VGR

// Q2 FY2026



VGR MARKET INTELLIGENCE

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01

Executive Summary

lululemon athletica inc. reported net revenue of $2,415.6 million for the thirteen weeks ended 2 August 2026, down 4.3% on the same quarter a year earlier; the company states a 5% decline on a constant-dollar basis. Comparable sales fell 9%, or 10% in constant dollars, and Americas comparable sales fell 12%. Reported gross margin rose 202 basis points to 60.5% and reported operating margin fell 196 basis points to 18.8%. Diluted earnings per share were $2.92 against $3.10. The quarter includes $134.5 million of IEEPA tariff refunds, recognized as a reduction of cost of goods sold, which the company states added 560 basis points to gross and to operating margin and, with $4.1 million of associated interest, $0.86 to diluted EPS. Full-year guidance was lowered to net revenue of $10.350 billion to $10.500 billion and diluted EPS of $9.48 to $9.73.

Revenue fell 4.3% and comparable sales fell 9%; without the $134.5 million tariff refund, operating margin fell 753 basis points to 13.2%, against a reported fall of 196 basis points to 18.8%

The company states that the refund was recognized as a reduction of cost of goods sold; the $4.1 million of interest sits in other income, below operating income. Adding it back gives underlying gross profit of $1,327.4 million and an underlying gross margin of 54.9%, against 58.5% a year earlier: a fall of 355 basis points, where the reported margin rose 202. Underlying operating income is $319.2 million and the underlying operating margin 13.2%, against 20.7%: a fall of 753 basis points, where the reported margin fell 196. Selling, general and administrative expenses rose to 41.7% of revenue from 37.7%, which accounts for 397 basis points of the fall; gross margin accounts for 355 and amortization and rounding for the remaining 1. The release states the basis-point effect of the refund but carries no adjusted income statement; section 06 sets out the reconstruction.

Diluted EPS without the refund and its interest is $2.06, the reported $2.92 less the company's stated $0.86, against $3.10 a year earlier: a fall of 33.5%, against the reported 5.8%. Net income on the same basis is approximately $232.1 million against $370.9 million, a fall of 37.4%, against the reported 11.2%.

Reported revenue fell 4.3% while comparable sales fell 9%. The company's store table gives 825 company-operated stores at quarter end against 784 a year earlier, up 5.2%, and gross square footage of 3,880 thousand against 3,511 thousand, up 10.5%. Revenue from non-comparable space is in reported revenue and outside comparable sales on the company's definition; the release gives no dollar split between the two, so the contribution of new space to the 4.7-point gap is not calculable. China Mainland revenue rose 4% as reported and fell 2% at constant dollars, a six-point currency effect. The third-quarter release settles the margin

reading: the company's outlook assumes no further refund, so its gross margin will be comparable with the 54.9% above.

The full-year revenue guidance midpoint fell 5.9%; with the $0.86 refund benefit removed, the diluted EPS midpoint fell 20.9%, against 13.1% on the printed ranges

The prior full-year guidance, issued on 4 June 2026 with the first-quarter results, was net revenue of $11.000 billion to $11.150 billion and diluted EPS of $10.95 to $11.15, and the company stated that it did not reflect any potential IEEPA tariff refunds. The new guidance is net revenue of $10.350 billion to $10.500 billion and diluted EPS of $9.48 to $9.73, and the company states it includes the $0.86 per share recognized in the second quarter and no further refund. The revenue midpoint fell 5.9%, from $11.075 billion to $10.425 billion, on the same basis in both releases, because the refund does not touch revenue.

The printed EPS midpoints, $11.05 and $9.605, give a cut of 13.1%. The June range excluded the refund and the September range includes it. Removing the $0.86 from the new midpoint gives $8.745, a cut of 20.9% on the June base. Neither range includes future share repurchases. Section 11 derives the fourth quarter the new range requires: $3.14 billion to $3.32 billion of revenue and $3.91 to $4.21 of diluted EPS.

Two Interim Co-CEOs reported the quarter and the guidance cut; the release states that incoming CEO Heidi O'Neill joins the week after publication

André Maestrini, Interim Co-CEO, President and Chief Commercial Officer, states in the release: "We look forward to welcoming our incoming CEO, Heidi O'Neill, next week as we begin an exciting new chapter for the company." The company was run through the quarter by two Interim Co-CEOs: Meghan Frank, who is also Chief Financial Officer, and Mr Maestrini. The release gives no start date, background or mandate for Ms O'Neill. The third-quarter results will be the first reported under her tenure, against a full-year range set before she joined.

WHAT TO WATCH

Third-quarter fiscal 2026 results, expected in early December 2026 (date not yet announced). Net revenue against the guided $2.290 billion to $2.320 billion, and diluted EPS against $0.93 to $0.98. A continuation is both figures inside their ranges; a break is revenue below $2.290 billion or EPS below $0.93.

Third-quarter fiscal 2026 results. Americas comparable sales, down 12% this quarter. A continuation is a decline of more than 8%; a break is a decline of 4% or less.

Third-quarter fiscal 2026 results. Gross margin, with any further IEEPA refund stated separately. Without the refund, the second-quarter gross margin was 54.9%, 355 basis points below a year earlier. A continuation is a year-on-year fall of more than 200 basis points on the same basis; a break is a flat or higher margin.

VGR will publish the third quarter fiscal 2026 analysis when the figures are released.

02 · THE PERIOD IN FIGURES

Reported and on the VGR basis, side by side

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LULULEMON ATHLETICA INC. · NASDAQ: LULU · Q2 FISCAL 2026 · USD AS PUBLISHED

FINANCIAL YEAR ENDS 31 JANUARY 2027 · PERIOD ENDED 2 AUGUST 2026 · REPORTED 3 SEPTEMBER 2026 · ANALYSIS 30 SEPTEMBER 2026

NET REVENUES	GROSS PROFIT	OPERATING PROFIT	NET PROFIT
−4.3%	−1.0%	−13.4%	−11.2%
2,415.6 vs 2,525.2	1,461.9 vs 1,477.2	453.7 vs 523.8	329.2 vs 370.9

GROSS MARGIN	OPERATING MARGIN	RoS
60.5%	18.8%	13.6%
from 58.5%	from 20.7%	from 14.7%

$m, quarter against the same quarter a year earlier; both years as reported; Q2 2026 includes $134.5m of IEEPA tariff refunds in cost of goods sold

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K; conference call at 4:30 p.m. Eastern time the same day. Statements unaudited. Dollars as published. The percentage changes, the margin rates and the return on sales (net income divided by net revenue) are VGR arithmetic on the disclosed figures.

The VGR basis removes the $134.5 million tariff refund from cost of goods sold — the only line the company states it touched — and therefore from gross profit and operating income. It makes no further adjustment; the company discloses no other one-time item in this release. The $4.1 million of associated interest sits in other income, below the operating line, and is excluded from the operating-margin adjustment because it never affected it.

MEASURE	Q2 26 REPORTED	Q2 26 VGR BASIS	Q2 25
Net revenue	2,415,631	2,415,631	2,525,219
Cost of goods sold	953,753	1,088,253	1,048,017
Gross profit	1,461,878	1,327,378	1,477,202
Gross margin	60.5%	54.9%	58.5%

MEASURE	Q2 26 REPORTED	Q2 26 VGR BASIS	Q2 25
SG&A expenses	1,006,332	1,006,332	951,658
SG&A ratio	41.7%	41.7%	37.7%
Operating income	453,653	319,153	523,814
Operating margin	18.8%	13.2%	20.7%
Net income (approx.)	329,223	232,113	370,905
Diluted EPS	$2.92	$2.06	$3.10

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Derived columns are VGR arithmetic. USD thousands except margins and per-share amounts. The VGR-basis net income and EPS use the company's own disclosed $0.86-per-share tariff-refund impact and its diluted share count; the two routes to net income (via EPS and via the disclosed pretax components at the effective tax rate) agree within 0.5%.

Change against Q2 2025: net revenue −4.3%; gross profit reported −1.0%, VGR basis −10.1%; operating income reported −13.4%, VGR basis −39.1%; net income reported −11.2%, VGR basis approximately −37.4%; diluted EPS reported −5.8%, VGR basis −33.5%. On every line, the reported decline is smaller than the VGR-basis decline. Section 06 sets out the full bridge.

The half year

MEASURE	H1 26 REPORTED	H1 26 VGR BASIS	H1 25
Net revenue	4,887,234	4,887,234	4,895,879
Gross profit	2,800,696	2,666,196	2,860,328
Gross margin	57.3%	54.6%	58.4%
Operating income	730,599	596,099	962,439
Operating margin	14.9%	12.2%	19.7%
Net income (approx.)	524,271	427,171	685,477
Diluted EPS	$4.59	$3.73	$5.70
Net cash from operating activities	589,278	n/a	209,722

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Derived columns are VGR arithmetic. USD thousands except margins and per-share amounts. Twenty-six weeks in both years. The tariff refund is a second-quarter-only item (§1.3, footnote 1), so it is the only adjustment needed to convert the half to a VGR basis.

Change against H1 2025: net revenue −0.2%; gross profit reported −2.1%, VGR basis −6.8%; operating income reported −24.1%, VGR basis −38.1%; net income reported −23.5%, VGR basis approximately −37.7%; diluted EPS reported −19.5%, VGR basis approximately −34.6%. The half-year VGR-basis operating margin decline, 746 basis points, is close to the second-quarter figure of 753. The refund,

recognized entirely in the second quarter, accounts for the gap between the reported and VGR-basis figures on both the quarter and the half.

03 · THE RESTATEMENT BRIDGE

Comparability: calendar and perimeter unchanged; the tariff refund is disclosed without an adjusted income statement

TEST	FLAG	FINDING
Period length	—	Thirteen weeks against thirteen weeks. Computed from the company's own period-end dates: Q1 FY2026 ended 3 May 2026 and Q2 FY2026 ended 2 August 2026, 91 days apart. The prior-year Q2 ended 3 August 2025, 364 days before this quarter's end — the same 52-week cadence, no week-count distortion.
Fiscal year length	—	The release's header states "the fiscal year ending January 31, 2027 is referred to as '2026' and the fiscal year ended February 1, 2026 is referred to as '2025'". From those two company-stated dates, 1 February 2026 to 31 January 2027 is exactly 364 days — fiscal 2026 is a 52-week year.
Perimeter	—	No acquisition, disposal or discontinued operation is disclosed in either period. The Company reports as a single brand throughout.
Currency basis	—	Unlike many peers in this coverage, the Company discloses constant-dollar revenue and comparable-sales tables by region (§1.10, §1.11), so the translation effect is stated, not estimated.

TEST	FLAG	FINDING
Currency sign reversal	M	China Mainland net revenue is reported up 4% but down 2% on a constant-dollar basis — a six-point currency effect that reverses the sign of the headline figure. A sign reversal on a disclosed series is a flag at any size under this methodology. See section 04.
Tariff-refund reconciliation	M	The Company states the dollar amount ($134.5m), the accounting treatment (reduction of cost of goods sold) and the basis-point and per-share effects, but publishes no adjusted income statement or non-GAAP reconciliation table, unlike some peers in this coverage that disclose the same class of item. VGR reconstructs the underlying figures in section 06; see also section 12.
Segment or brand disclosure	N	The Company reports as a single global brand, by region only. No brand-level or channel (store versus e-commerce) breakout is given. This limits the growth-composition analysis in section 04 to what the company discloses by region.
Prior-year comparator	—	No adjusted metric existed in either period; Q2 2025 carried no tariff refund or comparable one-time item, so the reported prior-year figures are a clean comparator.

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Flags: M material, N noted, — clean, per the VGR materiality thresholds.

04 · GROWTH COMPOSITION

Revenue fell 4.3% (5% constant-dollar); comparable sales fell 9% (10% constant-dollar); and China Mainland revenue rose 4% reported and fell 2% at constant dollars

REGION	NET REVENUE CHG.	FX EFFECT	CONSTANT-DOLLAR CHG.
United States	−8%	—%	−8%
Canada	−11%	+2%	−9%
Americas	−8%	—%	−8%
China Mainland	+4%	−6%	**−2%**
Rest of World	+5%	+1%	+6%
Total international	+4%	−2%	+2%
Total	−4%	−1%	−5%

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. §1.10, as printed. Percentages are the company's own; no rounding applied by VGR.

China Mainland is the one region where the reported and constant-dollar figures differ in sign. Reported revenue there rose 4%; on a constant-dollar basis it fell 2%. The six-point gap is currency translation on the company's own table. Rest of World is the only region where currency and underlying trade move the same direction and both are positive.

Comparable sales

REGION	COMPARABLE SALES CHG.	FX EFFECT	CONSTANT-DOLLAR CHG.
Americas	**−12%**	—%	**−12%**
China Mainland	−2%	−6%	**−8%**
Rest of World	−4%	+1%	−3%
Total international	−3%	−3%	**−6%**
Total	**−9%**	−1%	**−10%**

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. §1.11, as printed. Comparable sales include comparable company-operated store and e-commerce net revenue on the company's own definition (§1.11 footnote).

Americas comparable sales fell 12%, the largest decline in either table, with no currency effect. China Mainland's comparable sales fell 2% as reported and 8% in constant dollars; its revenue rose 4% as reported and fell 2% in constant dollars. On the constant-dollar basis both series are negative for China Mainland.

The Company discloses no dollar figure by region, brand or channel anywhere in this release — only the percentage tables above. A dollar-level revenue bridge by

region, of the kind this coverage builds for peers that publish brand or segment tables, is not calculable from this release. That gap is recorded in section 12.

Reported revenue (−4.3%) fell by less than comparable sales (−9%, or −10% in constant dollars). Over the same twelve months the store count rose 5.2% and gross square footage 10.5% (section 05). Revenue from non-comparable space is in reported revenue and outside comparable sales on the company's definition. The release gives no dollar split between comparable and non-comparable revenue, so the contribution of new space to the 4.7-point gap is not calculable.

05 · THE ESTATE

Store count up 5.2% and gross square footage up 10.5% on a year earlier; nine net new stores in the quarter

QUARTER	OPENED	CLOSED	STORES, END	SQ FT, END (000S)
Q3 2025	14	2	796	3,630
Q4 2025	18	3	811	3,736
Q1 2026	11	6	816	3,788
Q2 2026	11	2	825	3,880

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. §1.12, as printed (stores open at the beginning of each quarter equal the prior quarter's ending count). Excludes retail locations operated by third parties under license and supply arrangements.

The store count rose in every quarter shown, with net additions of 12 (Q3 2025), 15 (Q4 2025), 5 (Q1 2026) and 9 in this quarter. Gross square footage rose 2.4% on the quarter, from 3,788,000 to 3,880,000 square feet, and 10.5% on a year earlier, from 3,511,000 (the company's opening figure for the third quarter of 2025). The store count rose 5.2%, from 784 to 825. Space grew twice as fast as the store count; the company's footnote counts square feet from renovated or relocated stores in the additions, and the release does not split new stores from expansions.

06 · MARGIN ARCHITECTURE

Without the refund, gross margin fell 355 basis points and operating margin fell 753, against a reported rise of 202 basis points and a reported fall of 196

The Company discloses three things about the $134.5 million IEEPA refund: the dollar amount, that it was "recognized as a reduction of cost of goods sold", and that it "increased gross margin by 560 basis points" and "increased operating margin by 560 basis points". It does not publish the underlying adjusted dollar figures in table form. Because only cost of goods sold is affected — SG&A and amortization are untouched — the underlying figures are fully reconstructable by adding the refund back to cost of goods sold.

MEASURE	AS REPORTED	EX-REFUND	Q2 2025	CHG., REPORTED	CHG., EX-REFUND
Cost of goods sold	953,753	1,088,253	1,048,017	−9.0%	+3.8%
Gross profit	1,461,878	1,327,378	1,477,202	−1.0%	**−10.1%**
Gross margin	60.5%	54.9%	58.5%	+202bp	**−355bp**
Operating income	453,653	319,153	523,814	−13.4%	**−39.1%**
Operating margin	18.8%	13.2%	20.7%	−196bp	**−753bp**

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Derived columns are VGR arithmetic. USD thousands except margins. Only cost of goods sold is adjusted; SG&A and amortization of intangible assets are unaffected by the refund on the company's own description of the accounting treatment (§1.3, footnote 1).

The reported quarter shows gross margin improving 202 basis points and operating margin falling 196. Without the refund, gross margin fell 355 basis points and operating margin fell 753. The reported operating-margin decline is 26.0% of the decline without the refund.

Diluted EPS and net income, ex-refund

The Company states the refund and its associated $4.1 million of interest, net of tax, added $0.86 to diluted EPS of $2.92. That implies an underlying $2.06, against $3.10 a year earlier, a decline of 33.5% against the reported 5.8%. Net income on the same basis is approximately $232.1 million (calculated two ways: $0.86 times the 112,919 thousand diluted shares gives a $97.1 million combined benefit; the disclosed pretax components — $134.5 million to cost of goods sold and $4.1 million of interest, $138.6 million in total — taxed at the quarter's 29.6% effective rate give $97.6 million; the two routes agree within 0.5%). Against $370.9 million a year earlier, that is a decline of approximately 37.4%, against the reported 11.2%.

The half year, on the same basis

Because the refund is a second-quarter-only item, the half-year underlying figures move in line with the quarter's: ex-refund gross margin fell 387 basis points to 54.6% (against a reported fall of 112 basis points to 57.3%), and ex-refund operating margin fell 746 basis points to 12.2% (against a reported decline of 471 basis points to 14.9%). The first quarter carried no refund, so the reported and ex-refund half-year figures differ by the second-quarter refund alone.

07 · INVENTORY AND THE MARKDOWN CYCLE

Dollar inventory fell 0.6% and unit inventory fell 7%; on cost of goods sold before the refund, days inventory outstanding fell 6.5 days to 143.1

MEASURE	Q2 2026	Q2 2025	CHANGE
Inventories, dollar basis	$1,711.5m	$1,722.6m	−0.6%
Inventories, unit basis	not disclosed	not disclosed	−7% (as disclosed)
Days inventory outstanding, cost of goods sold before refund	143.1 days	149.6 days	−6.5 days
Days inventory outstanding, reported cost of goods sold	163.3 days	149.6 days	+13.7 days

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Derived columns are VGR arithmetic. §1.4 for the unit change and the rounded dollar change ("decreased by 1%"), §1.8 for the balance-sheet inventory figures. Days inventory outstanding is ending inventory divided by (quarterly cost of goods sold ÷ 91 days). Cost of goods sold before the refund is $953.8m plus $134.5m, $1,088.3m.

Reported cost of goods sold is reduced by the $134.5 million refund, which raises days inventory outstanding on that basis to 163.3. On cost of goods sold before the refund, $1,088.3 million, the figure is 143.1 days, 6.5 days below the 149.6 of a year earlier. Dollar inventory fell 0.6% (the company states 1%) while units fell 7%, so the average cost carried per unit rose: by 6.5% on the company's rounded figures ((0.99 ÷ 0.93) − 1) and by 6.8% on the balance-sheet dollar change. The release gives no aging, markdown rate, average unit retail or unit cost, so the cause of the higher cost per unit (input costs, tariffs before the refund, or product mix) is not calculable from this release.

08 · WORKING CAPITAL, CASH AND CAPITAL STRUCTURE

Cash fell $417.5 million over the half; the balance sheet carries no interest-bearing debt

MEASURE	2 AUG 2026	1 FEB 2026	3 AUG 2025
Cash and cash equivalents	1,389,737	1,807,202	1,155,794
Inventories	1,711,450	1,700,753	1,722,570
Total current assets	3,945,587	4,262,701	3,528,728
Total assets	8,484,578	8,456,743	7,523,439
Total current liabilities	1,801,651	1,887,548	1,557,346
Non-current lease liabilities	1,774,478	1,499,717	1,464,799
Stockholders' equity	4,791,174	4,961,840	4,387,279

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. §1.8, as printed. USD thousands.

The balance sheet carries no line for notes payable, term debt or any interest-bearing borrowing at any of the three dates shown — the only liabilities beyond ordinary payables, accruals and gift-card float are operating lease liabilities. "Other income (expense), net" of $13.7 million this quarter, up from $9.7 million a year earlier, is consistent with a company earning interest on a cash balance rather than paying it on debt. The Company had $593.7 million of available, undrawn capacity under its committed revolving credit facility at quarter end (§1.4).

Cash and cash equivalents fell $417.5 million over the half, from $1,807.2 million to $1,389.7 million (§1.9). Net cash provided by operating activities was $589.3 million, financing activities used $712.2 million, and investing activities used $281.8 million; the cash flow statement gives no capital-expenditure line, so free cash flow is not calculable from this release. Stockholders' equity fell $170.7 million over the half, from $4,961.8 million to $4,791.2 million — a decline consistent with net income of $524.3 million being more than offset by buybacks in excess of that amount (section 09).

09 · CAPITAL ALLOCATION AND RETURNS

$688.3 million repurchased over the half; the second-quarter average price was 25.0% below the first quarter's

The Company repurchased 2.7 million shares for $330.0 million in the second quarter, an average price of approximately $122.22 a share, and 2.2 million shares for $358.3 million in the first quarter, an average price of approximately $162.86. The second-quarter average price is 25.0% below the first quarter's, on the rounded share counts. The Company discloses no dividend in this release. Combined first- and second-quarter buybacks total $688.3 million, against $712.2 million of financing-activity cash outflow over the half (§1.9) — a $23.9 million residual the release does not itemize.

The Company does not disclose a share-count guidance figure in this release, so the per-share effect of the buyback cannot be isolated from the underlying earnings decline the way it can be for peers that publish one. Diluted weighted-average shares fell from 119,680 thousand to 112,919 thousand, a reduction of 5.6%, over a period in which reported net income fell 11.2% and underlying (ex-refund) net income fell approximately 37.4% (section 06).

10 · EARNINGS QUALITY

One disclosed one-time item, equal to 29.6% of reported operating income

The $134.5 million IEEPA tariff refund is 29.6% of reported second-quarter operating income of $453.7 million, and its removal is the entire subject of sections 02 and 06. No other one-time item is disclosed anywhere in this release — no litigation settlement, no restructuring charge, no impairment, no divestiture gain. The company states the basis-point and per-share effects of the refund and publishes no adjusted income statement; section 06 assembles one from the disclosed figures.

Below the operating line, the effective tax rate fell from 30.5% to 29.6%, which raises EPS in the same direction as the lower share count. Both rates are disclosed by the company (§1.3); the 90-basis-point change applies to pretax income of $467.4 million.

11 · GUIDANCE AND THE IMPLIED REQUIREMENT

The fourth quarter is implied at $3.14bn to $3.32bn of revenue and $3.91 to $4.21 of diluted EPS

ITEM	PRIOR GUIDANCE (4 JUN 2026)	NEW GUIDANCE (3 SEP 2026)
FY2026 net revenue	$11.000bn – $11.150bn	$10.350bn – $10.500bn
FY2026 diluted EPS	$10.95 – $11.15	$9.48 – $9.73
Basis	excludes any potential IEEPA tariff refund	includes $0.86 of Q2 tariff-refund benefit already booked; excludes any further refund
Q3 FY2026 net revenue	not provided	$2.290bn – $2.320bn (decline of 10% to 11%)
Q3 FY2026 diluted EPS	not provided	$0.93 – $0.98

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. §1.5, §1.6, as printed. Prior guidance from the Q1 FY2026 release, 4 June 2026, cited for this comparison only.

The revenue guidance cut is like-for-like, because the refund never touches revenue: the midpoint fell 5.9%, from $11.075 billion to $10.425 billion. The EPS comparison as printed — midpoint $9.605 against $11.05, a cut of 13.1% — is not like-for-like, because the new figure carries $0.86 of one-time benefit the old figure never assumed. Stripping it gives an underlying new midpoint of $8.745, a cut of 20.9% against the same base. See the Executive Summary and section 06 for the mechanism.

The implied fourth quarter

Subtracting the first-half actual and the third-quarter guidance from the full-year guidance gives the range the fourth quarter must deliver. On revenue: $10.350bn to $10.500bn (FY) less $4.887bn (H1 actual) less $2.290bn to $2.320bn (Q3 guide) implies fourth-quarter revenue of approximately $3.143 billion to $3.323 billion. On diluted EPS: $9.48 to $9.73 (FY) less $4.59 (H1 actual) less $0.93 to $0.98 (Q3 guide) implies fourth-quarter diluted EPS of approximately $3.91 to $4.21. The prior-year fourth-quarter actuals are not disclosed in this release, so the year-on-year growth this implies is not calculable here; it is a matter for the fourth-quarter release itself.

12 · DISCLOSURE DELTA AND METRICS NOT REPORTED

What this release does not give

METRIC	STATUS	EFFECT ON THIS ANALYSIS
Revenue or comparable sales in dollars, by region	not disclosed	Only percentage tables are given (§1.10, §1.11). A dollar-level regional revenue bridge is not calculable; section 04 is confined to the percentage figures the company publishes.
Store or e-commerce channel split	not disclosed	No online-versus-store mix is given anywhere in this release, unlike some peers in this coverage. Channel-level analysis is not possible.
Adjusted / non-GAAP income statement	not disclosed	The refund's basis-point and per-share effects are stated narratively; no formal reconciliation table is published. VGR reconstructs it in section 06.
Capital expenditure	not disclosed	The cash flow statement gives no separate capex line, so free cash flow (operating cash flow less capex) is not calculable, unlike for peers that disclose it.
Gross margin bridge components	not disclosed	No merchandise-margin, markdown, average-unit-retail or occupancy-cost detail is given beyond the single tariff-refund figure, so the non-refund portion of the gross-margin movement cannot be decomposed further.
Prior-year (FY2025) Q4 actuals	not disclosed	Not part of this release. The implied Q4 FY2026 range in section 11 cannot be compared on a year-on-year basis from this document alone.
Dividend	not disclosed	No dividend is declared, paid or discussed anywhere in this release.

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Every row above is a genuine absence from the primary source, not an estimate VGR declined to make.

13 · THE COMPANY'S ACCOUNT, TESTED

Two leadership statements and the outlook language, against the figures

CLAIM	SOURCE	DISPOSITION
"We are taking a prudent approach with our revised full-year outlook."	Meghan Frank, CFO and Interim Co-CEO	Not verifiable from the disclosure. The new guidance is lower than the old on both revenue and EPS (section 11); whether it is "prudent" relative to what the business can deliver is a forward judgement this document cannot test. The disclosed figures do show that the new EPS guidance embeds a one-time benefit the old guidance never assumed, which section 11 quantifies.
"We remain confident in our ability to take the right steps to strengthen our performance and deliver sustainable growth over time."	André Maestrini, Interim Co-CEO	Not verifiable from the disclosure. A statement of intent, carrying no figure, against which no disclosure in this release can be checked.
Gross margin "increased 200 basis points to 60.5%"	Company bullet, §1.3	Supported by the disclosed figures on the reported, refund-included basis (VGR computes 202bp on unrounded figures, which rounds to 200). Stated without the underlying, refund-excluded figure, which section 06 supplies.
Operating margin "decreased 190 basis points to 18.8%"	Company bullet, §1.3	Supported by the disclosed figures on the reported basis (VGR computes 196bp on unrounded figures, which the company's own rounded inputs, 18.8% minus 20.7%, give as 190). The disclosed figures show a different weighting on the underlying, refund-excluded basis: a decline 3.8 times larger; see section 06.

CLAIM	SOURCE	DISPOSITION
"$134.5 million of tariff refunds ... increased operating margin by 560 basis points"	Company footnote, §1.3	Supported by the disclosed figures: $134.5m against $2,415.6m of revenue is 557 basis points, close to the company's stated 560.

Source: lululemon athletica inc., second quarter fiscal 2026 results, Exhibit 99.1 to Form 8-K. USD as published. Claims register. Every disposition is checked against the figures elsewhere in this document; none is checked against anything the company said on the conference call, which is not a source for this analysis.

14 · METHOD, SOURCES AND PRECISION REGISTER

This analysis was produced from one document: the second quarter fiscal 2026 results release of lululemon athletica inc., filed with the Securities and Exchange Commission as Exhibit 99.1 to a Current Report on Form 8-K, read on the company's own newsroom page. For the 30 September 2026 revision every figure used was checked again against that page, and the prior guidance against the first-quarter release filed with the SEC on 4 June 2026. No press report, wire syndication commentary, broker note, aggregator or analyst estimate was used at any point, and no expectation attributed to anyone other than the company appears anywhere in this document. The conference call held that afternoon is not a source for this analysis; nothing said on it is quoted or relied upon.

The order of work was fixed before the release was opened. Figures were transcribed from the statements and the data tables first; comparability was tested next, then the measurement blocks, then the findings were ranked. Only after that was the narrative opened and the claims register in section 13 built against figures that were already fixed. This is the first VGR analysis of lululemon athletica inc., so no prior guidance ledger entry, no recorded implied requirement and no watch list existed to open against, and no score composite is published: the publication rule withholds a composite below four periods of history.

CLASS	MEANING	EXAMPLES IN THIS DOCUMENT
Exact	Arithmetic on two disclosed figures	The −753bp underlying operating margin movement; the underlying EPS of $2.06; the 143.1 days inventory outstanding before the refund; every regional constant-dollar figure quoted directly from the company's own table.
Bounded	Both ends stated, central reading given	The implied fourth-quarter revenue range of $3.14bn to $3.32bn and diluted EPS range of $3.91 to $4.21 in section 11.
Not calculable	The input is missing and nothing has been substituted	Free cash flow (no capex line disclosed); any dollar-level regional revenue bridge; channel mix; the non-refund components of the gross-margin movement; fourth-quarter year-on-year comparisons (prior-year Q4 not in this release).

VGR precision register. Every derived figure in this document falls into one of these three classes and is marked where the class is not obvious from the table it sits in.

Percentages the company discloses in whole points are printed as disclosed; every VGR-derived percentage carries one decimal and basis points are printed whole. Arithmetic was carried out at full precision and rounded only for printing, so a rounded component and a rounded total may differ in the last digit; where that occurs the table's source line says so. All figures are in United States dollars exactly as the company publishes them. Nothing has been converted; the constant-dollar figures reproduced in section 04 are the company's own, not a VGR calculation.

The working record for this analysis is the file "Lululemon_Q2 FY2026_Source_Figures.md", held with this document. It carries the primary source and its retrieval route, the reporting calendar in the company's own words, every disclosed figure organised by statement, every derived figure with its arithmetic written out, and the list of disclosure gaps reproduced in section 12. Any figure in this analysis can be traced to that file and from there to the line of the primary source it came from.

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Made with the supervision of Pau Almar.
Revised 30 September 2026 to methodology v5; first published 4 September 2026.

METHODOLOGY

VGR standardised financial analysis methodology v5. Restatement before measurement; arithmetic before language; every finding names the disclosure that would settle it.

PRIMARY SOURCE

lululemon athletica inc. (Nasdaq: LULU; SEC Central Index Key 0001397187), "lululemon athletica inc. Announces Second Quarter Fiscal 2026 Results", reporting the thirteen and twenty-six weeks ended 2 August 2026 against the thirteen and twenty-six weeks ended 3 August 2025. Issued at Vancouver, British Columbia, on 3 September 2026 and filed with the Securities and Exchange Commission as Exhibit 99.1 to a Current Report on Form 8-K; read at https://corporate.lululemon.com/newsroom/press-releases/2026/09-03-2026-210528733. Prior guidance from the first-quarter release of 4 June 2026, Exhibit 99.1 to Form 8-K on SEC EDGAR. The condensed consolidated statements in the release are unaudited. The fiscal year end, 31 January 2027, is the company's own dating of fiscal 2026. No press report, broker note, aggregator or analyst estimate was used.

WORKING RECORD

Lululemon_Q2 FY2026_Source_Figures.md, with company-disclosed figures and VGR-derived arithmetic in separate parts and a register of disclosure gaps. Figures in United States dollars as published; nothing converted.

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