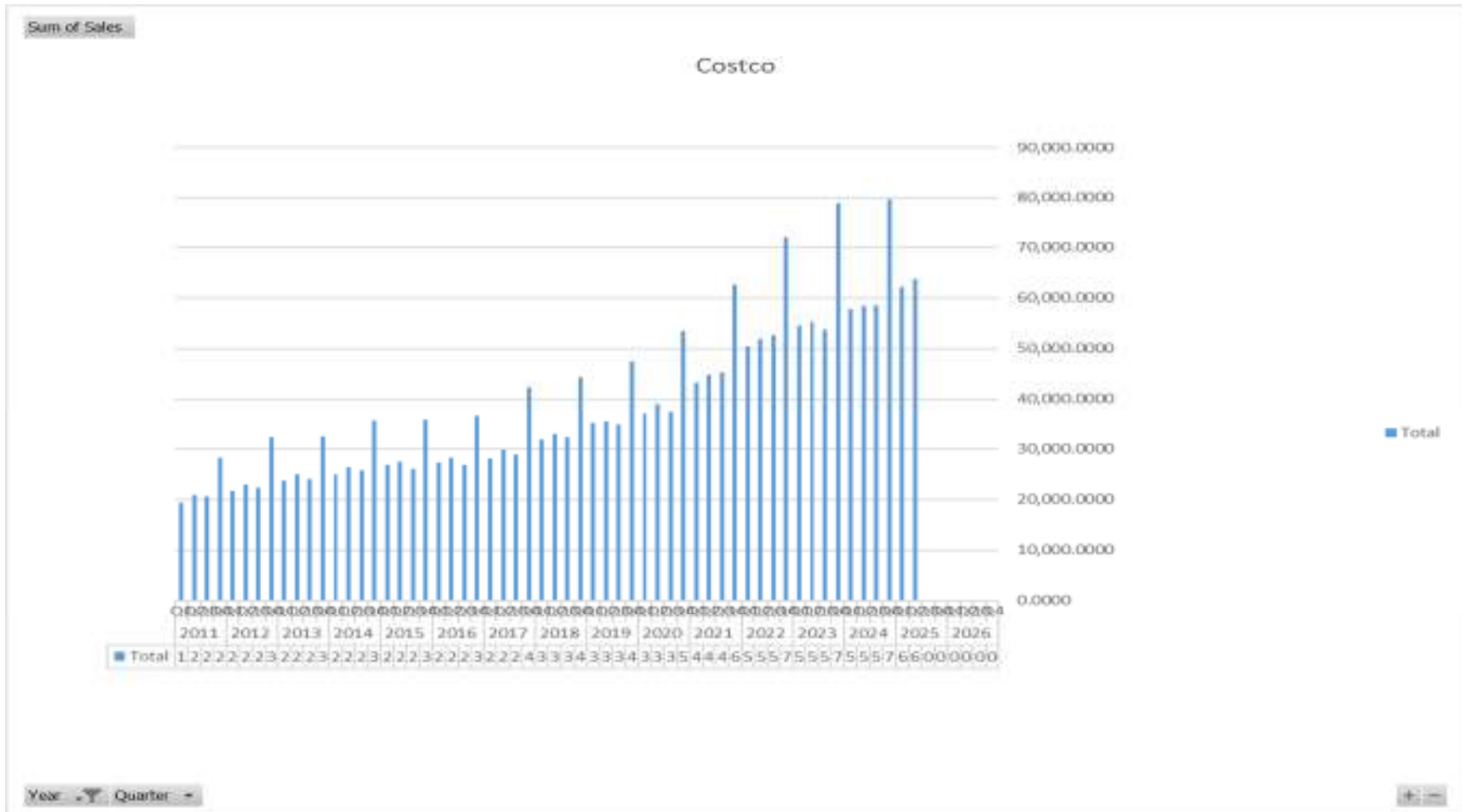
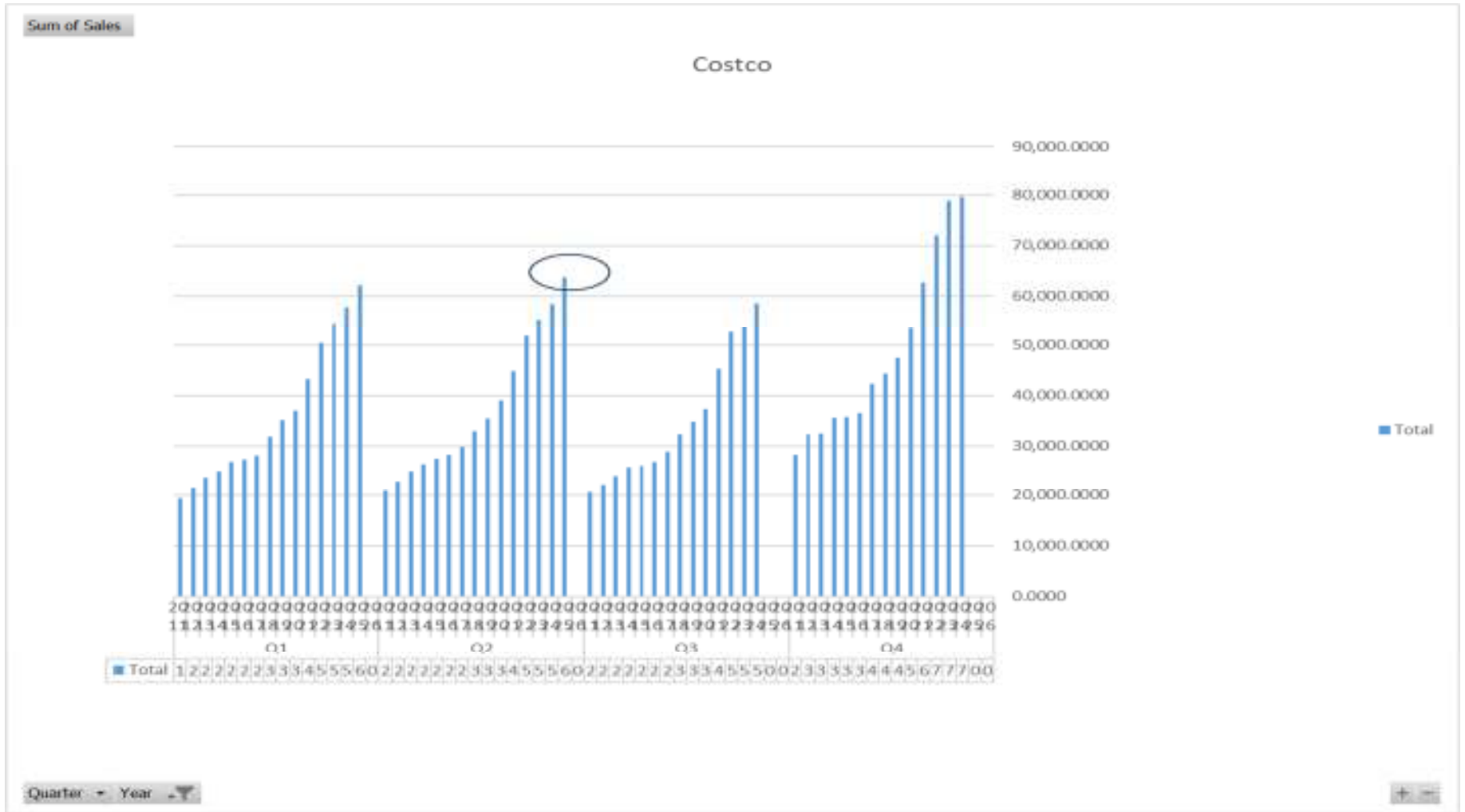


Costco's numbers were solid once again in their latest report for Q2 of 2025. Sales continued to climb. Below is their quarter by quarter sales numbers going back to 2011. You'll notice the large sales in one quarter each year. This quarter goes from May to early September. Most retailers make their biggest sales from October to December. Costco makes theirs in the summers. Their fourth period covers about 112 days versus the norm of about 90 days (360/4).

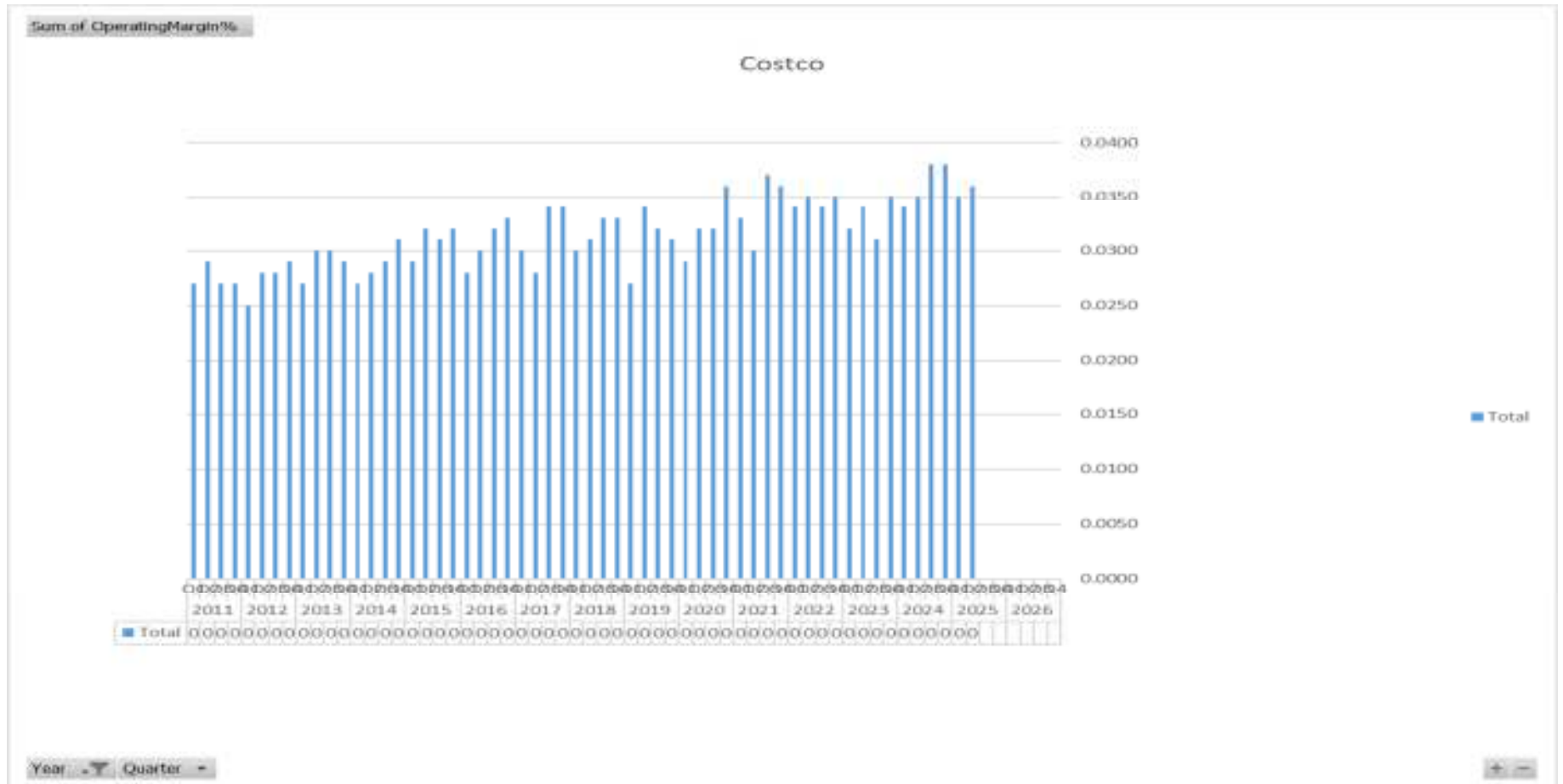


Looking at the same data, but grouping the quarters together, you're able to see the clear rising trends within quarters. The circled item is the most recent quarter. It is nicely above the same quarter from the previous year.

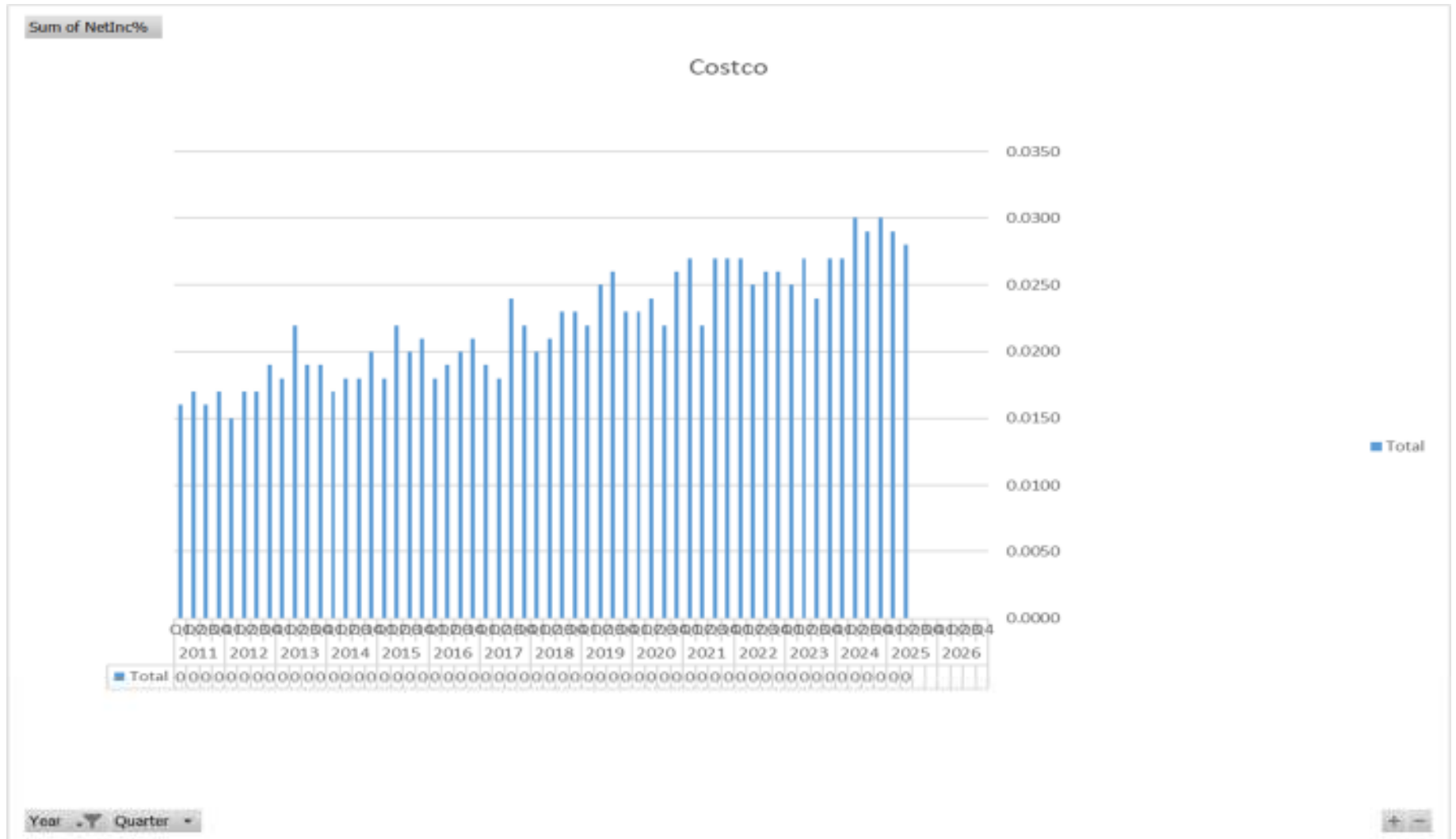
They are steadily making better and better sales each year! Think about the turtle and the hare. They are the turtle. I love turtles!



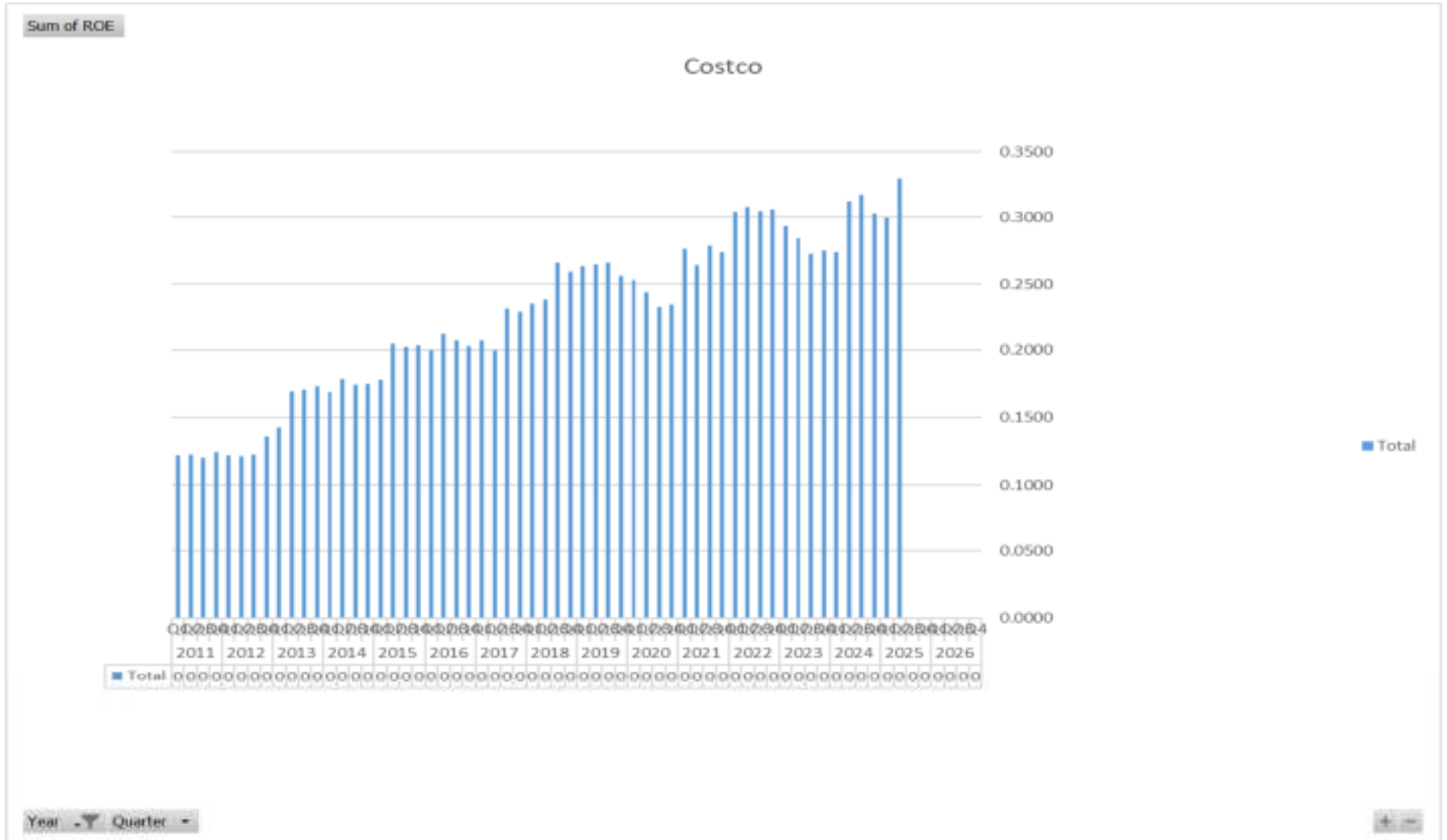
The trend in operating margin is clearly up. This is the percentage of sales after the cost of the goods sold and administrative costs. COST gets a low margin, but a generally consistent and growing margin. This keeps a happy customer who returns repeatedly. They don't look to squeeze the customer in the short term, but to build a relationship with a regular, returning customer.



This all translates into a steadily and consistently growing net profit margin. The net profit margin reflects their earnings after all costs. They don't try to get the max from the customer on each visit. They are building a very satisfied customer who comes back repeatedly. Now that's smart, really smart!



As a result of their strategy, COST has an outstanding return on equity (ROE) that continues to trend solidly up. This type of performance is why COST is an outstanding retailer to own. A solid ROE is usually around 15%. They are doubling that!



Their Return on Equity has increased steadily for over 10 years reaching over 32.9% in the last quarter. Given their high and low closing stock prices, the market clearly has rewarded them with a high stock price. The correlation between their stock price and ROE is clear in the below chart.

