

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

(Mark One)

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

For the quarterly period ended November 2, 2025

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-33608



**lululemon athletica inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**20-3842867**

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

**1818 Cornwall Avenue, Vancouver, British Columbia V6J 1C7**

(Address of principal executive offices)

Registrant's telephone number, including area code:

**604-732-6124**

Former name, former address and former fiscal year, if changed since last report:

**N/A**

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, par value \$0.005 per share	LULU	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 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. (Check one):

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

As of December 5, 2025, there were 112,190,041 shares of the registrant's common stock, par value \$0.005 per share, outstanding.

*Exchangeable and Special Voting Shares:*

As of December 5, 2025, (1) there were outstanding 5,115,961 exchangeable shares of Lulu Canadian Holding, Inc., a wholly-owned subsidiary of the registrant. Exchangeable shares are exchangeable for an equal number of shares of the registrant's common stock; (2) there were outstanding 5,115,961 shares of special voting stock, through which the holders of exchangeable shares of Lulu Canadian Holding, Inc. may exercise their voting rights with respect to the registrant. The special voting stock and the registrant's common stock generally vote together as a single class on all matters on which the common stock is entitled to vote.

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**PART I**

**FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)**

**lululemon athletica inc.**

**CONSOLIDATED BALANCE SHEETS**

*(Unaudited; Amounts in thousands, except per share amounts)*

	November 2, 2025	February 2, 2025
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,035,862	\$ 1,984,336
Accounts receivable, net	250,304	120,173
Inventories	1,997,844	1,442,081
Prepaid and receivable income taxes	430,303	182,253
Prepaid expenses and other current assets	209,348	251,459
	3,923,661	3,980,302
Property and equipment, net	1,952,012	1,780,617
Right-of-use lease assets	1,600,385	1,416,256
Goodwill	175,301	159,518
Intangible assets, net	7,689	11,673
Deferred income tax assets	21,581	17,085
Other non-current assets	274,563	237,841
	\$ 7,955,192	\$ 7,603,292
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 352,160	\$ 271,406
Accrued liabilities and other	621,155	559,463
Accrued compensation and related expenses	186,378	204,543
Current lease liabilities	317,482	275,154
Current income taxes payable	62,712	183,126
Unredeemed gift card liability	253,798	308,352
Other current liabilities	48,494	37,586
	1,842,179	1,839,630
Non-current lease liabilities	1,445,312	1,300,637
Deferred income tax liabilities	111,590	98,188
Other non-current liabilities	54,088	40,790
	3,453,169	3,279,245
Commitments and contingencies		
Stockholders' equity		
Undesignated preferred stock, \$0.01 par value: 5,000 shares authorized; none issued and outstanding	—	—
Exchangeable stock, no par value: 60,000 shares authorized; 5,116 and 5,116 issued and outstanding	—	—
Special voting stock, \$0.000005 par value: 60,000 shares authorized; 5,116 and 5,116 issued and outstanding	—	—
Common stock, \$0.005 par value: 400,000 shares authorized; 112,789 and 116,166 issued and outstanding	564	581
Additional paid-in capital	646,238	638,190
Retained earnings	4,204,012	4,109,717
Accumulated other comprehensive loss	(348,791)	(424,441)
	4,502,023	4,324,047
	\$ 7,955,192	\$ 7,603,292

See accompanying notes to the unaudited interim consolidated financial statements

**lululemon athletica inc.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

*(Unaudited; Amounts in thousands, except per share amounts)*

	Quarter Ended		Three Quarters Ended	
	November 2, 2025	October 27, 2024	November 2, 2025	October 27, 2024
Net revenue	\$ 2,565,920	\$ 2,396,660	\$ 7,461,799	\$ 6,976,629
Cost of goods sold	1,140,004	995,054	3,175,555	2,887,770
Gross profit	1,425,916	1,401,606	4,286,244	4,088,859
Selling, general and administrative expenses	988,254	909,827	2,882,783	2,624,212
Amortization of intangible assets	1,776	1,118	5,136	1,118
Income from operations	435,886	490,661	1,398,325	1,463,529
Other income (expense), net	5,854	13,743	27,377	55,020
Income before income tax expense	441,740	504,404	1,425,702	1,518,549
Income tax expense	134,905	152,534	433,390	452,336
Net income	\$ 306,835	\$ 351,870	\$ 992,312	\$ 1,066,213
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	\$ (34,543)	\$ (22,277)	\$ 139,936	\$ (92,153)
Net investment hedge gains (losses)	16,977	12,292	(64,286)	36,607
Other comprehensive income (loss), net of tax	\$ (17,566)	\$ (9,985)	\$ 75,650	\$ (55,546)
Comprehensive income	\$ 289,269	\$ 341,885	\$ 1,067,962	\$ 1,010,667
Basic earnings per share				
Basic earnings per share	\$ 2.59	\$ 2.87	\$ 8.30	\$ 8.57
Diluted earnings per share				
Diluted earnings per share	\$ 2.59	\$ 2.87	\$ 8.29	\$ 8.55
Basic weighted-average number of shares outstanding				
Basic weighted-average number of shares outstanding	118,535	122,697	119,589	124,471
Diluted weighted-average number of shares outstanding				
Diluted weighted-average number of shares outstanding	118,552	122,803	119,692	124,668

See accompanying notes to the unaudited interim consolidated financial statements

**lululemon athletica inc.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

(Unaudited; Amounts in thousands)

	Quarter Ended November 2, 2025								
	Exchangeable Stock	Special Voting Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Shares	Par Value	Shares	Par Value				
Balance as of August 3, 2025	5,116	5,116	\$ —	113,828	\$ 570	\$ 632,375	\$4,085,559	\$ (331,225)	\$ 4,387,279
Net income							306,835		306,835
Other comprehensive income (loss), net of tax								(17,566)	(17,566)
Stock-based compensation expense						16,558			16,558
Common stock issued upon settlement of stock-based compensation				5	—	71			71
Shares withheld related to net share settlement of stock-based compensation				(2)	—	(246)			(246)
Repurchase of common stock, including excise tax				(1,042)	(6)	(2,520)	(188,382)		(190,908)
Balance as of November 2, 2025	5,116	5,116	\$ —	112,789	\$ 564	\$ 646,238	\$4,204,012	\$ (348,791)	\$ 4,502,023

	Quarter Ended October 27, 2024								
	Exchangeable Stock	Special Voting Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Shares	Par Value	Shares	Par Value				
Balance as of July 28, 2024	5,116	5,116	\$ —	118,610	\$ 593	\$ 589,156	\$3,751,713	\$ (309,817)	\$ 4,031,645
Net income							351,870		351,870
Other comprehensive income (loss), net of tax								(9,985)	(9,985)
Stock-based compensation expense						24,169			24,169
Common stock issued upon settlement of stock-based compensation				15	—	1,514			1,514
Shares withheld related to net share settlement of stock-based compensation				(3)	—	(888)			(888)
Repurchase of common stock, including excise tax				(1,576)	(8)	(3,549)	(409,036)		(412,593)
Balance as of October 27, 2024	5,116	5,116	\$ —	117,046	\$ 585	\$ 610,402	\$3,694,547	\$ (319,802)	\$ 3,985,732

	Three Quarters Ended November 2, 2025								
	Exchangeable Stock	Special Voting Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Shares	Par Value	Shares	Par Value				
Balance as of February 2, 2025	5,116	5,116	\$ —	116,166	\$ 581	\$ 638,190	\$4,109,717	\$ (424,441)	\$ 4,324,047
Net income							992,312		992,312
Other comprehensive income (loss), net of tax								75,650	75,650
Stock-based compensation expense						37,805			37,805
Common stock issued upon settlement of stock-based compensation				250	—	5,549			5,549
Shares withheld related to net share settlement of stock-based compensation				(94)	—	(26,760)			(26,760)
Repurchase of common stock, including excise tax				(3,533)	(17)	(8,546)	(898,017)		(906,580)
Balance as of November 2, 2025	5,116	5,116	\$ —	112,789	\$ 564	\$ 646,238	\$4,204,012	\$ (348,791)	\$ 4,502,023

	Three Quarters Ended October 27, 2024								
	Exchangeable Stock	Special Voting Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Shares	Par Value	Shares	Par Value				
Balance as of January 28, 2024	5,116	5,116	\$ —	121,106	\$ 606	\$ 575,369	\$3,920,362	\$ (264,256)	\$ 4,232,081
Net income							1,066,213		1,066,213
Other comprehensive income (loss), net of tax								(55,546)	(55,546)
Stock-based compensation expense						71,494			71,494
Common stock issued upon settlement of stock-based compensation				239	—	7,277			7,277
Shares withheld related to net share settlement of stock-based compensation				(90)	—	(34,259)			(34,259)
Repurchase of common stock, including excise tax				(4,209)	(21)	(9,479)	(1,292,028)		(1,301,528)
Balance as of October 27, 2024	5,116	5,116	\$ —	117,046	\$ 585	\$ 610,402	\$3,694,547	\$ (319,802)	\$ 3,985,732

See accompanying notes to the unaudited interim consolidated financial statements

**lululemon athletica inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(Unaudited; Amounts in thousands)*

	Three Quarters Ended	
	November 2, 2025	October 27, 2024
Cash flows from operating activities		
Net income	\$ 992,312	\$ 1,066,213
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	361,703	312,931
Stock-based compensation expense	37,805	71,494
Settlement of derivatives not designated in a hedging relationship	(18,077)	(19,645)
Changes in operating assets and liabilities:		
Accounts receivable	(127,419)	(19,436)
Inventories	(517,484)	(477,682)
Prepaid and receivable income taxes	(248,050)	(74,915)
Prepaid expenses and other current assets	46,697	(31,499)
Other non-current assets	(41,425)	(60,638)
Accounts payable	72,810	45,579
Accrued liabilities and other	70,108	171,566
Accrued compensation and related expenses	(22,644)	(133,630)
Current and non-current income taxes payable	(126,764)	70,615
Unredeemed gift card liability	(57,270)	(66,623)
Right-of-use lease assets and current and non-current lease liabilities	2,020	16,234
Other current and non-current liabilities	35,284	759
Net cash provided by operating activities	459,606	871,323
Cash flows from investing activities		
Purchase of property and equipment	(497,602)	(454,250)
Settlement of net investment hedges	12,282	15,041
Acquisition, net of cash acquired	—	(130,996)
Other investing activities	(3,737)	(5,009)
Net cash used in investing activities	(489,057)	(575,214)
Cash flows from financing activities		
Proceeds from settlement of stock-based compensation	5,549	7,277
Taxes paid related to net share settlement of stock-based compensation	(26,760)	(34,259)
Repurchase of common stock	(906,580)	(1,301,528)
Other financing activities	(11,205)	—
Net cash used in financing activities	(938,996)	(1,328,510)
Effect of foreign currency exchange rate changes on cash and cash equivalents	19,973	(23,151)
Decrease in cash and cash equivalents	(948,474)	(1,055,552)
Cash and cash equivalents, beginning of period	\$ 1,984,336	\$ 2,243,971
Cash and cash equivalents, end of period	\$ 1,035,862	\$ 1,188,419

See accompanying notes to the unaudited interim consolidated financial statements

**lululemon athletica inc.**  
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**lululemon athletica inc.**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL**  
**STATEMENTS**

**Note 1. Nature of Operations and Basis of Presentation**

***Nature of operations***

lululemon athletica inc., a Delaware corporation, ("lululemon" and, together with its subsidiaries unless the context otherwise requires, the "Company") is engaged in the design, distribution, and retail of technical athletic apparel, footwear, and accessories. The Company organizes its operations into four regional markets: Americas, China Mainland, Asia Pacific ("APAC"), and Europe and the Middle East ("EMEA"). It conducts its business through a number of different channels in each market, including company-operated stores, e-commerce, outlets, temporary locations, wholesale, license and supply arrangements, and a re-commerce program. There were 796 and 767 company-operated stores as of November 2, 2025 and February 2, 2025, respectively.

***Basis of presentation***

The unaudited interim consolidated financial statements, including the financial position as of November 2, 2025 and the results of operations and cash flows for the periods disclosed, are presented in U.S. dollars and have been prepared by the Company under the rules and regulations of the Securities and Exchange Commission ("SEC"). The financial information is presented in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and, accordingly, does not include all of the information and footnotes required by GAAP for complete financial statements. The financial information as of February 2, 2025 is derived from the Company's audited consolidated financial statements and related notes for the fiscal year ended February 2, 2025, which are included in Item 8 in the Company's fiscal 2024 Annual Report on Form 10-K filed with the SEC on March 27, 2025. These unaudited interim consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. These unaudited interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and related notes included in Item 8 in the Company's fiscal 2024 Annual Report on Form 10-K.

On September 10, 2024, the Company acquired the lululemon branded retail locations and operations run by a third party in Mexico. The Company had previously granted the third party the right to operate retail locations and to sell lululemon products in Mexico. The results of operations, financial position, and cash flows of the Mexico operations have been included in the Company's consolidated financial statements since the date of acquisition.

The Company's fiscal year ends on the Sunday closest to January 31 of the following year, typically resulting in a 52-week year, but occasionally giving rise to an additional week, resulting in a 53-week year. Fiscal 2025 will end on February 1, 2026 and will be a 52-week year. Fiscal 2024 was a 53-week year and ended on February 2, 2025. Fiscal 2025 and fiscal 2024 are referred to as "2025," and "2024," respectively. The first three quarters of 2025 and 2024 ended on November 2, 2025 and October 27, 2024, respectively.

The Company's business is affected by the pattern of seasonality common to most retail apparel businesses. Historically, the Company has recognized a significant portion of its operating profit in the fourth fiscal quarter of each year as a result of increased net revenue during the holiday season.

***Use of estimates***

The preparation of financial statements in conformity with 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 as well as the reported amounts of net revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2. Recent Accounting Pronouncements**

The Company considers the applicability and impact of all Accounting Standard Updates ("ASUs"). ASUs recently issued not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Company's consolidated financial position or results of operations.

### ***Recently issued accounting pronouncements***

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This disclosure requires expanded disclosure within the rate reconciliation as well as disaggregation of annual taxes paid. This amendment is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact that this new guidance may have on its financial statement disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. Entities will be required to provide disaggregated disclosures for certain income statement expense line items. This amendment is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, and will be applied retrospectively for periods presented in the financial statements. The Company is currently evaluating the impact that this new guidance may have on its financial statement disclosures.

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The amendment replaces the previous project-stage model with a principles-based approach for capitalizing internal-use software costs. This guidance is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The Company is currently evaluating the impact that this new guidance may have on its accounting policies and related disclosures.

### **Note 3. Revolving Credit Facilities**

#### ***Americas revolving credit facility***

On October 15, 2025, the Company entered into an amended and restated unsecured revolving credit agreement, which provides for \$600.0 million in commitments under an unsecured five-year revolving credit facility. The credit facility has a maturity date of October 15, 2030, subject to two one-year extensions at the request of the Company. Subject to the conditions stated in the credit agreement, the Company may request increases in aggregate commitments thereunder up to a total of \$1.0 billion. The credit facility permits prepayment of borrowings and reductions or terminations of commitments from time to time without premium or penalty, subject to customary breakage costs.

As of November 2, 2025, the Company had no borrowings outstanding under this credit facility other than \$7.0 million in outstanding letters of credit and guarantee.

Borrowings under the credit facility bear interest at variable rates based on the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York ("SOFR"), or an alternate base rate, plus applicable margin. The credit agreement contains customary financial, affirmative and negative covenants applicable to the Company and its subsidiaries, including limitations on indebtedness, liens, fundamental changes, dispositions of assets, changes in the nature of business, and restrictions on subsidiary dividends and distributions, as well as financial covenants based on leverage and fixed charge coverage ratios. The Company was in compliance with all such covenants as of November 2, 2025.

#### ***China Mainland revolving credit facility***

The Company has an uncommitted and unsecured Chinese Yuan-denominated revolving credit facility totaling the equivalent of USD \$42.2 million, which is reviewed annually and provides for short-term borrowing and the issuance of guarantees. As of November 2, 2025, there were no borrowings or guarantees outstanding, letters of credit totaling USD \$7.8 million were issued, and the Company was in compliance with all applicable terms of the credit facility.

### **Note 4. Supply Chain Financing Program**

The Company facilitates a voluntary supply chain financing ("SCF") program that allows its suppliers to elect to sell the receivables owed to them by the Company to a third party financial institution. Participating suppliers negotiate arrangements directly with the financial institution. If a supplier chooses to participate in the SCF program it may request an invoice be paid earlier than it would by the Company, and the financial institution at its sole and absolute discretion, may elect to make an early payment to the supplier at a discount. The Company's obligations to its suppliers, including amounts due and scheduled payment terms, are not impacted by a supplier's participation in the arrangement and the Company provides no guarantees to any third parties under the SCF program.

As of November 2, 2025 and February 2, 2025, \$46.9 million and \$36.3 million, respectively, were outstanding under the SCF program and presented within accounts payable.

**Note 5. Stock-Based Compensation and Benefit Plans**

**Stock-based compensation plans**

The Company's eligible employees participate in various stock-based compensation plans, provided directly by the Company.

Stock-based compensation expense charged to income for the plans was \$37.4 million and \$70.5 million for the first three quarters of 2025 and 2024, respectively. Total unrecognized compensation cost for all stock-based compensation plans was \$113.9 million as of November 2, 2025, which is expected to be recognized over a weighted-average period of 2.2 years.

A summary of the balances of the Company's stock-based compensation plans as of November 2, 2025, and changes during the first three quarters of 2025, is presented below:

	Stock Options		Performance-Based Restricted Stock Units		Restricted Shares		Restricted Stock Units	
	Number	Weighted-Average Exercise Price	Number	Weighted-Average Grant Date Fair Value	Number	Weighted-Average Grant Date Fair Value	Number	Weighted-Average Grant Date Fair Value
<i>(In thousands, except per share amounts)</i>								
Balance as of February 2, 2025	849	\$ 314.27	177	\$ 371.83	5	\$ 317.86	239	\$ 371.09
Granted	318	275.26	168	304.07	6	252.28	208	266.34
Exercised/released	44	135.53	100	373.03	5	317.86	101	368.24
Forfeited/expired	69	337.83	12	329.43	—	—	30	328.71
Balance as of November 2, 2025	1,054	\$ 308.47	233	\$ 324.76	6	\$ 252.28	316	\$ 307.12
Exercisable as of November 2, 2025	496	\$ 294.21						

The Company's performance-based restricted stock units ("PSUs") are awarded to eligible employees and entitle the grantee to receive a maximum of two shares of common stock per PSU if the Company achieves specified performance goals and the grantee remains employed during the vesting period. The fair value of PSUs is based on the closing price of the Company's common stock on the grant date. Expense for PSUs is recognized when it is probable that the performance goal will be achieved.

The grant date fair value of the restricted shares and restricted stock units is based on the closing price of the Company's common stock on the grant date.

The grant date fair value of each stock option granted is estimated on the date of grant using the Black-Scholes model. The closing price of the Company's common stock on the grant date is used in the model. The assumptions used to calculate the fair value of the options granted are evaluated and revised, as necessary, to reflect market conditions and the Company's historical experience. The expected term of the options is based upon the historical experience of similar awards, giving consideration to expectations of future exercise behavior. Expected volatility is based upon the historical volatility of the Company's common stock for the period corresponding with the expected term of the options. The risk-free interest rate is based on the U.S. Treasury yield curve for the period corresponding with the expected term of the options. The following are weighted averages of the assumptions that were used in calculating the fair value of stock options granted during the first three quarters of 2025:

	First Three Quarters 2025
Expected term	4.00 years
Expected volatility	38.70 %
Risk-free interest rate	4.00 %
Dividend yield	— %

**Employee share purchase plan**

The Company has an Employee Share Purchase Plan ("ESPP"). Contributions are made by eligible employees, subject to certain limits defined in the ESPP, and the Company matches one-third of the contribution. The maximum number of shares

authorized to be purchased under the ESPP is 6.0 million shares. All shares purchased under the ESPP are purchased in the open market. During the third quarter of 2025, there were 58.7 thousand shares purchased. As of November 2, 2025, 4.1 million shares remain authorized to be purchased under the ESPP.

**Defined contribution pension plans**

The Company offers defined contribution pension plans to its eligible employees. Participating employees may elect to defer and contribute a portion of their eligible compensation to a plan up to limits stated in the plan documents, not to exceed the dollar amounts set by applicable laws. The Company matches 50% to 75% of the contribution depending on the participant's length of service, and the contribution is subject to a two-year vesting period. The Company's net expense for the defined contribution plans was \$17.8 million and \$16.4 million in the first three quarters of 2025 and 2024, respectively.

**Note 6. Fair Value Measurement**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are made using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value:

- Level 1 - defined as observable inputs such as quoted prices in active markets;
- Level 2 - defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 - defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

**Assets and liabilities measured at fair value on a recurring basis**

The fair value measurement is categorized in its entirety by reference to its lowest level of significant input. As of November 2, 2025 and February 2, 2025, the Company held certain assets and liabilities that are required to be measured at fair value on a recurring basis:

	November 2, 2025	Level 1	Level 2	Level 3	Balance Sheet Classification
<i>(In thousands)</i>					
Money market funds	\$ 34,795	\$ 34,795	\$ —	\$ —	Cash and cash equivalents
Forward currency contract assets	21,800	—	21,800	—	Prepaid expenses and other current assets
Forward currency contract liabilities	21,527	—	21,527	—	Other current liabilities

	February 2, 2025	Level 1	Level 2	Level 3	Balance Sheet Classification
<i>(In thousands)</i>					
Money market funds	\$ 240,918	\$ 240,918	\$ —	\$ —	Cash and cash equivalents
Term deposits	8	—	8	—	Cash and cash equivalents
Forward currency contract assets	76,848	—	76,848	—	Prepaid expenses and other current assets
Forward currency contract liabilities	74,638	—	74,638	—	Other current liabilities

The Company records cash, accounts receivable, accounts payable, and accrued liabilities at cost. The carrying values of these instruments approximate their fair value due to their short-term maturities.

The Company has short-term, highly liquid investments classified as cash equivalents, which are invested in money market funds and short-term deposits with original maturities of three months or less. The Company records cash equivalents at their original purchase prices plus interest that has accrued at the stated rate.

The fair values of the forward currency contract assets and liabilities are determined using observable Level 2 inputs, including foreign currency spot exchange rates, forward pricing curves, and interest rates. The fair values consider the credit risk of the Company and its counterparties. The Company's Master International Swap Dealers Association, Inc., Agreements

and other similar arrangements allow net settlements under certain conditions. However, the Company records all derivatives on its consolidated balance sheets at fair value and does not offset derivative assets and liabilities.

## **Note 7. Derivative Financial Instruments**

### ***Foreign currency exchange risk***

The Company is exposed to risks associated with changes in foreign currency exchange rates and uses derivative financial instruments to manage its exposure to certain of these foreign currency exchange rate risks. The Company does not enter into derivative contracts for speculative or trading purposes.

The Company currently hedges against changes in the Canadian dollar and Chinese Yuan to the U.S. dollar exchange rate and changes in the Euro and Australian dollar to the Canadian dollar exchange rate using forward currency contracts.

### ***Net investment hedges***

The Company is exposed to foreign currency exchange gains and losses which arise on translation of its international subsidiaries' balance sheets into U.S. dollars. These gains and losses are recorded as other comprehensive income (loss), net of tax in accumulated other comprehensive income or loss within stockholders' equity.

The Company holds a significant portion of its assets in Canada and enters into forward currency contracts designed to hedge a portion of the foreign currency exposure that arises on translation of a Canadian subsidiary into U.S. dollars. These forward currency contracts are designated as net investment hedges. The Company assesses hedge effectiveness based on changes in forward rates. The Company recorded no ineffectiveness from net investment hedges during the first three quarters of 2025.

The Company classifies the cash flows at settlement of its net investment hedges within investing activities in the consolidated statements of cash flows.

### ***Derivatives not designated as hedging instruments***

The Company is exposed to gains and losses arising from changes in foreign currency exchange rates associated with transactions which are undertaken by its subsidiaries in currencies other than their functional currency. Such transactions include intercompany transactions and inventory purchases. These transactions result in the recognition of certain foreign currency denominated monetary assets and liabilities which are remeasured to the quarter-end or settlement date foreign currency exchange rate. The resulting foreign currency gains and losses are recorded in selling, general and administrative expenses.

During the first three quarters of 2025, the Company entered into certain forward currency contracts designed to economically hedge the foreign currency exchange revaluation gains and losses that are recognized by its Canadian and Chinese subsidiaries on specific monetary assets and liabilities denominated in currencies other than the functional currency of the entity. The Company has not applied hedge accounting to these instruments and the change in fair value of these derivatives is recorded within selling, general and administrative expenses.

The Company classifies the cash flows at settlement of its forward currency contracts which are not designated in hedging relationships within operating activities in the consolidated statements of cash flows.

### ***Quantitative disclosures about derivative financial instruments***

The Company presents its derivative assets and derivative liabilities at their gross fair values within prepaid expenses and other current assets and other current liabilities on the consolidated balance sheets. However, the Company's Master International Swap Dealers Association, Inc., Agreements and other similar arrangements allow net settlements under certain conditions. As of November 2, 2025, there were derivative assets of \$21.8 million and derivative liabilities of \$21.5 million subject to enforceable netting arrangements.

The notional amounts and fair values of forward currency contracts were as follows:

	November 2, 2025			February 2, 2025		
	Gross Notional	Assets	Liabilities	Gross Notional	Assets	Liabilities
<i>(In thousands)</i>						
Derivatives designated as net investment hedges:						
Forward currency contracts	\$ 1,314,000	\$ 21,350	\$ —	\$ 1,969,000	\$ 74,908	\$ —
Derivatives not designated in a hedging relationship:						
Forward currency contracts	1,555,024	450	21,527	2,167,657	1,940	74,638
Net derivatives recognized on consolidated balance sheets:						
Forward currency contracts		\$ 21,800	\$ 21,527		\$ 76,848	\$ 74,638

The forward currency contracts designated as net investment hedges outstanding as of November 2, 2025 mature on different dates between November 2025 and March 2026.

The forward currency contracts not designated in a hedging relationship outstanding as of November 2, 2025 mature on different dates between November 2025 and March 2026.

The pre-tax gains and losses on foreign currency exchange forward contracts recorded in accumulated other comprehensive income or loss were as follows:

	Third Quarter		First Three Quarters	
	2025	2024	2025	2024
<i>(In thousands)</i>				
Gains (losses) recognized in net investment hedge gains (losses):				
Derivatives designated as net investment hedges	\$ 22,882	\$ 16,538	\$ (41,276)	\$ 49,250

No gains or losses have been reclassified from accumulated other comprehensive income or loss into net income for derivative financial instruments in a net investment hedging relationship, as the Company has not sold or liquidated (or substantially liquidated) its hedged subsidiary.

The pre-tax net foreign currency exchange and derivative gains and losses recorded in the consolidated statement of operations were as follows:

	Third Quarter		First Three Quarters	
	2025	2024	2025	2024
<i>(In thousands)</i>				
Gains (losses) recognized in selling, general and administrative expenses:				
Foreign currency exchange gains (losses)	\$ 16,955	\$ 13,423	\$ (51,042)	\$ 44,194
Derivatives not designated in a hedging relationship	(25,762)	(20,260)	33,469	(49,298)
Net foreign currency exchange and derivative gains (losses)	\$ (8,807)	\$ (6,837)	\$ (17,573)	\$ (5,104)

### Credit risk

The Company is exposed to credit-related losses in the event of nonperformance by the counterparties to the forward currency contracts. The credit risk amount is the Company's unrealized gains on its derivative instruments, based on foreign currency rates at the time of nonperformance.

The Company's forward currency contracts are generally entered into with what the Company believes are investment grade credit worthy and reputable financial institutions that are monitored by the Company for counterparty risk.

The Company's derivative contracts contain certain credit risk-related contingent features. Under certain circumstances, including an event of default, bankruptcy, termination, and cross default under the Company's revolving credit facility, the Company may be required to make immediate payment for outstanding liabilities under its derivative contracts.

## Note 8. Earnings Per Share

The details of the computation of basic and diluted earnings per share are as follows:

	Third Quarter		First Three Quarters	
	2025	2024	2025	2024
<i>(In thousands, except per share amounts)</i>				
Net income	\$ 306,835	\$ 351,870	\$ 992,312	\$ 1,066,213
Basic weighted-average number of shares outstanding	\$ 118,535	\$ 122,697	\$ 119,589	\$ 124,471
Assumed conversion of dilutive stock options and awards	17	106	103	197
Diluted weighted-average number of shares outstanding	118,552	122,803	119,692	124,668
Basic earnings per share	\$ 2.59	\$ 2.87	\$ 8.30	\$ 8.57
Diluted earnings per share	\$ 2.59	\$ 2.87	\$ 8.29	\$ 8.55

The Company's calculation of weighted-average shares includes the common stock of the Company as well as the exchangeable shares. Exchangeable shares are the economic equivalent of common shares in all material respects. All classes of stock have, in effect, the same economic rights and share equally in undistributed net income. For the first three quarters of 2025 and 2024, 0.1 million and 0.1 million stock options and awards, respectively, were anti-dilutive to earnings per share and therefore have been excluded from the computation of diluted earnings per share.

On March 23, 2022, the Company's board of directors approved a stock repurchase program authorizing up to \$1.0 billion of common shares, which was fully utilized during the first quarter of 2024.

Subsequently, the board of directors approved a new repurchase program authorizing up to \$3.0 billion in aggregate, including \$1.0 billion initially authorized on November 29, 2023, and additional \$1.0 billion increases on May 29, 2024 and December 3, 2024. This program does not have an expiration date or require a minimum number of shares to be repurchased. Repurchases may be made on the open market at prevailing prices or through privately negotiated transactions, including under plans pursuant to Rule 10b5-1 and Rule 10b-18 of the Securities Exchange Act of 1934. The timing and amount of repurchases will depend on market conditions, trading eligibility, and other factors. As of November 2, 2025, the remaining authorized amount available under the program, excluding commissions and excise taxes, was \$0.7 billion.

During the first three quarters of 2025 and 2024, 3.5 million and 4.2 million shares, respectively, were repurchased at a total cost including commissions and excise taxes of \$906.6 million and \$1.3 billion, respectively.

Subsequent to November 2, 2025, and up to December 5, 2025, 0.6 million shares were repurchased at a total cost including commissions and excise taxes of \$103.9 million.

## Note 9. Supplementary Financial Information

A summary of certain consolidated balance sheet accounts is as follows:

	November 2, 2025	February 2, 2025
<i>(In thousands)</i>		
Inventories:		
Inventories, at cost	\$ 2,105,155	\$ 1,526,055
Inventory provisions and reserves	(107,311)	(83,974)
	\$ 1,997,844	\$ 1,442,081

	November 2, 2025	February 2, 2025
<i>(In thousands)</i>		
Prepaid expenses and other current assets:		
Prepaid expenses	\$ 155,207	\$ 147,680
Forward currency contract assets	21,800	76,848
Other current assets	32,341	26,931
	\$ 209,348	\$ 251,459
Property and equipment, net:		
Land	\$ 77,202	\$ 74,461
Buildings	28,301	27,655
Leasehold improvements	1,331,212	1,227,247
Furniture and fixtures	194,570	177,651
Computer hardware	215,891	202,479
Computer software	1,463,531	1,274,322
Equipment and vehicles	58,895	51,453
Work in progress	321,898	206,398
Property and equipment, gross	3,691,500	3,241,666
Accumulated depreciation	(1,739,488)	(1,461,049)
	\$ 1,952,012	\$ 1,780,617
Other non-current assets:		
Cloud computing arrangement implementation costs	\$ 182,687	\$ 161,759
Security deposits	55,660	44,076
Other	36,216	32,006
	\$ 274,563	\$ 237,841
Accrued liabilities and other:		
Accrued operating expenses	\$ 209,334	\$ 166,745
Forward currency contract liabilities	21,527	74,638
Sales return allowances	72,057	73,892
Accrued freight	38,129	53,121
Accrued duty	126,189	45,400
Accrued digital marketing	29,721	45,392
Accrued capital expenditures	28,732	36,690
Accrued rent	22,333	17,962
Sales tax collected	31,921	16,967
Other	41,212	28,656
	\$ 621,155	\$ 559,463

#### Note 10. Segmented Information

The Company's segments are based on the financial information the Chief Operating Decision Maker ("CODM"), who is the Chief Executive Officer, uses to evaluate performance and allocate resources. The CODM approves the annual budget on a segment level, and regularly assesses the performance of the Company's segments using key financial metrics, including net revenue and segmented income from operations.

The Company reports three segments: Americas, China Mainland, and Rest of World, which is comprised of its non-significant operating segments APAC and EMEA reported on a combined basis. The Company does not report capital expenditures and assets by segment as that information is not reviewed by the CODM.

	Third Quarter 2025					
	Americas	China Mainland	Rest of World	Total Segments	Corporate <sup>(1)</sup>	Total
<i>(In thousands)</i>						
Net revenue	\$ 1,733,382	\$ 465,362	\$ 367,176	\$ 2,565,920	\$ —	\$ 2,565,920
Product costs <sup>(2)</sup>	583,551	110,484	100,579	794,614	—	794,614
Other cost of sales <sup>(2)</sup>	167,970	55,702	65,916	289,588	55,802	345,390
Selling, general and administrative expenses	464,373	126,160	115,724	706,257	281,997	988,254
Amortization of intangible assets	—	—	—	—	1,776	1,776
Income from operations	\$ 517,488	\$ 173,016	\$ 84,957	\$ 775,461	\$ (339,575)	\$ 435,886
Other income (expense), net						5,854
Income before income tax expense						\$ 441,740
Supplemental information:						
Depreciation and amortization <sup>(3)</sup>	\$ 58,035	\$ 9,573	\$ 9,418	\$ 77,026	\$ 50,433	\$ 127,459

	Third Quarter 2024					
	Americas	China Mainland	Rest of World	Total Segments	Corporate <sup>(1)</sup>	Total
<i>(In thousands)</i>						
Net revenue	\$ 1,770,382	\$ 318,338	\$ 307,940	\$ 2,396,660	\$ —	\$ 2,396,660
Product costs <sup>(2)</sup>	518,202	73,164	80,881	672,247	—	672,247
Other cost of sales <sup>(2)</sup>	159,259	48,555	57,105	264,919	57,888	322,807
Selling, general and administrative expenses	437,982	86,019	101,192	625,193	284,634	909,827
Amortization of intangible assets	—	—	—	—	1,118	1,118
Income from operations	\$ 654,939	\$ 110,600	\$ 68,762	\$ 834,301	\$ (343,640)	\$ 490,661
Other income (expense), net						13,743
Income before income tax expense						\$ 504,404
Supplemental information:						
Depreciation and amortization <sup>(3)</sup>	\$ 51,726	\$ 8,136	\$ 8,151	\$ 68,013	\$ 45,586	\$ 113,599

	First Three Quarters 2025					
	Americas	China Mainland	Rest of World	Total Segments	Corporate <sup>(1)</sup>	Total
<i>(In thousands)</i>						
Net revenue	\$ 5,166,157	\$ 1,226,361	\$ 1,069,281	\$ 7,461,799	\$ —	\$ 7,461,799
Product costs <sup>(2)</sup>	1,579,844	284,518	299,292	2,163,654	—	2,163,654
Other cost of sales <sup>(2)</sup>	483,007	157,114	187,587	827,708	184,193	1,011,901
Selling, general and administrative expenses	1,377,093	305,588	343,346	2,026,027	856,756	2,882,783
Amortization of intangible assets	—	—	—	—	5,136	5,136
Income from operations	\$ 1,726,213	\$ 479,141	\$ 239,056	\$ 2,444,410	\$ (1,046,085)	\$ 1,398,325
Other income (expense), net						27,377
Income before income tax expense						\$ 1,425,702
Supplemental information:						
Depreciation and amortization <sup>(3)</sup>	\$ 163,975	\$ 27,020	\$ 26,704	\$ 217,699	\$ 144,004	\$ 361,703

	First Three Quarters 2024					
	Americas	China Mainland	Rest of World	Total Segments	Corporate <sup>(1)</sup>	Total
<i>(In thousands)</i>						
Net revenue	\$ 5,134,079	\$ 936,313	\$ 906,237	\$ 6,976,629	\$ —	\$ 6,976,629
Product costs <sup>(2)</sup>	1,494,392	213,386	251,815	1,959,593	—	1,959,593
Other cost of sales <sup>(2)</sup>	456,894	142,147	156,738	755,779	172,398	928,177
Selling, general and administrative expenses	1,293,587	231,317	288,241	1,813,145	811,067	2,624,212
Amortization of intangible assets	—	—	—	—	1,118	1,118
Income from operations	\$ 1,889,206	\$ 349,463	\$ 209,443	\$ 2,448,112	\$ (984,583)	\$ 1,463,529
Other income (expense), net						55,020
Income before income tax expense						\$ 1,518,549
Supplemental information:						
Depreciation and amortization <sup>(3)</sup>	\$ 143,876	\$ 23,923	\$ 22,064	\$ 189,863	\$ 123,068	\$ 312,931

- <sup>(1)</sup> Corporate includes centrally managed support functions including product design, raw material development, product innovation, sourcing, supply chain, and global merchandising which are included in other cost of sales. Administrative corporate expenses include technology, brand and marketing, finance, human resources, legal, and other head office costs.
- <sup>(2)</sup> Cost of goods sold is made up of product costs and other cost of sales. Product costs include the cost of purchased merchandise, costs incurred to deliver inventory to the Company's distribution centers, shrink and inventory provision expenses, the cost of digital content subscription services, and hemming costs. Other cost of sales includes occupancy and depreciation expense for company-operated stores, distribution center costs, and product department costs.
- <sup>(3)</sup> The amounts of depreciation and amortization disclosed by reportable segment are included within other cost of sales and selling, general and administrative expenses.

### Note 11. Disaggregated Net Revenue

In addition to the disaggregation of net revenue by reportable segment in Note 10. Segmented Information, the following table disaggregates the Company's net revenue by geographic area.

Prior to the acquisition of the Mexico operations on September 10, 2024, wholesale sales to the third party under the license and supply arrangement by lululemon athletica canada inc. were disclosed as net revenue recognized within Canada.

	Third Quarter		First Three Quarters	
	2025	2024	2025	2024
<i>(In thousands)</i>				
United States	\$ 1,380,973	\$ 1,424,234	\$ 4,158,499	\$ 4,186,614
Canada	331,596	335,484	945,709	936,801
Mexico	20,813	10,664	61,949	10,664
Americas	1,733,382	1,770,382	5,166,157	5,134,079
China Mainland	465,362	318,338	1,226,361	936,313
Hong Kong SAR, Taiwan, and Macau SAR	46,463	41,050	138,201	125,349
People's Republic of China	511,825	359,388	1,364,562	1,061,662
Other geographic areas	320,713	266,890	931,080	780,888
	\$ 2,565,920	\$ 2,396,660	\$ 7,461,799	\$ 6,976,629

The following table disaggregates the Company's net revenue by category. Accessories and other categories is primarily composed of accessories, footwear, and lululemon Studio.

	Third Quarter		First Three Quarters	
	2025	2024	2025	2024
<i>(In thousands)</i>				
Women's apparel	\$ 1,644,952	\$ 1,555,686	\$ 4,727,445	\$ 4,467,048
Men's apparel	596,241	551,430	1,765,627	1,644,653
Accessories and other categories	324,727	289,544	968,727	864,928
	\$ 2,565,920	\$ 2,396,660	\$ 7,461,799	\$ 6,976,629

The following table disaggregates the Company's net revenue by channel.

	Third Quarter		First Three Quarters	
	2025	2024	2025	2024
<i>(In thousands)</i>				
Company-operated stores	\$ 1,206,558	\$ 1,210,523	\$ 3,614,617	\$ 3,496,661
E-commerce	1,066,750	944,777	3,020,733	2,761,201
Other channels	292,612	241,360	826,449	718,767
	\$ 2,565,920	\$ 2,396,660	\$ 7,461,799	\$ 6,976,629

### Note 12. Legal Proceedings and Other Contingencies

In addition to the legal proceedings described below, the Company is, from time to time, involved in routine legal matters, and audits and inspections by governmental agencies and other third parties which are incidental to the conduct of its business. This includes legal matters such as initiation and defense of proceedings to protect intellectual property rights, employment claims, product liability claims, personal injury claims, and similar matters. The Company believes the ultimate resolution of any such legal proceedings, audits, and inspections is not reasonably likely to have a material adverse effect on its consolidated balance sheets, results of operations or cash flows; however litigation and regulatory matters are inherently uncertain, and it is possible that an adverse outcome in one or more matters could have a material impact in a particular reporting period. The Company has recognized immaterial provisions related to the expected outcome of legal proceedings.

On August 8, 2024, lululemon athletica inc. and certain officers of the Company were named as defendants in a purported securities class action (*Patel v. Lululemon Athletica Inc., et al.*, No. 1:24-cv-06033) in the United States District Court for the Southern District of New York. On March 10, 2025, plaintiffs filed an amended complaint, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 based on allegedly false and misleading public statements and omissions by defendants during the period December 8, 2023 to July 24, 2024 relating to lululemon's business, product offerings, and inventory allocation that plaintiffs allege artificially inflated the Company's stock price. The amended complaint currently seeks unspecified monetary damages. On May 19, 2025, defendants moved to dismiss the amended complaint. The Company intends to defend the action vigorously.

Since November 4, 2024, six stockholder derivative complaints have been filed in the United States Court for the Southern District of New York: *Bhavsar v. McDonald et al.*, No. 1:24-cv-08405; *Muszynski v. McDonald et al.*, No. 1:24-cv-08507; *Holtz v. McDonald et al.*, No. 1:24-cv-08572; *Wong v. McDonald et al.*, No. 1:24-cv-08752; *Kanaly v. McDonald et al.*, No. 1:24-cv-08839; and *Wasserman v. McDonald et al.*, No. 1:25-cv-02793 (collectively, the "Derivative Actions."). The complaints in the Derivative Actions are generally based on the same allegations alleged in the securities action complaint and assert claims against certain of the Company's current and former directors and officers for, among other things, alleged breaches of fiduciary duty and violations of Sections 10(b), 14(a), and 20(a) of the Exchange Act. Certain of the Derivative Actions also assert claims based on alleged false and misleading statements during the period October 28, 2020 to April 25, 2024 relating to the Company's "IDEA" program. The complaints seek, among other things, monetary damages and equitable relief on behalf of the Company, as well as an award of attorneys' fees and costs. On May 15, 2025, plaintiff in *Bhavsar v. McDonald et al.* voluntarily dismissed the complaint and that action has been terminated. On August 1, 2025, the Derivative Actions were consolidated for all purposes under the caption *In re lululemon athletica inc. Stockholder Derivative Litigation*, Master File No. 1:24-cv-08507. The Derivative Actions are stayed pending a ruling on the motion to dismiss the securities class action.

### **Note 13. Subsequent Events**

Subsequent to November 2, 2025, on December 11, 2025, the board of directors of lululemon and Calvin McDonald mutually agreed that Mr. McDonald will step down from his position as Chief Executive Officer, effective January 31, 2026. To support an orderly transition of his responsibilities, Mr. McDonald will continue with lululemon in a senior advisor capacity through March 31, 2026. Mr. McDonald is also stepping down as a member of lululemon's board of directors, effective January 31, 2026.

In connection with these changes, the board of directors appointed Marti Morfitt, currently serving as chair of the board of directors, to serve as executive chair, effective immediately. The board of directors also appointed Meghan Frank, lululemon's chief financial officer, and Andre Maestrini, lululemon's president and chief commercial officer, to serve as interim co-Chief Executive Officers, effective January 31, 2026, while lululemon conducts a search for a permanent CEO.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the unaudited interim consolidated financial statements and related notes in Item 1 of this Quarterly Report on Form 10-Q, as well as the audited consolidated financial statements and MD&A in our Annual Report on Form 10-K for fiscal 2024.

This Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about our financial condition, results of operations, business strategies, growth opportunities, market trends, and future performance. Forward-looking statements can often be identified by words such as "may," "will," "expects," "plans," "anticipates," "believes," "estimates," "intends," and similar expressions.

These forward-looking statements are based on our current expectations and assumptions, are subject to risks and uncertainties, and may differ materially from actual results due to various factors, including those described under "Risk Factors" and elsewhere in this report. We undertake no obligation to update any forward-looking statements, except as required by applicable law.

Our fiscal year ends on the Sunday closest to January 31 of the following year, typically resulting in a 52-week year, but occasionally giving rise to an additional week, resulting in a 53-week year. Fiscal 2025 will end on February 1, 2026 and will be a 52-week year. Fiscal 2024 was a 53-week year and ended on February 2, 2025. Fiscal 2025 and fiscal 2024 are referred to as "2025," and "2024," respectively. The first three quarters of 2025 and 2024 ended on November 2, 2025 and October 27, 2024, respectively.

Components of this MD&A include:

- [Overview](#)
- [Financial Highlights and Market Conditions and Trends](#)
- [Quarter-to-Date Results of Operations](#)
- [Year-to-Date Results of Operations](#)
- [Comparable Sales](#)
- [Non-GAAP Financial Measures](#)
- [Seasonality](#)
- [Liquidity and Capital Resources](#)
- [Critical Accounting Policies and Estimates](#)
- [Operating Locations](#)

We use comparable sales as a metric to evaluate the performance of our business. Due to the 53rd week in 2024, comparable sales are calculated on a one-week shifted basis such that the 13 or 39 weeks ended November 2, 2025 is compared to the 13 or 39 weeks ended November 3, 2024 rather than October 27, 2024. Refer to the Comparable Sales section of this MD&A for further information.

We provide constant dollar changes, which is a non-GAAP financial measure, as supplemental information to help investors understand the underlying growth rate of net revenue excluding the impact of changes in foreign currency exchange rates. Refer to the Non-GAAP Financial Measures section of this MD&A for reconciliations between the non-GAAP financial measures and the most directly comparable measures calculated in accordance with GAAP.

We disclose material non-public information through one or more of the following channels: our investor relations website (<http://corporate.lululemon.com/investors>), the social media channels identified on our investor relations website, press releases, SEC filings, public conference calls, and webcasts. Information contained on or accessible through our websites is not incorporated into, and does not form a part of, this Quarterly Report or any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

## Overview

lululemon athletica inc. is principally a designer, distributor, and retailer of technical athletic apparel, footwear, and accessories. We have a vision to create transformative products and experiences that build meaningful connections, unlocking greater possibility and wellbeing for all. Since our inception, we have fostered a distinctive corporate culture; we promote a set of core values in our business which include taking personal responsibility, acting with courage, valuing connection and inclusion, and choosing to have fun. These core values attract passionate and motivated employees who are driven to achieve personal and professional goals, and share our purpose "to elevate human potential by helping people feel their best."

We offer a comprehensive line of technical athletic apparel, footwear, and accessories marketed under the lululemon brand. Our apparel assortment includes items such as pants, shorts, tops, and jackets designed for a healthy lifestyle including athletic activities such as yoga, running, training, and most other activities. We also offer apparel designed for being on the move and fitness-inspired accessories. We expect to continue to broaden our merchandise offerings through expansion across these product areas.

## Financial Highlights

The summary below compares the third quarter of 2025 to the third quarter of 2024:

- Net revenue increased 7% to \$2.6 billion.
- Comparable sales increased 1%, or 2% on a constant dollar basis.
  - Americas comparable sales decreased 5%.
  - China Mainland comparable sales increased 24%, or 25% on a constant dollar basis.
  - Rest of World comparable sales increased 9%.
- Gross profit increased 2% to \$1.4 billion.
- Gross margin decreased 290 basis points to 55.6%.
- Income from operations decreased 11% to \$435.9 million.

- Operating margin decreased 350 basis points to 17.0%.
- Income tax expense decreased 12% to \$134.9 million. Our effective tax rate for the third quarter of 2025 was 30.5% compared to 30.2% for the third quarter of 2024.
- Diluted earnings per share were \$2.59 compared to \$2.87 in the third quarter of 2024.

## **Market Conditions and Trends**

Across all markets, our business continues to be negatively influenced by macroeconomic conditions, including trade policies, shifting consumer demand, inflation, foreign currency fluctuations, and geopolitical instability. These factors have had varying effects across our markets and are expected to continue to impact our business throughout 2025 and beyond.

While total net revenue increased during the third quarter of 2025, net revenue in the Americas decreased 2% and comparable sales in the Americas decreased 5%. We experienced lower average order value, conversion rates, and store traffic in the Americas, partially reflective of economic uncertainty, lower consumer confidence, changes in discretionary spending, and certain product categories experiencing lower demand.

### ***Import Tariffs***

On April 2, 2025, the United States announced the implementation of a 10% baseline tariff on imports from nearly all countries with higher country-specific tariff rates scheduled to begin April 9, 2025. The implementation of country-specific tariffs was subsequently delayed to allow negotiations. Certain countries, including Vietnam, have announced trade deals with the United States and most negotiated tariff rates are higher than the 10% baseline rate. There has been significant volatility in U.S. tariff and customs policy, and trade negotiations between the United States and other countries are ongoing.

The United States also approved the One Big Beautiful Bill Act ("OBBBA") on July 4, 2025, which removed the de minimis exemption for low value shipments imported into the United States in 2027. On July 30, 2025, the President of the United States issued an executive order removing the de minimis exemption for all countries beginning August 29, 2025.

These changes in the tariff landscape, including the de minimis removal, have a significant adverse effect on our business and results of operation. The countries from which we source the majority of our products are now subject to higher tariffs on imports into the United States. Further, the majority of our sales to U.S. e-commerce guests are currently fulfilled from distribution centers in Canada, and historically a significant proportion of these orders qualified for the de minimis exemption. The removal of this exemption increases the cost of fulfilling those orders. We are taking steps to mitigate the financial impact which includes vendor negotiations and selective price increases. These actions are not anticipated to fully offset the effect of higher tariffs and the removal of the de minimis exemption, and we anticipate a significant reduction in our gross margin and operating margin.

The impact of increased tariffs, net of mitigating activities, resulted in a reduction to income from operations for the first three quarters of 2025 of approximately \$60 million. We estimate, based on the information available to us today, that increased tariffs, and the removal of the de minimis exemption, will reduce income from operations for 2025 by approximately \$210 million, net of mitigation efforts.

This estimate is our best current view and may change materially as conditions evolve and new information becomes available. It reflects a number of assumptions including (i) the tariff rates and timing of implementation, (ii) the duration and scope of the de minimis exemption removal, (iii) the potential application of transshipment tariff rules, (iv) our ability to execute vendor savings, and (v) customer demand elasticity and pricing response. Actual results may differ materially from this estimate, whether because these assumptions prove inaccurate or because of subsequent changes in tariff policy, trade negotiations, sourcing conditions, consumer demand for our products, or other factors outside our control.

Because this is an evolving area, future developments may change our expectations materially. For additional information on related risks, please see "Risk Factors" in this quarterly report.

Our updated forecasts, inclusive of the trends above, resulted in changes in the probability of achieving performance conditions of performance-based restricted stock units. Therefore, we recognized a reversal of stock-based compensation expense of \$26.3 million during the second quarter of 2025.

### Other Factors Affecting Our Business

Foreign currency fluctuations negatively impacted our financial results during the first three quarters of 2025, reducing net revenue growth by \$15.4 million compared to the first three quarters of 2024. We expect ongoing exchange rate volatility to continue affecting our financial results.

The OBBBA includes, among other provisions, the permanent extension of certain provisions of the Tax Cuts and Jobs Act, the reinstatement of 100% bonus depreciation, the immediate expensing of qualifying research and development costs, and modifications to the international tax framework including changes to global intangible low-tax income, the base erosion and anti-abuse tax, and foreign derived intangible income. Based on our current evaluation of the legislation, we do not expect these tax law changes to have a material impact on our consolidated financial statements. We will continue to assess the potential impacts of OBBBA as additional regulatory guidance becomes available.

### Quarter-to-Date Results of Operations: Third Quarter Results

The following table summarizes key components of our results of operations for the periods indicated:

	Third Quarter			
	2025	2024	2025	2024
	<i>(In thousands)</i>		<i>(Percentage of net revenue)</i>	
Net revenue	\$ 2,565,920	\$ 2,396,660	100.0 %	100.0 %
Cost of goods sold	1,140,004	995,054	44.4	41.5
Gross profit	1,425,916	1,401,606	55.6	58.5
Selling, general and administrative expenses	988,254	909,827	38.5	38.0
Amortization of intangible assets	1,776	1,118	0.1	—
Income from operations	435,886	490,661	17.0	20.5
Other income (expense), net	5,854	13,743	0.2	0.6
Income before income tax expense	441,740	504,404	17.2	21.0
Income tax expense	134,905	152,534	5.3	6.4
Net income	\$ 306,835	\$ 351,870	12.0 %	14.7 %

### Net Revenue

	Third Quarter				
	2025	2024	2025	2024	Year over year change
	<i>(In thousands)</i>		<i>(Percentage of net revenue)</i>		<i>(Constant dollar change)</i>
Americas	\$ 1,733,382	\$ 1,770,382	67.6 %	73.9 %	\$ (37,000) (2)% (2)%
China Mainland	465,362	318,338	18.1	13.3	147,024 46 % 47 %
Rest of World	367,176	307,940	14.3	12.8	59,236 19 % 19 %
Net revenue	\$ 2,565,920	\$ 2,396,660	100.0 %	100.0 %	\$ 169,260 7 % 7 %

The increase in net revenue was primarily due to increased China Mainland and Rest of World net revenue, partially offset by decreased Americas net revenue. Global comparable sales increased 1%, or 2% on a constant dollar basis.

**Gross Profit**

	Third Quarter			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>	<i>(Percentage)</i>
Gross profit	\$ 1,425,916	\$ 1,401,606	\$ 24,310	1.7 %
Gross margin	55.6 %	58.5 %	(290) basis points	

The decrease in gross margin was primarily due to:

- a net decrease in product margin of 300 basis points, comprised of:
  - a net decrease of 290 basis points primarily from higher tariffs as well as markdowns and credit card affiliate programs, partially offset by higher pricing and lower product costs; and
  - an unfavorable impact of foreign currency exchange rates of 10 basis points.
- a net decrease in other cost of sales as a percentage of net revenue of 10 basis points, comprised of:
  - a decrease in costs related to our product departments of 40 basis points; and
  - an increase in occupancy and depreciation costs of 30 basis points.

**Selling, General and Administrative Expenses**

	Third Quarter			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>	<i>(Percentage)</i>
Selling, general and administrative expenses	\$ 988,254	\$ 909,827	\$ 78,427	8.6 %
Selling, general and administrative expenses as a % of net revenue	38.5 %	38.0 %	50 basis points	

The increase in selling, general and administrative expenses was primarily due to:

- an increase in costs related to our operating channels of \$66.7 million, comprised of:
  - an increase in employee costs of \$28.2 million primarily due to increased salaries and wages expense for retail employees;
  - an increase in variable costs of \$15.1 million primarily due to increased distribution costs and higher credit card fees as a result of higher net revenue;
  - an increase in digital marketing expenses of \$9.5 million;
  - an increase in technology costs of \$5.2 million; and
  - an increase in other operating costs of \$8.7 million primarily due to increased depreciation and occupancy costs.
- a net increase in head office costs of \$9.7 million, comprised of:
  - an increase in brand and community expenses of \$8.6 million;
  - an increase in technology costs, including cloud computing amortization, of \$6.4 million;
  - an increase in depreciation of \$4.2 million;
  - a net decrease in employee costs of \$7.7 million primarily due to decreased incentive compensation, partially offset by increased salaries and wages expense;
  - a decrease in contractor, advisory, and professional services of \$1.5 million; and
  - a decrease in other head office costs of \$0.3 million.

- an increase in net foreign currency exchange and derivative revaluation losses of \$2.0 million.

### Amortization of Intangible Assets

	Third Quarter			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i> <i>(Percentage)</i>	
Amortization of intangible assets	\$ 1,776	\$ 1,118	\$ 658	58.9 %

The amortization of intangible assets in 2025 was primarily the result of the amortization of intangible assets recognized upon the September 2024 acquisition of the Mexico operations.

### Segment Results

On a segment basis, we determine income from operations without taking into account corporate expenses and certain other expenses. Corporate expenses include the cost of centrally managed support functions including product design, raw material development, product innovation, sourcing, supply chain, and global merchandising which are included in other cost of sales. Administrative corporate expenses include technology, brand and marketing, finance, human resources, legal, and other head office costs.

#### Americas

	Third Quarter			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i> <i>(Percentage)</i>	
Net revenue	\$ 1,733,382	\$ 1,770,382	\$ (37,000)	(2.1)%
Product costs	583,551	518,202	65,349	12.6
Other cost of sales	167,970	159,259	8,711	5.5
Gross profit	981,861	1,092,921	(111,060)	(10.2)
Selling, general and administrative expenses	464,373	437,982	26,391	6.0
Segmented income from operations	\$ 517,488	\$ 654,939	\$ (137,451)	(21.0)%
Product margin	66.3 %	70.7 %	(440) basis points	
Gross margin	56.6 %	61.7 %	(510) basis points	
Selling, general and administrative expenses as a % of net revenue	26.8 %	24.7 %	210 basis points	
Segmented income from operations as a % of net revenue	29.9 %	37.0 %	(710) basis points	

The decrease in Americas net revenue was primarily due to a decrease in comparable sales, which decreased 5%. The decrease in comparable sales was primarily a result of a decrease in average order value, lower conversion rates, and reduced store traffic, partially offset by higher e-commerce traffic, which was partially driven by the impact of credit card affiliate programs. The decrease in comparable sales was partially offset by a \$50.3 million increase from new or expanded company-operated stores and our other channels. We opened 11 net new company-operated stores in the Americas since the third quarter of 2024.

The decrease in gross margin was primarily due to lower product margin as well as higher occupancy costs and depreciation as a percentage of net revenue.

The increase in selling, general and administrative expenses was primarily due to increased employee costs, variable costs, and depreciation.

China Mainland

	Third Quarter			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>	<i>(Percentage)</i>
Net revenue	\$ 465,362	\$ 318,338	\$ 147,024	46.2 %
Product costs	110,484	73,164	37,320	51.0
Other cost of sales	55,702	48,555	7,147	14.7
Gross profit	299,176	196,619	102,557	52.2
Selling, general and administrative expenses	126,160	86,019	40,141	46.7
Segmented income from operations	\$ 173,016	\$ 110,600	\$ 62,416	56.4 %
Product margin	76.3 %	77.0 %	(70) basis points	
Gross margin	64.3 %	61.8 %	250 basis points	
Selling, general and administrative expenses as a % of net revenue	27.1 %	27.0 %	10 basis points	
Segmented income from operations as a % of net revenue	37.2 %	34.7 %	250 basis points	

The increase in China Mainland net revenue was primarily due to an increase in comparable sales, which increased 24%, or 25% on a constant dollar basis. The increase in comparable sales was primarily a result of increased e-commerce traffic, partially driven by the timing of Singles Day events, partially offset by a decrease in average order value. The increase in China Mainland net revenue was also driven by a \$46.6 million increase in net revenue from new or expanded company-operated stores and our other channels. We have opened 27 new company-operated stores in China Mainland since the third quarter of 2024.

The increase in gross margin was primarily due to lower occupancy costs and depreciation as a percentage of net revenue, partially offset by lower product margin.

The increase in selling, general and administrative expenses was primarily due to increased marketing expenses, employee costs, variable costs, and technology costs.

Rest of World

	Third Quarter			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>	<i>(Percentage)</i>
Net revenue	\$ 367,176	\$ 307,940	\$ 59,236	19.2 %
Product costs	100,579	80,881	19,698	24.4
Other cost of sales	65,916	57,105	8,811	15.4
Gross profit	200,681	169,954	30,727	18.1
Selling, general and administrative expenses	115,724	101,192	14,532	14.4
Segmented income from operations	\$ 84,957	\$ 68,762	\$ 16,195	23.6 %
Product margin	72.6 %	73.7 %	(110) basis points	
Gross margin	54.7 %	55.2 %	(50) basis points	
Selling, general and administrative expenses as a % of net revenue	31.5 %	32.9 %	(140) basis points	
Segmented income from operations as a % of net revenue	23.1 %	22.3 %	80 basis points	

The increase in Rest of World net revenue was primarily due to a \$35.1 million increase in net revenue from new or expanded company-operated stores and our other channels. We have opened nine net new company-operated stores in Rest of World since the third quarter of 2024. The increase in Rest of World net revenue was also driven by an increase in comparable sales, which increased 9%. The increase in comparable sales was primarily a result of increased traffic.

The decrease in gross margin was primarily due to lower product margin and higher distribution center costs as a percentage of net revenue, partially offset by lower occupancy costs as a percentage of net revenue.

The increase in selling, general and administrative expenses was primarily due to higher employee costs and other operating and head office costs.

## Corporate

Corporate expenses decreased \$4.1 million to \$339.6 million in the third quarter of 2025 compared to the third quarter of 2024. The net decrease was primarily due to lower employee costs driven by decreased incentive compensation as well as lower professional fees. The decrease in corporate expenses was partially offset by higher technology costs, depreciation, marketing expenses, as well as an increase in net foreign currency exchange and derivative losses of \$2.0 million.

### Other Income (Expense), Net

	Third Quarter			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>	<i>(Percentage)</i>
Other income (expense), net	\$ 5,854	\$ 13,743	\$ (7,889)	(57.4)%

The decrease in other income, net was primarily due to a decrease in interest income as a result of lower average cash balances and lower interest rates.

### Income Tax Expense

	Third Quarter			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>	<i>(Percentage)</i>
Income tax expense	\$ 134,905	\$ 152,534	\$ (17,629)	(11.6)%
Effective tax rate	30.5 %	30.2 %	30 basis points	

The increase in the effective tax rate was primarily due to adjustments upon the filing of income tax returns.

### Net Income

	Third Quarter			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>	<i>(Percentage)</i>
Net income	\$ 306,835	\$ 351,870	\$ (45,035)	(12.8)%

The decrease in net income was primarily due to an increase in selling, general and administrative expenses of \$78.4 million and a decrease in other income (expense), net of \$7.9 million, partially offset by an increase in gross profit of \$24.3 million, and a decrease in income tax expense of \$17.6 million.

### Year-to-Date Results of Operations: First Three Quarters Results

The following table summarizes key components of our results of operations for the periods indicated:

	First Three Quarters			
	2025	2024	2025	2024
	<i>(In thousands)</i>		<i>(Percentage of net revenue)</i>	
Net revenue	\$ 7,461,799	\$ 6,976,629	100.0 %	100.0 %
Cost of goods sold	3,175,555	2,887,770	42.6	41.4
Gross profit	4,286,244	4,088,859	57.4	58.6
Selling, general and administrative expenses	2,882,783	2,624,212	38.6	37.6
Amortization of intangible assets	5,136	1,118	0.1	—
Income from operations	1,398,325	1,463,529	18.7	21.0
Other income (expense), net	27,377	55,020	0.4	0.8
Income before income tax expense	1,425,702	1,518,549	19.1	21.8
Income tax expense	433,390	452,336	5.8	6.5
Net income	\$ 992,312	\$ 1,066,213	13.3 %	15.3 %

**Net Revenue**

	First Three Quarters							
	2025		2024		Year over year change			
	<i>(In thousands)</i>		<i>(Percentage of net revenue)</i>		<i>(In thousands)</i>		<i>(Percentage)</i>	
Americas	\$ 5,166,157	\$ 5,134,079	69.2 %	73.6 %	\$ 32,078	1 %	1 %	
China Mainland	1,226,361	936,313	16.4	13.4	290,048	31 %	31 %	
Rest of World	1,069,281	906,237	14.3	13.0	163,044	18 %	17 %	
Net revenue	\$ 7,461,799	\$ 6,976,629	100.0 %	100.0 %	\$ 485,170	7 %	7 %	

The increase in net revenue was primarily due to increased China Mainland and Rest of World net revenue. Americas net revenue also increased, and global comparable sales increased 1%.

**Gross Profit**

	First Three Quarters					
	2025		2024		Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>		<i>(Percentage)</i>	
Gross profit	\$ 4,286,244	\$ 4,088,859	\$ 197,385	4.8 %		
Gross margin	57.4 %	58.6 %	(120) basis points			

The decrease in gross margin was primarily due to:

- a net decrease in product margin of 90 basis points, comprised of:
  - a net decrease of 80 basis points primarily from higher tariffs as well as markdowns and credit card affiliate programs, partially offset by higher pricing, lower product costs, and lower damages; and
  - an unfavorable impact of foreign currency exchange rates of 10 basis points.
- a net increase in other cost of sales as a percentage of net revenue of 30 basis points, comprised of higher occupancy and depreciation costs.

**Selling, General and Administrative Expenses**

	First Three Quarters					
	2025		2024		Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>		<i>(Percentage)</i>	
Selling, general and administrative expenses	\$ 2,882,783	\$ 2,624,212	\$ 258,571	9.9 %		
Selling, general and administrative expenses as a % of net revenue	38.6 %	37.6 %	100 basis points			

The increase in selling, general and administrative expenses was primarily due to:

- an increase in costs related to our operating channels of \$167.6 million, comprised of:
  - an increase in employee costs of \$77.3 million primarily due to increased salaries and wages expense for retail employees, partially offset by decreased incentive compensation;
  - an increase in digital marketing expenses of \$29.9 million;
  - an increase in variable costs of \$19.6 million primarily due to increased credit card fees and packaging costs as a result of higher net revenue; and
  - an increase in technology costs of \$10.9 million; and
  - an increase in other operating costs of \$29.9 million primarily due to increased depreciation and occupancy costs.

- an increase in head office costs of \$78.5 million, comprised of:
  - an increase in technology costs, including cloud computing amortization, of \$26.5 million;
  - an increase in brand and community expenses of \$21.3 million;
  - an increase in depreciation of \$16.9 million;
  - an increase in contractor, advisory, and professional services of \$10.9 million;
  - an increase in other head office costs of \$9.2 million; and
  - a decrease in employee costs of \$6.3 million primarily due to a reversal of stock-based compensation expense during the second quarter of 2025 due to a change in the probability of achieving performance conditions, partially offset by increased salaries and wages expense.
- an increase in net foreign currency exchange and derivative revaluation losses of \$12.5 million.

**Amortization of Intangible Assets**

	First Three Quarters			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>	<i>(Percentage)</i>
Amortization of intangible assets	\$ 5,136	\$ 1,118	\$ 4,018	359.4 %

The amortization of intangible assets in 2025 was primarily the result of the amortization of intangible assets recognized upon the September 2024 acquisition of the Mexico operations.

**Segment Results**

On a segment basis, we determine income from operations without taking into account corporate expenses and certain other expenses. Corporate expenses include the cost of centrally managed support functions including product design, raw material development, product innovation, sourcing, supply chain, and global merchandising which are included in other cost of sales. Administrative corporate expenses include technology, brand and marketing, finance, human resources, legal, and other head office costs.

**Americas**

	First Three Quarters			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>	<i>(Percentage)</i>
Net revenue	\$ 5,166,157	\$ 5,134,079	\$ 32,078	0.6 %
Product costs	1,579,844	1,494,392	85,452	5.7
Other cost of sales	483,007	456,894	26,113	5.7
Gross profit	3,103,306	3,182,793	(79,487)	(2.5)
Selling, general and administrative expenses	1,377,093	1,293,587	83,506	6.5
Segmented income from operations	\$ 1,726,213	\$ 1,889,206	\$ (162,993)	(8.6)%
Product margin	69.4 %	70.9 %	(150) basis points	
Gross margin	60.1 %	62.0 %	(190) basis points	
Selling, general and administrative expenses as a % of net revenue	26.7 %	25.2 %	150 basis points	
Segmented income from operations as a % of net revenue	33.4 %	36.8 %	(340) basis points	

The increase in Americas net revenue was primarily due to a \$163.9 million increase from new or expanded company-operated stores and our other channels. We opened 11 net new company-operated stores in the Americas since the third quarter of 2024. The increase in Americas net revenue was partially offset by a decrease in comparable sales, which decreased 3%. The decrease in comparable sales was primarily a result of lower conversion rates and reduced store traffic, partially offset by higher e-commerce traffic, which was partially driven by the impact of credit card affiliate programs.

The decrease in gross margin was primarily due to lower product margin as well as higher occupancy costs and depreciation as a percentage of net revenue.

The increase in selling, general and administrative expenses was primarily due to higher employee costs, marketing expenses, depreciation, and professional fees.

#### China Mainland

	First Three Quarters			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>	<i>(Percentage)</i>
Net revenue	\$ 1,226,361	\$ 936,313	\$ 290,048	31.0 %
Product costs	284,518	213,386	71,132	33.3
Other cost of sales	157,114	142,147	14,967	10.5
Gross profit	784,729	580,780	203,949	35.1
Selling, general and administrative expenses	305,588	231,317	74,271	32.1
Segmented income from operations	\$ 479,141	\$ 349,463	\$ 129,678	37.1 %
Product margin	76.8 %	77.2 %	(40) basis points	
Gross margin	64.0 %	62.0 %	200 basis points	
Selling, general and administrative expenses as a % of net revenue	24.9 %	24.7 %	20 basis points	
Segmented income from operations as a % of net revenue	39.1 %	37.3 %	180 basis points	

The increase in China Mainland net revenue was primarily due to an increase in comparable sales, which increased 16%, or 17% on a constant dollar basis. The increase in comparable sales was primarily a result of increased e-commerce traffic, partially offset by a decrease in average order value. The increase in China Mainland net revenue was also driven by a \$122.3 million increase in net revenue from new or expanded company-operated stores and our other channels. We have opened 27 new company-operated stores in China Mainland since the third quarter of 2024.

The increase in gross margin was primarily due to lower occupancy costs and depreciation as a percentage of net revenue, partially offset by lower product margin.

The increase in selling, general and administrative expenses was primarily due to higher employee costs, marketing expenses, variable costs, and technology costs.

#### Rest of World

	First Three Quarters			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i>	<i>(Percentage)</i>
Net revenue	\$ 1,069,281	\$ 906,237	\$ 163,044	18.0 %
Product costs	299,292	251,815	47,477	18.9
Other cost of sales	187,587	156,738	30,849	19.7
Gross profit	582,402	497,684	84,718	17.0
Selling, general and administrative expenses	343,346	288,241	55,105	19.1
Segmented income from operations	\$ 239,056	\$ 209,443	\$ 29,613	14.1 %
Product margin	72.0 %	72.2 %	(20) basis points	
Gross margin	54.5 %	54.9 %	(40) basis points	
Selling, general and administrative expenses as a % of net revenue	32.1 %	31.8 %	30 basis points	
Segmented income from operations as a % of net revenue	22.4 %	23.1 %	(70) basis points	

The increase in Rest of World net revenue was primarily due to a \$91.7 million increase in net revenue from new or expanded company-operated stores and our other channels. We have opened nine net new company-operated stores in Rest of World since the third quarter of 2024. The increase in Rest of World net revenue was also driven by an increase in comparable sales, which increased 9%, or 8% on a constant dollar basis. The increase in comparable sales was primarily a result of increased traffic, partially offset by a decrease in average order value.

The decrease in gross margin was primarily due to higher distribution center costs as a percentage of net revenue and lower product margin, partially offset by lower occupancy costs as a percentage of net revenue.

The increase in selling, general and administrative expenses was primarily due to higher employee costs, marketing expenses, and variable costs.

**Corporate**

Corporate expenses increased \$61.5 million to \$1.0 billion in the first three quarters of 2025 compared to the first three quarters of 2024. The net increase was primarily due to higher technology costs, depreciation, marketing expenses, and professional fees. Corporate expenses also increased due to an increase in net foreign currency exchange and derivative losses of \$12.5 million. The increase in corporate expenses was partially offset by lower employee costs driven by decreased incentive compensation.

**Other Income (Expense), Net**

	First Three Quarters			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i> <i>(Percentage)</i>	
Other income (expense), net	\$ 27,377	\$ 55,020	\$ (27,643)	(50.2)%

The decrease in other income, net was primarily due to a decrease in interest income as a result of lower average cash balances and lower interest rates.

**Income Tax Expense**

	First Three Quarters			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i> <i>(Percentage)</i>	
Income tax expense	\$ 433,390	\$ 452,336	\$ (18,946)	(4.2)%
Effective tax rate	30.4 %	29.8 %	60 basis points	

The increase in the effective tax rate was primarily due to a decrease in tax benefits related to stock-based compensation and an increase in non-deductible expenses in international jurisdictions.

**Net Income**

	First Three Quarters			
	2025	2024	Year over year change	
	<i>(In thousands)</i>		<i>(In thousands)</i> <i>(Percentage)</i>	
Net income	\$ 992,312	\$ 1,066,213	\$ (73,901)	(6.9)%

The decrease in net income was primarily due to an increase in selling, general and administrative expenses of \$258.6 million and a decrease in other income (expense), net of \$27.6 million, partially offset by an increase in gross profit of \$197.4 million, and a decrease in income tax expense of \$18.9 million.

**Comparable Sales**

We use comparable sales to evaluate the performance of our company-operated store and e-commerce businesses from an omni-channel perspective. It allows us to monitor the performance of our business without the impact of recently opened or expanded stores. We believe investors also find these metrics useful in assessing performance.

Comparable sales includes comparable company-operated store and all e-commerce net revenue. E-commerce net revenue includes buy online pick-up in store, back-back room, and ship from store net revenue in addition to our websites, other region-specific websites, digital marketplaces, and mobile apps. Our back-back room capability allows our store educators to access inventory located at our other locations and have product shipped directly to a guest's address or a store. Comparable company-operated stores have been open, or open after being significantly expanded, for at least 12 full fiscal

months. Net revenue from a company-operated store is included in comparable sales beginning with the first fiscal month for which the store has a full fiscal month of sales in the prior year.

Comparable sales excludes sales from:

- new stores that have not been open for at least 12 full fiscal months;
- stores which have not been in their significantly expanded space for at least 12 full fiscal months;
- stores which have been temporarily relocated for renovations or temporarily closed;
- sales from company-operated stores that have closed; and
- sales from our selling channels other than company-operated stores and e-commerce.

The comparable sales measures we report may not be equivalent to similarly titled measures reported by other companies.

Company-operated stores acquired as a result of the acquisition of the Mexico operations were considered comparable beginning October 2025 after 12 full fiscal months of sales from the date of acquisition. Prior to the acquisition, wholesale sales were made to a third party under a license and supply arrangement.

In fiscal years with 53 weeks, the 53rd week of net revenue is excluded from the calculation of comparable sales. In the year following a 53-week year, the prior year period is shifted by one week to compare similar calendar weeks.

### **Non-GAAP Financial Measures**

We report certain financial metrics on a constant dollar basis, which is a non-GAAP financial measure.

A constant dollar basis assumes the average foreign currency exchange rates for the period remained constant with the average foreign currency exchange rates for the same period of the prior year. We use constant dollar metrics to facilitate comparison of underlying performance excluding the impact of changes in foreign currency exchange rates. Management uses these constant currency metrics internally when reviewing and assessing financial performance.

These non-GAAP financial measures are provided in addition to, and not a substitute for, the corresponding financial measures calculated in accordance with GAAP. A reconciliation of the non-GAAP financial measures follows, which includes more detail on the GAAP financial measure that is most directly comparable to each non-GAAP financial measure, and the related reconciliations between these financial measures. Our non-GAAP financial measures may be calculated differently from, and therefore may not be directly comparable to, similarly titled measures reported by other companies.

### Constant Dollar Changes

The below changes in net revenue show the change compared to the corresponding period in the prior year. Due to the 53rd week in 2024, the below changes in comparable sales are calculated on a one-week shifted basis such that the 13 or 39 weeks ended November 2, 2025 is compared to the 13 or 39 weeks ended November 3, 2024 rather than October 27, 2024.

	Third Quarter 2025			First Three Quarters 2025		
	Change	Foreign exchange changes	Change in constant dollars	Change	Foreign exchange changes	Change in constant dollars
Net Revenue						
Americas	(2)%	— %	(2)%	1 %	— %	1 %
China Mainland	46	1	47	31	—	31
Rest of World	19	—	19	18	(1)	17
Total net revenue	7 %	— %	7 %	7 %	— %	7 %
Comparable sales <sup>(1)</sup>						
Americas	(5)%	— %	(5)%	(3)%	— %	(3)%
China Mainland	24	1	25	16	1	17
Rest of World	9	—	9	9	(1)	8
Total comparable sales	1 %	1 %	2 %	1 %	— %	1 %

<sup>(1)</sup> Comparable sales includes comparable company-operated store and e-commerce net revenue.

### Seasonality

Our business is affected by the general seasonal trends common to the retail apparel industry. Our annual net revenue is typically weighted more heavily toward our fourth fiscal quarter, reflecting our historical strength in sales during the holiday season in the Americas, while our operating expenses are generally more equally distributed throughout the year. As a result, a substantial portion of our operating profits are typically generated in the fourth quarter of our fiscal year. For example, we generated approximately 42% of our full year operating profit during the fourth quarter of 2024. Events predominantly impacting our international net revenue, such as those related to Lunar New Year and Singles Day, can fall in different fiscal quarters from year to year.

### Liquidity and Capital Resources

Our primary sources of liquidity are our current balances of cash and cash equivalents, cash flows from operations, and capacity under our committed revolving credit facility, including to fund short-term working capital requirements. Our primary cash needs are capital expenditures for opening new stores and remodeling or relocating existing stores, investing in our distribution centers, investing in technology and making system enhancements, funding working capital requirements, and making other strategic capital investments. We may also use cash to repurchase shares of our common stock. Cash and cash equivalents in excess of our needs are held in interest bearing accounts with financial institutions, as well as in money market funds and term deposits.

The following table summarizes our net cash flows provided by and used in operating, investing, and financing activities for the periods indicated:

	First Three Quarters		
	2025	2024	Year over year change
	<i>(In thousands)</i>		
Total cash provided by (used in):			
Operating activities	\$ 459,606	\$ 871,323	\$ (411,717)
Investing activities	(489,057)	(575,214)	86,157
Financing activities	(938,996)	(1,328,510)	389,514
Effect of foreign currency exchange rate changes on cash and cash equivalents	19,973	(23,151)	43,124
Decrease in cash and cash equivalents	\$ (948,474)	\$ (1,055,552)	\$ 107,078

### **Operating Activities**

Net income decreased \$73.9 million. The decrease in cash provided by operating activities was primarily due to a decrease in cash flows from changes in operating assets and liabilities of \$354.5 million, primarily driven by the timing of income tax payments, accounts receivable, and inventory purchases, partially offset by changes in accrued compensation and the timing of accounts payable. The decrease in cash provided by operating activities was partially offset by increased depreciation, partially offset by lower stock-based compensation expense.

### **Investing Activities**

The decrease in cash used in investing activities was primarily due to the acquisition of lululemon branded retail locations and operations run by a third party in Mexico during the third quarter of 2024, partially offset by increased capital expenditures. The increase in capital expenditures was primarily due to increased capital expenditures for company-operated stores in the Americas and e-commerce related technology systems, partially offset by a decrease in corporate and foundational supply chain infrastructure capital expenditures.

### **Financing Activities**

The decrease in cash used in financing activities was primarily due to a decrease in our stock repurchases. During the first three quarters of 2025, we repurchased 3.5 million shares at a total cost including commissions and excise taxes of \$906.6 million. During the first three quarters of 2024, we repurchased 4.2 million shares at a total cost including commissions and excise taxes of \$1.3 billion. The common stock was repurchased in the open market at prevailing market prices, including under plans complying with the provisions of Rule 10b5-1 and Rule 10b-18 of the Securities Exchange Act of 1934, with the timing and actual number of shares repurchased depending upon market conditions, eligibility to trade, and other factors.

### **Liquidity Outlook**

We believe that our cash and cash equivalent balances, cash generated from operations, and borrowings available to us under our committed revolving credit facility will be adequate to meet our liquidity needs and capital expenditure requirements for at least the next 12 months. Our ability to access borrowings under the credit facility depends on our ongoing compliance with the covenants in the credit agreement, and a failure to maintain such compliance could adversely affect our liquidity. Our cash from operations may be negatively impacted by a decrease in demand for our products, as well as the other factors described in "Item 1A. Risk Factors". In addition, we may make discretionary capital improvements with respect to our stores, distribution facilities, headquarters, or systems, or we may repurchase shares under an approved stock repurchase program, which we would expect to fund through the use of cash, issuance of debt or equity securities or other external financing sources to the extent we were unable to fund such expenditures out of our cash and cash equivalents and cash generated from operations.

The following table includes certain measures of our liquidity:

	November 2, 2025
	<i>(In thousands)</i>
Cash and cash equivalents	\$ 1,035,862
Working capital <sup>(1)</sup> excluding cash and cash equivalents	1,045,620
Capacity under committed revolving credit facility	592,964

<sup>(1)</sup> Working capital is calculated as current assets of \$3.9 billion less current liabilities of \$1.8 billion.

We enter into standby letters of credit and guarantee to secure certain of our obligations, including leases, taxes, and duties. As of November 2, 2025, letters of credit and guarantee totaling \$15.0 million had been issued, including \$7.0 million under our committed revolving credit facility.

Our existing Americas credit facility provides for \$600.0 million in commitments under an unsecured five-year revolving credit facility. The credit facility has a maturity date of October 15, 2030. As of November 2, 2025, no borrowings were outstanding under this facility other than letters of credit and guarantee of \$7.0 million. Further information regarding our credit facilities and associated covenants is outlined in Note 3. Revolving Credit Facilities included in Item 1 of Part I of this report.

The timing and cost of our inventory purchases will vary depending on a variety of factors such as revenue growth, assortment and purchasing decisions, product costs including freight and duty, and the availability of production capacity and speed. Our inventory balance as of November 2, 2025 was \$2.0 billion, an increase of 11% from October 27, 2024.

### Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. Predicting future events is inherently an imprecise activity and, as such, requires the use of significant judgment. Actual results may vary from our estimates in amounts that may be material to the financial statements. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact our consolidated financial statements.

Our critical accounting policies, estimates, and judgments are discussed within "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2024 Annual Report on Form 10-K filed with the SEC on March 27, 2025.

## Operating Locations

Our company-operated stores by market as of November 2, 2025 and February 2, 2025 are summarized in the table below.

Number of company-operated stores by market	November 2, 2025	February 2, 2025
United States	378	374
Canada	72	71
Mexico	20	17
Americas	470	462
China Mainland	165	151
Australia	34	33
South Korea	21	20
Hong Kong SAR	11	10
Japan	10	10
Singapore	9	7
New Zealand	8	8
Taiwan	7	8
Malaysia	5	5
Thailand	5	4
Macau SAR	2	2
APAC	112	107
United Kingdom	20	19
Germany	9	9
France	6	6
Ireland	4	4
Spain	3	3
Netherlands	2	2
Sweden	2	2
Italy	1	—
Norway	1	1
Switzerland	1	1
EMEA	49	47
Total company-operated stores	796	767

Retail locations operated by third parties by market as of November 2, 2025 and February 2, 2025 are summarized in the table below.

Number of retail locations operated by third parties by market	November 2, 2025	February 2, 2025
United Arab Emirates	12	10
Saudi Arabia	9	8
Israel	8	7
Kuwait	4	4
Qatar	4	4
Belgium	2	—
Turkey	2	—
Bahrain	1	1
Denmark	1	—
Total locations operated by third parties under license and supply arrangements	43	34

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

**Foreign Currency Exchange Risk**

*Translation Risk.* The functional currency of our international subsidiaries is generally the applicable local currency. Our consolidated financial statements are presented in U.S. dollars. Therefore, the net revenue, expenses, assets, and liabilities of our international subsidiaries are translated from their functional currencies into U.S. dollars. Fluctuations in the value of the U.S. dollar affect the reported amounts of net revenue, expenses, assets, and liabilities. As a result of the fluctuation in exchange rates compared to the U.S. dollar our revenue was \$15.4 million lower in the first three quarters of 2025 in comparison to the first three quarters of 2024.

Foreign currency exchange differences which arise on translation of our international subsidiaries' balance sheets into U.S. dollars are recorded as other comprehensive income (loss), net of tax in accumulated other comprehensive income (loss) within stockholders' equity. A significant portion of our net assets are held by our Canadian dollar subsidiary. We enter into forward currency contracts in order to hedge a portion of the foreign currency exposure associated with the translation of our net investment in our Canadian subsidiary. During the first three quarters of 2025, the impact to other comprehensive loss of translation of our Canadian subsidiaries was a reduction in the loss of \$29.4 million, inclusive of net investment hedge gains.

*Transaction Risk.* We also have exposure to changes in foreign currency exchange rates associated with transactions which are undertaken by our subsidiaries in currencies other than their functional currency. Such transactions include intercompany transactions and inventory purchases denominated in currencies other than the functional currency of the purchasing entity. We also hold cash and cash equivalents and other monetary assets in currencies that are different to the functional currency of our subsidiaries. As of November 2, 2025, we had certain forward currency contracts outstanding in order to economically hedge the foreign currency revaluation gains and losses recognized by our foreign subsidiaries, including our Canadian and Chinese subsidiaries, on their monetary assets and liabilities denominated in currencies other than their functional currency.

We perform a sensitivity analysis to determine the market risk exposure associated with the fair values of our forward currency contracts. The net fair value of outstanding derivatives as of November 2, 2025 was an asset of \$0.3 million. As of November 2, 2025, a 10% depreciation in the U.S. dollar against the hedged currencies would have resulted in the net fair value of outstanding derivatives depreciating by \$17.0 million. The hypothetical change in the fair value of the forward currency contracts would have been substantially offset by a corresponding but directionally opposite change in the underlying hedged items.

The net fair value of our outstanding forward currency contracts declined as of November 2, 2025 compared to February 2, 2025 primarily due to foreign currency exchange rate movement on the derivative financial instruments.

In the future, in an effort to reduce foreign currency exchange risks, we may enter into further derivative financial instruments including hedging additional currency pairs. We do not, and do not intend to, engage in the practice of trading derivative securities for profit.

Please refer to Note 7. Derivative Financial Instruments included in Item 1 of Part I of this report for further details on the nature of our financial instruments.

## **Interest Rate Risk**

Our committed revolving credit facility provides us with available borrowings in an amount up to \$600.0 million. Because our revolving credit facilities bear interest at a variable rate, we will be exposed to market risks relating to changes in interest rates, if we have a meaningful outstanding balance. As of November 2, 2025, there were no borrowings outstanding under this facility other than letters of credit and guarantee of \$7.0 million. We currently do not engage in any interest rate hedging activity and currently have no intention to do so. However, in the future, if we have a meaningful outstanding balance under our revolving facility, in an effort to mitigate losses associated with these risks, we may at times enter into derivative financial instruments, although we have not historically done so. These may take the form of forward contracts, option contracts, or interest rate swaps. We do not, and do not intend to, engage in the practice of trading derivative securities for profit.

Our cash and cash equivalent balances are held in the form of cash on hand, bank balances, and short-term deposits with original maturities of three months or less, and in money market funds. As of November 2, 2025, we held cash and cash equivalents of \$1.0 billion. Interest generated on cash balances is subject to variability as interest rates increase or decrease.

## **Credit Risk**

We have cash on deposit with various large, reputable financial institutions and have invested in AAA-rated money market funds. The amount of cash and cash equivalents held with certain financial institutions exceeds government-insured limits. We are also exposed to credit-related losses in the event of nonperformance by the financial institutions that are counterparties to our forward currency contracts. The credit risk amount is our unrealized gains on our derivative instruments, based on foreign currency rates at the time of nonperformance. We have not experienced any losses related to these items, and we believe credit risk to be minimal. We seek to minimize our credit risk by entering into transactions with investment grade credit worthy and reputable financial institutions and by monitoring the credit standing of the financial institutions with whom we transact. We seek to limit the amount of exposure with any one counterparty.

## **Inflation**

Inflationary pressures, including higher product, transportation, labor and raw material costs, may adversely affect our operating results if we are unable to offset them through pricing or operating efficiencies. Inflation could also reduce consumer discretionary spending and negatively impact demand for our products.

## **ITEM 4. CONTROLS AND PROCEDURES**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officer, to allow timely decisions to be made regarding required disclosure. We have established a Disclosure Committee, consisting of certain members of management, to assist in this evaluation. The Disclosure Committee meets on a quarterly basis, and as needed.

Our management, including our principal executive officer and principal financial and accounting officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of November 2, 2025. Based on that evaluation, our principal executive officer and principal financial and accounting officer concluded that, as of November 2, 2025, our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting during the quarter ended November 2, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

In addition to the legal matters described in Note 12. Legal Proceedings and Other Contingencies included in Item 1 of Part I of this report and in our 2024 Annual Report on Form 10-K, we are, from time to time, involved in routine legal matters incidental to the conduct of our business, including legal matters such as initiation and defense of proceedings to protect intellectual property rights, employment claims, product liability claims, personal injury claims, and similar matters. We believe the ultimate resolution of any such current proceeding is not reasonably likely to have a material adverse effect on our financial position, results of operations or cash flows.

### ITEM 1A. RISK FACTORS

*In addition to the other information contained in this Form 10-Q and in our 2024 Annual Report on Form 10-K, the following risk factors should be considered in evaluating our business. Our business, financial condition, or results of operations could be materially adversely affected as a result of any of these risks.*

#### Risks related to our business and industry

##### ***Our success depends on our ability to maintain the value and reputation of our brand.***

The lululemon name is integral to our business as well as to the implementation of our expansion strategies. Maintaining, promoting, and positioning our brand will depend largely on the success of our marketing and merchandising efforts and our ability to provide a consistent, high quality product, and guest experience. As we grow, our brand positioning, products, and marketing efforts may not be considered distinct, culturally relevant, or desirable to guests, employees, and other stakeholders.

We rely on social media, as one of our marketing strategies, to have a positive impact on both our brand value and reputation. Our brand and reputation could be adversely affected if we fail to achieve these objectives, if our public image was to be tarnished by negative publicity, which could be amplified by social media, if we fail to deliver innovative and high quality products acceptable to our guests, or if we face or mishandle a product recall. Our reputation could also be impacted by adverse publicity, whether or not valid, regarding allegations that we, or persons associated with us or formerly associated with us, have violated applicable laws or regulations, including but not limited to those related to safety, employment, discrimination, harassment, whistle-blowing, privacy, corporate citizenship, improper business practices, or cybersecurity. Certain activities on the part of stakeholders, including nongovernmental organizations and governmental institutions, could cause reputational damage, distract senior management, and disrupt our business. Additionally, while we devote considerable effort and resources to protecting our intellectual property, if these efforts are not successful the value of our brand may be harmed. Any harm to our brand and reputation could have a material adverse effect on our financial condition.

##### ***We operate in a highly competitive market and our competitors may compete more effectively than we can, resulting in a loss of our market share and a decrease in our net revenue and profitability.***

The market for our products is highly competitive. Competition may result in pricing pressures, reduced profit margins or lost market share, or a failure to grow or maintain our market share, any of which could substantially harm our business and results of operations. We compete directly against global as well as regional and country-specific wholesalers and direct retailers of athletic apparel, including large, diversified apparel companies with substantial market share, and established companies expanding their production and marketing of technical athletic apparel, as well as against smaller retailers and those specifically focused on women's athletic apparel. We also face competition from wholesalers and direct retailers of traditional commodity athletic apparel, such as cotton T-shirts and sweatshirts. Many of our competitors are large apparel and sporting goods companies with strong worldwide brand recognition. Because of the fragmented nature of the industry, we also compete with other apparel sellers, including those specializing in yoga apparel and other activewear. Our competitors may be able to achieve and maintain brand awareness and market share more quickly and effectively than we can.

We may fail to acknowledge or react appropriately to the entry or growth of a viable competitor or disruptive force, and could struggle to continue to innovate, differentiate, and sustain the growth of our brand. The increasing dominance and presence of our brand may also drive guests towards alternative emerging competitors.

In addition, because we hold limited patents and exclusive intellectual property rights in the technology, fabrics or processes underlying our products, our current and future competitors are able to manufacture and sell products with performance characteristics, fabrication techniques, and styling similar to our products.

***If we are unable to anticipate consumer preferences and successfully develop and introduce new, innovative, and differentiated products, we may not be able to maintain or increase our sales and profitability.***

Our success depends on our ability to identify and originate product trends as well as to anticipate and react to changing consumer demands in a timely manner. All of our products are subject to changing consumer preferences that cannot be predicted with certainty. If we are unable to introduce new products or novel technologies in a timely manner or our new products or technologies are not accepted by our guests, our competitors may introduce similar products in a more timely fashion, which could hurt our goal to be viewed as a leader in technical athletic apparel innovation. Our new products may not receive consumer acceptance as consumer preferences could shift rapidly to different types of athletic apparel or away from these types of products altogether, and our future success depends in part on our ability to anticipate and respond to these changes. Our failure to anticipate and respond in a timely manner to changing consumer preferences could lead to, among other things, lower sales and excess inventory levels. We may not have or successfully leverage the relevant data to effectively understand and react to consumer preferences and expectations. Even if we are successful in anticipating consumer preferences, our ability to adequately react to and address those preferences will in part depend upon our continued ability to develop and introduce innovative, high-quality products. Our failure to effectively introduce new products that are accepted by consumers could result in a decrease in net revenue and excess inventory levels, which could have a material adverse effect on our financial condition.

***If any of our products have manufacturing or design defects or are otherwise unacceptable to us or our guests, our business could be harmed.***

We have occasionally received, and may in the future receive, shipments of products that fail to comply with our technical specifications or that fail to conform to our quality control standards. We have also received, and may in the future receive, products that are otherwise unacceptable to us or our guests. Under these circumstances, unless we are able to obtain replacement products in a timely manner, we risk the loss of net revenue resulting from the inability to sell those products and related increased administrative and shipping costs. Additionally, if the unacceptability of our products is not discovered until after such products are sold, our guests could lose confidence in our products or we could face a product recall and our results of operations could suffer and our business, reputation, and brand could be harmed.

The complex hardware previously sold by our lululemon Studio subsidiary, as well as the services currently offered, can be affected by design and manufacturing defects. Sophisticated operating system software and applications, such as those offered by lululemon Studio, often have issues that can unexpectedly interfere with the intended operation of hardware or software products. Defects may also exist in components and products that we source from third parties. Any defects could make our products and services unsafe and create a risk of environmental or property damage or personal injury and we may become subject to the hazards and uncertainties of product liability claims and related litigation. The occurrence of real or perceived defects in any of our products, now or in the future, could result in additional negative publicity, regulatory investigations, or lawsuits filed against us, particularly if guests or others who use or purchase our lululemon Studio products are injured. Even if injuries are not the result of any defects, if they are perceived to be, we may incur expenses to defend or settle any claims and our brand and reputation may be harmed.

***Our sales and profitability may decline as a result of increasing costs and decreasing selling prices.***

Our business is subject to significant pressure on costs and pricing caused by many factors, including intense competition, constrained sourcing capacity and related inflationary pressure, the availability of qualified labor and wage inflation, pressure from consumers to reduce the prices we charge for our products, and changes in consumer demand. These and other factors have, and may in the future, cause us to experience increased costs, reduce our prices to consumers or experience reduced sales in response to increased prices, any of which could cause our operating margin to decline if we are unable to offset these factors with reductions in operating costs and could have a material adverse effect on our financial condition, operating results, and cash flows. Unionization efforts or other employee organizing activities could lead to higher people costs or reduce our flexibility to manage our employees which may negatively disrupt our operations.

***Our results of operations could be materially harmed if we are unable to accurately forecast guest demand for our products.***

To ensure adequate inventory supply, we must forecast inventory needs and place orders with our manufacturers based on our estimates of future demand for particular products. Our ability to accurately forecast demand for our products could be affected by many factors, including an increase or decrease in guest demand for our products or for products of our

competitors, our failure to accurately forecast guest acceptance of new products, product introductions by competitors, unanticipated changes in general market conditions (for example, because of global economic concerns such as inflation, an economic downturn, or delays and disruptions resulting from local and international shipping delays and labor shortages), and weakening of economic conditions or consumer confidence in future economic conditions (for example, because of inflationary pressures, or because of sanctions, restrictions, and other responses related to geopolitical events). If we fail to accurately forecast guest demand, we may experience excess inventory levels or a shortage of products available for sale in our stores or for delivery to guests.

Inventory levels in excess of guest demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would cause our gross margin to suffer and could impair the strength and exclusivity of our brand. Conversely, if we underestimate guest demand for our products, our manufacturers may not be able to deliver products to meet our requirements, and this could result in damage to our reputation and guest relationships.

***Our limited operating experience and limited brand recognition in new international markets and new product categories may limit our expansion and cause our business and growth to suffer.***

Our future growth depends in part on our expansion efforts outside of the Americas. We have limited experience with regulatory environments and market practices internationally, and we may not be able to penetrate or successfully operate in any new market. In connection with our expansion efforts we may encounter obstacles we did not face in the Americas, including cultural and linguistic differences, differences in regulatory environments, labor practices and market practices, difficulties in keeping abreast of market, business and technical developments, and international guests' tastes and preferences. We may also encounter difficulty expanding into new international markets because of limited brand recognition leading to delayed acceptance of our technical athletic apparel by guests in these new international markets. Our failure to develop our business in new international markets or disappointing growth outside of existing markets could harm our business and results of operations.

In addition, our continued growth depends in part on our ability to expand our product categories and introduce new product lines. We may not be able to successfully manage integration of new product categories or the new product lines with our existing products. Selling new product categories and lines will require our management to test and develop different strategies in order to be successful. We may be unsuccessful in entering new product categories and developing or launching new product lines, which requires management of new suppliers, potential new customers, and new business models. Our management may not have the experience of selling in these new product categories and we may not be able to grow our business as planned. For example, in July 2020, we acquired MIRROR, which was rebranded as lululemon Studio, and in 2023, we discontinued selling its hardware and offering its digital app-only subscription. If we are unable to effectively and successfully further develop current and future new product categories and lines, we may not be able to increase or maintain our sales and our operating margins may be adversely affected. This may also divert the attention of management and cause additional expenses.

We may, from time to time, evaluate and pursue other strategic investments or acquisitions. These involve various inherent risks and the benefits sought may not be realized.

***Our future success is substantially dependent on the service of our senior management and our ability to maintain our culture and to attract, manage, and retain highly qualified individuals.***

The performance of our senior management team and other key employees and contractors may not meet our needs and expectations. Also, the loss of services of any of these key individuals, or any negative public perception with respect to these individuals, may be disruptive to, or cause uncertainty in, our business and could have a negative impact on our ability to manage and grow our business effectively. Such disruption could have a material adverse impact on our financial performance, financial condition, and the market price of our stock.

If we are unable to successfully maintain and evolve our unique culture, offer competitive compensation and benefits, and a desirable work model, we may be unable to attract and retain highly qualified individuals to support our business and continued growth. Our work model may not meet the needs and expectations of our employees and may not be perceived as favorable compared to other companies. We also face risks related to employee engagement and productivity which could result in increased headcount and lead to increased labor costs.

In December 2025, we announced that our Chief Executive Officer will step down effective January 31, 2026, and appointed interim co-Chief Executive Officers to lead during a transition period while we conduct a search for a permanent Chief Executive Officer. In addition, one of our other senior executives recently resigned. These changes may create uncertainty and divert management's attention and resources. We may not identify or attract a permanent successor on a timely basis, and a prolonged search could extend uncertainty and heighten the risks described in this paragraph. Our interim

leadership model may not align with expectations of employees, vendor partners, or other external stakeholders, and could negatively affect our operations, strategic initiatives, employee engagement, and retention. These changes may also lead to negative public perception, including among consumers and our brand community. Any resulting disruption could have a material adverse impact on our business, financial performance, or the market price of our stock.

***We may not be able to effectively manage our growth and the increased complexity of our business and as a result our brand image and financial performance may suffer.***

We may be unable to achieve our growth objectives if we do not have the right level of efficiency and scalability in our processes and operations. We may experience difficulties in obtaining sufficient raw materials and manufacturing capacity to produce our products, as well as delays in production and shipments, as our products are subject to risks associated with overseas sourcing and manufacturing. We could be required to continue to expand our sales and marketing, product development and distribution functions, to upgrade our management information systems and other processes and technology, and to obtain more space for our expanding workforce. This expansion could increase the strain on our resources, and we could experience operating difficulties, including difficulties in hiring, training, and managing an increasing number of employees. These difficulties could result in the erosion of our brand image which could have a material adverse effect on our financial condition.

***Changes in consumer shopping preferences, and shifts in distribution channels could materially impact our results of operations.***

We operate an omni-channel retail model and aim to efficiently and effectively serve our guests in the ways most convenient to them. We operate a combination of physical retail locations and e-commerce services via our websites, other region-specific websites, digital marketplaces, and mobile apps. Our physical retail locations remain a key part of our growth strategy and we view them as a valuable tool in helping us build our brand and product line as well as enabling our omni-channel capabilities. We plan to continue to expand square footage and open new company-operated stores to support our growth objectives. The diversion of sales from our company-operated stores could adversely impact our return on investment and could lead to impairment charges and store closures, including lease exit costs. We could have difficulty in recreating the in-store experience through direct channels. Our failure to successfully integrate our digital and physical channels and respond to these risks might adversely impact our business and results of operations, as well as damage our reputation and brand. In addition, our channels have different operating margins and shifts to diversified distribution channels could negatively impact our overall operating margins and results of operations.

***We are subject to risks associated with leasing retail and distribution space subject to long-term and non-cancelable leases.***

We lease the majority of our stores under operating leases and our inability to secure appropriate real estate or lease terms could impact our ability to grow. Our leases generally have initial terms of between two and 15 years, and generally can be extended in increments between two and five years, if at all. We generally cannot cancel these leases at our option. If an existing or new store is not profitable, and we decide to close it, as we have done in the past and may do in the future, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. Similarly, we may be committed to perform our obligations under the applicable leases even if current locations of our stores become unattractive as demographic patterns change. In addition, as each of our leases expire, we may fail to negotiate renewals, either on commercially acceptable terms or at all, which could require us to close stores in desirable locations.

We also lease the majority of our distribution centers and our inability to secure appropriate real estate or lease terms could impact our ability to deliver our products to the market.

***Our business is affected by seasonality, which could result in fluctuations in our operating results.***

Our business is affected by the general seasonal trends common to the retail apparel industry. Our annual net revenue is typically weighted more heavily toward our fourth fiscal quarter, reflecting our historical strength in sales during the holiday season, while our operating expenses are more equally distributed throughout the year. This seasonality, along with other

factors that are beyond our control, including weather conditions and the effects of climate change, could adversely affect our business and cause our results of operations to fluctuate.

### **Risks related to information security and technology**

#### ***We may be unable to safeguard against security breaches which could damage our customer relationships and result in significant legal and financial exposure.***

As part of our normal operations, we receive confidential, proprietary, and personally identifiable information, including credit card information, and information about our customers, our employees, job applicants, and other third parties. Our business employs systems and websites that allow for the storage and transmission of this information. However, despite our safeguards and security processes and protections, security breaches could expose us to a risk of theft or misuse of this information, and could result in litigation and potential liability.

The retail industry, in particular, has been the target of many recent cyber-attacks. We may not have the resources or technical sophistication to anticipate, detect, or prevent rapidly evolving types of cyber-attacks. Attacks may be targeted at us, our vendors or customers, or others who have entrusted us with information. In addition, despite taking measures to safeguard our information security and privacy environment from security breaches, our customers and our business could still be exposed to risk. Actual or anticipated attacks may cause us to incur increasing costs including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants. Advances in artificial intelligence and other computer capabilities, new technological discoveries or other developments may result in the technology used by us to protect transaction or other data being breached or compromised. Measures we implement to protect against cyber-attacks may also have the potential to impact our customers' shopping experience or decrease activity on our websites by making them more difficult to use or requiring website downtime.

Data and security breaches can also occur as a result of non-technical issues including intentional or inadvertent breach by employees or persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information, and we may in some cases be held responsible for such incidents under evolving privacy laws. Any compromise or breach of our security could result in a violation of applicable privacy and other laws, significant legal and financial exposure, and damage to our brand and reputation or other harm to our business.

In addition, the increased use of employee-owned devices for communications as well as work-from-home arrangements present additional operational risks to our technology systems, including increased risks of cyber-attacks. Further, like other companies in the retail industry, we have in the past experienced, and we expect to continue to experience, cyber-attacks, including phishing, and other attempts to breach, or gain unauthorized access to, our systems. To date, these attacks have not had a material impact on our operations, but they may have a material impact in the future.

We are subject to an evolving cybersecurity and privacy regulatory environment, and failure to comply with new or existing requirements, including new federal cybersecurity incident disclosure obligations, could result in regulatory enforcement and further financial or reputational harm. Our cybersecurity insurance may not cover all losses or liabilities related to cyber-attacks. Furthermore, a sophisticated attack could persist undetected within our systems for an extended period before being discovered, potentially amplifying its impact.

#### ***Privacy and data protection laws increase our compliance burden.***

We are subject to a variety of privacy and data protection laws and regulations that change frequently and have requirements that vary from jurisdiction to jurisdiction. For example, we are subject to significant compliance obligations under privacy laws such as the General Data Privacy Regulation ("GDPR") in the European Union, the Personal Information Protection and Electronic Documents Act ("PIPEDA") in Canada, the California Consumer Privacy Act ("CCPA") modified by the California Privacy Rights Act ("CPRA"), and the Personal Information Protection Law ("PIPL") in the People's Republic of China ("PRC")<sup>(1)</sup>. Some privacy laws prohibit the transfer of personal information to certain other jurisdictions. We are subject to privacy and data protection audits or investigations by various government agencies. Our failure to comply with these laws subjects us to potential regulatory enforcement activity, fines, private litigation including class actions, and other costs. Our efforts to comply with privacy laws may complicate our operations and add to our compliance costs. A significant privacy breach or failure or perceived failure by us or our third-party service providers to comply with privacy or data protection laws, regulations, policies or regulatory guidance might have a materially adverse impact on our reputation, business operations and our financial condition or results of operations.

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<sup>(1)</sup> PRC includes China Mainland, Hong Kong SAR, Taiwan, and Macau SAR.

***Disruption of our technology systems or unexpected network interruption could disrupt our business.***

We are increasingly dependent on networks, technology systems, and third parties to operate our e-commerce websites, process transactions, respond to guest inquiries, manage inventory, purchase, sell and ship goods on a timely basis, and maintain cost-efficient operations. The failure of our technology systems to operate properly or effectively, problems with transitioning to upgraded or replacement systems, or difficulty in integrating new systems, could adversely affect our business. Our technology systems, websites, and operations of third parties on whom we rely, may encounter damage, slowdown, or disruption including complete outages caused by a failure to successfully upgrade systems, system failures, viruses, computer "hackers", natural disasters, or other causes. These could cause information, including data related to guest orders, to be lost or delayed which could, especially if the disruption or slowdown occurred during the holiday season, result in delays in the delivery of products to our stores and guests or lost sales, which could reduce demand for our products and cause our sales to decline. The concentration of our primary offices, several of our distribution centers, and a number of our stores along the west coast of North America could amplify the impact of a natural disaster occurring in that area to our business, including to our technology systems. In addition, if changes in technology cause our information systems to become obsolete, we do not effectively leverage artificial intelligence, or if our information systems are inadequate to handle our growth, we could lose guests. We have limited back-up systems and redundancies, and our technology systems and websites have experienced system failures and electrical outages in the past which have disrupted our operations. Any significant disruption in our technology systems or websites could harm our reputation and credibility, and could have a material adverse effect on our business, financial condition, and results of operations.

***Our technology-based systems that give our customers the ability to shop with us online may not function effectively.***

Many of our customers shop with us through our e-commerce websites and mobile apps. Increasingly, customers are using tablets and smart phones to shop online with us and with our competitors and to do comparison shopping. We are increasingly using social media and proprietary mobile apps to interact with our customers and as a means to enhance their shopping experience. Any failure on our part to provide attractive, effective, reliable, user-friendly e-commerce platforms that offer a wide assortment of merchandise with rapid delivery options and that continually meet the changing expectations of online shoppers could place us at a competitive disadvantage, result in the loss of e-commerce and other sales, harm our reputation with customers, have a material adverse impact on the growth of our e-commerce business globally and could have a material adverse impact on our business and results of operations.

**Risks related to global economic, political, and regulatory conditions**

***Changes to U.S. tariff and customs policy, including the elimination of the de minimis exemption, may materially increase product costs and negatively affect margins.***

As a result of the increased tariffs since April 2025, the cost of inventory in the United States has increased. The United States also eliminated the de minimis duty-free exemption for certain shipments effective May 2, 2025, and an Executive Order extends this elimination globally beginning August 29, 2025, with legislation enacted to repeal the statutory exemption entirely by July 1, 2027. The countries from which we source the majority of our products are now subject to higher tariffs on imports into the United States. Further, the majority of our sales to U.S. e-commerce guests are currently fulfilled from distribution centers in Canada, and historically a significant proportion of these orders qualified for the de minimis exemption. The removal of this exemption increases the cost of fulfilling those orders. As a result, more shipments are now subject to duties, taxes, and customs procedures, which increased product costs during the third quarter of 2025, and which we expect to continue in the fourth quarter of 2025 and into 2026 and beyond. We are taking steps designed to mitigate some of the financial impact, although we expect the tariff and de minimis changes to adversely affect product costs, gross profit, and income from operations.

There has been significant volatility in U.S. tariff and customs policy recently, with frequent changes in rates, sudden elimination or reinstatement of exemptions, shifts in implementation dates, and reversals of prior actions. In addition, there is uncertainty around how tariff rules will be applied to goods routed through third countries (transshipment), which could affect the level of duties imposed and our overall product costs. This volatility makes it more difficult to forecast costs, plan our global supply chain, and provide reliable financial guidance. Policy changes often require rapid operational adjustments that can increase costs and reduce efficiency. Announcements of tariff and custom changes, as well as our disclosures of their potential impacts, have at times contributed to fluctuations in our stock price. We expect such volatility and uncertainty to continue, posing ongoing challenges to our operations, financial planning, and investor communications.

***Macroeconomic volatility, inflationary pressures, and shifts in consumer sentiment may reduce demand for our products.***

Our performance depends on consumers' willingness and ability to purchase discretionary products. That willingness can be affected by general economic conditions and uncertainty regarding the overall future environment, tariffs, inflation, changes in interest rates, foreign exchange fluctuations, energy and fuel costs, employment levels, consumer debt, housing market trends, commodity price volatility, and tax policy changes. Geopolitical instability, public health crises, and other macroeconomic events can also weaken consumer confidence. In 2025, we experienced lower store traffic in the Americas, partially reflective of inflationary pressures and economic uncertainty weighing on discretionary spending. Prolonged or worsening macroeconomic volatility could reduce demand, impair our ability to achieve growth targets, and materially impact our net revenue, margins, and cash flows.

***Global political and economic instability and related trade actions could disrupt our operations and increase costs.***

We operate and source products across multiple international markets, and our ability to manage a global supply chain depends on stable economic and political conditions. Global instability, trade disputes, changes in customs treatment including de minimis thresholds, alterations in duty or tariff levels, sanctions, embargoes, or other governmental actions may increase costs, lengthen lead times, or require us to adjust sourcing or distribution strategies. Legislation such as the Uyghur Forced Labor Prevention Act, and similar measure in other jurisdictions, increases compliance obligations, supply chain due diligence requirements, and the risk of shipment delays or detentions. If additional trade restrictions or compliance requirements are enacted, or enforcement becomes more stringent, our sourcing, importation, and delivery capabilities could be materially affected, resulting in increased costs and operational disruptions.

***Changes to tariffs, customs rules, and other trade restrictions could disrupt our supply chain and compress margins.***

Our business depends on the efficient, predictable, and cost-effective movement of goods across borders. Governments may impose new tariffs, duties, quotas, customs regulations, or other trade restrictions, or modify the application of existing measures. Changes can include reductions in de minimis thresholds, new compliance requirements, or changes in enforcement priorities. These developments can increase product costs, delay shipments, disrupt sourcing, or require changes to our supply chain organization. If we are unable to offset these impacts through pricing, sourcing adjustments, or other measures, our margins, operational efficiency, and customer satisfaction could be adversely affected. Any price increases intended to offset these added costs could reduce consumer demand and negatively impact net revenue.

***Changes in tax laws or unanticipated tax liabilities could adversely affect our effective income tax rate and profitability.***

We are subject to the income tax laws of the United States, Canada, China Mainland, and several other international jurisdictions. Our effective income tax rates could be unfavorably impacted by a number of factors, including changes in the mix of earnings amongst countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws, new tax interpretations and guidance, the outcome of income tax audits in various jurisdictions around the world, and any repatriation of unremitted earnings for which we have not previously accrued applicable U.S. income taxes and international withholding taxes.

Repatriations from our Canadian subsidiaries are not subject to Canadian withholding taxes if such distributions are made as a return of capital. The extent to which the accumulated earnings of our Canadian subsidiaries can be repatriated as a return of capital is dependent on, among other things, the amount of paid-up-capital in our Canadian subsidiaries and transactions undertaken by our exchangeable shareholders.

Prior to 2022, we had not accrued for Canadian withholding taxes because the accumulated earnings of, or 'net investment' in, our Canadian subsidiaries was either indefinitely reinvested or could be repatriated as a return of capital without the payment of withholding taxes.

Since 2022, the net investment in our Canadian subsidiaries, which was not indefinitely reinvested, exceeded the paid-up capital and therefore we recognized Canadian withholding taxes on the portion of our net investment which we are unable to repatriate free of withholding tax.

In 2025, assuming there are no exchange transactions by our exchangeable shareholders, we will continue to recognize Canadian withholding taxes on the accumulated earnings of our Canadian subsidiaries which are not indefinitely reinvested.

We engage in a number of intercompany transactions across multiple tax jurisdictions. Although we believe that these transactions reflect the accurate economic allocation of profit and that proper transfer pricing documentation is in place, the profit allocation and transfer pricing terms and conditions may be scrutinized by local tax authorities during an audit and any resulting changes may impact our mix of earnings in countries with differing statutory tax rates. At the end of 2020, our bilateral Advance Pricing Arrangement ("APA") with the Internal Revenue Service and the Canada Revenue Agency expired.

This APA stipulated the allocation of certain profits between the U.S. and Canada. During 2020, we entered into bilateral negotiations with the Internal Revenue Service ("IRS") and Canada Revenue Agency ("CRA") to renew the APA, and in October 2025, we were notified by the CRA they have withdrawn from the APA process. We continue to apply the transfer pricing methodology that was outlined in the withdrawn APA for the years 2021 through 2025, but this methodology may be subject to audit, and which could result in a change to the profit allocation and impact our effective tax rate. We are also in the process of negotiating an APA with China Mainland's State Tax Administration and any final agreed upon terms and conditions thereof could impact our effective tax rate.

Current economic and political conditions make tax rules in any jurisdiction, including the United States, Canada, and China Mainland, subject to significant change. Changes in applicable U.S., Canadian, Chinese, or other international tax laws and regulations, or their interpretation and application, including the possibility of retroactive effect, could affect our income tax expense and profitability, as they did in fiscal 2017 and fiscal 2018 upon passage of the U.S. Tax Cuts and Jobs Act, and in 2020 with the passage of the Coronavirus Aid, Relief, and Economic Security Act. Certain provisions of the One Big Beautiful Bill Act that was passed on July 4, 2025 and the Inflation Reduction Act passed in 2022, including a 15% corporate alternative minimum tax, as well as the similar 15% global minimum tax under the Organization for Economic Cooperation and Development's Pillar Two Global Anti-Base Erosion Rules, may impact our income tax expense, profitability, and capital allocation decisions in the future.

***Our failure to comply with trade and other regulations could lead to investigations or actions by government regulators and negative publicity.***

The labeling, distribution, importation, marketing, and sale of our products, as well as components of our products, including chemicals, are subject to extensive regulation by various regulatory bodies. These include federal agencies such as the Federal Trade Commission, Consumer Product Safety Commission and state attorneys general in the United States, the Competition Bureau and Health Canada in Canada, the State Administration for Market Regulation of the PRC, General Administration of Customs of the PRC, as well as other federal, state, provincial, local, and international regulatory authorities in the countries in which our products are distributed or sold. Our ability to track and respond to regulations may not be sufficient to meet the increased number and complexity of regulations we are subject to globally. If we fail to comply with any of these regulations, we could become subject to enforcement actions or the imposition of significant penalties or claims, which could harm our results of operations or our ability to conduct our business. In addition, any audits and inspections by governmental agencies related to these matters could result in significant settlement amounts, damages, fines, or other penalties, divert financial and management resources, and result in significant legal fees. An unfavorable outcome of any particular proceeding could have an adverse impact on our business, financial condition, and results of operations. In addition, the adoption of new regulations or changes in the interpretation of existing regulations, or changes in consumer perceptions of the components of our products, may result in significant compliance costs or discontinuation of product sales and could impair the marketing of our products, resulting in significant loss of net revenue.

Our international operations are also subject to compliance with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-bribery laws applicable to our operations. In many countries, particularly in those with developing economies, it may be a local custom that businesses operating in such countries engage in business practices that are prohibited by the FCPA or other U.S. and international laws and regulations applicable to us. As we expand our operations across multiple jurisdictions, we could be subject to conflicting laws, or differing consumer sentiment on application of laws, that could lead to non-compliance which could have an adverse effect on our operations. Although we have implemented procedures designed to ensure compliance with the FCPA and similar laws, some of our employees, agents, or other partners, as well as those companies to which we outsource certain of our business operations, could take actions in violation of our policies. Any such violation could have a material and adverse effect on our business.

As we expand internationally, we are subject to complex employee regulations, and if we fail to comply with these regulations, we could be subject to enforcement actions or negative employee relations which could harm our results of operations.

***Because a significant portion of our net revenue and expenses are generated in countries other than the United States, fluctuations in foreign currency exchange rates have affected our results of operations and may continue to do so in the future.***

The functional currency of our international subsidiaries is generally the applicable local currency. Our consolidated financial statements are presented in U.S. dollars. Therefore, the net revenue, expenses, assets, and liabilities of our international subsidiaries are translated from their functional currencies into U.S. dollars. Fluctuations in the value of the U.S. dollar affect the reported amounts of net revenue, expenses, assets, and liabilities. Foreign currency exchange differences

which arise on translation of our international subsidiaries' balance sheets into U.S. dollars are recorded as other comprehensive income (loss), net of tax in accumulated other comprehensive income or loss within stockholders' equity.

We also have exposure to changes in foreign currency exchange rates associated with transactions which are undertaken by our subsidiaries in currencies other than their functional currency. Such transactions include intercompany transactions and inventory purchases denominated in currencies other than the functional currency of the purchasing entity. As a result, we have been impacted by changes in foreign currency exchange rates and may be impacted for the foreseeable future. The potential impact of currency fluctuation increases as our international expansion increases.

Although we use financial instruments to hedge certain foreign currency risks, these measures may not succeed in fully offsetting the negative impact of foreign currency rate movements.

We are exposed to credit-related losses in the event of nonperformance by the counterparties to forward currency contracts used in our hedging strategies.

***Our financial condition could be adversely affected by global or regional health events such as the COVID-19 pandemic and related government, private sector, and individual consumer responsive actions.***

The COVID-19 pandemic negatively impacted the global economy, disrupted consumer spending and global supply chains, and created significant volatility and disruption of financial markets. The COVID-19 pandemic and related government, private sector, and individual consumer responsive actions negatively impacted our business operations, store traffic, employee availability, supply chain, financial condition, liquidity, and cash flows.

The occurrence or resurgence of global or regional health events such as the COVID-19 pandemic, and the related governmental, private sector and individual consumer responses, could contribute to a recession, depression, or global economic downturn, reduce store traffic and consumer spending, result in temporary or permanent closures of retail locations, offices, and factories, and could negatively impact the flow of goods. Such events could cause health officials to impose restrictions and recommend precautions to mitigate the health crisis such as the temporary closure of our stores, limitations on the number of guests allowed in our stores at any single time, minimum physical distancing requirements, and limited operating hours. A health event such as the COVID-19 pandemic could also negatively impact our employees, guests, and brand by reducing consumer willingness to visit stores, malls, and lifestyle centers, and employee willingness to staff our stores. A global or regional health event may also cause long-term changes to consumer shopping behavior, preferences and demand for our products that may have a material adverse effect on our business.

A global or regional health event such as the COVID-19 pandemic could significantly and adversely impact our supply chain if the factories that manufacture our products, the distribution centers where we manage our inventory, or the operations of our logistics and other service providers are disrupted, temporarily closed, or experience worker shortages.

#### **Risks related to our supply chain**

***Disruptions of our supply chain could have a material adverse effect on our operating and financial results.***

Disruption of our supply chain capabilities due to trade restrictions, political instability, severe weather, natural disasters, public health crises, war, terrorism, product recalls, labor supply shortages or stoppages, the financial or operational instability of key suppliers and carriers, changes in diplomatic or trade relationships (including any sanctions, restrictions, and other responses such as those related to current geopolitical events), or other reasons could impair our ability to distribute our products. To the extent we are unable to mitigate the likelihood or potential impact of such events, there could be a material adverse effect on our operating and financial results.

***We rely on international suppliers and any significant disruption to our supply chain could impair our ability to procure or distribute our products.***

We do not manufacture our products or raw materials and rely on suppliers and manufacturers located predominantly in APAC and China Mainland. We also source other materials used in our products, including items such as content labels, elastics, buttons, clasps, and drawcords, from suppliers located primarily in this region. Based on cost, during 2024:

- Approximately 40% of our products were manufactured in Vietnam, 17% in Cambodia, 11% in Sri Lanka, 11% in Indonesia, and 7% in Bangladesh, and the remainder in other regions.
- Approximately 35% of the fabric used in our products originated from Taiwan, 28% from China Mainland, 11% from South Korea, and the remainder from other regions.

The entire apparel industry, including our company, could face supply chain challenges as a result of the impacts of global public health crises, political instability, inflationary pressures, macroeconomic conditions, and other factors, including reduced freight availability and increased costs, port disruption, manufacturing facility closures, and related labor shortages and other supply chain disruptions.

Our supply chain capabilities may be disrupted due to these or other factors, such as severe weather, natural disasters, war or other military conflicts, terrorism, labor supply shortages or stoppages, the financial or operational instability of key suppliers or the countries in which they operate, or changes in diplomatic or trade relationships (including any sanctions, restrictions, and other responses to geopolitical events). Any significant disruption in our supply chain capabilities could impair our ability to procure or distribute our products, which would adversely affect our business and results of operations.

***A relatively small number of vendors supply and manufacture a significant portion of our products, and losing one or more of these vendors could adversely affect our business and results of operations.***

Many of the specialty fabrics used in our products are technically advanced textile products developed and manufactured by third parties and may be available, in the short-term, from only one or a limited number of sources. We have no long-term contracts with any of our suppliers or manufacturers for the production and supply of our raw materials and products, and we compete with other companies for fabrics, other raw materials, and production. During 2024, we worked with approximately 52 vendors to manufacture our products and 67 suppliers to provide the fabric for our products. Based on cost, during 2024:

- Approximately 49% of our products were manufactured by our top five vendors, the largest of which produced approximately 15% of our products; and
- Approximately 52% of our fabrics were produced by our top five fabric suppliers, the largest of which produced approximately 18% of fabric used.

We have experienced, and may in the future experience, a significant disruption in the supply of fabrics or raw materials and may be unable to locate alternative suppliers of comparable quality at an acceptable price, or at all. In addition, if we experience significant increased demand, or if we need to replace an existing supplier or manufacturer, we may be unable to locate additional supplies of fabrics or raw materials or additional manufacturing capacity on terms that are acceptable to us, or at all, or we may be unable to locate any supplier or manufacturer with sufficient capacity to meet our requirements or fill our orders in a timely manner. Identifying a suitable supplier is an involved process that requires us to become satisfied with its quality control, responsiveness and service, financial stability, and labor and other ethical practices. Even if we are able to expand existing or find new manufacturing or fabric sources, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers and manufacturers in our methods, products, and quality control standards.

Our supply of fabric or manufacture of our products could be disrupted or delayed by economic or political or global health conditions, and the related government and private sector responsive actions such as closures, restrictions on product shipments, and travel restrictions. Delays related to supplier changes could also arise due to an increase in shipping times if new suppliers are located farther away from our markets or from other participants in our supply chain. In addition, freight capacity issues continue to persist worldwide as there is much greater demand for shipping and reduced capacity and equipment. Any delays, interruption, or increased costs in the supply of fabric or manufacture of our products could have an adverse effect on our ability to meet guest demand for our products and result in lower net revenue and income from operations both in the short and long term.

***Our business could be harmed if our suppliers and manufacturers do not comply with our Vendor Code of Ethics or applicable laws.***

While we require our suppliers and manufacturers to comply with our Vendor Code of Ethics, which includes labor, health and safety, and environment standards, we do not control their operations. If suppliers or contractors do not comply with these standards or applicable laws or there is negative publicity regarding the production methods of any of our suppliers or manufacturers, even if unfounded or not specific to our supply chain, our reputation and sales could be adversely affected, we could be subject to legal liability, or could cause us to contract with alternative suppliers or manufacturing sources.

***The fluctuating cost of raw materials could increase our cost of goods sold.***

The fabrics used to make our products include synthetic fabrics whose raw materials include petroleum-based products. Our products also include silver and natural fibers, including cotton. Our costs for raw materials are affected by, among other things, weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the

currencies of producer versus consumer countries, and other factors that are generally unpredictable and beyond our control. Any and all of these factors may be exacerbated by global climate change. In addition, political instability, trade relations, sanctions, inflationary pressure, or other geopolitical or economic conditions could cause raw material costs to increase and have an adverse effect on our future margins. Increases in the cost of raw materials, including petroleum or the prices we pay for silver and our cotton yarn and cotton-based textiles, could have a material adverse effect on our cost of goods sold, results of operations, financial condition, and cash flows.

***If we encounter problems with our distribution system, our ability to deliver our products to the market and to meet guest expectations could be harmed.***

We rely on our distribution facilities for substantially all of our product distribution. Our distribution facilities include computer controlled and automated equipment, which means their operations may be subject to a number of risks related to security or computer viruses, the proper operation of software and hardware, electronic or power interruptions, or other system failures. In addition, our operations could also be interrupted by labor difficulties, pandemics, the impacts of climate change, extreme or severe weather conditions or by floods, fires, or other natural disasters near our distribution centers. If we encounter problems with our distribution system, our ability to meet guest expectations, manage inventory, complete sales, and achieve objectives for operating efficiencies could be harmed.

***Increasing labor costs and other factors associated with the production of our products in South Asia and South East Asia could increase the costs to produce our products.***

A significant portion of our products are produced in South Asia and South East Asia and increases in the costs of labor and other costs of doing business in the countries in this area could significantly increase our costs to produce our products and could have a negative impact on our operations and earnings. Factors that could negatively affect our business include labor shortages and increases in labor costs, labor disputes, pandemics, the impacts of climate change, difficulties and additional costs in transporting products manufactured from these countries to our distribution centers and significant revaluation of the currencies used in these countries, which may result in an increase in the cost of producing products. Also, the imposition of trade sanctions or other regulations against products imported by us from, or the loss of "normal trade relations" status with any country in which our products are manufactured, could significantly increase our cost of products and harm our business.

#### **Risks related to intellectual property**

***Our fabrics and manufacturing technology generally are not patented and can be imitated by our competitors. If our competitors sell products similar to ours at lower prices, our net revenue and profitability could suffer.***

The intellectual property rights in the technology, fabrics, and processes used to manufacture our products generally are owned or controlled by our suppliers and are generally not unique to us. Our ability to obtain intellectual property protection for our products is therefore limited. We hold limited patents and exclusive intellectual property rights in the technology, fabrics or processes underlying our products. As a result, our current and future competitors are able to manufacture and sell products with performance characteristics, fabrics and styling similar to our products. Because many of our competitors have significantly greater financial, distribution, marketing, and other resources than we do, they may be able to manufacture and sell products based on our fabrics and manufacturing technology at lower prices than we can. If our competitors sell products similar to ours at lower prices, our net revenue and profitability could suffer.

***Our failure or inability to protect our intellectual property rights could diminish the value of our brand and weaken our competitive position.***

We currently rely on a combination of patent, copyright, trademark, trade dress, trade secret, and unfair competition laws, as well as confidentiality procedures and licensing arrangements, to establish and protect our intellectual property rights. The steps we take to protect our intellectual property rights may not be adequate to prevent infringement of these rights by others, including imitation of our products and misappropriation of our brand. In addition, any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable, or our intellectual property protection may be unavailable or limited in some international countries where laws or law enforcement practices may not protect our intellectual property rights as fully as in the United States or Canada, and it may be more difficult for us to successfully challenge the use of our intellectual property rights by other parties in these countries. If we fail to protect and maintain our intellectual property rights, the value of our brand could be diminished, and our competitive position may suffer.

***Our trademarks, patents, and other proprietary rights could potentially conflict with the rights of others and we may be prevented from selling some of our products.***

Our success depends in large part on our brand image. We believe that our trademarks, patents, and other proprietary rights have significant value and are important to identifying and differentiating our products from those of our competitors and creating and sustaining demand for our products. We have applied for and obtained some United States, Canada, and international trademark registrations and patents, and will continue to evaluate additional trademarks and patents as appropriate. However, some or all of these pending trademark or patent applications may not be approved by the applicable governmental authorities. Moreover, even if the applications are approved, third parties may seek to oppose or otherwise challenge these applications or registrations. Additionally, we may face obstacles as we expand our product line and the geographic scope of our sales and marketing. Third parties may assert intellectual property claims against us, particularly as we expand our business and the number of products we offer. Our defense of any claim, regardless of its merit, could be expensive and time consuming and could divert management resources. Successful infringement claims against us could result in significant monetary liability or prevent us from selling some of our products. In addition, resolution of claims may require us to redesign our products, license rights from third parties, or cease using those rights altogether. Any of these events could harm our business and cause our results of operations, liquidity, and financial condition to suffer.

***We have been, and in the future may be, sued by third parties for alleged infringement of their proprietary rights.***

There is considerable patent and other intellectual property development activity in our market, and litigation, based on allegations of infringement or other violations of intellectual property, is frequent in the fitness and technology industries. Furthermore, it is common for individuals and groups to purchase patents and other intellectual property assets for the purpose of making claims of infringement to extract settlements from companies like ours. Our use of third-party content, including music content, software, and other intellectual property rights may be subject to claims of infringement or misappropriation. We cannot guarantee that our internally developed or acquired technologies and content do not or will not infringe the intellectual property rights of others. From time to time, our competitors or other third parties may claim that we are infringing upon or misappropriating their intellectual property rights, and we may be found to be infringing upon such rights. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our platform or services or using certain technologies, force us to implement expensive work-arounds, or impose other unfavorable terms. We expect that the occurrence of infringement claims is likely to grow as the market for fitness products and services grows and as we introduce new and updated products and offerings. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources. Any of the foregoing could prevent us from competing effectively and could have an adverse effect on our business, financial condition, and operating results.

**Risks related to environmental, social, and governance issues**

***Climate change and related pressures may adversely impact our business, supply chain, and financial results.***

We are subject to physical and transitional risks related to climate change, as well as increasing pressure from investors, regulators, and advocacy organizations regarding climate-related disclosures and action. Physical risks, such as rising global temperatures, changing weather patterns, and increasing frequency and severity of extreme weather events, could disrupt our supply chain, increase raw material and production costs (including cotton availability and pricing), and reduce consumer demand or shift purchasing behavior. These changes may also result in water scarcity, energy constraints, and infrastructure damage affecting our facilities, vendors, or logistics. In addition, growing regulatory and stakeholder expectations around climate-related disclosures, targets, and emissions reductions may increase compliance costs and require additional resources. Climate-related regulations vary widely across jurisdictions and are evolving rapidly, creating uncertainty around our obligations. Voluntary alignment with emerging standards or initiatives may also require capital investment or operational adjustments.

We also face increasing scrutiny and conflicting pressure from institutional investors, proxy advisory firms, regulatory agencies, political groups, and other stakeholders. Some advocate for accelerated climate commitments and detailed climate-related financial disclosures, while others have challenged or opposed such actions through litigation, legislative action, or public campaigns. These conflicting expectations and potential enforcement risks, whether from taking action or choosing not to do so, could adversely impact our reputation, operations, investor relationships, or legal risk profile.

***We face heightened scrutiny and legal risks from competing pressures regarding our ESG practices and disclosures.***

We are increasingly subject to scrutiny from institutional investors, advocacy organizations, and other stakeholders regarding our environmental, social, and governance ("ESG") policies, disclosures, and performance. Some stakeholders

advocate for greater transparency and more aggressive ESG-related commitments across areas such as human capital, labor practices, supply chain oversight, and diversity. Others, including advocacy organizations and litigation-focused groups, have criticized ESG-related initiatives and have challenged companies, through lawsuits, regulatory investigations, and public campaigns, for implementing ESG strategies they deem inconsistent with fiduciary duties or legal obligations.

We may face reputational, operational, or legal consequences if our ESG practices or disclosures are perceived as insufficient, inconsistent, misleading, or politically misaligned. We may also face additional compliance costs as regulatory requirements evolve, including potential SEC or international climate and sustainability disclosure rules. We could also incur additional costs to comply with divergent stakeholder expectations and evolving ESG disclosure frameworks, and we may be subject to increased activism, legal exposure, or reputational risk, regardless of whether our ESG practices are expanded or limited in the future.

#### **Risks related to legal and governance matters**

##### ***Our business could be negatively affected as a result of actions of stockholders, activists, or others.***

We may be subject to actions or proposals from stockholders, political or consumer activists, or others that may not align with our business strategies or the interests of our other stockholders. Activism could include geopolitical conflict between the PRC and other countries. Responding to such actions can be costly and time-consuming, disrupt our business and operations, and divert the attention of our board of directors, management, and employees from the pursuit of our business strategies. Such activities could interfere with our ability to execute our strategic plan. Stockholders, political or consumer activists, or others may create perceived uncertainties as to the future direction of our business or strategy which may be exploited by our competitors and may make it more difficult to attract and retain qualified personnel and potential guests, and may affect our relationships with current guests, vendors, investors, and other third parties. In addition, a proxy contest for the election of directors at our annual meeting would require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention by management and our board of directors. The perceived uncertainties as to our future direction also could affect the market price and volatility of our securities.

##### ***We are subject to periodic claims and litigation that could result in unexpected expenses and could ultimately be resolved against us.***

From time to time, we are involved in litigation and other proceedings, including matters related to product liability claims, stockholder class action and derivative claims, commercial disputes and intellectual property, as well as trade, regulatory, employment, and other claims related to our business. Any of these proceedings could result in significant settlement amounts, damages, fines, or other penalties, divert financial and management resources, and result in significant legal fees. An unfavorable outcome of any particular proceeding could exceed the limits of our insurance policies or the carriers may decline to fund such final settlements and/or judgments and could have an adverse impact on our business, financial condition, and results of operations. In addition, any proceeding could negatively impact our reputation among our guests and our brand image.

##### ***Anti-takeover provisions of Delaware law and our certificate of incorporation and bylaws could delay and discourage takeover attempts that stockholders may consider to be favorable.***

Certain provisions of our certificate of incorporation and bylaws and applicable provisions of the Delaware General Corporation Law may make it more difficult or impossible for a third party to acquire control of us or effect a change in our board of directors and management. These provisions include:

- the classification of our board of directors into three classes, with one class elected each year;
- prohibiting cumulative voting in the election of directors;
- the ability of our board of directors to issue preferred stock without stockholder approval;
- the ability to remove a director only for cause and only with the vote of the holders of at least 66 2/3% of our voting stock;
- a special meeting of stockholders may only be called by our chairman or Chief Executive Officer, or upon a resolution adopted by an affirmative vote of a majority of the board of directors, and not by our stockholders;
- prohibiting stockholder action by written consent; and

- our stockholders must comply with advance notice procedures in order to nominate candidates for election to our board of directors or to place stockholder proposals on the agenda for consideration at any meeting of our stockholders.

In addition, we are governed by Section 203 of the Delaware General Corporation Law which, subject to some specified exceptions, prohibits "business combinations" between a Delaware corporation and an "interested stockholder," which is generally defined as a stockholder who becomes a beneficial owner of 15% or more of a Delaware corporation's voting stock, for a three-year period following the date that the stockholder became an interested stockholder. Section 203 could have the effect of delaying, deferring, or preventing a change in control that our stockholders might consider to be in their best interests.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

The following table provides information regarding our purchases of shares of our common stock during the third quarter of 2025 related to our stock repurchase program:

Period <sup>(1)</sup>	Total Number of Shares Purchased <sup>(2)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup>
August 4, 2025 - August 31, 2025	360,321	\$ 193.83	360,321	\$ 789,070,467
September 1, 2025 - October 5, 2025	—	—	—	789,070,467
October 6, 2025 - November 2, 2025	681,488	174.86	681,488	669,908,605
Total	1,041,809		1,041,809	

<sup>(1)</sup> Monthly information is presented by reference to our fiscal periods during our third quarter of 2025.

<sup>(2)</sup> Our board of directors approved a new repurchase program authorizing up to \$3.0 billion in aggregate, including \$1.0 billion initially authorized on November 29, 2023, and additional \$1.0 billion increases on May 29, 2024 and December 3, 2024. This program does not have an expiration date or require a minimum number of shares to be repurchased. Repurchases may be made on the open market at prevailing prices or through privately negotiated transactions, including under plans pursuant to Rule 10b5-1 and Rule 10b-18 of the Securities Exchange Act of 1934. The timing and amount of repurchases will depend on market conditions, trading eligibility, and other factors.

The following table provides information regarding our purchases of shares of our common stock during the third quarter of 2025 related to our Employee Share Purchase Plan:

Period <sup>(1)</sup>	Total Number of Shares Purchased <sup>(2)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup>
August 4, 2025 - August 31, 2025	17,719	\$ 200.83	17,719	4,175,105
September 1, 2025 - October 5, 2025	21,334	168.88	21,334	4,153,771
October 6, 2025 - November 2, 2025	19,685	173.60	19,685	4,134,086
Total	58,738		58,738	

<sup>(1)</sup> Monthly information is presented by reference to our fiscal periods during our third quarter of 2025.

<sup>(2)</sup> All shares purchased under the ESPP are purchased on the Nasdaq Global Select Market (or such other stock exchange as we may designate). Unless our board terminates the ESPP earlier, it will continue until all shares authorized for purchase have been purchased. The maximum number of shares authorized to be purchased under the ESPP is 6,000,000.

Excluded from this disclosure are shares withheld to settle statutory employee tax withholding related to the vesting of stock-based compensation awards.

**ITEM 5. OTHER INFORMATION**

**Trading Arrangements**

On June 20, 2025, Calvin McDonald, Chief Executive Officer and Director of lululemon, entered into a Rule 10b5-1 trading arrangement (the “10b5-1 Plan”) for the potential sale of up to 55,957 shares of lululemon's common stock in connection with the exercise of stock options expiring in March 2026. The 10b5-1 Plan is scheduled to commence on September 22, 2025, is intended to satisfy the affirmative defense of Rule 10b5-1(c), and will terminate on the earlier of (1) the date all the shares under the 10b5-1 Plan are sold or (2) March 27, 2026.

During the third quarter of 2025, no director or officer of lululemon (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (in each case, as defined in Item 408(a) of Regulation S-K).

**ITEM 6. EXHIBITS**

Exhibit No.	Exhibit Title	Filed Herewith	Incorporated by Reference		
			Form	Exhibit No.	File No.
10.1*	<a href="#">Executive Employment Agreement, effective September 2, 2025, between lululemon athletica inc. and Ranju Das</a>	X			
31.1	<a href="#">Certification of principal executive officer Pursuant to Exchange Act Rule 13a-14(a)</a>	X			
31.2	<a href="#">Certification of principal financial and accounting officer Pursuant to Exchange Act Rule 13a-14(a)</a>	X			
32.1**	<a href="#">Certification of principal executive officer and principal financial and accounting officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				
101	The following unaudited interim consolidated financial statements from the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 2, 2025, formatted in iXBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows (v) Notes to the Unaudited Interim Consolidated Financial Statements	X			
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)	X			

\* Denotes a compensatory plan, contract, or arrangement, in which our directors or executive officers may participate.

\*\* 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.

lululemon athletica inc.

By: /s/ MEGHAN FRANK

Meghan Frank

Chief Financial Officer

(principal financial and accounting officer)

Dated: December 11, 2025



**Private & Confidential**

This Agreement is dated for reference August 8<sup>th</sup> 2025.

**To: Ranju Das**

**Re: Executive Employment Agreement**

Dear Ranju:

This agreement contains the terms and conditions of our offer of employment in the position of Chief AI & Technology Officer.

The commencement and continuation of this agreement, and your employment under this agreement, is at all times subject to you satisfying all applicable right to work requirements in the United States.

This offer is also conditional on completion of a background check to the Company's satisfaction on or before the Effective Date (as defined below), failing which this offer will be of no force or effect.

If you accept employment on the terms and conditions set out below, please execute where indicated.

**ARTICLE 1 - INTERPRETATION**

1.01 **Definitions**

In this agreement:

**"Affiliate"** means lululemon athletica canada inc. and lululemon usa inc., each direct and indirect subsidiary of the Company and any other entities identified, including joint ventures and franchises, in which the Company has an interest.

**"Agreement"** means this agreement, including its recitals, schedules and addenda, as applicable, and as amended from time to time in accordance with its terms.

**"Board"** means the board of directors of the Company.

**"Bonus Plan"** means the Executive Bonus Plan, as amended.

**"Cause"** means: (a) conviction or entry of a plea of nolo contendere for embezzlement, misappropriation, fraud, dishonesty, unethical business conduct, breach of fiduciary duty, or moral turpitude, or any other felony or serious misdemeanor crime; (b) your inability (other than due to a Disability) or refusal to perform your duties hereunder; (c) your failure to follow reasonable directions from the persons to whom you report; (d) your use of alcohol or use of illegal drugs, interfering with performance of your obligations under this Agreement; (e) your commission of any willful or intentional act which injures or could reasonably be expected to injure the reputation, business or business relationships of Company, its Affiliates, or yourself or other employees of Company or its Affiliates; (f) your willful disregard or violation of Company's written policies regarding harassment or discrimination, or any other material violation of Company's written policies as in effect from time to time; (g) your

gross negligence or willful misconduct in the performance of your duties or with regard to the assets, business or employees of Company, including without limitation theft or embezzlement by you with respect to Company or any Affiliate; (h) your material breach of this Agreement; (i) your unauthorized use or disclosure of proprietary information, Confidential Information or trade secrets; or (j) your breach of any confidentiality agreement, fiduciary duties or duty of loyalty.

“**Company**” means lululemon athletica inc.

“**Compensation Committee**” means the People, Culture and Compensation Committee of the Board.

“**Confidential Information**” means information disclosed to or known by the Executive as a consequence of or through the Executive’s employment with the Company about the Company’s or any of its Affiliates’ products, operations, research, processes or services, including but not limited to all information relating to research, development, inventions, copyrights, patents, industrial designs, licenses, manufacture, production, distribution, purchasing, accounting, financing, engineering, marketing, merchandising, selling, and other technical, strategic or business information or trade secrets of the Company or any of its Affiliates, or about any of the Company’s or any of its Affiliates’ customers, suppliers, vendors or business affiliates and also includes any information that the Company has received from others that the Company is obligated to treat as confidential or proprietary, but Confidential Information does not include information which is or becomes generally available to the public through no fault of the Executive or which the Executive can establish, through written records, was in the Executive’s possession prior to its disclosure to the Executive as a result of the Executive’s work for the Company.

“**Effective Date**” means September 2<sup>nd</sup> 2025.

“**Executive**” means Ranju Das.

“**Plan**” means lululemon athletica inc.’s 2023 Equity Incentive Plan, as amended or replaced from time to time.

“**Termination Date**” means the Executive’s last day of employment unless otherwise agreed in writing by the Company and the Executive.

## **ARTICLE 2 - EMPLOYMENT**

### **2.01            Employment**

(1)        The Company will employ the Executive in the position of Chief AI and Technology Officer.

(2)        The Executive will report to the Chief Executive Officer, or such other position as directed by the Company.

(3)        The Executive will perform duties and responsibilities as are normally provided by a Chief AI and Technology Officer, of a corporation in a business and of a size similar to the Company and such other duties and responsibilities as may reasonably be assigned from time to time by the Company, subject always to the control and direction of the Company.

2.02 **At-Will Employment**

This Agreement and the Executive's employment under this Agreement will take effect as of the Effective Date and will continue until terminated in accordance with its terms. The term of this Agreement and the Executive's employment under this Agreement is at-will, which means that either the Company or the Executive may terminate this Agreement with or without notice, at any time, with or without reason, subject to termination in accordance with the terms of this Agreement.

2.03 **Place of Employment**

The Executive will perform the Executive's duties and responsibilities:

(1) at the principal executive offices of the Company in Seattle, Washington and the Executive will reside within a reasonable daily commuting distance of such offices;

(2) in Vancouver, British Columbia, Canada, in accordance with the secondment agreement attached as a schedule, which is incorporated by reference and deemed to be part of this Agreement. The parties anticipate that the Executive will spend approximately three (3) days per month, equal to approximately 15% of the Executive's working time, in Vancouver; and

(3) at such other locations as the Company deems necessary for business purposes.

Accordingly, the Executive acknowledges that the Executive's duties and responsibilities will necessitate frequent travel.

**ARTICLE 3 - REMUNERATION AND BENEFITS**

3.01 **Base Salary**

The Company will pay the Executive an annual base salary (the "**Base Salary**") of US \$825,000, in accordance with the Company's usual payroll practices.

3.02 **Bonus**

The Executive will be eligible to receive an annual bonus pursuant to the terms and conditions of the Bonus Plan, as may be amended by the Company in its sole discretion from time to time, where such terms and conditions may include but are not limited to limitations on the Executive's entitlements in the event of termination of the Executive's employment. The Executive's bonus target under the Bonus Plan is one hundred percent (100%) of Base Salary. Any bonus is in the Company's sole discretion. This section is subject to any requirement to the contrary to applicable law.

### 3.03 Retention Bonuses

The Company agrees to provide the Executive with two (2) retention bonuses in exchange for the Executive accepting employment with Company (the “**Retention Bonuses or Retention Bonus**”) on the following terms and conditions:

- i) A one-time payment in the amount of US \$600, 000 (the “**First Retention Bonus**”), less applicable tax and other withholdings, on the Company’s first regular pay date following the Effective Date; and
- ii) An additional one-time payment in the amount of US \$200,000 (the “**Second Retention Bonus**”), less applicable tax and other withholdings, on the Company’s first regular pay date following the first anniversary of the Effective Date.

The Company will pay the Executive the Retention Bonuses, as applicable, in advance of the Executive having earned them and in anticipation of the Executive’s continued employment for twenty-four (24) months after each payment (the “**Retention Period**”). Once the Executive completes the first Retention Period, the First Retention Bonus is earned in full and not subject to repayment. Once the Executive completes the second Retention Period, the Second Retention Bonus is earned in full and not subject to repayment.

If the Executive voluntarily resigns the Executive’s employment or if the Company terminates the Executive’s employment for Cause prior to the Executive completing an applicable Retention Period, the Executive agrees to repay the Company the applicable unearned Retention Bonus within 15 days of the Termination Date, in a prorated amount based on the on the post-tax payment made to the Executive and the length of employment (rounded upwards to the nearest whole month). Notwithstanding the above, if the Company terminates the Executive’s employment without Cause prior to the Executive completing an applicable the Retention Period, the applicable Retention Bonus will be considered earned in full on the Termination Date.

### 3.04 Incentives

(1) The Executive will be eligible for annual equity awards as determined by the Compensation Committee, in its sole discretion. These potential equity awards are subject to the terms and conditions set out in the applicable grant agreements and applicable plan documents, which include but may not be limited to the Plan, as may be amended by the Company in its sole discretion from time to time. Such terms and conditions may include but are not limited to limitations on the Executive’s entitlements in the event of termination of the Executive’s employment, as may be amended by the Company in its sole discretion from time to time.

(2) Subject to the approval of the Compensation Committee of the Board, the Executive will be awarded a one-time grant of a number of restricted share units (“**RSUs**”) determined by dividing US \$750,000 by lululemon athletica inc.’s fair market value per common share determined as of the effective date of the grant. Subject to the Executive’s continued employment, the RSUs will vest over a three-year period, with one-third of the award vesting on or about each of the first, second, and third anniversaries of the grant date. RSU grants are subject to the terms of the Company’s equity incentive plan, the applicable grant agreements, and the Company’s practices and policies on granting RSU awards, including the Company’s standard RSU award agreement.

3.05 **Benefits**

The Executive will be entitled to participate in applicable group employee benefit plans as are in effect from time to time, subject to and in accordance with the terms and conditions of such plans.

3.06 **Fund Your Future Program**

The Company offers opportunities to contribute to a long term savings plan and to purchase Company stock via payroll deduction. If the Executive is eligible to participate, the Company matches employee contributions in accordance with the plan provisions. The Executive should review the applicable plans as eligibility and enrollment requirements vary.

3.07 **Plan documents and right to change**

(1) Some of the compensation and benefit plans and programs referred to in this offer are governed by insurance contracts and other plan and policy documents, which will in all cases govern.

(2) The Company reserves the right to amend, change or terminate any or all of its plans, programs, policies and benefits, in whole or part, at any time for any reason without notice to the Executive, including without limitation bonus, commission, benefits, and compensation plans and programs.

3.08 **Time Off**

The Company's employee handbook and the Company intranet, "youlu" contain details regarding the Executive's entitlements to time off work. The Executive will take such time off at times having regard to the best interests of the Company. Except as may otherwise be required by applicable law, the Executive will lose the entitlement to unused time off, which will not be paid out.

3.09 **Relocation**

The Executive is eligible for relocation benefits as per the attached executive relocation addendum.

3.10 **Expenses**

The Company will reimburse the Executive for all reasonable out-of-pocket expenses properly incurred by the Executive in the course of the Executive's employment with the Company, in accordance with the Company's expense reimbursement policy, as amended. The Executive will provide the Company with appropriate statements and receipts verifying such expenses as the Company may require.

3.11 **409A**

Any reimbursement of expenses or in kind benefits the Executive is entitled to receive shall, to the extent subject to Section 409A of the Internal Revenue Code, be subject to the following: (a) such reimbursements be paid no later than the last day of Executive's taxable year following the taxable year in which the expense was incurred, (b) the amount of expenses eligible for reimbursement, or in-kind benefits to be provided, during any taxable year of Executive shall not affect the expenses eligible

for reimbursement, or in-kind benefits to be provided, in any other taxable year of Executive and (c) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit. The Company will pay any gross up amounts to which the Executive is entitled pursuant to the executive relocation addendum no later than the last day of Executive's taxable year following the taxable year in which Executive remits the applicable tax.

#### **ARTICLE 4 - EXECUTIVE'S COVENANTS**

##### **4.01 Full Time Service**

The Executive will devote all of the Executive's time, attention and effort to the business and affairs of the Company, will well and faithfully serve the Company and will use the Executive's best efforts to promote the interests of the Company and its Affiliates. The Executive will not engage in other employment, including self-employment, or consulting work while employed by the Company, without prior written approval.

##### **4.02 Duties and Responsibilities**

In the performance of the Executive's duties, the Executive agrees to give the Company the full benefit of the Executive's knowledge, expertise, skill and ingenuity and to exercise the degree of care, diligence and skill that a prudent executive would exercise in comparable circumstances. The Executive agrees and acknowledges that they are a fiduciary with a duty of good faith, loyalty, and the avoidance of conflict of duty and self-interest, which requires the Executive to act in the best interests of the Company and its Affiliates.

##### **4.03 Policies, Rules and Regulations**

The Executive will be bound by and will faithfully observe and abide by all of the policies, rules and regulations of the Company from time to time in force which are applicable to the Executive, including but not limited to the Company's employee handbook and Code of Business Conduct. Without limiting the generality of the above, the employee handbook and Code of Business Conduct provide additional details regarding the Executive's employment, employee discounts, personal accountability, integrity (regarding hours worked), yoga benefits, other benefits, and gifts, entertainment and bribes. Failure to follow any of the Company's policies, rules or regulations may lead to discipline up to and including termination of employment. Additional information and resources are on youlu, including the Company's policies on accessibility and accommodation for employees with disabilities. The Executive should contact the Executive's People and Culture Partner for any questions on or assistance in accessing any Company policies because of a disability.

##### **4.04 Conflict of Interest**

The Executive will not, during the Executive's employment with the Company, engage in any business, enterprise or activity that may conflict with the Company's interests, including the faithful performance of the Executive's duties. The Executive will refrain from any situation in which the Executive's personal interest conflicts or may appear to conflict with the Executive's duties to the Company or the interests of the Company. The Executive agrees that if there is any doubt in this respect, the Executive will inform the CEO and obtain prior written authorization.

4.05 **Business Opportunities**

During the Executive's employment, the Executive will communicate to the Company all knowledge, business and customer contacts and any other information that could concern or be in any way beneficial to the business of the Company, subject to any pre-existing obligations to a third party and the employee proprietary rights addendum to this Agreement. Any such information communicated to the Company will be and remain the property of the Company notwithstanding any subsequent termination of the Executive's employment.

4.06 **Restrictive Covenants**

The Executive agrees to be bound by the restrictive covenant agreement attached to this Agreement as a schedule which is incorporated by reference and deemed to be part of this Agreement (the "**Restrictive Covenant Agreement**").

4.07 **Proprietary Rights**

The Executive agrees to be bound by the terms and conditions of the employee proprietary rights addendum attached to this Agreement as a schedule which is incorporated by reference and deemed to be a part of this Agreement.

4.08 **Pre-Existing Obligations**

The Executive must not disclose to the Company confidential or proprietary information of any kind belonging to the Executive's former employer or any other person or entity. The Company is not employing the Executive to obtain the confidential information business information, intellectual property or business opportunities of the Executive's former employer or any other person or entity. The Executive affirms that i) the Executive is not subject to any pre-existing obligations, contracts or agreements that would prevent the Executive from complying with this Agreement; ii) by signing this Agreement and working for the Company, the Executive will not be in breach of any obligation to a third party; and iii) the Executive will not breach any pre-existing obligation to a third party in the course of the Executive's employment.

4.09 **Stock Ownership Guidelines**

The Executive acknowledges that the Executive has received a copy of the Company's Stock Ownership Guidelines and acknowledges and agrees to the Guidelines, as currently stated and as they may be amended from time to time.

4.10 **Confidential Information**

(1) The Executive acknowledges and agrees that the Executive will not acquire any right, title or interest in or to the Confidential Information. The Executive also acknowledges that the Company has taken great precautions to maintain the confidentiality of the Confidential Information and that but for Executive's employment with the Company, Executive would not be privy to such Confidential Information.

(2) At all times during and subsequent to the termination of the Executive's employment with the Company, the Executive:

- (a) will not use, copy or reproduce the Confidential Information except as may be reasonably required for the Executive to perform the Executive's duties for the Company and for the Company's benefit, and the Executive will not directly or indirectly use, disseminate or disclose any Confidential Information for the Executive's own benefit or the benefit of any other person or entity; and
- (b) the Executive will keep the Confidential Information in strict confidence and take all necessary precautions against unauthorized disclosure of the Confidential Information.
- (3) If the Executive is required by law to disclose any Confidential Information, the Executive will advise the Company immediately of such requirement and all information concerning such requirement, and provide the opportunity for the Company to object or intervene, prior to making any disclosure of Confidential Information.
- (4) This section will survive the termination of the Executive's employment for any reason.

#### **ARTICLE 5 - TERMINATION**

##### **5.01 Termination by the Company**

- (1) Accrued Compensation. If the Company terminates the Executive's employment, the Company will pay all wages accrued to the Termination Date, and any accrued and unused vacation pay, and any other minimum amounts required by law.
- (2) Notice and/or Severance Payment.
  - (a) If the Company terminates the Executive without Cause, the Executive will be entitled to the following notice in writing or payment of Base Salary in lieu of such notice, or a combination of notice and payment, in the Company's sole discretion:
    - (i) six (6) months, if the Executive has been employed for under two (2) years; or
    - (ii) fifteen (15) months, if the Executive has been employed for two (2) years or more.

If the Company terminates the Executive's employment for Cause, no notice or payment of Base Salary in lieu of notice will be provided.

- (b) The entitlements under this section are inclusive of any minimum termination notice or pay in lieu of notice owed to the Executive under any federal, state or local law. Any payments made under this section will be:
  - (i) inclusive of any minimum termination notice or pay in lieu of notice owed to the Employee under any federal, state or local law;
  - (ii) subject to the Executive signing the Company's standard release and separation agreement;

- (iii) paid in equal instalments on the Company's normal paydays, unless otherwise required by law, and subject to all deductions and withholdings required by law; and
- (iv) considered severance payments, if the Company places the Executive on inactive or limited employment status during any transition or notice of termination period.

(3) Restrictive Covenant Agreement. The Company is agreeing to provide any entitlements that exceed the minimum requirements under applicable law in direct consideration of the Executive's obligations under the Restrictive Covenant Agreement, particularly the non-competition obligations, and any such excess entitlements, or the balance thereof, will cease and be forfeited immediately if the Executive fails to comply with the Restrictive Covenant Agreement, and the Executive will only be entitled to any remaining minimums required by law. Further, any payments made to the Executive during the Non-Competition Period set forth in the Restrictive Covenant Agreement will be offset by any amount of Notice/Severance paid to the Executive and will be subject to the Executive signing the Company's standard release agreement. For the avoidance of doubt, the Executive is not, under any circumstances, eligible for double payment under the Notice and/or Severance provision or the Restrictive Covenant Agreement.

(4) Offset Deductions. The Company may deduct from any severance payments under this section, any amounts owed by the Executive to the Company, but only to the extent permitted by applicable law. In no event shall such deductions exceed the total severance/notice amount or reduce the severance to a level that would render the release of claims unenforceable for lack of sufficient consideration.

#### 5.02 Termination by the Executive

The Executive may terminate the Executive's employment with the Company at any time by giving the Company thirty (30) days' notice in writing. The Company will have the sole discretion to pay the Executive in lieu of the notice of resignation period and advance the Termination Date, in exchange for a general release and separation agreement. The Executive understands that by virtue of the Executive's role, this is a material term of the Agreement, failure to comply with this provision is a breach of the Agreement and but for the Executive agreeing to comply with this provision, the Executive would not be offered employment, or continue employment under the terms of this Agreement, as applicable.

#### 5.03 Termination Due to Disability or Death

- (a) Disability. If the Executive is prevented from performing the Executive's duties as called for by this Agreement because of physical or mental incapacity or other disability (a "**Disability**") after the Executive have been provided all legally required leaves of absence and reasonable accommodations, then Company shall have the right to terminate the Executive's employment without Cause. It is contemplated that such termination without Cause would generally occur if the Executive is unable to work for more than a continuous period of twelve (12) weeks, or for shorter periods aggregating more than ninety (90) days in any consecutive twelve (12) month period.

- (b) Death. If the Executive's employment terminates due to death, the payments and benefits provided for in this article will be paid to the Executive's surviving spouse, if any, or otherwise to the Executive's estate, in a single lump sum payment within thirty (30) days of the Executive's death, or, if otherwise provided in an applicable employee benefit plan, in accordance with the time and form of payment provisions of such plan, in accordance with applicable law.

5.04 **Duties**

During any notice of termination or notice of resignation period, the Executive will remain an employee and continue to perform some, all or none of the duties of the Executive's position, as determined by the Company in its sole and absolute discretion, or such other duties as the Company may reasonably request to assist with the transition of the Executive's role.

5.05 **Bonus and Equity Entitlements**

On termination of the Executive's employment for any reason, the Executive's entitlements regarding bonus and incentive compensation, including but not limited to RSUs, PSUs and stock options, will be governed by the terms of the plans, including but not limited to the Bonus Plan and the Plan, agreements and policies of the Company, as may be applicable, including but not limited to any limitations on such entitlements on termination.

5.06 **Return of Property**

Upon the end of the Executive's employment for any reason, or at any other time at the Company's request, the Executive will promptly (but no later than five (5) days after the earlier of the end of employment or the Company's request) deliver or cause to be delivered to the Company all property of the Company stored in any manner, including but not limited to the Work Product and the Company's confidential information, keys, pass cards, identification cards, electronic equipment and passwords, that is in the possession, charge, control or custody of the Executive, without retaining any copies or records whatsoever, in whole or in part. The Executive will sign a certificate attesting to the return of all Company property upon request by the Company.

5.07 **No Other Payments or Entitlements**

The payments and entitlements pursuant to this article are in full satisfaction of all requirements regarding termination of this Agreement and the Executive's employment hereunder including, without limitation, pursuant to the common law, any other applicable law and any of the Company's programs, policies, plans, contracts or agreements, whether written or verbal.

5.08 **Resignation as Director and Officer**

Upon termination of the Executive's employment under this Agreement for any reason, the Executive will be deemed to have resigned as a director and officer of all Affiliates contemporaneously with the Termination Date and will immediately, on request of the Company, sign forms of resignation indicating the Executive's resignation as a director and officer of the Company and any Affiliates and of any other entities of which the Executive occupies similar positions as part of or in connection with the performance by the Executive of the duties under this Agreement, as applicable.

5.09 **Provisions which Operate Following Termination**

Notwithstanding any termination of the Executive's employment under this Agreement for any reason whatsoever and with or without Cause, all provisions of this Agreement necessary to give effect thereto, including without limitation the schedules and the Executive's obligations regarding Confidential Information, will continue in full force and effect following such termination.

**ARTICLE 6 - MISCELLANEOUS**

6.01 **Indemnification**

The Executive shall indemnify, defend, protect and hold harmless the Company from liability, loss, claim, cause of action, cost or expense (including, without limitation, attorneys fees and costs) arising out of the gross negligence or intentional misconduct of the Executive.

6.02 **Deductions**

Any amounts to be paid to the Executive under this Agreement are less all deductions and withholdings required by law or otherwise authorized by the Executive.

6.03 **Entire Agreement**

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and cancels and supersedes any prior understandings and agreements between the parties, whether oral or written, with respect to the subject matter of this Agreement and any rights which the Executive may have by reason of any such prior agreements. There are no representations, warranties, forms, conditions, undertakings or collateral agreements, express, implied or statutory between the parties other than as expressly set forth in this Agreement.

6.04 **Severability**

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part of such provision and the remaining part of such provision and all other provisions of this Agreement will continue in full force and effect. The parties further agree to allow a court to revise or replace such void or unenforceable provisions of this Agreement with valid and enforceable provisions which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provisions.

6.05 **Amendments and Waivers**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law will constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either party hereto (or by its successor), whether pursuant to this Agreement, to any other agreement, or to law, will not preclude or waive its right to exercise any or all other rights and remedies.

6.06 **Notices**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by registered mail, or by electronic means of communication addressed to the recipient as follows:

To the Company:

lululemon athletica inc.  
1818 Cornwall Avenue  
Vancouver, BC  
V6J 1C7

**Attention: Senior Vice President, Senior Deputy General Counsel & Corporate Secretary**

To the Executive:

**Ranju Das**

or such other address, individual or electronic communication number as may be designated by notice given by either party to the other.

6.07 **Equitable Remedies/Injunctive Relief**

The Executive acknowledges that the services to be furnished hereunder and the rights granted to the Company herein are of a special, unique, extraordinary, artistic, and intellectual character which gives them a peculiar value, the loss of which cannot reasonably be compensated for in damages in an action at law; accordingly, the breach by the Executive of any of the provisions of this Agreement will cause the Company irreparable injury and damage, that could not be adequately compensated for solely by monetary award. The Company will be entitled, as a matter of right and without further notice to the Executive, to seek and obtain an injunction, temporary restraining order, or other equitable relief in connection with any breach of this Agreement by the Executive, without the posting of bond or any other security, or without the need to prove monetary damages. This right to seek and obtain injunctive relief will be in addition to and not in lieu of any other rights and remedies which the Company may have, whether at law or in equity, or for damages or otherwise. The Company will be entitled to seek preliminary injunctive relief pursuant to the rights in this Section in any court of competent jurisdiction. The parties agree that the provisions of this Agreement, which includes the schedules to this Agreement, will be specifically enforceable, and that in addition to any other rights which the Company may have at law or in equity, the Company will be entitled to obtain a restraining order and/or an injunction to prevent violation by the Executive of any provision of this Agreement. If the Company prevails at obtaining any preliminary or permanent injunctive or equitable relief, the Executive will indemnify the Company for all attorneys' fees and costs related with seeking such injunctive or equitable relief. The provisions of this Agreement and the Schedules are of tremendous value to the business of the Company, and were and are a material consideration to the continued employment of the Executive; and without the protection of this Agreement, the Company would be unable to divulge to the Executive the information necessary to enable the Executive to perform the Executive's duties hereunder and otherwise create the opportunity for the Executive to enhance the Executive's career.

6.08            **Arbitration Agreement**

The Executive voluntarily agrees to be bound by the terms and conditions of the arbitration agreement between the Company and the Executive, a copy of which is attached to this Agreement as a schedule and is incorporated by reference and deemed to be a part of this Agreement.

6.09            **Successors and Assigns**

This Agreement will be binding upon the Executive's heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors and its assigns. The Company may assign this Agreement in its discretion, including all licenses granted to the Company hereunder.

6.10            **Governing Law and Venue**

This Agreement will be governed by and construed and enforced in accordance with the laws of the state of Washington, without regard to conflicts of laws. Each party consents to the jurisdiction and venue of the state or federal courts in Seattle, Washington, if applicable, in any action, suit, or proceeding arising out of or relating to this Agreement. The Company and the Executive each irrevocably consent to the exclusive personal jurisdiction of the federal courts located in Seattle, Washington as applicable, for any matter arising out of or relating to this Agreement, except that in actions seeking to enforce any order or any judgment of the federal or state courts located in Seattle, Washington or with respect to matters arising out of Section 6.07, personal jurisdiction will be nonexclusive. Executive further agrees and understands that the state of Washington has a substantial relationship to the parties and to the transaction. The terms of this Agreement and my employment will be based in Washington and I, the Executive am a resident of the state of Washington. Further, the parties have chosen Washington as the exclusive forum to decide all matters arising from this Agreement.

6.11            **Voluntary and Knowing**

The Executive acknowledges that the Executive has had the opportunity to negotiate this Agreement and is entering this Agreement voluntarily. The Executive also acknowledges that it was recommended to the Executive by the Company that the Executive obtain independent legal advice before executing this Agreement and that the Executive has been afforded an opportunity to do so.

6.12            **Electronic Signatures and Counterparts**

This Agreement may be signed electronically, and in counterparts which taken together will constitute a single document, and any electronic signatures are the same as handwritten signatures for the purposes of validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement.

Yours truly,

**lululemon athletica inc.**

/s/ CALVIN MCDONALD

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**Calvin McDonald, Chief Executive Officer**

/s/ RANJU DAS

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**Ranju Das**

Date: August 11, 2025

## SCHEDULE A

### RESTRICTIVE COVENANT AGREEMENT

This agreement (the “**Agreement**”) is made and entered into between lululemon athletica inc. (the “**Company**” or “**lululemon**”) and **Ranju Das** (the “**Employee**”).

**IN ACCORDANCE WITH** the letter of employment between the Company and the Employee dated August 8, 2025 (the “**Employment Agreement**”) and the terms and conditions of employment set out therein;

**AND IN CONSIDERATION OF** the payment of good and valuable consideration by the Company to the Employee as set out in the Employment Agreement, the receipt and sufficiency of which is hereby acknowledged, the Employee covenants, warrants and agrees as follows:

#### ARTICLE 1 - NON-DISPARAGEMENT

1.1 The Employee undertakes and covenants that the Employee will permanently refrain from directly or indirectly disclosing, expressing, publishing or broadcasting, or causing to be disclosed, expressed, published or broadcast, or otherwise disseminated or distributed in any manner, in the Employee’s own name, anonymously, by pseudonym or by a third party, to any person whatsoever, any comments, statements or other communications (the “**Statements**”), which a reasonable person would regard as reflecting adversely on the character, reputation or goodwill of the Company or any of its Affiliates (which means lululemon athletica canada inc., lululemon usa inc., each direct and indirect subsidiary of the Company and any other entities identified, including joint ventures and franchises, in which the Company has an interest (each an “**Affiliate**”)), or any of its or their employees, officers, directors, investors, shareholders or agents, or which a reasonable person would regard as reflecting adversely on any aspect of their business, products, or services, and without limiting the generality of the foregoing, Statements will not be made by means of oral communications, press releases, articles, letters, telephone calls, telephone messages, e-mail messages, or in postings on the Internet on websites, or to newsgroups or to list servers. However, nothing herein is intended to interfere with the Employee’s rights under Section 7 of the National Labor Relations Act, if applicable. Nothing in this Agreement prohibits, limits, or restricts, or will be construed to prohibit, limit, or restrict, the Employee from disclosing sexual harassment or sexual assault occurring in the workplace, at work-related events coordinated by or through the Company, or between employees, or between the Company and an employee, off the employment premises.

#### ARTICLE 2 - NON-COMPETITION AND NON-SOLICITATION

2.1 For the purposes of this Agreement:

- (a) “**Competing Business**” means any business engaged in the design, manufacture, distribution or sale of athletic apparel or accessories similar to or competitive with the products of the Company or any of its Affiliates which are sold or intended for sale in any part of the Territory. For illustration only, as of the date of this Agreement, Competing Business includes, but is not limited to, Athleta, Nike, Under Armour, Adidas,

Lucy, Kit & Ace, Gymshark, Sweaty Betty, Outdoor Voices, ALO LLC, Vuori, Inc., Aritzia LP and Arc'teryx Equipment.

- (b) **“Territory”** means the United States of America.
- (c) **“Layoff”** means termination for reasons other than the Employee’s actual performance or conduct, including position elimination or reduction in force.

2.2 The Employee covenants that during the term of the Employee’s employment with the Company and for a period of twelve (12) months (the **“Non-Competition Period”**) following the termination of the Employee’s employment for any reason, including without cause or by resignation, the Employee will not, directly or indirectly, own, manage, operate, control, be employed by, perform services for, consult with, solicit business for, participate in, or engage in, any Competing Business. Notwithstanding the foregoing, the Employee may hold up to five percent (5%) of the outstanding securities of any class of publicly-traded securities of any company.

2.3 The Employee covenants that during the term of the Employee’s employment with the Company and for a period of twelve (12) months (the **“Non-Solicitation Period”**) following the termination of the Employee’s employment for any reason, including without cause or by resignation, the Employee will not, directly or indirectly, whether individually or in conjunction with any other person or entity:

- (a) other than on behalf of the Company, solicit, or attempt to solicit, any customer of the Company with which the Employee has had contact or to which the Employee has provided services during the last twelve (12) months of employment with Company, for the purpose of providing or offering any goods or products that are offered by Company or competitive with those offered by the Company;
- (b) influence or attempt to influence, or solicit or attempt to solicit, any consultant, supplier, licensor, licensee, contractor, agent, strategic partner, distributor, customer or other person to terminate or modify any written or oral agreement, arrangement or course of dealing with the Company or any of its Affiliates; or
- (c) solicit for employment, employ or retain (or arrange to have any other person or entity employ or retain) any person who is at such time employed or retained by the Company or any of its Affiliates, or has been employed or retained by the Company or any of its Affiliates, within the preceding twelve (12) months.

2.4 If Employee violates or breaches any provision in this Article 2, the Non-Competition Period and the Non-Solicitation Period shall be tolled during the period the Employee violated or is alleged to have violated this Article 2.

2.5 If the Employee violates or breaches any provision in this Article 2, as determined in the sole discretion of the Company, without limiting any other remedies available to the Company, the Employee automatically and immediately forfeits any incentives or equity received as a result of the Employee’s employment with the Company, and the Company shall automatically reacquire all units which are not, as of the time of such breach, vested units, and the Employee shall not be entitled to any payment therefor.

- 2.6 Should the Company wish to enforce the restrictions set forth in Section 2.2 above following termination of Employee's employment as a result of a Layoff, the Company shall continue to pay Employee the Employee's base salary at the time of termination of employment, less applicable withholdings and deductions, for the Non-Competition Period, less any compensation earned through subsequent employment during the Non-Competition Period, in bi-weekly payments in accordance with the Company's normal payroll procedures.
- 2.7 Should the Company wish to enforce the restrictions set forth in Section 2.2 above following the Employee's voluntary separation of employment, the Company shall continue to pay the Employee fifty percent (50%) of the Employee's monthly base salary, less required taxes and withholdings, immediately preceding termination of employment during the Non-Competition Period enforced, in equal installments in accordance with the Company's payroll procedures.
- 2.8 Any payments made to employee during the Non-Competition Period will be offset by any amount of Notice/Severance paid to Employee and will be subject to Employee signing the Company's standard release agreement. For the avoidance of doubt, Employee is not, under any circumstances, eligible for double payment under the Notice and/or Severance provision or the Restrictive Covenant Agreement. Additionally, if Employee is placed on inactive or limited employment status by the Company during their employment or any 'transition' or 'notice' period, the Company may elect, in its sole discretion, to count this time toward the Non-Competition Period.
- 2.9 The Company has the option, in its sole discretion, to reduce all or a portion of the Territory, the Non-Competition Period or the Non-Solicitation Period, or to limit the definition of Competing Business, by giving the Employee written notice at any time.

### **ARTICLE 3 - MISCELLANEOUS**

- 3.1 Defend Trade Secrets Act of 2016. Pursuant to the Defend Trade Secrets Act of 2016, the Employee acknowledges that the Employee shall not have criminal or civil liability under any Federal or State trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if the Employee files an action for retaliation by the Company for reporting a suspected violation of law, the Employee may disclose the trade secret to the Employee's attorney and may use the trade secret information in the court proceeding, if the Employee files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. Further, nothing in this Agreement prohibits, limits, or restricts, or shall be construed to prohibit, limit, or restrict, the Employee from exercising any legally protected whistleblower rights (including pursuant to Section 21F of the Exchange Act and the rules and regulations thereunder), without notice to or consent from the Company.
- 3.2 Upon termination of the Employee's employment, or at any time at the Company's request before termination, the Employee will promptly (but no later than five (5) days after the earlier of the termination of the Employee's employment or the Company's request) return to the Company all papers, drawings, notes, memoranda, manuals, specifications, designs, devices, documents, diskettes and tapes, and any other material on any media containing or disclosing

any Confidential Information (as defined in the Employment Agreement), as well as all keys, pass cards, identification cards and other property of any kind belonging to the Company. The Employee will submit a written certification of the Employee's compliance with the Employee's obligations under this section at the same time.

3.3 The Employee acknowledges and agrees that the covenants and obligations under Article 1 and Article 2 of this Agreement are material, fair, reasonable, necessary and fundamental to the protection of the Company's legitimate business interests. Employee acknowledges and agrees that the Company provided Employee a copy of this Restrictive Covenant Agreement in advance of Employee accepting the Company's offer of employment.

3.4 The Employee acknowledges and agrees that the decision of the Company to enter into an employment relationship with the Employee is based in substantial part upon the Employee's covenants contained in Article 1 and Article 2, and that the calculation of damages for a breach of any of the covenants contained in Article 1 and Article 2 may be difficult or impossible. If the Employee breaches any of the covenants contained in Article 1 and Article 2, and without precluding the Company from seeking any other remedy to which it may lawfully be entitled for such breach, the Employee agrees that the Company shall be entitled, as a matter of right, and without the posting of any bond or security by the Company, to the following judicial relief without proving any monetary damages:

- (a) an order for specific performance of these covenants;
- (b) an interim, interlocutory and permanent injunction to prevent the Employee from breaching or further breaching any of these covenants;
- (c) an award of special costs of any such court application against the Employee;

and the Employee further covenants and agrees not to oppose the granting of any such judicial relief and hereby waives any and all defenses to the strict enforcement of this Agreement and such judicial relief.

3.5 The Employee further acknowledges and agrees that the covenants and restrictions contained in Article 2 will not prevent the Employee from seeking gainful employment or otherwise unduly restrict the Employee's ability to earn a livelihood and the Employee has entered into this agreement with full knowledge of the meaning and effect of this Agreement.

3.6 Should any part of this Agreement be declared or held to be invalid for any reason, (a) that provision shall be deemed amended to enforce the scope of the restrictions of this Agreement to the maximum extent permitted by applicable law; and (b) the invalidity shall not affect the validity of the remainder of this Agreement which shall continue in full force and effect and be construed as if this Agreement had been executed without the invalid portion, and it is hereby declared the intention of the parties that this Agreement would have been executed without reference to any portion that may, for any reason, be hereafter declared or held invalid. To the extent permitted by law, the parties agree to allow a court to revise or replace such void or unenforceable provisions of this Agreement with valid and enforceable provisions which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provisions.

- 3.7 This Agreement shall be governed by and interpreted in accordance with the laws of Washington, excluding its conflict of laws rules.
- 3.8 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, personal representatives and permitted assigns.
- 3.9 The Employee acknowledges that it was recommended to the Employee by the Company that the Employee obtain independent legal advice before executing this Agreement and that the Employee has been afforded an opportunity to do so.

IN WITNESS WHEREOF the parties have executed this Agreement.

**lululemon athletica inc.**

/s/ CALVIN MCDONALD

**Calvin McDonald, Chief Executive Officer**

/s/ RANJU DAS

**Ranju Das**

August 8, 2025

Date

August 11, 2025

Date

I, Calvin McDonald, certify that:

1. I have reviewed this quarterly report on Form 10-Q of lululemon athletica inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ CALVIN McDONALD

Calvin McDonald

Chief Executive Officer and Director  
(principal executive officer)

Date: December 11, 2025

I, Meghan Frank, certify that:

1. I have reviewed this quarterly report on Form 10-Q of lululemon athletica inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ MEGHAN FRANK

Meghan Frank

Chief Financial Officer

(principal financial and accounting officer)

Date: December 11, 2025

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of lululemon athletica inc. (the "Company") on Form 10-Q for the third quarter of fiscal 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ CALVIN McDONALD

Calvin McDonald

Chief Executive Officer and Director

(principal executive officer)

Date: December 11, 2025

By: /s/ MEGHAN FRANK

Meghan Frank

Chief Financial Officer

(principal financial and accounting officer)

Date: December 11, 2025

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.