

PRICESMART INC
Form 10-K
October 30, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
(Mark One)

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

For the fiscal year ended August 31, 2013

OR

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

Commission File Number: 000-22793

PRICESMART, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

33-0628530

(State of other jurisdiction of
incorporation or organization)

(I.R.S. Employer

Identification Number)

9740 SCRANTON RD, SAN DIEGO, CA 92121

(Address of principal executive offices, Zip Code)

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

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

Common Stock, \$0.0001 Par Value

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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

Edgar Filing: PRICESMART INC - Form 10-K

and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the Registrant's voting and non-voting common equity held by non-affiliates of the Registrant as of the last day of the Registrant's most recently completed second fiscal quarter was \$1,515,946,254 based on the last reported sale price of \$74.15 per share on the NASDAQ Global Select Market on February 28, 2013.

As of October 18, 2013, 30,233,507 shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Annual Report for the fiscal year ended August 31, 2013 are incorporated by reference into Part II of this Form 10-K.

Portions of the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on January 22, 2014 are incorporated by reference into Part III of this Form 10-K.

PRICESMART, INC.

ANNUAL REPORT ON FORM 10-K FOR
THE FISCAL YEAR ENDED AUGUST 31, 2013

TABLE OF CONTENTS

	Page
<u>PART I</u>	
<u>Item 1. Business</u>	<u>1</u>
<u>Item 1A. Risk Factors</u>	<u>5</u>
<u>Item 1B. Unresolved Staff Comments</u>	<u>9</u>
<u>Item 2. Properties</u>	<u>9</u>
<u>Item 3. Legal Proceedings</u>	<u>12</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>12</u>
<u>Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>13</u>
<u>Item 6. Selected Financial Data</u>	<u>13</u>
<u>Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>13</u>
<u>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>13</u>
<u>Item 8. Financial Statements and Supplementary Data</u>	<u>13</u>
<u>Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>13</u>
<u>Item 9A. Controls and Procedures</u>	<u>13</u>
<u>Item 9B. Other Information</u>	<u>15</u>
<u>PART III</u>	
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	<u>17</u>
<u>Item 11. Executive Compensation</u>	<u>17</u>
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>17</u>

<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	<u>17</u>
<u>Item 14. Principal Accounting Fees and Services</u>	<u>17</u>
<u>PART IV</u>	
<u>Item 15. Exhibits, Financial Statement Schedules</u>	<u>18</u>
<u>Signatures</u>	<u>31</u>

PART I

Item 1. Business

General

This Form 10-K contains forward-looking statements concerning PriceSmart, Inc.'s ("PriceSmart" or the "Company") anticipated future revenues and earnings, adequacy of future cash flow, projected warehouse club openings, the Company's performance relative to competitors and related matters. These forward-looking statements include, but are not limited to, statements containing the words "expect," "believe," "will," "may," "should," "project," "estimate," "anticipated," "scheduled" and like expressions, and the negative thereof. These statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements, including foreign exchange risks, political or economic instability of host countries, and competition, as well as those risks described in the Company's U.S. Securities and Exchange Commission reports, including the risk factors referenced in this Form 10-K. See Part I, Item 1A "Risk Factors."

PriceSmart's business consists primarily of international membership shopping warehouse clubs similar to, but smaller in size than, warehouse clubs in the United States. The Company's ownership in all subsidiaries as of August 31, 2013 is 100%, and they are presented on a consolidated basis as wholly owned subsidiaries. The number of warehouse clubs in operation, as of August 31, 2013, for each country or territory are as follows:

Country/Territory	Number of Warehouse Clubs in Operation as of August 31, 2013	Number of Warehouse Clubs in Operation as of August 31, 2012	Anticipated warehouse club openings in fiscal year 2014
Colombia	3	1	—
Panama	4	4	—
Costa Rica	5	5	1
Dominican Republic	3	3	—
Guatemala	3	3	—
El Salvador	2	2	—
Honduras	2	2	1
Trinidad	4	4	—
Aruba	1	1	—
Barbados	1	1	—
U.S. Virgin Islands	1	1	—
Jamaica	1	1	—
Nicaragua	1	1	—
Totals	31	29	2

During fiscal 2013, the Company opened its second and third clubs in Colombia. These clubs are in south and north Cali and opened in October 2012 and May 2013, respectively. Additionally, in February 2013, the Company acquired property located in La Union, Cartago, Costa Rica, upon which it opened its sixth membership warehouse club in Costa Rica on October 18, 2013. Finally, in February 2013, the Company acquired land in Tegucigalpa, Honduras upon which it anticipates opening its third warehouse club in Honduras in the spring of 2014.

No new warehouse clubs were opened during fiscal year 2012. During fiscal year 2011, the Company opened a new warehouse club in Santo Domingo, Dominican Republic (“Arroyo Hondo”) on November 5, 2010 and a new membership warehouse club in Barranquilla, Colombia on August 19, 2011.

International Warehouse Club Business

The Company owns and operates U.S.-style membership shopping warehouse clubs through wholly owned subsidiaries operating in Latin America and the Caribbean using the trade name “PriceSmart.” The warehouse clubs sell basic high quality consumer goods at low prices to individuals and businesses. Sales are typically comprised of approximately 52% U.S. and other internationally sourced merchandise and approximately 48% locally sourced merchandise. By offering low prices on high quality brand name and private label merchandise to PriceSmart members, the warehouse clubs seek to generate sufficient sales volumes to operate profitably at relatively low gross profit margins.

The Company ships its U.S. and other internationally sourced merchandise directly to its warehouse clubs or to the Company’s consolidation points (“distribution centers”). The goods are allocated for container-based shipment via ocean freight from the distribution centers to the Company’s warehouse clubs, thereby maximizing freight volume per shipment in order to lower supply chain costs. Additionally, the Company is adding regional distribution centers in some of its markets (currently Costa Rica and Panama) to improve merchandise flow and reduce costs, the benefit of which can be passed on to our members in the form of lower merchandise prices.

The typical no-frills warehouse club-type buildings range in size from 48,000 to 87,000 square feet and are located primarily in urban areas to take advantage of dense populations and relatively higher levels of disposable income. Product selection includes perishable foods and basic consumer products. Ancillary services include food courts in all clubs and tire and photo centers in some clubs. Substantially all shoppers pay an annual membership fee.

Business Strategy

The Company's business strategy is to efficiently operate U.S.-style membership warehouse clubs in selected Latin American and Caribbean markets, selling high quality merchandise to businesses and families. The Company offers a limited number of stock keeping units (SKU's) covering a wide range of products. The Company charges an annual membership fee to its customers. These fees combined with warehouse and distribution operating efficiencies and volume purchasing enable PriceSmart to operate its business on lower merchandise margins than conventional retail stores and wholesalers. The combination of annual membership fees, operating efficiencies and low margins enable PriceSmart to offer its members high quality merchandise at very competitive prices which, in turn, enhances the value of the PriceSmart membership. The Company also seeks to provide fair wages and benefits to PriceSmart employees, as well as a fair return to PriceSmart stockholders.

Generally, the Company's earnings and cash flow from operations improve as sales increase. Higher sales provide greater purchasing power and often result in lower product prices from the Company's suppliers. As the Company's and individual PriceSmart locations' sales volumes increase, operating efficiencies are often realized through the leveraging of fixed costs and by the introduction of more efficient operating processes. Further, increased sales permit the Company to leverage its selling, general and administrative expenses. Sales growth in our existing locations (comparable warehouse club sales) creates the highest degree of cost leverage due to the operating efficiencies within our warehouse club format. The Company seeks to increase sales by adding new PriceSmart locations both in existing markets and new markets where management believes new locations will provide long-range value to both our members and our stockholders. From time to time the Company expands existing locations and makes other improvements to existing locations in order to enhance the value of our members' shopping experience. The Company prioritizes initiatives that it expects will have the greatest impact on increasing sales.

Membership Policy

PriceSmart believes that membership reinforces customer loyalty while enabling PriceSmart to offer its high quality merchandise at low prices, thereby providing value to its members. Membership fees provide a continuing source of revenue, which is passed on to its members in the form of lower prices on merchandise. PriceSmart has three types of members: Business, Diamond (individual), and Platinum (individual).

Effective June 1, 2012, the Company raised the annual membership fee by approximately \$5.00 in most markets. The annual fee for a Diamond membership in these markets is now approximately \$35.00 (entitling members to two cards). With this membership fee increase, PriceSmart believes it will be able to offer continued value to its members in their future purchases.

Businesses qualify for Business membership. The Company promotes business membership through its marketing programs and by offering certain merchandise targeted primarily to businesses such as restaurants, hotels, convenience stores, offices and institutions. Business members pay an annual membership fee of approximately the equivalent of \$30 for a primary and secondary membership card and approximately \$10 for additional add-on membership cards.

In October 2012, the Company launched the Platinum membership account in Costa Rica. Platinum members pay an annual membership fee of approximately \$75.00 for a primary membership card for which they receive an annual 2% rebate of their purchases on most items, up to a maximum annual rebate of \$500.00. The Platinum membership program is currently being evaluated to determine if Platinum membership should be offered in other of the Company's markets.

The average membership fee per membership account sold during fiscal year 2013 increased to \$33.86 from \$30.39.

The Company recognizes membership income over the 12-month term of the membership. Deferred membership income is presented separately on the consolidated balance sheet and totaled \$16.5 million and \$13.7 million as of August 31, 2013 and August 31, 2012, respectively. PriceSmart's membership agreements provide that PriceSmart members may cancel their membership and may receive a refund of the prorated share of their remaining membership fee if they so request. The Company's historical rate of membership fee refunds has been approximately 0.5% of membership income.

Expansion Plans

The Company focuses significant management attention on improving the operations of its existing locations, not only through improvements in operational efficiencies, but also improvements in buildings and equipment, all targeted at improving sales and profits. Improvements include building expansion and the replacement of fixtures and equipment to reduce repair expenses, improve energy efficiency and display merchandise more effectively. During fiscal year 2013, the Company invested approximately \$19.3 million in improvements to existing clubs.

The Company continues to explore and evaluate potential options for new sites in several of the countries in which it has already established a strong market presence and in Colombia. During fiscal 2013, the Company opened its second and third clubs in Colombia. These clubs are in south and north Cali and opened in October 2012 and May 2013, respectively. Additionally, in February 2013, the Company acquired property located in La Union, Cartago, Costa Rica, upon which it opened its sixth membership warehouse club in Costa Rica on October 18, 2013. Finally, in February 2013, the Company acquired land in Tegucigalpa, Honduras upon which it anticipates opening its third warehouse club in Honduras in the spring of 2014.

Intellectual Property Rights

It is the Company's policy to obtain appropriate proprietary rights protection for trademarks by filing applications for registration of eligible trademarks with the U.S. Patent and Trademark Office and in certain foreign countries. The Company relies on copyright and trade secret laws to protect its proprietary rights. The Company attempts to protect its trade secrets and other proprietary information through agreements with its employees, consultants and suppliers and other similar measures. There can be no assurance, however, that the Company will be successful in protecting its proprietary rights. While management believes that the Company's trademarks, copyrights and other proprietary know-how have significant value, changing technology and the competitive marketplace make the Company's future success dependent principally upon its employees' technical competence and creative skills for continuing innovation.

In August 1999, the Company and Associated Wholesale Grocers, Inc. ("AWG") entered into an agreement regarding the trademark "PriceSmart" and related marks containing the name "PriceSmart." The Company agreed not to use the "PriceSmart" mark or any related marks containing the name "PriceSmart" in connection with the sale or offer for sale of any goods or services within AWG's territory of operations, including the following ten states: Kansas, Missouri, Arkansas, Oklahoma, Nebraska, Iowa, Texas, Illinois, Tennessee and Kentucky. The Company, however, may use the mark "PriceSmart" or any mark containing the name "PriceSmart" on the internet or any other global computer network whether within or outside such territory, and in any national advertising campaign that cannot reasonably exclude the

territory, and the Company may use the mark in connection with various travel services. AWG has agreed not to oppose any trademark applications filed by the Company for registration of the mark “PriceSmart” or related marks containing the name “PriceSmart,” and AWG has further agreed not to bring any action for trademark infringement against the Company based upon the Company's use outside the territory (or with respect to the permitted uses inside the territory) of the mark “PriceSmart” or related marks containing the name “PriceSmart.”

Competition

The Company's international merchandising business competes with a wide range of international, regional, national and local retailers and wholesalers. The Company's industry is highly competitive, based on factors such as price, merchandise quality and selection, warehouse location and member service. Some of the Company's competitors may have greater resources, buying power and name recognition. In the countries in which the Company operates, the Company does not currently face direct competition from U.S. membership warehouse club operators. However, it does face competition from various retail formats such as hypermarkets, supermarkets, cash and carry, and specialty stores, including those within Latin America that are owned and operated by a large U.S. based retailer. The Company has competed effectively in these markets in the past and expects to continue to do so in the future due to the unique nature of the membership warehouse club format. The Company has noted that certain retailers are making investments in upgrading their locations within the Company's markets. These actions may result in increased competition within the Company's markets. Further, it is possible that additional U.S. warehouse club operators may decide to enter the Company's markets and compete more directly with PriceSmart in a similar warehouse club format.

Employees

As of August 31, 2013, the Company and its consolidated subsidiaries had a total of 6,371 employees. Approximately 95% of the Company's employees were employed outside of the United States, and approximately 1,165 employees in certain of the Company's subsidiaries are represented by Unions. All remaining employees are non-union. The Company considers its employee relations to be very good.

Seasonality

Historically, the Company's merchandising businesses have experienced holiday retail seasonality in their markets. In addition to seasonal fluctuations, the Company's operating results fluctuate quarter-to-quarter as a result of economic and political events in markets served by the Company, 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 the Company's future results will be consistent with past results or the projections of securities analysts.

Working Capital Practices

Information about the Company's working capital practices is incorporated herein by reference to Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources."

Financial Information about Segments and Geographic Areas

Financial information about segments and geographic areas is incorporated herein by reference to Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations-Net Warehouse Club Sales by Segments" and Part II, Item 8 "Financial Statements and Supplementary Data Segment: Notes to Financial Statements, Note 15-Segments."

Other Information

PriceSmart, Inc. was incorporated in the State of Delaware in 1994. The Company's principal executive offices are located at 9740 Scranton Road, San Diego, California 92121. The Company's telephone number is (858)

404-8800. The Company's website home page on the Internet is www.pricemart.com. The Company makes its website content available for information purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference into this Form 10-K.

Available Information

The PriceSmart, Inc. website or internet address is www.pricemart.com. On this website the Company makes available, free of charge, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, and the annual report to the stockholders as soon as reasonably practicable after electronically filing such material with or furnishing it to the U.S. Securities and Exchange Commission (SEC). The Company's SEC reports can be accessed through the investor relations section of its website under "SEC Filings." All of the Company's filings with the SEC may also be obtained at the SEC's Public Reference Room at Room 1580, 100 F Street NE, Washington, DC 20549. For information regarding the

operation of the SEC's Public Reference Room, please contact the SEC at 1-800-SEC-0330. Additionally, the SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The Company will make available its annual report on Form 10-K and its annual Proxy Statement for the fiscal year 2013 at the internet address <http://materials.proxyvote.com/741511> as soon as reasonably practicable after electronically filing such material with or furnishing it to the SEC.

Item 1A. Risk Factors

In evaluating the Company's business, you should consider the following discussion of risk factors, in addition to other information contained in this report as well as the Company's other public filings with the U.S. Securities and Exchange Commission.

The Company's financial performance is dependent on international operations, which exposes it to various risks. The Company's international operations account for nearly all of the Company's total revenues. The Company's financial performance is subject to risks inherent in operating and expanding the Company's international membership warehouse club business, which include: (i) changes in and interpretation of tariff and tax laws and regulations, as well as inconsistent enforcement of laws and regulations; (ii) the imposition of foreign and domestic governmental controls; (iii) trade restrictions; (iv) difficulty and costs associated with international sales and the administration of an international merchandising business; (v) thefts, and the general level of crime or concern over security; (vi) product registration, permitting and regulatory compliance; (vii) volatility in foreign currency exchange rates; and (viii) general political as well as economic and business conditions. Circumstances relating to these risks may arise, which may then result in disruption to the Company's sales, banking transactions, operations, merchandise shipments, and currency exchange rates, any of which could have a material adverse effect on the Company's business and results of operations.

Any failure by the Company to manage its widely dispersed operations could adversely affect the Company's business. As of August 31, 2013, the Company had in operation 31 warehouse clubs in 12 countries and one U.S. territory (five in Costa Rica; four each in Panama and Trinidad; three each in Guatemala, the Dominican Republic and in Colombia; two each in El Salvador and Honduras; and one each in Aruba, Barbados, Jamaica, Nicaragua and the United States Virgin Islands). The Company will need to continually evaluate the adequacy of the Company's existing infrastructure, systems and procedures, including warehouse management, financial controls, inventory controls and safety controls within the operation of a warehouse environment. Moreover, the Company will be required to continually analyze the sufficiency of the Company's inventory distribution channels and systems and may require additional or expanded facilities in order to support the Company's operations. The Company may not adequately anticipate all the changing demands that will be imposed on these systems. Any inability or failure to retain effective personnel or to update the Company's internal systems or procedures as required could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company faces significant competition. The Company's international merchandising businesses compete with exporters, wholesalers, local retailers and trading companies in various international markets. Some of the Company's competitors have greater resources, buying power and name recognition. In the countries in which the Company operates, the Company does not currently face direct competition from U.S. membership warehouse club operators. However it does face competition from various retail formats such as hypermarkets, supermarkets, cash and carry, home improvement centers, electronic retailers and specialty stores, including those within Latin America that are owned and operated by a large U.S. based retailer. The Company has noted that certain retailers are making investments in upgrading their locations which may result in increased competition. Further, it is possible that current U.S. warehouse club operators may decide to enter the Company's markets and compete more directly with PriceSmart in a similar warehouse club format. The Company may be required to implement price reductions in order to remain

competitive should any of the Company's competitors reduce prices in any of the Company's markets. Moreover, the Company's ability to operate profitably in its markets, particularly small markets, may be adversely affected by the existence or entry of competing warehouse clubs or discount retailers.

Future sales growth depends, in part, on the Company's ability to successfully open new warehouse clubs. As the growth rate of the existing warehouse clubs is impacted by, among other things, the physical limitations of the warehouse clubs, as well as the amount of merchandise that can be safely stored and displayed in the warehouse clubs and also the number of members that can be accommodated during business hours, future sales growth would depend, in part, upon the Company's acquiring suitable sites for additional warehouse clubs. Land for purchase or lease, or buildings to be leased, in the size, and locations in those markets that would be suitable for new PriceSmart warehouse clubs may be limited in number or not be available or financially feasible. In this regard, the Company competes with other retailers and businesses for suitable locations. Additionally, local land use and other regulations restricting the construction and operation of the Company's warehouse clubs and environmental regulations may impact its ability to find suitable locations, and increase the cost of constructing, leasing and operating its warehouse

clubs. Limitations on the availability of appropriate sites for new warehouse clubs in the areas targeted by the Company could have a material adverse effect on the future growth of the Company.

In some cases, the Company has more than one warehouse club in a single metropolitan area, and the Company intends to continue to open new warehouse clubs in areas where it already has warehouse clubs. A new warehouse club in an area already served by existing warehouse clubs may draw members away from existing warehouse clubs and adversely affect comparable warehouse club sales performance.

The Company also intends to open warehouse clubs in new markets. The risks associated with entering a new market include potential difficulties in attracting members due to a lack of familiarity with PriceSmart and the Company's lack of familiarity with local member preferences. In addition, entry into new markets may bring the Company into competition with new competitors or with existing competitors with a large, established market presence. As a result, the Company's new warehouse clubs might not be successful in new markets.

The Company might not identify in a timely manner or effectively respond to changes in consumer trends and changes in consumer preferences for merchandise and shopping modalities, which could adversely affect its relationship with members, demand for its products and market share. The Company's success depends, in part, on its ability to identify and respond to trends in demographics and changes in consumer preferences for merchandise and shopping modalities. It is difficult to consistently and successfully predict the products and services the Company's members will demand. Failure to timely identify or effectively respond to changing consumer tastes, preferences and spending patterns could adversely affect the Company's relationship with its members, the demand for its products and its market share. If the Company is not successful at predicting sales trends and adjusting purchases accordingly, the Company might have excess inventory which could result in additional markdowns and have an adverse effect on margins (net sales less merchandise costs) and operating income.

The Company faces difficulties in the shipment of, and inherent risks in the importation of, merchandise to its warehouse clubs. The Company's warehouse clubs typically import nearly half or more of the merchandise that they sell, which originates from various countries and is transported over long distances, typically over water, which results in: (i) substantial lead times needed between the procurement and delivery of product, thus complicating merchandising and inventory control methods; (ii) the possible loss of product due to theft or potential damage to, or destruction of, ships or containers delivering goods; (iii) product markdowns as a result of it being cost prohibitive to return merchandise upon importation; (iv) product registration, tariffs, customs and shipping regulation issues in the locations the Company ships to and from; and (v) ocean freight and duty costs. Moreover, each country in which the Company operates has different governmental rules and regulations regarding the importation of foreign products. Changes to the rules and regulations governing the importation of merchandise may result in additional delays, costs or barriers in the Company's deliveries of products to its warehouse clubs or may affect the type of products it selects to import. In addition, only a limited number of transportation companies service the Company's regions. The inability or failure of one or more key transportation companies to provide transportation services to the Company, any collusion among the transportation companies regarding shipping prices or terms, changes in the regulations that govern shipping tariffs or the importation of products, or any other disruption in the Company's ability to transport the Company's merchandise could have a material adverse effect on the Company's business and results of operations.

The Company is exposed to weather and other natural disaster risks. The Company's operations are subject to volatile weather conditions and natural disasters, such as earthquakes and hurricanes, which are encountered in the regions in which the Company's warehouse clubs are located and which could result in significant damage to, destruction of, or temporary closure of, the Company's warehouse clubs. Warehouse club closures associated with heavy rains, local flooding and government advisories to stay off the roads during a natural disaster, such as a hurricane, could result in many days of lost sales. Similar risks could negatively affect the Company's business if they were to arise in any of various points on its international merchandise distribution chain, in particular the Company's distribution centers or ports of origin or destination. Losses from business interruption may not be adequately compensated by insurance and

could have a material adverse effect on the Company's business, financial condition and results of operations.

General economic conditions could adversely impact the Company's business in various respects. A slowdown in the U.S. and international economies or other economic conditions affecting discretionary consumer spending, such as employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, interest rates, tax rates, consumer spending patterns, customer preferences and other economic factors in each of the Company's foreign markets may adversely affect its business by reducing overall consumer purchasing power and could negatively impact the Company's growth, sales and profitability. In addition, a significant decline in the economies of the countries in which the Company's warehouse clubs are located may lead to increased governmental ownership or regulation of the economy, higher interest rates, increased barriers to entry such as higher tariffs and taxes, and reduced demand for goods manufactured in the United States. Factors such as declining expatriate remittances, reduced tourism, and less foreign investment could negatively impact the economies of Latin America and

the Caribbean. The potential for economic instability, the impact of a global recession and its duration, the potential for failures or realignments of financial institutions and the related impact on available consumer credit could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is subject to changes in relationships and agreements with third parties with which the Company does business and/or from which the Company acquires merchandise. The Company has important ongoing relationships with various third-party suppliers of services and merchandise. These include, but are not limited to, local and regional merchandise suppliers, information technology suppliers, warehouse facilities and equipment suppliers, financial institutions, credit card issuers and processors, and lessors. Significant changes in those relationships or the agreements which govern the terms through which business is conducted including the Company's ability to purchase merchandise in sufficient quantities and at competitive prices, could have a material adverse effect on the Company's business, financial condition and results of operation. In this regard, the manner in which the Company acquires merchandise, either directly from the parent company or through a local subsidiary or distributor, is subject to change from time to time based on changes initiated by the supplier and for reasons beyond the control of the Company. Significant changes or disruptions in how the Company acquires merchandise from these suppliers could negatively affect the Company's access to such merchandise, as well as the cost of merchandise to the Company and hence its members, which could have a material adverse effect on the Company's business and results of operations.

The Company relies extensively on computer systems to process transactions, summarize results and manage its business. Failure to adequately maintain the Company's systems and disruptions in its systems could harm its business and adversely affect its results of operations. Given the number of individual transactions the Company has each year, the Company seeks to maintain uninterrupted operation of its business-critical computer systems. The Company's computer systems, including back-up systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, catastrophic events such as fires, earthquakes, tornadoes and hurricanes, and errors by its employees. If the Company's computer systems and back-up systems are damaged or cease to function properly, the Company may have to make significant investments to fix or replace them, and it may suffer interruptions in its operations in the interim. Any material interruption in the Company's computer systems could have a material adverse effect on its business or results of operations.

The Company could be subject to additional tax liabilities. The Company is required to file federal and state tax returns in the United States and various other tax returns in foreign jurisdictions. The preparation of these tax returns requires the Company to interpret the applicable tax laws and regulations in effect in such jurisdictions, which affects the amount of tax paid by the Company. The Company, in consultation with its tax advisors, bases its tax returns on interpretations that are believed to be reasonable under the circumstances. The tax returns, however, are subject to routine reviews by the various taxing authorities in the jurisdictions in which the Company files its returns. As part of these reviews, a taxing authority may disagree with respect to the interpretations the Company used to calculate its tax liability and therefore require the Company to pay additional taxes. In addition, the Company computes its income tax provision based on enacted tax rates in the countries in which it operates. As the tax rates vary among countries, a change in earnings attributable to the various jurisdictions in which the Company operates could result in an unfavorable change in our overall tax provision. Reviews, interpretations and changes in earnings within jurisdictions could have a material adverse effect on the Company's financial condition and results of operations.

A few of the Company's stockholders own approximately 29.7% of the Company's voting stock as of August 31, 2013, which may make it difficult to complete some corporate transactions without their support and may impede a change in control. Robert E. Price, the Company's Chairman of the Board, and affiliates of Mr. Price, including Price Charities, The Price Group, LLC and various trusts, collectively beneficially own approximately 29.7% of the Company's outstanding shares of common stock. The percentage of stock controlled by these entities decreased from 29.8% to 29.7% during fiscal year 2013 as a result of various public and private sales of the Company's stock by these stockholders and the increase in common stock outstanding. As a result of their beneficial ownership, these stockholders have the ability to significantly affect the outcome of all matters submitted to the Company's

stockholders for approval, including the election of directors. In addition, this ownership could discourage the acquisition of the Company's common stock by potential investors and could have an anti-takeover effect, possibly depressing the trading price of the Company's common stock.

The loss of key personnel could harm the Company's business. The Company depends to a large extent on the performance of its senior management team and other key employees, such as U.S. expatriates in certain locations where the Company operates. The loss of the services of any members of the Company's senior management or other key employees could have a material adverse effect on the Company's business, financial condition and results of operations. The Company does not maintain key- man life insurance on any executive.

The Company is subject to volatility in foreign currency exchange rates. The Company conducts operations in Latin America and the Caribbean, and as such is subject to both economic and political instabilities that can cause volatility in foreign currency exchange rates or weak economic conditions. As of August 31, 2013, the Company had a total of 31 warehouse clubs

operating in 12 foreign countries and one U.S. territory, 24 of which operate under currencies other than the U.S. dollar. For fiscal year 2013, approximately 79% of the Company's net warehouse club sales were in foreign currencies. The Company may enter into additional foreign countries in the future or open additional locations in existing countries, which may increase the percentage of net warehouse sales denominated in foreign currencies. Volatility and uncertainties regarding the currencies in the Company's countries could have a material impact on the Company's operations in future periods.

The Company faces the risk of exposure to product liability claims, a product recall and adverse publicity. The Company markets and distributes products purchased from third-party suppliers and products prepared by the Company for resale, including meat, dairy and other food products which exposes the Company to the risk of product liability claims, a product recall and adverse publicity. The Company may inadvertently redistribute food products or prepare food products that are contaminated, which may result in illness, injury or death if the contaminants are not eliminated by processing at the food service or consumer level. The Company generally seeks contractual indemnification and insurance coverage from its major suppliers for product purchased from third-party suppliers and carries product liability insurance for product prepared by the Company. However, if the Company does not have adequate insurance or contractual indemnification available, product liability claims relating to products that are contaminated or otherwise harmful could have a material adverse effect on the Company's ability to successfully market its products and on the Company's business, financial condition and results of operations. In addition, even if a product liability claim is not successful or is not fully pursued, the negative publicity surrounding a product recall or any assertion that the Company's products caused illness or injury could have a material adverse effect on the Company's reputation with existing and potential customers and on the Company's business, financial condition and results of operations.

Potential future impairments of long lived assets could adversely affect the Company's future results of operations and financial position. Long-lived assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss would be measured and recognized if the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset. If the carrying amount of the asset were determined to be impaired, an impairment loss to write-down the carrying value of the asset to fair value by using quoted market prices, when available, would be required. When a quoted market price is not available, an estimated fair value would be determined through other valuation techniques. The Company has used projected cash flows to reflect the expected commercial, competitive and other factors related to its long-lived assets. These future tests may result in a determination that these assets have been impaired. If at any time the Company determines that an impairment has occurred, it will be required to reflect the impaired value as a charge, resulting in a reduction in earnings in the quarter such impairment is identified and a corresponding reduction in the Company's net asset value. A material reduction in earnings resulting from such a charge could cause the Company to fail to be profitable in the period in which the charge is taken or otherwise to fail to meet the expectations of investors and securities analysts, which could cause the price of the Company's stock to decline.

Write-offs of goodwill and other intangible assets could adversely affect the Company's future results of operations and financial position. Goodwill and intangible assets deemed to have indefinite lives are not amortized but instead are subject to annual assessments and, if deemed necessary, goodwill impairment tests. As of August 31, 2013, the Company had goodwill of approximately \$36.4 million. The Company performed assessments and, if deemed necessary, impairment tests on goodwill as of August 31, 2013. The Company's assessment and testing of reported goodwill was performed at the entity level for fiscal year 2013 and fiscal year 2012. The Company's assessments or impairment testing found no significant change in those reporting units' assets and liabilities since fiscal year 2010; with each reporting unit's fair value determination substantially exceeding its carrying amount in fiscal year 2010 or impairment testing of the carrying amount of goodwill of reporting unit goodwill did not exceed the implied fair value of that goodwill. Accordingly no impairment losses were recorded in fiscal years 2013 and 2012. In the future, the Company will perform similar reviews for reporting entities where goodwill has been recorded. If at any time the Company determines that an impairment has occurred, the Company will be required to reflect the impaired value as a

part of operating income, resulting in a reduction in earnings in the period such impairment is identified and a corresponding reduction in the Company's net asset value. A material reduction in earnings resulting from such a charge could cause the Company to fail to be profitable or increase the amount of its net loss in the period in which the charge is taken or otherwise fail to meet the expectations of investors and securities analysts, which could cause the price of the Company's stock to decline.

The Company faces increased public company compliance risks and compliance risks related to the Company's international operations. In the United States and within the international markets where the Company operates there are multiple laws and regulations that relate to the Company's business and operations. These laws and regulations are subject to change and any failure by the Company to effectively manage its operations and reporting obligations as required by the various laws and regulations can result in the Company incurring significant legal costs, fines as well as disruptions to the Company's business and operations. Such failure could also result in investor loss of confidence in the Company, which could have a material adverse effect on the Company's stock price.

The Company faces increased compliance risks associated with compliance with Section 404 of the Sarbanes-Oxley Act of 2002. Section 404 requires management of public companies to evaluate, and the independent auditors to attest to, the effectiveness of internal control over financial reporting. The Company's internal controls over financial reporting are designed 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 and include those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the Company's transactions and the dispositions of its assets; (2) provide reasonable assurance that the Company's transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures are being made only in accordance with appropriate authorizations; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements. Any failure to effectively implement necessary or appropriate new or improved internal controls, to resolve difficulties encountered in their implementation or remediate identified material weaknesses could harm the Company's operating results, cause it to fail to meet reporting obligations, result in management being required to give a qualified assessment of the Company's internal controls over financial reporting or the Company's independent auditors providing an adverse opinion regarding their attestation of the effectiveness of the Company's internal controls over financial reporting. Any such result could cause investors to lose confidence in the Company's reported financial information, which could have a material adverse effect on the Company's stock price.

If remediation costs or hazardous substance contamination levels at certain properties for which the Company maintains financial responsibility exceed management's current expectations, the Company's financial condition and results of operations could be adversely impacted. In connection with its spin-off from Price Enterprises, Inc., or PEI, in 1997, the Company agreed to indemnify PEI for all of PEI's liabilities (including indemnification obligations for environmental liabilities) arising out of PEI's prior ownership of certain properties. The Company's ownership of real properties and its agreement to indemnify PEI could subject it to certain environmental liabilities. Certain of these properties are located in areas of current or former industrial activity, where environmental contamination may have occurred. The Company monitors the soil and groundwater at these locations as may be required by law. If the Company were to incur costs for remediating contamination at these sites which exceed management's current expectations, the Company's financial condition and results of operations could be adversely impacted.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

At August 31, 2013, PriceSmart operated 31 membership warehouse clubs, as detailed below:

Location	Own land and building	Lease land and/or building
LATIN AMERICA SEGMENT		
Colombia ⁽¹⁾	3	—
Panama	3	1
Guatemala	1	2
Costa Rica ⁽²⁾	5	—
El Salvador	2	—
Honduras ⁽³⁾	1	1
Nicaragua	1	—
CARIBBEAN SEGMENT		
Dominican Republic	3	—
Aruba	—	1
Barbados	1	—
Trinidad	3	1
U.S. Virgin Islands	—	1
Jamaica	1	—
Total	24	7

During fiscal 2013, the Company opened its second and third clubs in Colombia. These clubs are in south and north Cali and opened in October 2012 and May 2013, respectively. The Company continues to explore other potential sites for future warehouse clubs in other major cities in Colombia.

⁽²⁾ In February 2013, the Company acquired property located in La Union, Cartago, Costa Rica, upon which the Company opened its sixth membership warehouse club in Costa Rica on October 18, 2013.

⁽³⁾ In February 2013, the Company acquired land in Tegucigalpa, Honduras upon which it anticipates opening its third warehouse club in Honduras in the spring of 2014.

As of August 31, 2013, the Company's warehouse club buildings occupied a total of approximately 2,104,480 square feet of which 420,647 square feet were on leased property.

The following is a summary of other leased facilities:

Location	Facility Type	Own land and building	Lease land and/or building
LATIN AMERICA SEGMENT			
Bogota, Colombia	Central Offices	—	1
Panama	Storage and Distribution Facility	—	1
Costa Rica	Storage and Distribution Facility	—	1
CARIBBEAN SEGMENT			
Barbados	Storage Facility	—	1
Chaguanas, Trinidad	Employee Parking	—	1
Chaguanas, Trinidad	Container Parking	—	1
Jamaica	Storage Facility	—	1
Santo Domingo, Dominican Republic	Central Offices	—	1
U.S. SEGMENT			
San Diego, CA	Corporate Headquarters	—	1
Miami, FL	Distribution Facility	—	1
Total		—	10

The following is a summary of the warehouse clubs and Company facilities located on leased property:

Location	Facility Type	Date Opened	Approximate Square Footage	Current Lease Expiration Date	Remaining Option(s) to Extend
Via Brazil, Panama	Warehouse Club	December 4, 1997	68,696	October 31, 2026	10 years
Miraflores, Guatemala	Warehouse Club	April 8, 1999	66,059	December 31, 2020	5 years
Pradera, Guatemala	Warehouse Club	May 29, 2001	48,438	May 28, 2021	none
Tegucigalpa, Honduras	Warehouse Club	May 31, 2000	64,735	May 30, 2020	none
Oranjestad, Aruba	Warehouse Club	March 23, 2001	64,627	March 23, 2021	10 years
Port of Spain, Trinidad	Warehouse Club	December 5, 2001	54,046	July 5, 2031	none
St. Thomas, U.S.V.I.	Warehouse Club	May 4, 2001	54,046	February 28, 2020	10 years
Barbados	Storage Facility	December 1, 2012	12,517	November 30, 2015	3 years
Chaguanas, Trinidad	Employee Parking	May 1, 2009	4,944	April 30, 2024	none
Chaguanas, Trinidad	Container Parking	April 1, 2010	65,340	March 31, 2015	none
Jamaica	Storage Facility	September 1, 2012	17,000	February 28, 2014	3 years
Santo Domingo, Dominican Republic	Central Offices	June 1, 2010	2,002	May 31, 2015	1 year
Bogota, Colombia	Central Offices	October 21, 2010	4,100	December 20, 2014	none
San Diego, CA	Corporate Headquarters	April 1, 2004	39,225	August 31, 2015	5 years
Miami, FL	Distribution Facility	March 1, 2008	274,652	July 31, 2021	10 years
Panama	Storage and Distribution Facility	August 15, 2012	25,690	August 15, 2015	mutual agreement
Costa Rica	Storage and Distribution Facility	January 28, 2013	37,674	January 27, 2014	3 years

Item 3. 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.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The information required by Item 5 is incorporated herein by reference to PriceSmart's Annual Report to Stockholders for the fiscal year ended August 31, 2013 under the heading "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities."

Item 6. Selected Financial Data

The information required by Item 6 is incorporated herein by reference to PriceSmart's Annual Report to Stockholders for the fiscal year ended August 31, 2013 under the heading "Selected Financial Data."

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Item 7 is incorporated herein by reference to PriceSmart's Annual Report to Stockholders for the fiscal year ended August 31, 2013 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The information required by Item 7A is incorporated herein by reference to PriceSmart's Annual Report to Stockholders for the fiscal year ended August 31, 2013 under the heading "Quantitative and Qualitative Disclosures about Market Risk."

Item 8. Financial Statements and Supplementary Data

The information required by Item 8 is incorporated herein by reference to PriceSmart's Annual Report to Stockholders for the fiscal year ended August 31, 2013 under the heading "Financial Statements and Supplementary Data."

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

As of August 31, 2013, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e). These disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Company in its periodic reports with the SEC is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and that the information is accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. The design of any disclosure controls and procedures also is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

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 as of the end of the period covered by this Annual Report on Form 10-K.

(b) Management's report on internal control over financial reporting

Internal control over financial reporting refers to the process designed by, or under the supervision of, the Company's principal executive officer and principal financial officer, and effected by its board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles, and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles and that receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision, and with the participation, of the Company's management, including its principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting. Management has used the framework set forth in the report entitled "Internal Control-Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of its internal control over financial reporting. Based on its evaluation, management has concluded that the Company's

internal control over financial reporting was effective as of August 31, 2013, the end of its most recent fiscal year.

14

Ernst & Young LLP, the Company's independent registered public accounting firm, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of August 31, 2013, as stated in their report which is included herein.

(c) Changes in internal control over financial reporting.

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act), during the fiscal year ended August 31, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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

Item 9B. Other Information

Not applicable.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of PriceSmart, Inc.

We have audited PriceSmart, Inc.'s internal control over financial reporting as of August 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) (the COSO criteria). PriceSmart, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, PriceSmart, Inc. maintained, in all material respects, effective internal control over financial reporting as of August 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2013 consolidated financial statements of PriceSmart, Inc. and our report dated October 30, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Diego, California
October 30, 2013

PART III

Item 10. Directors, Executive Officers and Corporate Governance

PriceSmart has adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer, controller, and to all of its other officers, directors, employees and agents. The code of ethics is available on PriceSmart's web site at <http://pricesmart.com/Investor/Corporate-Governance/Conduct.aspx>. PriceSmart intends to disclose on its website future amendments to, or waivers from, certain provisions of its code of ethics within four business days following the date of such amendment or waiver.

The additional information required by Item 10 is incorporated herein by reference from PriceSmart's definitive Proxy Statement for the Annual Meeting of Stockholders under the headings "Election of Directors," "Information Regarding Directors," "Information Regarding the Board," "Executive Officers of the Company" and "Compliance with Section 16(a) of the Exchange Act."

Item 11. Executive Compensation

The information required by Item 11 is incorporated herein by reference from PriceSmart's definitive Proxy Statement for the Annual Meeting of Stockholders under the heading "Compensation Discussion and Analysis."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is incorporated herein by reference from PriceSmart's definitive Proxy Statement for the Annual Meeting of Stockholders under the headings "Securities Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information."

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated herein by reference from PriceSmart's definitive Proxy Statement for the Annual Meeting of Stockholders under the headings "Certain Transactions" and "Information Regarding Directors."

Item 14. Principal Accounting Fees and Services

The information required by Item 14 is incorporated herein by reference from PriceSmart's definitive Proxy Statement for the Annual Meeting of Stockholders under the heading "Independent Registered Public Accounting Firm."

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The documents listed in the following table, which are included in its Annual Report to Stockholders, are incorporated herein by reference to the portions of this Annual Report on Form 10-K filed as Exhibit 13.1 hereto.

(1) and (2) Financial Statements

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Comprehensive Income

Consolidated Statements of Stockholders' Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

Schedules not included herein have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

(3) The following exhibits are filed as part of this Form 10-K and this list includes the Exhibit Index.

Exhibit Number	Description
3.1(1)	Amended and Restated Certificate of Incorporation of the Company.
3.2(19)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of the Company.
3.3(18)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of the Company.
3.4(1)	Amended and Restated Bylaws of the Company.
3.5(20)	Amendment to Amended and Restated Bylaws of the Company.
4.1(22)	Specimen of Common Stock certificate.
10.1(a)(48)	Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the 2002 Equity Participation Plan of PriceSmart, Inc.
10.1(b)*	Form of Non-Qualified Stock Option Agreement (Director Option) under the 2001 Equity Participation Plan of PriceSmart, Inc.

- 10.1(c)* Form of Non-Qualified Stock Option Agreement (Director Option) under the 2002 Equity Participation Plan of PriceSmart, Inc.
- 10.2(a)(32) International Loan Swap Agreement with Citibank, N.A. dated as of February 13, 2008.
- 10.2(b)(37) Loan Facility Agreement between PriceSmart (Trinidad) Limited and First Caribbean International Bank (Trinidad & Tobago) Limited dated February 19, 2009.
- 10.2(c)(39) Loan Agreement dated August 13, 2009 between PriceSmart, SA. and the Bank of Nova Scotia.
- 10.3(a)(2)** Employment Agreement between Price Enterprises, Inc. and Robert M. Gans, dated September 20, 1994.

- 10.3(b)(3)** Third Amendment to Employment Agreement between Price Enterprises, Inc. and Robert M. Gans, dated April 28, 1997.
- 10.3(c)(1)** Fourth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of September 2, 1997.
- 10.3(d)(4)** Fifth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of March 31, 1999.
- 10.3(e)(5)** Sixth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of November 22, 1999.
- 10.3(f)(5)** Seventh Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of July 18, 2000.
- 10.3(g)(6)** Eighth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of September 26, 2001.
- 10.3(h)(6)** Amendment of Employment Agreement between the Company and Robert M. Gans, dated as of October 16, 2001.
- 10.3(i)(7)** Ninth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of November 19, 2002.
- 10.3(j)(8)** Tenth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of January 22, 2003.
- 10.3(k)(9)** Eleventh Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of July 24, 2003.
- 10.3(l)(30)** Twelfth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of September 24, 2004.
- 10.3(m)(23)** Thirteenth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of February 10, 2005.
- 10.3(n)(25)** Fourteenth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of September 26, 2005.
- 10.3(o)(27)** Fifteenth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of March 1, 2006.
- 10.3(p)(31)** Sixteenth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of September 25, 2006.
- 10.3(q)(28)** Seventeenth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of January 1, 2007.
- 10.3(r)(34)** Eighteenth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of October 1, 2007.

- 10.3(s)(32)** Nineteenth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of January 1, 2008.
- 10.3(t)(35)** Twentieth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of October 1, 2008.
- 10.3(u)(36)** Twenty-First Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of November 13, 2008.
- 10.3(v)(37)** Twenty-Second Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of January 1, 2009.
- 10.3(w)(40)** Twenty-Third Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of October 1, 2009.
- 10.3(x)(41)** Twenty-Fourth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of January 1, 2010.
- 10.3(y)(44)** Twenty-Fifth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of October 6, 2010.

Edgar Filing: PRICESMART INC - Form 10-K

- 10.3(z)(45)** Twenty-Sixth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of January 10, 2011.
- 10.3(aa)(46)** Twenty-Seventh Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of April 1, 2011.
- 10.3(ab)(47)** Twenty-Eighth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of October 1, 2011.
- 10.3(ac)(47)** Twenty-Ninth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of October 1, 2011.
- 10.3(ad)(49)** Thirtieth Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of October 1, 2012.
- 10.3(ae)(50)** Thirty-First Amendment to Employment Agreement between the Company and Robert M. Gans, dated as of January 1, 2013.
- 10.4(a)(45)** Employment Agreement between the Company and John M. Heffner, dated January 31, 2011.
- 10.4(b)(46)** First Amendment to Employment Agreement between the Company and John M. Heffner, dated April 1, 2011.
- 10.4(c)(47)** Second Amendment to Employment Agreement between the Company and John M. Heffner, dated November 18, 2011.
- 10.4(d)(50)** Third Amendment to Employment Agreement between the Company and John M. Heffner, dated January 1, 2013.
- 10.5(10) Form of Indemnity Agreement.
- 10.8(a)(13)** Employment Agreement between the Company and Thomas D. Martin, dated March 31, 1998.
- 10.8(b)(4)** First Amendment to Employment Agreement between the Company and Thomas D. Martin, dated March 31, 1999.
- 10.8(c)(5)** Second Amendment of Employment Agreement between the Company and Thomas D. Martin, dated November 22, 1999.
- 10.8(d)(11)** Third Amendment of Employment Agreement between the Company and Thomas Martin dated January 11, 2000.
- 10.8(e)(14)** Fourth Amendment of Employment Agreement between the Company and Thomas Martin dated January 24, 2001.
- 10.8(f)(6)** Amendment of Employment Agreement between the Company and Thomas Martin dated October 16, 2001.
- 10.8(g)(12)** Fifth Amendment of Employment Agreement between the Company and Thomas Martin, dated January 16, 2002.

- 10.8(h)(9)** Sixth Amendment of Employment Agreement between the Company and Thomas Martin, dated January 22, 2003.
- 10.8(i)(20)** Seventh Amendment to Employment Agreement between the Company and Thomas Martin, dated March 15, 2004.
- 10.8(j)(24)** Eighth Amendment to Employment Agreement between the Company and Thomas Martin, dated March 3, 2005.
- 10.8(k)(27)** Ninth Amendment to Employment Agreement between the Company and Thomas Martin dated March 1, 2006.
- 10.8(l)(28)** Tenth Amendment to Employment Agreement between the Company and Thomas Martin dated January 1, 2007.
- 10.8(m)(29)** Eleventh Amendment to Employment Agreement between the Company and Thomas Martin dated March 1, 2007.
- 10.8(n)(32)** Twelfth Amendment to Employment Agreement between the Company and Thomas Martin dated January 1, 2008.

- 10.8(o)(33)** Thirteenth Amendment to Employment Agreement between the Company and Thomas Martin dated March 1, 2008.
- 10.8(p)(36)** Fourteenth Amendment to Employment Agreement between the Company and Thomas Martin dated November 13, 2008.
- 10.8(q)(37)** Fifteenth Amendment to Employment Agreement between the Company and Thomas Martin dated January 1, 2009.
- 10.8(r)(38)** Sixteenth Amendment to Employment Agreement between the Company and Thomas Martin dated March 1, 2009.
- 10.8(s)(41)** Seventeenth Amendment to Employment Agreement between the Company and Thomas Martin dated January 1, 2010.
- 10.8(t)(41)** Eighteenth Amendment to Employment Agreement between the Company and Thomas Martin dated February 1, 2010.
- 10.8(u)(42)** Nineteenth Amendment to Employment Agreement between the Company and Thomas Martin dated March 15, 2010.
- 10.8(v)(45)** Twentieth Amendment to Employment Agreement between the Company and Thomas Martin dated January 10, 2011.
- 10.8(w)(46)** Twenty-First Amendment to Employment Agreement between the Company and Thomas Martin dated March 1, 2011.
- 10.8(x)(46)** Twenty-Second Amendment to Employment Agreement between the Company and Thomas Martin dated April 1, 2011.
- 10.8(y)(47)** Twenty-Third Amendment to Employment Agreement between the Company and Thomas Martin dated November 18, 2011.
- 10.8(z)(48)** Twenty-Fourth Amendment to Employment Agreement between the Company and Thomas Martin dated March 1, 2012.
- 10.8(aa)(50)** Twenty-Fifth Amendment to Employment Agreement between the Company and Thomas Martin dated January 1, 2013.
- 10.8(ab)(51)** Twenty-Sixth Amendment to Employment Agreement between the Company and Thomas Martin dated March 1, 2013.
- 10.10(36) Letter Agreement between RBTT Bank Ltd. and PriceSmart (Trinidad) Limited dated November 20, 2008.
- 10.11(36) Shareholders' Agreement between Pricsmarlandco, S.A. and JB Enterprises Inc. dated September 29, 2008.
- 10.12(36) Shareholder Agreement between Fundacion Tempus Fugit and PriceSmart Panama, S.A. dated September 24, 2008.

- 10.13(15) Trademark Agreement between the Company and Associated Wholesale Grocers, Inc., dated August 1, 1999.
- 10.14(14) Master Agreement between the Company and Payless ShoeSource Holdings, Ltd., dated November 27, 2000.
- 10.15(a)(12)** Employment Agreement between the Company and William Naylon, dated January 16, 2002.
- 10.15(b)(8)** First Amendment of Employment Agreement between the Company and William J. Naylon, dated January 22, 2003.
- 10.15(c)(19)** Second Amendment to Employment Agreement between the Company and William Naylon, dated February 1, 2004.
- 10.15(d)(23)** Third Amendment to Employment Agreement between the Company and William Naylon, dated as of February 16, 2005.
- 10.15(e)(26)** Fourth Amendment to Employment Agreement between the Company and William Naylon, dated as of January 11, 2006.

- 10.15(f)(27)** Fifth Amendment to Employment Agreement between the Company and William Naylor, dated as of March 1, 2006.
- 10.15(g)(28)** Sixth Amendment to Employment Agreement between the Company and William Naylor, dated as of January 1, 2007.
- 10.15(h)(32)** Seventh Amendment to Employment Agreement between the Company and William Naylor, dated as of January 1, 2008.
- 10.15(i)(36)** Eighth Amendment to Employment Agreement between the Company and William Naylor, dated as of November 13, 2008.
- 10.15(j)(37)** Ninth Amendment to Employment Agreement between the Company and William Naylor, dated as of January 1, 2009.
- 10.15(k)(41)** Tenth Amendment to Employment Agreement between the Company and William Naylor, dated as of January 1, 2010.
- 10.15(l)(45)** Eleventh Amendment to Employment Agreement between the Company and William Naylor, dated as of January 10, 2011.
- 10.15(m)(46)** Twelfth Amendment to Employment Agreement between the Company and William Naylor, dated as of April 1, 2011.
- 10.15(n)(47)** Thirteenth Amendment to Employment Agreement between the Company and William Naylor, dated as of November 18, 2011.
- 10.15(m)(50)** Fourteenth Amendment to Employment Agreement between the Company and William Naylor, dated as of January 1, 2013.
- 10.16(a)(6)** Employment Agreement between the Company and John D. Hildebrandt, dated as of June 1, 2001.
- 10.16(b)(6)** Amendment to Employment Agreement between the Company and John Hildebrandt, dated as of October 16, 2001.
- 10.16(c)(12)** First Amendment of Employment Agreement between the Company and John Hildebrandt, dated January 16, 2002.
- 10.16(d)(9)** Second Amendment of Employment Agreement between the Company and John Hildebrandt, dated January 22, 2003.
- 10.16(e)(20)** Third Amendment to Employment Agreement between the Company and John Hildebrandt, dated March 15, 2004.
- 10.16(f)(24)** Fourth Amendment to Employment Agreement between the Company and John Hildebrandt, dated March 9, 2005.
- 10.16(g)(27)** Fifth Amendment to Employment Agreement between the Company and John Hildebrandt, dated March 1, 2006.

- 10.16(h)(28)** Sixth Amendment to Employment Agreement between the Company and John Hildebrandt, dated January 1, 2007.
- 10.16(i)(29)** Seventh Amendment to Employment Agreement between the Company and John Hildebrandt, dated March 1, 2007.
- 10.16(j)(32)** Eighth Amendment to Employment Agreement between the Company and John Hildebrandt, dated January 1, 2008.
- 10.16(k)(33)** Ninth Amendment to Employment Agreement between the Company and John Hildebrandt, dated March 1, 2008.
- 10.16(l)(36)** Tenth Amendment to Employment Agreement between the Company and John Hildebrandt, dated November 13, 2008.
- 10.16(m)(37)** Eleventh Amendment to Employment Agreement between the Company and John Hildebrandt, dated January 1, 2009.
- 10.16(n)(38)** Twelfth Amendment to Employment Agreement between the Company and John Hildebrandt, dated March 1, 2009.

Edgar Filing: PRICESMART INC - Form 10-K

- 10.16(o)(38)** Thirteenth Amendment to Employment Agreement between the Company and John Hildebrandt, dated April 1, 2009.
- 10.16(p)(41)** Fourteenth Amendment to Employment Agreement between the Company and John Hildebrandt, dated January 1, 2010.
- 10.16(q)(41)** Fifteenth Amendment to Employment Agreement between the Company and John Hildebrandt, dated February 1, 2010.
- 10.16(r)(42)** Sixteenth Amendment to Employment Agreement between the Company and John Hildebrandt, dated March 15, 2010.
- 10.16(s)(45)** Seventeenth Amendment to Employment Agreement between the Company and John Hildebrandt, dated January 10, 2011.
- 10.16(t)(46)** Eighteenth Amendment to Employment Agreement between the Company and John Hildebrandt, dated March 1, 2011.
- 10.16(u)(46)** Nineteenth Amendment to Employment Agreement between the Company and John Hildebrandt, dated April 1, 2011.
- 10.16(v)(47)** Twentieth Amendment to Employment Agreement between the Company and John Hildebrandt, dated November 18, 2011.
- 10.16(w)(48)** Twenty-First Amendment to Employment Agreement between the Company and John Hildebrandt, dated March 1, 2012.
- 10.16(x)(50)** Twenty-Second Amendment to Employment Agreement between the Company and John Hildebrandt, dated January 1, 2013.
- 10.16(y)(51)** Twenty-Third Amendment to Employment Agreement between the Company and John Hildebrandt, dated March 1, 2013.
- 10.17(16)** 2001 Equity Participation Plan of PriceSmart, Inc.
- 10.18(a)(7)** Employment Agreement between the Company and Brud Drachman, dated as of January 11, 2000.
- 10.18(b)(7)** First Amendment to Employment Agreement between the Company and Brud Drachman, dated January 24, 2001.
- 10.18(c)(7)** Second Amendment to Employment Agreement between the Company and Brud Drachman, dated June 1, 2001.
- 10.18(d)(7)** Amendment to Employment Agreement between the Company and Brud Drachman, dated October 16, 2001.
- 10.18(e)(7)** Third Amendment to Employment Agreement between the Company and Brud Drachman, dated January 16, 2002.
- 10.18(f)(9)**

Edgar Filing: PRICESMART INC - Form 10-K

Fourth Amendment to Employment Agreement between the Company and Brud Drachman, dated November 19, 2002.

- 10.18(g)(9)** Fifth Amendment to Employment Agreement between the Company and Brud Drachman, dated January 22, 2003.
- 10.18(h)(20)** Sixth Amendment to Employment Agreement between the Company and Brud Drachman, dated March 15, 2004.
- 10.18(i)(24)** Seventh Amendment to Employment Agreement between the Company and Brud Drachman, dated March 9, 2005.
- 10.18(j)(27)** Eighth Amendment to Employment Agreement between the Company and Brud Drachman, dated March 1, 2006.
- 10.18(k)(28)** Ninth Amendment to Employment Agreement between the Company and Brud Drachman, dated January 1, 2007.
- 10.18(l)(29)** Tenth Amendment to Employment Agreement between the Company and Brud Drachman, dated March 1, 2007.
- 10.18(m)(32)** Eleventh Amendment to Employment Agreement between the Company and Brud Drachman, dated January 1, 2008.

- 10.18(n)(33)** Twelfth Amendment to Employment Agreement between the Company and Brud Drachman, dated March 1, 2008.
- 10.18(o)(36)** Thirteenth Amendment to Employment Agreement between the Company and Brud Drachman, dated November 13, 2008.
- 10.18(p)(37)** Fourteenth Amendment to Employment Agreement between the Company and Brud Drachman, dated January 1, 2009.
- 10.18(q)(38)** Fifteenth Amendment to Employment Agreement between the Company and Brud Drachman, dated March 1, 2009.
- 10.18(r)(41)** Sixteenth Amendment to Employment Agreement between the Company and Brud Drachman, dated January 1, 2010.
- 10.18(s)(42)** Seventeenth Amendment to Employment Agreement between the Company and Brud Drachman, dated March 15, 2010.
- 10.18(t)(45)** Eighteenth Amendment to Employment Agreement between the Company and Brud Drachman, dated January 10, 2011.
- 10.18(u)(46)** Nineteenth Amendment to Employment Agreement between the Company and Brud Drachman, dated March 1, 2011.
- 10.18(v)(46)** Twentieth Amendment to Employment Agreement between the Company and Brud Drachman, dated April 1, 2011.
- 10.18(w)(47)** Twenty-First Amendment to Employment Agreement between the Company and Brud Drachman, dated November 18, 2011.
- 10.18(x)(48)** Twenty-Second Amendment to Employment Agreement between the Company and Brud Drachman, dated March 1, 2012.
- 10.18(y)(50)** Twenty-Third Amendment to Employment Agreement between the Company and Brud Drachman, dated January 1, 2013.
- 10.18(z)(51)** Twenty-Fourth Amendment to Employment Agreement between the Company and Brud Drachman, dated March 1, 2013.
- 10.19(17)** 2002 Equity Participation Plan of PriceSmart, Inc.
- 10.20(a)(21)** Employment Agreement by and between the Company and Jose Luis Laparte, dated as of June 3, 2004.
- 10.20(b)(21)** First Amendment to Employment Agreement by and between the Company and Jose Luis Laparte, dated as of August 2, 2004.
- 10.20(c)(25)** Second Amendment to Employment Agreement between the Company and Jose Luis Laparte, dated as of September 26, 2005.

- 10.20(d)(27)** Third Amendment to Employment Agreement between the Company and Jose Luis Laparte, dated as of March 1, 2006.
- 10.20(e)(31)** Fourth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of September 25, 2006.
- 10.20(f)(28)** Fifth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of January 1, 2007.
- 10.20(g)(34)** Sixth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of October 1, 2007.
- 10.20(h)(34)** Seventh Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of October 31, 2007.
- 10.20(i)(32)** Eighth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of January 1, 2008.
- 10.20(j)(35)** Ninth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of October 1, 2008.

- 10.20(k)(36)** Tenth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of November 13, 2008.
- 10.20(l)(37)** Eleventh Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of January 1, 2009.
- 10.20(m)(40)** Twelfth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of October 1, 2009.
- 10.20(n)(41)** Thirteenth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of January 1, 2010.
- 10.20(o)* Fourteenth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of July 15, 2010.
- 10.20(p)(44)** Fifteenth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of October 6, 2010.
- 10.20(q)(45)** Sixteenth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of January 10, 2011.
- 10.20(r)(46)** Seventeenth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of April 1, 2011.
- 10.20(s)(47)** Eighteenth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of October 1, 2011.
- 10.20(t)(47)** Nineteenth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of November 18, 2011.
- 10.20(u)(49)** Twentieth Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of October 1, 2012.
- 10.20(v)(50)** Twenty-First Amendment to Employment Agreement between the Company and Jose Luis Laparte dated as of January 1, 2013.
- 10.21(a)(32) Promissory Note entered into between PSMT Barbados and Citibank, N.A. dated November 15, 2007.
- 10.22(a)(40) Loan Agreement entered into between PriceSmart and ScotiaBank El Salvador dated September 1, 2009.
- 10.23(41) Loan Agreement entered into between PriceSmart Honduras, S.A. de C.V. and ScotiaBank El Salvador S.A., dated January 12, 2010.
- 10.24(42) Loan Agreement entered into between PriceSmart Honduras, a subsidiary of PriceSmart Inc., and Banco del Pais, S.A. dated March 16, 2010.
- 10.25(42) PriceSmart Honduras S.A. de C.V. Certificate of Deposit, as security in favor of Banco del Pais, S.A. dated March 16, 2010.

- 10.26(43) Commercial Mortgage Loan Agreement dated August 31, 2010 between PriceSmart Panama, S.A. and Metrobank, S.A.
- 10.27(44) Loan Agreement between PriceSmart Colombia, S.A.S. and Citibank, N.A., dated as of November 1, 2010.
- 10.28(44) Deposit Agreement between PriceSmart, Inc. and Citibank, N.A., New York, dated as of November 24, 2010.
- 10.29(44) Purchase Agreement between PriceSmart Colombia S.A.S. and Cementos Argos S.A., dated as of May 16, 2010.
- 10.29(a)(44) Addenda No. 1 to Purchase Agreement between PriceSmart Colombia S.A.S. and Cementos Argos S.A., dated as of July 26, 2010.
- 10.29(b)(44) Addenda No. 2 to Purchase Agreement between Colombia S.A.S. and Cementos Argos S.A., dated as of October 22, 2010.
- 10.30(46) Loan Agreement between PriceSmart Colombia, S.A.S. and Scotiabank & Trust (Cayman) Ltd., dated March 14, 2011.
- 10.30(49) Loan Agreement between PSMT (Barbados Inc. and Citicorp Merchant Bank Limited, dated August 30, 2012.

Edgar Filing: PRICESMART INC - Form 10-K

10.31**	Form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement under the 2002 Equity Participation Plan of PriceSmart, Inc.
10.32(52)**	2013 Equity Incentive Award Plan of PriceSmart, Inc. (incorporated by reference to Appendix A to the definitive Proxy Statement for the Company's 2013 Annual Meeting of Stockholders filed with the Commission on December 5, 2012)
10.33(52)**	Form of Restricted Stock Award Agreement under the 2013 Equity Incentive Award Plan of PriceSmart, Inc.
10.34(52)**	Form of Restricted Stock Unit Agreement under the 2013 Equity Incentive Award Plan of PriceSmart, Inc. for Employees of Foreign Subsidiaries.
10.35(52)**	Form of Restricted Stock Unit Agreement for Non-Employee Directors under the 2013 Equity Incentive Award Plan of PriceSmart, Inc.
13.1*	Portions of the Company's Annual Report to Stockholders for the year ended August 31, 2013.
21.1*	Subsidiaries of the Company.
23.1*	Consent of Independent Registered Public Accounting Firm.
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*#	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*#	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith as an exhibit.

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

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.

Edgar Filing: PRICESMART INC - Form 10-K

- (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 Exhibit 10.14 to Amendment No. 1 to the Registration Statement on Form S-4 of Price Enterprises, Inc. filed with the Commission on November 3, 1994.
- (3) Incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of Price Enterprises, Inc. for the quarter ended June 8, 1997 filed with the Commission on July 17, 1997.
- (4) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 1999 filed with the Commission on July 15, 1999.
- (5) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 2000 filed with the Commission on November 29, 2000.
- (6) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 2001 filed with the Commission on November 29, 2001.
- (7) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 2002 filed with the Commission on November 29, 2002.
- (8) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2003 filed with the Commission on April 14, 2003.

- (9) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 2003 filed with the Commission on December 16, 2003.
- (10) Incorporated by reference to Exhibit 10.8 to Amendment No. 1 to the Company's Registration Statement on Form 10 filed with the Commission on August 1, 1997.
- (11) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 29, 2000 filed with the Commission on April 11, 2000.
- (12) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2002 filed with the Commission on July 15, 2002.
- (13) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 1998 filed with the Commission on November 25, 1998.
- (14) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2001 filed with the Commission on April 16, 2001.
- (15) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 1999 filed with the Commission on November 29, 1999.
- (16) Incorporated by reference to Exhibit A to the definitive Proxy Statement dated December 7, 2001 for the Company's 2002 Annual Meeting of Stockholders filed with the Commission on December 10, 2001.
- (17) Incorporated by reference to Exhibit A to the definitive Proxy Statement dated December 11, 2002 for the Company's 2003 Annual Meeting of Stockholders filed with the Commission on December 11, 2002.
- (18) 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.
- (19) 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.
- (20) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2004 filed with the Commission on July 15, 2004.
- (21) Incorporated by reference to the Current Report on Form 8-K filed with the Commission on October 8, 2004.
- (22) Incorporated by reference to the Company's Registration Statement on Form S-3 filed with the Commission on December 2, 2004.
- (23) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2005 filed with the Commission on April 14, 2005.
- (24) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2005 filed with the Commission on June 15, 2005.
- (25) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended November 30, 2005 filed with the Commission on January 17, 2006.
- (26) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2006 filed with the Commission on April 14, 2006.
- (27) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2006 filed with the Commission on July 14, 2006.
- (28) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2007 filed with the Commission on April 9, 2007.
- (29) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2007 filed with the Commission on July 3, 2007.
- (30) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended November 30, 2004 filed with Commission on January 14, 2005.
- (31) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 2006 filed with the Commission on November 13, 2006.
- (32) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 29, 2008 filed with the Commission on April 9, 2008.
- (33) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2008 filed with the Commission on July 10, 2008.
- (34)

Edgar Filing: PRICESMART INC - Form 10-K

Incorporated by reference to the Company's Annual Report on Form 10-K/A amendment 2 for the year ended August 31, 2007 filed with the Commission on July 11, 2008.

- (35) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 2008 filed with the Commission on November 12, 2008.
- (36) Incorporated by reference to the Company's Quarterly Report on Form 10-Q/A for the quarter ended November 30, 2008 filed with the Commission on January 14, 2009.
- (37) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2009 filed with the Commission on April 9, 2009.
- (38) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2009 filed with the Commission on July 10, 2009.

- (39) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 2009 filed with the Commission on November 9, 2009.
- (40) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended November 30, 2009 filed with the Commission on January 8, 2010.
- (41) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2010 filed with the Commission on April 9, 2010.
- (42) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2010 filed with the Commission on July 9, 2010.
- (43) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended August 31, 2010 filed with the Commission on November 9, 2010.
- (44) Incorporated by reference to the Company's Quarterly report on Form 10-Q for the quarter ended November 30, 2010 filed with the Commission on January 7, 2011.
- (45) Incorporated by reference to the Company's Quarterly report on Form 10-Q for the quarter ended February 28, 2011 filed with the Commission on April 7, 2011.
- (46) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2011 filed with the Commission on July 8, 2011.
- (47) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended November 30, 2011 filed with the Commission on January 9, 2012.
- (48) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2012 filed with the Commission on July 9, 2012.
- (49) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended November 30, 2012 filed with the Commission on January 9, 2013.
- (50) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended February 29, 2013 filed with the Commission on April 9, 2013.
- (51) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended May 31, 2013 filed with the Commission on July 10, 2013.
- (52) Incorporated by reference to the Company's Registration Statement on Form S-8 filed April 4, 2013.

Schedules not included herein have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

(b) Financial Statement Schedules

- 1) Schedule II – Valuation and Qualifying Accounts for each of the three years in the period ended August 31, 2013.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of PriceSmart, Inc.

We have audited the consolidated financial statements of PriceSmart, Inc. as of August 31, 2013 and 2012, and for each of the three years in the period ended August 31, 2013, and have issued our report thereon dated October 30, 2013 (incorporated herein by reference). Our audits also included the financial statement schedule listed in Item 15(b)1. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this schedule based on our audits.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

San Diego, California
October 30, 2013

SCHEDULE II

PRICESMART, INC.

VALUATION AND QUALIFYING ACCOUNTS

(amounts in thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions	Balance at End of Period
Allowance for doubtful accounts:				
Year ended August 31, 2011	\$15	\$(12) \$2	\$5
Year ended August 31, 2012	\$5	\$8	\$(12) \$1
Year ended August 31, 2013	\$1	\$64	\$(65) \$—

30

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: October 30, 2013

PRICESMART, INC.

By: /s/ JOSE LUIS LAPARTE
 Jose Luis Laparte
 Director, Chief Executive Officer and President
 (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JOSE LUIS LAPARTE Jose Luis Laparte	Director, Chief Executive Officer and President (Principal Executive Officer)	October 30, 2013
/s/ JOHN M. HEFFNER John M. Heffner	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	October 30, 2013
/s/ ROBERT E. PRICE Robert E. Price	Chairman of the Board	October 30, 2013
/s/ SHERRY S. BAHRAMBEYGUI Sherry S. Bahrambeygui	Director	October 30, 2013
/s/ MITCHELL G. LYNN Mitchell G. Lynn	Director	October 30, 2013
/s/ GONZALO BARRUTIETA Gonzalo Barrutieta	Director	October 30, 2013
/s/ KATHERINE L. HENSLEY Katherine L. Hensley	Director	October 30, 2013
/s/ LEON C. JANKS Leon C. Janks	Director	October 30, 2013
/s/ EDGAR ZURCHER Edgar Zurcher	Director	October 30, 2013

Exhibit 13.1

PRICESMART, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND
OTHER INFORMATION

August 31, 2013

	Page
<u>Selected Financial Data</u>	<u>1</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>4</u>
<u>Report of Independent Registered Public Accounting Firm</u>	<u>35</u>
<u>Consolidated Balance Sheets as of August 31, 2013 and 2012</u>	<u>36</u>
<u>Consolidated Statements of Income for each of the three years in the period ended August 31, 2013</u>	<u>37</u>
<u>Consolidated Statements of Comprehensive Income for each of the three years in the period ended August 31, 2013</u>	<u>38</u>
<u>Consolidated Statements of Stockholders' Equity for each of the three years in the period ended August 31, 2013</u>	<u>39</u>
<u>Consolidated Statements of Cash Flows for each of the three years in the period ended August 31, 2013</u>	<u>41</u>
<u>Notes to Consolidated Financial Statements</u>	<u>43</u>
<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>82</u>
<u>Directors and Executive Officers of the Company</u>	<u>84</u>
<u>Additional Information</u>	<u>88</u>

i

PRICESMART, INC.

SELECTED FINANCIAL DATA

The selected consolidated financial data presented below is derived from the Company's consolidated financial statements and accompanying notes. This selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and accompanying notes thereto included elsewhere in this report.