PriceSmart®

2024

PriceSmart, Inc.

Overview Presentation
Issued April 2024

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, 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, net merchandise sales - constant currency and comparable 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, net merchandise sales – constant currency and comparable 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

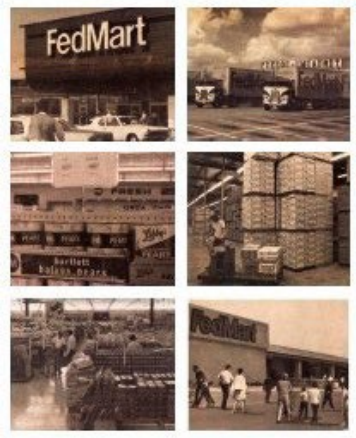
FedMart

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

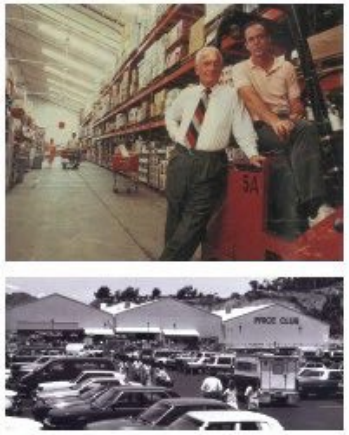
PRICE CLUB®

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

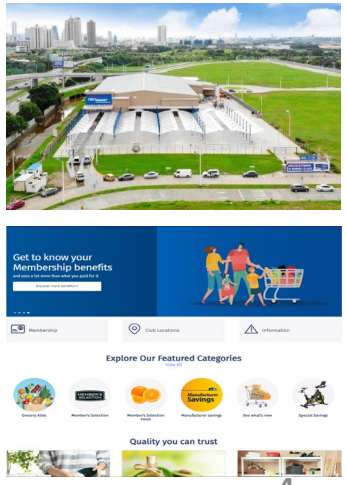
FOUNDED 1996

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 over 1.8 million members.



OUR HISTORY

1996
First Location in Panama

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
- ESR Committee established
- Healthcare for all employees

2022
- Opening of 50th club in Portmore, Jamaica
- PriceSmart $4 Billion in annual revenue

2023
- Opening of 51st club in San Miguel, El Salvador
- Release of FY2022 ESR Report
- Creation of Chief Transformation Officer role
- Achieved a 4.9% penetration rate of total net merchandise sales through digital platforms

2024
- Opening of 52nd club in El Poblado (Medellín), Colombia
- Opening of 53rd club in Escuintla, Guatemala
- Opening of 54th club in Santa Ana, El Salvador
- Opening of Panama Domestic Distribution center
- Announced expected opening of 55th club in Cartago, Costa Rica in early calendar year 2025



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

OUR CULTURE

Values

Integrity
Always do the right thing.

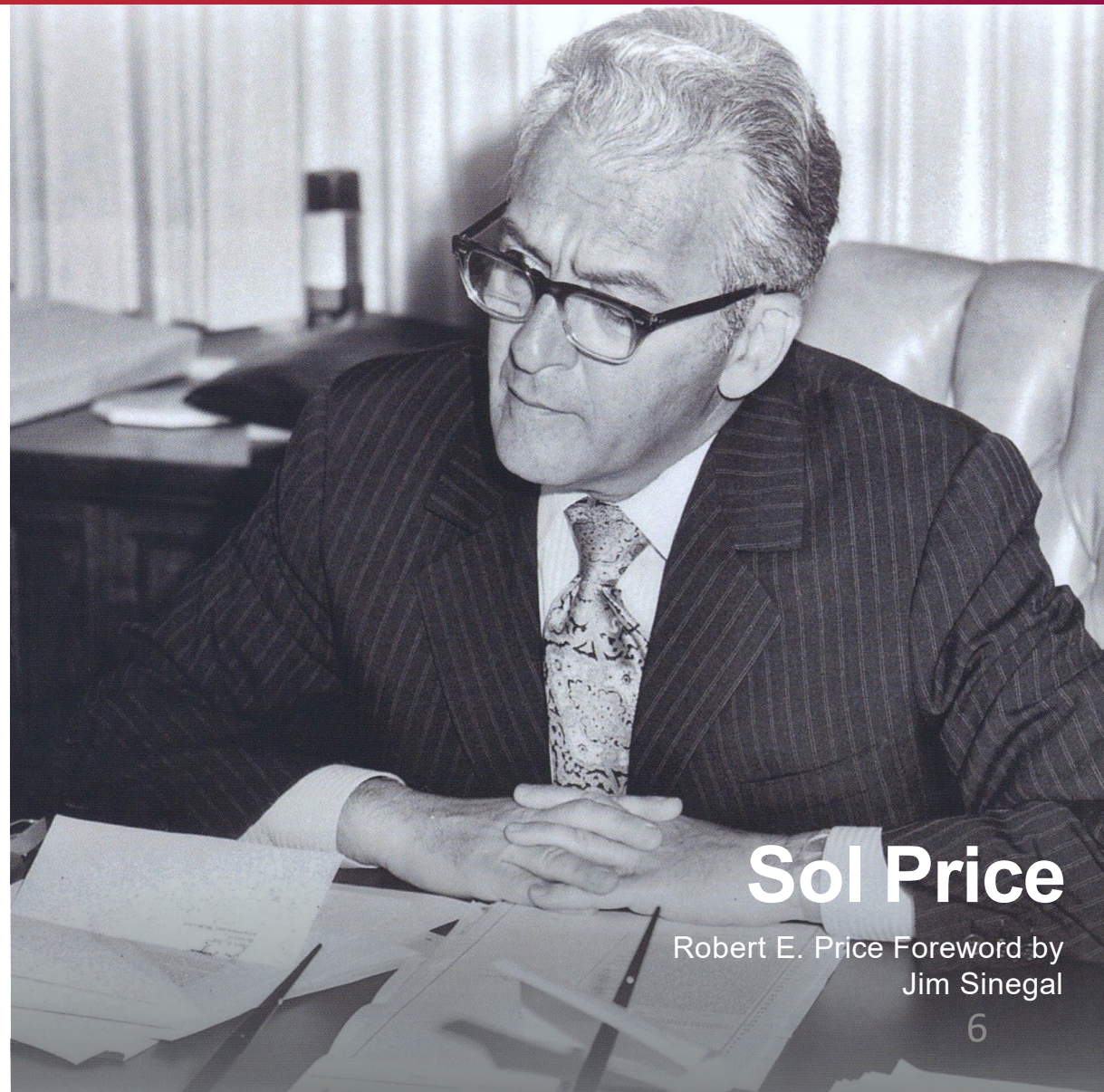
Respect
Treat employees, suppliers and Members the way you want to be treated.

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. We aim 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, including both our regional suppliers and those from around the world. We try to 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. We also believe in facilitating philanthropic contributions to communities in which we do business. We charge Members an annual membership fee that 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 and Domestic Distribution Centers
- Low Margins to Pass Savings onto Members
- Leverage Volume Buying

Reinvest in Membership Value

- Commitment to Quality
- Co-Branded Credit Card and Loyalty Rewards
- Enhance Services (omnichannel options, optical, pharmacy, audiology, etc.)
- No Charge Optical Exams

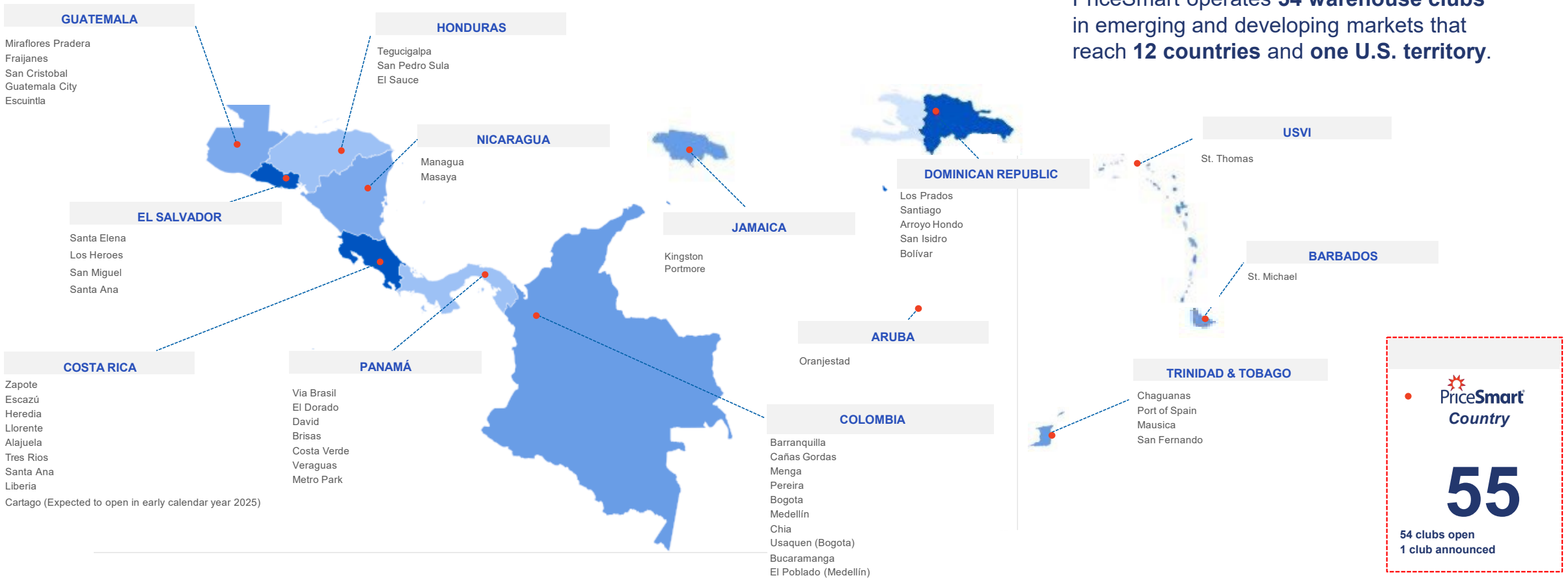
Membership Loyalty

- 88.3% Renewal Rate[1]
- 1.86 Million Members[2]

[1] For the trailing twelve-month period ended 02/29/2024
[2] As of 02/29/2024

OUR CLUB LOCATIONS

PriceSmart operates **54 warehouse clubs** in emerging and developing markets that reach **12 countries** and **one U.S. territory**.



PriceSmart Country

55

54 clubs open
1 club announced

$4.7 Billion TTM Revenue(1)

1.86 Million Memberships(2)

Over 2.6 Million sqf Sales Floor(2)

88.3% Membership Renewal Rate(1)

(1) For the trailing twelve-month period ended 02/29/2024

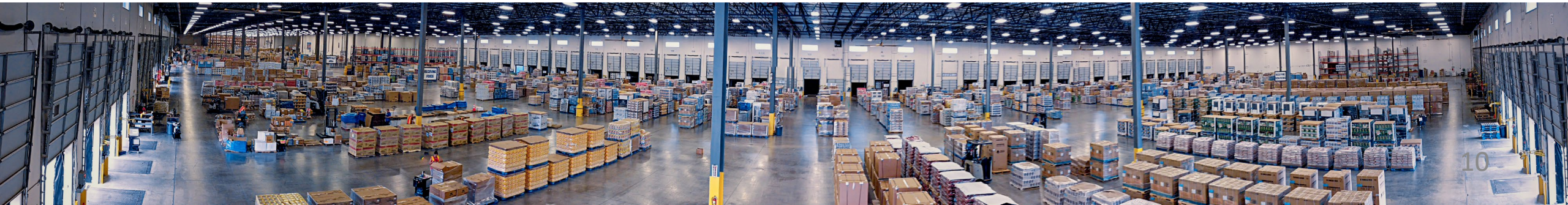
(2) As of 02/29/2024

OUR DISTRIBUTION NETWORK



During the first six months of fiscal year 2024:

- 79.6% of net merchandise sales were in currencies other than the U.S. dollar.
- Out of those sales, 49.4% 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, which drives Membership Income and Merchandise Sales.**
- **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 in Guatemala



November 2021
Floridablanca
9th Club in Colombia



April 2022
Portmore
2nd Club in Jamaica



May 2023
San Miguel
3rd Club in El Salvador



September 2023
El Poblado (Medellín)
10th Club in Colombia



October 2023
Panama
Domestic Distribution Center



November 2023
Escuintla
6th Club in Guatemala



February 2024
Santa Ana
4th Club in El Salvador

REAL ESTATE GROWTH (Expected Openings)



Early Calendar Year 2025
Cartago
9th Club in Costa Rica

ENHANCED MEMBERSHIP VALUE







27.1% 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 quarter ended 02/29/2024

OMNI-CHANNEL PLATFORM



ENVIRONMENTAL AND SOCIAL

Our Environmental Initiatives

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
- ➢ 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*





FINANCIALS





Q2 FY24 FINANCIAL HIGHLIGHTS

PriceSmart®

$39.3 Million
Net Income
and
Adjusted Net Income*

$84.1 Million
Adjusted EBITDA*

13.0%
Net Merchandise Sales Growth

$1.26 Billion
Net Merchandise Sales

$63.6 Million
Operating Income

14.6%
Membership Income Growth

$18.5 Million
Membership Income

9.0%
Net Merchandise Sales – Constant Currency Growth*

5.1%
Omni-Channel Sales Penetration
of
Total Net Merchandise Sales

$1.31
Earnings per diluted Share
and
Adjusted Earnings per diluted Share*

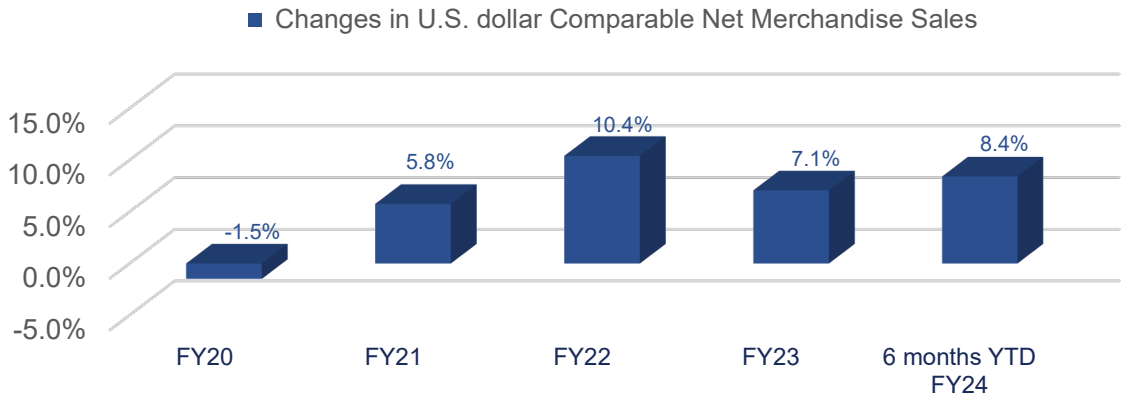
13.1%
Total Revenue Growth

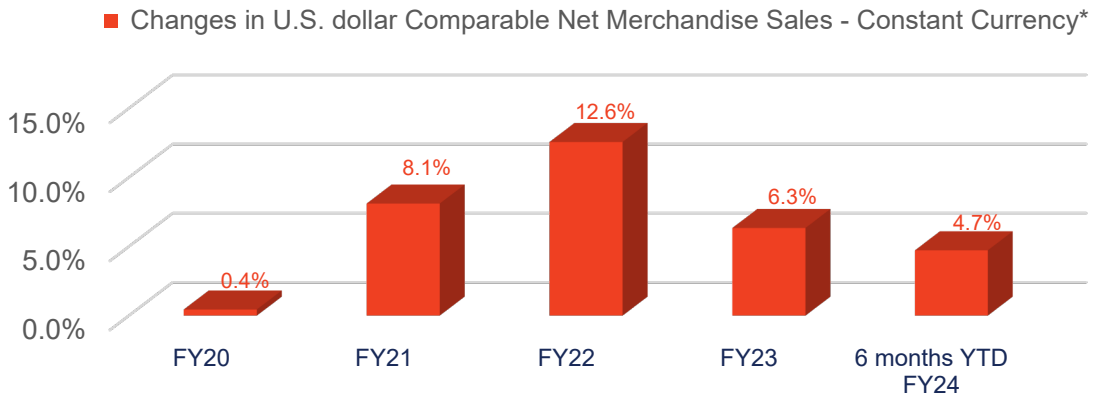
$1.29 Billion
Total Revenue

As of and for the three months ended 02/29/2024
* Refer to the Appendix for a reconciliation of non-GAAP measures

STRONG SALES

Comparable Club Sales



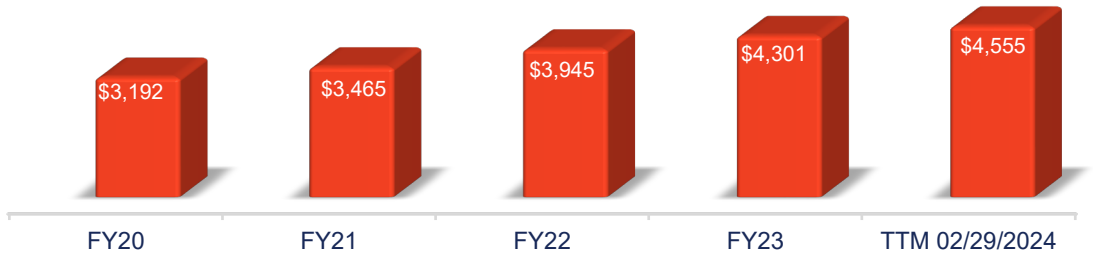


* Refer to the Appendix for a reconciliation of non-GAAP measures

Net Merchandise Sales

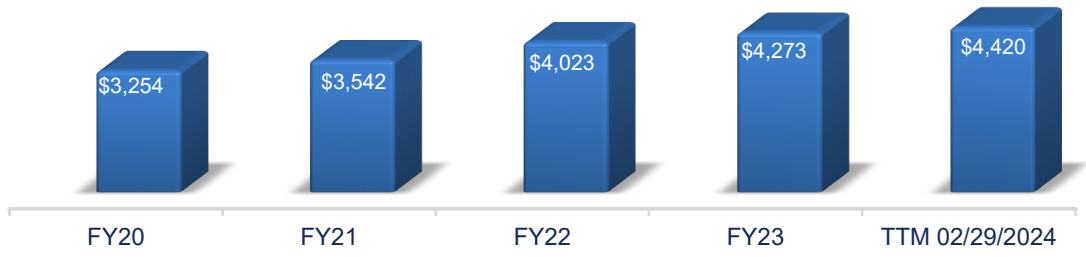
($ in Millions)

CAGR 9.3%



Net Merchandise Sales - Constant Currency*

($ in Millions)

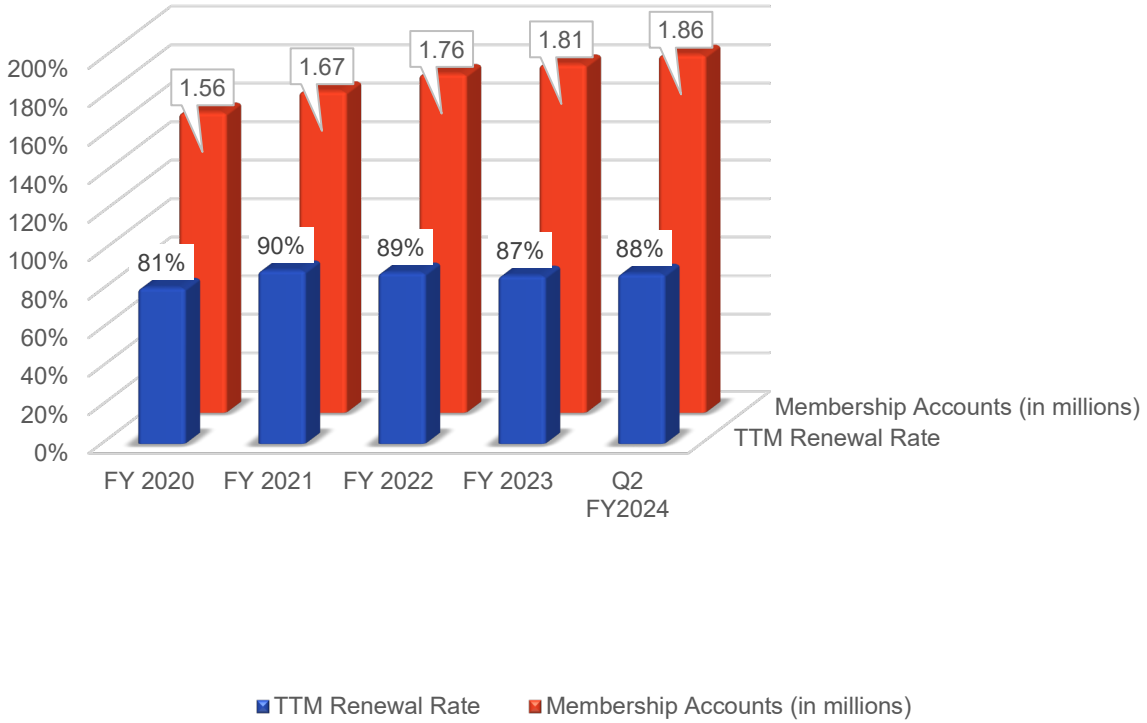


* Refer to the Appendix for a reconciliation of non-GAAP measures

TTM = Trailing 12 months

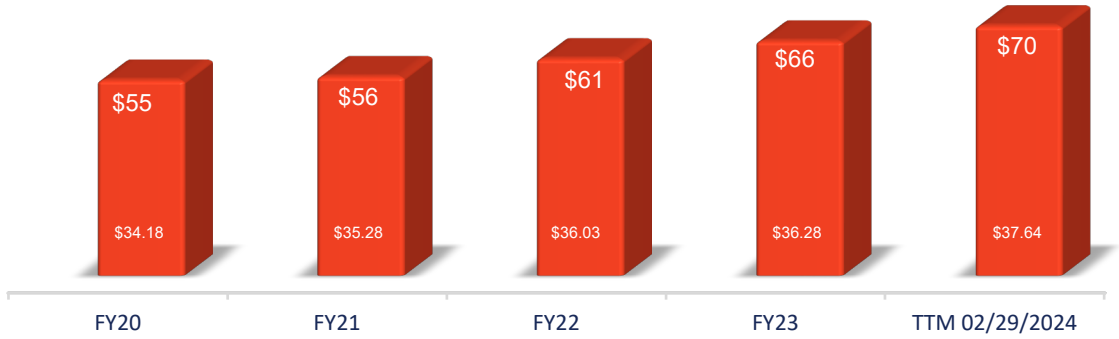
CONSISTENT AND RELIABLE MEMBERSHIP INCOME

Membership Renewal Rate & Membership Accounts



Membership Fee Income ($ in millions) & Average Fee

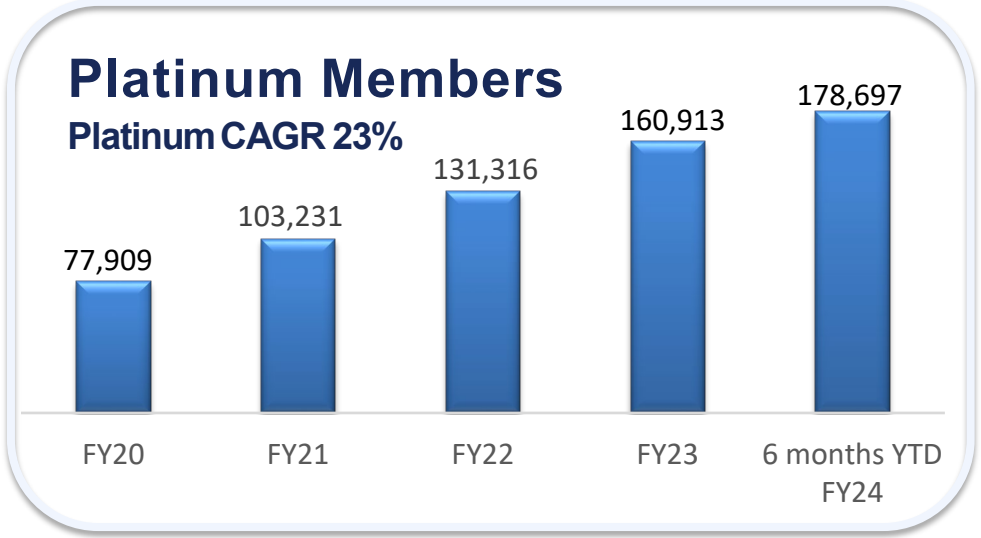
CAGR 6.3%

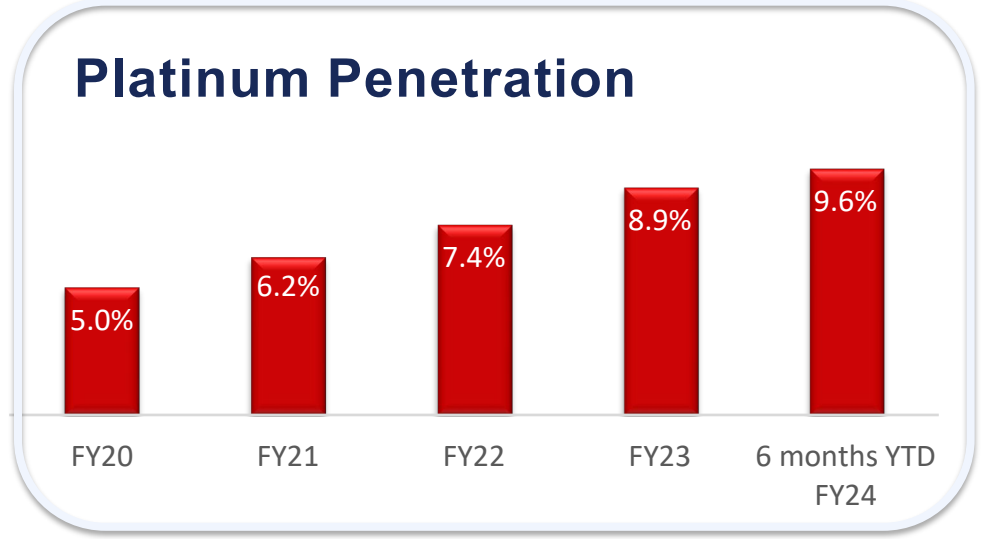


TTM = Trailing 12 months

INVESTING IN MEMBERSHIP EXPERIENCE



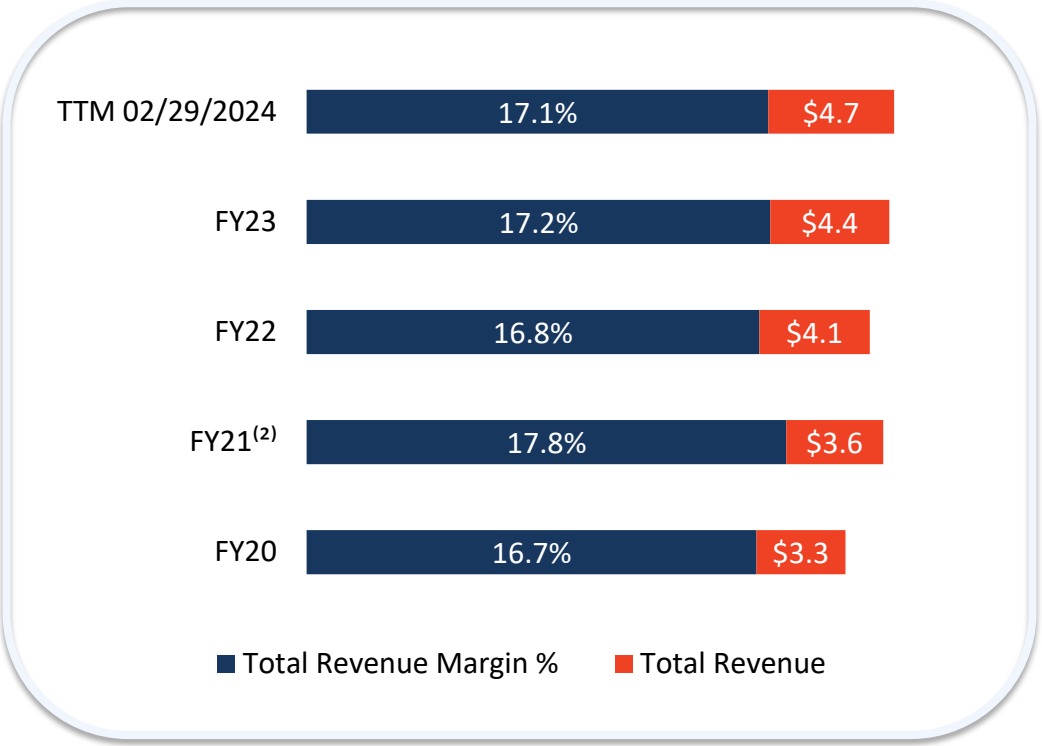




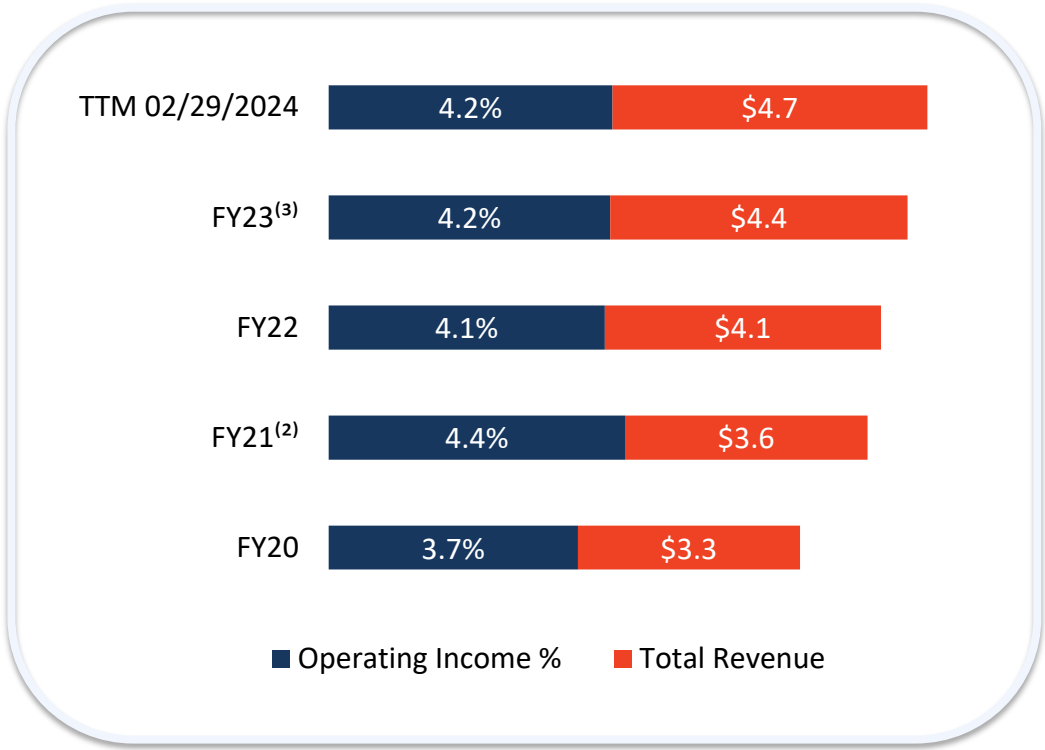
**Our Diamond Members generally pay an annual membership fee of approximately $35 to $40 and our Platinum Members generally pay $75 to $80 per year, depending on the market in which the Member lives. In the first six months of fiscal year 2024, we raised the annual fee for our Diamond and Platinum Membership by $5 in most markets.*

MARGINS AND OPERATING INCOME

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



Operating Income % and Total Revenue ($ in billions)

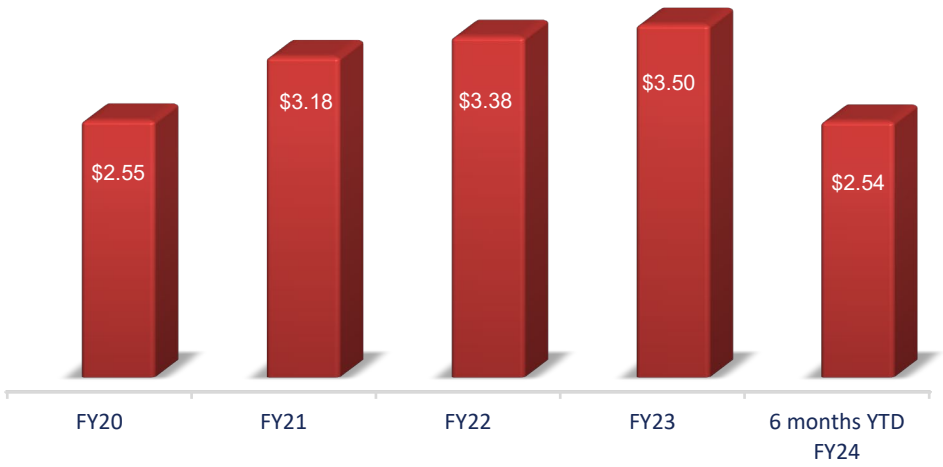


[1] Defined as net merchandise sales, 3rd party export sales, membership income, and other revenue less cost of goods sold divided by total revenue.
[2] Increase primarily the result of pricing actions taken to offset foreign currency exchange costs on imported merchandise into our Trinidad market.
[3] Operating income was impacted negatively by $9.2 million (0.2% of total revenue) for costs related to the reserve for a tax settlement and $5.7 million (0.1% of total revenue) of asset impairment and closure costs.
TTM = Trailing 12 months

EARNINGS PER DILUTED SHARE

Earnings Per Diluted Share

CAGR 11.1%*



Adjusted Earnings Per Diluted Share**

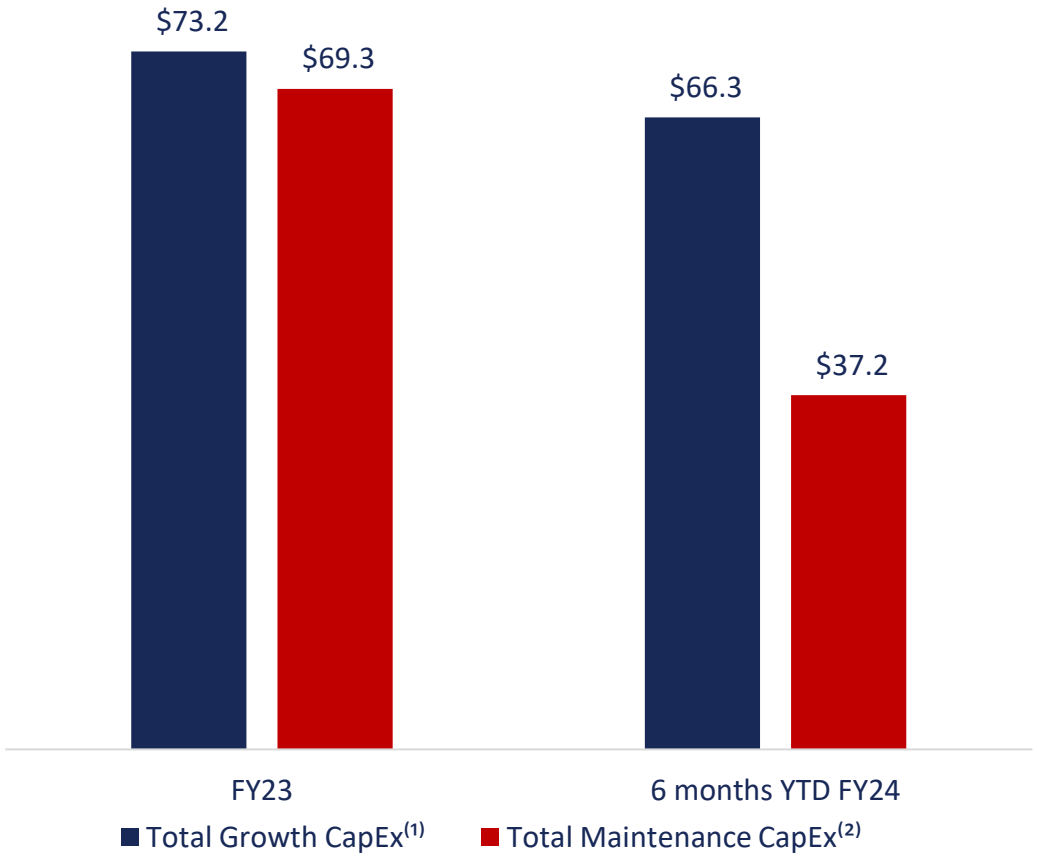
CAGR 16.8%*



(1) Adjusted Earnings per Diluted Share for FY20, FY21, and 6 months YTD FY24 did not have any adjustments and are equivalent to GAAP earnings.
* The CAGR calculation only includes fiscal years 2020 through 2023.
** Refer to the Appendix for a reconciliation of non-GAAP measures.

CAPITAL EXPENDITURES

Maintenance and Growth CapEx ($ Millions)





(1) Total growth expenditures for new clubs, purchases of previously leased clubs, investments to move existing clubs to better locations, supply chain improvements, and major remodels.
(2) Total maintenance expenditures for operational fixtures and equipment, building refurbishment, solar, technology spend and other capital expenditures.

STRONG FINANCIAL METRICS

(Amount in thousands of dollars, except Number of Warehouse Clubs)	FY 2020	FY 2021	FY 2022	FY 2023	YTD Q2 FY 2024
Amounts Held by Foreign Subsidiaries	203,598	160,808	203,952	139,050	155,983
Amounts Held Domestically	100,173	54,671	47,421	113,152	26,592[3]
Total Cash and Cash Equivalents, including Restricted Cash	303,771	215,479	251,373	252,202	182,575
Cash Flow From Operations	259,268[1]	127,166	121,829	257,331	127,666
CAPEX	104,247	106,108	122,342	143,912	104,469
Dividends Paid (paid semi-annually)	21,527	21,988	26,559	28,540	17,781
Current Assets	699,002	697,204	773,579	877,107	847,652
Current Liabilities	568,275	533,552	579,456	634,477	708,730
Working Capital	130,727	163,652	194,123	242,630	138,922
Total Assets	1,656,825	1,705,790	1,808,400	2,005,608	2,036,776
Current Debt	19,437	19,395	33,715	20,193	37,615
Long Term Debt	112,610	110,110	103,556	119,487	102,350
Number of Warehouse Clubs	46	47	50	51	54

	FY 2020	FY 2021	FY 2022	FY 2023	YTD Q2 FY 2024
Current Ratio	1.2	1.3	1.3	1.4	1.2
Debt to Equity[2]	16%	14%	14%	13%	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.
[3] The large decrease for the first six months of fiscal year 2024 was due to the completion of our share buyback program in which we repurchased a total of $75 million of our common stock.

APPENDIX


PriceSmart
PriceSmart
PriceSmart
Salida
Entrada
Carritos

GAAP to Non-GAAP Reconciliations

Adjusted Net Income		
	Three Months Ended	
(Amounts in thousands, except Earnings Per Diluted Share)	February 29, 2024	February 28, 2023
Net income as reported	$ 39,271	$ 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	$ 39,271	$ 38,544
Net income attributable to PriceSmart per diluted share	$ 1.31	$ 1.02
Separation costs associated with Chief Executive Officer departure	-	0.23
Adjusted net income attributable to PriceSmart per diluted share	$ 1.31	$ 1.25

Adjusted EBITDA		
	Three Months Ended	
(Amounts in thousands)	February 29, 2024	February 28, 2023
Net income as reported	$ 39,271	$ 31,347
Adjustments:		
Interest expense	3,293	2,814
Provision for income taxes	17,259	16,202
Depreciation and amortization	20,491	17,875
Interest income	(3,225)	(1,942)
Other expense, net[3]	7,036	5,344
Separation costs associated with Chief Executive Officer departure[1]	-	7,747
Adjusted EBITDA	$ 84,125	$ 79,387

[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 of the above-mentioned adjustments.
[3] Primarily consists of transaction costs of converting the local currencies into available tradable currencies in some of our countries with liquidity issues and foreign currency losses or gains due to the revaluation of monetary assets and liabilities (primarily U.S. dollars) for the three months ended February 29, 2024. Primarily consists of foreign currency losses or gains due to the revaluation of monetary assets and liabilities (primarily U.S. dollars) for the three months ended February 28, 2023.

GAAP to Non-GAAP Reconciliations (Continued)

Adjusted Earnings Per Diluted Share

Adjusted Net Income per Diluted Share					
	Years Ended				Six Months Ended
	August 31, 2020	August 31, 2021	August 31, 2022	August 31, 2023	February 29, 2024
Net income attributable to PriceSmart per diluted share	$ 2.55	$ 3.18	$ 3.38	$ 3.50	$ 2.54
Separation costs associated with Chief Executive Officer departure[1]	-	-	-	0.23	-
Gain on sale of Aeropost subsidiary[2]	-	-	(0.05)	-	-
Aeropost-related write-offs[3]	-	-	-	0.09	-
VAT receivable write-off[4]	-	-	-	0.08	-
Asset impairment and closure costs[5]	-	-	-	0.18	-
Gain on acquisition of building[6]	-	-	-	(0.02)	-
Adjusted net income attributable to PriceSmart per diluted share	$ 2.55	$ 3.18	$ 3.33	$ 4.06	$ 2.54

[1] Reflects $7.7 million of separation costs associated with the departure of our former Chief Executive Officer in February 2023.
[2] Reflects a gain of $2.7 million associated with the sale of our Aeropost subsidiary in October 2021.
[3] Reflects $2.1 million of Aeropost-related write-offs in the first quarter of fiscal year 2023 and $660,000 of a receivable written-off in connection with the settlement in the third quarter of fiscal year 2023 of a claim for indemnification from the buyer of the Aeropost business.
[4] Reflects $2.3 million of VAT receivables related to prior periods deemed not recoverable and written-off in the third quarter of fiscal year 2023 following unfavorable court rulings.
[5] Reflects $5.7 million of impairment charges primarily related to the write down of assets in connection with our decision in the fourth quarter of fiscal year 2023 to seek to sell our Trinidad sustainable packaging plant.
[6] Reflects a $950,000 gain related to a building we acquired upon the early termination of a lease in which we were the lessor of the land on which the building was constructed by and abandoned by one of our tenants.

GAAP to Non-GAAP Reconciliations (Continued)

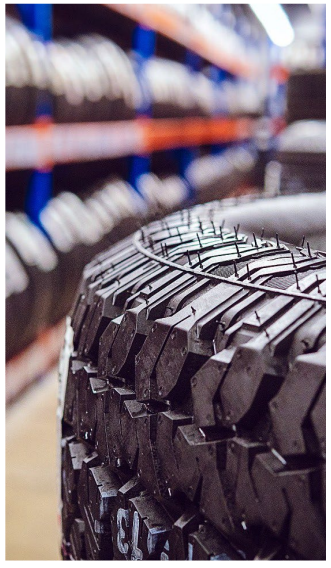
Constant Currency Reconciliations

	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 20	$ 3,192	$ 3,254	$ (62)
FY 21	3,465	3,542	(77)
FY 22	3,945	4,023	(78)
FY 23	4,301	4,273	28
TTM 02/29/2024	4,555	4,420	135

	Comparable Net Merchandise Sales - Constant Currency Reconciliation		
	Comparable Net Merchandise Sales Growth / (Decline)	Comparable Net Merchandise Sales - Constant Currency Growth	% Impact of Foreign Currency Exchange
FY 20	(1.5)%	0.4%	(1.9)%
FY 21	5.8	8.1	(2.3)
FY 22	10.4	12.6	(2.2)
FY 23	7.1	6.3	0.8
6 months YTD FY24	8.4	4.7	3.7

Three Months Ended February 29, 2024		
Net Merchandise Sales Growth	Net Merchandise Sales - Constant Currency Growth	% Impact of Foreign Currency Exchange
13.0%	9.0%	4.0%

INVESTOR RELATIONS























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