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, 2023

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, 2024 there were 188,802,043 shares of Class A Common Stock, 34,450,000 shares of Class B Convertible Common Stock and 212,029,068 shares of Class C Common Stock outstanding.

UNDER ARMOUR, INC.

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ITEM 1. FINANCIAL STATEMENTS

Under Armour, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets
(Unaudited; In thousands, except share data)

	December 31, 2023	March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 1,040,090	$ 711,91
Accounts receivable, net (Note 3)	691,546	759,86
Inventories	1,104,027	1,190,25
Prepaid expenses and other current assets, net	287,153	297,56
Total current assets	3,122,816	2,959,58
Property and equipment, net (Note 4)	714,183	672,73
Operating lease right-of-use assets (Note 5)	456,201	489,30
Goodwill (Note 6)	481,573	481,99
Intangible assets, net (Note 7)	8,002	8,94
Deferred income taxes (Note 17)	210,600	186,16
Other long-term assets	51,131	58,35
Total assets	$ 5,044,506	$ 4,857,08
Liabilities and Stockholders' Equity		
Current liabilities		
Current maturities of long-term debt (Note 9)	$ 80,919	$ -
Accounts payable	699,431	649,11
Accrued expenses	322,780	354,64
Customer refund liabilities (Note 12)	160,786	160,53
Operating lease liabilities (Note 5)	143,425	140,99
Other current liabilities	58,841	51,60
Total current liabilities	1,466,182	1,356,89
Long-term debt, net of current maturities (Note 9)	595,124	674,47
Operating lease liabilities, non-current (Note 5)	654,216	705,71
Other long-term liabilities	155,964	121,59
Total liabilities	2,871,486	2,858,68
Stockholders' equity (Note 11)		
Class A Common Stock, $0.0003 1/3 par value; 400,000,000 shares authorized as of December 31, 2023 and March 31, 2023; 188,786,536 shares issued and outstanding as of December 31, 2023 (March 31, 2023: 188,704,689)	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, 2023 and March 31, 2023	11	1
Class C Common Stock, $0.0003 1/3 par value; 400,000,000 shares authorized as of December 31, 2023 and March 31, 2023; 211,986,367 shares issued and outstanding as of December 31, 2023 (March 31, 2023: 221,346,517)	70	7
Additional paid-in capital	1,171,269	1,136,53
Retained earnings	1,084,666	929,56
Accumulated other comprehensive income (loss)	(83,059)	(67,84
Total stockholders' equity	2,173,020	1,998,40
Total liabilities and stockholders' equity	$ 5,044,506	$ 4,857,08

Commitments and Contingencies (Note 10)

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,	
	2023	2022	2023	2022
Net revenues	$ 1,486,095	$ 1,581,781	$ 4,369,817	$ 4,504,723
Cost of goods sold	814,914	883,376	2,338,905	2,462,287
Gross profit	671,181	698,405	2,030,912	2,042,436
Selling, general and administrative expenses	601,661	603,746	1,794,703	1,793,884
Income (loss) from operations	69,520	94,659	236,209	248,552
Interest income (expense), net	(211)	(1,615)	(2,210)	(11,175)
Other income (expense), net	49,636	47,312	36,822	27,300
Income (loss) before income taxes	118,945	140,356	270,821	264,677
Income tax expense (benefit)	4,999	18,811	38,464	46,719
Income (loss) from equity method investments	197	72	(51)	(1,734)
Net income (loss)	$ 114,143	$ 121,617	$ 232,306	$ 216,224
Basic net income (loss) per share of Class A, B and C common stock (Note 18)	$ 0.26	$ 0.27	$ 0.53	$ 0.48
Diluted net income (loss) per share of Class A, B and C common stock (Note 18)	$ 0.26	$ 0.27	$ 0.52	$ 0.47
Weighted average common shares outstanding Class A, B and C common stock				
Basic	437,314	448,833	441,893	453,840
Diluted	448,435	458,990	452,208	463,750

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,	
	2023	2022	2023	2022
Net income (loss)	$ 114,143	$ 121,617	$ 232,306	$ 216,22
Other comprehensive income (loss):				
Foreign currency translation adjustment	17,257	16,433	9,179	(24,06
Unrealized gain (loss) on cash flow hedges, net of tax benefit (expense) of $8,837 and $18,689, for the three months ended December 31, 2023 and 2022, respectively; $6,629 and $(1,397) for the nine months ended December 31, 2023 and 2022, respectively.	(36,070)	(66,541)	(17,840)	25,35
Gain (loss) on intra-entity foreign currency transactions	2,815	8,778	(6,556)	(20,76
Total other comprehensive income (loss)	(15,998)	(41,330)	(15,217)	(19,47
Comprehensive income (loss)	$ 98,145	$ 80,287	$ 217,089	$ 196,74

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	—	—	—	—	(7)	—	—	(66)	—	(
Class C Common Stock repurchased	—	—	—	—	(7,762)	(3)	(10,012)	(64,985)	—	(75,0
Issuance of Class C Common Stock, net of forfeitures	—	—	—	—	193	—	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	—	—	—	—	(92)	—	—	(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	—	—	—	—	731	—	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 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, 2023	188,725	$ 63	34,450	$ 11	214,689	$ 71	$ 1,162,548	$ 994,110	$ (67,061)	$ 2,089,74
Shares withheld in consideration of employee tax obligations relative to stock-based compensation arrangements	—	—	—	—	(15)	—	—	(110)	—	(1
Excise tax on repurchases of common stock	—	—	—	—	—	—	(225)	—	—	(2
Class C Common Stock repurchased	—	—	—	—	(3,069)	(1)	(1,522)	(23,477)	—	(25,0
Issuance of Class A Common Stock, net of forfeitures	62	—	—	—	—	—	—	—	—	
Issuance of Class C Common Stock, net of forfeitures	—	—	—	—	381	—	662	—	—	6
Stock-based compensation expense	—	—	—	—	—	—	9,806	—	—	9,8
Comprehensive income (loss)	—	—	—	—	—	—	—	114,143	(15,998)	98,1
Balance as of December 31, 2023	188,787	$ 63	34,450	$ 11	211,986	$ 70	$ 1,171,269	$ 1,084,666	$ (83,059)	$ 2,173,0
Balance as of March 31, 2023	188,705	$ 63	34,450	$ 11	221,347	$ 73	$ 1,136,536	$ 929,562	$ (67,842)	$ 1,998,4
Shares withheld in consideration of employee tax obligations relative to stock-based compensation arrangements	—	—	—	—	(348)	—	—	(2,428)	—	(2,4
Excise tax on repurchases of common stock	—	—	—	—	—	—	(650)	—	—	(6
Class C Common Stock repurchased	—	—	—	—	(10,685)	(3)	(223)	(74,774)	—	(75,0
Issuance of Class A Common Stock, net of forfeitures	82	—	—	—	—	—	—	—	—	
Issuance of Class C Common Stock, net of forfeitures	—	—	—	—	1,672	—	2,443	—	—	2,4
Stock-based compensation expense	—	—	—	—	—	—	33,163	—	—	33,1
Comprehensive income (loss)	—	—	—	—	—	—	—	232,306	(15,217)	217,0
Balance as of December 31, 2023	188,787	$ 63	34,450	$ 11	211,986	$ 70	$ 1,171,269	$ 1,084,666	$ (83,059)	$ 2,173,0

See accompanying notes.

Under Armour, Inc. and Subsidiaries

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

	Nine Months Ended December 31,	
	2023	2022
Cash flows from operating activities		
Net income (loss)	$ 232,306	$ 216,22
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	106,685	102,65
Unrealized foreign currency exchange rate (gain) loss	(904)	(19,42
Loss on disposal of property and equipment	746	1,4
Amortization of bond premium and debt issuance costs	1,565	1,64
Stock-based compensation	33,163	29,36
Deferred income taxes	(24,430)	(13
Changes in reserves and allowances	25,085	7,3
Changes in operating assets and liabilities:		
Accounts receivable	55,912	1,02
Inventories	71,400	(401,55
Prepaid expenses and other assets	(45,363)	(68,93
Other non-current assets	42,149	(46,27
Accounts payable	31,470	168,68
Accrued expenses and other liabilities	(42,630)	50,89
Customer refund liability	80	12,44
Income taxes payable and receivable	5,884	19,05
Net cash provided by (used in) operating activities	493,118	74,39
Cash flows from investing activities		
Purchases of property and equipment	(132,796)	(147,62
Earn-out from the sale of MyFitnessPal platform	45,000	35,00
Net cash provided by (used in) investing activities	(87,796)	(112,62
Cash flows from financing activities		
Common shares repurchased	(75,000)	(125,00
Employee taxes paid for shares withheld for income taxes	(2,428)	(86
Proceeds from exercise of stock options and other stock issuances	2,443	2,80
Net cash provided by (used in) financing activities	(74,985)	(123,05
Effect of exchange rate changes on cash, cash equivalents and restricted cash	136	3,20
Net increase (decrease) in cash, cash equivalents and restricted cash	330,473	(158,07
Cash, cash equivalents and restricted cash		
Beginning of period	727,726	1,022,12
End of period	$ 1,058,199	$ 864,05
Non-cash investing and financing activities		
Change in accrual for property and equipment	$ (3,928)	$ (70

Reconciliation of cash, cash equivalents and restricted cash	December 31, 2023	December 31, 2
Cash and cash equivalents	$ 1,040,090	$ 8
Restricted cash	18,109	
Total cash, cash equivalents and restricted cash	$ 1,058,199	$ 8

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.

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 statement of the financial position and results of operations were included. Intercompany balances and transactions were eliminated upon consolidation. Additionally, certain prior period comparative amounts in the Condensed Consolidated Statement of Stockholders' Equity have been reclassified to conform to the current period presentation. Such reclassifications were not material and did not affect the Condensed Consolidated Financial Statements.

The unaudited Condensed Consolidated Balance Sheet as of December 31, 2023 is derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2023 ("Fiscal 2023"), filed with the SEC on May 24, 2023 ("Annual Report on Form 10-K for Fiscal 2023"), which should be read in conjunction with these unaudited Condensed Consolidated Financial Statements. The unaudited results for the three and nine months ended December 31, 2023 are not necessarily indicative of the results to be expected for the fiscal year ending March 31, 2024 ("Fiscal 2024"), 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 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 2023.

NOTE 2. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Account Pronouncements

The Company assesses the applicability and impact of all Accounting Standard Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). The following ASU was adopted during the first half of Fiscal 2024.

Supplier Finance Programs

In September 2022, the 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. The Company adopted ASU 2022-04 on April 1, 2023 on a retrospective basis, except for the amendments relating to the rollforward requirement, which are required to be adopted on April 1, 2024 on a prospective basis. The adoption did not have a material impact on the Company's Condensed Consolidated Financial Statements. Refer to Note 8 of the Condensed Consolidated Financial Statements for a discussion of the Company's supply chain finance program.

Recently Issued Accounting Pronouncements

The Company assessed all recently issued ASUs and, other than those described below, determined them to be either not applicable or expected to have no material impact on its consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07 "Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), which requires expanded disclosures about an entity’s reportable segments, including more enhanced information about a reportable segment’s expenses, interim segment profit or loss, and how an entity’s chief operating decision maker uses reported segment profit or loss information in assessing segment performance and allocating resources. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. ASU 2023-07 should be adopted on a retrospective basis. Early adoption is permitted. The Company is currently evaluating this ASU to determine the impact of adoption on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09 "Improvements to Income Tax Disclosures" ("ASU 2023-09"), which requires expanded income tax disclosures primarily related to an entity's effective tax rate reconciliation and income taxes paid. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 and should be adopted on a prospective basis. Early adoption is permitted. The Company is currently evaluating this ASU to determine the impact of adoption on its consolidated financial statements and related disclosures.

NOTE 3. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company's allowance for doubtful accounts was established with information available as of December 31, 2023, 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 as of March 31, 2023	$ 10,813	$ 227
Increases (decreases) to costs and expenses	11,767	—
Write-offs, net of recoveries	(291)	—
Balance as of December 31, 2023	$ 22,289	$ 227

[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, 2023		As of March 31, 2023
Leasehold and tenant improvements	$	491,520	$	462,72[illegible]
Furniture, fixtures and displays		296,381		289,53[illegible]
Buildings		68,230		48,63[illegible]
Software		400,422		380,58[illegible]
Office equipment		135,132		132,30[illegible]
Plant equipment		178,277		178,19[illegible]
Land		82,410		83,62[illegible]
Construction in progress [1]		176,093		143,24[illegible]
Other		24,432		17,83[illegible]
Subtotal property and equipment		1,852,897		1,736,67[illegible]
Accumulated depreciation		(1,138,714)		(1,063,94[illegible]
Property and equipment, net	$	714,183	$	672,73[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, 2023 was $35.2 million and $105.6 million, respectively (three and nine months ended December 31, 2022: $34.2 million and $101.3 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 2038, 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, 2023 and 2022.

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 Statement of Operations, for the periods indicated:

	Three Months Ended December 31,				Nine Months Ended December 31,			
	2023		2022		2023		2022	
Operating lease costs	$	40,046	$	39,477	$	122,769	$	111,042
Variable lease costs	$	3,722	$	3,560	$	8,534	$	11,543

There are no residual value guarantees that exist, and there are no restrictions or covenants imposed by leases. The Company rents or subleases certain 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, 2023	As of March 31, 2023
Weighted average remaining lease term (in years)	7.74	8.03
Weighted average discount rate	4.92 %	4.69 %

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,	
	2023	2022	2023	2022
Operating cash outflows from operating leases	$ 44,941	$ 42,545	$ 133,259	$ 126,664
Leased assets obtained in exchange for new operating lease liabilities	$ 29,239	$ 32,804	$ 50,698	$ 140,364

Maturity of Lease Liabilities

The following table presents the future minimum lease payments under the Company's operating lease liabilities as of December 31, 2023:

Fiscal year ending March 31,	
2024 (three months ending)	$ 45,473
2025	173,313
2026	140,589
2027	117,688
2028	99,711
2029 and thereafter	377,316
Total lease payments	$ 954,090
Less: Interest	156,449
Total present value of lease liabilities	$ 797,641

As of December 31, 2023, the Company has additional operating lease obligations that have not yet commenced of approximately $20.0 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, 2023	$ 301,371	$ 101,096	$ 79,525	$ —	$ 481,992
Effect of currency translation adjustment	—	2,528	(2,947)	—	(419)
Balance as of December 31, 2023	$ 301,371	$ 103,624	$ 76,578	$ —	$ 481,573

NOTE 7. INTANGIBLE ASSETS, NET

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

	Useful Lives from Date of Acquisitions (in years)	As of December 31, 2023		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:				
Customer relationships	2-6	8,763	(5,461)	3,302
Lease-related intangible assets	1-15	1,737	(1,648)	89
Total		$ 10,500	$ (7,109)	$ 3,391
Indefinite-lived intangible assets				4,611
Intangible assets, net				$ 8,002

	Useful Lives from Date of Acquisitions (in years)	As of March 31, 2023		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:				
Technology	5-7	$ 2,536	$ (2,503)	$ 33
Customer relationships	2-6	8,711	(4,377)	4,334
Lease-related intangible assets	1-15	1,664	(1,542)	122
Total		$ 12,911	$ (8,422)	$ 4,489
Indefinite-lived intangible assets				4,451
Intangible assets, net				$ 8,940

Amortization expense, which is included in selling, general and administrative expenses, for the three and nine months ended December 31, 2023 was $0.4 million and $1.1 million, respectively (three and nine months ended December 31, 2022: $0.5 million and $1.4 million, respectively).

During the nine months ended December 31, 2023, the Company reduced the gross carrying amount and related accumulated amortization of technology assets by $2.5 million as a result of such assets being fully amortized.

The following is the estimated future amortization expense for the Company's intangible assets as of December 31, 2023:

Fiscal year ending March 31,	
2024 (three months ending)	$ 390
2025	1,559
2026	1,433
2027	9
2028	—
2029 and thereafter	—
Total amortization expense of intangible assets	$ 3,391

NOTE 8. SUPPLY CHAIN FINANCE PROGRAM

The Company facilitates a supply chain finance program, administered through third party platforms, which provides participating suppliers with the opportunity to finance payments due from the Company with certain third-party financial institutions. Participating suppliers may, at their sole discretion, elect to finance one or more invoices of the Company prior to their scheduled due dates at a discounted price with the participating financial institution.

The Company's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by the supplier's decision to finance amounts under these arrangements. As such, the outstanding payment obligations under the Company's supply chain financing program are included within Accounts Payable in the Condensed Consolidated Balance Sheets and within operating activities in the Condensed Consolidated Statement of Cash Flows.

The Company's outstanding payment obligations under this program were $219.6 million as of December 31, 2023 (March 31, 2023: $250.8 million).

NOTE 9. CREDIT FACILITY AND OTHER LONG-TERM DEBT

The Company's outstanding debt consisted of the following:

	As of December 31, 2023	As of March 31, 2023
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	(624)	(814)
Unamortized debt issuance costs - Convertible Senior Notes	(39)	(267)
Unamortized debt issuance costs - Senior Notes	(1,324)	(1,728)
Unamortized debt issuance costs - Credit facility	(2,889)	(3,632)
Total amount outstanding	676,043	674,478
Less:		
Current portion of long-term debt:		
1.50% Convertible Senior Notes due 2024	80,919	—
Non-current portion of long-term debt	$ 595,124	$ 674,478

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, 2023 and March 31, 2023, 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, 2023, $4.2 million of letters of credit were outstanding (March 31, 2023: $4.4 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, 2023, 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, 2023, the commitment fee was 17.5 basis points.

1.50% Convertible Senior Notes

The Company has approximately $80.9 million aggregate principal amount of 1.50% convertible senior notes due 2024 (the "Convertible Senior Notes") outstanding as of December 31, 2023, which were issued in May 2020. 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 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.

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 held rights to (at their option) convert their Convertible Senior Notes only upon satisfaction of one or more specific conditions. As of December 31, 2023, no holder had exercised these rights. 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.

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, which 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, was $5.7 million and $17.0 million, respectively, for the three and nine months ended December 31, 2023 (three and nine months ended December 31, 2022: $5.5 million and $18.6 million, respectively).

The following are the scheduled maturities of long-term debt as of December 31, 2023:

Fiscal year ending March 31,		
2024 (three months ending)	$	—
2025		80,919
2026		—
2027		600,000
2028		—
2029 and thereafter		—
Total scheduled maturities of long-term debt	$	680,919
Current maturities of long-term debt	$	80,919

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 10. 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 September 14, 2020, the District Court issued an order that, among other things, consolidated two additional securities cases into the Consolidated Securities Action.

The operative complaint (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.

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. Discovery in the Consolidated Securities Action concluded on August 31, 2023. On October 2, 2023, the Company and Mr. Plank filed a motion for summary judgment seeking an order dismissing the Consolidated Securities Action with prejudice. Briefing on that motion was completed on December 18, 2023, and oral argument is scheduled for February 9, 2024. The District Court has scheduled trial to begin on July 15, 2024.

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

Consolidated Kenney Derivative Litigation

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 action 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 2016 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 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 the Baltimore Peninsula, an area of Baltimore previously referred to as 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 both of these purported stockholders were informed 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.

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 Kenney 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 Kenney Derivative Action.

The Company believes that the claims asserted in the Consolidated Kenney 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.

Consolidated Paul Derivative Litigation

On January 27, 2021, the District Court entered an order consolidating for all purposes four separate stockholder derivative cases that previously had been filed in the court. On February 2, 2023, the District Court issued an order appointing Balraj Paul and Anthony Viskovich as lead plaintiffs ("Derivative Lead Plaintiffs"), appointing counsel for the Derivative Lead Plaintiffs as lead counsel, and recaptioning the consolidated case as Paul et al. v. Plank et al. (the "Paul Derivative Action"). Prior to filing their derivative complaints, both of the Derivative Lead Plaintiffs 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 the Derivative Lead Plaintiffs were informed of that determination.

On March 16, 2023, the District Court issued an order granting a motion for voluntary dismissal without prejudice that had been filed by the plaintiff in one of the four derivative cases who had not been appointed as a lead plaintiff.

On April 24, 2023, the Derivative Lead Plaintiffs designated an operative complaint in the Paul Derivative Action. The operative complaint named Mr. Plank, certain other current and former members of the Company's Board of Directors, and certain other current and former Company executives as defendants, and named the Company as a nominal defendant. It asserted 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; and (iv) the Company's supposed failure to timely disclose investigations by the SEC and DOJ. The operative complaint asserted breach of fiduciary duty and unjust enrichment claims against the defendants and asserted a contribution claim against certain defendants. The operative complaint sought damages on behalf of the Company and also sought certain corporate governance related actions.

The Company and the defendants filed a motion to dismiss the operative complaint on June 23, 2023. The District Court granted that motion on September 27, 2023, dismissing the Paul Derivative Action without prejudice, due to lack of subject matter jurisdiction.

Paul, one of the Derivative Lead Plaintiffs, filed a motion seeking reconsideration of the dismissal decision or leave to amend the complaint. Briefing on that motion was completed on November 8, 2023. On January 9, 2024, the District Court entered an order denying Paul's motion and ordering that the Paul Derivative Action remained dismissed without prejudice.

In February 2024, Paul filed a notice of appeal from the decisions by the District Court on September 27, 2023 and January 9, 2024. The Company continues to believe 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.

Viskovich State Court Derivative Complaint

On October 27, 2023, the plaintiffs in the Paul Derivative Action other than Paul filed a stockholder derivative complaint in Maryland state court (in a case captioned Viskovich, et al. v. Plank, et al). The complaint asserts claims similar to those that had been asserted in the operative complaint in the Paul Derivative Action before that action was dismissed and seeks similar remedies (including damages and certain corporate governance related actions). The complaint names Mr. Plank, certain other current and former members of the Company's Board of Directors, and certain other current and former Company executives as defendants, and names the Company as a nominal defendant. The defendants and the Company are not under any present obligation to respond to the complaint in the Viskovich action. On December 11, 2023, the parties filed a joint motion for designation to the court's Business and Technology Case Management Program. That motion is currently pending.

The Company believes that the claims asserted in the Viskovich 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. Legal proceedings and other contingencies for which no accrual has been established are disclosed to the extent required by ASC Topic 450.

As of December 31, 2023, the Company has recorded an accrual of $42.5 million in respect of legal proceeding contingencies. The timing of resolution is unknown and the amount of loss ultimately incurred may be substantially higher than the amount accrued. The Company expects a portion of the loss, if any is incurred, to be covered by the Company’s insurance. However, the recorded accrual currently exceeds the amount of insurance coverage that is not subject to dispute by our carriers (as discussed further in the next paragraph). Accordingly, any adverse verdict or settlement could require a substantial cash outlay by the Company, which could have a material impact on the Company's consolidated financial position, results of operations or cash flows.

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 was filed against the Company by certain of its insurance carriers seeking a declaration that no further amounts will be payable with respect to that policy period. The timing of the resolution is unknown for the claims in 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 11. 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, 2023. 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 Chair 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 has a par value of $0.0003 1/3 per share as of December 31, 2023. 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. As of December 31, 2023, the Company has repurchased a total of $500 million or

45.6 million outstanding shares of its Class C Common Stock under its share repurchase program, thereby completing all repurchase activity under the repurchase program.

During the three months ended December 31, 2023, the Company entered into a supplemental confirmation (the "November 2023 ASR Agreement") of an accelerated share repurchase transaction with HSBC Bank USA, National Association ("HSBC") to repurchase $25.0 million of the Company's Class C Common Stock, and received a total of 3.1 million shares of Class C Common Stock from HSBC, which were immediately retired. As a result, $23.5 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, 2023, pursuant to the November 2023 ASR agreement and the previously disclosed accelerated share repurchase transactions, the Company repurchased 10.7 million shares of Class C Common Stock, which were immediately retired.

During the three and nine months ended December 31, 2022, pursuant to the previously disclosed accelerated share repurchase transactions, the Company repurchased 7.8 million and 17.7 million shares of Class C Common Stock, respectively, which were immediately retired.

On August 16, 2022, the Inflation Reduction Act (the "Act") was enacted and signed into law in the United States, which imposed a 1.0% excise tax on corporate stock repurchases in tax years beginning after December 31, 2022. As a result, the Company accrued $0.7 million of excise tax in connection with the share repurchases completed during the nine months ended December 31, 2023, which was recorded in other current liabilities on the Condensed Consolidated Balance Sheets as of December 31, 2023.

NOTE 12. 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,	
	2023	2022	2023	2022
Apparel	$ 1,016,707	$ 1,075,714	$ 2,911,804	$ 2,982,410
Footwear	331,000	354,389	1,045,872	1,077,525
Accessories	104,510	104,875	316,305	312,823
Net Sales	1,452,217	1,534,978	4,273,981	4,372,758
License revenues	29,069	29,734	82,787	90,992
Corporate Other	4,809	17,069	13,049	40,973
Total net revenues	$ 1,486,095	$ 1,581,781	$ 4,369,817	$ 4,504,723

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2022	2023	2022
Wholesale	$ 711,699	$ 819,781	$ 2,393,382	$ 2,559,621
Direct-to-consumer	740,518	715,197	1,880,599	1,813,137
Net Sales	1,452,217	1,534,978	4,273,981	4,372,758
License revenues	29,069	29,734	82,787	90,992
Corporate Other	4,809	17,069	13,049	40,973
Total net revenues	$ 1,486,095	$ 1,581,781	$ 4,369,817	$ 4,504,723

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, 2023	As of March 31, 2023
Customer refund liability	$ 160,786	$ 160,533
Inventory associated with reserves for sales returns	$ 34,668	$ 40,661

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 and points associated with our loyalty programs which are in 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, 2023, contract liabilities were $28.6 million (March 31, 2023: $25.9 million).

For the three and nine months ended December 31, 2023, the Company recognized approximately $1.6 million and $6.7 million, respectively, of revenue that was previously included in contract liabilities as of March 31, 2023.

For the three and nine months ended December 31, 2022, 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. Included in these amounts is approximately $10.1 million of revenue that was recognized during the three months ended December 31, 2022 for gift cards not expected to be redeemed ("breakage"), resulting from a process assessment that was completed during the three months ended December 31, 2022.

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.

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, 2023 of $2.2 million and $8.9 million, respectively (three and nine months ended December 31, 2022: $2.2 million and $6.4 million, respectively).

In addition, the Company offers the Under Armour, Inc. Deferred Compensation Plan (the "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, 2023, the Deferred Compensation Plan obligations, which are included in other long-term liabilities on the Condensed Consolidated Balance Sheets, were $15.4 million (March 31, 2023: $14.1 million).

The Company established a Rabbi Trust to fund obligations to participants in the Deferred Compensation Plan. As of December 31, 2023, the assets held in the Rabbi Trust were trust owned life insurance ("TOLI") policies with cash-surrender values of $8.4 million (March 31, 2023: $7.7 million). These assets are consolidated and are included in other long-term assets on the Condensed Consolidated Balance Sheets.

Refer to Note 15 of the Condensed Consolidated Financial Statements 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. Fourth 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 2033. As of December 31, 2023, 8.3 million Class A shares and 34.1 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, 2023 was $8.3 million and $28.6 million, respectively (three and nine months ended December 31, 2022: $9.7 million and $29.4 million, respectively). As of December 31, 2023, the Company had $73.8 million of unrecognized compensation expense related to these awards expected to be recognized over a weighted average period of 1.97 years. The unrecognized expense does not include any expense related to performance-based restricted stock unit awards for which the performance targets have been deemed improbable as of December 31, 2023. 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. 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, 2023.

Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plans (the "ESPPs") allow 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 ESPPs. As of December 31, 2023, 2.7 million Class A shares and 0.7 million Class C shares are available for future purchases under the ESPPs. During the three and nine months ended December 31, 2023, 106.6 thousand and 408.8 thousand Class C shares, respectively, were purchased under the ESPPs (three and nine months ended December 31, 2022: 119.5 thousand and 412.5 thousand, respectively).

Awards granted to Certain Marketing and Other 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 and other partners in connection with their entering into endorsement or other service agreements with the Company. 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, 2023 was $2.2 million and $7.0 million, respectively (three and nine months ended December 31, 2022: $0.8 million and $2.5 million, respectively). As of December 31, 2023, the Company had $72.9 million of unrecognized compensation expense associated with these awards expected to be recognized over a weighted average period of 10.46 years.

Summary by Award Classification:

Stock Options

A summary of the Company's stock options activity for the nine months ended December 31, 2023 is presented below:

	Number of Stock Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)		Total Intrinsic Value
Outstanding at March 31, 2023	1,578	$	19.44	4.82	$	—
Granted, at fair market value	—		—	—		—
Exercised	—		—	—		—
Forfeited	—		—	—		—
Outstanding at December 31, 2023	1,578	$	19.44	4.07	$	—
Options exercisable at December 31, 2023	1,503	$	19.66	3.97	$	—

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, 2023 is presented below:

	Number of Restricted Shares		Weighted Average Grant Date Fair Value
Outstanding at March 31, 2023	7,658	$	13.01
Granted	18,498		7.71
Forfeited	(2,816)		10.34
Vested	(1,179)		14.62
Outstanding at December 31, 2023	22,161	$	8.87

The awards outstanding at December 31, 2023 in the table above includes 1.8 million and 0.6 million of performance-based restricted stock units that were awarded to certain executives and key employees under the 2005 Plan during Fiscal 2024 and Fiscal 2023, respectively. The performance-based restricted stock units awarded during Fiscal 2024 and Fiscal 2023 have a weighted average fair value of $6.91 and $9.13, respectively, and have vesting that is tied to the achievement of certain combined annual revenue and operating income targets.

As of December 31, 2023, the Company deemed the achievement of the targets for the performance-based restricted stock units awarded during Fiscal 2023 to be improbable and recorded a reversal of previously recorded expense of $0.9 million during the three months ended December 31, 2023, with no amounts remaining accrued. Inclusive of this reversal, during the three and nine months ended December 31, 2023, the Company recorded stock-based compensation expense of ($0.9) million and ($1.4) million, respectively, relating to these awards (three and nine months ended December 31, 2022: $0.8 million and $2.1 million, respectively).

As of December 31, 2023, the Company deemed the achievement of certain of the targets for the performance-based restricted stock units awarded during Fiscal 2024 to be improbable and recorded a reversal of previously recorded expense of $0.2 million during the three months ended December 31, 2023. Inclusive of this reversal, during the three and nine months ended December 31, 2023, the Company recorded stock-based compensation expense of $0.4 million and $0.8 million, respectively, relating to these awards.

The Company assesses the probability of the achievement of the revenue and operating income targets at the end of each reporting period and based on that assessment cumulative adjustments may be recorded in future periods.

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.

Financial assets and liabilities measured at fair value on a recurring basis

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, 2023			March 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative foreign currency contracts (see Note 16)	$ —	$ (21,130)	$ —	$ —	$ (3,127)	$ —
TOLI policies held by the Rabbi Trust (see Note 13)	$ —	$ 8,438	$ —	$ —	$ 7,691	$ —
Deferred Compensation Plan obligations (see Note 13)	$ —	$ (15,399)	$ —	$ —	$ (14,082)	$ —

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 Deferred Compensation Plan, which represent the underlying liabilities to participants. Liabilities under the Deferred Compensation Plan are recorded at amounts due to participants, based on the fair value of participants' selected investments.

Fair value of Long-Term Debt

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, 2023, the fair value of the Convertible Senior Notes was $84.8 million (March 31, 2023: $85.8 million).

As of December 31, 2023, the fair value of the Senior Notes was $567.1 million (March 31, 2023: $553.9 million).

Assets and liabilities measured at fair value on a non-recurring basis

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, 2023, the Company has hedge instruments primarily for:

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

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

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, 2023	March 31, 2023
Derivatives designated as hedging instruments under ASC 815			
Foreign currency contracts	Other current assets	$ 8,483	$ [illegible]
Foreign currency contracts	Other long-term assets	682	[illegible]
Total derivative assets designated as hedging instruments		$ 9,165	$ [illegible]
Foreign currency contracts	Other current liabilities	$ 29,185	$ [illegible]
Foreign currency contracts	Other long-term liabilities	4,764	[illegible]
Total derivative liabilities designated as hedging instruments		$ 33,949	$ [illegible]
Derivatives not designated as hedging instruments under ASC 815			
Foreign currency contracts	Other current assets	$ 1,295	$ [illegible]
Total derivative assets not designated as hedging instruments		$ 1,295	$ [illegible]
Foreign currency contracts	Other current liabilities	$ 1,038	$ [illegible]
Foreign currency contracts	Other long-term liabilities	—	[illegible]
Total derivative liabilities not designated as hedging instruments		$ 1,038	$ [illegible]

The following table presents the amounts in the Condensed Consolidated Statement 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,			
	2023		2022		2023		2022	
	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	$ 1,486,095	$ 3,415	$ 1,581,781	$ 15,441	$ 4,369,817	$ 8,961	$ 4,504,723	$ 35,692
Cost of goods sold	$ 814,914	$ (1,550)	$ 883,376	$ 1,633	$ 2,338,905	$ (1,779)	$ 2,462,287	$ (1,206)
Interest income (expense), net	$ (211)	$ (9)	$ (1,615)	$ (9)	$ (2,210)	$ (27)	$ (11,175)	$ (27)
Other income (expense), net	$ 49,636	$ —	$ 47,312	$ —	$ 36,822	$ —	$ 27,300	$ —

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

	Balance as of September 30, 2023	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, 2023
Derivatives designated as cash flow hedges				
Foreign currency contracts	$ 15,656	$ (43,051)	$ 1,865	$ (29,260)
Interest rate swaps	(440)	—	(9)	(431)
Total designated as cash flow hedges	$ 15,216	$ (43,051)	$ 1,856	$ (29,691)

	Balance as of March 31, 2023	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, 2023
Derivatives designated as cash flow hedges				
Foreign currency contracts	$ (4,764)	$ (17,314)	$ 7,182	$ (29,260)
Interest rate swaps	(458)	—	(27)	(431)
Total designated as cash flow hedges	$ (5,222)	$ (17,314)	$ 7,155	$ (29,691)

	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 Decer 31, 2022
Derivatives designated as cash flow hedges				
Foreign currency contracts	$ 112,003	$ (68,165)	$ 17,074	$ 26
Interest rate swaps	(477)	—	(9)	
Total designated as cash flow hedges	$ 111,526	$ (68,165)	$ 17,065	$ 26

	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 Dece 31, 2022
Derivatives designated as cash flow hedges				
Foreign currency contracts	$ 41	$ 61,209	$ 34,486	$ 2
Interest rate swaps	(495)	—	(27)	
Total designated as cash flow hedges	$ (454)	$ 61,209	$ 34,459	$ 2

The following table presents the amounts in the Condensed Consolidated Statement 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,			
	2023		2022		2023		2022	
	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	$ 49,636	$ 4,610	$ 47,312	$ 3,857	$ 36,822	$ 39	$ 27,300	$ (994)

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, 2023, the aggregate notional value of the Company's outstanding cash flow hedges was $1,035.0 million (March 31, 2023: $799.7 million), 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 9 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 Statement 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, 2023, the total notional value of the Company's outstanding undesignated derivative instruments was $497.0 million (March 31, 2023: $396.7 million).

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

The Company computes its quarterly income tax provision under the effective tax rate method by applying an estimated anticipated annual effective rate to the Company's year-to-date earnings, 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 earnings in the loss jurisdiction. Income tax provision for any significant and unusual or extraordinary transactions are computed and recorded in the period in which the specific transaction occurs.

The effective rates for income taxes were 4.2% and 13.4% for the three months ended December 31, 2023 and 2022, respectively. The decrease in the Company's effective tax rate was primarily driven by an increase in valuation allowance release benefits, partially offset by an increase in foreign earnings subject to tax in the United States and discrete items in each period.

The effective rates for income taxes were 14.2% and 17.7% for the nine months ended December 31, 2023 and 2022, respectively. The decrease in the Company's effective tax rate was primarily driven by an increase in valuation allowance release benefits, partially offset by the increase in foreign earnings subject to tax in the United States.

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 annual consolidated financial statements included in the Company's Annual Report on Form 10-K for Fiscal 2023, a significant portion of the Company's deferred tax assets relate to United States state taxing jurisdictions. Realization of these deferred tax assets is dependent on future United States pre-tax earnings. As of December 31, 2023, the Company continues to believe that the weight of the negative evidence outweighs the positive evidence regarding the realization of the Company's United States state deferred tax assets. Accordingly, the Company continues to maintain a valuation allowance on these deferred tax assets. Furthermore, 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 a portion of the state deferred taxes could be realizable during the current fiscal year-end. The actualization of these forecasted results may potentially outweigh the negative evidence, resulting in a reversal of a portion or all previously recorded state 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,	
	2023	2022	2023	2022
Numerator				
Net income (loss) - Basic	$ 114,143	$ 121,617	$ 232,306	$ 216,224
Interest on Convertible Senior Notes due 2024, net of tax	225	225	675	674
Net income (loss) - Diluted	$ 114,368	$ 121,842	$ 232,981	$ 216,898
Denominator				
Weighted average common shares outstanding Class A, B and C - Basic	437,314	448,833	441,893	453,840
Dilutive effect of Class A, B, and C securities	2,879	1,915	2,073	1,668
Dilutive effect of Convertible Senior Notes due 2024	8,242	8,242	8,242	8,242
Weighted average common shares and dilutive securities outstanding Class A, B, and C	448,435	458,990	452,208	463,750
Class A and Class C securities excluded as anti-dilutive [(1)]	12,953	6,484	16,446	7,552
Basic net income (loss) per share of Class A, B and C common stock	$ 0.26	$ 0.27	$ 0.53	$ 0.48
Diluted net income (loss) per share of Class A, B and C common stock	$ 0.26	$ 0.27	$ 0.52	$ 0.47

[(1)] 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 items from its segment profitability measures. The Company reports these items within Corporate Other, which is designed to provide increased transparency and comparability of the Company's operating segments' performance. Corporate Other consists primarily of (i) operating results related to MMR platforms and other digital business opportunities; (ii) general and administrative expenses not allocated to an operating segment, including expenses associated with centrally managed departments which include global marketing, global IT, global supply chain and innovation, and other corporate support functions; (iii) restructuring and restructuring related charges, if any; and (iv) 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,	
	2023	2022	2023	2022
Net revenues				
North America	$ 915,387	$ 1,037,637	$ 2,733,432	$ 2,958,816
EMEA	284,049	265,250	797,781	733,110
Asia-Pacific	212,018	198,021	646,315	600,415
Latin America	69,832	63,804	179,240	171,409
Corporate Other	4,809	17,069	13,049	40,973
Total net revenues	$ 1,486,095	$ 1,581,781	$ 4,369,817	$ 4,504,723

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2022	2023	2022
Operating income (loss)				
North America	$ 161,663	$ 198,919	$ 535,171	$ 598,049
EMEA	51,635	30,947	123,281	85,023
Asia-Pacific	16,014	10,811	86,020	76,890
Latin America	13,569	5,805	32,990	19,216
Corporate Other	(173,361)	(151,823)	(541,253)	(530,626)
Total operating income (loss)	69,520	94,659	236,209	248,552
Interest expense, net	(211)	(1,615)	(2,210)	(11,175)
Other income (expense), net	49,636	47,312	36,822	27,300
Income (loss) before income taxes	$ 118,945	$ 140,356	$ 270,821	$ 264,677

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 Condensed Consolidated Financial Statements and the accompanying Notes to our Condensed Consolidated Financial Statements under Part I, Item 1 of this Quarterly

Report on Form 10-Q and in our Annual Report on Form 10-K for Fiscal 2023, filed with the Securities Exchange Commission ("SEC") on May 24, 2023, 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, 2023 compared with the three and nine months ended December 31, 2022, unless otherwise noted.

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Quarterly Report on 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 future financial condition or results of operations, our prospects and strategies for future growth, 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, our liquidity and use of capital resources, the development and introduction of new products, the implementation of our marketing and branding strategies, the future benefits and opportunities from significant investments and the impact of litigation or other proceedings. 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 Quarterly Report on 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 2023. 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;
- 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 and the financial impact of litigation and other proceedings, including those legal proceedings discussed in this Quarterly Report on Form 10-Q.

The forward-looking statements contained in this Quarterly Report on Form 10-Q reflect our views and assumptions only as of the date of this Quarterly Report on 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. We plan to continue to grow our business over the long term through increased sales of our apparel, footwear and accessories; growth in our direct-to-consumer sales channel; and expansion of our wholesale distribution. We believe that achievement of our long-term growth objectives depends, in part, on our ability to execute strategic initiatives in key areas including our wholesale, footwear, women’s and direct-to-consumer businesses. Additionally, our digital strategy is focused on supporting these long-term objectives, emphasizing connection and engagement with our consumers through multiple digital touchpoints.

During the three months ended December 31, 2023, we continued to face a challenging retail environment, particularly in North America, that included higher promotions and discounting as well as lower demand in our wholesale channel.

Quarterly Results

Financial highlights for the three months ended December 31, 2023 as compared to the three months ended December 31, 2022 include:

- Total net revenues decreased 6.0%.
- Within our channels, wholesale revenue decreased 13.2% and direct-to-consumer revenue increased 3.5%.
- Within our product categories, apparel revenue decreased 5.5%, footwear revenue decreased 6.6%, and accessories revenue decreased 0.3%.

- Net revenue decreased 11.8% in North America, increased 7.1% in Europe, Middle East and Africa ("EMEA"), increased 7.1% in Asia-Pacific, and increased 9.4% in Latin America.
- Gross margin increased 100 basis points to 45.2%.
- Selling, general and administrative expenses decreased 0.3%.

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. We also continue to monitor the broader impacts of conflicts around the world on the 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 impact 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 2023.

Additionally, the COVID-19 pandemic has in prior periods caused, and a resurgence could cause, disruption and volatility in our business and in the businesses of our wholesale customers, licensing partners, suppliers, logistics providers and vendors. 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 2023.

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)	2023	2022	2023	2022
Net revenues	$ 1,486,095	$ 1,581,781	$ 4,369,817	$ 4,50
Cost of goods sold	814,914	883,376	2,338,905	2,46
Gross profit	671,181	698,405	2,030,912	2,04
Selling, general and administrative expenses	601,661	603,746	1,794,703	1,79
Income (loss) from operations	69,520	94,659	236,209	24
Interest income (expense), net	(211)	(1,615)	(2,210)	(1
Other income (expense), net	49,636	47,312	36,822	2
Income (loss) before income taxes	118,945	140,356	270,821	26
Income tax expense (benefit)	4,999	18,811	38,464	4
Income (loss) from equity method investments	197	72	(51)	(
Net income (loss)	$ 114,143	$ 121,617	$ 232,306	$ 21

(As a percentage of net revenues)	Three Months Ended December 31, 2023	2022	Nine Months Ended December 31, 2023	2022
Net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of goods sold	54.8 %	55.8 %	53.5 %	54.7 %
Gross profit	45.2 %	44.2 %	46.5 %	45.3 %
Selling, general and administrative expenses	40.5 %	38.2 %	41.1 %	39.8 %
Income (loss) from operations	4.7 %	6.0 %	5.4 %	5.5 %
Interest income (expense), net	— %	(0.1)%	(0.1)%	(0.2)%
Other income (expense), net	3.3 %	3.0 %	0.8 %	0.6 %
Income (loss) before income taxes	8.0 %	8.9 %	6.2 %	5.9 %
Income tax expense (benefit)	0.3 %	1.2 %	0.9 %	1.0 %
Loss from equity method investment	— %	— %	— %	— %
Net income (loss)	7.7 %	7.7 %	5.3 %	4.8 %

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)	2023	2022	Change ($)	Change (%)	2023	2022	Change ($)	Change (%)
Net Revenues by Product Category								
Apparel [1]	$ 1,016,707	$ 1,075,714	$ (59,007)	(5.5)%	$ 2,911,804	$ 2,982,410	$ (70,606)	(2.4)%
Footwear	331,000	354,389	(23,389)	(6.6)%	1,045,872	1,077,525	(31,653)	(2.9)%
Accessories	104,510	104,875	(365)	(0.3)%	316,305	312,823	3,482	1.1 %
Net Sales	1,452,217	1,534,978	(82,761)	(5.4)%	4,273,981	4,372,758	(98,777)	(2.3)%
License revenues	29,069	29,734	(665)	(2.2)%	82,787	90,992	(8,205)	(9.0)%
Corporate Other [2]	4,809	17,069	(12,260)	(71.8)%	13,049	40,973	(27,924)	(68.2)%
Total net revenues	$ 1,486,095	$ 1,581,781	$ (95,686)	(6.0)%	$ 4,369,817	$ 4,504,723	$ (134,906)	(3.0)%
Net Revenues by Distribution Channel								
Wholesale	$ 711,699	$ 819,781	$ (108,082)	(13.2)%	$ 2,393,382	$ 2,559,621	$ (166,239)	(6.5)%
Direct-to-consumer[1]	740,518	715,197	25,321	3.5 %	1,880,599	1,813,137	67,462	3.7 %
Net Sales	1,452,217	1,534,978	(82,761)	(5.4)%	4,273,981	4,372,758	(98,777)	(2.3)%
License revenues	29,069	29,734	(665)	(2.2)%	82,787	90,992	(8,205)	(9.0)%
Corporate Other [2]	4,809	17,069	(12,260)	(71.8)%	13,049	40,973	(27,924)	(68.2)%
Total net revenues	$ 1,486,095	$ 1,581,781	$ (95,686)	(6.0)%	$ 4,369,817	$ 4,504,723	$ (134,906)	(3.0)%

[1] As previously disclosed, results for the three and nine months ended December 31, 2022, include approximately $10.1 million of revenue that was recognized during the three months ended December 31, 2022 for gift cards not expected to be redeemed ("breakage"). Refer to Note 11 of the Condensed Consolidated Financial Statements for additional details.

[2] 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 decreased by $82.8 million, or 5.4%, to $1,452.2 million during the three months ended December 31, 2023 from $1,535.0 million during the three months ended December 31, 2022. Apparel decreased primarily due to lower unit sales, partially offset by favorable channel and regional mix and the impact of foreign exchange rates. Footwear decreased primarily due to lower unit sales and lower average selling prices, partially offset by favorable channel mix. Accessories decreased primarily due to lower average selling prices, offset by higher unit sales and the impact of foreign exchange rates. From a channel perspective, the decrease in net sales was due to a decrease in wholesale, partially offset by an increase in direct-to-consumer.

Net sales decreased by $98.8 million, or 2.3%, to $4,274.0 million during the nine months ended December 31, 2023 from $4,372.8 million during the nine months ended December 31, 2022. Apparel decreased primarily due to lower unit sales, partially offset by higher average selling prices and favorable channel and regional mix. Footwear decreased primarily due to lower unit sales, partially offset by higher average selling prices and favorable channel and regional mix. Accessories increased primarily due to higher unit sales and the impact of foreign exchange rates, partially offset by lower average selling prices. From a channel perspective, the decrease in net sales was due to a decrease in wholesale, partially offset by an increase in direct-to-consumer.

License Revenues

License revenues decreased by $0.7 million or 2.2%, to $29.1 million during the three months ended December 31, 2023, from $29.7 million during the three months ended December 31, 2022. This was primarily due to lower revenues from our Japanese licensee and from our licensing partners in the North America region.

License revenues decreased by $8.2 million or 9.0%, to $82.8 million during the nine months ended December 31, 2023, from $91.0 million during the nine months ended December 31, 2022. This was primarily due to lower revenues from our Japanese licensee and from our licensing partners in the North America region.

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 $58.7 million for the three and nine months ended December 31, 2023 (three and nine months ended December 31, 2022: $19.6 million and $57.7 million, respectively).

Gross profit decreased by $27.2 million to $671.2 million during the three months ended December 31, 2023, as compared to $698.4 million during the three months ended December 31, 2022. Gross profit as a percentage of net revenues, or gross margin, increased to 45.2% from 44.2%. This increase in gross margin of 100 basis points was primarily driven by favorable impacts of approximately:

- 260 basis points from supply chain benefits, mainly due to lower freight costs.

This was partially offset by unfavorable impacts of approximately:

- 140 basis points from unfavorable pricing due to increased promotional activities within our direct-to-consumer channel and deeper discounts in our sales to the off-price channel; and
- 20 basis points from changes in foreign currency.

Gross profit decreased by $11.5 million to $2,030.9 million during the nine months ended December 31, 2023, as compared to $2,042.4 million during the nine months ended December 31, 2022. Gross profit as a percentage of net revenues, or gross margin, increased to 46.5% from 45.3%. This increase in gross margin of 120 basis points was primarily driven by favorable impacts of approximately:

- 330 basis points from supply chain benefits, mainly due to lower freight costs.

This was partially offset by unfavorable impacts of approximately:

- 190 basis points from unfavorable pricing due to increased promotional activities within our direct-to-consumer channel and deeper discounts in our sales to the off-price channel; and
- 20 basis points from changes in foreign currency.

We expect discounting and promotional activities 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)	2023	2022	Change ($)	Change (%)	2023	2022	Change ($)	Change (%)
Selling, General and Administrative Expenses	$ 601,661	$ 603,746	$ (2,085)	(0.3)%	$ 1,794,703	$ 1,793,884	$ 819	— %

Selling, general and administrative expenses decreased by $2.1 million, or 0.3%, during the three months ended December 31, 2023 as compared to the three months ended December 31, 2022. Within selling, general and administrative expense:

- Marketing costs decreased $26.3 million or 15.5%, due to a reduction in marketing activities during the period. As a percentage of net revenues, marketing costs decreased to 9.7% from 10.8%.
- Other costs increased $24.3 million or 5.6%, primarily driven by a $22.5 million litigation reserve accrued during the quarter relating to certain ongoing legal proceedings (See Note 10 to our Condensed Consolidated Financial Statements for additional details). Additionally, selling and distribution expenses, non-salaried wages and bad debt expenses were higher, but offset by lower salaried compensation expenses. As a percentage of net revenues, other costs increased to 30.8% from 27.4%.

As a percentage of net revenues, selling, general and administrative expenses increased to 40.5% during the three months ended December 31, 2023 as compared to 38.2% during the three months ended December 31, 2022.

Selling, general and administrative expenses increased by $0.8 million, or 0.0%, during the nine months ended December 31, 2023 as compared to the nine months ended December 31, 2022. Within selling, general and administrative expense:

- Marketing costs decreased $28.7 million or 6.1%, due to a reduction in marketing activities during the period. As a percentage of net revenues, marketing costs decreased to 10.0% from 10.4%.
- Other costs increased $29.6 million or 2.2%, primarily driven by higher selling and distribution expenses, facility related expenses, salaried compensation expenses and bad debt expenses, partially offset by lower consulting expenses and legal expenses. As a percentage of net revenues, other costs increased to 31.0% from 29.4%.

As a percentage of net revenues, selling, general and administrative expenses increased to 41.1% during the nine months ended December 31, 2023 as compared to 39.8% during the nine months ended December 31, 2022.

Interest (Income) Expense, net

Interest (income) expense, net is primarily comprised of interest incurred on our debt facilities, offset by interest income earned on our cash and cash equivalents. See Note 9 to our Condensed Consolidated Financial Statements for additional details.

	Three Months Ended December 31,				Nine Months Ended December 31,			
(In thousands)	2023	2022	Change ($)	Change (%)	2023	2022	Change ($)	Chan
Interest (income) expense, net	$ 211	$ 1,615	$ (1,404)	(86.9)%	$ 2,210	$ 11,175	$ (8,965)	(8

Interest expense, net decreased by $1.4 million to $0.2 million during the three months ended December 31, 2023. This was primarily due to an increase in interest income of $1.7 million resulting from higher interest rates.

Interest expense, net decreased by $9.0 million to $2.2 million during the nine months ended December 31, 2023. This was primarily due to an increase in interest income of $7.4 million, resulting from higher interest rates, and a decrease in interest expense of $1.6 million.

Other Income (Expense), net

Other income (expense), net generally 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 earn-out income recorded in connection with the sale of the MyFitnessPal platform and 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)	2023	2022	Change ($)	Change (%)	2023	2022	Change ($)	Change (%
Other income (expense), net	$ 49,636	$ 47,312	$ 2,324	4.9 %	$ 36,822	$ 27,300	$ 9,522	34.9

Other income, net increased by $2.3 million to $49.6 million during the three months ended December 31, 2023. This was primarily due to a higher earn-out recorded in connection with the sale of the MyFitnessPal platform of $5.0 million, partially offset by a net loss from changes in foreign currency exchange rates of $3.3 million.

Other income, net increased by $9.5 million to $36.8 million during the nine months ended December 31, 2023. This was primarily due to a higher earn-out recorded in connection with the sale of the MyFitnessPal platform of $5.0 million and a net gain from changes in foreign currency exchange rates of $2.3 million.

Income Tax Expense (Benefit)

	Three Months Ended December 31,				Nine Months Ended December 31,			
(In thousands)	2023	2022	Change ($)	Change (%)	2023	2022	Change ($)	Chan
Income tax expense (benefit)	$ 4,999	$ 18,811	$ (13,812)	(73.4)%	$ 38,464	$ 46,719	$ (8,255)	(

Income tax expense decreased $13.8 million to $5.0 million during the three months ended December 31, 2023 from income tax expense of $18.8 million during the three months ended December 31, 2022. For the three months ended December 31, 2023, our effective tax rate was 4.2% compared to 13.4% for the same period in the prior fiscal year. The decrease in our effective tax rate was primarily driven by an increase in valuation allowance release benefits, partially offset by an increase in foreign earnings subject to tax in the United States and discrete items in each period.

Income tax expense decreased $8.3 million to $38.5 million during the nine months ended December 31, 2023 from income tax expense of $46.7 million during the nine months ended December 31, 2022. For the nine months ended December 31, 2023, our effective tax rate was 14.2% compared to 17.7% for the same period in the prior fiscal year. The decrease in our effective tax rate was primarily driven by an increase in valuation allowance release benefits, partially offset by the increase in foreign earnings subject to tax in the United States.

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 items from our segment profitability measures. We report these items within Corporate Other, which is designed to provide increased transparency and comparability of our operating segments' performance. Corporate Other consists primarily of (i) operating results related to our MMR platforms and other digital business opportunities; (ii) general and administrative expenses not allocated to an operating segment, including expenses associated with centrally managed departments which include global marketing, global IT, global supply chain and innovation, and other corporate support functions; (iii) restructuring and restructuring related charges, if any; and (iv) 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, 2023 Compared to Three Months Ended December 31, 2022

Net Revenues

	Three Months Ended December 31,			
(In thousands)	2023	2022	Change ($)	Change (%)
North America [1]	$ 915,387	$ 1,037,637	$ (122,250)	(11.8)%
EMEA	284,049	265,250	18,799	7.1 %
Asia-Pacific	212,018	198,021	13,997	7.1 %
Latin America	69,832	63,804	6,028	9.4 %
Corporate Other [2]	4,809	17,069	(12,260)	(71.8)%
Total net revenues	$ 1,486,095	$ 1,581,781	$ (95,686)	(6.0)%

[1] As previously disclosed, the results for the three and nine months ended December 31, 2022 include approximately $10.1 million of revenue that was recognized during the three months ended December 31, 2022 for gift cards not expected to be redeemed ("breakage"). Refer to Note 11 of the Condensed Consolidated Financial Statements for additional details.

[2] 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 decrease in total net revenues for the three months ended December 31, 2023, compared to the three months ended December 31, 2022, was driven by the following:

- Net revenues in our North America region decreased by $122.3 million, or 11.8%, to $915.4 million from $1,037.6 million. This was driven by a decrease in both our wholesale channel and our direct-to-consumer channel as well as a decrease in licensing revenues. Within our direct-to-consumer channel, net revenues were lower due to a decrease in both owned and operated retail store and e-commerce sales.
- Net revenues in our EMEA region increased by $18.8 million, or 7.1%, to $284.0 million from $265.3 million. This was driven by an increase in both our direct-to-consumer channel and wholesale channel. Within our direct-to-consumer channel, net revenues increased in both e-commerce sales and owned and operated retail store sales. Net revenues in our EMEA region were also positively impacted by changes in foreign exchange rates.
- Net revenues in our Asia-Pacific region increased by $14.0 million, or 7.1%, to $212.0 million from $198.0 million. This was driven by an increase in both our direct-to-consumer channel and wholesale channel. Within our direct-to-consumer channel, the increase in net revenues was due to an increase in owned and operated retail store sales, partially offset by a decrease in e-commerce sales. During the three months ended December 31, 2022, our direct-to-consumer channel was negatively impacted by the COVID-19 related restrictions, which included temporary closures of our owned and operated stores and distribution centers in China.
- Net revenues in our Latin America region increased by $6.0 million, or 9.4%, to $69.8 million from $63.8 million. This was primarily driven by an increase in both our direct-to-consumer channel and wholesale channel. Within our direct-to-consumer channel, net revenues increased in both owned and operated retail store and e-commerce sales. Net revenues in our Latin America region were also positively impacted by changes in foreign exchange rates.
- Net revenues in our Corporate Other non-operating segment decreased by $12.3 million to $4.8 million from $17.1 million. This was primarily driven by lower foreign currency hedge gains related to revenues generated by entities within our operating segments.

Operating Income (Loss)

(In thousands)	Three Months Ended December 31, 2023	2022	Change ($)	Change (%)
North America	$ 161,663	$ 198,919	$ (37,256)	(18.7)%
EMEA	51,635	30,947	20,688	66.8 %
Asia-Pacific	16,014	10,811	5,203	48.1 %
Latin America	13,569	5,805	7,764	133.7 %
Corporate Other [1]	(173,361)	(151,823)	(21,538)	(14.2)%
Total operating income (loss)	$ 69,520	$ 94,659	$ (25,139)	(26.6)%

[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 three months ended December 31, 2023, compared to the three months ended December 31, 2022, was primarily driven by the following:

- Operating income in our North America region decreased by $37.3 million to $161.7 million from $198.9 million. This was primarily due a decrease in gross profit, partially offset by lower marketing-related expenses. The decline in gross profit was driven by lower net revenues as discussed above, partially offset by lower product input costs and freight costs.
- Operating income in our EMEA region increased by $20.7 million to $51.6 million from $30.9 million. This was primarily due to an increase in gross profit and lower marketing-related expenses, partially offset by higher bad debt expenses and selling and distribution expenses. The increase in gross profit was driven by higher net revenues as discussed above and lower freight costs.
- Operating income in our Asia-Pacific region increased by $5.2 million to $16.0 million from $10.8 million. This was primarily due to an increase in gross profit and lower marketing-related expenses. The increase in gross profit was driven by higher revenues as discussed above, partially offset by higher inventory reserves.
- Operating income in our Latin America region increased by $7.8 million to $13.6 million from $5.8 million. This was primarily due to an increase in gross profit, driven by higher net revenues as discussed above and lower freight costs.
- Operating loss in our Corporate Other non-operating segment increased by $21.5 million to $173.4 million from $151.8 million. This was primarily driven by a $22.5 million litigation reserve accrued during the quarter relating to certain ongoing legal proceedings (See Note 10 to our Condensed Consolidated Financial Statements for additional details) and net losses arising from foreign currency hedges.

Nine Months Ended December 31, 2023 Compared to Nine Months Ended December 31, 2022

Net Revenues

(In thousands)	Nine Months Ended December 31, 2023	2022	Change ($)	Change (%)
North America [1]	$ 2,733,432	$ 2,958,816	$ (225,384)	(7.6)%
EMEA	797,781	733,110	64,671	8.8 %
Asia-Pacific	646,315	600,415	45,900	7.6 %
Latin America	179,240	171,409	7,831	4.6 %
Corporate Other [2]	13,049	40,973	(27,924)	(68.2)%
Total net revenues	$ 4,369,817	$ 4,504,723	$ (134,906)	(3.0)%

[1] As previously disclosed, the results for the three and nine months ended December 31, 2022 include approximately $10.1 million of revenue that was recognized during the three months ended December 31, 2022 for gift cards not expected to be redeemed ("breakage"). Refer to Note 11 of the Condensed Consolidated Financial Statements for additional details.

[2] 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 decrease in total net revenues for the nine months ended December 31, 2023, compared to the nine months ended December 31, 2022, was driven by the following:

- Net revenues in our North America region decreased by $225.4 million, or 7.6%, to $2,733.4 million from $2,958.8 million. This was driven by a decrease in both our wholesale channel and our direct-to-consumer channel as well as decrease in licensing revenues. Within our direct-to-consumer channel, net revenues were lower due to a decrease in both owned and operated retail store and e-commerce sales.
- Net revenues in our EMEA region increased by $64.7 million, or 8.8%, to $797.8 million from $733.1 million. This was primarily driven by an increase in both our direct-to-consumer channel and our wholesale channel. Within our direct-to-consumer channel, net revenues increased in both owned and operated retail store and e-commerce sales. Net revenues in our EMEA region were also positively impacted by changes in foreign exchange rates.
- Net revenues in our Asia-Pacific region increased by $45.9 million, or 7.6%, to $646.3 million from $600.4 million. This was driven by an increase in both our direct-to-consumer channel and our wholesale channel. Within our direct-to-consumer channel, net revenues increased in both owned and operated retail store and e-commerce sales. Our direct-to-consumer channel was negatively impacted by the COVID-19 related restrictions during the nine months ended December 31, 2022, which included temporary closures of our owned and operated stores and distribution centers 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 $7.8 million, or 4.6%, to $179.2 million from $171.4 million. This was primarily driven by an increase in our direct-to-consumer channel, partially offset by a decrease in our wholesale channel. Within our direct-to-consumer channel, net revenues increased in both owned and operated retail store and e-commerce sales. Net revenues in our Latin America region were also positively impacted by changes in foreign exchange rates.
- Net revenues in our Corporate Other non-operating segment decreased by $27.9 million to $13.0 million from $41.0 million. This was primarily driven by lower foreign currency hedge gains related to revenues generated by entities within our operating segments.

Operating Income (Loss)

	Nine Months Ended December 31,			
(In thousands)	2023	2022	Change ($)	Change (%)
North America	$ 535,171	$ 598,049	$ (62,878)	(10.5)%
EMEA	123,281	85,023	38,258	45.0 %
Asia-Pacific	86,020	76,890	9,130	11.9 %
Latin America	32,990	19,216	13,774	71.7 %
Corporate Other [1]	(541,253)	(530,626)	(10,627)	(2.0)%
Total operating income (loss)	$ 236,209	$ 248,552	$ (12,343)	(5.0)%

[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 nine months ended December 31, 2023, compared to the nine months ended December 31, 2022, was primarily driven by the following:

- Operating income in our North America region decreased by $62.9 million to $535.2 million from $598.0 million. This was primarily due to a decrease in gross profit and higher facilities-related expenses, partially offset by lower marketing-related expenses. The decline in gross profit was driven by lower net revenues as discussed above, partially offset by lower freight costs and product input costs.
- Operating income in our EMEA region increased by $38.3 million to $123.3 million from $85.0 million. This was primarily due to an increase in gross profit, partially offset by higher marketing-related expenses, selling and distribution expenses, bad debt expenses and facilities-related expenses. The increase in gross profit was driven by higher net revenues as discussed above and lower freight costs.
- Operating income in our Asia-Pacific region increased by $9.1 million to $86.0 million from $76.9 million. This was primarily due to an increase in gross profit and lower marketing-related expenses, partially offset by higher facilities-related expenses bad debt expenses. The increase in gross profit was driven by higher net revenues as discussed above.

- Operating income in our Latin America region increased by $13.8 million to $33.0 million from $19.2 million. This was primarily due to an increase in gross profit, partially offset by higher selling and distribution costs. The increase in gross profit was driven by higher net revenues as discussed above and lower freight and product input costs.
- Operating loss in our Corporate Other non-operating segment increased by $10.6 million to $541.3 million from $530.6 million. This was primarily due to net losses arising from foreign currency hedges and higher salaried compensation expenses, partially offset by lower consulting expenses, legal expenses and non-salaried wage 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, we strive to enhance our inventory performance by focusing on adding discipline around product purchasing, reducing production lead time and improving planning and execution for selling excess inventory through our Factory House stores and other liquidation channels.

As of December 31, 2023, we had approximately $1,040.1 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, as of December 31, 2023, we have repurchased a total of $500 million of our Class C Common Stock through accelerated share repurchase transactions.

If there are unexpected material impacts to our business in future periods from COVID-19 or other global macroeconomic factors, or if we are subject to an adverse verdict or enter in to a settlement of our material litigation (see Note 10 to our Condensed Consolidated Financial Statements) that results in a significant cash outlay by us and we need to raise or conserve additional cash to fund our operations, we may consider additional alternatives, including further reducing our expenditures, changing our investment strategies, reducing compensation costs, including through temporary reductions in pay and layoffs, limiting certain marketing and capital expenditures, and negotiating, extending or delaying payment terms with our customers and vendors. 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 2023.

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. As of December 31, 2023, we have repurchased a total of $500 million or 45.6 million outstanding shares of our Class C

Common Stock under the share repurchase program, thereby completing all repurchase activity under the repurchase program.

During the three months ended December 31, 2023, we entered into a supplemental confirmation (the "November 2023 ASR Agreement") of an accelerated share repurchase transaction with HSBC Bank USA, National Association ("HSBC") to repurchase $25.0 million of our Class C Common Stock, and received a total of 3.1 million shares of Class C Common Stock from HSBC, which were immediately retired. As a result, $23.5 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, 2023, pursuant to the previously disclosed accelerated share repurchase transactions, we repurchased 10.7 million shares of Class C Common Stock, respectively, which were immediately retired.

During the three and nine months ended December 31, 2022, pursuant to the previously disclosed accelerated share repurchase transactions, we repurchased 7.8 million and 17.7 million shares of Class C Common Stock, respectively, which were immediately retired.

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)	2023	2022	Change ($)
Net cash provided by (used in):			
Operating activities	$ 493,118	$ 74,399	$ 418,719
Investing activities	(87,796)	(112,620)	24,824
Financing activities	(74,985)	(123,059)	48,074
Effect of exchange rate changes on cash and cash equivalents	136	3,205	(3,069)
Net increase (decrease) in cash and cash equivalents	$ 330,473	$ (158,075)	$ 488,548

Operating Activities

Cash flows from operating activities increased by $418.7 million, as compared to the nine months ended December 31, 2022, primarily driven by an increase in net income before the impact of non-cash items of $35.2 million and an increase from changes in working capital of $383.6 million.

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

- $473.0 million from changes in inventories;
- $88.4 million from changes in other non-current assets;
- $54.9 million from changes in accounts receivable; and
- $23.6 million from changes in prepaid expenses and other current assets.

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

- $137.2 million from changes in accounts payable;
- $93.5 million from changes in accrued expenses and other liabilities;
- $13.2 million from changes in income taxes payable and receivable, net; and
- $12.4 million from changes in customer refund liabilities.

Investing Activities

Cash flows used in investing activities decreased by $24.8 million, as compared to the nine months ended December 31, 2022. This was primarily due to a higher earn-out collected in connection with the sale of the MyFitnessPal platform and a decrease in capital expenditures.

Total capital expenditures during the nine months ended December 31, 2023 were $132.8 million, or approximately 3% of net revenues, representing a $14.8 million decrease from $147.6 million during the nine months ended December 31, 2022. 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 Baltimore Peninsula, an area of Baltimore, Maryland. During the nine months ended December 31, 2023, we incurred capital expenditures of $63.0 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 $48.1 million, as compared to the nine months ended December 31, 2022. During the nine months ended December 31, 2023 and 2022, we paid $75.0 million and $125.0 million, respectively, to repurchase shares of our Class C Common Stock through accelerated share repurchase transactions. 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, 2023 and March 31, 2023, 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, 2023, $4.2 million of letters of credit were outstanding (March 31, 2023: $4.4 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, 2023, 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, 2023, the commitment fee was 17.5 basis points.

1.50% Convertible Senior Notes

We have approximately $80.9 million aggregate principal amount of 1.50% convertible senior notes due 2024 (the "Convertible Senior Notes") outstanding as of December 31, 2023, which were issued in May 2020. 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 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.

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 held rights to (at their option) convert their Convertible Senior Notes only upon satisfaction of one or more specific conditions. As of December 31, 2023, no holder had exercised these rights. 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.

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 2023, 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 March 31, 2023. For a discussion of our exposure to market risk, refer to Item 7A. of our Annual report on Form 10-K for Fiscal 2023.

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.

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 10 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 2023. 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, 2023 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)
10/01/2023 to 10/31/2023	—	$ —	—	$ 25.0
11/01/2023 to 11/30/2023[(1)]	2,652,519	$ 7.54	2,652,519	$ 5.0
12/01/2023 to 12/31/2023[(1)]	416,585	$ 8.35	416,585	$ —

[(1)] Represents Class C Common Stock repurchased through accelerated share repurchase agreements. See Note 11 to our Condensed Consolidated Financial Statements for details.

ITEM 5. OTHER INFORMATION

(c)

During the three months ended December 31, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement", as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit No.	
10.01	Amendment One to the Under Armour, Inc. Deferred Compensation Plan.*
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, 2024

Exhibit 10.01

Under Armour, inc.

The undersigned, being the Secretary of Under Armour, Inc. (the “Company”), certifies that the Human Capital and Compensation Committee (the “Committee”) of the Board of Directors of the Company has taken the following action:

Amendment One to the Under Armour, Inc.
Deferred Compensation Plan

WHEREAS, the Company has established the Under Armour, Inc. Deferred Compensation Plan, as amended and restated effective July 1, 2018 (the “Plan”);

WHEREAS, the Committee has authority under Section 9.2 of the Plan to amend the Plan;

WHEREAS, the Company desires to amend the Plan to add an installment payment option for Plan participants who elect to receive a portion of their Plan account prior to their termination of employment or disability; and

WHEREAS, on December 17, 2023, the Committee approved this amendment to this Plan by unanimous written consent, to be effective January 1, 2024.

NOW, THEREFORE, pursuant to the power of amendment set forth in the Plan, the Plan is hereby amended as follows effective January 1, 2024, with the changes made by this amendment to be applicable to the 2024 Plan year notwithstanding that Plan participant elections for the 2024 Plan year are submitted prior to January 1, 2024.

1. The first and second paragraphs of Section 1.42 are deleted in their entirety and replaced with the following:

   1.42 “Yearly Installment Method” shall be a yearly installment payment over the number of years selected by the Participant in accordance with this Plan, calculated as follows (subject to Section 3.11): The vested Account Balance of the Participant (or the appropriate portion thereof) shall be calculated as of the close of business on the date of reference {or, if the date of reference is not a business day, on the immediately following business day), and shall be paid as soon as practicable thereafter. The date of reference with respect to the first yearly installment payment shall be as provided in Section 4.1, 5.2 or 7.1, as applicable, and the date of reference with respect to subsequent yearly installment payments shall be the anniversary of the first yearly installment payment.

   The installment payout alternative available for election by the Participant with respect to his or her Short-Term Payout pursuant to Section 4.1, Termination

Benefit pursuant to Section 5.2 and Disability Benefit pursuant to Section 7.1 is substantially equal annual installments of between two (2) and ten (10) years.

2. The third paragraph of Section 4.1 is deleted in its entirety and replaced with the following:

   Subject to Section 3.11, the Short-Term Payout shall be in an amount that is equal to that the Annual Base Salary and/or Incentive Payment deferral amount, and amounts credited or debited thereto in the manner provided in Section 3.9 above, determined at the time that the Short-Term Payout becomes payable. Any amounts credited to the Participant's Company Make-Up Account shall not be eligible for a Short-Term Payout under this Plan, nor shall any amounts credited to the Participant's Company Discretionary Account (unless a Plan Agreement provides otherwise). Subject to the Deduction Limitation and the other terms and conditions of this Plan, each Short-Term Payout elected shall be paid in a lump sum or pursuant to one of the Yearly Installment Methods, with such payment to be made (or to commence) during the month of January of any Plan Year designated by the Participant that is at least three (3) Plan Years after the Plan Year of the Base Salary and/or Incentive Payment deferrals, as specifically elected by the Participant. By way of example, if a three (3) year Short-Term Payout is elected by a Participant for Annual Base Salary that is deferred in the 2024 Plan Year (pursuant to a deferral election made by the Participant in December 2023), the three (3) year Short-Term Payout would become payable (or, if applicable, the first installment would become payable) during January of 2028.

3. Section 4.2 is deleted in its entirety and replaced with the following:

   4.2 Payment Deferral and/or Alternate Payout Elections of Annual Deferral Amounts. Notwithstanding the preceding Section 4.1 or any other provision of this Plan that may be construed to the contrary, a Participant who is an active Employee may, with respect to each Short-Term Payout, on an Election Form, make one (1) or more additional deferral elections (a "Subsequent Election") to a) defer payment (or commencement) of such Short-Term to a Plan Year subsequent to the Plan Year originally (or subsequently) elected and/or (b) change his or her election to an allowable alternative payout period date by irrevocably submitting a new Election Form to the Administrator; provided, however, any such Subsequent Election will be null and void unless accepted by the Administrator no later than one (1) year prior to the first day of the Plan Year in which, but for the Subsequent Election, such Short-Term Payout would be paid (or would commence), and such Subsequent Election is irrevocable when made and provides for a deferral of at least five (5) Plan Years following the Plan Year in which the Short- Term Payout, but for the Subsequent Election, would be paid (or would commence). Subject to the foregoing, the Election Form most recently accepted by the Administrator shall govern the Short-Term Payout with respect to the portion of the Participant's Account Balance to which it pertains. For these purposes, installment payments shall be treated as a single payment, with the result that an election to change from installments to a lump sum (or to a different Yearly Installment Method) will require that the lump sum (or first installment) be postponed until a date which is at least five (5) years from the previously scheduled payment date of the first installment.

Except as hereinabove amended and modified, the Plan shall remain in full force and effect.

This amendment is effective as of January 1, 2024.

/s/ Mehri Shadman-Valavi

Mehri Shadman-Valavi
Chief Legal Officer and Secretary

Exhibit 31.01

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

I, Stephanie C. Linnartz, 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, 2024

/s/ STEPHANIE C. LINNARTZ
Stephanie C. Linnartz
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, 2024

/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, 2023 (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, 2024

/s/ STEPHANIE C. LINNARTZ

Stephanie C. Linnartz
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, 2023 (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, 2024

/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.