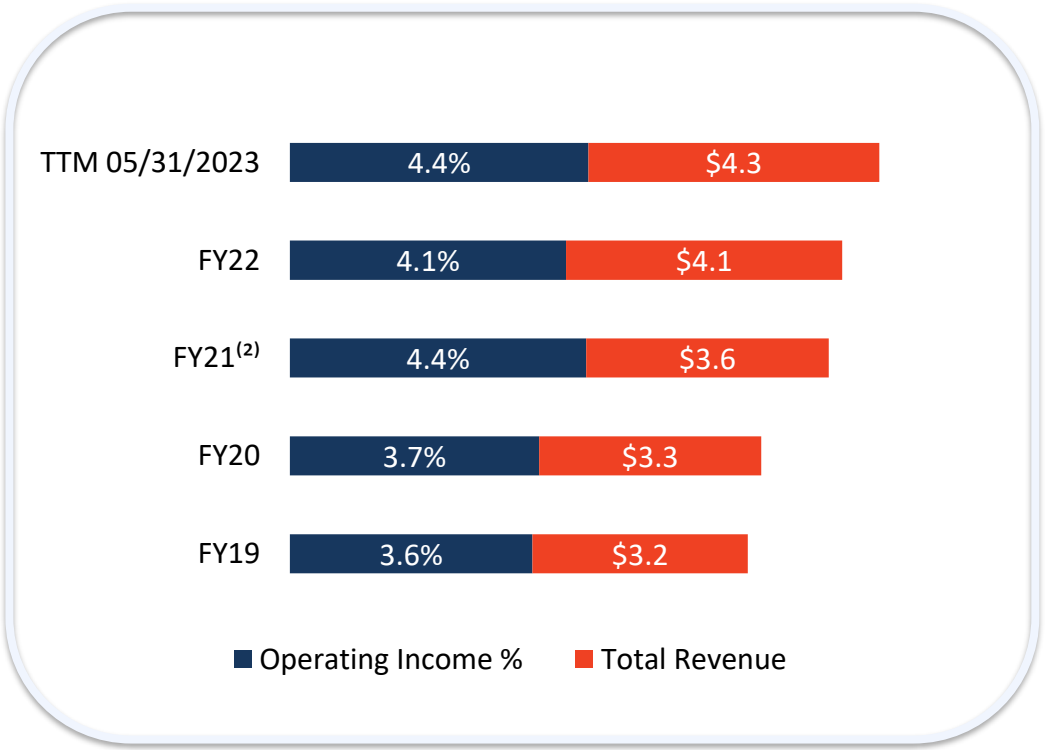
Our Diamond Members generally pay an annual membership fee of approximately $35 and our Platinum Members generally pay $75 per year.

MARGINS AND OPERATING INCOME

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



Operating Income % and Total Revenue ($ in billions)

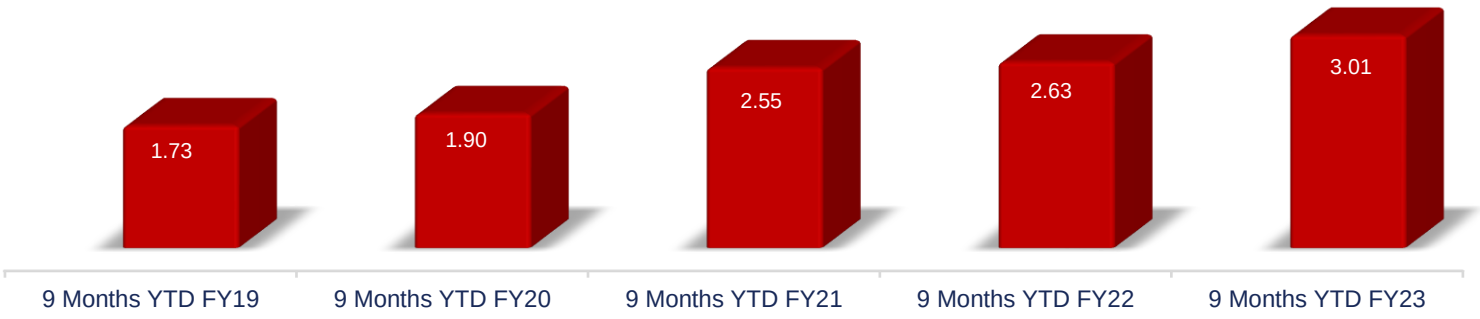


[1] Defined as net merchandise sales, 3rd party export sales, membership income, and other revenue less cost of goods sold divided by total revenue.
[2] Increase primarily the result of pricing actions taken to offset foreign currency exchange costs on imported merchandise into our Trinidad market.
TTM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

EARNINGS PER DILUTED SHARE

Earnings Per Diluted Share

CAGR 14.8%



STRONG FINANCIAL METRICS

(Amounts in thousands, except Number of Warehouse Clubs)	Selected Financial Data				
	FY 2019	FY 2020	FY 2021	FY 2022	YTD Q3 FY 2023
Amounts Held by Foreign Subsidiaries	$ 98,964	$ 203,598	$ 160,808	$ 203,952	$ 194,562
Amounts Held Domestically	7,272	100,173	54,671	47,421	41,810
Total Cash and Cash Equivalents, including Restricted Cash	106,236	303,771	215,479	251,373	236,372
Cash Flow From Operations	170,332	259,268[1]	127,166	121,829	184,681
CAPEX	145,667	104,247	106,108	122,342	97,480
Dividends Paid (paid semi-annually)	21,654	21,527	21,988	26,559	14,290
Current Assets	491,896	699,002	697,204	773,579	847,190
Current Liabilities	407,454	568,275	533,552	579,456	587,265
Working Capital	84,442	130,727	163,652	194,123	259925
Total Assets	1,296,411	1,656,825	1,705,790	1,808,400	1,933,346
Current Debt	25,875	19,437	19,395	33,715	19,757
Long Term Debt	$ 63,711	$ 112,610	$ 110,110	$ 103,556	$ 124,631
Number of Warehouse Clubs	43	46	47	50	51

	Liquidity Metrics				
	FY 2019	FY 2020	FY 2021	FY 2022	YTD Q3 FY 2023
Current Ratio	1.2	1.2	1.3	1.3	1.4
Debt to Equity[2]	11%	16%	14%	14%	13%

(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, Adjusted Net Income per Diluted Share, and Adjusted EBITDA

Adjusted Net Income and Adjusted Net Income per Diluted Share		
(Amounts in thousands, except Earnings Per Diluted Share)		Three Months Ended May 31, 2023
Net income attributable to PriceSmart as reported	$	29,572
Adjustments:		
VAT receivable write-off [1]		2,309
Adjusted net income attributable to PriceSmart	$	31,881
Net income attributable to PriceSmart per diluted share	$	0.94
VAT receivable write-off		0.08
Adjusted net income per diluted share	$	1.02

Adjusted EBITDA		
(Amounts in thousands)		Three Months Ended May 31, 2023
Net income attributable to PriceSmart as reported	$	29,572
Adjustments:		
Interest expense		2,747
Provision for income taxes		12,019
Depreciation and amortization		17,821
Interest income		(3,161)
Other expense, net [2]		1,885
VAT receivable write-off [1]		2,309
Adjusted EBITDA	$	63,192

[1] Reflects $2.3 million of VAT receivables deemed not recoverable and written-off in the third quarter of fiscal year 2023 following unfavorable court rulings.

[2] Primarily consists of foreign currency losses or gains due to the revaluation of monetary assets and liabilities (primarily U.S. dollars). This line item includes a gain of $2.7 million associated with the sale of our Aeropost subsidiary on October 1, 2021.

GAAP to Non-GAAP Reconciliations (Continued)

Constant Currency Reconciliations

	Net Merchandise Sales and Net Merchandise Sales - Constant Currency Reconciliation		
(Amounts in millions)	Net Merchandise Sales	Net Merchandise Sales - Constant Currency	Impact of Foreign Currency Exchange
FY 19	$ 3,092	$ 3,189	$ (97)
FY 20	3,192	3,254	(62)
FY 21	3,465	3,542	(77)
FY 22	3,945	4,023	(78)
TTM 05/31/2023	4,202	4,235	(33)

Three Months Ended May 31, 2023		
Net Merchandise Sales Growth	Net Merchandise Sales - Constant Currency Growth	% Impact of Foreign Currency Exchange
7.1%	5.6%	1.5%

INVESTOR RELATIONS























Investor Relations Contact

Michael McCleary
Executive Vice President and Chief Financial Officer

ir@pricesmart.com
858-404-8826









