UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-33202

UNDER ARMOUR, INC.
(Exact name of registrant as specified in its charter)

Maryland	**52-1990078**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1020 Hull Street Baltimore, Maryland 21230	**(410) 468-2512**
(Address of principal executive offices) (Zip Code)	**(Registrant's telephone number, including area code)**

Securities registered pursuant to Section 12(b) of the Act:

Class A Common Stock	**UAA**	**New York Stock Exchange**
Class C Common Stock	**UA**	**New York Stock Exchange**
(Title of each class)	(Trading Symbols)	(Name of each exchange on which registered)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of January 31, 2023 there were 188,704,488 shares of Class A Common Stock, 34,450,000 shares of Class B Convertible Common Stock and 220,434,032 shares of Class C Common Stock outstanding.

UNDER ARMOUR, INC.

FORM 10-Q
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Under Armour, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(Unaudited; In thousands, except share data)

		December 31, 2022		March 31, 2022
Assets				
Current assets				
Cash and cash equivalents	$	849,546	$	1,009,13
Accounts receivable, net (Note 3)		700,544		702,19
Inventories		1,217,780		824,45
Prepaid expenses and other current assets, net		348,734		297,03
Total current assets		3,116,604		2,832,82
Property and equipment, net (Note 4)		655,612		601,36
Operating lease right-of-use assets (Note 5)		482,947		420,39
Goodwill (Note 6)		479,975		491,50
Intangible assets, net (Note 7)		9,198		10,58
Deferred income taxes (Note 17)		20,237		20,14
Other long-term assets		62,982		76,01
Total assets	$	4,827,555	$	4,452,83
Liabilities and Stockholders' Equity				
Current liabilities				
Accounts payable	$	738,740	$	560,33
Accrued expenses		388,159		317,96
Customer refund liabilities (Note 11)		172,190		159,62
Operating lease liabilities (Note 5)		137,310		134,83
Other current liabilities		65,730		125,84
Total current liabilities		1,502,129		1,298,59
Long term debt, net of current maturities (Note 8)		673,930		672,28
Operating lease liabilities, non-current (Note 5)		707,905		668,98
Other long-term liabilities		111,589		84,01
Total liabilities		2,995,553		2,723,87
Stockholders' equity (Note 10)				
Class A Common Stock, $0.0003 1/3 par value; 400,000,000 shares authorized as of December 31, 2022 and March 31, 2022; 188,688,981 shares issued and outstanding as of December 31, 2022 (March 31, 2022: 188,668,560)		63		6
Class B Convertible Common Stock, $0.0003 1/3 par value; 34,450,000 shares authorized, issued and outstanding as of December 31, 2022 and March 31, 2022		11		
Class C Common Stock, $0.0003 1/3 par value; 400,000,000 shares authorized as of December 31, 2022 and March 31, 2022; 221,435,846 shares issued and outstanding as of December 31, 2022 (March 31, 2022: 238,472,217)		73		7
Additional paid-in capital		1,118,529		1,046,96
Retained earnings		772,891		721,92
Accumulated other comprehensive income (loss)		(59,565)		(40,08
Total stockholders' equity		1,832,002		1,728,95
Total liabilities and stockholders' equity	$	4,827,555	$	4,452,83

Commitments and Contingencies (Note 9)

See accompanying notes.

Under Armour, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations
(Unaudited; In thousands, except per share amounts)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Net revenues	$ 1,581,781	$ 1,529,205	$ 4,504,723	$ 4,426,271
Cost of goods sold	883,376	753,272	2,462,287	2,193,413
Gross profit	698,405	775,933	2,042,436	2,232,858
Selling, general and administrative expenses	603,746	675,666	1,793,884	1,820,053
Restructuring and impairment charges	—	14,136	—	33,405
Income (loss) from operations	94,659	86,131	248,552	379,400
Interest income (expense), net	(1,615)	(7,595)	(11,175)	(30,163)
Other income (expense), net	47,312	24,037	27,300	(43,933)
Income (loss) before income taxes	140,356	102,573	264,677	305,304
Income tax expense (benefit)	18,811	(6,798)	46,719	22,191
Income (loss) from equity method investments	72	286	(1,734)	(805)
Net income (loss)	$ 121,617	$ 109,657	$ 216,224	$ 282,308
Basic net income (loss) per share of Class A, B and C common stock (Note 18)	$ 0.27	$ 0.23	$ 0.48	$ 0.60
Diluted net income (loss) per share of Class A, B and C common stock (Note 18)	$ 0.27	$ 0.23	$ 0.47	$ 0.60
Weighted average common shares outstanding Class A, B and C common stock				
Basic	448,833	476,178	453,840	468,627
Diluted	458,990	479,728	463,750	471,743

See accompanying notes.

Under Armour, Inc. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited; In thousands)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Net income (loss)	$ 121,617	$ 109,657	$ 216,224	$ 282,30
Other comprehensive income (loss):				
Foreign currency translation adjustment	16,433	(9,449)	(24,066)	(9,87
Unrealized gain (loss) on cash flow hedges, net of tax benefit (expense) of $18,689 and $(298) for the three months ended December 31, 2022 and 2021, respectively, and $(1,397) and $(4,492) for the nine months ended December 31, 2022 and 2021, respectively.	(66,541)	(1,918)	25,353	9,80
Gain (loss) on intra-entity foreign currency transactions	8,778	1,686	(20,766)	2,03
Total other comprehensive income (loss)	(41,330)	(9,681)	(19,479)	1,97
Comprehensive income (loss)	$ 80,287	$ 99,976	$ 196,745	$ 284,28

See accompanying notes.

Under Armour, Inc. and Subsidiaries

Condensed Consolidated Statements of Stockholders' Equity
(Unaudited; In thousands)

	Class A Common Stock		Class B Convertible Common Stock		Class C Common Stock		Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of September 30, 2021	188,645	$ 63	34,450	$ 11	252,992	$ 84	$ 1,096,856	$ 918,664	$ (37,929)	$ 1,977,7
Shares withheld in consideration of employee tax obligations relative to stock-based compensation arrangements	—	—	—	—	—	—	—	(488)	—	(4
Issuance of Class A Common Stock, net of forfeitures	6	—	—	—	—	—	—	—	—	
Issuance of Class C Common Stock, net of forfeitures	—	—	—	—	169	—	915	—	—	9
Stock-based compensation expense	—	—	—	—	—	—	10,842	—	—	10,8
Comprehensive income (loss)	—	—	—	—	—	—	—	109,657	(9,681)	99,9
Balance as of December 31, 2021	188,651	$ 63	34,450	$ 11	253,161	$ 84	$ 1,108,613	$ 1,027,833	$ (47,610)	$ 2,088,9
Balance as of March 31, 2021	188,622	$ 62	34,450	$ 11	233,935	$ 78	$ 1,072,401	$ 747,231	$ (49,584)	$ 1,770,1
Exercise of stock options	3	—	—	—	4	—	17	—	—	
Shares withheld in consideration of employee tax obligations relative to stock-based compensation arrangements	—	—	—	—	(63)	—	—	(1,706)	—	(1,7
Issuance of Class A Common Stock, net of forfeitures	26	1	—	—	—	—	—	—	—	
Issuance of Class C Common Stock, net of forfeitures	—	—	—	—	19,285	6	2,773	—	—	2,7
Stock-based compensation expense	—	—	—	—	—	—	33,422	—	—	33,4
Comprehensive income (loss)	—	—	—	—	—	—	—	282,308	1,974	284,2
Balance as of December 31, 2021	188,651	$ 63	34,450	$ 11	253,161	$ 84	$ 1,108,613	$ 1,027,833	$ (47,610)	$ 2,088,9

See accompanying notes.

Under Armour, Inc. and Subsidiaries

Condensed Consolidated Statements of Stockholders' Equity
(Unaudited; In thousands)

	Class A Common Stock		Class B Convertible Common Stock		Class C Common Stock		Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of September 30, 2022	188,689	$ 63	34,450	$ 11	229,012	$ 76	$ 1,118,093	$ 716,325	$ (18,235)	$ 1,816,3
Shares withheld in consideration of employee tax obligations relative to stock-based compensation arrangements	—	—	—	—	—	—	—	(66)	—	(
Class C Common Stock repurchased	—	—	—	—	(7,762)	(3)	(10,012)	(64,985)	—	(75,0
Issuance of Class C Common Stock, net of forfeitures	—	—	—	—	186	—	794	—	—	7
Stock-based compensation expense	—	—	—	—	—	—	9,654	—	—	9,6
Comprehensive income (loss)	—	—	—	—	—	—	—	121,617	(41,330)	80,2
Balance as of December 31, 2022	188,689	$ 63	34,450	$ 11	221,436	$ 73	$ 1,118,529	$ 772,891	$ (59,565)	$ 1,832,0
Balance as of March 31, 2022	188,669	$ 63	34,450	$ 11	238,472	$ 79	$ 1,046,961	$ 721,926	$ (40,086)	$ 1,728,9
Shares withheld in consideration of employee tax obligations relative to stock-based compensation arrangements	—	—	—	—	—	—	—	(868)	—	(8
Class C Common Stock repurchased	—	—	—	—	(17,675)	(6)	39,397	(164,391)	—	(125,0
Issuance of Class A Common Stock, net of forfeitures	20	—	—	—	—	—	—	—	—	
Issuance of Class C Common Stock, net of forfeitures	—	—	—	—	639	—	2,809	—	—	2,8
Stock-based compensation expense	—	—	—	—	—	—	29,362	—	—	29,3
Comprehensive income (loss)	—	—	—	—	—	—	—	216,224	(19,479)	196,7
Balance as of December 31, 2022	188,689	$ 63	34,450	$ 11	221,436	$ 73	$ 1,118,529	$ 772,891	$ (59,565)	$ 1,832,0

See accompanying notes.

Under Armour, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows
(Unaudited; In thousands)

	Nine Months Ended December 31,	
	2022	2021
Cash flows from operating activities		
Net income (loss)	$ 216,224	$ 282,3
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	102,656	105,6
Unrealized foreign currency exchange rate (gain) loss	(19,424)	4,1
Loss on extinguishment of senior convertible notes	—	58,5
Loss on disposal of property and equipment	1,411	3,8
Non-cash restructuring and impairment charges	—	21,3
Amortization of bond premium and debt issuance costs	1,644	11,6
Stock-based compensation	29,362	33,4
Deferred income taxes	(132)	(2,6
Changes in reserves and allowances	7,316	(16,5
Changes in operating assets and liabilities:		
Accounts receivable	1,026	139,3
Inventories	(401,551)	44,0
Prepaid expenses and other assets	(68,931)	(12,0
Other non-current assets	(46,272)	60,3
Accounts payable	168,681	106,1
Accrued expenses and other liabilities	50,892	7,0
Customer refund liability	12,440	(27,9
Income taxes payable and receivable	19,057	(3,2
Net cash provided by (used in) operating activities	74,399	815,4
Cash flows from investing activities		
Purchases of property and equipment	(147,620)	(61,2
Sale of property and equipment	—	8
Earn-out from the sale of MyFitnessPal platform	35,000	
Net cash provided by (used in) investing activities	(112,620)	(60,4
Cash flows from financing activities		
Payments on long-term debt and revolving credit facility	—	(506,2
Proceeds from capped call	—	91,7
Common shares repurchased	(125,000)	
Employee taxes paid for shares withheld for income taxes	(868)	(1,6
Proceeds from exercise of stock options and other stock issuances	2,809	2,8
Payments of debt financing costs	—	(1,8
Net cash provided by (used in) financing activities	(123,059)	(415,2
Effect of exchange rate changes on cash, cash equivalents and restricted cash	3,205	(16,4
Net increase (decrease) in cash, cash equivalents and restricted cash	(158,075)	323,1
Cash, cash equivalents and restricted cash		
Beginning of period	1,022,126	1,359,6
End of period	$ 864,051	$ 1,682,8
Non-cash investing and financing activities		
Change in accrual for property and equipment	$ (706)	$ 20,6

Reconciliation of cash, cash equivalents and restricted cash	December 31, 2022	December 31, 2
Cash and cash equivalents	$ 849,546	$ 1,6
Restricted cash	14,505	
Total cash, cash equivalents and restricted cash	$ 864,051	$ 1,6

See accompanying notes.

Under Armour, Inc. and Subsidiaries

Notes to the Condensed Consolidated Financial Statements
(Unaudited; Tabular amounts in thousands, except share and per share data)

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Business

Under Armour, Inc. (together with its wholly owned subsidiaries, the "Company") is a developer, marketer and distributor of branded athletic performance apparel, footwear and accessories. The Company creates products engineered to make athletes better with a vision to inspire performance solutions you never knew you needed and can't imagine living without. The Company's products are made, sold and worn worldwide.

Fiscal Year End Change

As previously disclosed, the Company changed its fiscal year end from December 31 to March 31, effective for the fiscal year beginning April 1, 2022. The Company's current fiscal year will run from April 1, 2022 through March 31, 2023 (Fiscal 2023). Consequently, there was no Fiscal 2022.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements are presented in U.S. Dollars and include the accounts of Under Armour, Inc. and its wholly owned subsidiaries. Certain information in footnote disclosures normally included in annual financial statements were condensed or omitted for the interim periods presented in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") and accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim consolidated financial statements. In the opinion of management, all adjustments consisting of normal, recurring adjustments considered necessary for a fair presentation of the financial position and results of operations were included. Intercompany balances and transactions were eliminated upon consolidation.

The unaudited Condensed Consolidated Balance Sheet as of December 31, 2022 is derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 ("Fiscal 2021"), filed with the SEC on February 23, 2022 ("Annual Report on Form 10-K for Fiscal 2021"), which should be read in conjunction with these unaudited Condensed Consolidated Financial Statements and the Company's Transition Report on Form 10-QT for the three months ended March 31, 2022, filed with the SEC on May 9, 2022. The unaudited results for the three and nine months ended December 31, 2022, are not necessarily indicative of the results to be expected for Fiscal 2023, or any other portions thereof.

Management Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. These estimates, judgments and assumptions are evaluated on an on-going basis. The Company bases its estimates on historical experience and on various other assumptions that it believes are reasonable at that time; however, actual results could differ from these estimates.

As the impacts of major global events, including the COVID-19 pandemic, continue to evolve, estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require increased judgment. The extent to which the evolving events impact the Company's financial statements will depend on a number of factors including, but not limited to, any new information that may emerge concerning the severity of these major events and the actions that governments around the world may take in response. While the Company believes it has made appropriate accounting estimates and assumptions based on the facts and circumstances available as of this reporting date, the Company may experience further impacts based on long-term effects on the Company's customers and the countries in which the Company operates. Please see the risk factors discussed in Part I, Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for Fiscal 2021.

NOTE 2. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Account Pronouncements

The Company assesses the applicability and impact of all Accounting Standard Updates ("ASUs"). There were no ASUs adopted during the first nine months of Fiscal 2023.

Recently Issued Accounting Pronouncements

In September 2022, the Financial Accounting Standards Board ("FASB") issued ASU 2022-04 "Liabilities - Supplier Finance Programs (Subtopic 405-50)" ("ASU 2022-04") which requires entities to disclose the key terms of supplier finance programs used in connection with the purchase of goods and services along with information about their obligations under these programs, including a rollforward of those obligations. ASU 2022-04, with the exception of the rollforward requirement, is effective for fiscal years beginning after December 15, 2022 and should be applied retrospectively to all periods for which a balance sheet is presented. The rollforward requirement is effective for fiscal years beginning after December 15, 2023 and should be applied prospectively. Early adoption is permitted. The Company is currently evaluating this ASU to determine the impact of adoption on its consolidated financial statements.

NOTE 3. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company's allowance for doubtful accounts was established with information available as of December 31, 2022, including reasonable and supportable estimates of future risk. The following table illustrates the activity in the Company's allowance for doubtful accounts:

	Allowance for doubtful accounts - within accounts receivable, net	Allowance for doubtful accounts - within prepaid expenses and other current assets [1]
Balance at March 31, 2022	$ 7,113	$ 7,029
Increases (decreases) to costs and expenses	790	—
Write-offs, net of recoveries	(1,281)	(6,508)
Balance at December 31, 2022	$ 6,622	$ 521

[1] Includes an allowance pertaining to a royalty receivable.

NOTE 4. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	As of December 31, 2022	As of March 31, 2022
Leasehold and tenant improvements	$ 452,824	$ 461,[illegible]
Furniture, fixtures and displays	282,147	263,[illegible]
Buildings	48,632	48,[illegible]
Software	374,845	339,[illegible]
Office equipment	130,776	132,[illegible]
Plant equipment	178,189	178,[illegible]
Land	83,626	83,[illegible]
Construction in progress [1]	115,954	64,[illegible]
Other	19,770	5,[illegible]
Subtotal property and equipment	1,686,763	1,578,[illegible]
Accumulated depreciation	(1,031,151)	(976,[illegible]
Property and equipment, net	$ 655,612	$ 601,[illegible]

[1] Construction in progress primarily includes costs incurred for construction of corporate offices, software systems, leasehold improvements and in-store fixtures and displays not yet placed in use.

Depreciation expense related to property and equipment for the three and nine months ended December 31, 2022 was $34.2 million and $101.3 million, respectively (three and nine months ended December 31, 2021: $32.8 million and $105.3 million, respectively).

NOTE 5. LEASES

The Company enters into operating leases domestically and internationally to lease certain warehouse space, office facilities, space for its Brand and Factory House stores, and certain equipment under non-cancelable operating leases. The leases expire at various dates through 2035, excluding extensions at the Company's option, and include provisions for rental adjustments. Short-term lease payments were not material for the three and nine months ended December 31, 2022 and 2021.

Lease Costs and Other Information

The Company recognizes lease expense on a straight-line basis over the lease term.

The following table illustrates operating and variable lease costs, included in selling, general and administrative expenses within the Company's Condensed Consolidated Statements of Operations, for the periods indicated:

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	2022	2021
Operating lease costs	$ 39,477	$ 35,992	$ 111,042	$ 108,030
Variable lease costs	$ 3,560	$ 4,090	$ 11,543	$ 13,195

There are no residual value guarantees that exist, and there are no restrictions or covenants imposed by leases. The Company rents or subleases excess office facilities and warehouse space to third parties. Sublease income is not material.

The weighted average remaining lease term and discount rate for the periods indicated below were as follows:

	As of December 31, 2022	As of March 31, 2022
Weighted average remaining lease term (in years)	8.12	8.69
Weighted average discount rate	4.51 %	3.72 %

Supplemental Cash Flow Information

The following table presents supplemental information relating to cash flow arising from lease transactions:

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	2022	2021
Operating cash outflows from operating leases	$ 42,545	$ 42,356	$ 126,664	$ 131,482
Leased assets obtained in exchange for new operating lease liabilities	$ 32,804	$ 9,848	$ 140,364	$ 24,170

Maturity of Lease Liabilities

The following table presents the future minimum lease payments under the Company's operating lease liabilities as of December 31, 2022:

Fiscal year ending March 31,	
2023 (three months ending)	$ 38,262
2024	173,175
2025	153,843
2026	121,400
2027	101,632
2028 and thereafter	422,433
Total lease payments	$ 1,010,745
Less: Interest	165,530
Total present value of lease liabilities	$ 845,215

As of December 31, 2022, the Company has additional operating lease obligations that have not yet commenced of approximately $13.4 million, which are not reflected in the table above.

NOTE 6. GOODWILL

The following table summarizes changes in the carrying amount of the Company's goodwill by reportable segment as of the periods indicated:

	North America	EMEA	Asia-Pacific	Latin America	Total
Balance as of March 31, 2022	$ 301,371	$ 105,053	$ 85,084	$ —	$ 491,508
Effect of currency translation adjustment	—	(6,043)	(5,490)	—	(11,533)
Balance as of December 31, 2022	$ 301,371	$ 99,010	$ 79,594	$ —	$ 479,975

NOTE 7. INTANGIBLE ASSETS, NET

The following tables summarize the Company's intangible assets as of the periods indicated:

		As of December 31, 2022		
	Useful Lives from Date of Acquisitions (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:				
Technology	5-7	$ 2,536	$ (2,403)	$ 133
Customer relationships	2-6	8,642	(3,998)	4,644
Lease-related intangible assets	1-15	1,581	(1,439)	142
Other	5-10	475	(463)	12
Total		$ 13,234	$ (8,303)	$ 4,931
Indefinite-lived intangible assets				4,267
Intangible assets, net				$ 9,198

		As of March 31, 2022		
	Useful Lives from Date of Acquisitions (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:				
Technology	5-7	$ 2,536	$ (2,103)	$ 433
Customer relationships	2-6	8,552	(2,893)	5,659
Lease-related intangible assets	1-15	9,112	(8,892)	220
Other	5-10	475	(427)	48
Total		$ 20,675	$ (14,315)	$ 6,360
Indefinite-lived intangible assets				4,220
Intangible assets, net				$ 10,580

Amortization expense, which is included in selling, general and administrative expenses, for the three and nine months ended December 31, 2022 was $0.5 million and $1.4 million, respectively (three and nine months ended December 31, 2021: $0.5 million and $1.4 million, respectively).

During the three months ended December 31, 2022, the Company reduced the gross carrying amount and related accumulated amortization of certain of its lease-related intangible assets by $7.8 million as a result of such assets being fully amortized and no longer in use.

The following is the estimated amortization expense for the Company's intangible assets as of December 31, 2022:

Fiscal year ending March 31,		
2023 (three months ending)	$	499
2024		1,541
2025		1,502
2026		1,380
2027		9
2028 and thereafter		—
Total amortization expense of intangible assets	$	4,931

NOTE 8. CREDIT FACILITY AND OTHER LONG TERM DEBT

The Company's outstanding debt consisted of the following:

		As of December 31, 2022		As of March 31, 2022
1.50% Convertible Senior Notes due 2024	$	80,919	$	80,919
3.25% Senior Notes due 2026		600,000		600,000
Total principal payments due		680,919		680,919
Unamortized debt discount on Senior Notes		(877)		(1,067)
Unamortized debt issuance costs - Convertible Senior Notes		(370)		(677)
Unamortized debt issuance costs - Senior Notes		(1,862)		(2,266)
Unamortized debt issuance costs - Credit facility		(3,880)		(4,623)
Total amount outstanding		673,930		672,286
Less:				
Current portion of long-term debt:				
Credit Facility borrowings		—		—
Non-current portion of long-term debt	$	673,930	$	672,286

Credit Facility

On March 8, 2019, the Company entered into an amended and restated credit agreement by and among the Company, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders and arrangers party thereto (the "credit agreement"). In May 2020, May 2021 and December 2021, the Company entered into the first, second and third amendments to the credit agreement, respectively (the credit agreement as amended, the "amended credit agreement" or the "revolving credit facility"). The amended credit agreement provides for revolving credit commitments of $1.1 billion and has a term that ends on December 3, 2026, with permitted extensions under certain circumstances. As of December 31, 2022 and March 31, 2022, there were no amounts outstanding under the revolving credit facility.

At the Company's request and a lender's consent, commitments under the amended credit agreement may be increased by up to $300.0 million in aggregate, subject to certain conditions as set forth in the amended credit agreement. Incremental borrowings are uncommitted and the availability thereof will depend on market conditions at the time the Company seeks to incur such borrowings.

Borrowings, if any, under the revolving credit facility have maturities of less than one year. Up to $50.0 million of the facility may be used for the issuance of letters of credit. As of December 31, 2022, there were $4.4 million of letters of credit outstanding (March 31, 2022: $4.5 million).

The obligations of the Company under the amended credit agreement are guaranteed by certain domestic significant subsidiaries of Under Armour, Inc., subject to customary exceptions (the "subsidiary guarantors") and primarily secured by a first-priority security interest in substantially all of the assets of Under Armour, Inc. and the subsidiary guarantors, excluding real property, capital stock in and debt of subsidiaries of Under Armour, Inc. holding certain real property and other customary exceptions. The amended credit agreement provides for the permanent fall away of guarantees and collateral upon the Company's achievement of investment grade rating from two rating agencies.

The amended credit agreement contains negative covenants that, subject to significant exceptions, limit the Company's ability to, among other things: incur additional secured and unsecured indebtedness; pledge the assets as security; make investments, loans, advances, guarantees and acquisitions (including investments in and loans to non-guarantor subsidiaries); undergo fundamental changes; sell assets outside the ordinary course of business; enter into transactions with affiliates; and make restricted payments.

The Company is also required to maintain a ratio of consolidated EBITDA, to consolidated interest expense of not less than 3.50 to 1.0 (the "interest coverage covenant") and the Company is not permitted to allow the ratio of consolidated total indebtedness to consolidated EBITDA to be greater than 3.25 to 1.0 (the "leverage covenant"), as described in more detail in the amended credit agreement. As of December 31, 2022, the Company was in compliance with the applicable covenants.

In addition, the amended credit agreement contains events of default that are customary for a facility of this nature, and includes a cross default provision whereby an event of default under other material indebtedness, as defined in the amended credit agreement, will be considered an event of default under the amended credit agreement.

The amended credit agreement implements SOFR as the replacement of LIBOR as a benchmark interest rate for U.S. dollar borrowings (and analogous benchmark rate replacements for borrowings in Yen, Canadian Dollars, Pound Sterling and Euro). Borrowings under the amended credit agreement bear interest at a rate per annum equal to, at the Company's option, either (a) an alternate base rate (for borrowings in U.S. dollars), (b) a term rate (for borrowings in U.S. dollars, Euro, Japanese Yen or Canadian Dollars) or (c) a "risk free" rate (for borrowings in U.S. dollars or Pounds Sterling), plus in each case an applicable margin. The applicable margin for loans will be adjusted by reference to a grid (the "pricing grid") based on the leverage ratio of consolidated total indebtedness to consolidated EBITDA and ranges between 1.00% to 1.75% (or, in the case of alternate base loans, 0.00% to 0.75%). The Company will also pay a commitment fee determined in accordance with the pricing grid on the average daily unused amount of the revolving credit facility and certain fees with respect to letters of credit. As of December 31, 2022, the commitment fee was 17.5 basis points.

1.50% Convertible Senior Notes

In May 2020, the Company issued $500.0 million aggregate principal amount of 1.50% convertible senior notes due 2024 (the "Convertible Senior Notes"). The Convertible Senior Notes bear interest at the fixed rate of 1.50% per annum, payable semiannually in arrears on June 1 and December 1 of each year, beginning December 1, 2020. The Convertible Senior Notes will mature on June 1, 2024, unless earlier converted in accordance with their terms, redeemed in accordance with their terms or repurchased.

The net proceeds from the offering (including the net proceeds from the exercise of the over-allotment option) were $488.8 million, after deducting the initial purchasers' discount and estimated offering expenses paid by the Company, of which the Company used $47.9 million to pay the cost of the capped call transactions described below. The Company utilized $439.9 million to repay indebtedness that was outstanding under its revolving credit facility at the time, and to pay related fees and expenses.

The Convertible Senior Notes are not secured and are not guaranteed by any of the Company's subsidiaries. The indenture governing the Convertible Senior Notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by the Company or any of its subsidiaries.

During Fiscal 2021, the Company entered into exchange agreements with certain holders of the Convertible Senior Notes, who agreed to exchange approximately $419.1 million in aggregate principal amount of the Convertible Senior Notes for cash and/or shares of the Company's Class C Common Stock, plus payment for accrued and unpaid interest (the "Exchanges"). In connection with the Exchanges, the Company paid approximately $507.0 million cash and issued approximately 18.8 million shares of the Company's Class C Common Stock to the exchanging holders. Additionally, the Company recognized losses on debt extinguishment of $58.5 million during Fiscal 2021, which were recorded within Other Income (Expense), net on the Company's Condensed Consolidated Statements of Operations. Following the Exchanges, approximately $80.9 million aggregate principal amount of the Convertible Senior Notes remain outstanding.

The Convertible Senior Notes are convertible into cash, shares of the Company's Class C Common Stock or a combination of cash and shares of Class C Common Stock, at the Company's election, as described further below. The initial conversion rate is 101.8589 shares of the Company's Class C Common Stock per $1,000 principal amount of Convertible Senior Notes (equivalent to an initial conversion price of approximately $9.82 per share of Class C Common Stock), subject to adjustment if certain events occur. Prior to the close of business on the business day immediately preceding January 1, 2024, holders may (at their option) convert their Convertible Senior Notes only upon satisfaction of one or more of the following conditions:

- during any calendar quarter commencing after the calendar quarter ended on September 30, 2020 (and only during such calendar quarter), if the last reported sale price of the Company's Class C Common Stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of Convertible Senior Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's Class C Common Stock and the conversion rate on each such trading day;
- upon the occurrence of specified corporate events or distributions on the Company's Class C Common Stock; or
- if the Company calls any Convertible Senior Notes for redemption prior to the close of business on the business day immediately preceding January 1, 2024.

On or after January 1, 2024, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their Convertible Senior Notes at the conversion rate at any time irrespective of the foregoing conditions.

Beginning on December 6, 2022, the Company may redeem for cash all or any part of the Convertible Senior Notes, at its option, if the last reported sale price of the Company's Class C Common Stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the aggregate principal amount of the Convertible Senior Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

If the Company undergoes a fundamental change (as defined in the indenture governing the Convertible Senior Notes) prior to the maturity date, subject to certain conditions, holders may require the Company to repurchase for cash all or any portion of their Convertible Senior Notes in principal amounts of $1,000 or an integral multiple thereof at a price which will be equal to 100% of the aggregate principal amount of the Convertible Senior Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

Concurrently with the offering of the Convertible Senior Notes, the Company entered into privately negotiated capped call transactions with JPMorgan Chase Bank, National Association, HSBC Bank USA, National Association, and Citibank, N.A. (the "option counterparties"). The capped call transactions are expected generally to reduce potential dilution to the Company's Class C Common Stock upon any conversion of Convertible Senior Notes and/or offset any cash payments the Company is required to make in excess of the aggregate principal amount of converted Convertible Senior Notes upon any conversion thereof, as the case may be, with such reduction and/or offset subject to a cap based on the cap price. The cap price of the capped call transactions is initially $13.4750 per share of the Company's Class C Common Stock, representing a premium of 75% above the last reported sale price of the Company's Class C Common Stock on May 21, 2020, and is subject to certain adjustments under the terms of the capped call transactions.

During Fiscal 2021, concurrently with the Exchanges, the Company entered into, with each of the option counterparties, termination agreements relating to a number of options corresponding to the number of Convertible Senior Notes exchanged. Pursuant to such termination agreements, each of the option counterparties paid the Company a cash settlement amount in respect of the portion of capped call transactions being terminated. The Company received approximately $91.6 million in connection with such termination agreements related to the Exchanges.

The Convertible Senior Notes contain a cash conversion feature. Prior to the adoption of ASU 2020-06, the Company had separated it into liability and equity components. The Company valued the liability component based on its borrowing rate for a similar debt instrument that does not contain a conversion feature. The equity component, which was recognized as a debt discount, was valued as the difference between the face value of the Convertible Senior Notes and the fair value of the liability component.

The Company adopted ASU 2020-06 on January 1, 2022 using the modified retrospective method. As a result, the Convertible Senior Notes are no longer accounted for as separate liability and equity components, but rather a single liability. See Note 2 to the Condensed Consolidated Financial Statements included in Part I of the Company's Transition Report of Form 10-QT for the three months ended March 31, 2022 for more details.

3.250% Senior Notes

In June 2016, the Company issued $600.0 million aggregate principal amount of 3.250% senior unsecured notes due June 15, 2026 (the "Senior Notes"). The Senior Notes bear interest at the fixed rate of 3.250% per annum, payable semi-annually on June 15 and December 15 beginning December 15, 2016. The Company may redeem some or all of the Senior Notes at any time, or from time to time, at redemption prices described in the indenture governing the Senior Notes. The indenture governing the Senior Notes contains negative covenants that limit the Company's ability to engage in certain transactions and are subject to material exceptions described in the indenture. The Company incurred and deferred $5.4 million in financing costs in connection with the Senior Notes.

Interest Expense

Interest expense includes amortization of deferred financing costs, bank fees, capital and built-to-suit lease interest and interest expense under the credit and other long term debt facilities. Interest expense, net, for the three and nine months ended December 31, 2022 was $1.6 million and $11.2 million, respectively (three and nine months ended December 31, 2021: $7.6 million and $30.2 million, respectively).

Maturity of Long Term Debt

The following are the scheduled maturities of long term debt as of December 31, 2022:

Fiscal year ending March 31,		
2023 (three months ending)	$	—
2024		—
2025		80,919
2026		—
2027		600,000
2028 and thereafter		—
Total scheduled maturities of long term debt	$	680,919
Current maturities of long term debt	$	—

The Company monitors the financial health and stability of its lenders under the credit and other long term debt facilities, however during any period of significant instability in the credit markets, lenders could be negatively impacted in their ability to perform under these facilities.

NOTE 9. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is involved in litigation and other proceedings, including matters related to commercial and intellectual property disputes, as well as trade, regulatory and other claims related to its business. Other than as described below, the Company believes that all current proceedings are routine in nature and incidental to the conduct of its business. However, the matters described below, if decided adversely to or settled by the Company, could result, individually or in the aggregate, in a liability material to the Company's consolidated financial position, results of operations or cash flows.

In re Under Armour Securities Litigation

On March 23, 2017, three separate securities cases previously filed against the Company in the United States District Court for the District of Maryland (the "District Court") were consolidated under the caption In re Under Armour Securities Litigation, Case No. 17-cv-00388-RDB (the "Consolidated Securities Action"). On November 6 and December 17, 2019, two additional putative securities class actions were filed in the District Court against the Company and certain of its current and former executives (captioned Patel v. Under Armour, Inc., No. 1:19-cv-03209-RDB ("Patel"), and Waronker v. Under Armour, Inc., No. 1:19-cv-03581-RDB ("Waronker"), respectively). On September 14, 2020, the District Court issued an order that, among other things, consolidated the Patel and Waronker cases into the Consolidated Securities Action.

The operative complaint (the Third Amended Complaint or the "TAC") in the Consolidated Securities Action, was filed on October 14, 2020. The TAC asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), against the Company and Mr. Plank and under Section 20A of the Exchange Act against Mr. Plank. The TAC alleges that the defendants supposedly concealed purportedly declining consumer demand for certain of the Company's products between the third quarter of 2015 and the fourth quarter of 2016 by making allegedly false and misleading statements regarding the Company's performance and future prospects and by engaging in undisclosed and allegedly improper sales and accounting practices, including shifting sales between quarterly periods allegedly to appear healthier. The TAC also alleges that the defendants purportedly failed to disclose that the Company was under investigation by and cooperating with the U.S. Department of Justice ("DOJ") and the U.S. Securities and Exchange Commission (the "SEC") since July 2017. The class period identified in the TAC is September 16, 2015 through November 1, 2019.

Discovery in the Consolidated Securities Action commenced on June 4, 2021 and is currently ongoing. On July 23, 2021, the Company and Mr. Plank filed an answer to the TAC denying all allegations of wrongdoing and asserting affirmative defenses to the claims asserted in the TAC. On December 1, 2021, the plaintiffs filed a motion seeking, among other things, certification of the class they are seeking to represent in the Consolidated Securities Action. On September 29, 2022, the court granted the plaintiffs' class certification motion.

The Company continues to believe that the claims asserted in the Consolidated Securities Action are without merit and intends to defend the lawsuit vigorously.

State Court Derivative Complaints

In June and July 2018, two purported stockholder derivative complaints were filed in Maryland state court (in cases captioned Kenney v. Plank, et al. (filed June 29, 2018) and Luger v. Plank, et al. (filed July 26, 2018), respectively). The cases were consolidated on October 19, 2018 under the caption Kenney v. Plank, et. al. The consolidated complaint in the Kenney matter names Mr. Plank, certain other current and former members of the Company's Board of Directors, certain former Company executives, and Sagamore Development Company, LLC ("Sagamore") as defendants, and names the Company as a nominal defendant. The consolidated complaint asserts breach of fiduciary duty, unjust enrichment, and corporate waste claims against the individual defendants and asserts a claim against Sagamore for aiding and abetting certain of the alleged breaches of fiduciary duty. The consolidated complaint seeks damages on behalf of the Company and certain corporate governance related actions.

The consolidated complaint includes allegations challenging, among other things, the Company's disclosures related to growth and consumer demand for certain of the Company's products, as well as stock sales by certain individual defendants. The consolidated complaint also makes allegations related to the Company's 2014 purchase from entities controlled by Mr. Plank (through Sagamore) of certain parcels of land to accommodate the Company's growth needs, which was approved by the Audit Committee of the Company's Board of Directors in accordance with the Company's policy on transactions with related persons.

On March 29, 2019, the court in the consolidated Kenney action granted the Company's and the defendants' motion to stay that case pending the outcome of both the Consolidated Securities Action and an earlier-filed derivative action asserting similar claims to those asserted in the Kenney action relating to the Company's purchase of parcels in Port Covington (which derivative action has since been dismissed in its entirety).

Prior to the filing of the derivative complaints in Kenney v. Plank, et al. and Luger v. Plank, et al., both of the purported stockholders had sent the Company's Board of Directors a letter demanding that the Company pursue claims similar to the claims asserted in the derivative complaints. Following an investigation, a majority of disinterested and independent directors of the Company determined that the claims should not be pursued by the Company and informed both of these purported stockholders of that determination.

In 2020, two additional purported shareholder derivative complaints were filed in Maryland state court, in cases captioned Cordell v. Plank, et al. (filed August 11, 2020) and Salo v. Plank, et al. (filed October 21, 2020), respectively.

The complaints in the Cordell and Salo cases name Mr. Plank, certain other current and former members of the Company's Board of Directors, and certain current and former Company executives as defendants, and name the Company as a nominal defendant. The complaints in these actions assert allegations similar to those in the TAC filed in the Consolidated Securities Action matter discussed above, including allegations challenging (i) the Company's disclosures related to growth and consumer demand for certain of the Company's products; (ii) the Company's practice of shifting sales between quarterly periods supposedly to appear healthier and its purported failure to disclose that practice; (iii) the Company's internal controls with respect to revenue recognition and inventory management; (iv) the Company's supposed failure to timely disclose investigations by the SEC and DOJ; (v) the compensation paid to the Company's directors and executives while the alleged wrongdoing was occurring; and/or (vi) stock sales by certain individual defendants. The complaints assert breach of fiduciary duty, unjust enrichment, and corporate waste claims against the individual defendants. These complaints seek damages on behalf of the Company and certain corporate governance related actions.

Prior to the filing of the derivative complaints in these two actions, neither of the purported stockholders made a demand that the Company's Board of Directors pursue the claims asserted in the complaints.

In October 2021, the court issued an order (i) consolidating the Cordell and Salo actions with the consolidated Kenney action into a single consolidated derivative action (the "Consolidated State Derivative Action"); (ii) designating the Kenney action as the lead case; and (iii) specifying that the scheduling order in the Kenney action shall control the Consolidated State Derivative Action.

On December 20, 2021, the court issued an order dismissing the Consolidated State Derivative Action for lack of prosecution pursuant to Maryland Rule 2-507 without prejudice to plaintiffs' right to reinstate the action.

In September 2022, the Consolidated State Derivative Action was reopened, with a docket entry indicating that it had been closed in error. Also in September 2022, the court issued an order striking the appearance of Kenneth W. Ravenell as counsel for Kenney and warning that if new Maryland counsel has not entered an appearance within fifteen days after Kenney’s receipt of such notice, the case might be dismissed. On October 19, 2022, the court dismissed the Kenney action and ordered that the Kenney action and all consolidated cases be closed. On October 28, 2022, Plaintiffs filed a motion to vacate the order of dismissal. On November 7, 2022, the court granted the motion, vacated the order of dismissal, and reopened the case file.

The Company believes that the claims asserted in the Consolidated State Derivative Action are without merit and intends to defend this matter vigorously. However, because of the inherent uncertainty as to the outcome of this proceeding, the Company is unable at this time to estimate the possible impact of the outcome of this matter.

Federal Court Derivative Complaints

In July 2018, a stockholder derivative complaint was filed in the District Court, in a case captioned Andersen v. Plank, et al. The complaint in the Andersen matter names Mr. Plank, certain other current and former members of the Company's Board of Directors and certain former Company executives as defendants, and names the Company as a nominal defendant. The complaint asserts breach of fiduciary duty and unjust enrichment claims against the individual defendants, and seeks damages on behalf of the Company and certain corporate governance related actions. The complaint includes allegations challenging, among other things, the Company's disclosures related to growth and consumer demand for certain of the Company's products and stock sales by certain individual defendants.

In September 2020, two additional derivative complaints were filed in the District Court (in cases captioned Olin v. Plank, et al., and Smith v. Plank, et al., respectively). On November 20, 2020, another derivative complaint was filed in the District Court, in a case captioned Viskovich v. Plank, et al. The complaints in the Olin, Smith, and Viskovich cases name Mr. Plank, certain other current and former members of the Company's Board of Directors, and certain current and former Company executives as defendants, and name the Company as a nominal defendant. The complaints in these actions assert allegations similar to those in the TAC filed in the Consolidated Securities Action matter discussed above, including allegations challenging (i) the Company's disclosures related to growth and consumer demand for certain of the Company's products; (ii) the Company's practice of shifting sales between quarterly periods supposedly to appear healthier and its purported failure to disclose that practice; (iii) the Company's internal controls with respect to revenue recognition and inventory management; (iv) the Company's supposed failure to timely disclose investigations by the SEC and DOJ; and/or (v) the compensation paid to the Company's directors and executives while the alleged wrongdoing was occurring. The complaints assert breach of fiduciary duty, unjust enrichment, gross mismanagement, and/or corporate waste claims against the individual defendants. The Viskovich complaint also asserts a contribution claim against certain defendants under the federal securities laws. These complaints seek damages on behalf of the Company and certain corporate governance related actions.

On January 27, 2021, the District Court entered an order consolidating for all purposes the Andersen, Olin, Smith and Viskovich actions into a single action under the caption Andersen v. Plank, et al. (the "Federal Court Derivative Action"). In February 2021, counsel for the Smith and Olin plaintiffs, on the one hand, and counsel for the Andersen and Viskovich plaintiffs, on the other hand, filed motions seeking to be appointed as lead counsel in the Federal Court Derivative Action. On November 21, 2022, counsel for purported derivative plaintiff Balraj Paul filed an amended complaint. That same day, the District Court ordered that any deadlines for defendants to respond to the Paul amended complaint shall not run until the District Court resolves the pending motions to appoint lead plaintiffs and lead counsel. On February 2, 2023, the District Court appointed Balraj Paul and Anthony Viskovich as lead plaintiffs. The District Court noted that plaintiff Brock Andersen, who originally filed the case alongside plaintiff Balraj Paul, sold his stock in the Company and no longer is pursuing derivative claims on behalf of the Company and, as such, the District Court recaptioned the case Paul et al. v. Plank et al. The District Court appointed counsel for the Paul and Viskovich plaintiffs as lead counsel in the Federal Court Derivative Action.

The Company believes that the claims asserted in the Federal Court Derivative Action are without merit and intends to defend this matter vigorously. However, because of the inherent uncertainty as to the outcome of this proceeding, the Company is unable at this time to estimate the possible impact of the outcome of this matter.

Contingencies

In accordance with Accounting Standards Codification (“ASC”) Topic 450 “Contingencies” (“Topic 450”), the Company establishes accruals for contingencies when (i) the Company believes it is probable that a loss will be incurred and (ii) the amount of the loss can be reasonably estimated. If the reasonable estimate is a range, the Company will accrue the best estimate in that range; where no best estimate can be determined, the Company will accrue the minimum. As of December 31, 2022, the Company has estimated its liability and recorded $20 million in respect of certain ongoing legal proceedings summarized above. The timing of the resolution is unknown and the amount of loss ultimately incurred in connection with these matters may be substantially higher or lower than the amount accrued for these matters, and the Company expects a portion of the loss, if any is incurred, to be covered by the Company’s insurance. Legal proceedings for which no accrual has been established are disclosed to the extent required by ASC 450.

In addition, in connection with the matters described above and previously disclosed government investigations, the Company provided notice of claims under multiple director and officer liability insurance policy periods. With respect to one policy period, a lawsuit has been filed against the Company by the insurance carriers seeking reimbursement for $10 million in defense and investigation costs previously paid to the Company, and a declaration that no further amounts will be payable with respect to that policy period. The timing of the resolution is unknown for this matter.

From time to time, the Company’s view regarding probability of loss with respect to outstanding legal proceedings will change, proceedings for which the Company is able to estimate a loss or range of loss will change, and the estimates themselves will change. In addition, while many matters presented in financial disclosures involve significant judgment and may be subject to significant uncertainties, estimates with respect to legal proceedings are subject to particular uncertainties. Other than as described above, the Company believes that all current proceedings are routine in nature and incidental to the conduct of its business. However, the matters described above, if decided adversely to or settled by the Company, could result, individually or in the aggregate, in a liability material to the Company's consolidated financial position, results of operations or cash flows.

NOTE 10. STOCKHOLDERS' EQUITY

The Company's Class A Common Stock and Class B Convertible Common Stock have an authorized number of 400.0 million shares and 34.45 million shares, respectively, and each have a par value of $0.0003 1/3 per share as of December 31, 2022. Holders of Class A Common Stock and Class B Convertible Common Stock have identical rights, including liquidation preferences, except that the holders of Class A Common Stock are entitled to one vote per share and holders of Class B Convertible Common Stock are entitled to 10 votes per share on all matters submitted to a stockholder vote. Class B Convertible Common Stock may only be held by Kevin Plank, the Company's founder, Executive Chairman and Brand Chief, or a related party of Mr. Plank, as defined in the Company's charter. As a result, Mr. Plank has a majority voting control over the Company. Upon the transfer of shares of Class B Convertible Stock to a person other than Mr. Plank or a related party of Mr. Plank, the shares automatically convert into shares of Class A Common Stock on a one-for-one basis. In addition, all of the outstanding shares of Class B Convertible Common Stock will automatically convert into shares of Class A Common Stock on a one-for-one basis upon the death or disability of Mr. Plank or on the record date for any stockholders' meeting upon which the shares of Class A Common Stock and Class B Convertible Common Stock beneficially owned by Mr. Plank is less than 15% of the total shares of Class A Common Stock and Class B Convertible Common Stock outstanding or upon the other events specified in the Class C Articles Supplementary to the Company's charter as documented below. Holders of the Company's common stock are entitled to receive dividends when and if authorized and declared out of assets legally available for the payment of dividends.

The Company's Class C Common Stock has an authorized number of 400.0 million shares and have a par value of $0.0003 1/3 per share as of December 31, 2022. The terms of the Class C Common Stock are substantially identical to those of the Company's Class A Common Stock, except that the Class C Common Stock has no voting rights (except in limited circumstances), will automatically convert into Class A Common Stock under certain circumstances and includes provisions intended to ensure equal treatment of Class C Common Stock and Class B Common Stock in certain corporate transactions, such as mergers, consolidations, statutory share exchanges, conversions or negotiated tender offers, and including consideration incidental to these transactions.

Share Repurchase Program

On February 23, 2022, the Company's Board of Directors authorized the Company to repurchase up to $500 million (exclusive of fees and commissions) of outstanding shares of the Company's Class C Common Stock over the next two years. The Class C Common Stock may be repurchased from time to time at prevailing prices in the open market, through plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, via private purchases through forward, derivative, accelerated share repurchase transactions or otherwise, subject to applicable regulatory restrictions on volume, pricing and timing. The timing and amount of any repurchases will depend on market conditions, the Company's financial condition, results of operations, liquidity and other factors.

During the three months ended December 31, 2022, the Company entered into supplemental confirmations (collectively the "November ASR Agreements") of accelerated share repurchase transactions with each of JPMorgan Chase Bank, National Association, Bank of America, N.A. and Citibank, N.A. (collectively the "Dealers") to repurchase $75.0 million of the Company's Class C Common Stock. Pursuant to the November ASR Agreements, during the three months ended December 31, 2022, the Company received a total of 7.8 million shares of Class C Common Stock from the Dealers, which were immediately retired. As a result, $65.0 million was recorded to retained earnings to reflect the difference between the market price of the Class C Common Stock repurchased and its par value.

During the nine months ended December 31, 2022, pursuant to the November ASR Agreements and the previously disclosed accelerated share repurchase transactions that the Company entered into in February 2022, May 2022 and August 2022 (together with the November ASR Agreements, the "ASR Agreements") the Company repurchased 17.7 million shares of Class C Common Stock, which were immediately retired. As a result, $164.4 million was recorded to retained earnings to reflect the difference between the market price of the Class C Common Stock repurchased and its par value.

The final number of shares that the Company ultimately repurchased under the November ASR Agreements was determined based on the average of the Rule 10b-18 volume-weighted average prices of the Company’s Class C Common Stock during the terms of the transactions, less an agreed discount, and subject to adjustments pursuant to the terms of the November ASR Agreements. Subsequent to the quarter end, in January 2023, the final settlement under the November ASR Agreements occurred and the Company received and immediately retired an additional 1.0 million shares of its Class C Common Stock.

As of the date of this Quarterly Report of Form 10-Q, the Company has repurchased a total of $425 million or 34.9 million outstanding shares of its Class C Common Stock under its share repurchase program.

NOTE 11. REVENUES

The following tables summarize the Company's net revenues by product category and distribution channels:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Apparel	$ 1,075,714	$ 1,098,784	$ 2,982,410	$ 3,031,208
Footwear	354,389	282,721	1,077,525	955,080
Accessories	104,875	106,650	312,823	344,498
Net Sales	1,534,978	1,488,155	4,372,758	4,330,786
License revenues	29,734	36,606	90,992	90,966
Corporate Other	17,069	4,444	40,973	4,519
Total net revenues	$ 1,581,781	$ 1,529,205	$ 4,504,723	$ 4,426,271

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Wholesale	$ 819,781	$ 767,896	$ 2,559,621	$ 2,446,162
Direct-to-consumer	715,197	720,259	1,813,137	1,884,624
Net Sales	1,534,978	1,488,155	4,372,758	4,330,786
License revenues	29,734	36,606	90,992	90,966
Corporate Other	17,069	4,444	40,973	4,519
Total net revenues	$ 1,581,781	$ 1,529,205	$ 4,504,723	$ 4,426,271

The Company records reductions to revenue for estimated customer returns, allowances, markdowns and discounts. These reserves are included within customer refund liability and the value of the inventory associated with reserves for sales returns are included within prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets. The following table presents the customer refund liability, as well as the associated value of inventory for the periods indicated:

	As of December 31, 2022	As of March 31, 2022
Customer refund liability	$ 172,190	$ 159,628
Inventory associated with reserves for sales returns	$ 45,221	$ 44,291

Contract Liabilities

Contract liabilities are recorded when a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional, before the transfer of a good or service to the customer, and thus represent the Company's obligation to transfer the good or service to the customer at a future date. The Company's contract liabilities primarily consist of payments received in advance of revenue recognition for subscriptions for the Company's digital fitness applications and royalty arrangements, included in other current and other long-term liabilities, and gift cards, included in accrued expenses on the Company's Condensed Consolidated Balance Sheets. As of December 31, 2022 and March 31, 2022, contract liabilities were $27.3 million and $35.3 million, respectively.

During the three months ended December 31, 2022, the Company completed an assessment of its process for estimating revenue recognized for gift card balances not expected to be redeemed (“breakage”). Based on the assessment, which included analyzing historical gift card redemption data, the Company has determined that substantially all of its gift cards are redeemed within 24 months of issuance, and after 24 months the likelihood of a gift card being redeemed is remote. Therefore, to the extent that it does not have a legal obligation to remit the value of such unredeemed gift cards to the relevant jurisdiction as unclaimed or abandoned property, the Company recognizes gift card breakage at that time when the likelihood of the gift card being redeemed is remote, which the Company has determined to be 24 months following its issuance. As a result, the Company recognized approximately $10.1 million of revenue during the three months ended December 31, 2022, that was previously included in contract liabilities, which benefited net income by $10.1 million, or $0.02 per share of Class A, B and C Common Stock.

For the three and nine months ended December 31, 2022, including the breakage discussed above, the Company recognized approximately $12.0 million and $18.1 million, respectively, of revenue that was previously included in contract liabilities as of March 31, 2022. During the three and nine months ended December 31, 2021, the Company recognized approximately $2.7 million and $9.2 million, respectively, of revenue that was previously included in contract liabilities as of March 31, 2021. The change in the contract liabilities balance primarily results from the timing differences between the Company's satisfaction of performance obligations and the customer's payment, and with respect to the three and nine months ended December 31, 2022, the breakage discussed above. Commissions related to subscription revenue are capitalized and recognized over the subscription period.

NOTE 12. RESTRUCTURING AND RELATED IMPAIRMENT CHARGES

During Fiscal 2020, the Company's Board of Directors approved a restructuring plan ranging between $550 million to $600 million in costs (the "2020 restructuring plan") designed to rebalance the Company's cost base to further improve profitability and cash flow generation. The Company concluded the 2020 restructuring plan during the three months ended March 31, 2022.

Restructuring and related impairment charges and recoveries require the Company to make certain judgments and estimates regarding the amount and timing as to when these charges or recoveries occur. The estimated liability could change subsequent to its recognition, requiring adjustments to the expense and the liability recorded. On a quarterly basis, the Company conducts an evaluation of the related liabilities and expenses and revises its assumptions and estimates as appropriate, as new or updated information becomes available. No adjustments to expense were recorded during the three and nine months ended December 31, 2022.

All restructuring and related impairment charges are included in the Company's Corporate Other segment. A summary of the activity in the restructuring reserve related to the Company's 2020 restructuring plan, as well as prior restructuring plans in 2018 and 2017 are as follows:

	Employee Related Costs	Contract Exit C
Balance at March 31, 2022	$ 2,672	$
Net additions (recoveries) charged to expense	—	
Cash payments	(1,057)	(
Foreign exchange and other	(63)	
Balance at December 31, 2022	$ 1,552	$

NOTE 13. OTHER EMPLOYEE BENEFITS

The Company offers a 401(k) Deferred Compensation Plan for the benefit of eligible employees. Employee contributions are voluntary and subject to Internal Revenue Service limitations. The Company matches a portion of the participant's contribution and recorded expense for the three and nine months ended December 31, 2022 of $2.2 million and $6.4 million, respectively (three and nine months ended December 31, 2021: $2.3 million and $6.5 million, respectively).

In addition, the Company offers the Under Armour, Inc. Deferred Compensation Plan which allows a select group of management or highly compensated employees, as approved by the Human Capital and Compensation Committee of the Board of Directors, to make an annual base salary and/or bonus deferral for each year. As of December 31, 2022 and March 31, 2022, the Deferred Compensation Plan obligations were $11.5 million and $14.2 million, respectively, and were included in other long term liabilities on the Condensed Consolidated Balance Sheets.

The Company established a Rabbi Trust to fund obligations to participants in the Deferred Compensation Plan. As of December 31, 2022 and March 31, 2022, the assets held in the Rabbi Trust were trust owned life insurance ("TOLI") policies with cash-surrender values of $7.3 million and $8.4 million, respectively. These assets are consolidated and are included in other long term assets on the Condensed Consolidated Balance Sheets. Refer to Note 15 for a discussion of the fair value measurements of the assets held in the Rabbi Trust and the Deferred Compensation Plan obligations.

NOTE 14. STOCK BASED COMPENSATION

The Under Armour, Inc. Third Amended and Restated 2005 Omnibus Long-Term Incentive Plan as amended (the "2005 Plan") provides for the issuance of stock options, restricted stock, restricted stock units and other equity awards to officers, directors, key employees and other persons. The 2005 Plan terminates in 2029. As of December 31, 2022, 8.3 million Class A shares and 25.0 million Class C shares are available for future grants of awards under the 2005 Plan.

Awards Granted to Employees and Non-Employee Directors

Total stock-based compensation expense associated with awards granted to employees and non-employee directors for the three and nine months ended December 31, 2022 was $9.7 million and $29.4 million, respectively (three and nine months ended December 31, 2021: $10.8 million and $33.4 million, respectively). As of December 31, 2022, the Company had $75.2 million of unrecognized compensation expense related to these awards expected to be recognized over a weighted average period of 2.12 years. Refer to "Stock Options" and "Restricted Stock and Restricted Stock Unit Awards" below for further information on these awards.

A summary of each of these plans is as follows:

Employee Stock Compensation Plan

Stock options, restricted stock and restricted stock unit awards under the 2005 Plan generally vest ratably over a period of two to five years. The contractual term for stock options is generally 10 years from the date of grant. The Company generally receives a tax deduction for any ordinary income recognized by a participant in respect to an award under the 2005 Plan.

Non-Employee Director Compensation Plan

The Company's Non-Employee Director Compensation Plan (the "Director Compensation Plan") provides for cash compensation and equity awards to non-employee directors of the Company under the 2005 Plan. Non-employee directors have the option to defer the value of their annual cash retainers as deferred stock units in accordance with the Under Armour, Inc. Non-Employee Deferred Stock Unit Plan (the "DSU Plan"). Each new non-employee director receives an award of restricted stock units upon the initial election to the Board of Directors, with the units covering stock valued at $100 thousand on the grant date and vesting in three equal annual installments. In addition, each non-employee director receives, following each annual stockholders' meeting, a grant under the 2005 Plan of restricted stock units covering stock valued at $150 thousand on the grant date. However, in May 2022, following the 2022 annual stockholders' meeting, each non-employee director received a grant under the 2005 plan of restricted stock units covering stock valued at $187.5 thousand to account for the Company's change in fiscal year. Each award vests 100% on the date of the next annual stockholders' meeting following the grant date.

The receipt of the shares otherwise deliverable upon vesting of the restricted stock units automatically defers into deferred stock units under the DSU Plan. Under the DSU Plan each deferred stock unit represents the Company's obligation to issue one share of the Company's Class A or Class C Common Stock with the shares delivered six months following the termination of the director's service. The Company had 0.8 million deferred stock units outstanding as of December 31, 2022.

Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan (the "ESPP") allows for the purchase of Class A Common Stock and Class C Common Stock by all eligible employees at a 15% discount from fair market value subject to certain limits as defined in the ESPP. As of December 31, 2022, 2.7 million Class A shares and 1.3 million Class C shares are available for future purchases under the ESPP. During the three and nine months ended December 31, 2022, 119.5 thousand and 412.5 thousand Class C shares were purchased under the ESPP, respectively (three and nine months ended December 31, 2021: 56.8 thousand and 175.7 thousand, respectively).

Awards granted to Marketing Partners

In addition to the plans discussed above, the Company may also, from time to time, issue deferred stock units or restricted stock units to certain of our marketing partners in connection with their entering into endorsement and other marketing services agreements with us. The terms of each agreement set forth the number of units to be granted and the delivery dates for the shares, which range over a multi-year period, depending on the contract.

Total stock-based compensation expense related to these awards for the three and nine months ended December 31, 2022 was $0.8 million and $2.5 million, respectively (three and nine months ended December 31, 2021: $0.9 million and $2.6 million, respectively). As of December 31, 2022, we had $5.1 million of unrecognized compensation expense associated with these awards expected to be recognized over a weighted average period of 1.87 years.

Summary by Award Classification:

Stock Options

A summary of the Company's stock options activity for the nine months ended December 31, 2022 is presented below:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Total Intrinsic Value
Outstanding at March 31, 2022	1,578	$ 19.44	5.82	$ 217
Granted, at fair market value	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Outstanding at December 31, 2022	1,578	$ 19.44	5.07	$ —
Options exercisable at December 31, 2022	1,369	$ 19.92	4.81	$ —

Restricted Stock and Restricted Stock Unit Awards

A summary of the Company's restricted stock and restricted stock unit awards activity for the nine months ended December 31, 2022 is presented below:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Outstanding at March 31, 2022	7,807	$ 16.57
Granted	2,383	8.83
Forfeited	(1,698)	15.25
Vested	(563)	17.08
Outstanding at December 31, 2022	7,929	$ 14.53

Included in the table above are 1.2 million performance-based restricted stock units awarded to certain executives and key employees under the 2005 Plan during the three months ended June 30, 2022. The performance-based restricted stock units awarded have a weighted average fair value of $9.13 and have vesting that is tied to the achievement of certain combined annual revenue and operating income targets. During the three and nine months ended December 31, 2022, the Company deemed the achievement of these targets probable and recorded $0.8 million and $2.1 million, respectively, of compensation expense related to these awards.

NOTE 15. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value accounting guidance outlines a valuation framework, creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures, and prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company's financial assets (liabilities) measured at fair value on a recurring basis consisted of the following types of instruments as of the following periods:

	December 31, 2022			March 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative foreign currency contracts (see Note 16)	$ —	$ 21,831	$ —	$ —	$ 988	$ —
TOLI policies held by the Rabbi Trust (see Note 13)	$ —	$ 7,308	$ —	$ —	$ 8,379	$ —
Deferred Compensation Plan obligations (see Note 13)	$ —	$ (11,463)	$ —	$ —	$ (14,230)	$ —

Fair values of the financial assets and liabilities listed above are determined using inputs that use as their basis readily observable market data that are actively quoted and are validated through external sources, including third-party pricing services and brokers. The foreign currency contracts represent unrealized gains and losses on derivative contracts, which is the net difference between the U.S. dollar value to be received or paid at the contracts' settlement date and the U.S. dollar value of the foreign currency to be sold or purchased at the current market exchange rate. The fair value of the TOLI policies held by the Rabbi Trust are based on the cash-surrender value of the life insurance policies, which are invested primarily in mutual funds and a separately managed fixed income fund. These investments are initially made in the same funds and purchased in substantially the same amounts as the selected investments of participants in the Under Armour, Inc. Deferred Compensation Plan (the "Deferred Compensation Plan"), which represent the underlying liabilities to participants in the Deferred Compensation Plan. Liabilities under the Deferred Compensation Plan are recorded at amounts due to participants, based on the fair value of participants' selected investments.

The fair value of long term debt is estimated based upon quoted prices for similar instruments or quoted prices for identical instruments in inactive markets (Level 2).

As of December 31, 2022 and March 31, 2022, the fair value of the Convertible Senior Notes was $91.3 million and $126.6 million, respectively.

As of December 31, 2022 and March 31, 2022, the fair value of the Senior Notes was $536.6 million and $580.0 million, respectively.

Certain assets are not remeasured to fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. These assets can include long-lived assets and goodwill that have been reduced to fair value when impaired. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs.

NOTE 16. RISK MANAGEMENT AND DERIVATIVES

The Company is exposed to global market risks, including the effects of changes in foreign currency and interest rates. The Company uses derivative instruments to manage financial exposures that occur in the normal course of business and does not hold or issue derivatives for trading or speculative purposes.

The Company may elect to designate certain derivatives as hedging instruments under U.S. GAAP. The Company formally documents all relationships between designated hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking all derivatives designated as hedges to forecasted cash flows and assessing, both at inception and on an ongoing basis, the effectiveness of the hedging relationships.

The Company's foreign exchange risk management program consists of designated cash flow hedges and undesignated hedges. As of December 31, 2022, the Company has hedge instruments primarily for:

- British Pound/U.S. Dollar;
- U.S. Dollar/Chinese Renminbi;
- Euro/U.S. Dollar;
- U.S. Dollar/Canadian Dollar;
- U.S. Dollar/Mexican Peso; and
- U.S. Dollar/Korean Won.

All derivatives are recognized on the Condensed Consolidated Balance Sheets at fair value and classified based on the instrument's maturity date.

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The following table presents the fair values of derivative instruments within the Condensed Consolidated Balance Sheets. Refer to Note 15 of the Condensed Consolidated Financial Statements for a discussion of the fair value measurements.

	Balance Sheet Classification	December 31, 2022	March 31, 20
Derivatives designated as hedging instruments under ASC 815			
Foreign currency contracts	Other current assets	$ 36,683	$
Foreign currency contracts	Other long term assets	4,984	
Total derivative assets designated as hedging instruments		$ 41,667	$
Foreign currency contracts	Other current liabilities	$ 11,192	$
Foreign currency contracts	Other long term liabilities	6,470	
Total derivative liabilities designated as hedging instruments		$ 17,662	$
Derivatives not designated as hedging instruments under ASC 815			
Foreign currency contracts	Other current assets	$ 1,903	$
Total derivative assets not designated as hedging instruments		$ 1,903	$
Foreign currency contracts	Other current liabilities	$ 10,740	$
Total derivative liabilities not designated as hedging instruments		$ 10,740	$

The following table presents the amounts in the Condensed Consolidated Statements of Operations in which the effects of cash flow hedges are recorded and the effects of cash flow hedge activity on these line items:

	Three months ended December 31,				Nine months ended December 31,			
	2022		2021		2022		2021	
	Total	Amount of Gain (Loss) on Cash Flow Hedge Activity	Total	Amount of Gain (Loss) on Cash Flow Hedge Activity	Total	Amount of Gain (Loss) on Cash Flow Hedge Activity	Total	Amount of Gain (Loss) on Cash Flow Hedge Activity
Net revenues	$ 1,581,781	$ 15,441	$ 1,529,205	$ 1,067	$ 4,504,723	$ 35,692	$ 4,426,271	$ (3,263)
Cost of goods sold	$ 883,376	$ 1,633	$ 753,272	$ (3,239)	$ 2,462,287	$ (1,206)	$ 2,193,413	$ (9,607)
Interest income (expense), net	$ (1,615)	$ (9)	$ (7,595)	$ (10)	$ (11,175)	$ (27)	$ (30,163)	$ (28)
Other income (expense), net	$ 47,312	$ —	$ 24,037	$ —	$ 27,300	$ —	$ (43,933)	$ —

The following tables present the amounts affecting the Condensed Consolidated Statements of Comprehensive Income (Loss):

	Balance as of September 30, 2022	Amount of gain (loss) recognized in other comprehensive income (loss) on derivatives	Amount of gain (loss) reclassified from other comprehensive income (loss) into income	Balance as of December 31, 2022
Derivatives designated as cash flow hedges				
Foreign currency contracts	$ 112,003	$ (68,165)	$ 17,074	$ 26,764
Interest rate swaps	(477)	—	(9)	(468)
Total designated as cash flow hedges	$ 111,526	$ (68,165)	$ 17,065	$ 26,296

	Balance as of March 31, 2022	Amount of gain (loss) recognized in other comprehensive income (loss) on derivatives	Amount of gain (loss) reclassified from other comprehensive income (loss) into income	Balance as of Decemb 31, 2022
Derivatives designated as cash flow hedges				
Foreign currency contracts	$ 41	$ 61,209	$ 34,486	$ 26,76
Interest rate swaps	(495)	—	(27)	$ (46
Total designated as cash flow hedges	$ (454)	$ 61,209	$ 34,459	$ 26,29

	Balance as of September 30, 2021	Amount of gain (loss) recognized in other comprehensive income (loss) on derivatives	Amount of gain (loss) reclassified from other comprehensive income (loss) into income	Balance as of December 31, 2021
Derivatives designated as cash flow hedges				
Foreign currency contracts	$ 13	$ (3,802)	$ (2,172)	$ (1,617)
Interest rate swaps	(513)	—	(9)	(504)
Total designated as cash flow hedges	$ (500)	$ (3,802)	$ (2,181)	$ (2,121)

	Balance as of March 31, 2021	Amount of gain (loss) recognized in other comprehensive income (loss) on derivatives	Amount of gain (loss) reclassified from other comprehensive income (loss) into income	Balance as of December 31, 2021
Derivatives designated as cash flow hedges				
Foreign currency contracts	$ (15,886)	$ 1,400	$ (12,869)	$ (1,617)
Interest rate swaps	(531)	—	(27)	(504)
Total designated as cash flow hedges	$ (16,417)	$ 1,400	$ (12,896)	$ (2,121)

The following table presents the amounts in the Condensed Consolidated Statements of Operations in which the effects of undesignated derivative instruments are recorded and the effects of fair value hedge activity on these line items:

	Three months ended December 31,				Nine months ended December 31,			
	2022		2021		2022		2021	
	Total	Amount of Gain (Loss) on Fair Value Hedge Activity	Total	Amount of Gain (Loss) on Fair Value Hedge Activity	Total	Amount of Gain (Loss) on Fair Value Hedge Activity	Total	Amount of Gain (Loss) on Fair Value Hedge Activity
Other income (expense), net	$ 47,312	$ 3,857	$ 24,037	$ (5,305)	$ 27,300	$ (994)	$ (43,933)	$ (5,765)

Cash Flow Hedges

The Company is exposed to gains and losses resulting from fluctuations in foreign currency exchange rates relating to transactions generated by its international subsidiaries in currencies other than their local currencies. These gains and losses are driven by non-functional currency generated revenue, non-functional currency inventory purchases, investments in U.S. Dollar denominated available-for-sale debt securities, and certain other intercompany transactions. The Company enters into foreign currency contracts to reduce the risk associated with the foreign currency exchange rate fluctuations on these transactions. Certain contracts are designated as cash flow hedges. As of December 31, 2022 and March 31, 2022 the aggregate notional value of the Company's outstanding cash flow hedges was $1,005.2 million and $1,096.5 million, respectively, with contract maturities ranging from one to twenty-four months.

The Company may enter into long term debt arrangements with various lenders which bear a range of fixed and variable rates of interest. The nature and amount of the Company's long term debt can be expected to vary as a result of future business requirements, market conditions and other factors. The Company may elect to enter into interest rate swap contracts to reduce the impact associated with interest rate fluctuations. The interest rate swap contracts are accounted for as cash flow hedges. Refer to Note 8 of the Condensed Consolidated Financial Statements for a discussion of long term debt.

For contracts designated as cash flow hedges, the changes in fair value are reported as other comprehensive income (loss) and are recognized in current earnings in the period or periods during which the hedged transaction affects current earnings. Effective hedge results are classified in the Condensed Consolidated Statements of Operations in the same manner as the underlying exposure.

Undesignated Derivative Instruments

The Company has entered into foreign exchange forward contracts to mitigate the change in fair value of specific assets and liabilities on the Condensed Consolidated Balance Sheets. Undesignated instruments are recorded at fair value as a derivative asset or liability on the Condensed Consolidated Balance Sheets with their corresponding change in fair value recognized in other expense, net, together with the re-measurement gain or loss from the hedged balance sheet position. As of December 31, 2022 and March 31, 2022, the total notional value of the Company's outstanding undesignated derivative instruments was $450.4 million and $228.4 million, respectively.

Credit Risk

The Company enters into derivative contracts with major financial institutions with investment grade credit ratings and is exposed to credit losses in the event of non-performance by these financial institutions. This credit risk is generally limited to the unrealized gains in the derivative contracts. However, the Company monitors the credit quality of these financial institutions and considers the risk of counterparty default to be minimal.

NOTE 17. PROVISION FOR INCOME TAXES

For the period ended December 31, 2022, the Company computes its quarterly income tax provision under the effective tax rate method by applying an estimated anticipated annual effective rate to our year-to-date income, except for significant and unusual or extraordinary transactions. Losses from jurisdictions for which no benefit can be recognized are excluded from the overall computations of the estimated annual effective tax rate and a separate estimated annual effective tax rate is computed and applied to ordinary income or loss in the loss jurisdiction. Income taxes for any significant and unusual or extraordinary transactions are computed and recorded in the period in which the specific transaction occurs. Due to the recent transition to a fiscal year ended March 31, the income taxes for the comparable period ended December 31, 2021, as reported in the Company's Annual Report on Form 10-K for Fiscal 2021, are accounted for under the asset and liability method wherein deferred income tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at tax rates expected to be in effect when such assets or liabilities are realized or settled.

The effective rates for income taxes were 13.4% and (6.6)% for the three months ended December 31, 2022 and 2021, respectively. The change in the Company’s effective tax rate was primarily driven by a greater proportion of U.S. federal valuation allowance release benefit in the prior period and the income tax effect of the method for accounting for income taxes, the proportion of earnings subject to tax in the United States as compared to foreign jurisdictions, and one-time discrete items in each period.

The effective rates for income taxes were 17.7% and 7.3% for the nine months ended December 31, 2022 and 2021, respectively. The change in the Company’s effective tax rate was primarily driven by a greater proportion of U.S. federal valuation allowance release benefit in the prior period and the income tax effect of the method for accounting for income taxes in each period.

On August 16, 2022, the Inflation Reduction Act (the "Act") was enacted and signed into law in the United States. The Act contains a number of revisions to the Internal Revenue Code, including a 15% corporate minimum tax and a 1% excise tax on corporate stock repurchases in tax years beginning after December 31, 2022. The Company does not expect these tax provisions to have a material impact to the consolidated financial statements.

Valuation Allowance

The Company evaluates on a quarterly basis whether the deferred tax assets are realizable which requires significant judgment. The Company considers all available positive and negative evidence, including historical operating performance and expectations of future operating performance. To the extent the Company believes it is more likely than not that all or some portion of the asset will not be realized, valuation allowances are established against the Company's deferred tax assets, which increase income tax expense in the period when such a determination is made.

As noted in the Company's Annual Report on Form 10-K for Fiscal 2021, a significant portion of the Company’s deferred tax assets relate to United States federal and state taxing jurisdictions. Realization of these deferred tax assets is dependent on future U.S. pre-tax earnings. As of December 31, 2022, the Company continues to believe that the weight of the negative evidence outweighs the positive evidence regarding the realization of the Company’s U.S. federal and the majority of the U.S. state deferred tax assets. Accordingly, the Company continues to maintain a valuation allowance on these deferred tax assets. Furthermore, consistent with prior periods, valuation allowances have also been recorded against a portion of foreign deferred tax assets in jurisdictions where the weight of negative evidence outweighs the positive evidence regarding the realization of deferred tax assets.

As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. The Company's current forecast for the United States indicates that it is reasonably possible that additional deferred taxes could be realizable during the current fiscal year-end based on near term trend towards three-year cumulative taxable earnings. The actualization of these forecasted results may potentially outweigh the negative evidence, resulting in a reversal of all or a portion of previously recorded federal valuation allowances in the United States. The release of valuation allowances would result in a benefit to income tax expense in the period the release is recorded, which could have a material impact on net income. The timing and amount of the potential valuation allowance release are subject to significant management judgment, as well as prospective pre-tax earnings in the United States. The Company will continue to evaluate its ability to realize its net deferred tax assets on a quarterly basis.

NOTE 18. EARNINGS PER SHARE

The following represents a reconciliation from basic net income (loss) per share to diluted net income (loss) per share:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021[1]	2022	2021[1]
Numerator				
Net income (loss) - Basic	$ 121,617	$ 109,657	$ 216,224	$ 282,308
Interest on Convertible Senior Notes due 2024, net of tax [2]	225	—	674	—
Net income (loss) - Diluted	$ 121,842	$ 109,657	$ 216,898	$ 282,308
Denominator				
Weighted average common shares outstanding Class A, B and C - Basic	448,833	476,178	453,840	468,627
Dilutive effect of Class A, B, and C securities [2]	1,915	3,510	1,668	3,050
Dilutive effect of Convertible Senior Notes due 2024 [2]	8,242	40	8,242	66
Weighted average common shares and dilutive securities outstanding Class A, B, and C	458,990	479,728	463,750	471,743
Class A and Class C securities excluded as anti-dilutive [3]	6,484	495	7,552	686
Basic net income (loss) per share of Class A, B and C common stock	$ 0.27	$ 0.23	$ 0.48	$ 0.60
Diluted net income (loss) per share of Class A, B and C common stock	$ 0.27	$ 0.23	$ 0.47	$ 0.60

[1] The Company adopted Accounting Standard Update No. 2020-06 "Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)" (ASU 2020-06) on January 1, 2022 using the modified retrospective transition approach. As a result, prior period comparatives have not been restated to conform to current period presentation.

[2] Effects of potentially dilutive securities are presented only in periods in which they are dilutive.

[3] Represents stock options and restricted stock units of Class A and Class C Common Stock outstanding that were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive.

NOTE 19. SEGMENT DATA

The Company's operating segments are based on how the Chief Operating Decision Maker ("CODM") makes decisions about allocating resources and assessing performance. As such, the CODM receives discrete financial information for the Company's principal business by geographic region based on the Company's strategy of being a global brand. These geographic regions include North America, Europe, the Middle East and Africa ("EMEA"), Asia-Pacific, and Latin America. Each geographic segment operates exclusively in one industry: the development, marketing and distribution of branded performance apparel, footwear and accessories. Total expenditures for additions to long-lived assets are not disclosed as this information is not regularly provided to the CODM.

The Company excludes certain corporate costs from its segment profitability measures. The Company reports these costs within Corporate Other, along with the revenue and costs related to the Company's MapMyRun and MapMyRide platforms (collectively "MMR") and other digital business opportunities, which is designed to provide increased transparency and comparability of the Company's operating segments' performance. Furthermore, the majority of the costs included within Corporate Other consist largely of general and administrative expenses not allocated to an operating segment, including expenses associated with centrally managed departments such as global marketing, global IT, global supply chain, innovation and other corporate support functions; costs related to the Company's global assets and global marketing; costs related to the Company's headquarters, such as restructuring charges; and certain foreign currency hedge gains and losses.

The following tables summarize the Company's net revenues and operating income (loss) by its geographic segments. Intercompany balances were eliminated for separate disclosure:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Net revenues				
North America	$ 1,037,637	$ 1,063,290	$ 2,958,816	$ 3,004,645
EMEA	265,250	200,203	733,110	648,628
Asia-Pacific	198,021	217,223	600,415	621,542
Latin America	63,804	44,045	171,409	146,937
Corporate Other	17,069	4,444	40,973	4,519
Total net revenues	$ 1,581,781	$ 1,529,205	$ 4,504,723	$ 4,426,271

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Operating income (loss)				
North America	$ 198,919	$ 243,395	$ 598,049	$ 761,531
EMEA	30,947	24,252	85,023	105,916
Asia-Pacific	10,811	21,823	76,890	86,398
Latin America	5,805	4,099	19,216	20,931
Corporate Other	(151,823)	(207,438)	(530,626)	(595,376)
Total operating income (loss)	94,659	86,131	248,552	379,400
Interest expense, net	(1,615)	(7,595)	(11,175)	(30,163)
Other income (expense), net	47,312	24,037	27,300	(43,933)
Income (loss) before income taxes	$ 140,356	$ 102,573	$ 264,677	$ 305,304

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help readers understand our results of operations and financial condition, and is provided as a supplement to, and should be read in conjunction with, our unaudited Condensed Consolidated Financial Statements and the accompanying Notes to our unaudited Condensed Consolidated Financial Statements under Part I, Item 1 of this Quarterly Report on Form 10-Q, in our Transition Report on Form 10-QT for the three months ended March 31, 2022, filed with the SEC on May 9, 2022, and our audited Consolidated Financial Statements and the accompanying Notes to our audited Consolidated Financial Statements included in our Annual Report on Form 10-K for Fiscal 2021, filed with the Securities Exchange Commission ("SEC") on February 23, 2022, under the captions "Business" and "Risk Factors".

This Quarterly Report on Form 10-Q, including this MD&A, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the U.S. Securities Act of 1933, as amended ("the Securities Act"), and is subject to the safe harbors created by those sections. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. See "Forward Looking Statements."

All dollar and percentage comparisons made herein refer to the three and nine months ended December 31, 2022 compared with the three and nine months ended December 31, 2021, unless otherwise noted.

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Form 10-Q, including this MD&A, constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, such as statements regarding our share repurchase program, our future financial condition or results of operations, our prospects and strategies for future growth, the impact of the COVID-19 pandemic on our business, expectations regarding promotional activities, freight, product cost pressures and foreign currency impacts, the impact of global economic conditions and inflation on our results of operations, the development and introduction of new products, the implementation of our marketing and branding strategies, and the future benefits and opportunities from significant investments. In many cases, you can identify forward-looking statements by terms such as "may," "will," "could," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "outlook," "potential" or the negative of these terms or other comparable terminology.

The forward-looking statements contained in this Form 10-Q reflect our current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause events or our actual activities or results to differ significantly from those expressed in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors could cause actual results to differ materially from those indicated by these forward-looking statements, including, but not limited to, those factors described in "Risk Factors" and MD&A herein and in our Annual Report on Form 10-K for Fiscal 2021. These factors include without limitation:

- changes in general economic or market conditions, including increasing inflation, that could affect overall consumer spending or our industry;
- the impact of the COVID-19 pandemic on our industry and our business, financial condition and results of operations, including recent impacts on the global supply chain;
- failure of our suppliers, manufacturers or logistics providers to produce or deliver our products in a timely or cost-effective manner;
- labor or other disruptions at ports or our suppliers or manufacturers;
- increased competition causing us to lose market share or reduce the prices of our products or to increase our marketing efforts significantly;
- fluctuations in the costs of raw materials and commodities we use in our products and our supply chain (including labor);
- changes to the financial health of our customers;

- our ability to successfully execute our long-term strategies;
- our ability to effectively drive operational efficiency in our business and realize expected benefits from restructuring plans;
- our ability to effectively develop and launch new, innovative and updated products;
- our ability to accurately forecast consumer shopping and engagement preferences and consumer demand for our products and manage our inventory in response to changing demands;
- loss of key customers, suppliers or manufacturers;
- our ability to further expand our business globally and to drive brand awareness and consumer acceptance of our products in other countries;
- our ability to manage the increasingly complex operations of our global business;
- the impact of global events beyond our control, including military conflict;
- our ability to successfully manage or realize expected results from significant transactions and investments;
- our ability to effectively market and maintain a positive brand image;
- our ability to effectively meet the expectations of our stakeholders with respect to environmental, social and governance practices;
- the availability, integration and effective operation of information systems and other technology, as well as any potential interruption of such systems or technology;
- any disruptions, delays or deficiencies in the design, implementation or application of our global operating and financial reporting information technology system;
- our ability to attract key talent and retain the services of our senior management and other key employees;
- our ability to access capital and financing required to manage our business on terms acceptable to us;
- our ability to accurately anticipate and respond to seasonal or quarterly fluctuations in our operating results;
- risks related to foreign currency exchange rate fluctuations;
- our ability to comply with existing trade and other regulations, and the potential impact of new trade, tariff and tax regulations on our profitability;
- risks related to data security or privacy breaches; and
- our potential exposure to litigation and other proceedings.

The forward-looking statements contained in this Form 10-Q reflect our views and assumptions only as of the date of this Form 10-Q. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

OVERVIEW

We are a leading developer, marketer, and distributor of branded performance apparel, footwear, and accessories. Our brand's moisture-wicking fabrications are engineered in various designs and styles for wear in nearly every climate to provide a performance alternative to traditional products. Our products are sold worldwide and worn by athletes at all levels, from youth to professional, on playing fields around the globe, and by consumers with active lifestyles.

Strategically and operationally, we remain focused on driving premium brand-right growth and improved profitability. Over the long term, our growth strategy is predicated on delivering industry-leading product innovation; sustained demand for our products; return-driven investments focused on connecting with our consumers through marketing activations and premium experiences; and the expansion of our direct-to-consumer and international businesses.

During the three months ended December 31, 2022, we faced a challenging retail environment that included higher promotions and discounting related to industry-wide elevated inventory balances, ongoing COVID-19 related impacts in China and further negative impacts from changes in foreign currency rates.

Quarterly Results

Financial highlights for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021 include:

- Total net revenues increased 3.4%.
- Within our channels, wholesale revenue increased 6.8% and direct-to-consumer revenue decreased by 0.7%.
- Within our product categories, apparel revenue decreased 2.1%, footwear revenue increased 25.3%, and accessories revenue decreased 1.7%.
- Net revenue decreased 2.4% in North America, increased 32.5% in EMEA, decreased 8.8% in Asia-Pacific, and increased 44.9% in Latin America.
- Gross margin decreased 650 basis points to 44.2%.
- Selling, general and administrative expenses decreased 10.6%.

COVID-19 Update

The COVID-19 pandemic has caused, and may continue to cause, disruption and volatility in our business and in the businesses of our wholesale customers, licensing partners, suppliers, logistics providers and vendors.

For instance, during the three months ended December 31, 2022, ongoing impacts of the COVID-19 pandemic in China caused labor disruptions resulting in temporary closures and placed certain restrictions on our Brand and Factory House stores, distribution centers and corporate facilities in China, as well as negatively impacted consumer traffic and demand. Although, as of December 31, 2022, substantially all of our Brand and Factory House stores, distribution centers and corporate facilities in China were open, we may continue to experience varying degrees of volatility, business disruptions and periods of closure, which may continue to negatively impact our financial results.

Previously, the COVID-19 pandemic caused global logistical challenges, including increased freight costs, shipping container shortages, transportation delays, labor shortages and port congestion. These challenges disrupted some of our normal inbound and outbound inventory flow, which required us to incur increased freight costs, and caused us to make strategic decisions working with certain of our vendors and customers to cancel orders affected by capacity issues and supply chain delays. We continue to see improvements across our supply chain, including progress towards a return to pre-pandemic production efficiency and improving ocean freight times, which reduced our reliance on air freight. However, we expect that some of the challenges caused by the COVID-19 pandemic and related impacts will continue to negatively impact our financial results for Fiscal 2023.

For a more complete discussion of the COVID-19 related risks facing our business, refer to our "Risk Factors" section included in Item 1A of our Annual Report on Form 10-K for Fiscal 2021.

Effects of Inflation and Other Global Events

Macroeconomic factors, such as inflationary pressures and fluctuations in foreign currency exchange rates have and may continue to impact our business. We continue to monitor these factors and the potential impacts they may have on our financial results, including product input costs, freight costs and consumer discretionary spending and therefore consumer demand for our products.

In March 2022, we announced our decision to no longer ship our products for sale in Russia as a result of the ongoing conflict with Ukraine. We do not believe this will have a material impact on our revenues. However, we continue to monitor the broader impacts of the Russia Ukraine conflict on the global economy, including its effect on inflationary pressures and the price of oil globally.

See "Risk Factors—Economic and Industry Risks—*Our business depends on consumer purchases of discretionary items, which can be negatively impacted during an economic downturn or periods of inflation. This could materially harm our sales, profitability and financial condition*"; "—*Fluctuations in the cost of raw materials and commodities we use in our products and costs related to our supply chain could negatively affect our operating results*"; "—*Our financial results and ability to grow our business may be negatively impacted by global events beyond our control*"; and "—Financial Risks—*Our financial results could be adversely impacted by currency exchange rate fluctuations"* included in Item 1A of our Annual Report on Form 10-K for Fiscal 2021.

Segment Presentation and Marketing

Corporate Other consists primarily of revenue and costs related to our MapMyRun and MapMyRide platforms (collectively "MMR") and other digital business opportunities, as well as general and administrative expenses not allocated to an operating segment, including expenses associated with centrally managed departments such as global marketing, global IT, global supply chain, innovation, and other corporate support functions; costs related to our global assets and global marketing; costs related to our headquarters; restructuring and impairment related charges; and certain foreign currency hedge gains and losses.

Fiscal Year End Change

As previously disclosed, we changed our fiscal year end from December 31 to March 31, effective for the fiscal year beginning April 1, 2022. Our current fiscal year will run from April 1, 2022 through March 31, 2023 (Fiscal 2023). Consequently, there was no Fiscal 2022.

RESULTS OF OPERATIONS

The following tables set forth key components of our results of operations for the periods indicated, both in dollars and as a percentage of net revenues:

	Three months ended December 31,		Nine months ended December 31,	
(In thousands)	2022	2021	2022	2021
Net revenues	$ 1,581,781	$ 1,529,205	$ 4,504,723	$ 4,426,271
Cost of goods sold	883,376	753,272	2,462,287	2,193,413
Gross profit	698,405	775,933	2,042,436	2,232,858
Selling, general and administrative expenses	603,746	675,666	1,793,884	1,820,053
Restructuring and impairment charges	—	14,136	—	33,405
Income (loss) from operations	94,659	86,131	248,552	379,400
Interest income (expense), net	(1,615)	(7,595)	(11,175)	(30,163)
Other income (expense), net	47,312	24,037	27,300	(43,933)
Income (loss) before income taxes	140,356	102,573	264,677	305,304
Income tax expense (benefit)	18,811	(6,798)	46,719	22,191
Income (loss) from equity method investments	72	286	(1,734)	(805)
Net income (loss)	$ 121,617	$ 109,657	$ 216,224	$ 282,308

	Three months ended December 31,		Nine months ended December 31,	
(As a percentage of net revenues)	2022	2021	2022	2021
Net revenues	100.0 %	100.0 %	100.0 %	100.0
Cost of goods sold	55.8 %	49.3 %	54.7 %	49.6
Gross profit	44.2 %	50.7 %	45.3 %	50.4
Selling, general and administrative expenses	38.2 %	44.2 %	39.8 %	41.1
Restructuring and impairment charges	— %	0.9 %	— %	0.8
Income (loss) from operations	6.0 %	5.6 %	5.5 %	8.6
Interest income (expense), net	(0.1)%	(0.5)%	(0.2)%	(0.7
Other income (expense), net	3.0 %	1.6 %	0.6 %	(1.0
Income (loss) before income taxes	8.9 %	6.7 %	5.9 %	6.9
Income tax expense (benefit)	1.2 %	(0.4)%	1.0 %	0.5
Loss from equity method investment	— %	— %	— %	—
Net income (loss)	7.7 %	7.2 %	4.8 %	6.4

Revenues

Net revenues consist of net sales, license revenues, and revenues from digital subscriptions, other digital business opportunities and advertising. Net sales consist of sales from apparel, footwear and accessories products.

Our license revenues primarily consist of fees paid to us by licensees in exchange for the use of our trademarks on their products.

The following tables summarize net revenues by product category and distribution channel for the periods indicated:

	Three months ended December 31,				Nine months ended December 31,			
(In thousands)	2022	2021	Change $	Change %[1]	2022	2021	Change $	Change %[1]
Net Revenues by Product Category								
Apparel[2]	$ 1,075,714	$ 1,098,784	$ (23,070)	(2.1)%	$ 2,982,410	$ 3,031,208	$ (48,798)	(1.6)%
Footwear	354,389	282,721	71,668	25.3 %	1,077,525	955,080	122,445	12.8 %
Accessories	104,875	106,650	(1,775)	(1.7)%	312,823	344,498	(31,675)	(9.2)%
Net Sales	1,534,978	1,488,155	46,823	3.1 %	4,372,758	4,330,786	41,972	1.0 %
License revenues	29,734	36,606	(6,872)	(18.8)%	90,992	90,966	26	— %
Corporate Other[3]	17,069	4,444	12,625	N/M	40,973	4,519	36,454	N/M
Total net revenues	$ 1,581,781	$ 1,529,205	$ 52,576	3.4 %	$ 4,504,723	$ 4,426,271	$ 78,452	1.8 %
Net Revenues by Distribution Channel								
Wholesale	$ 819,781	$ 767,896	$ 51,885	6.8 %	$ 2,559,621	$ 2,446,162	$ 113,459	4.6 %
Direct-to-consumer[2]	715,197	720,259	(5,062)	(0.7)%	1,813,137	1,884,624	(71,487)	(3.8)%
Net Sales	1,534,978	1,488,155	46,823	3.1 %	4,372,758	4,330,786	41,972	1.0 %
License revenues	29,734	36,606	(6,872)	(18.8)%	90,992	90,966	26	— %
Corporate Other[3]	17,069	4,444	12,625	N/M	40,973	4,519	36,454	N/M
Total net revenues	$ 1,581,781	$ 1,529,205	$ 52,576	3.4 %	$ 4,504,723	$ 4,426,271	$ 78,452	1.8 %

[1] "N/M" = not meaningful

[2] During the three months ended December 31, 2022, we recognized approximately $10.1 million of revenue relating to gift cards not expected to be redeemed ("breakage"), which was previously included in contract liabilities. Refer to Note 11 of the Condensed Consolidated Financial Statements for additional details.

[3] Corporate Other primarily includes foreign currency hedge gains and losses related to revenues generated by entities within our operating segments but managed through our central foreign exchange risk management program, as well as subscription revenues from MMR and revenue from other digital business opportunities.

Net sales

Net sales increased by $46.8 million, or 3.1%, to $1,535.0 million during the three months ended December 31, 2022, from $1,488.2 million during the three months ended December 31, 2021. Footwear increased primarily due to higher unit sales which benefited from better product availability, partially offset by unfavorable channel mix. Apparel and accessories both decreased primarily due to lower average selling prices, resulting from higher discounts and promotions, and the impact of foreign exchange rates, partially offset by higher unit sales. Additionally apparel was positively impacted by the recognition of breakage relating to gift cards, as described in the table above. From a channel perspective, the increase in net sales was due to an increase in wholesale, partially offset by a decrease in direct-to-consumer.

Net sales increased by $42.0 million, or 1.0%, to $4,372.8 million during the nine months ended December 31, 2022, from $4,330.8 million during the nine months ended December 31, 2021. Footwear increased primarily due to higher unit sales, partially offset by the impact of foreign exchange rates and unfavorable channel mix. Apparel decreased primarily due to lower average selling prices resulting from higher discounts and promotions, and the impact of foreign exchange rates, partially offset by higher unit sales and the recognition of breakage relating to gift cards, as described in the table above. Accessories decreased primarily due to unfavorable product mix, the impact of foreign exchange rates, and lower average selling prices. From a channel perspective, the increase in net sales was due to an increase in wholesale, partially offset by a decrease in direct-to-consumer.

License revenues

License revenues decreased by $6.9 million, or 18.8%, to $29.7 million during the three months ended December 31, 2022, from $36.6 million during the three months ended December 31, 2021, primarily driven by the timing of royalty revenues from our Japanese licensee.

License revenues remained flat at $91.0 million during the nine months ended December 31, 2022 and 2021, respectively. This was primarily due to higher revenues from our licensing partners in the North America region, offset by lower revenues from our Japanese licensee.

Gross Profit

Cost of goods sold consists primarily of product costs, inbound freight and duty costs, outbound freight costs, handling costs to make products floor-ready to customer specifications, royalty payments to endorsers based on a predetermined percentage of sales of selected products, and write downs for inventory obsolescence. In general, as a percentage of net revenues, we expect cost of goods sold associated with our apparel and accessories to be lower than that of our footwear. A limited portion of cost of goods sold is associated with digital subscription and advertising revenues, primarily website hosting costs, and no cost of goods sold is associated with our license revenues.

We include outbound freight costs associated with shipping goods to customers as cost of goods sold; however, we include the majority of outbound handling costs as a component of selling, general and administrative expenses. As a result, our gross profit may not be comparable to that of other companies that include outbound handling costs in their cost of goods sold. Outbound handling costs include costs associated with preparing goods to ship to customers and certain costs to operate our distribution facilities. These costs were $19.6 million and $57.7 million for the three and nine months ended December 31, 2022 (three and nine months ended December 31, 2021: $19.6 million and $59.6 million, respectively).

Gross profit decreased by $77.5 million to $698.4 million during the three months ended December 31, 2022, as compared to $775.9 million during the three months ended December 31, 2021. Gross profit as a percentage of net revenues, or gross margin, decreased to 44.2% from 50.7%. This decrease in gross margin of 650 basis points was primarily driven by negative impacts of approximately:

- 400 basis points from higher promotions and discounting;
- 130 basis points from unfavorable channel impacts;
- 60 basis points from changes in foreign currency;
- 50 basis points from unfavorable regional mix; and
- 50 basis points from unfavorable product mix due to the strength of footwear sales.

These negative impacts were partially offset by benefits of approximately:

- 40 basis points of supply chain impact mainly due to lower freight costs.

Gross profit decreased by $190.4 million to $2,042.4 million during the nine months ended December 31, 2022, as compared to $2,232.9 million during the nine months ended December 31, 2021. Gross profit as a percentage of net revenues, or gross margin, decreased to 45.3% from 50.4%. This decrease in gross margin of 510 basis points was primarily driven by negative impacts of approximately:

- 240 basis points from higher promotions and discounting versus last year;
- 140 basis points from unfavorable channel, regional and product mix;
- 80 basis points from supply chain impact mainly due to elevated freight costs; and
- 50 basis points of negative impact from changes in foreign currency.

We expect higher discounting and promotional activities, elevated product input costs, freight costs and foreign exchange rate impacts to continue to negatively impact our gross margin in the near term.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist of costs related to marketing, selling, product innovation and supply chain, and corporate services. We consolidate our selling, general and administrative expenses into two primary categories: marketing and other. The other category is the sum of our selling, product innovation and supply chain, and corporate services categories. The marketing category consists primarily of sports and brand marketing, media, and retail presentation. Sports and brand marketing includes professional, club and collegiate sponsorship agreements, individual athlete and influencer agreements, and providing and selling products directly to teams and individual athletes. Media includes digital, broadcast, and print media outlets, including social and mobile media. Retail presentation includes sales displays and concept shops and depreciation expense specific to our in-store fixture programs. Our marketing costs are an important driver of our growth.

	Three months ended December 31,				Nine months ended December 31,			
(In thousands)	2022	2021	Change $	Change %	2022	2021	Change $	Change %
Selling, General and Administrative Expenses	$ 603,746	$ 675,666	$ (71,920)	(10.6)%	$ 1,793,884	$ 1,820,053	$ (26,169)	(1.4)%

Selling, general and administrative expenses decreased by $71.9 million, or 10.6%, during the three months ended December 31, 2022 as compared to the three months ended December 31, 2021. Within selling, general and administrative expense:

- Marketing costs decreased $34.1 million or 16.7%, due to lower marketing activity during the period. As a percentage of net revenues, marketing costs decreased to 10.8% from 13.4%.
- Other costs decreased $37.8 million or 8.0%, primarily driven by lower incentive compensation expense and lower consulting expenses. As a percentage of net revenues, other costs decreased to 27.4% from 30.8%.

As a percentage of net revenues, selling, general and administrative expenses decreased to 38.2% during the three months ended December 31, 2022 as compared to 44.2% during the three months ended December 31, 2021.

Selling, general and administrative expenses decreased by $26.2 million, or 1.4%, during the nine months ended December 31, 2022 as compared to the nine months ended December 31, 2021. Within selling, general and administrative expense:

- Marketing costs decreased $42.9 million or 8.4%, due to lower marketing activity during the period. As a percentage of net revenues, marketing costs decreased to 10.4% from 11.5%.
- Other costs increased $16.8 million or 1.3%, primarily driven by higher salaries, litigation related accrual, other selling expenses and travel-related expenses, partially offset by lower incentive compensation expense and lower consulting expenses. As a percentage of net revenues, other costs decreased to 29.4% from 29.6%.

As a percentage of net revenues, selling, general and administrative expenses decreased to 39.8% during the nine months ended December 31, 2022 as compared to 41.1% during the nine months ended December 31, 2021.

Restructuring and Impairment Charges

	Three months ended December 31,				Nine months ended December 31,			
(In thousands)	2022	2021	Change $	Change %	2022	2021	Change $	Change %
Restructuring and Impairment Charges	$ —	$ 14,136	$ (14,136)	(100.0)%	$ —	$ 33,405	$ (33,405)	(100.0)%

Restructuring and impairment charges within our operating expenses were $14.1 million and $33.4 million during the three and nine months ended December 31, 2021, respectively. No charges were recorded during the three and nine months ended December 31, 2022. See Note 12 to our Condensed Consolidated Financial Statements.

Interest Expense, net

Interest expense, net is primarily comprised of interest incurred on our debt facilities, offset by interest income earned on our cash and cash equivalents.

	Three months ended December 31,				Nine months ended December 31,			
(In thousands)	2022	2021	Change $	Change %	2022	2021	Change $	Ch
Interest expense, net	$ 1,615	$ 7,595	$ (5,980)	(78.7)%	$ 11,175	$ 30,163	$ (18,988)	(

Interest expense, net decreased by $6.0 million to $1.6 million during the three months ended December 31, 2022. This was primarily due to an increase in interest income and a reduction in interest expense on our

Convertible Senior Notes as a result of repurchasing approximately $419.1 million in aggregate principal amount during Fiscal 2021.

Interest expense, net decreased by $19.0 million to $11.2 million during the nine months ended December 31, 2022. This was primarily due to an increase in interest income and a reduction in interest expense on our Convertible Senior Notes as a result of repurchasing approximately $419.1 million in aggregate principal amount during Fiscal 2021. See Note 8 to our Condensed Consolidated Financial Statements.

Other Income (Expense), net

Other income (expense), net primarily consists of unrealized and realized gains and losses on our foreign currency derivative financial instruments, and unrealized and realized gains and losses on adjustments that arise from fluctuations in foreign currency exchange rates relating to transactions generated by our international subsidiaries. Other income (expense), net also includes rent expense relating to lease assets held solely for sublet purposes, primarily the lease related to our New York City, 5th Avenue location.

	Three months ended December 31,				Nine months ended December 31,			
(In thousands)	2022	2021	Change $	Change %	2022	2021	Change $	Change %
Other income (expense), net	$ 47,312	$ 24,037	$ 23,275	96.8 %	$ 27,300	$ (43,933)	$ 71,233	162.1

Other income (expense), net increased by $23.3 million to income of $47.3 million during the three months ended December 31, 2022. This was primarily due a higher earnout recorded in connection with the sale of the MyFitnessPal platform of $10.0 million, gains on foreign currency hedges of $9.2 million and gains from changes in foreign currency exchange rates of $3.3 million.

Other income (expense), net increased by $71.2 million to income of $27.3 million during the nine months ended December 31, 2022. This was primarily due to a loss of $58.5 million that was recognized during the nine months ended December 31, 2021 upon the extinguishment of $419.1 million in principal amount of our Convertible Senior Notes. Additionally, other income increased during the nine months ended December 31, 2022, due to a higher earnout recorded in connection with the sale of the MyFitnessPal platform of $10.0 million, gains on foreign currency hedges of $4.8 million, partially offset by losses from changes in foreign currency exchange rates of $2.5 million.

Income Tax Expense (Benefit)

	Three months ended December 31,				Nine months ended December 31,			
(In thousands)	2022	2021	Change $	Change %	2022	2021	Change $	Ch
Income tax expense (benefit)	$ 18,811	$ (6,798)	$ 25,609	(376.7)%	$ 46,719	$ 22,191	$ 24,528	1

Income tax expense increased $25.7 million to $18.8 million during the three months ended December 31, 2022, from income tax benefit of $6.8 million during the same period in 2021. For the three months ended December 31, 2022, our effective tax rate was 13.4% compared to (6.6)% for the same period in 2021. The change in our effective tax rate was primarily driven by a greater proportion of U.S. federal valuation allowance release benefit in the prior period and the income tax effect of the method for accounting for income taxes, the proportion of earnings subject to tax in the United States as compared to foreign jurisdictions, and one-time discrete items in each period.

Income tax expense decreased $24.5 million to $46.7 million during the nine months ended December 31, 2022, from income tax expense of $22.2 million during the same period in 2021. For the nine months ended December 31, 2022, our effective tax rate was 17.7% compared to 7.3% for the same period in 2021. The change in our effective tax rate was primarily driven by a greater proportion of U.S. federal valuation allowance release benefit in the prior period and the income tax effect of the method for accounting for income taxes in each period.

On August 16, 2022, the Inflation Reduction Act (the "Act") was enacted and signed into law in the United States. The Act contains a number of revisions to the Internal Revenue Code, including a 15% corporate minimum tax and a 1% excise tax on corporate stock repurchases in tax years beginning after December 31, 2022. We do not expect these tax provisions to have a material impact to our consolidated financial statements.

SEGMENT RESULTS OF OPERATIONS

Our operating segments are based on how our Chief Operating Decision Maker ("CODM") makes decisions about allocating resources and assessing performance. Our segments are defined by geographic regions, including North America, EMEA, Asia-Pacific, and Latin America.

We exclude certain corporate costs from our segment profitability measures. We report these costs within Corporate Other, which is designed to provide increased transparency and comparability of our operating segments' performance. The costs included within Corporate Other consists largely of revenue and costs related to our MMR platforms and other digital business opportunities, as well as general and administrative expenses not allocated to an operating segment, including expenses associated with centrally managed departments such as global marketing, global IT, global supply chain and innovation, and other corporate support functions; costs related to our global assets and global marketing; costs related to our headquarters; restructuring and restructuring related charges; and certain foreign currency hedge gains and losses.

The net revenues and operating income (loss) associated with our segments are summarized in the following tables.

Three Months Ended December 31, 2022 Compared to Three Months Ended December 31, 2021

Net Revenues

	Three months ended December 31,			
(In thousands)	2022	2021	$ Change	% Change[1]
North America[2]	$ 1,037,637	$ 1,063,290	$ (25,653)	(2.4)%
EMEA	265,250	200,203	65,047	32.5 %
Asia-Pacific	198,021	217,223	(19,202)	(8.8)%
Latin America	63,804	44,045	19,759	44.9 %
Corporate Other [3]	17,069	4,444	12,625	N/M
Total net revenues	$ 1,581,781	$ 1,529,205	$ 52,576	3.4 %

[1] "N/M" = not meaningful

[2] During the three months ended December 31, 2022, we recognized approximately $10.1 million of revenue relating to gift cards not expected to be redeemed ("breakage"), which was previously included in contract liabilities. Refer to Note 11 of the Condensed Consolidated Financial Statements for additional details.

[3] Corporate Other primarily includes foreign currency hedge gains and losses related to revenues generated by entities within our operating segments but managed through our central foreign exchange risk management program, as well as subscription revenues from MMR and revenue from other digital business opportunities.

The increase in total net revenues for the three months ended December 31, 2022, compared to the three months ended December 31, 2021, was driven by the following:

- Net revenues in our North America region decreased by $25.7 million, or 2.4%, to $1,037.6 million from $1,063.3 million. This was primarily driven by a decrease in our wholesale channel, partially offset by a slight increase in our direct to consumer channel, which includes the recognition of breakage relating to gift cards, as described in the table above. Within our direct to consumer channel, the slight increase in net revenues was due to an increase in e-commerce sales, offset by a decrease in owned and operated retail store sales.
- Net revenues in our EMEA region increased by $65.0 million, or 32.5%, to $265.3 million from $200.2 million. This was primarily driven by an increase in our wholesale channel, which benefited from earlier than planned shipments and strong sell-through in the quarter, and a slight increase in our direct to consumer channel. Within our direct to consumer channel, net revenues were up due to an increase in e-commerce sales and a slight increase in owned and operated retail store sales. Net revenues in our EMEA region were also negatively impacted by changes in foreign exchange rates.
- Net revenues in our Asia-Pacific region decreased by $19.2 million, or 8.8%, to $198.0 million from $217.2 million. This was driven by a decrease in our direct to consumer channel and a decrease in license revenues from our Japanese licensee, partially offset by an increase in our wholesale channel. Within our direct to consumer channel, net revenues were lower due to decreases in both e-commerce and owned and operated retail store sales, which were negatively impacted by COVID-19 related restrictions and limitations in China. Net revenues in our Asia-Pacific region were also negatively impacted by changes in foreign exchange rates.

- Net revenues in our Latin America region increased by $19.8 million, or 44.9%, to $63.8 million from $44.0 million. This was primarily driven by an increase in our wholesale channel, as we have moved to a distributor operating model for certain countries within this region. Within our direct to consumer channel, net revenues were slightly higher due to increases in both e-commerce and owned and operated retail store sales.
- Net revenues in our Corporate Other non-operating segment increased by $12.6 million to $17.1 million from $4.4 million. This was primarily driven by foreign currency hedge gains related to revenues generated by entities within our operating segments but managed through our central foreign exchange risk management program.

Operating Income (loss)

	Three months ended December 31,			
(In thousands)	2022	2021	$ Change	% Change
North America	$ 198,919	$ 243,395	$ (44,476)	(18.3)%
EMEA	30,947	24,252	6,695	27.6 %
Asia-Pacific	10,811	21,823	(11,012)	(50.5)%
Latin America	5,805	4,099	1,706	41.6 %
Corporate Other [1]	(151,823)	(207,438)	55,615	26.8 %
Total operating income (loss)	$ 94,659	$ 86,131	$ 8,528	9.9 %

[1] Corporate Other primarily includes foreign currency hedge gains and losses related to revenues generated by entities within our operating segments but managed through our central foreign exchange risk management program, as well as subscription revenues from MMR and revenue from other digital business opportunities. Corporate Other also includes expenses related to our central supporting functions.

The increase in total operating income for the three months ended December 31, 2022, compared to the three months ended December 31, 2021, was driven by the following:

- Operating income in our North America region decreased by $44.5 million to $198.9 million from $243.4 million. This was primarily due to a decline in gross profit driven by higher product input costs, increased discounting and promotions and lower revenues as discussed above, partially offset by lower marketing-related expenses.
- Operating income in our EMEA region increased by $6.7 million to $30.9 million from $24.3 million. This was primarily due to an increase in gross profit driven by higher revenues as discussed above, partially offset by the impact of unfavorable channel mix.
- Operating income in our Asia-Pacific region decreased by $11.0 million to $10.8 million from $21.8 million. This was primarily due to a decline in gross profit, partially offset by a decrease in marketing-related expenses, selling expenses and facility-related expenses. The decline in gross profit was due to lower revenues as discussed above, increased promotions and discounting and unfavorable channel and product mix.
- Operating income in our Latin America region increased by $1.7 million to $5.8 million from $4.1 million. This was primarily due to higher revenues as discussed above, partially offset by higher freight costs and higher marketing-related expenses.
- Operating loss in our Corporate Other non-operating segment decreased $55.6 million. This was primarily due to gains from foreign currency hedges and no further restructuring charges.

Nine Months Ended December 31, 2022 Compared to Nine Months Ended December 31, 2021

Net Revenues

	Nine months ended December 31,			
(In thousands)	2022	2021	$ Change	% Change[1]
North America [2]	$ 2,958,816	$ 3,004,645	$ (45,829)	(1.5)%
EMEA	733,110	648,628	84,482	13.0 %
Asia-Pacific	600,415	621,542	(21,127)	(3.4)%
Latin America	171,409	146,937	24,472	16.7 %
Corporate Other [3]	40,973	4,519	36,454	N/M
Total net revenues	$ 4,504,723	$ 4,426,271	$ 78,452	1.8 %

(1) "N/M" = not meaningful

(2) During the three months ended December 31, 2022, we recognized approximately $10.1 million of revenue relating to gift cards not expected to be redeemed ("breakage"), which was previously included in contract liabilities. Refer to Note 11 of the Condensed Consolidated Financial Statements for additional details.

(3) Corporate Other primarily includes foreign currency hedge gains and losses related to revenues generated by entities within our operating segments but managed through our central foreign exchange risk management program, as well as subscription revenues from MMR and revenue from other digital business opportunities.

The increase in total net revenues for the nine months ended December 31, 2022, compared to the nine months ended December 31, 2021, was driven by the following:

- Net revenues in our North America region decreased by $45.8 million, or 1.5%, to $2,958.8 million from $3,004.6 million. This was driven by a decrease in both our direct to consumer channel, which includes the recognition of breakage relating to gift cards, as described in the table above, and our wholesale channel, partially offset by an increase in license revenues. Within our direct to consumer channel, the decrease in net revenues was due to a decrease in owned and operated retail store sales, partially offset by an increase in e-commerce sales.
- Net revenues in our EMEA region increased by $84.5 million, or 13.0%, to $733.1 million from $648.6 million. This was primarily driven by an increase in our wholesale channel. Within the direct to consumer channel, net revenues decreased slightly in both owned and operated retail store sales and e-commerce sales. Net revenues in our EMEA region were also negatively impacted by changes in foreign exchange rates.
- Net revenues in our Asia-Pacific region decreased by $21.1 million, or 3.4%, to $600.4 million from $621.5 million. This was driven by a decrease in our direct to consumer channel and a decrease in license revenues from our Japanese licensee, partially offset by an increase in our wholesale channel. Within our direct to consumer channel, net revenues were lower due to decreases in both e-commerce and owned and operated retail store sales, which were negatively impacted by COVID-19 related restrictions and limitations in China. Net revenues in our Asia-Pacific region were also negatively impacted by changes in foreign exchange rates.
- Net revenues in our Latin America region increased by $24.5 million, or 16.7%, to $171.4 million from $146.9 million. This was primarily driven by an increase in our wholesale channel, as we have moved to a distributor operating model for certain countries within this region. Within our direct to consumer channel, net revenues were slightly lower due to decreases in both e-commerce and owned and operated retail store sales.
- Net revenues in our Corporate Other non-operating segment increased by $36.5 million to $41.0 million from $4.5 million. This was primarily driven by foreign currency hedge gains related to revenues generated by entities within our operating segments but managed through our central foreign exchange risk management program.

Operating Income (loss)

(In thousands)	Nine months ended December 31, 2022	2021	$ Change	% Change
North America	$ 598,049	$ 761,531	$ (163,482)	(21.5)%
EMEA	85,023	105,916	(20,893)	(19.7)%
Asia-Pacific	76,890	86,398	(9,508)	(11.0)%
Latin America	19,216	20,931	(1,715)	(8.2)%
Corporate Other [1]	(530,626)	(595,376)	64,750	10.9 %
Total operating income (loss)	$ 248,552	$ 379,400	$ (130,848)	(34.5)%

[1] Corporate Other primarily includes foreign currency hedge gains and losses related to revenues generated by entities within our operating segments but managed through our central foreign exchange risk management program, as well as subscription revenues from MMR and revenue from other digital business opportunities. Corporate Other also includes expenses related to our central supporting functions.

The decrease in total operating income for the nine months ended December 31, 2022, compared to the nine months ended December 31, 2021, was primarily driven by the following:

- Operating income in our North America region decreased by $163.5 million, to $598.0 million from $761.5 million. This was primarily due to a decline in gross profit, higher selling expenses and higher facility-related expenses, partially offset by lower marketing-related expenses. The decline in gross profit was driven by higher product input and freight costs, increased promotions and discounting and lower revenues as discussed above.
- Operating income in our EMEA region decreased by $20.9 million to $85.0 million from $105.9 million. This was primarily due to a decline in gross profit resulting from unfavorable channel mix and higher freight costs, partially offset by higher revenues as discussed above.
- Operating income in our Asia-Pacific region decreased by $9.5 million to $76.9 million from $86.4 million. This was primarily due to a decline in gross profit, partially offset by a decrease in marketing-related expenses, selling expenses and facility-related expenses. The decline in gross profit was driven by lower net revenues as discussed above, and increased promotions and discounting.
- Operating income in our Latin America region decreased by $1.7 million to $19.2 million from $20.9 million. This was primarily due to higher freight costs and higher marketing-related expenses, partially offset by higher net revenues.
- Operating loss in our Corporate Other non-operating segment decreased $64.8 million. This was primarily due to gains from foreign currency hedges and no further restructuring charges, partially offset by an increase in litigation and consulting expenses.

LIQUIDITY AND CAPITAL RESOURCES

Our cash requirements have principally been for working capital and capital expenditures. We fund our working capital, primarily inventory, and capital investments from cash flows from operating activities, cash and cash equivalents on hand, and borrowings available under our credit and long term debt facilities. Our working capital requirements generally reflect the seasonality in our business as we historically recognize the majority of our net revenues in the last two quarters of the calendar year. Our capital investments have generally included expanding our in-store fixture and branded concept shop program, improvements and expansion of our distribution and corporate facilities, including construction of our new global headquarters, leasehold improvements to our Brand and Factory House stores, and investment and improvements in information technology systems. Our inventory strategy is focused on continuing to meet consumer demand while improving our inventory efficiency over the long term by putting systems and processes in place to improve our inventory management. These systems and processes are designed to improve our forecasting and supply planning capabilities. In addition to systems and processes, key areas of focus that we believe enhance inventory performance are added discipline around the purchasing of product, production lead time reduction, and better planning and execution in selling of excess inventory through our Factory House stores and other liquidation channels.

As of December 31, 2022, we had approximately $849.5 million of cash and cash equivalents. We believe our cash and cash equivalents on hand, cash from operations, our ability to reduce our expenditures as needed, borrowings available to us under our amended credit agreement, our ability to access the capital markets, and other financing alternatives are adequate to meet our liquidity needs and capital expenditure requirements for at least the next twelve months. In addition, from time to time, based on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors and subject to compliance with applicable laws and regulations, we may seek to utilize cash on hand, borrowings or raise capital to retire, repurchase or redeem our debt securities, repay debt, repurchase shares of our common stock or otherwise enter into similar transactions to support our capital structure and business or utilize excess cash flow on a strategic basis. For example, as described below, in February 2022, our Board of Directors authorized the repurchase of up to $500 million of our Class C Common Stock over the following two years and, subsequently, during the Transition Quarter and Fiscal 2023, we entered into agreements related to accelerated share repurchase transactions to repurchase $425 million of our Class C Common Stock.

If there are unexpected material impacts to our business in future periods from COVID-19 or other global macroeconomic factors and we need to raise or conserve additional cash to fund our operations, we may consider additional alternatives similar to those we used in Fiscal 2020, including further reducing our expenditures, changing our investment strategies, negotiating payment terms with our customers and vendors, reductions in compensation costs, including through temporary reductions in pay and layoffs, and limiting certain marketing and capital expenditures. In addition, we may seek alternative sources of liquidity, including but not limited to, accessing the capital markets, sale leaseback transactions or other sales of assets, or other alternative financing measures. However, instability in, or tightening of the capital markets, could adversely affect our ability to access the capital markets on terms acceptable to us or at all. Although we believe we have adequate sources of liquidity over the long term, a prolonged or more severe economic recession, inflationary pressure, or a slow recovery could adversely affect our business and liquidity and could require us to take certain of the liquidity preserving actions described above.

Refer to our "Risk Factors" section included in Item 1A of our Annual Report on Form 10-K for Fiscal 2021.

Share Repurchase Program

On February 23, 2022, our Board of Directors authorized us to repurchase up to $500 million (exclusive of fees and commissions) of outstanding shares of our Class C Common Stock over the following two years. The Class C Common Stock may be repurchased from time to time at prevailing prices in the open market, through plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, via private purchases through forward, derivative, accelerated share repurchase transactions or otherwise, subject to applicable regulatory restrictions on volume, pricing and timing. The timing and amount of any repurchases will depend on market conditions, our financial condition, results of operations, liquidity and other factors.

During the three months ended December 31, 2022, we entered into supplemental confirmations (collectively the "November ASR Agreements") of accelerated share repurchase transactions with each of JPMorgan Chase Bank, National Association, Bank of America, N.A. and Citibank, N.A. (collectively the "Dealers") to repurchase $75.0 million of our Class C Common Stock. Pursuant to the November ASR Agreements, during the three months ended December 31, 2022, we received a total of 7.8 million shares of Class C Common Stock from the Dealers, which were immediately retired. As a result, $65.0 million was recorded to retained earnings to reflect the difference between the market price of the Class C Common Stock repurchased and its par value.

During the nine months ended December 31, 2022, pursuant to the November ASR Agreements and the previously disclosed accelerated share repurchase transactions that we entered into in February 2022, May 2022 and August 2022 (together with the November ASR Agreements, the "ASR Agreements") we repurchased 17.7 million shares of Class C Common Stock, which were immediately retired. As a result, $164.4 million was recorded to retained earnings to reflect the difference between the market price of the Class C Common Stock repurchased and its par value.

The final number of shares that we ultimately repurchased under the November ASR Agreements was determined based on the average of the Rule 10b-18 volume-weighted average prices of our Class C Common Stock during the terms of the transactions, less an agreed discount, and subject to adjustments pursuant to the terms of the November ASR Agreements. Subsequent to the quarter end, in January 2023, the final settlement under the November ASR Agreements occurred and we received and immediately retired an additional 1.0 million shares of our Class C Common Stock.

As of the date of this Quarterly Report of Form 10-Q, we have repurchased a total of $425 million or 34.9 million outstanding shares of our Class C Common Stock under the share repurchase program.

Cash Flows

The following table presents the major components of our cash flows provided by and used in operating, investing and financing activities for the periods presented:

	Nine months ended December 31,		
(In thousands)	2022	2021	$ Change
Net cash provided by (used in):			
Operating activities	$ 74,399	$ 815,417	$ (741,018)
Investing activities	(112,620)	(60,442)	(52,178)
Financing activities	(123,059)	(415,294)	292,235
Effect of exchange rate changes on cash and cash equivalents	3,205	(16,491)	19,696
Net increase (decrease) in cash and cash equivalents	$ (158,075)	$ 323,190	$ (481,265)

Operating Activities

Cash flows provided by operating activities decreased by $741.0 million, as compared to the nine months ended December 31, 2021, primarily driven by a decrease in net income before the impact of non-cash items of $162.7 million and a decrease from changes in working capital of $578.3 million.

The changes in working capital were due to the following outflows:

- $445.6 million from changes in inventories;
- $138.3 million from changes in accounts receivable;
- $106.6 million from changes in other non-current assets; and
- $56.9 million from changes in prepaid expenses and other current assets.

These outflows were partially offset by the following working capital inflows:

- $62.6 million from changes in accounts payable;
- $43.8 million from changes in accrued expenses and other liabilities;
- $40.4 million from changes in customer refund liabilities; and
- $22.3 million from changes in income taxes payable and receivable, net.

Investing Activities

Cash flows used in investing activities increased by $52.2 million, as compared to the nine months ended December 31, 2021. This was primarily due to an increase in capital expenditures, partially offset by the collection of the earn-out previously recorded in connection with the sale of the MyFitnessPal platform.

Total capital expenditures during the nine months ended December 31, 2022 were $147.6 million, or approximately 3% of net revenues, representing an $86.3 million increase from $61.3 million during the nine months ended December 31, 2021. During Fiscal 2021, we reduced capital expenditures in response to ongoing uncertainty related to COVID-19. Our long-term operating principle for capital expenditures is to spend between 3% and 5% of annual net revenues as we invest in our global direct-to-consumer, e-Commerce and digital businesses, information technology systems, distribution centers and our global offices, including our new global headquarters in the Port Covington area of Baltimore, Maryland. During the nine months end December 31, 2022, we incurred capital expenditures of $48.8 million relating to the construction of our new global headquarters. As previously disclosed, our plans for our new headquarters have been designed in line with our long-term sustainability strategy and include a commitment to reduce greenhouse gas emissions and increase sourcing of renewable electricity in our owned and operated facilities. We expect a portion of our capital expenditures over the next few years to include investments incorporating sustainable and intelligent building design features into this facility.

Financing Activities

Cash flows used in financing activities decreased by $292.2 million, as compared to the nine months ended December 31, 2021. During the nine months ended December 31, 2021, we paid $506.3 million to certain exchanging holders for the exchange of approximately $419.1 million in aggregate principal amount of our 1.50% Convertible Senior Notes. Concurrently with these exchanges we terminated certain capped call agreements and in exchange received approximately $91.7 million. For more details, see discussion below under "1.50% Convertible Senior Notes". During the nine months ended December 31, 2022, we paid $125.0 million to repurchase shares of our Class C Common Stock through accelerated share repurchase programs. For more details, see discussion above under "Share Repurchase Program".

Capital Resources

Credit Facility

On March 8, 2019, we entered into an amended and restated credit agreement by and among us, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders and arrangers party thereto (the "credit agreement"). In May 2020, May 2021 and December 2021, we entered into the first, second and third amendments to the credit agreement, respectively (the credit agreement as amended and the "amended credit agreement" or the "revolving credit facility"). The amended credit agreement provides for revolving credit commitments of $1.1 billion and has a term that ends on December 3, 2026, with permitted extensions under certain circumstances. As of December 31, 2022 and March 31, 2022, there were no amounts outstanding under the revolving credit facility.

At our request and a lender's consent, commitments under the amended credit agreement may be increased by up to $300.0 million in aggregate, subject to certain conditions as set forth in the amended credit agreement. Incremental borrowings are uncommitted and the availability thereof will depend on market conditions at the time we seek to incur such borrowings.

Borrowings, if any, under the revolving credit facility have maturities of less than one year. Up to $50.0 million of the facility may be used for the issuance of letters of credit. As of December 31, 2022, there was $4.4 million of letters of credit outstanding (March 31, 2022: $4.5 million).

Our obligations under the amended credit agreement are guaranteed by certain domestic significant subsidiaries of Under Armour, Inc., subject to customary exceptions (the "subsidiary guarantors") and primarily secured by a first-priority security interest in substantially all of the assets of Under Armour, Inc. and the subsidiary guarantors, excluding real property, capital stock in and debt of subsidiaries of Under Armour, Inc. holding certain real property and other customary exceptions. The amended credit agreement provides for the permanent fall away of guarantees and collateral upon our achievement of investment grade rating from two rating agencies.

The amended credit agreement contains negative covenants that, subject to significant exceptions, limit our ability to, among other things: incur additional secured and unsecured indebtedness; pledge the assets as security; make investments, loans, advances, guarantees and acquisitions (including investments in and loans to non-guarantor subsidiaries); undergo fundamental changes; sell assets outside the ordinary course of business; enter into transactions with affiliates; and make restricted payments.

We are also required to maintain a ratio of consolidated EBITDA, to consolidated interest expense of not less than 3.50 to 1.0 (the "interest coverage covenant") and we are not permitted to allow the ratio of consolidated total indebtedness to consolidated EBITDA to be greater than 3.25 to 1.0 (the "leverage covenant"), as described in more detail in the amended credit agreement. As of December 31, 2022, we were in compliance with the applicable covenants.

In addition, the amended credit agreement contains events of default that are customary for a facility of this nature, and includes a cross default provision whereby an event of default under other material indebtedness, as defined in the amended credit agreement, will be considered an event of default under the amended credit agreement.

The amended credit agreement implements SOFR as the replacement of LIBOR as a benchmark interest rate for the U.S. dollar borrowings (and analogous benchmark rate replacements for borrowings in Yen, Canadian Dollars, Pound Sterling and Euro). Borrowings under the amended credit agreement bear interest at a rate per annum equal to, at our option, either (a) an alternate base rate (for borrowings in U.S. dollars), (b) a term rate (for borrowings in U.S. dollars, Euros, Japanese Yen or Canadian Dollars) or (c) a "risk free" rate (for borrowings in U.S. dollars or Pounds Sterling), plus in each case an applicable margin. The applicable margin for loans will be adjusted by reference to a grid (the "pricing grid") based on the leverage ratio of consolidated total indebtedness to consolidated EBITDA and ranges between 1.00% to 1.75% (or, in the case of alternate base rate loans 0.00% to 0.75%). We will also pay a commitment fee determined in accordance with the pricing grid on the average daily unused amount of the revolving credit facility and certain fees with respect to letters of credit. As of December 31, 2022, the commitment fee was 17.5 basis points.

1.50% Convertible Senior Notes

In May 2020, we issued $500.0 million aggregate principal amount of 1.50% convertible senior notes due 2024 (the "Convertible Senior Notes"). The Convertible Senior Notes bear interest at the fixed rate of 1.50% per annum, payable semiannually in arrears on June 1 and December 1 of each year, beginning December 1, 2020. The Convertible Senior Notes will mature on June 1, 2024, unless earlier converted in accordance with their terms, redeemed in accordance with their terms or repurchased.

The net proceeds from the offering (including the net proceeds from the exercise of the over-allotment option) were $488.8 million, after deducting the initial purchasers' discount and estimated offering expenses that we paid, of which we used $47.9 million to pay the cost of the capped call transactions described below. We utilized $439.9 million to repay indebtedness that was outstanding under our revolving credit facility at the time, and to pay related fees and expenses.

The Convertible Senior Notes are not secured and are not guaranteed by any of our subsidiaries. The indenture governing the Convertible Senior Notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries.

During Fiscal 2021, we entered into exchange agreements with certain holders of the Convertible Senior Notes, who agreed to exchange approximately $419.1 million in aggregate principal amount of the Convertible Senior Notes for cash and/or shares of our Class C Common Stock, plus payment for accrued and unpaid interest (the "Exchanges"). In connection with the Exchanges, we paid approximately $507.0 million cash and issued approximately 18.8 million shares of the Company's Class C Common Stock to the exchanging holders. Additionally, we recognized losses on debt extinguishment of $58.5 million during Fiscal 2021, which were recorded within Other Income (Expense), net on our Condensed Consolidated Statements of Operations. Following the Exchanges, approximately $80.9 million aggregate principal amount of the Convertible Senior Notes remain outstanding.

The Convertible Senior Notes are convertible into cash, shares of our Class C Common Stock or a combination of cash and shares of Class C Common Stock, at our election, as described further below. The initial conversion rate is 101.8589 shares of our Class C Common Stock per $1,000 principal amount of Convertible Senior Notes (equivalent to an initial conversion price of approximately $9.82 per share of Class C Common Stock), subject to adjustment if certain events occur. Prior to the close of business on the business day immediately preceding January 1, 2024, holders may (at their option) convert their Convertible Senior Notes only upon satisfaction of one or more of the following conditions:

- during any calendar quarter commencing after the calendar quarter ended on September 30, 2020 (and only during such calendar quarter), if the last reported sale price of our Class C Common Stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of Convertible Senior Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our Class C Common Stock and the conversion rate on each such trading day;
- upon the occurrence of specified corporate events or distributions on our Class C Common Stock; or
- if we call any Convertible Senior Notes for redemption prior to the close of business on the business day immediately preceding January 1, 2024.

On or after January 1, 2024, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their Convertible Senior Notes at the conversion rate at any time irrespective of the foregoing conditions.

Beginning on December 6, 2022, we may redeem for cash all or any part of the Convertible Senior Notes, at our option, if the last reported sale price of our Class C Common Stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the aggregate principal amount of the Convertible Senior Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

If we undergo a fundamental change (as defined in the indenture governing the Convertible Senior Notes) prior to the maturity date, subject to certain conditions, holders may require us to repurchase for cash all or any portion of their Convertible Senior Notes in principal amounts of $1,000 or an integral multiple thereof at a price which will be equal to 100% of the aggregate principal amount of the Convertible Senior Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

Concurrently with the offering of the Convertible Senior Notes, we entered into privately negotiated capped call transactions with JPMorgan Chase Bank, National Association, HSBC Bank USA, National Association, and Citibank, N.A. (the "option counterparties"). The capped call transactions are expected generally to reduce potential dilution to our Class C Common Stock upon any conversion of Convertible Senior Notes and/or offset any cash payments we are required to make in excess of the aggregate principal amount of converted Convertible Senior Notes upon any conversion thereof, as the case may be, with such reduction and/or offset subject to a cap based on the cap price. The cap price of the capped call transactions is initially $13.4750 per share of our Class C Common Stock, representing a premium of 75% above the last reported sale price of our Class C Common Stock on May 21, 2020, and is subject to certain adjustments under the terms of the capped call transactions.

During Fiscal 2021, concurrently with the Exchanges, we entered into, with each of the option counterparties, termination agreements relating to a number of options corresponding to the number of Convertible Senior Notes exchanged. Pursuant to such termination agreements, each of the option counterparties paid us a cash settlement amount in respect of the portion of capped call transactions being terminated. We received approximately $91.6 million in connection with such termination agreements related to the Exchanges.

The Convertible Senior Notes contain a cash conversion feature. Prior to the adoption of ASU 2020-06, we had separated it into liability and equity components. We valued the liability component based on its borrowing rate for a similar debt instrument that does not contain a conversion feature. The equity component, which was recognized as a debt discount, was valued as the difference between the face value of the Convertible Senior Notes and the fair value of the liability component.

We adopted ASU 2020-06 on January 1, 2022 using the modified retrospective method. As a result, the Convertible Senior Notes are no longer accounted for as separate liability and equity components, but rather a single liability. See Note 2 to the Condensed Consolidated Financial Statements included in Part I of our Transition Report on Form 10-QT for the three months ended March 31, 2022 for more details.

3.250% Senior Notes

In June 2016, we issued $600.0 million aggregate principal amount of 3.250% senior unsecured notes due June 15, 2026 (the "Senior Notes"). The proceeds were used to pay down amounts outstanding under the revolving credit facility, at the time. The Senior Notes bear interest at the fixed rate of 3.250% per annum, payable semi-annually on June 15 and December 15 beginning December 15, 2016. Prior to March 15, 2026 (three months prior to the maturity date of the Notes), we may redeem some or all of the Senior Notes at any time or from time to time at a redemption price equal to the greater of 100% of the principal amount of the Senior Notes to be redeemed or a "make-whole" amount applicable to such Senior Notes as described in the indenture governing the Senior Notes, plus accrued and unpaid interest to, but excluding, the redemption date.

The indenture governing the Senior Notes contains covenants, including limitations that restrict our ability and the ability of certain of our subsidiaries to create or incur secured indebtedness and enter into sale and leaseback transactions and our ability to consolidate, merge or transfer all or substantially all of our properties or assets to another person, in each case subject to material exceptions described in the indenture.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Our Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. To prepare these financial statements, we must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities. Our estimates are often based on complex judgments, probabilities and assumptions that management believes to be reasonable, but that are inherently uncertain and unpredictable. It is also possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts. Actual results could be significantly different from these estimates.

Refer to Note 2 of our Consolidated Financial Statements, included in our Annual Report on Form 10-K for Fiscal 2021, for a summary of our significant accounting policies and our assessment of recently issued accounting standards.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no significant changes to our market risk since December 31, 2021. For a discussion of our exposure to market risk, refer to our Annual report on Form 10-K for Fiscal 2021.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

We have assessed the impact on changes to our internal controls over financial reporting, and conclude that there have been no changes in our internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f), during the most recent fiscal quarter that have materially affected, or that are reasonably likely to materially affect our internal controls over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that a significant number of our employees have transitioned to a hybrid work environment. We continue to monitor and assess impacts of hybrid work on our control environment and control activities in order to minimize the impact on the design and operating effectiveness of our controls.

We are currently in the process of implementing a new e-commerce order management system in North America. In connection with this implementation and resulting business process changes, we may make changes to the design and operation of our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we have been involved in litigation and other proceedings, including matters related to commercial disputes and intellectual property, as well as trade, regulatory and other claims related to our business. See Note 9 to our Condensed Consolidated Financial Statements for information on certain legal proceedings, which is incorporated by reference herein.

ITEM 1A. RISK FACTORS

Our results of operations and financial condition could be adversely affected by numerous risks. In addition to the other information in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for Fiscal 2021. These are not the only risks and uncertainties facing us. Additional risks not currently known to us or that we currently believe are immaterial may also negatively impact our business, financial condition, results of operations and future prospects.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Issuer purchases of equity securities:

The following table sets forth the Company's repurchases of Class C Common Stock during the three months ended December 31, 2022 under the two-year $500 million share repurchase program authorized by our Board of Directors in February 2022.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximately Dollar Value of Shares that May Yet be Purchased Under the Program (in millions)
10/01/2022 to 10/31/2022	—	—	—	$ 150.0
11/01/2022 to 11/30/2022 (1)	7,202,880	$ 8.33	7,202,880	$ 90.0
12/01/2022 to 12/31/2022 (1)	559,196	$ 8.92	559,196	$ 85.0

(1) Represents Class C Common Stock repurchased through accelerated share repurchase agreements. Subsequent to the quarter end, in January 2023, the final settlement under the November ASR Agreements occurred and we received and immediately retired an additional 1.0 million shares of our Class C Common Stock. See Note 10 to our Condensed Consolidated Financial Statements for details.

ITEM 6. EXHIBITS

Exhibit No.	
10.01	Employment Offer Letter (including specific contractual obligations), dated December 14, 2022, by and between Stephanie C. Linnartz and the Company*
31.01	Section 302 Chief Executive Officer Certification.
31.02	Section 302 Chief Financial Officer Certification.
32.01	Section 906 Chief Executive Officer Certification.
32.02	Section 906 Chief Financial Officer Certification.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Management contract or a compensatory plan or arrangement required to be filed as an Exhibit pursuant to Item 6 of Form 10-Q.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNDER ARMOUR, INC.

By: /s/ DAVID E. BERGMAN
David E. Bergman
Chief Financial Officer

Date: February 8, 2023

December 14, 2022

Stephanie Linnartz
[address redacted]

Re: Offer of Employment with Under Armour, Inc.

Stephanie,

We are excited at the prospect of having you join the Under Armour Team. Your letter is a confirmation of our offer to you to join the Company, with details outlined below. Your letter constitutes a confirmation of an offer of employment only and does not guarantee any specific term or duration of employment. Your employment with the Company will be "at will".

Title: President & Chief Executive Officer ("CEO"), and Member of the board of directors of the Company (the "Board").

Reports to: Kevin Plank, Executive Chair and Brand Chief

Authority: As President & CEO, with the exception of the Executive Chair and Brand Chief, you will be the highest ranking officer of the Company and shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken and exercised by persons employed in a similar capacity.

Election to Board: During the term of your employment, the Company agrees to use its best efforts to nominate you for election to both the Board and to use its best efforts to cause you to be elected to the Board at each applicable annual meeting of stockholders during your employment hereunder at which your applicable director term comes up for election. You agree to serve on the Board without additional compensation.

Start Date: Monday, February 27, 2023, or such earlier date to which the parties hereto may agree, pending (a) your timely submission and completion of all pre- employment requirements and legal work authorization and (b) your last date of service at your current employer. We do not expect a change in the anticipated start date, unless the results of your background investigation are unsuccessful, or there is a delay in the pre-employment process. To the extent that there is a need to revise your start date, we will contact you.

Your position will be based on-site in Baltimore, MD.

Other Activity. You agree to devote substantially your full business time and attention to the business and affairs of the Company. The foregoing, however, shall not preclude you from serving on corporate, civic or charitable boards or committees or managing personal investments, so long as (i) such activities do not materially interfere with the performance of your responsibilities hereunder, (ii) such activities do not otherwise conflict with Under Armour's policies as in effect from time to time, including our Governance Guidelines and Global Conflicts of Interest Policy) and (iii) you obtain the consent of the Chairman of the Board with respect to your service on any for-

profit corporate board, such consent not to be unreasonably withheld, conditioned or delayed. You may retain any compensation or benefits received as a result of any such outside activities, and the Company shall not reduce your compensation or benefits by the amount of any such compensation or benefits.

<u>Base Salary:</u> $1,300,000 annually less all applicable local, state and federal taxes and other deductions. You will receive your pay bi-weekly according to the Company's regular payroll schedule. Your Base Salary will be reviewed by the Human Capital & Compensation Committee (the "Committee") of the Board at least annually for a possible increase (but not a decrease), and any new Base Salary agreed to by the Committee shall become the basis for the next Base Salary Review.

<u>Annual Bonus Plan:</u> You will be eligible to participate in the Company's annual bonus plan (the "Annual Bonus Plan") for fiscal year 2024 (which begins April 1, 2023). The bonus for your position if predetermined target goals are met is 165% of your Base Salary, or approximately $2,145,000, assuming the current Base Salary is in effect. The bonus for your position if predetermined maximum target goals are met shall be not less than twice the bonus target percentage, or approximately $4,290,000, again assuming the current Base Salary is in effect. If the measure of achievement for fiscal 2024 falls between the target goals and the maximum goals the bonus shall be similarly adjusted on a continuous basis. In order to remain eligible to receive a bonus under the Company's annual bonus plan, except as otherwise provided herein you must remain employed through the end of the applicable fiscal year.

At all times your bonus opportunity will be governed by the terms of the Company's annual bonus plan, and nothing herein restricts the Company's rights to alter, amend or terminate the plan at any time.

<u>Annual Equity Award:</u> Assuming you start prior to April 30th, 2023, you will be eligible to receive your annual equity award at the next annual award grant cycle, anticipated to begin in May 2023. The initial annual equity award will be issued by the Committee pursuant to the Company's Third Amended and Restated 2005 Omnibus Long-Term Incentive Plan (the "Omnibus Plan") in the form of an Award Agreement granting you restricted stock units of the Company ("RSUs") with an aggregate grant date value of $8,000,000. Equity awards are subject to approval by the Human Capital & Compensation Committee of the Board of Directors, including type of equity and vesting schedule.

We expect that one-half of the RSUs shall be time-based and one-half shall be performance-based. Time-based RSUs shall vest in three (3) equal annual intervals, <u>provided</u> <u>that</u>, you remain employed at the Company or any affiliate thereof as of such date. Performance requirements for the performance-based RSUs contained within your initial grant shall be set by the Committee no later than the date on which such performance requirements are set generally for other global level executives of the Company. The granting of future Annual Equity Awards is subject to your continued contribution to the long-term financial success of the Company and shall be governed by the Omnibus Plan.

<u>Sign-On Bonus:</u> Upon your Start Date you also shall receive a one-time signing bonus in the amount of $375,000 (the "<u>Signing Bonus</u>"), which Signing Bonus shall be paid to you in two installments, the first installment to be in the amount of $175,000, and paid on the first regular payroll date following your Start Date, and the second installment to be in the amount of $200,000 and paid on the first regular payroll date following the one-year anniversary of your Start Date. In order to remain eligible to receive your Signing Bonus, you must remain employed through the applicable payment dates; provided, however, that in the event of your termination without Cause, your withdrawal for Good Reason, your death or your termination due to Disability, you (or your

estate or other designated beneficiary) shall receive the deferred portion of your Sign-On Bonus, to the extent not yet paid.

Sign-On Award: Upon your Start Date you also shall receive, as a one-time sign-on award, an additional grant of RSUs with an aggregate grant date value of $11,000,000 (the "Sign-On Award"), all of which RSUs being subject to time-vesting in three (3) equal annual intervals, provided that, except as otherwise provided herein, you remain employed at the Company or any affiliate thereof. Equity awards are subject to approval by the Human Capital & Compensation Committee of the Board of Directors. The Sign-On Award shall be evidenced by an Award Agreement similar in nature to the Award Agreement evidencing the initial annual incentive award, but subject to the additional acceleration provisions included below.

Notwithstanding anything to the contrary set forth above or in any plan adopted by or agreement entered into by the Company, including the Omnibus Plan or any severance plan, (1) in the event of (a) your termination by the Company without "Cause" (other than due to your death or Disability) or (b) your withdrawal for "Good Reason" (each as defined below), if (i) prior to the first vesting date of the Sign-On Award, you will receive $11,000,000 in cash in a lump-sum payment, payable simultaneously with (and subject to the same conditions applicable to) any amounts owed to you pursuant to the Severance Plan (as defined below), or (ii) on or after the first vesting date of the Sign-On Award, any unvested RSUs granted pursuant to the Sign-On Award will immediately vest as of your separation date, in each case subject to applicable tax withholdings and requirements by law. For the avoidance of doubt, upon your death or Disability (as defined in the Omnibus Plan), all unvested RSUs granted pursuant to the Sign-On Award shall immediately vest on the date of your death or termination of employment as a result of Disability.

For purposes of the Sign-On Award and Sign-On Bonus, and notwithstanding anything to the contrary in any plan adopted by or agreement entered into by the Company and you, including the Omnibus Plan or any severance plan (either before or after a "Change in Control" as defined therein), the following definitions shall be utilized for the related grant agreement.

> **"Cause" shall mean the occurrence of any of the following: (i) your material misconduct or gross negligence in the performance of your duties; (ii) your commission of any felony, offense punishable by imprisonment in a state or federal penitentiary, any offense, civil or criminal, involving material dishonesty, fraud, moral turpitude or immoral conduct; (iii) your material breach of the Company's written Code of Conduct, as in effect from time to time; (iv) your commission of any act that results in severe harm to the Company, excluding any act taken by you in good faith that you reasonably believed was in the best interests or not contrary to the best interests of the Company; or (v) your material breach of your employee confidentiality, non-competition and non-solicitation agreement by and between you and Under Armour. However, none of the foregoing events or conditions will constitute Cause unless Under Armour provides you with written notice of the event or condition within thirty (30) days following the date as of which the Board became aware of the occurrence thereof and thirty (30) days to cure such event or condition (if curable) and, the event or condition is not cured within such 30-day period.**
>
> **"Good Reason" shall mean the occurrence of any of the following events: (i) a material diminishment in the scope of your duties or responsibilities with the Company (other than temporarily while you are physically or mentally incapacitated or as required by applicable law), or the assignment to you of duties or responsibilities that are materially inconsistent with, or the failure to assign to you duties and responsibilities that are materially consistent with, your duties, positions, authority, responsibilities and reporting requirements as set forth above, or the assignment to you of duties or responsibilities that materially impair**

your ability to function as the President and Chief Executive Officer of the Company; (ii) the failure of Under Armour to continue you as President and Chief Executive Officer or you are no longer nominated for election to serve as a member of the Board of Directors; (iii) a material reduction in your base salary, bonus, long-term incentive opportunity or aggregate benefits or perquisites, unless the reduction is part of an overall and nondiscriminatory reduction to such compensation of all similarly situated employees and the reduction is proportional to the reductions suffered by the other employees; (iv) a reduction in or a material delay in payment of your total cash compensation or benefits or in the vesting of equity awards from those required to be provided in connection with your hiring as reflected herein, including any such reduction or delay occasioned by a termination of or change to any plan or program, other than as may be required by law; (v) should Under Armour be reorganized such that it becomes a direct or indirect subsidiary or controlled party of any other person or entity, your not holding authorities, duties, responsibilities, status, offices, titles or reporting lines in such parent or other ultimately controlling party at least commensurate with those held by you at the Company immediately prior to such reorganization; or (vi) a requirement that you relocate more than fifty (50) miles from the current Under Armour headquarters offices located in Baltimore, Maryland, other than as a consequence of travel reasonable required to carry out your obligations as President and Chief Executive Officer and a Board member. For the avoidance of doubt, the removal or resignation of Kevin Plank from the positions of Executive Chair and Brand Chief, and the subsequent requirement that you report instead directly to the Board, will not constitute Good Reason. However, none of the foregoing events or conditions will constitute Good Reason unless (A) you provide Under Armour with written objection to the event or condition within ninety (90) days following the date as of which you became aware of the occurrence thereof, (B) Under Armour does not reverse or otherwise cure the event or condition within thirty (30) days of receiving such written objection, and (C) you resign your employment within thirty (30) days following the expiration of such cure period.

Transition Protection: Pursuant to your current agreement with your current employer, you are eligible to receive a bonus payment in respect of the 2022 calendar year in the amount of approximately $2,000,000 (the "MI Bonus") and to vest in certain equity awards with a current value of approximately $4,000,000 (the "MI Vested Equity" and, together with the MI Bonus, the "MI Awards"), in each case if you remain employed by Marriott International through February 15, 2023 (the "Vesting Date"). You represent and warrant that, while you intend to give notice in 2022 of your intention to resign as of a date subsequent to the Vesting Date, you will not voluntarily resign from your current employer until after the Vesting Date.

The parties acknowledge the possibility that, notwithstanding your commercially reasonable efforts to remain employed at your current employer beyond the Vesting Date and thereby qualify for the MI Awards, your current employer may refuse to deliver to you either the MI Bonus and/or the MI Vested Equity (any of such events, a "Denial Event"). If you have not received in full the MI Awards prior to or within thirty (30) days following your termination of employment from your current employer, provided that your employment was not terminated for serious misconduct, the Company agrees to treat such circumstances as a Denial Event and will pay you an additional cash bonus in the amount of $6,000,000 less such portion of the MI Awards as you have actually received, if any (the "Make-Whole Bonus") on the Company's next payroll date following the end of such 30-day period. In such case, you hereby authorize the Company to pursue a claim against MI to recover from MI the amount of the Make-Whole Bonus, you shall reasonably cooperate with the Company, at its expense, in its any effort the Company may under take to obtain such recovery and, the Company hereby agrees to indemnify and hold you harmless with respect thereto.

Severance Plan: In the event of an involuntary termination without Cause (as defined in the Severance Plan) or your withdrawal with Good Reason (as defined above), you are eligible for severance benefits in accordance with the ERISA Severance Plan (the "Severance Plan"). Based on your global job level, you will be eligible for **a lump-sum severance payment equal to the following: two times your annual Base Salary, payment of any accrued but unpaid annual bonus earned by you for any prior Plan Year, a pro-rata bonus for the Plan Year of termination (if employed for at least six (6) months of the Plan Year), twenty-four (24) months of fully paid premiums for medical, dental and vision coverage and outplacement services (subject to any applicable taxes and withholdings). Any payments will be subject to the execution of a Release Agreement and compliance with other terms and conditions under the Severance Plan, provided, however, that the duration of any post-employment restrictive covenants contained in the Omnibus Plan, the Severance Plan and any other plan adopted by or agreement entered into by the Company and you shall not exceed two years from the date of termination.**

Deferred Compensation Plan: You are eligible to participate in Under Armour's Deferred Compensation Plan. The Plan provides an opportunity for pre-tax savings to assist you in accumulating assets for planned events during your working life and Retirement. Information regarding this Plan will be made available to you under a separate cover.

Employee Stock Purchase Plan: You are eligible to participate in Under Armour's Employee Stock Purchase Plan, which allows employees to purchase the Company's stock at a discounted rate through payroll deductions. Full-time, U.S. based employees are eligible to enter the plan after completion of 90 days of service.

Paid Time Off: You are eligible to earn and use Paid Time Off (PTO) in accordance with the terms of the Company's policy governing PTO.

Benefits: You are eligible to participate in the Company's medical, dental, and vision programs beginning on the first of the month following your date of hire.

Under Armour offers company-paid Life and Disability benefits on the first of the month following the completion of 90 days of service. Information regarding Company benefits will be sent to you under a separate cover.

Executive Supplemental Disability Income Program: In the event you are unable to work due to sickness or injury, UA provides an individual long-term disability benefit in addition to the $10,000/month Group Long Term Disability benefit. Based on your individual total compensation and other eligibility requirements you could receive up to $20,000 additional in monthly, replacement income. You will be contacted by UA's Benefits Team with enrollment details.

401(k): You are eligible to participate in the 401(k)-retirement savings plan after completion of 90 days of service. Information regarding the Company 401(k) plan will be sent to you under a separate cover.

Merchandise Discount: You will be eligible to receive an employee merchandise discount from Under Armour stores (Brand House and Factory House) and e-commerce sites. These discounts are subject to the terms and conditions set forth in the Company's Employee Discount Policy.

Executive & Preventive Health Program: You are eligible for our Executive & Preventive Health Program, Healthy Living for Leadership, through Johns Hopkins. This program is designed to provide you with a comprehensive medical assessment and personalized preventative strategies. It is a concierge type of physical where you can get all of your annual tests and exams in the efficiency

of one day-- including your choice of: Blood Work, EKG, Chest X-ray, Eye Exam, Dermatology Screening and Nutritional counseling. You will also have the opportunity to end your day with a one-on-one session with a physician to review your results. Additional information will be provided to you by our UA Benefits Team.

Change In Control: You will be an eligible participant in the Company's Change in Control Severance Plan, provided, however, that if an event occurs resulting your eligibility to receive payments under both the Severance Plan and the Change in Control Severance Plan, in the event of a Change in Control you shall be provided the better of the two severance payments and benefits thereunder.

Communications: We will cooperate with you in good faith on the content of all communications (including internal and external communications, digital communications and all press releases) to third parties regarding your hiring by the Company. We will deliver to you drafts of any such communication (if written) or summaries (if oral) sufficiently in advance of the communication's release to allow you a reasonable opportunity to review and comment thereon. No such communications shall be distributed without the consent of both the Company and you other than as legally required to comply with securities or other legal requirements or requirements of any stock exchange on which the Company's securities are trading.

Indemnification, etc.: You shall be indemnified and held harmless by the Company to the fullest extent legally permitted or authorized by the Company's charter and bylaws and the laws of the State of Maryland, from and against all liability, loss, cost or expense (including attorneys' and other professionals' fees and disbursements; judgments; fines; taxes; surcharges; or penalties and amounts paid in settlement) incurred or suffered by you in connection with any proceeding (or part thereof) to which you may be made a party or are threatened to be made a party or are otherwise involved (including as a witness) by reason of your status as a present or former director or officer of the Company, or person who has agreed to become a director or officer of the Company (a "Proceeding").

In the event you are made a party or are threatened to be made a party or are otherwise involved (including as a witness) in any Proceeding, the Company shall advance to you or for your benefit all expenses (including attorneys' and other professionals' fees and disbursements) incurred by you in defending or participating in any such Proceeding in advance of its final disposition; provided that such advancement of expenses shall be made only upon the delivery of (1) your written affirmation of your good faith belief that the standard of conduct for indemnification by the Company as authorized by its charter, bylaws and Maryland law has been met and (2) an undertaking to the Company, by you or on your behalf, to repay all amounts so advanced if it shall ultimately be determined that the standard of conduct for indemnification has not been met. No security shall be required with respect to any such undertaking, and your financial condition shall not be considered with respect thereto.

The rights to indemnification and to advancement of expenses conferred in Agreement are contract rights and shall survive (i) termination or expiration of this Agreement and (ii) the termination or expiration, for any reason (including death), of your employment by the Company. Your rights to indemnification or advancement of expenses shall inure to the benefit of your heirs, personal representatives and your estate. Any modification of any of these provisions shall not adversely affect any of your rights to indemnification or advancement of expenses that existed at or prior to the time of such modification. The rights to indemnification and to the advancement of expenses conferred herein are cumulative and shall not be exclusive of any other right that you may have or hereafter acquire under any statute, provision of law, organizational document of the Company, resolution of the Board or of the stockholders of the Company, agreement or otherwise.

Some or all of the employee benefits described above are subject to the terms of plan documents. The Company reserves the right to modify or change any of its employee benefit plans and in the event of a conflict between the descriptions of the plans contained in this letter and the plan documents, the terms of the plan documents shall control.

We have explained above what we will provide you. Now, as you consider whether to come to work for Under Armour, we outline some of our significant terms of employment:

1. **Under Armour thrives, in part, because our employees operate with a spirit of cooperation and teamwork. We expect everyone who works for Under Armour to (a) to conduct themselves with this spirit in mind and in a manner that is consistent with and not damaging to our reputation, (b) abide by all of our policies, procedures, and practices, and (c) deliver high quality work.**
2. **This offer does not guarantee any specific term or duration of employment. All of our employees are "at-will", meaning that you or Under Armour may terminate your employment at any time, for any reason, or for no reason. The information presented in this letter is not intended to be, nor should it be construed as a contract of employment, as Under Armour engages its Teammates on at-will-basis. This conditional offer supersedes any prior conditional offers, whether made verbally or in writing and is made on the condition that you have no contractual obligations that prevent you from beginning employment with Under Armour.**
3. **You promise us that you have not retained any confidential or proprietary information from a prior employer and understand that you may not use any such information or disclose any such information to anyone at Under Armour.**
4. **You agree that, during your employment with Under Armour, and subject to the above provision on "Other Activity," you will devote your best efforts to our business. Also, during your employment with Under Armour, you promise that you will not engage in any business, whether for yourself or in any capacity, for another person or entity, that competes with the work of Under Armour.**
5. **You will start with us only when, in Under Armour's sole discretion, it determines that you are not subject to an enforceable non-compete or other restrictive covenant, such as that contained in a non-competition agreement, which would limit or restrict your ability to work for us ("<u>Restrictive Covenant</u>"). Provided that you are free from any such Restrictive Covenant, then your anticipated start date will be determined upon the return of this signed Offer Letter. If you are not free from such Restrictive Covenant, then you may not begin work for Under Armour.**

<u>Offset; Mitigation:</u> You are entitled to any compensation due hereunder without any obligation to mitigate (other than as specified above with respect to the MI Awards) or to seek other employment.

Please understand that your employment will be contingent upon the following, all of which must be satisfied before employment may begin at Under Armour:

- **You represent that you are not bound by a Restrictive Covenant that would prevent you from accepting an offer.**
- **You agree to the terms of the Under Armour Employee Confidentiality, Non-Competition and Non-Solicitation Agreement, a copy of which will be included with your onboarding new hire documents. You must sign such agreement as a condition of employment and before performing any services for Under Armour.**

By accepting this offer, you consent to the use of your electronic signature to demonstrate your authorization for Under Armour or its designated agent to obtain a background screening report to be generated for employment purposes.

On Under Armour's behalf, Spencer Stuart has engaged The Mintz Group to conduct background investigations. The data collected as part of the background investigation will be used in line with Under Armour's Teammate and Candidate Privacy Policy. By initiating the background check, you understand and acknowledge that you have reviewed the Privacy Policy and have authorized The Mintz Group to conduct the investigation. You can withdraw your consent at any time.

You understand and acknowledge that obtaining such background report is a condition of your employment.

This offer is contingent upon Under Armour receiving a satisfactory response to a complete background investigation and any outstanding reference check. You may not begin working at Under Armour until we receive the results of your background check. If you have any questions regarding these requirements, please contact our Chief People and Administrative Officer, Tchernavia Rocker, at [email redacted].

You must provide proof that you are lawfully allowed to work in the United States by completing the I-9 Form within 3 days of your start date.

Under Armour requires all Teammates, including those who are remote, to be fully vaccinated for COVID-19 as a condition of employment. You will be required to provide documentation that you are fully vaccinated (as defined in Under Armour's COVID-19 Mandatory Vaccination Policy) prior to your start date. However, Under Armour will comply with its obligation to provide exemptions, absent undue hardship, based on an inability to become vaccinated due to a disability or a conflict with a sincerely held religious belief, practice, or observance or as otherwise required by state or local law. A request for exemption may be initiated immediately upon receipt of this conditional offer by contacting Ms. Rocker at the email address listed above.

To confirm your decision to join the Under Armour Team please electronically accept this conditional offer affirming that you understand and accept its terms within three calendar days of the date of this offer letter.

[*signatures appear on the next page*]

If you have any questions or if there is any way I can help you further, please do not hesitate to call. We look forward to your response to our offer.

Sincerely,

(UNDER ARMOUR REPRESENTATIVE)

Agreed to:

/s/ Kevin A. Plank

(CANDIDATE SIGNATURE)

Date: 12/14/2022

/s/ Stephanie Linnartz

Exhibit 31.01

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Colin Browne, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Under Armour, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 08, 2023

/s/ COLIN BROWNE
Colin Browne
Interim President and Chief Executive Officer Principal Executive Officer

Exhibit 31.02

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David E. Bergman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Under Armour, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 08, 2023

/s/ DAVID E. BERGMAN
David E. Bergman
Chief Financial Officer Principal Financial Officer

Exhibit 32.01

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Under Armour, Inc. (the “Company”) hereby certifies, to such officer's knowledge, that:

(i) the quarterly report on Form 10-Q of the Company for the period ended December 31, 2022 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 08, 2023

/s/ COLIN BROWNE

Colin Browne

Interim President and Chief Executive Officer Principal Executive Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Under Armour, Inc. and will be retained by Under Armour, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.02

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Under Armour, Inc. (the “Company”) hereby certifies, to such officer's knowledge, that:

(i) the quarterly report on Form 10-Q of the Company for the period ended December 31, 2022 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 08, 2023

/s/ DAVID E. BERGMAN

David E. Bergman

Chief Financial Officer Principal Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Under Armour, Inc. and will be retained by Under Armour, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.