

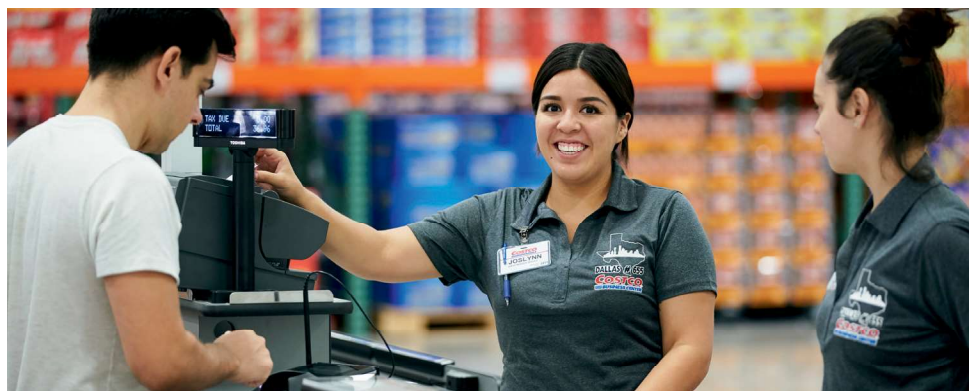


**COSTCO**  
WHOLESALE

# 2025

## ANNUAL REPORT

FISCAL YEAR ENDED AUGUST 31, 2025





December 4, 2025

Dear Costco Shareholders,

Our commitment to provide our members with an assortment of great quality merchandise and services that offer excitement, discovery and meet their everyday needs at the lowest possible price is at the core of what makes Costco successful. Our employees are the heartbeat of our company, as they bring this to life for our members every day, and their experience and dedication is the key to sustaining our culture and our continued success.

We are committed to providing our employees with industry-leading pay and benefits around the world. In 2025, we made additional investments in employee wages, bringing our average hourly wage in the U.S. to approximately \$32 for hourly employees. When healthcare, retirement, and other benefits are included, total compensation averaged approximately \$46 per hour for those hourly employees.

Net sales for fiscal year 2025 totaled \$269.9 billion, an increase of 8%. Net income was \$8.1 billion, or \$18.21 per diluted share, an increase of 10%. Revenue from membership fees increased by 10% to \$5.3 billion, and our membership base expanded to over 145 million cardholders, with a 90% renewal rate. Costco's expansion in fiscal 2025 included 24 net new locations: 15 in the U.S., two each in Canada, Mexico, and Japan, and one each in Spain, Sweden, and South Korea; resulting in 914 locations.

Our global buying teams are doing a remarkable job navigating a changing economic and geopolitical environment, while continuing to deliver increased value for our members. They are achieving this by working closely with our suppliers, collaborating globally to identify new, great-value items, expanding in-country production and optimizing our supply chain for efficiency. We are leveraging the benefits of our limited sku count model to dynamically adjust the items we sell, to focus on those which are the most productive, allowing us to lower costs and pass on the savings.

We are also focused on longer-term decisions that will ensure we are able to increase member values relative to the market in the future, including investments in our Kirkland Signature private label and Digital capabilities.

Kirkland Signature™ is an important component of our value proposition, typically offering 15-20% savings compared to the national brand equivalent item, with equal or better quality. We celebrated the 30th anniversary of our Kirkland Signature trademark this year, and it continues to enjoy strong growth, now representing approximately \$90B of annual revenue globally. In fiscal year 2025, to support future growth we expanded our manufacturing production capabilities in meat and coffee and introduced a wide range of new Kirkland Signature items, including food-storage bags, grass-fed meat sticks, and ready-to-drink cocktails.

Our digital growth globally outpaced overall sales growth in 2025, and members who engage with us through our digital channels are also more loyal. We operate eight e-commerce platforms around the world and digitally enabled sales, those initiated through a digital device and fulfilled through a warehouse or distribution center and Costco Travel, represented approximately \$27B of net sales last year. E-commerce channels provide us with the opportunity to offer an expanded selection in various categories, including precious metals, ticket programs, appliances, home furnishings, consumer electronics, lawn and garden products, health and beauty aids, apparel, and groceries. As we continue our investments in technology, we are building a multi-year roadmap to create a more seamless digital experience for members. In 2025, we delivered numerous enhancements to the member experience, both in the warehouse and online, including improvements to the Costco app, increasing response time and reliability, fine-tuning our Digital Membership Card, and adding key features, such as warehouse inventory lookup and the Costco Wallet.

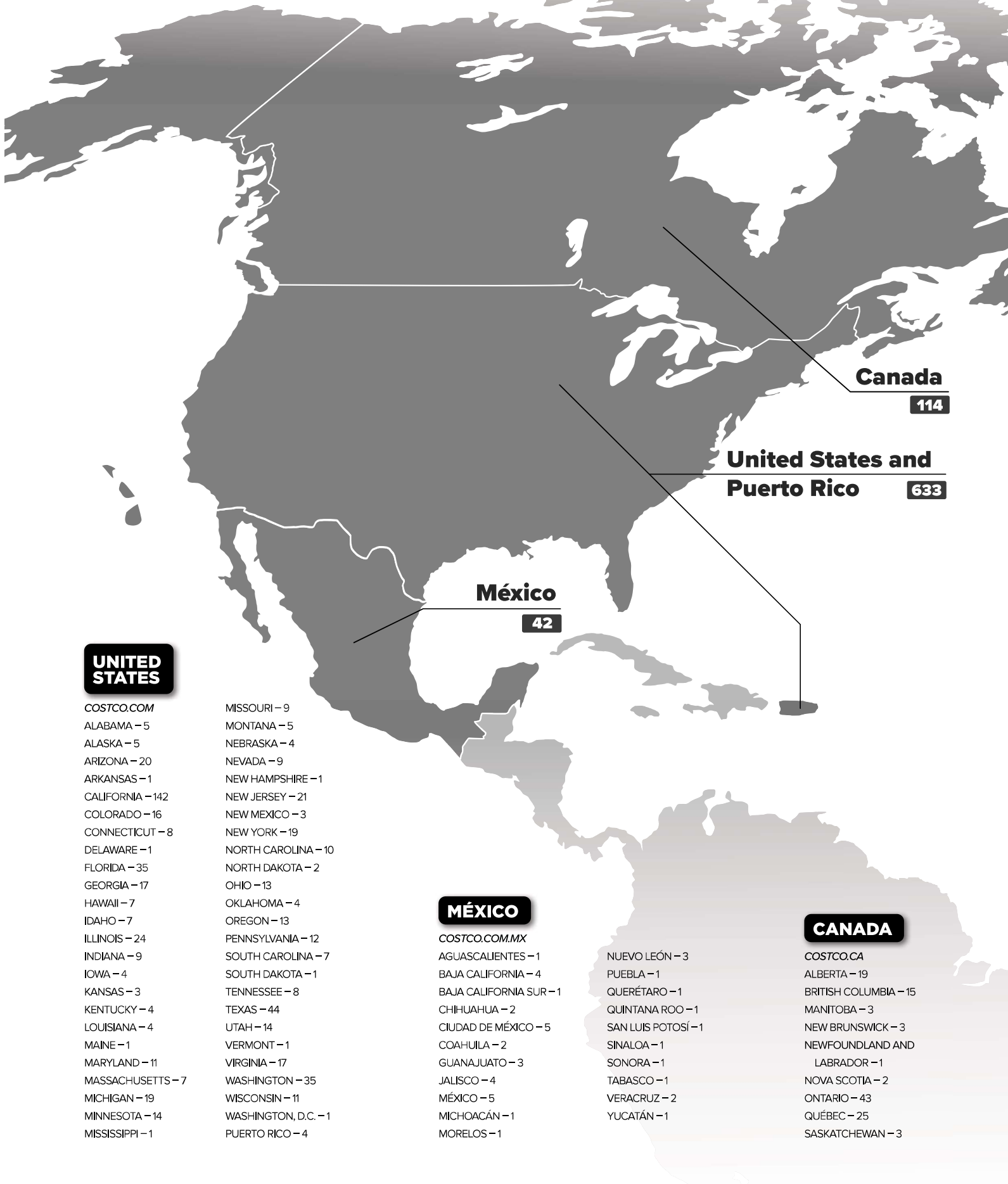
We remain committed to sustainability, as these initiatives help us secure the long-term product supply needed to support future growth. Our plans include diversifying our supply chain and expanding in-country production. By minimizing our environmental footprint, we also eliminate waste and lower costs. In 2025, we diverted 82.8% of waste from landfills, reduced our water intensity by 4.4%, and reduced plastic in Kirkland Signature packaging by 1.5 million pounds. You can read more about our efforts in our 2025 Annual Sustainability Report.

Finally, I would like to thank our more than 341,000 employees around the world, who continue to demonstrate extraordinary dedication to serving our members, as well as our 145 million members worldwide, for their continued loyalty and trust in Costco. May this next year bring you and your families happiness and prosperity.

Sincerely,



Ron M. Vachris  
President & Chief Executive Officer



## UNITED STATES

**COSTCO.COM**

ALABAMA – 5  
ALASKA – 5  
ARIZONA – 20  
ARKANSAS – 1  
CALIFORNIA – 142  
COLORADO – 16  
CONNECTICUT – 8  
DELAWARE – 1  
FLORIDA – 35  
GEORGIA – 17  
HAWAII – 7  
IDAHO – 7  
ILLINOIS – 24  
INDIANA – 9  
IOWA – 4  
KANSAS – 3  
KENTUCKY – 4  
LOUISIANA – 4  
MAINE – 1  
MARYLAND – 11  
MASSACHUSETTS – 7  
MICHIGAN – 19  
MINNESOTA – 14  
MISSISSIPPI – 1

MISSOURI – 9  
MONTANA – 5  
NEBRASKA – 4  
NEVADA – 9  
NEW HAMPSHIRE – 1  
NEW JERSEY – 21  
NEW MEXICO – 3  
NEW YORK – 19  
NORTH CAROLINA – 10  
NORTH DAKOTA – 2  
OHIO – 13  
OKLAHOMA – 4  
OREGON – 13  
PENNSYLVANIA – 12  
SOUTH CAROLINA – 7  
SOUTH DAKOTA – 1  
TENNESSEE – 8  
TEXAS – 44  
UTAH – 14  
VERMONT – 1  
VIRGINIA – 17  
WASHINGTON – 35  
WISCONSIN – 11  
WASHINGTON, D.C. – 1  
PUERTO RICO – 4

## MÉXICO

**COSTCO.COM.MX**

AGUASCALIENTES – 1  
BAJA CALIFORNIA – 4  
BAJA CALIFORNIA SUR – 1  
CHIHUAHUA – 2  
CIUDAD DE MÉXICO – 5  
COAHUILA – 2  
GUANAJUATO – 3  
JALISCO – 4  
MÉXICO – 5  
MICHOACÁN – 1  
MORELOS – 1

NUEVO LEÓN – 3  
PUEBLA – 1  
QUERÉTARO – 1  
QUINTANA ROO – 1  
SAN LUIS POTOSÍ – 1  
SINALOA – 1  
SONORA – 1  
TABASCO – 1  
VERACRUZ – 2  
YUCATÁN – 1

## CANADA

**COSTCO.CA**

ALBERTA – 19  
BRITISH COLUMBIA – 15  
MANITOBA – 3  
NEW BRUNSWICK – 3  
NEWFOUNDLAND AND  
LABRADOR – 1  
NOVA SCOTIA – 2  
ONTARIO – 43  
QUÉBEC – 25  
SASKATCHEWAN – 3



## Sweden

2

## Iceland

1

## United Kingdom

29

## France

3

## Spain

5

## UNITED KINGDOM

COSTCO.CO.UK  
ENGLAND – 25  
SCOTLAND – 3  
WALES – 1

## ICELAND

KAUPTÚN – 1

## SPAIN

ANDALUCÍA – 1  
BISCAY – 1  
MADRID – 2  
ZARAGOZA – 1

## FRANCE

GRAND EST – 1  
ÎLE-DE-FRANCE – 2

## SWEDEN

SKÅNE – 1  
STOCKHOLM – 1

## KOREA

COSTCO.CO.KR  
BUSAN – 1  
CHEONAN – 1  
DAEGU – 2  
DAEJEON – 1  
GIMHAЕ – 1  
GYEONGGHDO – 6  
INCHEON – 2  
SEJONG – 1  
SEOUL – 4  
ULSAN – 1

## Japan

37

## Korea

20

## Taiwan

14

## China

7

## JAPAN

COSTCO.CO.JP  
AICHI – 2  
CHIBA – 3  
FUKUOKA – 3  
GIFU – 1  
GUNMA – 2  
HIROSHIMA – 1  
HOKKAIDO – 2  
HYOGO – 2  
IBARAKI – 2  
ISHIKAWA – 1  
KANAGAWA – 3  
KUMAMOTO – 1  
KYOTO – 1  
MIYAGI – 1  
OKINAWA – 1  
OSAKA – 2  
SAITAMA – 2  
SHIGA – 1  
SHIZUOKA – 1  
TOCHIGI – 1  
TOKYO – 1  
TOYAMA – 1  
YAMAGATA – 1  
YAMANASHI – 1

## Australia

15

## CHINA

GUANGDONG – 1  
JIANGSU – 2  
SHANGHAI – 2  
ZHEJIANG – 2

## TAIWAN

COSTCO.COM.TW  
CHIAYI CITY – 1  
HSINCHU CITY – 1  
KAOHSIUNG CITY – 2  
NEW TAIPEI CITY – 3  
TAICHUNG CITY – 2  
TAINAN CITY – 1  
TAIPEI CITY – 2  
TAOYUAN CITY – 2

## New Zealand

1

## AUSTRALIA

COSTCO.COM.AU  
AUSTRALIAN CAPITAL  
TERRITORY – 1  
NEW SOUTH WALES – 4  
QUEENSLAND – 3  
SOUTH AUSTRALIA – 1  
VICTORIA – 4  
WESTERN AUSTRALIA – 2

## NEW ZEALAND

AUCKLAND – 1



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-K**

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

For the fiscal year ended **August 31, 2025**

or

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

Commission file number 0-20355

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**Costco Wholesale Corporation**

(Exact name of registrant as specified in its charter)

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**Washington**

(State or other jurisdiction of  
incorporation or organization)

**91-1223280**

(I.R.S. Employer Identification No.)

**999 Lake Drive, Issaquah, WA 98027**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(425) 313-8100**

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

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
Common Stock, \$.005 Par Value	COST	The NASDAQ Global Select Market

**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 Section 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  
Yes ☒ No ☐

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

Large accelerated filer	<input checked="" type="checkbox"/> Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> Smaller reporting company	<input type="checkbox"/>
	Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of February 16, 2025 was \$475.2 billion.

The number of shares outstanding of the registrant's common stock as of September 30, 2025, was 443,179,176.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on January 15, 2026, are incorporated by reference into Part III of this Form 10-K.



**COSTCO WHOLESALE CORPORATION**  
**ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED AUGUST 31, 2025**

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## INFORMATION RELATING TO FORWARD LOOKING STATEMENTS

Certain statements contained in this document constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For these purposes, forward-looking statements are statements that address activities, events, conditions or developments that the Company expects or anticipates may occur in the future and may relate to such matters as net sales growth, changes in comparable sales, cannibalization of existing locations by new openings, price or fee changes, earnings performance, earnings per share, stock-based compensation expense, warehouse openings and closures, capital spending, the effect of adopting certain accounting standards, future financial reporting, financing, margins, return on invested capital, investments in technology, strategic direction, expense controls, membership fee changes, signups, and renewal rates, shopping frequency, litigation, attainment of sustainability goals, and the demand for our products and services. In some cases, forward-looking statements can be identified because they contain words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “likely,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would,” or similar expressions and the negatives of those terms. Such forward-looking statements involve risks and uncertainties that may cause actual events, results, or performance to differ materially from those indicated by such statements, including, without limitation, the factors set forth in the section titled “Item 1A-Risk Factors”, and other factors noted in the section titled “Item 7-Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in the consolidated financial statements and related notes in Item 8 of this Report. Forward-looking statements speak only as of the date they are made, and we do not undertake to update these statements, except as required by law.

## PART I

### Item 1—Business

Costco Wholesale Corporation and its subsidiaries (Costco or the Company) began operations in 1983, in Seattle, Washington. We are principally engaged in the operation of membership warehouses in the United States (U.S.) and Puerto Rico, Canada, Mexico, Japan, the United Kingdom (U.K.), Korea, Australia, Taiwan, China, Spain, France, Sweden, Iceland, and New Zealand. Costco operated 914, 890, and 861 warehouses worldwide at August 31, 2025, September 1, 2024, and September 3, 2023. The Company operates e-commerce sites in the U.S., Canada, Mexico, the U.K., Korea, Taiwan, Japan, and Australia. Our common stock trades on the NASDAQ Global Select Market, under the symbol “COST.”

We report on a 52/53-week fiscal year, consisting of thirteen four-week periods and ending on the Sunday nearest the end of August. The first three quarters consist of three periods each, and the fourth quarter consists of four periods (five weeks in the thirteenth period in a 53-week year). The material seasonal impact in our operations is increased net sales and earnings during the winter holiday season. References to 2025 and 2024 relate to the 52-week fiscal years ended August 31, 2025, and September 1, 2024. References to 2023 relate to the 53-week fiscal year ended September 3, 2023.

### General

We operate membership warehouses and e-commerce sites based on the concept that offering low prices on a limited selection of nationally-branded and private-label products in a wide range of categories will produce high sales volumes and rapid inventory turnover. When combined with the operating efficiencies achieved by volume purchasing, efficient distribution and reduced handling of merchandise in no-frills, self-service warehouse facilities, these volumes and turnover enable us to operate profitably at significantly lower gross margins (net sales less merchandise costs) than most other retailers. We often sell inventory before we are required to pay for it, even while taking advantage of early payment discounts.

We buy most of our merchandise directly from suppliers and route it to cross-docking consolidation points (depots) or directly to our warehouses. Our depots receive large shipments from suppliers and quickly ship these goods to warehouses. This process creates freight volume and handling efficiencies, lowering costs associated with traditional multiple-step distribution channels. Our e-commerce operations ship merchandise through our depots and logistics operations, as well as through drop-ship and other delivery arrangements with our suppliers.

Our average warehouse space is approximately 147,000 square feet, with newer units being slightly larger. Floor plans are designed for efficiency in the use of selling space, the handling of merchandise, and the control of inventory. Because shoppers are attracted principally by the quality of merchandise and low prices, our warehouses are not elaborate. By strictly controlling the entrances and exits and using a membership format, we believe our inventory losses (shrinkage) are well below those of typical retail operations.

Our operating hours are shorter than many other retailers, and due to other efficiencies inherent in a warehouse club operation, we believe labor costs are lower relative to the volume of sales. In the U.S., we recently added exclusive shopping hours for our Executive members and our gasoline operations generally have extended hours. Merchandise is generally stored on racks above the sales floor and displayed on pallets containing large quantities, reducing labor required. In general, with variations by country, our warehouses accept certain credit cards, including Costco co-branded cards, debit cards, cash and checks, Executive member 2% reward certificates, co-brand cardholder rebates, and our proprietary stored-value card (shop card).

Our strategy is to provide our members with a broad range of high-quality merchandise at prices we believe are consistently lower than elsewhere. We seek to limit most items to fast-selling models, sizes, and colors. We carry less than 4,000 active stock keeping units (SKUs) per warehouse in our core warehouse business, significantly less than other broadline retailers. We average from 9,000 to 10,000 SKUs online, some of which are available in our warehouses. Many consumable products are offered for sale in case, carton, or multiple-pack quantities only.

To promote member satisfaction, we generally accept returns of merchandise. On certain electronic items, we have a 90-day return policy and provide, free of charge, technical support services, as well as an extended warranty. Additional third-party warranty coverage is sold on certain electronic items and major appliances.

We offer merchandise and services in the following categories:

■ **Core Merchandise Categories:**

- **Foods and Sundries** (including sundries, dry grocery, candy, cooler, freezer, liquor, and tobacco)
- **Non-Foods** (including major appliances, small electronics, health and beauty aids, hardware, lawn and garden, sporting goods, tires, toys and seasonal, automotive, stamps, tickets, apparel, furniture, domestics, housewares, special order kiosk, and jewelry)
- **Fresh Foods** (including meat, produce, deli, and bakery)

■ **Warehouse Ancillary** (includes gasoline, pharmacy, optical, food court, hearing aids, and tire installation)

■ **Other Businesses** (includes e-commerce, business centers, travel, and other)

Warehouse ancillary operate primarily within, next to or near our warehouses, encouraging more frequent shopping. The number of warehouses with gas stations varies significantly by country. We operated 747 gas stations at the end of 2025. Our gasoline business represented approximately 10% of total net sales in 2025.

Our other businesses sell products and services that largely complement our warehouse operations. Our e-commerce operations give members convenience and a broader selection of goods and services. Net sales for e-commerce represented approximately 7% of total net sales in 2025. Digitally-enabled sales, which represents sales delivered to members that are initiated through a digital device, whether fulfilled through a warehouse or distribution center, as well as Costco Travel, represented approximately 10% of total net sales in 2025. Our business centers carry items tailored for food services, convenience stores and offices and offer walk-in shopping and deliveries. Business centers are included in our total warehouse count. Costco Travel offers vacation packages, car rentals, cruises and other travel products exclusively for Costco members (offered to varying degrees in the U.S., Canada, Australia, and the U.K.).

We have direct relationships with many producers of brand-name merchandise. We do not obtain a significant portion of merchandise from any one supplier. When sources of supply become unavailable, we seek alternative sources or items. For future product supply need, we pursue diversification in our supply-chain and seek to expand in-country production. We also purchase and manufacture private-label merchandise, as long as quality and member demand are high and the value to our members is significant.

Certain financial information for our segments and geographic areas is included in Note 11 to the consolidated financial statements included in Item 8 of this Report.

## Membership

Our members may utilize their memberships at all of our warehouses and e-commerce sites. Gold Star memberships are available to individuals; Business memberships are limited to businesses, including individuals with a business license or comparable document. Business members may add additional cardholders (affiliates), to which the same annual fee applies. Affiliates are not available for Gold Star members. Our annual fee for these memberships is \$65 in the U.S. and varies in other countries. All paid memberships include a free household card.

Paid members (except affiliates) are eligible to upgrade to an Executive membership in the U.S., for an additional annual fee of \$65. Executive memberships are also available in Canada, Mexico, the U.K., Japan, Korea, Taiwan, and Australia, for which the additional fee varies. Executive members earn a 2% reward on qualified purchases (generally up to a maximum reward of \$1,250 per year), redeemable at Costco warehouses. The sales penetration of Executive members represented approximately 73.6% of worldwide net sales in 2025.

Membership at the end of 2025, 2024, and 2023 was made up of the following (in thousands):

	2025	2024	2023
Gold Star .....	68,300	63,700	58,800
Business, including affiliates .....	12,700	12,500	12,200
Total paid members <sup>1</sup> .....	81,000	76,200	71,000
Household cards .....	64,200	60,600	56,900
Total cardholders .....	145,200	136,800	127,900

(1) Executive members represented 38,700, 35,400, and 32,300 of total paid members in 2025, 2024, and 2023.

These membership counts include active memberships as well as memberships that have expired and not renewed within the 12 months prior to the reporting date. These expired memberships make up a small percentage of these membership counts, and many of them are subsequently renewed.

Our member renewal rate was 92.3% in the U.S. and Canada and 89.8% worldwide at the end of 2025. That rate, which excludes affiliates of Business members, is a trailing calculation that captures renewals during the period seven to eighteen months prior to the reporting date. Memberships that have an expiration date in the six months prior to the end of our reporting period are excluded from this calculation, regardless of whether or not they have been renewed. Although most members renew prior to expiration, the vast majority of those who renew late do so within six months of expiration. The timing of renewal after expiration is impacted by a variety of factors, such as warehouse openings and promotional activity.

## Human Capital

“Take Care of Our Employees,” is a key component of our code of ethics and is fundamental to our commitment to “Take Care of Our Members.” Compensation and benefits for employees is our largest expense after the cost of merchandise and is carefully monitored.



## *Employee Base*

At the end of 2025, we employed 341,000 employees worldwide. Approximately 95% are employed in our membership warehouses and distribution channels. Around 5% are represented by unions. We also utilize seasonal employees.

The total number of employees by segment was:

	2025	2024	2023
United States .....	223,000	219,000	208,000
Canada .....	55,000	53,000	51,000
Other International .....	63,000	61,000	57,000
Total employees .....	<u>341,000</u>	<u>333,000</u>	<u>316,000</u>

## *Growth and Engagement*

We believe that our warehouses are among the most productive in the retail industry, owing largely to the commitment and efficiency of our employees. We seek to provide them not merely with employment but careers. Many attributes of our business contribute to the objective. The more significant include: competitive compensation and benefits; a commitment to employee development and promoting from within; and a target ratio of at least 50% of our base being full-time employees. These attributes contribute to what we consider, especially for the industry, a high retention rate. In 2025, in the U.S. and Canada that rate was approximately 94% for employees who have been with us for at least one year.

## *Inclusion*

The commitment to “Take Care of Our Employees” includes promoting an inclusive and respectful workplace. We strive for an environment where all employees feel that they belong, are accepted, included, respected and supported. We demonstrate leadership commitment to inclusion through consistent communication, employee development and education, support of diversity and inclusion initiatives within the organization, community involvement, and supplier inclusion. Listening to our employees is one of the ways Costco takes care of its workforce. In 2025, we hosted the Costco Connects meetings, its second annual Costco Connects campaign. These open listening sessions are an invitation for employees to talk about what is on their minds and what is impacting them both personally and professionally. This allows Costco leaders to engage with their employees on a deeper level and for employees to build connections with each other. This year we had approximately 200,000 employees participate globally. Costco continues its efforts to develop future leaders, including through our supervisor in training (SIT) programs in the U.S. and Canada. In 2025, approximately 7,500 hourly employees completed the 6-week course.

## *Well Being*

We strive to provide our employees with competitive wages and excellent benefits. In March 2025, we increased the starting wage by \$0.50 an hour to at least \$20.00 for all entry-level positions in the U.S. and Canada. We also increased the top of wage scales by \$1.00 per hour, bringing our average hourly rate at the end of 2025 for hourly employees in the U.S. to approximately \$32.00 per hour. We continue to offer expansive benefits in the U.S. that provide physical, emotional, mental, and financial well-being support for employees and their dependents at low cost to our employees.

For more detailed information regarding our programs and initiatives, see “Employees” within our Sustainability Commitment (located on our website). The Sustainability Commitment and other information on our website are not incorporated by reference into and do not form any part of this Annual Report.

## **Competition**

Our industry is highly competitive, based on factors such as price, merchandise quality and selection, location, convenience, distribution strategy, and customer service. We compete on a worldwide basis with global, national, and regional wholesalers and retailers, including supermarkets, supercenters, online retailers, gasoline stations, hard discounters, department and specialty stores, and operators selling a

single category or narrow range of merchandise. Walmart, Target, Kroger, and Amazon are among our significant general merchandise retail competitors in the U.S. We also compete with other warehouse clubs, including Walmart's Sam's Club and BJ's Wholesale Club in the U.S. Many of the metropolitan areas in the U.S. and certain of our Other International locations have multiple competing clubs.

### **Intellectual Property**

We believe that, to varying degrees, our trademarks, trade names, copyrights, proprietary processes, trade secrets, trade dress, domain names and similar intellectual property add significant value to our business and are important to our success. We have invested significantly in the development and protection of our well-recognized brands, including the Costco Wholesale trademarks and our private-label brand, Kirkland Signature. We believe that Kirkland Signature products are high quality, offered at prices that are generally lower than national brands, and help lower costs, differentiate our merchandise offerings, and generally earn higher margins. We expect to continue to increase the sales penetration of our private-label items.

We rely on trademark and copyright laws, trade-secret protection, and confidentiality, license and other agreements with our suppliers, employees and others to protect our intellectual property. The availability and duration of trademark registrations vary by country; however, trademarks are generally valid and may be renewed indefinitely as long as they are in use and registrations are maintained.

### **Available Information**

Our U.S. website is [www.costco.com](http://www.costco.com). We make available through the Investor Relations section of that site, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and Forms 3, 4 and 5, and any amendments to those reports, as soon as reasonably practicable after filing such materials with or furnishing such documents to the Securities and Exchange Commission (SEC). The information found on our website is not part of this or any other report filed with or furnished to the SEC. The SEC maintains a site that contains reports, proxy and information statements, and other information regarding issuers, such as the Company, that file electronically with the SEC at [www.sec.gov](http://www.sec.gov).

We have a code of ethics for senior financial officers, pursuant to Section 406 of the Sarbanes-Oxley Act. Copies of the code are available free of charge by writing to Secretary, Costco Wholesale Corporation, 999 Lake Drive, Issaquah, WA 98027. If the Company makes any amendments to this code (other than technical, administrative, or non-substantive amendments) or grants any waivers, including implicit waivers, to the Chief Executive Officer, Chief Financial Officer or principal accounting officer and controller, we will disclose (on our website or in a Form 8-K report filed with the SEC) the nature of the amendment or waiver, its effective date, and to whom it applies.

## Information about our Executive Officers

The executive officers of Costco, their position, and ages are listed below. Most officers have over 25 years of service with the Company.

Name	Position	Executive Officer Since	Age
Ron M. Vachris . . . . .	President and Chief Executive Officer. Mr. Vachris has been a director since February 2022. Mr. Vachris was previously President and Chief Operating Officer from February 2022 to December 2023. He was Executive Vice President of Merchandising from June 2016 to January 2022, Senior Vice President, Real Estate Development, from August 2015 to June 2016, and Senior Vice President, General Manager, Northwest Region, from 2010 to July 2015.	2016	60
Gary Millerchip . . . . .	Executive Vice President and Chief Financial Officer. Mr. Millerchip previously served as Senior Vice President and Chief Financial Officer of The Kroger Co. from April 2019 to February 2024 and, prior to that, as Chief Executive Officer of Kroger Personal Finance since July 2010.	2024	54
Russ Miller . . . . .	Senior Executive Vice President, U.S. Operations. Mr. Miller was Executive Vice President, Chief Operating Officer, Southwest Division and Mexico, from January 2018 to May 2022. Mr. Miller was Senior Vice President, Western Canada Region, from 2001 to January 2018. Mr. Miller will be retiring from the Company effective February 2026.	2018	68
Claudine Adamo . . . . .	Executive Vice President, Merchandising. Ms. Adamo was Senior Vice President, Non-Foods, from 2018 to February 2022, and Vice President, Non-Foods, from 2013 to 2018.	2022	55
Patrick Callans . . . . .	Executive Vice President, Administration. Mr. Callans was Senior Vice President, Human Resources and Risk Management, from 2013 to December 2018.	2019	63
Caton Frates . . . . .	Executive Vice President, Chief Operating Officer, Southwest Division. Mr. Frates was Senior Vice President, Los Angeles Region, from 2015 to May 2022. Mr. Frates will be appointed Senior Executive Vice President, Warehouse Operations - U.S. and Mexico, effective February 2026.	2022	57
Teresa Jones . . . . .	Executive Vice President, Global Depots and Traffic. Ms. Jones was Senior Vice President, Depot Operations from August 2022 to July 2024, and Vice President, Depot Operations, from 2018 to 2022.	2024	56
Jim C. Klauer . . . . .	Executive Vice President, Chief Operating Officer, Northern Division. Mr. Klauer was Senior Vice President, Non-Foods and E-commerce Merchandise, from 2013 to January 2018.	2018	63
Javier Polit . . . . .	Executive Vice President, Chief Information and Digital Officer. Mr. Polit previously served as Chief Information Officer for Mondelez International (formerly Kraft Foods) from 2022 to 2024. From 2017 to 2022, he was Chief Information Officer for The Procter & Gamble Company. Prior to that role, he served as Group Chief Information Officer for The Coca-Cola Company from 2007 to 2017.	2023	61
Pierre Riel . . . . .	Executive Vice President, Chief Operating Officer, International Division. Mr. Riel was Senior Vice President, Country Manager, Canada, from 2019 to March 2022, and Senior Vice President, Eastern Canada Region, from 2001 to 2019.	2022	62
Yoram Rubanenko . . . . .	Executive Vice President, Chief Operating Officer, Eastern Division. Mr. Rubanenko was Senior Vice President and General Manager, Southeast Region, from 2013 to September 2021, and Vice President, Regional Operations Manager for the Northeast Region, from 1998 to 2013.	2021	61
John Sullivan . . . . .	Executive Vice President, General Counsel & Corporate Secretary. Mr. Sullivan has been General Counsel since 2016 and Corporate Secretary since 2010.	2021	65
W. Richard Wilcox . . . . .	Executive Vice President, Chief Operating Officer, Southwest Division. Mr. Wilcox was Senior Vice President, General Manager - San Diego Region from 2016 to October 2025.	2025	59

## Item 1A—Risk Factors

The risks described below could materially and adversely affect our business, financial condition and results of operations. We could also be affected by additional risks that apply to all companies operating in the U.S. and globally, as well as other risks that are not presently known to us or that we currently consider to be immaterial. These Risk Factors should be carefully reviewed in conjunction with

Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 and our consolidated financial statements and related notes in Item 8 of this Report.

### **Business and Operating Risks**

#### **We are highly dependent on the financial performance of our U.S. and Canadian operations.**

Our financial and operational performance is highly dependent on our U.S. and Canadian operations, which comprised 86% and 84% of net sales and operating income in 2025. Within the U.S., we are highly dependent on our California operations, which comprised 26% of U.S. net sales in 2025. Our California market, in general, has a larger percentage of higher volume warehouses as compared to our other domestic markets. Any substantial slowing or sustained decline in these operations could materially adversely affect our business and financial results. Declines in financial performance of our U.S. operations, particularly in California, and our Canadian operations could arise from, among other things: slow growth or declines in comparable warehouse sales (comparable sales); negative trends in operating expenses, including increased labor, healthcare and energy costs; failing to meet targets for warehouse openings; cannibalizing existing locations with new warehouses; shifts in sales mix toward lower gross margin products; changes or uncertainties in economic conditions in our markets, including higher levels of unemployment and depressed home values; and failing to consistently provide high quality and innovative new products.

#### **We may be unsuccessful implementing our growth strategy, including expanding our business in existing markets and new markets, and integrating acquisitions, which could have an adverse impact on our business, financial condition and results of operations.**

Our growth is dependent, in part, on our ability to acquire property and build or lease new warehouses and depots. We compete with other retailers and businesses for suitable locations. Local land use and other regulations restricting the construction and operation of our warehouses and depots, as well as local community actions opposed to the location of our warehouses or depots at specific sites and the adoption of local laws restricting our operations and environmental regulations, may impact our ability to find suitable locations and increase the cost of sites and of constructing, leasing and operating warehouses and depots. We also may have difficulty negotiating leases or purchase agreements on acceptable terms. With continued growth in global demand for electricity and water stress in certain regions, we may have difficulty securing long-term utility contracts for new buildings or incur additional costs due to onsite generation and storage requirements. In addition, certain jurisdictions have enacted or proposed laws and regulations that would prevent or restrict the operation or expansion plans of certain large retailers and warehouse clubs, including us. Failure to effectively manage these and other similar factors may affect our ability to timely build or lease and operate new warehouses and depots, which could have a material adverse effect on our future growth and profitability.

We seek to expand in existing markets to attain a greater overall market share. A new warehouse may draw members away from our existing warehouses and adversely affect their comparable sales performance, member traffic, and profitability.

We intend to continue to open warehouses in new markets. Associated risks include difficulties in attracting members due to a lack of familiarity with us, attracting members of other wholesale club operators, our lesser familiarity with local member preferences, and seasonal differences in the market. Entry into new markets may bring us into competition with new competitors or with existing competitors with a large, established market presence. We cannot ensure that new warehouses and new e-commerce sites will be profitable and future profitability could be delayed or otherwise materially adversely affected.

We have made and may continue to make investments and acquisitions to improve the speed, accuracy and efficiency of our supply chains and delivery channels. The effectiveness of these investments can be less predictable than opening new locations and might not provide the anticipated benefits or desired rates of return.

#### **Our failure to maintain membership growth, loyalty and brand recognition could adversely affect our results of operations.**

Membership loyalty and growth are essential to our business. The extent to which we achieve growth in our membership base, increase the penetration of Executive membership, and sustain high renewal rates



materially influences our profitability. Damage to our brands or reputation may negatively impact comparable sales, diminish member trust, and reduce renewal rates and, accordingly, net sales and membership fee revenue, negatively impacting our results of operations.

We sell many products under our Kirkland Signature brand. Maintaining consistent product quality, competitive pricing, and availability of these products is essential to developing and maintaining member loyalty. These products also generally carry higher margins than national brand products and represent a growing portion of our overall sales. If the Kirkland Signature brand experiences a loss of member acceptance or confidence, our sales and gross margin results could be adversely affected.

**Disruptions in merchandise distribution or processing, packaging, manufacturing, and other facilities could adversely affect sales and member satisfaction.**

We depend on the orderly operation of the merchandise receiving and distribution process, primarily through our depots. We also rely upon processing, packaging, manufacturing and other facilities to support our business, which includes the production of certain private-label items. Although we believe that our operations are efficient, disruptions due to extreme weather, pandemics or other catastrophic events, labor issues, work stoppage, or other shipping problems may result in delays in the production and delivery of merchandise to and the operation of our warehouses, which could adversely affect sales and the satisfaction of our members. Our e-commerce operations depend heavily on logistics providers, both internal and external, and are negatively affected when services are unable to be provided in a timely fashion.

**We may not timely identify or effectively respond to consumer tastes and preferences, which could negatively affect our relationship with our members, the demand for our products and services, and our market share.**

It is difficult to consistently and successfully predict the products and services that our members will desire. Our success depends, in part, on our ability to identify and respond to trends in demographics and consumer preferences. Failure to identify timely or effectively respond to changing consumer tastes, preferences and spending patterns including those related to resource efficiency, environmental protection, human rights, and the transition to a low-carbon economy could negatively affect our relationship with our members, the demand for our products and services, and our market share. We sell a substantial amount of gasoline, the demand for which could be impacted by concerns and regulation about climate change.

If we are not successful at predicting our sales trends and adjusting our purchases accordingly, we may have excess inventory, which could result in additional markdowns, or we may experience out-of-stock positions and delivery delays, which could result in higher costs, both of which would reduce our operating performance. This could have an adverse effect on net sales, gross margin and operating income.

**Availability and performance of our IT systems are vital to our business. Failure to successfully execute IT projects and have IT systems available to our business would adversely impact our operations.**

IT systems play a crucial role in conducting our business. These systems are utilized to, among other things, process a very high volume of transactions, conduct payment transactions, track and value our inventory and produce reports critical for making business decisions. Failure or disruption of these systems could have an adverse impact on our ability to buy products and services from our suppliers, produce goods in our manufacturing plants, move products in an efficient manner to our warehouses, and sell products to our members. Given the high volume of transactions we process, it is important that we build strong resiliency to lessen disruption from events such as power outages, computer and telecommunications failures, viruses, internal or external security breaches and other cybersecurity incidents, errors by employees, extreme weather, and catastrophic events. Any debilitating failure of our critical IT systems, data centers and backup systems would require significant investments in resources to restore services and may cause serious impairment in our business operations, including loss of business services, increased cost of moving merchandise and failure to provide service to our members. We are currently making substantial investments in technology and IT projects, including maintaining and enhancing our digital resiliency, and failure or delay in these projects could be costly and harmful to our

business. Failure to deliver IT projects efficiently and effectively could result in the loss of our competitive position and adversely impact our financial condition and results of operations. Insufficient IT capacity could also impact our capacity for timely, complete and accurate financial and non-financial reporting required by law.

**We are required to maintain the privacy and security of personal and business information amidst multiplying threat landscapes and in compliance with increasing privacy and data protection regulations globally. Failure to do so could damage our business, including our reputation with members, suppliers and employees, cause us to incur substantial additional costs, and become subject to litigation and regulatory action.**

Increased security threats and more sophisticated cyber misconduct pose a risk to our systems, networks, products and services. We rely upon IT systems and networks, some of which are managed by or belong to third parties, including suppliers, partners, vendors, and service providers. Additionally, we collect, store and process sensitive information relating to our business, members, employees, and other third parties. Operating these IT systems and networks and processing and maintaining this data in a secure manner, are critical to our business operations and strategy. Remote work has also expanded possible attack surfaces. Attempts to gain unauthorized access to systems, networks and data, both ours and third parties with whom we work, are increasing in frequency and sophistication, and in some cases, these attempts are successful. Cybersecurity attacks may range from random attempts to coordinated and targeted attacks, including sophisticated computer crimes and advanced persistent threats. Phishing attacks have emerged as particularly prominent, including as vectors for ransomware attacks, which have increased in breadth and frequency. While we train our employees as part of our security efforts, that training cannot be completely effective. These threats pose a risk to the security of our systems and networks and the confidentiality, integrity, and availability of our data. Our IT systems and networks, or those managed by third parties such as cloud providers or suppliers that otherwise host or have access to confidential information, periodically have vulnerabilities, which may go unnoticed for a period of time. Our logging capabilities, or the logging capabilities of third parties, are also not always complete or sufficiently detailed, affecting our ability to fully investigate and understand the scope of security events. While our cybersecurity and compliance efforts seek to mitigate such risks, there can be no guarantee that the actions and controls we and our third-party service providers have implemented and are implementing, will be sufficient to protect our systems, information or other property.

The potential impacts of a cybersecurity attack include reputational damage, litigation, government enforcement actions, penalties, disruption to systems and operations, unauthorized release of confidential or otherwise protected information, corruption of data, diminution in the value of our investment in IT systems and increased cybersecurity protection and remediation costs. This could adversely affect our competitiveness, results of operations and financial condition and, critically in light of our business model, loss of member confidence. Further, the insurance coverage we maintain and indemnification arrangements with third parties may be inadequate to cover claims, costs, and liabilities relating to cybersecurity incidents. In addition, data we collect, store and process is subject to a variety of U.S. and international laws and regulations (such as the European Union General Data Protection Regulation, California Consumer Privacy Act, Health Insurance Portability and Accountability Act, and China's Personal Information Protection Act), evolving rules concerning artificial intelligence, and other privacy and cybersecurity laws and restrictions on use of member information that may also impair our ability to utilize data, consistent with member consents and preferences, which may carry significant potential penalties for noncompliance.

**We are subject to payment-related risks.**

We accept payments using a variety of methods, including select credit and debit cards, cash and checks, co-brand cardholder rebates, Executive member 2% reward certificates, and our shop card. As we offer new payment options to our members, we may be subject to additional rules, regulations, compliance requirements, and higher fraud losses. For certain payment methods, we pay interchange and other related acceptance fees, along with additional transaction processing fees. We rely on third parties to provide payment transaction processing services for credit and debit cards and our shop card. It could disrupt our business if these parties become unwilling or unable to provide these services to us. We are also subject to fee increases by these service providers.

We must comply with evolving payment card association and network operating rules, including data security rules, certification requirements and rules governing electronic funds transfers. For example, we are subject to Payment Card Industry Data Security Standards, which contain compliance guidelines and standards with regard to our security surrounding the physical and electronic storage, processing and transmission of individual cardholder data. If our internal systems are breached or compromised, we may be liable for card re-issuance costs, subject to fines and higher transaction fees and lose our ability to accept card payments from our members, and our business and operating results could be adversely affected. Our failure to offer payment methods desired by our members could create a competitive disadvantage.

**We might sell products that cause illness or injury to our members, harm to our reputation, and expose us to litigation.**

If our merchandise, including food and prepared food products for human consumption, drugs, children's products, pet products and durable goods, do not meet or are perceived not to meet applicable safety or labeling standards or our members' expectations, we could experience lost sales, increased costs, litigation or reputational harm. The sale of these items involves the risk of illness or injury to our members. Such illnesses or injuries could result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, manufacturing, storage, handling and transportation phases, or faulty design. Our suppliers are generally contractually required to comply with product safety laws, and we are dependent on them to ensure that the products we buy comply with safety and other standards. While we are subject to governmental inspection and regulations and work to comply in all material respects with applicable laws and regulations, we cannot be sure that consumption or use of our products will not cause illness or injury or that we will not be subject to claims, lawsuits, or government investigations relating to such matters, resulting in costly product recalls and other liabilities that could adversely affect our business and results of operations. Even if a product liability claim is unsuccessful or is not fully pursued, negative publicity could adversely affect our reputation with existing and potential members and our corporate and brand image, and these effects could be long-term.

**If we do not successfully develop and maintain a relevant and comprehensive digital experience for our members, our results of operations could be adversely impacted.**

We must keep pace with changing member expectations and new developments by our competitors. Our members are increasingly using mobile phones, tablets, computers, and other devices to shop and otherwise interact with us. We are making investments in our websites and mobile applications. If we are unable to make, improve, or develop relevant member-facing technology in a timely manner, our ability to compete and our results of operations could be adversely affected.

**Inability to attract, train and retain qualified employees could adversely impact our business, financial condition and results of operations.**

Our success depends on the continued contributions of our employees, including members of our senior management and other key operations, IT, merchandising and administrative personnel. Failure to identify and implement a succession plan for senior management could negatively impact our business. We must attract, train and retain a large and growing number of qualified employees, while controlling related labor costs and maintaining our core values. Our ability to control labor and benefit costs is subject to numerous internal and external factors, including regulatory changes, prevailing wage rates, union relations and healthcare and other insurance costs. We compete with other retail and non-retail businesses for these employees and invest significant resources in training and motivating them. There is no assurance that we will be able to attract or retain highly qualified employees in the future, which could have a material adverse effect on our business, financial condition and results of operations.

**We may incur property, casualty or other losses not covered by our insurance.**

Claims for employee health care benefits, workers' compensation, general liability, property damage, directors' and officers' liability, vehicle liability, inventory loss, and other exposures are funded predominantly through self-insurance. Insurance coverage is maintained for certain risks to limit exposures arising from very large losses. The types and amounts of insurance may vary from time to time based on our decisions with respect to risk retention and regulatory requirements. Significant claims or

events, regulatory changes, a substantial rise in costs of health care or costs to maintain our insurance or the failure to maintain adequate insurance coverage could have an adverse impact on our financial condition and results of operations.

Although we maintain specific coverages for catastrophic property losses, we still bear a significant portion of the risk of losses incurred as a result of any physical damage to, or the destruction of, any warehouses, depots, manufacturing or home office facilities, loss or spoilage of inventory, and business interruption. Such losses could materially impact our cash flows and results of operations.

### **Market and Other External Risks**

**We face strong competition from other retailers and warehouse club operators, which could adversely affect our business, financial condition and results of operations.**

The retail business is highly competitive. We compete for members, employees, sites, products and services and in other important respects with a wide range of local, regional and national wholesalers and retailers, both in the United States and in foreign countries, including other warehouse-club operators, supermarkets, supercenters, online retailers, gasoline stations, pharmacies, hard discounters, department and specialty stores and operators selling a single category or narrow range of merchandise or services. Such retailers and warehouse club operators compete vigorously and in a variety of ways, including pricing, selection and availability, services, location, convenience, store hours, and the attractiveness and ease of use of websites and mobile applications. The evolution of retailing in online and mobile channels has improved the ability of customers to comparison shop, which has enhanced competition. Some competitors have greater financial resources and technology capabilities, including the faster adoption of artificial intelligence, better access to merchandise, and greater market penetration than we do. Our inability to respond effectively to competitive pressures, changes in the retail markets or customer expectations could result in lost market share and negatively affect our financial results.

**General economic factors, domestically and internationally, may adversely affect our business, financial condition, and results of operations.**

Higher energy and gasoline costs, inflation, levels of unemployment, healthcare costs, consumer debt levels, foreign-currency exchange rates, unsettled financial markets, weaknesses in housing and real estate markets, reduced consumer confidence, changes and uncertainties related to government fiscal, monetary and tax policies including changes in interest rates, tax rates, duties, tariffs, or other restrictions, sovereign debt crises, pandemics and other health crises, and other economic factors could adversely affect demand for our products and services, require a change in product mix, or impact the cost of or ability to purchase inventory. Additionally, trade-related actions in various countries have affected the costs of some of our merchandise. The degree of our exposure is dependent on (among other things) the type of goods, rates imposed, and timing of the tariffs and policy changes. The impact to our net sales and gross margin is influenced in part by our merchandising and pricing strategies in response to potential cost increases. Higher tariffs could adversely impact our results.

Prices of certain commodities, including gasoline and consumable goods used in manufacturing and our warehouse retail operations, are historically volatile and are subject to fluctuations arising from changes in domestic and international supply and demand, inflationary pressures, labor costs, competition, market speculation, government regulations, taxes and periodic delays in delivery. Rapid and significant changes in commodity prices and our ability and desire to pass them through to our members may affect our sales and profit margins. These factors could also increase our merchandise costs and selling, general and administrative expenses, and otherwise adversely affect our operations and financial results. General economic conditions can also be affected by events like the outbreak of hostilities or acts of terrorism. Inflationary factors such as increases in merchandise costs may adversely affect our business, financial condition and results of operations. We may not be able to adjust prices to sufficiently offset the effect of cost increases without negatively impacting consumer demand.

**Suppliers may be unable to timely supply us with quality merchandise at competitive prices or may fail to adhere to our high standards, resulting in adverse effects on our business, merchandise inventories, sales, and profit margins.**

We depend heavily on our ability to purchase quality merchandise in sufficient quantities at competitive prices. As the quantities we require continue to grow, we have no assurances of continued supply, appropriate pricing or access to new products, and any supplier has the ability to change the terms upon which they sell to us or discontinue selling to us. Member demands may lead to out-of-stock positions causing a loss of sales and profits.

We buy from numerous domestic and foreign suppliers and importers. Our inability to acquire suitable merchandise on acceptable terms or the loss of key suppliers could negatively affect us. We may not be able to develop relationships with new suppliers, and products from alternative sources, if any, may be of a lesser quality or more expensive. Because of our efforts to adhere to high-quality standards for which available supply may be limited, particularly for certain food items, the large volumes we demand may not be consistently available. Our efforts to secure supply could lead to commitments that prove to be unsuccessful in the short and long-term.

Our suppliers (and those they depend upon for materials and services) are subject to risks, including labor disputes, union organizing activities, human and animal rights violations, financial liquidity, climate change, natural disasters, extreme weather conditions, environmental degradation, public health emergencies, supply constraints and general economic and political conditions and other risks similar to those we face that could limit their ability to timely provide us with acceptable merchandise. One or more of our suppliers might not adhere to our quality control, packaging, legal, regulatory, labor, human rights, environmental or animal welfare standards. These deficiencies may delay or preclude delivery of merchandise to us and might not be identified before we sell such merchandise to our members. This failure could lead to recalls and litigation and otherwise damage our reputation and our brands, increase costs, and otherwise adversely impact our business.

**Fluctuations in foreign-exchange rates may adversely affect our results of operations.**

During 2025, our international operations, including Canada, generated 27% and 34% of our net sales and operating income. Our international operations have accounted for an increasing portion of our warehouses, and we plan to continue international growth. To prepare our consolidated financial statements, we translate the financial statements of our international operations from local currencies into U.S. dollars using current exchange rates. Future fluctuations in exchange rates that are unfavorable to us may adversely affect the financial performance of our Canadian and Other International operations and have a corresponding adverse period-over-period effect on our results of operations. As we continue to expand internationally, our exposure to fluctuations in foreign-exchange rates may increase.

A portion of the products we purchase is paid for in a currency other than the local currency of the country in which the goods are sold. Currency fluctuations may increase our merchandise costs and may not be passed on to members and thus may adversely affect our results of operations.

**Natural disasters, extreme weather conditions, or other catastrophic events could negatively affect our business, financial condition, and results of operations.**

Natural disasters, extreme weather conditions, and other catastrophic events, including those impacted by climate change, such as extreme temperatures, hurricanes, typhoons, floods, earthquakes, wildfires, droughts; acts of terrorism or violence, including active shooter situations; and energy shortages; particularly in California or Washington state, where our centralized operating systems and administrative personnel are located, could negatively affect our operations and financial performance. Such events could result in physical damage to our properties or inventory, additional heating, cooling, and refrigeration costs, limitations on store operating hours, less frequent visits by members to physical locations, the temporary closure of warehouses, depots, manufacturing or home office facilities, the temporary lack of an adequate work force, disruptions to our IT systems, the temporary or long-term disruption in the supply of products from some local or overseas suppliers, the temporary disruption in the transport of goods to or from overseas, delays in the delivery of goods to our warehouses or depots, delays in online merchandise delivery, the temporary reduction in the availability of products in our warehouses, and long-term disruption or threats to the habitability of key markets in which we operate.

These events could also reduce demand for our products or make it difficult or impossible to procure products. We may be required to suspend operations in some or all of our locations, which could have a material adverse effect on our business, financial condition and results of operations.

**Pandemics and other health crises could affect our business, financial condition and results of operations in many respects.**

The emergence, severity, magnitude and duration of global or regional health crises are uncertain and difficult to predict. A pandemic could affect certain business operations, demand for our products and services, in-stock positions, costs of doing business, availability of labor, access to inventory, supply chain operations, our ability to predict future performance, exposure to litigation, and our financial performance, among other things. Other factors and uncertainties include, but are not limited to:

- The severity and duration of pandemics;
- Evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;
- Changes in labor markets affecting us and our suppliers;
- Unknown consequences on our business performance and initiatives stemming from the substantial investment of time and other resources to the pandemic response;
- The pace of post-pandemic recovery;
- The long-term impact of the pandemic on our business, including consumer behaviors; and
- Disruption and volatility within the financial and credit markets.

**Failure to meet financial market expectations could adversely affect the market price and volatility of our stock.**

We believe that the price of our stock currently reflects high market expectations for our future operating results. Any failure to meet or delay in meeting these expectations, including our comparable sales growth rates, membership fee revenue, including new member sign-ups and renewal rates, gross margin, earnings, earnings per share, new warehouse openings, or dividend or stock repurchase policies could cause the price of our stock to decline.

**Legal and Regulatory Risks**

**Changes in or failure to comply with laws and regulations could adversely impact our business, financial condition and results of operations.**

We are subject to a wide and growing array of federal, state, local and international laws and regulations relating to (among other things), product and food safety, marketing, information security and privacy, labor and employment, imports and customs, transportation, intellectual property, anti-corruption, and environmental or social matters. These laws and regulations may expand mandatory reporting, increase the scope and complexity of matters that we are required to regulate, assess, and disclose, potentially limit our sourcing flexibility or require extensive system or other changes that could increase the cost of doing business. Failure to comply could result in harm to our members, employees, workers in the value chain or others, significant costs to satisfy environmental compliance, remediation or compensatory requirements, or the imposition of severe penalties or restrictions on operations by governmental agencies or courts that could adversely affect our business, financial condition and results of operations.

The impact of changes to or the introduction of new laws, regulations and policies and enforcement practices, can be unpredictable. These may require extensive system and operational changes, be difficult to implement, increase the cost of doing business, require significant capital expenditures, adversely impact the products or services we offer, or result in adverse publicity and harm to our reputation. If we fail to comply or respond adequately to changes in laws and regulations, our business, operations and financial performance may be adversely affected.

**We are subject to risks associated with the legislative, judicial, accounting, regulatory, political and economic factors specific to the countries or regions in which we operate, which could adversely affect our business, financial condition and results of operations.**

At the end of 2025, we operated 285 warehouses outside of the U.S. (31% of all warehouse locations), and we plan to continue expanding our international operations. Future operating results internationally

could be negatively affected by a variety of factors, many similar to those we face in the U.S., certain of which are beyond our control. These factors include political and economic conditions, regulatory constraints, currency regulations, policy changes, and other matters in any of the countries or regions in which we operate, now or in the future. Other factors that may impact international operations include foreign trade (including tariffs and trade sanctions), monetary and fiscal policies and the laws and regulations of the U.S. and foreign governments, agencies and similar organizations, and risks associated with having major facilities in locations which have been historically less stable than the U.S. Risks inherent in international operations also include, among others, the costs and difficulties of managing international operations, adverse tax consequences, and difficulty in enforcing intellectual property rights. New reporting obligations globally are increasing the cost and complexity of doing business.

**Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial condition and results of operations.**

Accounting principles and related pronouncements, implementation guidelines, and interpretations we apply to a wide range of matters that are relevant to our business, including self-insurance liabilities, are highly complex and involve subjective assumptions, estimates and judgments by our management. Changes in rules or interpretation or changes in underlying assumptions, estimates or judgments by our management could significantly change our reported or expected financial performance and have a material impact on our consolidated financial statements.

**We are exposed to risks relating to evaluations of controls required by Section 404 of the Sarbanes-Oxley Act and otherwise.**

Section 404 of the Sarbanes-Oxley Act of 2002 requires management assessments of the effectiveness of internal control over financial reporting and disclosure controls and procedures. If we are unable to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately and to prepare financial statements within required time periods could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price. Uncertainties around our developing systems concerning controls for non-financial reporting also create risks.

**Changes in federal, state and foreign tax rates and legislation, could adversely affect our financial condition and results of operations.**

We are subject to a variety of taxes and tax collection and remittance obligations related to federal, state and foreign jurisdictions. Additionally, at any point in time, we may be under examination for value added, sales-based, payroll, product, import or other non-income taxes. We may recognize additional tax expense, be subject to additional tax liabilities, or incur losses and penalties, due to changes in laws, regulations, administrative practices, principles, assessments by authorities and interpretations related to tax, including tax rules in various jurisdictions. We compute our income tax provision based on enacted tax rates in the countries in which we operate. As tax rates vary among countries, a change in earnings attributable to the various jurisdictions in which we operate could result in an unfavorable change in our overall tax provision. Additionally, changes in the enacted tax rates or adverse outcomes in tax audits, including transfer pricing disputes, could have a material adverse effect on our financial condition and results of operations.

**Failure or perceived failure to meet our environmental, social or governance (ESG) goals or expectations set by changing public interest and government regulation of ESG topics could result in reputational harm or adversely affect our business.**

We are committed to doing what is right for the business, our members, employees and shareholders over the long-term. Costco has set public targets and disclosed intentions for future action regarding sustainability. There are dependencies outside of our control impacting our ability to meet our goals, including but not limited to: economic conditions, ability to access technology at an appropriate cost or scale, the ability to procure sufficient clean energy at competitive market rates to meet future operational and supplier needs, unforeseen operational and implementation challenges, termination or contraction of policies or systems which support our capital investments, and collaboration with third parties. For

example, multiple states are implementing extended producer responsibility laws that will require us to enact policies and processes and will increase expenses in the form of fees paid to the state governments, else be subject to fines and penalties, among other effects. We may not make adequate and timely investments or successfully implement strategies that will effectively achieve our sustainability-related goals. Furthermore, federal, state and local regulatory authorities, private organizations and individuals may challenge our approach to ESG issues, including allegations that we failed in our efforts, should not have undertaken such efforts or that we improperly engaged other entities in our approach to ESG issues. A failure or perceived failure to meet our goals or otherwise meet evolving and diverse stakeholder expectations could lead to reputational harm.

Our operations require the treatment and disposal of wastewater, stormwater and agricultural and food processing wastes, the use and maintenance of refrigeration systems, noise, odor and dust management, the operation of mechanized processing equipment, and other operations that potentially could affect the environment and public health and safety. Failure to comply with current and future environmental, health and safety standards could result in the imposition of fines and penalties, illness or injury of our employees, and claims or lawsuits related to such illnesses or injuries, and temporary closures or limits on the operations of facilities.

Natural gas, diesel fuel, gasoline, and electricity are used in our operations, distribution channels, and value chain. Government regulations limiting carbon dioxide and other greenhouse gas emissions and other environmental restrictions may increase compliance, operations, and merchandise costs, and other regulations affecting energy inputs could materially affect our profitability.

More stringent fuel economy standards, changing public policies aimed at increasing the adoption of zero-emission and alternative fuel vehicles, and other regulations related to climate change may affect our future operations, adversely impact certain elements of our profitability, and require significant capital expenditures.

**We are involved in a number of legal proceedings and audits and some of these outcomes could adversely affect our business, financial condition and results of operations.**

Our business requires compliance with many laws and regulations. Failure to achieve compliance could subject us to lawsuits and other proceedings and lead to damage awards, fines, penalties, and remediation costs. We are or may become involved in a number of legal proceedings and audits, including grand jury investigations, government and agency investigations, and consumer, employment, tort, unclaimed property laws, and other litigation. We cannot predict with certainty the outcomes of these proceedings and other contingencies, including environmental remediation and other proceedings commenced by governmental authorities. The outcome of some of these proceedings, audits, unclaimed property laws, and other contingencies could require us to take, or refrain from taking, actions which could negatively affect our operations or could require us to pay substantial amounts of money, adversely affecting our financial condition and results of operations. Additionally, defending against these lawsuits and proceedings may involve significant expense and diversion of management's attention and resources.

#### **Item 1B—Unresolved Staff Comments**

None.

#### **Item 1C—Cybersecurity**

##### **Risk Management and Global Strategy**

We have implemented processes, technologies, and controls to seek to assess, identify, and manage risks associated with cybersecurity threats. Management considers cybersecurity risks within our overall approach to enterprise risk management. We evaluate these risks based on several frameworks, including the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF), Center for Internet Security (CIS) 18 Critical Security Controls, and the Payment Card Industry Data Security Standard. Our governance policies, including our Information Security Policy, outline high-level objectives designed to meet compliance and regulatory requirements.



We undertake regular NIST CSF and CIS 18 Critical Security Controls assessments, conducted by a third-party, to measure program maturity. We have implemented a variety of technologies, leveraging third-party security providers for some, and engage in multiple activities to seek to identify and mitigate vulnerabilities and risks in systems. These include, among other activities, scanning for common vulnerabilities and exposures, penetration tests on internal and external networks, code scans on applications, allowed application listing, configuration management tools, employee awareness and training, and internal and external audits. We also review with various frequencies and on a risk-based priority select third parties with whom we do business, in an effort to reduce the likelihood of security incidents or business interruptions. We maintain cybersecurity insurance that would apply to certain losses arising from significant security incidents.

We maintain a security operations center, supported by external providers and our employees, which provides threat detection and incident response capabilities. We maintain cyber incident response plans and related playbooks in coordination with stakeholders (including legal counsel). Significant incidents will be escalated to a Cybersecurity Materiality Committee to assess materiality based on qualitative and quantitative factors. The Committee is composed of a cross-divisional group of executives representing the core business functions of Information Technology and Security, Operations, Administration, Finance and Accounting, and Legal. We conduct periodic tabletop exercises, including at the executive level, to review our response processes and incident management procedures.

### **Governance**

Our Board of Directors has delegated certain responsibilities to the Audit Committee of the Board. The Audit Committee reviews and discusses with management the identification and mitigation of cybersecurity risks, including (among other things) the effectiveness of risk-management policies and practices designed to help safeguard our operations, financial systems, and data. Our Chief Information and Digital Officer (CIDO) and his executive team, including the Vice President of Information Security and Chief Information Security Officer (CISO), present cybersecurity-related topics, including program maturity progress, regularly to the Audit Committee. The Internal Audit team, in its periodic compliance and risk assessment updates to the Audit Committee, also reports on its reviews of certain of our cybersecurity risk exposures, controls, and management actions. The full Board also receives cybersecurity evaluations from time to time.

Our information security organization is led by the CISO. The CISO is responsible for all aspects of our cybersecurity program, including cybersecurity engineering and architecture, cybersecurity operations, incident response, threat intelligence, identity and access management, cybersecurity risk and compliance, and vulnerability management. Our former CISO left the Company in June 2025, and we are actively sourcing a qualified replacement. In the interim, our Deputy CISO, who has over 20 years of cybersecurity and leadership experience, is managing the CISO responsibilities. The CISO position reports to our CIDO, who has more than 30 years experience in which he has led global digital responsibilities, including leading global cyber teams. Our CIDO reports to the Chief Executive Officer.

### **Risks from Material Cybersecurity Threats**

We and our third-party service and merchandise providers have experienced cybersecurity incidents and threats. Based on the information available as of the date of this Form 10-K, we are not aware of any risks from actual cybersecurity incidents that have materially affected us or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. It is possible that there have been intrusions into our systems that have not been identified by our controls and procedures and that might manifest in significant events at a later time. There can be no guarantee that the actions and controls we and our third-party service providers have implemented and are implementing will be sufficient to protect our systems, information or other property. See “Risk Factors” in Item 1A of this Form 10-K for more information on our cybersecurity-related risks.

## Item 2—Properties

### Warehouse Properties

At August 31, 2025, we operated 914 membership warehouses:

	Own Land and Building	Lease Land and/or Building <sup>(1)</sup>	Total
United States and Puerto Rico .....	512	117	629
Canada .....	94	16	110
Other International .....	119	56	175
Total .....	725	189	914

(1) 141 of the 189 leases are land-only leases, where Costco owns the building.

At the end of 2025, our warehouses contained approximately 134.7 million square feet of operating floor space: 93.6 million in the U.S.; 15.9 million in Canada; and 25.2 million in Other International. Total square feet associated with distribution and logistics facilities were approximately 32.2 million. Additionally, we operate various processing, packaging, manufacturing and other facilities to support our business, which includes the production of certain private-label items.

### Item 3—Legal Proceedings

See discussion of Legal Proceedings in Note 10 to the consolidated financial statements included in Item 8 of this Report.

### 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

#### Market Information and Dividend Policy

Our common stock is traded on the NASDAQ Global Select Market under the symbol “COST.” On September 30, 2025, we had 10,813 stockholders of record.

Payment of dividends is subject to declaration by the Board of Directors. Factors considered in determining dividends include our profitability and expected capital needs. Subject to these qualifications, we presently expect to continue to pay dividends on a quarterly basis.

#### Issuer Purchases of Equity Securities

The following table sets forth information on our common stock repurchase activity for the fourth quarter of 2025 (dollars in millions, except per share data):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program <sup>(1)</sup>	Maximum Dollar Value of Shares that May Yet be Purchased under the Program
May 12—June 8, 2025 .....	69,000	\$ 1,022.70	69,000	\$ 2,172
June 9—July 6, 2025 .....	71,000	990.69	71,000	2,102
July 7—August 3, 2025 .....	73,000	955.59	73,000	2,032
August 4—August 31, 2025 ..	72,000	966.22	72,000	1,962
Total fourth quarter .....	285,000	\$ 983.13	285,000	

(1) Our share repurchase program is conducted under a \$4,000 authorization approved by our Board of Directors in January 2023, which expires in January 2027.

The following graph compares the cumulative total shareholder return assuming reinvestment of dividends on an investment of \$100 in Costco common stock, S&P 500 Index, and the S&P Retail Select Index over the five years from August 30, 2020, through August 31, 2025. The S&P Retail Select Index comprises stocks in the S&P Total Market Index that are classified in the GICS Apparel Retail, Automotive Retail, Broadline Retail, Computer & Electronic Retail, Consumer Staples Merchandise Retail, Drug Retail, Food Retailers and Other Specialty Retail sub-industries.

The chart displays the projected total return for three investment indices from 2020 to 2025. The Y-axis represents the total return percentage, ranging from 0 to 400. The X-axis shows the years from 2020 to 2025. Costco (solid line with diamond markers) shows the highest growth, starting at 100% in 2020 and reaching approximately 295% by 2025. S&P 500 (dotted line with circle markers) and S&P Retail Select (dashed line with triangle markers) show more moderate growth, ending at approximately 200% and 175% respectively.

Year	Costco	S&P 500	S&P Retail Select
2020	100	100	100
2021	135	130	185
2022	160	120	130
2023	165	135	130
2024	275	170	155
2025	295	200	175

Year Opened	# of Whses	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2025	24									\$ 192	
2024	29								\$ 170		192
2023	23							\$ 151	166		186
2022	23					\$ 140	150	158	179	201	
2021	20					\$ 132	152	184	193	215	240
2020	13				\$ 129	138	172	208	216	226	242
2019	20			\$ 116	119	141	172	202	214	231	245
2018	21		\$ 121	142	158	176	206	237	247	262	277
2017	26	\$ 159	165	179	186	197	223	254	263	274	287
2016 & Before	715	\$ 159	163	176	182	192	217	245	252	260	272
Totals	914	\$ 159	\$ 163	\$ 176	\$ 182	\$ 192	\$ 217	\$ 245	\$ 252	\$ 260	\$ 272

\*First year sales annualized.

2017 and 2023 were 53-week fiscal years but have been normalized for purposes of comparability.

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**Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations**  
(amounts in millions, except per share, share, percentages and warehouse count data)

**Overview**

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to promote understanding of the results of operations and financial condition. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying Notes to Financial Statements (Part II, Item 8 of this Form 10-K). This section generally discusses the results of operations for 2025 compared to 2024. For discussion related to the results of operations and changes in financial condition for 2024 compared to 2023 refer to Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our fiscal year 2024 Form 10-K, which was filed with the Securities and Exchange Commission (SEC) on October 9, 2024.

We believe that the most important driver of our profitability is increasing net sales, particularly comparable sales. Net sales includes our core merchandise categories (foods and sundries, non-foods, and fresh foods), warehouse ancillary (gasoline, pharmacy, optical, food court, hearing aids, and tire installation) and other businesses (e-commerce, business centers, travel, and other). E-commerce and business center sales are allocated to the appropriate merchandise categories in the Net Sales discussion. The 2% reward associated with Executive membership reduces net sales and is allocated to the category in which the reward is generated (core merchandise categories, warehouse ancillary, and other businesses). Comparable sales is defined as net sales from warehouses open for more than one year, including remodels, relocations and expansions, and sales related to e-commerce sites operating for more than one year. The measure is intended as supplemental information and is not a substitute for net sales presented in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and should be reviewed in conjunction with results reported in accordance with U.S. GAAP. Comparable sales growth is achieved through increasing shopping frequency from new and existing members and the amount they spend on each visit (average ticket). Sales comparisons can also be particularly influenced by certain factors that are beyond our control: fluctuations in currency exchange rates (with respect to our international operations) and inflation or deflation in the cost of gasoline and associated competitive conditions. The higher our comparable sales exclusive of these items, the more we can leverage our selling, general and administrative (SG&A) expenses, reducing them as a percentage of sales and enhancing profitability. Generating comparable sales growth is foremost a question of making available the right merchandise at the right prices, a skill that we believe we have repeatedly demonstrated over the long-term. Another substantial factor in net sales growth is the health of the economies in which we do business, including the effects of inflation or deflation, especially the United States. Net sales growth and gross margins are also impacted by competition, which is vigorous and widespread, across a wide range of global, national and regional wholesalers and retailers, including those with e-commerce operations. While we cannot control or reliably predict general economic health or changes in competition, we believe that we have been successful historically in adapting our business to these changes, such as through adjustments to our pricing and merchandise mix, including increasing the penetration of our private-label items, and through online offerings.

Our philosophy is to provide our members with quality goods and services at competitive prices. We do not focus in the short-term on maximizing prices charged, but instead seek to maintain what we believe is a perception among our members of our "pricing authority" – consistently providing the most competitive values. Our net sales and gross margin are influenced in part by our merchandising and pricing strategies in response to cost increases. Those strategies can include, but are not limited to, working with our suppliers to share in absorbing cost increases, earlier-than-usual purchasing and in greater volumes, sourcing in the countries and regions where items are sold, as well as passing cost increases on to our members. Our investments in merchandise pricing may include reducing prices on merchandise to drive sales or meet competition and holding prices steady despite cost increases instead of passing the increases on to our members, negatively impacting gross margin and gross margin as a percentage of net sales (gross margin percentage) in the near term. Our e-commerce business, domestically and internationally, has a lower gross-margin percentage than our warehouse operations.

Government actions in various countries relating to tariffs affect the costs of some of our merchandise. The degree of our exposure is dependent on (among other things) the type of goods, rates imposed, and timing of the tariffs. Higher tariffs are more likely to adversely impact rather than improve our results.

We believe our gasoline business enhances traffic in our warehouses; it generally has a lower gross margin percentage and lower SG&A expense relative to our non-gasoline businesses. A higher penetration of gasoline sales will generally lower our gross margin percentage. Generally, rising gasoline prices benefit net sales growth which, given the higher sales base, negatively impacts our gross margin percentage but decreases our SG&A expenses as a percentage of net sales. A decline in gasoline prices has the inverse effect.

We also achieve net sales growth by opening new warehouses. As our warehouse base grows and available and desirable sites become more difficult to secure, square footage growth becomes a comparatively less substantial component of growth. Negative aspects of such growth include lower initial operating profitability relative to existing warehouses and cannibalization of sales at existing warehouses when openings occur in existing markets. Our rate of square footage growth is generally higher in many of our foreign markets, due to the smaller base in those markets, and we expect that to continue.

The membership format is integral to our business and profitability. This format is designed to reinforce member loyalty and provide continuing fee revenue. The extent to which we achieve growth in our membership base, increase the penetration of Executive memberships, and sustain high renewal rates materially influences our profitability. Our renewal rate, which excludes affiliates of Business members, is a trailing calculation that captures renewals during the period seven to eighteen months prior to the reporting date. Our paid-membership growth rate may be adversely impacted when warehouse openings occur in existing markets as compared to new markets. Our worldwide renewal rate is adversely impacted by membership growth in newer international markets and a higher penetration of memberships sold online, including through digital membership promotions, which renew at a slightly lower rate on average.

Our financial performance depends heavily on controlling costs. While we believe that we have achieved successes in this area, some significant costs are partially outside our control, particularly health care and utility expenses. With respect to the compensation of our employees, our philosophy is not to seek to minimize their wages and benefits. Rather, we believe that achieving our longer-term objectives of reducing employee turnover, increasing productivity and enhancing employee satisfaction requires maintaining compensation levels that are better than the industry average for much of our workforce. This may cause us, for example, to absorb costs that other employers might seek to pass through to their workforces. Because our business operates on very low margins, modest changes in various items in the consolidated statements of income, particularly merchandise costs and SG&A expenses, can have substantial impacts on net income.

Our operating models are generally the same across our U.S., Canadian, and Other International operating segments (see Note 11 to the consolidated financial statements included in Item 8 of this Report). Certain operations in the Other International segment have relatively higher rates of square footage growth, lower wage and benefit costs as a percentage of sales, less or no direct membership warehouse competition, or lack e-commerce or business delivery.

In discussions of our consolidated operating results, we refer to the impact of changes in foreign currencies relative to the U.S. dollar, which are differences between the foreign-exchange rates we use to convert the financial results of our international operations from local currencies into U.S. dollars. This impact is calculated based on the difference between the current and prior period's exchange rates. The impact of changes in gasoline prices on net sales is calculated based on the difference between the current and prior period's average price per gallon. Results expressed excluding the impacts of foreign-exchange and gasoline prices are intended as supplemental information and are not a substitute for net sales presented in accordance with U.S. GAAP and should be reviewed in conjunction with results reported in accordance with U.S. GAAP.

Our fiscal year ends on the Sunday closest to August 31. References to 2025 and 2024 relate to the 52-week fiscal years ended August 31, 2025, and September 1, 2024. References to 2023 relate to the 53-week fiscal year ended September 3, 2023. Certain percentages presented are calculated using actual results prior to rounding.

Highlights for 2025 include:

- We opened 27 new warehouses, including three relocations, for a total of 24 net new warehouses: 15 in the U.S., two in our Canadian segment, and seven in our Other International segment, compared to 30 new warehouses, including one relocation, in 2024;
- Net sales increased 8% to \$269,912, driven by an increase in comparable sales and sales at new warehouses;
- Membership fee revenue increased 10% to \$5,323, driven by new member sign-ups and membership fee increases;
- Gross margin percentage increased 20 basis points; 11 basis points excluding the impact of gasoline price deflation on net sales;
- SG&A expenses as a percentage of net sales increased 11 basis points; three basis points excluding the impact of gasoline price deflation;
- The effective tax rate in 2025 was 25.1%, compared to 24.4% in 2024;
- Net income increased 10% to \$8,099, or \$18.21 per diluted share compared to \$7,367, or \$16.56 per diluted share in 2024. Foreign-exchange rates had a negative impact on net income of \$97, \$0.22 per diluted share; and
- In April, the Board of Directors approved a 12% increase in the quarterly cash dividend.

## RESULTS OF OPERATIONS

### Net Sales

	2025	2024	2023
Net Sales	\$ 269,912	\$ 249,625	\$ 237,710
Changes in net sales:			
U.S.	9 %	4 %	7 %
Canada	6 %	6 %	4 %
Other International	8 %	9 %	9 %
Total Company	8 %	5 %	7 %
Changes in comparable sales <sup>(1)</sup> :			
U.S.	6 %	4 %	3 %
Canada	5 %	7 %	2 %
Other International	5 %	8 %	3 %
Total Company	6 %	5 %	3 %
E-commerce	16 %	16 %	(6)%
Changes in comparable sales excluding the impact of changes in foreign-currency and gasoline prices <sup>(1)</sup> :			
U.S.	7 %	5 %	4 %
Canada	8 %	8 %	8 %
Other International	8 %	8 %	8 %
Total Company	8 %	6 %	5 %
E-commerce	16 %	16 %	(5)%

(1) Comparable sales for 2024 were calculated using comparable retail weeks.

Net sales increased \$20,287 or 8% during 2025. The improvement was primarily attributable to an increase in comparable sales of \$14,788 or 6%. Comparable sales were positively impacted by increases of 5% in shopping frequency and approximately 1% in average ticket. The remaining increase in net sales was driven by sales at the 24 net new warehouses opened since the end of 2024.

Sales increased \$19,086 or 10% in core merchandise categories, increasing in all categories. Sales in warehouse ancillary and other businesses increased \$1,201, or 2%.

Lower gasoline prices negatively impacted net sales by \$2,329, or 93 basis points, with an 8% decrease in the average price per gallon. The volume of gasoline sold increased approximately 2%, positively impacting net sales by \$440, or 18 basis points.

Changes in foreign currencies relative to the U.S. dollar negatively impacted net sales by approximately \$1,943, or 78 basis points, attributable to our Other International and Canadian operations.

### Membership Fees

	2025	2024	2023
Membership fees	\$ 5,323	\$ 4,828	\$ 4,580

Membership fee revenue increased 10% in 2025, driven by new member sign-ups and membership fee increases. At the end of 2025, our member renewal rates were 92.3% in the U.S. and Canada and 89.8% worldwide. Renewal rates were negatively impacted by a higher number of memberships sold online, including through digital promotions, entering the renewal rate calculation. These members renew at a slightly lower rate on average.

As previously reported, we increased our annual membership fees in the U.S. and Canada, effective September 1, 2024. We account for membership fee revenue on a deferred basis, recognized ratably over the one-year membership period. The fee income increase accounted for approximately 40% of membership income growth during 2025.

### **Gross Margin**

	2025	2024	2023
Net sales .....	\$ 269,912	\$ 249,625	\$ 237,710
Less merchandise costs .....	239,886	222,358	212,586
Gross margin .....	\$ 30,026	\$ 27,267	\$ 25,124
Gross margin percentage .....	11.12 %	10.92 %	10.57 %

Gross margin percentage increased 20 basis points. Excluding the impact of gasoline price deflation on net sales, gross margin percentage was 11.03%, an increase of 11 basis points. This increase was positively impacted by 19 basis points in our core merchandise categories, primarily due to fresh foods and our co-branded credit card program. Gross margin percentage was negatively impacted by seven basis points due to a LIFO charge in 2025 for higher merchandise costs and one basis point in warehouse ancillary and other businesses. Changes in foreign currencies relative to the U.S. dollar negatively impacted gross margin by approximately \$224, attributable to our Other International and Canadian operations.

The gross margin in core merchandise categories, when expressed as a percentage of core merchandise sales (rather than total net sales), increased 16 basis points. The increase was primarily due to fresh foods and foods and sundries, partially offset by non-foods. This measure eliminates the impact of changes in sales penetration and gross margin from our warehouse ancillary and other businesses.

Gross margin on a segment basis, when expressed as a percentage of the segment's own sales and excluding the impact of changes in gasoline prices on net sales (segment gross margin percentage), increased in our U.S. segment, which performed similarly to the consolidated results above. Our Canadian and Other International segments gross margin increased, primarily due to increases in core merchandise categories and warehouse ancillary and other businesses.

### **Selling, General and Administrative Expenses**

	2025	2024	2023
SG&A expenses .....	\$ 24,966	\$ 22,810	\$ 21,590
SG&A expenses as a percentage of net sales .....	9.25 %	9.14 %	9.08 %

SG&A expenses as a percentage of net sales increased 11 basis points. SG&A expenses as a percentage of net sales excluding the impact of gasoline price deflation was 9.17%, an increase of three basis points. The comparison to last year was negatively impacted by three basis points due to warehouse operations and other businesses. Changes in foreign currencies relative to the U.S. dollar decreased SG&A expenses by approximately \$127, attributable to our Canadian and Other International operations.

### **Interest Expense**

	2025	2024	2023
Interest expense .....	\$ 154	\$ 169	\$ 160

Interest expense is primarily related to Senior Notes and financing leases. The decrease was primarily due to repayment of the 2.750% Senior Notes in May 2024. For more information on our debt arrangements, refer to the consolidated financial statements included in Item 8 of this Report.



**Interest Income and Other, Net**

	2025	2024	2023
Interest income .....	\$ 469	\$ 533	\$ 470
Foreign-currency transaction gains, net .....	84	26	29
Other, net .....	36	65	34
Interest income and other, net .....	<u>\$ 589</u>	<u>\$ 624</u>	<u>\$ 533</u>

The decrease in interest income in 2025 was due to lower interest rates, partially offset by higher cash balances. Foreign-currency transaction gains, net, include revaluation or settlement of monetary assets and liabilities, and mark-to-market adjustments for forward foreign-exchange contracts. See Derivatives and Foreign-Currency sections in Note 1 to the consolidated financial statements included in Item 8 of this Report.

**Provision for Income Taxes**

	2025	2024	2023
Provision for income taxes .....	\$ 2,719	\$ 2,373	\$ 2,195
Effective tax rate .....	25.1 %	24.4 %	25.9 %

The effective tax rate for 2025 was favorably impacted by discrete tax benefits of \$100 related to stock compensation.

The effective tax rate for 2024 was favorably impacted by discrete tax benefits of \$94 related to the portion of the special cash dividend payable through our 401(k) plan, a net non-recurring tax benefit of \$63 related to a transfer pricing settlement and certain true-ups of tax reserves, and \$45 related to stock compensation.

The Organization of Economic Cooperation and Development (OECD) introduced a framework to implement a global minimum corporate tax of 15% (referred to as Pillar 2) which was effective for fiscal 2025. The impacts of Pillar 2 did not have a material impact on our consolidated financial statements.

**LIQUIDITY AND CAPITAL RESOURCES**

The following table summarizes our significant sources and uses of cash and cash equivalents:

	2025	2024	2023
Net cash provided by operating activities .....	\$ 13,335	\$ 11,339	\$ 11,068
Net cash used in investing activities .....	(5,311)	(4,409)	(4,972)
Net cash used in financing activities .....	(3,775)	(10,764)	(2,614)

Our primary sources of liquidity are cash flows from operations, cash and cash equivalents, and short-term investments. Cash and cash equivalents and short-term investments were \$15,284 and \$11,144 at August 31, 2025, and September 1, 2024. Of these balances, unsettled credit and debit card receivables represented approximately \$2,670 and \$2,519. These receivables generally settle within four days.

Material contractual obligations arising in the normal course of business primarily consist of purchase obligations, long-term debt and related interest payments, leases, and construction and land purchase obligations. See Notes 4 and 5 to the consolidated financial statements included in Item 8 of this Report for amounts outstanding on August 31, 2025, related to debt and leases.

Purchase obligations consist of contracts primarily related to merchandise, equipment, and third-party services, the majority of which are due in the next 12 months. Construction and land-purchase obligations consist of contracts primarily related to the development and opening of new and relocated warehouses, the majority of which (other than leases) are due in the next 12 months.

We believe that our cash and investment positions and operating cash flow, with capacity under existing and available credit agreements, will be sufficient to meet our liquidity and capital requirements for the

foreseeable future and that our U.S. current and projected asset position is sufficient to meet our U.S. liquidity requirements.

### ***Cash Flows from Operating Activities***

Net cash provided by operating activities totaled \$13,335 in 2025, compared to \$11,339 in 2024. Our cash flow provided by operations is primarily from net sales and membership fees. Cash flow used in operations generally consists of payments to merchandise suppliers, warehouse operating costs, including wages and employee benefits, utilities, credit and debit card processing fees, and operating leases. Cash used in operations also includes payments for income taxes. Changes in our net investment in merchandise inventories (the difference between merchandise inventories and accounts payable) is impacted by several factors, including inventory levels and turnover, payment terms with suppliers, and early payments to obtain discounts.

### ***Cash Flows from Investing Activities***

Net cash used in investing activities totaled \$5,311 in 2025, compared to \$4,409 in 2024, and is primarily related to capital expenditures. Net cash from investing activities also includes purchases and maturities of short-term investments.

### ***Capital Expenditure Plans***

Our primary requirements for capital are acquiring land, buildings, and equipment for new and remodeled warehouses, information systems, and manufacturing and distribution facilities. In 2025, we spent \$5,498 on capital expenditures, and it is our current intention to spend \$6,000 to \$6,500 during fiscal 2026. These expenditures are expected to be financed with cash from operations, cash and cash equivalents, and short-term investments. We opened 27 new warehouses, including three relocations, in 2025, and plan to open up to 35 new warehouses, including five relocations, in 2026. There can be no assurance that current expectations will be realized, and plans are subject to change upon further review of our capital expenditure needs and the economic environment.

### ***Cash Flows from Financing Activities***

Net cash used in financing activities totaled \$3,775 in 2025, compared to \$10,764 in 2024. Cash flow used in financing activities primarily related to the payment of dividends, repayments of long-term debt and short-term borrowings, repurchases of common stock, and withholding taxes on stock-based awards. Cash flow provided by financing activities included proceeds from short-term borrowings and issuance of long-term debt.

### ***Long-term Debt***

Repayments of long-term debt in 2025 totaled \$103, as compared to \$1,077 in 2024. Repayments in 2024 included the \$1,000 outstanding principal balance on our 2.750% Senior Notes. There were no proceeds from long-term debt in 2025, as compared to \$498 in 2024. Proceeds in 2024 included four Guaranteed Senior Notes issued by our Japan subsidiary.

### ***Dividends***

Cash dividends declared in 2025 totaled \$2,183 or \$4.92 per share, as compared to \$8,589 or \$19.36 per share in 2024. Dividends in 2024 included a special dividend of \$15 per share, resulting in a payment of approximately \$6,655. In April 2025, the Board of Directors increased our quarterly cash dividend from \$1.16 to \$1.30 per share.

### ***Share Repurchase Program***

On January 19, 2023, the Board of Directors authorized a share repurchase program in the amount of \$4,000, which expires in January 2027. During 2025 and 2024, we repurchased 943,000 and 1,004,000 shares of common stock, at an average price per share of \$957.66 and \$695.29, totaling approximately \$903 and \$698. These amounts may differ from the accompanying consolidated statements of cash flows due to changes in unsettled repurchases at the end of each fiscal year. Purchases are made from time to time, as conditions warrant, in the open market or in block purchases, pursuant to plans under SEC Rule 10b5-1. Repurchased shares are retired, in accordance with the Washington Business Corporation Act.

The remaining amount available to be purchased under our approved plan was \$1,962 at the end of 2025.

### ***Bank Credit Facilities and Commercial Paper Programs***

We maintain bank credit facilities for working capital and general corporate purposes. At August 31, 2025, we had borrowing capacity under these facilities of \$1,220. Our international operations maintain \$721 of this capacity under bank credit facilities, of which \$199 is guaranteed by the Company. Short-term borrowings outstanding under the bank credit facilities, which are included in other current liabilities on the consolidated balance sheets, were immaterial at the end of 2025 and 2024.

We have letter of credit facilities, for commercial and standby letters of credit, totaling \$224. The outstanding commitments under these facilities at the end of 2025 totaled \$200, most of which were standby letters of credit that do not expire or have expiration dates within one year. The bank credit facilities have various expiration dates, most within one year, and we generally intend to renew these facilities. The amount of borrowings available at any time under our bank credit facilities is reduced by the amount of standby and commercial letters of credit outstanding.

### **Off-Balance Sheet Arrangements**

In the opinion of management, we have no off-balance sheet arrangements that have had or are reasonably likely to have a material current or future effect on our financial condition or financial statements.

### **Critical Accounting Estimates**

The preparation of our consolidated financial statements in accordance with U.S. GAAP requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates on historical experience and on assumptions that we believe to be reasonable, and we continue to review and evaluate these estimates. For further information on significant accounting policies, see discussion in Note 1 to the consolidated financial statements included in Item 8 of this Report.

### ***Insurance/Self-insurance Liabilities***

Claims for employee health-care benefits, workers' compensation, general liability, property damage, directors' and officers' liability, vehicle liability, inventory loss, and other exposures are funded predominantly through self-insurance. Insurance coverage is maintained for certain risks to limit exposures to very large losses. We use various risk management mechanisms, including a wholly-owned captive insurance subsidiary, and participate in a reinsurance program. Liabilities associated with the risks that we retain are not discounted and are estimated using historical claims experience, demographic factors, severity factors, and other actuarial assumptions. The costs of claims are highly unpredictable and can fluctuate as a result of inflation rates, regulatory or legal changes, and unforeseen developments in claim frequency and amounts. While we believe our estimates are reasonable, actual claims and costs could differ significantly from recorded liabilities. Historically, adjustments to our estimates have been immaterial.

### **Recent Accounting Pronouncements**

See discussion of Recent Accounting Pronouncements in Note 1 to the consolidated financial statements included in Item 8 of this Report.

### **Item 7A—Quantitative and Qualitative Disclosures About Market Risk (amounts in millions)**

Our exposure to financial market risk results from fluctuations in interest rates and foreign-currency exchange rates. We do not engage in speculative or leveraged transactions or hold or issue financial instruments for trading purposes.

### *Interest Rate Risk*

Our exposure to market risk for changes in interest rates relates primarily to our investment holdings, which are diversified among various instruments considered to be cash equivalents, as defined in Note 1 to the consolidated financial statements included in Item 8 of this Report, as well as short-term investments in government and agency securities with effective maturities of generally three months to five years at the date of purchase. The primary objective of our investment activities is to preserve principal and secondarily to generate yields. The majority of our short-term investments are in fixed interest-rate securities. These securities are subject to changes in fair value due to interest rate fluctuations.

Our policy limits investments in the U.S. to direct U.S. government and government agency obligations, repurchase agreements collateralized by U.S. government and government agency obligations, U.S. government and government agency money market funds, and insured bank balances. Our wholly-owned captive insurance subsidiary invests in U.S. government and government agency obligations and U.S. government and government agency money market funds. Our Canadian and Other International subsidiaries' investments are primarily in money market funds, bankers' acceptances, and bank certificates of deposit, generally denominated in local currencies.

A 100 basis point change in interest rates as of the end of 2025 would have had an immaterial incremental change in fair market value. For those investments that are classified as available-for-sale, the unrealized gains or losses related to fluctuations in market volatility and interest rates are reflected within stockholders' equity in accumulated other comprehensive income in the consolidated balance sheets.

The nature and amount of our long-term debt may vary as a result of business requirements, market conditions, and other factors. As of the end of 2025, long-term debt with fixed interest rates was \$5,805. Fluctuations in interest rates may affect the fair value of the fixed-rate debt. See Note 4 to the consolidated financial statements included in Item 8 of this Report for more information on our long-term debt.

### *Foreign-Currency Risk*

Our foreign subsidiaries conduct certain transactions in non-functional currencies, which exposes us to fluctuations in exchange rates. We manage these fluctuations, in part, through the use of forward foreign-exchange contracts, seeking to economically hedge the impact of these fluctuations on known future expenditures denominated in a non-functional foreign-currency. The contracts are intended primarily to economically hedge exposure to U.S. dollar merchandise inventory expenditures made by our international subsidiaries. We seek to mitigate risk with the use of these contracts and do not intend to engage in speculative transactions. For additional information related to the Company's forward foreign-exchange contracts, see Notes 1 and 3 to the consolidated financial statements included in Item 8 of this Report. A hypothetical 10% strengthening of the functional currencies compared to the non-functional currency exchange rates at August 31, 2025, would have decreased the fair value of the contracts by approximately \$117 and resulted in an unrealized loss in the consolidated statements of income for the same amount.

### *Commodity Price Risk*

We are exposed to fluctuations in prices for energy, particularly electricity and natural gas, and other commodities used in retail and manufacturing operations. We seek to partially mitigate these through fixed-price contracts for certain of our warehouses and other facilities, predominantly in the U.S. and Canada. We also enter into variable-priced contracts for some purchases of electricity and natural gas, in addition to some of the fuel for our gas stations, on an index basis. These contracts meet the characteristics of derivative instruments, but generally qualify for the "normal purchases and normal sales" exception under authoritative guidance and require no mark-to-market adjustment.

**Item 8—Financial Statements and Supplementary Data**

**COSTCO WHOLESALE CORPORATION**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors  
Costco Wholesale Corporation:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Costco Wholesale Corporation and subsidiaries (the Company) as of August 31, 2025 and September 1, 2024, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the fiscal years in the three-year period ended August 31, 2025, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2025 and September 1, 2024, and the results of its operations and its cash flows for each of the fiscal years in the three-year period ended August 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated October 7, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Sufficiency of audit evidence over United States and Canada revenue*

As discussed in Note 11 to the consolidated financial statements, the Company generated \$200,046 million and \$36,923 million of total revenue in the United States (U.S.) and Canada, respectively, for the year ended August 31, 2025, which included revenue from membership fees, merchandise sales, and gasoline sales (U.S. and Canada revenue). The processing and recording of U.S. and Canada revenue is dependent upon the use of multiple information technology (IT) systems.

We identified the evaluation of the sufficiency of audit evidence over U.S. and Canada revenue as a critical audit matter. Evaluating the sufficiency of audit evidence required subjective auditor judgment due to the highly automated nature of certain processes to record U.S. and Canada revenue, which involves interfacing significant volumes of data across multiple IT systems. The complexity of the IT environment required the involvement of IT professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over the processing and recording of U.S. and Canada revenue, including the IT systems tested. We involved IT professionals with specialized skills and knowledge, who assisted in evaluating the design and testing the operating effectiveness of certain internal controls over the Company's revenue process, including general IT and application controls related to the IT systems used for the processing and recording of U.S. and Canada revenue. We performed a software-assisted data analysis to test the relationships among certain revenue journal entries. We evaluated the sufficiency of audit evidence obtained over U.S. and Canada revenue by assessing the results of procedures performed, including the appropriateness of nature and extent of such evidence.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

Seattle, Washington  
October 7, 2025

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors  
Costco Wholesale Corporation:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Costco Wholesale Corporation and subsidiaries' (the Company) internal control over financial reporting as of August 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of August 31, 2025 and September 1, 2024, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the fiscal years in the three-year period ended August 31, 2025, and the related notes (collectively, the consolidated financial statements), and our report dated October 7, 2025 expressed an unqualified opinion on those consolidated financial statements.

### *Basis for Opinion*

The Company'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 Annual 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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

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.

/s/ KPMG LLP

Seattle, Washington  
October 7, 2025



**COSTCO WHOLESALE CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(amounts in millions, except per share data)

	<u>52 Weeks Ended</u> <u>August 31,</u> <u>2025</u>	<u>52 Weeks Ended</u> <u>September 1,</u> <u>2024</u>	<u>53 Weeks Ended</u> <u>September 3,</u> <u>2023</u>
<b>REVENUE</b>			
Net sales .....	\$ 269,912	\$ 249,625	\$ 237,710
Membership fees .....	5,323	4,828	4,580
Total revenue .....	275,235	254,453	242,290
<b>OPERATING EXPENSES</b>			
Merchandise costs .....	239,886	222,358	212,586
Selling, general and administrative .....	24,966	22,810	21,590
Operating income .....	10,383	9,285	8,114
<b>OTHER INCOME (EXPENSE)</b>			
Interest expense .....	(154)	(169)	(160)
Interest income and other, net .....	589	624	533
<b>INCOME BEFORE INCOME TAXES</b> .....	10,818	9,740	8,487
Provision for income taxes .....	2,719	2,373	2,195
<b>NET INCOME</b> .....	<u>\$ 8,099</u>	<u>\$ 7,367</u>	<u>\$ 6,292</u>
<b>NET INCOME PER COMMON SHARE:</b>			
Basic .....	<u>\$ 18.24</u>	<u>\$ 16.59</u>	<u>\$ 14.18</u>
Diluted .....	<u>\$ 18.21</u>	<u>\$ 16.56</u>	<u>\$ 14.16</u>
Shares used in calculation (000's)			
Basic .....	443,985	443,914	443,854
Diluted .....	444,803	444,759	444,452

The accompanying notes are an integral part of these consolidated financial statements.

**COSTCO WHOLESALE CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(amounts in millions)

	<u>52 Weeks Ended</u> <u>August 31,</u> <u>2025</u>	<u>52 Weeks Ended</u> <u>September 1,</u> <u>2024</u>	<u>53 Weeks Ended</u> <u>September 3,</u> <u>2023</u>
<b>NET INCOME</b> .....	\$ 8,099	\$ 7,367	\$ 6,292
Foreign-currency translation adjustment and other, net .....	58	(23)	24
<b>COMPREHENSIVE INCOME</b> .....	<u>\$ 8,157</u>	<u>\$ 7,344</u>	<u>\$ 6,316</u>

The accompanying notes are an integral part of these consolidated financial statements.

**COSTCO WHOLESALE CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(amounts in millions, except par value and share data)

	August 31, 2025	September 1, 2024
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	\$ 14,161	\$ 9,906
Short-term investments .....	1,123	1,238
Receivables, net .....	3,203	2,721
Merchandise inventories .....	18,116	18,647
Other current assets .....	1,777	1,734
Total current assets .....	38,380	34,246
<b>OTHER ASSETS</b>		
Property and equipment, net .....	31,909	29,032
Operating lease right-of-use assets .....	2,725	2,617
Other long-term assets .....	4,085	3,936
<b>TOTAL ASSETS</b> .....	<b>\$ 77,099</b>	<b>\$ 69,831</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable .....	\$ 19,783	\$ 19,421
Accrued salaries and benefits .....	5,205	4,794
Accrued member rewards .....	2,677	2,435
Deferred membership fees .....	2,854	2,501
Other current liabilities .....	6,589	6,313
Total current liabilities .....	37,108	35,464
<b>OTHER LIABILITIES</b>		
Long-term debt, excluding current portion .....	5,713	5,794
Long-term operating lease liabilities .....	2,460	2,375
Other long-term liabilities .....	2,654	2,576
<b>TOTAL LIABILITIES</b> .....	<b>47,935</b>	<b>46,209</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY</b>		
Preferred stock \$0.005 par value; 100,000,000 shares authorized; no shares issued and outstanding .....	—	—
Common stock \$0.005 par value; 900,000,000 shares authorized; 443,237,000 and 443,126,000 shares issued and outstanding .....	2	2
Additional paid-in capital .....	8,282	7,829
Accumulated other comprehensive loss .....	(1,770)	(1,828)
Retained earnings .....	22,650	17,619
<b>TOTAL EQUITY</b> .....	<b>29,164</b>	<b>23,622</b>
<b>TOTAL LIABILITIES AND EQUITY</b> .....	<b>\$ 77,099</b>	<b>\$ 69,831</b>

The accompanying notes are an integral part of these consolidated financial statements.

**COSTCO WHOLESALE CORPORATION**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(amounts in millions)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Costco Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares (000's)	Amount						
BALANCE AT AUGUST 28, 2022	442,664	\$ 2	\$ 6,884	\$ (1,829)	\$ 15,585	\$ 20,642	\$ 5	\$ 20,647
Net income	—	—	—	—	6,292	6,292	—	6,292
Foreign-currency translation adjustment and other, net	—	—	—	24	—	24	—	24
Stock-based compensation	—	—	778	—	—	778	—	778
Release of vested restricted stock units (RSUs), including tax effects	1,470	—	(303)	—	—	(303)	—	(303)
Repurchases of common stock	(1,341)	—	(24)	—	(653)	(677)	—	(677)
Cash dividends declared and other	—	—	5	—	(1,703)	(1,698)	(5)	(1,703)
BALANCE AT SEPTEMBER 3, 2023	442,793	2	7,340	(1,805)	19,521	25,058	—	25,058
Net income	—	—	—	—	7,367	7,367	—	7,367
Foreign-currency translation adjustment and other, net	—	—	—	(23)	—	(23)	—	(23)
Stock-based compensation	—	—	822	—	—	822	—	822
Release of vested RSUs, including tax effects	1,337	—	(315)	—	—	(315)	—	(315)
Repurchases of common stock	(1,004)	—	(18)	—	(680)	(698)	—	(698)
Cash dividends declared	—	—	—	—	(8,589)	(8,589)	—	(8,589)
BALANCE AT SEPTEMBER 1, 2024	443,126	2	7,829	(1,828)	17,619	23,622	—	23,622
Net income	—	—	—	—	8,099	8,099	—	8,099
Foreign-currency translation adjustment and other, net	—	—	—	58	—	58	—	58
Stock-based compensation	—	—	864	—	—	864	—	864
Release of vested RSUs, including tax effects	1,054	—	(393)	—	—	(393)	—	(393)
Repurchases of common stock	(943)	—	(18)	—	(885)	(903)	—	(903)
Cash dividends declared	—	—	—	—	(2,183)	(2,183)	—	(2,183)
BALANCE AT AUGUST 31, 2025	443,237	\$ 2	\$ 8,282	\$ (1,770)	\$ 22,650	\$ 29,164	\$ —	\$ 29,164

The accompanying notes are an integral part of these consolidated financial statements.

**COSTCO WHOLESALE CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(amounts in millions)

	52 Weeks Ended	52 Weeks Ended	53 Weeks Ended
	August 31, 2025	September 1, 2024	September 3, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 8,099	\$ 7,367	\$ 6,292
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,426	2,237	2,077
Non-cash lease expense	303	315	412
Stock-based compensation	860	818	774
Impairment of assets and other non-cash operating activities, net	(117)	(9)	495
Changes in operating assets and liabilities:			
Merchandise inventories	559	(2,068)	1,228
Accounts payable	404	1,938	(382)
Other operating assets and liabilities, net	801	741	172
Net cash provided by operating activities	<u>13,335</u>	<u>11,339</u>	<u>11,068</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment	(5,498)	(4,710)	(4,323)
Purchases of short-term investments	(1,028)	(1,470)	(1,622)
Maturities of short-term investments	1,141	1,790	937
Other investing activities, net	74	(19)	36
Net cash used in investing activities	<u>(5,311)</u>	<u>(4,409)</u>	<u>(4,972)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of short-term borrowings	(862)	(920)	(935)
Proceeds from short-term borrowings	816	928	917
Repayments of long-term debt	(103)	(1,077)	(75)
Proceeds from issuance of long-term debt	—	498	—
Tax withholdings on stock-based awards	(393)	(315)	(303)
Repurchases of common stock	(903)	(700)	(676)
Cash dividend payments	(2,183)	(9,041)	(1,251)
Financing lease payments and other financing activities, net	(147)	(137)	(291)
Net cash used in financing activities	<u>(3,775)</u>	<u>(10,764)</u>	<u>(2,614)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>6</u>	<u>40</u>	<u>15</u>
Net change in cash and cash equivalents	4,255	(3,794)	3,497
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	9,906	13,700	10,203
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<u><u>\$ 14,161</u></u>	<u><u>\$ 9,906</u></u>	<u><u>\$ 13,700</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the year for:			
Interest	\$ 106	\$ 129	\$ 125
Income taxes, net	\$ 2,917	\$ 2,319	\$ 2,234
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:</b>			
Cash dividend declared, but not yet paid	\$ —	\$ —	\$ 452
Capital expenditures included in liabilities	\$ 193	\$ 203	\$ 170

The accompanying notes are an integral part of these consolidated financial statements.

**COSTCO WHOLESALE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(amounts in millions, except share, per share, and warehouse count data)

**Note 1—Summary of Significant Accounting Policies**

*Description of Business*

Costco Wholesale Corporation (Costco or the Company), a Washington corporation, and its subsidiaries operate membership warehouses and e-commerce sites based on the concept that offering members low prices on a limited selection of nationally-branded and private-label products in a wide range of merchandise categories will produce high sales volumes and rapid inventory turnover. At August 31, 2025, Costco operated 914 warehouses worldwide: 629 in the United States (U.S.) located in 47 states, Washington, D.C., and Puerto Rico, 110 in Canada, 42 in Mexico, 37 in Japan, 29 in the U.K., 20 in Korea, 15 in Australia, 14 in Taiwan, seven in China, five in Spain, two in France, two in Sweden, and one each in Iceland and New Zealand. The Company operated e-commerce sites in the U.S., Canada, the U.K., Mexico, Korea, Taiwan, Japan, and Australia.

*Basis of Presentation*

The consolidated financial statements include the accounts of Costco and its wholly-owned subsidiaries. All material inter-company transactions among the Company and its consolidated subsidiaries have been eliminated in consolidation.

*Fiscal Year End*

The Company operates on a 52/53-week fiscal year basis with the year ending on the Sunday closest to August 31. References to 2025 and 2024 relate to the 52-week fiscal years ended August 31, 2025, and September 1, 2024. References to 2023 relate to the 53-week fiscal year ended September 3, 2023.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions take into account historical and forward-looking factors that the Company believes are reasonable. Actual results could differ from those estimates and assumptions.

*Reclassification*

Reclassifications were made to the 2024 consolidated balance sheet to conform with current year presentation.

*Cash and Cash Equivalents*

The Company considers as cash and cash equivalents all cash on deposit, highly liquid investments with a maturity of three months or less at the date of purchase, and proceeds due from credit and debit card transactions with settlement terms of up to four days. Credit and debit card receivables were \$2,670 and \$2,519 at the end of 2025 and 2024.

*Short-Term Investments*

Short-term investments generally consist of debt securities (U.S. government and agency securities), with maturities at the date of purchase of three months to five years. Investments with maturities beyond five years may be classified, based on the Company's determination, as short-term based on their highly liquid nature and because they represent the investment of cash that is available for current operations. Short-term investments classified as available-for-sale are recorded at fair value using the specific identification method with the unrealized gains and losses reflected in accumulated other comprehensive income (loss) until realized. Realized gains and losses from the sale of available-for-sale securities, if any, are determined on a specific identification basis and are recorded in interest income and other, net in the

consolidated statements of income. These available-for-sale investments have a low level of inherent credit risk given they are issued by the U.S. government and agencies. Changes in their fair value are primarily attributable to changes in interest rates and market liquidity. Short-term investments classified as held-to-maturity are financial instruments that the Company has the intent and ability to hold to maturity and are reported net of any related amortization and are not remeasured to fair value on a recurring basis.

The Company periodically evaluates unrealized losses in its investment securities for credit impairment, using both qualitative and quantitative criteria. In the event a security is deemed to be impaired as the result of a credit loss, the Company recognizes the loss in interest income and other, net in the consolidated statements of income.

#### *Fair Value of Financial Instruments*

The Company accounts for certain assets and liabilities at fair value. The carrying value of the Company's financial instruments, including cash and cash equivalents, receivables and accounts payable, approximate fair value due to their short-term nature or variable interest rates. See Notes 2, 3, and 4 for the carrying value and fair value of the Company's investments, derivative instruments, and fixed-rate debt.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying a fair value hierarchy, which requires maximizing the use of observable inputs when measuring fair value. The three levels of inputs are:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Significant unobservable inputs that are not corroborated by market data.

The Company's valuation techniques used to measure the fair value of money market mutual funds, which are included in cash and cash equivalents, are based on quoted market prices, such as quoted net asset values published by the fund as supported in an active market. Valuation methodologies used to measure the fair value of all other non-derivative financial instruments are based on independent external valuation information. The pricing process uses data from a variety of independent external valuation information providers, including trades, bid price or spread, two-sided markets, quotes, benchmark curves including but not limited to treasury benchmarks, Secured Overnight Financing Rate and swap curves, discount rates, and market data feeds. All are observable in the market or can be derived principally from or corroborated by observable market data. The Company reports transfers in and out of Levels 1, 2, and 3, as applicable, using the fair value of the individual securities as of the beginning of the reporting period in which the transfer(s) occurred.

Current financial liabilities have fair values that approximate their carrying values. Long-term financial liabilities include the Company's long-term debt, which are recorded on the balance sheet at issuance price and adjusted for unamortized discounts or premiums and debt issuance costs. Discounts, premiums and debt issuance costs are amortized to interest expense over the term of the loan. The estimated fair value of the Company's long-term debt is based primarily on reported market values, recently completed market transactions, and estimates based upon interest rates, maturities, and credit.

#### *Receivables, Net*

Receivables consist primarily of vendor, credit card incentive, reinsurance, third-party pharmacy, and other receivables. Vendor receivables include discounts, volume rebates, and a variety of other programs. Balances are generally presented on a gross basis, separate from any related payable due. In certain circumstances, these receivables may be settled against the related payable to that vendor, in which case the receivables are presented on a net basis. Reinsurance receivables are held by the Company's wholly-owned captive insurance subsidiary and primarily represent amounts ceded through reinsurance arrangements gross of the amounts assumed under reinsurance, which are presented within other current liabilities in the consolidated balance sheets. Credit card incentive receivables primarily represent

amounts earned under co-branded credit card arrangements. Third-party pharmacy receivables generally relate to amounts due from members' insurers. Other receivables primarily consist of amounts due from governmental entities, mostly tax-related items.

The valuation allowance related to receivables was immaterial to the Company's consolidated financial statements at the end of 2025 and 2024.

#### *Merchandise Inventories*

Merchandise inventories consist of the following:

	2025	2024
United States .....	\$ 12,868	\$ 13,625
Canada .....	1,907	1,895
Other International .....	3,341	3,127
Merchandise inventories .....	<u>\$ 18,116</u>	<u>\$ 18,647</u>

Merchandise inventories are stated at the lower of cost or market. U.S. merchandise inventories are valued by the cost method of accounting, using the last-in, first-out (LIFO) basis. The Company believes the LIFO method more fairly presents the results of operations by more closely matching current costs with current revenues. The Company records an adjustment each quarter, if necessary, for the projected annual effect of inflation or deflation, and these estimates are adjusted to actual results determined at year-end, after actual inflation or deflation rates and inventory levels have been determined. Due to higher merchandise costs in 2025, a \$142 charge was recorded to merchandise costs to increase the cumulative LIFO valuation on merchandise inventories at August 31, 2025. An immaterial LIFO benefit was recorded in 2024 and an immaterial charge was recorded in 2023. Canadian and Other International merchandise inventories are predominantly valued using the cost and retail inventory methods, respectively, using the first-in, first-out (FIFO) basis.

The Company initially provides for estimated inventory losses between physical inventory counts using estimates based on experience. The provision is adjusted to reflect physical inventory counts, which generally occur in the second and fourth fiscal quarters. Inventory cost where appropriate is reduced by estimates of vendor rebates when earned or as the Company progresses towards earning those rebates, provided that they are probable and reasonably estimable.

#### *Property and Equipment, Net*

Property and equipment are stated at cost. Depreciation and amortization expense is computed primarily using the straight-line method over estimated useful lives. Leasehold improvements made after the beginning of the initial lease term are depreciated over the shorter of the estimated useful life of the asset or the remaining term of the initial lease plus any renewals that are reasonably certain at the date of the leasehold improvements.

The Company capitalizes certain computer software and costs incurred in developing or obtaining software for internal use. During development, these costs are included in construction in progress. To the extent that the assets become ready for their intended use, these costs are included in equipment and fixtures and amortized on a straight-line basis over estimated useful lives.

Repair and maintenance costs are expensed when incurred. Expenditures for remodels, refurbishments and improvements that add to or change asset function or useful life are capitalized. Assets removed during the remodel, refurbishment or improvement are retired. Assets classified as held-for-sale at the end of 2025 and 2024 were immaterial.



The following table summarizes the Company's property and equipment balances at the end of 2025 and 2024:

	Estimated Useful Lives	2025	2024
Land .....	N/A	\$ 10,323	\$ 9,447
Buildings and improvements .....	5-50 years	25,508	23,727
Equipment and fixtures .....	3-20 years	13,127	12,387
Construction in progress .....	N/A	1,882	1,389
		50,840	46,950
Accumulated depreciation and amortization .....		(18,931)	(17,918)
Property and equipment, net .....		<u>\$ 31,909</u>	<u>\$ 29,032</u>

The Company evaluates long-lived assets for impairment on an annual basis, when relocating or closing a facility, or when events or changes in circumstances may indicate that the carrying amount of the asset group, generally an individual warehouse, may not be fully recoverable. For asset groups held and used, including warehouses to be relocated, the carrying value of the asset group is considered recoverable when the estimated future undiscounted cash flows generated from the use and eventual disposition of the asset group exceed the respective carrying value. In the event that the carrying value is not considered recoverable, an impairment loss is recognized for the asset group to be held and used equal to the excess of the carrying value above the estimated fair value of the asset group. For asset groups classified as held-for-sale (disposal group), the carrying value is compared to the disposal group's fair value less costs to sell. The Company estimates fair value by obtaining market appraisals from third party brokers or using other valuation techniques. Impairment charges recognized in 2025, 2024 and 2023 were immaterial.

#### Leases

The Company leases land, buildings, and/or equipment at warehouses and certain other office and distribution facilities. Leases generally contain one or more of the following options, which the Company can exercise at the end of the initial term: (a) renew the lease for a defined number of years at the then-fair market rental rate or rate stipulated in the lease agreement; (b) purchase the property at the then-fair market value or purchase price stated in the agreement; (c) a right of first refusal in the event of a third-party offer; or (d) a right of first offer if the landlord intends to sell.

Some leases include free-rent periods and step-rent provisions, which are recognized on a straight-line basis over the original term of the lease and any extension options that the Company is reasonably certain to exercise from the date the Company has control of the property. Certain leases provide for periodic rent increases based on price indices or the greater of minimum guaranteed amounts or sales volume, which are recognized as variable lease payments. The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

The Company determines at inception whether a contract is or contains a lease. Non-lease components and the lease components to which they relate are accounted for together as a single lease component for all asset classes. The Company initially records right-of-use (ROU) assets and lease obligations for its finance and operating leases based on the discounted future minimum lease payments over the term. The lease term is defined as the noncancelable period of the lease plus any options to extend when it is reasonably certain that the Company will exercise the option. As the rate implicit in the Company's leases is not easily determinable, the present value of the sum of the lease payments is calculated using the Company's incremental borrowing rate. The rate is determined using a portfolio approach based on the rate of interest the Company would pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The Company uses quoted interest rates from financial institutions to derive the incremental borrowing rate. Impairment of ROU assets is evaluated in a similar manner as described in Property and Equipment, Net above. During 2023, the Company recognized charges totaling \$391, primarily related to the impairment of certain leased assets associated with charter shipping activities. This charge is included in merchandise costs.

The Company's asset retirement obligations (ARO) primarily relate to leasehold improvements that must be removed at the end of a lease. These obligations are recorded as a discounted liability, with an offsetting asset, based upon the estimated fair value of the costs to remove the improvements. These liabilities are accreted over time to the projected future value of the obligation. The ARO assets are depreciated using the same depreciation method as the leasehold improvement assets and are included in buildings and improvements. Estimated ARO liabilities associated with these leases are included in other long-term liabilities in the consolidated balance sheet.

#### *Goodwill and Acquired Intangible Assets*

Goodwill represents the excess of acquisition cost over the fair value of the net assets acquired and is not subject to amortization. The Company reviews goodwill annually in the fourth quarter for impairment or when circumstances indicate carrying value may exceed the fair value. This evaluation is performed at the reporting unit level. If a qualitative assessment indicates that it is more likely than not that the fair value is less than carrying value, a quantitative analysis is completed using either the income or market approach, or a combination of both. The income approach estimates fair value based on expected discounted future cash flows, while the market approach uses comparable public companies and transactions to develop metrics to be applied to historical and expected future operating results.

Goodwill is included in other long-term assets in the consolidated balance sheets. At the end of 2025, 2024, and 2023 goodwill balances in the Company's U.S., Canadian, and Other International operations were \$953, \$26, and \$15. No impairment charges were recorded in 2025, 2024, or 2023.

Definite-lived intangible assets, which are immaterial, are included in other long-term assets on the consolidated balance sheets and are amortized on a straight-line basis over their estimated lives, which approximates the pattern of expected economic benefit.

#### *Insurance/Self-insurance Liabilities*

Claims for employee health-care benefits, workers' compensation, general liability, property damage, directors' and officers' liability, vehicle liability, inventory loss, and other exposures are funded predominantly through self-insurance. Insurance coverage is maintained for certain risks to limit exposures to very large losses. The Company uses various risk management mechanisms, including a wholly-owned captive insurance subsidiary and participates in a reinsurance program. Liabilities associated with the risks that are retained by the Company are not discounted and are estimated using historical claims experience, demographic factors, severity factors, and other actuarial assumptions. The estimated accruals for these liabilities could be significantly affected if future occurrences, claims, or expenses differ from these assumptions and historical trends. At the end of 2025 and 2024, these insurance liabilities were \$1,878 and \$1,612 in the aggregate, and were included in accrued salaries and benefits and other current liabilities in the consolidated balance sheets, classified based on their nature.

The captive receives direct premiums, which are netted against the Company's premium costs in SG&A expenses in the consolidated statements of income. The captive participates in a reinsurance program that includes third-party participants. The participant agreements and practices of the reinsurance program are designed to limit a participating members' individual risk. Income statement adjustments related to the reinsurance program and related impacts to the consolidated balance sheets are recognized as information becomes known. In the event the Company leaves the reinsurance program, the Company retains its primary obligation to the participants for prior activity.

#### *Derivatives*

The Company is exposed to foreign-currency exchange-rate fluctuations in the normal course of business. It manages these fluctuations, in part, through the use of forward foreign-exchange contracts, seeking to economically hedge the impact of fluctuations of foreign-exchange on known future expenditures denominated in a non-functional foreign-currency. The contracts relate primarily to U.S. dollar merchandise inventory expenditures made by the Company's international subsidiaries with functional currencies other than the U.S. dollar. These contracts either do not qualify for or the Company has not elected derivative hedge accounting. The Company seeks to mitigate risk with the use of these contracts and does not intend to engage in speculative transactions. Some of these contracts contain credit-risk-related contingent features that require settlement of outstanding contracts upon certain

triggering events. The aggregate fair value amounts of derivative instruments in a net liability position and the amount needed to settle the instruments immediately if the credit-risk-related contingent features were triggered were immaterial at the end of 2025 and 2024. The aggregate notional amounts of open, unsettled forward foreign-exchange contracts were \$1,184 and \$1,212 at the end of 2025 and 2024. See Note 3 for information on the fair value of unsettled forward foreign-exchange contracts at the end of 2025 and 2024.

The unrealized gains or losses recognized in interest income and other, net in the consolidated statements of income relating to the net changes in the fair value of unsettled forward foreign-exchange contracts were immaterial in 2025, 2024 and 2023.

The Company is exposed to fluctuations in prices for energy, particularly electricity and natural gas, and other commodities used in retail and manufacturing operations, which it seeks to partially mitigate through the use of fixed-price contracts for certain of its warehouses and other facilities, primarily in the U.S. and Canada. The Company also enters into variable-priced contracts for some purchases of natural gas, in addition to fuel for its gas stations, on an index basis. These contracts meet the characteristics of derivative instruments, but generally qualify for the “normal purchases and normal sales” exception under authoritative guidance and require no mark-to-market adjustment.

#### *Foreign-Currency*

The functional currencies of the Company's international subsidiaries are their local currencies. Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Translation adjustments are recorded in accumulated other comprehensive loss. Revenues and expenses of the Company's consolidated foreign operations are translated at average exchange rates prevailing during the year.

The Company recognizes foreign-currency transaction gains and losses related to revaluing or settling monetary assets and liabilities denominated in currencies other than the functional currency in interest income and other, net in the consolidated statements of income. Generally, these include the U.S. dollar cash and cash equivalents and the U.S. dollar payables of consolidated subsidiaries revalued to their functional currency. Also included are realized foreign-currency gains or losses from settlements of forward foreign-exchange contracts. These items were immaterial in 2025, 2024, and 2023.

#### *Revenue Recognition*

The Company recognizes sales for the amount of consideration collected from the member, which includes gross shipping fees where applicable, and is net of sales taxes collected and remitted to government agencies and member returns. The Company reserves for estimated returns based on historical trends and reduces sales and merchandise costs accordingly. The Company records on a gross basis a refund liability and an asset for recovery, which are included in other current liabilities and other current assets, respectively, in the consolidated balance sheets.

The Company offers merchandise in the following core merchandise categories: foods and sundries, non-foods, and fresh foods. The Company also provides expanded products and services through warehouse ancillary and other businesses. The Company is the principal for the majority of its transactions and recognizes revenue on a gross basis. The Company is the principal when it has control of the merchandise or service before it is transferred to the member. The majority of revenue from merchandise sales is recognized at the point of sale. Revenue generated through e-commerce or special orders is generally recognized upon shipment to the member. For merchandise shipped directly to the member, shipping and handling costs are expensed as incurred as fulfillment costs and included in merchandise costs in the consolidated statements of income. In certain ancillary businesses, revenue is deferred until the member picks up merchandise at the warehouse. Deferred sales are included in other current liabilities in the consolidated balance sheets.

The Company accounts for membership fee revenue, net of refunds, on a deferred basis, ratably over the one-year membership period. Deferred membership fees at the end of 2025 and 2024 were \$2,854 and \$2,501.

In most countries, the Company's Executive members qualify for a 2% reward on qualified purchases, subject to an annual maximum value, which does not expire and is redeemable at Costco warehouses.

The Company accounts for this reward as a reduction in sales, net of the estimated impact of non-redemptions (breakage), with the corresponding liability classified as accrued member rewards in the consolidated balance sheets. Estimated breakage is computed based on redemption data. For 2025, 2024, and 2023, the net reduction in sales was \$3,007, \$2,804, and \$2,576.

The Company sells and otherwise provides proprietary shop cards that do not expire and are redeemable at the warehouse or online for merchandise or membership. Revenue from shop cards is recognized upon redemption, and estimated breakage is recognized based on redemption data. The Company accounts for outstanding shop card balances as a liability, net of estimated breakage. Shop card liabilities are included in other current liabilities in the consolidated balance sheets.

Citibank, N.A. is the exclusive issuer of co-branded credit cards to U.S. members. The Company receives various forms of consideration from Citibank, including a royalty on purchases made on the card outside of Costco. A portion of the royalty is used to fund the rebate that cardholders receive, after taking into consideration breakage, which is calculated based on rebate redemption data. The rebates are issued in February and expire on December 31. The Company also maintains varying co-branded credit card arrangements in Canada and certain other International subsidiaries.

#### *Merchandise Costs*

Merchandise costs consist of the purchase price or manufacturing costs of inventory sold, inbound and outbound shipping charges and all costs related to the Company's depot, fulfillment and manufacturing operations, and are reduced by vendor consideration. Merchandise costs also include salaries, benefits, depreciation, and utilities in fresh foods departments and certain ancillary businesses.

#### *Vendor Consideration*

The Company receives funds from vendors for discounts and a variety of other programs. These programs are evidenced by agreements that are reflected in the carrying value of the inventory when earned or as the Company progresses towards earning the rebate or discount, and as a component of merchandise costs as the merchandise is sold. Other vendor consideration is generally recorded as a reduction of merchandise costs upon completion of contractual milestones, agreement terms, or other systematic approaches.

#### *Selling, General and Administrative Expenses*

Selling, general and administrative expenses consist primarily of salaries, benefits and workers' compensation costs for warehouse employees (other than fresh foods departments and certain ancillary businesses, which are reflected in merchandise costs), as well as all regional and home office employees, including buying personnel. Selling, general and administrative expenses also include substantially all building and equipment depreciation, stock compensation expense, credit and debit card processing fees, utilities, preopening, as well as other operating costs incurred to support warehouse and e-commerce operations.

#### *Retirement Plans*

The Company's 401(k) retirement plan is available to all U.S. employees over the age of 18 who have completed 90 days of employment. The plan allows participants to make wage deferral contributions, a portion of which the Company matches. In addition, the Company provides each eligible participant an annual discretionary contribution. The Company also has a defined contribution plan for employees in Canada and contributes a percentage of each employee's wages. Certain subsidiaries in the Company's Other International operations have defined benefit and defined contribution plans, which are immaterial. Amounts expensed under all plans were \$1,061, \$963, and \$914 for 2025, 2024, and 2023, and are predominantly included in SG&A expenses in the consolidated statements of income.

#### *Stock-Based Compensation*

The Company grants stock-based compensation, primarily to employees and non-employee directors. Grants to executive officers are generally performance-based. Through a series of shareholder approvals, there have been amended and restated plans and new provisions implemented by the Company. Restricted Stock Units (RSUs) granted to employees and to non-employee directors generally vest over

five years and three years and are subject to quarterly vesting in the event of retirement or voluntary termination. Employees who attain at least 25 years of service with the Company and non-employee directors with five or more years may receive shares under accelerated vesting provisions. Recipients are not entitled to vote or receive dividends on unvested and undelivered shares.

In May 2025, the Compensation Committee approved changes to the vesting schedule applicable only to future grants. Existing participants in the Plan had the option to make a one-time election to remain under the five-year vesting schedule with acceleration for long service or to change to a three-year vesting schedule with no such acceleration. RSUs granted to new participants will vest over the three-year term with no such acceleration. This has no impact on RSUs outstanding or the related disclosures in Note 7.

Compensation expense for awards is predominantly recognized using the straight-line method over the requisite service period for the entire award and forfeitures are recognized as they occur. Under accelerated vesting provisions, compensation expense is recognized upon achievement of the long-service term. The cumulative amount of compensation cost recognized at any point in time equals at least the portion of the grant-date fair value of the award that is vested at that date. The fair value of RSUs is calculated as the market value of the common stock on the measurement date less the present value of the expected dividends forgone during the vesting period.

Stock-based compensation expense is predominantly included in SG&A expenses in the consolidated statements of income. Certain stock-based compensation costs are capitalized or included in the cost of merchandise. See Note 7 for additional information.

#### *Income Taxes*

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases, credits and loss carry-forwards. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences and carry-forwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established when necessary to reduce deferred tax assets to amounts that are more likely than not expected to be realized.

The timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions requires significant judgment. The benefits of uncertain tax positions are recorded in the Company's consolidated financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge from tax authorities. When facts and circumstances change, the Company reassesses these probabilities and records changes as appropriate.

#### *Net Income per Common Share*

The computation of basic net income per share uses the weighted average number of shares that were outstanding during the period. The computation of diluted net income per share uses the weighted average number of shares in the basic net income per share calculation plus the number of common shares that would be issued assuming vesting of all potentially dilutive common shares outstanding using the treasury stock method for shares subject to RSUs.

#### *Stock Repurchase Programs*

Repurchased shares of common stock are retired, in accordance with the Washington Business Corporation Act. The par value of repurchased shares is deducted from common stock and the excess repurchase price over par value is deducted by allocation to additional paid-in capital and retained earnings. The amount allocated to additional paid-in capital is the current value of additional paid-in capital per share outstanding and is applied to the number of shares repurchased. Any remaining amount is allocated to retained earnings. See Note 6 for additional information.

#### *Recent Accounting Pronouncements Adopted*

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, which is intended to improve reportable segment disclosure requirements,

primarily about significant segment expenses. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted the ASU for the fiscal year ended August 31, 2025, on a retrospective basis for all prior periods presented in the financial statements.

#### *Recent Accounting Pronouncements Not Yet Adopted*

In December 2023, the FASB issued ASU 2023-09, which requires public business entities on an annual basis to disclose specific categories in the income-tax rate reconciliation, provide information for reconciling items that meet a quantitative threshold, and disclose certain information about income taxes paid. The standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The amendments should be applied on a prospective basis. Retrospective application is permitted.

In November 2024, the FASB issued 2024-03, which requires disaggregated disclosures of certain costs and expenses on the income statement on an annual and interim basis. The standard is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The amendments should be applied on a prospective basis. Retrospective application is permitted.

The Company is evaluating both standards.

#### **Note 2—Investments**

The Company's investments were as follows:

<u>2025:</u>	<u>Cost Basis</u>	<u>Unrealized Gains, Net</u>	<u>Recorded Basis</u>
Available-for-sale:			
Government and agency securities .....	\$ 783	\$ 3	\$ 786
Held-to-maturity:			
Certificates of deposit .....	337	—	337
Total short-term investments .....	<u>\$ 1,120</u>	<u>\$ 3</u>	<u>\$ 1,123</u>
 <u>2024:</u>	 <u>Cost Basis</u>	 <u>Unrealized Losses, Net</u>	 <u>Recorded Basis</u>
Available-for-sale:			
Government and agency securities .....	\$ 689	\$ (1)	\$ 688
Held-to-maturity:			
Certificates of deposit .....	550	—	550
Total short-term investments .....	<u>\$ 1,239</u>	<u>\$ (1)</u>	<u>\$ 1,238</u>

Gross unrecognized holding gains and losses on available-for-sale securities were not material for the years ended August 31, 2025, and September 1, 2024. At those dates, there were no available-for-sale securities in a material continuous unrealized-loss position. There were no sales of available-for-sale securities during 2025 or 2024.

The maturities of available-for-sale and held-to-maturity securities at the end of 2025 are as follows:

	<u>Available-For-Sale</u>		<u>Held-To-Maturity</u>
	<u>Cost Basis</u>	<u>Fair Value</u>	
Due in one year or less .....	\$ 119	\$ 119	\$ 337
Due after one year through five years .....	474	477	—
Due after five years .....	190	190	—
Total .....	<u>\$ 783</u>	<u>\$ 786</u>	<u>\$ 337</u>

### Note 3—Fair Value Measurement

#### *Assets and Liabilities Measured at Fair Value on a Recurring Basis*

The following table presents information regarding the Company's financial assets and liabilities that are measured at fair value on a recurring basis and indicates the level within the hierarchy reflecting the valuation techniques utilized to determine such fair value:

	Level 2	
	2025	2024
Investment in government and agency securities .....	\$ 786	\$ 688
Forward foreign-exchange contracts, in asset position <sup>(1)</sup> .....	6	1
Forward foreign-exchange contracts, in (liability) position <sup>(1)</sup> .....	(14)	(28)
Total .....	<u>\$ 778</u>	<u>\$ 661</u>

(1) The asset and liability values are included in other current assets and other current liabilities, respectively, in the consolidated balance sheets.

At August 31, 2025, and September 1, 2024, the Company did not hold any Level 1 or 3 financial assets or liabilities that were measured at fair value on a recurring basis. There were no transfers between levels during 2025 or 2024.

#### *Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis*

Assets and liabilities recognized and disclosed at fair value on a nonrecurring basis include items such as financial assets measured at amortized cost and long-lived nonfinancial assets. These assets are measured at fair value if determined to be impaired. There were no material fair value adjustments to these items during 2025 and 2024. Please see Note 1 for additional information.

### Note 4—Debt

#### *Short-Term Borrowings*

The Company maintains various short-term bank credit facilities, with a borrowing capacity of \$1,220 and \$1,198, in 2025 and 2024. Short-term borrowings outstanding were immaterial at the end of 2025 and 2024.

#### *Long-Term Debt*

The Company's long-term debt consists primarily of Senior Notes, described below. The Company at its option may redeem the Senior Notes at any time, in whole or in part, at a redemption price plus accrued interest. The redemption price is equal to the greater of 100% of the principal amount or the sum of the present value of the remaining scheduled payments of principal and interest to maturity. Additionally, upon certain events, a holder has the right to require a repurchase at a price of 101% of the principal amount plus accrued and unpaid interest. Interest on all outstanding long-term debt is payable semi-annually. The estimated fair value of Senior Notes is valued using Level 2 inputs.

Other long-term debt consists of Guaranteed Senior Notes issued by the Company's Japanese subsidiary, valued using Level 3 inputs. In 2024, the Company's Japan subsidiary issued four Guaranteed Senior Notes, totaling approximately \$500, at fixed interest rates ranging from 1.400% to 2.120%. Interest is payable semi-annually, and maturity dates range from November 2033, to November 2043. In 2025, 2024, and 2023 the Japanese subsidiary repaid \$103, \$77, and \$75 of its Guaranteed Senior Notes.

In 2024, the Company repaid the \$1,000 outstanding principal balance on its 2.750% Senior Notes.

At the end of 2025 and 2024, the fair value of the Company's long-term debt, including the current portion, was approximately \$5,370 and \$5,412. The carrying value of long-term debt consisted of the following:

	2025	2024
3.000% Senior Notes due May 2027	\$ 1,000	\$ 1,000
1.375% Senior Notes due June 2027	1,250	1,250
1.600% Senior Notes due April 2030	1,750	1,750
1.750% Senior Notes due April 2032	1,000	1,000
Other long-term debt	805	919
Total long-term debt	5,805	5,919
Less unamortized debt discounts and issuance costs	17	22
Less current portion <sup>(1)</sup>	75	103
Long-term debt, excluding current portion	<u>\$ 5,713</u>	<u>\$ 5,794</u>

(1) Net of unamortized debt discounts and issuance costs and included in other current liabilities in the accompanying consolidated balance sheets.

Maturities of long-term debt during the next five fiscal years and thereafter are as follows:

2026	\$ 75
2027	2,250
2028	—
2029	148
2030	1,750
Thereafter	1,582
Total	<u>\$ 5,805</u>

## Note 5—Leases

Information regarding the Company's lease assets and liabilities were as follows:

	2025	2024
<b>Assets</b>		
Operating lease right-of-use assets	\$ 2,725	\$ 2,617
Finance lease assets <sup>(1)</sup>	1,488	1,433
Total lease assets	<u>\$ 4,213</u>	<u>\$ 4,050</u>
<b>Liabilities</b>		
Current		
Operating lease liabilities <sup>(2)</sup>	\$ 208	\$ 179
Finance lease liabilities <sup>(2)</sup>	78	147
Long-term		
Operating lease liabilities	2,460	2,375
Finance lease liabilities <sup>(3)</sup>	1,401	1,351
Total lease liabilities	<u>\$ 4,147</u>	<u>\$ 4,052</u>

(1) Included in other long-term assets in the consolidated balance sheets.

(2) Included in other current liabilities in the consolidated balance sheets.

(3) Included in other long-term liabilities in the consolidated balance sheets.



	2025	2024
Weighted-average remaining lease term (years)		
Operating leases	20	19
Finance leases	25	23
Weighted-average discount rate		
Operating leases	3.05 %	2.67 %
Finance leases	4.63 %	4.59 %

The components of lease expense, excluding short-term lease costs and sublease income (which were immaterial), were as follows:

	2025	2024	2023
Operating lease costs <sup>(1)</sup>	\$ 271	\$ 284	\$ 309
Finance lease costs:			
Amortization of lease assets <sup>(1)</sup>	102	97	169
Interest on lease liabilities <sup>(2)</sup>	63	58	54
Variable lease costs <sup>(1)</sup>	182	163	160
Total lease costs	<u>\$ 618</u>	<u>\$ 602</u>	<u>\$ 692</u>

(1) Included in selling, general and administrative expenses and merchandise costs in the consolidated statements of income.

(2) Included in interest expense and merchandise costs in the consolidated statements of income.

Supplemental cash flow information related to leases were as follows:

	2025	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows — operating leases	\$ 255	\$ 274	\$ 287
Operating cash flows — finance leases	58	58	54
Financing cash flows — finance leases	147	136	291
Operating lease assets obtained in exchange for new or modified leases	\$ 294	\$ 125	\$ 202
Finance lease assets obtained in exchange for new or modified leases	\$ 131	\$ 200	\$ 100

As of August 31, 2025, future minimum payments during the next five fiscal years and thereafter are as follows:

	Operating Leases <sup>(1)</sup>	Finance Leases
2026	\$ 267	\$ 133
2027	250	132
2028	235	135
2029	204	122
2030	184	109
Thereafter	2,451	1,780
Total <sup>(2)</sup>	<u>3,591</u>	<u>2,411</u>
Less amount representing interest	923	932
Present value of lease liabilities	<u>\$ 2,668</u>	<u>\$ 1,479</u>

(1) Operating lease payments have not been reduced by expected future sublease income of \$92.

(2) Excludes \$1,094 of lease payments for leases that have been signed but not commenced.

## Note 6—Equity

### *Dividends*

Cash dividends declared in 2025 totaled \$2,183 or \$4.92 per share, as compared to \$8,589 or \$19.36 per share in 2024. Dividends in 2024 included a special dividend of \$15 per share, resulting in a payment of approximately \$6,655. The Company's current quarterly dividend rate is \$1.30 per share.

### *Stock Repurchase Programs*

The Company's stock repurchase program is conducted under a \$4,000 authorization by the Board of Directors, which expires in January 2027. As of the end of 2025, the remaining amount available under the authorization was \$1,962. The following table summarizes the Company's stock repurchase activity:

	Shares Repurchased (000's)	Average Price per Share	Total Cost
2025 .....	943	\$ 957.66	\$ 903
2024 .....	1,004	695.29	698
2023 .....	1,341	504.68	677

These amounts may differ from repurchases of common stock in the consolidated statements of cash flows due to changes in unsettled stock repurchases at the end of each fiscal year. Purchases are made from time to time, as conditions warrant, in the open market or in block purchases and pursuant to plans under SEC Rule 10b5-1.

## Note 7—Stock-Based Compensation

The 2019 Incentive Plan authorizes the issuance of up to 15,885,000 RSUs. The number of RSUs that may be granted under this Plan is subject to adjustments for changes in capital structure. The Company issues new shares of common stock upon vesting and settlement of RSUs. Shares for vested RSUs are generally delivered to participants annually, net of shares withheld for taxes.

### *Summary of Restricted Stock Unit Activity*

At the end of 2025, 6,275,000 shares were available to be granted as RSUs, and the following awards were outstanding:

- 2,187,000 time-based RSUs, which vest upon continued employment or service over specified periods of time; and
- 121,000 performance-based RSUs, of which 70,000 were granted to executive officers subject to the determination of the attainment of performance targets for 2025, which occurred in September 2025. At that time, a portion vested as a result of executive officers who met accelerated vesting provisions. The remaining awards vest upon continued employment over specified periods of time. Please refer to Note 1 for accelerated vesting requirements.

The following table summarizes RSU transactions during 2025:

	Number of Units (in 000's)	Weighted-Average Grant Date Fair Value
Outstanding at the end of 2024 .....	2,799	\$ 463.24
Granted .....	1,095	883.46
Vested and delivered .....	(1,494)	558.05
Forfeited .....	(92)	567.87
Outstanding at the end of 2025 .....	2,308	\$ 597.00

The weighted-average grant date fair value of RSUs granted was \$883.46, \$547.26, and \$471.47 in 2025, 2024, and 2023. The remaining unrecognized compensation cost related to non-vested RSUs at the end of 2025 was \$897 and the weighted-average period of time over which this cost will be recognized is 1.6

years. Included in the outstanding balance at the end of 2025 were approximately 766,000 RSUs vested but not yet delivered.

### *Summary of Stock-Based Compensation*

The following table summarizes stock-based compensation expense and the related tax benefits:

	2025	2024	2023
Stock-based compensation expense	\$ 860	\$ 818	\$ 774
Less recognized income tax benefit	183	173	163
Stock-based compensation expense, net	<u>\$ 677</u>	<u>\$ 645</u>	<u>\$ 611</u>

## **Note 8—Taxes**

### *Income Taxes*

Income before income taxes is comprised of the following:

	2025	2024	2023
Domestic	\$ 8,324	\$ 7,255	\$ 6,264
Foreign	2,494	2,485	2,223
Total	<u>\$ 10,818</u>	<u>\$ 9,740</u>	<u>\$ 8,487</u>

The provisions for income taxes are as follows:

	2025	2024	2023
Federal:			
Current	\$ 1,395	\$ 1,245	\$ 1,056
Deferred	(42)	48	33
Total federal	<u>1,353</u>	<u>1,293</u>	<u>1,089</u>
State:			
Current	449	431	374
Deferred	(18)	(77)	10
Total state	<u>431</u>	<u>354</u>	<u>384</u>
Foreign:			
Current	955	798	732
Deferred	(20)	(72)	(10)
Total foreign	<u>935</u>	<u>726</u>	<u>722</u>
Total provision for income taxes	<u>\$ 2,719</u>	<u>\$ 2,373</u>	<u>\$ 2,195</u>

The reconciliation between the statutory tax rate and the effective rate for 2025, 2024, and 2023 is as follows:

	2025		2024		2023	
Federal taxes at statutory rate	\$ 2,272	21.0 %	\$ 2,045	21.0 %	\$ 1,782	21.0 %
State taxes, net	338	3.1	288	3.0	302	3.6
Foreign taxes, net	222	2.1	109	1.1	160	1.9
Employee stock ownership plan (ESOP)	(28)	(0.3)	(120)	(1.2)	(25)	(0.3)
Other	(85)	(0.8)	51	0.5	(24)	(0.3)
Total	<u>\$ 2,719</u>	<u>25.1 %</u>	<u>\$ 2,373</u>	<u>24.4 %</u>	<u>\$ 2,195</u>	<u>25.9 %</u>

The Company's effective tax rate in 2025, 2024, and 2023 included tax benefits of \$100, \$45, and \$54, related to stock compensation. In 2024, tax benefits also included \$94 related to the portion of the special dividend payable through the Company's 401(k) plan and a net non-recurring tax benefit of \$63 related to a transfer pricing settlement and certain true-ups of tax reserves.

The components of the deferred tax assets (liabilities) are as follows:

	2025	2024
Deferred tax assets:		
Equity compensation .....	\$ 100	\$ 96
Deferred income/membership fees .....	369	313
Foreign tax credit carry forward .....	390	315
Operating lease liabilities .....	699	678
Accrued liabilities and reserves .....	917	873
Total deferred tax assets .....	2,475	2,275
Valuation allowance .....	(554)	(494)
Total net deferred tax assets .....	1,921	1,781
Deferred tax liabilities:		
Property and equipment .....	(944)	(948)
Merchandise inventories .....	(305)	(296)
Operating lease right-of-use assets .....	(670)	(652)
Foreign branch deferreds .....	(103)	(105)
Other .....	(31)	(1)
Total deferred tax liabilities .....	(2,053)	(2,002)
Net deferred tax liabilities .....	\$ (132)	\$ (221)

The deferred tax accounts at the end of 2025 and 2024 include deferred income tax assets of \$592 and \$548, included in other long-term assets; and deferred income tax liabilities of \$724 and \$769, included in other long-term liabilities.

In 2025 and 2024, the Company had valuation allowances of \$554 and \$494, primarily related to foreign tax credits that the Company believes will not be realized due to carry forward limitations. The foreign tax credit carry forwards are set to expire beginning in fiscal 2030.

The Company generally no longer considers fiscal year earnings of non-U.S. consolidated subsidiaries (other than China) indefinitely reinvested after 2023, in the case of Taiwan, and after 2017, in the case of all other subsidiaries, and has recorded the estimated incremental foreign withholding taxes (net of available foreign tax credits) and state income taxes payable assuming a hypothetical repatriation to the U.S. The Company considers undistributed earnings of certain non-U.S. consolidated subsidiaries, which totaled \$3,177, to be indefinitely reinvested and has not provided for withholding or state taxes.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for 2025 and 2024 is as follows:

	2025	2024
Gross unrecognized tax benefit at beginning of year .....	\$ 81	\$ 16
Gross increases—current year tax positions .....	9	3
Gross increases—tax positions in prior years .....	14	64
Gross decreases—tax positions in prior years .....	(38)	—
Gross decreases—settlements .....	(1)	—
Lapse of statute of limitations .....	—	(2)
Gross unrecognized tax benefit at end of year .....	\$ 65	\$ 81

The gross unrecognized tax benefit includes tax positions for which the ultimate deductibility is highly certain but there is uncertainty about the timing of such deductibility. At the end of 2025 and 2024, these amounts were immaterial. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of these tax positions would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority. The total amount of such unrecognized tax

benefits that if recognized would favorably affect the effective income tax rate in future periods is \$65 and \$79 at the end of 2025 and 2024.

Accrued interest and penalties related to income tax matters are classified as a component of income tax expense. Accrued interest and penalties recognized during 2025 and 2024, and accrued at the end of each respective period were immaterial.

The Company is currently under audit by several jurisdictions in the U.S. and abroad. Some audits may conclude in the next 12 months, and the unrecognized tax benefits recorded in relation to the audits may differ from actual settlement amounts. It is not practical to estimate the effect, if any, of any amount of such change during the next 12 months to previously recorded uncertain tax positions in connection with the audits. The Company does not anticipate that there will be a material increase or decrease in the total amount of unrecognized tax benefits in the next 12 months.

The Company files income tax returns in the U.S., various state and local jurisdictions, in Canada, and in several other foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state or local examination for years before fiscal 2018. The Company is currently subject to examination in California for fiscal years 2013 to present.

#### *Other Taxes*

The Company is subject to multiple examinations for value added, sales-based, payroll, product, import or other non-income taxes in various jurisdictions. In certain cases, the Company has received assessments from the authorities. Possible losses or range of possible losses associated with these matters are either immaterial or an estimate of the possible loss or range of loss cannot be made at this time. If certain matters or a group of matters were to be decided adversely to the Company, it could result in a charge that might be material to the results of an individual fiscal quarter or year.

#### **Note 9—Net Income per Common and Common Equivalent Share**

The following table shows the amounts used in computing net income per share and the weighted average number of shares of basic and of potentially dilutive common shares outstanding (shares in 000's):

	2025	2024	2023
Net income .....	\$ 8,099	\$ 7,367	\$ 6,292
Weighted average basic shares .....	443,985	443,914	443,854
RSUs .....	818	845	598
Weighted average diluted shares .....	444,803	444,759	444,452

Basic earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is calculated based on the dilutive effect of RSUs using the treasury stock method.

#### **Note 10—Commitments and Contingencies**

##### *Legal Proceedings*

The Company is involved in many claims, proceedings and litigations arising from its business and property ownership. In accordance with accounting guidance, the Company establishes an accrual for legal proceedings if and when those matters present loss contingencies that are both probable and reasonably estimable. There may be actual losses in excess of amounts accrued. The Company monitors those matters for developments that would affect the likelihood of a loss (taking into account where applicable indemnification arrangements concerning suppliers and insurers) and the accrued amount, if any, thereof, and adjusts the amount as appropriate. The Company has recorded an immaterial accrual with respect to some matters described below, in addition to other immaterial accruals for matters not described below. If the loss contingency at issue is not both probable and reasonably estimable, the Company does not establish an accrual, but monitors for developments that make the contingency both probable and reasonably estimable. In each case, there is a reasonable possibility that a loss may be incurred, including a loss in excess of the applicable accrual. For matters where no accrual has been

recorded, the possible loss or range of loss (including any loss in excess of the accrual) cannot, in the Company's view, be reasonably estimated because, among other things: the remedies or penalties sought are indeterminate or unspecified; the legal and/or factual theories are not well developed; and/or the matters involve complex or novel legal theories or a large number of parties.

In November 2023, a former employee filed a class action against the Company alleging claims under California law for failure to pay minimum wage, failure to pay overtime, failure to provide meal and rest breaks, failure to provide accurate wage statements, failure to reimburse expenses, failure to pay wages when due, and failure to pay sick pay. *Martin Reyes v. Costco Wholesale Corporation*, Sacramento County Superior Court (No. 23cv011351), removed to federal court, No. 2:24-cv-00300 (E.D. Cal.). A second amended complaint was filed, which the Company has moved to dismiss. In January 2024, the same plaintiff filed a related Private Attorneys General Act (PAGA) representative action, seeking civil penalties and asserting the same alleged underlying Labor Code violations and an additional suitable seating claim. In May 2024, the plaintiff filed an amended PAGA complaint; the Company has denied the material allegations of the complaint and filed a motion to stay the action. The motion was granted on December 18, 2024.

In August 2024, an employee filed an action under PAGA against the Company, alleging claims for penalties for various alleged violations of the California Labor Code. *Nader v. Costco* (No. CV-24-006198; Stanislaus County Superior Court). An amended complaint was filed in November 2024. In February 2025 the court granted the Company's motion to strike portions of the complaint. The plaintiff filed a further amended complaint; the Company's motion to strike a portion of this complaint was granted on May 13, 2025.

Beginning in December 2017, the United States Judicial Panel on Multidistrict Litigation consolidated numerous cases concerning the impacts of opioid abuses filed against various defendants by counties, cities, hospitals, Native American tribes, third-party payors, and others. In re National Prescription Opiate Litigation (MDL No. 2804) (N.D. Ohio). Included are cases filed against the Company by counties and cities in Michigan, New Jersey, Oregon, Virginia and South Carolina, a third-party payor in Ohio, and a hospital in Texas, class actions filed on behalf of infants born with opioid-related medical conditions in 40 states, and class actions and individual actions filed on behalf of individuals seeking to recover alleged increased insurance costs associated with opioid abuse in 43 states and American Samoa. Claims against the Company filed in federal court outside the MDL by one county in Georgia are pending, and claims filed by certain cities and counties in New York are pending in state court, as are claims by certain county district attorneys in Pennsylvania. Claims against the Company in state courts in New Jersey, Oklahoma, Utah, and Arizona have been dismissed. Claims against the Company in federal court in Georgia and Florida have been dismissed. The Company is defending all of the pending matters except for a small number that have been resolved for immaterial amounts.

Between September 25 and October 31, 2023, five class action suits were filed against the Company alleging privacy law violations stemming from pixel trackers on Costco.com: *Birdwell v. Costco Wholesale Corp.*, No. C23-02416, Contra Costa County Superior Court; and *Scott v. Costco Wholesale Corp.*, No. 2:23-cv-08808 (C.D. Cal.), now consolidated with *R.S. v. Costco Wholesale Corp.*, No. 2:23-cv-01628 (W.D. Wash.); *Groves, et ano., v. Costco Wholesale Corp.*, No. 2:23-cv-01662 (W.D. Wash.), and *Castillo v. Costco Wholesale Corp.*, under No. 2:34-cv-01548 (W.D. Wash.). The Castillo plaintiffs filed a consolidated complaint on January 26, 2024, which seeks damages, equitable relief and attorneys' fees under various statutes, including the Washington Consumer Protection Act, Washington Privacy Act, Washington Uniform Health Care Information Act, Electronic Communications Privacy Act, California Invasion of Privacy Act, and California Confidentiality of Medical Information Act. The consolidated complaint also alleges breach of implied contract, invasion of privacy, conversion, and unjust enrichment. The Company filed a motion to dismiss the Castillo complaint on March 11, 2024. In November 2024 the court denied the motion to dismiss in substantial part. On May 16, 2024, the parties stipulated to stay Birdwell pending resolution of Castillo. On January 2, and August 22, 2024, the Company received related civil investigative demands from the Washington Attorney General's Office. On January 3, 2024, the Company received a related pre-litigation letter from the Los Angeles Office of the County Counsel. The Company is in the process of responding to both agencies.

On June 20, 2024, a class-action lawsuit was filed against the Company and Nice-Pak Products, Inc., alleging that Kirkland Signature Fragrance Free Baby Wipes contain 3.7 parts per billion of per-and

polyfluoroalkyl substances. The complaint alleges that the label claim that the wipes are “made with naturally derived ingredients” thus violates various state consumer protection and false advertising laws. The complaint seeks unspecified damages, including punitive damages, as well as equitable relief and attorneys' fees and costs. The defendants filed a motion to dismiss on August 9, 2024. Bullard, et ano., v. Costco Wholesale Corp., et ano., No. 3:24-cv-03714 (N.D. Cal.). On February 14, 2025, the court granted the motion. An amended complaint was filed; defendants' motion to dismiss this complaint was denied on May 14, 2025.

In January 2023 the Company received a Civil Investigative Demand from the U.S. Attorney's Office, Western District of Washington, requesting documents. The government is conducting a False Claims Act investigation concerning whether the Company presented or caused to be presented to the federal government for payment false claims relating to prescription medications.

In May 2024 the Company received a Notice of Intent to File Administrative Complaint for Violations of the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) from the U.S. Environmental Protection Agency (EPA). The EPA is seeking administrative fines for importation, sale and distribution of misbranded devices and unregistered products the government asserts are pesticides under FIFRA. An agreement has been reached to settle the matter for an immaterial amount.

The Company does not believe that any pending claim, proceeding or litigation, either alone or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or cash flows; it is possible that an unfavorable outcome of some or all of the matters, however unlikely, could result in a charge that might be material to the results of an individual fiscal quarter or year.

## Note 11—Segment Reporting

The Company is principally engaged in the operation of membership warehouses through wholly owned subsidiaries in the U.S., Canada, Mexico, Japan, the U.K., Korea, Australia, Taiwan, China, Spain, France, Sweden, Iceland, and New Zealand. Reportable segments are largely based on management's organization of the operating segments for operational decisions and assessments of financial performance, which considers geographic locations. The material accounting policies of the segments are as described in Note 1. Inter-segment net sales and expenses, including royalties, have been eliminated in computing total revenue and operating income.

The chief operating decision maker (CODM) is the Company's Chief Executive Officer, President and Director. The CODM utilizes operating income, as reported in the consolidated statement of income, along with internal management reports, in evaluating performance and allocating resources.

The following table provides the revenue, significant expenses, and operating income for the Company's reportable segments:

	2025	2024	2023
<b>United States</b>			
Total revenue	\$ 200,046	\$ 184,143	\$ 176,630
Merchandise costs	174,021	160,573	154,858
Selling, general and administrative expenses	19,147	17,353	16,380
Operating income	6,878	6,217	5,392
<b>Canada</b>			
Total revenue	\$ 36,923	\$ 34,874	\$ 33,056
Merchandise costs	32,204	30,543	29,019
Selling, general and administrative expenses	2,870	2,683	2,589
Operating income	1,849	1,648	1,448
<b>Other International</b>			
Total revenue	\$ 38,266	\$ 35,436	\$ 32,604
Merchandise costs	33,661	31,242	28,709
Selling, general and administrative expenses	2,949	2,774	2,621
Operating income	1,656	1,420	1,274
<b>Total</b>			
Total revenue	\$ 275,235	\$ 254,453	\$ 242,290
Merchandise costs	239,886	222,358	212,586
Selling, general and administrative expenses	24,966	22,810	21,590
Operating income	10,383	9,285	8,114
Other income <sup>(1)</sup>	435	455	373
Income before income taxes	\$ 10,818	\$ 9,740	\$ 8,487

(1) Other income consists of interest expense and interest income and other, net.



The following table provides depreciation and amortization and other asset related information for the Company's reportable segments:

	2025	2024	2023
<b>United States</b>			
Depreciation and amortization .....	\$ 1,895	\$ 1,730	\$ 1,599
Additions to property and equipment .....	4,215	3,725	3,288
Property and equipment, net .....	22,790	20,638	18,760
Total assets .....	54,862	48,816	49,189
<b>Canada</b>			
Depreciation and amortization .....	\$ 196	\$ 192	\$ 183
Additions to property and equipment .....	580	351	281
Property and equipment, net .....	2,930	2,602	2,443
Total assets .....	7,304	6,915	6,420
<b>Other International</b>			
Depreciation and amortization .....	\$ 335	\$ 315	\$ 295
Additions to property and equipment .....	703	634	754
Property and equipment, net .....	6,189	5,792	5,481
Total assets .....	14,933	14,100	13,385
<b>Total</b>			
Depreciation and amortization .....	\$ 2,426	\$ 2,237	\$ 2,077
Additions to property and equipment .....	5,498	4,710	4,323
Property and equipment, net .....	31,909	29,032	26,684
Total assets .....	77,099	69,831	68,994

### *Disaggregated Revenue*

The following table summarizes net sales by merchandise category; sales from e-commerce sites and business centers have been allocated to the applicable merchandise categories:

	2025	2024	2023
Foods and Sundries .....	\$ 109,564	\$ 101,463	\$ 96,175
Non-Foods .....	71,190	63,973	60,865
Fresh Foods .....	37,988	34,220	31,977
Warehouse Ancillary and Other Businesses .....	51,170	49,969	48,693
Total net sales .....	<u>\$ 269,912</u>	<u>\$ 249,625</u>	<u>\$ 237,710</u>

### **Item 9—Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A—Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC and to ensure that information required to be disclosed is accumulated and communicated to management, including our principal executive and financial officers, to allow timely decisions regarding disclosure. The Chief Executive Officer and the Chief Financial Officer, with assistance from other members of management, have reviewed the effectiveness of our disclosure controls and procedures as of August 31, 2025, and, based

on their evaluation, have concluded that the disclosure controls and procedures were effective as of such date.

### **Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and the dispositions of our assets; (2) provide reasonable assurance that our transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our 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 our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness for 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.

Under the supervision of and with the participation of our management, we assessed the effectiveness of our internal control over financial reporting as of August 31, 2025, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013).

Based on its assessment, management has concluded that our internal control over financial reporting was effective as of August 31, 2025. The attestation of KPMG LLP, our independent registered public accounting firm, on the effectiveness of our internal control over financial reporting is included with the consolidated financial statements in Item 8 of this Report.

### **Changes in Internal Control Over Financial Reporting**

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the fourth quarter of 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### **Item 9B—Other Information**

During the fiscal quarter ended August 31, 2025, no director or officer of the Company adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

### **Item 9C—Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not Applicable.

## **PART III**

### **Item 10—Directors, Executive Officers and Corporate Governance**

Information relating to the availability of our code of ethics for senior financial officers and a list of our executive officers appear in Part I, Item 1 of this Report. The information required by this Item concerning our directors and nominees for director is incorporated herein by reference to the sections entitled "Proposal 1: Election of Directors," "Directors," "Director Biographies," and "Committees of the Board" in Costco's Proxy Statement for its 2026 annual meeting of shareholders, which will be filed with the SEC within 120 days of the end of our fiscal year ("Proxy Statement"). We have adopted an Insider Trading Policy governing the purchase, sale and other dispositions of our securities by directors, officers and employees that is reasonably designed to promote compliance with insider trading laws, rules and

regulations and any applicable listing standards. A copy of our policy is filed with this Annual Report on Form 10-K as Exhibit 19.1.

## Item 11—Executive Compensation

The information required by this Item is incorporated herein by reference to the sections entitled “Compensation of Directors” and “Executive Compensation” in Costco’s Proxy Statement.

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

The information required by this Item is incorporated herein by reference to the section entitled “Principal Shareholders” and “Equity Compensation Plan Information” in Costco’s Proxy Statement.

## Item 13—Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated herein by reference to the sections entitled “Certain Relationships and Transactions” and “Committees of the Board” in Costco’s Proxy Statement.

## Item 14—Principal Accounting Fees and Services

Our independent registered public accounting firm is KPMG LLP, Seattle, WA, Auditor Firm ID: 185.

The information required by this Item is incorporated herein by reference to the sections entitled “Independent Public Accountants” in Costco’s Proxy Statement.

## PART IV

## Item 15—Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report are as follows:

1. Financial Statements:

See the listing of Financial Statements included as a part of this Form 10-K in Item 8 of Part II.

2. Financial Statement Schedules:

All schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements, including the notes thereto.

(b) Exhibits: The required exhibits are filed or furnished as part of this Annual Report on Form 10-K or are incorporated herein by reference.

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form	Period Ended	Filing Date
3.1	Articles of Incorporation as amended of Costco Wholesale Corporation		10-K	8/28/2022	10/5/2022
3.2	Bylaws as amended of Costco Wholesale Corporation		8-K		9/20/2024

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form	Period Ended	Filing Date
4.1	First Supplemental Indenture between Costco Wholesale Corporation and U.S. Bank National Association, as Trustee, dated as of March 20, 2002 (incorporated by reference to Exhibits 4.1 and 4.2 to the Company's Current Report on the Form 8-K filed on March 25, 2002)		8-K		3/25/2002
4.2	Form of 1.375% Senior Notes due June 20, 2027		8-K		4/17/2020
4.3	Form of 1.600% Senior Notes due April 20, 2030		8-K		4/17/2020
4.4	Form of 1.750% Senior Notes due April 20, 2032		8-K		4/17/2020
4.5	Form of 2.750% Senior Notes due May 18, 2024		8-K		5/16/2017
4.6	Form of 3.000% Senior Notes due May 18, 2027		8-K		5/16/2017
4.7	Description of Common Stock		10-K	8/28/2022	10/5/2022
10.1*	Costco Wholesale Executive Health Plan		10-K	9/2/2012	10/19/2012
10.2*	2019 Incentive Plan		DEF 14		12/17/2019
10.3*	Seventh Restated 2002 Stock Incentive Plan		DEF 14A		12/19/2014
10.3.1*	2019 Stock Incentive Plan Restricted Stock Unit Award Agreement-Employee		10-Q	11/24/2019	12/23/2019
10.3.2*	2019 Stock Incentive Plan Restricted Stock Unit Award Agreement - Non-U.S. Employee		10-Q	11/24/2019	12/23/2019
10.3.3*	2019 Stock Incentive Plan Restricted Stock Unit Award Agreement-Non-Executive Director		10-Q	11/24/2019	12/23/2019
10.3.4*	2019 Stock Incentive Plan Letter Agreement for 2020 Performance-Based Restricted Stock Units-Executive		10-Q	11/24/2019	12/23/2019
10.4*	Fiscal 2025 Executive Bonus Plan		8-K		11/7/2024
10.5*	Executive Employment Agreement effective January 1, 2024, between Ron Vachris and Costco Wholesale Corporation		10-Q	11/26/2023	12/20/2023
10.5.1*	Executive Employment Agreement effective January 1, 2025, between Ron Vachris and Costco Wholesale Corporation		10-Q	11/24/2024	12/19/2024
10.6	Form of Indemnification Agreement		14A		12/13/1999
10.7*	Deferred Compensation Plan		10-K	9/1/2013	10/16/2013

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form	Period Ended	Filing Date
10.8 <sup>#</sup>	Citibank, N.A. Co-Branded Credit Card Agreement and amendments 1 through 13		10-Q	2/16/2025	3/13/2025
19.1	Insider Trading Policy		10-K	9/1/2024	10/9/2024
97.1	Costco Wholesale Corporation Incentive Compensation Clawback Policy		10-K	9/1/2024	10/9/2024
21.1	Subsidiaries of the Company	x			
23.1	Consent of Independent Registered Public Accounting Firm	x			
31.1	Rule 13a – 14(a) Certifications	x			
32.1 <sup>**</sup>	Section 1350 Certifications				
101.INS	Inline XBRL Instance Document	x			
101.SCH	Inline XBRL Taxonomy Extension Schema Document	x			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	x			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	x			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	x			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	x			
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	x			

\* Management contract, compensatory plan or arrangement.

\*\* Furnished herewith

# Certain information in this exhibit has been omitted because it is (i) immaterial and (ii) customarily and actually treated by the registrant as private or confidential.

(c) Financial Statement Schedules—None.

## Item 16—Form 10-K Summary

None.

## SIGNATURES

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

October 7, 2025

COSTCO WHOLESALE CORPORATION  
(Registrant)

By                     /s/ GARY MILLERCHIP                      
Gary Millerchip  
*Executive Vice President and Chief Financial Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

October 7, 2025

By                     /s/ RON M. VACHRIS                      
Ron M. Vachris  
*Chief Executive Officer, President and Director*

By                     /s/ HAMILTON E. JAMES                      
Hamilton E. James  
*Chairman of the Board*

By                     /s/ GARY MILLERCHIP                      
Gary Millerchip  
*Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)*

By                     /s/ TIFFANY M. BARBRE                      
Tiffany M. Barbre  
*Senior Vice President and Corporate Controller  
(Principal Accounting Officer)*

By                     /s/ SUSAN L. DECKER                      
Susan L. Decker  
*Director*

By                     /s/ KENNETH D. DENMAN                      
Kenneth D. Denman  
*Director*

By                     /s/ HELENA B. FOULKES                      
Helena B. Foulkes  
*Director*

                    /s/ SALLY JEWELL                      
Sally Jewell  
*Director*

By                     /s/ JEFFREY S. RAIKES                      
Jeffrey S. Raikes  
*Director*

By                     /s/ JOHN W. STANTON                      
John W. Stanton  
*Director*

By                     /s/ MARY (MAGGIE) A. WILDEROTTER                      
Mary (Maggie) A. Wilderotter  
*Director*

# DIRECTORS AND OFFICERS

## BOARD OF DIRECTORS

### Susan L. Decker(a)

Chief Executive Officer and Founder, Raffr;  
Former President, Yahoo! Inc.

### Kenneth D. Denman(a)\*

General Venture Partner, Sway Ventures; Former  
President and Chief Executive Officer, Emotient, Inc.

### Helena B. Foulkes(a)(c)

Executive Chair, Follett Higher Education Group;  
Former President CVS Pharmacy; Former Chief  
Executive Officer, Hudson's Bay Company

### Hamilton E. James

Chairman of the Board, Costco Wholesale;  
Chairman, Jefferson River Capital;  
Former Executive Vice Chairman, The Blackstone Group

### Sally Jewell(a)(b)

Global Board, The Nature Conservancy;  
Former Secretary of the Interior; Former Chief Executive  
Officer and Director, Recreational Equipment Inc.

### Jeffrey S. Raikes(c)\*

Co-Founder, The Raikes Foundation; Former Chief  
Executive Officer, Gates Foundation

### John W. Stanton(b)\*

Chairman, First Avenue Entertainment LLLP;  
Chairman, Trilogy Equity Partners

### Ron M. Vachris

President and Chief Executive Officer, Costco Wholesale

### Maggie A. Wilderotter(b)(c)

Former Chief Executive Officer and Chairman, Grand Reserve Inn;  
Former Chief Executive Officer and Executive Chairman,  
Frontier Communications

### Board Committees

(a) Audit Committee

(b) Compensation Committee

(c) Nominating and Governance Committee

\*2025 Committee Chair

## EXECUTIVE AND SENIOR OFFICERS

### Claudine Adamo\*\*

Executive Vice President, COO - Merchandising

### Marc-Andre Bally

Senior Vice President, General Manager - Western Canada Region

### Tiffany Barbre

Senior Vice President, Corporate Controller

### Kim Brown

Senior Vice President, General Manager - Northwest Region

### Patrick Callans\*\*

Executive Vice President, Administration

### Paul Cano

Senior Vice President, General Manager - Midwest Region

### Greg Carter II

Senior Vice President, General Manager - Los Angeles Region

### Richard Chang

Senior Vice President, General Manager - Asia

### Angelina Chaparro

Senior Vice President, General Manager - Bay Area Region

### Frank Chislette

Senior Vice President, General Manager - Eastern Canada Region

### Jeffrey Cole

Senior Vice President, Costco Wholesale Industries and  
Business Development

### Wendy Davis

Senior Vice President, General Manager - Southeast Region

### Gino Dorico\*\*

Senior Vice President, Country Manager - Canada

### Sheri Flies

Senior Vice President, Global Sustainability and Compliance

### Caton Frates\*\*

Senior Executive Vice President, COO - Warehouse Operations,  
U.S. and Mexico

### Sarah George

Senior Vice President, Merchandising - Foods and Sundries

### Darby Greek

Senior Vice President, General Manager - Texas Region

### Peter Gruening

Senior Vice President, Membership, Marketing and Member  
Service Centers

### Jason Harris

Senior Vice President, Ecommerce

### Daniel Hines

Senior Vice President

### Teresa Jones\*\*

Executive Vice President, COO - Global Depots and Traffic

### Yoon Kim

Senior Vice President, Merchandising - Non-Foods

### James Klauer\*\*

Executive Vice President, COO - Northern Division

### Bill Koza

Senior Vice President, General Manager - San Diego Region

### David Messner

Senior Vice President, Real Estate Development

### Russ Miller\*\*

Senior Executive Vice President, COO - Warehouse Operations,  
U.S. and Mexico

### Gary Millerchip\*\*

Executive Vice President and Chief Financial Officer

### Ali Moayeri

Senior Vice President, Construction and Purchasing

### Pietro Nenci

Senior Vice President, Merchandising - Corporate Foods,  
Non-Foods and Ecommerce, Canada

### Scott O'Brien

Senior Vice President, Merchandising - Fresh Foods

### Rob Parker

Senior Vice President, Business Centers

### Mike Parrott

Senior Vice President, Ecommerce

### Javier Polit\*\*

Executive Vice President, CI&DO - Information Systems

### Pierre Riel\*\*

Executive Vice President, COO - International Division

### Yoram Rubanenko\*\*

Executive Vice President, COO - Eastern Division

### Adam Self

Senior Vice President, General Manager - Northeast Region

### Walt Shafer

Senior Vice President, Lincoln Premium Poultry

### Geoff Shavey

Senior Vice President, Merchandising - Non-Foods

### Louie Silveira

Senior Vice President, General Manager - Europe and Australia

### Richard Stephens

Senior Vice President, Pharmacy

### John Sullivan\*\*

Executive Vice President, General Counsel and Corporate Secretary

### Ron M. Vachris\*\*

President and Chief Executive Officer

### Brenda Weber

Senior Vice President, Human Resources

### W. Richard Wilcox\*\*

Executive Vice President, COO - Southwest Division and Mexico

### Terry Williams

Senior Vice President, Merchandising Program Management  
and Training

\*\* Executive Committee Member

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## **ADDITIONAL INFORMATION**

### **Shareholder Information**

Copies of Costco's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q will be provided to any shareholder upon written request to Investor Relations, Costco Wholesale Corporation, 999 Lake Drive, Issaquah, Washington 98027. Internet users can access recent sales and earnings releases, the annual report and SEC filings, as well as our Costco website, at [www.costco.com](http://www.costco.com). E-mail users can direct investor relations questions to [investor@costco.com](mailto:investor@costco.com). The SEC maintains a site that contains reports, proxy and information statements, and other information regarding issuers, such as the Company, that file electronically with the SEC, at [www.sec.gov](http://www.sec.gov).

### **Annual Meeting**

Thursday, January 15, 2026 at 2:00 PM Pacific  
[www.virtualshareholdermeeting.com/COST2026](http://www.virtualshareholdermeeting.com/COST2026)

### **Independent Public Accountants**

KPMG LLP  
401 Union Street, Suite 2800  
Seattle, WA 98101

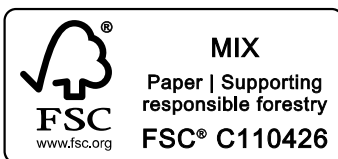
### **Stock Exchange Listing**

The Nasdaq Global Select Market  
Stock Symbol: **COST**

### **Transfer Agent**

Computershare  
Costco Shareholder Relations  
Correspondence should be mailed to:  
P.O. Box 43006  
Providence RI 02940  
Overnight correspondence should be sent  
to: 150 Royall St., Suite 101  
Canton, MA 02021

Telephone: (800) 249-8982  
TDD for Hearing Impaired: (800) 490-1493  
Outside U.S.: (201) 680-6578  
Website: <https://www.computershare.com/investor>





A commitment to quality and value at  
923 locations and on Costco.com