

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 May 4, 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

Title of each class	Securities registered pursuant to Section 12(b) of the Act:	
	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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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 May 30, 2025, there were 114,729,430 shares of the registrant's common stock, par value \$0.005 per share, outstanding.

Exchangeable and Special Voting Shares:

As of May 30, 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)

	May 4, 2025	February 2, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,325,272	\$ 1,984,336
Accounts receivable, net	141,241	120,173
Inventories	1,652,091	1,442,081
Prepaid and receivable income taxes	230,280	182,253
Prepaid expenses and other current assets	233,633	251,459
	3,582,517	3,980,302
Property and equipment, net	1,846,609	1,780,617
Right-of-use lease assets	1,549,401	1,416,256
Goodwill	167,359	159,518
Intangible assets, net	10,642	11,673
Deferred income tax assets	17,598	17,085
Other non-current assets	256,417	237,841
	\$ 7,430,543	\$ 7,603,292
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 303,975	\$ 271,406
Accrued liabilities and other	506,996	559,463
Accrued compensation and related expenses	144,222	204,543
Current lease liabilities	281,837	275,154
Current income taxes payable	31,276	183,126
Unredeemed gift card liability	271,076	308,352
Other current liabilities	33,003	37,586
	1,572,385	1,839,630
Non-current lease liabilities	1,424,945	1,300,637
Deferred income tax liabilities	98,189	98,188
Other non-current liabilities	45,454	40,790
	3,140,973	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; 114,909 and 116,166 issued and outstanding	574	581
Additional paid-in capital	632,564	638,190
Retained earnings	3,993,154	4,109,717
Accumulated other comprehensive loss	(336,722)	(424,441)
	4,289,570	4,324,047
	\$ 7,430,543	\$ 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	
	May 4, 2025	April 28, 2024
Net revenue	\$ 2,370,660	\$ 2,208,891
Cost of goods sold	987,534	933,823
Gross profit	1,383,126	1,275,068
Selling, general and administrative expenses	942,871	842,426
Amortization of intangible assets	1,630	—
Income from operations	438,625	432,642
Other income (expense), net	11,786	23,283
Income before income tax expense	450,411	455,925
Income tax expense	135,839	134,504
Net income	\$ 314,572	\$ 321,421
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	\$ 169,772	\$ (44,305)
Net investment hedge gains (losses)	(82,053)	13,481
Other comprehensive income (loss), net of tax	\$ 87,719	\$ (30,824)
Comprehensive income	\$ 402,291	\$ 290,597
Basic earnings per share	\$ 2.61	\$ 2.55
Diluted earnings per share	\$ 2.60	\$ 2.54
Basic weighted-average number of shares outstanding	120,632	125,989
Diluted weighted-average number of shares outstanding	120,843	126,336

See accompanying notes to the unaudited interim consolidated financial statements

lululemon athletica inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited; Amounts in thousands)

	Quarter Ended May 4, 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							314,572		314,572
Other comprehensive income (loss), net of tax								87,719	87,719
Stock-based compensation expense						23,091			23,091
Common stock issued upon settlement of stock-based compensation				195	—	221			221
Shares withheld related to net share settlement of stock-based compensation				(89)	—	(25,641)			(25,641)
Repurchase of common stock, including excise tax				(1,363)	(7)	(3,297)	(431,135)		(434,439)
Balance as of May 4, 2025	5,116	5,116	\$ —	114,909	\$ 574	\$ 632,564	\$ 3,993,154	\$ (336,722)	\$ 4,289,570

	Quarter Ended April 28, 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							321,421		321,421
Other comprehensive income (loss), net of tax								(30,824)	(30,824)
Stock-based compensation expense						25,758			25,758
Common stock issued upon settlement of stock-based compensation				200	—	3,393			3,393
Shares withheld related to net share settlement of stock-based compensation				(85)	—	(32,542)			(32,542)
Repurchase of common stock, including excise tax				(751)	(4)	(1,692)	(297,783)		(299,479)
Balance as of April 28, 2024	5,116	5,116	\$ —	120,470	\$ 602	\$ 570,286	\$ 3,944,000	\$ (295,080)	\$ 4,219,808

See accompanying notes to the unaudited interim consolidated financial statements

lululemon athletica inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; Amounts in thousands)

	Quarter Ended	
	May 4, 2025	April 28, 2024
Cash flows from operating activities		
Net income	\$ 314,572	\$ 321,421
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	114,529	95,759
Stock-based compensation expense	23,091	25,758
Settlement of derivatives not designated in a hedging relationship	(47,520)	(316)
Changes in operating assets and liabilities:		
Accounts receivable	(18,504)	(2,624)
Inventories	(174,319)	(36,425)
Prepaid and receivable income taxes	(48,027)	(10,104)
Prepaid expenses and other current assets	22,676	(19,908)
Other non-current assets	(13,524)	(17,969)
Accounts payable	22,489	(82,366)
Accrued liabilities and other	(42,971)	37,534
Accrued compensation and related expenses	(65,635)	(190,513)
Current and non-current income taxes payable	(160,295)	41,116
Unredeemed gift card liability	(40,665)	(37,172)
Right-of-use lease assets and current and non-current lease liabilities	(2,924)	1,097
Other current and non-current liabilities	(1,927)	2,236
Net cash (used in) provided by operating activities	(118,954)	127,524
Cash flows from investing activities		
Purchase of property and equipment	(152,263)	(130,681)
Settlement of net investment hedges	48,671	(856)
Other investing activities	(3,250)	—
Net cash used in investing activities	(106,842)	(131,537)
Cash flows from financing activities		
Proceeds from settlement of stock-based compensation	221	3,393
Taxes paid related to net share settlement of stock-based compensation	(25,641)	(32,542)
Repurchase of common stock	(434,439)	(299,479)
Other financing activities	(8,115)	—
Net cash used in financing activities	(467,974)	(328,628)
Effect of foreign currency exchange rate changes on cash and cash equivalents	34,706	(10,658)
Decrease in cash and cash equivalents	(659,064)	(343,299)
Cash and cash equivalents, beginning of period	\$ 1,984,336	\$ 2,243,971
Cash and cash equivalents, end of period	\$ 1,325,272	\$ 1,900,672

See accompanying notes to the unaudited interim consolidated financial statements

lululemon athletica inc.
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STATEMENTS

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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 770 and 767 company-operated stores as of May 4, 2025 and February 2, 2025, respectively.

Basis of presentation

The unaudited interim consolidated financial statements, including the financial position as of May 4, 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 quarter of 2025 and 2024 ended on May 4, 2025 and April 28, 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, and is applied prospectively. 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.

Note 3. Revolving Credit Facilities***Americas revolving credit facility***

The Company maintains an unsecured revolving credit facility with total commitments of \$400.0 million and a maturity date of December 14, 2026. The facility permits prepayment of borrowings and reductions or terminations of commitments at any time without premium or penalty, subject to customary breakage costs.

As of May 4, 2025, the Company had no borrowings outstanding under this facility other than \$6.6 million in outstanding letters of credit and guarantee.

Borrowings made under the credit facility bear interest at a rate per annum equal to, at the Company's option, either (a) a rate based on the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York ("SOFR"), or (b) an alternate base rate, plus, in each case, an applicable margin. The applicable margin is determined by reference to a pricing grid, based on the ratio of indebtedness to earnings before interest, tax, depreciation, amortization, and rent ("EBITDAR") and ranges between 1.000%-1.375% for SOFR loans and 0.000%-0.375% for alternate base rate or Canadian prime rate loans. Additionally, a commitment fee of between 0.100%-0.200%, also determined by reference to the pricing grid, is payable on the average daily unused amounts under the credit facility.

The applicable interest rates and commitment fees are subject to adjustment based on certain sustainability key performance indicators ("KPIs"). The two KPIs are based on greenhouse gas emissions intensity reduction and gender pay equity, and the Company's performance against certain targets measured on an annual basis could result in positive or negative sustainability rate adjustments of 2.50 basis points to its drawn pricing and positive or negative sustainability fee adjustments of 0.50 basis points to its undrawn pricing.

The credit agreement contains negative covenants that, among other things and subject to certain exceptions, limit the ability of the Company's subsidiaries to incur indebtedness, incur liens, undergo fundamental changes, make dispositions of all or substantially all of their assets, alter their businesses and enter into agreements limiting subsidiary dividends and distributions.

The Company's financial covenants include maintaining an operating lease adjusted leverage ratio of not greater than 3.25:1.00 and the ratio of consolidated EBITDAR to consolidated interest charges (plus rent) of not less than 2.00:1.00. The credit agreement also contains certain customary representations, warranties, affirmative covenants, and events of default (including, among others, an event of default upon the occurrence of a change of control). If an event of default occurs, the credit agreement may be terminated, and the maturity of any outstanding amounts may be accelerated. As of May 4, 2025, the Company was in compliance with the covenants of the credit facility.

China Mainland revolving credit facility

The Company has an uncommitted and unsecured 300.0 million Chinese Yuan (\$41.3 million) revolving credit facility with terms that are reviewed on an annual basis. It is comprised of a revolving loan of up to 200.0 million Chinese Yuan (\$27.5 million) and a guarantee facility of up to 100.0 million Chinese Yuan (\$13.8 million), or its equivalent in another currency. Loans are available for a period not to exceed 12 months, at an interest rate equal to the loan prime rate plus a spread of 0.5175%. The Company is required to follow certain covenants. As of May 4, 2025, the Company was in compliance with the covenants and, there were no borrowings or guarantees outstanding under this facility other than letters of credit of 48.7 million Chinese Yuan (\$6.7 million).

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 May 4, 2025 and February 2, 2025, \$45.2 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 \$23.0 million and \$25.4 million for the first quarter of 2025 and 2024, respectively. Total unrecognized compensation cost for all stock-based compensation plans was \$208.8 million as of May 4, 2025, which is expected to be recognized over a weighted-average period of 2.5 years.

A summary of the balances of the Company's stock-based compensation plans as of May 4, 2025, and changes during the first quarter 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	291	283.06	158	311.57	—	—	172	282.93
Exercised/released	6	93.97	100	373.03	—	—	89	375.36
Forfeited/expired	11	358.69	3	365.02	—	—	5	357.15
Balance as of May 4, 2025	1,123	\$ 306.87	232	\$ 330.44	5	\$ 317.86	317	\$ 322.27
Exercisable as of May 4, 2025	546	\$ 284.91						

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 PSU is based on the closing price of the Company's common stock on the grant date. Expense for PSU 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 quarter of 2025:

	First Quarter
	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 first quarter of 2025, there were 35.2 thousand shares purchased. As of May 4, 2025, 4.2 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 \$6.2 million and \$5.8 million in the first quarter 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 May 4, 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:

	May 4, 2025	Level 1	Level 2	Level 3	Balance Sheet Classification
<i>(In thousands)</i>					
Money market funds	\$ 71,080	\$ 71,080	\$ —	\$ —	Cash and cash equivalents
Forward currency contract assets	41,046	—	41,046	—	Prepaid expenses and other current assets
Forward currency contract liabilities	42,126	—	42,126	—	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 quarter 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 quarter 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 May 4, 2025, there were derivative assets of \$41.0 million and derivative liabilities of \$42.1 million subject to enforceable netting arrangements.

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

	May 4, 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	\$ 1,153,000	\$ —	\$ 38,986	\$ 1,969,000	\$ 74,908	\$ —
Derivatives not designated in a hedging relationship:						
Forward currency contracts	1,411,176	41,046	3,140	2,167,657	1,940	74,638
Net derivatives recognized on consolidated balance sheets:						
Forward currency contracts	\$	41,046	\$ 42,126	\$	76,848	\$ 74,638

The forward currency contracts designated as net investment hedges outstanding as of May 4, 2025 mature on different dates between May 2025 and November 2025.

The forward currency contracts not designated in a hedging relationship outstanding as of May 4, 2025 mature on different dates between May 2025 and November 2025.

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

	First Quarter	
	2025	2024
<i>(In thousands)</i>		
Gains (losses) recognized in net investment hedge gains (losses):		
Derivatives designated as net investment hedges	\$ (65,223)	\$ 18,137

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:

	First Quarter	
	2025	2024
	(In thousands)	
Gains (losses) recognized in selling, general and administrative expenses:		
Foreign currency exchange gains (losses)	\$ (73,277)	14,935
Derivatives not designated in a hedging relationship	63,068	(14,327)
Net foreign currency exchange and derivative gains (losses)	\$ (10,209)	\$ 608

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:

	First Quarter	
	2025	2024
	(In thousands, except per share amounts)	
Net income	\$ 314,572	\$ 321,421
Basic weighted-average number of shares outstanding	\$ 120,632	\$ 125,989
Assumed conversion of dilutive stock options and awards	211	347
Diluted weighted-average number of shares outstanding	120,843	126,336
Basic earnings per share	\$ 2.61	\$ 2.55
Diluted earnings per share	\$ 2.60	\$ 2.54

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 quarter of 2025 and 2024, 0.2 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 May 4, 2025, the remaining authorized amount available under the program, excluding commissions and excise taxes was \$1.1 billion.

During the first quarter of 2025 and 2024, 1.4 million and 0.8 million shares, respectively, were repurchased at a total cost including commissions and excise taxes of \$434.4 million and \$299.5 million, respectively.

Subsequent to May 4, 2025, and up to May 30, 2025, 0.2 million shares were repurchased at a total cost including commissions and excise taxes of \$55.7 million.

Note 9. Supplementary Financial Information

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

	May 4, 2025	February 2, 2025
<i>(In thousands)</i>		
Inventories:		
Inventories, at cost	\$ 1,740,318	\$ 1,526,055
Inventory provisions and reserves	(88,227)	(83,974)
	\$ 1,652,091	\$ 1,442,081
Prepaid expenses and other current assets:		
Prepaid expenses	\$ 163,683	\$ 147,680
Forward currency contract assets	41,046	76,848
Other current assets	28,904	26,931
	\$ 233,633	\$ 251,459
Property and equipment, net:		
Land	\$ 78,277	\$ 74,461
Buildings	28,554	27,655
Leasehold improvements	1,262,739	1,227,247
Furniture and fixtures	184,688	177,651
Computer hardware	207,208	202,479
Computer software	1,364,179	1,274,322
Equipment and vehicles	54,556	51,453
Work in progress	229,636	206,398
Property and equipment, gross	3,409,837	3,241,666
Accumulated depreciation	(1,563,228)	(1,461,049)
	\$ 1,846,609	\$ 1,780,617
Other non-current assets:		
Cloud computing arrangement implementation costs	\$ 168,592	\$ 161,759
Security deposits	52,819	44,076
Other	35,006	32,006
	\$ 256,417	\$ 237,841

	May 4, 2025	February 2, 2025
	(In thousands)	
Accrued liabilities and other:		
Accrued operating expenses	\$ 163,315	\$ 166,745
Forward currency contract liabilities	42,126	74,638
Sales return allowances	61,574	73,892
Accrued freight	47,909	53,121
Accrued duty	70,097	45,400
Accrued digital marketing	28,147	45,392
Accrued capital expenditures	26,264	36,690
Accrued rent	18,803	17,962
Sales tax collected	22,033	16,967
Other	26,728	28,656
	\$ 506,996	\$ 559,463

Note 10. Segmented Information

The Company's segments are based on the financial information the 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.

	First Quarter 2025						
	Americas	China Mainland	Rest of World	Total Segments	Corporate ⁽¹⁾	Total	
	(In thousands)						
Net revenue	\$ 1,674,558	\$ 368,101	\$ 328,001	\$ 2,370,660	\$ —	\$ 2,370,660	
Product costs ⁽²⁾	480,820	81,815	90,264	652,899	—	652,899	
Other cost of sales ⁽²⁾	156,647	50,273	58,471	265,391	69,244	334,635	
Selling, general and administrative expenses	447,760	82,378	106,410	636,548	306,323	942,871	
Amortization of intangible assets	—	—	—	—	1,630	1,630	
Income from operations	\$ 589,331	\$ 153,635	\$ 72,856	\$ 815,822	\$ (377,197)	\$ 438,625	
Other income (expense), net						11,786	
Income before income tax expense						\$ 450,411	
Supplemental information:							
Depreciation and amortization ⁽³⁾	\$ 51,441	\$ 8,576	\$ 8,712	\$ 68,729	\$ 45,800	\$ 114,529	

	First Quarter 2024					
	Americas	China Mainland	Rest of World	Total Segments	Corporate ⁽¹⁾	Total
	<i>(In thousands)</i>					
Net revenue	\$ 1,622,264	\$ 303,786	\$ 282,841	\$ 2,208,891	\$ —	\$ 2,208,891
Product costs ⁽²⁾	482,295	68,675	80,074	631,044	—	631,044
Other cost of sales ⁽²⁾	147,177	47,508	47,742	242,427	60,352	302,779
Selling, general and administrative expenses	427,952	67,825	88,344	584,121	258,305	842,426
Income from operations	\$ 564,840	\$ 119,778	\$ 66,681	\$ 751,299	\$ (318,657)	\$ 432,642
Other income (expense), net						23,283
Income before income tax expense						\$ 455,925
Supplemental information:						
Depreciation and amortization ⁽³⁾	\$ 44,326	\$ 8,025	\$ 6,506	\$ 58,857	\$ 36,902	\$ 95,759

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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.

	First Quarter	
	2025	2024
	<i>(In thousands)</i>	
United States	\$ 1,362,524	\$ 1,340,400
Canada	292,820	281,864
Mexico	19,214	—
Americas	1,674,558	1,622,264
China Mainland	368,101	303,786
Hong Kong SAR, Taiwan, and Macau SAR	44,104	42,264
People's Republic of China	412,205	346,050
Other geographic areas	283,897	240,577
	\$ 2,370,660	\$ 2,208,891

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

	First Quarter	
	2025	2024
	<i>(In thousands)</i>	
Women's apparel	\$ 1,535,172	\$ 1,435,241
Men's apparel	544,788	505,698
Accessories and other categories	290,700	267,952
	\$ 2,370,660	\$ 2,208,891

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

	First Quarter	
	2025	2024
	<i>(In thousands)</i>	
Company-operated stores	\$ 1,153,107	\$ 1,070,525
E-commerce	960,890	905,787
Other channels	256,663	232,579
	\$ 2,370,660	\$ 2,208,891

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 will not have a material adverse effect on its consolidated balance sheets, results of operations or cash flows. 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.

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 quarter of 2025 and 2024 ended on May 4, 2025 and April 28, 2024, respectively.

Components of this MD&A include:

- [Overview](#)
- [Financial Highlights and Market Conditions and Trends](#)
- [Quarter-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 weeks ended May 4, 2025 is compared to the 13 weeks ended May 5, 2024 rather than April 28, 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 first quarter of 2025 to the first quarter of 2024:

- Net revenue increased 7% to \$2.4 billion. On a constant dollar basis, net revenue increased 8%.
- Comparable sales increased 1%.
 - Americas comparable sales decreased 2%, or 1% on a constant dollar basis.
 - China Mainland comparable sales increased 7%, or 8% on a constant dollar basis.
 - Rest of World comparable sales increased 6%, or 7% on a constant dollar basis.
- Gross profit increased 8% to \$1.4 billion.
- Gross margin increased 60 basis points to 58.3%.
- Income from operations increased 1% to \$438.6 million.
- Operating margin decreased 110 basis points to 18.5%.
- Income tax expense increased 1% to \$135.8 million. Our effective tax rate for the first quarter of 2025 was 30.2% compared to 29.5% for the first quarter of 2024.
- Diluted earnings per share were \$2.60 compared to \$2.54 in the first quarter of 2024.

Market Conditions and Trends

Our business continues to be negatively influenced by macroeconomic conditions, including consumer demand, trade policies, inflation, and foreign currency fluctuations. These factors have had varying effects across our markets and are expected to remain relevant throughout 2025.

While total net revenue increased across all regions in the first quarter of 2025, comparable sales in the Americas decreased 2%, or 1% on a constant dollar basis. We experienced lower store traffic in the Americas, partially reflective of economic uncertainty, inflationary pressures, lower consumer confidence, and changes in discretionary spending.

Recently imposed tariffs on products imported into the United States, along with trade actions by other countries, may adversely affect our business. As a result of the tariffs imposed since April 2025, the cost of inventory in the United States has increased, which could lead to a significant reduction in gross margin and income from operations. Additionally, higher tariffs may lead to macroeconomic volatility, both in the United States and globally, potentially affecting consumer demand. We are taking steps to mitigate some of the financial impact from higher tariffs, which may include sourcing optimization, vendor negotiations, cost reductions, and selective price increases.

Foreign currency fluctuations negatively impacted our financial results during the first quarter of 2025, reducing net revenue growth by \$21.3 million compared to the first quarter of 2024, primarily due to the overall appreciation of the US dollar. We expect ongoing exchange rate volatility to continue affecting our financial results.

Quarter-to-Date Results of Operations: First Quarter Results

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

	First Quarter			
	2025	2024	2025	2024
	(In thousands)		(Percentage of net revenue)	
Net revenue	\$ 2,370,660	\$ 2,208,891	100.0 %	100.0 %
Cost of goods sold	987,534	933,823	41.7	42.3
Gross profit	1,383,126	1,275,068	58.3	57.7
Selling, general and administrative expenses	942,871	842,426	39.8	38.1
Amortization of intangible assets	1,630	—	0.1	—
Income from operations	438,625	432,642	18.5	19.6
Other income (expense), net	11,786	23,283	0.5	1.1
Income before income tax expense	450,411	455,925	19.0	20.6
Income tax expense	135,839	134,504	5.7	6.1
Net income	\$ 314,572	\$ 321,421	13.3 %	14.6 %

Net Revenue

	First Quarter				Year over year change	
	2025	2024	2025	2024		
	(In thousands)		(Percentage of net revenue)		(In thousands)	(Constant dollar change)
Americas	\$ 1,674,558	\$ 1,622,264	70.6 %	73.4 %	\$ 52,294	3 %
China Mainland	368,101	303,786	15.5	13.8	64,315	21 %
Rest of World	328,001	282,841	13.8	12.8	45,160	16 %
Net revenue	\$ 2,370,660	\$ 2,208,891	100.0 %	100.0 %	\$ 161,769	7 %

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

Gross Profit

	First Quarter			
	2025	2024	Year over year change	
	(In thousands)		(In thousands)	(Percentage)
Gross profit	\$ 1,383,126	\$ 1,275,068	\$ 108,058	8.5 %
Gross margin	58.3 %	57.7 %	60 basis points	

The increase in gross margin was primarily the result of a net increase in product margin of 110 basis points, comprised of:

- a net increase of 130 basis points from lower product costs and higher average unit retail, as well as lower damages, partially offset by higher freight costs; and
- an unfavorable impact of foreign currency exchange rates of 20 basis points.

The increase in product margin was partially offset by a net increase in other cost of sales as a percentage of net revenue of 50 basis points, comprised of:

- an increase in occupancy and depreciation costs of 30 basis points; and
- an increase in costs related to our product departments of 20 basis points.

Selling, General and Administrative Expenses

	First Quarter			
	2025	2024	Year over year change	
	(In thousands)		(In thousands)	(Percentage)
Selling, general and administrative expenses	\$ 942,871	\$ 842,426	\$ 100,445	11.9 %
Selling, general and administrative expenses as a % of net revenue	39.8 %	38.1 %	170 basis points	

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

- an increase in head office costs of \$51.6 million, comprised of:
 - an increase in employee costs of \$11.5 million primarily due to increased salaries and wages expense;
 - an increase in technology costs, including cloud computing amortization, of \$11.0 million;
 - an increase in contractor, advisory, and professional services of \$8.9 million;
 - an increase in brand and community costs of \$8.8 million;
 - an increase in depreciation of \$7.3 million; and
 - an increase in other head office costs of \$4.1 million.
- an increase in costs related to our operating channels of \$38.1 million, comprised of:
 - an increase in employee costs of \$25.4 million primarily due to increased salaries and wages expense for retail employees;
 - an increase in other operating costs of \$9.5 million primarily due to increased depreciation and occupancy costs;
 - an increase in digital marketing costs of \$9.4 million; and
 - an increase in technology costs of \$2.6 million.

The increase in costs related to our operating channels was partially offset by a decrease in variable costs of \$8.8 million primarily due to decreased distribution cost rates, partially offset by increased credit card fees as a result of higher net revenue.

- an increase in net foreign currency exchange and derivative revaluation losses of \$10.8 million.

Amortization of Intangible Assets

	First Quarter			
	2025	2024	Year over year change	
	(In thousands)		(In thousands)	(Percentage)
Amortization of intangible assets	\$ 1,630	\$ —	\$ 1,630	n/a

The amortization of intangible assets in 2025 was primarily the result of the amortization of intangible assets recognized upon the 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 Quarter			
	2025	2024	Year over year change	
	(In thousands)		(In thousands)	(Percentage)
Net revenue	\$ 1,674,558	\$ 1,622,264	\$ 52,294	3.2 %
Product costs	480,820	482,295	(1,475)	(0.3)
Other cost of sales	156,647	147,177	9,470	6.4
Gross profit	1,037,091	992,792	44,299	4.5
Selling, general and administrative expenses	447,760	427,952	19,808	4.6
Segmented income from operations	\$ 589,331	\$ 564,840	\$ 24,491	4.3 %
Product margin	71.3 %	70.3 %	100 basis points	
Gross margin	61.9 %	61.2 %	70 basis points	
Selling, general and administrative expenses as a % of net revenue	26.7 %	26.4 %	30 basis points	
Segmented income from operations as a % of net revenue	35.2 %	34.8 %	40 basis points	

The increase in Americas net revenue was primarily due to a \$57.1 million increase from new or expanded company-operated stores and our other channels. We added 22 net new company-operated stores in the Americas since the first quarter of 2024, including 14 company-operated stores from the acquisition of the Mexico operations. Americas comparable sales decreased 2%, or 1% on a constant dollar basis. The decrease in comparable sales was primarily a result of decreased conversion rates and a decrease in store traffic, partially offset by a higher dollar value per transaction and an increase in e-commerce traffic.

The increase in gross margin was primarily due to higher product margin partially offset by deleverage on occupancy and depreciation costs.

The increase in selling, general and administrative expenses was primarily due to higher employee costs, increased digital marketing expenses, and higher depreciation, partially offset by decreased distribution cost rates.

China Mainland

	First Quarter			
	2025	2024	Year over year change	
	(In thousands)		(In thousands)	(Percentage)
Net revenue	\$ 368,101	\$ 303,786	\$ 64,315	21.2 %
Product costs	81,815	68,675	13,140	19.1
Other cost of sales	50,273	47,508	2,765	5.8
Gross profit	236,013	187,603	48,410	25.8
Selling, general and administrative expenses	82,378	67,825	14,553	21.5
Segmented income from operations	\$ 153,635	\$ 119,778	\$ 33,857	28.3 %
Product margin	77.8 %	77.4 %	40 basis points	
Gross margin	64.1 %	61.8 %	230 basis points	
Selling, general and administrative expenses as a % of net revenue	22.4 %	22.3 %	10 basis points	
Segmented income from operations as a % of net revenue	41.7 %	39.4 %	230 basis points	

The increase in China Mainland net revenue was primarily due to a \$38.3 million increase in net revenue from new or expanded company-operated stores and our other channels. We have opened 27 net new company-operated stores in China Mainland since the first quarter of 2024. The increase in China Mainland net revenue was also driven by an increase in comparable sales, which increased 7%, or 8% on a constant dollar basis. The increase in comparable sales was primarily a result of increased traffic, partially offset by a lower dollar value per transaction.

The increase in gross margin was primarily due to leverage on occupancy costs and depreciation as well as higher product margin.

The increase in selling, general and administrative expenses was primarily due to higher employee costs and increased digital marketing expenses, as well as increased distribution costs and packaging costs driven by higher net revenue.

Rest of World

	First Quarter			
	2025	2024	Year over year change	
	(In thousands)		(In thousands)	(Percentage)
Net revenue	\$ 328,001	\$ 282,841	\$ 45,160	16.0 %
Product costs	90,264	80,074	10,190	12.7
Other cost of sales	58,471	47,742	10,729	22.5
Gross profit	179,266	155,025	24,241	15.6
Selling, general and administrative expenses	106,410	88,344	18,066	20.4
Segmented income from operations	\$ 72,856	\$ 66,681	\$ 6,175	9.3 %
Product margin	72.5 %	71.7 %	80 basis points	
Gross margin	54.7 %	54.8 %	(10) basis points	
Selling, general and administrative expenses as a % of net revenue	32.4 %	31.2 %	120 basis points	
Segmented income from operations as a % of net revenue	22.2 %	23.6 %	(140) basis points	

The increase in Rest of World net revenue was primarily due to a \$25.5 million increase in net revenue from new or expanded company-operated stores and our other channels. We have opened 10 net new company-operated stores in Rest of World since the first quarter of 2024. The increase in Rest of World net revenue was also driven by an increase in comparable sales, which increased 6%, or 7% on a constant dollar basis. The increase in comparable sales was primarily a result of increased traffic.

The decrease in gross margin was primarily due to higher product margin, partially offset by deleverage on distribution center costs and depreciation costs.

The increase in selling, general and administrative expenses was primarily due to higher employee costs and increased marketing expenses, as well as increased distribution costs and credit card fees driven by higher net revenue.

Corporate

Corporate expenses increased \$58.5 million to \$377.2 million in the first quarter of 2025 compared to the first quarter of 2024. The net increase was primarily due to higher technology costs, employee costs, professional fees, and depreciation. Corporate expenses also increased due to an increase in net foreign currency exchange and derivative losses of \$10.8 million.

Other Income (Expense), Net

	First Quarter			
	2025	2024	Year over year change	
	(In thousands)		(In thousands)	(Percentage)
Other income (expense), net	\$ 11,786	\$ 23,283	\$ (11,497)	(49.4) %

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

	First Quarter			
	2025	2024	Year over year change	
	(In thousands)		(In thousands)	(Percentage)
Income tax expense	\$ 135,839	\$ 134,504	\$ 1,335	1.0 %
Effective tax rate	30.2 %	29.5 %	70 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 Quarter			
	2025	2024	Year over year change	
	(In thousands)		(In thousands)	(Percentage)
Net income	\$ 314,572	\$ 321,421	\$ (6,849)	(2.1) %

The decrease in net income was primarily due to an increase in selling, general and administrative expenses of \$100.4 million, a decrease in other income (expense), net of \$11.5 million, and an increase in income tax expense of \$1.3 million, partially offset by an increase in gross profit of \$108.1 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 would similarly find these metrics useful in assessing the performance of our business.

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, from stores which have not been in their significantly expanded space for at least 12 full fiscal months, from stores which have been temporarily relocated for renovations or temporarily closed, and sales from company-operated stores that have closed. Comparable sales also excludes 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 will be 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, or with greater prominence than, 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 weeks ended May 4, 2025 is compared to the 13 weeks ended May 5, 2024 rather than April 28, 2024.

	First Quarter 2025		
	Change	Foreign exchange changes	Change in constant dollars
Net Revenue			
Americas	3 %	1 %	4 %
China Mainland	21	1	22
Rest of World	16	1	17
Total net revenue	7 %	1 %	8 %
Comparable sales ⁽¹⁾			
Americas	(2) %	1 %	(1) %
China Mainland	7	1	8
Rest of World	6	1	7
Total comparable sales	1 %	— %	1 %

⁽¹⁾ 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.

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 Quarter		
	2025	2024	Year over year change
	(In thousands)		
Total cash provided by (used in):			
Operating activities	\$ (118,954)	\$ 127,524	\$ (246,478)
Investing activities	(106,842)	(131,537)	24,695
Financing activities	(467,974)	(328,628)	(139,346)
Effect of foreign currency exchange rate changes on cash and cash equivalents	34,706	(10,658)	45,364
Decrease in cash and cash equivalents	\$ (659,064)	\$ (343,299)	\$ (315,765)

Operating Activities

Net income decreased \$6.8 million. The decrease in cash provided by operating activities was primarily as a result of a decrease in cash flows from changes in operating assets and liabilities of \$208.5 million, primarily driven by changes in income taxes, inventories, and accrued liabilities, partially offset by changes in accrued compensation, accounts payable, and other assets. The decrease in cash provided by operating activities was also a result of lower cash inflows related to derivatives, partially offset by increased depreciation.

Investing Activities

The decrease in cash used in investing activities was primarily due to the settlement of net investment hedges, partially offset by increased capital expenditures, and an increase in other investing activities. The increase in capital expenditures was primarily due to an increase in supply chain infrastructure, company-operated stores expenditures in North America and e-commerce-related technology systems, partially offset by a decrease in corporate infrastructure capital expenditures.

Financing Activities

The increase in cash used in financing activities was primarily the result of an increase in our stock repurchases. During the first quarter of 2025, we repurchased 1.4 million shares at a total cost including commissions and excise taxes of \$434.4 million. During the first quarter of 2024, we repurchased 0.8 million shares at a total cost including commissions and excise taxes of \$299.5 million. 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 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:

	May 4, 2025
	(In thousands)
Cash and cash equivalents	\$ 1,325,272
Working capital ⁽¹⁾ excluding cash and cash equivalents	684,860
Capacity under committed revolving credit facility	393,416

⁽¹⁾ Working capital is calculated as current assets of \$3.6 billion less current liabilities of \$1.6 billion.

We enter into standby letters of credit and guarantee to secure certain of our obligations, including leases, taxes, and duties. As of May 4, 2025, letters of credit and guarantee totaling \$13.5 million had been issued, including \$6.6 million under our committed revolving credit facility.

Our existing Americas credit facility provides for \$400.0 million in commitments under an unsecured five-year revolving credit facility. The credit facility has a maturity date of December 14, 2026. As of May 4, 2025, no borrowings were outstanding under this facility other than letters of credit and guarantee of \$6.6 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 May 4, 2025 was \$1.7 billion, an increase of 23% from April 28, 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 judgements 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 May 4, 2025 and February 2, 2025 are summarized in the table below.

Number of company-operated stores by market	May 4, 2025	February 2, 2025
United States	373	374
Canada	71	71
Mexico	18	17
Americas	462	462
China Mainland	154	151
Australia	33	33
South Korea	20	20
Hong Kong SAR	10	10
Japan	10	10
New Zealand	8	8
Taiwan	8	8
Singapore	7	7
Malaysia	5	5
Thailand	4	4
Macau SAR	2	2
APAC	107	107
United Kingdom	19	19
Germany	9	9
France	6	6
Ireland	4	4
Spain	3	3
Netherlands	2	2
Sweden	2	2
Norway	1	1
Switzerland	1	1
EMEA	47	47
Total company-operated stores	770	767

Retail locations operated by third parties by market as of May 4, 2025 and February 2, 2025 are summarized in the table below.

Number of retail locations operated by third parties by market	May 4, 2025	February 2, 2025
United Arab Emirates	10	10
Saudi Arabia	9	8
Israel	8	7
Kuwait	4	4
Qatar	4	4
Bahrain	1	1
Denmark	1	—
Total locations operated by third parties under license and supply arrangements	37	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 \$21.3 million lower in the first quarter of 2025 in comparison to the first quarter 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 quarter of 2025, the impact to other comprehensive loss of translation of our Canadian subsidiaries was a reduction in the loss of \$52.9 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 May 4, 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 May 4, 2025 was a liability of \$1.1 million. As of May 4, 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 \$21.9 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.

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 \$400.0 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 May 4, 2025, there were no borrowings outstanding under this facility other than letters of credit and guarantee of \$6.6 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 May 4, 2025, we held cash and cash equivalents of \$1.3 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, such as rising product, transportation, labor and raw material costs, may adversely affect our operating results, particularly if we are unable to increase selling prices or offset higher costs through 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 May 4, 2025. Based on that evaluation, our principal executive officer and principal financial and accounting officer concluded that, as of May 4, 2025, our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting during the quarter ended May 4, 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 will not 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.

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 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.

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")⁽¹⁾. 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.

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.

⁽¹⁾ PRC includes China Mainland, Hong Kong SAR, Taiwan, and Macau SAR.

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 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 global economic, political, and regulatory conditions

An economic recession, depression, downturn, periods of inflation, or economic uncertainty in our key markets may adversely affect consumer discretionary spending and demand for our products.

Many of our products may be considered discretionary items for consumers. Some of the factors that may influence consumer spending on discretionary items include general economic conditions, tariffs, high levels of unemployment, pandemics, higher consumer debt levels, reductions in net worth based on market declines and uncertainty, home foreclosures and reductions in home values, fluctuating interest and foreign currency exchange rates and credit availability, government austerity measures, fluctuating fuel and other energy costs, fluctuating commodity prices, inflationary pressure, tax rates and general uncertainty regarding the overall future economic environment. Global economic conditions are uncertain and volatile, due in part to the potential impacts of increasing inflation, the potential impacts of geopolitical uncertainties, and any potential tariffs, sanctions, restrictions or responses to those conditions. For example, we experienced lower store traffic in the Americas, partially reflective of economic uncertainty, inflationary pressures, lower consumer confidence, and changes in discretionary spending in 2025. Additionally, higher tariffs may lead to macroeconomic volatility, both in the United States and globally, potentially affecting consumer demand. Also, the PRC market presents a number of risks, including changes in laws and regulations, currency fluctuations, increased competition, and changes in economic conditions, including the risk of an economic downturn or recession, trade embargoes, restrictions or other barriers, as well as other conditions that may adversely impact consumer spending, any of which could cause us to fail to achieve anticipated growth. As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to reductions due to credit constraints and uncertainties about the future. Unfavorable economic conditions may lead consumers to delay or reduce purchases of our products. Consumer demand for our products may not reach our targets, or may decline, when there is an economic downturn or economic uncertainty in our key markets. Our sensitivity to economic cycles and any related fluctuation in consumer demand may have a material adverse effect on our financial condition.

Global economic and political conditions could adversely impact our results of operations.

Uncertain or challenging global economic and political conditions could impact our performance, including our ability to successfully expand internationally. Global economic conditions could impact levels of consumer spending in the markets in which we operate, which could impact our sales and profitability. Political unrest, such as the turmoil related to current geopolitical events and the related tariffs, sanctions, restrictions, or other responses, could negatively impact our guests and employees, reduce consumer spending, and adversely impact our business and results of operations.

We may be unable to source and sell our merchandise profitably or at all if new trade restrictions are imposed or existing restrictions become more burdensome.

The United States and the countries in which our products are produced or sold have imposed and may impose additional quotas, duties, tariffs, or other restrictions or regulations, or may adversely adjust prevailing quota, duty, or tariff levels. As a result of the tariffs imposed since April 2025, the cost of inventory in the United States has increased, which could lead to a significant reduction in gross margin and income from operations. The results of any audits or related disputes regarding these restrictions or regulations could have an adverse effect on our financial statements for the period or periods for which the applicable final determinations are made. Countries impose, modify, and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it impossible for us to predict future developments regarding tariffs and other trade restrictions. Trade restrictions, including tariffs, changes to de minimis thresholds, quotas, embargoes, safeguards, and customs restrictions, could increase the cost or reduce the supply of products available to us, could increase shipping times, or may require us to modify our supply chain organization or other current business practices, any of which could harm our business, financial condition, and results of operations.

We are dependent on international trade agreements and regulations. The countries in which we produce and sell our products could impose or increase tariffs, duties, or other similar charges that could negatively affect our results of operations, financial position, or cash flows.

Adverse changes in, or withdrawal from, trade agreements or political relationships between the United States and the PRC, Canada, or other countries where we sell or source our products, could negatively impact our results of operations or

cash flows. General geopolitical instability and the responses to it, such as the possibility of sanctions, trade restrictions, and changes in tariffs, including sanctions against the PRC, tariffs imposed by the United States and the PRC, and the possibility of additional tariffs or other trade restrictions, could adversely impact our business. It is possible that further tariffs may be introduced or increased. Such changes could adversely impact our business and could increase the costs of sourcing our products from the PRC as well as other countries, or could require us to source our products from different countries. The Uyghur Forced Labor Prevention Act and other similar legislation may lead to greater supply chain compliance costs and delays to us and to our vendors.

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, 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 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. We are currently in the process of negotiating the renewal of this arrangement and the 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 and Canada, subject to significant change. Changes in applicable U.S., Canadian, 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 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 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 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 first quarter of 2025 related to our stock repurchase program:

Period ⁽¹⁾	Total Number of Shares Purchased ⁽²⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
February 3, 2025 - March 2, 2025	280,015	\$ 383.59	280,015	\$ 1,460,459,876
March 3, 2025 - April 6, 2025	858,823	308.61	858,823	1,195,416,743
April 7, 2025 - May 4, 2025	224,389	258.30	224,389	1,137,456,846
Total	1,363,227		1,363,227	

⁽¹⁾ Monthly information is presented by reference to our fiscal periods during our first quarter of 2025.

⁽²⁾ 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 first quarter of 2025 related to our Employee Share Purchase Plan:

Period ⁽¹⁾	Total Number of Shares Purchased ⁽²⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
February 3, 2025 - March 2, 2025	9,561	\$ 363.59	9,561	4,260,811
March 3, 2025 - April 6, 2025	11,896	297.83	11,896	4,248,915
April 7, 2025 - May 4, 2025	13,755	263.33	13,755	4,235,160
Total	35,212		35,212	

⁽¹⁾ Monthly information is presented by reference to our fiscal periods during our first quarter of 2025.

⁽²⁾ 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

During the first 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.	Filing Date
31.1	Certification of principal executive officer Pursuant to Exchange Act Rule 13a-14(a)	X				
31.2	Certification of principal financial and accounting officer Pursuant to Exchange Act Rule 13a-14(a)	X				
32.1*	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					
101	The following unaudited interim consolidated financial statements from the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 4, 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				

* 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: June 5, 2025