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# **Costco Wholesale Corporation (COST)**

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## **Investment Analysis Report**

**Sector: Consumer Defensive**

**Industry: Discount Stores**

**Exchange: NMS**

Report Date: October 02, 2026

Generated: October 02, 2026 at 11:35 PM

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## Investment Analysis Report

**Report Date:** October 02, 2026

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## Executive Summary

**Investment View:** STRONG SELL

**12-Month Price Target:** \$437.75 (-52.5% if intrinsic value converges)

**Confidence Alert:** VYNN's fair value is 52% below the market price, while the mean target of 35 analysts is 15% above it. That is a large gap between VYNN and the Street, so treat this as VYNN's own view and weigh both.

## Decision Context

- Model fair value: \$437.75; current price: \$920.65; implied gap: -52.5%.
  - **External analyst target benchmark:** \$1.06K from 35 provider-reported analyst opinions (14.9% versus the observed market price; yahoo\_finance; captured 2026-10-02T23:32:33.636376+00:00; provider date unavailable; current benchmark; may challenge or corroborate).
  - **External recommendation benchmark:** STRONG BUY across 46 provider rating observations (current directional benchmark).
  - Reverse DCF: the market requires 162.6% more terminal free cash flow than the model, holding the explicit forecast and valuation assumptions fixed.
  - News coverage: FRESH (9 source-dated articles within 90 days).
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## Company Overview

### Key Statistics

| Metric                | Value              |
|-----------------------|--------------------|
| Ticker                | COST               |
| Sector                | Consumer Defensive |
| Industry              | Discount Stores    |
| Employees             | N/A                |
| Market Capitalization | \$408.09B          |
| Current Price         | \$920.65           |
| 52-Week Range         | \$844.06 – \$1.10K |

## Business Overview

The following business description is reproduced from the structured market-data profile and has not been expanded with model-generated claims.

Costco Wholesale Corporation, together with its subsidiaries, engages in the operation of membership warehouses in the United States, Puerto Rico, Canada, Mexico, Japan, the United Kingdom, Korea, Australia, Taiwan, China, Spain, France, Iceland, New Zealand, and Sweden. It offers merchandise, including sundries, dry groceries, candies, coolers, freezers, deli, liquor, and tobacco; non-food merchandise comprising 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 kiosks, and jewelry; and fresh food, such as meat, produce, service deli, and bakery products. The company is also involved in warehouse ancillary operations, which include gasoline, pharmacies, optical, food courts, hearing-aid centers, and tire installation centers. In addition, it engages in e-commerce, business centers, travel, and other businesses. The company was formerly known as Costco Companies, Inc. and changed its name to Costco Wholesale Corporation in August 1999. Costco Wholesale Corporation was founded in 1976 and is based in Issaquah, Washington.

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## Financial Performance Analysis

### Historical Financial Data (4 Years)

| Year       | Revenue   | Gross Profit | EBITDA   | Net Income | Operating CF | Free Cash Flow |
|------------|-----------|--------------|----------|------------|--------------|----------------|
| 2022-08-31 | \$226.95B | \$27.57B     | \$9.90B  | \$5.84B    | \$7.39B      | \$3.50B        |
| 2023-08-31 | \$242.29B | \$29.70B     | \$10.72B | \$6.29B    | \$11.07B     | \$6.75B        |
| 2024-08-31 | \$254.45B | \$32.09B     | \$12.15B | \$7.37B    | \$11.34B     | \$6.63B        |
| 2025-08-31 | \$275.24B | \$35.35B     | \$13.40B | \$8.10B    | \$13.34B     | \$7.84B        |

### Year-over-Year Growth Rates

| Year                      | Revenue Growth | Gross Profit Growth | EBITDA Growth | Net Income Growth | Operating CF Growth | FCF Growth |
|---------------------------|----------------|---------------------|---------------|-------------------|---------------------|------------|
| 2022-08-31<br>-2023-08-31 | 6.76%          | 7.73%               | 8.35%         | 7.67%             | 49.73%              | 92.66%     |
| 2023-08-31<br>-2024-08-31 | 5.02%          | 8.05%               | 13.26%        | 17.09%            | 2.45%               | -1.72%     |
| 2024-08-31<br>-2025-08-31 | 8.17%          | 10.14%              | 10.31%        | 9.94%             | 17.60%              | 18.22%     |

## Current Profitability Metrics

| Metric           | Current Value |
|------------------|---------------|
| Gross Margin     | 12.8%         |
| Operating Margin | 4.0%          |
| EBITDA Margin    | 4.7%          |
| Net Margin       | 3.0%          |
| ROE              | 28.4%         |
| ROA              | 8.8%          |

## Commentary

- Revenue changed 21.3% from 2022-08-31 to 2025-08-31; the annual table above is the authoritative period record.
- In 2025-08-31, operating cash flow was \$13.34B and reported/free-cash-flow-derived cash generation was \$7.84B.
- Growth rates with a zero prior-year denominator are shown as 0.00% rather than treated as economically meaningful growth; a year the provider left blank is shown as N/A.

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## Financial Model & Valuation

### Confidence Alert

**Low confidence.** VYNN's fair value is 52% below the market price, while the mean target of 35 analysts is 15% above it. That is a large gap between VYNN and the Street, so treat this as VYNN's own view and weigh both.

The model is -52% from the market for a mega-cap. Well-covered independent evidence does not corroborate the model's exceptional gap. External benchmarks: yahoo\_finance 35-analyst target benchmark is +15% (provider date unavailable; capture-dated); finnhub rates it STRONG BUY (46 ratings). Terminal-only reverse DCF cross-check: with explicit-period cash flows held fixed, reproducing the current market price requires terminal free cash flow +163% versus the model.

The fair value, rating and target in this report are VYNN's own model output. The analysts' figures are shown as a benchmark and are not blended into them.

### Valuation Method & Data Basis

| Control            | Result                 |
|--------------------|------------------------|
| Primary method     | dcf_plus_market_comps  |
| Financial basis    | TTM through 2026-05-31 |
| Method suitability | appropriate            |

### Model Assumptions

| Assumption           | Value |
|----------------------|-------|
| Terminal Growth Rate | 2.5%  |

| Assumption                    | Value                                                                               |
|-------------------------------|-------------------------------------------------------------------------------------|
| Terminal growth basis         | deterministic 2.50% long-run nominal growth base                                    |
| Forecast clock                | Rolling twelve months from 2026-05-31; fiscal year 74.8% elapsed                    |
| Near-term consensus alignment | Fiscal-progress blend of covered 0y/+1y Street revenue; elapsed operations excluded |
| Revenue Growth (NTM1)         | 18.1%                                                                               |
| Revenue Growth (NTM2)         | 7.0%                                                                                |
| Revenue Growth (NTM3)         | 6.4%                                                                                |
| Revenue Growth (NTM4)         | 5.7%                                                                                |
| Revenue Growth (NTM5)         | 5.1%                                                                                |
| EBITDA Margin (NTM1)          | 4.9%                                                                                |
| EBITDA Margin (NTM2)          | 4.9%                                                                                |
| EBITDA Margin (NTM3)          | 4.9%                                                                                |
| EBITDA Margin (NTM4)          | 4.9%                                                                                |
| EBITDA Margin (NTM5)          | 4.9%                                                                                |

## Cost of Capital

| Input                                       | Value |
|---------------------------------------------|-------|
| Risk-free rate                              | 5.0%  |
| Equity risk premium (incl. country premium) | 3.5%  |
| Levered beta                                | 0.92  |
| Cost of equity                              | 8.2%  |

| Input                  | Value                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pre-tax cost of debt   | 5.7%                                                                                                                                                                                                                                                                                                                                                                                                      |
| Tax rate               | 24.9%                                                                                                                                                                                                                                                                                                                                                                                                     |
| After-tax cost of debt | 4.3%                                                                                                                                                                                                                                                                                                                                                                                                      |
| Equity weight (E/V)    | 97.9%                                                                                                                                                                                                                                                                                                                                                                                                     |
| Debt weight (D/V)      | 2.1%                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>WACC</b>            | 8.2%                                                                                                                                                                                                                                                                                                                                                                                                      |
| Risk-free source       | US 10Y Treasury 5.28% (Yahoo, as of 2026-10-02); less 0.23% sovereign default spread (United States Moody's Aa1, Damodaran January 2026 update) = 5.04%                                                                                                                                                                                                                                                   |
| Beta source            | 0.88 vs ^GSPC (5y monthly, n=59, R <sup>2</sup> =0.36), Blume-adjusted, sample 2021-12-01T00:00:00-05:00 to 2026-10-01T00:00:00-04:00, returns sha256 ee361ce70e0e...                                                                                                                                                                                                                                     |
| Premium build          | Mature-market ERP 3.24% (implied by 74 S&P 500 prices under this model's growth convention; Damodaran's published implied premium 4.09% assumes growth at the Treasury yield, as of 2026-09-27) + country premium 0.23%: United States 0.23% (Damodaran January 2026 update; Moody's Aa1)                                                                                                                 |
| Cost of debt build     | risk-free 5.04% (default-free) + United States sovereign spread 0.23% (Moody's Aa1) + 0.40% synthetic Aaa/AAA spread from normalized EBIT/interest coverage 61.18x; Damodaran large non-financial synthetic-rating table (January 2026; <a href="https://pages.stern.nyu.edu/adamodar/New_Home_Page/datafile/ratings.html">https://pages.stern.nyu.edu/adamodar/New_Home_Page/datafile/ratings.html</a> ) |

## Sensitivity: Value per Share by WACC and Terminal Growth

| WACC \ terminal g | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% |
|-------------------|------|------|------|------|------|
| 7.16%             | 501  | 532  | 569  | 616  | 675  |
| 7.66%             | 459  | 484  | 514  | 550  | 594  |
| <b>8.16%</b>      | 424  | 444  | 468  | 496  | 531  |
| 8.66%             | 393  | 410  | 429  | 452  | 480  |
| 9.16%             | 367  | 381  | 397  | 416  | 438  |

## 5-Year Projections

| Forecast Period | Revenue   | EBITDA   | Free Cash Flow |
|-----------------|-----------|----------|----------------|
| NTM1            | \$346.78B | \$16.90B | \$5.00B        |
| NTM2            | \$370.95B | \$18.15B | \$7.40B        |
| NTM3            | \$394.52B | \$19.30B | \$9.01B        |
| NTM4            | \$417.15B | \$20.41B | \$10.73B       |
| NTM5            | \$438.50B | \$21.45B | \$12.55B       |

## DCF Valuation — Perpetual Growth Method

| Metric                | Value     |
|-----------------------|-----------|
| PV of Free Cash Flows | \$72.03B  |
| Terminal Value        | \$123.46B |
| Enterprise Value      | \$195.49B |

| Metric                    | Value     |
|---------------------------|-----------|
| Equity Value              | \$207.35B |
| Intrinsic Value per Share | \$467.79  |

## DCF Valuation — Exit Multiple Method

| Metric                    | Value     |
|---------------------------|-----------|
| Exit Multiple (EV/EBITDA) | 27.5x     |
| Terminal Enterprise Value | \$373.44B |
| Enterprise Value          | \$242.48B |
| Equity Value              | \$254.34B |
| Intrinsic Value per Share | \$573.79  |

## Market-Implied Expectations (Reverse DCF)

| Metric                                                   | Value     |
|----------------------------------------------------------|-----------|
| Market Enterprise Value                                  | \$396.23B |
| PV of Explicit FCF (NTM1-NTM10)                          | \$72.03B  |
| Market-Implied Terminal FCF (Post-Horizon)               | \$40.19B  |
| Model Terminal FCF (Post-Horizon)                        | \$15.31B  |
| Market-Implied FCF vs Model                              | 162.6%    |
| Revenue growth the price requires (10y, modeled margins) | 17.1%     |
| Same measure at the model's value                        | 8.5%      |

| Metric                          | Value |
|---------------------------------|-------|
| Revenue CAGR in the model (10y) | 5.9%  |

*Diagnostic only, excluded from fair value. The terminal rows hold the explicit cash flows, discounting and terminal assumptions fixed; the growth rows re-solve a ten-year revenue path at the stated margin, charging reinvestment at the model's own sales-to-capital ratio.*

At this price, revenue would have to grow about 17% a year for 10 years at the modeled margins; on the same measure, the model's analyst-based forecasts come to about 9% a year.

## Analyst Consensus Cross-Check

| Provider      | Mean Target    | Target Range                   | Target Coverage                       | Rating     | Rating Coverage                 | Provider As Of | Captured                         |
|---------------|----------------|--------------------------------|---------------------------------------|------------|---------------------------------|----------------|----------------------------------|
| Finnhub       | N/A            | N/A                            | N/A                                   | Strong Buy | 46 provider rating observations | 2026-09-01     | 2026-10-02T23:32:33.636376+00:00 |
| Yahoo Finance | \$1,057.94 USD | \$770.00 USD to \$1,315.00 USD | 35 provider-reported analyst opinions | Buy        | N/A                             | N/A            | 2026-10-02T23:32:33.317721+00:00 |

*Provider snapshots are kept separate and excluded from intrinsic value. Provider recommendation directions agree.*

## Model vs Street Reconciliation

| Lens                  | Value    | Gap vs Market | Role                     |
|-----------------------|----------|---------------|--------------------------|
| Market price at run   | \$920.65 | —             | observed price           |
| Internal DCF midpoint | \$520.79 | -43.4%        | intrinsic-value scenario |

| Lens                      | Value      | Gap vs Market | Role                                                                             |
|---------------------------|------------|---------------|----------------------------------------------------------------------------------|
| Peer-multiple cross-check | \$354.71   | -61.5%        | comparable_company_valuation; moderate confidence; included from blend           |
| Street mean target        | \$1,057.94 | 14.9%         | current external benchmark; 35 provider-reported analyst opinions; yahoo_finance |

| Horizon                      | Model Revenue        | Street Revenue       | Model vs Street | Street Revenue Growth | Street EPS | Model NOPAT Margin | Street-Implied Net Margin | Margin Gap | Coverage           |
|------------------------------|----------------------|----------------------|-----------------|-----------------------|------------|--------------------|---------------------------|------------|--------------------|
| NTM1 (NTM ending 2027-05-31) | \$346,775,951,421.51 | \$346,775,951,421.51 | 0.0%            | 18.1%                 | \$24.41    | 3.0%               | 3.1%                      | -0.1%      | revenue 30; EPS 29 |

**Street recommendation evidence:** finnhub: Strong Buy (46 provider rating observations; current), yahoo\_finance: Buy (N/A; provenance only). Coverage: HIGH. These observations benchmark the model; they are not averaged into intrinsic value. **Economics implied by the external target:** 42.4x forward P/E; 1.3x EV/+1y Street revenue. These are benchmark-implied trading multiples, not Vynn valuation inputs. **Analyst-target reverse DCF:** holding the model's explicit cash flows, discounting, and terminal-growth convention fixed, the external mean target requires terminal FCF of \$47.6B, 211.2% above the model. This quantifies the external benchmark's embedded cash-flow expectation; it is not blended into intrinsic value. **Whole-path reverse DCF:** current market EV is 102.7% above the modeled FCF path; external mean target EV is 133.4% above the modeled FCF path. This scales explicit and terminal free cash flow proportionally while holding WACC and terminal growth fixed; it is a diagnostic, not a calibrated fair value. **One-assumption reverse DCF:** current market WACC 5.40%; current market terminal growth 5.93%; external mean target WACC 5.03%; external mean target terminal growth 6.27% versus model WACC 8.16%, model terminal growth 2.50%. Each figure solves one assumption while holding the full modeled FCF path and the other terminal assumption fixed; it is diagnostic only. **Forecast input provenance:** near-term model revenue is deliberately anchored to well-covered Street estimates (resulting largest gap 0.0%). This agreement is expected from the model design and is not independent validation. The exceptional valuation gap is therefore not a near-term top-line disagreement; it must be traced to cash conversion, reinvestment, discount-rate, or terminal-value assumptions. **Profitability reconciliation:** the

model's NOPAT margin is within 0.1% of the well-covered EPS-implied Street net-margin case. NOPAT and net income are not accounting equivalents; this is an independent directional earnings cross-check, not a DCF input or a substitute for unlevered cash flow. Caveats: Price-target source date unavailable; capture time is not a provider as-of date. The live aggregate captured within 7 days is accepted as current for corroboration.

## Valuation Summary

| Metric                                                                     | Value                                             |
|----------------------------------------------------------------------------|---------------------------------------------------|
| DCF Perpetual Intrinsic Value                                              | \$467.79                                          |
| DCF Exit Multiple Intrinsic Value                                          | \$573.79                                          |
| Present-Valued Comparable Companies                                        | \$354.71                                          |
| Analyst Consensus Target (cross-check only)                                | \$1.06K                                           |
| <b>Blended Fair Value (50% DCF view / 50% present-valued market comps)</b> | <b>\$437.75</b>                                   |
| Current Market Price                                                       | \$920.65                                          |
| <b>Implied Upside</b>                                                      | <b>-52.5%</b>                                     |
| <b>Confidence</b>                                                          | <b>Low confidence: far from analyst consensus</b> |

*Valuation reliability warning: VALUATION RANGE: the methods span 354.71–573.79 per share (1.6x). Present the RANGE alongside the point estimate (market comps 354.71, perpetual dcf 467.79, exit multiple dcf 573.79), not the average alone.*

## Commentary

The valuation tables above are the authoritative model output; no free-form narrative estimates have been added.

The publishable model value is \$437.75 versus an observed price of \$920.65 (-52.5%).

**Confidence alert.** VYNN's fair value is 52% below the market price, while the mean target of 35 analysts is 15% above it. That is a large gap between VYNN and the Street, so treat this as VYNN's own view and weigh both.

The selected methodology is dcf\\_plus\\_market\\_comps; the report does not treat two terminal-value variants of one DCF as independent evidence.

The peer-multiple result is included as an independent valuation leg (moderate confidence; comparable\\_company\\_valuation).

The reverse DCF separately tests the cash-flow outcome embedded in the market price (162.6% versus model terminal free cash flow); it is a diagnostic, not a third valuation vote.

#### **Independent human-analyst benchmark**

- **External analyst target benchmark:** \$1.06K from 35 provider-reported analyst opinions (14.9% versus the observed market price; yahoo\_finance; captured 2026-10-02T23:32:33.636376+00:00; provider date unavailable; current benchmark; may challenge or corroborate).
- **External recommendation benchmark:** STRONG BUY across 46 provider rating observations (current directional benchmark).
- Qualified external observations challenge model assumptions and publication confidence. Evidence marked provenance-only is displayed but has no policy vote. Analyst outputs are never averaged into intrinsic value or presented as Vynn's price target.

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## **News & Market Analysis**

**Freshness Coverage:** FRESH — 9 source-dated articles within 90 days; newest source 2026-09-29T02:47:35.357967+00:00.

**News Sentiment:** NEUTRAL

### **Catalysts Identified (3)**

| Type       | Description                                                                                                | Evidence Confidence | Timeline    | Supporting Evidence                                                                                                       |
|------------|------------------------------------------------------------------------------------------------------------|---------------------|-------------|---------------------------------------------------------------------------------------------------------------------------|
| Financial  | Membership growth and high renewal rates support recurring fee revenue and repeat purchasing.              | 86%                 | Medium-Term | Fiscal 2026 membership-fee revenue increased by approximately 11% to \$5.907 billion.; Paid memberships reached 84.1...   |
| Financial  | Strong comparable sales and fiscal 2026 earnings growth demonstrate operating momentum.                    | 82%                 | Short-Term  | Fiscal 2026 annual net sales rose 10.1% to \$297.2 billion and operating income increased approximately 12.5%.; Fiscal... |
| Technology | Digital sales growth and expanded delivery partnerships provide an additional channel for member spending. | 73%                 | Medium-Term | Digitally enabled sales exceeded \$33 billion and grew more than 20% in the latest fiscal year.; Uber Eats coverage...    |

## Risks Identified (4)

| Type      | Description                                                                                                                                                 | Severity | Likelihood | Evidence Confidence | Potential Impact                                                                                                        |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------|---------------------|-------------------------------------------------------------------------------------------------------------------------|
| Financial | Costco's premium valuation leaves the stock vulnerable if growth or membership momentum disappoints.                                                        | High     | Medium     | 87%                 | A slowdown in earnings or membership growth could prompt multiple compression and a disproportionate share-price...     |
| Financial | Executive rewards and member-value investments may offset some membership-fee and merchandise economics, while the incremental net effect is not disclosed. | Medium   | High       | 84%                 | Reward costs and price reinvestment can limit near-term margin or earnings contribution from fee growth and tariff...   |
| Market    | Moderating membership additions and expansion concentrated in existing markets could limit future member growth.                                            | Medium   | Medium     | 77%                 | Slower member additions could restrain fee growth and reduce a key source of incremental sales, while also weakening... |

| Type   | Description                                                                                                                             | Severity | Likelihood | Evidence Confidence | Potential Impact                                                                                                       |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------|----------|------------|---------------------|------------------------------------------------------------------------------------------------------------------------|
| Market | Inflation and higher bond yields create a less favorable market backdrop, while value pricing may pressure already-thin retail margins. | Medium   | Medium     | 69%                 | A weaker consumer or sustained price investment could constrain margins and earnings growth; higher yields may also... |

### Risk Mitigations (3)

| Risk Addressed                                                                                   | Mitigation Strategy                                                                                                            | Effectiveness | Evidence Confidence | Company Action                                                                                                           |
|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------|--------------------------------------------------------------------------------------------------------------------------|
| Potential margin pressure and reduced near-term earnings contribution from tariff refunds.       | Reinvest most future tariff refunds in member value, primarily lower prices, and separately disclose the net quarterly impact. | Medium        | 80%                 | Management plans to direct most future tariff refunds toward member value, mainly lower prices, and separately report... |
| Potential loss of member engagement and slower repeat spending as Costco expands digital access. | Expand delivery through third-party partners and improve personalization on Costco's core website and app.                     | Medium        | 72%                 | Costco expanded Uber Eats and DoorDash relationships and improved personalization on its website and app.                |

| Risk Addressed                                                                          | Mitigation Strategy                                                                          | Effectiveness | Evidence Confidence | Company Action                                                                                                |
|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|---------------|---------------------|---------------------------------------------------------------------------------------------------------------|
| Potential loss of focus or sales diversion from a separate online marketplace strategy. | Close Costco Next and move popular products to Costco's main website and mobile application. | Low           | 70%                 | Costco closed Costco Next and plans to integrate popular products into Costco.com and its mobile application. |

## Commentary

The evidence-screening layer classified 3 catalyst(s), 4 risk(s), and 3 mitigation(s) from the admitted source set. The tables preserve the supported descriptions and confidence fields; no additional events or claims are inferred here.

## Investment Thesis

### Evidence Boundary

The model publishes an intrinsic value of \$437.75 versus the observed price of \$920.65 (-52.5%). The separately generated recommendation applies the product's rating rules and may not be overridden by this section.

Low confidence: VYNN's fair value is 52% below the market price, while the mean target of 35 analysts is 15% above it. That is a large gap between VYNN and the Street, so treat this as VYNN's own view and weigh both.

### Operating-Case Checks

- Model revenue runs from \$346.78B in NTM1 to \$438.50B in NTM5.
- Model free cash flow runs from \$5.00B in NTM1 to \$12.55B in NTM5.
- The explicit revenue-growth path starts at 18.1% and reaches 5.1% by NTM5.

## Human-Analyst Cross-Checks and Forecast Anchors

- **External analyst target benchmark:** \$1.06K from 35 provider-reported analyst opinions (14.9% versus the observed market price; yahoo\_finance; captured 2026-10-02T23:32:33.636376+00:00; provider date unavailable; current benchmark; may challenge or corroborate).
- **External recommendation benchmark:** STRONG BUY across 46 provider rating observations (current directional benchmark).
- Qualified external observations challenge model assumptions and publication confidence. Evidence marked provenance-only is displayed but has no policy vote. Analyst outputs are never averaged into intrinsic value or presented as Vynn's price target.
- NTM1 model revenue is \$346.78B versus a 30-analyst Street estimate of \$346.78B (0.0% difference).

## Event-Evidence Coverage

- Coverage status is FRESH: 9 source-dated articles inside the 90-day window.
- 

## Recommendation & Price Target

### Investment Rating: **STRONG SELL**

**Rating Confidence:** Low

**Confidence Alert:** VYNN's fair value is 52% below the market price, while the mean target of 35 analysts is 15% above it. That is a large gap between VYNN and the Street, so treat this as VYNN's own view and weigh both.

**12-Month Price Target:** \$437.75

**Implied Return if Intrinsic Value Converges:** -52.5%

**Target Basis:** current published intrinsic value, with convergence assumed by 12 months.

## Source-Grounded Signals

**Source items classified as potential catalysts**

- Costco (COST) Collects More Membership Fees. How Much Does It Give Back?. [E1]
- Costco (COST) Collects More Membership Fees. How Much Does It Give Back?. [E2]
- Costco Wholesale Corporation (COST) Stock: Digital Growth Accelerates After Marketplace Exit. [E3]

### Source items classified as potential risks

- Is Costco's Stock Overdue for a Big Rally?. [E5]
- Costco (COST) Collects More Membership Fees. How Much Does It Give Back?. [E4]
- COST Stock Wrapped Its Best Week Since May: Analysts Still See Multiple Growth Drivers For Costco Despite Trimming Price Targets. [E6]

*Narrative validation fallback: the generated prose was omitted because one or more claim-to-evidence support check(s) did not pass after rewrite attempts. The rating, valuation status, and range above are deterministic; the source headlines shown here map directly to their evidence entries in the appendix.*

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## Appendix

### A. Detailed News Analysis

**Analysis Method:** model-based screening

**Articles Analyzed:** 9

**News Sentiment:** NEUTRAL (screening confidence: 78.0%)

**Freshness Coverage:** FRESH — 9 source-dated articles inside a 90-day window; 0 stale and 0 undated and 0 unrelated excluded.

### Catalysts - Detailed Evidence

**1. Membership growth and high renewal rates support recurring fee revenue and repeat purchasing.**

- **Type:** Financial
- **Timeline:** Medium-Term
- **Evidence confidence:** 86.0%
- **Confidence basis:** model\_extraction\_score=0.86; evidence\_cap=0.90; two\_independent\_publishers
- **Potential Impact:** Continued membership growth and retention can sustain recurring fees and repeat merchandise demand, supporting revenue and earnings resilience. The net profit contribution is uncertain because rewards and other member-value investments also have costs.
- **Supporting Evidence:**
  - Fiscal 2026 membership-fee revenue increased by approximately 11% to \$5.907 billion.
  - Paid memberships reached 84.1 million, with Executive memberships at 42.3 million.

- U.S. and Canada renewal rates were 92.3%, and worldwide renewal was 89.8%.
- **Direct Quotes:**
- "Results released September 24 showed membership-fee revenue of \$5.907 billion, up from \$5.323 billion. That \$584 million increase, or approximately 11%, strengthens recurring revenue."
- Source: [Costco \(COST\) Collects More Membership Fees. How Much Does It Give Back?](#)
- "Costco Wholesale Corporation (NASDAQ:COST) ended fiscal 2026 with 84.1 million paid memberships, up 3.8%, including 42.3 million Executive memberships. Executive members accounted for 75.6% of..."
- Source: [Costco \(COST\) Collects More Membership Fees. How Much Does It Give Back?](#)

## 2. Strong comparable sales and fiscal 2026 earnings growth demonstrate operating momentum.

- **Type:** Financial
- **Timeline:** Short-Term
- **Evidence confidence:** 82.0%
- **Confidence basis:** model\_extraction\_score=0.82; evidence\_cap=0.90; two\_independent\_publishers
- **Potential Impact:** Sustained comparable-sales and operating-income growth could support earnings estimates and help justify the company's valuation, though the premium multiple makes continued execution important.
- **Supporting Evidence:**
- Fiscal 2026 annual net sales rose 10.1% to \$297.2 billion and operating income increased approximately 12.5%.
- Fiscal Q4 comparable sales were reported at 9.4%, with adjusted comparable growth of 6.7% excluding gasoline-price and foreign-exchange effects.
- A separate article reports Q4 EPS above consensus, though reported figures vary across articles.
- **Direct Quotes:**
- "Costco Wholesale Corporation (NASDAQ:COST) also delivered broader earnings growth. Annual net sales rose 10.1% to \$297.2 billion, while operating income increased approximately 12.5% to \$11.685..."
- Source: [Costco \(COST\) Collects More Membership Fees. How Much Does It Give Back?](#)
- "Its comparable growth rate, which is a more crucial figure for retail investors as it excludes the impact of new store openings and closures, came..."
- Source: [Is Costco's Stock Overdue for a Big Rally?](#)

## 3. Digital sales growth and expanded delivery partnerships provide an additional channel for member spending.

- **Type:** Technology
- **Timeline:** Medium-Term
- **Evidence confidence:** 73.0%
- **Confidence basis:** model\_extraction\_score=0.73; evidence\_cap=0.80; single\_source\_with\_verified\_excerpt
- **Potential Impact:** Digital growth could add sales and extend Costco's reach beyond warehouse visits. The impact on operating profit is unclear without channel-level margin and fulfillment-cost data.
- **Supporting Evidence:**
- Digitally enabled sales exceeded \$33 billion and grew more than 20% in the latest fiscal year.

- Uber Eats coverage expanded nationwide, and Costco also widened its DoorDash relationship.
- Personalized initiatives reportedly generated triple-digit sales growth during the quarter.
- **Direct Quotes:**
- "Digitally enabled sales exceeded \$33 billion and grew more than 20% during the latest fiscal year."
- Source: [Costco Wholesale Corporation \(COST\) Stock: Digital Growth Accelerates After Marketplace Exit](#)
- "Costco expanded its Uber Eats partnership from 17 states across the entire United States. It also widened its DoorDash relationship, while Instacart continues serving members..."
- Source: [Costco Wholesale Corporation \(COST\) Stock: Digital Growth Accelerates After Marketplace Exit](#)

## Risks - Detailed Evidence

### 1. Costco's premium valuation leaves the stock vulnerable if growth or membership momentum disappoints.

- **Type:** Financial
- **Severity:** High
- **Likelihood:** Medium
- **Evidence confidence:** 87.0%
- **Confidence basis:** model\_extraction\_score=0.87; evidence\_cap=0.95; three\_or\_more\_independent\_publishers
- **Potential Impact:** A slowdown in earnings or membership growth could prompt multiple compression and a disproportionate share-price decline, even if revenue continues to grow.
- **Supporting Evidence:**
- One article cites a trailing P/E of around 45 and says the multiple is steep for a retailer.
- Another reports a forward P/E of 40.59 versus an industry ratio of 27.39.
- Analysts cited in the batch cut price targets, with some linking the revisions to valuation and membership growth.
- **Direct Quotes:**
- "It's trading at around 45 times its trailing earnings, which is a steep multiple for any retail stock. Costco's growth was solid last quarter, but..."
- Source: [Is Costco's Stock Overdue for a Big Rally?](#)
- "From a valuation standpoint, Costco's forward 12-month price-to-earnings ratio stands at 40.59, higher than the industry's ratio of 27.39."
- Source: [How Tariff Refunds Could Shape Costco's Earnings in Fiscal 2027](#)

### 2. Executive rewards and member-value investments may offset some membership-fee and merchandise economics, while the incremental net effect is not disclosed.

- **Type:** Financial
- **Severity:** Medium
- **Likelihood:** High
- **Evidence confidence:** 84.0%
- **Confidence basis:** model\_extraction\_score=0.84; evidence\_cap=0.90; two\_independent\_publishers
- **Potential Impact:** Reward costs and price reinvestment can limit near-term margin or earnings

contribution from fee growth and tariff refunds. The lack of a fiscal 2026 rewards figure makes the net effect harder to evaluate.

**- Supporting Evidence:**

- Executive rewards reduced sales by \$3.007 billion in fiscal 2025.
- The fiscal 2026 rewards reduction was not disclosed in the article.
- Management intends to reinvest the majority of future tariff refunds in member value, primarily lower prices.

**- Direct Quotes:**

- "Rewards reduce sales after allowing for estimated nonredemptions. That reduction totaled \$3.007 billion in fiscal 2025."
- Source: [Costco \(COST\) Collects More Membership Fees. How Much Does It Give Back?](#)
- "The results release does not disclose the fiscal 2026 rewards reduction. Without that figure, investors cannot compare incremental fee revenue with incremental reward costs."
- Source: [Costco \(COST\) Collects More Membership Fees. How Much Does It Give Back?](#)

**3. Moderating membership additions and expansion concentrated in existing markets could limit future member growth.**

- **Type:** Market
- **Severity:** Medium
- **Likelihood:** Medium
- **Evidence confidence:** 77.0%
- **Confidence basis:** model\_extraction\_score=0.77; evidence\_cap=0.90; two\_independent\_publishers
- **Potential Impact:** Slower member additions could restrain fee growth and reduce a key source of incremental sales, while also weakening support for Costco's premium valuation.
- **Supporting Evidence:**
  - Paid memberships grew 3.8%, while the article describes a continued moderation in additions.
  - The cited analyst says recent warehouse openings have focused on existing markets rather than Asia.
  - The article notes that Asian locations typically generate more new memberships, but customers visit less often.
- **Direct Quotes:**
  - "The firm pointed to a continued moderation in membership additions, although it noted that Costco's recent warehouse expansion has influenced the trend."
  - Source: [COST Stock Wrapped Its Best Week Since May: Analysts Still See Multiple Growth Drivers For Costco...](#)
  - "According to the analyst, many of the warehouses opened during the past two years have filled gaps in existing markets rather than expanding aggressively into..."
  - Source: [COST Stock Wrapped Its Best Week Since May: Analysts Still See Multiple Growth Drivers For Costco...](#)

**4. Inflation and higher bond yields create a less favorable market backdrop, while value pricing may pressure already-thin retail margins.**

- **Type:** Market
- **Severity:** Medium

- **Likelihood:** Medium
- **Evidence confidence:** 69.0%
- **Confidence basis:** model\_extraction\_score=0.69; evidence\_cap=0.90; two\_independent\_publishers
- **Potential Impact:** A weaker consumer or sustained price investment could constrain margins and earnings growth; higher yields may also weigh on the valuation of a high-multiple stock.
- **Supporting Evidence:**
  - The consumer-staples article reports sticky inflation and higher bond yields.
  - MarketBeat's article summary says price reductions may protect traffic and loyalty but could pressure thin margins.
  - The batch does not provide a quantified Costco-specific margin effect from inflation or price cuts.
- **Direct Quotes:**
  - "U.S. consumer stocks ended mixed last week as sticky inflation and higher bond yields kept investors cautious."
  - Source: [Stocktwits Retail Therapy: Defensive Bets Take Off As COST, DG, WMT Lead Weekly Consumer Staples...](#)
  - "Costco's price reductions on everyday items amid inflation may protect traffic and member loyalty but could pressure already-thin retail margins."
  - Source: [Costco Wholesale \(NASDAQ:COST\) Given Buy Rating at Argus](#)

## Risk Mitigations - Detailed Evidence

### 1. Reinvest most future tariff refunds in member value, primarily lower prices, and separately disclose the net quarterly impact.

- **Risk Addressed:** Potential margin pressure and reduced near-term earnings contribution from tariff refunds.
- **Effectiveness:** Medium
- **Evidence confidence:** 80.0%
- **Confidence basis:** model\_extraction\_score=0.82; evidence\_cap=0.80; single\_source\_with\_verified\_excerpt
- **Company Action:** Management plans to direct most future tariff refunds toward member value, mainly lower prices, and separately report the net quarterly impact.
- **Implementation Timeline:** Fiscal 2027, as additional refunds are received and reported.
- **Supporting Evidence:**
  - Management said it intends to reinvest the majority of future refunds in member value.
  - The article says Costco will separately disclose the net quarterly impact.
  - The Q4 refund benefit was already partly offset by reinvestment in member value.
- **Direct Quotes:**
  - "Management intends to reinvest the majority of future refunds in increased member value, primarily through lower prices."
  - Source: [How Tariff Refunds Could Shape Costco's Earnings in Fiscal 2027](#)
  - "Costco has already indicated that it intends to reinvest the majority of future refunds and separately disclose their net quarterly impact, making the distinction between..."

- Source: [How Tariff Refunds Could Shape Costco's Earnings in Fiscal 2027](#)

## **2. Expand delivery through third-party partners and improve personalization on Costco's core website and app.**

- **Risk Addressed:** Potential loss of member engagement and slower repeat spending as Costco expands digital access.

- **Effectiveness:** Medium

- **Evidence confidence:** 72.0%

- **Confidence basis:** model\_extraction\_score=0.72; evidence\_cap=0.80; single\_source\_with\_verified\_excerpt

- **Company Action:** Costco expanded Uber Eats and DoorDash relationships and improved personalization on its website and app.

- **Implementation Timeline:** Actions are underway; the article reports results during the latest fiscal year and fourth quarter.

- **Supporting Evidence:**

- Uber Eats coverage expanded from 17 states to the entire United States.

- Costco widened its DoorDash relationship and continues to use Instacart in the United States and Canada.

- The article reports increased site and app traffic and sales growth from personalization.

- **Direct Quotes:**

- "Costco expanded its Uber Eats partnership from 17 states across the entire United States. It also widened its DoorDash relationship, while Instacart continues serving members..."

- Source: [Costco Wholesale Corporation \(COST\) Stock: Digital Growth Accelerates After Marketplace Exit](#)

- "Site and app traffic rose 30% as the company improved personalized product placements and email communications. Personalized initiatives generated triple-digit sales growth during the quarter."

- Source: [Costco Wholesale Corporation \(COST\) Stock: Digital Growth Accelerates After Marketplace Exit](#)

## **3. Close Costco Next and move popular products to Costco's main website and mobile application.**

- **Risk Addressed:** Potential loss of focus or sales diversion from a separate online marketplace strategy.

- **Effectiveness:** Low

- **Evidence confidence:** 70.0%

- **Confidence basis:** model\_extraction\_score=0.70; evidence\_cap=0.80; single\_source\_with\_verified\_excerpt

- **Company Action:** Costco closed Costco Next and plans to integrate popular products into Costco.com and its mobile application.

- **Implementation Timeline:** Closure occurred in September 2026; product integration is planned, with no specific completion date stated.

- **Supporting Evidence:**

- Costco Next closed in September.

- Management plans to integrate popular Costco Next products into Costco.com and the app.

- The article says the closure is not expected to materially affect financial results.

- **Direct Quotes:**

- "Costco closed Costco Next in September after operating the marketplace since 2017."
- Source: [Costco Wholesale Corporation \(COST\) Stock: Digital Growth Accelerates After Marketplace Exit](#)
- "Costco now plans to integrate popular Costco Next products directly into Costco.com and its application. The company expects that move to simplify shopping and support..."
- Source: [Costco Wholesale Corporation \(COST\) Stock: Digital Growth Accelerates After Marketplace Exit](#)

## B. Evidence References

The following table maps evidence citations [E#] used in the Recommendation section to their sources:

| ID | Type                | Date       | Quality     | Evidence                                                                         | Source                                                                       |
|----|---------------------|------------|-------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| E1 | Catalyst Financial  | 2026-09-29 | syndication | Membership growth and high renewal rates support recurring fee revenue and...    | <a href="#">Costco (COST) Collects More Membership Fees....</a>              |
| E2 | Catalyst Financial  | 2026-09-29 | syndication | Strong comparable sales and fiscal 2026 earnings growth demonstrate operating... | <a href="#">Costco (COST) Collects More Membership Fees....</a>              |
| E3 | Catalyst Technology | 2026-09-28 | unrated     | Digital sales growth and expanded delivery partnerships provide an additional... | <a href="#">Costco Wholesale Corporation (COST) Stock: Digital Growth...</a> |

| ID | Type           | Date       | Quality     | Evidence                                                                          | Source                                                                                 |
|----|----------------|------------|-------------|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| E4 | Risk Financial | 2026-09-29 | syndication | Executive rewards and member-value investments may offset some member ship-fee... | <a href="#">Costco (COST) Collects More Membership Fees....</a>                        |
| E5 | Risk Financial | 2026-09-28 | unrated     | Costco's premium valuation leaves the stock vulnerable if growth or membership... | <a href="#">Is Costco's Stock Overdue for a Big Rally?</a>                             |
| E6 | Risk Market    | 2026-09-28 | syndication | Moderating membership additions and expansion concentrated in existing markets... | <a href="#">COST Stock Wrapped Its Best Week Since May: Analysts Still See...</a>      |
| E7 | Risk Market    | 2026-09-28 | syndication | Inflation and higher bond yields create a less favorable market backdrop...       | <a href="#">Stocktwits Retail Therapy: Defensive Bets Take Off As COST, DG, WMT...</a> |

## Evidence Details

**E1: Membership growth and high renewal rates support recurring fee revenue and repeat purchasing.**

- **Publisher:** ca.finance.yahoo.com (syndication)

- **Article:** Costco (COST) Collects More Membership Fees. How Much Does It Give Back?

- **Excerpt:** Results released September 24 showed membership-fee revenue of \$5.907 billion, up from \$5.323 billion. That \$584 million increase, or approximately 11%, strengthens recurring revenue.

**E2: Strong comparable sales and fiscal 2026 earnings growth demonstrate operating momentum.**

- **Publisher:** ca.finance.yahoo.com (syndication)
- **Article:** Costco (COST) Collects More Membership Fees. How Much Does It Give Back?
- **Excerpt:** Costco Wholesale Corporation (NASDAQ:COST) also delivered broader earnings growth. Annual net sales rose 10.1% to \$297.2 billion, while operating income increased approximately 12.5% to \$11.685...

**E3: Digital sales growth and expanded delivery partnerships provide an additional channel for member spending.**

- **Publisher:** blockonomi.com (unrated)
- **Article:** Costco Wholesale Corporation (COST) Stock: Digital Growth Accelerates After Marketplace Exit
- **Excerpt:** Digitally enabled sales exceeded \$33 billion and grew more than 20% during the latest fiscal year.

**E4: Executive rewards and member-value investments may offset some membership-fee and merchandise economics, while the incremental net effect is not disclosed.**

- **Publisher:** ca.finance.yahoo.com (syndication)
- **Article:** Costco (COST) Collects More Membership Fees. How Much Does It Give Back?
- **Excerpt:** Rewards reduce sales after allowing for estimated nonredemptions. That reduction totaled \$3.007 billion in fiscal 2025.

**E5: Costco's premium valuation leaves the stock vulnerable if growth or membership momentum disappoints.**

- **Publisher:** aol.com (unrated)
- **Article:** Is Costco's Stock Overdue for a Big Rally?
- **Excerpt:** It's trading at around 45 times its trailing earnings, which is a steep multiple for any retail stock. Costco's growth was solid last quarter, but...

**E6: Moderating membership additions and expansion concentrated in existing markets could limit future member growth.**

- **Publisher:** finance.yahoo.com (syndication)
- **Article:** COST Stock Wrapped Its Best Week Since May: Analysts Still See Multiple Growth Drivers For Costco Despite Trimming Price Targets
- **Excerpt:** The firm pointed to a continued moderation in membership additions, although it noted that Costco's recent warehouse expansion has influenced the trend.

**E7: Inflation and higher bond yields create a less favorable market backdrop, while value pricing may pressure already-thin retail margins.**

- **Publisher:** es.tradingview.com (syndication)
- **Article:** Stocktwits Retail Therapy: Defensive Bets Take Off As COST, DG, WMT Lead Weekly Consumer Staples Gains

- **Excerpt:** U.S. consumer stocks ended mixed last week as sticky inflation and higher bond yields kept investors cautious.

## C. Key Model Assumptions

| Assumption            | Value |
|-----------------------|-------|
| WACC                  | 8.2%  |
| Terminal Growth Rate  | 2.5%  |
| Revenue Growth (NTM1) | 18.1% |
| Revenue Growth (NTM2) | 7.0%  |
| Revenue Growth (NTM3) | 6.4%  |
| Revenue Growth (NTM4) | 5.7%  |
| Revenue Growth (NTM5) | 5.1%  |
| EBITDA Margin (NTM1)  | 4.9%  |
| EBITDA Margin (NTM2)  | 4.9%  |
| EBITDA Margin (NTM3)  | 4.9%  |
| EBITDA Margin (NTM4)  | 4.9%  |
| EBITDA Margin (NTM5)  | 4.9%  |

## D. Disclaimers

This report is for informational purposes only and should not be considered as investment advice. The analysis is based on publicly available information and proprietary financial modeling. Past performance does not guarantee future results. Investors should conduct their own due diligence and consult with financial advisors before making investment decisions.

**Data Sources:** Financial statements, market data, and baseline forward estimates via yfinance; analyst target and rating benchmarks from finnhub, yahoo\_finance; news analysis from source-dated article screening (9 articles); macro, country-risk, and cost-of-capital sources are disclosed beside each model assumption. Analyst evidence is a benchmark only and is never averaged into intrinsic value.

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*Report generated on October 02, 2026*