

lululemon athletica inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	February 2, 2014	February 3, 2013
	(Amounts in thousands, except per share amounts)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 698,649	\$ 590,179
Accounts receivable	11,903	6,351
Inventories	186,090	155,222
Prepaid expenses and other current assets	46,197	35,301
	942,839	787,053
Property and equipment, net	255,603	214,639
Goodwill and intangible assets, net	28,201	30,201
Deferred income tax asset	18,300	15,033
Other non-current assets	4,745	4,152
	<u>\$ 1,249,688</u>	<u>\$ 1,051,078</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 12,647	\$ 1,045
Accrued liabilities	42,310	30,032
Accrued compensation and related expenses	19,445	27,530
Income taxes payable	769	39,637
Unredeemed gift card liability	38,343	35,113
	113,514	133,357
Non-current liabilities	39,492	30,422
	<u>153,006</u>	<u>163,779</u>
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, issued and outstanding 29,955 and 32,065	—	—
Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065	—	—
Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371	577	562
Additional paid-in capital	240,351	221,372
Retained earnings	923,822	644,275
Accumulated other comprehensive (loss) income	(68,068)	21,090
	<u>1,096,682</u>	<u>887,299</u>
	<u>\$ 1,249,688</u>	<u>\$ 1,051,078</u>

See accompanying notes to the consolidated financial statements

lululemon athletica inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Fiscal Year Ended		
	February 2, 2014	February 3, 2013	January 29, 2012
	(Amounts in thousands, except per share amounts)		
Net revenue	\$ 1,591,188	\$ 1,370,358	\$ 1,000,839
Cost of goods sold	751,112	607,532	431,488
Gross profit	840,076	762,826	569,351
Selling, general and administrative expenses	448,718	386,387	282,393
Income from operations	391,358	376,439	286,958
Other income (expense), net	5,768	4,957	2,500
Income before provision for income taxes	397,126	381,396	289,458
Provision for income taxes	117,579	109,965	104,494
Net income	279,547	271,431	184,964
Net income attributable to non-controlling interest	—	875	901
Net income attributable to lululemon athletica inc.	\$ 279,547	\$ 270,556	\$ 184,063
Basic earnings per share	\$ 1.93	\$ 1.88	\$ 1.29
Diluted earnings per share	\$ 1.91	\$ 1.85	\$ 1.27
Basic weighted-average number of shares outstanding	144,913	144,000	143,196
Diluted weighted-average number of shares outstanding	146,043	145,806	145,278
Other comprehensive (loss) income:			
Foreign currency translation adjustment	(89,158)	(459)	1,220
Comprehensive income	\$ 190,389	\$ 270,097	\$ 185,283

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lululemon athletica inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended		
	February 2, 2014	February 3, 2013	January 29, 2012
	(Amounts in thousands)		
Cash flows from operating activities			
Net income	\$ 279,547	\$ 271,431	\$ 184,964
Items not affecting cash			
Depreciation and amortization	49,068	43,000	30,259
Stock-based compensation	10,087	15,637	10,340
Derecognition of unredeemed gift card liability	(4,654)	(1,351)	(1,775)
Deferred income taxes	820	(6,445)	(693)
Excess tax benefits from stock-based compensation	(6,457)	(9,901)	(5,750)
Other, including net changes in other non-cash balances			
Prepaid tax installments	3,067	(7,812)	(4,030)
Other prepaid expenses and other current assets	(14,408)	(10,492)	5,374
Inventories	(37,407)	(51,022)	(46,072)
Accounts payable	11,627	(13,481)	7,861
Accrued liabilities	13,722	(208)	1,027
Sales tax collected	161	(4,232)	8,232
Income taxes payable	(35,075)	30,951	(3,951)
Accrued compensation and related expenses	(6,282)	4,695	5,976
Deferred gift card revenue	9,306	13,711	6,110
Other non-cash balances	5,217	5,632	5,743
Net cash provided by operating activities	278,339	280,113	203,615
Cash flows from investing activities			
Purchase of property and equipment	(106,408)	(93,229)	(116,657)
Acquisition of franchises	—	—	(5,654)
Net cash used in investing activities	(106,408)	(93,229)	(122,311)
Cash flows from financing activities			
Proceeds from exercise of stock options	8,171	11,014	9,614
Excess tax benefits from stock-based compensation	6,457	9,901	5,750
Registration fees associated with shelf registration statement	—	(393)	—
Purchase of non-controlling interest	—	(26,013)	—
Taxes paid related to net share settlement of equity awards	(5,721)	—	—
Net cash provided by (used in) financing activities	8,907	(5,491)	15,364
Effect of exchange rate changes on cash	(72,368)	(651)	(3,517)
Increase in cash and cash equivalents	108,470	180,742	93,151
Cash and cash equivalents, beginning of period	\$ 590,179	\$ 409,437	\$ 316,286
Cash and cash equivalents, end of period	\$ 698,649	\$ 590,179	\$ 409,437

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