

lululemon athletica inc.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except per share amounts)

	February 3, 2019	January 28, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 881,320	\$ 990,501
Accounts receivable	35,786	19,173
Inventories	404,842	329,562
Prepaid and receivable income taxes	49,385	48,948
Other prepaid expenses and other current assets	57,949	48,098
	<u>1,429,282</u>	<u>1,436,282</u>
Property and equipment, net	567,237	473,642
Goodwill and intangible assets, net.	24,239	24,679
Deferred income tax assets	26,549	32,491
Other non-current assets	37,404	31,389
	<u>\$ 2,084,711</u>	<u>\$ 1,998,483</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 95,533	\$ 24,646
Accrued inventory liabilities	16,241	13,027
Accrued compensation and related expenses	109,181	70,141
Current income taxes payable	67,412	15,700
Unredeemed gift card liability	99,412	82,668
Other current liabilities.	112,698	86,416
	<u>500,477</u>	<u>292,598</u>
Non-current income taxes payable	42,099	48,268
Deferred income tax liabilities	14,249	1,336
Other non-current liabilities	81,911	59,321
	<u>638,736</u>	<u>401,523</u>
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; 9,332 and 9,781 issued and outstanding	—	—
Special voting stock, \$0.000005 par value: 60,000 shares authorized; 9,332 and 9,781 issued and outstanding	—	—
Common stock, \$0.005 par value: 400,000 shares authorized; 121,600 and 125,650 issued and outstanding	608	628
Additional paid-in capital	315,285	284,253
Retained earnings	1,346,890	1,455,002
Accumulated other comprehensive loss	(216,808)	(142,923)
	<u>1,445,975</u>	<u>1,596,960</u>
	<u>\$ 2,084,711</u>	<u>\$ 1,998,483</u>

See accompanying notes to the consolidated financial statements

lululemon athletica inc.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Amounts in thousands, except per share amounts)

	Fiscal Year Ended		
	February 3, 2019	January 28, 2018	January 29, 2017
Net revenue	\$ 3,288,319	\$ 2,649,181	\$ 2,344,392
Cost of goods sold	1,472,032	1,250,391	1,144,775
Gross profit	1,816,287	1,398,790	1,199,617
Selling, general and administrative expenses	1,110,451	904,264	778,465
Asset impairment and restructuring costs	—	38,525	—
Income from operations	705,836	456,001	421,152
Other income (expense), net	9,414	3,997	1,577
Income before income tax expense	715,250	459,998	422,729
Income tax expense	231,449	201,336	119,348
Net income	<u>\$ 483,801</u>	<u>\$ 258,662</u>	<u>\$ 303,381</u>
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	(73,885)	58,577	36,703
Comprehensive income	<u>\$ 409,916</u>	<u>\$ 317,239</u>	<u>\$ 340,084</u>
Basic earnings per share	\$ 3.63	\$ 1.90	\$ 2.21
Diluted earnings per share	\$ 3.61	\$ 1.90	\$ 2.21
Basic weighted-average number of shares outstanding	133,413	135,988	137,086
Diluted weighted-average number of shares outstanding	133,971	136,198	137,302

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

	Fiscal Year Ended		
	February 3, 2019	January 28, 2018	January 29, 2017
Cash flows from operating activities			
Net income	\$ 483,801	\$ 258,662	\$ 303,381
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	122,484	108,235	87,697
Stock-based compensation expense	28,568	17,610	16,822
Derecognition of unredeemed gift card liability	(6,859)	(6,202)	(4,548)
Asset impairment for ivivva restructuring	—	11,593	—
Settlement of derivatives not designated in a hedging relationship	(14,876)	6,227	—
Deferred income taxes	16,786	(11,416)	(17,563)
Changes in operating assets and liabilities:			
Inventories	(85,942)	(21,178)	(5,403)
Prepaid and receivable income taxes	(437)	32,242	11,537
Other prepaid expenses and other current and non-current assets	(30,653)	(7,755)	(15,688)
Accounts payable	71,962	(1,551)	14,080
Accrued inventory liabilities	4,312	3,680	(18,900)
Accrued compensation and related expenses	41,600	12,873	9,943
Current income taxes payable	52,597	(16,470)	(10,020)
Unredeemed gift card liability	24,885	17,282	16,010
Lease termination liabilities	(3,860)	6,427	—
Non-current income taxes payable	(6,169)	48,268	—
Other current and non-current liabilities	44,580	30,810	(956)
Net cash provided by operating activities	742,779	489,337	386,392
Cash flows from investing activities			
Purchase of property and equipment	(225,807)	(157,864)	(149,511)
Settlement of net investment hedges	(16,216)	(7,203)	—
Other investing activities	(771)	(8,325)	—
Net cash used in investing activities	(242,794)	(173,392)	(149,511)
Cash flows from financing activities			
Proceeds from settlement of stock-based compensation	17,650	5,628	6,907
Taxes paid related to net share settlement of stock-based compensation	(8,779)	(3,229)	(3,268)
Repurchase of common stock	(598,340)	(100,261)	(29,327)
Other financing activities	(745)	—	(923)
Net cash used in financing activities	(590,214)	(97,862)	(26,611)
Effect of exchange rate changes on cash	(18,952)	37,572	23,094
(Decrease) increase in cash and cash equivalents	(109,181)	255,655	233,364
Cash and cash equivalents, beginning of period	\$ 990,501	\$ 734,846	\$ 501,482
Cash and cash equivalents, end of period	\$ 881,320	\$ 990,501	\$ 734,846

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