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Under Armour, Inc. (UA)

Q2 2024 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning and welcome to the Under Armour Q2 2024 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Lance Allega, SVP, Investor Relations and Corporate Development. Please go ahead.

Lance Allega

Senior Vice President-Investor Relations & Corporate Development, Under Armour, Inc.

Good morning and welcome to Under Armour's second quarter fiscal 2024 earnings conference call. Today's event is being recorded for replay. Joining us on today's call are Under Armour President and CEO Stephanie Linnartz; and CFO David Bergman.

Our remarks today will include certain forward-looking statements that reflect Under Armour's management's current view of our business as of November 8, 2023. These statements may include projections for our business in the present and future quarters and fiscal years. Forward-looking statements are not guarantees of future business performance and our actual results may differ materially from those expressed or implied in the views provided. Statements made are subject to risks and other uncertainties detailed in this morning's press release and documents filed regularly with the SEC including our annual report on Form 10-K and our quarterly reports on Form 10-Q.

Today's discussion may also include the use of non-GAAP references. Under Armour believes these measures provide investors with a helpful perspective on underlying business trends. When applicable, these measures are reconciled to the most comparable US GAAP measures, reconciliations of which along with other pertinent information can be found in this morning's press release and at about.underarmour.com

With that, I'll turn the call over to Stephanie.

Stephanie C. Linnartz

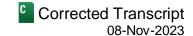
President, Chief Executive Officer & Director, Under Armour, Inc.

Thank you, Lance. And good morning to everyone joining today's call. I'm pleased that our second quarter results particularly our profitability were better than expected. I'm also encouraged by the progress we're making in strengthening the parts of our business that will set us up for greater success over the long term.

That said, we did update our full year outlook to reflect additional top line pressures for the balance of fiscal 2024, mainly due to our North American business which we'll address later in this call.

First, though, I'd like to discuss the strategic levers we are exploring to put us back onto a path of greater returns in the years ahead. Over the past three months, our team has focused on assessing the opportunities and the challenges we face as a brand and as a company. Through multiple work streams across strategic, operational and financial lenses, we continue to dig into our product pipeline, distribution strategy, operating model and the financial discipline necessary to drive a more consistent trajectory for our future.

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Our team and the leadership responsible for making this happen are central to these efforts. In this respect our new Chief Consumer Officer, Jim Dausch, has hit the ground running including in depth market visits around North America and EMEA to assess directly what is working and where opportunities exist for us to show up even better for our athletes and wholesale partners. With work underway to improve our consumer-facing functions by prioritizing efforts to advance our digital business, I am excited by the possibilities he has identified to optimize our marketing spend to ensure the highest possible returns.

Elsewhere in the organization, we're putting the right people in place to pursue best-in-class operational practices. Last month we announced Shawn Curran as our new Chief Supply Chain Officer. After a 30-plus year career at the Gap, Shawn has responsibility for end-to-end planning, product sourcing and manufacturing, vendor management, distribution and logistics. We are thrilled to add Shawn's experience and perspective to UA as we strive to gain a greater edge in our supply chain.

Turning to our strategic Protect This House 3 or PTH3 construct, as we mentioned on our last call, fiscal 2024 is a year of building for Under Armour. It's a year of assessment, resetting and simplifying our approach to balance the short-term optimization and profitability of our business with long-term brand building and the ability to deliver more consistent top line growth.

Within this construct, we are confident that driving global brand heat and delivering elevated products and design will combine holistically over the long run to drive sales growth in the US while maintaining momentum in our key international markets. To touch on some progress and highlights during the quarter, I'll start with driving brand heat.

As a brand rooted in athletic performance with a north star of team sport, a well-deserved congratulations go to the Las Vegas Aces and UA athlete Kelsey Plum who wore the Curry 1 Retro MVP shoes as they cemented their place in WNBA history by winning their second consecutive championship. This year's MLB season also gave us highlights including Bryce Harper with one of his best-ever post seasons, powered by his signature Harper 8 cleats. And congratulations to our hometown Baltimore Orioles for their best season in decades including the AL East with UA athletes Gunnar Henderson and Ryan Mountcastle helping lead the charge.

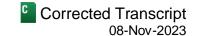
And in running, following her win at last year's New York City Marathon, Sharon Lokedi placed third in this year's race, only 10 seconds out of first, wearing our UA Flow Velociti Elite 2 running shoes, demonstrating the consistent Footwear innovation we're bringing to the elite levels of road racing.

Another highlight during the quarter was a marketing activation featuring one of the most talented wide receivers in American football, Justin Jefferson. The campaign blends athletic excellence, music and culture targeting 16- to 24-year-old varsity team sports athletes. In the spots, Justin is featured wearing the Unstoppable Fleece Full-Zip and joggers and the recently launched Jet Fuel SlipSpeed Trainer.

The best part was Justin's involvement with the development process, demonstrating how we're marrying technical innovation and style to translate performance and individual expression into culturally relevant products, and the response has been great. With a significant improvement in web and store traffic and revenue metrics exceeding past activations.

Our relationship with Notre Dame also exemplifies a deeper collaboration with our athletes and teams to develop new products and create brand heat moments. Last month, we launched a limited-edition UA Coaches Collection for Coach Marcus Freeman. From hoodies to crewnecks, fans can now access Coach Freeman's looks he wears

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on game day. And quarterback Sam Hartman, who has hundreds of thousands of social media followers, posted a day of his life, showing the versatility of our SlipSpeed training shoe.

We also drove brand heat in EMEA with the start of the European global football season including activations across TV, digital and social media, as well as our first outdoor placements in London, Madrid and Barcelona. With Protect This House as a backdrop, more than 1,600 retail and wholesale doors in the region showed how Under Armour products can make you better, integrating our famous base-layer products, our Magnetico Elite football boot and HOVR Machina running shoe to help athletes in their journey to compete.

Each of these brand heat moments during the quarter signals a significant evolution in our approach to marketing which is much more focused on capitalizing on our assets to generate returns via product marketing rather than simply leaning into large-scale endemic campaigns. By activating more consistently across the products and franchises that matter, I am confident we will continue to drive improved brand affinity.

Finally, we are driving a new approach to our digital and social media strategy, yielding improved performance metrics across our channels with strong double-digit growth in followers, shares, likes and reach across our Instagram accounts, all leading indicators that our strategies are working.

And on TikTok, which continues to be our fastest growing platform, we've seen significant increases in followers, engagements and views on the Under Armour channel.

Next is our second priority of delivering elevated design and products, emphasizing our Footwear, Sportstyle and Women's businesses. Strengthening leadership in this area, we recently announced John Varvatos as our Chief Design Officer. He has quickly added leadership maturity, direction and strength to our design organization, bringing a fresh perspective and helping us elevate our approach to our athletes' lives outside the gym.

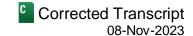
With the search for a new Head of Product underway, a new Head of Design and using sneaker and branding experts to add horsepower to the team, it's about getting the right talent in the right place to maximize our innovation and marketing engines to break through at the intersection of where style and design meet performance.

Above all else, our single most significant growth opportunity is Footwear. And while we have a solid foundation in Performance Footwear and aim to grow in Sportstyle, at about \$1.5 billion in a hyper competitive space, we have yet to capitalize on our full potential. We have started the work to evolve our Footwear strategy and I am confident that we are putting together the right core components to scale this area of our business more aggressively, but this is a multiyear journey that will take time. It's also evident that we will need to invest more in Footwear to support our long-term growth expectations.

Therein lies the challenge, balancing P&L productivity and profitability, which as we've demonstrated, remains a priority for us to deliver to shareholders in the near term. In this respect, we are continuing to dig into our product and marketing cost structures to determine how to best prioritize investments to the areas of highest return and deprioritize areas that may not be as productive for the brand. In this respect, we are assessing the productivity of SKUs, styles, categories, sports marketing assets and distribution channels to determine the most optimal path forward.

Back to the quarter, we have a lot of newness to be excited about this fall, holiday season and into next year. Starting with the most innovative shoe thus far in the Curry portfolio, the Curry 11 "Future Curry" dropped on October 13. The first iteration of the Curry 11 speaks to Stephen's desire to inspire the next generation of players.

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It features UA Warp upper technology and dual-density UA Flow cushioning for premium comfort and control to support his demanding dynamic style of play.

As we continue to grow the Curry brand, we are excited to bring more talent under the Curry umbrella, including our recent signing of rising star De'Aaron Fox, marking the first time an active NBA athlete brand has added an active NBA player to the portfolio. We're working on a Curry brand signature De'Aaron shoe that will embody what he brings to the game.

Turning to our UA SlipSpeed platform, we launched SlipSpeed youth footwear a few weeks ago. Scaled down so all ages can enjoy the versatility of this industry-leading innovation, SlipSpeed youth is only available in our direct channels and Dick's Sporting Goods. Next up for the platform will be a Curry Bruce Lee collab due out later this month and then our SlipSpeed running shoe in February just in time for the start of the 2024 running season, so more drops, more energy and of course, more versatility to come.

Rounding out our product highlights in our Sportstyle and Women's businesses we launched several better and best offerings for her including premium products from head to toe that will keep her warm and comfortable from the locker room and field to out on the town after the big game.

Here it's all about premium executions of fit, fabric and finish infused with the swagger and style our athletes desire. Starting on top, our Unstoppable Fleece collection has all-day comfort and four-way stretch material with just enough warmth to keep her ready for anything. On the bottom, our Meridian cold-weather leggings take our super soft and stretchy performance knit fabric to the next level by adding extra thickness for warmth. Her outfit is complete with our retro sportswear inspired Forge 96 shoes, the ultimate expression of comfort and style.

Wrapping up our product update, although we know it will the take time for our focus on elevated design to deliver expanded better and best level collections, we are not standing still. While remerchandising existing products we are selectively infusing limited run releases in capsules with an expectation that greater critical mass will arrive towards the end of next year.

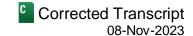
This brings me to our third strategic priority, which is to drive US sales. During the second quarter, our North American business was down 2%, which was in line with our expectations. However, when we look towards the balance of the year, we expect a further contraction in North America, mainly due to ongoing pressures in our wholesale business which have gotten tougher since our last call.

Several forces are at play here including inflation and consumer confidence, normalizing inventory levels amid still broad promotions and overall softness in our future wholesale orderbook. As a result, we lowered our fiscal 2024 revenue outlook to reflect these challenges.

Amid these conditions, we are, however, making progress on our premium wholesale distribution strategy in North America. Leveraging the strength of key Footwear franchises including Curry, our mall penetration is expected to be up more than 40% by the end of fiscal 2024. This is an early win and I'm confident that as we drive brand heat and deliver better products, we will continue to gain the premium shelf space.

Shifting to our direct-to-consumer business, our US loyalty program, UA Rewards, which went live in late July, has exceeded our initial expectations. In October, we made the program available in our retail stores adding to our momentum. Having surpassed 1 million members in our first few months, we see more robust engagement amongst our members, so far UA Rewards members are almost twice as likely to make a repeat purchase and return to the brand within 90 days so early points on the board in building greater brand love and loyalty. As a

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cornerstone of our consumer engagement strategy we are confident that UA Rewards will inspire better sales conversion as we continue to scale the program.

In concert with our loyalty program, we are distorting resources to our digital platforms including our website and our mobile app. Most of our consumers start their shopping journey on social media, our website and our app so it's critical that we improve this experience. Within this context our teams are working hard to accelerate our eCommerce business by enhancing our search and browse capabilities, upgrading our size and pick guides, adding athlete shop-the-look sections and increasing mobile speed, all enhancements that we know will deliver a more premium experience. I understand what a world-class digital offering looks like and this team is strengthening the foundation for our long-term success.

Turning to our international business, we continue to maintain momentum in EMEA and APAC. EMEA was our highest growth region during the quarter reflecting solid growth in our DTC and wholesale channels. In July, we opened our fourth London Brand House on Oxford Street, marking an exciting milestone as we expand our presence in the UK and drive greater brand affinity across this important market.

Our APAC business also grew in the second quarter, driven by solid performances in our wholesale and DTC channels. Over a broad array of different countries and cultures, our focus is on customizing our product and marketing strategies with the local athlete in mind and leveraging the success of our loyalty program. With 7.5 million members in our APAC loyalty program, we're now piloting franchise partner implementation and our members are spending almost 30% more than non-members. Encouragingly, there are many learnings that we can leverage from APAC to make our US loyalty program even better.

In summary, at the halfway mark of fiscal 2024 we are progressing against our PTH3 priorities. Acknowledging that this is a multiyear journey with much work ahead of us, most immediately we are focused on operational efficiencies and controlling costs to ensure we remain responsible stewards of the business. With our continued strategic evolution and a renewed mindset I'm confident that we are building a stronger Under Armour with brand heat, more premium product offerings to inspire athletes worldwide and ultimately a more robust profitable growth story in the long term.

With that, I will hand it over to Dave.

David Eric Bergman

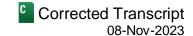
Chief Financial Officer, Under Armour, Inc.

Thanks, Stephanie. Diving right in. Our second quarter revenue was flat versus the prior year at \$1.6 billion which was in line with our outlook. Excluding the impact of foreign currency, revenue was down 1%.

On a regional basis, North American revenue declined by 2% coming in at \$991 million which was in line with our expectations. Wholesale was down at about the same rate due to challenges in our full price business, partially offset by growth related to inventory management strategies which included normalization of our off-price channel mix from low levels last year. Our North American DTC business was down slightly during the quarter.

EMEA revenue was up 9% to \$287 million or up 4% on a currency neutral basis. This was driven by solid growth in our DTC business related to new store openings and a strong underlying comp business. Our EMEA wholesale business was also up during the quarter.

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APAC revenue was a up 3% to \$232 million or up 7% on a currency neutral basis. Despite the dynamic environment, we saw growth in our wholesale and DTC channels. China was a leading contributor to second quarter growth.

And finally, our Latin American businesses was down 8% to \$54 million in the quarter or down 19% on a currency neutral basis due to the timing of distributor orders.

From a channel perspective, wholesale revenue was down 1% to \$940 million with decreases in our distributor business partially offset by higher sales to the off-price channel. Our full price business was flat compared to the prior year.

Direct-to-consumer revenue increased by 3% to \$596 million due to a 4% increase in our owned and operated store revenue and a 2% increase in our eCommerce business. And licensing revenue decreased 14% in the quarter to \$29 million driven by declines in our North American and Japanese licensee partners.

By product type, Apparel revenue was up 3%, driven primarily by growth in our Train and Golf businesses. Following several quarters of solid growth, Footwear was down 7% driven primarily by softness in our team sports and run categories. Within team sports, we did see strong growth in basketball. As a reminder, during the second quarter of fiscal 2023, a significant amount of Footwear products that were previously delayed due to COVID-related factory constraints made their way into the wholesale channel. For the second half of fiscal 2024, we expect Footwear to be relatively flat as we comp against last year's 26% growth in the second half. And finally, our Accessories business was up 3%.

Moving down the P&L. Gross margin was up 260 basis points to 48% during the second quarter driven by approximately 410 basis points of supply chain benefits mainly due to lower freight costs. These tailwinds were better than our previous expectation and were responsible for most of the overdrive on gross margin.

These benefits were partially offset by 120 basis points of unfavorable pricing due to deeper discounts in our sales to the off-price channel and our proactive strategy to reduce inventory through our Factory Houses and about 20 basis points of unfavorable channel mix related to higher percentage of off-price sales.

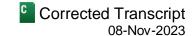
In the second quarter, SG&A expenses were up 2% to \$606 million driven by higher marketing costs. Next, operating income was \$146 million, which was above our outlook of \$115 million to \$135 million. After tax, we realized net income of \$110 million or \$0.24 of diluted earnings per share coming in above our outlook of \$0.18 to \$0.21 for the second quarter.

Now moving onto the balance sheet. At the end of the second quarter our inventory was up 6% to \$1.1 billion. This was in line with our outlook and as a reminder, we anticipate consecutive declines in Q3 and Q4 to end the year down at a mid to high teen percentage rate or about \$1 billion. As our levels normalize, we feel very good about the quality and composition of the inventory we have on hand.

Rounding out the quarter, our cash and cash equivalents were \$656 million and we had no borrowings under our \$1.1 billion revolving credit facility. And finally, we repurchased \$50 million of Class C common stock during the second quarter, thus retiring 7.6 million previously outstanding shares. Under our two-year, \$500 million program, we have repurchased \$475 million or about 42.5 million shares of Class C stock.

Next, let's turn to our fiscal 2024 outlook. As Stephanie mentioned, several pressures impacting our North American business have persisted longer and are tougher since our last call. The macroeconomic environment

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remains uncertain with continued inflation, mixed consumer confidence and the effects of wholesale channel destocking having led to softness in our future order books. And while we're not seeing significant cancelations we don't anticipate as many at once or automatic replenishment orders as initially planned so we've revised our full year outlook expectations.

Accordingly, we now expect revenue to be down 2% to 4% versus our prior outlook of flat to up slightly. Looking down into our full year revenue outlook, we're now expecting North America revenue to be down 5% to 7% versus the previous expectation of down 3% to 4%. And there is no change to the expectation that our international business should be up at a low double-digit rate.

Next, given lower freight and product cost, we now expect gross margin to be up 100 basis points to 125 basis points versus our previous expectation of up 25 basis points to 75 basis points.

Moving to SG&A, we now expect our expenses to be flat to down slightly versus our prior outlook of flat to up slightly. We remain committed to ensuring our investment dollars are optimized to the areas with the highest returns while proactively identifying areas to manage expenses appropriately.

That said, our operating income outlook of \$310 million to \$330 million and diluted earnings per share of \$0.47 to \$0.51 remain unchanged.

Turning to color on the second half of fiscal 2024. We anticipate revenue to decline at a mid single digit rate in the third quarter due to softer wholesale orders in North America, partially offset by continued growth in our DTC business. This implies that our fourth quarter revenue will be down about 3% to 5% versus the prior year.

Next, we expect gross margin to be flat to up slightly in the third quarter and as a reminder, this is the smallest quarterly gross margin improvement this year due to anticipated actions to manage our inventory down further. As we finish the year, we expect an expansion of around 200 basis points in the fourth quarter due to supply chain benefits from product costs and an easy comparison related to elevated promotions in last year's fourth quarter.

Bringing this to the bottom line. We expect third quarter operating income to reach approximately \$65 million to \$75 million and \$0.09 to \$0.11 of diluted earnings per share. This implies a fourth quarter operating income of about \$75 million to \$85 million, and \$0.12 to \$0.14 of diluted earnings per share.

To wrap it up, thanks to the outstanding efforts of our team, we are progressing on our PTH3 priorities and at the same time taking a balanced approach to mitigate near-term pressures. We are relentlessly focused on driving brand heat and delivering elevated design and products while driving operational efficiencies and controlling costs. We are confident this will foster sustainable profitable growth over the long term.

With that, I'll return it to the operator so we can take your questions. Thank you.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] At this time we'll pause momentarily to assemble our roster. Our first question will come from Jay Sole with UBS. You may now go ahead.

Jay Sole

Analyst, UBS Securities LLC

Great. Thank you so much. Two-part question. Stephanie, for you. Just as you continue to get deeper into the business, I mean, what have you learned over the last 90 days in terms of where you see some of the biggest opportunities and where it would get you most excited about being able to drive sales growth going forward.

And then secondly, for Dave, can you just talk about the gross margin in Q2 and then also your guidance for Q3? What were some of the puts and takes in Q2 and similarly what those are in Q3 to explain why you're seeing the gross margin that you're seeing in Q3. Thank you.

Stephanie C. Linnartz

President, Chief Executive Officer & Director, Under Armour, Inc.

Good morning, Jay, and thanks for your question. Yeah, I'm excited about a lot of things over this past quarter. I mean, we're having some real early wins coming out of our PTH3 strategy. I'll hit on a couple of them.

On the driving global brand heat front, we're doing a lot to think about marketing differently for the company and I mentioned this in my prepared remarks but less anthemic top-of-funnel marketing campaigns and really making sure we leverage our terrific assets, whether it's Steph Curry, Justin Jefferson, Sam Hartman, Kelsey Plum, you name it, and doing a lot more product marketing. And we're also seeing a lot of green shoots as it relates to our efforts in social media marketing. So we want to be where that 16- to 24-year-old team sport varsity athlete is located, so we're seeing great progress on likes and shares and engagement.

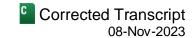
So and again, on the product marketing front, you're seeing us really be very clear to market SlipSpeed, the Magnetico football boot in EMEA, baselayer, you think about Meridian, et cetera. So we're doing a lot more product marketing.

On speaking of product, another thing I'm very excited about is I just couldn't be more thrilled that John Varvatos has joined us. He just joined us in September, so he's just getting started, but he is really driving a design-led culture within the company which is terrific and it takes – the lead time for our product engine is anywhere from 15 to 18 months, so his fingerprints will really be seen more as we head into the latter part of next year, but he's not standing still. He is having his influence on even the most current collections. But we've got a lot of cool things on the product front, a new Curry Bruce Lee collab, I mentioned that. I talked a little bit about SlipSpeed.

And we have some amazing product. I will put our Unstoppable collection and our Meridian collection up against any competitor's product any day of the week, really are fantastic, better and best level products for us. So I'm excited about that.

And then as it relates to driving sales in the US, none of us are happy with the fact we're not moving faster here but I will say I'm thrilled with the loyalty launch. We already have – we launched in late July. We have over 1 million members already. And it's not just about signing people up, it's about engaging them, so we're seeing engagement. Also, a terrific part about a loyalty platform, it's more data and information on your consumers and

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with their permission doing more targeted marketing and personalization, so that's off to a great start. And we're starting to see green shoots on more expansion into more premium retail so a 40% higher mall penetration by the end of fiscal year 2024. Again more to come next year, but early wins on the three pillars of Protect This House 3, driving global brand heat, big part of that is marketing, better design, better products and driving US sales, so we're off to a good start.

David Eric Bergman

Chief Financial Officer, Under Armour, Inc.



And, Jay, relative to the gross margin comment, for Q2 it was really two main things. The big positive was really supply chain impacts, mainly around the lower ocean freight rates and costs there but also less utilization of air freight as we're getting more caught up there versus last year from a supply chain perspective. So freight cost was a really, really big favorability there year-over-year and then that was partially offset by some unfavorable pricing relative to selling into the third-party off-price channel.

The pricing into that channel started to get a little bit tougher in Q4 of last year and we've seen that kind of continue this year. And then also we've been a little bit more promotional relative to our Direct-To-Consumer business as we move through Q2 as well. So those partially offset the big favorability on the freight cost in Q2.

When you flip to Q3, it's a little bit of a different story. We still expect tailwinds relative to the freight cost but we also continue to see lower pricing on our sales into the off-price channel and also we're going to be doing a little bit higher volume in Q3. We're really using Q3 to move through a fair amount of inventory.

The other piece of that is that relative to our outlet stores we've reduced the mix of our MFO, or Made For Outlet, to be able to also help us move more excess. And so that's also a year-over-year gross margin headwind. So there's a couple more kind of offsets going on in Q3 versus Q2 but a lot of it has to do with really just getting ahead and moving forward relative to our inventory position. So we feel good about what we're looking at there.

And I think the last thing for Q3 is as we come into this holiday period, we are being careful relative to a promotional environment and what that's going to look like in the holidays. We want to make sure that we're going to be prepared for that as well. So we feel like we're in a good spot.

Jay Sole Analyst, UBS Securities LLC	\mathcal{C}
Got it. Thank you so much.	
David Eric Bergman Chief Financial Officer, Under Armour, Inc.	A
Of course.	

Operator: Our next question will come from Simeon Siegel with BMO Capital Markets. You may now go ahead.

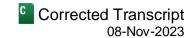
Simeon Siegel

Analyst, BMO Capital Markets Corp.

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Thanks. Hey, everyone. Good morning. Hope you and your families are doing okay in these challenging times. So, how are you guys thinking about go forward Footwear performance just given the kind of excitement you talked about with the innovations and the drops? So how we should think about the progression there and timing?

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Maybe similar question around domestic store expansion as well. So how kind of we should be thinking about the way you're thinking about store opportunities there? Thank you.

Stephanie C. Linnartz

President, Chief Executive Officer & Director, Under Armour, Inc.

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Absolutely. And good morning, Simeon. Thanks for your question. I believe the first part was on Footwear. Footwear is without a doubt the single most significant long-term growth opportunity for us and I just spent some time with our Footwear team out in Portland, Oregon and was very encouraged with the innovation that I was seeing, the lean into Sportstyle, there's some great stuff going on with our team out there. John Varvatos has spent quite a bit of time out there as well. And we're seeing green shoots and positive results with Curry, with our Forge which is a kind of a retro shoe that's more Sportstyle, Apparition. I spoke about SlipSpeed quite a bit.

SlipSpeed really is a wonderful example of us driving brand heat and getting some innovation momentum. We're selling a non-signature shoe at \$150. And it's our most reviewed sneaker on the site with a 93% recommendation rate. As I mentioned, we launched youth a few weeks ago, a running expression coming out in February of next year, so excited with the traction we're getting in terms of Footwear.

As it relates to the second quarter, Dave touched on this, but demand was softer than we expected due to general weakness in the North American wholesale environment and he talked about some of the tougher comps that we saw in the second quarter and that for the year Footwear will be flat.

But the broader opportunity is significant. I think it goes back to some of my comments on the product pipeline. It takes 15 to 18 months of lead time to get things out the other end so we are working very, very hard on our Footwear, and it's just going to take some time to get even more traction in the space. So a big, big area of focus for us.

On your question related to domestic store opportunities, there is a real opportunity there. We are working on a new Brand House concept that is our full-priced store, and there's a real opportunity, particularly here in the United States, to open more full price physical retail. We have 17 Brand Houses today and we are aiming to open more of them in the years ahead so we can get that outlet to full price store mix right.

We're a little off kilter right now with about a 90%:10% mix and we want to get that in better shape. I think physical retail is also so important because we know it's not just about driving sales and profitability from that box, it's about the ecosystem around the store. When you have a fabulous Brand House at a great location it drives eCommerce sales and it also drives sales in our wholesale partners so we think about it from an ecosystem perspective too. So, lots of great work underway.

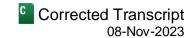
I mean, we need to give people a reason to walk over that lease line into our store because they're going to experience something just really fabulous when they go to an Under Armour store and we're hard at work at that. So I'm excited with the progress we're making on building out our physical retail, particularly a big focus here in the United States. So more to come on that front too.

Simeon Siegel

Analyst, BMO Capital Markets Corp.

Great, Thanks a lot. Best of luck for the rest of the year.

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Stephanie C. Linnartz

President, Chief Executive Officer & Director, Under Armour, Inc.

Thank you.

David Eric Bergman

Chief Financial Officer, Under Armour, Inc.

Thanks.

Operator: Next question will come from Jim Duffy with Stifel. You may now go ahead.

James Duffy

Analyst, Stifel, Nicolaus & Co., Inc.

Thank you. Good morning. I'm hoping for some additional perspective on the US wholesale environment looking out to 2024. Can you speak to shelf space expectations into 2024? I know you mentioned some gains in the mallbased channels. Is that with both Footwear and Apparel? And are you seeing any notable changes in North American shelf space elsewhere that might be an offset to those gains? Thanks.

David Eric Bergman

Chief Financial Officer, Under Armour, Inc.

Yeah, Jim, this is Dave. North America we have talked obviously a lot about some of the macro impacts there and some conservatism we're seeing from accounts relative to the order books and obviously the impacts that we're speaking to with our revision to Q3, Q4 back half outlook.

We are making some progress relative to mall business, to your point. And we're excited about that. That is relative to new spaces with new partners, but it's going to take time to really develop that into a more robust and meaningful volume of revenue and a lot of that has to do with Footwear and a lot of that has to do with Sportstyle, both of which as Stephanie mentioned we're hard at work. And then we continue to edit relative to our wholesale segmentation, we want to continue to improve there and continue to get cleaner and push the envelope further there.

We've done a lot of work there but we've still got a fair amount to go and then also just from a high-low perspective and just overall premium distribution, we want to continue to be able to expand more kind of at the higher end and get into a little bit more specialty, et cetera. So a lot of different things that are in play. We're excited about some of those initial relationships, but again from a volume perspective it will take a little bit of time relative to the product pipeline that Stephanie mentioned.

James Duffy

Analyst, Stifel, Nicolaus & Co., Inc.

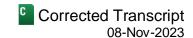
Understood. Thanks. And then you maintained the guide for the international business. As you look to your spring order book is there any evidence that economic challenges are catching up in markets that have been resilient for you like Western Europe?

David Eric Bergman

Chief Financial Officer, Under Armour, Inc.

Yeah, I mean, I think we're really bullish on our international markets. Both APAC and EMEA have been doing well for us. They continue with some really solid momentum there. I think that we also need to think about that

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even though there is some macro pressures out there, we do have a little bit more non-comp business as we open more doors internationally in the back half of the year which helps a little bit.

And then within APAC, we've been talking more recently about moving to more local product design in China and also relative to marketing development, localized in China, and we're starting to see the benefits of that and we see that starting to come into kind of the Q4 orders and business for APAC and so we're excited about how that could help continue to fuel their momentum within the APAC region.

James Duffy

Analyst, Stifel, Nicolaus & Co., Inc.

Thank you, Dave.

David Eric Bergman

Chief Financial Officer, Under Armour, Inc.

Thanks, Jim.

Operator: Our next question will come from the Laurent Vasilescu with BNP Paribas. You may now go ahead.

Laurent Vasilescu

Analyst, Exane BNP Paribas

Good morning. Thank you very much for taking my question. Dave, I wanted to follow up on your point about international growth for the year, growing double digits. If you could maybe potentially unpack that a little bit, across the key markets EMEA and APAC. Should we expect both regions to grow double digits this year? Just the reason why I'm asking that question is because we did see a slowdown in APAC. I know – I recognize you mentioned that China did well, but maybe you can just give us some guardrails around that, those two regions.

David Eric Bergman

Chief Financial Officer, Under Armour, Inc.

Yeah, I mean, both regions are, again, doing very well for us and we expect solid growth within each of them. I wouldn't necessarily say that one is necessarily going to be outgrowing the other in any big way because you also have some offsetting currency impacts, but they're both driving very well.

I think that the opportunities that are there are still great for each of them. We're still fairly small in each of those two regions, especially if you think about our China business compared to some of our competitors. So continued opportunity down the road for us and we're excited about what those teams have been able to drive for us.

Laurent Vasilescu

Analyst, Exane BNP Paribas

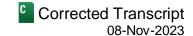
Very helpful. And then I think, Dave, last quarter you mentioned that we should expect inventories for the end of the year to be down mid-teens to around \$1 billion. Is that still the case? And then maybe just kind of following up on Jay's question about the gross margin, that 410 basis points of supply chain benefit, can you maybe just kind of help us frame how that benefit evolves over the next two quarters in bps terms.

David Eric Bergman

Chief Financial Officer, Under Armour, Inc.

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Yeah. I mean, we've been really excited about our progress on the inventory management strategies and what we have planned for the rest of the year. Some of that relates to, if you remember, we talked last year about doing a fair amount of pack and hold last year. So we packed away kind of seasonless product with future demand instead of discounting those products last year when we would just need to buy them again this year. And so we're now kind of selling that pack and hold product in the back half of this year, which is one of the factors in our year-over-year inventory improvement.

But then also, we were pretty proactive with factory buy reductions when we saw some softness in the demand, so that's helped us this year with managing inventory as well. And then we've also been leveraging our outlet stores more than in the past. So, doing more movement of our excess product through our outlets in a brand-controlled way and less MFO through our outlets so all those things are kind of coming together to be able to drive our inventory into a really good spot.

So we're expecting inventory to be down year-over-year as we hit 12/31 and then mid to high teens down as we get through the end of Q4.

When we with look at gross margin, a couple different things that are coming into play. So yeah, in Q2, huge benefit there on supply chain side mainly with the freight costs. When we think about Q3, still seeing a pretty big benefit relative to the freight costs, but then obviously I mentioned we're going to be pushing through a lot more inventory and so there's some offsets there relative to pricing and mix of third-party liquidation.

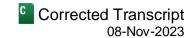
And then as you step into Q4, the supply chain benefits will start to change a little bit in that the benefit of the year-over-year freight cost will start to become a little bit less of a factor as we start comping some of that improvement in Q4 of last year, but the other piece that starts coming into play that benefits Q4 is we've actually been working through a lot of better negotiations with our factory partners on product costs so our sourcing team has done a phenomenal job working through that and we're going to start to see those product costing benefits come through starting in Q4 of this year, so that kind of helps to be a tailwind as well in Q4 and gives us a little bit of an extra gross margin benefit there.

And then the pricing impact actually starts to be slightly favorable for us in Q4 and what I mean by that is the third-party liquidation channel, the pricing got pretty tough in Q4 of last year so now we're comping that in Q4 of this year. So it's not the headwind that it is in Q3 and prior. So that's really helping us out.

And then also in Q4 of last year, we went pretty aggressive and deep from a discounting perspective within DTC and we don't foresee having to go that deep in Q4 of this year as we believe that the market and inventory levels out there will start to normalize as we step into the next calendar year a little bit. So a couple different things going on there, but that's why gross margin in Q3 slight improvement versus Q4 a larger improvement for us.

Lance Allega Senior Vice President-Investor Relations & Corporate Development, Under Armour, Inc. Operator?	A
Operator: Our next question will come from Bob Drbul with Guggenheim. You may now go ahead.	
Robert Drbul Analyst. Guggenheim Securities I I C	Q

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Hi. Good morning. Just got two questions. Stephanie, can you give us a quick sort of where you are focused on the Women's business and sort of what you see happening there. And then I guess the second question is just a little bit more on pricing, sort of progress that you're making on ASPs but also some of the new product what you're bringing to market. Can you just give us an update on sort of where you think ASPs are growing with some of the new launches and maybe a little focus on SlipSpeed? Thanks.

Stephanie C. Linnartz

President, Chief Executive Officer & Director, Under Armour, Inc.

Sure, of course. Good morning, Bob. Thanks for your question.

I'll start with your question on Women's. As we've shared on past calls, this is a big area of opportunity for us with less than 25% of our sales, there's a lot of upside here. Women's was actually up in the quarter and as we continue to prioritize on winning with women and, again, focusing on delivering that elevated both Footwear and Sportstyle products, so it was – and it was up in Q2 despite the wholesale challenges we mentioned.

And where we're really winning in the short-term with Women is on bras and bottoms, but we've got – and I mentioned some of our higher end collections Unstoppable and Meridian are doing well with Women, but we've got a lot more work to do there and it's a focus for our product team, it's a focus with John Varvatos. And again, because there is this 15- to 18-month lead time in our product engine, it's just going to take some more time to get product designed, sourced, manufactured, shipped and on the shelf. So, we are very, very focused on that. And I think equally important to having the right elevated product for Women, we need to market to women differently. So it's not just about the product, it's about the marketing and we need to have a different feel to the creative and how we market to women and there's also the distribution element. This gets back to more premium distribution.

As we deliver more elevated products, not just for women but across the board, that will open more doors of distribution for us, get into more department stores or specialty boutiques so when I think about women and driving our business there, it's really kind of the full four-P approach, product, place, price, promotion and we're hard at work at it and seeing some green shoots.

On the pricing point, we are absolutely working on driving higher ASPs and that does get to – ties back to the point about more better and best product. We need to get our mix of high-low in better equilibrium, and so we will be driving on better and best products, that of course, will have pricing implications. You mentioned SlipSpeed, it's a great example of a non-signature shoe we're selling at \$150 and it's getting, again, fabulous reviews.

We're also – as it relates to pricing, we're focused on our digital assets. In particular, our website and our app, we're spending a lot of time not only making it more functionally easier for consumers, less friction, but figuring out a way to wean off some of the discounting on our website and our app. That must be a premium expression for the brand. So as we get that mix in better shape over time, that will drive up ASPs as well. So I mean, there's many pieces, moving parts here as we drive higher ASPs, but it is absolutely an area of focus for us across the board.

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Operat	\mathbf{tor} : Our next	t question -			

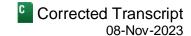
Analyst, Guggenheim Securities LLC

Great. Thanks, all.

Robert Drbul



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Operator: - will come from Matthew Boss with JPMorgan. You may now go ahead.

Matthew R. Boss

Analyst, JPMorgan Securities LLC

Q

Great. Thanks. So, Stephanie, you mentioned striking a balance between returning the brand to growth, multiyear, relative to the investments that may be needed. So maybe how best to think higher level about this interplay maybe as we think about next year or 2025 and just the timeline that you see as reasonable to return North America to revenue growth?

Stephanie C. Linnartz

President, Chief Executive Officer & Director, Under Armour, Inc.



Yeah, thank you for the question, Matt, and that is the – this balancing act is exactly what we're managing through and it's about figuring out how we are going to grow the company and again, we've got some – I'm excited about some of our early wins, and at the same exact time looking for opportunities to expand margin. So not just cost efficiencies but also operational efficiencies, how can we drive a stronger P&L.

We do recognize that this year is the perfect example where we're strained on top line growth so we are identifying additional areas of cost of goods sold improvement, Dave talked about some of that work that's going to hit more in the fourth quarter as it relates to the work we're doing with our vendors, we're diving deep into SKU rationalization, improved segmentation opportunities, back to the point of driving ASP expansion.

But we are at the very same time trying to figure out how to prioritize our investment. We got to figure out how we can invest around demand creation efforts to get back to that growth and at the same time look at areas where we will deprioritize where we're not seeing the return and manage our cost. So it is this balancing act between finding cost and operational efficiencies to drive the bottom line, but also to find opportunities to reinvest in the business for the future.

I talked about Footwear, that's an opportunity of growth, but also it's going to take investment. We're not going to be able to grow Footwear if we don't also invest in that. And there's just – I'll give you another example of future growth for us, the Curry business. That is – I have never been more excited about that business. I've personally had several one-on-one meetings with Steph Curry and he has never been more excited and engaged about what we can do with this business, not only on Footwear, of course, that's going to be basketball at the center of the Curry Brand, but also with Apparel. We've got some really fantastic new Sportstyle Apparel coming out under the Curry Brand, golf. I mentioned De'Aaron Fox and his signature shoe under the Curry Brand, so.

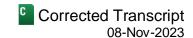
But again, this is going to take investment. So we're getting that balancing act, I think, we're getting it right, and we're working on it every single day. We're not ready to call fiscal year 2025 and beyond yet, but I think we're putting all the puzzle pieces in place and all the building blocks in place to return to growth in the long term.

Matthew R. Boss

Analyst, JPMorgan Securities LLC

That's great color. And then, Dave, just how would you characterize health of the broader sportswear channel today? Maybe what are you seeing from promotional activity in the space relative to your expectation? And maybe just high level, could you just elaborate on the change in the wholesale backdrop relative to three months ago?

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David Eric Bergman

Chief Financial Officer, Under Armour, Inc. Sure. I mean, I think, from what we're seeing I think the industry seems pretty poised to kind of enter the holidays with a leaner inventory than last year, which is good. Yet this doesn't really guarantee that promotions will be

lower because demand has also become a little softer relative to the macro. So from a timing perspective, our outlook assumes normalization by kind of that spring timeframe of 2024. But it's mixed, it's a little bumpy out there still and we're still seeing some wholesale partner conservatism in their buying pattern. So it's something that we're monitoring every day and we're continuing to work on our relationships, work on our product and work on our marketing to be able to capitalize when things are a little less soft there.

And then relative to – what was the second question that you had. Matt?

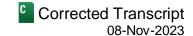
Matthew R. Boss Analyst, JPMorgan Securities LLC	Q
Just the overall promotional activity in the space, what you're seeing out there	?
David Eric Bergman Chief Financial Officer, Under Armour, Inc.	A
Yeah. As I said, it is fairly promotional still. It was turning pretty promotional in seeing that continue this year and we're planning for that. And that is fairly bro America I think we're seeing the most, but some of the other regions as well a foresee that to be changing a lot until we get kind of further into our Q4 and fu calendar year.	ad. I mean, obviously North nd, again, I don't or we don't
Matthew R. Boss Analyst, JPMorgan Securities LLC	Q
That's great color. Best of luck.	
David Eric Bergman Chief Financial Officer, Under Armour, Inc.	A
	A
Chief Financial Officer, Under Armour, Inc.	A

Paul Lejuez

Analyst, Citigroup Global Markets, Inc.

Hey, thanks, guys. On the weaker wholesale channel, curious if that was equally disappointing or has been equally disappointing in both the Apparel and Footwear side and maybe if you could talk to Sportstyle reception specifically.

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Then also, Steph, you mentioned deprioritizing certain things. Curious what you might have in mind to help pay

for some of what you want to prioritize? Thanks.

Stephanie C. Linnartz

President, Chief Executive Officer & Director, Under Armour, Inc.

And good morning, Paul. Why don't I start? Then I know Dave will jump in with some additional color and information.

On wholesale, yeah, it has been – I think, the softness in wholesale has been on both the Apparel and the Footwear side and when we think about just zooming way out for the whole company, we're going to be flat in both for the year but the softness has been in both areas.

And then on Sportstyle specifically, the way we're thinking about Sportstyle is - I mean, first of all, let me define it quickly. It's that kind of intersection of performance and style. When we talk to 16- to 24-year-old team sport athletes, and any of you who have teenagers can relate to this, they don't use this language. Right? They just want to have cool stuff that looks great when they're on the field or playing their sports and then they can wear out with their friends. So we're – that's really what we're talking about.

And it's really for us, we believe an evolution of our product offerings, not a revolution. We have some fabulous Sportstyle offerings right now. We're going to have more and more better and best, so phase one for us is really around remerchandising and remarketing products to demonstrate the nonactive use occasions. And again, we've made a lot of progress here over the past nine months, and you're seeing it in some of those social media stats I mentioned during my prepared remarks, those are tied to this effort to remerchandise and remarket a lot of our Sportstyle product that we have today.

But we do need new product and we do need new better and best product and again, we see that coming out the latter part of next year just given the lead time for our products.

As it relates to where we're going to find savings or de-invest for the future, I mean, we're looking at everything. Right? We are looking at our – whether it's sports marketing, whether it's cost across the P&L. Dave can jump in there more. But we're - that's the work we're knee-deep in now is assessing where we're driving profitability, where we're driving growth and where we're not being as successful and where we could pull back and pour more gas on things that are growing. And pour more gas on things that are growing I would say, Sportstyle, Footwear, Curry, Women would be great examples.

Dave, do you want to add a little bit?

David Eric Bergman

Chief Financial Officer, Under Armour, Inc.

Yeah. I mean, I would just say that over the past few years we've worked really hard to become more agile from a cost structure perspective. We certainly have more work to do there and we understand and continuing to dig into the areas of highest returns and kind of validate where our best investments are. But we've been pressuring down our cost appropriately whether it be in our hiring or tightening up our marketing prioritization and spending, reducing T&E, other areas of our cost but to Stephanie's point, while doing that we are trying to make sure and we are investing in design talent, investing in eCom relative to loyalty and site speed, investing from a end-to-end planning perspective, retail POS perspective, PLM system, et cetera. So a lot of enablers to growth and to also help fuel the brand are what we're freeing up dollars and putting money into. So, it is kind of a continued balancing act there.

Under Armour, Inc. (UA) Corrected Transcript Q2 2024 Earnings Call 08-Nov-2023 Paul Leiuez Analyst, Citigroup Global Markets, Inc. Thanks, guys. Good luck. **David Eric Bergman** Chief Financial Officer, Under Armour, Inc. Thank you. Lance Allega Senior Vice President-Investor Relations & Corporate Development, Under Armour, Inc. Thank you. Stephanie C. Linnartz President, Chief Executive Officer & Director, Under Armour, Inc. Thank you.

Operator: Our next question will come from Alex Straton with Morgan Stanley. You may now go ahead.

Alex Straton

Analyst, Morgan Stanley & Co. LLC

Great. So maybe just two from me. Thanks for taking the question. Maybe for Dave, it feels tough kind of to get to your revised full year top line guidance. And by that, I mean, it feels pretty conservative as a starting point. So maybe can you talk about the range of outcomes you've embedded in that guide and perhaps the key areas of upside and downside? And then just a second question for Stephanie. How do you balance the heightened kind of current off-price presence with your goals of expanding your premium distribution over time? Thanks a lot.

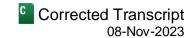
David Eric Bergman Chief Financial Officer, Under Armour, Inc.

Yeah, I mean, I think, when we look at our back half, we revised our guidance full year, obviously it was down 2% to 4%. In general, we didn't really give specific channel or product outlook, but we continue to expect our US wholesale business to be challenged this year especially the wholesale piece and given the demanding sell-in environment, yes, we are being a little bit cautious there, but it is what we're seeing so we want to make sure that we're reflecting that.

We do on the other hand expect DTC to continue to outperform wholesale as we drive through and that's in kind of each of our regions and when you break it down and kind of look at it by quarter, the quarters aren't drastically different. We're seeing the fact that the order softness in wholesale some of that did come out of Q3 and Q4, some of that is our at-once business assumptions because we did see some of the bookings come down and normally the at-once is going to kind of follow that as well and then even with some of our auto replenishment. So we think that we're being prudent in reacting and driving through relative to what we see.

As far as puts and takes of what we could see, it's hard to say. I mean, we've taken in a lot. It is a little bit bumpy, and we feel like we've called the ball here with our updated outlook. Could there be some areas that overdrive? Possibly. But there could be some continued pressures as well so we're trying to kind of call it in the middle here.

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Stephanie C. Linnartz

President, Chief Executive Officer & Director, Under Armour, Inc.

Good morning, Alex. Thanks for your question.

As it relates to balancing kind of off-price shelf space and more premium distribution, just a couple things. Well, I think important to note that we've held our off-price to 3% to 4% of global revenue since fiscal year 2020 so we have been consistent there and being very, very diligent.

But when it comes to getting the mix right, it does get back to product. It starts with product, more better and best product. That is what we are laser focused on because that is how we're going to get more premium shelf space with our wholesale partners. That's how we're going to get into more department stores, more specialty retail. It's how we're going to get more shelf space and I should put this at the top of the list with the likes of a Dick's Sporting Goods. We want to get more shelf space with our existing partners too and our wholesale partners are a very, very important and critical part of our distribution strategy but it starts with really that better and best product focus for the company.

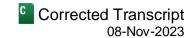
And it also ties to our DTC channels. You know, we – and ties back to my point earlier about opening more full price Brand Houses in the United States over time as we really perfect that model and give people a reason to walk over that lease line which is all about more better and best product in our stores and having it be an absolutely just fabulous experience for them.

So again, I mentioned we have not in the past – particularly here in the United States, we haven't been as disciplined as we could have been around segmentation too, about being very, very disciplined about which products go into which channels. So that is another -that disciplined approach to segmentation is also something we're laser focused on, but we need to get that equilibrium in a better place between off-price and premium and I think everything that we're doing around the Protect This House 3 strategy is driving us towards that outcome.

Alex Straton Analyst, Morgan Stanley & Co. LLC	
Thanks a lot. Good luck.	
Stephanie C. Linnartz President, Chief Executive Officer & Director, Under Armour, Inc.	Α
Thank you.	
David Eric Bergman Chief Financial Officer, Under Armour, Inc.	Д
Thank you.	
Operator: Our final question will come from Jonathan Komp with Baird. You may now go a	ihead.
Jonathan R. Komp Analyst, Robert W. Baird & Co., Inc.	C

Yeah. Hi, thank you. Just two questions from me. First, is there any sort of anecdotal insight you can share from your wholesale partners as you try to shift some of the attention towards more nonactive and more premium product? Are you getting any response today? I don't know if it's too early. Or is that something you need to prove

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first in DTC? And then just broader question. The focus on both returning to growth and driving higher profitability, has that thinking shifted at all as you now are optimizing some costs to react to slower revenue growth in the short-term? Or do you still think that that dual focus is appropriate going forward?

Stephanie C. Linnartz

President, Chief Executive Officer & Director, Under Armour, Inc.

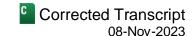
Look, good morning, Jonathan. Let me start with your first question around our reaction from our wholesale partners.

I think it's been great. I mean, they see that's where the consumer is going and they want to see more from Under Armour in this regard. I mentioned just as a early green shoot that we've seen a 40% increase in the mall as a result of our product and particularly that's – a big part of that's Footwear and Curry as an example. So, we are seeing a lot receptivity from our wholesale partners. And I think, the more we continue to deliver great product that resonate with consumers then we're going to continue to see more and more receptivity there and that's what we're hard at work at.

To your question about the balance between returning to growth and profitability, per my earlier remarks, absolutely we're still laser focused on getting that balance right. We must grow. At the same time, we must expand margins through cost efficiencies and operational efficiencies. We are very aware, though, that in the short term there is pressure on the top line. So that's back to my point around really digging in on SKU rationalization, cost of goods sold improvement, et cetera, just really, really doubling down on making sure that we've got our P&L in a good shape, our cost in a good place. But we will – like all great companies, we will always be focused on driving both top line and margin expansion and profitability and we believe that's the right long-term strategy for the company.

Jonathan R. Komp Analyst, Robert W. Baird & Co., Inc.	Q
Thank you very much.	
David Eric Bergman Chief Financial Officer, Under Armour, Inc.	A
Thank you, Jonathan.	
Stephanie C. Linnartz President, Chief Executive Officer & Director, Under Armour, Inc.	A
Thank you, Jonathan.	
Operator : With that, we will conclude Under Armour's second quarter fiscal 2024 earnings conference call. Thank you for attending and have a good day. You may now disconnect.	
Stephanie C. Linnartz President, Chief Executive Officer & Director, Under Armour, Inc.	
Thank you.	

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Lance Allega

Senior Vice President-Investor Relations & Corporate Development, Under Armour, Inc.

Thank you.

David Eric Bergman

Chief Financial Officer, Under Armour, Inc.

Thank you.

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