

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended February 28, 2026

OR

☐ 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
(State or other jurisdiction of
incorporation or organization)

33-0628530
(I.R.S. Employer
Identification No.)

9797 Aero Drive, Suite 100, San Diego, CA
(Address of principal executive offices)

92123
(Zip Code)

(Registrant's telephone number, including area code): (858) 404-8800

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 ☒

No ☐

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 ☒

No ☐

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 ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller Reporting Company ☐

Emerging growth company ☐

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. ☐

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

Yes ☐

No ☒

The registrant had 30,895,879 shares of its common stock, par value \$0.0001 per share, outstanding at March 31, 2026.

PRICESMART, INC.**INDEX TO FORM 10-Q**

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PriceSmart, Inc.’s (“PriceSmart,” “we,” the “Company” or “our”) unaudited consolidated balance sheet as of February 28, 2026 and the consolidated balance sheet as of August 31, 2025, the unaudited consolidated statements of income for the three and six months ended February 28, 2026 and 2025, the unaudited consolidated statements of comprehensive income for the three and six months ended February 28, 2026 and 2025, the unaudited consolidated statements of equity for the three and six months ended February 28, 2026 and 2025, and the unaudited consolidated statements of cash flows for the six months ended February 28, 2026 and 2025 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 28, 2026 (Unaudited)	August 31, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 156,249	\$ 241,024
Short-term restricted cash	8,559	11,061
Short-term investments	149,712	73,186
Receivables, net of allowance for credit losses of \$2 as of February 28, 2026 and August 31, 2025	22,953	17,400
Merchandise inventories	623,142	560,730
Prepaid expenses and other current assets	81,305	71,059
Total current assets	1,041,920	974,460
Long-term restricted cash	30,279	33,206
Property and equipment, net	1,071,674	996,281
Operating lease right-of-use assets, net	125,744	113,479
Goodwill	43,263	43,238
Deferred tax assets	44,468	41,229
Other non-current assets (includes \$488 and \$701 as of February 28, 2026 and August 31, 2025, respectively, for the fair value of derivative instruments)	79,410	60,375
Investment in unconsolidated affiliates	—	6,889
Total Assets	\$ 2,436,758	\$ 2,269,157
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term borrowings	\$ 3,981	\$ 12,286
Accounts payable	556,342	506,949
Accrued salaries and benefits	44,875	52,478
Deferred income	49,903	43,061
Income taxes payable	4,816	7,265
Other accrued expenses and other current liabilities (includes \$2,456 and \$551 as of February 28, 2026 and August 31, 2025, respectively, for the fair value of derivative instruments)	81,509	57,627
Operating lease liabilities, current portion	8,129	7,930
Dividends payable	21,683	—
Long-term debt, current portion	34,004	38,675
Total current liabilities	805,242	726,271
Deferred tax liability	764	1,100
Long-term income taxes payable, net of current portion	4,489	4,424
Long-term operating lease liabilities	134,835	122,244
Long-term debt, net of current portion	129,148	147,922
Other long-term liabilities (includes \$5,013 and \$6,196 for the fair value of derivative instruments and \$14,352 and \$13,628 for post-employment plans as of February 28, 2026 and August 31, 2025, respectively)	29,241	19,824
Total Liabilities	1,103,719	1,021,785

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Stockholders' Equity:

Common stock \$0.0001 par value, 45,000,000 shares authorized; 32,852,656 and 32,688,047 shares issued and 30,895,879 and 30,745,833 shares outstanding (net of treasury shares) as of February 28, 2026 and August 31, 2025, respectively	3	3
Additional paid-in capital	536,554	529,354
Accumulated other comprehensive loss	(123,496)	(161,439)
Retained earnings	1,045,373	999,426
Less: treasury stock at cost, 1,956,777 shares as of February 28, 2026 and 1,942,214 shares as of August 31, 2025	(125,395)	(119,972)
Total Stockholders' Equity	1,333,039	1,247,372
Total Liabilities and Equity	<u>\$ 2,436,758</u>	<u>\$ 2,269,157</u>

See accompanying notes.

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

	Three Months Ended		Six Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Revenues:				
Net merchandise sales	\$ 1,466,530	\$ 1,334,555	\$ 2,820,326	\$ 2,558,414
Export sales	359	3,987	486	13,605
Membership income	24,459	20,915	47,879	41,114
Other revenue and income	4,180	4,429	9,566	8,697
Total revenues	1,495,528	1,363,886	2,878,257	2,621,830
Operating expenses:				
Cost of goods sold:				
Net merchandise sales	1,230,128	1,126,335	2,368,310	2,156,212
Export sales	327	3,800	489	12,813
Selling, general and administrative:				
Warehouse club and other operations	139,464	124,232	271,279	242,087
General and administrative	49,742	43,034	99,050	85,599
Pre-opening expenses	45	293	47	315
Loss on disposal of assets	402	922	735	1,274
Total operating expenses	1,420,108	1,298,616	2,739,910	2,498,300
Operating income	75,420	65,270	138,347	123,530
Other income (expense):				
Interest income	3,632	2,735	6,581	4,955
Interest expense	(3,959)	(2,538)	(8,379)	(5,233)
Other expense, net	(8,405)	(5,306)	(14,166)	(12,162)
Total other expense	(8,732)	(5,109)	(15,964)	(12,440)
Income before provision for income taxes and loss of unconsolidated affiliates	66,688	60,161	122,383	111,090
Provision for income taxes	(17,597)	(16,384)	(33,126)	(29,880)
Loss of unconsolidated affiliates	—	(17)	—	(22)
Net income	\$ 49,091	\$ 43,760	\$ 89,257	\$ 81,188
Net income per share available for distribution:				
Basic	\$ 1.62	\$ 1.45	\$ 2.91	\$ 2.66
Diluted	\$ 1.62	\$ 1.45	\$ 2.91	\$ 2.66
Shares used in per share computations:				
Basic	30,226	30,063	30,199	30,041
Diluted	30,245	30,068	30,212	30,044

See accompanying notes.

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

	Three Months Ended		Six Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Net income	\$ 49,091	\$ 43,760	\$ 89,257	\$ 81,188
Other comprehensive income, net of tax:				
Foreign currency translation adjustments ⁽¹⁾	18,866	7,345	34,392	4,492
Defined benefit pension plan:				
Net gain (loss) arising during period	3	(1)	6	(8)
Amortization of prior service cost and actuarial gains included in net periodic pensions cost	43	57	86	135
Total defined benefit pension plan	46	56	92	127
Derivative instruments: ⁽²⁾				
Unrealized gains on change in derivative obligations	698	2,919	4,254	2,681
Unrealized gains (losses) on change in fair value of interest rate swaps	1,690	(4,170)	(795)	(6,310)
Amounts reclassified from accumulated other comprehensive income to other expense, net for settlement of derivatives	—	816	—	2,960
Total derivative instruments	2,388	(435)	3,459	(669)
Other comprehensive income	21,300	6,966	37,943	3,950
Comprehensive income	\$ 70,391	\$ 50,726	\$ 127,200	\$ 85,138

⁽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							
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock		Total Equity
	Shares	Amount				Shares	Amount	
Balance at November 30, 2024	32,634	\$ 3	\$ 519,035	\$ (167,606)	\$ 927,700	1,971	\$ (120,554)	\$ 1,158,578
Purchase of treasury stock	—	—	—	—	—	27	(2,460)	(2,460)
Issuance of treasury stock	(65)	—	(4,000)	—	—	(65)	4,000	—
Issuance of restricted stock awards	123	—	—	—	—	—	—	—
Forfeiture of restricted stock awards	(2)	—	—	—	—	—	—	—
Stock-based compensation	—	—	4,529	—	—	—	—	4,529
Dividend paid to stockholders	—	—	—	—	(19,376)	—	—	(19,376)
Dividend payable to stockholders	—	—	—	—	(19,411)	—	—	(19,411)
Net income	—	—	—	—	43,760	—	—	43,760
Other comprehensive income	—	—	—	6,966	—	—	—	6,966
Balance at February 28, 2025	32,690	\$ 3	\$ 519,564	\$ (160,640)	\$ 932,673	1,933	\$ (119,014)	\$ 1,172,586
Balance at November 30, 2025	32,800	\$ 3	\$ 535,032	\$ (144,796)	\$ 1,039,592	1,983	\$ (125,041)	\$ 1,304,790
Purchase of treasury stock	—	—	—	—	—	27	(3,733)	(3,733)
Issuance of treasury stock	(53)	—	(3,379)	—	—	(53)	3,379	—
Issuance of restricted stock awards	108	—	—	—	—	—	—	—
Forfeiture of restricted stock awards	(2)	—	—	—	—	—	—	—
Stock-based compensation	—	—	4,901	—	—	—	—	4,901
Dividend paid to stockholders	—	—	—	—	(21,627)	—	—	(21,627)
Dividend payable to stockholders	—	—	—	—	(21,683)	—	—	(21,683)
Net income	—	—	—	—	49,091	—	—	49,091
Other comprehensive income	—	—	—	21,300	—	—	—	21,300
Balance at February 28, 2026	32,853	\$ 3	\$ 536,554	\$ (123,496)	\$ 1,045,373	1,957	\$ (125,395)	\$ 1,333,039

See accompanying notes.

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

	Six Months Ended								
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock		Total Equity	
	Shares	Amount				Shares	Amount		
Balance at August 31, 2024	32,571	\$ 3	\$ 514,542	\$ (164,590)	\$ 890,272	1,935	\$ (117,262)	\$ 1,122,965	
Purchase of treasury stock	—	—	—	—	—	63	(5,752)	(5,752)	
Issuance of treasury stock	(65)	—	(4,000)	—	—	(65)	4,000	—	
Issuance of restricted stock awards	189	—	—	—	—	—	—	—	
Forfeiture of restricted stock awards	(5)	—	—	—	—	—	—	—	
Stock-based compensation	—	—	9,022	—	—	—	—	9,022	
Dividend paid to stockholders	—	—	—	—	(19,376)	—	—	(19,376)	
Dividend payable to stockholders	—	—	—	—	(19,411)	—	—	(19,411)	
Net income	—	—	—	—	81,188	—	—	81,188	
Other comprehensive income	—	—	—	3,950	—	—	—	3,950	
Balance at February 28, 2025	32,690	\$ 3	\$ 519,564	\$ (160,640)	\$ 932,673	1,933	\$ (119,014)	\$ 1,172,586	
Balance at August 31, 2025	32,688	\$ 3	\$ 529,354	\$ (161,439)	\$ 999,426	1,942	\$ (119,972)	\$ 1,247,372	
Purchase of treasury stock	—	—	—	—	—	68	(8,802)	(8,802)	
Issuance of treasury stock	(53)	—	(3,379)	—	—	(53)	3,379	—	
Issuance of restricted stock awards	262	—	—	—	—	—	—	—	
Forfeiture of restricted stock awards	(44)	—	—	—	—	—	—	—	
Stock-based compensation	—	—	10,579	—	—	—	—	10,579	
Dividend paid to stockholders	—	—	—	—	(21,627)	—	—	(21,627)	
Dividend payable to stockholders	—	—	—	—	(21,683)	—	—	(21,683)	
Net income	—	—	—	—	89,257	—	—	89,257	
Other comprehensive income	—	—	—	37,943	—	—	—	37,943	
Balance at February 28, 2026	32,853	\$ 3	\$ 536,554	\$ (123,496)	\$ 1,045,373	1,957	\$ (125,395)	\$ 1,333,039	

See accompanying notes.

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

	Six Months Ended	
	February 28, 2026	February 28, 2025
Operating Activities:		
Net income	\$ 89,257	\$ 81,188
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	48,249	42,629
Allowance for credit losses	—	2
Loss on sale of property and equipment	735	1,274
Deferred income taxes	(5,049)	(1,557)
Equity in losses of unconsolidated affiliates	—	22
Gain on sale of joint venture	(594)	—
Stock-based compensation	10,579	9,022
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	6,593	1,339
Merchandise inventories	(62,412)	(21,009)
Accounts payable	45,928	13,475
Net cash provided by operating activities	133,286	126,385
Investing Activities:		
Additions to property and equipment	(88,346)	(62,812)
Purchases of short-term investments	(131,604)	(68,248)
Proceeds from settlements of short-term investments	55,053	51,310
Purchases of long-term investments	(11,896)	—
Proceeds from dissolution of investment in joint venture	1,057	—
Proceeds from disposal of property and equipment	6,358	242
Net cash used in investing activities	(169,378)	(79,508)
Financing Activities:		
Proceeds from long-term bank borrowings	—	5,441
Repayment of long-term bank borrowings	(23,359)	(28,298)
Proceeds from short-term bank borrowings	3,981	7,574
Repayment of short-term bank borrowings	(12,624)	(318)
Cash dividend payments	(21,627)	(19,376)
Purchase of treasury stock	(8,802)	(5,752)
Net cash used in financing activities	(62,431)	(40,729)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	8,319	3,045
Net increase (decrease) in cash, cash equivalents and restricted cash	(90,204)	9,193
Cash, cash equivalents and restricted cash at beginning of period	285,291	136,311
Cash, cash equivalents and restricted cash at end of period	\$ 195,087	\$ 145,504
Supplemental disclosure of noncash investing and financing activities:		
Capital expenditures accrued, but not yet paid	\$ 4,232	\$ 3,066
Dividends declared but not yet paid	21,683	19,411
Finance right-of-use assets obtained in exchange for lease liabilities	9,764	—
Operating right-of-use assets obtained in exchange for lease liabilities	15,902	6,355

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 28, 2026	February 28, 2025
Cash and cash equivalents	\$ 156,249	\$ 130,363
Short-term restricted cash	8,559	3,476
Long-term restricted cash	30,279	11,665
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	\$ 195,087	\$ 145,504

See accompanying notes.

PRICESMART, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
February 28, 2026

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 28, 2026, the Company had 56 warehouse clubs in operation in 12 countries and one U.S. territory (ten in Colombia; nine in Costa Rica; seven each in Panama and 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 new warehouse club in La Romana, Dominican Republic in May 2026, one warehouse club in each of Montego Bay and South Camp Road (Kingston), Jamaica in the summer and winter of 2026, respectively, one warehouse club in Ciudad Quesada, Costa Rica in the summer of 2026 and one warehouse club in Villa Nueva, Guatemala in the spring of 2027. Once these five new clubs are open, the Company will operate 61 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 Adding New PriceSmart Locations, Expanding into New Markets, Remodeling Current PriceSmart Clubs and Opening More Distribution Centers;**
2. **Increase Membership Value; and**
3. **Drive Incremental Sales via PriceSmart.com and Enhanced 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, 2025 (the "2025 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.

Throughout this Quarterly Report, we refer to various trademarks and trade names that we use in our business. Other trademarks, service marks or trade names referred to in this Quarterly Report are the property of their respective owners.

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. 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 intercompany 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 are a Variable Interest Entity ("VIE") at the start of each new venture and if a reconsideration event has occurred. 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.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In the first quarter of fiscal year 2026, the Company dissolved its ownership in the GolfPark Plaza, S.A. joint venture. As a result of this dissolution, the Company recognized a gain of approximately \$600,000 in Other income (expense) on the consolidated statements of income for the six months ended February 28, 2026. The Company used a market-based valuation model to determine the fair value of the two plots of land the Company received upon the dissolution was \$6.4 million. The Company also received cash and other assets of approximately \$1.1 million.

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 cash and cash equivalents as 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. In addition, 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 \$33.1 million as of February 28, 2026 and \$32.1 million as of August 31, 2025. 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 28, 2026	August 31, 2025
Short-term restricted cash	\$ 8,559	\$ 11,061
Long-term restricted cash	30,279	33,206
Total restricted cash ⁽¹⁾	<u>\$ 38,838</u>	<u>\$ 44,267</u>

⁽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 certificates of deposit and/or security deposits of Trinidad dollars, as measured in U.S. dollars, of approximately \$23.9 million, and certificates of deposit and/or security deposits in U.S. dollars of approximately \$7.1 million with a few of its lenders as compensating balances for several U.S. dollar and euro denominated loans payable over several years. The change in restricted cash is primarily due to security deposits related to our financing transactions we entered into in the fourth quarter of fiscal year 2025 to provide additional U.S. dollar liquidity to our Trinidad subsidiary. The certificates of deposit and/or security deposits 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 \$43.3 million as of February 28, 2026 and \$43.2 million as of August 31, 2025. 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.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 under protest 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 Company 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”). This can result in AMT payments substantially in excess of taxes the Company would expect to pay based on taxable income. As the Company believes that, in one country where it operates, it should ultimately only be liable for an income-based tax, it has accumulated income tax receivables of \$10.3 million and \$10.5 million and deferred tax assets of \$4.7 million and \$3.9 million as of February 28, 2026 and August 31, 2025, 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 underpaid, 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.
- 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.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	February 28, 2026	August 31, 2025
Prepaid expenses and other current assets	\$ 8,217	\$ 7,387
Other non-current assets	28,679	28,431
Total amount of VAT receivables reported	<u>\$ 36,896</u>	<u>\$ 35,818</u>

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

	February 28, 2026	August 31, 2025
Prepaid expenses and other current assets	\$ 32,413	\$ 25,169
Other non-current assets	22,295	23,181
Total amount of income tax receivables reported	<u>\$ 54,708</u>	<u>\$ 48,350</u>

Lease Accounting – The Company’s leases are operating and finance 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. Finance leases are included in Other non-current assets; Other accrued expenses and other current liabilities; and Other long-term liabilities on the consolidated balance sheets. During the second quarter of fiscal year 2026, the Company entered into a finance lease for land to construct a new club. The finance lease resulted in the recognition of a right-of-use asset and corresponding lease liability of approximately \$9.9 million as of February 28, 2026. The Company currently has no current portion of the liability as the payments over the next twelve months do not exceed the interest expense incurred over that time period.

Operating and finance 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 operating and finance lease 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 under operating leases is recognized on a straight-line basis over the lease term. The lease expense for minimum lease payments under finance leases is recognized as amortization of the ROU asset and interest expense on the related lease liability. The amortization expense is recognized on a straight-line basis over the lease term based on the initial balance of the ROU asset and is included within Selling, general and administrative expenses on the consolidated statements of income. The interest expense is calculated using the effective interest method, applying the initial incremental borrowing rate to the outstanding lease liability at the start of the period, and is included within Interest expense on the consolidated statements of income. 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.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 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.

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, are awarded with dividend equivalents, subject to achievement of applicable performance criteria.

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 or in other transactions. 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 months ended February 28, 2026, the Company reissued approximately 53,000 treasury shares upon vesting of restricted stock units and the award of restricted stock.

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.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 was 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 2025 Annual Report on Form 10-K.

Derivative 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. dollar-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. dollar-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 28, 2026 and August 31, 2025.

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.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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, 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.

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 income for these local currency denominated accounts for the three and six months ended February 28, 2026 and February 28, 2025 (in thousands):

	Three Months Ended		Six Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Effect on other comprehensive income due to foreign currency restatement	\$ 18,866	\$ 7,345	\$ 34,392	\$ 4,492

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		Six Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Currency loss	\$ (8,289)	\$ (5,188)	\$ (14,529)	\$ (11,906)

Recent Accounting Pronouncements - Not Yet Adopted

FASB ASC 740 ASU 2023-09—Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures. ASU No. 2023-09 focuses on income tax disclosures around effective tax rates and cash income taxes paid. The ASU is effective for annual periods beginning after December 15, 2024. The Company expects to adopt ASU No. 2023-09 for our annual reporting for the fiscal year ending on August 31, 2026. The Company is evaluating the impact on the Company's consolidated financial statements.

FASB ASC 220 ASU 2024-03—Income Statement (Topic 220): Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU No. 2024-03, Disaggregation of Income Statement Expenses. ASU No. 2024-03 requires disaggregated disclosure of income statement expenses. The ASU is effective for annual reporting periods beginning after December 15, 2026, and for interim periods beginning after December 15, 2027. Early adoption is permitted. The Company expects to adopt ASU No. 2024-03 for our annual reporting for the fiscal year ending on August 31, 2028. The Company is evaluating the impact on the Company's consolidated financial statements.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

FASB ASC 350 ASU 2025-06—Intangibles (Subtopic 350): Targeted Improvements to the Accounting for Internal-Use Software

In September 2025, the FASB issued ASU No. 2025-06, Targeted Improvements to the Accounting for Internal-Use Software. ASU No. 2025-06 removes all references to software development project stages in Subtopic 350-40 and clarifies the capitalization threshold for internal-use software costs. The ASU is effective for annual reporting periods, including interim reporting periods within those annual reporting periods, beginning after December 15, 2027. Early adoption is permitted. The Company expects to adopt ASU No. 2025-06 for our first quarter reporting for fiscal year 2028. The Company has not yet completed its assessment of the impact of ASU No. 2025-06 on the Company's 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.

Platinum Points Reward Programs. The Company currently offers Platinum Memberships in all of its markets. 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. Additionally, 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 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.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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.

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 28, 2026	August 31, 2025
Deferred membership income	\$ 48,346	\$ 41,739
Other contract performance liabilities	\$ 41,472	\$ 20,327

Disaggregated Revenues

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

	Three Months Ended		Six Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Foods & Sundries	\$ 669,441	\$ 626,163	\$ 1,307,398	\$ 1,206,070
Fresh Foods	454,902	403,829	870,477	770,004
Hardlines	162,569	155,260	307,494	299,433
Softlines	99,810	78,262	182,169	146,129
Food Service and Bakery	65,317	58,214	124,788	112,233
Health Services	14,491	12,827	28,000	24,545
Net Merchandise Sales	\$ 1,466,530	\$ 1,334,555	\$ 2,820,326	\$ 2,558,414

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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. 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 criteria are achieved. At the time the Compensation Committee confirms the performance criteria have been achieved, the corresponding dividend equivalents are paid on the PSUs. 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 months ended February 28, 2026 and February 28, 2025 (in thousands, except per share amounts):

	Three Months Ended		Six Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Net income	\$ 49,091	\$ 43,760	\$ 89,257	\$ 81,188
Less: Allocation of income to unvested stockholders	(181)	(155)	(1,351)	(1,180)
Net income available for distribution	\$ 48,910	\$ 43,605	\$ 87,906	\$ 80,008
Basic weighted average shares outstanding	30,226	30,063	30,199	30,041
Add dilutive effect of performance stock units (two-class method)	19	5	13	3
Diluted average shares outstanding	30,245	30,068	30,212	30,044
Basic net income per share	\$ 1.62	\$ 1.45	\$ 2.91	\$ 2.66
Diluted net income per share	\$ 1.62	\$ 1.45	\$ 2.91	\$ 2.66

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 5 – STOCKHOLDERS' EQUITY

Dividends

The following table summarizes the dividends declared and paid during fiscal years 2026 and 2025 (amounts are per share):

Declared	Amount	First Payment				Second Payment			
		Record Date	Date Paid	Date Payable	Amount	Record Date	Date Paid	Date Payable	Amount
2/6/2025	\$ 1.26	2/18/2025	2/28/2025	N/A	\$ 0.63	8/15/2025	8/29/2025	N/A	\$ 0.63
2/5/2026	\$ 1.40	2/17/2026	2/27/2026	N/A	\$ 0.70	8/17/2026	N/A	8/31/2026	\$ 0.70

On February 5, 2026, the Company's Board of Directors declared an annual cash dividend in the total amount of \$1.40 per share, with \$0.70 per share paid on February 27, 2026 to stockholders of record as of February 17, 2026 and \$0.70 per share payable on August 31, 2026 to stockholders of record as of August 17, 2026. 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.

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, December 1, 2025	\$ (144,796)
Foreign currency translation adjustments	18,866
Defined benefit pension plans ⁽¹⁾	46
Derivative instruments ⁽²⁾	2,388
Ending balance, February 28, 2026	<u>\$ (123,496)</u>

	Amount
Beginning balance, December 1, 2024	\$ (167,606)
Foreign currency translation adjustments	7,345
Defined benefit pension plans ⁽¹⁾	56
Derivative instruments ⁽²⁾	(435)
Ending balance, February 28, 2025	<u>\$ (160,640)</u>

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Amount
Beginning balance, September 1, 2025	\$ (161,439)
Foreign currency translation adjustments	34,392
Defined benefit pension plans ⁽¹⁾	92
Derivative instruments ⁽²⁾	3,459
Ending balance, February 28, 2026	<u>\$ (123,496)</u>

	Amount
Beginning balance, September 1, 2024	\$ (164,590)
Foreign currency translation adjustments	4,492
Defined benefit pension plans ⁽¹⁾	127
Derivative instruments ⁽²⁾	(669)
Ending balance, February 28, 2025	<u>\$ (160,640)</u>

	Amount
Beginning balance, September 1, 2024	\$ (164,590)
Foreign currency translation adjustments	3,879
Defined benefit pension plans ⁽¹⁾	275
Derivative instruments ⁽²⁾	(1,274)
Amounts reclassified from accumulated other comprehensive loss	271
Ending balance, August 31, 2025	<u>\$ (161,439)</u>

⁽¹⁾ Amounts reclassified from accumulated other comprehensive 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."

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 28, 2026	August 31, 2025
Retained earnings not available for distribution	\$ 9,756	\$ 9,741

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 and Non-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.

The Company accrues an amount for its estimate of probable additional income tax liability. In certain cases, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than 50% likelihood of being sustained.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 28, 2026 and August 31, 2025, the Company has recorded within other accrued expenses and other current liabilities a total of \$1.2 million and \$1.1 million, respectively, for various non-income tax-related tax contingencies.

Minimum tax rules applicable in some of the countries where the Company operates require the Company 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"). 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 ultimately only be liable for an income-based tax, it has accumulated income tax receivables of \$10.3 million and \$10.5 million and deferred tax assets of \$4.7 million and \$3.9 million as of February 28, 2026 and August 31, 2025, respectively, in this country.

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.

Other Commitments

The Company is committed to non-cancelable construction service obligations for various warehouse club developments and expansions. As of February 28, 2026 and August 31, 2025, the Company had approximately \$37.0 million and \$11.5 million, respectively, in contractual obligations for construction services not yet rendered.

As of February 28, 2026, the Company has signed one lease agreement for which the lease term has not yet commenced. The agreement relates to the relocation of the Company's 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 2027. Upon delivery of the building, the Company expects to use approximately \$12.1 million in cash to outfit the club. The lease will have an initial 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 is as follows (in thousands):

Twelve Months Ended February 28 (except in case of leap year February 29),	Amount
2028	\$ 701
2029	1,637
2030	1,596
2031	1,557
2032	1,519
Thereafter	19,634
Total future lease payments	\$ 26,644

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

From time to time, the Company has entered into 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 28, 2026, the Company had entered into four land purchase agreements that, if completed, would result in the use of approximately \$30.0 million in cash.

In the first quarter of fiscal year 2026, the Company dissolved its ownership in the GolfPark Plaza, S.A. joint venture. Refer to "Note 2 - Summary of Significant Accounting Policies" for additional information regarding the dissolution.

The table below summarizes the Company's interest in a real estate joint venture as of February 28, 2026 (in thousands):

Entity	% Ownership	Initial Investment	Additional Investments	Net Loss Inception to Date	Dissolution of Joint Venture ⁽¹⁾	Company's Variable Interest in Entity	Commitment to Future Additional Investments	Company's Maximum Exposure to Loss in Entity
GolfPark Plaza, S.A.	50 %	\$ 4,616	\$ 2,402	\$ (129)	\$ (6,889)	\$ —	\$ —	\$ —

⁽¹⁾ In the first quarter of fiscal year 2026, the Company dissolved its joint venture in GolfPark Plaza, S.A.

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):

	Total Amount of Facilities	Facilities Used		Facilities Available	Weighted average interest rate
		Short-term Borrowings	Letters of Credit		
February 28, 2026 - Committed	\$ 75,000	\$ —	\$ —	\$ 75,000	— %
February 28, 2026 - Uncommitted	96,000	3,981	—	92,019	3.3
February 28, 2026 - Total	<u>\$ 171,000</u>	<u>\$ 3,981</u>	<u>\$ —</u>	<u>\$ 167,019</u>	<u>3.3 %</u>
August 31, 2025 - Committed	\$ 75,000	\$ —	\$ —	\$ 75,000	— %
August 31, 2025 - Uncommitted	96,000	12,286	—	83,714	9.5
August 31, 2025 - Total	<u>\$ 171,000</u>	<u>\$ 12,286</u>	<u>\$ —</u>	<u>\$ 158,714</u>	<u>9.5 %</u>

As of February 28, 2026 and August 31, 2025, 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.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table provides the changes in long-term debt for the six months ended February 28, 2026:

<i>(Amounts in thousands)</i>	Current portion of long-term debt	Long-term debt (net of current portion)	Total
Balances as of August 31, 2025	\$ 38,675	\$ 147,922	\$ 186,597 ⁽¹⁾
Repayments of long-term debt	(4,799)	(18,560)	(23,359)
Reclassifications of long-term debt due in the next 12 months	138	(138)	—
Translation adjustments on foreign currency debt of subsidiaries whose functional currency is not the U.S. dollar ⁽²⁾	(10)	(76)	(86)
Balances as of February 28, 2026	\$ 34,004	\$ 129,148	\$ 163,152 ⁽³⁾

⁽¹⁾ The carrying amount of non-cash assets assigned as collateral for these loans was \$185.6 million. The carrying amount of cash assets assigned as collateral for these loans was \$26.5 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 \$157.8 million. The carrying amount of cash assets assigned as collateral for these loans was \$29.5 million.

As of February 28, 2026 and August 31, 2025, the Company had approximately \$69.1 million and \$78.1 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.

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

Twelve Months Ended Feb 28 (except in case of leap year February 29),	Amount
2027	\$ 34,004
2028	55,845
2029	20,510
2030	11,337
2031	3,034
Thereafter	38,422
Total	\$ 163,152

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 Secured Overnight Financing Rate ("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, some of the Company's subsidiaries have 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.

PRICESMART, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

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 income (loss). Amounts are deferred in other comprehensive income (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 28, 2026, 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 months ended February 28, 2026:

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	25-Nov-24	Citibank, N.A. ("Citi")	Cross currency interest rate swap	\$18,700,000	PriceSmart, Inc.	6.00%	10.91 %	27th day of each November, February, May and August beginning on February 27, 2025	November 27, 2024 - November 27, 2027
Colombia subsidiary	15-Nov-24	Citibank, N.A. ("Citi")	Cross currency interest rate swap	\$10,000,000	PriceSmart, Inc.	3.00%	7.61 %	17th day of each February, May, August and November beginning on February 18, 2025	November 18, 2024 - November 17, 2026
Colombia subsidiary	19-Sep-24	Citibank, N.A. ("Citi")	Cross currency interest rate swap	\$12,500,000	PriceSmart, Inc.	4.00%	9.15 %	24th day of each September, December, March and June beginning on December 24, 2024	September 24, 2024 - September 24, 2029
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, 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	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
SD Property Managers, LLC	16-Jun-25	Fifth Third Bank, National Association	Interest rate swap	\$12,500,000	Fifth Third Bank, National Association	Variable rate 1-month SOFR	4.02 %	1st day of each month beginning on July 1, 2025	June 16, 2025 - June 16, 2035
Panama subsidiary	11-Jul-24	Bank of Nova Scotia ("Scotiabank")	Interest rate swap	\$16,500,000	Bank of Nova Scotia	3-month SOFR with a 2.95% floor	4.43 %	1st day of each March, June, September and December beginning June 3, 2024	February 29, 2024 - March 1, 2029
PriceSmart, Inc.	7-Nov-16	U.S. Bank, N.A. ("U.S. Bank") successor to Union Bank, N.A.	Interest rate swap	\$35,700,000	U.S. Bank	Variable rate 3-month SOFR plus 1.70%	3.65 %	1st day of each month beginning on April 1, 2017	March 1, 2017 - March 1, 2027

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

For the three and six months ended February 28, 2026 and February 28, 2025, the Company included the gain or loss on the hedged items 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 28, 2026	\$ 740	\$ 1,139	\$ 1,879
Interest expense for the three months ended February 28, 2025	\$ 699	\$ 828	\$ 1,527
Interest expense for the six months ended February 28, 2026	\$ 1,594	\$ 2,260	\$ 3,854
Interest expense for the six months ended February 28, 2025	\$ 1,924	\$ 1,225	\$ 3,149

⁽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 interest rate swaps and cross-currency interest rate swaps was as follows (in thousands):

Floating Rate Payer (Swap Counterparty)	Notional Amount as of	
	February 28, 2026	August 31, 2025
U.S. Bank	\$ 26,881	\$ 27,519
Fifth Third Bank, National Association	12,500	12,500
Citibank N.A.	71,200	71,200
Scotiabank	15,992	16,337
Total	\$ 126,573	\$ 127,556

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):

Derivatives designated as cash flow hedging instruments	Balance Sheet Classification	February 28, 2026			August 31, 2025		
		Fair Value	Net Tax Effect	Net OCI	Fair Value	Net Tax Effect	Net OCI
Cross-currency interest rate swaps	Other non-current assets	\$ 48	\$ (16)	\$ 32	\$ —	\$ —	\$ —
Cross-currency interest rate swaps	Other current liabilities	(2,101)	735	(1,366)	—	—	—
Cross-currency interest rate swaps	Other long-term liabilities	(3,969)	1,389	(2,580)	(5,381)	1,884	(3,497)
Interest rate swaps	Other non-current assets	440	(99)	341	701	(157)	544
Interest rate swaps	Other long-term liabilities	(1,044)	261	(783)	(815)	207	(608)
Net fair value of derivatives designated as hedging instruments		\$ (6,626)	\$ 2,270	\$ (4,356)	\$ (5,495)	\$ 1,934	\$ (3,561)

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 28, 2026:

Financial Derivative (Counterparty)	Subsidiary	Dates Entered into (Range)	Derivative Financial Instrument	Total Notional Amounts (in thousands)	Settlement Dates (Range)
Citibank, N.A. ("Citi")	Colombia	25-Sep-2025 - 24-Feb-2026	Forward foreign exchange contracts (USD)	\$ 18,000	26-Mar-2026 - 26-Aug-2026

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-month periods ended February 28, 2026 and February 28, 2025.

NOTE 9 – SEGMENTS

The Company and its subsidiaries are principally engaged in the international operation of membership shopping in 56 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 group composed of the Company's (i) Chief Executive Officer, (ii) Chief Operating Officer, and (iii) Chief Financial Officer functions as the Company's Chief Operating Decision Maker ("CODM"). The Company's CODM manages business operations and evaluates the performance of each segment based on the operating income (loss) of the segment and net income. The CODM considers actual performance relative to expectations, and growth potential to determine the appropriate allocation of resources to each segment.

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize by segment certain revenues, significant expense categories, operating costs and balance sheet items regularly provided to the CODM, (in thousands):

	United States Operations	Central American Operations	Caribbean Operations ⁽¹⁾	Colombia Operations	Reconciling Items ⁽²⁾	Total
Three Months Ended February 28, 2026						
Revenue from external customers	\$ 510	\$ 894,372	\$ 396,517	\$ 204,129	\$ —	\$ 1,495,528
Intersegment revenues	557,475	8,083	2,426	2,868	(570,852)	—
Total revenues	557,985	902,455	398,943	206,997	(570,852)	1,495,528
Less ⁽³⁾ :						
Cost of goods sold	327	734,586	325,673	169,869	—	1,230,455
Intersegment cost of goods sold	533,405	7,884	2,384	2,811	(546,484)	—
Warehouse club and other operations	—	79,141	37,705	22,618	—	139,464
General and administrative ⁽⁴⁾	49,610	412	155	12	—	50,189
Intersegment reimbursement of expenses	(31,908)	19,933	9,239	2,736	—	—
Operating income (loss)	6,551	60,499	23,787	8,951	(24,368)	75,420
Interest income from external sources	594	1,696	1,252	90	—	3,632
Interest income from intersegment sources	1,348	1,605	—	—	(2,953)	—
Interest expense from external sources	(413)	(1,030)	(1,241)	(1,275)	—	(3,959)
Interest expense from intersegment sources	(1,029)	(610)	(507)	(808)	2,954	—
Provision for income taxes	(8,560)	(6,984)	(1,372)	(681)	—	(17,597)
Other segment items ⁽⁵⁾	(82)	(5,131)	(2,871)	(321)	—	(8,405)
Net income (loss)	\$ (1,591)	\$ 50,045	\$ 19,048	\$ 5,956	\$ (24,367)	\$ 49,091
Depreciation and amortization	(1,986)	(12,222)	(6,373)	(3,691)	—	(24,272)
Capital expenditures, net	1,941	22,595	22,840	3,039	—	50,415
Six Months Ended February 28, 2026						
Revenue from external customers	\$ 2,111	\$ 1,727,858	\$ 761,825	\$ 386,463	\$ —	\$ 2,878,257
Intersegment revenues	1,103,680	16,124	4,733	5,569	(1,130,106)	—
Total revenues	1,105,791	1,743,982	766,558	392,032	(1,130,106)	2,878,257
Less ⁽³⁾ :						
Cost of goods sold	490	1,420,931	625,564	321,814	—	2,368,799
Intersegment cost of goods sold	1,057,923	15,718	4,646	5,458	(1,083,745)	—
Warehouse club and other operations	—	154,494	73,529	43,256	—	271,279
General and administrative ⁽⁴⁾	98,953	485	318	76	—	99,832
Intersegment reimbursement of expenses	(56,259)	36,790	16,733	2,736	—	—
Operating income (loss)	4,684	115,564	45,768	18,692	(46,361)	138,347
Interest income from external sources	941	3,219	2,271	150	—	6,581
Interest income from intersegment sources	2,652	3,313	2	—	(5,967)	—
Interest expense from external sources	(856)	(2,084)	(2,762)	(2,677)	—	(8,379)
Interest expense from intersegment sources	(2,144)	(1,319)	(869)	(1,629)	5,961	—
Provision for income taxes	(15,218)	(12,753)	(2,990)	(2,165)	—	(33,126)
Other segment items ⁽⁵⁾	(158)	(7,608)	(6,512)	112	—	(14,166)
Net income (loss)	\$ (10,099)	\$ 98,332	\$ 34,908	\$ 12,483	\$ (46,367)	\$ 89,257
Depreciation and amortization	(3,946)	(24,399)	(12,496)	(7,408)	—	(48,249)
Long-lived assets (other than deferred tax assets)	100,637	672,512	318,576	215,382	—	1,307,107
Goodwill	8,981	24,250	10,032	—	—	43,263
Total assets	251,031	1,252,791	611,907	321,029	—	2,436,758
Capital expenditures, net	5,285	37,561	43,439	5,526	—	91,811

PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Three Months Ended February 28, 2025

Revenue from external customers	\$	3,987	\$	823,871	\$	379,866	\$	156,162	\$	—	\$	1,363,886
Intersegment revenues		492,536		7,688		1,657		1,813		(503,694)		—
Total revenues		496,523		831,559		381,523		157,975		(503,694)		1,363,886
Less ⁽³⁾ :												
Cost of goods sold		3,801		680,472		313,023		132,839		—		1,130,135
Intersegment cost of goods sold		471,822		7,543		1,606		1,777		(482,748)		—
Warehouse club and other operations		—		71,289		36,089		16,854		—		124,232
General and administrative ⁽⁴⁾		42,992		1,185		62		10		—		44,249
Intersegment reimbursement of expenses		(20,781)		13,856		6,503		422		—		—
Operating income (loss)		(1,311)		57,214		24,240		6,073		(20,946)		65,270
Interest income from external sources		546		1,623		511		55		—		2,735
Interest income from intersegment sources		1,415		1,835		100		—		(3,350)		—
Interest expense from external sources		(264)		(608)		(426)		(1,240)		—		(2,538)
Interest expense from intersegment sources		(1,216)		(719)		(544)		(865)		3,344		—
Provision for income taxes		(6,378)		(7,814)		(1,392)		(800)		—		(16,384)
Other segment items ⁽⁵⁾		533		(2,329)		(4,162)		635		—		(5,323)
Net income (loss)	\$	(6,675)	\$	49,202	\$	18,327	\$	3,858	\$	(20,952)	\$	43,760
Depreciation, property and equipment		(1,838)		(11,112)		(5,566)		(3,251)		—		(21,767)
Capital expenditures, net		2,060		20,571		7,042		2,999		—		32,672

Six Months Ended February 28, 2025

Revenue from external customers	\$	13,605	\$	1,584,167	\$	725,248	\$	298,810	\$	—	\$	2,621,830
Intersegment revenues		1,008,130		17,021		3,482		2,839		(1,031,472)		—
Total revenues		1,021,735		1,601,188		728,730		301,649		(1,031,472)		2,621,830
Less ⁽³⁾ :												
Cost of goods sold		12,813		1,306,760		595,855		253,597		—		2,169,025
Intersegment cost of goods sold		967,249		16,613		3,435		2,765		(990,062)		—
Warehouse club and other operations		—		139,347		69,679		33,061		—		242,087
General and administrative ⁽⁴⁾		85,520		1,372		196		100		—		87,188
Intersegment reimbursement of expenses		(40,862)		27,827		12,613		422		—		—
Operating income (loss)		(2,985)		109,269		46,952		11,704		(41,410)		123,530
Interest income from external sources		655		3,197		1,004		99		—		4,955
Interest income from intersegment sources		3,123		3,318		201		—		(6,642)		—
Interest expense from external sources		(534)		(1,197)		(917)		(2,585)		—		(5,233)
Interest expense from intersegment sources		(2,328)		(1,683)		(1,037)		(1,588)		6,636		—
Provision for income taxes		(11,118)		(14,661)		(3,502)		(599)		—		(29,880)
Other segment items ⁽⁵⁾		729		(5,260)		(6,467)		(1,186)		—		(12,184)
Net income (loss)	\$	(12,458)	\$	92,983	\$	36,234	\$	5,845	\$	(41,416)	\$	81,188
Depreciation, property and equipment		(3,606)		(22,056)		(10,571)		(6,396)		—		(42,629)
Long-lived assets (other than deferred tax assets)		71,123		637,494		228,800		200,425		—		1,137,842
Goodwill		8,981		24,208		10,029		—		—		43,218
Investment in unconsolidated affiliates		—		6,860		—		—		—		6,860
Total assets		213,789		1,106,010		487,795		285,071		—		2,092,665
Capital expenditures, net		2,632		36,016		16,932		5,464		—		61,044

As of August 31, 2025

Long-lived assets (other than deferred tax assets)	\$	90,663	\$	659,756	\$	262,543	\$	197,268	\$	—	\$	1,210,230
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PRICESMART, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Goodwill	8,981	24,254	10,003	—	—	43,238
Investment in unconsolidated affiliates	—	6,889	—	—	—	6,889
Total assets	300,177	1,147,392	534,654	286,934	—	2,269,157

(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.

(3) The significant expense categories and amounts align with the segment level information that is regularly provided to the chief operating decision maker.

(4) General and administrative expenses include pre-opening expenses and loss on disposal of assets.

(5) Other segment items include other expense, net and loss of unconsolidated affiliates.

NOTE 10 – SUBSEQUENT EVENTS

The Company has evaluated all events subsequent to the balance sheet date as of February 28, 2026 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.

In March 2026, the Company executed a lease agreement for land in Villa Nueva, Guatemala for the purpose of constructing a new warehouse club, which we expect to open in the spring of 2027. The lease agreement will result in the recognition of a lease liability and right-of-use asset of approximately \$13.8 million.

PRICESMART, INC.

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, digital and technological initiatives, proposed warehouse club and distribution center 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 the Annual Report on Form 10-K for the fiscal year ended August 31, 2025 filed with the United States Securities and Exchange Commission ("SEC") on October 30, 2025 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." 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 objective of PriceSmart is to operate its warehouse club business in Central America, the Caribbean and South America at operating standards as good as, or superior to, warehouse club operations in the United States.

As of February 28, 2026, we had 56 warehouse clubs in operation in Central America, the Caribbean and Colombia. In addition, we are continuing to advance our planned expansion into Chile, which we believe is a promising new market for our Company. We believe PriceSmart has become one of the most respected and trusted brands in the countries where we operate, and with over two million membership accounts, and over four million cardholders, we believe PriceSmart is an essential part of the shopping experience for consumers and small businesses in PriceSmart's markets.

PriceSmart sources approximately half of its merchandise from suppliers within Latin America and the Caribbean, 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 consumable and non-consumable products that are often not otherwise available in our markets.

PriceSmart continually focuses on innovation. Beyond in-club shopping, our Members can shop via our mobile app or online at PriceSmart.com, both of which offer home delivery and curbside pickup via our Click & Go® service. PriceSmart is making significant investments in technology both to improve the online shopping experience for its Members and to enhance operating efficiencies in its supply chain and the back office.

We seek to be an outstanding place to work and provide safe and pleasant working environments for our almost 13,000 employees, along with excellent pay and benefits, including healthcare coverage and retirement benefits.

PriceSmart is committed to improving the quality of life for people living in the communities in which it does business. Through a partnership with Price Philanthropies Foundation we provide school supplies to approximately 140,000 children and vision screening and eye exams for thousands of children through the Aprender y Crecer program. In addition, the PriceSmart Foundation makes grants to support youth workforce development and small business growth in PriceSmart markets.

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.

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

Country/Territory ⁽¹⁾	Number of Warehouse Clubs in Operation as of February 28, 2025	Number of Warehouse Clubs in Operation as of February 28, 2026	Anticipated Warehouse Club Openings in Fiscal Year 2026	Anticipated Warehouse Club Openings in Fiscal Year 2027
Colombia	10	10	—	—
Costa Rica	8	9	1	—
Panama	7	7	—	—
Guatemala	6	7	—	1
Dominican Republic	5	5	1	—
Trinidad	4	4	—	—
El Salvador	4	4	—	—
Honduras	3	3	—	—
Nicaragua	2	2	—	—
Jamaica	2	2	1	1
Aruba	1	1	—	—
Barbados	1	1	—	—
U.S. Virgin Islands	1	1	—	—
Totals	54	56	3	2

⁽¹⁾ In July 2025, the Company announced its plans to expand into Chile.

Our Member-facing warehouse clubs are all located in Latin America and the Caribbean. Our two regional distribution centers located in the United States (Miami) and Costa Rica operate in conjunction with our local distribution centers in all of our multi-club markets throughout Latin America and the Caribbean. Our corporate headquarters, U.S. buying operations and support service center offices are located in the United States. Lastly, we have additional support service centers in some of our markets. Our operating segments are the United States, Central America, the Caribbean and Colombia.

In the third quarter of fiscal year 2025, we purchased land for our sixth warehouse club in the Dominican Republic, located in La Romana, approximately 73 miles east from the nearest club in the capital of Santo Domingo. The club will be built on a five-acre property and is anticipated to open in May 2026.

In the first quarter of fiscal year 2026, we purchased land for our third warehouse club in Jamaica, located in Montego Bay, approximately 100 miles west from the nearest club in the capital of Kingston. The club will be built on a five-acre property and is anticipated to open in the summer of 2026.

In the second quarter of fiscal year 2026, we purchased land and plan to open our tenth warehouse club in Costa Rica, located in Ciudad Quesada, approximately 47 miles northwest 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 in the summer of 2026.

In the first quarter of fiscal year 2026, we executed a land lease for our fourth warehouse club in Jamaica, located on South Camp Road (Kingston), approximately six miles southeast from the nearest club in the capital of Kingston. The club will be built on a three-acre property and is anticipated to open in the winter of 2026.

In the third quarter of fiscal year 2026, we executed a land lease for our eighth warehouse club in Guatemala, located in Villa Nueva, approximately 13 miles south from the nearest club in the capital of Guatemala City, subject to the permits being obtained. The club will be built on a five-acre property and is anticipated to open in the spring of 2027.

Once these five new clubs are open, the Company will operate 61 warehouse clubs.

We continue to pursue opportunities to add new warehouse clubs in our existing markets and to assess opportunities in new markets. We are continuing to advance our planned expansion into Chile, which we have identified as a potential market for multiple PriceSmart warehouse clubs. We have entered into executory agreements for two potential sites for two new warehouse clubs in Chile. We have hired local consultants to help us in this process. However, opening PriceSmart warehouse clubs in Chile remains subject to our continuing market analyses, finalizing the agreements of appropriate sites for warehouse clubs, and the receipt of required governmental permits, among other uncertainties. As we continue to advance our land acquisition activities, we have expanded the executive leadership team and entered into a lease for office space in Chile to support these efforts.

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 Gross Domestic Product ("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, remittances from foreign workers located in the United States to individuals or family members in their home countries, 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.

Inflationary pressures could significantly impact product costs, and commodity price increases have and could again impact our financial results and could lead to reduced sales, fewer units sold, and/or margin pressure. For example, the disruption of the global oil supply through the Strait of Hormuz and the conflict between the U.S. and Iran have driven up commodity prices and increased inflationary pressures, potentially affecting our costs and the affordability of our merchandise for our Members. We are monitoring developments with respect to the ongoing military conflict with Iran including the impact on global commodity prices and potential shipping and logistics disruptions. We may experience increases in transportation costs or delays in the shipment or delivery of our products.

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. As of February 28, 2026, some markets, primarily Colombia and Costa Rica, benefited from currency appreciation, which was partially offset by currency devaluations we experienced in some of the other countries where we operate, primarily Honduras, when compared to February 28, 2025. During the first six months of fiscal years 2026 and 2025, approximately 80.9% and 80.0%, respectively, of our net merchandise sales were in currencies other than the U.S. dollar. Of those sales, 48.8% and 49.6% consisted of sales of products we purchased in U.S. dollars.

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. Alternatively, we may elect not to raise prices to fully cover the impact of the devaluation, adversely affecting our margins. For example, during fiscal year 2023, the currency in Colombia devalued approximately 15%, but we selectively held pricing steady or took pricing actions to mitigate declines in demand, which negatively impacted our consolidated total gross margin percentage. 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.

We 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 as a reaction to an agreement between the Panamanian government and a mining company, disrupting traffic to our clubs throughout most of the market. In the third quarter of fiscal year 2025, Panama once again experienced widespread protests and social unrest against the government. Roadblocks in Guatemala in October 2023 related 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 during the third quarter of fiscal year 2021.

Our operations are subject to volatile weather conditions and natural disasters. For example, in October 2025, Hurricane Melissa brought catastrophic winds, flash flooding and storm surge throughout the island of Jamaica resulting in the closure of our Jamaica clubs for two days. 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.

At times we face difficulties in the shipment of, and the risks inherent in the importation of, merchandise to our warehouse clubs. One of those difficulties is possible governmental restrictions on the importation of merchandise. In late May 2023, disputes with Nicaraguan customs and tax authorities resulted in delays in the issuance of our importation clearance, and general delays in the customs inspection process. While this situation had occurred frequently prior to May 2023, we generally were able to plan around these import blockages and resume imports within a matter of days. However, the 2023 delay in obtaining importation clearance resulted in our being unable to import merchandise into Nicaragua for several weeks in June 2023. While our tax clearances and imports have returned to a normal cadence, we could see delays of imports into Nicaragua again as well as in other jurisdictions in which we operate.

Our operations depend on shipping, trucking, ports and other elements of the supply chain that often rely on unionized labor. A work stoppage or other limitation on operations from union or other labor-related matters could occur for any number of reasons, including as a result of disputes under existing collective bargaining agreements with labor unions or in connection with negotiation of new collective bargaining agreements. For example, while it did not impact our export activities, we experienced a brief disruption to the flow of imported merchandise into our Miami distribution center because of the U.S. dockworkers strike in October 2024.

Current uncertainties about U.S. tariffs and reciprocal tariffs may have an adverse effect on our Company. On February 20, 2026, the U.S. Supreme Court invalidated tariffs imposed under the International Emergency Power Act (the "IEEPA Decision"). There remains significant uncertainty regarding the implementation of the IEEPA decision. In addition, immediately following the IEEPA decision, the U.S. government initiated new tariffs under alternative authorities. Our Miami Distribution Center, which operates within a Free Trade Zone ("FTZ"), has helped us avoid potential economic risks, and as a result, we are not owed a refund.

In July 2025, the United States enacted significant tax legislation commonly referred to as the One Big Beautiful Bill Act ("OBBBA"). The OBBBA makes permanent many provisions of the Tax Cuts and Jobs Act of 2017 and introduces additional changes affecting individuals and businesses. Key business related provisions include the continuation of the 21% federal corporate income tax rate, enhancements to bonus depreciation and expensing rules, and modifications to certain international provisions, including Global Intangible Low-Taxed Income and Foreign-Derived Intangible Income deductions. The OBBBA also includes other targeted measures, including a 1% excise tax on foreign remittances.

We have reviewed the OBBBA and continue to monitor and model its potential impact on our operations and effective tax rate. Based on our current analysis of the Company's operating profile, we do not expect material effects on our 2026 fiscal year results or to our results going forward, considering our existing tax profile. Most provisions that represent substantive changes to existing law, including adjustments to international tax regimes and certain deduction limitations, are scheduled to take effect during our fiscal year 2027.

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 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 business because of 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.

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. This illiquidity also increases our foreign exchange exposure to any devaluation of the local currency relative to the U.S. dollar. Additionally, the Company may incur significant premium costs to convert our local currencies into available tradable currencies and U.S. dollars. For instance, 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. Our balance as of February 28, 2026 of Trinidad dollar denominated cash and cash equivalents and short and long-term investments measured in U.S. dollars was \$76.9 million, a decrease of \$23.6 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. In July 2025, the Company entered into financing transactions to provide our Trinidad subsidiary with additional U.S. dollar liquidity needed to meet its operational needs and help reduce the shortfall in U.S. dollar sourcing due to continued illiquid foreign exchange conditions in that market. While we currently expect to convert increased amounts of Trinidad dollars going forward, the timing and availability of U.S. dollars remains uncertain, and we may incur significant premium costs to complete such conversions.

While we are currently able to source substantially all the U.S. dollars that we need in Honduras, we faced similar U.S. dollar liquidity challenges in Honduras during fiscal year 2023 through much of fiscal year 2025, and the central bank still has strict controls there on the availability of U.S. dollars.

During the period, our Costa Rican subsidiary recognized unrealized foreign currency losses primarily related to the revaluation of U.S. dollar-denominated assets and liabilities held in that market. Our balance as of February 28, 2026 of U.S. dollar-denominated cash and cash equivalents, short-term investments, and other assets and liabilities in our Costa Rican subsidiary was \$101.6 million. Refer to "Management's Discussion & Analysis – Other Expense, Net" for additional information.

Mission

PriceSmart's mission is to provide all Members an outstanding shopping experience with high quality, exciting merchandise and services at the lowest possible prices.

Purpose

PriceSmart's purpose is 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 believe we provide good jobs, excellent 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 the 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 enhancing our capabilities to drive sales, operational efficiencies, and provide a better Member experience. 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, while simultaneously enhancing Member experience and engagement.

Growth

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

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

- I. ***Invest in Adding New PriceSmart Locations, Expanding into New Markets, Remodeling Current PriceSmart Clubs and Opening More Distribution Centers.*** We continue to pursue opportunities to add new warehouse clubs in our existing markets and to assess opportunities in new markets. We have acquired land for three new warehouse clubs and entered into land leases for two new warehouse clubs. These warehouse clubs will be our sixth warehouse club in the Dominican Republic, our third and fourth warehouse clubs in Jamaica, our tenth warehouse club in Costa Rica, and our eighth warehouse club in Guatemala. Once these five new clubs are open, PriceSmart will operate 61 warehouse clubs in total. In addition to continued growth throughout our current markets, we are continuing to advance our planned expansion into Chile, which we have identified as a potential market for multiple PriceSmart warehouse clubs. As part of this initiative, we have hired local consultants to assist us, appointed a country general manager, and entered into executory agreements for two potential sites for two new warehouse clubs and are actively reviewing other potential sites. Additionally, 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. To support this strategy, we will begin warehouse club and parking lot expansions and remodels in fiscal year 2026 in Portmore, Jamaica and Barbados. During fiscal year 2023, we 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 expect to relocate our Miraflores club to this new location in the second half of calendar year 2027. We are enhancing our distribution and logistics network through the opening of distribution centers in China and in each of our multi-club markets, either operated by PriceSmart or through the use of third-party logistics providers. We completed full implementation of these distribution centers in China in the second quarter of fiscal year 2026. Our goal is to reduce landed costs and lead times (via direct shipments from Asia to our local markets) and improve our working capital as a result. In addition to our regional distribution center in Costa Rica, we have PriceSmart-operated distribution centers in various stages of development and implementation in other key markets. In the second quarter of fiscal year 2026, we opened our distribution center in Trinidad. In addition, we plan to open distribution centers in Colombia and Jamaica during fiscal year 2026 and in the Dominican Republic during fiscal year 2027.

- II. *Increase Membership Value.*** At PriceSmart, we are dedicated to attracting new Members and fostering long-term loyalty by continually enhancing the value of membership. In addition to providing low prices on merchandise, we seek to provide Members with greater convenience and an expanding range of services. This includes access to PriceSmart.com for online shopping, seamless club pickup and delivery services, and our comprehensive well-being initiative. Members enjoy optical services with free eye exams, affordably priced eyeglass frames, audiology services with hearing tests, and competitively priced hearing aids. In select markets, we offer pharmacy services to further enrich the PriceSmart membership experience. We increased the membership fee by \$5 in all but one market during fiscal year 2024 and may consider further adjustments as member benefits and value continue to grow. A larger membership base and higher membership fee contribute to the bottom line of the business or can be reinvested in providing better pricing to our Members. We focus on growth of our membership base, Member renewal rates and average ticket as part of determining how Members see the value we offer. A key driver of our membership strategy is the Platinum Membership, which is designed to offer even more value to our most engaged Members. Platinum Members enjoy exclusive benefits, including an annual cashback reward on eligible purchases, which directly translates to savings that reward loyalty and increase purchasing power. By offering tangible financial rewards, we believe Members can derive maximum value from their membership, particularly when paired with the PriceSmart co-branded credit card which offers an additional cash back incentive for Members with the card. Platinum Members tend to demonstrate higher renewal rates and increased spending compared to other membership tiers. Platinum Membership accounts were 19.5% of our total membership base as of February 28, 2026, an increase from 14.5% as of February 28, 2025. This directly contributes to the Company's revenue growth and reinforces our commitment to providing best-in-class value for our Members. Additionally, our private-label products that we sell under the "Member's Selection[®]" brand plays a crucial role in enhancing the membership value proposition. We believe these products, available only at PriceSmart, deliver superior value while maintaining the high standards that our Members expect. Sourced with care and designed to meet everyday needs, "Member's Selection[®]" products range from pantry staples to household essentials, providing affordable alternatives without compromising on quality. During the first six months of fiscal year 2026, our private-label sales represented 26.6% of total net merchandise sales, down slightly from 27.4% in the same period of fiscal year 2025. In the first quarter of fiscal year 2026, the Company discontinued selling produce under the "Member's Selection[®]" brand as we determined that these products no longer aligned with the value proposition we strive to deliver with our private-label products. Excluding discontinuation of produce under the "Member's Selection[®]" brand, our private-label sales, as a percentage of total net merchandise sales, increased by 50 basis points compared to the same period of fiscal year 2025. Our strategy is to offer our Members a curated selection of high-quality merchandise at prices we believe consistently deliver strong value across our markets. Our model focuses on fast-turning items, with limited variations in styles, sizes, and colors to maximize efficiency and drive savings. We offer a limited number of stock keeping units ("SKUs") with large pack sizes. Our "Treasure Hunt" experience offers the best value on exclusive or one-time-buy merchandise. By continuously enhancing our benefits and maintaining a strong focus on membership growth, renewal rates, and Member spending, we provide our Members with unmatched value, no matter how, when or where they choose to shop. As PriceSmart continues to grow, we look forward to reinvesting in new benefits and services that enhance the Member experience, creating a mutually beneficial relationship built on trust, value, and innovation.

III. Drive Incremental Sales via PriceSmart.com and Enhanced Digital and Technological Capabilities. We've continued to tailor our digital experience to try to exceed our Members' expectations of how, when and where they want to shop. In the second quarter of fiscal year 2026, our digital channel sales reached \$94.1 million, a 23.4% increase year-over-year, representing 6.4% of total net merchandise sales. We're also modernizing our processes and technology. For example, we have continued making progress in our migration to the RELEX supply chain and inventory management software platform in the second quarter of fiscal year 2026. We expect to complete our implementation in fiscal year 2026. We believe this upgrade enhances employee productivity and is designed to improve inventory management, reduce spoilage and increase in-stock availability, driving both sales and efficiency. In addition, during the first quarter of fiscal year 2026, we finalized implementing a new point-of-sale system, Elera, a Toshiba product, in all of our English-speaking markets in the Caribbean. In the third quarter of fiscal year 2026, we expect to begin implementation in our Spanish speaking Central American markets. We believe with Elera we can achieve faster checkout times, improve employee productivity and enhance our payment option capabilities. In the second quarter of fiscal year 2026, we furthered implementation of Workday's human capital management system to replace legacy human resource applications. This upgrade is designed to enhance the employee experience with modern, user-friendly tools, while improving processes, strengthening compliance and providing scalable, integrated data to support future growth. During the second quarter, we advanced our multi-phase implementation of the E2Open Global Trade Management platform designed to enhance automation, compliance, and controls across global import and export operations. We believe this platform will strengthen trade compliance, improve data visibility, and support scalable international growth once fully implemented. Lastly, in the second quarter of fiscal year 2026, we began migrating our mobile application to fully native iOS and Android architectures to enhance speed, reliability, and accessibility for our Members. Solidifying our foundation and allowing for faster deployment of new features will help us achieve our mission of delivering an outstanding shopping experience while leveraging costs down.

Financial highlights for the second quarter of fiscal year 2026 included:

- Total revenues increased 9.7% over the comparable prior year period.
- Net merchandise sales increased 9.9% over the comparable prior year period. We ended the quarter with 56 warehouse clubs compared to 54 warehouse clubs at the end of the second quarter of fiscal year 2025. Net merchandise sales - constant currency increased 7.8% over the comparable prior-year period.
- Comparable net merchandise sales (that is, sales in the 54 warehouse clubs that have been open for more than 13 ½ calendar months) for the 13 weeks ended March 1, 2026 increased 7.6%. Comparable net merchandise sales - constant currency for the 13 weeks ended March 1, 2026 increased 5.5%.
- Membership income for the second quarter of fiscal year 2026 increased 16.9% to \$24.5 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 profit as a percent of net merchandise sales was 16.1%, an increase of 50 basis points when compared to the same period in the prior year.
- Selling, general and administrative expenses increased 12.6% compared to the second quarter of fiscal year 2025, primarily due to investments in technology and compensation of our Chief Executive Officer. Selling, general and administrative expenses as a percentage of total revenues in the second quarter of fiscal year 2026 increased to 12.7% from 12.4% in the same period last year.
- Operating income for the second quarter of fiscal year 2026 was \$75.4 million, an increase of 15.6%, or \$10.2 million, compared to the second quarter of fiscal year 2025.
- We recorded an \$8.7 million net loss in total other expense in the second quarter of fiscal year 2026 compared to a \$5.1 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 \$3.1 million, which was mainly driven by an increase in unrealized losses in value of U.S. dollar denominated monetary assets and liabilities in several of our markets.
- Our effective tax rate decreased in the second quarter of fiscal year 2026 to 26.4% from 27.2% in the second quarter of fiscal year 2025. The decrease in the effective tax rate is primarily attributable to foreign exchange rate fluctuations.
- Net income for the second quarter of fiscal year 2026 was \$49.1 million, or \$1.62 per diluted share, compared to \$43.8 million, or \$1.45 per diluted share, in the second quarter of fiscal year 2025.
- Adjusted EBITDA for the second quarter of fiscal year 2026 was \$99.7 million compared to \$87.0 million in the same period last year.

Financial highlights for the six months ended February 28, 2026 included:

- Total revenues increased 9.8% over the comparable prior year period.
- Net merchandise sales increased 10.2% over the comparable prior year period. We ended the first six months of fiscal year 2026 with 56 warehouse clubs compared to 54 warehouse clubs at the end of the first six months of fiscal year 2025. Net merchandise sales - constant currency increased 8.6% over the comparable prior-year period.
- Comparable net merchandise sales (that is, sales in the 54 warehouse clubs that have been open for more than 13 ½ calendar months) for the 26 weeks ended March 1, 2026 increased 7.8%. Comparable net merchandise sales - constant currency for the 26 weeks ended March 1, 2026 increased 6.2%.
- Membership income for the first six months of fiscal year 2026 increased 16.5% to \$47.9 million over the comparable prior-year period.
- Total gross margins (net merchandise sales less associated cost of goods sold) increased 12.4% over the prior year period, and merchandise gross profit as a percent of net merchandise sales was 16.0%, an increase of 30 basis points when compared to the same period in the prior year.
- Selling, general and administrative expenses increased 12.7% compared to the first six months of fiscal year 2025, primarily due to investments in technology and compensation of our Chief Executive Officer. Selling, general and administrative expenses as a percentage of total revenues in the first six months of fiscal year 2026 increased to 12.9% from 12.6% in the same period last year.
- Operating income for the first six months of fiscal year 2026 was \$138.3 million, an increase of 12.0%, or \$14.8 million, compared to the first six months of fiscal year 2025.
- We recorded a \$16.0 million net loss in total other expense in the first six months of fiscal year 2026 compared to a \$12.4 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 \$2.0 million, which was mainly driven by an increase in unrealized losses in value of U.S. dollar denominated monetary assets and liabilities in several of our markets.
- Our effective tax rate increased in the first six months of fiscal year 2026 to 27.1% from 26.9% in the first six months of fiscal year 2025.

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- Net income for the first six months of fiscal year 2026 was \$89.3 million, or \$2.91 per diluted share, compared to \$81.2 million, or \$2.66 per diluted share, in the first six months of fiscal year 2025.
- Adjusted EBITDA for the first six months of fiscal year 2026 was \$186.6 million compared to \$166.1 million in the same period last year.

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 EBITDA, net merchandise sales - constant currency and comparable net merchandise sales - constant currency because management believes these metrics are useful to investors and analysts by excluding items that we do not believe are indicative of our core operating performance. These measures are customary for our industry and commonly used by competitors. 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 EBITDA

Adjusted EBITDA is defined as net income before interest expense, provision for income taxes and depreciation and amortization, adjusted for the impact of certain other items, including interest income and other income (expense), net. The following is a reconciliation of our Net income to Adjusted EBITDA for the periods presented:

	Three Months Ended		Six Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
(Amounts in thousands)				
Net income as reported	\$ 49,091	\$ 43,760	\$ 89,257	\$ 81,188
Adjustments:				
Interest expense	3,959	2,538	8,379	5,233
Provision for income taxes	17,597	16,384	33,126	29,880
Depreciation and amortization	24,272	21,767	48,249	42,629
Interest income	(3,632)	(2,735)	(6,581)	(4,955)
Other expense, net ⁽¹⁾	8,405	5,306	14,166	12,162
Adjusted EBITDA	\$ 99,692	\$ 87,020	\$ 186,596	\$ 166,137

⁽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 months ended February 28, 2026 and 2025.

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 exchange 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 exchange 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 MONTHS ENDED FEBRUARY 28, 2026 AND 2025

The following discussion and analysis compares the results of operations for the three- and six-month periods ended on February 28, 2026 with the three- and six-month periods ended on February 28, 2025 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 months ended February 28, 2026 and February 28, 2025:

Three Months Ended						
	February 28, 2026				February 28, 2025	
	Amount	% of Net Sales	Increase from Prior Year	Change	Amount	% of Net Sales
Central America	\$ 877,068	59.8 %	\$ 69,240	8.6 %	\$ 807,828	60.6 %
Caribbean	390,012	26.6	16,068	4.3	373,944	28.0
Colombia	199,450	13.6	46,667	30.5	152,783	11.4
Net merchandise sales	<u>\$ 1,466,530</u>	<u>100.0 %</u>	<u>\$ 131,975</u>	<u>9.9 %</u>	<u>\$ 1,334,555</u>	<u>100.0 %</u>

Six Months Ended						
	February 28, 2026				February 28, 2025	
	Amount	% of Net Sales	Increase from Prior Year	Change	Amount	% of Net Sales
Central America	\$ 1,693,701	60.0 %	\$ 141,038	9.1 %	\$ 1,552,663	60.7 %
Caribbean	749,098	26.6	35,515	5.0	713,583	27.9
Colombia	377,527	13.4	85,359	29.2	292,168	11.4
Net merchandise sales	<u>\$ 2,820,326</u>	<u>100.0 %</u>	<u>\$ 261,912</u>	<u>10.2 %</u>	<u>\$ 2,558,414</u>	<u>100.0 %</u>

Comparison of Three and Six Months Ended February 28, 2026 and 2025

Overall, total net merchandise sales grew by 9.9% for the second quarter of fiscal year 2026 and grew 10.2% for the six-month period ended February 28, 2026. The second quarter increase resulted from a 7.5% increase in transactions and a 2.2% increase in average ticket. For the six-month period, the increase resulted from a 7.9% increase in transactions and a 2.1% increase in average ticket. 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 via our Click & Go® service and delivery service transactions. Average ticket represents the amount our Members spend on each visit or PriceSmart.com order. We had 56 clubs in operation as of February 28, 2026 compared to 54 clubs as of February 28, 2025.

Net merchandise sales in our Central America segment increased 8.6% and 9.1%, respectively, during the second quarter and the six months ended February 28, 2026. This increase had a 520 basis point (5.2%) and 550 basis point (5.5%) positive impact on total net merchandise sales growth for the second quarter and the six months ended February 28, 2026. All markets within this segment, except Honduras, had positive net merchandise sales growth for the second quarter. All markets within this segment had positive net merchandise sales growth for the six months ended February 28, 2026. We opened our ninth warehouse club in Costa Rica in April 2025 and our seventh warehouse club in Guatemala in August 2025.

Net merchandise sales in our Caribbean segment increased 4.3% and 5.0%, respectively, during the second quarter and the six months ended February 28, 2026. These increases had a 120 basis point (1.2%) and 140 basis point (1.4%) positive impact on total net merchandise sales growth for the second quarter and the six months ended February 28, 2026. All markets within this segment, except USVI, had positive net merchandise sales growth for the second quarter and the six months ended February 28, 2026.

Net merchandise sales in our Colombia segment increased 30.5% and 29.2%, respectively, during the second quarter and the six months ended February 28, 2026 due to the appreciation of the Colombian peso and an increase in the number of transactions. These increases had a 350 basis point (3.5%) and 330 basis point (3.3%) positive impact on total net merchandise sales growth for the second quarter and the six months ended February 28, 2026.

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 periods ended February 28, 2026. 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 exchange 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 28, 2026						
	Net Merchandise Sales	Net Merchandise Sales - Constant Currency	Impact of Foreign Currency Exchange	Net Merchandise Sales Growth	Net Merchandise Sales - Constant Currency Growth	% Impact of Foreign Currency Exchange
Central America	\$ 877,068	\$ 871,110	\$ 5,958	8.6 %	7.8 %	0.8 %
Caribbean	390,012	393,874	(3,862)	4.3	5.3	(1.0)
Colombia	199,450	173,826	25,624	30.5	13.8	16.7
Consolidated total	<u>\$ 1,466,530</u>	<u>\$ 1,438,810</u>	<u>\$ 27,720</u>	<u>9.9 %</u>	<u>7.8 %</u>	<u>2.1 %</u>

Six Months Ended February 28, 2026						
	Net Merchandise Sales	Net Merchandise Sales - Constant Currency	Impact of Foreign Currency Exchange	Net Merchandise Sales Growth	Net Merchandise Sales - Constant Currency Growth	% Impact of Foreign Currency Exchange
Central America	\$ 1,693,701	\$ 1,684,636	\$ 9,065	9.1 %	8.5 %	0.6 %
Caribbean	749,098	759,994	(10,896)	5.0	6.5	(1.5)
Colombia	377,527	334,160	43,367	29.2	14.4	14.8
Consolidated total	<u>\$ 2,820,326</u>	<u>\$ 2,778,790</u>	<u>\$ 41,536</u>	<u>10.2 %</u>	<u>8.6 %</u>	<u>1.6 %</u>

Overall, the effects of currency fluctuations within our markets had approximately \$27.7 million and \$41.5 million, or 210 basis points (2.1%) and 160 basis points (1.6%), of positive impact on net merchandise sales for the quarter and the six months ended February 28, 2026, respectively.

Currency fluctuations had a \$6.0 million and \$9.1 million, or 80 basis points (0.8%) and 60 basis points (0.6%), of positive impact on net merchandise sales in our Central America segment for the quarter and the six months ended February 28, 2026, respectively. These currency fluctuations contributed approximately 50 basis points (0.5%) and 30 basis points (0.3%) of positive impact on net merchandise sales for the quarter and the six months ended February 28, 2026, respectively. The Costa Rican colón appreciated against the dollar as compared to the same three- and six-month periods a year ago and was a significant factor in the contribution to the favorable currency fluctuations in this segment.

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Currency fluctuations had a \$3.9 million and \$10.9 million, or 100 basis points (1.0%) and 150 basis points (1.5%), of negative impact on net merchandise sales in our Caribbean segment for the quarter and the six months ended February 28, 2026, respectively. These currency fluctuations contributed approximately 30 basis points (0.3%) and 40 basis points (0.4%) of negative impact on total net merchandise sales growth for the quarter and the six months ended February 28, 2026, respectively. The negative impact was primarily driven by the devaluation of the Dominican peso as compared to the same three- and six-month periods a year ago.

Currency fluctuations had \$25.6 million and \$43.4 million, or 1,670 basis points (16.7%) and 1,480 basis points (14.8%), of positive impact on net merchandise sales in our Colombia segment for the quarter and the six months ended February 28, 2026, respectively. These currency fluctuations contributed approximately 190 basis points (1.9%) and 170 basis points (1.7%) of positive impact on total net merchandise sales growth for the quarter and the six months ended February 28, 2026, respectively. The Colombian peso appreciated significantly against the dollar as compared to the same three- and six-month periods a year ago.

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 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. Further, 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 two of our clubs opened during fiscal year 2025 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 54 warehouse clubs for the thirteen- and twenty-six-week periods ended March 1, 2026.

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 periods ended March 1, 2026 and March 2, 2025 compared to the prior year:

	Thirteen Weeks Ended	
	March 1, 2026	March 2, 2025
	% Increase in Comparable Net Merchandise Sales	% Increase in Comparable Net Merchandise Sales
Central America	4.7 %	5.6 %
Caribbean	4.2	8.3
Colombia	31.3	8.6
Consolidated comparable net merchandise sales	7.6 %	6.7 %

	Twenty-Six Weeks Ended	
	March 1, 2026	March 2, 2025
	% Increase in Comparable Net Merchandise Sales	% Increase in Comparable Net Merchandise Sales
Central America	5.0 %	5.4 %
Caribbean	4.9	6.8
Colombia	29.7	9.3
Consolidated comparable net merchandise sales	7.8 %	6.2 %

Comparison of Thirteen and Twenty-Six Weeks Ended March 1, 2026 and March 2, 2025

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 1, 2026 increased 7.6%. 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-week period ended March 1, 2026 increased 7.8%.

Comparable net merchandise sales in our Central America segment increased 4.7% and 5.0% for the thirteen- and twenty-six-week periods ended March 1, 2026, respectively. The positive comparable net merchandise sales growth for our Central America segment contributed approximately 280 basis points (2.8%) and 300 basis points (3.0%) of positive impact on total comparable merchandise sales for the thirteen- and twenty-six-week periods ended March 1, 2026, respectively.

Comparable net merchandise sales in our Caribbean segment increased 4.2% and 4.9% for the thirteen- and twenty-six-week periods ended March 1, 2026, respectively. These increases contributed approximately 120 basis points (1.2%) and 140 basis points (1.4%) of positive impact on total comparable merchandise sales for the thirteen- and twenty-six-week periods ended March 1, 2026, respectively.

Comparable net merchandise sales in our Colombia segment increased 31.3% and 29.7% for the thirteen- and twenty-six-week periods ended March 1, 2026, respectively. This increase contributed approximately 360 basis points (3.6%) and 340 basis points (3.4%) of positive impact on total comparable merchandise sales for the thirteen- and twenty-six-week periods ended March 1, 2026, respectively.

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 exchange 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- and twenty-six-week periods ended March 1, 2026:

	Thirteen Weeks Ended March 1, 2026		
	Comparable Net Merchandise Sales Growth	Comparable Net Merchandise Sales - Constant Currency Growth	% Impact of Foreign Currency Exchange
Central America	4.7 %	4.0 %	0.7 %
Caribbean	4.2	5.1	(0.9)
Colombia	31.3	14.7	16.6
Consolidated comparable net merchandise sales	7.6 %	5.5 %	2.1 %

	Twenty-Six Weeks Ended March 1, 2026		
	Comparable Net Merchandise Sales Growth	Comparable Net Merchandise Sales - Constant Currency Growth	% Impact of Foreign Currency Exchange
Central America	5.0 %	4.5 %	0.5 %
Caribbean	4.9	6.3	(1.4)
Colombia	29.7	14.7	15.0
Consolidated comparable net merchandise sales	7.8 %	6.2 %	1.6 %

Overall, the mix of currency fluctuations within our markets had 210 basis points (2.1%) and 160 basis points (1.6%) of positive impact on comparable net merchandise sales for the thirteen- and twenty-six-week periods ended March 1, 2026, respectively.

Currency fluctuations within our Central America segment accounted for approximately 40 basis points (0.4%) and 30 basis points (0.3%) of positive impact on total comparable merchandise sales for the thirteen- and twenty-six-week periods ended March 1, 2026, respectively. Our Costa Rica market was the main contributor to the positive impact as the market experienced currency appreciation when compared to the same period last year. This was partially offset by devaluation of currency in our Honduras market when compared to the same period last year.

Currency fluctuations within our Caribbean segment accounted for approximately 20 basis points (0.2%) and 40 basis points (0.4%) of negative impact on total comparable merchandise sales for the thirteen- and twenty-six-week periods ended March 1, 2026, respectively. Our Dominican Republic market was the main contributor as this market experienced currency devaluation when compared to the same period last year.

Currency fluctuations within our Colombia segment accounted for approximately 190 basis points (1.9%) and 170 basis points (1.7%) of positive impact on total comparable merchandise sales for the thirteen- and twenty-six-week periods ended March 1, 2026, respectively. This reflects the appreciation of the Colombian peso's foreign currency exchange rate when compared to the same period last year.

Membership Income

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

	Three Months Ended						
	February 28, 2026					February 28, 2025	
	Amount	% of Total Operating Income	Increase from Prior Year	% Change	Membership Income % to Net Merchandise Sales	Amount	% of Total Operating Income
Membership income - Central America	\$ 13,924		\$ 1,729	14.2 %	1.6 %	\$ 12,195	
Membership income - Caribbean	6,220		584	10.4	1.6	5,636	
Membership income - Colombia	4,315		1,231	39.9	2.2	3,084	
Membership income - Total	<u>\$ 24,459</u>	32.4 %	<u>\$ 3,544</u>	<u>16.9 %</u>	<u>1.7 %</u>	<u>\$ 20,915</u>	32.0 %
	Six Months Ended						
	February 28, 2026					February 28, 2025	
	Amount	% of Total Operating Income	Increase from Prior Year	% Change	Membership Income % to Net Merchandise Sales	Amount	% of Total Operating Income
Membership income - Central America	\$ 27,421		\$ 3,451	14.4 %	1.6 %	\$ 23,970	
Membership income - Caribbean	12,205		1,120	10.1	1.6	11,085	
Membership income - Colombia	8,253		2,194	36.2	2.2	6,059	
Membership income - Total	<u>\$ 47,879</u>	34.6 %	<u>\$ 6,765</u>	<u>16.5 %</u>	<u>1.7 %</u>	<u>\$ 41,114</u>	33.3 %
Number of accounts - Central America	1,164,936		92,388	8.6 %		1,072,548	
Number of accounts - Caribbean	519,969		26,639	5.4		493,330	
Number of accounts - Colombia	398,770		34,134	9.4		364,636	
Number of accounts - Total	<u>2,083,675</u>		<u>153,161</u>	<u>7.9 %</u>		<u>1,930,514</u>	

Comparison of Three and Six Months Ended February 28, 2026 and February 28, 2025

The number of Member accounts as of February 28, 2026 was 7.9% higher than the number of accounts as of February 28, 2025. Membership income increased 16.9% and 16.5% over the three- and six-month periods ended February 28, 2026, respectively, compared to the same prior-year periods.

Membership income, which is recognized ratably over the 12-month term of the membership, increased in all of our segments in the three- and six-month periods ended February 28, 2026. The consolidated increase in membership income is primarily due to an increase in the Platinum Membership base in all of our segments over the prior year. Additionally, in our Central America segment, membership income increased compared to the second quarter and the first six months of fiscal year 2025, due to the opening of two new clubs. In our Caribbean segment, membership income increased compared to the second quarter and the first six months of fiscal year 2025 due to an increase in Platinum Membership accounts. In our Colombia segment, membership income increased compared to the second quarter and the first six months of fiscal year 2025 due to the appreciation of the Colombian peso, an increase in the number of membership accounts and an increase in Platinum Membership accounts as a percentage of total accounts.

We offer the Platinum Membership program in all locations where PriceSmart operates. The annual fee for a Platinum Membership in most markets is approximately \$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 of net merchandise sales at the time of the sales transaction. Platinum Membership accounts are 19.5% of our total membership base as of February 28, 2026, an increase from 14.5% as of February 28, 2025. Platinum Members tend to have higher renewal rates than our Diamond Members. During the first quarter of fiscal year 2026 and throughout fiscal year 2025, we ran platinum promotional campaigns, resulting in an increase in the total number of Platinum Members.

Our trailing twelve-month renewal rate was 90.2%, an all-time high for the Company, and 87.0% for the periods ended February 28, 2026 and February 28, 2025, respectively. This compares to a trailing twelve-month renewal rate of 88.8% for the twelve-month period ended August 31, 2025.

Other Revenue

Other revenue consists of miscellaneous income, which comes primarily from our interest-generating portfolio from our co-branded credit cards and advertising income for our seasonal catalog, and rental income from operating leases where the Company is the lessor.

	Three Months Ended			
	February 28, 2026			February 28, 2025
	Amount	Increase/(Decrease) from Prior Year	% Change	Amount
Miscellaneous income	\$ 3,348	\$ (429)	(11.4)%	\$ 3,777
Rental income	832	180	27.6	652
Other revenue	<u>\$ 4,180</u>	<u>\$ (249)</u>	<u>(5.6)%</u>	<u>\$ 4,429</u>

	Six Months Ended			
	February 28, 2026			February 28, 2025
	Amount	Increase from Prior Year	% Change	Amount
Miscellaneous income	\$ 7,674	\$ 279	3.8 %	\$ 7,395
Rental income	1,892	590	45.3	1,302
Other revenue	<u>\$ 9,566</u>	<u>\$ 869</u>	<u>10.0 %</u>	<u>\$ 8,697</u>

Comparison of Three and Six Months Ended February 28, 2026 and February 28, 2025

The primary driver for the decrease in other revenue for the three-month period ended February 28, 2026 was a decrease in Miscellaneous income primarily driven by a decrease in interest-generating portfolio revenue. In some of our markets we renegotiated our co-branded credit card earnings tiers, earning lower incentive fees but increasing the rewards that Members earn. The primary driver of the increase in other revenue for the six-month period ended February 28, 2026 was an increase in Miscellaneous income primarily driven by an increase in advertising income for our seasonal catalog partially offset by lower incentive fees from our co-branded credit cards when compared to the prior year.

Results of Operations

<i>Results of Operations Consolidated</i>	Three Months Ended		
	February 28, 2026	February 28, 2025	Increase
(Amounts in thousands, except percentages and number of warehouse clubs)			
Net merchandise sales			
Net merchandise sales	\$ 1,466,530	\$ 1,334,555	\$ 131,975
Total gross margin	\$ 236,402	\$ 208,220	\$ 28,182
Total gross margin percentage	16.1%	15.6%	0.5%
Revenues			
Total revenues	\$ 1,495,528	\$ 1,363,886	\$ 131,642
Percentage change from prior period			9.7%
Comparable net merchandise sales			
Total comparable net merchandise sales increase	7.6%	6.7%	0.9%
Total revenue margin			
Total revenue margin	\$ 265,073	\$ 233,751	\$ 31,322
Total revenue margin percentage	17.7%	17.1%	0.6%
Selling, general and administrative			
Selling, general and administrative	\$ 189,653	\$ 168,481	\$ 21,172
Selling, general and administrative percentage of total revenues	12.7%	12.4%	0.3 %
Operational data			
Adjusted EBITDA ⁽¹⁾	\$ 99,692	\$ 87,020	\$ 12,672

⁽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.

<i>Results of Operations Consolidated</i>	Three Months Ended			
	February 28, 2026	% of Total Revenue	February 28, 2025	% of Total Revenue
Operating income by segment				
Central America	\$ 60,499	4.0 %	\$ 57,214	4.2 %
Caribbean	23,787	1.6	24,240	1.8
Colombia	8,951	0.6	6,073	0.4
United States	6,551	0.4	(1,311)	(0.1)
Reconciling Items ⁽¹⁾	(24,368)	(1.6)	(20,946)	(1.5)
Operating income - Total	\$ 75,420	5.0 %	\$ 65,270	4.8 %

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

<i>Results of Operations Consolidated</i>	Six Months Ended		
	February 28, 2026	February 28, 2025	Increase
(Amounts in thousands, except percentages and number of warehouse clubs)			
Net merchandise sales			
Net merchandise sales	\$ 2,820,326	\$ 2,558,414	\$ 261,912
Total gross margin	\$ 452,016	\$ 402,202	\$ 49,814
Total gross margin percentage	16.0%	15.7%	0.3%
Revenues			
Total revenues	\$ 2,878,257	\$ 2,621,830	\$ 256,427
Percentage change from prior period			9.8%
Comparable net merchandise sales			
Total comparable net merchandise sales increase	7.8%	6.2%	1.6%
Total revenue margin			
Total revenue margin	\$ 509,458	\$ 452,805	\$ 56,653
Total revenue margin percentage	17.7%	17.3%	0.4%
Selling, general and administrative			
Selling, general and administrative	\$ 371,111	\$ 329,275	\$ 41,836
Selling, general and administrative percentage of total revenues	12.9%	12.6%	0.3 %
Operational data			
Adjusted EBITDA ⁽¹⁾	\$ 186,596	\$ 166,137	\$ 20,459
Warehouse clubs at period end	56	54	2
Warehouse club sales floor square feet at period end	2,732	2,646	86

⁽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.

<i>Results of Operations Consolidated</i>	Six Months Ended			
	February 28, 2026	% of Total Revenue	February 28, 2025	% of Total Revenue
Operating income by segment				
Central America	\$ 115,564	4.0 %	\$ 109,269	4.2 %
Caribbean	45,768	1.6	46,952	1.8
Colombia	18,692	0.6	11,704	0.4
United States	4,684	0.2	(2,985)	(0.1)
Reconciling Items ⁽¹⁾	(46,361)	(1.6)	(41,410)	(1.6)
Operating income - Total	\$ 138,347	4.8 %	\$ 123,530	4.7 %

⁽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 28, 2026	% of Total Revenue	February 28, 2025	% of Total Revenue
Warehouse club and other operations	\$ 139,464	9.3 %	\$ 124,232	9.1 %
General and administrative	49,742	3.3	43,034	3.2
Pre-opening expenses	45	—	293	—
Loss on disposal of assets	402	0.1	922	0.1
Total Selling, general and administrative	<u>\$ 189,653</u>	<u>12.7 %</u>	<u>\$ 168,481</u>	<u>12.4 %</u>

	Six Months Ended			
	February 28, 2026	% of Total Revenue	February 28, 2025	% of Total Revenue
Warehouse club and other operations	\$ 271,279	9.4 %	\$ 242,087	9.2 %
General and administrative	99,050	3.5	85,599	3.3
Pre-opening expenses	47	—	315	—
Loss on disposal of assets	735	—	1,274	0.1
Total Selling, general and administrative	<u>\$ 371,111</u>	<u>12.9 %</u>	<u>\$ 329,275</u>	<u>12.6 %</u>

Comparison of Three and Six Months Ended February 28, 2026 and February 28, 2025

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 months ended February 28, 2026 was 16.1% and 16.0%, 50 basis points (0.5%) and 30 basis points (0.3%) higher than the comparable prior year periods, respectively. The increases in total gross margin for the second quarter and first six months of fiscal year 2026 are primarily due to shifts in product mix when compared to the same periods in 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 and Export sales. We express our Total revenue margin as a percentage of Total revenues.

Total revenue margin as a percent of Total revenues for each of the three and six months ended February 28, 2026 was 17.7%, 60 basis points (0.6%) and 40 basis points (0.4%) higher than the comparable prior year periods, respectively. The three- and six-month increase is primarily due to increases in our warehouse sales margins as well as increases in our membership income.

Selling, general, and administrative expenses consist of warehouse club and other operations, general and administrative expenses, pre-opening expenses, and loss on disposal of assets. Selling, general and administrative expenses increased \$21.2 million for the second quarter of fiscal year 2026 compared to the same prior-year period, and increased as a percentage of total revenues by 30 basis points (0.3%) to 12.7% of total revenues for the second quarter of fiscal year 2026 compared to 12.4% of total revenues for the second quarter of fiscal year 2025.

Selling, general and administrative expenses increased \$41.8 million for the first six months of fiscal year 2026 compared to the same prior-year period, and increased as a percentage of total revenues by 30 basis points (0.3%) to 12.9% of total revenues for the first six months of fiscal year 2026 compared to 12.6% of total revenues for the first six months of fiscal year 2025.

Warehouse club and other operations expenses increased to 9.3% and 9.4% of total revenues for the second quarter and first six months of fiscal year 2026 compared to 9.1% and 9.2% for the second quarter and first six months of fiscal year 2025, respectively. The increases for the second quarter and first six months of fiscal year 2026 compared with the same periods in the prior year are primarily due to our Colombia market, which increased as a percentage of total revenues year over year due to the impact of the appreciation of the Colombian peso on our warehouse club and other operations expenses in Colombia.

General and administrative expenses increased to 3.3% and 3.5% of total revenues for the second quarter and first six months of fiscal year 2026, compared to 3.2% and 3.3% of total revenues for the second quarter and first six months of fiscal year 2025, respectively. The increases for the three- and six-month periods of fiscal year 2026 compared with the same periods in the prior year are primarily due to investments in technology and compensation of our Chief Executive Officer. During his tenure as our Interim Chief Executive Officer from February 2023 to August 2025, Robert Price declined any compensation for his services. Our investments in technology is expected to increase in subsequent periods as the Company begins to execute on its planned initiatives.

Operating income increased to \$75.4 million (5.0% of total revenues) and \$138.3 million (4.8% of total revenues) in the second quarter and first six months of fiscal year 2026, compared to \$65.3 million (4.8% of total revenues) and \$123.5 million (4.7% of total revenues) for the second quarter and first six months of fiscal year 2025, respectively.

Interest Income

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 28, 2026		February 28, 2025
	Amount	Change	Amount
Interest income	\$ 3,632	\$ 897	\$ 2,735

	Six Months Ended		
	February 28, 2026		February 28, 2025
	Amount	Change	Amount
Interest income	\$ 6,581	\$ 1,626	\$ 4,955

Comparison of Three and Six Months Ended February 28, 2026 and February 28, 2025

Net interest income increased for the three and six months ended February 28, 2026, primarily due to an increase in amounts on deposit when compared to the prior year.

Interest Expense

	Three Months Ended		
	February 28, 2026		February 28, 2025
	Amount	Change	Amount
Interest expense on loans	\$ 3,212	\$ 1,120	\$ 2,092
Interest expense related to hedging activity	1,139	311	828
Interest expense on finance lease	185	185	—
Less: Capitalized interest	(577)	(195)	(382)
Interest expense	<u>\$ 3,959</u>	<u>\$ 1,421</u>	<u>\$ 2,538</u>

	Six Months Ended		
	February 28, 2026		February 28, 2025
	Amount	Change	Amount
Interest expense on loans	\$ 6,859	\$ 2,174	\$ 4,685
Interest expense related to hedging activity	2,260	1,035	1,225
Interest expense on finance lease	185	185	—
Less: Capitalized interest	(925)	(248)	(677)
Interest expense	<u>\$ 8,379</u>	<u>\$ 3,146</u>	<u>\$ 5,233</u>

Comparison of Three and Six Months Ended February 28, 2026 and February 28, 2025

Interest expense reflects borrowings and finance leases entered into 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, foreign currency transactions, and ongoing working capital requirements.

Interest expense increased for the three- and six-month periods ended February 28, 2026, primarily due to an increase in outstanding debt when compared to the prior year period. The increase in outstanding debt was primarily in our Trinidad subsidiary in which we entered into financing transactions to provide additional U.S. dollar liquidity in the fourth quarter of fiscal year 2025.

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 28, 2026		February 28, 2025
	Amount	Change	% Change
Other expense, net	\$ 8,405	\$ 3,099	58.4 %

	Six Months Ended		
	February 28, 2026		February 28, 2025
	Amount	Change	% Change
Other expense, net	\$ 14,166	\$ 2,004	16.5 %

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.

For the three and six months ended February 28, 2026, the primary driver of Other expense, net were \$4.6 million and \$7.9 million of losses due to revaluation of monetary assets and liabilities (primarily U.S. dollars) compared to \$0.1 million and \$3.4 million, respectively, of losses for the three and six months ended February 28, 2025. The primary driver of the increase is due to the appreciation of the local currency against the U.S. dollar of our Costa Rica subsidiary. During the quarter and six months ended February 28, 2026, our markets contributed \$3.7 million and \$6.7 million, respectively, of transaction costs, associated with converting the local currencies into available tradable currencies before converting them to U.S. dollars in some of our countries with foreign exchange liquidity issues compared to \$5.1 million and \$8.5 million, respectively, of transaction costs for the three and six months ended February 28, 2025.

Provision for Income Taxes

	Three Months Ended		
	February 28, 2026		February 28, 2025
	Amount	Change	Amount
Provision for income taxes	\$ 17,597	\$ 1,213	\$ 16,384
Effective tax rate	26.4%		27.2%
	Six Months Ended		
	February 28, 2026		February 28, 2025
	Amount	Change	Amount
Provision for income taxes	\$ 33,126	\$ 3,246	\$ 29,880
Effective tax rate	27.1%		26.9%

Comparison of Three and Six Months Ended February 28, 2026 and February 28, 2025

For the three months ended February 28, 2026, the effective tax rate was 26.4% compared to 27.2% for the prior-year period. The decrease in the effective rate versus the prior year was primarily attributable to foreign exchange rate fluctuations.

For the six months ended February 28, 2026, the effective tax rate was 27.1% compared to 26.9% for the prior-year period.

Other Comprehensive Income

	Three Months Ended			
	February 28, 2026			February 28, 2025
	Amount	Change	% Change	Amount
Other Comprehensive Income	\$ 21,300	\$ 14,334	205.8 %	\$ 6,966

Comparison of Three and Six Months Ended February 28, 2026 and February 28, 2025

Other comprehensive income for the second quarter of fiscal year 2026 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 second quarter, the largest translation adjustments were related to the appreciation of the local currency against the U.S. dollar of our Costa Rica and Dominican Republic subsidiaries. During the first six months of fiscal year 2026, the largest translation adjustments were related to the appreciation of the local currency against the U.S. dollar of our Costa Rica, Colombia and Dominican Republic subsidiaries.

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. We use cash in operations for 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 regular 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 that 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 28, 2026	August 31, 2025
Amounts held by foreign subsidiaries	\$ 157,981	\$ 222,770
Amounts held domestically	37,106	62,521
Total cash and cash equivalents, including restricted cash	<u>\$ 195,087</u>	<u>\$ 285,291</u>

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

	February 28, 2026	August 31, 2025
Amounts held by foreign subsidiaries	\$ 149,712	\$ 73,186
Amounts held domestically	—	—
Total short-term investments	<u>\$ 149,712</u>	<u>\$ 73,186</u>

As of February 28, 2026, certificates of deposit with a maturity of over one year held by our foreign subsidiaries were \$11.9 million and recorded within Other non-current assets on the consolidated balance sheets. As of August 31, 2025, there were no certificates of deposit with a maturity of over 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. For instance, 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. Our balance as of February 28, 2026 of Trinidad dollar denominated cash and cash equivalents and short and long-term investments measured in U.S. dollars was \$76.9 million. While we currently expect to convert increased amounts of Trinidad dollars going forward, the timing and availability of U.S. dollars remains uncertain, and we may incur significant premium costs to complete such conversions. While we are currently able to source substantially all the U.S. dollars that we need in Honduras, we faced similar U.S. dollar liquidity challenges in Honduras during fiscal year 2023 through much of fiscal year 2025 and the Central bank still has strict controls there on the availability of U.S. dollars. Refer to “Management’s Discussion & Analysis – Factors Affecting Our Business” and “Quantitative and Qualitative Disclosures about Market Risk” for quantitative analysis and discussion.

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

	Six Months Ended		
	February 28, 2026	February 28, 2025	Change
Net cash provided by operating activities	\$ 133,286	\$ 126,385	\$ 6,901
Net cash used in investing activities	(169,378)	(79,508)	(89,870)
Net cash used in financing activities	(62,431)	(40,729)	(21,702)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	8,319	3,045	5,274
Net increase (decrease) in cash, cash equivalents and restricted stock	<u>\$ (90,204)</u>	<u>\$ 9,193</u>	<u>\$ (99,397)</u>

Net cash provided by operating activities totaled \$133.3 million and \$126.4 million for the six months ended February 28, 2026 and February 28, 2025, respectively. For the six months ended February 28, 2026, net cash provided by operating activities increased primarily due to a \$10.6 million increase in net income without non-cash items and a \$5.3 million net positive change in our various operating assets and liabilities, partially offset by shifts in working capital due to higher overall inventory balances which contributed \$9.0 million of cash used in operating activities.

Net cash used in investing activities totaled \$169.4 million and \$79.5 million for the six months ended February 28, 2026 and February 28, 2025, respectively. The \$89.9 million increase in net cash used in investing activities is primarily due to a net increase in purchases less proceeds of short-term investments of \$59.6 million, a \$25.5 million increase in property and equipment expenditures to support growth of our real estate footprint due to timing in our expansion program compared to the same six-month period a year ago, and an \$11.9 million increase in purchases of long-term investments. This was partially offset by a \$6.1 million increase in proceeds from disposals of property and equipment, primarily due to the sale of our produce distribution center in Guatemala, and \$1.1 million of cash received due to proceeds from the dissolution of our joint venture.

Net cash used in financing activities totaled \$62.4 million and \$40.7 million for the six months ended February 28, 2026 and February 28, 2025, respectively. The \$21.7 million increase in net cash used in financing activities is primarily the result of a \$15.9 million increase in net repayments of short-term bank borrowings during the first six months of fiscal year 2026, a \$3.1 million increase in purchases of treasury stock upon vesting of restricted stock awards to cover employees' tax withholding obligations, and a \$2.3 million increase in cash dividend payments compared to the same period a year ago.

The following table summarizes the dividends declared and paid during fiscal years 2026 and 2025 (amounts are per share):

Declared	Amount	First Payment				Second Payment			
		Record Date	Date Paid	Date Payable	Amount	Record Date	Date Paid	Date Payable	Amount
2/6/2025	\$ 1.26	2/18/2025	2/28/2025	N/A	\$ 0.63	8/15/2025	8/29/2025	N/A	\$ 0.63
2/5/2026	\$ 1.40	2/17/2026	2/27/2026	N/A	\$ 0.70	8/17/2026	N/A	8/31/2026	\$ 0.70

On February 5, 2026, the Company's Board of Directors declared an annual cash dividend in the total amount of \$1.40 per share, with \$0.70 per share paid on February 27, 2026 to stockholders of record as of February 17, 2026 and \$0.70 per share payable on August 31, 2026 to stockholders of record as of August 17, 2026. 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 \$88.3 million for the six months ended February 28, 2026, of which \$35.2 million and \$53.1 million were for maintenance and growth expenditures, respectively. 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 and expansions.

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. 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 28, 2026, we have signed one lease agreement 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' tax withholding requirements, not to exceed the maximum statutory tax rate, 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.

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, 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 Company 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"). This can result in AMT payments substantially in excess of taxes the Company would expect to pay based on taxable income. As the Company believes that, in one country where it operates, it should ultimately only be liable for an income-based tax, it has accumulated income tax receivables of \$10.3 million and \$10.5 million and deferred tax assets of \$4.7 million and \$3.9 million as of February 28, 2026 and August 31, 2025, 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 Prepaid expenses and 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 significant impairment charges during the second quarter of fiscal year 2026 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 28, 2026 compared to those disclosed in our Annual Report on Form 10-K for the fiscal year ended August 31, 2025.

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. For instance, 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. Additionally, during 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 "Item 2. Management's Discussion & Analysis – Factors Affecting the Business" and "Item 2. Management's Discussion & Analysis – Liquidity and Capital Resources: 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 periods ended February 28, 2026 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 periods ended February 28, 2026 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 periods ended February 28, 2026 is disclosed in “Item 2. Management’s Discussion & Analysis – Other Comprehensive 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 decisions 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.

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 Exhibits 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, 2025. 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, 2025.

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. As set forth in the table below, during the quarter ended February 28, 2026, the Company repurchased 26,534 shares in the indicated months. These were the only repurchases of equity securities made by the Company during the second quarter of fiscal year 2026. The Company does not currently have a stock repurchase program. However, the Board of Directors could choose to commence a stock repurchase 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 28, 2026:

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 Number of Shares That May Yet Be Purchased Under the Plans or Programs
December 1, 2025 - December 31, 2025	—	\$ —	—	N/A
January 1, 2026 - January 31, 2026	26,534	140.70	—	N/A
February 1, 2026 - February 28, 2026	—	—	—	N/A
Total	26,534	\$ 140.70	—	N/A

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Arrangements

During the second quarter of fiscal year 2026, none of our 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 ⁽⁶⁾	Amendment to Second Amended and Restated Bylaws of PriceSmart, Inc.
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).

* Filed herewith as an exhibit.

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 8, 2026	By:	/s/ DAVID N. PRICE David N. Price Chief Executive Officer (Principal Executive Officer)
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Date:	April 8, 2026	By:	/s/ GUALBERTO HERNANDEZ Gualberto Hernandez Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
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Certification

I, David N. 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 8, 2026

/s/ DAVID N. PRICE

David N. Price
Chief Executive Officer
(Principal Executive Officer)

Certification

I, Gualberto Hernandez, 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 8, 2026

/s/ GUALBERTO HERNANDEZ

Gualberto Hernandez
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

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 28, 2026 (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 8, 2026

/s/ DAVID N. PRICE

David N. Price
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.

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 28, 2026 (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 8, 2026

/s/ GUALBERTO HERNANDEZ

Gualberto Hernandez
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.