REFINITIV

DELTA REPORT

10-Q

PSMT - PRICESMART INC

10-Q - MAY 31, 2024 COMPARED TO 10-Q - FEBRUARY 29, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1670
CHANGES	354
DELETIONS	958
ADDITIONS	358

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 29, 2024 May 31, 2024

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to

COMMISSION FILE NUMBER 000-22793

PriceSmart, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**33-0628530**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
9740 Scranton Road, San Diego, CA	**92121**
(Address of principal executive offices)	**(Zip Code)**

(858) 404-8800

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.0001 par value	PSMT	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller Reporting Company	o
		Emerging growth company	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

The registrant had 30,654,948 30,638,993 shares of its common stock, par value $0.0001 per share, outstanding at March 31, 2024 June 30, 2024.

PRICESMART, INC.

INDEX TO FORM 10-Q

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PriceSmart, Inc.'s ("PriceSmart," "we," the "Company" or "our" "our") unaudited consolidated balance sheet as of February 29, 2024 May 31, 2024 and the consolidated balance sheet as of August 31, 2023, the unaudited consolidated statements of income for the three and six nine months ended February 29, 2024 May 31, 2024 and February 28,2023, the unaudited consolidated statements of comprehensive income for the three and six nine months ended February 29, 2024 May 31, 2024 and February 28,2023, the unaudited consolidated statements of equity for the three and six nine months ended February 29, 2024 May 31, 2024 and February 28,2023, and the unaudited consolidated statements of cash flows for the six nine months ended February 29, 2024 May 31, 2024 and February 28,2023 are included herein. Also included herein are the notes to the unaudited consolidated financial statements.

PRICESMART, INC.
CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

	February 29, 2024 (Unaudited)	August 31, 2023

	May 31, 2024 (Unaudited)	August 31, 2023
ASSETS		
Current Assets:		
Current Assets:		
Current Assets:		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Short-term restricted cash		
Short-term investments		
Receivables, net of allowance for doubtful accounts of $64 as of February 29, 2024 and $67 as of August 31, 2023		
Receivables, net of allowance for doubtful accounts of $62 as of May 31, 2024 and $67 as of August 31, 2023		
Merchandise inventories		
Prepaid expenses and other current assets (includes $3,293 and $0 as of February 29, 2024 and August 31, 2023, respectively, for the fair value of derivative instruments)		
Prepaid expenses and other current assets (includes $2,606 and $0 as of May 31, 2024 and August 31, 2023, respectively, for the fair value of derivative instruments)		
Total current assets		
Long-term restricted cash		
Property and equipment, net		
Operating lease right-of-use assets, net		
Goodwill		
Deferred tax assets		
Deferred tax assets		
Deferred tax assets		
Other non-current assets (includes $1,918 and $7,817 as of February 29, 2024 and August 31, 2023, respectively, for the fair value of derivative instruments)		
Other non-current assets (includes $1,979 and $7,817 as of May 31, 2024 and August 31, 2023, respectively, for the fair value of derivative instruments)		
Investment in unconsolidated affiliates		
Total Assets		
LIABILITIES AND EQUITY		
Current Liabilities:		
Current Liabilities:		
Current Liabilities:		
Short-term borrowings		
Short-term borrowings		
Short-term borrowings		
Accounts payable		
Accrued salaries and benefits		
Deferred income		
Income taxes payable		
Other accrued expenses and other current liabilities (includes $2,870 and $1,913 as of February 29, 2024 and August 31, 2023, respectively, for the fair value of derivative instruments)		
Other accrued expenses and other current liabilities (includes $2,734 and $1,913 as of May 31, 2024 and August 31, 2023, respectively, for the fair value of derivative instruments)		
Operating lease liabilities, current portion		
Dividends payable		
Long-term debt, current portion		
Total current liabilities		
Deferred tax liability		
Long-term income taxes payable, net of current portion		
Long-term operating lease liabilities		

Long-term debt, net of current portion
Other long-term liabilities (includes $4,259 and $3,321 for the fair value of derivative instruments and $12,974 and $12,105 for post-employment plans as of February 29, 2024 and August 31, 2023, respectively)
Other long-term liabilities (includes $4,137 and $3,321 for the fair value of derivative instruments and $13,151 and $12,105 for post-employment plans as of May 31, 2024 and August 31, 2023, respectively)
Total Liabilities

Stockholders' Equity:
Common stock $0.0001 par value, 45,000,000 shares authorized; 32,578,542 and 31,934,900 shares issued and 30,656,141 and 30,976,941 shares outstanding (net of treasury shares) as of February 29, 2024 and August 31, 2023, respectively
Common stock $0.0001 par value, 45,000,000 shares authorized; 32,578,542 and 31,934,900 shares issued and 30,656,141 and 30,976,941 shares outstanding (net of treasury shares) as of February 29, 2024 and August 31, 2023, respectively
Common stock $0.0001 par value, 45,000,000 shares authorized; 32,578,542 and 31,934,900 shares issued and 30,656,141 and 30,976,941 shares outstanding (net of treasury shares) as of February 29, 2024 and August 31, 2023, respectively
Common stock $0.0001 par value, 45,000,000 shares authorized; 32,562,808 and 31,934,900 shares issued and 30,639,028 and 30,976,941 shares outstanding (net of treasury shares) as of May 31, 2024 and August 31, 2023, respectively
Common stock $0.0001 par value, 45,000,000 shares authorized; 32,562,808 and 31,934,900 shares issued and 30,639,028 and 30,976,941 shares outstanding (net of treasury shares) as of May 31, 2024 and August 31, 2023, respectively
Common stock $0.0001 par value, 45,000,000 shares authorized; 32,562,808 and 31,934,900 shares issued and 30,639,028 and 30,976,941 shares outstanding (net of treasury shares) as of May 31, 2024 and August 31, 2023, respectively
Additional paid-in capital
Accumulated other comprehensive loss
Retained earnings
Less: treasury stock at cost, 1,922,401 shares as of February 29, 2024 and 957,959 shares as of August 31, 2023
Less: treasury stock at cost, 1,923,780 shares as of May 31, 2024 and 957,959 shares as of August 31, 2023
Total Stockholders' Equity
Total Stockholders' Equity
Total Stockholders' Equity
Total Liabilities and Equity

See accompanying notes.

PRICESMART, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED—AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended	Three Months Ended		Six Months Ended	Three Months Ended	Nine Months Ended
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023		
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023		
Revenues:						
Net merchandise sales						
Net merchandise sales						
Net merchandise sales						
Export sales						
Membership income						
Other revenue and income						
Total revenues						

Operating expenses:
Cost of goods sold:
Cost of goods sold:
Cost of goods sold:
Net merchandise sales
Net merchandise sales
Net merchandise sales
Export sales
Selling, general and administrative:
Selling, general and administrative:
Selling, general and administrative:
Warehouse club and other operations
Warehouse club and other operations
Warehouse club and other operations
General and administrative
Separation costs associated with Chief Executive Officer departure
Separation costs associated with Chief Executive Officer departure
Separation costs associated with Chief Executive Officer departure
Pre-opening expenses
Loss on disposal of assets
Loss on disposal of assets
Loss on disposal of assets
Loss (gain) on disposal of assets
Loss (gain) on disposal of assets
Loss (gain) on disposal of assets
Total operating expenses
Operating income
Other income (expense):
Interest income
Interest income
Interest income
Interest expense
Other expense, net
Total other expense
Income before provision for income taxes and income (loss) of unconsolidated affiliates
Provision for income taxes
Income (loss) of unconsolidated affiliates
Net income
Net income
Net income
Net income per share available for distribution:
Basic
Basic
Basic
Diluted
Shares used in per share computations:
Basic
Basic

Basic		29,920	30,741	30,095	30,727		29,968	30,800	30,052	30,752
Diluted	Diluted	29,920	30,760	30,095	30,740	Diluted	29,968	30,829	30,052	30,770

See accompanying notes.

PRICESMART, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED—AMOUNTS IN THOUSANDS)

	Three Months Ended	Three Months Ended		Six Months Ended	Three Months Ended	Nine Months Ended
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023		
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023		
Net income						
Net income						
Net income						
Other Comprehensive Income, net of tax:						
Other Comprehensive Income, net of tax:						
Other Comprehensive Income, net of tax:						
Other Comprehensive Income (Loss), net of tax:						
Other Comprehensive Income (Loss), net of tax:						
Other Comprehensive Income (Loss), net of tax:						
Foreign currency translation adjustments (1)						
Foreign currency translation adjustments (1)						
Foreign currency translation adjustments (1)						
Defined benefit pension plan:						
Net gain/(loss) arising during period						
Net gain/(loss) arising during period						
Net gain/(loss) arising during period						
Amortization of prior service cost and actuarial gains included in net periodic pensions cost						
Total defined benefit pension plan						
Derivative instruments:(2)						
Unrealized gains/(losses) on change in derivative obligations						
Unrealized gains/(losses) on change in derivative obligations						
Unrealized gains/(losses) on change in derivative obligations						
Unrealized gains/(losses) on change in fair value of interest rate swaps						
Unrealized gains on change in derivative obligations						
Unrealized gains on change in derivative obligations						
Unrealized gains on change in derivative obligations						
Unrealized losses on change in fair value of interest rate swaps						
Amounts reclassified from accumulated other comprehensive income to other expense, net for settlement of derivatives						
Total derivative instruments						
Other comprehensive income						
Other comprehensive income (loss)						
Comprehensive income						
Comprehensive income						
Comprehensive income						

(1) Translation adjustments arising in translating the financial statements of a foreign entity have no effect on the income taxes of that foreign entity. They may, however, affect: (a) the amount, measured in the parent entity's reporting currency, of withholding taxes assessed on dividends paid to the parent entity and (b) the amount of taxes assessed on the parent entity by the

government of its country. The Company has determined that the reinvestment of earnings of its foreign subsidiaries are indefinite because of the long-term nature of the Company's foreign investment plans. Therefore, deferred taxes are not provided for on translation adjustments related to non-remitted earnings of the Company's foreign subsidiaries.

(2) See Note 8 - Derivative Instruments and Hedging Activities.

See accompanying notes.

PRICESMART, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED—AMOUNTS IN THOUSANDS)

Three Months Ended

Three Months Ended

Three Months Ended

	Common Stock		Common Stock	Additional	Accumulated Other		Treasury Stock		Common Stock	Additional	Accumulated Other		Treasury Stock				
	Shares	Shares	Amount	Paid-in Capital	Comprehensive Loss	Retained Earnings		Total Equity	Treasury Stock	Paid-in Capital	Comprehensive Loss	Retained Earnings		Total Equity	Amount	Shares	Amount
Balance at November 30, 2022							Retained Earnings						Total Equity				
Balance at February 28, 2023																	
Purchase of treasury stock																	
Issuance of restricted stock award																	
Forfeiture of restricted stock awards																	
Stock-based compensation																	
Stock-based compensation																	
Stock-based compensation																	
Dividend paid to stockholders																	
Dividend payable to stockholders																	
Net income																	
Other comprehensive income																	
Balance at February 28, 2023																	
Balance at May 31, 2023																	
Balance at November 30, 2023																	
Balance at November 30, 2023																	
Balance at November 30, 2023																	
Balance at February 29, 2024																	
Balance at February 29, 2024																	

Balance at February 29, 2024
Purchase of treasury stock
Issuance of restricted stock awards
Issuance of restricted stock awards
Issuance of restricted stock awards
Forfeiture of restricted stock awards
Stock-based compensation
Dividend paid to stockholders
Dividend payable to stockholders
Net income
Other comprehensive income
Balance at February 29, 2024
Net income
Net income
Other comprehensive loss
Balance at May 31, 2024

See accompanying notes.

PRICESMART, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED—AMOUNTS IN THOUSANDS)

	Six Months Ended Six Months Ended Six Months Ended Nine Months Ended Nine Months Ended Nine Months Ended																	
	Common Stock		Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Equity	Common Stock	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Equity			
	Shares	Shares	Amount				Retained Earnings							Total Equity		Amount	Shares	Amount
Balance at August 31, 2022																		
Purchase of treasury stock																		
Issuance of treasury stock																		
Issuance of restricted stock award																		

Forfeiture of restricted stock awards
Stock-based compensation
Dividend paid to stockholders
Dividend payable to stockholders
Net income
Other comprehensive income
Balance at February 28, 2023
Balance at February 28, 2023
Balance at February 28, 2023
Balance at May 31, 2023
Balance at May 31, 2023
Balance at May 31, 2023
Balance at August 31, 2023
Balance at August 31, 2023
Balance at August 31, 2023
Purchase of treasury stock
Issuance of treasury stock
Issuance of restricted stock awards
Forfeiture of restricted stock awards
Stock-based compensation
Dividend paid to stockholders
Dividends paid to stockholders
Dividend payable to stockholders
Net income
Other comprehensive income
Balance at February 29, 2024
Balance at February 29, 2024
Balance at February 29, 2024
Balance at May 31, 2024
Balance at May 31, 2024
Balance at May 31, 2024

See accompanying notes.

PRICESMART, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED—AMOUNTS IN THOUSANDS)

	Six Months Ended	
	February 29, 2024	February 28, 2023
	Nine Months Ended	
	May 31, 2024	May 31, 2023
Operating Activities:		
Net income		
Net income		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		
Depreciation and amortization		
Depreciation and amortization		
Allowance for doubtful accounts		
Loss on sale of property and equipment		
Deferred income taxes		
Equity in losses (gains) of unconsolidated affiliates		
Stock-based compensation		
Change in operating assets and liabilities:		
Receivables, prepaid expenses and other current assets, non-current assets, accrued salaries and benefits, deferred membership income and other accruals		
Receivables, prepaid expenses and other current assets, non-current assets, accrued salaries and benefits, deferred membership income and other accruals		
Receivables, prepaid expenses and other current assets, non-current assets, accrued salaries and benefits, deferred membership income and other accruals		
Merchandise inventories		
Accounts payable		
Net cash provided by operating activities		
Investing Activities:		
Additions to property and equipment		
Additions to property and equipment		
Additions to property and equipment		
Purchases of short-term investments		
Proceeds from settlements of short-term investments		
Proceeds from disposal of property and equipment		
Proceeds from disposal of property and equipment		
Proceeds from disposal of property and equipment		
Net cash used in investing activities		
Financing Activities:		
Proceeds from long-term bank borrowings		
Proceeds from long-term bank borrowings		
Proceeds from long-term bank borrowings		
Repayment of long-term bank borrowings		
Proceeds from short-term bank borrowings		
Repayment of short-term bank borrowings		
Cash dividend payments		

Purchase of treasury stock
Net cash used in financing activities
Net cash used in financing activities
Net cash used in financing activities
Effect of exchange rate changes on cash and cash equivalents and restricted cash
Net increase (decrease) in cash, cash equivalents
Net decrease in cash, cash equivalents
Cash, cash equivalents and restricted cash at beginning of period
Cash, cash equivalents and restricted cash at end of period
Supplemental disclosure of noncash investing activities:
Supplemental disclosure of noncash investing activities:
Supplemental disclosure of noncash investing activities:
Capital expenditures accrued, but not yet paid
Capital expenditures accrued, but not yet paid
Capital expenditures accrued, but not yet paid
Dividends declared but not yet paid

PRICESMART, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(UNAUDITED—AMOUNTS IN THOUSANDS)

The following table provides a breakdown of cash and cash equivalents, and restricted cash reported within the statement of cash flows:

	Six Months Ended	
	February 29, 2024	**February 28, 2023**
	Nine Months Ended	
	May 31, 2024	**May 31, 2023**
Cash and cash equivalents		
Short-term restricted cash		
Long-term restricted cash		
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows		

See accompanying notes.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
February 29, May 31, 2024

NOTE 1 – COMPANY OVERVIEW AND BASIS OF PRESENTATION

PriceSmart, Inc.’s (“PriceSmart,” the “Company,” “we” or “our”) business consists primarily of international membership shopping warehouse clubs similar to, but typically smaller in size than, warehouse clubs in the United States. As of February 29, 2024 May 31, 2024, the Company had 54 warehouse clubs in operation in 12 countries and one U.S. territory (ten in Colombia; eight in Costa Rica; seven in Panama; six in Guatemala; five in Dominican Republic; four each in Trinidad and El Salvador; three in Honduras; two each in Nicaragua and Jamaica; and one each in Aruba, Barbados and the United States Virgin Islands), of which the Company owns 100% of the corresponding legal entities (see Note 2 - Summary of Significant Accounting Policies). In addition, the Company plans to open one warehouse club in Cartago, Costa Rica in early the spring of 2025. Once this new club is open, the Company will operate 55 warehouse clubs. Our operating segments are the United States, Central America, the Caribbean and Colombia.

PriceSmart continues to invest in technology and talent to support the following three major drivers of growth:

1. **Invest in Remodeling Current PriceSmart Clubs, Adding New PriceSmart Locations and Opening More Distribution Centers;**
2. **Increase Membership Value; and**

3. **Drive Incremental Sales via PriceSmart.com and Enhanced Online, Digital and Technological Capabilities.**

Basis of Presentation – The interim consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q for interim financial reporting pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC").

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2023 (the "2023 Form 10-K"). The interim consolidated financial statements include the accounts of PriceSmart, Inc., a Delaware corporation, and its subsidiaries. Intercompany transactions between the Company and its subsidiaries have been eliminated in consolidation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The consolidated financial statements of the Company included herein include the assets, liabilities and results of operations of the Company's wholly owned subsidiaries, subsidiaries in which it has a controlling interest, and the Company's joint ventures for which the Company has determined that it is the primary beneficiary. The consolidated financial statements also include the Company's investment in, and the Company's share of the income (loss) of, joint ventures recorded under the equity method. All significant inter-company accounts and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the SEC and reflect all adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to fairly present the financial position, results of operations and cash flows for the periods presented. The results for interim periods are not necessarily indicative of the results for the year.

The Company determines whether any of the joint ventures in which it has made investments is a Variable Interest Entity ("VIE") at the start of each new venture and if a reconsideration event has occurred. At this time, the Company also considers whether it must consolidate a VIE and/or disclose information about its involvement in a VIE. A reporting entity must consolidate a VIE if that reporting entity has a variable interest (or combination of variable interests) and is determined to be the primary beneficiary. If the Company determines that it is not the primary beneficiary of the VIE, then the Company records its investment in, and the Company's share of the income (loss) of, joint ventures recorded under the equity method. Due to the nature of the joint ventures that the Company participates in and the continued commitments for additional financing, the Company determined these joint ventures are VIEs.

In the case of the Company's ownership interest in real estate development joint ventures, both parties to each joint venture share all rights, obligations and the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. As a result, the Company has determined that it is not the primary beneficiary of the VIEs and, therefore, has accounted for these entities under the equity method. Under the equity method, the Company's investments in unconsolidated affiliates are initially recorded as an investment in the stock of an investee at cost and are adjusted for the carrying amount of the investment to recognize the investor's share of the earnings or losses of the investee after the date of the initial investment. The Company's ownership interest in real estate development joint ventures the Company has recorded under the equity method as of February 29, 2024 May 31, 2024 are listed below:

Real Estate Development Joint Ventures	Countries	Ownership	Basis of Presentation
GolfPark Plaza, S.A.	Panama	50.0 %	Equity(1)
Price Plaza Alajuela PPA, S.A.	Costa Rica	50.0 %	Equity(1)

(1) Joint venture interests are recorded as investment in unconsolidated affiliates on the consolidated balance sheets.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates and assumptions take into account historical and forward-looking factors that the Company believes are reasonable. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents – The Company considers as cash and cash equivalents all cash on deposit, highly liquid investments with a maturity of three months or less at the date of purchase and proceeds due from credit and debit card transactions in the process of settlement. The Company invests some of our cash in money market funds which are considered equity securities and are held at fair value in Cash and cash equivalents on the consolidated balance sheets. The fair value of money market funds held was $18.1 million $19.2 million as of February 29, 2024 May 31, 2024 and $100.2 million as of August 31, 2023. We receive interest payments from the money market funds which are recorded in the Interest income line item under the Total other expense caption within the consolidated statements of income.

Restricted Cash – The following table summarizes the restricted cash reported by the Company (in thousands):

	February 29, 2024	**August 31, 2023**
	May 31, 2024	**August 31, 2023**
Short-term restricted cash		
Long-term restricted cash		
Total restricted cash(1)		

(1) Restricted cash consists of cash deposits held within banking institutions in compliance with federal regulatory requirements in Costa Rica and Panama. In addition, the Company is required to maintain a certificate of deposit and/or security deposits of Trinidad dollars, as measured in U.S dollars, of approximately $5.8 million with a few of its lenders as compensating balances for several U.S. dollar and euro denominated loans payable over several years. The certificates of deposit will be reduced annually commensurate with the loan balances.

Short-Term Investments – The Company considers certificates of deposit and similar time-based deposits with financial institutions with original maturities over three months and up to one year to be short-term investments.

Long-Term Investments – The Company considers certificates of deposit and similar time-based deposits with financial institutions with original maturities over one year to be long-term investments.

Goodwill – Goodwill totaled $43.2 million as of May 31, 2024 and $43.1 million as of February 29, 2024 and August 31, 2023. The Company reviews reported goodwill at the reporting unit level for impairment. The Company tests goodwill for impairment at least annually or when events or changes in circumstances indicate that it is more likely than not that the asset is impaired.

Receivables – Receivables consist primarily of credit card receivables and receivables from vendors and are stated net of allowances for credit losses. The determination of the allowance for credit losses is based on the Company's assessment of collectability along with the consideration of current and expected market conditions that could impact collectability.

Tax Receivables – The Company pays Value Added Tax ("VAT") or similar taxes, income taxes, and other taxes within the normal course of business in most of the countries in which it operates related to the procurement of merchandise and/or services the Company acquires and/or on sales and taxable income. VAT is a form of indirect tax applied to the value added at each stage of production (primary, manufacturing, wholesale and retail). This tax is similar to, but operates somewhat differently than, sales tax paid in the United States. The Company generally collects VAT from its Members upon sale of goods and services and pays VAT to its vendors upon purchase of goods and services. Periodically, the Company submits VAT reports to governmental agencies and reconciles the VAT paid and VAT received. The net overpaid VAT may be refunded or applied to subsequent returns, and the net underpaid VAT must be remitted to the government. With respect to income taxes paid, if the estimated income taxes paid or withheld exceed the actual income tax due this creates an income tax receivable. In most countries where the Company operates, the governments have implemented additional collection procedures, such as requiring credit card processors to remit a portion of sales processed via credit and debit cards directly to the government as advance payments of VAT and/or income tax. This collection mechanism generally leaves the Company with net VAT and/or income tax receivables, forcing the Company to process significant refund claims on a recurring basis. These refund or offset processes can take anywhere from several months to several years to complete. Additionally, we are occasionally required to make payments for tax assessments that we are appealing, notwithstanding that we believe it is more likely than not we will ultimately prevail.

Minimum tax rules, applicable in some of the countries where the Company operates, require the payment of taxes based on a percentage of sales, when the resulting tax is greater than the tax payable based on a percentage of income (Alternative Minimum Tax or "AMT"). This can result in AMT payments substantially in excess of those the Company would expect to pay based on taxable income. As the Company believes that, in one country where it operates, it should only be ultimately liable for an income-based tax, it has accumulated income tax receivables of $10.9 million and $10.7 million and deferred tax assets of $3.7$3.4 million and $3.2 million as of February 29, 2024May 31, 2024 and August 31, 2023, respectively, in this country.

While the rules related to refunds of income tax receivables in this country are unclear and complex, the Company has not placed any type of allowance on the recoverability of these tax receivables, deferred tax assets or amounts that may be deemed under-paid, because the Company believes that it is more likely than not that it will ultimately succeed in its refund requests and appeals of these rules.

The Company's various outstanding VAT receivables and/or income tax receivables are based on cases or appeals with their own set of facts and circumstances. The Company consults and evaluates with legal and tax advisors regularly to understand the strength of its legal arguments and probability of successful outcomes in addition to its own experience handling complex tax issues. Based on those evaluations, the Company has not placed any type of allowance on the recoverability of the remaining tax receivables or deferred tax assets, because the Company believes that it is more likely than not that it will ultimately succeed in its refund requests.

The Company's policy for classification and presentation of VAT receivables, income tax receivables and other tax receivables is as follows:

- Short-term VAT and Income tax receivables, recorded as Prepaid expenses and other current assets: This classification is used for any countries where the Company's subsidiary has generally demonstrated the ability to recover the VAT or income tax receivable within one year. The Company also classifies as short-term any approved refunds or credit notes to the extent that the Company expects to receive the refund or use the credit notes within one year.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Long-term VAT and Income tax receivables, recorded as Other non-current assets: This classification is used for amounts not approved for refund or credit in countries where the Company's subsidiary has not demonstrated the ability to obtain refunds within one year and/or for amounts which are subject to outstanding disputes. An allowance is provided against VAT and income tax receivable balances in dispute when the Company does not expect to eventually prevail in its recovery. The Company does not currently have any allowances provided against VAT and income tax receivables.

The following table summarizes the VAT receivables reported by the Company (in thousands):

		February 29, 2024			August 31, 2023					
		May 31, 2024			August 31, 2023					
Prepaid expenses and other current assets	Prepaid expenses and other current assets	$ 5,676	$	$ 2,774	Prepaid expenses and other current assets	$ 9,442	$		$ 2,774	
Other non-current assets	Other non-current assets	36,104	36,060		36,060	Other non-current assets 30,275		36,060		36,060
Total amount of VAT receivables reported	Total amount of VAT receivables reported	$41,780	$	$38,834	Total amount of VAT receivables reported	$ 39,717	$		$38,834	

The following table summarizes the Income tax receivables reported by the Company (in thousands):

		February 29, 2024			August 31, 2023					
		May 31, 2024			August 31, 2023					
Prepaid expenses and other current assets	Prepaid expenses and other current assets	$15,492	$	$17,749	Prepaid expenses and other current assets	$ 15,703	$		$17,749	
Other non-current assets	Other non-current assets	25,177	19,176		19,176	Other non-current assets 27,074		19,176		19,176
Total amount of income tax receivables reported	Total amount of income tax receivables reported	$40,669	$	$36,925	Total amount of income tax receivables reported	$ 42,777	$		$36,925	

Lease Accounting – The Company's leases are operating leases for warehouse clubs and non-warehouse club facilities such as corporate headquarters, regional offices, and regional distribution centers. The Company determines if an arrangement is a lease and classifies it as either a finance or operating lease at lease inception. Operating leases are included in Operating lease right-of-use assets, net; Operating lease liabilities, current portion; and Long-term operating lease liabilities on the consolidated balance sheets. The Company does not have finance leases.

Operating lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. The Company's leases generally do not have a readily determinable implicit interest rate; therefore, the Company uses a collateralized incremental borrowing rate at the commencement date in determining the present value of future payments. The incremental borrowing rate is based on a yield curve derived from publicly traded bond offerings for companies with credit characteristics that approximate the Company's market risk profile.

In addition, we adjust the incremental borrowing rate for jurisdictional risk derived from quoted interest rates from financial institutions to reflect the cost of borrowing in the Company's local markets. The Company's lease terms may include options to purchase, extend or terminate the lease, which are recognized when it is reasonably certain that the Company will exercise that option. The Company does not combine lease and non-lease components.

The Company measures Right-of-use ("ROU") assets based on the corresponding lease liabilities, adjusted for any initial direct costs and prepaid lease payments made to the lessor before or at the commencement date (net of lease incentives). The lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Variable lease payments are not included in the calculation of the ROU asset and the related lease liability and are recognized as incurred. The Company's variable lease payments generally relate to amounts the Company pays for additional contingent rent based on a contractually stipulated percentage of sales.

In January 2024, the Company purchased one of its club's buildings and land, which was previously leased, in Panama City, Panama, for $33.0 million. Management assessed the fair market value using the market and replacement cost methods and, per the assessment, allocated approximately 88.7% of the purchase price to the land and 11.3% of the purchase price to the building. The transaction resulted in the termination of the related ROU asset, net of tax, and lease liability, net of tax, of $8.2 million and $9.1 million, respectively. No gain or loss was recognized as the lease termination occurred due to the purchase of the leased asset. This allocation of the purchase price, after accounting for the impact of the lease termination, resulted in $28.2 million allocated to the land and $3.9 million allocated to the building. Additionally, the Company already carried approximately $8.6 million of leasehold improvements related to the club which have been reclassified to the building and remain on the balance sheet. This purchase triggered a change in the estimate of the depreciable lives of certain leasehold improvements, which were previously limited to the lease term, lowering future annual depreciation. Going forward, the lower annual depreciation expense and the cost savings on straight-line rent expense, partially offset by the depreciation expense on the new building, will save approximately $1.1 million per year, net of tax, within our Warehouse club and other operations expenses in the Company's consolidated statements of income. Additionally, the Company entered into a loan agreement for $16.5 million, paid over 15 years, to partially fund the purchase of our Via Brasil club. We expect approximately $1.0 million in interest payments, net of tax, over the next 12 months associated with this loan, which will continue to decrease as the loan balance is paid off over the life of the loan. The interest expense related to this loan will be recorded within the Interest expense caption on the consolidated statements of income.

Merchandise Inventories – Merchandise inventories, which include merchandise for resale, are valued at the lower of cost (average cost) or net realizable value. The Company provides for estimated inventory losses and obsolescence based on a percentage of sales. The provision is adjusted every reporting period to reflect the trend of actual physical inventory and cycle count results. In addition, the Company may be required to take markdowns below the carrying cost of certain inventory to expedite the sale of such merchandise.

Stock Based Compensation – The Company utilizes three types of equity awards: restricted stock awards ("RSAs"), restricted stock units ("RSUs") and, prior to fiscal year 2024, performance-based restricted stock units ("PSUs"). Compensation cost related to RSAs, RSUs and PSUs is based on the fair market value at the time of the grant. The Company recognizes the compensation cost related to RSAs and RSUs over the requisite service period as determined by the grant, amortized ratably or on a straight-line basis over the life of the grant. The Company also recognizes compensation cost for PSUs over the performance period of each tranche, adjusting this cost based on the Company's estimate of the probability that performance metrics will be achieved. As of February 29, 2024 May 31, 2024, all outstanding PSUs have successfully met all performance metrics except for the requisite service period.

The Company accounts for actual forfeitures as they occur. The Company records the tax savings resulting from tax deductions in excess of expense for stock-based compensation and the tax deficiency resulting from stock-based compensation in excess of the related tax deduction as income tax expense or benefit. In addition, the Company reflects the tax savings (deficiency) resulting from the taxation of stock-based compensation as an operating cash flow in its consolidated statement of cash flows.

RSAs are outstanding shares of common stock and have the same cash dividend and voting rights as other shares of common stock. Shares of common stock subject to RSUs are not issued nor outstanding until vested, and RSUs do not have the same dividend and voting rights as common stock. However, all outstanding RSUs have accompanying dividend equivalents, requiring payment to the employees and directors with unvested RSUs of amounts equal to the dividend they would have received had the shares of common stock underlying the RSUs been actually issued and outstanding. Payments of dividend equivalents to employees are recorded as compensation expense.

PSUs, similar to RSUs, were are awarded with dividend equivalents provided that such amounts became payable only if after the performance metric was has been achieved. At the time the Compensation Committee confirmed the performance metric had been achieved, the accrued dividend equivalents were paid on the PSUs.

Treasury Stock – Shares of common stock repurchased by the Company are recorded at cost, including transaction costs and excise taxes, as treasury stock and result in the reduction of stockholders' equity in the Company's consolidated balance sheets. The Company may reissue these treasury shares as part of its stock-based compensation programs. When treasury shares are reissued, the Company uses the first in/first out ("FIFO") cost method for determining cost of the reissued shares. If the issuance price is higher than the cost, the excess of the issuance price over the cost is credited to additional paid-in capital ("APIC"). If the issuance price is lower than the cost, the difference is first charged against any credit balance in APIC from treasury stock and the balance is charged to retained earnings. During the six nine months ended February 29, 2024 May 31, 2024, the Company reissued approximately 3,000 treasury shares.

Fair Value Measurements – The Company measures the fair value for all financial and non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring or nonrecurring basis. The fair value of an asset is the price at which the asset could be sold in an orderly transaction between unrelated, knowledgeable and willing parties able to engage in the transaction. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor in a transaction between such parties, not the amount that would be paid to settle the liability with the creditor.

ASC 820, Fair Value Measurements and Disclosures, sets forth a fair value hierarchy that categorizes inputs to valuation techniques used to measure and revalue fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Company was not required to revalue any assets or liabilities utilizing Level 1 or Level 3 inputs at the balance sheet dates. The Company's Level 2 assets and liabilities revalued at the balance sheet dates, on a recurring basis, consisted of cash flow hedges (interest rate swaps and cross-currency interest rate swaps) and forward foreign exchange contracts. In addition, the Company utilizes Level 2 inputs in determining the fair value of long-term debt.

Non-financial assets and liabilities are revalued and recognized at fair value subsequent to initial recognition when there is evidence of impairment. For the periods reported, no impairment of such non-financial assets were recorded.

The Company's current and long-term financial assets and liabilities have fair values that approximate their carrying values. The Company's long-term financial liabilities consist of long-term debt, which is recorded on the balance sheet at issuance price and adjusted for any applicable unamortized discounts or premiums and debt issuance costs. There have been no significant changes in the fair market value of the Company's current and long-term financial assets and liabilities, and there have been no material changes to the valuation techniques utilized in the fair value measurement of assets and liabilities disclosed in the Company's 2023 Annual Report on Form 10-K.

Derivatives Instruments and Hedging Activities – The Company uses derivative financial instruments for hedging and non-trading purposes to manage its exposure to changes in interest and currency exchange rates. In using derivative financial instruments for the purpose of hedging the Company's exposure to interest and currency exchange rate risks, the contractual terms of a hedged instrument closely mirror those of the hedged item and are intended to provide a high degree of risk reduction and correlation. Contracts that are effective at meeting the risk reduction and correlation criteria (effective hedge) are recorded using hedge accounting. If a derivative financial instrument is an effective hedge, changes in the fair value of the instrument will be reported in accumulated other comprehensive loss until the hedged item completes its contractual term. Instruments that do not meet the criteria for hedge accounting, or contracts for which the Company has not elected hedge accounting, are valued at fair value with unrealized gains or losses reported in earnings during the period of the change.

The Company did not change valuation techniques utilized in the fair value measurement of assets and liabilities presented on the Company's consolidated balance sheets from previous practice during the reporting period. The Company seeks to manage counterparty risk associated with these contracts by limiting transactions to counterparties with which the Company has an established banking relationship. There can be no assurance, however, that this practice effectively mitigates counterparty risk.

Cash Flow Instruments. The Company is a party to receive floating interest rate and pay fixed-rate interest rate swaps to hedge the interest rate risk of certain U.S. dollar denominated debt within its international subsidiaries. The swaps are designated as cash flow hedges of interest expense risk. These instruments are considered effective hedges and are recorded using hedge accounting. The Company is also a party to receive variable or fixed interest rate and pay fixed interest rate cross-currency interest rate swaps to hedge the interest rate and currency exposure associated with the expected payments of principal and interest of U.S. denominated debt within its international subsidiaries whose functional currency is other than the U.S. dollar. The swaps are designated as cash flow hedges of the currency risk and interest-rate risk related to payments on the U.S. denominated debt. These instruments are also considered to be effective hedges and are recorded using hedge accounting. Under cash flow hedging, the entire gain or loss of the derivative, calculated as the net present value of the future cash flows, is reported on the consolidated balance sheets in accumulated other comprehensive loss. Amounts recorded in accumulated other comprehensive loss are released to earnings in the same period that the hedged transaction impacts consolidated earnings. Refer to "Note 8 - Derivative Instruments and Hedging Activities" for information on the fair value of interest rate swaps and cross-currency interest rate swaps as of February 29, 2024 May 31, 2024 and August 31, 2023.

Fair Value Instruments. The Company is exposed to foreign currency exchange rate fluctuations in the normal course of business. This includes exposure to foreign currency exchange rate fluctuations on U.S. dollar denominated liabilities within the Company's international subsidiaries whose functional currency is other than the U.S. dollar. The Company manages these fluctuations, in part, through the use of non-deliverable forward foreign-exchange contracts that are intended to offset changes in cash flows attributable to currency exchange movements. The contracts are intended primarily to economically address exposure to U.S. dollar merchandise inventory expenditures made by the Company's international subsidiaries whose functional currency is other than the U.S. dollar.

Currently, these contracts are treated for accounting purposes as fair value instruments and do not qualify for derivative hedge accounting, and as such the Company does not apply derivative hedge accounting to record these transactions. As a result, these contracts are valued at fair value with unrealized gains or losses reported in earnings during the period of the change. The Company seeks to mitigate foreign currency exchange-rate risk with the use of these contracts and does not intend to engage in speculative transactions. These contracts do not contain any credit-risk-related contingent features and are limited to less than one year in duration.

Revenue Recognition – The accounting policies and other disclosures such as the disclosure of disaggregated revenues are described in "Note 3 – Revenue Recognition."

Cost of Goods Sold – The Company includes the cost of merchandise and food service and bakery raw materials in cost of goods sold - net merchandise sales. The Company also includes in cost of goods sold - net merchandise sales the external and internal distribution and handling costs for supplying merchandise, raw materials and supplies to the warehouse clubs, and, when applicable, costs of shipping to Members. External costs include inbound freight, duties, drayage, fees, insurance, and non-recoverable value-added tax related to inventory shrink, spoilage and damage. Internal costs include payroll and related costs, utilities, consumable supplies, repair and maintenance, rent expense and building and equipment depreciation at the Company's distribution facilities and payroll and other direct costs for in-club demonstrations.

For export sales, the Company includes the cost of merchandise and external and internal distribution and handling costs for supplying merchandise in cost of goods sold - exports.

Vendor consideration consists primarily of volume rebates, time-limited product promotions, cooperative marketing efforts, digital advertising, slotting fees, demonstration reimbursements and prompt payment discounts. Volume rebates and time-limited promotions are recognized on a systematic and rational allocation of the cash consideration as the Company progresses toward earning the rebate, provided the amounts to be earned are probable and reasonably estimable. Cooperative marketing efforts and digital advertising are related to consideration received by the Company from vendors for non-distinct online advertising services on the Company's website and social media platforms. Slotting fees are related to consideration received by the Company from vendors for preferential "end cap" placement of the vendor's products within the warehouse club. Demonstration reimbursements are related to consideration received by the Company from vendors for the in-club promotion of the vendors' products. The Company records the reduction in cost of goods sold on a transactional basis for these programs. On a quarterly basis, the Company calculates the amount of rebates recorded in cost of goods sold that relates to inventory on hand and this amount is reclassified as a reduction to inventory, if significant. Prompt payment discounts are taken in substantially all cases and therefore are applied directly to reduce the acquisition cost of the related inventory, with the resulting effect recorded to cost of goods sold when the inventory is sold.

Selling, General and Administrative – Selling, general and administrative costs consist primarily of expenses associated with operating warehouse clubs and non-income based taxes such as alternative minimum taxes based on revenue or sales. These costs include payroll and related costs, including separation costs associated with the Chief Executive Officer departure, utilities, consumable supplies, repair and maintenance, rent expense, building and equipment depreciation, bank fees, credit card processing fees, and amortization of intangibles. Also included in selling, general and administrative expenses are the payroll and related costs for the Company's U.S. and regional management and purchasing centers.

In December 2022, the Company announced that Sherry Bahrambeygui would resign as Chief Executive Officer effective February 3, 2023. In connection with her departure, the Company recognized a one-time separation charge of approximately $7.7 million ($7.2 million net of tax) in the second quarter of fiscal year 2023. This amount consists of approximately $4.2 million of non-cash charges related to the acceleration of certain equity awards and approximately $3.5 million for other separation costs. The Company recorded these charges in the second quarter of fiscal year 2023. These charges were recorded in the Separation costs associated with Chief Executive Officer departure line item under the Selling, general and administrative caption within the Consolidated Statements of Income and are recorded in the Company's United States segment. In connection with her departure, the Company accrued for the related charges and substantially fulfilled all payment obligations by the end of the second quarter of fiscal year 2023; however, some vesting of PSUs occurred in the first quarter of fiscal year 2024.

Pre-Opening Costs – The Company expenses pre-opening costs (the costs of start-up activities, including organization costs and rent) for new warehouse clubs as incurred.

Asset Impairment and Closure Costs – The Company periodically evaluates its long-lived assets for indicators of impairment. Management's judgments are based on market and operational conditions at the time of the evaluation and can include management's best estimate of future business activity. These periodic evaluations could cause management to conclude that impairment factors exist, requiring an adjustment of these assets to their then-current fair value. Future business conditions and/or activity could differ materially from the projections made by management causing the need for additional impairment charges.

Loss Contingencies and Litigation – The Company records and reserves for loss contingencies if (a) information available prior to issuance of the consolidated financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the consolidated financial statements and (b) the amount of loss can be reasonably estimated. If one or both criteria for accrual are not met, but there is at least a reasonable possibility that a material loss will occur, the Company does not record and reserve for a loss contingency but describes the contingency within a note and provides detail, when possible, of the estimated potential loss or range of loss. If an estimate cannot be made, a statement to that effect is made.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Foreign Currency Translation – The assets and liabilities of the Company's foreign operations are translated to U.S. dollars when the functional currency in the Company's international subsidiaries is the local currency and not U.S. dollars. Assets and liabilities of these foreign subsidiaries are translated to U.S. dollars at the exchange rate on the balance sheet date, and revenue, costs and expenses are translated at average rates of exchange in effect during the period. The corresponding translation gains and losses are recorded as a component of accumulated other comprehensive income or loss. These adjustments will affect net income upon the sale or liquidation of the underlying investment.

The following table discloses the net effect of translation into the reporting currency on other comprehensive loss for these local currency denominated accounts for the three and six nine months ended on February 29, 2024 May 31, 2024 and February 28, 2023 2023 (in thousands):

	Three Months Ended		Six Months Ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Effect on other comprehensive income due to foreign currency translation	$ 6,697	$ 12,199	$ 10,233	$ 11,314

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Effect on other comprehensive income (loss) due to foreign currency translation	$ (5,181)	$ 15,285	$ 5,053	$ 26,599

Monetary assets and liabilities denominated in currencies other than the functional currency of the respective entity (primarily U.S. dollars) are revalued to the functional currency using the exchange rate on the balance sheet date. These foreign exchange transaction gains (losses), including transactions recorded involving these monetary assets and liabilities, are recorded as Other income (expense) in the consolidated statements of income (in thousands):

Three Months Ended	Three Months Ended		Six Months Ended	Three Months Ended	Nine Months Ended
February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023		

	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Currency loss				

Recent Accounting Pronouncements Adopted

There were no new accounting standards that had a material impact on the Company's consolidated financial statements during the six-month nine-month period ended February 29, 2024 May 31, 2024, and there were no other new accounting standards or pronouncements that were issued but not yet effective as of February 29, 2024 May 31, 2024 that the Company expects to have a material impact on its consolidated financial statements.

NOTE 3 – REVENUE RECOGNITION

Performance Obligations

The Company identifies each distinct performance obligation to transfer goods (or bundle of goods) or services. The Company recognizes revenue when (or as) it satisfies a performance obligation by transferring control of the goods or services to the customer.

Net Merchandise Sales. The Company recognizes merchandise sales revenue, net of sales taxes, on transactions where the Company has determined that it is the principal in the sale of merchandise. These transactions may include shipping commitments and/or shipping revenue if the transaction involves delivery to the customer.

Membership Fee Revenue. Membership income represents annual membership fees paid by the Company's warehouse club Members, which are recognized ratably over the 12-month term of the membership. Our membership policy allows Members to cancel their membership in the first 60 days and receive a full refund. After the 60-day period, membership refunds are prorated over the remaining term of the membership. The Company has significant experience with membership refund patterns and expects membership refunds will not be material. Therefore, no refund reserve was required for the periods presented. Membership fee revenue is included in membership income in the Company's consolidated statements of income. The deferred membership fee is included in deferred income in the Company's consolidated balance sheets.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Platinum Points Reward Programs. The Company currently offers Platinum Memberships in all of its markets. In the first six nine months of fiscal year 2024, we raised the annual fee for a Platinum Membership by $5 to approximately $80 in most markets. We have completed the fee increase in most markets in the first nine months of fiscal year 2024 and will complete the remaining planned increases by the end of the fiscal year. The Platinum Membership provides Members with a 2% rebate on most items, up to an annual maximum of $500. The rebate is issued annually to Platinum Members on March 1 and expires August 31. Platinum Members can apply this rebate to future purchases at the warehouse club during the redemption period. The Company records this 2% rebate as a reduction of revenue at the time of the sales transaction. Accordingly, the Company has reduced warehouse sales and has accrued a liability within other accrued expenses and other current liabilities, platinum rewards. The Company has determined that breakage revenue is 5% of the awards issued; therefore, it records 95% of the Platinum Membership liability at the time of sale. Annually, the Company reviews for expired unused rebates outstanding, and the expired unused rebates are recognized as "Other revenue and income" on the consolidated statements of income.

Co-branded Credit Card Points Reward Programs. Most of the Company's subsidiaries have points reward programs related to co-branded credit cards. These points reward programs provide incremental points that a Member can be used use at a future time to acquire merchandise within the Company's warehouse clubs. This results in two performance obligations, the first performance obligation being the initial sale of the merchandise or services purchased with the co-branded credit card and the second performance obligation being the future use of the points rewards to purchase merchandise or services. As a result, upon the initial sale, the Company allocates the transaction price to each performance obligation with the amount allocated to the future use points rewards recorded as a contract liability within other accrued expenses and other current liabilities on the consolidated balance sheet. The portion of the selling price allocated to the reward points is recognized as Net merchandise sales when the points are used or when the points expire. The Company reviews on an annual basis expired points rewards outstanding, and the expired rewards are recognized as Net merchandise sales on the consolidated statements of income within markets where the co-branded credit card agreement allows for such treatment.

Gift Cards. Members' purchases of gift cards to be utilized at the Company's warehouse clubs are not recognized as sales until the card is redeemed and the customer purchases merchandise using the gift card. The outstanding gift cards are reflected as other accrued expenses and other current liabilities in the consolidated balance sheets. These gift cards generally have a one-year stated expiration date from the date of issuance and are generally redeemed prior to expiration. However, the absence of a large volume of transactions for gift cards impairs the Company's ability to make a reasonable estimate of the redemption levels for gift cards; therefore, the Company assumes a 100%

redemption rate prior to expiration of the gift cards. The Company periodically reviews unredeemed outstanding gift cards, and the gift cards that have expired are recognized as "Other revenue and income" on the consolidated statements of income.

Co-branded Credit Card Revenue Sharing Agreements. As part of the co-branded credit card agreements that the Company has entered into with financial institutions within its markets, the Company often enters into revenue sharing agreements. As part of these agreements, in some countries, the Company receives a portion of the interest income generated from the average outstanding balances on the co-branded credit cards from these financial institutions ("interest generating portfolio" or "IGP"). The Company recognizes its portion of interest received as revenue during the period it is earned. The Company has determined that this revenue should be recognized as "Other revenue and income" on the consolidated statements of income.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Contract Performance Liabilities

Contract performance liabilities as a result of transactions with customers primarily consist of deferred membership income, other deferred income, deferred gift card revenue, Platinum points programs, and liabilities related to co-branded credit card points rewards programs which are included in deferred income and other accrued expenses and other current liabilities in the Company's consolidated balance sheets. The following table provides these contract balances from transactions with customers as of the dates listed (in thousands):

	Contract Liabilities	
	February 29, 2024	August 31, 2023
Deferred membership income	$ 36,414	$ 31,079
Other contract performance liabilities	$ 23,479	$ 12,347

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Contract Liabilities	
	May 31, 2024	August 31, 2023
Deferred membership income	$ 36,192	$ 31,079
Other contract performance liabilities	$ 11,977	$ 12,347

Disaggregated Revenues

In the following table, net merchandise sales are disaggregated by merchandise category (in thousands):

	Three Months Ended	Three Months Ended		Six Months Ended	Three Months Ended	Nine Months Ended
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023		
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023		
Foods & Sundries						
Fresh Foods						
Hardlines						
Softlines						
Food Service and Bakery						
Health Services						
Net Merchandise Sales						

NOTE 4 – EARNINGS PER SHARE

The Company presents basic net income per share using the two-class method. The two-class method is an earnings allocation formula that treats a participating security as having rights to earnings that otherwise would have been available to common stockholders and that determines basic net income per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings that would have been available to common stockholders. A participating security is defined as a security that may participate in undistributed earnings with common stock. The Company's capital structure includes securities that participate with common stock on a one-for-one basis for distribution of dividends. These are the restricted stock awards ("RSAs"), restricted stock units ("RSUs") and performance stock units

(“PSUs”) issued pursuant to the 2013 Equity Incentive Award Plan, provided that the Company does not include PSUs as participating securities until the performance conditions have been met. The Company has not issued any new PSU awards since fiscal year 2023. As of February 29, 2024 May 31, 2024, all outstanding PSUs have successfully met all performance metrics except for the requisite service period. RSAs are outstanding shares of common stock and have the same cash dividend and voting rights as other shares of common stock. Shares of common stock subject to RSUs are not issued nor outstanding until vested, and RSUs do not have the same dividend and voting rights as common stock. However, all outstanding RSUs have accompanying dividend equivalents, requiring payment to the employees and directors with unvested RSUs of amounts equal to the dividend they would have received had the shares of common stock underlying the RSUs been actually issued and outstanding. PSUs, similar to RSUs, are awarded with dividend equivalents provided that such amounts become payable only if the performance metric is achieved. At the time the Compensation Committee confirms after the performance metric has been achieved, the corresponding dividend equivalents are paid on the PSUs. achieved. The Company determines the diluted net income per share by using the more dilutive of the two class-method or the treasury stock method and by including the basic weighted average of outstanding performance stock units in the calculation of diluted net income per share under the two-class method and including all potential common shares assumed issued in the calculation of diluted net income per share under the treasury stock method.

The following table sets forth the computation of net income per share for the three and six nine months ended February 29, 2024 May 31, 2024 and February 28, 2023 2023 (in thousands, except per share amounts):

		Three Months Ended	Three Months Ended	Six Months Ended			Three Months Ended		Nine Months Ended	
		February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023					
		May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023					
Net income	Net income	$39,271	$31,347	$77,318	$64,252	Net income	$32,489	$29,572	$109,807	$93,824
Less: Allocation of income to unvested stockholders										
Net income available for distribution	Net income available for distribution	$39,157	$31,296	$76,425	$63,625	Net income available for distribution	$32,422	$29,116	$108,774	$92,726
Basic weighted average shares outstanding	Basic weighted average shares outstanding	29,920	30,741	30,095	30,727	Basic weighted average shares outstanding	29,968	30,800	30,052	30,752
Add dilutive effect of performance stock units (two-class method)	Add dilutive effect of performance stock units (two-class method)	—	19	—	13	Add dilutive effect of performance stock units (two-class method)	—	29	—	18
Diluted average shares outstanding	Diluted average shares outstanding	29,920	30,760	30,095	30,740	Diluted average shares outstanding	29,968	30,829	30,052	30,770
Basic net income per share	Basic net income per share	$ 1.31	$ 1.02	$ 2.54	$ 2.07	Basic net income per share	$ 1.08	$ 0.95	$ 3.62	$ 3.02
Diluted net income per share	Diluted net income per share	$ 1.31	$ 1.02	$ 2.54	$ 2.07	Diluted net income per share	$ 1.08	$ 0.94	$ 3.62	$ 3.01

NOTE 5 – STOCKHOLDERS’ EQUITY

Dividends

The following table summarizes the dividends declared and paid during fiscal year 2024 and 2023 (amounts are per share):

			First Payment First Payment First Payment			Second Payment				Second Payment								
Declared	Declared	Amount	Record Date	Date Paid	Date Payable	Amount	Record Date	Date Paid	Date Payable	Amount	Declared	Amount	Record Date	Date Paid	Date Payable	Amount	Record Date	Da Pa
4/3/2024		$ 1.00	4/19/2024	4/30/2024	N/A	$ 1.00	N/A	N/A	N/A									

2/1/2024
2/3/2023

On April 3, 2024, the Company's Board of Directors declared a one-time $1.00 per share special dividend paid on April 30, 2024 to stockholders of record on April 19, 2024. The $1.00 per share special dividend is in addition to the Company's annual cash dividend in the total amount of $1.16 per share, with $0.58 per share paid on February 29, 2024 to stockholders of record as of February 15, 2024 and $0.58 per share payable on August 30, 2024 to stockholders of record as of August 15, 2024. The Company anticipates the ongoing payment of semi-annual dividends in subsequent periods, although the actual declaration of future dividends (ongoing or otherwise), if any, the amount of such dividends, and the establishment of record and payment dates is subject to final determination by the Board of Directors at its discretion after its review of the Company's financial performance and anticipated capital requirements, taking into account the uncertain macroeconomic conditions on our results of operations and cash flows.

Other Comprehensive Income (Loss) and Accumulated Other Comprehensive Loss

The following tables disclose the effects on accumulated other comprehensive loss of each component of other comprehensive income (loss), net of tax (in thousands):

		Amount
Beginning balance, March 1, 2024	$	(155,289)
Foreign currency translation adjustments		(5,181)
Defined benefit pension plans (1)		91
Derivative instruments (2)		299
Ending balance, May 31, 2024	$	(160,080)

		Amount
Beginning balance, March 1, 2023	$	(183,703)
Foreign currency translation adjustments		15,285
Defined benefit pension plans (1)		15
Derivative instruments (2)		(1,200)
Ending balance, May 31, 2023	$	(169,603)

		Amount
Beginning balance, September 1, 2023	$	(163,992)
Foreign currency translation adjustments		10,233 5,053
Defined benefit pension plans (1)		211 302
Derivative instruments (2)		(1,741) (1,443)
Ending balance, February 29, 2024 May 31, 2024	$	(155,289) (160,080)

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

		Amount
Beginning balance, September 1, 2022	$	(195,586)
Foreign currency translation adjustments		11,314 26,599
Defined benefit pension plans (1)		15 30
Derivative instruments (2)		554 (646)
Ending balance, February 28, 2023 May 31, 2023	$	(183,703) (169,603)

		Amount
Beginning balance, September 1, 2022	$	(195,586)
Foreign currency translation adjustments		33,708
Defined benefit pension plans (1)		(1,819)
Derivative instruments (2)		(443)
Amounts reclassified from accumulated other comprehensive loss		148
Ending balance, August 31, 2023	$	(163,992)

(1) Amounts reclassified from accumulated other comprehensive income (loss) loss related to the minimum pension liability are included in warehouse club and other operations in the Company's consolidated statements of income.

(2) Refer to "Note 8 - Derivative Instruments and Hedging Activities."

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Retained Earnings Not Available for Distribution

The following table summarizes retained earnings designated as legal reserves of various subsidiaries which cannot be distributed as dividends to PriceSmart, Inc. according to applicable statutory regulations (in thousands):

	February 29, 2024	August 31, 2023
	May 31, 2024	August 31, 2023
Retained earnings not available for distribution		

Share Repurchase Program

In July 2023 we announced a program authorized by our Board of Directors to repurchase up to $75 million of our common stock. We successfully completed the program in the first quarter of fiscal year 2024. We purchased a total of approximately 1,007,000 shares of our common stock under the program. The repurchases were made on the open market pursuant to a trading plan established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which permitted us to repurchase common stock at times when we might otherwise have been precluded from doing so under insider trading laws or self-imposed trading restrictions. We have no plans to continue repurchases or adopt a new repurchase plan at this time. However, the Board of Directors could choose to commence another program in the future at its discretion after its review of the Company's financial performance and anticipated capital requirements.

Share repurchase activity under the Company's repurchase programs for the periods indicated was as follows (total cost in thousands):

		Three Months Ended	Three Months Ended			Six Months Ended		Three Months Ended		Nine Months Ended
		February 29, 2024	February 28, 2023		February 29, 2024	February 28, 2023				
		May 31, 2024	May 31, 2023		May 31, 2024	May 31, 2023				
Number of common shares acquired	Number of common shares acquired	—	—	935,663	—	Number of common shares acquired	—	—	935,663	—
Average price per common share acquired	Average price per common share acquired	$—	$—	$ 74.13	$—	Average price per common share acquired	$—	$ —	$ 74.13	$ —
Total cost of common shares acquired	Total cost of common shares acquired	$—	$—	$69,362	$—	Total cost of common shares acquired	$—	$ —	$69,362	$ —

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time, the Company and its subsidiaries are subject to legal proceedings, claims and litigation arising in the ordinary course of business related to the Company's operations and property ownership. The Company evaluates such matters on a case by case basis, and vigorously contests any such legal proceedings or claims which the Company believes are without merit. The Company believes that the final disposition of these matters will not have a material adverse effect on its financial position, results of operations or liquidity. It is possible, however, that the Company's results of operations for a particular quarter or fiscal year could be impacted by changes in circumstances relating to such matters.

The Company establishes an accrual for legal proceedings if and when those matters reach a stage where they present loss contingencies that are both probable and reasonably estimable. In such cases, there may be a possible exposure to loss in excess of any amounts accrued. The Company monitors those matters for developments that would affect the likelihood of a loss and the accrued amount, if any, thereof, and adjusts the amount as appropriate. If the loss contingency at issue is not both probable and reasonably estimable, the Company does not establish an accrual, but will continue to monitor the matter for developments that will make the loss contingency both probable and reasonably estimable. If it is at least a reasonable possibility that a material loss will occur, the Company will provide disclosure regarding the contingency.

Income Taxes

For interim reporting, we estimate an annual effective tax rate (AETR) to calculate income tax expense. Our income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect management's best estimate of current and future taxes to be paid.

We are required to file federal and state income tax returns in the United States and income tax and various other tax returns in multiple foreign jurisdictions, each with changing tax laws, regulations and administrative positions. This requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. We record the benefits of uncertain tax positions in our financial statements only after determining it is more likely than not the uncertain tax positions would sustain challenge by taxing authorities, including resolution of related appeals or litigation processes, if any. We develop our assessment of an uncertain tax position based on the specific facts and legal arguments of each case and the associated probability of our reporting position being upheld, using internal expertise and the advice of third-party experts. However, our tax returns are subject to routine reviews by the various taxing authorities in the jurisdictions in which we file our tax returns. As part of these reviews, taxing authorities may challenge, and in some cases presently are challenging, the interpretations we have used to calculate our tax liability. In addition, any settlement with the tax authority or the outcome of any appeal or litigation process might result, and in some cases has resulted, in an outcome that is materially different from our estimated liability. When facts and circumstances change, we reassess these probabilities and record any changes in the consolidated financial statements as appropriate. Variations in the actual outcome of these cases could materially impact our consolidated financial statements.

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future. In evaluating our ability to recover our deferred tax assets in the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. In projecting future taxable income, we begin with historical results and incorporate assumptions about the amount of future state, federal, and foreign pretax operating income adjusted for items that do not have tax consequences. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates we are using to manage the underlying businesses. In evaluating the objective evidence that historical results provide, we consider three years of cumulative operating income.

In evaluating the exposure associated with various non-income tax filing positions, the Company accrues for probable and estimable exposures for non-income tax related tax contingencies. As of February 29, 2024 May 31, 2024 and August 31, 2023, the Company has recorded within other accrued expenses and other current liabilities a total of $1.4 $1.2 million and $9.6 million, respectively, for various non-income tax related tax contingencies.

While the Company believes the recorded liabilities are adequate, there are inherent limitations in projecting the outcome of litigation, in estimating probable additional income tax liability taking into account uncertain tax positions and in evaluating the probable additional tax associated with various non-income tax filing positions. As such, the Company is unable to make a reasonable estimate of the sensitivity to change of estimates affecting its recorded liabilities. As additional information becomes available, the Company assesses the potential liability and revises its estimates as appropriate.

Minimum tax rules, applicable in some of the countries where the Company operates, require the payment of taxes based on a percentage of sales, when the resulting tax is greater than the tax payable based on a percentage of income (Alternative Minimum Tax or "AMT"). This can result in AMT payments substantially in excess of those the Company would expect to pay based on taxable income. As the Company believes that, in one country where it operates, it should only be ultimately liable for an income-based tax, it has accumulated income tax receivables of $10.9 million and $10.7 million and deferred tax assets of $3.7 million $3.4 million and $3.2 million as of February 29, 2024 May 31, 2024 and August 31, 2023, respectively, in this country.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other Commitments

The Company is committed to non-cancelable construction service obligations for various warehouse club developments and expansions. As of February 29, 2024 May 31, 2024 and August 31, 2023, the Company had approximately $10.3 $12.5 million and $11.3 million, respectively, in contractual obligations for construction services not yet rendered.

As of February 29, 2024 May 31, 2024, the Company has signed a lease agreement for a facility to be built by the lessor related to the relocation of its warehouse club in Miraflores, Guatemala. As part of the agreement, the landlord has agreed to build a shell building which is estimated to be delivered in the first half of calendar year 2025. Once this building is ready, the Company expects to use approximately $12.1 million in cash to outfit this club. The lease will have a term of approximately 20 years, with a 5-year renewal option, and will commence upon delivery of the shell building to the Company. Per the lease agreement, the Company will pay monthly fixed base rent payments which increase annually based on the Consumer Price Index. The Company will also pay variable rent payments if the yearly warehouse sales for the location are in excess of a certain threshold. A collateralized incremental borrowing rate was used to determine the present value of estimated future minimum lease commitments. The present value of estimated future minimum lease commitments for this lease are as follows (in thousands):

Twelve Months Ended February 28 (except in case of leap year February 29),	Amount
Twelve Months Ended May 31,	**Amount**
2026	
2026	
2026	
2027	
2028	
2029	
2030	
Thereafter	
Total future lease payments	

From time to time, the Company has entered into general land purchase and land purchase option agreements. The Company's land purchase agreements are typically subject to various conditions, including, but not limited to, the ability to obtain necessary governmental permits or approvals. A deposit under an agreement is typically returned to the Company if all permits or approvals are not obtained. Generally, the Company has the right to cancel any of its agreements to purchase land without cause by forfeiture of some or all of the deposits it has made pursuant to the agreement. As of February 29, 2024 May 31, 2024 the Company had entered into four land purchase agreements that, if completed, would result in the use of approximately $14.0 $13.7 million in cash. Additionally, the Company has one lease agreement for the Miraflores warehouse club relocation, as mentioned above. Lastly, the Company has signed one promissory lease agreement for a distribution center in Guatemala. If the pending contingencies are resolved favorably, the Company would expect an increase in its total lease liability of approximately $11.8 million upon commencement.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The table below summarizes the Company's interest in real estate joint ventures, commitments to additional future investments and the Company's maximum exposure to loss as a result of its involvement in these joint venture ventures as of February 29, 2024 May 31, 2024 (in thousands):

Entity	Entity	% Ownership	Initial Investment	Additional Investments	Net Income (Loss) Inception to Date	Company's Variable Interest in Entity	Commitment to Future Additional Investments(1)	Company's Maximum Exposure to Loss in Entity(2)	Entity	% Ownership	Initial Investment	Additional Investments	Net Income (Loss) Inception to Date	Company's Variable Interest in Entity	Commitment to Future Additional Investments(1)	Co Ma Ex to E
GolfPark Plaza, S.A.																

Price
Plaza
Alajuela
PPA,
S.A.

Total

(1) The parties intend to seek alternate financing for the projects, which could reduce the amount of investments each party would be required to provide. The parties may mutually agree on changes to the projects, which could increase or decrease the amount of contributions each party is required to provide.

(2) The maximum exposure is determined by adding the Company's variable interest in the entity and any explicit or implicit arrangements that could require the Company to provide additional financial support.

NOTE 7 – DEBT

Short-term borrowings consist of unsecured lines of credit and short-term overdraft borrowings. The following table summarizes the balances of total facilities, facilities used and facilities available (in thousands):

		Facilities Used								
		Facilities Used								
		Facilities Used								
	Total Amount of Facilities									
	Total Amount of Facilities									
	Total Amount of Facilities		Short-term Borrowings	Facilities Available	Weighted average interest rate	Short-term Borrowings	Letters of Credit	Facilities Available	Weight average in rate	
February 29, 2024 - Committed	$ 75,000		$ —	$ 75,000	— %					
February 29, 2024 - Uncommitted										
May 31, 2024 - Committed	$ 75,000		$ —	$84	$ 74,916	— %				
May 31, 2024 - Uncommitted										
February 29, 2024 - Total										
February 29, 2024 - Total										
February 29, 2024 - Total	$171,000		$ 6,101	$164,899	13.1 %					
May 31, 2024 - Total										
May 31, 2024 - Total										
May 31, 2024 - Total	$171,000		$ 10,078	$84	$160,838	— %				
August 31, 2023 - Committed										
August 31, 2023 - Committed										
August 31, 2023 - Committed	$ 75,000	$	$ —	$	$ 75,000	—	— %	$75,000	$	$— — — $ $75,000

August 31, 2023 - Uncommitted																
August 31, 2023 - Overdraft Used (Uncommitted)																
August 31, 2023 - Total	August 31, 2023 - Total	$166,000	$	$	8,679	$	$	157,624	12.7	12.7 %	August 31, 2023 - Total	$166,000	$	$8,679	$ $	—	$ $ 15

As of February 29, 2024 May 31, 2024 and August 31, 2023, the Company was in compliance with all covenants or amended covenants for each of its short-term facility agreements. These facilities generally expire annually or bi-annually and are normally renewed. One of these facilities is a committed credit agreement with one bank for $75.0 million. In exchange for the bank's commitment to fund any drawdowns the Company requests, the Company pays an annual commitment fee of 0.25%, payable quarterly, on any unused portion of this facility. Additionally, the Company has uncommitted facilities in most of the countries where it operates, with drawdown requests subject to approval by the individual banks each time a drawdown is requested.

The following table provides the changes in long-term debt for the six nine months ended February 29, 2024 May 31, 2024:

(Amounts in thousands)

Balances as of August 31, 2023						
Balances as of August 31, 2023						
Balances as of August 31, 2023	$20,193	$ $119,487	$ $139,680 [(1)] [(1)]	$20,193	$ $119,487	$ $139,680 [(1)] [(1)]
Proceeds from long-term debt incurred during the period:						
Panama subsidiary						
Panama subsidiary						
Panama subsidiary						
Total proceeds from long-term debt incurred during the period						
Total proceeds from long-term debt incurred during the period						
Total proceeds from long-term debt incurred during the period						
Repayments of long-term debt:						
Repayments of long-term debt:						
Repayments of long-term debt:						
Reclassifications of long-term debt due in the next 12 months						
Reclassifications of long-term debt due in the next 12 months						
Reclassifications of long-term debt due in the next 12 months						
Translation adjustments on foreign currency debt of subsidiaries whose functional currency is not the U.S. dollar(2)						
Translation adjustments on foreign currency debt of subsidiaries whose functional currency is not the U.S. dollar(2)						
Translation adjustments on foreign currency debt of subsidiaries whose functional currency is not the U.S. dollar(2)						
Balances as of February 29, 2024						
Balances as of February 29, 2024						
Balances as of February 29, 2024	$37,615	$102,350	$139,965 [(3)]			
Balances as of May 31, 2024						
Balances as of May 31, 2024						
Balances as of May 31, 2024	$36,672	$ 98,426	$135,098 [(3)]			

(1) The carrying amount of non-cash assets assigned as collateral for these loans was $156.2 million. The carrying amount of cash assets assigned as collateral for these loans was $3.5 million.

(2) These foreign currency translation adjustments are recorded within other comprehensive income.

(3) The carrying amount of non-cash assets assigned as collateral for these loans was $140.0 million $135.2 million. The carrying amount of cash assets assigned as collateral for these loans was $2.5 million $2.0 million.

As of February 29, 2024 May 31, 2024 and August 31, 2023, the Company had approximately $83.9 million $80.1 million and $91.2 million, respectively, of long-term loans held in the U.S. entity and in several foreign subsidiaries, which require these entities to comply with certain annual or quarterly financial covenants, which include debt service and leverage ratios. The Company was in compliance with all covenants or amended covenants for both periods.

The Company entered into a loan agreement in the second quarter of fiscal year 2024 for $16.5 million to partially fund the purchase of our Via Brasil club in Panama. This loan has a term of 15 years and an interest rate of 1.80% plus the 3-month variable Secured Overnight Financing Rate (SOFR) (SOFR). Additionally, the loan includes a 1.00% special interest compensation fund (FECI) surcharge on the outstanding balance. Refer to "Note 2 – Summary of Significant Accounting Policies" for additional information.

Annual maturities of long-term debt are as follows (in thousands):

Twelve Months Ended February 28 (except in case of leap year February 29),	**Amount**
Twelve Months Ended May 31,	**Amount**
2025	
2026	
2027	
2028	
2029	
Thereafter	
Total	

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 8 – DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to interest rate risk relating to its ongoing business operations. To manage interest rate exposure, the Company enters into hedge transactions (interest rate swaps) using derivative financial instruments. The objective of entering into interest rate swaps is to eliminate the variability of cash flows in the SOFR interest payments associated with variable-rate loans over the life of the loans. As changes in interest rates impact the future cash flow of interest payments, the hedges provide a synthetic offset to interest rate movements.

In addition, the Company is exposed to foreign currency and interest rate cash flow exposure related to non-functional currency long-term debt of one of its wholly owned subsidiaries. To manage this foreign currency and interest rate cash flow exposure, the Company's subsidiaries entered into cross-currency interest rate swaps that convert their U.S. dollar denominated floating interest payments to functional currency fixed interest payments during the life of the hedging instrument. As changes in foreign exchange and interest rates impact the future cash flow of interest payments, the hedges are intended to offset changes in cash flows attributable to interest rate and foreign exchange movements.

These derivative instruments (cash flow hedging instruments) are designated and qualify as cash flow hedges, with the entire gain or loss on the derivative reported as a component of other comprehensive loss. Amounts are deferred in other comprehensive loss and reclassified into earnings in the same income statement line item that is used to present the earnings effect of the hedged item when the hedged item affects earnings.

The Company is exposed to foreign-currency exchange-rate fluctuations in the normal course of business, including foreign-currency exchange-rate fluctuations on U.S. dollar denominated liabilities within its international subsidiaries whose functional currency is other than the U.S. dollar. The Company manages these fluctuations, in part, through the use of non-deliverable forward foreign-exchange contracts (NDFs) that are intended to offset changes in cash flow attributable to currency exchange movements. These contracts are intended primarily to economically address exposure to U.S. dollar merchandise inventory expenditures made by the Company's international subsidiaries whose functional currency is other than the U.S. dollar. Currently, these contracts do not qualify for derivative hedge accounting. The Company seeks to mitigate foreign-currency exchange-rate risk with the use of these contracts and does not intend to engage in speculative transactions. These contracts do not contain any credit-risk-related contingent features.

Cash Flow Hedges

As of February 29, 2024 May 31, 2024, all of the Company's interest rate swap and cross-currency interest rate swap derivative financial instruments are designated and qualify as cash flow hedges. The Company formally documents the hedging relationships for its derivative instruments that qualify for hedge accounting.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes agreements for which the Company has recorded cash flow hedge accounting for the six nine months ended February 29, 2024 May 31, 2024:

Entity	Date Entered into	Derivative Financial Counter-party	Derivative Financial Instruments	Initial US$ Notional Amount	US$ Loan Held With	Floating Leg (swap counter-party)	Fixed Rate for PSMT Subsidiary	Settlement Dates	Effective Period of swap
Colombia subsidiary	30-Nov-23	Citibank, N.A. ("Citi")	Cross currency interest rate swap	$ 10,000,000	PriceSmart, Inc.	5.00%	11.27 %	30th day of each November, May and August, and 28th day of each February (except in case of a leap year, 29th day of each February) beginning on February 29, 2024	November 30, 2023 - November 30, 2026
Colombia subsidiary	12-Apr-23	Citibank, N.A. ("Citi")	Cross currency interest rate swap	$ 10,000,000	PriceSmart, Inc.	4.00%	11.40 %	11th day of each July, October, January and April, beginning on July 11, 2023	April 12, 2023 - April 11, 2028
Colombia subsidiary	26-Sep-22	Citibank, N.A. ("Citi")	Cross currency interest rate swap	$ 12,500,000	PriceSmart, Inc.	3.00%	10.35 %	24th day of each December, March, June and September beginning December 26, 2022	September 26, 2022 - September 24, 2024
Colombia subsidiary	3-May-22	Citibank, N.A. ("Citi")	Cross currency interest rate swap	$ 10,000,000	PriceSmart, Inc.	3.00%	9.04 %	3rd day of each May, August, November and February, beginning on August 3, 2022	May 3, 2022 - May 3, 2027
Colombia subsidiary	17-Nov-21	Citibank, N.A. ("Citi")	Cross currency interest rate swap	$ 10,000,000	PriceSmart, Inc.	3.00%	8.40 %	17th day of each February, May, August, and November, beginning on February 17, 2022	November 17, 2021 - November 18, 2024
Colombia subsidiary	3-Dec-19	Citibank, N.A. ("Citi")	Cross currency interest rate swap	$ 7,875,000	Citibank, N.A.	Variable rate 3-month SOFR plus 2.45%	7.87 %	3rd day of each December, March, June and September beginning March 3, 2020	December 3, 2019 - December 3, 2024
Colombia subsidiary	27-Nov-19	Citibank, N.A. ("Citi")	Cross currency interest rate swap	$ 25,000,000	Citibank, N.A.	Variable rate 3-month SOFR plus 2.45%	7.93 %	27th day of each November, February, May and August beginning February 27, 2020	November 27, 2019 - November 27, 2024
PriceSmart, Inc.	7-Nov-16	U.S. Bank, N.A. ("U.S. Bank")	Interest rate swap	$ 35,700,000	U.S. Bank	Variable rate 3-month SOFR plus 1.7%	3.65 %	1st day of each month beginning on April 1, 2017	March 1, 2017 - March 1, 2027

For the three and six nine months ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023, the Company included the gain or loss on the hedged items (that is, variable-rate borrowings) in the same line item—interest expense—as the offsetting gain or loss on the related interest rate swaps as follows (in thousands):

Income Statement Classification	Interest expense on borrowings (1)	Cost of swaps (2)	Total
Interest expense for the three months ended February 29, 2024	$ 1,054	$ 657	$ 1,711

Interest expense for the three months ended February 28, 2023	$	1,327	$	190	$	1,517
Interest expense for the six months ended, February 29, 2024	$	2,116	$	1,072	$	3,188
Interest expense for the six months ended, February 28, 2023	$	2,430	$	537	$	2,967

Income Statement Classification		Interest expense on borrowings (1)		Cost of swaps (2)		Total
Interest expense for the three months ended May 31, 2024	$	1,333	$	703	$	2,036
Interest expense for the three months ended, May 31, 2023	$	1,108	$	210	$	1,318
Interest expense for the nine months ended May 31, 2024	$	3,449	$	1,775	$	5,224
Interest expense for the nine months ended May 31, 2023	$	3,538	$	747	$	4,285

(1) This amount is representative of the interest expense recognized on the underlying hedged transactions.

(2) This amount is representative of the interest expense recognized on the interest rate swaps and cross-currency swaps designated as cash flow hedging instruments.

The total notional balance of the Company's pay-fixed/receive-variable interest rate swaps and cross-currency interest rate swaps was as follows (in thousands):

Floating Rate Payer (Swap Counterparty)	Floating Rate Payer (Swap Counterparty)	Notional Amount as of February 29, 2024	August 31, 2023	Floating Rate Payer (Swap Counterparty)	Notional Amount as of May 31, 2024	August 31, 2023
U.S. Bank						
Citibank N.A.						
Total						
Total						
Total						

Derivatives listed on the table below were designated as cash flow hedging instruments. The table summarizes the effect of the fair value of interest rate swap and cross-currency interest rate swap derivative instruments that qualify for derivative hedge accounting and its associated tax effect on accumulated other comprehensive income/(loss) (in thousands):

			February 29, 2024			August 31, 2023									
			May 31, 2024			August 31, 2023									
Derivatives designated as cash flow hedging instruments	Derivatives designated as cash flow hedging instruments	Balance Sheet Classification	Fair Value	Net Tax Effect	Net OCI	Fair Value	Net Tax Effect	Net OCI	Derivatives designated as cash flow hedging instruments	Balance Sheet Classification	Fair Value	Net Tax Effect	Net OCI	Fair Value	Net Tax Effect	Net OCI
Cross-currency interest rate swaps																
Cross-currency interest rate swaps																
Cross-currency interest rate swaps																
Cross-currency interest rate swaps																
Interest rate swaps																
Net fair value of derivatives designated as hedging instruments																
Net fair value of derivatives designated as hedging instruments																
Net fair value of derivatives designated as hedging instruments																

Fair Value Instruments

From time to time the Company enters into non-deliverable forward foreign-exchange contracts. These contracts are treated for accounting purposes as fair value contracts and do not qualify for derivative hedge accounting. The use of non-deliverable forward foreign-exchange contracts is intended to offset changes in cash flow attributable to currency exchange movements. These contracts are intended primarily to economically hedge exposure to U.S. dollar merchandise inventory expenditures made by the Company's international subsidiaries whose functional currency is other than the U.S. dollar.

The following table summarizes the non-deliverable forward foreign exchange contracts that are open as of February 29, 2024 May 31, 2024:

Financial Derivative (Counterparty)	Subsidiary	Dates Entered into (Range)	Derivative Financial Instrument	Total Notional Amounts (in thousands)		Settlement Dates (Range)
Citibank, N.A. ("Citi")	Colombia	31-Aug-2023 28-Feb-2024 - 28-Feb-2024 21-May-2024	Forward foreign exchange contracts (USD)	$	14,500 21,500	20-Mar-2024 26-Jun-2024 - 24-Jul-2024 18-Dec-2024

Forward derivative gains and (losses) on non-deliverable forward foreign-exchange contracts are included in Other income (expense), net in the consolidated statements of income in the period of change, but the amounts were immaterial for the three and six nine month periods ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023.

NOTE 9 – SEGMENTS

The Company and its subsidiaries are principally engaged in the international operation of membership shopping in 54 warehouse clubs located in 12 countries and one U.S. territory that are located in Central America, the Caribbean and Colombia. In addition, the Company operates distribution centers and corporate offices in the United States. The Company has aggregated its warehouse clubs, distribution centers and corporate offices into reportable segments. The Company's reportable segments are based on management's organization of these locations into operating segments by general geographic location, which are used by management in setting up management lines of responsibility, providing support services, and making operational decisions and assessments of financial performance. Segment amounts are presented after converting to U.S. dollars and consolidating eliminations. Certain revenues, operating costs and inter-company charges included in the United States segment are not allocated to the segments within this presentation, as it is impractical to do so, and they appear as reconciling items to reflect the amount eliminated on consolidation of intersegment transactions. From time to time, the Company revises the measurement of each segment's operating income and net income, including certain corporate overhead allocations, and other measures as determined by the information regularly reviewed by management. When the Company does so, the previous period amounts and balances are reclassified to conform to the current period's presentation.

The following tables summarize by segment certain revenues, operating costs and balance sheet items (in thousands):

	United States Operations	United States Operations	Central American Operations	Caribbean Operations(1)	Colombia Operations	Reconciling Items(2)	Total	United States Operations	Central American Operations	Caribbean Operations(1)	Colombia Operations	Reconciling Items(2)	Total
Three Months Ended February 29, 2024													
Three Months Ended May 31, 2024													
Revenue from external customers													
Revenue from external customers													
Revenue from external customers													
Intersegment revenues													
Depreciation, property and equipment													
Operating income													
Operating income													
Operating income													
Net income													
Net income (loss)													
Capital expenditures, net													
Capital expenditures, net													
Capital expenditures, net													

Six Months Ended February 29, 2024
Nine Months Ended May 31, 2024
Six Months Ended February 29, 2024
Nine Months Ended May 31, 2024
Six Months Ended February 29, 2024
Nine Months Ended May 31, 2024
Revenue from external customers
Revenue from external customers
Revenue from external customers
Intersegment revenues
Depreciation, property and equipment
Operating income
Operating income
Operating income
Net income
Long-lived assets (other than deferred tax assets)
Goodwill
Total assets
Capital expenditures, net
Three Months Ended February 28, 2023
Three Months Ended February 28, 2023
Three Months Ended February 28, 2023
Three Months Ended May 31, 2023
Three Months Ended May 31, 2023
Three Months Ended May 31, 2023
Revenue from external customers
Revenue from external customers
Revenue from external customers
Intersegment revenues
Depreciation, property and equipment
Amortization, Intangibles
Operating income (loss)
Operating income (loss)
Operating income (loss)
Net income (loss) attributable to PriceSmart, Inc.
Capital expenditures, net
Capital expenditures, net
Capital expenditures, net
Six Months Ended February 28, 2023
Six Months Ended February 28, 2023
Six Months Ended February 28, 2023
Nine Months Ended May 31, 2023
Nine Months Ended May 31, 2023
Nine Months Ended May 31, 2023
Revenue from external customers
Revenue from external customers
Revenue from external customers
Intersegment revenues
Depreciation, property and equipment
Amortization, Intangibles
Operating income (loss)

Net income (loss) attributable to PriceSmart, Inc.
Long-lived assets (other than deferred tax assets)
Goodwill
Total assets
Capital expenditures, net
As of August 31, 2023
As of August 31, 2023
As of August 31, 2023
Long-lived assets (other than deferred tax assets)
Long-lived assets (other than deferred tax assets)
Long-lived assets (other than deferred tax assets)
Goodwill
Investment in unconsolidated affiliates
Total assets

(1) Management considers its club in the U.S. Virgin Islands to be part of its Caribbean operations.

(2) The reconciling items reflect the amount eliminated on consolidation of intersegment transactions.

NOTE 10 – SUBSEQUENT EVENTS

The Company has evaluated all events subsequent to the balance sheet date as of February 29, 2024 May 31, 2024 through the date of issuance of these consolidated financial statements and has determined that except as set forth below, there are no subsequent events that require disclosure.

The Company has decided to distribute excess cash to stockholders in the form of a special dividend. On April 3, 2024, the Company's Board of Directors declared a one-time $1.00 per share special dividend payable on April 30, 2024 to stockholders of record on April 19, 2024. The declaration of future dividends (ongoing or otherwise), if any, the amount of such dividends, and the establishment of record and payment dates is subject to final determination by the Board of Directors at its discretion after its review of the Company's financial performance and anticipated capital requirements, taking into account the uncertain macroeconomic conditions on our results of operations and cash flows.

The Company has purchased land and plans to open its ninth warehouse club in Costa Rica, located in Cartago, approximately 10 miles east from the nearest clubs in the greater San Jose metropolitan area. The club will be built on a six-acre property and is anticipated to open in early 2025. Once this new club is open, PriceSmart will operate 55 warehouse clubs in total.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements concerning PriceSmart, Inc.'s ("PriceSmart," the "Company," "we" or "our") anticipated future revenues and earnings, adequacy of future cash flows, omni-channel initiatives, proposed warehouse club openings, the Company's performance relative to competitors 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, the risks detailed in this Quarterly Report under the heading "Part II. Item 1A. Risk Factors" and in the Annual Report on Form 10-K under the heading "Part I. Item 1A. Risk Factors" and "Part I Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended August 31, 2023 filed with the United States Securities and Exchange Commission ("SEC") on October 30, 2023. Forward-looking statements speak only as of the date they are made, and we do not undertake to update these statements, except as required by law. In addition, these risks are not the only risks that the Company faces. The Company could also be affected by additional factors that apply to all companies operating globally and in the U.S., as well as other risks that are not presently known to the Company or that the Company currently considers to be immaterial.

Overview

PriceSmart was founded in 1996 by Sol and Robert Price, the creators of Price Club, the original warehouse club operator. The mission of PriceSmart is to operate its warehouse club business in Central America, the Caribbean and Colombia at operating standards as good as, or superior to, warehouse club operations in the United States.

As of February 29, 2024May 31, 2024, we had 54 warehouse clubs in operation in 12 countries, plus the U.S. Virgin Islands, with revenues in excess of $4.4 billion in fiscal year 2023. We believe PriceSmart has become one of the most respected and trusted brands in the region. With nearly two million membership accounts and more than three almost four million cardholders, we believe PriceSmart is an essential part of the shopping experience for consumers and small businesses in PriceSmart's markets.

Depending on the market in which they live, 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 in exchange for an annual 2% cash-back rebate. These membership fees are applied to lowering the price of the products we sell. We believe membership also provides a sense of identity and loyalty that, in turn, reduces the need for PriceSmart to spend money on advertising.

PriceSmart sources slightly more than half its merchandise from suppliers within the region, with the balance of merchandise sourced throughout the rest of the world. Product selection includes basic consumable merchandise for consumers and businesses, "*Member's Selection®*" private label merchandise and unique consumable and non-consumable products that are often not otherwise available in its markets.

PriceSmart continually focuses on innovation. In recent years, PriceSmart has added optical, audiology, and pharmacy services in many of its locations. PriceSmart provides online shopping to our Members and offers both home delivery and curbside pickup. PriceSmart is making significant investments in technology to both improve the online shopping experience for its Members and to enhance operating efficiencies in its supply chain and the back office.

With more than 11,000 employees, PriceSmart supports the best working conditions possible for its employees. We seek to provide safe and pleasant working environments for our employees, along with excellent pay and benefits, including healthcare and retirement benefits.

PriceSmart is committed to improving the quality of life for people living in the communities in which it does business. The newly created PriceSmart Foundation, in partnership with Price Philanthropies Foundation, provides school supplies to more than 150,000 children and eyeglasses to thousands of children through its *Aprender y Crecer* program. The PriceSmart Foundation also makes philanthropic donations to support work force development, small business entrepreneurship and to improve the environment.

We believe that operating our business at the highest standards, providing outstanding jobs for our employees and being good stewards of the communities in which we operate result in PriceSmart being a good investment for our stockholders.

The number of warehouse clubs for each country or territory were as follows:

Country/Territory

Country/Territory

Country/Territory		**Number of Warehouse Clubs in Operation as of February 28, 2023**	**Number of Warehouse Clubs in Operation as of February 29, 2024**	**Anticipated Warehouse Club Openings in Fiscal Year 2025**		**Number of Warehouse Clubs in Operation as of May 31, 2023**	**Number of Warehouse Clubs in Operation as of May 31, 2024**	**Anticipated Warehouse Club Openings in Fiscal Year 2025**
Colombia	Colombia	9	10	—	Colombia	9	10	—
Costa Rica	Costa Rica	8	1		Costa Rica	8	1	
Panama	Panama	7	—		Panama	7	—	
Guatemala	Guatemala	5	6	—	Guatemala	5	6	—
Dominican Republic	Dominican Republic	5	—		Dominican Republic	5	—	
Trinidad	Trinidad	4	—		Trinidad	4	—	
El Salvador	El Salvador	2	4	—	El Salvador	3	4	—
Honduras	Honduras	3	—		Honduras	3	—	
Nicaragua	Nicaragua	2	—		Nicaragua	2	—	
Jamaica	Jamaica	2	—		Jamaica	2	—	
Aruba	Aruba	1	—		Aruba	1	—	
Barbados	Barbados	1	—		Barbados	1	—	
U.S. Virgin Islands	U.S. Virgin Islands	1	—		U.S. Virgin Islands	1	—	
Totals	Totals	50	54	1	Totals	51	54	1

Our warehouse clubs, one regional distribution center and several smaller local distribution centers are located in Latin America and the Caribbean, and our corporate headquarters, U.S. buying operations and our larger regional distribution center are located primarily in the United States. Our operating segments are the United States, Central America, the Caribbean and Colombia.

We have purchased land and plan to open our ninth warehouse club in Costa Rica, located in Cartago, approximately 10 miles east from the nearest club in the capital of San Jose. The club will be built on a six-acre property and is anticipated to open early in the spring of 2025. Once this new club is open, we will operate 9 warehouse clubs in Costa Rica and 55 warehouse clubs in total.

We also export products to a retailer in the Philippines and are exploring expansion of that business in other markets.

Factors Affecting the Business

Overall economic trends, foreign currency exchange volatility, and other factors impacting the business

Our sales and profits vary from market to market depending on general economic factors, including GDP growth; consumer preferences; foreign currency exchange rates; political and social conditions; local demographic characteristics (such as population growth); the number of years we have operated in a particular market; and the level of retail and wholesale competition in that market. The economies of many of our markets are dependent on foreign trade, tourism, and foreign direct investments. Uncertain economic conditions and slowdown in global economic growth and investment may impact the economies in our markets, causing significant declines in GDP and employment and devaluations of local currencies against the U.S. dollar.

Although we have seen recent inflationary pressures subsiding, substantial product cost increases and commodity price increases have and could continue to impact our financial results and could lead to reduced sales, fewer units sold, and/or margin pressure. Events directly or indirectly related to COVID-19 resulted in market and supply-chain disruptions, which increased the complexity of managing our inventory flow and business and resulted in substantial inventory markdowns on certain non-food product categories in the third quarter of fiscal year 2022. In addition, shipping and freight rates increased dramatically during that time. While supply chains and transportation rates have normalized, we continue to work to hold down and/or mitigate the price increases passed on to our Members while maintaining the right inventory mix to grow sales. One key factor has been our expanded network of distribution centers, which has facilitated alternative shipping routes, increased merchandise throughput, and provided flexibility to mitigate our supply chain challenges and risks more effectively.

Currency fluctuation can be one of the largest variables affecting our overall sales and profit performance because many of our markets are susceptible to foreign currency exchange rate volatility. In the second third quarter of fiscal year 2024, some markets, especially Colombia and Costa Rica, benefited from currency appreciation, which helped offset currency devaluations we experienced in some of the other countries. During the first six nine months of fiscal year 2024 and 2023, approximately 79.6% 79.5% and 78.8%, respectively, of our net merchandise sales were in currencies other than the U.S. dollar. Of those sales, 49.4% 49.1% and 48.9% 48.6% consisted of sales of products we purchased in U.S. dollars for each period, respectively.

A devaluation of local currency reduces the value of sales and membership income that is generated in that country when translated to U.S. dollars for our consolidated results. In addition, when a local currency experiences devaluation, we may elect to increase the local currency price of imported merchandise to maintain our target margins, which could impact demand for the merchandise affected by the price increase. We may also modify the mix of imported versus local merchandise and/or the source of imported merchandise to mitigate the impact of currency fluctuations. Information about the effect of local currency devaluations is discussed further in “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Net Merchandise Sales and Comparable Sales.”

Our wallet-share capture of total retail and wholesale sales can vary from market to market due to competition and the availability of other shopping options for our Members. Demographic characteristics within each of our markets can affect both the overall level of sales and future sales growth opportunities. Certain island markets, such as Aruba, Barbados and the U.S. Virgin Islands, offer limited upside for sales growth given their overall market size.

At times we face difficulties in the shipment and importation of merchandise to our warehouse clubs in certain markets, such as disputes with customs and tax authorities in Nicaragua which delayed the issuance of importation clearance in May 2023. We also continue to face the risk of political instability which may have significant effects on our business. For example, protestors set up roadblocks in Panama during October and November 2023 disrupting traffic to our clubs throughout most of the market, as a reaction to an agreement between the Panamanian government and a mining company. company, disrupting traffic to our clubs throughout most of the market. Roadblocks in Guatemala in October 2023 relating to election protests also limited access to certain of our warehouse clubs. Civil unrest in Colombia in response to tax reform and austerity measures paralyzed significant portions of the country’s infrastructure as roadblocks and riots disrupted normal economic activity during the third quarter of fiscal year 2021. Nicaragua and Honduras experienced anti-government protests in 2019; Costa Rica also had a general strike against tax reform measures that significantly impeded regular economic activity in 2018.

Our operations are subject to volatile weather conditions and natural disasters. In November 2020, Hurricanes Eta and Iota brought severe rainfall, winds, and flooding to a significant portion of Central America, especially Honduras, which caused significant damage to parts of that country’s infrastructure. Although our warehouse clubs were not significantly affected and we were able to manage our supply chain to keep our warehouse clubs stocked with merchandise, similar natural disasters could adversely impact our overall sales, costs and profit performance in the future.

Changes in tax laws, increases in the enacted tax rates, adverse outcomes in connection with tax audits in any jurisdiction, or any change in the pronouncements relating to accounting for income taxes could have a material adverse effect on our financial condition and results of operations. In one of the countries where we operate, the government made changes several years ago in the method of computing minimum tax payments, under which the government sought to require retailers to pay taxes based on a percentage of sales if the resulting tax were greater than the tax payable based on a percentage of income (Alternative Minimum Tax or "AMT"). We, together with our tax and legal advisers, appealed these interpretations and litigated our cases in the country’s court system. Nevertheless, in the fourth quarter of fiscal year 2023, we recorded a $7.2 million charge to settle the minimum tax payment dispute. To address the inherent risk of operating in a country in which tax legislation changes can significantly impact our low margin business model and in which our ability to successfully appeal the application of these taxes is limited, we have increased prices in this market to offset or partially offset the rise in costs to comply with the annual AMT payment.

These and other challenges may persist or become more acute and could have a material adverse effect on our business and results of operations.

Periodically, we experience a lack of availability of U.S. dollars in certain markets (U.S. dollar illiquidity). This can and has impeded our ability to convert local currencies obtained through merchandise sales into U.S. dollars to settle the U.S. dollar liabilities associated with our imported products and to otherwise redeploy these funds in our Company. This illiquidity also increases our foreign exchange exposure to any devaluation of the local currency relative to the U.S. dollar. For instance, during fiscal year 2021, we experienced significant limitations on our ability to convert Trinidad dollars to U.S. dollars or other tradable currencies. Our balance as of February 29, 2024 May 31, 2024 of Trinidad dollar denominated cash and cash equivalents and short and long-term investments measured in U.S. dollars was $36.9 million $41.6 million, a decrease of $63.6 million $58.9 million from the peak of $100.5 million as of November 30, 2020. However, as the Trinidad central bank strictly manages the exchange rate of the Trinidad dollar with the U.S. dollar and affects the level of U.S. dollar liquidity in the market through its interventions, we are subject to continued challenges in converting our Trinidad dollars to U.S. dollars, as well as being exposed to the risk of a potential devaluation of the currency.

During the third quarter of fiscal year 2023, the Honduran Central Bank began limiting the availability and controlling the allocation of U.S. dollars for the conversion from Honduran lempiras to U.S. dollars. As of February 29, 2024 May 31, 2024, our Honduran subsidiary had approximately $26.9 $19.0 million of cash and cash equivalents and short-term investments denominated in Honduran lempiras, which cannot be readily converted to U.S. dollars for general use within the Company. We are actively working with our banking partners and government authorities to address this situation.

Mission and Business Strategy

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.

Growth

As we look to the future, our Company is focused on three major drivers of growth:

- ***Invest in Remodeling Current PriceSmart Clubs, Adding New PriceSmart Locations and Opening More Distribution Centers***
- ***Increase Membership Value***
- ***Drive Incremental Sales via PriceSmart.com and Enhanced Online, Digital and Technological Capabilities***

I. ***Invest in Remodeling Current PriceSmart Clubs, Adding New PriceSmart Locations and Opening More Distribution Centers.*** We believe that one of the quickest and most effective ways to increase sales and profitability is to increase the size and efficiency of our existing warehouse clubs and the number of parking spaces at our high-volume locations. For instance, we are currently remodeling our clubs in San Pedro Sula, Honduras; Santiago, Dominican Republic; and Port of Spain, Trinidad and Tobago. We are also currently expanding one of our clubs in San Salvador, El Salvador. Salvador; Liberia, Costa Rica; and Portmore, Jamaica. We've recently entered into a lease agreement to relocate and extend the lease term for our Miraflores club, which is our highest selling location in Guatemala. The new warehouse will have increased sales floor square footage and a greater number of parking spaces, along with covered parking for our Members. We have also completed the purchase of our Via Brasil club in Panama, which is the club with the highest sales volume in our Panama market. We continue to pursue opportunities to add new warehouse clubs in our existing markets and to assess opportunities in new markets. We have plans to open a new warehouse club in Cartago, near the capital of San Jose, in Costa Rica, in early the spring of 2025. Our distribution network currently consists of major distribution centers in Miami and Costa Rica, complemented by varying distribution facilities in other markets. Based on our experience with the Costa Rica distribution center, we believe that investing in similar distribution centers in other major markets will play a strategic role in a variety of ways. In October 2023, we relocated our distribution center in Panama, increasing the square footage which we believe will allow us to drive more efficiencies within our distribution network. We have also signed a lease agreement for a distribution center in Guatemala. In addition to major distribution centers, PriceSmart has been investing in produce distribution centers, which enable us to process and package produce we purchase directly from farms in our markets as well as imported produce.

II. ***Increase Membership Value.*** We are seeking to attract more Members and retain our current Members by expanding the benefits of being a Member of PriceSmart. As benefits grow and the value of being a PriceSmart Member increases, adjustments to the membership fee may be warranted. We have increased this fee by $5 in most countries during the first six nine months of fiscal year 2024. 2024 and will complete the remaining planned increases by the end of the fiscal year. A larger membership base and higher membership fee contribute to the bottom line of the business and can be reinvested in providing better pricing to our Members. We focus on growth of our membership base, Member renewal rates and spend per Member as part of determining how Members see our value. By adding more benefits that Members can only obtain with us, we believe we can achieve growth in the number of Members, which drives Membership income and Net merchandise sales. Recent examples of enhancements we have made to the value of membership include: additional services, such as the ability for all of our Members to transact on PriceSmart.com; pickup and delivery service in our clubs; and the implementation and expansion of our Well-being initiative, which offers optical services with free eye exams for our Members and additional members of their families and lower prices on discounted eyeglass frames, audiology services with free hearing exams and deeply discounted hearing aids, and, in some of our markets, pharmacies. Another way we enhance Membership value is by offering private label merchandise under the "*Member's Selection®*" brand, which is available only to PriceSmart Members. We believe the "*Member's Selection®*" brand carries goodwill and is recognized in our markets for value. Private label products also provide the opportunity to source quality items locally. Select local sourcing has multiple benefits, including support of local communities in which we operate by enhancing business activity and creating direct and indirect jobs, mitigation of foreign currency exchange risk, and reduced supply chain exposure. These initiatives offer additional benefits and services for our Members, whether they choose to shop on-line, in-club, or both. During the first six nine months of fiscal year 2024, our private label sales represented 27.1% 27.4% of total merchandise sales, up which increased from 25.9% 26.0% in the same period of fiscal year 2023, and we plan to continue to invest in the development of additional private label products under the "*Member's Selection®*" brand.

III. Drive Incremental Sales via PriceSmart.com and Enhanced Online, Digital and Technological Capabilities. We recognize the growing expectation of consumers in our markets for convenience. As a result, we continue to improve the functionality and content of PriceSmart.com and to expand our product offerings available online. We also build and apply technological tools to continue to learn more about and strengthen our relationships with each of our Members. Using data analytics, which allow us to better identify Member preferences, we believe we have been able to provide our Members with enhancements to the membership experience and our merchandise procurement. PriceSmart.com provides the opportunity for us to continually strengthen and expand the scope of our relationship with each Member and offer incremental products and services in the future. Our PriceSmart.com offering provides data that informs us regarding the potential viability of new clubs in new areas and offers us options to serve and expand into new markets without the need for a traditional brick & mortar club location. In the third quarter of fiscal year 2024, we began a country by country roll out of our new website platform. This platform will allow us to better tailor delivery zones and services for our Members, update inventory availability more quickly, improve product discovery and reduce friction in the shopping experience. We also invest in technology to capture operational efficiencies and enhance our decision-making for the dynamic environments in which we do business.

Financial highlights for the second third quarter of fiscal year 2024 included:

- Total revenues increased 13.1% 12.1% over the comparable prior year period. The extra day from the leap year on February 29, 2024 had a favorable impact on total revenue compared to the comparable prior year prior-year period.
- Net merchandise sales increased 13.0% 11.6% over the comparable prior year prior-year period. We ended the quarter with 54 warehouse clubs compared to 50 51 warehouse clubs at the end of the second third quarter of fiscal year 2023. Net merchandise sales - constant currency increased 9.0% 9.1% over the comparable prior-year period.
- Comparable net merchandise sales (that is, sales in the 50 warehouse clubs that have been open for more than 13 ½ calendar months) for the 13 weeks ended June 2, 2024 increased 7.8%. Comparable net merchandise sales - constant currency for the 13 weeks ended June 2, 2024 increased 5.6%.
- Membership income for the third quarter of fiscal year 2024 increased 15.2% to $19.3 million over the comparable prior year period.
- Total gross margins (net merchandise sales less associated cost of goods sold) increased 13.5% over the prior-year period, and merchandise gross profits as a percent of net merchandise sales were 15.6%, an increase of 30 basis points or 0.3% from the same period in the prior year.
- Selling, general and administrative expenses increased 13.4% compared to the third quarter of fiscal year 2023, primarily due to higher compensation, professional fees and depreciation expense.
- Operating income for the third quarter of fiscal year 2024 was $49.9 million, an increase of 15.9%, or $6.9 million, compared to the third quarter of fiscal year 2023.
- We recorded a $2.9 million net loss in total other expense in the third quarter of fiscal year 2024 compared to a $1.5 million net loss in total other expense in the same period last year. This increase in total other expense was primarily due to an increase in interest expense of $0.8 million, driven by increased interest expense on hedged loans as well as lower interest income of $0.6 million, comparatively, due to a decrease in investments of surplus cash.
- Our effective tax rate increased in the third quarter of fiscal year 2024 to 30.8% from 28.9% in the third quarter of fiscal year 2023. The increase in the effective tax rate is primarily related to the provision adjustment due to cost savings for CEO compensation offset by asset write downs in the prior year.
- Net income for the third quarter of fiscal year 2024 was $32.5 million, or $1.08 per diluted share, compared to $29.6 million, or $0.94 per diluted share, in the third quarter of fiscal year 2023.
- Adjusted net income for the third quarter of fiscal year 2024 was $32.5 million, or an adjusted $1.08 per diluted share, compared to adjusted net income of $32.5 million, or $1.04 per diluted share, in the comparable prior year period.
- Adjusted EBITDA for the third quarter of fiscal year 2024 was $71.0 million compared to $63.9 million in the same period last year.

Financial highlights for the nine months ended May 31, 2024 included:

- Total revenues increased 12.0% over the comparable prior-year period.
- Net merchandise sales increased 11.8% over the comparable prior-year period. We ended the first nine months of fiscal year 2024 with 54 warehouse clubs compared to 51 warehouse clubs at the end of the third quarter of fiscal year 2023. Net merchandise sales - constant currency increase8.3% over the comparable prior year period.
- Comparable net merchandise sales (that is, sales in the 50 warehouse clubs that have been open for greater more than 13 ½ calendar months) for the 13 39 weeks ended March 3, 2024 June 2, 2024 increased 8.8% 8.2%. Comparable net merchandise sales - constant currency for the 13 39 weeks ended March 3, 2024 June 2, 2024 increased 5.2% 5.0%.
- Membership income for the second quarter first nine months of fiscal year 2024 increased 14.6% 13.9% to $18.5 million $55.6 million over the comparable prior year period.

- Total gross margins (net merchandise sales less associated cost of goods sold) increased 11.0% 11.4% over the prior-year period, and merchandise gross profits as a percent of net merchandise sales were 15.7%, a decrease of 30 basis points or 0.3% from remained constant at 15.8% compared to the same period in the prior year.
- Selling, general and administrative expenses increased 9.1% compared to the second quarter of fiscal year 2023, primarily due to higher compensation, depreciation expense and professional fees.
- Operating income for the second quarter of fiscal year 2024 was $63.6 million, an increase of 18.2%, or $9.8 million, compared to the second quarter of fiscal year 2023.
- We recorded a $7.1 million net loss in total other expense in the second quarter of fiscal year 2024 compared to a $6.2 million net loss in total other expense in the same period last year. This increase in total other expense was primarily due to an increase in other expense, net of $1.7 million, driven by an increase in total overall foreign currency losses, partially offset by higher interest income of $1.3 million, comparatively, because of significantly more investments of surplus cash at higher yields.
- Our effective tax rate decreased in the second quarter of fiscal year 2024 to 30.5% from 34.0% in the second quarter of fiscal year 2023. The decrease in the effective tax rate is primarily related to the non-recurrence of the separation costs associated with the departure of our former Chief Executive Officer.
- Net income for the second quarter of fiscal year 2024 was $39.3 million, or $1.31 per diluted share, compared to $31.3 million, or $1.02 per diluted share, in the second quarter of fiscal year 2023.
- Adjusted net income for the second quarter of fiscal year 2024 was $39.3 million, or an adjusted $1.31 per diluted share, compared to adjusted net income of $38.5 million, or $1.25 per diluted share, in the comparable prior year period.
- Adjusted EBITDA for the second quarter of fiscal year 2024 was $84.1 million compared to $79.4 million in the same period last year.

Financial highlights for the six months ended February 29, 2024 included:

- Total revenues increased 11.9% over the comparable prior year period. The extra day from the leap year on February 29, 2024 had a favorable impact on total revenue compared to the comparable prior year period.
- Net merchandise sales increased 11.9% over the comparable prior year period. We ended the first six months of fiscal year 2024 with 54 warehouse clubs compared to 50 warehouse clubs at the end of the second quarter of fiscal year 2023. Net merchandise sales - constant currency increased8.0% over the comparable prior year period.
- Comparable net merchandise sales (that is, sales in the 50 warehouse clubs that have been open for greater than 13 ½ calendar months) for the 26 weeks ended March 3, 2024 increased 8.4%. Comparable net merchandise sales - constant currency for the 26 weeks ended March 3, 2024 increased 4.7%.

- Membership income for the first six months of fiscal year 2024 increased 13.1% to $36.3 million over the comparable prior year period.
- Total gross margins (net merchandise sales less associated cost of goods sold) increased 10.3% over the prior-year period, and merchandise gross profits as a percent of net merchandise sales were 15.9%, a decrease of 20 basis points or 0.2% from the same period in the prior year.
- Selling, general and administrative expenses increased 10.5% 11.5% compared to the first six nine months of fiscal year 2023, primarily due to higher compensation, professional fees and depreciation expense.
- Operating income was $121.8 million $171.7 million, an increase of 11.4% 12.7%, or $12.5 million $19.4 million, compared to the first six nine months of fiscal year 2023.
- We recorded a $9.2 $12.1 million net loss in total other expense in the first six nine months of fiscal year 2024 compared to a $12.4 $13.8 million net loss in total other expense in the same period last year. This decrease in total other expense was primarily due to an increase of $3.0 $2.4 million in interest income comparatively, partially offset by an increase of $1.4 million in interest expense comparatively.
- Our effective tax rate decreased for the first six nine months of fiscal year 2024 to 31.4% 31.3% from 33.7% 32.2% in the first six nine months of fiscal year 2023. The decrease in the effective tax rate is primarily related to the non-recurrence of the separation costs associated with the departure of our former Chief Executive Officer. fewer valuation allowances on deferred tax assets from foreign tax credits that are no longer deemed recoverable.
- Net income for the first six nine months of fiscal year 2024 was $77.3 million $109.8 million, or $2.54 $3.62 per diluted share, compared to $64.3 million $93.8 million, or $2.07 $3.01 per diluted share, in the comparable prior year prior-year period.
- Adjusted net income for the first six nine months of fiscal year 2024 was $77.3 $109.8 million, or an adjusted $2.54 $3.62 per diluted share, compared to adjusted net income of $73.6 million $106.1 million, or an adjusted $2.37 $3.41 per diluted share, in the comparable prior year prior-year period.
- Adjusted EBITDA for the first six nine months of fiscal year 2024 was $161.9 $232.9 million compared to $154.6 million $218.4 million in the same period last year.

Non – Non–GAAP (Generally Accepted Accounting Principles) Financial Measures

The accompanying Consolidated Financial Statements, including the related notes, are presented in accordance with U.S. GAAP (Generally Accepted Accounting Principles). 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 because they exclude 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. However, 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 and may not be comparable to similarly titled measures used by other companies in our industry or across different industries.

Adjusted Net Income and Adjusted Net Income per Diluted Share

Adjusted net income and adjusted net income per diluted share are important measures used by management to compare the performance of our core operations between periods. We define adjusted net income as net income, as reported, adjusted for: separation costs associated with the departure of our former Chief Executive Officer, the write-off of certain VAT receivables following unfavorable court rulings, the write-off of certain Aeropost receivables, and the tax impact of the foregoing adjustments on net income. We define adjusted net income per diluted share as adjusted net income divided by the weighted-average diluted shares outstanding.

We believe adjusted net income and adjusted net income per diluted share are useful metrics to investors and analysts because they present more accurate year-over-year comparisons for our net income and net income per diluted share because adjusted items are not the result of our normal operations. We note that no adjustments to net income or net income per diluted share have been made for the three-month and nine-month periods ended May 31, 2024.

	Three Months Ended	Three Months Ended	Six Months Ended	Three Months Ended	Nine Months Ended
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023	
(Amounts in thousands, except per share data)	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023	
Net income as reported					
Adjustments:					
Separation costs associated with Chief Executive Officer departure (1)					
Separation costs associated with Chief Executive Officer departure (1)					
Separation costs associated with Chief Executive Officer departure (1)					
VAT receivable write-off (2)					
VAT receivable write-off (2)					
VAT receivable write-off (2)					
Aeropost-related write-offs (3)					
Aeropost-related write-offs (2)					
Aeropost-related write-offs (3)					
Aeropost-related write-offs (2)					
Aeropost-related write-offs (2)					
Tax impact of adjustments to net income (3)					
Aeropost-related write-offs (3)					
Tax impact of adjustments to net income (4)					
Adjusted net income					
Net income per diluted share					
Net income per diluted share					
Net income per diluted share					
Separation costs associated with Chief Executive Officer departure					
VAT receivable write-off					
VAT receivable write-off					
VAT receivable write-off					
Aeropost-related write-offs					
Aeropost-related write-offs					
Aeropost-related write-offs					
Adjusted net income per diluted share					

(1) Reflects $7.7 millionof separation costs associated with the departure of our former Chief Executive Officer in February 2023.

(2) Reflects $2.1 $2.3 millionof VAT receivables deemed not recoverable and written off in the third quarter of fiscal year 2023 following unfavorable court rulings.

(3) Reflects $2.8 million consisting of $2.1 million of Aeropost-related write-offs in the first quarter of fiscal year 2023 and $0.7 million of Aeropost-related write-offs in the third quarter of fiscal year 2023.

(3) (4) Reflects the tax effect of the above-mentioned adjustments.

Adjusted EBITDA

Adjusted EBITDA is defined as net income before interest expense, net, provision for income taxes and depreciation and amortization, adjusted for the impact of certain other items, including interest income; other income (expense), net; separation costs associated with Chief Executive Officer departure; departure, the write-off of certain VAT receivables following unfavorable rulings, and Aeropost-related write-offs. The following is a reconciliation of our Net income to Adjusted EBITDA for the periods presented:

	Three Months Ended	Six Months Ended

	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Net income as reported	$ 39,271	$ 31,347	$ 77,318	$ 64,252
Adjustments:				
Interest expense	3,293	2,814	6,109	5,563
Provision for income taxes	17,259	16,202	35,412	32,628
Depreciation and amortization	20,491	17,875	39,985	35,443
Interest income	(3,225)	(1,942)	(6,091)	(3,099)
Other expense, net (1)	7,036	5,344	9,162	9,910
Separation costs associated with Chief Executive Officer departure (2)	—	7,747	—	7,747
Aeropost-related write-offs (3)	—	—	—	2,125
Adjusted EBITDA	$ 84,125	$ 79,387	$ 161,895	$ 154,569

	Three Months Ended		Nine Months Ended	
(Amounts in thousands)	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Net income as reported	$ 32,489	$ 29,572	$ 109,807	$ 93,824
Adjustments:				
Interest expense	3,579	2,747	9,688	8,310
Provision for income taxes	14,483	12,019	49,895	44,647
Depreciation and amortization	21,129	17,821	61,114	53,264
Interest income	(2,521)	(3,161)	(8,612)	(6,260)
Other expense, net (1)	1,882	1,885	11,044	11,795
Separation costs associated with Chief Executive Officer departure (2)	—	—	—	7,747
Aeropost-related write-offs (3)	—	661	—	2,786
VAT receivable write-off (4)	—	2,309	—	2,309
Adjusted EBITDA	$ 71,041	$ 63,853	$ 232,936	$ 218,422

(1) 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 and six nine months ended February 29, 2024 May 31, 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 and six nine months ended February 28, 2023 May 31, 2023.

(2) Reflects $7.7 million of separation costs associated with the departure of our former Chief Executive Officer in February 2023.

(3) Reflects $2.1 $2.8 million consisting of $2.1 million of Aeropost-related write-offs in the first quarter of fiscal year 2023 and $0.7 million of Aeropost-related write-offs in the third quarter of fiscal year 2023.

(4) 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.

Net Merchandise Sales – Constant Currency and Comparable Net Merchandise Sales – Constant Currency

As a multinational enterprise, we are exposed to changes in foreign currency exchange rates. The translation of the operations of our foreign-based entities from their local currencies into U.S. dollars is sensitive to changes in foreign currency exchange rates and can have a significant impact on our reported financial results. We believe that constant currency is a useful measure, indicating the actual growth of our operations. When we use the term "net merchandise sales – constant currency," it means that we have translated current year net merchandise sales at prior year monthly average exchanges rates. Net merchandise sales - constant currency results exclude the effects of foreign currency translation. Similarly, when we use the term "comparable net merchandise sales – constant currency," it means that we have translated current year comparable net merchandise sales at prior year monthly average exchanges rates. Comparable net merchandise sales – constant currency results exclude the effects of foreign currency translation. Refer to “Management’s Discussion & Analysis – Net Merchandise Sales” and “Management’s Discussion & Analysis – Comparable Net Merchandise Sales” for our quantitative analysis and discussion. Reconciliations between net merchandise sales – constant currency and comparable net merchandise sales -– constant currency and the most directly comparable GAAP measures are included where applicable.

COMPARISON OF THE THREE AND SIX NINE MONTHS ENDED FEBRUARY 29, MAY 31, 2024 AND FEBRUARY 28, 2023

The following discussion and analysis compares the results of operations for the three-month and six-month nine-month periods ended on February 29, 2024 May 31, 2024 with the three-month and six-month nine-month periods ended on February 28, 2023 May 31, 2023 and should be read in conjunction with the consolidated financial statements and the accompanying notes included elsewhere in this report. Unless otherwise noted, all tables present U.S. dollar amounts in thousands. Certain percentages presented are calculated using actual results prior to rounding.

Net Merchandise Sales

The following tables indicate the net merchandise club sales in the reportable segments in which we operate and the percentage growth in net merchandise sales by segment during the three and six nine months ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023:

						Three Months Ended							
				February 29, 2024				**February 28, 2023**					
				May 31, 2024				**May 31, 2023**					
	Amount		**Amount**	**% of Net Sales**		**Increase from Prior Year**		**Change**	**Amount**	**% of Net Sales**		**Amount**	
Central America	Central America	$ 766,174	60.7	60.7 %	$ 84,507	12.4	12.4 %	$ 681,667	61.1 %	Central America	$ 730,022	61.1	61.1
Caribbean													
Colombia													
Net merchandise sales	Net merchandise sales	$1,260,916	100.0	100.0 %	$144,917	13.0	13.0 %	$1,115,999	100.0 %	Net merchandise sales	$1,194,531	100.0	100.0

						Six Months Ended							
						Six Months Ended							
						Six Months Ended							
				February 29, 2024				**February 28, 2023**					
						Nine Months Ended							
						Nine Months Ended							
						Nine Months Ended							
				May 31, 2024				**May 31, 2023**					
	Amount		**Amount**	**% of Net Sales**		**Increase from Prior Year**		**Change**	**Amount**	**% of Net Sales**		**Amount**	
Central America	Central America	$1,453,167	60.7	60.7 %	$154,448	11.9	11.9 %	$1,298,719	60.6 %	Central America	$2,183,189	60.8	60.8
Caribbean													
Colombia													
Net merchandise sales	Net merchandise sales	$2,395,930	100.0	100.0 %	$254,468	11.9	11.9 %	$2,141,462	100.0 %	Net merchandise sales	$3,590,461	100.0	100.0

Comparison of Three and Six Nine Months Ended February 29, 2024 May 31, 2024 and February 28, 2023 2023

Overall, total net merchandise sales grew by 13.0% 11.6% for the second third quarter and 11.9% 11.8% for the six-month nine-month period ended February 29, 2024 respectively. May 31, 2024. The second third quarter increase resulted from a 10.0% 9.4% increase in transactions and a 2.7% 2.0% increase in average ticket. For the six-month nine-month period, the increase resulted from a 9.1% 9.2% increase in transactions and a 2.5% 2.3% increase in average ticket. The extra day from the leap year on February 29, 2024 favorably impacted transactions by 1.1% and 0.5% for the second quarter and six-months ended February 29, 2024, respectively. Transactions represent the total number of visits our Members make to our warehouse clubs resulting in a sale and the total number of PriceSmart.com curbside pickup and delivery service transactions. Average ticket represents the amount our Members spend on each visit or PriceSmart.com order. We had 54 clubs in operation as of February 29, 2024 May 31, 2024 compared to 50 51 clubs as of February 28, 2023 May 31, 2023.

Net merchandise sales in our Central America segment increased 12.4% 11.2% and 11.9% 11.6% for the second third quarter and six-months nine-months ended February 29, 2024 May 31, 2024, respectively. These increases had a 760 690 basis points (7.6% (6.9%) and 720 710 basis points (7.2% (7.1%) positive impact on total net merchandise sales growth for the second third quarter and six-months nine-months ended February 29, 2024. May 31, 2024, respectively. We opened our third and fourth warehouse club in El

Salvador in May 2023 and February 2024, respectively. We also opened our sixth warehouse club in Guatemala in November 2023. Our club in Santa Ana, El Salvador opened on February 15, 2024, having a minimal impact on sales growth for the quarter.

Net merchandise sales in our Caribbean segment increased 7.2% 5.3% and 6.8%, respectively, 6.3% for the second third quarter and six-months nine-months ended February 29, 2024. The increase for the quarter May 31, 2024, respectively. These increases had a 210 150 basis points (2.1% (1.5%) and 180 basis points (1.8%) positive impact on total net merchandise sales growth and the increase for the six-months had a 200 basis points (2.0%) positive impact on net merchandise sales growth. third quarter and nine-months ended May 31, 2024, respectively. All of our markets in this segment had positive net merchandise sales growth.

Net merchandise sales in our Colombia segment increased 34.5% 33.9% and 26.9% 29.2% for the second third quarter and the six-months nine-months ended February 29, 2024 May 31, 2024, respectively. This increase These increases had a 330 320 basis points (3.3% (3.2%) and 270 290 basis points (2.7% (2.9%) positive impact on total net merchandise sales growth. growth for the third quarter and nine-months ended May 31, 2024, respectively. The primary driver of the increased sales for the quarter and six-months nine-months ended was due to the significant appreciation of the Colombian peso, which has positively impacted reported sales in the three and six-months nine-months ended February 29, 2024 May 31, 2024, when compared to the comparable prior year period. We added one new club to the segment when compared to the comparable prior-year period. We opened our tenth warehouse club in Colombia in September 2023.

The following table indicates the impact that currency exchange rates had on our net merchandise sales in dollars and the percentage change from the three and six-month nine-month periods ended February 29, 2024 May 31, 2024. When we use the term "net merchandise sales - constant currency," it means that we have translated current year net merchandise sales at prior year monthly average exchanges rates. Net merchandise sales - constant currency results exclude the effects of foreign currency translation. Impact of foreign currency is the effect of currency fluctuations on our net merchandise sales.

Three Months Ended
February 29, 2024

	Net Merchandise Sales	**Net Merchandise Sales**	**Net Merchandise Sales - Constant Currency**	**Impact of Foreign Currency Exchange**	**Net Merchandise Sales Growth**	**Net Merchandise Sales - Constant Currency Growth**	**% Impact o Foreign Currency Exchange**
Central America	Central America $ 766,174	$	$ 741,390 $	$24,784 12.4	12.4 %	8.8 %	3.6 % Central America $ 730,(
Caribbean							
Colombia							
Consolidated total	Consolidated total $1,260,916	$	$1,216,765 $	$44,151 13.0	13.0 %	9.0 %	4.0 % Consolidated total $1,194,!

Six Months Ended
February 29, 2024

	Net Merchandise Sales	**Net Merchandise Sales**	**Net Merchandise Sales - Constant Currency**	**Impact of Foreign Currency Exchange**	**Net Merchandise Sales Growth**	**Net Merchandise Sales - Constant Currency Growth**	**% Impact o Foreign Currency Exchange**
Central America	Central America $1,453,167	$	$1,397,838 $	$55,329 11.9	11.9 %	7.6 %	4.3 % Central America $2,183,:
Caribbean							
Colombia							
Consolidated total	Consolidated total $2,395,930	$	$2,311,789 $	$84,141 11.9	11.9 %	8.0 %	3.9 % Consolidated total $3,590,4

Overall, the effects of currency fluctuations within our markets had approximately $44.2 million $27.3 million and $84.1 million $111.4 million, or 400 250 basis points (4.0% (2.5%) of positive impact and 390 350 basis points (3.9% (3.5%) of positive impact on net merchandise sales for the quarter and six-months nine-months ended February 29, 2024 May 31, 2024, respectively.

Currency fluctuations had a $24.8 million $14.8 million and $55.3 million $70.2 million, or 360 230 basis points (3.6% (2.3%) and 430 350 basis points (4.3% (3.5%), positive impact on net merchandise sales in our Central America segment for the quarter and six-months nine-months ended February 29, 2024 May 31, 2024. These currency fluctuations contributed approximately 140 basis points (1.4%) and 220 basis points (2.2%) and 260 basis points (2.6%) of the positive impact on net merchandise sales for the quarter and six-months nine-months ended February 29, 2024 May 31, 2024. The Costa Rica colón appreciated significantly against the dollar as when compared to the same three-month and six-month nine-month period a year ago, and was a significant factor in the contribution to the favorable currency fluctuations in this segment.

Currency fluctuations had a $5.6 million $9.4 million and $12.3 million $21.7 million, or 170 300 basis points (1.7% (3.0%) and 200 230 basis points (2.0% (2.3%), negative impact on net merchandise sales in our Caribbean segment for the quarter and six-months nine-months ended February 29, 2024 May 31, 2024. These currency fluctuations contributed approximately 50 90 basis points (0.5% (0.9%) and 60 70 basis points (0.6% (0.7%) of negative impact on total net merchandise sales growth for the quarter and six-months nine-months ended February 29, 2024 May 31, 2024. This negative impact was primarily driven by the devaluation of the Dominican Peso as compared to the same three and six-month nine-month periods a year ago.

Currency fluctuations had a $25.0 million $21.8 million and $41.1 million $63.0 million, or 2,350 2,140 basis points (23.5% (21.4%) and 1,940 2,010 basis points (19.4% (20.1%), positive impact on net merchandise sales in our Colombia segment for the quarter and six-months nine-months ended February 29, 2024 May 31, 2024. These currency fluctuations contributed approximately 230 200 basis points (2.3%) and 190 basis points (1.9% (2.0%) of the total positive impact on total net merchandise sales for the quarter and six-months nine-months ended February 29, 2024 May 31, 2024.

Comparable Merchandise Sales

We report 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 of 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 improved sales comparison, as we experience 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. As a result, sales related to one of our warehouse clubs opened during fiscal year 2023 and three of our clubs opened during fiscal year 2024 will not be used in the calculation of comparable sales until they have been open for at least 13 ½ months. Therefore, comparable net merchandise sales includes 50 warehouse clubs for the thirteen and twenty-six-week thirty-nine-week periods ended March 3, 2024 June 2, 2024.

The following tables indicate the comparable net merchandise sales in the reportable segments in which we operate and the percentage changes in net merchandise sales by segment during the thirteen and twenty-six-week thirty-nine-week periods ended March 3, 2024 June 2, 2024 and March 5, 2023 June 4, 2023 compared to the prior year:

		Thirteen Weeks Ended				
		March 3, 2024	March 5, 2023			
		June 2, 2024	June 4, 2023			
		% Increase in Comparable Net Merchandise Sales	% Increase in Comparable Net Merchandise Sales		% Increase/(Decrease) in Comparable Net Merchandise Sales	% Increase in Comparable Net Merchandise Sales
						% Increase/(Decrease) in Comparable Net Merchandise Sales
Central America	Central America	8.1 %	13.1 %	Central America	7.4 %	11.0 %
Caribbean						
Colombia						
Consolidated comparable net merchandise sales	Consolidated comparable net merchandise sales	8.8 %	8.5 %	Consolidated comparable net merchandise sales	7.8 %	5.8 %

	Twenty-Six Weeks Ended	
	March 3, 2024	March 5, 2023

	Thirty-Nine Weeks Ended	
	June 2, 2024	June 4, 2023

	% Increase in Comparable Net Merchandise Sales	% Increase in Comparable Net Merchandise Sales	% Increase/(Decrease) in Comparable Net Merchandise Sales	% Increase in Comparable Net Merchandise Sales	% Increase/(Decrease) in Comparable Net Merchandise Sales
Central America	Central America 8.6 %	10.6 %	Central America 8.2 %	10.7 %	
Caribbean					
Colombia					
Consolidated comparable net merchandise sales	Consolidated comparable net merchandise sales 8.4 %	6.8 %	Consolidated comparable net merchandise sales 8.2 %	6.5 %	

Comparison of Thirteen and Twenty-Six-Week Thirty-Nine-Week Periods Ended March 3, 2024 June 2, 2024 and March 5, 2023 June 4, 2023

Comparable net merchandise sales for those warehouse clubs that were open for at least 13 ½ months for some or all of the thirteen-week period ended March 3, 2024 June 2, 2024 increased 8.8% 7.8%. Comparable net merchandise sales for those warehouse clubs that were open for at least 13 ½ months for some or all of the twenty-six thirty-nine week period ended March 3, 2024 June 2, 2024 increased 8.4% 8.2%.

Comparable net merchandise sales in our Central America segment increased 8.1% 7.4% and 8.6% 8.2% for the thirteen-week and twenty-six thirty-nine period ended March 3, 2024 June 2, 2024, respectively. All With the exception of El Salvador, all of our markets in Central America had positive comparable net merchandise sales growth for the thirteen-week and twenty-six thirty-nine week periods ended March 3, 2024 June 2, 2024. El Salvador opened two new clubs in May 2023 and February 2024, respectively, that have not entered into the calculation of comparable net merchandise sales and which contributed to the transfer of sales from the existing clubs included in the comparable net merchandise sales calculation to the new clubs not yet included. The positive comparable net merchandise sales growth for our Central America segment contributed approximately 450 basis points (4.5%) and 500 basis points (5.0%) and 520 basis points (5.2%) of positive impact in total comparable merchandise sales for the thirteen-week and twenty-six thirty-nine week periods ended March 3, 2024 June 2, 2024, respectively.

Comparable net merchandise sales in our Caribbean segment increased 6.3% 5.0% and 6.2% 5.8% for the thirteen-week and twenty-six thirty-nine week periods ended March 3, 2024 June 2, 2024, respectively. These increases contributed approximately 180 140 basis points (1.8% (1.4%) and 170 basis points (1.7%) of positive impact on total comparable merchandise sales for the thirteen-week and twenty-six thirty-nine week periods ended March 3, 2024. June 2, 2024, respectively.

Comparable net merchandise sales in our Colombia segment increased 20.7% 19.4% and 13.9% 15.7% for the thirteen-week and twenty-six thirty-nine week periods ended March 3, 2024 June 2, 2024, respectively. These increases contributed approximately 200 190 basis points (2.0% (1.9%) and 140 150 basis points (1.4% (1.5%) of positive impact in total comparable merchandise sales for the thirteen-week and twenty-six thirty-nine week periods ended March 3, 2024 June 2, 2024, respectively. The increase in Colombia during the thirteen-week and twenty-six thirty-nine week periods was primarily due to the foreign currency appreciation.

When we use the term "comparable net merchandise sales - – constant currency," it means that we have translated current year comparable net merchandise sales at prior year monthly average exchanges rates. Comparable net merchandise sales - – constant currency results exclude the effects of foreign currency translation. The following tables illustrate the comparable net merchandise sales - constant currency percentage growth and the impact that changes in foreign currency exchange rates had on our comparable merchandise sales percentage growth for the thirteen-week and twenty-six thirty-nine week periods ended March 3, 2024 June 2, 2024:

	Thirteen Weeks Ended March 3, 2024				Thirteen Weeks Ended June 2, 2024		
	Comparable Net Merchandise Sales Growth	Comparable Net Merchandise Sales Growth	Comparable Net Merchandise Sales - Constant Currency Growth/(Decline)	% Impact of Foreign Currency Exchange	Comparable Net Merchandise Sales Growth	Comparable Net Merchandise Sales - Constant Currency Growth	% Impact of Foreign Currency Exchange
Central America	Central America 8.1 %	4.6 %	3.5 %	Central America 7.4 %	5.2 %	2.2 %	
Caribbean							
Colombia							

Consolidated comparable net merchandise sales	Consolidated comparable net merchandise sales	8.8 %	5.2 %	3.6 %	Consolidated comparable net merchandise sales 7.8 %	5.6 %	2.2 %

		Twenty-Six Weeks Ended March 3, 2024			Thirty-Nine Weeks Ended June 2, 2024		
		Comparable Net Merchandise Sales Growth	Comparable Net Merchandise Sales Growth	Comparable Net Merchandise Sales - Constant Currency Growth/(Decline)	% Impact of Foreign Currency Exchange	Comparable Net Merchandise Sales Growth	Comparable Net Merchandise Sales - Constant Currency Growth/(Decline)	% Impact of Foreign Currency Exchange
Central America	Central America	8.6 %	4.5 %	4.1 %	Central America 8.2 %	4.7 %	3.5 %
Caribbean							
Colombia							
Consolidated comparable net merchandise sales	Consolidated comparable net merchandise sales	8.4 %	4.7 %	3.7 %	Consolidated comparable net merchandise sales 8.2 %	5.0 %	3.2 %

Overall, the mix of currency fluctuations within our markets had 360 220 basis points (3.6% (2.2%) of positive impact and 370 320 basis points (3.7% (3.2%) of positive impact on comparable net merchandise sales for the thirteen-week and twenty-six thirty-nine week periods ended March 3, 2024 June 2, 2024.

Currency fluctuations within our Central America segment accounted for approximately 130 basis points (1.3%) and 210 basis points (2.1%) and 250 basis points (2.5%) of positive impact on total comparable merchandise sales for the thirteen-week and twenty-six thirty-nine week periods, respectively. Our Costa Rica market was the main contributor as the market experienced currency appreciation when compared to the same periods last year.

Currency fluctuations within our Caribbean segment accounted for approximately 50 80 basis points (0.5% (0.8%) and 60 70 basis points (0.6% (0.7%) of negative impact on total comparable merchandise sales for the thirteen-week and twenty-six thirty-nine week periods, respectively. Our Dominican Republic market experienced currency devaluation when compared to the same period periods last year.

Currency fluctuations within our Colombia segment accounted for approximately 200 170 basis points (2.0% (1.7%) and 180basis points (1.8%) of positive impact on total comparable merchandise sales for the thirteen-week and twenty-six thirty-nine week periods, respectively. This reflects the appreciation of the Colombian peso's foreign currency exchange rate when compared to the same period periods a year ago.

Membership Income

Membership income is recognized ratably over the one-year life of the membership.

	Three Months Ended								
	February 29, 2024				February 28, 2023				
	May 31, 2024				May 31, 2023				
	Amount	Amount	% of Total Operating Income	Increase from Prior Year	% Change	Membership Income % to Net Merchandise Sales	Amount	% of Total Operating Income	Amount	% o Ope In
Membership income - Central America									

Membership income - Caribbean

Membership income - Caribbean

Membership income - Caribbean

Membership income - Colombia

Membership income - Colombia

Membership income - Colombia

Membership income - Total

Membership income - Total

Membership income - Total	$ 18,538	29.1 %	$2,362	14.6 %	1.5 %	$16,176	30.1 %	$ 19,279	38.6 % $

	Six Months Ended	
	Six Months Ended	
	Six Months Ended	
	February 29, 2024	February 28, 2023
	Nine Months Ended	
	Nine Months Ended	
	Nine Months Ended	
	May 31, 2024	May 31, 2023

Amount	Amount	% of Total Operating Income	Increase/(Decrease) from Prior Year	% Change	Membership Income % to Net Merchandise Sales	Amount	% of Total Operating Income	Amount	% c Op In

Membership income - Central America

Membership income - Caribbean

Membership income - Caribbean

Membership income - Caribbean

Membership income - Colombia

Membership income - Colombia											
Membership income - Colombia											
Membership income - Total											
Membership income - Total											
Membership income - Total	$	36,287	29.8 %	$4,216	13.1 %	1.5 %	$32,071	29.3 %	$	55,566	32.4 % $
Number of accounts - Central America											
Number of accounts - Central America											
Number of accounts - Central America											
Number of accounts - Caribbean											
Number of accounts - Caribbean											
Number of accounts - Caribbean											
Number of accounts - Colombia											
Number of accounts - Colombia											
Number of accounts - Colombia											
Number of accounts - Total											
Number of accounts - Total											
Number of accounts - Total											

Comparison of Three and Six Nine Months Ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023

The number of Member accounts as of February 29, 2024 May 31, 2024 was 5.0% 4.8% higher than the number of accounts as of February 28, 2023 May 31, 2023. Membership income increased 14.6% 15.2% and 13.1% 13.9% over the three and six-month nine-month periods ended February 29, 2024 May 31, 2024, respectively, compared to the same prior-year period. periods.

Membership income increased in all of our segments in the three and six-month nine-month periods ended February 29, 2024 May 31, 2024. The consolidated increase in membership income is primarily due to an increase in the membership base since the comparable prior year prior-year period and the $5 increase to our membership fee in most markets during the first six nine months of fiscal year 2024. In our Central America segment, membership income increased compared to the second third quarter of fiscal year 2023, attributed attributable to the opening of three two new clubs. Similarly, in the Caribbean segment, membership income rose compared to the same period of fiscal year 2023, primarily attributed attributable to the $5 increase to our membership fee. In the Colombia segment, membership income increased compared to the second third quarter of fiscal year 2023 due to the appreciation of the Colombian peso against the U.S. dollar an increase in membership fees, excluding sales tax, and the opening of a new club. Additionally, all of our segments have increased their membership base since August 31, 2023.

We offer the Platinum Membership program in all locations where PriceSmart operates. The annual fee for a Platinum Membership in most markets is approximately $75 to $80, depending on the market in which the Member lives. The Platinum Membership program provides Members with a 2% rebate on most items, up to an annual maximum of $500. We record the 2% rebate as a reduction on of net merchandise sales at the time of the sales transaction. Platinum Membership accounts are 9.6% 11.0% of our total membership base as of February 29, 2024 May 31, 2024, an increase from 8.2% 8.6% as of February 28, 2023 May 31, 2023. Platinum Members tend to have higher renewal rates than our Diamond Members.

Our trailing twelve-month renewal rate was 88.3% 88.1% and 88.0% 87.1% for the periods ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023, respectively. This compares to a trailing twelve-month renewal rate of 86.9% for the period ended August 31, 2023.

Other Revenue

Other revenue primarily consists of our interest-generating portfolio from our co-branded credit cards and rental income from operating leases where the Company is the lessor.

	Three Months Ended										
	February 29, 2024				February 28, 2023						
	May 31, 2024				May 31, 2023						
	Amount	Amount	Increase from Prior Year	% Change		Amount	Amount	Increase from Prior Year		% Change	
Miscellaneous income											
Miscellaneous income											
Miscellaneous income	$3,402	$ 783	29.9	29.9 %	$2,619	$ 3,418	$ 664	24.1	24.1	%	$ 2,754
Rental income	Rental income 583	70	13.6	13.6	513	513	Rental income 614	59	10.6	10.6	555
Other revenue	Other revenue $3,985	$ 853	27.2	27.2 %	$3,132	Other revenue $ 4,032	$ 723	21.8	21.8	%	$ 3,3

	Six Months Ended									
	Six Months Ended									
	Six Months Ended									
	February 29, 2024			February 28, 2023						
	Nine Months Ended									
	Nine Months Ended									
	Nine Months Ended									
	May 31, 2024			May 31, 2023						
Amount	Amount	Increase from Prior Year	% Change		Amount	Amount	Increase from Prior Year	% Change		

Miscellaneous income Miscellaneous income Miscellaneous income		$6,530	$1,514	30.2	30.2 %		$5,016		$ 9,949	$ 2,178	28.0	28.0 %	$ 7,771
Rental income	Rental income	1,158	52	4.7	4.7	1,106	1,106	Rental income	1,771	111	6.7	6.7	1,660
Other revenue	Other revenue	$7,688	$1,566	25.6	25.6 %		$6,122	Other revenue	$ 11,720	$2,289	24.3	24.3 %	$ 9,4

Comparison of Three and Six Nine Months Ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023

The primary driver of the increase in other revenue for the three and six-months nine-months ended February 29, 2024 May 31, 2024 was an increase in Miscellaneous income primarily driven by an increase in incentive fee revenue due to Members having higher average outstanding balances on our co-branded credit cards compared to the prior year period.

Results of Operations

		Three Months Ended						
Results of Operations Consolidated	***Results of Operations Consolidated***	**February 29, 2024**	**February 28, 2023**	**Increase/ (Decrease)**	***Results of Operations Consolidated***	**May 31, 2024**	**May 31, 2023**	**Increase**
(Amounts in thousands, except percentages and number of warehouse clubs)								
Net merchandise sales **Net merchandise sales** **Net merchandise sales**								
Net merchandise sales Net merchandise sales Net merchandise sales		$1,260,916	$1,115,999	$ 144,917		$ 1,194,531	$1,070,263	$124,268
Total gross margin	Total gross margin	$ 198,231	$ 178,537	$ 19,694	Total gross margin	$ 185,810	$ 163,650	$ 22,160
Total gross margin percentage	Total gross margin percentage	15.7%	16.0%	(0.3)%	Total gross margin percentage	15.6%	15.3%	0.3%
Revenues **Revenues** **Revenues**								
Total revenues Total revenues Total revenues		$1,291,950	$1,142,189	$ 149,761		$ 1,229,428	$1,096,654	$132,774
Percentage change from prior period	Percentage change from prior period			13.1%	Percentage change from prior period			12.1%
Comparable net merchandise sales **Comparable net merchandise sales** **Comparable net merchandise sales**								
Total comparable net merchandise sales increase Total comparable net merchandise sales increase								

Total comparable net merchandise sales increase		8.8%	8.5%	0.3%		7.8%	5.8%	2.0%
Total revenue margin								
Total revenue margin								
Total revenue margin								
Total revenue margin								
Total revenue margin								
Total revenue margin		$ 221,087	$ 198,164	$ 22,923	$	209,772	$ 184,060	$ 25,712
Total revenue margin percentage	Total revenue margin percentage	17.1%	17.3%	(0.2)%	Total revenue margin percentage	17.1%	16.8%	0.3%
Selling, general and administrative								
Selling, general and administrative								
Selling, general and administrative								
Selling, general and administrative								
Selling, general and administrative								
Selling, general and administrative		$ 157,469	$ 144,364	$ 13,105	$	159,863	$ 141,008	$ 18,855
Selling, general and administrative percentage of total revenues	Selling, general and administrative percentage of total revenues	12.2%	12.6%	(0.4) %	Selling, general and administrative percentage of total revenues	13.0%	12.9%	0.1 %
Operational data								
Operational data								
Operational data								
Adjusted EBITDA (1)								
Adjusted EBITDA (1)								
Adjusted EBITDA (1)		$ 84,125	$ 79,387	$ 4,738	$	71,041	$ 63,853	$ 7,188

(1) See "Item 2. Management's Discussion & Analysis – Non - GAAP Financial Measures" for the definition of Adjusted EBITDA and a reconciliation to GAAP net income as reported.

		Three Months Ended								
Results of Operations Consolidated	***Results of Operations Consolidated***	**February 29, 2024**	**% of Total Revenue**	**February 28, 2023**	**% of Total Revenue**	***Results of Operations Consolidated***	**May 31, 2024**	**% of Total Revenue**	**May 31, 2023**	**% of Total Revenue**
Operating income- by segment										
Operating income by segment										
Central America										
Central America										
Central America		$ 61,310	4.7 %	$ 56,633	5.0 %	$	54,874	4.5 %	$46,023	4.2 %
Caribbean										
Colombia										
United States										
Reconciling Items (1)										
Operating income - Total	Operating income - Total	$ 63,618	4.9 %	$ 53,800	4.7 %	Operating income - Total	$ 49,909	4.1 %	$ 43,052	3.9 %

(1) The reconciling items reflect the amount eliminated upon consolidation of intersegment transactions.

		Six Months Ended				Nine Months Ended		
Results of Operations Consolidated	***Results of Operations Consolidated***	**February 29, 2024**	**February 28, 2023**	**Increase/ (Decrease)**	***Results of Operations Consolidated***	**May 31, 2024**	**May 31, 2023**	**Increase**

(Amounts in thousands, except percentages and number of warehouse clubs)								
Net merchandise sales								
Net merchandise sales								
Net merchandise sales								
Net merchandise sales								
Net merchandise sales								
Net merchandise sales		$2,395,930	$2,141,462	$ 254,468		$ 3,590,461	$3,211,725	$378,736
Total gross margin	Total gross margin	$ 380,517	$ 344,932	$ 35,585	Total gross margin	$ 566,327	$ 508,582	$ 57,745
Total gross margin percentage	Total gross margin percentage	15.9%	16.1%	(0.2)%	Total gross margin percentage	15.8%	15.8%	—%
Revenues								
Revenues								
Revenues								
Total revenues								
Total revenues								
Total revenues		$2,458,425	$2,196,995	$ 261,430		$ 3,687,853	$3,293,649	$394,204
Percentage change from prior period	Percentage change from prior period			11.9%	Percentage change from prior period			12.0%
Comparable net merchandise sales								
Comparable net merchandise sales								
Comparable net merchandise sales								
Total comparable net merchandise sales increase								
Total comparable net merchandise sales increase								
Total comparable net merchandise sales increase		8.4%	6.8%	1.6%		8.2%	6.5%	1.7%
Total revenue margin								
Total revenue margin								
Total revenue margin								
Total revenue margin								
Total revenue margin								
Total revenue margin		$ 425,284	$ 383,913	$ 41,371		$ 635,056	$ 567,973	$ 67,083
Total revenue margin percentage	Total revenue margin percentage	17.3%	17.5%	(0.2)%	Total revenue margin percentage	17.2%	17.2%	—%
Selling, general and administrative								
Selling, general and administrative								
Selling, general and administrative								
Selling, general and administrative								
Selling, general and administrative								
Selling, general and administrative		$ 303,453	$ 274,586	$ 28,867		$ 463,316	$ 415,594	$ 47,722
Selling, general and administrative percentage of total revenues	Selling, general and administrative percentage of total revenues	12.3%	12.5%	(0.2) %	Selling, general and administrative percentage of total revenues	12.6%	12.6%	— %
Operational data								
Operational data								
Operational data								

Adjusted EBITDA (1)								
Adjusted EBITDA (1)								
Adjusted EBITDA (1)		$ 161,895	$ 154,569	$ 7,326	$	232,936	$ 218,422	$ 14,514
Warehouse clubs at period end	Warehouse clubs at period end	54	50	4	Warehouse clubs at period end	54	51	3
Warehouse club sales floor square feet at period end	Warehouse club sales floor square feet at period end	2,646	2,484	162	Warehouse club sales floor square feet at period end	2,646	2,524	122

(1) See "Item 2. Management's Discussion & Analysis – Non - GAAP Financial Measures" for the definition of Adjusted EBITDA and a reconciliation to GAAP net income as reported.

		Six Months Ended					Nine Months Ended			
Results of Operations Consolidated	***Results of Operations Consolidated***	**February 29, 2024**	**% of Total Revenue**	**February 28, 2023**	**% of Total Revenue**	***Results of Operations Consolidated***	**May 31, 2024**	**% of Total Revenue**	**May 31, 2023**	**% of Total Revenue**
Operating income- by segment										
Operating income by segment										
Central America										
Central America										
Central America		$118,212	4.8 %	$106,763	4.9 %	$	173,086	4.7 %	$152,786	4.6 %
Caribbean										
Colombia										
United States										
Reconciling Items (1)										
Operating income - Total	Operating income - Total	$121,831	4.9 %	$109,327	5.0 %	Operating income - Total	$ 171,740	4.7 %	$ 152,379	4.6 %

(1) The reconciling items reflect the amount eliminated upon consolidation of intersegment transactions.

The following table summarizes the selling, general and administrative expense for the periods disclosed:

	Three Months Ended			
	February 29, 2024	**% of Total Revenue**	**February 28, 2023**	**% of Total Revenue**
	May 31, 2024	**% of Total Revenue**	**May 31, 2023**	**% of Total Revenue**
Warehouse club and other operations	$119,053	9.7 %	$106,172	9.7 %
General and administrative				
Pre-opening expenses				
Pre-opening expenses				
Pre-opening expenses				
Loss (gain) on disposal of assets				
Loss (gain) on disposal of assets				
Loss (gain) on disposal of assets				
Total Selling, general and administrative	$159,863	13.0 %	$141,008	12.9 %

Nine Months Ended

			Nine Months Ended													
			Nine Months Ended													
			May 31, 2024		**% of Total Revenue**			**May 31, 2023**		**% of Total Revenue**						
Warehouse club and other operations	Warehouse club and other operations	$117,774	9.1	9.1	%	$	103,630	9.1	9.1 %	Warehouse club and other operations	$346,792	9.5	9.5 %	$306,694	9.3	9.3 %
General and administrative																
Separation costs associated with Chief Executive Officer departure																
Pre-opening expenses																
Pre-opening expenses																
Pre-opening expenses																
Loss on disposal of assets																
Loss on disposal of assets																
Loss on disposal of assets																
Total Selling, general and administrative	Total Selling, general and administrative	$157,469	12.1	12.1	%	$	144,364	12.6	12.6 %	Total Selling, general and administrative	$463,316	12.6	12.6 %	$415,594	12.6	12.6 %

		Six Months Ended				
		Six Months Ended				
		Six Months Ended				
	February 29, 2024	**% of Total Revenue**		**February 28, 2023**		**% of Total Revenue**
Warehouse club and other operations	$227,739	9.3	%	$200,522	9.1	%
General and administrative						
Separation costs associated with Chief Executive Officer departure						
Pre-opening expenses						
Pre-opening expenses						
Pre-opening expenses						
Loss on disposal of assets						
Loss on disposal of assets						
Loss on disposal of assets						
Total Selling, general and administrative	$303,453	12.3	%	$274,586	12.5	%

Comparison of Three and Six Nine Months Ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023

Total gross margin is derived from our Revenue – Net merchandise sales less our Cost of goods sold – Net merchandise sales and represents our sales and cost of sales generated from the business activities of our warehouse clubs. We express our Total gross margin percentage as a percentage of our Net merchandise sales.

On a consolidated basis, total gross margin as a percent of net merchandise sales for the three and six nine months ended February 29, 2024 May 31, 2024 was 15.7% 15.6% and 15.9% 15.8%, respectively, which was 30 basis points (0.3%) higher for the quarter and was unchanged for the nine-month period ended when compared to the prior-year periods. The increase in the three-month period ended May 31, 2024 was mainly due to general margin improvement across most of our sales categories, contributing 30 basis points (0.3%), and an increase of 10 basis points (0.1%) due to increased food service margins. These increases were partially offset by increases in demurrage and duties, freight, and fees costs which contributed negative 20 basis points (0.2%) lower than the comparable prior year period, respectively. The decrease in the three and six-month periods ended February 29, 2024 is mainly due when compared to the removal same period of a COVID premium from merchandise pricing and a reduction in liquidity premiums for items sold in Trinidad, resulting in a negative impact of 30 basis points (0.3%). However, this was partially offset by a 10 basis points (0.1%) increase in margins in food service and bakery offerings. the prior year.

Total revenue margin is derived from Total revenues, which includes our Net merchandise sales, Membership income, Export sales, and Other revenue and income less our Cost of goods sold for net merchandise sales, Export sales, and Non-merchandise revenues. We express our Total revenue margin as a percentage of Total revenues.

Total revenue margin decreased 20 increased 30 basis points (0.2% (0.3%) for the three and six-month periods three-month period ended February 29, 2024 May 31, 2024, compared to the prior-year period, primarily as the result of lower higher total gross margin percentage of 30 basis points (0.3%) and 20 basis points (0.2%) was unchanged for the quarter and six-months nine-month period ended February 29, 2024, respectively. May 31, 2024 compared to the prior-year period.

Selling, general, and administrative expenses consist of warehouse club and other operations, general and administrative expenses, separation costs associated with the Chief Executive Officer departure, pre-opening expenses, and loss on disposal of assets. In total, selling, general and administrative expenses increased $13.1 million compared to the prior year, and decreased as a percentage of total revenues, decreasing by 40 basis points (0.4%) to 12.2% of total revenue $18.9 million for the second third quarter of fiscal year 2024 compared to 12.6% the prior-year period, and increased as a percentage of total revenues, increasing by 10 basis points (0.1%) to 13.0% of total revenue for the third quarter of fiscal year 2024 compared to 12.9% of total revenues for the second third quarter of fiscal year 2023.

Selling, general and administrative expenses increased $28.9 million $47.7 million for the first six nine months of fiscal year 2024 compared to the prior year but declined 20 basis points (0.2%) to 12.3% remained flat at 12.6% as a percentage of total revenue compared to 12.5% of total revenue for the first six nine months of fiscal year 2023. This decrease as a percentage of total revenue is largely due to the $7.7 million, or 40 basis points (0.4%) of total revenue, of separations costs associated with the Chief Executive Officer departure recorded in the prior year period and partially offset by an increase in our Warehouse club and other operations expenses of $27.2 million or 20 basis points (0.2%) of total revenue.

Warehouse club and other operations expenses remained unchanged at 9.1% as a percent of total revenues remained flat at 9.7% for the second third quarter of fiscal year 2024 and compared to the third quarter of fiscal year 2023.

Warehouse club and other operations expenses increased to 9.3% 9.5% of total revenues for the first six nine months ended February 29, 2024 May 31, 2024 compared to 9.1% 9.3% for the prior-year period. This was primarily due to our Colombia market which increased 20 basis points (0.2%) as a percentage of revenue year over year due to the impact of the appreciation of the Colombian peso on our warehouse club and other operations expenses in Colombia. Additionally, we opened one new club in Colombia on the first day of fiscal year 2024.

In January 2024, the Company purchased one of its club buildings and land, which was previously leased, in Panama City, Panama, for $33.0 million. This purchase triggered a change in the estimate of the depreciable lives of certain leasehold improvements, previously limited to the lease term, lowering future annual depreciation expense. The lower annual depreciation expense and the cost savings on straight-line rent expense, partially offset by the depreciation expense on the new building, will save approximately $1.1 million per year, net of tax within our Warehouse club and other operations expenses in the Company's consolidated statements of income. Additionally, the Company entered into a loan agreement for $16.5 million, paid over 15 years, to partially fund the purchase of our Via Brasil club. We expect approximately $1.0 million in interest payments, net of tax, over the next 12 months associated with this loan, which will continue to decrease as the loan balance is paid off over the life of the loan. The interest expense related to this loan will be recorded within the Interest expense caption on the consolidated statements of income.

General and administrative expenses increased to 3.0% 3.3% of total revenues for the second third quarter of fiscal year 2024 compared to 2.8% 3.1% for the second third quarter of fiscal year 2023. The 20 basis points (0.2%) increase is primarily due to increased investments in technology and an increase in compensation costs and travel along with certain non-recurring expenses related expense from stock grants to professional fees. Executive Leadership.

General and administrative expenses remained unchanged at 3.0% increased to 3.1% of total revenues for the first six nine months of fiscal year 2024 compared to 3.0% for the first nine months of fiscal year 2023. The 10basis point (0.1%) increase is primarily due to investments in technology and 2023. an increase in compensation expense from stock grants to Executive Leadership.

In the second quarter of fiscal year 2023, we recorded costs for separation and other related termination benefits for our former Chief Executive Officer who resigned effective February 3, 2023. We accrued for the related charges and substantially fulfilled all payment obligations by the end of the second quarter of fiscal year 2023; however, some vesting of performance stock units occurred in the first quarter of fiscal year 2024. On a go-forward basis, our Interim Chief Executive Officer has declined to receive compensation for his services during his term; therefore, we expect Selling, general and administrative expenses will be positively impacted, compared to prior Chief Executive Officer compensation levels, by $2.5 million of savings each quarter during his term, reduced by salary increases for other executives related to the change in leadership.

Operating income in the second third quarter of fiscal year 2024 increased to $63.6 million (4.9% $49.9 million (4.1% of total revenue) compared to $53.8 million (4.7% $43.1 million (3.9% of total revenue) for the same period last year. This reflects the decrease increase in total revenue margin of 20 30 basis points (0.2% (0.3%), offset by a 40 10 basis points (0.4% (0.1%) increase decrease due to the leveraging deleveraging of selling, general and administrative expenses over the comparable prior-year period.

Operating income for the six nine months ended February 29, 2024 May 31, 2024 increased to $121.8 million (4.9% $171.7 million (4.7% of total revenue) compared to $109.3 million (5.0% $152.4 million (4.6% of total revenue) for the same period last year.

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Interest Income

Net interest Interest income represents the earnings generated from interest-bearing assets held by PriceSmart, Inc. and our wholly owned foreign subsidiaries. These assets include investments in fixed income securities and deposits held with financial institutions. The interest income is derived from the interest payments received on these assets, which serve to enhance our overall financial returns.

		Three Months Ended							
		February 29, 2024		February 28, 2023					
		May 31, 2024		May 31, 2023					
	Amount	Amount	Change		Amount	Amount	Change		Amount
Interest income	Interest income	$ 3,225	$ 1,283	$ 1,942	Interest income	$ 2,521	$ (640)	$ 3,161	
		Six Months Ended							
		Six Months Ended							
		Six Months Ended							
		February 29, 2024		February 28, 2023					
		Nine Months Ended							
		Nine Months Ended							
		Nine Months Ended							
		May 31, 2024		May 31, 2023					
	Amount	Amount	Change		Amount	Amount	Change		Amount
Interest income	Interest income	$ 6,091	$ 2,992	$ 3,099	Interest income	$ 8,612	$ 2,352	$ 6,260	

Comparison of Three and Six Nine Months Ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023

Net interest income decreased slightly for the three-month period ended May 31, 2024 when compared to the comparable prior-year period. Net interest income increased for the three and six-month periods nine-month period ended February 29, 2024 May 31, 2024, primarily due to an increase in investments at higher yields when compared to the comparable prior year prior-year period.

Interest Expense

		Three Months Ended							
		February 29, 2024		February 28, 2023					
		May 31, 2024		May 31, 2023					
	Amount	Amount	Change		Amount	Amount	Change		Amount
Interest expense on loans	Interest expense on loans	$2,865	$ (199)	$ 3,064	Interest expense on loans	$ 2,939	$ (213)	$ 3,152	
Interest expense related to hedging activity	Interest expense related to hedging activity	657	467	190	Interest expense related to hedging activity	703	494	209	
Less: Capitalized interest									
Net interest expense		$3,293	$ 479	$ 2,814					
Interest expense		$3,579	$ 832	$ 2,747					
		Six Months Ended							
		Six Months Ended							
		Six Months Ended							

		February 29, 2024		February 28, 2023				
		Nine Months Ended						
		Nine Months Ended						
		Nine Months Ended						
		May 31, 2024		May 31, 2023				
	Amount	Amount	Change		Amount	Amount	Change	Amount
Interest expense on loans	Interest expense on loans	$5,763	$ 46	$ 5,717	Interest expense on loans	$ 8,702	$ (168)	$ 8,870
Interest expense related to hedging activity	Interest expense related to hedging activity	1,072	535	537	Interest expense related to hedging activity	1,775	1,029	746
Less: Capitalized interest								
Net interest expense		$6,109	$ 546	$ 5,563				
Interest expense		$9,688	$1,378	$ 8,310				

Comparison of Three and Six Nine Months Ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023

Net interest Interest expense reflects borrowings by PriceSmart, Inc. and our wholly owned foreign subsidiaries to finance new land acquisition and construction for new warehouse clubs and distribution centers, warehouse club expansions, the capital requirements of warehouse club and other operations, and ongoing working capital requirements.

Net interest Interest expense increased for the three and six-month nine-month periods ended February 29, 2024 May 31, 2024 primarily due to higher expenses interest expense related to our hedging activities activity and less capitalized interest when compared to the comparable prior year period.

Other Expense, Net

Other expense, net consists of currency gains or losses, as well as net benefit costs related to our defined benefit plans and other items considered to be non-operating in nature.

		Three Months Ended								
		February 29, 2024		February 28, 2023						
		May 31, 2024		May 31, 2023						
	Amount	Amount	Change	% Change		Amount	Amount	Change	% Change	Amount
Other expense, net										

		Six Months Ended								
		Six Months Ended								
		Six Months Ended								
		February 29, 2024		February 28, 2023						
		Nine Months Ended								
		Nine Months Ended								
		Nine Months Ended								
		May 31, 2024		May 31, 2023						
	Amount	Amount	Change	% Change		Amount	Amount	Change	% Change	Amount
Other expense, net										

Monetary assets and liabilities denominated in currencies other than the functional currency of the respective entity (primarily U.S. dollars) are revalued to the functional currency using the exchange rate on the balance sheet date. These foreign exchange transaction gains/(losses) are recorded as currency gains or losses. Additionally, gains or losses from transactions denominated in currencies other than the functional currency of the respective entity also generate currency gains or losses.

Comparison of Three and Six Nine Months Ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023

For the three and six-months nine-months ended February 29, 2024 May 31, 2024, the primary driver of Other expense, net included $3.4 $3.8 million and $6.0 $9.8 million of transaction costs, respectively, in some of our countries with liquidity issues associated with increased spreads and converting the local currencies into available tradable currencies before converting them to U.S. dollars. Additionally, These costs were partially offset by a revaluation gain in Costa Rica contributed a of $2.5 million and $2.3 $0.2 million, revaluation loss, for the three and nine-months ended May 31, 2024, respectively, due to the impact of the appreciation foreign currency exchange rate fluctuations of the Costa Rican Coló colón on our U.S. dollar monetary net assets in Costa Rica. This was accompanied by a depreciation of the Honduran lempira, which resulted in a loss from our net U.S. dollar liability position in that market.

Provision for Income Taxes

		Three Months Ended							
		February 29, 2024		February 28, 2023					
		May 31, 2024		May 31, 2023					
		Amount	Amount	Change		Amount	Amount	Change	Amount
Provision for income taxes	Provision for income taxes	$17,259	$1,057	$ 16,202	Provision for income taxes	$ 14,483	$ 2,464	$ 12,019	
Effective tax rate	Effective tax rate	30.5%		34.0%	Effective tax rate	30.8%			28.9%

		Six Months Ended							
		Six Months Ended							
		Six Months Ended							
		February 29, 2024		February 28, 2023					
		Nine Months Ended							
		Nine Months Ended							
		Nine Months Ended							
		May 31, 2024		May 31, 2023					
		Amount	Amount	Change		Amount	Amount	Change	Amount
Provision for income taxes	Provision for income taxes	$35,412	$2,784	$ 32,628	Provision for income taxes	$ 49,895	$ 5,248	$ 44,647	
Effective tax rate	Effective tax rate	31.4%		33.7%	Effective tax rate	31.3%			32.2%

Comparison of Three and Six Nine Months Ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023

For the three months ended February 29, 2024 May 31, 2024, the effective tax rate was 30.5% 30.8% compared to 34.0% 28.9%for the prior year period. The increase in the effective tax rate versus the prior year was primarily attributable to the following factors:

- A comparably favorable net tax impact of 1.3%, primarily related to foreign exchange in the current period and the write down of assets in the prior year; and
- A comparably unfavorable net tax impact from recurring items of 3.2%, primarily related to cost savings for CEO compensation that occurred in the prior year.

For the nine months ended May 31, 2024, the effective tax rate was 31.3% compared to 32.2% for the prior year period. The decrease in the effective tax rate versus the prior year was primarily attributable to the following factors:

- A comparably favorable net tax impact from non-recurring items of 3.2% 0.2%, primarily related to the non-recurrence of separation costs associated with the departure of our former Chief Executive Officer; foreign exchange and
- A comparably favorable net tax impact from recurring items of 0.3%, primarily resulting from valuation allowances we took with respect to deferred tax assets from foreign tax credits that are no longer deemed recoverable.

For the six months ended February 29, 2024, the effective tax rate was 31.4% compared to 33.7% for the prior year period. The decrease in the effective tax rate versus the prior year was primarily attributable to the following factors:

- A comparably favorable net tax impact from non-recurring items of 1.6%, primarily related to the non-recurrence of separation costs associated with assets written down in the departure of our former Chief Executive Officer; prior year; and
- A comparably favorable net tax impact from recurring items of 0.7%, primarily resulting from fewer valuation allowances we took with respect to on deferred tax assets from foreign tax credits that are no longer deemed recoverable.

Other Comprehensive Income

	Three Months Ended			
	February 29, 2024			February 28, 2023
	May 31, 2024			May 31, 2023
	Amount	Change	% Change	Amount
Other Comprehensive Income (Loss)				

	Nine Months Ended Nine Months Ended Nine Months Ended			
	May 31, 2024			May 31, 2023
	Amount	Amount	Change	% Change
	Amount	Amount	Change	% Change	Amount
Other Comprehensive Income				

	Six Months Ended Six Months Ended Six Months Ended			
	February 29, 2024			February 28, 2023
	Amount	Change	% Change	Amount
Other Comprehensive Income				

Comparison of Three and Six Nine Months Ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023

Other comprehensive income loss for the second third quarter of fiscal year 2024 resulted primarily from foreign currency translation adjustments related to assets and liabilities and the translation of the statements of income related to revenue, costs and expenses of our subsidiaries whose functional currency is not the U.S. dollar. During the first six nine months of fiscal year 2024, the largest translation adjustments were related to the appreciation of the local currency against the U.S. dollar of our Colombia and Costa Rica subsidiaries, partially offset by the devaluation of the local currencies against the U.S. dollar for our Dominican Republic subsidiary. Other comprehensive income for the six-months nine-months ended February 29, 2024 May 31, 2024 of approximately $8.7 million $3.9 million was primarily the result of the comprehensive gain of $10.3 million $5.1 million from foreign currency translation adjustments partially offset by approximately $1.7 million $1.4 million related to unrealized losses on changes in the fair value of our derivative obligations.

LIQUIDITY AND CAPITAL RESOURCES

Financial Position and Cash Flow

Our operations have historically supplied us with a significant source of liquidity. We generate cash from operations primarily through net merchandise sales and membership fees. Cash used in operations generally consists of payments to our merchandise vendors, warehouse club and distribution center operating costs (including payroll, employee benefits and utilities), as well as payments for income taxes. Our cash flows provided by operating activities, supplemented with our long-term debt and short-term borrowings, have generally been sufficient to fund our operations while allowing us to invest in activities that support the long-term growth of our operations. We also have returned cash to stockholders through a semiannual dividend, a one-time special dividend in the third quarter of fiscal year 2024, and by repurchasing shares of our common stock pursuant to the stock repurchase program we commenced in the fourth quarter of fiscal year 2023 and completed in the first quarter of fiscal year 2024. We evaluate our funding requirements on a regular basis to cover any shortfall in our ability to generate sufficient cash from operations to meet our capital requirements. We may consider funding alternatives to provide additional liquidity if necessary. Refer to “Item 1. Financial Statements: Notes to Consolidated Financial Statements, Note 7 - Debt” for additional information regarding our available short-term facilities, short-term and long-term borrowings, and any repayments.

Repatriation of cash and cash equivalents held by foreign subsidiaries may require us to accrue and pay taxes for certain jurisdictions. If we decide to repatriate cash through the payment of a cash dividend by our foreign subsidiaries to our domestic operations, we will accrue taxes if and when appropriate.

The following table summarizes the cash and cash equivalents, including restricted cash, held by our foreign subsidiaries and domestically (in thousands):

	February 29, 2024	August 31, 2023
	May 31, 2024	August 31, 2023
Amounts held by foreign subsidiaries		
Amounts held by foreign subsidiaries	$155,983	$139,050
Amounts held by foreign subsidiaries	$110,890	$139,050

Amounts held domestically	Amounts held domestically	26,592	113,152	Amounts held domestically	29,452	113,152
Total cash and cash equivalents, including restricted cash	Total cash and cash equivalents, including restricted cash	$182,575	$252,202	Total cash and cash equivalents, including restricted cash	$140,342	$252,202

The following table summarizes the short-term investments held by our foreign subsidiaries and domestically (in thousands):

		February 29, 2024			August 31, 2023					
		May 31, 2024			August 31, 2023					
Amounts held by foreign subsidiaries										
Amounts held domestically	Amounts held domestically	15,000	16,787		16,787	Amounts held domestically	—	16,787		16,787
Total short-term investments	Total short-term investments	$93,630	$		$91,081	Total short-term investments	$ 99,904	$		$91,081

As of February 29, 2024 May 31, 2024 and August 31, 2023, there were no certificates of deposit with a maturity of over a one year held by our foreign subsidiaries or domestically.

From time to time, we have experienced a lack of availability of U.S. dollars in certain markets (U.S. dollar illiquidity). This impedes our ability to convert local currencies obtained through merchandise sales into U.S. dollars to settle the U.S. dollar liabilities associated with our imported products or otherwise fund our operations. Since fiscal year 2017, we have experienced this situation in Trinidad and have been unable to source a sufficient level of tradable currencies. We are working with our banks in Trinidad and government officials to convert all of our Trinidad dollars into tradable currencies. During the third quarter of fiscal year 2023, the Honduran Central Bank began limiting the availability and controlling the allocation of U.S. dollars for the conversion from Honduran lempiras to U.S. dollars. We are actively working with our banking partners and government authorities to address this situation. We have and continue to take additional actions in this respect. Refer to “Management’s Discussion & Analysis – Factors Affecting Our Business” for our quantitative analysis and discussion.

Our cash flows are summarized as follows (in thousands):

		Six Months Ended										
		February 29, 2024		February 28, 2023		Change						
		Nine Months Ended										
		May 31, 2024		May 31, 2023		Change						
Net cash provided by operating activities	Net cash provided by operating activities	$127,666	$	$116,681	$	$10,985	Net cash provided by operating activities	$ 165,754	$	$184,681	$	$ (18,927)
Net cash used in investing activities	Net cash used in investing activities	(105,264)	(96,078)	(96,078)	(9,186)	(9,186)	Net cash used in investing activities	(149,379)	(197,814)	(197,814)	48,435	48,435
Net cash used in financing activities	Net cash used in financing activities	(92,343)	(3,060)	(3,060)	(89,283)	(89,283)	Net cash used in financing activities	(124,279)	(13,051)	(13,051)	(111,228)	(111,228)
Effect of exchange rates	Effect of exchange rates	314	11,636	11,636	(11,322)	(11,322)	Effect of exchange rates	(3,956)	11,183	11,183	(15,139)	(15,139)

Net increase (decrease) in cash and cash equivalents

Net decrease in cash and cash equivalents

Net cash provided by operating activities totaled $127.7 million $165.8 million and $116.7 million $184.7 million for the six nine months ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023, respectively. For the six nine months ended February 29, 2024 May 31, 2024, cash provided by operating activities increased decreased primarily due to an increase in net income without non-cash items which contributed $15.0 million, as well as shifts in working capital generated from changes in our merchandise inventory and accounts payable positions, which contributed $8.7 million. This was partially offset by $35.8 million to the overall decrease. Additionally, a negative net change in our other various operating assets and liabilities when compared to the six-months ended February 28, 2023. Specifically, changes contributed $7.8 million of additional cash used. This was partially offset by an increase in our various operating assets and liabilities resulted in a net change of $12.7 million of cash used income without non-cash items which contributed $24.6 million for the six nine months ended February 29, 2024 May 31, 2024.

Net cash used in investing activities totaled $105.3 million $149.4 million and $96.1 million $197.8 million for the six nine months ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023, respectively. The $9.2 million increase $48.4 million decrease in cash used in investing activities is primarily due to a $51.3 million $103.6 million increase in purchases proceeds from settlements of short-term investments and investments. This was partially offset by a $50.5 million $45.3 million increase in property and equipment expenditures to support growth of our real estate footprint. This was partially offset by footprint and a $92.6 million $10.8 million increase in proceeds from settlements purchases of short-term investments, compared to the same six-month nine-month period a year-ago. We opened three additional clubs during the first six nine months of fiscal year 2024.

Net cash used in financing activities totaled $92.3 million $124.3 million and $3.1 million $13.1 million for the six nine months ended February 29, 2024 May 31, 2024 and February 28, 2023 May 31, 2023, respectively. The $89.3 million $111.2 million increase in cash used in financing activities is primarily the result of repurchases of treasury stock during the first six nine months of fiscal year 2024, a special dividend payment in April of 2024, and lower proceeds from long-term bank borrowings compared to the same period a year ago.

The following table summarizes the dividends declared and paid during fiscal year 2024 and 2023 (amounts are per share):

			First Payment				First Payment					Second Payment					First Payment			Se
Declared	Declared	Amount	Record Date	Date Paid	Date Payable	Amount	Record Date	Date Paid		Date Payable		Amount	Declared	Amount	Record Date	Date Paid	Date Payable	Amount	Record Date	Date Paid
4/3/2024		$ 1.00	4/19/2024	4/30/2024	N/A	$ 1.00			N/A		N/A									
2/1/2024																				
2/3/2023																				

On April 3, 2024, the Company's Board of Directors declared a one-time $1.00 per share special dividend payable paid on April 30, 2024 to stockholders of record on April 19, 2024. The Company has decided to distribute excess cash to stockholders stockholders. The $1.00 per share special dividend is in addition to the Company's annual cash dividend in the form total amount of a special dividend. $1.16 per share, with $0.58 per share paid on February 29, 2024 to stockholders of record as of February 15, 2024 and $0.58 per share payable on August 30, 2024 to stockholders of record as of August 15, 2024. The declaration of future dividends (ongoing or otherwise), if any, the amount of such dividends, and the establishment of record and payment dates is subject to final determination by the Board of Directors at its discretion after its review of the Company's financial performance and anticipated capital requirements, taking into account the uncertain macroeconomic conditions on our results of operations and cash flows.

Capital Expenditures

Capital expenditures were $103.5 million $141.9 million for the six nine months ended February 29, 2024 May 31, 2024, of which $37.2 million $61.6 million and $66.3 million $80.3 million were maintenance and growth expenditures, respectively. Capital expenditures for fiscal year 2023 were $142.5 million, of which $69.3 million and $73.2 million were maintenance and growth expenditures, respectively. In January 2024, the Company purchased its previously leased club building and land which were previously leased, in Panama City, Panama for $33.0 million. The Company also purchased land located in Cartago, Costa Rica, where we plan to open our ninth warehouse club in Costa Rica. Maintenance expenditures are typically for operational fixtures and equipment, building refurbishment, solar, technology and other expenses. Growth expenditures are for new clubs, purchases of previously leased clubs, investments to move existing clubs to better locations, supply chain improvements, and major remodels.

Short-Term Borrowings and Long-Term Debt

Our financing strategy is to ensure liquidity and access to capital markets while minimizing our borrowing costs. The proceeds of these borrowings were or will be used for general corporate purposes, which may include, among other things, funding for working capital, capital expenditures, acquisitions, dividends and repayment of existing debt. Please refer to "Item 1. Financial Statements: Notes to Consolidated Financial Statements, Note 7 – Debt" for further discussion.

Future Lease and Other Commitments

We place a strong emphasis on managing future lease commitments related to various facilities and equipment that support our operations. We believe our current liquidity and cash flow projections can cover future lease commitments. As of February 29, 2024 May 31, 2024, we have signed one lease agreement for a facility to be built by the lessor which has not yet commenced. Please refer to "Item 1. Financial Statements: Notes to Consolidated Financial Statements, Note 6 – Commitments and Contingencies" for further discussion.

Derivatives

Please refer to “Item 1. Financial Statements: Notes to Consolidated Financial Statements, Note 8 – Derivative Instruments and Hedging Activities” for further discussion.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have had, or are reasonably likely to have, a material current or future effect on its financial condition or consolidated financial statements.

Repurchase of Common Stock and Reissuance of Treasury Shares Related to Employee Stock Awards

At the vesting dates for restricted stock awards to our employees, we repurchase a portion of the shares that have vested at the prior day's closing price per share and apply the proceeds to pay the employees' minimum statutory tax withholding requirements related to the vesting of restricted stock awards. The Company expects to continue this practice going forward.

Shares of common stock repurchased by us are recorded at cost as treasury stock and result in the reduction of stockholders’ equity in our consolidated balance sheets. We may reissue these treasury shares in the future.

We have reissued treasury shares as part of our stock-based compensation programs. During the six-months nine months ended February 29, 2024 May 31, 2024, we reissued approximately approximately 3,000 treasury shares.

Share Repurchase Program

In July 2023 we announced a program authorized by our Board of Directors to repurchase up to $75 million of our common stock. We successfully completed the share repurchase program in the first quarter of fiscal year 2024. We purchased a total of approximately 1,007,000 shares of our common stock under the program. The repurchases were made on the open market pursuant to a trading plan established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which permitted us to repurchase common stock at a time that we might otherwise have been precluded from doing so under insider trading laws or self-imposed trading restrictions. We have no plans to continue repurchases or adopt a new repurchase plan at this time. However, the Board of Directors could choose to commence another program in the future at its discretion after its review of the Company’s financial performance and anticipated capital requirements.

Share repurchase activity under the Company’s repurchase programs for the periods indicated was as follows (total cost in thousands):

		Three Months Ended February 29, 2024 May 31, 2024	Three Months Ended February 28, 2023 May 31, 2023		Six Months Ended February 29, 2024 May 31, 2024		February 28, 2023 May 31, 2023	Three Months Ended		Nine Months Ended
Number of common shares acquired	Number of common shares acquired	—	—	935,663	—	Number of common shares acquired	—	—	935,663	—
Average price per common share acquired	Average price per common share acquired	$—	$—	$ 74.13	$—	Average price per common share acquired	$—	$ —	$ 74.13	$ —
Total cost of common shares acquired	Total cost of common shares acquired	$—	$—	$69,362	$—	Total cost of common shares acquired	$—	$ —	$69,362	$ —

Critical Accounting Estimates

The preparation of our consolidated financial statements requires that management make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Some of our accounting policies require management to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Management continues to review its accounting policies and evaluate its estimates, including those related to business acquisitions, contingencies and litigation, income taxes, value added taxes, and long-lived assets. We base our estimates on historical experience and on other assumptions that management believes to be reasonable under the present circumstances. Using different estimates could have a material impact on our financial condition and results of operations.

Income Taxes

For interim reporting, we estimate an annual effective tax rate (AETR) to calculate income tax expense. Our income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect management's best estimate of current and future taxes to be paid.

We are required to file federal and state income tax returns in the United States and income tax and various other tax returns in multiple foreign jurisdictions, each with changing tax laws, regulations and administrative positions. This requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. We record the benefits of uncertain tax positions in our financial statements only after determining it is more likely than not the uncertain tax positions would sustain challenge by taxing authorities, including resolution of related appeals or litigation processes, if any. We develop our assessment of an uncertain tax position based on the specific facts and legal arguments of each case and the associated probability of our reporting position being upheld, using internal expertise and the advice of third-party experts. However, our tax returns are subject to routine reviews by the various taxing authorities in the jurisdictions in which we file our tax returns. As part of these reviews, taxing authorities may challenge, and in some cases presently are challenging, the interpretations we have used to calculate our tax liability. In addition, any settlement with the tax authority or the outcome of any appeal or litigation process might result, and in some cases has resulted, in an outcome that is materially different from our estimated liability. When facts and circumstances change, we reassess these probabilities and record any changes in the consolidated financial statements as appropriate. Variations in the actual outcome of these cases could materially impact our consolidated financial statements.

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future. In evaluating our ability to recover our deferred tax assets in the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. In projecting future taxable income, we begin with historical results and incorporate assumptions about the amount of future state, federal, and foreign pretax operating income adjusted for items that do not have tax consequences. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates we are using to manage the underlying businesses. In evaluating the objective evidence that historical results provide, we consider three years of cumulative operating income.

Tax Receivables

We pay Value Added Tax ("VAT") or similar taxes, income taxes, and other taxes within the normal course of our business in most of the countries in which we operate related to the procurement of merchandise and/or services we acquire and/or on sales and taxable income. VAT is a form of indirect tax applied to the value added at each stage of production (primary, manufacturing, wholesale and retail). This tax is similar to, but operates somewhat differently than, sales tax paid in the United States. We generally collect VAT from our Members upon sale of goods and services and pay VAT to our vendors upon purchase of goods and services. Periodically, we submit VAT reports to governmental agencies and reconcile the VAT paid and VAT received. The net overpaid VAT may be refunded or applied to subsequent returns, and the net underpaid VAT must be remitted to the government.

With respect to income taxes paid, if the estimated income taxes paid or withheld exceed the actual income tax due this creates an income tax receivable. In most countries where we operate, the governments have implemented additional collection procedures, such as requiring credit card processors to remit a portion of sales processed via credit and debit cards directly to the government as advance payments of VAT and/or income tax. This collection mechanism generally leaves us with net VAT and/or income tax receivables, forcing us to process significant refund claims on a recurring basis. These refund or offset processes can take anywhere from several months to several years to complete.

Minimum tax rules, applicable in some of the countries where the Company operates, require the payment of taxes based on a percentage of sales, when the resulting tax is greater than the tax payable based on a percentage of income (Alternative Minimum Tax or "AMT"). This can result in AMT payments substantially in excess of those the Company would expect to pay based on taxable income. As the Company believes that in one country where it operates it should only be ultimately liable for an income-based tax, it has accumulated income tax receivables of $10.9 million and $10.7 million and deferred tax assets of $3.7 million $3.4 million and $3.2 million as of February 29, 2024 May 31, 2024 and August 31, 2023, respectively, in this country.

The Company's various outstanding VAT receivables and/or income tax receivables are based on cases or appeals with their own set of facts and circumstances. The Company consults and evaluates with legal and tax advisors regularly to understand the strength of its legal arguments and probability of successful outcomes in addition to its own experience handling these complex tax issues. While the rules related to refunds of income tax receivables in these countries are unclear and complex, the Company has not placed any type of allowance on the recoverability of the remaining tax receivables or deferred tax assets, because the Company believes that it is more likely than not that it will ultimately succeed in its refund requests. Similarly, we have not placed any recoverability allowances on tax receivables that arise from payments we are required to make pursuant to tax assessments that we are appealing because we believe it is more likely than not that we will ultimately prevail in the related appeals. There can be no assurance, however, that the Company will be successful in recovering all tax receivables or deferred tax assets.

Our policy for classification and presentation of VAT receivables, income tax receivables and other tax receivables is as follows:

- Short-term VAT and Income tax receivables, recorded as Other current assets: This classification is used for any countries where our subsidiary has generally demonstrated the ability to recover the VAT or income tax receivable within one year. We also classify as short-term any approved refunds or credit notes to the extent that we expect to receive the refund or use the credit notes within one year.

- Long-term VAT and Income tax receivables, recorded as Other non-current assets: This classification is used for amounts not approved for refund or credit in countries where our subsidiary has not demonstrated the ability to obtain refunds within one year and/or for amounts which are subject to outstanding disputes. An allowance is provided against VAT and income tax receivable balances in dispute when we do not expect to eventually prevail in our recovery of such balances. We do not currently have any allowances provided against VAT and income tax receivables.

Long-lived Assets

We evaluate quarterly our long-lived assets for indicators of impairment. Indicators that an asset may be impaired are:

- the asset's inability to continue to generate income from operations and positive cash flow in future periods;
- loss of legal ownership or title to the asset;
- significant changes in its strategic business objectives and utilization of the asset(s); and
- the impact of significant negative industry or economic trends.

Management's judgments are based on market and operational conditions at the time of the evaluation and can include management's best estimate of future business activity, which in turn drives estimates of future cash flows from these assets. These periodic evaluations could cause management to conclude that impairment factors exist, requiring an adjustment of these assets to their then-current fair market value. Future business conditions and/or activity could differ materially from the projections made by management causing the need for additional impairment charges. We did not record any impairment charges during the second third quarter of fiscal year 2024 related to the loss of legal ownership or title to assets; significant changes in the Company's strategic business objectives or utilization of assets; or the impact of significant negative industry or economic trends. Loss on disposal of assets recorded during the years reported resulted from improvements to operations and normal preventive maintenance.

Seasonality

Historically, our merchandising businesses have experienced holiday retail seasonality in their markets. In addition to seasonal fluctuations, our operating results fluctuate quarter-to-quarter as a result of economic and political events in markets that we serve, the timing of holidays, weather, the timing of shipments, product mix, and currency effects on the cost of U.S.-sourced products which may make these products more or less expensive in local currencies and therefore more or less affordable. Because of such fluctuations, the results of operations of any quarter are not indicative of the results that may be achieved for a full fiscal year or any future quarter. In addition, there can be no assurance that our future results will be consistent with past results or the projections of securities analysts.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to our operations result primarily from changes in interest rates and changes in currency exchange rates. There have been no material changes in our market risk factors at February 29, 2024 May 31, 2024 compared to those disclosed in our Annual Report on Form 10-K for the fiscal year ended August 31, 2023.

From time to time, we have experienced a lack of availability of U.S. dollars in certain markets (U.S. dollar illiquidity). This impedes our ability to convert local currencies obtained through merchandise sales into U.S. dollars to settle the U.S. dollar liabilities associated with our imported products and to otherwise redeploy these funds in our Company. Since fiscal year 2017, we have experienced this situation in Trinidad and have been unable to source a sufficient level of tradable currencies. We are working with our banks in Trinidad to source tradable currencies. During the third quarter of fiscal year 2023, the Honduran Central Bank began limiting the availability and controlling the allocation of U.S. dollars for the conversion from Honduran lempiras to U.S. dollars. We are actively working with our banking partners and government authorities to address this situation. Refer to "Item 2. Management's Discussion & Analysis – Factors Affecting Our Business" and "Item 2. Management's Discussion & Analysis – Liquidity: Financial Position and Cash Flow" for our quantitative analysis and discussion.

Information about the financial impact of foreign currency exchange rate fluctuations for the three and six-month nine-month periods ended February 29, 2024 May 31, 2024 is disclosed in "Item 2. Management's Discussion & Analysis – Other Expense, net."

Information about the change in the fair value of our hedges and the financial impact thereof for the three and six-month nine-month periods ended February 29, 2024 May 31, 2024 is disclosed in "Item 1. Financial Statements: Notes to Consolidated Financial Statements, Note 8 – Derivative Instruments and Hedging Activities."

Information about the movements in currency exchange rates and the related impact on the translation of the balance sheets of our subsidiaries whose functional currency is not the U.S. dollar for the three and six-month nine-month periods ended February 29, 2024 May 31, 2024 is disclosed in "Item 2. Management's Discussion & Analysis – Other Comprehensive Loss. Income."

ITEM 4. CONTROLS AND PROCEDURES

Limitations on Effectiveness of Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the timelines specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decision regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, we have investments in certain unconsolidated entities. Because we do not control or manage those entities, our control procedures with respect to those entities were substantially more limited than those we maintain with respect to our consolidated subsidiaries.

Evaluation of Disclosure Controls and Procedures

As required by SEC Rules 13a-15(e) or 15d-15(e), we carried out an evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon their evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

In the ordinary course of business, we review our system of internal control over financial reporting and make changes to our systems and processes to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems and automating manual processes. There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 are filed as Exhibit 31.1 and 31.2 to this report.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are often involved in claims arising in the ordinary course of business seeking monetary damages and other relief. Based upon information currently available to us, none of these claims is expected to have a material adverse effect on our business, financial condition or results of operations. Refer to Part I. “Item 1. Financial Statements and Supplementary Data: Notes to Consolidated Financial Statements, Note 6 – Commitments and Contingencies” for additional information regarding our legal proceedings.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, the reader should carefully consider the factors discussed in Part I. “Item 1A. Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended August 31, 2023. There have been no material changes in the Company’s risk factors from those discussed in Part I, Item 1A of the Company’s Annual Report Form 10-K for the fiscal year ended August 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) None.

(b) None.

(c) Purchase of Equity Securities by the Issuer and Affiliated Purchasers.

Upon vesting of restricted stock awarded by the Company to employees, the Company repurchases shares and withholds the amount of the repurchase payment to cover employees’ tax withholding obligations. Additionally, we announced in July 2023 that the Board of Directors authorized a program to repurchase up to $75 million of our common stock. During the first quarter of fiscal year 2024, we successfully completed the share repurchase program. We purchased a total of approximately 1,007,000 shares of our common stock under the program. The repurchases were made on the open market pursuant to a trading plan established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which permitted us to repurchase common stock at a time that we might otherwise have been precluded from doing so under insider trading laws or self-imposed trading restrictions. We have no plans to continue repurchases or to adopt a new repurchase plan at this time. However, the Board of Directors could choose to commence another program in the future, at its discretion, after its review of the Company’s financial performance and anticipated capital requirements.

The following table sets forth information on our common stock repurchase activity for the quarter ended February 29, 2024 (dollars in thousands, except total number of shares purchased and per share data) May 31, 2024:

Period	Total Number of Shares Purchased		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
December 1, 2023 - December 31, 2023	—	$	—	—	$	—
January 1, 2024 - January 31, 2024	23,106		76.44	—		—
February 1, 2024 - February 29, 2024	—		—	—		—
Total	23,106	$	76.44	—	$	—

Period	Total Number of Shares Purchased		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
March 1, 2024 - March 31, 2024	615	$	84.00	—	$	—
April 1, 2024 - April 30, 2024	764		81.58	—		—
May 1, 2024 - May 31, 2024	—		—	—		—
Total	1,379	$	82.66	—	$	—

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None. Rule 10b5-1 Trading Arrangements

On April 12, 2024, Michael McCleary, our Executive Vice President and Chief Financial Officer, adopted a written plan for the sale of our common stock that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act (a “Rule 10b5-1 Trading Plan”). Mr. McCleary’s Rule 10b5-1 Trading Plan provides for the sale of up to 12,000 shares of the Company's common stock by The McCleary Family Trust during the period beginning on July 23, 2024 and ending January 24, 2025.

On April 12, 2024, Francisco Velasco, our Executive Vice President – Chief Legal Officer, Chief Risk & Compliance Officer and Corporate Secretary, adopted a Rule 10b5-1 Trading Plan. Mr. Velasco’s Rule 10b5-1 Trading Plan provides for the sale of up to 2,795 shares of the Company's common stock during the period beginning on July 15, 2024 and ending July 15, 2025.

During the third quarter of fiscal year 2024, except as described above, none of our other directors or executive officers adopted or terminated a Rule 10b5-1 Trading Plan, or a “non-Rule 10b5-1 trading arrangement” (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

(a) *Exhibits:*

3.1(1)	Amended and Restated Certificate of Incorporation of the Company.
3.2(2)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of the Company.
3.3(3)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of the Company.
3.4(4)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of the Company.
3.5(5)	Second Amended and Restated Bylaws of the Company.
3.6 3.6(6)	Amendment to Second Amended and Restated Bylaws of PriceSmart, Inc.
10.1*	Amended and Restated Employment Agreement between the Company and Ana Luisa Bianchi, dated January 1, 2024.
10.2*	Employment Agreement between the Company and Paul Kovaleski, dated January 1, 2024.
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Quarterly Report on Form 10-Q.

** These certifications are being furnished solely to accompany this Report pursuant to 18 U.S.C. 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of PriceSmart, Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

(1) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 1997 filed with the Commission on November 26, 1997.
(2) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 29, 2004 filed with the Commission on April 14, 2004.
(3) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 2004 filed with the Commission on November 24, 2004.

(4) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on February 2, 2024.
(5) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on July 17, 2015.
(6) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on December 9, 2022.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRICESMART, INC.

Date: April 9, July 10, 2024 By: /s/ ROBERT E. PRICE

Robert E. Price
Interim Chief Executive Officer
(Principal Executive Officer)

Date: April 9, July 10, 2024 By: /s/ MICHAEL L. MCCLEARY

Michael L. McCleary
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement ("Agreement") is made as of January 1, 2024, between PriceSmart, Inc. (the "Company") and Ana Luisa Bianchi (the "Executive").

WHEREAS, the Company and the Executive previously entered into an Employment Agreement dated August 1, 2018 (the "Prior Agreement").

WHEREAS, the Company and the Executive desire to amend and restate the Prior Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Position and Duties.

(a) The Executive shall serve as the Company's Executive Vice President– Merchandise Exports and Business to Business. The Executive will report to the Company's Executive Vice President and Chief Merchandising Officer.

(b) The Executive shall perform those services customary to this office and such other lawful duties that the Company's Chief Executive Officer, Chief Operating Officer or Chief Merchandising Officer may reasonably assign to her. The Executive shall devote all of her business time and best efforts to the performance of her duties under this Agreement and shall be subject to, and shall comply with the Company policies, practices and procedures and all codes of ethics or business conduct applicable to her position, as in effect from time to time. Notwithstanding the foregoing, the Executive shall be entitled to (i) serve as a member of the board of directors of a reasonable number of other companies, subject to the advance approval of the Chief Operating Officer, which approval shall not be unreasonably withheld, (ii) serve on civic, charitable, educational, religious, public interest or public service boards, subject to the advance approval of the Chief Operating Officer, which approval shall not be unreasonably withheld, and (iii) manage the Executive's personal and family investments, in each case, to the extent such activities do not materially interfere, as determined by the Chief Operating Officer in good faith, with the performance of the Executive's duties and responsibilities hereunder.

2. Term. This Agreement and the Executive's employment pursuant to this Agreement shall begin on January 1, 2024 (the "Effective Date") and end on the first anniversary of the Effective Date, unless terminated earlier by the Company or the Executive pursuant to Section 4 of this Agreement. This Agreement shall renew automatically for another one-year term on each anniversary of the Effective Date, unless either the Company or Executive notifies the other, in writing and in accordance with Section 17 herein, at least 60 days prior to the end of the then-current one-year term (the "Expiration Date") that either the Company or Executive wishes to terminate this Agreement (in which case this Agreement shall terminate in accordance with Section 4(a) herein). The term of this Agreement shall begin on the Effective Date and end on the Expiration Date, unless terminated earlier by the Company or the Executive pursuant to Section 4 of this Agreement (the "Term").

3. Compensation and Related Matters.

(a) Base Salary. During the Term, the Executive's annual base salary shall be $425,000 (the "Base Salary"). The Base Salary shall be payable in accordance with the

Company's normal payroll procedures in effect from time to time and may be increased, but not decreased, at the discretion of the Company.

(b) Bonus. During the Term, the Executive shall be entitled to receive a bonus (the "Bonus") for each fiscal year, payable in cash in accordance with, and subject to the terms and conditions of, the Company's bonus or other cash incentive program (each, a "Bonus Program"), if either (or both) are then applicable to Company executives. Any Bonus compensation payable to the Executive shall be payable in accordance with the Company's Bonus Program (if applicable), subject to the condition that the Executive remain employed by the Company through the end of the relevant Bonus year, except as set forth in Section 5 herein.

(c) Business Expenses. During the Term, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by her in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its senior executive officers.

(d) Other Benefits. During the Term and subject to any contribution therefor required of employees of the Company, the Executive shall be eligible to participate in all equity, pension, savings and retirement plans, welfare and insurance plans, practices, policies, programs and perquisites of employment applicable generally to other senior executives of the Company, except to the extent any employee benefit plan provides for benefits otherwise provided to the Executive hereunder (e.g., bonuses and severance). Such participation shall be subject to (i) requirements of applicable law, (ii) the terms of the applicable plan documents, (iii) generally applicable Company policies, and (iv) the discretion of the Company's Board of Directors (the "Board") or any administrative or other committee provided for under or contemplated by such plan. The Executive shall have no recourse against the Company under this Agreement in the event that the Company should alter, modify, add to or eliminate any or all of its employee benefit plans.

(e) Vacation; Holidays. During the Term, the Executive shall be entitled to take vacation and other holiday time in accordance with the policies applicable to senior executives of the Company generally.

4. Termination. The Executive's employment may be terminated prior to the expiration of the Term hereof and this Agreement may be terminated under the following circumstances:

(a) Expiration. Executive's employment shall terminate on the Expiration Date following the Company's or Executive's written notice indicating that either the Company or Executive will not renew this Agreement in accordance with Section 2 herein.

(b) Death. The Executive's employment shall terminate upon her death.

(c) Disability. The Company may terminate the Executive's employment if the Executive becomes subject to a Disability. For purposes of this Agreement, "Disability" means the Executive is unable to perform the essential functions of her position, with or without a reasonable accommodation, for a period of 90 consecutive calendar days or 180 non-consecutive calendar days within any rolling 12-month period.

(d) Termination by Company for Cause. The Company may terminate the Executive's employment for Cause. For purposes of this Agreement, "Cause" means (i) the Executive's repeated and habitual failure to perform her duties or obligations hereunder; (ii) engaging in any act that has a direct, substantial and adverse effect on the Company's interests;

(iii) personal dishonesty, willful misconduct, or breach of fiduciary duty involving personal profit; (iv) intentional failure to perform her stated duties; (v) willful violation or reckless disregard of any law, rule or regulation which materially adversely affects her ability to discharge her duties or has a direct, substantial and adverse effect on the Company's interests; (vi) any material breach of her contract by Executive; or (vii) conduct authorizing termination under Cal. Labor Code § 2924.

(e) Termination by the Company without Cause. The Company may terminate the Executive's employment at any time without Cause upon 30 days' prior written notice.

(f) Termination by the Executive. The Executive may terminate her employment at any time for any reason other than a Good Reason, upon 60 days' prior written notice.

(g) Termination by the Executive for Good Reason. The Executive may terminate her employment for Good Reason. For purposes of this Agreement, "Good Reason" means the existence of any one or more of the following conditions without the Executive's consent, provided Executive submit written notice to the Company within 45 days after such condition(s) first arose specifying the condition(s): (i) a material change in or reduction of the Executive's authority, duties and responsibilities, or the assignment to the Executive of duties materially inconsistent with the Executive's position with the Company; (ii) a material reduction in the Executive's then-current compensation; or (iii) the requirement that Executive relocate to an office location more than fifty (50) miles from Miami, Florida. The Executive's continued employment subsequent to an event that may constitute Good Reason shall not be deemed to be a waiver of her rights under this provision (subject to the 45-day time period specified herein). Upon receipt of written notice from the Executive regarding a condition constituting Good Reason, the Company shall then have 30 days to correct the condition (the "Cure Period"). If such condition is not corrected by the last day of the Cure Period, the Executive's resignation for Good Reason shall become effective on the 31st day following the Executive's written notice specifying the events giving rise to a Good Reason termination.

(h) The "Termination Date" means: (i) if the Executive's employment is terminated by her death under Section 4(b), the date of her death; (ii) if the Executive's employment is terminated on account of her Disability under Section 4(c), the date on which the Company provides the Executive a written termination notice; (iii) if the Company terminates the Executive's employment for Cause under Section 4(d), the date on which the Company provides the Executive a written termination notice; (iv) if the Company terminates the Executive's employment without Cause under Section 4(e), 30 days after the date on which the Company provides the Executive a written termination notice; (v) if the Executive resigns her employment without Good Reason under Section 4(f), 60 days after the date on which the Executive provides the Company a written termination notice; (vi) if the Executive resigns her employment with Good Reason under Section 4(g), the 31st day following the day the Executive provides the Company with written notice of the conditions constituting same, if the Company has not cured such conditions by the 30th day; and (vii) the Expiration Date in the event of a termination pursuant to Section 4(a).

(i) Actions on Termination Date. Executive agrees that on or before the Termination Date, Executive shall resign from all board and officer positions with the Company and its subsidiaries and affiliates, and this Agreement shall constitute an agreement to so resign upon the effective date of Executive's termination.

(j) Access to Company Property. Upon delivery of any notice of intent not to renew or any notice of termination, the Company may, immediately or at any time after such notice, preclude Executive from having access to the Company's facilities, equipment, computers and any related processes and property.

5. Compensation upon Termination.

(a) Accrued Obligations Payable upon any Termination. Upon the termination of Executive's employment with the Company for any reason, the Company shall pay or provide to the Executive (or Executive's estate) the following amounts through the Termination Date: any earned but unpaid Base Salary, unpaid expense reimbursements, any vested benefits the Executive may have under any employee benefit plan of the Company, and if a Bonus Program is in existence, any earned but unpaid Bonus for the fiscal year prior to the fiscal year in which the Termination Date occurs (the "Accrued Obligations") on or before the time required by law but in no event more than 30 days after the Executive's Termination Date.

(b) Termination by the Company without Cause, or by the Executive with Good Reason, or Due to Expiration of the Term following the Company's Delivery to Executive of a Notice of Intent Not to Renew. If, prior to the expiration of the Term, the Executive's employment is terminated by the Company without Cause pursuant to Section 4(e), or the Executive terminates her employment for Good Reason pursuant to Section 4(g), or the Executive's employment terminates due to the expiration of the Term following the Company's delivery to Executive of a notice of intent not to renew pursuant to Section 4(a), then the Executive shall be entitled to the following, subject to Section 6:

(i) If a Bonus Program is in existence, the Company shall pay the Executive a pro rata portion of the Bonus earned as of the Termination Date with respect to the bonus year in which the Termination Date occurs (the "Pro-Rata Bonus");

(ii) Subject to the timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall continue to contribute to the premium cost of the Executive's participation and that of her eligible dependents' in the Company's group health plan (to the extent permitted under applicable law and the terms of such plan) which covers the Executive (and the Executive's eligible dependents) for a period of twelve (12) months; provided (x) the Executive pays the remainder of the premium cost of such participation by payroll deduction (if any); (y) the Executive is eligible and remains eligible for COBRA coverage; and (z) the Executive reports to the Company on a monthly basis any health care premium payments received from another employer during such 12-month period, as such amounts shall be deducted from any Company-paid COBRA premium contribution. If the reimbursement of any COBRA premiums would violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Patient Protection and Affordable Care Act of 2010, together with the Health Care and Education Reconciliation Act of 2010 (collectively, the "Act") or Section 105(h) of the Internal Revenue Code of 1986, as amended (the "Code"), the Company-paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent, necessary to eliminate any discriminatory treatment or taxation under the Act or Section 105(h) of the Code. If the Executive's participation or that of her eligible dependents' participation would give rise to penalties or taxes against the Company under the Act, as determined by the Company in its sole discretion, the Company shall instead make cash payments to the Executive over the same period in monthly installments in an amount equal to the Company's portion of the monthly cost of providing such benefits under its group health plan for such period; and

(iii) The Company shall pay the Executive severance in an amount equal to one times the Base Salary at the rate in effect on the Termination Date (but without giving effect to any reduction if one or all of the bases for the Executive's resignation for Good Reason is a reduction in compensation) in 24 equal installments (totaling twelve months) as set forth in Section 6.

(c) Termination by the Company for Disability. If, prior to the expiration of the Term, the Executive's employment is terminated by the Company for Disability pursuant to Section 4(c), then the Executive shall be entitled to the following subject to Section 6:

(i) If a Bonus Program is in existence, the Company shall pay the Executive a Pro-Rata Bonus;

(ii) Subject to the timely election of continuation coverage under COBRA, the Company shall continue to contribute to the premium cost of the Executive's participation and that of her eligible dependents in the Company's group health plan (to the extent permitted under applicable law and the terms of such plan) which covers the Executive (and the Executive's eligible dependents) for a period of 12 months; provided (x) the Executive pays the remainder of the premium cost of such participation by payroll deduction (if any); (y) the Executive is eligible and remains eligible for COBRA coverage; and (z) the Executive reports to the Company on a monthly basis any health care premium payments received from another employer during such 12-month period, as such amounts shall be deducted from any Company-paid COBRA premium contribution. If the reimbursement of any COBRA premiums would violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Act or Section 105(h) of the Code, the Company-paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent, necessary to eliminate any discriminatory treatment or taxation under the Act or Section 105(h) of the Code. If the Executive's participation or that of her eligible dependents participation would give rise to penalties or taxes against the Company under the Act, as determined by the Company in its sole discretion, the Company shall instead make cash payments to the Executive over the same period in monthly installments in an amount equal to the Company's portion of the monthly cost of providing such benefits under its group health plan for such period;

(iii) The Company shall pay the Executive severance in an amount equal to one times the Base Salary at the rate in effect on the Termination Date in 24 equal installments (totaling twelve months) as set forth in Section 6; provided, however, that the Company shall deduct from such severance any earned income (other than passive investment income) or disability payments received by Executive during such 12-month period, and as to which Executive covenants to report to the Company such income on a bi-weekly basis.

(d) Termination by the Company due to Executive's Death. If, prior to the expiration of the Term, the Executive's employment is terminated by the Company due to Executive's Death pursuant to Section 4(b), then the Executive's estate shall be entitled to the following subject to Section 6:

(i) If a Bonus Program is in existence, the Company shall pay the Executive a Pro-Rata Bonus;

(ii) Subject to the timely election of continuation coverage under COBRA, the Company shall continue to contribute to the premium cost of Executive's eligible dependents' in the Company's group health plan (to the extent permitted under applicable law and the terms of such plan) for a period of twelve (12) months; provided (x) the Executive's estate pays the remainder of the premium cost of such participation by payroll deduction (if any) and (y) the Executive's dependents remain eligible for COBRA coverage. If the reimbursement of any COBRA premiums would violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Act or Section 105(h) of the Code, the Company paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent, necessary to eliminate any discriminatory treatment or taxation under the Act or Section 105(h) of the Code. If the participation of Executive's eligible dependents would give rise to penalties or taxes against the Company under the Act, as determined by the Company in its sole discretion, the Company shall instead make cash payments to the Executive's estate over the same period in monthly installments in an amount equal to the Company's portion of the monthly cost of providing such benefits under its group health plan for such period.

(e) Termination by the Company Due to Cause or Due to Expiration of the Term following Executive's Delivery to the Company of a Notice of Intent Not to Renew or by Executive without Good Reason and Without Notice. If, prior to the expiration of the Term, the Company terminates Executive's employment for Cause pursuant to Section 4(d), or Executive's employment terminates due to the expiration of the Term following Executive's delivery to the Company of a notice of intent not to renew pursuant to Section 4(a) or by Executive without Good Reason and without notice pursuant to Section 4(f), then the Executive shall be entitled only to the Accrued Obligations in Section 5(a) and shall be entitled to no other benefits from the Company.

(f) Termination by Executive without Good Reason and With Notice. If, prior to the expiration of the Term, Executive terminates without Good Reason but provides the minimum of 60 days' notice of such termination pursuant to Section 4(f), and such notice makes the Termination Date at or after the time period encompassed by the relevant bonus year, then in addition to the Accrued Obligations set forth in Section 5(a), Executive shall be entitled to Executive's accrued but unpaid Bonus, to the extent such a Bonus Program exists. In such event, the Bonus shall be paid on the date the bonuses are paid to other Executives pursuant to the applicable Bonus Program, without reference to the actual Termination Date.

6. Release; Payment. Except for the Accrued Obligations provided for in Section 5(a), any other payments and benefits provided for in Section 5 shall be conditioned on (a) the Executive's continued compliance with the obligations of the Executive under Sections 8 and 9 and (b) the Executive or, in the event of her death, her estate, executing and delivering to the Company a full release of all claims that the Executive, her heirs and assigns may have against the Company, its affiliates and subsidiaries and each of their respective directors, officers, employees and agents, in a form reasonably acceptable to the Company, which shall include an affirmation by Executive that Executive shall fully comply with Sections 8 and 9 of this Agreement (the "Release"). The Release must become enforceable and irrevocable on or before the sixtieth (60th) day following the Termination Date. If the Executive (or her estate) fails to execute without revocation the Release, she shall be entitled to the Accrued Obligations only and no other benefits. The installments of severance provided under Sections 5(b)(iii) and 5(c)(iii) shall commence in the calendar month following the month in which the Release becomes enforceable and irrevocable. If, however, the 60-day period in which the Release must become enforceable and irrevocable begins in one year and ends in the following year, the Company shall commence payment of the severance installments in the second year in the later of January and the first calendar month following the month in which the Release becomes effective and irrevocable. The first installment shall include, however, all amounts that would otherwise have been paid to the Executive between the Termination Date and the Executive's receipt of the first installment, assuming the first installment would otherwise have been paid in the month following the month in which the Termination Date occurs. Any Pro-Rata Bonus payable in Section 5 shall be paid on the later of the date it is to be paid under the applicable Bonus Program and the date that the severance payments commence to be paid under this Section 6.

7. Section 409A Compliance.

(a) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(b) To the extent that any of the payments or benefits provided for in Section 5 are deemed to constitute non-qualified deferred compensation benefits subject to Section 409A of the Code, the following interpretations apply to Section 5:

(i) Any termination of the Executive's employment triggering payment of benefits under Section 5 must constitute a "separation from service" under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. § 1.409A-l(h) before distribution of such benefits can commence. To the extent that the termination of the Executive's employment does not constitute a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A- 1(h) (as the result of further services that are reasonably anticipated to be provided by the Executive to the Company or any of its parents, subsidiaries or affiliates at the time the Executive's employment terminates), any benefits payable under Section 5 that constitute deferred compensation under Section 409A of the Code shall be delayed until after the date of a subsequent event constituting a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A-1(h). For purposes of clarification, this Section 7(b)(i) shall not cause any forfeiture of benefits on the Executive's part, but shall only act as a delay until such time as a "separation from service" occurs.

(ii) Because the Executive is a "specified employee" (as that term is used in Section 409A of the Code and regulations and other guidance issued thereunder) on the date her separation from service becomes effective, any benefits payable under Section 5 that constitute non-qualified deferred compensation under Section 409A of the Code shall be delayed until the earlier of (A) the business day following the six-month anniversary of the date her separation from service becomes effective, and (B) the date of the Executive's death, but only to the extent necessary to avoid such penalties under Section 409A of the Code. On the earlier of (A) the business day following the six-month anniversary of the date her separation from service becomes effective, and (B) the Executive's death, the Company shall pay the Executive in a lump sum the aggregate value of the non-qualified deferred compensation that the Company otherwise would have paid the Executive prior to that date under Section 5 of this Agreement.

(iii) It is intended that each installment of the payments and benefits provided under Section 5 of this Agreement shall be treated as a separate "payment" for purposes of Section 409A of the Code. In particular, the installment severance payments set forth in Section 6 of this Agreement shall be divided into two portions. That number of installments commencing on the first payment date set forth in Section 7 of this Agreement that are in the aggregate less than two times the applicable compensation limit under Section 401(a)(17) of the Code for the year in which the Termination Date occurs (provided the termination of the Executive's employment is also a separation from service) shall be payable in accordance with Treas. Reg. § 1.409A-l(b)(9)(iii) as an involuntary separation plan. The remainder of the installments shall be paid in accordance with Sections 7(b)(i) and (ii) above.

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8. Confidentiality and Restrictive Covenants.

(a) The Executive acknowledges that:

(i) the Company (which, for purposes of this Section 8 shall include the Company and each of its subsidiaries and affiliates) operates membership warehouse clubs in Central America, Colombia and the Caribbean (the "Business");

(ii) the Company is dependent on the efforts of a certain limited number of persons who have developed, or will be responsible for developing the Company's Business;

(iii) the Company's Business is international in scope;

(iv) the Business in which the Company is engaged is intensely competitive and that Executive's employment by the Company will require that she have access to and knowledge of nonpublic confidential information of the Company and the Company's Business, including, but not limited to, certain/all of the Company's products, plans for creation, acquisition or disposition of products or publications, strategic and expansion plans, formulas, research results, marketing plans, financial status and plans, budgets, forecasts, profit or loss figures, distributors and distribution strategies, pricing strategies, improvements, sales figures, contracts, agreements, then existing or then prospective suppliers and sources of supply and customer lists, undertakings with or with respect to the Company's customers or prospective customers, and patient information, product development plans, rules and regulations, personnel information and trade secrets of the Company, all of which are of vital importance to the success of the Company's business (collectively, "Confidential Information");

(v) the direct or indirect disclosure of any Confidential Information would place the Company at a serious competitive disadvantage and would do serious damage, financial and otherwise, to the Company's business;

(vi) by her training, experience and expertise, the Executive's services to the Company is special and unique;

(vii) the covenants and agreements of the Executive contained in this Section 8 are essential to the business and goodwill of the Company; and

(viii) if the Executive leaves the Company's employ to work for a competitive business, in any capacity, it would cause the Company irreparable harm.

(b) Covenant Against Disclosure. All Confidential Information relating to the Business is, shall be and shall remain the sole property and confidential business information of the Company, free of any rights of the Executive. The Executive shall not make any use of the Confidential Information except in the performance of her duties hereunder and shall not disclose any Confidential Information to third parties, without the prior written consent of the Company.

(c) Return of Company Documents. On the Termination Date or on any prior date upon the Company's written demand, the Executive will return all memoranda, notes, lists, records, property and other tangible product and documents concerning the Business, including all Confidential Information, in her possession, directly or indirectly, that is in written or other tangible form (together with all duplicates thereof) and that she will not retain or furnish any such Confidential Information to any third party, either by sample, facsimile, film, audio or video cassette, electronic data, verbal communication or any other means of communication.

(d) Further Covenant. During the Term and through the second anniversary of the Termination Date, the Executive shall not, directly or indirectly, take any of the following actions, and, to the extent the Executive owns, manages, operates, controls, is employed by or participates in the ownership, management, operation or control of, or is connected in any manner with, any business, the Executive will use her best efforts to ensure that such business does not take any of the following actions:

(i) Persuade or attempt to persuade any customer of the Company to cease doing business with the Company, or to reduce the amount of business any customer does with the Company;

(ii) Take any action that interferes with the Company's contracts or prospective contracts with its customers; or

(iii) Persuade or attempt to persuade any employee or independent contractor of the Company to leave the service of the Company, where such individual was an employee or independent contractor of the Company within one year prior to the Executive's Termination Date.

(e) Enforcement. The Executive acknowledges and agrees that any breach by her of any of the provisions of this Section 8 (the "Restrictive Covenants") would result in irreparable injury and damage for which money damages would not provide an adequate remedy. Therefore, if the Executive breaches or threatens to commit a breach of any of the provisions of Section 8, the Company shall have the ability to seek the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity (including, without limitation, the recovery of damages): (i) the right and remedy to have the Restrictive Covenants specifically enforced (without posting bond and without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to an entry against the Executive of restraining orders and injunctions (preliminary, mandatory, temporary and permanent) against violations, threatened or actual, and whether or not then continuing, of such covenants; and (ii) the right and remedy to require the Executive to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits (collectively, "Benefits") derived or received by her as the result of any transactions constituting a breach of the Restrictive Covenants, and the Executive shall account for and pay over such Benefits to the Company and, if applicable, its affected subsidiaries and/or affiliates. The Executive agrees that in any action seeking specific performance or other equitable relief, she will not assert or contend that any of the provisions of this Section 8 are unreasonable or otherwise unenforceable. Other than a material breach of this Agreement, the existence of any claim or cause of action by the Executive, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of the Restrictive Covenants. Notwithstanding anything in this Agreement to the contrary, in the event that any claim, action, or suit is brought for the purpose of determining or enforcing the rights of the Company under this Section 8, and the Company is the prevailing party in such claim, action, or suit, the Company shall be entitled to recover from the Executive all reasonable costs and expenses incurred by it, including reasonable attorneys' fees.

(f) Defend Trade Secrets Act. Nothing in this Agreement shall prohibit the Executive from reporting possible violations of federal law or regulation to any governmental agency or entity including but not limited to the Department of Justice, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, and any Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. The Executive does not need the prior authorization of the Company

to make any such reports or disclosures and the Executive is not required to notify the Company that the Executive has made such reports or disclosures. Under the Defend Trade Secrets Act of 2016, the Company hereby provides notice and Executive hereby acknowledges that Executive may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) is solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

9. Intellectual Property.

(a) Works for Hire. All creations, inventions, ideas, designs, software, copyrightable materials, trademarks, and other technology and rights (and any related improvements or modifications), whether or not subject to patent or copyright protection (collectively, "Creations"), relating to any activities of the Company which were, are, or will be conceived by the Executive or developed by the Executive in the course of her employment or other services with the Company, whether conceived alone or with others and whether or not conceived or developed during regular business hours, and if based on Confidential Information, after the termination of the Executive's employment, shall be the sole property of the Company and, to the maximum extent permitted by applicable law, shall be deemed "works made for hire" as that term is used in the United States Copyright Act. The Executive agrees to assign and hereby does assign to the Company all Creations conceived or developed from the start of this employment with the Company through to the Termination Date, and after the Termination Date if the Creation incorporates or is based on any Confidential Information.

(b) Assignment. To the extent, if any, that the Executive retains any right, title or interest with respect to any Creations delivered to the Company or related to her employment with the Company, the Executive hereby grants to the Company an irrevocable, paid-up, transferable, sub-licensable, worldwide right and license: (i) to modify all or any portion of such Creations, including, without limitation, the making of additions to or deletions from such Creations, regardless of the medium (now or hereafter known) into which such Creations may be modified and regardless of the effect of such modifications on the integrity of such Creations; and (ii) to identify the Executive, or not to identify her, as one or more authors of or contributors to such Creations or any portion thereof, whether or not such Creations or any portion thereof have been modified. The Executive further waives any "moral" rights, or other rights with respect to attribution of authorship or integrity of such Creations that she may have under any applicable law, whether under copyright, trademark, unfair competition, defamation, right of privacy, contract, tort or other legal theory.

Notwithstanding the foregoing, pursuant to California Labor Code Section 2870, the foregoing shall not apply to an invention that Executive developed entirely on her own time without using the Company's equipment, supplies, facilities, or trade secret information except for those inventions that either:

- Relate at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development of the Company; or
- Result from any work performed by the Executive for the Company.

(c) Disclosure. The Executive will promptly inform the Company of any Creations she conceives or develops during the Term. The Executive shall (whether during her employment or after the termination of her employment) execute such written instruments and do other such acts as may be necessary in the opinion of the Company or its counsel to secure the

Company's rights in the Creations, including obtaining a patent, registering a copyright, or otherwise (and the Executive hereby irrevocably appoints the Company and any of its officers as her attorney in fact to undertake such acts in her name). The Executive's obligation to execute written instruments and otherwise assist the Company in securing its rights in the Creations will continue after the termination of her employment for any reason, the Company shall reimburse the Executive for any out-of-pocket expenses (but not attorneys' fees) she incurs in connection with her compliance with this Section 9(c).

10. Arbitration.

(a) All disputes between Executive (and Executive's attorneys, successors, and assigns) and the Company (and its affiliates, subsidiaries, shareholders, directors, officers, employees, agents, successors, attorneys, and assigns) relating in any manner to Executive's employment or the termination of Executive's employment, including, without limitation, all disputes arising under this Agreement ("Arbitrable Claims"), shall be resolved by final and binding arbitration to the fullest extent permitted by law. Arbitrable Claims shall include, but are not limited to, contract (express or implied) and tort claims of all kinds, as well as all claims based on any federal, state, or local law, statute, or regulation, excepting only claims under applicable workers' compensation law and unemployment insurance claims. By way of example and not in limitation of the foregoing, Arbitrable Claims shall include any claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and the California Fair Employment and Housing Act, the Family Medical Leave Act as well as all claims under any applicable state or federal statute including but not limited to the California Labor Code, and any claims asserting wrongful termination, breach of contract, breach of the covenant of good faith and fair dealing, negligent or intentional infliction of emotional distress, harassment, discrimination, negligent or intentional misrepresentation, negligent or intentional interference with contract or prospective economic advantage, fraud, defamation, invasion of privacy, all claims related to disability and all wage or benefit claims, including but not limited to claims for salary, bonuses, profit participation, commissions, stock, stock options, vacation pay, fringe benefits or any form of compensation. Arbitration shall be final and binding upon the Parties and shall be the exclusive remedy for all Arbitrable Claims, except that the Parties may seek interim injunctive relief and other provisional remedies in court as set forth in this Agreement. The Parties hereby waive any rights they may have to trial by jury or any other form of administrative hearing or procedure in regard to the Arbitrable Claims.

(b) Claims shall be arbitrated in accordance with the then-existing National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA Employment Rules"), as augmented by this Agreement. Arbitration shall be initiated as provided by the AAA Employment Rules, although the written notice to the other Party initiating arbitration shall also include a statement of the claims asserted and all the facts upon which the claims are based. Either Party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. Otherwise, neither Party shall initiate or prosecute any lawsuit or administrative action in any way related to any Arbitrable Claim. All arbitration hearings under this Agreement shall be conducted at the AAA office located nearest to Miami, Florida. The Federal Arbitration Act shall govern the interpretation and enforcement of this Section.

(c) All disputes involving Arbitrable Claims shall be decided by a single arbitrator. The arbitrator shall be selected by mutual agreement of the Parties within 30 days of the effective date of the notice initiating the arbitration. If the Parties cannot agree on an arbitrator, then the complaining Party shall notify the AAA and request selection of an arbitrator in accordance with the AAA Employment Rules. The arbitrator shall have only such authority to

award equitable relief, damages, costs, and fees as a court would have for the particular claims asserted and any action of the arbitrator in contravention of this limitation may be the subject of court appeal by the aggrieved Party. No other aspect of any ruling by the arbitrator shall be appealable, and all other aspects of the arbitrator's ruling shall be final and non-appealable. The arbitrator shall have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law. The arbitrator shall be required to issue a written arbitration decision including the arbitrator's essential findings, conclusions and a statement of award. The Company shall pay all arbitration fees in excess of what the Executive would have to pay if the dispute were decided in a court of law. The arbitrator shall have exclusive authority to resolve all Arbitrable Claims, including, but not limited to, whether any particular claim is arbitrable and whether all or any part of this Agreement is void or unenforceable.

(d) Notwithstanding the foregoing, in order to provide for interim relief pending the finalization of arbitration proceedings hereunder, nothing in this Section 10 shall prohibit the Parties from pursuing, a claim for interim injunctive relief, for other applicable provisional remedies, and/or for related attorneys' fees in a court of competent jurisdiction in order to prevent irreparable harm pending the conclusion of the arbitration.

(e) If for any reason all or part of this arbitration provision is held to be invalid, illegal, or unenforceable in any respect under any applicable law or regulation in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other part of this arbitration provision or any other jurisdiction, but this provision shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable part or parts of this arbitration provision had never been contained herein, consistent with the general intent of the Parties, as evidenced herein, insofar as possible.

11. Indemnification. This Agreement incorporates, but does not supersede, Executive's Indemnity Agreement with the Company, which survives the execution of this Agreement in all respects.

12. Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter.

13. Successors. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal representatives, executors, administrators, heirs, distributees, devisees and legatees. In the event of the Executive's death after her termination of employment but prior to the completion by the Company of all payments due her under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to her death (or to her estate, if the Executive fails to make such designation). The Company shall require any successor to the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

14. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of the Executive's employment to the extent necessary to effectuate the terms contained herein.

16. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

17. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address the Executive has filed in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

18. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Company.

19. Governing Law. This is a Florida contract and shall be construed under and be governed in all respects by the laws of Florida for contracts to be performed in that State and without giving effect to the conflict of laws principles of Florida or any other State. In the event of any alleged breach or threatened breach of this Agreement, the Executive hereby consents and submits to jurisdiction in the State of Florida.

20. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date and year first above written.

PriceSmart, Inc.

By: /s/ FRANCISCO VELASCO
Name: Francisco Velasco
Title: Executive Vice President – General Counsel, Chief Ethics & Compliance Officer and Corporate Secretary

/s/ ANA LUISA BIANCHI
Ana Luisa Bianchi

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made as of January 1, 2024, between PriceSmart, Inc. (the "Company") and Paul Kovaleski (the "Executive").

WHEREAS, the Company desires to retain and employ the Executive, and the Executive desires to be retained and employed by the Company on the terms contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Position and Duties.

(a) The Executive shall serve as the Company's Executive Vice President – Chief Merchandising Officer. The Executive will report to the Company's President and Chief Operating Officer.

(b) The Executive shall perform those services customary to this office and such other lawful duties that the Company's Chief Executive Officer or Chief Operating Officer may reasonably assign to him. The Executive shall devote all of him business time and best efforts to the performance of his duties under this Agreement and shall be subject to, and shall comply with the Company policies, practices and procedures and all codes of ethics or business conduct applicable to his position, as in effect from time to time. Notwithstanding the foregoing, the Executive shall be entitled to (i) serve as a member of the board of directors of a reasonable number of other companies, subject to the advance approval of the Chief Executive Officer, which approval shall not be unreasonably withheld, (ii) serve on civic, charitable, educational, religious, public interest or public service boards, subject to the advance approval of the Chief Executive Officer, which approval shall not be unreasonably withheld, and (iii) manage the Executive's personal and family investments, in each case, to the extent such activities do not materially interfere, as determined by the Chief Executive Officer in good faith, with the performance of the Executive's duties and responsibilities hereunder.

2. Term. This Agreement and the Executive's employment pursuant to this Agreement shall begin on January 1, 2024 (the "Effective Date") and end on the first anniversary of the Effective Date, unless terminated earlier by the Company or the Executive pursuant to Section 4 of this Agreement. This Agreement shall renew automatically for another one-year term on each anniversary of the Effective Date, unless either the Company or Executive notifies the other, in writing and in accordance with Section 17 herein, at least 60 days prior to the end of the then-current one-year term (the "Expiration Date") that either the Company or Executive wishes to terminate this Agreement (in which case this Agreement shall terminate in accordance with Section 4(a) herein). The term of this Agreement shall begin on the Effective Date and end on the Expiration Date, unless terminated earlier by the Company or the Executive pursuant to Section 4 of this Agreement (the "Term").

3. Compensation and Related Matters.

(a) Base Salary. During the Term, the Executive's annual base salary shall be $550,000 (the "Base Salary"). The Base Salary shall be payable in accordance with the Company's normal payroll procedures in effect from time to time and may be increased, but not decreased, at the discretion of the Company.

(b) Bonus. During the Term, the Executive shall be entitled to receive a bonus (the "Bonus") for each fiscal year, payable in cash in accordance with, and subject to the terms and conditions of, the Company's bonus or other cash incentive program (each, a "Bonus Program"), if either (or both) are then applicable to Company executives. Any Bonus compensation payable to the Executive shall be payable in accordance with the Company's Bonus Program (if applicable), subject to the condition that the Executive remain employed by the Company through the end of the relevant Bonus year, except as set forth in Section 5 herein.

(c) Business Expenses. During the Term, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by him in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its senior executive officers.

(d) Other Benefits. During the Term and subject to any contribution therefor required of employees of the Company, the Executive shall be eligible to participate in all equity, pension, savings and retirement plans, welfare and insurance plans, practices, policies, programs and perquisites of employment applicable generally to other senior executives of the Company, except to the extent any employee benefit plan provides for benefits otherwise provided to the Executive hereunder (e.g., bonuses and severance). Such participation shall be subject to (i) requirements of applicable law, (ii) the terms of the applicable plan documents, (iii) generally applicable Company policies, and (iv) the discretion of the Company's Board of Directors (the "Board") or any administrative or other committee provided for under or contemplated by such plan. The Executive shall have no recourse against the Company under this Agreement in the event that the Company should alter, modify, add to or eliminate any or all of its employee benefit plans.

(e) Vacation; Holidays. During the Term, the Executive shall be entitled to take vacation and other holiday time in accordance with the policies applicable to senior executives of the Company generally.

4. Termination. The Executive's employment may be terminated prior to the expiration of the Term hereof and this Agreement may be terminated under the following circumstances:

(a) Expiration. Executive's employment shall terminate on the Expiration Date following the Company's or Executive's written notice indicating that either the Company or Executive will not renew this Agreement in accordance with Section 2 herein.

(b) Death. The Executive's employment shall terminate upon his death.

(c) Disability. The Company may terminate the Executive's employment if the Executive becomes subject to a Disability. For purposes of this Agreement, "Disability" means the Executive is unable to perform the essential functions of his position, with or without a reasonable accommodation, for a period of 90 consecutive calendar days or 180 non-consecutive calendar days within any rolling 12-month period.

(d) Termination by Company for Cause. The Company may terminate the Executive's employment for Cause. For purposes of this Agreement, "Cause" means (i) the Executive's repeated and habitual failure to perform his duties or obligations hereunder; (ii) engaging in any act that has a direct, substantial and adverse effect on the Company's interests; (iii) personal dishonesty, willful misconduct, or breach of fiduciary duty involving personal profit; (iv) intentional failure to perform his stated duties; (v) willful violation or reckless disregard of any law, rule or regulation which materially adversely affects his ability to discharge

his duties or has a direct, substantial and adverse effect on the Company's interests; (vi) any material breach of his contract by Executive; or (vii) conduct authorizing termination under Cal. Labor Code § 2924.

(e) Termination by the Company without Cause. The Company may terminate the Executive's employment at any time without Cause upon 30 days' prior written notice.

(f) Termination by the Executive. The Executive may terminate his employment at any time for any reason other than a Good Reason, upon 60 days' prior written notice.

(g) Termination by the Executive for Good Reason. The Executive may terminate his employment for Good Reason. For purposes of this Agreement, "Good Reason" means the existence of any one or more of the following conditions without the Executive's consent, provided Executive submit written notice to the Company within 45 days that such condition(s) first arose specifying the condition(s): (i) a material change in or reduction of the Executive's authority, duties and responsibilities, or the assignment to the Executive of duties materially inconsistent with the Executive's position with the Company; (ii) a material reduction in the Executive's then -current compensation; or (iii) the requirement that Executive relocate to an office location more than fifty (50) miles from Miami, Florida. The Executive's continued employment subsequent to an event that may constitute Good Reason shall not be deemed to be a waiver of his rights under this provision (subject to the 45-day time period specified herein). Upon receipt of written notice from the Executive regarding a condition constituting Good Reason, the Company shall then have 30 days to correct the condition (the "Cure Period"). If such condition is not corrected by the last day of the Cure Period, the Executive's resignation for Good Reason shall become effective on the 31st day following the Executive's written notice specifying the events giving rise to a Good Reason termination.

(h) The "Termination Date" means: (i) if the Executive's employment is terminated by his death under Section 4(b), the date of his death; (ii) if the Executive's employment is terminated on account of his Disability under Section 4(c), the date on which the Company provides the Executive a written termination notice; (iii) if the Company terminates the Executive's employment for Cause under Section 4(d), the date on which the Company provides the Executive a written termination notice; (iv) if the Company terminates the Executive's employment without Cause under Section 4(e), 30 days after the date on which the Company provides the Executive a written termination notice; (v) if the Executive resigns his employment without Good Reason under Section 4(f), 60 days after the date on which the Executive provides the Company a written termination notice; (vi) if the Executive resigns his employment with Good Reason under Section 4(g), the 31st day following the day the Executive provides the Company with written notice of the conditions constituting same, if the Company has not cured such conditions by the 30th day; and (vii) the Expiration Date in the event of a termination pursuant to Section 4(a).

(i) Actions on Termination Date. Executive agrees that on or before the Termination Date, Executive shall resign from all board and officer positions with the Company and its subsidiaries and affiliates, and this Agreement shall constitute an agreement to so resign upon the effective date of Executive's termination.

(j) Access to Company Property. Upon delivery of any notice of intent not to renew or any notice of termination, the Company may, immediately or at any time after such notice, preclude Executive from having access to the Company's facilities, equipment, computers and any related processes and property.

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5. Compensation upon Termination.

(a) Accrued Obligations Payable upon any Termination. Upon the termination of Executive's employment with the Company for any reason, the Company shall pay or provide to the Executive (or Executive's estate) the following amounts through the Termination Date: any earned but unpaid Base Salary, unpaid expense reimbursements, any vested benefits the Executive may have under any employee benefit plan of the Company, and if a Bonus Program is in existence, any earned but unpaid Bonus for the fiscal year prior to the fiscal year in which the Termination Date occurs (the "Accrued Obligations") on or before the time required by law but in no event more than 30 days after the Executive's Termination Date.

(b) Termination by the Company without Cause, or by the Executive with Good Reason, or Due to Expiration of the Term following the Company's Delivery to Executive of a Notice of Intent Not to Renew. If, prior to the expiration of the Term, the Executive's employment is terminated by the Company without Cause pursuant to Section 4(e), or the Executive terminates his employment for Good Reason pursuant to Section 4(g), or the Executive's employment terminates due to the expiration of the Term following the Company's delivery to Executive of a notice of intent not to renew pursuant to Section 4(a), then the Executive shall be entitled to the following, subject to Section 6:

(i) If a Bonus Program is in existence, the Company shall pay the Executive a pro rata portion of the Bonus earned as of the Termination Date with respect to the bonus year in which the Termination Date occurs (the "Pro-Rata Bonus");

(ii) Subject to the timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall continue to contribute to the premium cost of the Executive's participation and that of his eligible dependents' in the Company's group health plan (to the extent permitted under applicable law and the terms of such plan) which covers the Executive (and the Executive's eligible dependents) for a period of twelve (12) months; provided (x) the Executive pays the remainder of the premium cost of such participation by payroll deduction (if any); (y) the Executive is eligible and remains eligible for COBRA coverage; and (z) the Executive reports to the Company on a monthly basis any health care premium payments received from another employer during such 12-month period, as such amounts shall be deducted from any Company-paid COBRA premium contribution. If the reimbursement of any COBRA premiums would violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Patient Protection and Affordable Care Act of 2010, together with the Health Care and Education Reconciliation Act of 2010 (collectively, the "Act") or Section 105(h) of the Internal Revenue Code of 1986, as amended (the "Code"), the Company-paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent, necessary to eliminate any discriminatory treatment or taxation under the Act or Section 105(h) of the Code. If the Executive's participation or that of his eligible dependents' participation would give rise to penalties or taxes against the Company under the Act, as determined by the Company in its sole discretion, the Company shall instead make cash payments to the Executive over the same period in monthly installments in an amount equal to the Company's portion of the monthly cost of providing such benefits under its group health plan for such period; and

(iii) The Company shall pay the Executive severance in an amount equal to one times the Base Salary at the rate in effect on the Termination Date (but without giving effect to any reduction if one or all of the bases for the Executive's resignation for Good Reason is a reduction in compensation) in 24 equal installments (totaling twelve months) as set forth in Section 6.

(c) Termination by the Company for Disability. If, prior to the expiration of the Term, the Executive's employment is terminated by the Company for Disability pursuant to Section 4(c), then the Executive shall be entitled to the following subject to Section 6:

(i) If a Bonus Program is in existence, the Company shall pay the Executive a Pro-Rata Bonus;

(ii) Subject to the timely election of continuation coverage under COBRA, the Company shall continue to contribute to the premium cost of the Executive's participation and that of his eligible dependents in the Company's group health plan (to the extent permitted under applicable law and the terms of such plan) which covers the Executive (and the Executive's eligible dependents) for a period of 12 months; provided (x) the Executive pays the remainder of the premium cost of such participation by payroll deduction (if any); (y) the Executive is eligible and remains eligible for COBRA coverage; and (z) the Executive reports to the Company on a monthly basis any health care premium payments received from another employer during such 12-month period, as such amounts shall be deducted from any Company-paid COBRA premium contribution. If the reimbursement of any COBRA premiums would violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Act or Section 105(h) of the Code, the Company-paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent, necessary to eliminate any discriminatory treatment or taxation under the Act or Section 105(h) of the Code. If the Executive's participation or that of his eligible dependents participation would give rise to penalties or taxes against the Company under the Act, as determined by the Company in its sole discretion, the Company shall instead make cash payments to the Executive over the same period in monthly installments in an amount equal to the Company's portion of the monthly cost of providing such benefits under its group health plan for such period;

(iii) The Company shall pay the Executive severance in an amount equal to one times the Base Salary at the rate in effect on the Termination Date in 24 equal installments (totaling twelve months) as set forth in Section 6; provided, however, that the Company shall deduct from such severance any earned income (other than passive investment income) or disability payments received by Executive during such 12-month period, and as to which Executive covenants to report to the Company such income on a bi-weekly basis.

(d) Termination by the Company due to Executive's Death. If, prior to the expiration of the Term, the Executive's employment is terminated by the Company due to Executive's Death pursuant to Section 4(b), then the Executive's estate shall be entitled to the following subject to Section 6:

(i) If a Bonus Program is in existence, the Company shall pay the Executive a Pro-Rata Bonus;

(ii) Subject to the timely election of continuation coverage under COBRA, the Company shall continue to contribute to the premium cost of Executive's eligible dependents' in the Company's group health plan (to the extent permitted under applicable law and the terms of such plan) for a period of twelve (12) months; provided (x) the Executive's estate pays the remainder of the premium cost of such participation by payroll deduction (if any) and (y) the Executive's dependents remain eligible for COBRA coverage. If the reimbursement of any COBRA premiums would violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Act or Section 105(h) of the Code, the Company paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent, necessary to eliminate any discriminatory treatment or taxation under the Act or Section 105(h) of the Code. If the participation of Executive's eligible dependents would give rise to penalties

or taxes against the Company under the Act, as determined by the Company in its sole discretion, the Company shall instead make cash payments to the Executive's estate over the same period in monthly installments in an amount equal to the Company's portion of the monthly cost of providing such benefits under its group health plan for such period.

(e) Termination by the Company Due to Cause or Due to Expiration of the Term following Executive's Delivery to the Company of a Notice of Intent Not to Renew or by Executive without Good Reason and Without Notice. If, prior to the expiration of the Term, the Company terminates Executive's employment for Cause pursuant to Section 4(d), or Executive's employment terminates due to the expiration of the Term following Executive's delivery to the Company of a notice of intent not to renew pursuant to Section 4(a) or by Executive without Good Reason and without notice pursuant to Section 4(f), then the Executive shall be entitled only to the Accrued Obligations in Section 5(a) and shall be entitled to no other benefits from the Company.

(f) Termination by Executive without Good Reason and With Notice. If, prior to the expiration of the Term, Executive terminates without Good Reason but provides the minimum of 60 days' notice of such termination pursuant to Section 4(f), and such notice makes the Termination Date at or after the time period encompassed by the relevant bonus year, then in addition to the Accrued Obligations set forth in Section 5(a), Executive shall be entitled to Executive's accrued but unpaid Bonus, to the extent such a Bonus Program exists. In such event, the Bonus shall be paid on the date the bonuses are paid to other Executives pursuant to the applicable Bonus Program, without reference to the actual Termination Date.

6. Release; Payment. Except for the Accrued Obligations provided for in Section 5(a), any other payments and benefits provided for in Section 5 shall be conditioned on (a) the Executive's continued compliance with the obligations of the Executive under Sections 8 and 9 and (b) the Executive or, in the event of his death, his estate, executing and delivering to the Company a full release of all claims that the Executive, his heirs and assigns may have against the Company, its affiliates and subsidiaries and each of their respective directors, officers, employees and agents, in a form reasonably acceptable to the Company, which shall include an affirmation by Executive that Executive shall fully comply with Sections 8 and 9 of this Agreement (the "Release"). The Release must become enforceable and irrevocable on or before the sixtieth (60th) day following the Termination Date. If the Executive (or his estate) fails to execute without revocation the Release, he shall be entitled to the Accrued Obligations only and no other benefits. The installments of severance provided under Sections 5(b)(iii) and 5(c)(iii) shall commence in the calendar month following the month in which the Release becomes enforceable and irrevocable. If, however, the 60-day period in which the Release must become enforceable and irrevocable begins in one year and ends in the following year, the Company shall commence payment of the severance installments in the second year in the later of January and the first calendar month following the month in which the Release becomes effective and irrevocable. The first installment shall include, however, all amounts that would otherwise have been paid to the Executive between the Termination Date and the Executive's receipt of the first installment, assuming the first installment would otherwise have been paid in the month following the month in which the Termination Date occurs. Any Pro-Rata Bonus payable in Section 5 shall be paid on the later of the date it is to be paid under the applicable Bonus Program and the date that the severance payments commence to be paid under this Section 6.

7. Section 409A Compliance.

(a) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(b) To the extent that any of the payments or benefits provided for in Section 5 are deemed to constitute non-qualified deferred compensation benefits subject to Section 409A of the Code, the following interpretations apply to Section 5:

(i) Any termination of the Executive's employment triggering payment of benefits under Section 5 must constitute a "separation from service" under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. § 1.409A-l(h) before distribution of such benefits can commence. To the extent that the termination of the Executive's employment does not constitute a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A- 1(h) (as the result of further services that are reasonably anticipated to be provided by the Executive to the Company or any of its parents, subsidiaries or affiliates at the time the Executive's employment terminates), any benefits payable under Section 5 that constitute deferred compensation under Section 409A of the Code shall be delayed until after the date of a subsequent event constituting a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A-1(h). For purposes of clarification, this Section 7(b)(i) shall not cause any forfeiture of benefits on the Executive's part, but shall only act as a delay until such time as a "separation from service" occurs.

(ii) Because the Executive is a "specified employee" (as that term is used in Section 409A of the Code and regulations and other guidance issued thereunder) on the date his separation from service becomes effective, any benefits payable under Section 5 that constitute non-qualified deferred compensation under Section 409A of the Code shall be delayed until the earlier of (A) the business day following the six-month anniversary of the date his separation from service becomes effective, and (B) the date of the Executive's death, but only to the extent necessary to avoid such penalties under Section 409A of the Code. On the earlier of (A) the business day following the six-month anniversary of the date his separation from service becomes effective, and (B) the Executive's death, the Company shall pay the Executive in a lump sum the aggregate value of the non-qualified deferred compensation that the Company otherwise would have paid the Executive prior to that date under Section 5 of this Agreement.

(iii) It is intended that each installment of the payments and benefits provided under Section 5 of this Agreement shall be treated as a separate "payment" for purposes of Section 409A of the Code. In particular, the installment severance payments set forth in Section 6 of this Agreement shall be divided into two portions. That number of installments commencing on the first payment date set forth in Section 7 of this Agreement that are in the aggregate less than two times the applicable compensation limit under Section 401(a)(17) of the Code for the year in which the Termination Date occurs (provided the termination of the Executive's employment is also a separation from service) shall be payable in accordance with Treas. Reg. § 1.409A-l(b)(9)(iii) as an involuntary separation plan. The remainder of the installments shall be paid in accordance with Sections 7(b)(i) and (ii) above.

8. <u>Confidentiality and Restrictive Covenants</u>.

(a) The Executive acknowledges that:

(i) the Company (which, for purposes of this Section 8 shall include the Company and each of its subsidiaries and affiliates) operates membership warehouse clubs in Central America, Colombia and the Caribbean (the "Business");

(ii) the Company is dependent on the efforts of a certain limited number of persons who have developed, or will be responsible for developing the Company's Business;

(iii) the Company's Business is international in scope;

(iv) the Business in which the Company is engaged is intensely competitive and that Executive's employment by the Company will require that he have access to and knowledge of nonpublic confidential information of the Company and the Company's Business, including, but not limited to, certain/all of the Company's products, plans for creation, acquisition or disposition of products or publications, strategic and expansion plans, formulas, research results, marketing plans, financial status and plans, budgets, forecasts, profit or loss figures, distributors and distribution strategies, pricing strategies, improvements, sales figures, contracts, agreements, then existing or then prospective suppliers and sources of supply and customer lists, undertakings with or with respect to the Company's customers or prospective customers, and patient information, product development plans, rules and regulations, personnel information and trade secrets of the Company, all of which are of vital importance to the success of the Company's business (collectively, "Confidential Information");

(v) the direct or indirect disclosure of any Confidential Information would place the Company at a serious competitive disadvantage and would do serious damage, financial and otherwise, to the Company's business;

(vi) by his training, experience and expertise, the Executive's services to the Company is special and unique;

(vii) the covenants and agreements of the Executive contained in this Section 8 are essential to the business and goodwill of the Company; and

(viii) if the Executive leaves the Company's employ to work for a competitive business, in any capacity, it would cause the Company irreparable harm.

(b) Covenant Against Disclosure. All Confidential Information relating to the Business is, shall be and shall remain the sole property and confidential business information of the Company, free of any rights of the Executive. The Executive shall not make any use of the Confidential Information except in the performance of his duties hereunder and shall not disclose any Confidential Information to third parties, without the prior written consent of the Company.

(c) Return of Company Documents. On the Termination Date or on any prior date upon the Company's written demand, the Executive will return all memoranda, notes, lists, records, property and other tangible product and documents concerning the Business, including all Confidential Information, in his possession, directly or indirectly, that is in written or other tangible form (together with all duplicates thereof) and that his will not retain or furnish any such Confidential Information to any third party, either by sample, facsimile, film, audio or video cassette, electronic data, verbal communication or any other means of communication.

(d) Further Covenant. During the Term and through the second anniversary of the Termination Date, the Executive shall not, directly or indirectly, take any of the following actions, and, to the extent the Executive owns, manages, operates, controls, is employed by or participates in the ownership, management, operation or control of, or is connected in any manner with, any business, the Executive will use his best efforts to ensure that such business does not take any of the following actions:

(i) Persuade or attempt to persuade any customer of the Company to cease doing business with the Company, or to reduce the amount of business any customer does with the Company;

(ii) Take any action that interferes with the Company's contracts or prospective contracts with its customers; or

(iii) Persuade or attempt to persuade any employee or independent contractor of the Company to leave the service of the Company, where such individual was an employee or independent contractor of the Company within one year prior to the Executive's Termination Date.

(e) Enforcement. The Executive acknowledges and agrees that any breach by him of any of the provisions of this Section 8 (the "Restrictive Covenants") would result in irreparable injury and damage for which money damages would not provide an adequate remedy. Therefore, if the Executive breaches or threatens to commit a breach of any of the provisions of Section 8, the Company shall have the ability to seek the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity (including, without limitation, the recovery of damages): (i) the right and remedy to have the Restrictive Covenants specifically enforced (without posting bond and without the need to prove damages) by any court having equity jurisdiction, including, without limitation, the right to an entry against the Executive of restraining orders and injunctions (preliminary, mandatory, temporary and permanent) against violations, threatened or actual, and whether or not then continuing, of such covenants; and (ii) the right and remedy to require the Executive to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits (collectively, "Benefits") derived or received by him as the result of any transactions constituting a breach of the Restrictive Covenants, and the Executive shall account for and pay over such Benefits to the Company and, if applicable, its affected subsidiaries and/or affiliates. The Executive agrees that in any action seeking specific performance or other equitable relief, he will not assert or contend that any of the provisions of this Section 8 are unreasonable or otherwise unenforceable. Other than a material breach of this Agreement, the existence of any claim or cause of action by the Executive, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of the Restrictive Covenants. Notwithstanding anything in this Agreement to the contrary, in the event that any claim, action, or suit is brought for the purpose of determining or enforcing the rights of the Company under this Section 8, and the Company is the prevailing party in such claim, action, or suit, the Company shall be entitled to recover from the Executive all reasonable costs and expenses incurred by it, including reasonable attorneys' fees.

(f) Defend Trade Secrets Act. Nothing in this Agreement shall prohibit the Executive from reporting possible violations of federal law or regulation to any governmental agency or entity including but not limited to the Department of Justice, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, and any Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. The Executive does not need the prior authorization of the Company

to make any such reports or disclosures and the Executive is not required to notify the Company that the Executive has made such reports or disclosures. Under the Defend Trade Secrets Act of 2016, the Company hereby provides notice and Executive hereby acknowledges that Executive may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) is solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

9. Intellectual Property.

(a) Works for Hire. All creations, inventions, ideas, designs, software, copyrightable materials, trademarks, and other technology and rights (and any related improvements or modifications), whether or not subject to patent or copyright protection (collectively, "Creations"), relating to any activities of the Company which were, are, or will be conceived by the Executive or developed by the Executive in the course of his employment or other services with the Company, whether conceived alone or with others and whether or not conceived or developed during regular business hours, and if based on Confidential Information, after the termination of the Executive's employment, shall be the sole property of the Company and, to the maximum extent permitted by applicable law, shall be deemed "works made for hire" as that term is used in the United States Copyright Act. The Executive agrees to assign and hereby does assign to the Company all Creations conceived or developed from the start of this employment with the Company through to the Termination Date, and after the Termination Date if the Creation incorporates or is based on any Confidential Information.

(b) Assignment. To the extent, if any, that the Executive retains any right, title or interest with respect to any Creations delivered to the Company or related to his employment with the Company, the Executive hereby grants to the Company an irrevocable, paid-up, transferable, sub-licensable, worldwide right and license: (i) to modify all or any portion of such Creations, including, without limitation, the making of additions to or deletions from such Creations, regardless of the medium (now or hereafter known) into which such Creations may be modified and regardless of the effect of such modifications on the integrity of such Creations; and (ii) to identify the Executive, or not to identify his, as one or more authors of or contributors to such Creations or any portion thereof, whether or not such Creations or any portion thereof have been modified. The Executive further waives any "moral" rights, or other rights with respect to attribution of authorship or integrity of such Creations that he may have under any applicable law, whether under copyright, trademark, unfair competition, defamation, right of privacy, contract, tort or other legal theory.

Notwithstanding the foregoing, pursuant to California Labor Code Section 2870, the foregoing shall not apply to an invention that Executive developed entirely on his own time without using the Company's equipment, supplies, facilities, or trade secret information except for those inventions that either:

- Relate at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development of the Company; or
- Result from any work performed by the Executive for the Company.

(c) Disclosure. The Executive will promptly inform the Company of any Creations he conceives or develops during the Term. The Executive shall (whether during his employment or after the termination of his employment) execute such written instruments and do other such acts as may be necessary in the opinion of the Company or its counsel to secure the

Company's rights in the Creations, including obtaining a patent, registering a copyright, or otherwise (and the Executive hereby irrevocably appoints the Company and any of its officers as his attorney in fact to undertake such acts in his name). The Executive's obligation to execute written instruments and otherwise assist the Company in securing its rights in the Creations will continue after the termination of his employment for any reason, the Company shall reimburse the Executive for any out-of-pocket expenses (but not attorneys' fees) he incurs in connection with his compliance with this Section 9(c).

10. Arbitration.

(a) All disputes between Executive (and Executive's attorneys, successors, and assigns) and the Company (and its affiliates, subsidiaries, shareholders, directors, officers, employees, agents, successors, attorneys, and assigns) relating in any manner to Executive's employment or the termination of Executive's employment, including, without limitation, all disputes arising under this Agreement ("Arbitrable Claims"), shall be resolved by final and binding arbitration to the fullest extent permitted by law. Arbitrable Claims shall include, but are not limited to, contract (express or implied) and tort claims of all kinds, as well as all claims based on any federal, state, or local law, statute, or regulation, excepting only claims under applicable workers' compensation law and unemployment insurance claims. By way of example and not in limitation of the foregoing, Arbitrable Claims shall include any claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and the California Fair Employment and Housing Act, the Family Medical Leave Act as well as all claims under any applicable state or federal statute including but not limited to the California Labor Code, and any claims asserting wrongful termination, breach of contract, breach of the covenant of good faith and fair dealing, negligent or intentional infliction of emotional distress, harassment, discrimination, negligent or intentional misrepresentation, negligent or intentional interference with contract or prospective economic advantage, fraud, defamation, invasion of privacy, all claims related to disability and all wage or benefit claims, including but not limited to claims for salary, bonuses, profit participation, commissions, stock, stock options, vacation pay, fringe benefits or any form of compensation. Arbitration shall be final and binding upon the Parties and shall be the exclusive remedy for all Arbitrable Claims, except that the Parties may seek interim injunctive relief and other provisional remedies in court as set forth in this Agreement. The Parties hereby waive any rights they may have to trial by jury or any other form of administrative hearing or procedure in regard to the Arbitrable Claims.

(b) Claims shall be arbitrated in accordance with the then-existing National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA Employment Rules"), as augmented by this Agreement. Arbitration shall be initiated as provided by the AAA Employment Rules, although the written notice to the other Party initiating arbitration shall also include a statement of the claims asserted and all the facts upon which the claims are based. Either Party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. Otherwise, neither Party shall initiate or prosecute any lawsuit or administrative action in any way related to any Arbitrable Claim. All arbitration hearings under this Agreement shall be conducted at the AAA office located nearest to Miami, Florida. The Federal Arbitration Act shall govern the interpretation and enforcement of this Section.

(c) All disputes involving Arbitrable Claims shall be decided by a single arbitrator. The arbitrator shall be selected by mutual agreement of the Parties within 30 days of the effective date of the notice initiating the arbitration. If the Parties cannot agree on an arbitrator, then the complaining Party shall notify the AAA and request selection of an arbitrator in accordance with the AAA Employment Rules. The arbitrator shall have only such authority to

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award equitable relief, damages, costs, and fees as a court would have for the particular claims asserted and any action of the arbitrator in contravention of this limitation may be the subject of court appeal by the aggrieved Party. No other aspect of any ruling by the arbitrator shall be appealable, and all other aspects of the arbitrator's ruling shall be final and non-appealable. The arbitrator shall have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law. The arbitrator shall be required to issue a written arbitration decision including the arbitrator's essential findings, conclusions and a statement of award. The Company shall pay all arbitration fees in excess of what the Executive would have to pay if the dispute were decided in a court of law. The arbitrator shall have exclusive authority to resolve all Arbitrable Claims, including, but not limited to, whether any particular claim is arbitrable and whether all or any part of this Agreement is void or unenforceable.

(d) Notwithstanding the foregoing, in order to provide for interim relief pending the finalization of arbitration proceedings hereunder, nothing in this Section 10 shall prohibit the Parties from pursuing, a claim for interim injunctive relief, for other applicable provisional remedies, and/or for related attorneys' fees in a court of competent jurisdiction in order to prevent irreparable harm pending the conclusion of the arbitration.

(e) If for any reason all or part of this arbitration provision is held to be invalid, illegal, or unenforceable in any respect under any applicable law or regulation in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other part of this arbitration provision or any other jurisdiction, but this provision shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable part or parts of this arbitration provision had never been contained herein, consistent with the general intent of the Parties, as evidenced herein, insofar as possible.

11. Indemnification. This Agreement incorporates, but does not supersede, Executive's Indemnity Agreement with the Company, which survives the execution of this Agreement in all respects.

12. Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter.

13. Successors. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal representatives, executors, administrators, heirs, distributees, devisees and legatees. In the event of the Executive's death after his termination of employment but prior to the completion by the Company of all payments due him under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to his death (or to his estate, if the Executive fails to make such designation). The Company shall require any successor to the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

14. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of the Executive's employment to the extent necessary to effectuate the terms contained herein.

16. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

17. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address the Executive has filed in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

18. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Company.

19. Governing Law. This is a Florida contract and shall be construed under and be governed in all respects by the laws of Florida for contracts to be performed in that State and without giving effect to the conflict of laws principles of Florida or any other State. In the event of any alleged breach or threatened breach of this Agreement, the Executive hereby consents and submits to jurisdiction in the State of Florida.

20. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date and year first above written.

PriceSmart, Inc.

By: /s/ FRANCISO VELASCO
Name: Francisco Velasco
Title: Executive Vice President – General Counsel, Chief Ethics & Compliance Officer and Corporate Secretary

/s/ PAUL KOVALESKI
Paul Kovaleski

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Exhibit 31.1

Certification

I, Robert E. Price, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PriceSmart, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 9, July 10, 2024

/s/ ROBERT E. PRICE

Robert E. Price
Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification

I, Michael L. McCleary, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PriceSmart, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 9, July 10, 2024

/s/ MICHAEL L. MCCLEARY

Michael L. McCleary
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of PriceSmart, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended February 29, 2024 May 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 9, July 10, 2024

/s/ ROBERT E. PRICE

Robert E. Price
Interim Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of PriceSmart, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended February 29, 2024 May 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	April 9, July 10, 2024	/s/ MICHAEL L. MCCLEARY
		Michael L. McCleary
		Executive Vice President and Chief Financial Officer
		(Principal Financial Officer and Principal Accounting Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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