

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

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

For the quarterly period ended November 23, 2025

or

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

Commission file number 0-20355

Costco Wholesale Corporation

(Exact name of registrant as specified in its charter)

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**

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$.005 Par Value	COST	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes No

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

The number of shares outstanding of the issuer's common stock as of December 10, 2025, was 443,869,411.

COSTCO WHOLESALE CORPORATION
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PART I—FINANCIAL INFORMATION

Item 1—Financial Statements

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

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
REVENUE		
Net sales	\$ 65,978	\$ 60,985
Membership fees	1,329	1,166
Total revenue	67,307	62,151
OPERATING EXPENSES		
Merchandise costs	58,510	54,109
Selling, general and administrative	6,334	5,846
Operating income	2,463	2,196
OTHER INCOME (EXPENSE)		
Interest expense	(35)	(37)
Interest income and other, net	155	147
INCOME BEFORE INCOME TAXES	2,583	2,306
Provision for income taxes	582	508
NET INCOME	\$ 2,001	\$ 1,798
NET INCOME PER COMMON SHARE:		
Basic	\$ 4.51	\$ 4.05
Diluted	\$ 4.50	\$ 4.04
Shares used in calculation (000s):		
Basic	443,961	443,988
Diluted	444,515	444,891

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

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

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
NET INCOME	\$ 2,001	\$ 1,798
Foreign-currency translation adjustment and other, net	(206)	(324)
COMPREHENSIVE INCOME	<u>\$ 1,795</u>	<u>\$ 1,474</u>

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

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

ASSETS	November 23, 2025	August 31, 2025
CURRENT ASSETS		
Cash and cash equivalents	\$ 16,217	\$ 14,161
Short-term investments	966	1,123
Receivables, net	3,231	3,203
Merchandise inventories	21,141	18,116
Other current assets	1,856	1,777
Total current assets	43,411	38,380
OTHER ASSETS		
Property and equipment, net	32,616	31,909
Operating lease right-of-use assets	2,730	2,725
Other long-term assets	4,033	4,085
TOTAL ASSETS	\$ 82,790	\$ 77,099
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 23,513	\$ 19,783
Accrued salaries and benefits	5,172	5,205
Accrued member rewards	2,712	2,677
Deferred membership fees	2,990	2,854
Other current liabilities	7,418	6,589
Total current liabilities	41,805	37,108
OTHER LIABILITIES		
Long-term debt, excluding current portion	5,666	5,713
Long-term operating lease liabilities	2,436	2,460
Other long-term liabilities	2,580	2,654
TOTAL LIABILITIES	52,487	47,935
COMMITMENTS AND CONTINGENCIES		
EQUITY		
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; 443,919,000 and 443,237,000 shares issued and outstanding	2	2
Additional paid-in capital	8,408	8,282
Accumulated other comprehensive loss	(1,976)	(1,770)
Retained earnings	23,869	22,650
TOTAL EQUITY	30,303	29,164
TOTAL LIABILITIES AND EQUITY	\$ 82,790	\$ 77,099

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

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

12 Weeks Ended November 23, 2025

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	Shares (000s)	Amount				
BALANCE AT AUGUST 31, 2025	443,237	\$ 2	\$ 8,282	\$ (1,770)	\$ 22,650	\$ 29,164
Net income	—	—	—	—	2,001	2,001
Foreign-currency translation adjustment and other, net	—	—	—	(206)	—	(206)
Stock-based compensation	—	—	488	—	—	488
Release of vested restricted stock units (RSUs), including tax effects	907	—	(357)	—	—	(357)
Repurchases of common stock	(225)	—	(5)	—	(205)	(210)
Cash dividend declared	—	—	—	—	(577)	(577)
BALANCE AT NOVEMBER 23, 2025	443,919	\$ 2	\$ 8,408	\$ (1,976)	\$ 23,869	\$ 30,303

12 Weeks Ended November 24, 2024

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	Shares (000s)	Amount				
BALANCE AT SEPTEMBER 1, 2024	443,126	\$ 2	\$ 7,829	\$ (1,828)	\$ 17,619	\$ 23,622
Net income	—	—	—	—	1,798	1,798
Foreign-currency translation adjustment and other, net	—	—	—	(324)	—	(324)
Stock-based compensation	—	—	465	—	—	465
Release of vested RSUs, including tax effects	1,046	—	(389)	—	—	(389)
Repurchases of common stock	(230)	—	(4)	—	(202)	(206)
Cash dividend declared	—	—	—	—	(515)	(515)
BALANCE AT NOVEMBER 24, 2024	443,942	\$ 2	\$ 7,901	\$ (2,152)	\$ 18,700	\$ 24,451

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

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

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,001	\$ 1,798
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	597	548
Non-cash lease expense	75	72
Stock-based compensation	486	463
Other non-cash operating activities, net	(5)	(72)
Changes in operating assets and liabilities:		
Merchandise inventories	(3,157)	(2,541)
Accounts payable	3,818	2,601
Other operating assets and liabilities, net	873	391
Net cash provided by operating activities	4,688	3,260
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,526)	(1,264)
Purchases of short-term investments	(195)	(247)
Maturities of short-term investments	340	541
Other investing activities, net	(17)	(15)
Net cash used in investing activities	(1,398)	(985)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	—	(194)
Proceeds from short-term borrowings	—	133
Tax withholdings on stock-based awards	(357)	(389)
Repurchases of common stock	(210)	(207)
Cash dividend payments	(577)	(515)
Financing lease payments and other financing activities, net	(23)	(21)
Net cash used in financing activities	(1,167)	(1,193)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
Net change in cash and cash equivalents	2,056	1,001
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	14,161	9,906
CASH AND CASH EQUIVALENTS END OF PERIOD	\$ 16,217	\$ 10,907
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the first 12 weeks of the year for:		
Interest	\$ 43	\$ 44
Income taxes, net	\$ 239	\$ 401
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
Financing lease assets obtained in exchange for new or modified leases	\$ 18	\$ 111
Operating lease assets obtained in exchange for new or modified leases	\$ 93	\$ 15
Capital expenditures included in liabilities	\$ 258	\$ 204

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

COSTCO WHOLESALE CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in millions, except share, per share, and warehouse count data)
(unaudited)

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 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 November 23, 2025, Costco operated 921 warehouses worldwide: 633 in the United States (U.S.) located in 47 states, Washington, D.C., and Puerto Rico, 112 in Canada, 42 in Mexico, 37 in Japan, 29 in the United Kingdom (U.K.), 20 in Korea, 15 in Australia, 14 in Taiwan, seven in China, five in Spain, three in France, two in Sweden and one each in Iceland and New Zealand. The Company operates e-commerce sites in the U.S., Canada, the U.K., Mexico, Korea, Taiwan, Japan, and Australia.

Basis of Presentation

The condensed 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.

These unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q for interim financial reporting pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). While these statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles (U.S. GAAP) for complete financial statements. Therefore, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2025.

Fiscal Year End

The Company operates on a 52/53 week fiscal year basis, with the fiscal year ending on the Sunday closest to August 31. Fiscal 2026 is a 52-week year ending on August 30, 2026. References to the first quarter of 2026 and 2025 relate to the 12-week fiscal quarters ended November 23, 2025, and November 24, 2024.

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.

Recent Accounting Pronouncements Not Yet Adopted By The Company

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 ASU 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 these standards.

Note 2—Investments

The Company's investments were as follows:

	Cost Basis	Unrealized Gains, Net	Recorded Basis
November 23, 2025:			
Available-for-sale:			
Government and agency securities	\$ 789	\$ 6	\$ 795
Held-to-maturity:			
Certificates of deposit	171	—	171
Total short-term investments	<u>\$ 960</u>	<u>\$ 6</u>	<u>\$ 966</u>

	Cost Basis	Unrealized Gains, Net	Recorded Basis
August 31, 2025:			
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>

Gross unrealized holding gains and losses on available-for-sale securities were not material for the periods ended November 23, 2025, or August 31, 2025. 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 the first quarter of 2026 or 2025.

The maturities of available-for-sale and held-to-maturity securities at November 23, 2025, are as follows:

	Available-For-Sale		Held-To-Maturity
	Cost Basis	Fair Value	
Due in one year or less	\$ 124	\$ 124	\$ 171
Due after one year through five years	476	481	—
Due after five years	189	190	—
Total	<u>\$ 789</u>	<u>\$ 795</u>	<u>\$ 171</u>

Note 3—Fair Value Measurement

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

	Level 2	
	November 23, 2025	August 31, 2025
Investment in government and agency securities	\$ 795	\$ 786
Forward foreign-exchange contracts, in asset position ⁽¹⁾	14	6
Forward foreign-exchange contracts, in (liability) position ⁽¹⁾	(3)	(14)
Total	<u>\$ 806</u>	<u>\$ 778</u>

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

On November 23, 2025, and August 31, 2025, 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 the first quarter of 2026 or 2025.

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 fair value adjustments to these items during the first quarter of 2026 or 2025.

Note 4—Debt

The carrying value of the Company's long-term debt consisted of the following:

	November 23, 2025	August 31, 2025
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	751	805
Total long-term debt	<u>5,751</u>	<u>5,805</u>
Less unamortized debt discounts and issuance costs	15	17
Less current portion ⁽¹⁾	70	75
Long-term debt, excluding current portion	<u>\$ 5,666</u>	<u>\$ 5,713</u>

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

The fair value of the Senior Notes is estimated using Level 2 inputs. Other long-term debt consists of Guaranteed Senior Notes issued by the Company's Japan subsidiary, valued using Level 3 inputs. The fair value of the Company's long-term debt, including the current portion, was approximately \$5,342 and \$5,370 at November 23, 2025, and August 31, 2025.

Note 5—Equity*Dividends*

A quarterly cash dividend of \$1.30 per share was declared on October 15, 2025, and paid on November 14, 2025. The dividend was \$1.16 per share in the first quarter of 2025.

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. At November 23, 2025, the remaining amount available under the program was \$1,752. The following table summarizes the repurchase activity:

	<u>Shares Repurchased (000s)</u>	<u>Average Price per Share</u>	<u>Total Cost</u>
First quarter of 2026	225	\$ 932.02	\$ 210
First quarter of 2025	230	\$ 899.23	\$ 206

These amounts may differ from the accompanying condensed consolidated statements of cash flows due to changes in unsettled stock repurchases at the end of each quarter. 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 6—Stock-Based Compensation

The 2019 Incentive Plan authorizes the issuance of up to 15,885,000 RSUs. 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 November 23, 2025, 5,199,000 shares were available to be granted as RSUs, and the following awards were outstanding:

- 1,972,000 time-based RSUs, which vest upon continued employment over specified periods. Some of these RSUs accelerate upon achievement of a long-service term;
- 60,000 performance-based RSUs granted to executive officers, for which the performance targets have been met. The awards vest upon continued employment over specified periods of time and upon achievement of a long-service term; and
- 67,000 performance-based RSUs granted to executive officers, subject to achievement of performance targets for 2026, as determined by the Compensation Committee of the Board of Directors after the end of the fiscal year. These awards are not included in the table below or in the amount of unrecognized compensation cost.

The following table summarizes RSU transactions during the first quarter of 2026:

	Number of Units (in 000s)	Weighted-Average Grant Date Fair Value
Outstanding at August 31, 2025	2,308	\$ 597.00
Granted	1,020	934.80
Vested and delivered	(1,285)	669.77
Forfeited	(11)	644.61
Outstanding at November 23, 2025	2,032	\$ 720.32

The remaining unrecognized compensation cost related to RSUs unvested at November 23, 2025, was \$1,355, and the weighted-average period over which this cost will be recognized is 1.7 years.

Summary of Stock-Based Compensation

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

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Stock-based compensation expense	\$ 486	\$ 463
Less recognized income tax benefits	117	101
Stock-based compensation expense, net	\$ 369	\$ 362

Note 7—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 000s):

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Net income	\$ 2,001	\$ 1,798
Weighted average basic shares	443,961	443,988
RSUs	554	903
Weighted average diluted shares	444,515	444,891
Anti-dilutive RSUs	77	—

Anti-dilutive shares are excluded from the calculation of diluted shares and earnings per diluted share because their impact would increase earnings per diluted shares.

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 8—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. The Company's motion to stay the action was granted on November 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.

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.

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 9—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 the notes to the consolidated financial statements included in the Company's Annual Report filed on Form 10-K for the fiscal year ended August 31, 2025, and [Note 1](#) above. 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 President and Chief Executive Officer. The CODM utilizes operating income, as reported in the condensed 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:

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
United States		
Total revenue	\$ 48,569	\$ 45,088
Merchandise costs	42,132	39,148
Selling, general and administrative expenses	4,821	4,442
Operating income	\$ 1,616	\$ 1,498
Canada		
Total revenue	\$ 9,073	\$ 8,404
Merchandise costs	7,897	7,341
Selling, general and administrative expenses	742	701
Operating income	\$ 434	\$ 362
Other International		
Total revenue	\$ 9,665	\$ 8,659
Merchandise costs	8,481	7,620
Selling, general and administrative expenses	771	703
Operating income	\$ 413	\$ 336
Total		
Total revenue	\$ 67,307	\$ 62,151
Merchandise costs	58,510	54,109
Selling, general and administrative expenses	6,334	5,846
Operating income	2,463	2,196
Other income ⁽¹⁾	120	110
Income before income taxes	\$ 2,583	\$ 2,306

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

The following table provides depreciation and amortization and additions to property and equipment for the Company's reportable segments:

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
United States		
Depreciation and amortization	\$ 464	\$ 428
Additions to property and equipment	1,176	914
Canada		
Depreciation and amortization	\$ 49	\$ 45
Additions to property and equipment	190	187
Other International		
Depreciation and amortization	\$ 84	\$ 75
Additions to property and equipment	160	163
Total		
Depreciation and amortization	\$ 597	\$ 548
Additions to property and equipment	1,526	1,264

The following table provides property and equipment, net and total assets for the Company's reportable segments:

	November 23, 2025	August 31, 2025
	United States	
Property and equipment, net	\$ 23,530	\$ 22,790
Total assets	59,701	54,862
Canada		
Property and equipment, net	\$ 3,012	\$ 2,930
Total assets	7,440	7,304
Other International		
Property and equipment, net	\$ 6,074	\$ 6,189
Total assets	15,649	14,933
Total		
Property and equipment, net	\$ 32,616	\$ 31,909
Total assets	82,790	77,099

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:

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Foods and Sundries	\$ 26,943	\$ 25,062
Non-Foods	17,440	16,171
Fresh Foods	9,016	8,218
Warehouse Ancillary and Other Businesses	12,579	11,534
Total net sales	\$ 65,978	\$ 60,985

Item 2—Management’s Discussion and Analysis of Financial Condition and Results of Operations

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

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. These risks and uncertainties include, but are not limited to, domestic and international economic conditions, including exchange rates, inflation or deflation, the effects of competition and regulation, uncertainties in the financial markets, consumer and small business spending patterns and debt levels, breaches of security or privacy of member or business information, conditions affecting the acquisition, development, ownership or use of real estate, capital spending, actions of vendors, rising costs associated with employees (generally including health-care costs and wages), workforce interruptions, energy and certain commodities, geopolitical conditions (including tariffs), the ability to maintain effective internal control over financial reporting, regulatory and other impacts related to environmental and social matters, public-health related factors, and other risks identified from time to time in the Company’s public statements and reports filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made, and the Company does not undertake to update these statements, except as required by law.

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 condensed consolidated financial statements and the accompanying Notes to Financial Statements (Part I, Item 1 of this Form 10-Q), as well as our consolidated financial statements, the accompanying Notes to Financial Statements, and the related MD&A in our fiscal year 2025 Form 10-K, which was filed with the Securities and Exchange Commission on October 8, 2025.

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 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 digitally-enabled businesses operating for more than one year. Starting this quarter, we changed our e-commerce comparable sales metric to digitally-enabled comparable sales. This metric represents sales delivered to members that are initiated through a digital device, whether fulfilled through a warehouse or a distribution center, as well as Costco Travel. The measure is intended as supplemental information and is 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. 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 9](#) to the condensed consolidated financial statements included in Part I, Item 1, 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 the first quarter of 2026 and 2025 relate to the 12-week fiscal quarters ended November 23, 2025, and November 24, 2024. Certain percentages presented are calculated using actual results prior to rounding.

Highlights for the first quarter of 2026 versus 2025 include:

- We opened eight new warehouses, including one relocation, for a total of seven net new warehouses: four in the U.S., two in our Canadian segment, and one in our Other International segment, compared to seven new warehouses, including one relocation;
- Net sales increased 8% to \$65,978, driven by an increase in comparable sales and sales at 25 net new warehouses opened since the end of the first quarter of 2025;
- Membership fee revenue increased 14% to \$1,329, primarily driven by membership fee increases and new member sign-ups;
- Gross margin as a percentage of net sales and excluding the impact of gasoline price deflation increased four basis points;
- SG&A expenses as a percentage of net sales and excluding the impact of gasoline price deflation increased one basis point;
- The effective tax rate was 22.5%, compared to 22.0%;
- Net income increased to \$2,001, \$4.50 per diluted share, compared to \$1,798, \$4.04 per diluted share; and
- A quarterly cash dividend of \$1.30 per share was declared on October 15, 2025, and paid on November 14, 2025.

RESULTS OF OPERATIONS

Net Sales

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Net Sales	\$ 65,978	\$ 60,985
Increases in net sales:		
U.S.	8 %	8 %
Canada	8 %	6 %
Other International	12 %	7 %
Total Company	8 %	8 %
Increases in comparable sales:		
U.S.	6 %	5 %
Canada	7 %	6 %
Other International	9 %	5 %
Total Company	6 %	5 %
Increases in comparable sales excluding the impact of changes in foreign-currency and gasoline prices:		
U.S.	6 %	7 %
Canada	9 %	7 %
Other International	7 %	7 %
Total Company	6 %	7 %

Net sales increased \$4,993 or 8% during the first quarter of 2026. The improvement was primarily attributable to an increase in comparable sales of \$3,879 or 6%. Comparable sales were positively impacted by increases of approximately 3% in shopping frequency and average ticket. The remaining increase was driven by sales at the 25 net new warehouses opened since the end of the first quarter of 2025.

Digitally-enabled comparable sales increased 21% with and without the impact of changes in foreign-currencies.

Sales increased \$3,948 or 8% in core merchandise categories, increasing in all categories. Sales increased \$1,045 or 9% in warehouse ancillary and other businesses.

The volume of gasoline sold increased approximately 4%, positively impacting net sales by \$234, or 38 basis points. Lower gasoline prices negatively impacted net sales by five basis points.

Changes in foreign-currencies relative to the U.S. dollar attributable to our Other International operations, partially offset by our Canadian operations, positively impacted net sales by six basis points.

Membership Fees

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Membership fees	\$ 1,329	\$ 1,166
Total paid members (000s)	81,400	77,400
Total cardholders (000s)	145,900	138,800

Membership fee revenue increased 14%, driven by membership fee increases and new member sign-ups. At the end of the first quarter of 2026, our renewal rates were 92.2% in the U.S. and Canada and 89.7% worldwide. Renewal rates were negatively impacted by a higher number of memberships sold online, including through digital promotions, entering the renewal rate calculation. These memberships 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 slightly less than half of membership income growth during the first quarter of 2026.

Gross Margin

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Net sales	\$ 65,978	\$ 60,985
Less merchandise costs	58,510	54,109
Gross margin	\$ 7,468	\$ 6,876
Gross margin percentage	11.32 %	11.28 %

Quarterly Results

Gross margin as a percentage of net sales increased by four basis points, and increased by the same amount when excluding the impact of gasoline price deflation. This increase was positively impacted by seven basis points in our warehouse ancillary and other businesses, primarily due to pharmacy and hearing aids. Gross margin percentage was negatively impacted by three basis points due to a smaller LIFO benefit in the first quarter of 2026 compared to the first quarter of 2025. Margin in our core merchandise categories was flat.

The gross margin in core merchandise categories, when expressed as a percentage of core merchandise sales (rather than total net sales), increased 30 basis points. The increase was across all categories. This measure eliminates the impact of changes in sales penetration and gross margin from our warehouse ancillary and other businesses.

Gross margin percentage 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), decreased in our U.S. segment due to a smaller LIFO benefit and core merchandise categories, partially offset by warehouse ancillary and other businesses. Our Canadian segment gross margin percentage increased, primarily due to increases in warehouse ancillary and other businesses. Gross margin increased in our Other International segment, primarily due to increases in warehouse ancillary and other businesses and core merchandise categories.

Selling, General and Administrative Expenses

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
SG&A expenses	\$ 6,334	\$ 5,846
SG&A expenses as a percentage of net sales	9.60 %	9.59 %

Quarterly Results

SG&A expenses as a percentage of net sales increased by one basis point, and increased by the same amount when excluding the impact of gasoline price deflation. Compared to last year, results were negatively impacted by four basis points attributable to a charge related to a tax assessment for prior

years, and one basis point from warehouse operations and other businesses. Preopening costs were also higher by one basis point. Central operating costs and stock compensation had favorable impacts of three and two basis points, respectively. SG&A expenses as a percentage of net sales were higher in our U.S. segment and lower in our Canadian and Other International segments.

Interest Expense

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Interest expense	\$ 35	\$ 37

Interest expense is primarily related to Senior Notes and financing leases.

Interest Income and Other, Net

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Interest income	\$ 122	\$ 96
Foreign-currency transaction gains, net	25	43
Other, net	8	8
Interest income and other, net	\$ 155	\$ 147

The increase in interest income in the first quarter of 2026 was due to higher cash balances, partially offset by lower interest rates. Foreign-currency transaction gains, net, include mark-to-market adjustments for forward foreign-exchange contracts and revaluation or settlement of monetary assets and liabilities by our Canadian and Other International operations. See Derivatives and Foreign Currency sections in Item 8, Note 1 of our Annual Report on Form 10-K, for the fiscal year ended August 31, 2025.

Provision for Income Taxes

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Provision for income taxes	\$ 582	\$ 508
Effective tax rate	22.5 %	22.0 %

The effective tax rate for the first quarter of 2026 and 2025 was favorably impacted by discrete tax benefits of \$72 and \$100 related to stock compensation.

LIQUIDITY AND CAPITAL RESOURCES

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

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Net cash provided by operating activities	\$ 4,688	\$ 3,260
Net cash used in investing activities	(1,398)	(985)
Net cash used in financing activities	(1,167)	(1,193)

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 \$17,183 and \$15,284 at November 23, 2025, and August 31, 2025. Of these balances, unsettled credit and debit card receivables

represented approximately \$3,095 and \$2,670 at November 23, 2025, and August 31, 2025. 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. 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 \$4,688 in the first quarter of 2026, compared to \$3,260 in the first quarter of 2025. Our cash flow provided by operations is primarily from net sales and membership fees. Cash flow used in operations generally consists of payments to 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 \$1,398 in the first quarter of 2026, compared to \$985 in the first quarter of 2025, 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 the first quarter of 2026, we spent \$1,526 on capital expenditures, and it is our current intention to spend approximately \$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 eight new warehouses, including one relocation, in the first quarter of 2026, and plan to open 25 additional new warehouses, including four relocations, in the remainder of fiscal 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 \$1,167 in the first quarter of 2026, compared to \$1,193 in the first quarter of 2025. Cash flow used in financing activities during the first quarter of 2026 was primarily related to the payment of dividends, withholding taxes on stock-based awards, and repurchases of common stock.

Dividends

A quarterly cash dividend of \$1.30 per share was declared on October 15, 2025, and paid on November 14, 2025.

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 the first quarter of 2026 and 2025, we repurchased 225,000 and 230,000 shares of common stock, at an average price per share of \$932.02 and \$899.23, totaling approximately \$210 and \$206. These amounts may differ from the accompanying condensed consolidated statements of cash flows due to changes in unsettled repurchases at the end of a quarter. 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 \$1,752 at the end of the first quarter.

Bank Credit Facilities and Commercial Paper Programs

We maintain bank credit facilities for working capital and general corporate purposes. At November 23, 2025, we had borrowing capacity under these facilities of \$1,320. Our international operations maintain \$821 of this capacity under bank credit facilities, of which \$188 is guaranteed by the Company. Short-term borrowings outstanding under the bank credit facilities, which are included in other current liabilities on the condensed consolidated balance sheets, were immaterial at the end of the first quarter of 2026 and at the end of 2025.

We have letter of credit facilities, for commercial and standby letters of credit, totaling \$227. The outstanding commitments under these facilities at the end of the first quarter of 2026 totaled \$193, 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.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with U.S. GAAP requires that we make estimates and judgments. We base these on historical experience and on assumptions that we believe to be reasonable. Our critical accounting policies are discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K, for the fiscal year ended August 31, 2025. There have been no material changes to the critical accounting estimates previously disclosed in that Report.

Recent Accounting Pronouncements

See discussion of Recent Accounting Pronouncements in [Note 1](#) to the condensed consolidated financial statements included in Part I, Item 1 of this Report.

Item 3—Quantitative and Qualitative Disclosures about Market Risk

Our direct exposure to financial market risk results from fluctuations in foreign-currency exchange rates and interest rates. There have been no material changes to our market risks as disclosed in our Annual Report on Form 10-K, for the fiscal year ended August 31, 2025.

Item 4—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 Securities and Exchange Commission 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 November 23, 2025, and, based on their evaluation, have concluded the disclosure controls and procedures were effective as of such date.

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 first quarter of fiscal 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1—Legal Proceedings

See discussion of Legal Proceedings in [Note 8](#) to the condensed consolidated financial statements included in Part I, Item 1 of this Report.

Item 1A—Risk Factors

In addition to the other information set forth in the Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K, for the fiscal year ended August 31, 2025. There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K.

Item 2—Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information on our common stock repurchase activity for the first quarter of 2026 (amounts in millions, except share and per share data):

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽¹⁾	Maximum Dollar Value of Shares that May Yet be Purchased Under the Programs ⁽¹⁾
September 1, 2025 — September 28, 2025	74,000	\$ 952.37	74,000	\$ 1,892
September 29, 2025 — October 26, 2025	75,000	928.84	75,000	1,822
October 27, 2025 — November 23, 2025	76,000	915.59	76,000	1,752
Total first quarter	225,000	\$ 932.02	225,000	

(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.

Item 3—Defaults Upon Senior Securities

None.

Item 4—Mine Safety Disclosures

Not applicable.

Item 5—Other Information

None.

Item 6—Exhibits

The following exhibits are filed as part of this Quarterly Report on Form 10-Q or are incorporated herein by reference.

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form	Period Ending	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
10.1*	Fiscal 2026 Executive Bonus Plan		8-K		10/20/2025
10.2*	Executive Employment Agreement effective January 1, 2026, between Ron Vachris and Costco Wholesale Corporation	x			
10.3*	2019 Stock Incentive Plan Restricted Stock Unit Award Agreement - U.S. Employee (for awards granted beginning in October 2025)	x			
10.4*	2019 Stock Incentive Plan Restricted Stock Unit Award Agreement - Non-U.S. Employee (for awards granted beginning in October 2025)	x			
31.1	Rule 13(a) – 14(a) Certifications	x			
32.1**	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.

SIGNATURES

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

COSTCO WHOLESALE CORPORATION
(Registrant)

December 17, 2025 _____ By _____
Date

/s/ RON M. VACHRIS
Ron M. Vachris
President and Chief Executive Officer

December 17, 2025 _____ By _____
Date

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