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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2020

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) 454-6428**
(Address of principal executive offices) (Zip Code)	**(Registrant's Telephone Number, Including Area Code)**

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

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

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 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, a smaller reporting company, or an emerging growth company. See the 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report ☑

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

As of June 30, 2020, the last business day of our most recently completed second fiscal quarter, the aggregate market value of the registrant's Class A Common Stock and Class C Common Stock held by non-affiliates was $1,827,569,777 and $2,007,651,870, respectively.

As of January 31, 2021, there were 188,619,343 shares of Class A Common Stock, 34,450,000 shares of Class B Convertible Common Stock and 231,983,924 shares of Class C Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Under Armour, Inc.'s Proxy Statement for the Annual Meeting of Stockholders to be held on May 13, 2021 are incorporated by reference in Part III of this Form 10-K.

UNDER ARMOUR, INC.

ANNUAL REPORT ON FORM 10-K
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PART I

Forward-Looking Statements

Some of the statements contained in this Form 10-K 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, the impact of the COVID-19 pandemic on our business and results of operations, our plans to reduce our operating expenses, anticipated charges and restructuring costs, projected savings related to our restructuring plans and the timing thereof, the development and introduction of new products, the implementation of our marketing and branding strategies, and the future benefits and opportunities from significant investments. In many cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "outlook," "potential" or the negative of these terms or other comparable terminology.

The forward-looking statements contained in this Form 10-K 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations." These factors include without limitation:

- the impact of the COVID-19 pandemic on our industry and our business, financial condition and results of operations;
- changes in general economic or market conditions that could affect overall consumer spending or our industry;
- increased competition causing us to lose market share or reduce the prices of our products or to increase significantly our marketing efforts;
- fluctuations in the costs of raw materials and commodities we use in our products and our supply chain;
- changes to the financial health of our customers;
- our ability to successfully execute our long-term strategies;
- our ability to effectively drive operational efficiency in our business and successfully execute any restructuring plans and realize their expected benefits;
- our ability to effectively develop and launch new, innovative and updated products;
- our ability to accurately forecast consumer shopping preferences and consumer demand for our products and manage our inventory in response to changing demands;
- loss of key customers, suppliers or manufacturers or failure of our suppliers or manufacturers to produce or deliver our products in a timely or cost-effective manner;
- 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;
- 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;
- 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 key employees;
- our ability to access capital and financing required to manage our business on terms acceptable to us;
- our ability to accurately anticipate and respond to seasonal or quarterly fluctuations in our operating results;
- risks related to foreign currency exchange rate fluctuations;
- our ability to comply with existing trade and other regulations, and the potential impact of new trade, tariff and tax regulations on our profitability;
- risks related to data security or privacy breaches; and
- our potential exposure to litigation and other proceedings.

The forward-looking statements contained in this Form 10-K reflect our views and assumptions only as of the date of this Form 10-K. 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.

Throughout this Annual Report on Form 10-K: (i) the term "Fiscal 2021" means our fiscal year beginning on January 1, 2021 and ending December 31, 2021; (ii) the term “Fiscal 2020” means our fiscal year beginning on January 1, 2020 and ended December 31,2020; (iii) the term “Fiscal 2019” means our fiscal year beginning on January 1, 2019 and ended December 31, 2019; and (iv) the term “Fiscal 2018” means our fiscal year beginning on January 1, 2018 and ended December 31, 2018. Our Consolidated Financial Statements are presented in U.S. dollars. As used in this report, the terms “we,” “our,” “us,” “Under Armour” and the “Company” refer to Under Armour, Inc. and its subsidiaries unless the context indicates otherwise.

ITEM 1. BUSINESS

General

Our principal business activities are the development, marketing and distribution of branded performance apparel, footwear and accessories for men, women and youth. The brand’s performance apparel and footwear are engineered in many designs and styles for wear in nearly every climate to provide a performance alternative to traditional products. Our products are sold worldwide and are worn by athletes at all levels, from youth to professional, on playing fields around the globe, as well as by consumers with active lifestyles.

We generate net revenues from the sale of our products globally to national, regional, independent and specialty wholesalers and distributors. We also generate net revenue from the sale of our products through our direct-to-consumer sales channel, which includes our brand and factory house stores and e-commerce websites. In addition, we generate net revenues through product licensing as well as digital fitness subscriptions and digital advertising on our Connected Fitness applications. A majority of our products are sold in North America; however we believe that our products appeal to athletes and consumers with active lifestyles around the globe.

We plan to continue to grow our business over the long term through increased sales of our apparel, footwear and accessories, expansion of our wholesale distribution, growth in our direct-to-consumer sales channel and expansion in international markets. Our digital strategy is focused on supporting these long term objectives, emphasizing the connection and engagement with our consumers through multiple digital touch points.

We were incorporated as a Maryland corporation in 1996. We have registered trademarks around the globe, including UNDER ARMOUR®, HEATGEAR®, COLDGEAR®, UA HOVR™ and the Under Armour UA Logo, and we have applied to register many other trademarks. This Annual Report on Form 10-K also contains additional trademarks and tradenames of our Company and our subsidiaries. All trademarks and tradenames appearing in this Annual Report on Form 10-K are the property of their respective holders.

Products

Our product offerings consist of apparel, footwear and accessories for men, women and youth. We market our products at multiple price levels and provide consumers with products that we believe are a superior alternative to traditional athletic products. In Fiscal 2020, sales of apparel, footwear and accessories represented 64%, 21% and 9% of net revenues, respectively. Licensing arrangements and revenue from our Connected Fitness business represented the remaining 6% of net revenues. In December 2020, we completed the sale of our MyFitnessPal platform, which represented the largest business within our Connected Fitness segment, as well as discontinued our Endomondo platform. We continue to offer digital fitness subscriptions through our MapMyFitness platform, which includes MapMyRun and MapMyRide. Refer to Note 19 to the Consolidated Financial Statements for net revenues by product.

Apparel

Our apparel is offered in a variety of styles and fits intended to enhance comfort and mobility, regulate body temperature and improve performance regardless of weather conditions. Our apparel is engineered to replace traditional non-performance fabrics in the world of athletics and fitness with performance alternatives designed and merchandised with a variety of innovative techniques and product styles. Our highly technical products extend primarily across the sporting goods, outdoor and active use markets. We market our apparel for consumers to provide a benefit you never knew you needed, but can't imagine living without, including HEATGEAR® to wear when it is hot, COLDGEAR® to wear when it is cold, or our RUSH™ or RECOVER™ designed to increase blood flow. Our apparel comes in three primary fit types: compression (tight fit), fitted (athletic fit) and loose (relaxed).

HEATGEAR® is designed to be worn in warm to hot temperatures under equipment or as a single layer. While a sweat-soaked traditional non-performance T-shirt can weigh two to three pounds, HEATGEAR® is engineered with a microfiber blend designed to wick moisture from the body which helps the body stay cool, dry and light. We offer HEATGEAR® in a variety of tops and bottoms in a broad array of colors and styles for wear in the gym or outside in warm weather.

COLDGEAR® is designed to wick moisture from the body while circulating body heat from hot spots to help maintain core body temperature. Our COLDGEAR® apparel provides both dryness and warmth in a single light layer that can be worn beneath a jersey, uniform, protective gear or ski-vest, and our COLDGEAR® outerwear products protect the athlete, as well as the coach and the fan from the outside in. Our COLDGEAR® products generally sell at higher prices than our other product styles.

Footwear

Footwear primarily includes products for running, basketball, cleated sports, slides, training, and outdoor. Our footwear is light, breathable and built with performance attributes for athletes. Our footwear is designed with under-foot cushioning technologies including UA HOVR™, UA Micro G®, UA Flow™, and Charged Cushioning®, engineered to a specific sport with advanced outsole construction.

Accessories

Accessories primarily includes the sale of athletic performance gloves, bags, headwear and sports masks. Our accessories include HEATGEAR® and COLDGEAR® technologies and are designed with advanced fabrications to provide the same level of performance as our other products.

Connected Fitness

We offer digital fitness subscriptions, along with digital advertising through our MapMyFitness platform, and until December 2020 through our MyFitnessPal and Endomondo platforms. As noted above, in December 2020 we sold our MyFitnessPal platform and discontinued our Endomondo platform. Our MapMyFitness platform includes applications, such as MapMyRun and MapMyRide.

License

We have agreements with licensees to develop certain Under Armour apparel, accessories and equipment. In order to maintain consistent quality and performance, our product, marketing, sales and quality assurance teams are involved in substantially all steps of the design and go to market process in order to maintain brand and compliance standards and consistency. During 2020, our licensees offered collegiate apparel and accessories, baby and youth apparel, team uniforms, socks, water bottles, eyewear and other specific hard goods equipment that feature performance advantages and functionality similar to our other product offerings.

Marketing and Promotion

We currently focus on marketing our products to consumers primarily for use in athletics, fitness, and training activities, with an emphasis on connecting with our target consumer - the focused performer. We seek to drive consumer demand by building brand awareness that our products deliver advantages to help athletes perform better.

Sports Marketing

Our marketing and promotion strategy begins with providing and selling our products to high-performing athletes and teams at the high school, collegiate and professional levels. We execute this strategy through outfitting agreements, professional, club, and collegiate sponsorship, individual athlete and influencer agreements and by providing and selling our products directly to teams and to individual athletes. We also seek to sponsor and host consumer events to drive awareness and brand authenticity from a grassroots level by hosting combines, camps and clinics for young athletes in many sports. As a result, our products are seen on the field and on the court, and by various consumer audiences through the internet, television, magazines and live at sporting events. This exposure to consumers helps us establish on-field authenticity as consumers can see our products being worn by high-performing athletes.

We are the official outfitter of athletic teams in several high-profile collegiate conferences as well as multiple professional sport organizations supporting the athletes on and off the field. We sponsor and sell our products to international sports teams, which helps to drive brand awareness in various countries and regions around the world.

Media

We feature our products in a variety of national digital, broadcast, and print media outlets. We also utilize social and mobile media to engage consumers and promote connectivity with our brand and our products while engaging with our consumer throughout their performance journey. For example, in the first quarter of Fiscal 2020 we launched a new brand campaign, “The Only Way Is Through”, which was introduced during a Performance Summit with over 180 social media influencers and was re-activated through brand authentic moments across the calendar year. Additionally, during the initial wave of the COVID-19 pandemic, we transitioned our campaign from “The Only Way is Through” to "Through This Together" that provided consumers with at home workout solutions across various digital platforms.

Retail Presentation

The primary goal of our retail marketing strategy is to increase brand floor space dedicated to our products within our major retail accounts. The design and funding of Under Armour point of sale displays and concept shops within our major retail accounts has been a key initiative for securing prime floor space, educating the consumer and creating an exciting environment for the consumer to experience our brand. Under Armour point of sale displays and concept shops enhance our brand’s presentation within our major retail accounts with a shop-in-shop approach, using dedicated floor space exclusively for our products, including flooring, lighting, walls, displays and images.

Sales and Distribution

The majority of our sales are generated through wholesale channels, which include national and regional sporting goods chains, independent and specialty retailers, department store chains, mono-branded Under Armour retail stores in certain international markets, institutional athletic departments and leagues and teams. In various countries where we do not have direct sales operations, we sell our products to independent distributors or we engage licensees to sell our products.

We also sell our products directly to consumers through our own network of brand and factory house stores and through e-commerce websites globally. Factory house store products are specifically designed for sale in our factory house stores and serve an important role in our overall inventory management by allowing us to sell a portion of excess, discontinued and out-of-season products, while maintaining the pricing integrity of our brand in our other distribution channels. Through our brand house stores, consumers experience the premium full expression of our brand while having broader access to our performance products. In Fiscal 2020, sales through our wholesale, direct-to-consumer, licensing and Connected Fitness channels represented 53%, 41%, 2% and 3% of net revenues, respectively.

We believe the trend toward performance products is global and plan to continue to introduce our products and simple merchandising story to athletes throughout the world. We plan to continue to grow our business over the long term in part through continued expansion in new and established international markets. We are introducing our performance products and services outside of North America in a manner consistent with our past brand-building strategy, thereby providing us with product exposure to broad audiences of potential consumers.

Our primary business operates in four geographic segments: (1) North America, comprising the United States and Canada, (2) Europe, the Middle East and Africa ("EMEA"), (3) Asia-Pacific, and (4) Latin America. Each of these geographic segments operate predominantly in one industry: the development, marketing and distribution of branded performance apparel, footwear and accessories. We also operate our Connected Fitness business as a separate segment. Effective January 1, 2021, following the sale of MyFitnessPal and the winding down of the Endomondo platform in December 2020, revenues for the remaining MapMyFitness business will be included in Corporate Other, and Connected Fitness will no longer be a separate reportable segment. Refer to Note 19 to the Consolidated Financial Statements for net revenues by segment.

Corporate Other consists largely of general and administrative expenses not allocated to an operating segment, including expenses associated with centrally managed departments such as global marketing, global IT, global supply chain, innovation and other corporate support functions; costs related to our global assets and global marketing, costs related to our headquarters; restructuring and restructuring related charges; and certain foreign currency hedge gains and losses.

Our North America segment accounted for approximately 66% of our net revenues for Fiscal 2020. Approximately 31% of our net revenues were generated from our international segments in Fiscal 2020. Approximately 3% of our net revenues were generated from our Connected Fitness segment in Fiscal 2020. No customer accounted for more than 10% of our net revenues in Fiscal 2020. Refer to Note 19 to the Consolidated Financial Statements for net revenues by segment.

North America

We sell our apparel, footwear and accessories in North America through our wholesale and direct-to-consumer channels. Net revenues generated from the sales of our products in the United States were $2.7 billion and $3.4 billion for Fiscal 2020 and 2019, respectively.

Our direct-to-consumer sales are generated through our brand and factory house stores and e-commerce website. As of December 31, 2020, we had 176 factory house stores in North America primarily located in outlet centers throughout the United States and Canada. As of December 31, 2020, we had 18 brand house stores in North America throughout the United States and Canada. Consumers can purchase our products directly from our e-commerce website, www.underarmour.com.

In addition, we earn licensing revenue in North America based on our licensees' sale of collegiate apparel and accessories, as well as sales of other licensed products.

We distribute the majority of our products sold to our North American wholesale customers and our own retail stores and e-commerce businesses from distribution facilities we lease and operate in California, Maryland and Tennessee. In addition, we distribute our products in North America through third-party logistics providers with primary locations in Canada, New Jersey and Florida. In some instances, we arrange to have products shipped from the factories that manufacture our products directly to customer-designated facilities.

EMEA

We sell our apparel, footwear and accessories primarily through wholesale customers, independent distributors, e-commerce websites, and brand and factory house stores within Europe. We also sell our branded products to various sports clubs and teams in Europe. We generally distribute our products to our retail customers and e-commerce consumers in Europe through a third-party logistics provider in the Netherlands as well as a bonded warehouse in the United Kingdom. We sell our apparel, footwear and accessories through independent distributors in the Middle East, Africa and Russia.

Asia-Pacific

We sell our apparel, footwear and accessories products in China, South Korea, Australia and India through stores operated by our distribution and wholesale partners, along with e-commerce websites and brand and factory house stores we operate. In March 2020, we completed the acquisition of our Southeast Asia distribution partner, and now have direct sales operations in Singapore, Malaysia and Thailand. We also sell our products to distributors in New Zealand, Taiwan, Hong Kong and other countries in Southeast Asia where we do not have direct sales operations. We distribute our products in Asia-Pacific through third-party logistics providers based in Hong Kong, China, South Korea, Australia and India.

We have a license agreement with Dome Corporation, which produces, markets and sells our branded apparel, footwear and accessories in Japan. Our branded products are sold in Japan to large sporting goods retailers, independent specialty stores and professional sports teams, and through licensee-owned retail stores. We hold an equity method investment in Dome.

Latin America

We sell products through wholesale customers in Mexico, Chile, Argentina and Colombia. We also sell though e-commerce websites, our own brand houses and factory houses in both Mexico and Chile, while we sell through wholesale partner stores in Argentina and Colombia. During the fourth quarter of Fiscal 2020, we determined to change to a distributor model in Chile and have executed an asset sale agreement. We expect to close this sale in early Fiscal 2021. In certain other Latin America countries we distribute our products through independent distributors which are sourced primarily through our international distribution hub in Panama. We have license and distribution agreements with third parties that sells our products in Brazil and other markets within the region.

Connected Fitness

Thoughout Fiscal 2020, we offered digital fitness subscriptions, along with digital advertising through our MapMyFitness, MyFitnessPal and Endomondo platforms. Our MapMyFitness platform includes applications, such as MapMyRun and MapMyRide. We engage this community by developing innovative services and other digital solutions to impact how athletes and fitness-minded individuals train, perform and live. As noted above, in December 2020, we completed the sale of our MyFitnessPal platform, which represented the largest business within our Connected Fitness segment and discontinued our Endomondo platform.

Product Design and Development

Our products are developed in collaboration with our product development teams and manufactured with technical fabrications produced by third parties. This approach enables us to select and create superior, technically advanced materials, curated to our specifications, while focusing our product development efforts on style, performance and fit.

With a mission to make athletes better, we seek to deliver superior performance in all products. Our developers proactively identify opportunities to create and improve performance products that meet the evolving needs of our consumer. We design products with consumer-valued technologies, utilizing color, texture and fabrication to enhance our consumers perception and understanding of product use and benefits.

Our product development team works closely with our sports marketing and sales teams as well as professional and collegiate athletes to identify product trends and determine market needs. For example, these teams worked closely to identify the opportunity and market for our COLDGEAR® Infrared product, which is a ceramic print technology on the inside of our garments that provides athletes with lightweight warmth, and UA HOVR™, a proprietary underfoot cushioning wrapped in a mesh web, equipped with a MapMyRun powered sensor designed to deliver energy return and real-time coaching.

Sourcing, Manufacturing and Quality Assurance

Many of the specialty fabrics and other raw materials used in our apparel products are technically advanced products developed by third parties and may be available, in the short term, from a limited number of sources. The fabric and other raw materials used to manufacture our apparel products are sourced by our contracted manufacturers from a limited number of suppliers pre-approved by us. In Fiscal 2020, approximately 39% of the fabric used in our apparel products came from 5 suppliers. These fabric suppliers have primary locations in Taiwan, China, Malaysia, and Vietnam. The fabrics used by our suppliers and manufacturers are primarily synthetic and involve raw materials, including petroleum based products that may be subject to price fluctuations and shortages. We also use cotton in some of our apparel products as a blended fabric. Cotton is a commodity that is subject to price fluctuations and supply shortages. Additionally, our footwear uses raw materials that are sourced from a diverse base of third party suppliers. This includes chemicals and petroleum-based components such as rubber that are also subject to price fluctuations and supply shortages.

Substantially all of our products are manufactured by unaffiliated manufacturers. In Fiscal 2020, our apparel and accessories products were manufactured by 50 primary contract manufacturers, operating in 18 countries, with approximately 68% of our apparel and accessories products manufactured in Vietnam, Jordan, Malaysia and China. Of our 50 primary contract manufacturers, 10 produced approximately 57% of our apparel and accessories products. In Fiscal 2020, our footwear products were manufactured by six primary contract manufacturers, operating primarily in Vietnam, Indonesia and China. These six primary contract manufacturers produced substantially all of our footwear products.

All manufacturers across all product divisions are evaluated for quality systems, social compliance and financial strength by our internal teams prior to being selected and on an ongoing basis. Where appropriate, we strive to qualify multiple manufacturers for particular product types and fabrications. We also seek out vendors that can perform multiple manufacturing stages, such as procuring raw materials and providing finished products, which helps us to control our cost of goods sold. We enter into a variety of agreements with our contract manufacturers, including non-disclosure and confidentiality agreements, and we require that all of our manufacturers adhere to a code of conduct regarding quality of manufacturing, working conditions and other social concerns. We do not, however, have any long term agreements requiring us to utilize any manufacturer, and no manufacturer is required to produce our products for the long term. We have subsidiaries strategically located near our key partners to support our manufacturing, quality assurance and sourcing efforts for our products. We also manufacture a limited number of products, primarily for high-profile athletes and teams, on-premises in our quick turn, Special Make-Up Shop located at one of our facilities in Maryland.

Inventory Management

Inventory management is important to the financial condition and operating results of our business. We manage our inventory levels based on existing orders, anticipated sales and the rapid-delivery requirements of our customers. 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, including our global operating and financial reporting information technology system, are designed to improve our forecasting and supply planning capabilities. In addition to systems and processes, key areas of focus that we believe will enhance inventory performance are added discipline around the purchasing of product, production lead time reduction, and better planning and execution in selling of excess inventory through our factory house stores and other liquidation channels.

Our practice, and the general practice in the apparel, footwear and accessory industries, is to offer retail customers the right to return defective or improperly shipped merchandise. As it relates to new product introductions, which can often require large initial launch shipments, we commence production before receiving orders for those products from time to time.

Intellectual Property

We believe we own the material trademarks used in connection with the marketing, distribution and sale of our products, both domestically and internationally, where our products are currently sold or manufactured. Our major trademarks include the UA Logo and UNDER ARMOUR®, both of which are registered in the United States, Canada, Mexico, the European Union, Japan, China and numerous other countries. We also own trademark registrations for other trademarks including, among others, UA®, ARMOUR®, HEATGEAR®, COLDGEAR®, PROTECT THIS HOUSE®, I WILL®, and many trademarks that incorporate the term ARMOUR such as ARMOUR® FLEECE and ARMOUR BRA®. We also own registrations to protect our connected fitness branding such as MapMyFitness® and associated MapMy marks. We own domain names for our primary trademarks (most notably underarmour.com and ua.com) and hold copyright registrations for several commercials, as well as for certain artwork. We intend to continue to strategically register, both domestically and internationally, trademarks and copyrights we utilize today and those we develop in the future. We will continue to aggressively police our trademarks and pursue those who infringe, both domestically and internationally.

We believe the distinctive trademarks we use in connection with our products are important in building our brand image and distinguishing our products from those of others. These trademarks are among our most valuable assets. In addition to our distinctive trademarks, we also place significant value on our trade dress, which is the overall image and appearance of our products, and we believe our trade dress helps to distinguish our products in the marketplace.

We traditionally have had limited patent protection on some of the technology, materials and processes used in the manufacture of our products. In addition, patents are increasingly important with respect to our innovative products and new businesses and investments. As we continue to expand and drive innovation in our products, we seek patent protection on products, features and concepts we believe to be strategic and important to our business. We will continue to file patent applications where we deem appropriate to protect our new products, innovations and designs that align with our corporate strategy. We expect the number of applications to increase as our business grows and as we continue to expand our products and innovate.

Competition

The market for performance apparel, footwear and accessories is highly competitive and includes many new competitors as well as increased competition from established companies expanding their production and marketing of performance products. Our competitors include, among others, Nike, Adidas, Puma and lululemon athletica, some of which are large apparel and footwear companies with strong worldwide brand recognition and significantly greater resources than us. Many of the fabrics and technology used in manufacturing our products are not unique to us, and we own a limited number of fabric or process patents. We also compete with other manufacturers, including those specializing in performance apparel and footwear, and private label offerings of certain retailers, including some of our retail customers.

In addition, we must compete with others for purchasing decisions, as well as limited floor space at retailers. We believe we have been successful in this area because of the relationships we have developed and the strong sales of our products. However, if retailers earn higher margins from our competitors' products, they may favor the display and sale of those products.

We believe we have been able to compete successfully because of our brand image and recognition, the performance and quality of our products and our selective distribution policies. We also believe our focused product style merchandising story differentiates us from our competition. In the future we expect to compete for consumer preferences and expect that we may face greater competition on pricing. This may favor larger competitors with lower production costs per unit that can spread the effect of price discounts across a larger array of products and across a larger customer base than ours. The purchasing decisions of consumers for our products often reflect highly subjective preferences that can be influenced by many factors, including advertising, media, product sponsorships, product improvements and changing styles.

Human Capital Management

Under Armour is led by its purpose—*We Empower Those Who Strive for More*—and our teammates, who bring their different backgrounds, experiences and perspectives, are central to driving our long-term success as an organization and brand. Consistent with our purpose, we believe that our brand is stronger when our collective team is fully engaged and working together to support our athletes around the world. We also believe that having an engaged, diverse and committed workforce not only enhances our culture, it drives our business success, ultimately helping us to deliver the most innovative products that make athletes better. Our human capital management strategy is therefore focused on creating an inclusive workplace where our teammates can thrive by attracting, developing and retaining talent through a competitive total rewards program, numerous development opportunities and a diverse, inclusive and engaging work environment.

As of December 31, 2020, we had approximately 16,600 teammates worldwide, including approximately 12,000 in our brand and factory house stores and approximately 1,300 at our distribution facilities. Approximately 7,000 of our teammates were full-time. Of our approximately 9,600 part-time teammates, approximately 27% were seasonal teammates.

Diversity, Equity and Inclusion

Our commitment to diversity, equity and inclusion starts at the top with a highly skilled and diverse Board of Directors. Our Board of Directors has ongoing oversight of our human capital management strategies and programs and regularly reviews our progress towards achieving our diversity, equity and inclusion goals.

We have set measurable goals for improving diversity amongst our team, including a commitment to increase the number of historically underrepresented teammates throughout the levels of leadership within our organization by 2023. These goals are publicly outlined on our corporate website, where we also publish our representation statistics annually. We are also committed to continuing to increase representation of women in key areas of our business particularly in leadership, commercial and technical roles globally. Our annual incentive plan for all teammates, including executives, incorporates performance measures in furtherance of our diversity, equity and inclusion goals.

As of December 31, 2020:

- the race and ethnicity of our teammate population in the United States, including teammates in our brand and factory house stores and our distribution facilities, was 51% White, 21% Hispanic or Latino, 17% Black or African American, 6% Asian and 5% other;
- the race and ethnicity of our "director" level and above positions in the United States was 78% White, 7% Hispanic or Latino, 7% Black or African American, 6% Asian and 2% other; and
- 53% of our global teammates were women, and women represented 37% of our “director” level and above positions.

In addition to building a more diverse team, we believe fostering an inclusive and ethical culture is key to our values and who we are as an organization. We believe open lines of communication are critical to fostering this environment. This starts with “tone at the top” and we emphasize the importance of our Code of Conduct and encourage our teammates to “speak-up” when they have concerns. We require unconscious bias training for all of our corporate teammates and our retail and distribution facility leadership, including training focused on promoting diversity during our new-hire interview process. In Fiscal 2020, we launched a company-wide virtual series to facilitate meaningful conversations on anti-racism and racial justice issues. For our senior leadership, we require mandatory training on cultural competency and building inclusive environments. We also invest in professional development specifically for our historically underrepresented and women teammates to improve retention and advancement. We currently have nine teammate-led Teammate Resource Groups, which amplify business initiatives, provide networking opportunities, support community outreach and promote cultural awareness. In addition, in Fiscal 2020 we established the Global T.E.A.M. (Teammate Equity and Accountability Movement) Council, our internal diversity, equity and inclusion council, comprising “director” level and above corporate teammates focused on fostering a diverse and inclusive work environment across our organization.

Total Rewards

Our total rewards strategy is focused on providing market competitive and internally equitable total rewards packages that allow us to attract, engage and retain a talented, diverse and inclusive workforce. In determining our compensation practices, we focus on offering competitive pay that is based on market data with packages that appropriately reflect roles and geographic locations. We believe in “pay for performance” and seek to design plans and programs to support a culture of high performance where we reward what is accomplished and how. We are also committed to achieving pay equity within all teammate populations, and with the assistance of third-party experts, conduct an annual review of pay equity and market comparison data. When we identify opportunities, we take prompt actions to close any gaps.

Our total rewards programs, which are outlined on the careers page of our corporate website, are aimed at the varying health, financial and home-life needs of our teammates. In the United States, where approximately 69% of our workforce is located, in addition to market-competitive pay and broad-based bonuses, our full-time teammates are eligible for healthcare benefits; health savings accounts; flexible spending accounts; retirement savings plan; paid time off; family, maternity and paternity leave; adoption assistance; child and adult care resources; flexible work schedules; short and long term disability; life and accident insurance; tuition assistance; fitness benefits at on-site gyms or eligible fitness programs; commuter benefits; Under Armour merchandise discounts; and a Work-Life Assistance Program. We believe in promoting alignment between our teammates and stockholders. As such, these teammates are also eligible to participate in our Employee Stock Purchase Plan, and corporate teammates within our “director” level and above positions receive restricted stock unit awards as a key component of their total compensation package. Outside of the United States, we provide similarly competitive benefit packages to those of our U.S.-teammates but tailored to market-specific practices and needs.

We believe that giving back to the communities where we live and work is central to our culture. In addition to competitive time off benefits, our full-time teammates also receive 40 hours of additional paid time off each year for personal volunteer activities performed during working hours.

Talent Development and Engagement

Our purpose of empowering those who strive for more is embodied in our commitment to helping our teammates develop their skills, grow their careers and achieve their goals. We believe our investment in these areas enhances our teammate engagement, improves the efficiency and productivity of our work and ultimately drives better results for our business. We prioritize and invest in a wide range of training and development opportunities for teammates at all levels, including through both online and instructor-led internal and external programs. All of our teammates have access to an online learning platform and knowledge database, Armour U, which offers an extensive, regularly updated library of seminars on a variety of topics. We also offer resources to support individual development planning, including emphasizing development opportunities as part of teammates’ annual goal setting process.

We invest in developing the leadership strength and capabilities of people-leaders at all levels, including through trainings focused on how to effectively manage, communicate with and drive the performance of teams. Through our succession planning efforts, we further focus on talent development for key roles within our organization.

We believe these efforts keep our teammates engaged and motivated to do their best work. We regularly collect feedback to better understand and improve our teammate experience and identify opportunities to continually strengthen our culture.

Health and Safety

In Fiscal 2020, the COVID-19 pandemic brought unprecedented challenges to our business, our communities, our athletes and our teammates. As we managed through these challenges, we prioritized the health, safety and overall well-being of our teammates. We implemented a new COVID-19 sick leave policy, which offers full-time and part-time teammates in the United States and Canada additional paid sick time if they are unable to work due to COVID-19 related circumstances, including experiencing COVID-19 related symptoms. At each of our office, retail store and distribution house locations, we follow applicable local, state and national government regulations, laws and recommended guidance. At our distribution houses, which have remained open, we have implemented government-recommended COVID-19 prevention measures, including reworking all job areas to reduce close contact, implementing daily health questioning, enhancing cleaning protocols, requiring face coverings and social distancing and adding physical distancing barriers and increased hand sanitizing stations. As discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations - COVID-19,” in Fiscal 2020, primarily in the second and third quarters, we closed many of our brand and factory house retail stores due to the COVID-19 pandemic. As we have reopened certain of our retail stores, in addition to requiring daily teammate wellness assessments, we have implemented COVID-19 prevention measures at these locations similar to those described above. With respect to our corporate teammates, many of our corporate offices remain closed (including our global headquarters) or are open in a limited capacity and the majority of our corporate teammates have shifted to working remotely. We offer resources for teammates working remotely, which are targeted at optimizing remote work environments and managing COVID-19 related challenges and address topics such as office ergonomics and mental and emotional health and well-being.

Available Information

We will make available free of charge on or through our website at https://about.underarmour.com/ our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as soon as reasonably practicable after we electronically file these materials with the Securities and Exchange Commission. We also post on this website our key corporate governance documents, including our board committee charters, our corporate governance guidelines and our code of conduct and ethics.

Information About Our Executive Officers

Our executive officers are:

Name	Age	Position
Kevin Plank	48	Executive Chairman and Brand Chief
Patrik Frisk	58	Chief Executive Officer and President
David Bergman	48	Chief Financial Officer
Colin Browne	57	Chief Operating Officer
Lisa Collier	55	Chief Product Officer
Alessandro de Pestel	55	Chief Marketing Officer
Stephanie Pugliese	50	President of the Americas
Tchernavia Rocker	47	Chief People and Administrative Officer
John Stanton	60	General Counsel and Corporate Secretary

Kevin Plank has been Executive Chairman and Brand Chief since January 2020. Prior to that, he served as Chief Executive Officer and Chairman of the Board of Directors from 1996, when he founded our Company, to 2019, and President from 1996 to July 2008 and August 2010 to July 2017. Mr. Plank also serves on the Board of Directors of the National Football Foundation and College Hall of Fame, Inc., and is a member of the Board of Trustees of the University of Maryland College Park Foundation.

Patrik Frisk has been Chief Executive Officer and President and a member of our Board of Directors since January 2020. Prior to that, he served as President and Chief Operating Officer from July 2017 to December 2019. Prior to Under Armour, he was Chief Executive Officer of The ALDO Group, a global footwear and accessories company. Previous to that, he spent more than a decade with VF Corporation where he held numerous leadership positions including Coalition President of Outdoor Americas (The North Face® and Timberland®), President of the Timberland® brand, President of Outdoor & Action Sports (EMEA), and Vice President and General Manager of The North Face®. Before joining VF Corporation, Mr. Frisk ran his own retail business in Scandinavia and held senior positions with Peak Performance and W.L. Gore & Associates.

David Bergman has been Chief Financial Officer since November 2017. Mr. Bergman joined the Company in 2005 and has served in various Finance and Accounting leadership roles for the Company, including Corporate Controller from 2006 to October 2014, Vice President of Finance and Corporate Controller from November 2014 to January 2016, Senior Vice President, Corporate Finance from February 2016 to January 2017, and acting Chief Financial Officer from February 2017 to November 2017. Prior to joining the Company, Mr. Bergman worked as a C.P.A. within the audit and assurance practices at Ernst & Young LLP and Arthur Andersen LLP.

Colin Browne has been Chief Operating Officer since February 2020. Prior to that, he served as Chief Supply Chain Officer from July 2017 to January 2020 and President of Global Sourcing from September 2016 to June 2017. Prior to joining our Company, he served as Vice President and Managing Director for VF Corporation, leading its sourcing and product supply organization in Asia and Africa from November 2013 to August 2016 and as Vice President of Footwear Sourcing from November 2011 to October 2013. Prior thereto, Mr. Browne served as Executive Vice President of Footwear and Accessories for Li and Fung Group LTD from September 2010 to

November 2011 and Chief Executive Officer, Asia for Pentland Brands PLC from April 2006 to January 2010. Mr. Browne has over 25 years of experience leading sourcing efforts for large brands.

Lisa K. Collier has been Chief Product Officer since April 2020. Prior to joining our Company, Ms. Collier served as President, Chief Executive Officer and Chairman of NYDJ (Not Your Daughter's Jeans) from June 2016 to January 2020. Prior thereto, Ms. Collier served as Executive Vice President and President of Global Dockers Brand of Levi Strauss & Company from July 2013 to May 2016 and as Chief Transformation Officer from October 2013 to January 2015. Ms. Collier also served as Senior Vice President of Product Development and Innovation across all brands from 2012 to 2013, Senior Vice President Global Dockers Merchandising, Licensing, Supply Chain from 2010 to 2012, as Managing Director and General Manager of Levi Strauss Australia and New Zealand from 2007 to 2011, and prior to that in various other leadership roles at Levi Strauss & Company. Ms. Collier served in various leadership roles at Sunrise Brands (formerly Tarrant Apparel Group) from 1999 to 2003. She also served in various merchandising positions at The Limited from 1987 to 1999 and started her career in retail and apparel at Hess's Department Store.

Alessandro de Pestel has been Chief Marketing Officer since October 2018. Prior to joining our Company, he served as Executive Vice President of Global Marketing, Communications and Consumer Insights for Tommy Hilfiger Global from October 2014 to September 2018 and as Senior Vice President of Marketing and Communication from January 2007 to September 2014. Prior thereto, Mr. de Pestel served in various leadership roles in Marketing and Communications at brands such as Calvin Klein, Fila, Omega and Christian Dior from 1999 to 2006.

Stephanie Pugliese has been President of the Americas since June 2020. Prior to that she served as President of North America from September 2019 to May 2020. Prior to joining our Company, Ms. Pugliese served as Chief Executive Officer and President of Duluth Trading Company from February 2015 to August 2019, and as President from February 2012 to August 2019. Prior thereto, Ms. Pugliese served as President and Chief Operating Officer of Duluth Trading Company from February 2014 to February 2015, Senior Vice President and Chief Merchandising Officer from July 2010 to February 2012 and as Vice President of Product Development from November 2008 to July 2010. Ms. Pugliese also served in various leadership roles with Lands' End, Inc. from 2005 to 2008 and at Ann Inc. from 2000 to 2003.

Tchernavia Rocker has been Chief People and Administrative Officer since June 2020. Prior to that she served as Chief People and Culture Officer from February 2019 to May 2020. Prior to joining our Company, she served more than 18 years in Human Resources leadership roles at Harley-Davidson, Inc., most recently as Vice President and Chief Human Resources Officer from June 2016 through January 2019, as General Manager, Human Resources from January 2012 through May 2016, and in various other Human Resources leadership positions since joining the company in 2000. Prior to that, she served in various HR and operations roles at Goodyear Dunlop North America Tire Inc.

John Stanton has been General Counsel since March 2013, and Corporate Secretary since February 2008. Prior thereto, he served as Vice President, Corporate Governance and Compliance from October 2007 to February 2013 and Deputy General Counsel from February 2006 to September 2007. Prior to joining our Company, he served in various legal roles at MBNA Corporation from 1993 to 2005, including as Senior Executive Vice President, Corporate Governance and Assistant Secretary. He began his legal career at the law firm Venable, LLP.

ITEM 1A. RISK FACTORS

Our results of operations and financial condition could be adversely affected by numerous risks. You should carefully consider the risk factors detailed below in conjunction with the other information contained in this Form 10-K. Should any of these risks actually materialize, our business, financial condition, results of operations and future prospects could be negatively impacted.

Economic and Industry Risks

The COVID-19 pandemic has caused significant disruption in our industry, which has and may continue to materially impact our business, financial condition and results of operations.

Our business has been and may continue to be materially impacted by the effects of the widespread outbreak of COVID-19, which was reported to have surfaced first in December 2019 and declared a global pandemic in March 2020. This pandemic has negatively affected the U.S. and global economies, disrupted global supply chains and financial markets, and led to significant travel and business restrictions, including mandatory closures, orders to "shelter-in-place" and restrictions on how businesses operate.

The COVID-19 pandemic materially negatively impacted our business and results of operations in Fiscal 2020, and the extent and duration of ongoing impacts remain uncertain. The pandemic resulted in temporary closures of our retail stores and the stores of our wholesale customers where our products are sold, reduced consumer traffic and consumer spending, temporary layoffs of certain employees in our North America retail stores and distribution centers and incremental operating expenses from adopting preventative health and safety measures in our stores and distribution centers. These negative impacts to our business may continue through Fiscal 2021 or later depending on the development of the virus and related responses. Related industries have been and may continue to be adversely affected, including distribution and logistics and manufacturing and textile production. Professional, collegiate and amateur sporting leagues, events and activities experienced postponements or cancellations. We are unable to predict with certainty the near and long-term impacts of the pandemic on consumer behavior. To the extent the impact of COVID-19 continues or worsens, consumer behavior may be altered for an extended period, which could impact our sales, cash generated from operations and liquidity and financial condition.

Additionally, the COVID-19 pandemic and resulting economic disruption has also led to significant volatility in the capital markets and adversely impacted our stock price. While we took measures throughout Fiscal 2020 to maintain our operations and preserve and enhance our access to liquidity, our cash generated from operations has been negatively impacted and future cash flows may be further impacted by the development of the pandemic. If we are unable to effectively manage our spending in response, our profitability may be negatively impacted. Further, currently many of our employees in our corporate offices are working remotely. An extended period of remote work arrangements could strain our business continuity plans, introduce operational risk, including but not limited to cybersecurity risks, and impair our ability to manage our business. The disruption caused by the pandemic has also disrupted the operations of our business partners, including our customers, suppliers, and vendors, and the financial condition of certain of our partners has been significantly impacted. We cannot predict the impact the pandemic will continue to have on these partners and any material effect on these parties could negatively impact us.

The impact of the COVID-19 pandemic may also exacerbate other risks discussed below, any of which could have a material effect on us. Though we continue to monitor the COVID-19 pandemic closely, the situation is changing rapidly, including a resurgence in many countries, and additional impacts may arise that we are not aware of currently.

During a downturn in the economy, consumer purchases of discretionary items are affected, which could materially harm our sales, profitability and financial condition and our prospects for growth.

Many of our products may be considered discretionary items for consumers. Many factors impact discretionary spending, including general economic conditions, unemployment, the availability of consumer credit and consumer confidence in future economic conditions. Uncertainty in global economic conditions continues, particularly in light of the impacts of COVID-19, and trends in consumer discretionary spending remain unpredictable. The United States and other countries have experienced a significant increase in unemployment and financial markets remain turbulent. Historically, consumer purchases of discretionary items tend to decline during recessionary periods when disposable income is lower or during other periods of economic instability or uncertainty, which may lead to declines in sales and slow our long-term growth expectations. Any near or long-term downturn in the economies in markets in which we sell our products, particularly in the United States, China or other key markets, may materially harm our sales, profitability and financial condition and our prospects for growth. In addition, as pandemic conditions improve and restrictions begin to lift, we are unable to predict whether consumer preferences for discretionary items will shift and the level of consumer spending within our industry will be negatively impacted for a period of time. If this were to occur, our sales and prospects for growth may be negatively impacted.

We operate in highly competitive markets and the size and resources of some of our competitors may allow them to compete more effectively than we can, resulting in a loss of our market share and a decrease in our net revenues and gross profit.

The market for performance apparel, footwear and accessories is highly competitive and includes many new competitors as well as increased competition from established companies expanding their production and marketing of performance products. Many of our competitors are large apparel and footwear companies with strong worldwide brand recognition. Due to the fragmented nature of the industry, we also compete with other manufacturers, including those specializing in products similar to ours and private label offerings of certain retailers, including some of our retail customers. Many of our competitors have significant competitive advantages, including greater financial, distribution, marketing, digital and other resources, longer operating histories, better brand recognition among consumers, more experience in global markets, greater ability to invest in technology and the digital consumer experience and greater economies of scale. In addition, our competitors have long-term relationships with our key retail customers that are potentially more important to those customers because of the significantly larger volume and product mix that our competitors sell to them. As a result, these competitors may be better equipped than we are to influence consumer preferences or otherwise increase their market share by quickly adapting to changes in customer requirements or consumer preferences, readily taking advantage of acquisition and other opportunities, discounting excess inventory that has been written down or written off, devoting resources to the marketing and sale of their products, including significant advertising, media placement, partnerships and product endorsement, adopting aggressive pricing policies and engaging in lengthy and costly intellectual property and other disputes.

In addition, while one of our growth strategies has been to increase floor space for our products in retail stores and in certain markets expand our distribution to other retailers, retailers have limited resources and floor space, and we must compete with others to develop relationships with them. Increased competition by existing and future competitors could result in reductions in floor space in retail locations, reductions in sales or reductions in the prices of our products, and if retailers have better sell through or earn greater margins from our competitors' products, they may favor the display and sale of those products. Our inability to compete successfully against our competitors and maintain our gross margin could have a negative effect on our brand image and a material adverse effect on our business, financial condition and results of operations.

Our profitability may decline or our growth may be negatively impacted as a result of increasing pressure on pricing.

Our industry is subject to significant pricing pressure caused by many factors, including intense competition, consolidation in the retail industry, pressure from retailers to reduce the costs of products and changes in consumer demand. These factors may cause us to reduce our prices to retailers and consumers or engage in more promotional activity than we anticipate, which could negatively impact our margins and cause our profitability to decline if we are unable to offset price reductions with comparable reductions in our operating costs. For example, in response to the COVID-19 pandemic's impact on our industry, we and many of our competitors have engaged in, and may continue to engage in, additional promotional activities focused around e-commerce sales in managing excess inventory levels. Ongoing and sustained promotional activities could negatively impact our brand image. On the other hand, if we are unwilling to engage in promotional activity on a scale similar to that of our competitors, for instance, to protect our premium brand positioning, and unable to simultaneously offset declining promotional activity with increased sales at premium price points, our ability to achieve short-term growth targets may be negatively impacted, which could have a material adverse effect on our results of operations and financial condition.

Fluctuations in the cost of raw materials and commodities we use in our products and our supply chain could negatively affect our operating results.

The fabrics used by our suppliers and manufacturers are made of raw materials including petroleum-based products and cotton. Significant price fluctuations or shortages in petroleum or other raw materials can materially adversely affect our cost of goods sold. In addition, certain of our manufacturers are subject to government regulations related to wage rates, and therefore the labor costs to produce our products may fluctuate. The cost of transporting our products for distribution and sale is also subject to fluctuation due in large part to the price of oil. Because most of our products are manufactured abroad, our products must be transported by third parties over large geographical distances and an increase in the price of oil can significantly increase costs. Manufacturing delays or unexpected transportation delays can also cause us to rely more heavily on airfreight to achieve timely delivery to our customers, which significantly increases freight costs. Any of these fluctuations may increase our cost of products and have an adverse effect on our profit margins, results of operations and financial condition.

Our financial results and ability to grow our business may be negatively impacted by global events beyond our control.

We operate retail, distribution and warehousing facilities and offices around the world and substantially all of our manufacturers are located outside of the United States. We are subject to numerous risks and events beyond our control which could negatively impact consumer spending or the operations of us or our customers or business partners, and therefore our results of operations, including political or labor unrest, military conflict, terrorism, public health crises, disease epidemics or pandemics (such as COVID-19), natural disasters, extreme weather conditions and economic instability resulting in the disruption of trade from foreign countries; the imposition of new laws and regulations, including those relating to labor conditions, minimum wage, quality and safety standards and disease epidemics or other public health concerns, as well as rules and regulations regarding climate change; uncertainties and the ongoing effect of the United Kingdom's withdrawal from the European Union; changes in trade policy or actions of foreign or U.S. governmental authorities impacting trade and foreign investment, particularly during periods of heightened tension between U.S. and foreign governments, including the imposition of new import limitations, duties, tariffs, anti-dumping penalties, trade restrictions or restrictions on the transfer of funds; and changes in local economic conditions in countries where our stores, customers, manufacturers and suppliers are located.

These risks could hamper our ability to sell products, negatively affect the ability of our manufacturers to produce or deliver our products or procure materials and increase our cost of doing business generally, any of which could have an adverse effect on our results of operations, profitability, cash flows and financial condition. In the event that one or more of these factors make it undesirable or impractical for us to conduct business in a particular country, our business could be adversely affected.

Business and Operational Risks

We derive a substantial portion of our sales from large wholesale customers. If the financial condition of our customers declines, our financial condition and results of operations could be adversely impacted.

In Fiscal 2020, sales through our wholesale channel represented approximately 53% of our net revenues. We extend credit to our wholesale customers based on an assessment of a customer's financial condition, generally without requiring collateral or getting customer insurance against non-collection. We face increased risk of order reduction or cancellation when dealing with financially ailing customers or customers struggling with economic uncertainty. As a result of the COVID-19 pandemic, many of our wholesale customers throughout the world have had to temporarily close their stores or operate their stores under significant restrictions and continue to experience reduced consumer traffic and purchasing, which has resulted in lower sales and cancellations of orders of our products. The financial impact of continued temporary store closures and operating restrictions on many of our wholesale customers remains uncertain. However, if our wholesale customers continue to experience significant disruptions, this could result in further reductions or cancellations of orders or late or extended payment terms to us, which could negatively impact our results of operations. In addition, during weak economic conditions, customers may be more cautious with orders or may slow investments necessary to maintain a high quality in-store experience for consumers, which may result in lower sales of our products. Furthermore, a slowing economy in our key markets or a continued decline in consumer purchases of sporting goods generally could have an adverse effect on the financial health of our company.

From time to time certain of our customers have experienced financial difficulties. To the extent one or more of our customers experience significant financial difficulty, bankruptcy, insolvency or cease operations, this could have a material adverse effect on our sales, our ability to collect on receivables and our financial condition and results of operations.

We may not successfully execute our long-term strategies, which may negatively impact our results of operations.

Our ability to execute on our long-term strategies depends, in part, on successfully executing on strategic growth initiatives in key areas, such as our international business, footwear and our global direct-to-consumer sales channel. Our growth in these areas depends on our ability to continue to successfully grow our e-commerce and mobile application offerings and digital experiences throughout the world, expand our global network of brand and factory house stores and continue to successfully increase our product offerings and market share in footwear. Our ability to invest in these growth initiatives on the timeline and at the scale we expect will be negatively impacted if we continue to experience significant market disruption due to COVID-19 or other significant events, particularly if our North America business, which represented 66% of our total net revenues in Fiscal 2020, does not grow sufficiently. In addition, as we expand our global network of brand and factory house stores, if we are unable to operate our stores profitably, our financial results could be impacted, or we could be required to recognize impairment charges. For example, during Fiscal 2020, we recognized impairment charges related to a number of our retail stores as individual store profitability was significantly impacted by the effects of COVID-19. Our long-term strategy also depends on our ability to successfully drive expansion of our gross margins, manage our cost structure and drive return on our investments. If we cannot effectively execute our long-term growth strategies while managing costs effectively, our business could be negatively impacted and we may not achieve our expected results of operations.

We may not fully realize the expected benefits of our restructuring plans or other operating or cost-saving initiatives, which may negatively impact our profitability.

Since 2017, we have executed three separate restructuring plans designed to more closely align our financial resources against the critical priorities of our business and rebalance our cost base to further improve future profitability and cash flow generation. We have also implemented several changes to our operating model. We may not achieve the operational improvements and efficiencies that we targeted in our restructuring plans and operating model changes, which could adversely impact our results of operations and financial condition. Implementing any restructuring plan or operating model change presents significant potential risks including, among others, higher than anticipated implementation costs, management distraction from ongoing business activities, failure to maintain adequate controls and procedures while executing our restructuring plans and operating model changes, damage to our reputation and brand image and workforce attrition beyond planned reductions. If we fail to achieve targeted operating improvements and/or cost reductions, our profitability and results of operations could be negatively impacted, which may be dilutive to our earnings in the short term.

If we are unable to anticipate consumer preferences, successfully develop and introduce new, innovative and updated products or engage our consumers, or if consumer preferences shift away from performance products, our sales, net revenues and profitability may be negatively impacted.

Our success depends on our ability to identify and originate product trends and anticipate and react to changing consumer demands in a timely manner. All of our products are subject to changing consumer preferences that shift rapidly and cannot be predicted with certainty. Accordingly, our new products may not receive consumer acceptance. In addition, long lead times for certain of our products may make it hard for us to respond quickly to changes in consumer demands. Our ability to adequately react to and address consumer preferences depends in part upon our continued ability to develop and introduce innovative, high-quality products. Moreover, if consumers are not convinced performance apparel, footwear and accessories are a better choice than, and worth the additional cost over, traditional alternatives, sales of performance products may not grow or decline and growth in the industry and our business could be adversely affected. In addition, consumers are increasingly focused on the environmental and social policies of brands, including the sustainability of the products sold. From time to time, we may also introduce limited run or specialized products that may increase our sales in the near term, but that may fail to maintain sustained consumer demand. If we are unable to effectively anticipate and respond to consumer preferences as a result of any of these factors, our brand image could be negatively impacted, and our sales, net revenues and profitability may be negatively impacted.

Consumer shopping preferences and shifts in distribution channels continue to evolve and could negatively impact our results of operations or our future growth.

Consumer preferences regarding the shopping experience continue to rapidly evolve. We sell our products through a variety of channels, including through wholesale customers and distribution partners, as well as our own direct-to-consumer business consisting of our brand and factory house stores and e-commerce platforms. If we or our wholesale customers do not provide consumers with an attractive in-store experience, our brand image and results of operations could be negatively impacted. In addition, as part of our strategy to grow our e-commerce revenue, we are investing significantly in enhancing our platform capabilities and implementing systems to drive higher engagement with our consumers, which has become particularly important in light of increased online shopping due to COVID-19. If we do not successfully execute this strategy or continue to provide an engaging, reliable and user-friendly digital commerce platform that attracts consumers, our brand image, and results of operations as well as our opportunities for future growth could be negatively impacted. In addition, we cannot predict whether and how the COVID-19 pandemic will impact consumer shopping preferences in the long term and how quickly and effectively we will adapt to those preferences.

A decline in sales to, or the loss of, one or more of our key customers could result in a material loss of net revenues and negatively impact our prospects for growth.

We generate a significant portion of our wholesale revenues from sales to our largest customers. We currently do not enter into long-term sales contracts with our key customers, relying instead on our relationships with these customers and on our position in the marketplace. As a result, we face the risk that these key customers may not increase their business with us as we expect, or may significantly decrease their business with us or terminate their relationship with us. The failure to increase or maintain our sales to these customers as much as we anticipate would have a negative impact on our growth prospects and any decrease or loss of these key customers' business could result in a material decrease in our net revenues and net income or loss. For example, during Fiscal 2020 certain of our wholesale customers delayed purchases of our products or cancelled previously placed orders in response to pandemic-related store closures. These risks have materially increased and may persist as the COVID-19 pandemic continues. In addition, our customers continue to experience ongoing industry consolidation, particularly in the sports specialty sector. As this consolidation continues, it increases the risk that if any one customer significantly reduces their purchases of our products, we may be unable to find sufficient alternative customers to continue to grow our net revenues, or our net revenues may decline materially. In addition, we may from time to time exit relationships with certain wholesale customers to further drive our premium brand position. This may negatively impact our net revenues if we are unable to replace those sales with additional sales to our other customers.

We must successfully manage the increasingly complex operations of our global business, including continued expansion in certain markets where we have limited brand recognition, or our business and results of operations may be negatively impacted.

A significant element of our growth strategy depends on our continued expansion outside of North America, and we have limited brand recognition and operating experience in certain regions. We must continue to successfully manage the operational difficulties associated with expanding our business to meet increased consumer demand throughout the world. We have limited experience with regulatory requirements and market practices in certain regions outside of North America, and may face difficulties expanding into and successfully operating in those markets, including differences in regulatory environments, labor and market practices, and difficulties in keeping abreast of market, business and technical developments and consumers’ tastes and preferences. We must also continually evaluate the need to expand critical functions in our business, including sales and marketing, product development and distribution functions, our management information systems and other processes and technology. We may not manage these efforts cost-effectively or these efforts could increase the strain on our existing resources. If we experience difficulties in supporting the growth of our business, we could experience an erosion of our brand image or operational challenges leading to a decrease in net revenues and results from operations.

Our results of operations could be materially harmed if we are unable to accurately forecast demand for our products.

To ensure adequate inventory supply, we must forecast inventory needs and place orders with our manufacturers before firm orders are placed by our customers. In addition, a significant portion of our net revenues may be generated by at-once orders for immediate delivery to customers, particularly during the last two quarters of the year, which historically has been our peak season. If we fail to accurately forecast customer demand we may experience excess inventory levels or a shortage of product to deliver to our customers. Excess inventory may result in inventory write-downs or write-offs or sales at discounted prices or in less preferred distribution channels, negatively impacting gross margin. On the other hand, if we underestimate the demand for our products, our manufacturers may not be able to produce products to meet our customer requirements, resulting in delays in the shipment of our products and our ability to recognize revenue, lost sales, as well as damage to our reputation and retailer and distributor relationships.

Factors that could affect our ability to accurately forecast demand for our products include: changing consumer demand for our products; product introductions by competitors; unanticipated changes in general market or economic conditions or other factors, which may result in cancellations of advance orders or a reduction or increase in the rate of reorders or at-once orders placed by retailers; the impact on consumer demand due to unseasonable weather conditions; and terrorism or acts of war, or the threat thereof, political or labor instability or unrest or public health concerns and disease epidemics, such as the current COVID-19 pandemic.

The difficulty in forecasting demand also makes it difficult to estimate our future results of operations and financial condition from period to period. A failure to accurately predict the level of demand for our products could adversely impact our profitability or cause us not to achieve our expected financial results. These risks have materially increased and may persist with the market disruption caused by COVID-19 and the expected high levels of inventory across our industry.

We rely on third-party suppliers and manufacturers to provide raw materials for and to produce our products, and we have limited control over these suppliers and manufacturers and may not be able to obtain quality products on a timely basis or in sufficient quantity.

Many of the materials used in our products are technically advanced products developed by third parties and may be available, in the short-term, from a very limited number of sources. Substantially all of our products are manufactured by unaffiliated manufacturers, and, in Fiscal 2020, 10 manufacturers produced approximately 57% of our apparel and accessories products, and 6 produced substantially all of our footwear products. We have no long-term contracts with our suppliers or manufacturing sources, and we compete with other companies for fabrics, raw materials, production and import quota capacity.

A number of factors may require us to seek alternative or additional suppliers, which we may not be able to do in a timely or cost-effective manner. We may experience a significant disruption in the supply of fabrics or raw materials from current sources or, in the event of a disruption, we may be unable to locate alternative materials suppliers of comparable quality at an acceptable price, or at all. Moreover, our suppliers may not be able to fill our orders in a timely manner depending on market conditions or increased demand for product. In addition, in Fiscal 2020 certain of our manufacturers experienced significant financial and operational disruption due to COVID-19. We have historically provided supply chain finance support to certain of our supply chain partners, and the financial markets supporting supply chain finance programs experienced disruption in 2020, resulting in a temporary disruption to our program and challenging the cash flow and liquidity of our partners. While we worked with our partners through the disruption and have re-established a supply chain finance program, if one or more of our suppliers were to experience significant financial difficulty, bankruptcy, insolvency or cease operations, we may be required to seek alternative suppliers. In addition, if we lose or need to replace an existing manufacturer or supplier as a result of adverse economic conditions or other reasons, additional supplies of fabrics or raw materials or additional manufacturing capacity may not be available when required on terms that are acceptable to us, or at all, or suppliers or manufacturers may not be able to allocate sufficient capacity to us in order to meet our requirements. Even if we are able to expand existing or find new manufacturing or fabric sources, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers and manufacturers on our methods, products and quality control standards. Any delays, interruption or increased costs in the supply of fabric or manufacture of our products could have an adverse effect on our ability to meet retail customer and consumer demand for our products and result in lower net revenues and net income (or higher net loss) both in the short and long term.

We have occasionally received, and may in the future continue to receive, shipments of product that fail to conform to our quality control standards. If we are unable to obtain replacement products in a timely manner, we risk the loss of net revenues resulting from the inability to sell those products and related increased administrative and shipping costs. In addition, because we do not control our manufacturers, products that fail to meet our standards or other unauthorized products could end up in the marketplace without our knowledge, which could harm our brand and our reputation in the marketplace.

Labor or other disruptions at ports or our suppliers or manufacturers may adversely affect our business.

Our business depends on our ability to source and distribute products in a timely manner. As a result, we rely on the free flow of goods through open and operational ports worldwide and on a consistent basis from our suppliers and manufacturers. Labor disputes and disruptions at various ports or at our suppliers or manufacturers could create significant risks for our business, particularly if these disputes result in work slowdowns, decreased operations, lockouts, strikes or other disruptions during our peak importing or manufacturing seasons. For example, COVID-19 has resulted in delays and disruptions at ports due to workforce decreases, shipping backlogs and capacity constraints and other disruptions. This has resulted in slower than planned deliveries of inventory and delayed sales to customers. If we experience significant delays or disruption in receiving and distributing our products, this could have an adverse effect on our business, potentially resulting in canceled orders by customers, unanticipated inventory accumulation or shortages, increased expense (including air freight) to deliver our products and reduced net revenues and net income or higher net loss.

If we fail to successfully manage or realize expected results from significant transactions or investments, or if we are required to recognize an impairment of our goodwill, it may have an adverse effect on our results of operations and financial position.

From time to time, we may engage in acquisition opportunities we believe are complementary to our business and brand. Integrating acquired businesses can require significant efforts and resources, which could divert management attention from more profitable business operations. From time to time we have also disposed of certain assets where we did not think our activities aligned to our operating model. If we fail to successfully integrate acquired businesses or effectively manage dispositions, we may not realize the financial benefits or other synergies we anticipated. In addition, in connection with our acquisitions, we may record goodwill or other indefinite-lived intangible assets. We have recognized goodwill impairment charges in the past, including in Fiscal 2020 with respect to our Latin America reporting unit, and our Canada reporting unit, within our North America operating segment. Additional goodwill impairment charges could have an adverse effect on our results of operations and financial position. Additionally, from time to time, we may invest in business infrastructure, new businesses and expansion of existing businesses, such as the expansion of our network of brand and factory house stores and our distribution facilities, implementing our global operating and financial reporting information technology system, supporting our digital strategy (including our e-commerce platform), or supporting our corporate infrastructure (including our global and regional headquarters). These investments require substantial cash investments and management attention, and infrastructure investments may also divert funds from other potential business opportunities. We believe cost effective investments are essential to business growth and profitability. The failure of any significant investment to provide the returns or synergies we expect could adversely affect our financial results.

The value of our brand and sales of our products could be diminished if we are associated with negative publicity.

Our business could be adversely impacted if negative publicity regarding our brand, our company or our business partners diminishes the appeal of our brand to consumers. For example, while we require our suppliers, manufacturers and licensees of our products to operate their businesses in compliance with applicable laws and regulations as well as the social and other standards and policies we impose on them, including our code of conduct, we do not control the conduct of these third parties. A violation, or alleged violation of our policies, labor laws or other laws could interrupt or otherwise disrupt our sourcing or damage our brand image. Negative publicity regarding production methods, alleged practices or workplace or related conditions of any of our suppliers, manufacturers or licensees could adversely affect our reputation and sales and force us to locate alternative suppliers, manufacturers or licensees. The risk that our business partners may not act in accordance with our expectations may be exacerbated in markets where our direct sales, supply chain or logistics operations are not as widespread. In addition, we have sponsorship contracts with a variety of athletes, teams and leagues, and many athletes and teams use our products. Negative publicity regarding these partners could negatively impact our brand image and result in diminished loyalty to our brand, regardless of whether such claims are accurate. Furthermore, social media can potentially accelerate and increase the scope of negative publicity. This could diminish the value of our proprietary rights or harm our reputation or have a negative effect on our sales and results of operations.

The costs and return on our investments for our sports marketing sponsorships may become more challenging and this could impact the value of our brand image.

A key element of our marketing strategy has been to create a link in the consumer market between our products and professional and collegiate athletes. We have developed licensing agreements to be the official supplier of performance apparel and footwear to a variety of sports teams and leagues at the collegiate and professional level and sponsorship agreements with athletes. However, as competition in the performance apparel and footwear industry has increased, the costs associated with athlete sponsorships and official supplier licensing agreements, including the costs of obtaining and retaining these sponsorships and agreements, have varied and at times increased greatly. If we are unable to maintain our current association with professional and collegiate athletes, teams and leagues, or to do so at a reasonable cost, we could lose the on-field authenticity associated with our products, and we may be required to modify and substantially increase our marketing investments. In addition, because professional and collegiate athletics and other sporting events have been largely cancelled or delayed in connection with the COVID-19 pandemic and future plans for these remain uncertain, we may not realize the expected benefits of these relationships. As a result, our brand image, net revenues, expenses and profitability could be materially adversely affected.

If we encounter problems with our distribution system, our ability to deliver our products to the market could be adversely affected.

We rely on a limited number of distribution facilities for our product distribution. Our distribution facilities utilize computer controlled and automated equipment, which means the operations are complicated and may be subject to a number of risks related to security or computer viruses or malware, the proper operation of software and hardware, power interruptions or other system failures. In addition, because many of our products are distributed from a limited number of locations, our operations could also be interrupted by severe weather conditions, floods, fires or other natural disasters in these locations, as well as labor or other operational difficulties or interruptions, including public health crises or disease epidemics. For example, the current COVID-19 pandemic may impede our ability to operate our distribution facilities at full capacity and may similarly impact our third-party logistics providers. We maintain business interruption insurance, but it may not adequately protect us from the adverse effects that could be caused by significant disruptions in our distribution facilities or from all types of events causing such disruptions. Significant disruptions could lead to loss of customers or an erosion of our brand image. In addition, our distribution capacity is dependent on the timely performance of services by third parties. This includes the shipping of product to and from our distribution facilities, as well as partnering with third-party distribution facilities in certain regions where we do not maintain our own facilities. From time to time, certain of our partners have experienced disruptions to their operations, including cyber-related disruptions. If we or our partners encounter such problems, our results of operations, as well as our ability to meet customer expectations, manage inventory, complete sales and achieve objectives for operating efficiencies could be materially adversely affected.

We rely significantly on information technology and any failure, inadequacy or interruption of that technology could harm our ability to effectively operate our business.

Our business and global operations rely on information technology. Our ability to effectively manage and maintain our inventory and internal reports, and to ship products to customers and invoice them on a timely basis depends significantly on our enterprise resource planning, warehouse management, and other information systems. We also heavily rely on information systems to process financial and accounting information for financial reporting purposes. Any of these information systems could fail or experience a service interruption for a number of reasons, including computer viruses or malware, programming errors, hacking or other unlawful activities, disasters or our failure to properly maintain system redundancy or protect, repair, maintain or upgrade our systems, and, although we maintain business continuity plans, there can be no assurance that our business continuity plans, or those of our vendors, will effectively resolve the issues in a timely manner or adequately protect us from the adverse effects that could be caused by significant disruptions in our information systems. The failure of our information systems to operate effectively or to integrate with other systems, or a breach in security of these systems could cause delays in product fulfillment and reduced efficiency of our operations, which could negatively impact our financial results. If we experience any significant disruption to our financial information systems that we are unable to mitigate, our ability to timely report our financial results could be impacted, which could negatively impact our stock price. We also communicate electronically throughout the world with our employees and with third parties, such as customers, suppliers, vendors and consumers. A service interruption or shutdown could have a material adverse impact on our operating activities. Remediation and repair of any failure, problem or breach of our key information systems could require significant capital investments.

In addition, we interact with many of our consumers through our e-commerce website and our mobile applications, and these systems face similar risk of interruption or cyberattack. Consumers increasingly utilize these services to purchase our products and to engage with our digital community. If we are unable to continue to provide consumers a user-friendly experience and evolve our platform to satisfy consumer preferences, the growth of our e-commerce business and our net revenues may be negatively impacted. The performance of our digital business is dependent on reliable performance of its products, applications and services and the underlying technical infrastructure, which incorporate complex software. If this software contains errors, bugs or other vulnerabilities which impede or halt service, this could result in damage to our reputation and brand, loss of users or loss of revenue.

We are implementing a global operating and information system, which involves risks and uncertainties that could adversely affect our business.

In 2015, we began the process of implementing a global operating and financial reporting information technology system, SAP Fashion Management Solution ("FMS"), as part of a multi-year plan to integrate and upgrade our systems and processes. The third and final phase of this implementation became operational in April 2020. Implementation of new information systems, particularly across global operations, involves risks and uncertainties. Any disruptions, delays, or deficiencies in the design, implementation or application of these systems could result in increased costs, disruptions in our ability to effectively source, sell or ship our products, delays in the collection of payment from our customers or adversely affect our ability to timely report our financial results, each of which could materially adversely affect our business, results of operations, and financial condition.

Our future success is substantially dependent on the continued service of our senior management and other key employees, and our continued ability to attract and retain highly talented new team members.

Our future success is substantially dependent on the continued service of our senior management, particularly Kevin A. Plank, our founder, Executive Chairman and Brand Chief, Patrik Frisk, our Chief Executive Officer and President, other top executives and key employees who have substantial experience and expertise in our business, including product creation, innovation, sales, marketing, operational and other support personnel. The loss of the services of our senior management or other key employees could make it more difficult to successfully operate our business and achieve our business goals and could result in harm to key customer relationships, loss of key information, expertise or know-how and unanticipated recruitment and training costs.

In addition, to profitably grow our business and manage our operations, we will need to continue to attract, retain and motivate highly talented management and other employees with a range of skills, backgrounds and experiences. Competition for employees in our industry is intense and we may experience difficulty in attracting the personnel necessary to support the growth of our business. If we are unable to attract, assimilate and retain management and other employees with the necessary skills, we may not be able to grow or successfully operate our business and achieve our long-term objectives. In addition, we have invested significant time and resources in building, maintaining and evolving our company culture and our values, which we believe to be critical to our future success. Failure to maintain and continue to evolve our culture could negatively affect our ability to attract, retain and motivate our employees and to achieve our long-term objectives.

Financial Risks

Our credit agreement contains financial covenants, and both our credit agreement and debt securities contain other restrictions on our actions, which could limit our operational flexibility or otherwise adversely affect our financial condition.

We have, from time to time, financed our liquidity needs in part from borrowings made under our credit facility and the issuance of debt securities. Our Senior Notes limit our ability to, subject to certain significant exceptions, incur secured debt and engage in sale leaseback transactions. Our amended credit agreement contains negative covenants that, subject to significant exceptions limit our ability, among other things to incur additional indebtedness, make restricted payments, sell or dispose of assets, pledge assets as security, make investments, loans, advances, guarantees and acquisitions, undergo fundamental changes and enter into transactions with affiliates. In addition, during specified periods, we must maintain a certain leverage ratio and interest coverage ratio as defined in the amended credit agreement. Our ability to continue to borrow amounts under our amended credit agreement is limited by continued compliance with these financial covenants, and in the past we have amended our credit agreement to provide certain relief from and revisions to our financial covenants for specified future periods and provide us with sufficient access to liquidity during those periods. During certain quarters, our amended credit agreement requires us to maintain a specified amount of minimum liquidity. If our cash flows and capital resources are insufficient to maintain this liquidity level, we may need to take further actions to reduce our expenditures, and potentially 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. Failure to comply with these operating or financial covenants could result from, among other things, changes in our results of operations or general economic conditions. These covenants may restrict our ability to engage in transactions that would otherwise be in our best interests. Failure to comply with any of the covenants under the amended credit agreement or our Senior Notes could result in a default, which could negatively impact our access to liquidity.

In addition, the amended credit agreement includes a cross default provision whereby an event of default under certain other debt obligations (including our debt securities) will be considered an event of default under the amended credit agreement. If an event of default occurs, the commitments of the lenders under the amended credit agreement may be terminated and the maturity of amounts owed may be accelerated. Our debt securities include a cross acceleration provision which provides that the acceleration of certain other debt obligations (including our credit agreement) will be considered an event of default under our debt securities and, subject to certain time and notice periods, give bondholders the right to accelerate our debt securities.

We may need to raise additional capital to manage and grow our business, and we may not be able to raise capital on terms acceptable to us or at all.

Managing and growing our business will require significant cash outlays and capital expenditures and commitments. We have utilized cash on hand and cash generated from operations, accessed our credit facility and issued debt securities as sources of liquidity. During the first and second quarter of Fiscal 2020, our cash generated from operations was negatively impacted due to widespread temporary store closures as a result of the COVID-19 pandemic. In response, we amended our credit agreement to provide certain relief from and revisions to our financial covenants for specified future periods and provide us with sufficient access to liquidity during those periods. In May 2020, we issued $500 million of Convertible Senior Notes and utilized the net proceeds to repay amounts outstanding under our revolving credit facility, thereby increasing our borrowing capacity under that facility. We also took a number of actions to preserve existing capital, including managing payments to vendors, allowing extended payment terms to certain customers, reducing capital expenditures and managing inventory levels. As of December 31, 2020, our cash and cash equivalents totaled $1.5 billion. However, if in future periods our cash on hand, cash generated from operations and availability under our credit agreement are not sufficient to meet our cash requirements, we will need to seek additional capital, potentially through debt or equity financing, to fund our operations and future growth. Our ability to access the credit and capital markets in the future as a source of liquidity, and the borrowing costs associated with such financing, are dependent upon market conditions and our credit rating and outlook. Our credit ratings have been downgraded in the past, and we cannot assure that we will be able to maintain our current ratings, which could increase our cost of borrowing in the future. In addition, equity financing may be on terms that are dilutive or potentially dilutive to our stockholders, and the prices at which new investors would be willing to purchase our securities may be lower than the current price per share of our common stock. The holders of new securities may also have rights, preferences or privileges which are senior to those of existing holders of common stock. If new sources of financing are required, but are insufficient or unavailable, we will be required to modify our growth and operating plans based on available funding, if any, which would harm our ability to grow our business.

In addition, the U.K. Financial Conduct Authority announced in 2017 that it intends to phase out LIBOR by the end of 2021. Our credit agreement permits us to borrow based on an adjusted LIBOR rate, plus an applicable margin. While the credit agreement provides for a mechanism for determining an alternative interest rate following this phase out, uncertainty regarding alternative rates may make borrowing under our credit agreement or refinancing our other indebtedness more expensive or difficult to achieve on terms we consider favorable.

Our operating results are subject to seasonal and quarterly variations in our net revenues and income from operations, which could adversely affect the price of our publicly traded common stock.

We have experienced, and expect to continue to experience, seasonal and quarterly variations in our net revenues and income or loss from operations. These variations are primarily related to the mix of our products sold during the fall selling season, including our higher price cold weather products, along with a larger proportion of higher margin direct-to-consumer sales. Our quarterly results may also vary based on the timing of customer orders. The majority of our net revenues are historically generated during the last two quarters of the calendar year. Our quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including, among other things, the timing of marketing expenses and changes in our product mix. As a result of these seasonal and quarterly fluctuations, we believe that comparisons of our operating results between different quarters within a single year are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance. Any seasonal or quarterly fluctuations that we report in the future may not match the expectations of market analysts and investors. This could cause the price of our publicly traded stock to fluctuate significantly.

Our results of operations are affected by the performance of our equity investments, over which we do not exercise control.

We maintain certain minority investments, and may in the future invest in additional minority investments, which we account for under the equity method, and are required to recognize our allocable share of its net income or loss in our consolidated financial statements. Our results of operations are affected by the performance of these businesses, over which we do not exercise control, and our net income or loss has been negatively impacted by losses realized by our Japanese licensee's business. We are also required to regularly review our investments for impairment, and an impairment charge may result from the occurrence of adverse events or management decisions that impact the fair value or estimated future cash flows to be generated from our investments. During Fiscal 2020, we further impaired our investment in our Japanese licensee and recognized a $7.1 million charge as a result, and there is currently no carrying value associated with this investment. In addition, to the extent our Japanese licensee continues to experience challenges in the performance of its business, we may not continue to realize the licensing revenues from our Japanese licensee in line with its past results, which could negatively impact our net revenues and results of operations. Furthermore, based on its financial performance, our ability to recover our investment in the long term may be limited.

Our financial results could be adversely impacted by currency exchange rate fluctuations.

We generated approximately 31% of our consolidated net revenues outside the United States. As our international business grows, our results of operations could be adversely impacted by changes in foreign currency exchange rates. Revenues and certain expenses in markets outside of the United States are recognized in local foreign currencies, and we are exposed to potential gains or losses from the translation of those amounts into U.S. dollars for consolidation into our financial statements. Similarly, we are exposed to gains and losses resulting from currency exchange rate fluctuations on transactions generated by our foreign subsidiaries in currencies other than their local currencies. In addition, the business of our independent manufacturers may also be disrupted by currency exchange rate fluctuations by making their purchases of raw materials more expensive and more difficult to finance. As a result, foreign currency exchange rate fluctuations may adversely impact our results of operations. In addition, we have previously designated cash flow hedges against certain forecasted transactions. If we determine that such a transaction is no longer probable to occur in the time period we expected, we are required to de-designated the hedging relationship and immediately recognize the derivative instrument gain or loss in our earnings. The ongoing impacts of COVID-19 have caused and may continue to cause uncertainty in forecasted cash flows, which has resulted and may continue to result in the de-designation of certain hedged transactions.

Legal, Regulatory and Compliance Risks

Our failure to comply with trade and other regulations could lead to investigations or actions by government regulators and negative publicity.

The labeling, distribution, importation, marketing and sale of our products are subject to extensive regulation by various federal agencies, including the Federal Trade Commission, Consumer Product Safety Commission and state attorneys general in the United States, as well as by various other federal, state, provincial, local and international regulatory authorities in the locations in which our products are distributed or sold. If we fail to comply with these regulations, we could become subject to significant penalties or claims or be required to recall products, which could negatively impact our results of operations and disrupt our ability to conduct our business, as well as damage our brand image with consumers. In addition, the adoption of new regulations or changes in the interpretation of existing regulations may result in significant unanticipated compliance costs or discontinuation of product sales and may impair the marketing of our products, resulting in significant loss of net revenues.

Our international operations are also subject to compliance with the U.S. Foreign Corrupt Practices Act, or FCPA, and other anti-bribery laws applicable to our operations, as well as U.S. sanctions laws. Although we have policies and procedures to address compliance with the FCPA and similar laws and sanctions requirements, there can be no assurance that all of our employees, contractors, agents and other partners will not take actions in violations of our policies or that our procedures will effectively mitigate against such risks. Any such violation could subject us to sanctions or other penalties that could negatively affect our reputation, business and operating results.

Data security or privacy breaches could damage our reputation, cause us to incur additional expense, expose us to litigation and adversely affect our business and results of operations.

We collect sensitive and proprietary business information as well as personally identifiable information in connection with digital marketing, digital commerce, our in-store payment processing systems and our digital business (including our Connected Fitness business). In particular, in our digital business we collect and store a variety of information regarding our users, and allow users to share their personal information with each other and with third parties. We also rely on third parties for the operation of certain of our e-commerce websites, and do not control these service providers. Hackers and data thieves are increasingly sophisticated and operate large scale and complex automated attacks. Any breach of our data security or that of our service providers or cyber fraud incident could result in an unauthorized release or transfer of customer, consumer, vendor, user or employee information, or the loss of money, valuable business data or cause a disruption in our business. These events could give rise to unwanted media attention, damage our reputation, damage our customer, consumer or user relationships and result in lost sales, fines or lawsuits. We may also be required to expend significant capital and other resources to protect against or respond to or alleviate problems caused by a security breach, which could negatively impact our results of operations. Like other companies in our industry, we have in the past experienced, and we expect to continue to experience, cyberattacks, including phishing, cyber fraud incidents and other attempts to breach, or gain unauthorized access to, our systems. These attempted attacks have increased as COVID-19 has progressed and many employees continue to work from home. To date, these attacks have not had a material impact on our operations, but there can be no assurance that they will not have an impact in the future.

We must also comply with increasingly complex and evolving regulatory standards throughout the world enacted to protect personal information and other data. Compliance with existing, proposed and forthcoming laws and regulations can be costly and could negatively impact our profitability. For example, the European Union adopted the General Data Protection Regulation (“GDPR”), which became effective in May 2018, and California passed the California Consumer Privacy Act (“CCPA”), which became effective in January 2020. These laws impose additional obligations on companies regarding the handling of personal data and provide certain individual privacy rights to persons whose data is stored. In addition, data privacy laws and regulations continue to evolve. For example, in 2016, the European Union and the United States agreed to a framework for data transferred from the European Union to the United States, called the Privacy Shield. However, in July 2020 the Privacy Shield was invalidated by the Court of Justice of the European Union (“CJEU”) and the alternative basis upon which companies can continue to transfer data remains subject to continued regulatory and judicial scrutiny. As requirements continue to evolve, it may be costly for us to adjust our operations to comply with new requirements. Failure to comply with these regulatory standards could result in a violation of data privacy laws and regulations and subject us to legal proceedings against us by governmental entities or others, imposition of fines by governmental authorities, negative publicity and damage to our brand image, all of which could have a negative impact on our profitability.

Changes in tax laws and unanticipated tax liabilities could adversely affect our effective income tax rate and profitability.

We are subject to income taxes in the United States and numerous foreign jurisdictions. Our effective income tax rate could be adversely affected in the future by a number of factors, including changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and regulations or their interpretations and application, the outcome of income tax audits in various jurisdictions around the world, and any repatriation of non-U.S. earnings for which we have not previously provided applicable foreign withholding taxes, certain U.S. state income taxes, or foreign exchange rate impacts. We are unable to predict what impact future tax reform efforts may have on our results of operations, including as a result of any changes enacted during the new U.S. presidential administration.

Additionally, we engage in multiple types of intercompany transactions, and our allocation of profits and losses among us and our subsidiaries through our intercompany transfer pricing arrangements are subject to review by the Internal Revenue Service and foreign tax authorities. Although we believe we have clearly reflected the economics of these transactions and the proper documentation is in place, tax authorities may propose and sustain adjustments that could result in changes that may impact our tax provision. Moreover, the Organization for Economic Co-operation and Development and many of the countries in which we do business continue to evaluate changes to tax laws which could significantly impact the allocation of profits and losses among us and our subsidiaries and impact our mix of earnings in countries with differing statutory rates.

We regularly assess all these matters to determine the adequacy of our tax provision, which is subject to significant judgment.

Failure to protect our intellectual property rights, or our conflict with the rights of others, could damage our brand, weaken our competitive position and negatively impact our results of operations.

Our success depends in large part on our brand image. We currently rely on a combination of copyright, trademark, trade dress, patent and unfair competition laws, confidentiality procedures and licensing arrangements to establish and protect our intellectual property rights. The steps taken by us to protect our proprietary rights may not be adequate to prevent infringement of our trademarks and proprietary rights by others, including imitation of our products and misappropriation of our brand. In addition, intellectual property protection may be unavailable or limited in some jurisdictions. In addition, intellectual property rights in the technology, fabrics and processes used to manufacture the majority of our products are generally owned or controlled by our suppliers and are generally not unique to us, and our current and future competitors are able to manufacture and sell products with performance characteristics and fabrications similar to certain of our products.

From time to time, we have brought claims relating to intellectual property rights of others or have discovered unauthorized products in the marketplace that are either counterfeit reproductions of our products or unauthorized irregulars that do not meet our quality control standards. If we fail to protect, maintain and enforce our intellectual property rights, the value of our brand could decrease and our competitive position may suffer. In addition, from time to time others may seek to enforce infringement claims against us. Successful infringement claims against us could result in significant monetary liability or prevent us from selling or providing some of our products. The resolution of such claims may require us to redesign our products, license rights belonging to third parties or cease using those rights altogether. Any of these events could harm our business and have a material adverse effect on our results of operations and financial condition.

We are the subject of a number of ongoing legal proceedings that have resulted in significant expense, and adverse developments in our ongoing proceedings and/or future legal proceedings could have a material adverse effect on our business, reputation, financial condition, results of operations or stock price.

We are currently involved in a variety of litigation, investigations and other legal matters and may be subject to additional investigations, arbitration proceedings, audits, regulatory inquiries and similar actions, including matters related to commercial disputes, intellectual property, employment, securities laws, disclosures, tax, accounting, class action and product liability, as well as trade, regulatory and other claims related to our business and our industry, which we refer to collectively as legal proceedings. For example, we are subject to an ongoing securities class action proceeding regarding our prior disclosures (including regarding the use of "pull forward" sales and the investigations referred to below) and derivative complaints regarding related matters, as well as past related party transactions, among other proceedings. Refer to Note 10 to our Consolidated Financial Statements of this Annual Report on Form 10-K for additional information regarding these specific matters. In addition, as previously disclosed in November 2019, we have been responding to requests for documents and information from the U.S. Securities and Exchange Commission ("SEC") and Department of Justice ("DOJ") beginning with submissions to the SEC in July 2017, and in July 2020 we and two members of our senior management received "Wells Notices" from the SEC relating to our disclosures covering the third quarter of 2015 through the period ending December 31, 2016, regarding the use of "pull forward" sales in connection with revenue during those quarters. In the course of cooperating with the SEC and DOJ requests, we have reviewed our disclosures and we continue to believe they were appropriate. However, we cannot predict the outcome of any particular proceeding, or whether ongoing investigations, including the SEC and DOJ investigations, will be resolved favorably or ultimately result in charges or material damages, fines or other penalties, enforcement actions, bars against serving as an officer or director, or practicing before the SEC, or civil or criminal proceedings against us or members of our senior management.

Legal proceedings in general, and securities and class action litigation and regulatory investigations in particular, can be expensive and disruptive. Our insurance may not cover all claims that may be asserted against us, and we are unable to predict how long the legal proceedings to which we are currently subject will continue. An unfavorable outcome of any legal proceeding may have an adverse impact on our business, financial condition and results of operations or our stock price. Any proceeding could negatively impact our reputation among our customers or our shareholders. Furthermore, publicity surrounding ongoing legal proceedings, even if resolved favorably for us, could result in additional legal proceedings against us, as well as damage our brand image.

Risks Related to our Common Stock

Kevin Plank, our Executive Chairman and Brand Chief, controls the majority of the voting power of our common stock.

Our Class A common stock has one vote per share, our Class B common stock has 10 votes per share and our Class C common stock has no voting rights (except in limited circumstances). Our Executive Chairman and Brand Chief, Kevin A. Plank, beneficially owns all outstanding shares of Class B common stock. As a result, Mr. Plank has the majority voting control and is able to direct the election of all of the members of our Board of Directors and other matters we submit to a vote of our stockholders. Under certain circumstances, the Class B common stock automatically converts to Class A common stock, which would also result in the conversion of our Class C common stock into Class A common stock. As specified in our charter, these circumstances include when Mr. Plank beneficially owns less than 15.0% of the total number of shares of Class A and Class B common stock outstanding, if Mr. Plank were to resign as an Approved Executive Officer of the Company (or was otherwise terminated for cause) or if Mr. Plank sells more than a specified number of any class of our common stock within a one-year period. This concentration of voting control may have various effects including, but not limited to, delaying or preventing a change of control or allowing us to take action that the majority of our stockholders do not otherwise support. In addition, we utilize shares of our Class C common stock to fund employee equity incentive programs and may do so in connection with future stock-based acquisition transactions, which could prolong the duration of Mr. Plank's voting control.

The trading prices for our Class A and Class C common stock may differ and fluctuate from time to time.

The trading prices of our Class A and Class C common stock may differ and fluctuate from time to time in response to various factors, some of which are beyond our control. These factors may include, among others, overall performance of the equity markets and the economy as a whole, variations in our quarterly results of operations or those of our competitors, our ability to meet our published guidance and securities analyst expectations, or recommendations by securities analysts. In addition, our non-voting Class C common stock has traded at a discount to our Class A common stock, and there can be no assurance that this will not continue.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

The following includes a summary of the principal properties that we own or lease as of the end of Fiscal 2020.

Our principal executive and administrative offices are located at an office complex in Baltimore, Maryland, the majority of which we own and a portion of which we lease. For each of our Europe, Latin America and Asia Pacific headquarters, we lease office space.

We lease our primary distribution facilities, which are located in Sparrows Point, Maryland, Mount Juliet, Tennessee and Rialto, California. Combined, these facilities represent approximately 3.5 million square feet of facility space. These leases expire at various dates, with the earliest lease termination date through May 2023. We believe our distribution facilities and space available through our third-party logistics providers will be adequate to meet our short term needs.

In addition, as of December 31, 2020, we leased 439 brand and factory house stores located primarily in the United States, China, Mexico, Korea, Chile, and Canada with lease end dates in 2021 through 2035. We also lease additional office space for sales, quality assurance and sourcing, marketing, and administrative functions. We anticipate that we will be able to extend these leases that expire in the near future on satisfactory terms or relocate to other locations.

ITEM 3. 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. Refer to Note 10 to our Consolidated Financial Statements for information on certain legal proceedings, which is incorporated by reference herein.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Under Armour's Class A Common Stock and Class C Common Stock are traded on the New York Stock Exchange ("NYSE") under the symbols "UAA" and "UA", respectively. As of January 31, 2021, there were 1,765 record holders of our Class A Common Stock, 5 record holders of Class B Convertible Common Stock which are beneficially owned by our Executive Chairman and Brand Chief, Kevin A. Plank, and 1,170 record holders of our Class C Common Stock.

Our Class A Common Stock was listed on the NYSE under the symbol "UA" until December 6, 2016 and under the symbol "UAA" since December 7, 2016. Prior to November 18, 2005, there was no public market for our Class A Common Stock. Our Class C Common Stock was listed on the NYSE under the symbol "UA.C" since its initial issuance on April 8, 2016 and until December 6, 2016 and under the symbol "UA" since December 7, 2016.

Dividends

No cash dividends were declared or paid during Fiscal 2020 or 2019 on any class of our common stock. We currently anticipate we will retain any future earnings for use in our business. As a result, we do not anticipate paying any cash dividends in the foreseeable future. In addition, we may be limited in our ability to pay dividends to our stockholders under our credit facility. Refer to "Financial Position, Capital Resources and Liquidity" within Management's Discussion and Analysis and Note 9 to the Consolidated Financial Statements for a further discussion of our credit facility.

Stock Compensation Plans

The following table contains certain information regarding our equity compensation plans.

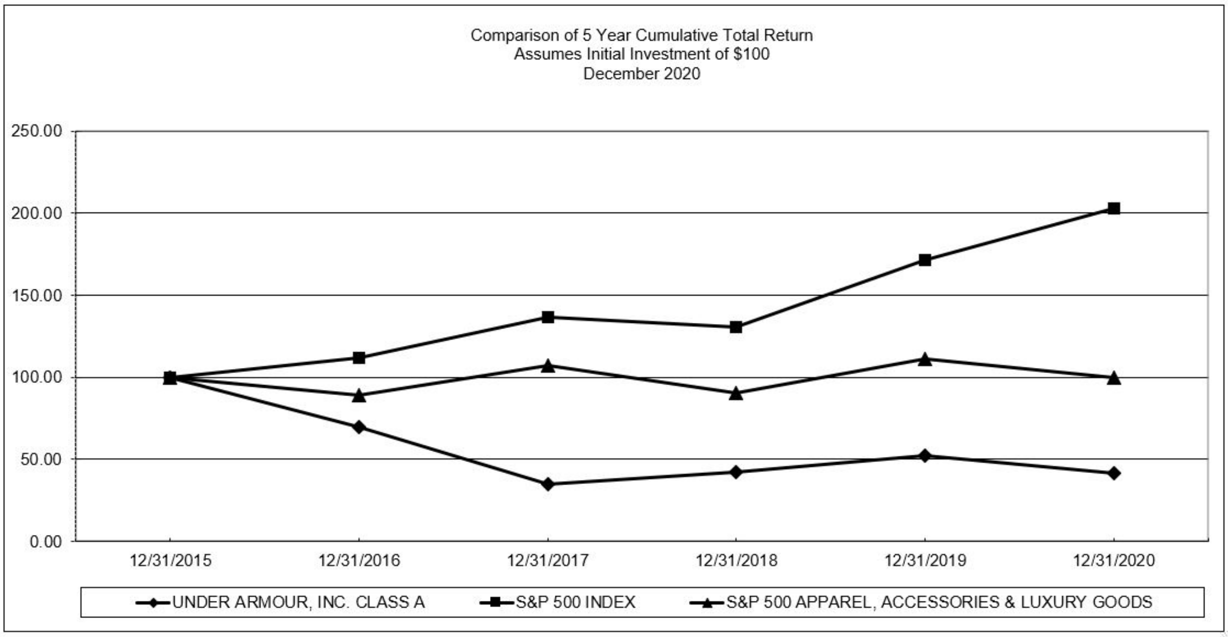
Plan Category	Class of Common Stock	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	Class A	1,352,762	$	34.89	12,794,691
Equity compensation plans approved by security holders	Class C	10,621,929	$	18.24	26,827,123
Equity compensation plans not approved by security holders	Class A	91,473	$	—	—
Equity compensation plans not approved by security holders	Class C	92,119	$	—	—

The number of securities to be issued upon exercise of outstanding options, warrants and rights issued under equity compensation plans approved by security holders includes 1.4 million Class A and 10.7 million Class C options, restricted stock units and deferred stock units issued to employees, non-employees and directors of Under Armour. These restricted stock units and deferred stock units are not included in the weighted average exercise price calculation above. The number of securities remaining available for future issuance includes 10.1 million shares of our Class A Common Stock and 24.9 million shares of our Class C Common Stock under our Third Amended and Restated 2005 Omnibus Long-Term Incentive Plan ("2005 Stock Plan") and 2.7 million of our Class A Common Stock and 2.0 million shares of our Class C Common Stock under our Employee Stock Purchase Plans. In addition to securities issued upon the exercise of stock options, warrants and rights, the 2005 Stock Plan authorizes the issuance of restricted and unrestricted shares of our Class A and C Common Stock and other equity awards. Refer to Note 15 to the Consolidated Financial Statements for information required by this Item regarding the material features of each plan.

The number of securities issued upon exercise of outstanding options, warrants and rights issued under equity compensation plans not approved by security holders includes 91.5 thousand shares of our Class A Common Stock and 92.1 thousand shares of our Class C Common Stock issued in connection with the delivery of shares pursuant to deferred stock units granted to certain of our marketing partners. These deferred stock units are not included in the weighted average exercise price calculation above. The deferred stock units are issued to certain of our marketing partners in connection with their entering into endorsement and other marketing services agreements with us. The terms of each agreement set forth the number of deferred stock units to be granted and the delivery dates for the shares, which range over a multi-year period, depending on the contract. The deferred stock units are non-forfeitable.

Stock Performance Graph

The stock performance graph below compares cumulative total return on Under Armour, Inc. Class A Common Stock to the cumulative total return of the S&P 500 Index and S&P 500 Apparel, Accessories and Luxury Goods Index from December 31, 2015 through December 31, 2020. The graph assumes an initial investment of $100 in Under Armour and each index as of December 31, 2015 and reinvestment of any dividends. The performance shown on the graph below is not intended to forecast or be indicative of possible future performance of our common stock.



	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Under Armour, Inc.	$ 100.00	$ 69.76	$ 34.65	$ 42.43	$ 51.87	$ 41.23
S&P 500	$ 100.00	$ 111.96	$ 136.40	$ 130.42	$ 171.49	$ 203.04
S&P 500 Apparel, Accessories & Luxury Goods	$ 100.00	$ 88.72	$ 106.86	$ 90.03	$ 110.94	$ 99.45

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data is qualified by reference to, and should be read in conjunction with, the Consolidated Financial Statements, including the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Annual Report on Form 10-K. The selected Consolidated Statements of Operations and Balance Sheets data for each of the five fiscal years indicated below has been derived from our audited Consolidated Financial Statements.

(In thousands, except per share amounts)	Year Ended December 31, 2020	2019	2018	2017	2016
Net revenues	$ 4,474,667	$ 5,267,132	$ 5,193,185	$ 4,989,244	$ 4,833,338
Cost of goods sold	2,314,572	2,796,599	2,852,714	2,737,830	2,584,724
Gross profit	2,160,095	2,470,533	2,340,471	2,251,414	2,248,614
Selling, general and administrative expenses	2,171,934	2,233,763	2,182,339	2,099,522	1,831,143
Restructuring and impairment charges	601,599	—	183,149	124,049	—
Income (loss) from operations	(613,438)	236,770	(25,017)	27,843	417,471
Interest expense, net	(47,259)	(21,240)	(33,568)	(34,538)	(26,434)
Other income (expense), net	168,153	(5,688)	(9,203)	(3,614)	(2,755)
Income (loss) before income taxes	(492,544)	209,842	(67,788)	(10,309)	388,282
Income tax expense (benefit)	49,387	70,024	(20,552)	37,951	131,303
Income (loss) from equity method investment	(7,246)	(47,679)	934	—	—
Net income (loss)	(549,177)	92,139	(46,302)	(48,260)	256,979
Adjustment payment to Class C capital stockholders	—	—	—	—	59,000
Net income (loss) available to all stockholders	$ (549,177)	$ 92,139	$ (46,302)	$ (48,260)	$ 197,979
Net income available per common share					
Basic net income (loss) per share of Class A and B common stock	$ (1.21)	$ 0.20	$ (0.10)	$ (0.11)	$ 0.45
Basic net income (loss) per share of Class C common stock	$ (1.21)	$ 0.20	$ (0.10)	$ (0.11)	$ 0.72
Diluted net income (loss) per share of Class A and B common stock	$ (1.21)	$ 0.20	$ (0.10)	$ (0.11)	$ 0.45
Diluted net income (loss) per share of Class C common stock	$ (1.21)	$ 0.20	$ (0.10)	$ (0.11)	$ 0.71
Weighted average common shares outstanding Class A and B common stock					
Basic	222,927	222,532	221,001	219,254	217,707
Diluted	222,927	223,206	221,001	219,254	221,944
Weighted average common shares outstanding Class C common stock					
Basic	231,162	228,431	224,814	221,475	218,623
Diluted	231,162	231,068	224,814	221,475	222,904
Dividends declared	$ —	$ —	$ —	$ —	$ 59,000

(In thousands)	At December 31, 2020	2019	2018	2017	2016
Cash and cash equivalents	$ 1,517,361	$ 788,072	$ 557,403	$ 312,483	$ 250,470
Working capital (1)	$ 1,809,699	$ 1,280,200	$ 1,277,651	$ 1,277,304	$ 1,279,337
Inventories	$ 895,974	$ 892,258	$ 1,019,496	$ 1,158,548	$ 917,491
Total assets (2)	$ 5,030,628	$ 4,843,531	$ 4,245,022	$ 4,006,367	$ 3,644,331
Total debt, including current maturities	$ 1,003,556	$ 592,687	$ 728,834	$ 917,046	$ 817,388
Total stockholders’ equity	$ 1,675,993	$ 2,150,087	$ 2,016,871	$ 2,018,642	$ 2,030,900

(1) Working capital is defined as current assets minus current liabilities.

(2) As a result of the adoption of ASU 2016-02, *Leases (Topic 842),* on January 1, 2019, the selected financial data for fiscal year 2019 reflects the recognition of lease assets and liabilities for operating leases with terms of more than twelve months. Prior period amounts were not adjusted and continue to be reported in accordance with our historic accounting policies.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with our Consolidated Financial Statements and related notes and the information contained elsewhere in this Form 10-K under the captions “Risk Factors,” “Selected Financial Data,” and “Business.”

This Annual Report on Form 10-K, including this Management's Discussion and Analysis of Financial Condition and Results of Operations ("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.

The following 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 Consolidated Financial Statements and the accompanying Notes to our Consolidated Financial Statements under Part II, Item 8 of this Annual Report on Form 10-K. All dollar and percentage comparisons made herein refer to the year ended December 31, 2020 ("Fiscal 2020") compared with the year ended December 31, 2019 ("Fiscal 2019"), unless otherwise noted. Please refer to Part II, Item 7 of our Annual Report on Form 10-K for Fiscal 2019, filed with the Securities Exchange Commission ("SEC") on February 26, 2020, for a comparative discussion of our Fiscal 2019 financial results as compared to year ended December 31, 2018 ("Fiscal 2018"). See "Forward-looking statements."

Overview

We are a leading developer, marketer and distributor of branded performance apparel, footwear and accessories. The brand’s moisture-wicking fabrications are engineered in many different 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, as well as by consumers with active lifestyles. Our digital strategy is focused on engaging with these consumers and increasing awareness and sales of our products.

We believe that our net revenues have been driven by a growing interest in performance products and the strength of the Under Armour brand in the marketplace. Our long-term growth strategy is focused on increased sales of our products through ongoing product innovation, investment in our distribution channels and international expansion. While we plan to continue to invest in growth, we also plan to improve efficiencies throughout our business as we seek to gain scale through our operations and return on our investments.

Fiscal 2020 Performance

Financial highlights for Fiscal 2020 as compared to Fiscal 2019 include:

- Net revenues decreased 15%.
- Wholesale revenues decreased 25% and direct-to-consumer revenues increased 2%, driven by growth in our e-commerce business.
- Apparel revenue decreased 17%. Footwear revenue declined 14% and accessories revenue was relatively flat.
- Revenue in our North America segment declined 19%. Revenue in our Asia-Pacific, EMEA and Latin America segments decreased 1%, 4% and 16%, respectively.
- Gross margin increased 140 basis points.
- Selling, general and administrative expense decreased 3%.

A large majority of our products are sold in North America; however, we believe our products appeal to athletes and consumers around the globe. Internationally, our net revenues are generated primarily from a mix of sales to retailers and distributors in our wholesale channel and sales through our direct-to-consumer channels.

We believe there is an increasing recognition of the health benefits of an active lifestyle. We believe this trend provides us with an expanding consumer base for our products. We also believe there is a continuing shift in consumer demand from traditional non-performance products to performance products, which are intended to provide better performance by wicking perspiration away from the skin, helping to regulate body temperature and enhancing comfort. We plan to continue to grow our business over the long term through increased sales of our apparel, footwear and accessories, expansion of our wholesale distribution, growth in our direct-to-consumer sales channel and expansion in international markets.

Although we believe these trends will facilitate our growth, we also face potential challenges that could limit our ability to take advantage of these opportunities or negatively impact our financial results, including, among others, the risk of general economic or market conditions that could affect consumer spending and the financial health of our retail customers. For example, recent and ongoing developments regarding COVID-19 may negatively impact our results of operations. Additionally, we may not be able to successfully execute on our long-term strategies, or successfully manage the increasingly complex operations of our global business effectively. Although we have implemented restructuring plans in the past and may implement additional plans in the future, we may not fully realize the expected benefits of these plans or other operating or cost-saving initiatives. In addition, we may not consistently be able to anticipate consumer preferences and develop new and innovative products that meet changing preferences in a timely manner. Furthermore, our industry is very competitive, and competition pressures could cause us to reduce the prices of our products or otherwise affect our profitability. We also rely on third-party suppliers and manufacturers outside the U.S. to provide fabrics and to produce our products, and disruptions to our supply chain could harm our business. For a more complete discussion of the risks facing our business, refer to the “Risk Factors” section included in Item 1A.

COVID-19

In March 2020, a novel strain of coronavirus (COVID-19) was declared a global pandemic by the World Health Organization. This pandemic has negatively affected the U.S. and global economies, disrupted global supply chains and financial markets, and led to significant travel and transportation restrictions, including mandatory closures and orders to “shelter-in-place”.

During the first quarter of Fiscal 2020, we took action to close substantially all of our brand and factory house stores based on regional conditions, a majority of which remained closed into the second quarter of Fiscal 2020. By the end of the third quarter of Fiscal 2020, substantially all of our brand and factory house stores were re-opened. As pandemic conditions worsened globally during the fourth quarter of Fiscal 2020, we again closed certain stores based on regional conditions, particularly in EMEA and Latin America. The following is a summary of our owned and operated store closures and their status throughout Fiscal 2020 and as of the end of January 2021:

- North America: Beginning in mid-March we closed all of our stores in the North America operating segment, which remained closed through the end of April. We began a progressive re-opening of our stores in May and more than 85% of our stores were open by the end of June. As of the end of September 2020, all of our stores were open and approximately 95% of our stores were open as of the end of January 2021.
- EMEA: Beginning in mid-March we closed all of our stores in the EMEA operating segment, of which, over 65% remained closed through the end of April. We continued the re-opening of our stores in May and more than 95% of the stores were open at the end of June. As of the end of September 2020, all of our stores were open, however, in the fourth quarter we had to close almost 60% of our stores based on regional conditions. As of the end of January 2021, only 25% of our stores were open.
- Asia-Pacific: Stores in China were closed from late-January through early-March, when a slowly progressive re-opening process started. Stores in the remainder of the Asia-Pacific operating segment were also closed from time to time based on local conditions. More than 80% of our stores were open by the end of April, and by the end of June 2020 more than 95% of the stores were open and continued to be open until the end of September 2020. As of the end of January 2021, approximately 90% of our stores were open.
- Latin America: Beginning in mid-March, we closed all of our stores in the Latin America operating segment, which remained closed in April and through the end of May. We began a progressive re-opening of stores in June, and more than 25% of our stores were open by the end of June, and by the end of September 2020 approximately 85% of our stores remained open. However, in the fourth quarter, we had to close certain stores based on regional conditions, and approximately 55% of our stores were open as of the end of January 2021.

The discussion above reflects the status of our owned and operated stores through the end of January 2021, however, depending on the progression of COVID-19, stores in certain regions may close from time to time.

Additionally, throughout this time, many of our wholesale customers also closed their stores or operated them at limited capacity. As this pandemic progressed, we estimated that, in mid-May, approximately 80% of locations where our products are sold were closed. By the end of May and throughout June, our owned and partner doors and those of our wholesale customers began reopening, though they continued to operate at limited capacity and experienced significantly decreased traffic. By the end of June, we estimated that over 90% of our owned and partner doors had reopened, and most of our wholesale customers had also reopened their stores. However, in the fourth quarter our owned and partners doors began to close from time to time based on regional conditions. While store closures significantly impacted sales throughout Fiscal 2020, since the beginning of the second quarter, we experienced significant growth in our global e-commerce business. Although e-commerce sales represented a higher portion of our overall business in Fiscal 2020, sales in this channel have historically represented a small percentage of our total revenue. For example, in Fiscal 2020 sales through our direct-to-consumer channel represented 41% of net revenues, with our e-commerce business representing approximately 47% of the total direct-to-consumer business.

Our business operations and financial performance in Fiscal 2020 were materially impacted by the developments discussed above, including decreases in net revenue and decreases in overall profitability as compared to the prior year. These developments further required us to recognize certain long-lived asset and goodwill impairment charges, discussed in further detail below, and record valuation allowances on the majority of our deferred tax assets and recognize impairment on certain equity method investments.

In addition to the impacts on our sales outlined above, this pandemic has also impacted the operations of our distribution centers, our third-party logistics providers and our manufacturing and supplier partners, including through the closure or reduced capacity of facilities and operational changes to accommodate social distancing. Depending on the progression of COVID-19, we may experience further disruptions or increased operational and logistics costs throughout our supply chain which could negatively impact our ability to obtain inventory or service our customers.

As we navigated these unprecedented circumstances, we continued to focus on preserving our liquidity and managing our cash flows through certain preemptive actions designed to enhance our ability to meet our short-term liquidity needs, including amending our credit agreement to provide temporary relief from or revisions to certain of our financial covenants in the near-term, providing us with improved access to liquidity during this time period and completing a sale of $500 million of Convertible Senior Notes. Additional actions include, among others, reductions to our discretionary spending and changes to our investment strategies, negotiating payment terms with our vendors, including revised lease terms with landlords in the form of rent deferrals or rent waivers, reductions in compensation costs, including through temporary reductions in pay, layoffs and decreases in incentive compensation, and limiting certain marketing and capital expenditures. Further, in connection with global legislation, including the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, we recognized certain incentives totaling $9.0 million for Fiscal 2020. These incentives were recorded as a reduction of the associated costs which we incurred within selling, general and administrative expenses in the Consolidated Statements of Operations.

We do expect the pandemic to continue to have a material impact on our financial condition, results of operations and cash flows from operations into 2021 as compared to the end of 2020. Specifically, we experienced timing impacts from COVID-19, related to customer order flow and changes in supply chain timing, which resulted in more planned spring product deliveries shifting from the fourth quarter of 2020 to early 2021. Further, we could experience material impacts, in addition to those noted above, including, but not limited to, increased sales-related reserves, increased charges from allowance for doubtful accounts, charges from adjustments of the carrying amount of inventory, increased cost of product, costs to alter production plans, changes in the designation of our hedging instruments, volatility in our effective tax rate and impacts to cash flows from operations due to delays in cash receipts from customers. The extent of the impact of the COVID-19 pandemic on our operational and financial performance depends on future developments outside of our control, including the duration and spread of the pandemic and related actions taken by federal, state and local government officials, and international governments to prevent disease spread and the pace of vaccination efforts. Given that the current circumstances are dynamic and highly uncertain, we cannot reasonably estimate the impact of future store closures and shopping behaviors, including the related impact on store traffic patterns, conversion or overall consumer demand. For a more complete discussion of the COVID-19 related risks facing our business, refer to the “Risk Factors” section included in Item 1A.

Segment Presentation and Marketing

Corporate Other consists largely of general and administrative expenses not allocated to an operating segment, including expenses associated with centrally managed departments such as global marketing, global IT, global supply chain, innovation and other corporate support functions; costs related to our global assets and global marketing, costs related to our headquarters; restructuring and impairment related charges; and certain foreign currency hedge gains and losses.

2020 Restructuring

On March 31, 2020, our Board of Directors approved a restructuring plan ("2020 restructuring plan") designed to rebalance our cost base to further improve profitability and cash flow generation. We identified further opportunities and on September 2, 2020, our Board of Directors approved a $75 million increase to the restructuring plan, resulting in an updated 2020 restructuring plan of approximately $550 million to $600 million of total estimated pre-tax restructuring and related charges.

The restructuring and related charges primarily consist of up to approximately:

- $219 million of cash restructuring charges, comprised of up to: $61 million in facility and lease termination costs, $30 million in employee severance and benefit costs, and $128 million in contract termination and other restructuring costs; and
- $381 million of non-cash charges comprised of an impairment of $291 million related to our New York City flagship store and $90 million of intangibles and other asset related impairments.

We recorded $472.7 million and $183.1 million of restructuring and related impairment charges for Fiscal 2020 and Fiscal 2018, respectively. There were no restructuring charges incurred during Fiscal 2019. The summary of the costs recorded during Fiscal 2020 as well as our current estimates of the amount expected to be incurred in connection with the 2020 restructuring plan is as follows:

(In thousands)	Restructuring and related impairment charges recorded Year ended December 31, 2020 (A)	Estimated restructuring and related Impairment charges (1) Remaining to be incurred (B)	Total (A+B)
Costs recorded in cost of goods sold:			
Contract-based royalties	$ 11,608	—	11,608
Inventory write-offs	768	3,400	4,168
Total costs recorded in cost of goods sold	12,376	3,400	15,776
Costs recorded in restructuring and impairment charges:			
Property and equipment impairment	29,280	8,098	37,378
Intangible asset impairment	4,351	—	4,351
Right-of-use asset impairment	293,495	—	293,495
Employee related costs	28,579	1,421	30,000
Contract exit costs (2)	79,008	89,992	169,000
Other asset write off	13,074	15,926	29,000
Other restructuring costs	12,564	8,436	21,000
Total costs recorded in restructuring and related impairment charges	460,351	123,873	584,224
Total restructuring and impairment charges	$ 472,727	$ 127,273	$ 600,000

(1) Estimated restructuring and related impairment charges to be incurred reflect the high-end of the range of the estimated remaining charges expected to be recorded by us in connection with the restructuring plan.

(2) Contract exit costs are primarily comprised of proposed lease exits of certain brand and factory house stores and office facilities, and proposed marketing and other contract exits.

All restructuring and related impairment charges are included in our Corporate Other non-operating segment, of which $397.6 million are North America related, $14.4 million are EMEA related, $14.9 million are Latin America related, $6.8 million are Asia-Pacific related and $4.6 million are Connected Fitness related for Fiscal 2020.

The lease term for our New York City flagship store commenced on March 1, 2020 and an operating lease right-of-use ("ROU") asset and corresponding operating lease liability of $344.8 million was recorded on our Consolidated Balance Sheet. In March 2020, as a part of the 2020 restructuring plan, we made the strategic decision to forgo the opening of our New York City flagship store and the property is actively being marketed for sublease. Accordingly, in the first quarter of 2020, we recognized a ROU asset impairment of $290.8 million, reducing the carrying value of the lease asset to its estimated fair value. Fair value was estimated using an income-approach based on management's forecast of future cash flows expected to be derived from the property based on current sublease market rent. Rent expense or sublease income related to this lease will be recorded within other income (expense) on the Consolidated Statements of Operations.

These charges require us to make certain judgements and estimates regarding the amount and timing of restructuring and related impairment charges or recoveries. The estimated liability could change subsequent to its recognition, requiring adjustments to the expense and the liability recorded. On a quarterly basis, we conduct an evaluation of the related liabilities and expenses and revise our assumptions and estimates as appropriate as new or updated information becomes available.

Long-Lived Asset Impairment

As a result of the impacts of COVID-19, we determined that sufficient indicators existed to trigger the performance of an interim long-lived asset impairment analysis. We performed undiscounted cash flow analyses on our long-lived assets, including retail stores at an individual store level. Based on these undiscounted cash flow analyses, we determined that certain long-lived assets had net carrying values that exceeded their estimated undiscounted future cash flows. We estimated the fair values of these long-lived assets based on their market rent assessments or discounted cash flows. We compared these estimated fair values to the net carrying values and recognized $89.7 million of long-lived asset impairment charges for Fiscal 2020. There were no long-lived asset impairment charges for Fiscal 2019 and Fiscal 2018. The long-lived impairment charge was recorded within restructuring and impairment charges on the Consolidated Statements of Operations and as a reduction to the related asset balances on the Consolidated Balance Sheets. The long-lived asset impairment charges are included within the Company's operating segments as follows: $47.6 million recorded in North America, $23.0 million recorded in Asia-Pacific, $13.3 million recorded in Latin America, and $5.8 million recorded in EMEA for Fiscal 2020.

The significant estimates used in the fair value methodology, which are based on Level 3 inputs, include: management's expectations for future operations and projected cash flows, including net revenue, gross profit and operating expenses and market conditions, including estimated market rent.

Additionally, we recognized $290.8 million of long-lived asset impairment charges related to our New York City flagship store, which was recorded in connection with our 2020 restructuring plan for Fiscal 2020. Refer to the 2020 Restructuring section above for a further discussion of the restructuring and related impairment charges.

Goodwill Impairment

As a result of the impacts of COVID-19, we determined that sufficient indicators existed to trigger an interim goodwill impairment analysis for all of the Company’s reporting units as of March 31, 2020. In the first quarter of Fiscal 2020, we performed discounted cash flow analyses and determined that the estimated fair values of the Latin America reporting unit and the Canada reporting unit within the North America operating segment no longer exceeded its carrying value and resulted in an impairment of goodwill. We recognized goodwill impairment charges of $51.6 million for Fiscal 2020 for these reporting units. The goodwill impairment charge was recorded within restructuring and impairment charges on the Consolidated Statements of Operations and as a reduction to the goodwill balance on the Consolidated Balance Sheets. There were no triggering events or goodwill impairment charges recorded during the remainder of Fiscal 2020. The goodwill impairment charges are included with our operating segments as follows: $15.4 million recorded in North America and $36.2 million recorded in Latin America for Fiscal 2020.

The determination of our reporting units' fair value includes assumptions that are subject to various risks and uncertainties. The significant estimates used in the discounted cash flow analyses, which are based on Level 3 inputs, include: our weighted average cost of capital, adjusted for the risk attributable to the geographic regions of the reporting units business, long-term rate of growth and profitability of the reporting units business, working capital effects, and changes in market conditions, consumer trends or strategy.

Acquisitions and Dispositions

On March 2, 2020, we acquired, on a cash free, debt free basis, 100% of Triple Pte. Ltd. ("Triple"), a distributor of our products in Southeast Asia. The purchase price for the acquisition was $32.9 million in cash, net of $8.9 million of cash acquired that was held by Triple at closing and settlement of $5.1 million in pre-existing trade receivables due from Triple prior to the acquisition. The results of operations of this acquisition have been consolidated with our results of operations beginning on March 2, 2020.

On October 28, 2020, we entered into a Stock Purchase Agreement (the “Purchase Agreement”) to sell our MyFitnessPal platform, and on December 18, 2020, the sale was completed. Pursuant to the Purchase Agreement, the aggregate sale price for the transaction was $345 million, of which $215 million was payable upon closing. We received $198.7 million at closing after giving effect to $16 million of purchase price and other adjustments. The sale includes up to $130 million in earn-out payments, which are based on the achievement of certain revenue targets over a three-year period. The potential earn-out payments include up to $35 million payable in calendar year 2022, $45 million payable in calendar year 2023 and $50 million payable in calendar year 2024. We recognized a gain of approximately $179.3 million, which is included in Other income (expenses), net in our Consolidated Statements of Operations.

During the fourth quarter of Fiscal 2020, we determined to change to a distributor model in Chile and have executed an asset sale agreement. We expect to close this sale in early Fiscal 2021.

General

Net revenues comprise net sales, license revenues and Connected Fitness revenues. Net sales comprise sales from our primary product categories, which are apparel, footwear and accessories. Our license revenues primarily consist of fees paid to us from licensees in exchange for the use of our trademarks on their products. Our Connected Fitness revenues consist of digital advertising and subscriptions from our Connected Fitness business.

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. The fabrics in many of our products are made primarily of petroleum-based synthetic materials. Therefore our product costs, as well as our inbound and outbound freight costs, could be affected by long term pricing trends of oil. 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 license and Connected Fitness 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 outbound handling costs were $80.5 million, $81 million and $91.8 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

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, collegiate sponsorship, individual athlete and influencer agreements, and products provided directly to team equipment managers and to 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.

Other expense, net 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.

Results of Operations

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

(In thousands)	Year Ended December 31, 2020	2019	2018
Net revenues	$ 4,474,667	$ 5,267,132	$ 5,193,185
Cost of goods sold	2,314,572	2,796,599	2,852,714
Gross profit	2,160,095	2,470,533	2,340,471
Selling, general and administrative expenses	2,171,934	2,233,763	2,182,339
Restructuring and impairment charges	601,599	—	183,149
Income (loss) from operations	(613,438)	236,770	(25,017)
Interest expense, net	(47,259)	(21,240)	(33,568)
Other income (expense), net	168,153	(5,688)	(9,203)
Income (loss) before income taxes	(492,544)	209,842	(67,788)
Income tax expense (benefit)	49,387	70,024	(20,552)
Income (loss) from equity method investment	(7,246)	(47,679)	934
Net income (loss)	$ (549,177)	$ 92,139	$ (46,302)

(As a percentage of net revenues)	Year Ended December 31, 2020	2019	2018
Net revenues	100.0 %	100.0 %	100.0 %
Cost of goods sold	51.7	53.1	54.9
Gross profit	48.3	46.9	45.1
Selling, general and administrative expenses	48.5	42.4	42.0
Restructuring and impairment charges	13.4	—	3.5
Income (loss) from operations	(13.7)	4.5	(0.4)
Interest expense, net	(1.1)	(0.4)	(0.7)
Other income (expense), net	3.8	(0.1)	(0.2)
Income (loss) before income taxes	(11.0)	4.0	(1.3)
Income tax expense (benefit)	1.1	1.3	(0.4)
Income (loss) from equity method investment	(0.2)	(0.9)	—
Net income (loss)	(12.3)%	1.7 %	(0.9)%

Consolidated Results of Operations

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Net revenues decreased $792.5 million, or 15%, to $4,474.7 million in Fiscal 2020 from $5,267.1 million in Fiscal 2019. Net revenues by product category are summarized below:

	Year Ended December 31,						
(In thousands)	2020	2019	$ Change	% Change	2018	$ Change	% Change
Apparel	$ 2,882,562	$ 3,470,285	$ (587,723)	(16.9)%	$ 3,464,120	$ 6,165	0.2 %
Footwear	934,333	1,086,551	(152,218)	(14.0)	1,063,175	23,376	2.2
Accessories	414,082	416,354	(2,272)	(0.5)	422,496	(6,142)	(1.5)
Net Sales	4,230,977	4,973,190	(742,213)	(14.9)	4,949,791	23,399	0.5
License revenues	105,779	138,775	(32,996)	(23.8)	124,785	13,990	11.2
Connected Fitness	135,813	136,378	(565)	(0.4)	120,357	16,021	13.3
Corporate Other (1)	2,098	18,789	(16,691)	(88.8)	(1,748)	20,537	1,174.9
Total net revenues	$ 4,474,667	$ 5,267,132	$ (792,465)	(15.0)%	$ 5,193,185	$ 73,947	1.4 %

(1) Corporate Other revenues consist of foreign currency hedge gains and losses related to revenues generated by entities within our geographic operating segments, but managed through our central foreign exchange risk management program.

The decrease in net sales was primarily driven by a unit sales decline in apparel, footwear and accessories across all categories due to decreased demand, primarily related to impacts of COVID-19 including cancellations of orders by wholesale customers, closures of brand and factory house stores and lower traffic upon store re-openings, and a unit sales decrease of off-price sales within our wholesale channel. The decrease was partially offset by growth in the e-commerce business and sale of specialty products, such as sports masks, within our accessories category.

License revenues decreased $33 million, or 23.8%, to $105.8 million in Fiscal 2020 from $138.8 million in Fiscal 2019 driven primarily by lower contractual royalty minimums, decreased revenue from our licensing partners in North America due to softer demand as a result of impacts of COVID-19. Further, Fiscal 2019 included one-time settlements with two of our North American partners.

Connected Fitness revenue decreased $0.6 million, or 0.4%, to $135.8 million in Fiscal 2020 from $136.4 million in Fiscal 2019 primarily driven by a decrease in advertising revenue and one-time development fee from a partner in Fiscal 2019. Additionally, the decrease in revenue is due to the sale of the MyFitnessPal platform during the fourth quarter of Fiscal 2020.

Gross profit decreased $310.4 million to $2,160.1 million in Fiscal 2020 from $2,470.5 million in Fiscal 2019. Gross profit as a percentage of net revenues, or gross margin, increased 140 basis points to 48.3% in Fiscal 2020 compared to 46.9% in Fiscal 2019. This increase in gross margin percentage was primarily driven by the following:

- an approximate 220 basis point increase driven by channel mix, primarily due to a lower percentage of off-price sales within our wholesale channel which carry a lower gross margin, and a higher percentage of direct-to-consumer sales, led by e-commerce; and
- an approximate 70 basis point increase driven by supply chain initiatives primarily related to product cost improvements.

The increase was partially offset by an approximate 130 basis point decrease driven by COVID-19 related pricing and discounting impacts primarily within the direct-to-consumer business, as well as 30 basis points due to restructuring related expenses.

Selling, general and administrative expenses decreased $61.8 million to $2,171.9 million in Fiscal 2020 from $2,233.8 million in Fiscal 2019. As a percentage of net revenues, selling, general and administrative expenses increased to 48.5% in Fiscal 2020 from 42.4% in Fiscal 2019. Selling, general and administrative expense was impacted by the following:

- Marketing costs decreased $28.5 million to $550.4 million in Fiscal 2020 from $578.9 million in Fiscal 2019. This decrease was primarily driven by reduced rights fees for sports marketing assets and reductions in marketing within our wholesale channel. These decreases were primarily due to impacts of COVID-19, including event cancellations and store closures. These decreases were partially offset by increased brand marketing and direct-to-consumer marketing investments. As a percentage of net revenues, marketing costs increased to 12.3% in Fiscal 2020 from 11.0% in Fiscal 2019.

- Other costs decreased $33.3 million to $1,621.6 million in Fiscal 2020 from $1,654.9 million in Fiscal 2019. This decrease was driven primarily by lower incentive compensation, decreased travel and entertainment, and lower depreciation mostly due to reductions in capital expenditures. The decreases in incentive compensation and travel and entertainment were primarily due to impacts of COVID-19. These decreases were partially offset by higher legal expense, increased third party distribution costs to support e-commerce revenues, and an increase in allowance for doubtful account reserves due to negative developments regarding certain customer balances that represent a higher risk of credit default. As a percentage of net revenues, other costs increased to 36.2% in Fiscal 2020 from 31.4% in Fiscal 2019.

Restructuring and impairment charges were $602 million comprised of $461 million of restructuring and related impairment charges and $141 million of long-lived asset impairment charges for Fiscal 2020. There were no restructuring and impairment charges for Fiscal 2019.

Income (loss) from operations decreased $850.2 million, or 359.1%, to a loss of $613.4 million in Fiscal 2020 from income of $236.8 million in Fiscal 2019, primarily driven by the restructuring and impairment charges and the decrease in net revenues discussed above.

Interest expense, net increased $26 million to $47.3 million in Fiscal 2020 from $21.2 million in Fiscal 2019. This increase was primarily due to the amortization of the debt discount and interest expense associated with our Convertible Senior Notes and higher interest expense related to borrowing on our revolving credit facility.

Other income (expense), net increased $173.8 million to an income of $168.2 million in Fiscal 2020 from an expense of $5.7 million in Fiscal 2019. This increase was primarily due to the gain on sale of MyFitnessPal platform of $179.3 million and foreign exchange gains, including a gain associated with the de-designation of certain derivative instruments as a result of the impacts of COVID-19. The increase was partially offset by the rent expense incurred in connection with our New York City flagship store.

Income tax expense (benefit) decreased $20.6 million to $49.4 million in Fiscal 2020 from $70.0 million in Fiscal 2019. We recorded 2020 income tax expense on pretax losses, including the impact of recording valuation allowances for previously recognized deferred tax assets in the United States ("U.S.") and China, and current year U.S. pre-tax losses not able to be carried back, compared to 2019 income tax expense recorded on pre-tax income.

Loss from equity method investment was $7.2 million in Fiscal 2020 and $47.7 million in Fiscal 2019. This relates to the impairment of our equity method investment in our Japanese licensee in Fiscal 2019.

Segment Results of Operations

Our operating segments are based on how the 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. Connected Fitness is also an operating segment.

We exclude certain corporate costs from our segment profitability measures. We report these costs within Corporate Other, which is designed to provide increased transparency and comparability of our operating segments performance. Corporate Other consists largely of general and administrative expenses not allocated to an operating segment, including expenses associated with centrally managed departments such as global marketing, global information technology, global supply chain, innovation and other corporate support functions; costs related to our global assets and global marketing, costs related to our headquarters; restructuring and restructuring related charges; and certain foreign currency hedge gains and losses. Effective January 1, 2021, following the sale of MyFitnessPal and the winding down of the Endomondo platform, revenues for the remaining MapMyFitness business will be included in Corporate Other. Refer to Note 19 to the Consolidated Financial Statements for net revenues by segment.

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

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Net revenues by segment are summarized below:

	Year Ended December 31,			
(In thousands)	2020	2019	$ Change	% Change
North America	$ 2,944,978	$ 3,658,353	$ (713,375)	(19.5)%
EMEA	598,296	621,137	(22,841)	(3.7)
Asia-Pacific	628,657	636,343	(7,686)	(1.2)
Latin America	164,825	196,132	(31,307)	(16.0)
Connected Fitness	135,813	136,378	(565)	(.4)
Corporate Other (1)	2,098	18,789	(16,691)	(88.8)
Total net revenues	$ 4,474,667	$ 5,267,132	$ (792,465)	(15.0)%

(1) Corporate Other revenues consist of foreign currency hedge gains and losses related to revenues generated by entities within our geographic operating segments, but managed through our central foreign exchange risk management program.

The decrease in total net revenues was driven by the following:

- Net revenues in our North America operating segment decreased $713.4 million to $2,945.0 million in Fiscal 2020 from $3,658.4 million in Fiscal 2019. This decrease was primarily due to a decrease of unit sales within our wholesale and direct-to-consumer channels. Decreases in our wholesale channel were impacted by cancellations of orders by our wholesale customers due to COVID-19, and decreased unit sales to off-price customers. Decreases in our direct-to-consumer channel were impacted by closures of our brand and factory house stores and lower traffic upon store re-openings, partially offset by increased unit sales through our e-commerce channel.
- Net revenues in our EMEA operating segment decreased $22.8 million to $598.3 million in Fiscal 2020 from $621.1 million in Fiscal 2019 primarily due to cancellations of orders by wholesale customers due to closures of stores, as well as orders that shifted out of the fourth quarter into the first quarter of 2021 due to timing impacts from COVID-19 related to customer order flow, and changes in supply chain timing. Decreases in our direct-to-consumer channel were impacted by closures of our brand and factory house stores and lower traffic upon store re-openings, partially offset by increased unit sales through our e-commerce channel.
- Net revenues in our Asia-Pacific operating segment decreased $7.7 million to $628.7 million in Fiscal 2020 from $636.3 million in Fiscal 2019 primarily due to cancellations of orders by wholesale customers due to closures of stores, impact of additional returns reserves and markdowns within our wholesale channel due to COVID-19, as well as orders that shifted out of the fourth quarter into the first quarter of 2021 due to timing impacts from COVID-19 related to customer order flow, and changes in supply chain timing. This decrease was partially offset by increased unit sales within our direct-to-consumer channel,

led by our e-commerce channel.
- Net revenues in our Latin America operating segment decreased $31.3 million to $164.8 million in Fiscal 2020 from $196.1 million in Fiscal 2019. This decrease was primarily due to decreased unit sales within our wholesale and direct-to-consumer channels. Decreases in our wholesale channel were impacted by cancellations of orders by wholesale customers due to closures of stores as a result of COVID-19. Decreases in our direct-to-consumer channel were impacted by closures of our brand and factory house stores as a result of COVID-19, partially offset by increased unit sales through our e-commerce channel.
- Net revenues in our Connected Fitness operating segment decreased $0.6 million to $135.8 million in Fiscal 2020 from $136.4 million in Fiscal 2019 primarily driven by a decrease in advertising revenue and one-time development fee from a partner in Fiscal 2019. Additionally, the decrease in revenue is due to the sale of the MyFitnessPal platform during the fourth quarter of Fiscal 2020.

Operating income (loss) by segment is summarized below:

	Year Ended December 31,			
(In thousands)	2020	2019	$ Change	% Change
North America	$ 474,584	$ 733,442	$ (258,858)	(35.3)%
EMEA	60,592	53,739	6,853	12.8
Asia-Pacific	2	97,641	(97,639)	(100.0)
Latin America	(42,790)	(3,160)	(39,630)	(1254.1)
Connected Fitness	17,063	17,140	(77)	(.4)
Corporate Other	(1,122,889)	(662,032)	(460,857)	(69.6)
Total operating income (loss)	$ (613,438)	$ 236,770	$ (850,208)	(359.1)%

The decrease in total operating income was driven by the following:

Operating segments

- Operating income in our North America operating segment decreased $258.9 million to $474.6 million in Fiscal 2020 from $733.4 million in Fiscal 2019, primarily driven by decreases in net revenues discussed above, an increase in allowance for doubtful account reserves and higher selling costs in connection with increased e-commerce sales, partially offset by gross margin benefits due to channel mix, lower incentive compensation, decreased wages due to store closures and decreased marketing related activities.
- Operating income in our EMEA operating segment increased $6.9 million to $60.6 million in Fiscal 2020 from $53.7 million in Fiscal 2019, primarily driven by gross margin benefits due to channel mix with higher unit sales through our e-commerce, as well as lower off-price sales, partially offset by higher selling, general and administrative expenses. The selling, general and marketing expense increased primarily due to increased distribution and selling costs related to increased e-commerce sales, as well as right of use asset impairment charges. These increases within selling, general and administrative expenses were partially offset by reduced marketing spend and event sponsorship costs as a result of COVID-19.
- Operating income in our Asia-Pacific operating segment decreased $97.6 million to $2 thousand in Fiscal 2020 from $97.6 million in Fiscal 2019, primarily driven by a decline in revenue discussed above, as well as higher returns and promotional activity that negatively impacted gross margins. Additionally, selling, general and administrative expenses increased due to right of use asset impairments charges, higher compensation in part due to the Triple acquisition in March of 2020, as well as the Hong Kong office build-out and increase distribution and selling costs.
- Operating loss in our Latin America operating segment increased $39.6 million to $42.8 million in Fiscal 2020 from $3.2 million in Fiscal 2019, primarily driven by decreases in net revenues discussed above, partially offset by gross margin benefits due to channel mix and decreased marketing related activities.
- Operating income in our Connected Fitness segment was flat in Fiscal 2020 compared to Fiscal 2019.

Non-operating segment

- Operating loss in our Corporate Other non-operating segment increased $460.9 million to $1,122.9 million in Fiscal 2020 from $662.0 million in Fiscal 2019, primarily driven by $472.7 million of restructuring and impairment charges related to the 2020 restructuring plan, partially offset by lower incentive compensation.

Financial Position, Capital Resources and Liquidity

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, leasehold improvements to our brand and factory house stores, and investment and improvements in information technology systems. Our inventory strategy is focused on continuing to meet consumer demand while improving our inventory efficiency over the long term by putting systems and processes in place to improve our inventory management. These systems and processes are designed to improve our forecasting and supply planning capabilities. In addition to systems and processes, key areas of focus that we believe enhance inventory performance are added discipline around the purchasing of product, production lead time reduction, and better planning and execution in selling of excess inventory through our factory house stores and other liquidation channels. In response to the COVID-19 pandemic, however, in Fiscal 2020 we reduced our inventory purchases and capital expenditures as we managed our liquidity and working capital through this period.

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. During the six months ended June 30, 2020, our cash generated from operations was negatively impacted due to widespread temporary store closures as a result of the COVID-19 pandemic. As of the start of the second quarter, we had borrowed $700 million under our revolving credit facility as a precautionary measure in order to increase our cash position and preserve liquidity given the uncertainty in global markets resulting from the COVID-19 outbreak. In May 2020, we issued $500 million of convertible senior notes through a securities offering and utilized approximately $440 million of the net proceeds from the offering to repay amounts outstanding under our revolving credit facility. During the third quarter of Fiscal 2020, we repaid the remaining balance outstanding under our revolving credit facility and no amounts remained outstanding as of December 31, 2020. In Fiscal 2021, we will continue to monitor and assess impacts of the COVID-19 pandemic on our business.

Beginning with the third quarter of Fiscal 2020, we are required to maintain a specified amount of "minimum liquidity" under the terms of our revolving credit facility. Our credit agreement limits our ability to incur additional indebtedness. We currently expect to be able to comply with these requirements without pursuing additional sources of financing to support our liquidity over the next twelve months. However, if the COVID-19 pandemic persists or there are unexpected impacts to our business during this period and we need to raise or conserve additional cash to fund our operations or satisfy this requirement, we may consider additional alternatives similar to what we did in Fiscal 2020, including further reducing our expenditures, including reductions to our discretionary spending and changes to our investment strategies, negotiating payment terms with our customers and vendors, reductions in compensation costs, including through temporary reductions in pay and layoffs, and limiting certain marketing and capital expenditures. In addition, we may seek alternative sources of liquidity, including but not limited to accessing the capital markets, sale leaseback transactions or other sales of assets, or other alternative financing measures. However, instability in, or tightening of the capital markets, could adversely affect our ability to access the capital markets on terms acceptable to us or at all. Although we believe we have adequate sources of liquidity over the long term, a prolonged or more severe economic recession or a slow recovery could adversely affect our business and liquidity.

Refer to our “Risk Factors - Financial Risks” section included in Part I, Item 1A of this Annual Report on Form 10-K for a further discussion of risks related to our indebtedness.

As discussed in the "Overview", as we navigate these unprecedented circumstances, we are focused on preserving our liquidity and managing our cash flows through certain preemptive actions designed to enhance our ability to meet our short-term liquidity needs. These actions include those noted above. In addition, from time to time we may take action to manage liquidity as of the end of a quarterly period, including our level of indebtedness or cash on hand. For example, in Fiscal 2020 some of our customers delayed payments in connection with COVID-19 as they managed their own cash balances, and we also delayed payments as well. Furthermore, our revolving credit agreement includes leverage and minimum liquidity covenants that apply from time to time. We may repay indebtedness as of the end of a fiscal quarter and reborrow amounts immediately after or take other action to manage liquidity in connection with these requirements.

As of December 31, 2020, $383.1 million, or approximately 25.2%, of cash and cash equivalents was held by our foreign subsidiaries. Based on the capital and liquidity needs of our foreign operations, we intend to indefinitely reinvest these funds outside the United States. In addition, our United States operations do not require the repatriation of these funds to meet our currently projected liquidity needs. Should we require additional capital in the United States, we may elect to repatriate indefinitely reinvested foreign funds or raise capital in the United States.

The Company will continue to permanently reinvest these earnings, as well as future earnings from our foreign subsidiaries, to fund international growth and operations. If we were to repatriate indefinitely reinvested foreign funds, we would be required to accrue and pay certain taxes upon repatriation, including foreign withholding taxes and certain U.S. state taxes and record foreign exchange rate impacts. Determination of the unrecorded deferred tax liability that would be incurred if such amounts were repatriated is not practicable.

Cash Flows

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

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Net cash provided by (used in):			
Operating activities	$ 212,864	$ 509,031	$ 628,230
Investing activities	66,345	(147,113)	(202,904)
Financing activities	436,853	(137,070)	(189,868)
Effect of exchange rate changes on cash and cash equivalents	16,445	5,100	12,467
Net increase in cash and cash equivalents	$ 732,507	$ 229,948	$ 247,925

Operating Activities

Operating activities consist primarily of net income adjusted for certain non-cash items. Adjustments to net income for non-cash items include depreciation and amortization, unrealized foreign currency exchange rate gains and losses, gain on sale of MyFitnessPal platform in Fiscal 2020, losses on disposals of property and equipment, stock-based compensation, deferred income taxes and changes in reserves and allowances. In addition, operating cash flows include the effect of changes in operating assets and liabilities, principally inventories, accounts receivable, income taxes payable and receivable, prepaid expenses and other assets, accounts payable and accrued expenses.

Cash flows provided by operating activities decreased $296.2 million to $212.9 million in Fiscal 2020 from $509 million in Fiscal 2019. The decrease was due to net loss in Fiscal 2020 of $549.2 million compared to net income of $92.1 million in Fiscal 2019. This decrease was offset by increased net cash inflows from operating assets and liabilities of $75.9 million. The increase in cash inflows related to changes in operating assets and liabilities period over period was primarily driven by the following:

- an increase in accounts payable and accrued expenses of $237.4 million in Fiscal 2020 as compared to Fiscal 2019;
- an increase in cash provided by accounts receivable of $213.1 million in Fiscal 2020 as compared to Fiscal 2019;
- an increase in customer refund liabilities and Income taxes payable and receivable of $45.1 million which was offset by a decrease of $5.7 million in prepaid expenses and other assets in Fiscal 2020 as compared to Fiscal 2019; and
- a decrease in other non-current assets of $279.7 million in Fiscal 2020 as compared to Fiscal 2019.

Investing Activities

Cash provided by investing activities increased $213.5 million to $66.3 million in Fiscal 2020 from cash used in investing activities of $147.1 million in Fiscal 2019 primarily due to proceeds from the sale of MyFitnessPal of $198.9 million in the fourth quarter of Fiscal 2020.

Total capital expenditures in Fiscal 2020 decreased by $53.5 million to $92.3 million compared to $145.8 million in Fiscal 2019.

Financing Activities

Cash provided by financing activities increased $573.9 million to $436.9 million in Fiscal 2020 from cash used in financing activities of $137.1 million in Fiscal 2019. This increase was primarily due to the issuance of $500 million of 1.50% convertible senior notes in Fiscal 2020.

Capital Resources

Credit Facility

On March 8, 2019, we 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”). The credit agreement has a term of five years, maturing in March 2024, with permitted extensions under certain circumstances. In May 2020, we entered into an amendment to the credit agreement (the “amendment” and, the credit agreement as amended, the “amended credit agreement” or the “revolving credit facility”), pursuant to which the prior revolving credit commitments were reduced from $1.25 billion to $1.1 billion of borrowings. From time to time throughout Fiscal 2020, we borrowed funds under this facility as a precautionary measure in order to increase our cash position and preserve liquidity given the ongoing uncertainty in global markets resulting from the COVID-19 pandemic. As of the end of Fiscal 2020 and Fiscal 2019, there were no amounts outstanding under the revolving credit facility.

Except during the covenant suspension period (as defined below), at our request and the lender's consent, commitments under the amended credit agreement may be increased by up to $300 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 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. There were $4.3 million of letters of credit outstanding as of the end of Fiscal 2020 (Fiscal 2019: $5.0 million).

Our obligations under the amended credit agreement are guaranteed by certain domestic significant subsidiaries of the Company, subject to customary exceptions (the “subsidiary guarantors”) and primarily secured by a first-priority security interest in substantially all of the assets of the Company and the subsidiary guarantors, excluding real property, capital stock in and debt of our subsidiaries holding certain real property and other customary exceptions.

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 our assets as security, make investments, loans, advances, guarantees and acquisitions, (including investments in and loans to non-guarantor subsidiaries), undergo fundamental changes, sell our assets outside the ordinary course of business, enter into transactions with affiliates and make restricted payments (including a temporary suspension of certain voluntary restricted payments during the covenant suspension period (as defined below)).

We are also required to comply with specific consolidated leverage and interest coverage ratios during specified periods. Prior to the amendment, we were 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 were 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 credit agreement. The amended credit agreement provides for suspensions of and adjustments to the leverage covenant (including definitional changes impacting the calculation of the ratio) and the interest coverage covenant beginning with the quarter ended June 30, 2020, and ending on the date on which financial statements for the quarter ended June 30, 2022 are delivered to lenders under the amended credit agreement (the “covenant suspension period”) as summarized below and described in more detail in the amended credit agreement:

- For the fiscal quarter ended June 30, 2020, the interest coverage covenant was suspended and the leverage covenant required that the ratio of consolidated total indebtedness to consolidated EBITDA be less than or equal to 4.5 to 1.0.
- For the fiscal quarters ending September 30, 2020, December 31, 2020, March 31, 2021 and June 30, 2021, compliance with the interest coverage covenant and the leverage covenant are both suspended. Beginning on September 30, 2020 through and including December 31, 2021, we must instead maintain minimum liquidity of $550.0 million (the “liquidity covenant”) (with liquidity being the sum of certain cash and

cash equivalents held by the Company and its subsidiaries and available borrowing capacity under the amended credit agreement).

- For the fiscal quarter ending September 30, 2021, the interest coverage covenant is suspended, the leverage covenant will require that the ratio of consolidated total indebtedness to consolidated EBITDA be less than or equal to 4.5 to 1.0 and we must comply with the liquidity covenant.
- For the fiscal quarter ending December 31, 2021, the interest coverage covenant is suspended, the leverage covenant will require that the ratio of consolidated total indebtedness to consolidated EBITDA be less than or equal to 4.0 to 1.0 and we must comply with the liquidity covenant.
- Beginning on January 1, 2022, the liquidity covenant is terminated. For the fiscal quarter ending March 31, 2022, the leverage covenant will require that the ratio of consolidated total indebtedness to consolidated EBITDA be less than or equal to 3.5 to 1.0 and the interest coverage covenant will require that the ratio of consolidated EBITDA to consolidated interest expense be greater than or equal to 3.5 to 1.0.

As of December 31, 2020, 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.

During the covenant suspension period, the applicable margin for loans is 2.00% for adjusted LIBOR loans and 1.00% for alternate base rate loans. Otherwise, borrowings under the amended credit agreement bear interest at a rate per annum equal to, at our option, either (a) an alternate base rate, or (b) a rate based on the rates applicable for deposits in the interbank market for U.S. Dollars or the applicable currency in which the loans are made ("adjusted LIBOR"), 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 consolidated leverage ratio and ranges between 1.25% to 1.75% for adjusted LIBOR loans and 0.25% to 0.75% for alternate base rate loans. The weighted average interest rate under the revolving credit facility borrowings was 2.3% and 3.6% during Fiscal 2020 and Fiscal 2019, respectively. During the covenant suspension period, the commitment fee rate is 0.40% per annum. Otherwise, we 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 the end of Fiscal 2020, the commitment fee was 15 basis points. We incurred and deferred $7.2 million in financing costs in connection with the amended credit agreement.

1.50% Convertible Senior Notes

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

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

In connection with the issuance of the Convertible Senior Notes, we recorded an $11 million net deferred tax liability and a corresponding reduction in valuation allowance. As a result, there was no net impact to our deferred income taxes or additional paid in capital on the Consolidated Financial Statements.

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.

Prior to the close of business on the business day immediately preceding January 1, 2024, the Convertible Senior Notes will be convertible only upon satisfaction of certain conditions and during certain periods. On or after January 1, 2024, at any time 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. 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.

On or after 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 an initial cap price of $13.4750 per share of our Class C common stock, subject to certain adjustments under the terms of the capped call transactions.

The Convertible Senior Notes contain a cash conversion feature, and as a result, we have separated it into liability and equity components. We valued the liability component based on our borrowing rate for a similar debt instrument that does not contain a conversion feature. The equity component, which is recognized as a debt discount, was valued as the difference between the face value of the Convertible Senior Notes and the fair value of the liability component.

3.250% Senior Notes

In June 2016, we issued $600 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. Interest is 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.

Other Long Term Debt

In December 2012, we entered into a $50 million recourse loan collateralized by the land, buildings and tenant improvements comprising our corporate headquarters. In July 2018, this loan was repaid in full, without penalties, using borrowings under our revolving credit facility.

Interest expense, net was $47.3 million, $21.2 million, and $33.6 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively. Interest expense includes the 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. Amortization of deferred financing costs was $3.8 million, $2.4 million, and $1.5 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

We monitor the financial health and stability of our 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.

Contractual Commitments and Contingencies

We lease warehouse space, office facilities, space for our brand and factory house stores and certain equipment under non-cancelable operating leases. The leases expire at various dates through 2035, excluding extensions at our option, and include provisions for rental adjustments. In addition, this table includes executed lease agreements for brand and factory house stores that we did not yet occupy as of the end of Fiscal 2020. The operating leases generally contain renewal provisions for varying periods of time. Our significant contractual obligations and commitments as of the end of Fiscal 2020 as well as significant agreements entered into during the period after Fiscal 2020 through the date of this report are summarized in the following table:

	Payments Due by Period				
(in thousands)	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Contractual obligations					
Long term debt obligations (1)	$ 1,226,750	$ 19,500	$ 39,000	$ 539,000	$ 629,250
Operating lease obligations (2)	1,200,324	202,220	308,485	222,258	467,361
Product purchase obligations (3)	1,136,896	1,136,896	—	—	—
Sponsorships and other (4)	361,619	106,727	154,544	87,895	12,453
Total	$ 3,925,589	$ 1,465,343	$ 502,029	$ 849,153	$ 1,109,064

(1) Includes estimated interest payments based on applicable fixed interest rates as of the end of Fiscal 2020, timing of scheduled payments, and the term of the debt obligations.

(2) Includes the minimum payments for lease obligations. The lease obligations do not include any contingent rent expense we may incur at our brand and factory house stores based on future sales above a specified minimum or payments made for maintenance, insurance and real estate taxes. Contingent rent expense was $9.3 million for Fiscal 2020.

(3) We generally place orders with our manufacturers at least three to four months in advance of expected future sales. The amounts listed for product purchase obligations primarily represent our open production purchase orders with our manufacturers for our apparel, footwear and accessories, including expected inbound freight, duties and other costs. These open purchase orders specify fixed or minimum quantities of products at determinable prices. The product purchase obligations also includes fabric commitments with our suppliers, which secure a portion of our material needs for future seasons. The reported amounts exclude product purchase liabilities included in accounts payable as of the end of Fiscal 2020.

(4) Includes sponsorships with professional teams, professional leagues, colleges and universities, individual athletes, athletic events and other marketing commitments in order to promote our brand. Some of these sponsorship agreements provide for additional performance incentives and product supply obligations. It is not possible to determine how much we will spend on product supply obligations on an annual basis as contracts generally do not stipulate specific cash amounts to be spent on products. The amount of product provided to these sponsorships depends on many factors including general playing conditions, the number of sporting events in which they participate and our decisions regarding product and marketing initiatives. In addition, it is not possible to determine the performance incentive amounts we may be required to pay under these agreements as they are primarily subject to certain performance based and other variables. The amounts listed above are the fixed minimum amounts required to be paid under these sponsorship agreements. Additionally, these amounts include minimum guaranteed royalty payments to endorsers and licensors based upon a predetermined percent of sales of particular products.

The future cash installment payments for the one-time transition tax on deemed repatriation of undistributed earnings of foreign subsidiaries enacted as part of the Tax Act in 2017, will be fully offset by our net operating loss carryback receivable under the CARES Act and therefore are no longer reflected as a long-term liability as of the balance sheet date.

The table above excludes a liability of $33.5 million for uncertain tax positions, including the related interest and penalties, recorded in accord with applicable accounting guidance, as we are unable to reasonable estimate the timing of settlement. Refer to Note 13 to the Consolidated Financial Statements for a further discussion of our uncertain tax positions.

Off-Balance Sheet Arrangements

In connection with various contracts and agreements, we have agreed to indemnify counterparties against certain third party claims relating to the infringement of intellectual property rights and other items. Generally, such indemnification obligations do not apply in situations in which our counterparties are grossly negligent, engage in willful misconduct, or act in bad faith. Based on our historical experience and the estimated probability of future loss, we have determined the fair value of such indemnifications is not material to our financial position or results of operations.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. 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. Actual results could be significantly different from these estimates. We believe the following discussion addresses the critical accounting policies that are necessary to understand and evaluate our reported financial results.

Our significant accounting policies are described in Note 2 of the Consolidated Financial Statements. We consider an accounting policy to be critical if it is important to our financial condition and results of operations and requires significant judgments and estimates on the part of management in its application. 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.

There were no significant changes to our critical accounting policies during Fiscal 2020. The following description of our critical accounting policies largely summarize generally accepted accounting principles in the United States and are meant to provide clarity regarding our existing application of these policies.

Change in Year End

We operate and report with a fiscal year end of December 31. During the first quarter of 2021, we announced a change in our fiscal year end to March 31 from December 31, effective for the fiscal year beginning after April 1, 2022. Accordingly, we will report a transition quarter that runs from January 1, 2022 through March 31, 2022. Our next fiscal year will run from April 1, 2022 through March 31, 2023.

Revenue Recognition

We recognize revenue pursuant to Accounting Standards Codification 606 ("ASC 606"). Net revenues consist of net sales of apparel, footwear and accessories, license and Connected Fitness revenue. We recognize revenue when we satisfy our performance obligations by transferring control of promised products or services to our customers, which occurs either at a point in time or over time, depending on when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. The amount of revenue recognized considers terms of sale that create variability in the amount of consideration that we ultimately expect to be entitled to in exchange for the products or services and is subject to an overall constraint that a significant revenue reversal will not occur in future periods. Sales taxes imposed on our revenues from product sales are presented on a net basis within the Consolidated Statements of Operations, and therefore do not impact net revenues or costs of goods sold.

Revenue transactions associated with the sale of apparel, footwear, and accessories, comprise a single performance obligation, which consists of the sale of products to customers either through wholesale or direct-to-consumer channels. We satisfy the performance obligation and record revenues when transfer of control has passed to the customer, based on the terms of sale. In our wholesale channel, transfer of control is based upon shipment under free on board shipping point for most goods or upon receipt by the customer depending on the country of the sale and the agreement with the customer. We may also ship product directly from our supplier to wholesale customers and recognize revenue when the product is delivered to and accepted by the customer. In our direct to consumer channel, transfer of control takes place at the point of sale for brand and factory house customers and upon shipment to substantially all e-commerce customers. Payment terms for wholesale transactions are established in accordance with local and industry practices. Payment is generally required within 30 to 60 days of shipment to or receipt by the wholesale customer in the United States, and generally within 60 to 90 days of shipment to or receipt by the wholesale customer internationally. Payment is generally due at the time of sale for direct-to-consumer transactions.

Gift cards issued to customers by us are recorded as contract liabilities until they are redeemed, at which point revenue is recognized. We also estimate and recognize revenue for gift card balances not expected to ever be redeemed ("breakage") to the extent that we do not have a legal obligation to remit the value of such unredeemed gift cards to the relevant jurisdiction as unclaimed or abandoned property. Such estimates are based upon historical redemption trends, with breakage income recognized in proportion to the pattern of actual customer redemptions.

Revenue from our licensing arrangements is recognized over time during the period that licensees are provided access to our trademarks and benefit from such access through their sales of licensed products. These arrangements require licensees to pay a sales-based royalty, which for most arrangements may be subject to a contractually guaranteed minimum royalty amount. Payments are generally due quarterly. We recognize revenue for sales-based royalty arrangements (including those for which the royalty exceeds any contractually guaranteed minimum royalty amount) as licensed products are sold by the licensee. If a sales-based royalty is not ultimately expected to exceed a contractually guaranteed minimum royalty amount, the minimum is recognized as revenue over the contractual period. This sales-based output measure of progress and pattern of recognition best represents the value transferred to the licensee over the term of the arrangement, as well as the amount of consideration that we are entitled to receive in exchange for providing access to our trademarks.

Revenue from Connected Fitness subscriptions is recognized on a gross basis and is recognized over the term of the subscription. We receive payments in advance of revenue recognition for subscriptions and these payments are recorded as contract liabilities in our consolidated balance sheet. Related commission cost is included in selling, general and administrative expense in the Consolidated Statement of Operations. Revenue from Connected Fitness digital advertising is recognized as we satisfy performance obligations pursuant to customer insertion orders.

We record reductions to revenue at the time of the transaction for estimated customer returns, allowances, markdowns and discounts. We base these estimates on historical rates of customer returns and allowances as well as the specific identification of outstanding returns, markdowns and allowances that have not yet been received by us. The actual amount of customer returns and allowances, which are inherently uncertain, may differ from our estimates. If we determine that actual or expected returns or allowances are significantly higher or lower than the reserves we established, we would record a reduction or increase, as appropriate, to net sales in the period in which we make such a determination. Provisions for customer specific discounts are based on contractual obligations with certain major customers. Reserves for returns, allowances, markdowns and discounts are included within customer refund liability and the value of inventory associated with reserves for sales returns are included within prepaid expenses and other current assets on the consolidated balance sheet. As of the end of Fiscal 2020 and Fiscal 2019, there were $203.4 million and $219.4 million, respectively, in reserves for returns, allowances, markdowns and discounts within customer refund liability and $57.9 million and $61.1 million, respectively, as the estimated value of inventory associated with the reserves for sales returns within prepaid expenses and other current assets on the consolidated balance sheet. Refer to Note 2 to the Consolidated Financial Statements for a further discussion of revenue recognition.

Allowance for Doubtful Accounts

We make ongoing estimates relating to the collectability of accounts receivable and maintain an allowance for estimated losses resulting from the inability of our customers to make required payments. In determining the amount of the reserve, we consider historical levels of credit losses and significant economic developments within the retail environment that could impact the ability of our customers to pay outstanding balances and make judgments about the creditworthiness of significant customers based on ongoing credit evaluations. Because we cannot predict future changes in the financial stability of our customers, actual future losses from uncollectible accounts may differ from estimates. If the financial condition of customers were to deteriorate, resulting in their inability to make payments, a larger reserve might be required. In the event we determine a smaller or larger reserve is appropriate, we would record a benefit or charge to selling, general and administrative expense in the period in which such a determination was made. As of the end of Fiscal 2020 and Fiscal 2019, the allowance for doubtful accounts was $20.4 million and $15.1 million, respectively.

Inventory Valuation and Reserves

Inventories consist primarily of finished goods. Costs of finished goods inventories include all costs incurred to bring inventory to its current condition, including inbound freight, duties and other costs. We value our inventory at standard cost which approximates landed cost, using the first-in, first-out method of cost determination. Net realizable value is estimated based upon assumptions made about future demand and retail market conditions. If we determine that the estimated net realizable value of our inventory is less than the carrying value of such inventory, we record a charge to cost of goods sold to reflect the lower of cost or net realizable value. If actual market conditions are less favorable than those that we projected, further adjustments may be required that would increase the cost of goods sold in the period in which such a determination was made.

Goodwill, Intangible Assets and Long-Lived Assets

Goodwill and intangible assets are recorded at their estimated fair values at the date of acquisition and are allocated to the reporting units that are expected to receive the related benefits. Goodwill and indefinite lived intangible assets are not amortized and are required to be tested for impairment at least annually or sooner whenever events or changes in circumstances indicate that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. In conducting an annual impairment test, we first review qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If factors indicate that is the case, we perform the goodwill impairment test. We compare the fair value of the reporting unit with its carrying amount. We estimate fair value using the discounted cash flows model, under the income approach, which indicates the fair value of the reporting unit based on the present value of the cash flows that we expect the reporting unit to generate in the future. Our significant estimates in the discounted cash flows model include: our weighted average cost of capital, long-term rate of growth and profitability of the reporting unit's business, and working capital effects. If the carrying amount of a reporting unit exceeds its fair value, goodwill is impaired to the extent that the carrying value exceeds the fair value of the reporting unit. We perform our annual impairment testing in the fourth quarter of each year.

As a result of the impacts of COVID-19, we determined that sufficient indicators existed to trigger an interim goodwill impairment analysis for all of the Company’s reporting units as of March 31, 2020. During Fiscal 2020, we recognized goodwill impairment charges of $51.6 million for the Latin America reporting unit and the Canada reporting unit, within the North America operating segment. Refer to Note 7 to the Consolidated Financial Statements for a further discussion of goodwill.

We continually evaluate whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. These factors may include a significant deterioration of operating results, changes in business plans, or changes in anticipated cash flows. When factors indicate that an asset should be evaluated for possible impairment, we review long-lived assets to assess recoverability from future operations using undiscounted cash flows. If future undiscounted cash flows are less than the carrying value, an impairment is recognized in earnings to the extent that the carrying value exceeds fair value.

Equity Method Investment

In April 2018, we invested ¥4.2 billion or $39.2 million in exchange for an additional 10% common stock ownership in Dome Corporation ("Dome"), our Japanese licensee. This additional investment brought our total investment in Dome's common stock to 29.5%, from 19.5%. We account for our investment in Dome under the equity method, given that we have the ability to exercise significant influence, but not control, over Dome. Investments under the equity method are required to be considered for impairment when events or circumstances suggest that the carrying amount may not be recoverable. If a qualitative assessment indicates that our investment in Dome may be impaired, a quantitative assessment is performed. If the quantitative assessment indicates a decline in value that is determined to be other-than-temporary, an impairment charge would be recognized.

In connection with the preparation of our financial statements for the Fiscal 2019, we performed a qualitative assessment of potential impairment indicators for our investment in Dome and determined that indicators of impairment exist. While there was no single event or factor, we considered Dome's future rate of growth and profitability and strategic objectives. We performed a valuation of our investment in Dome and determined that the fair value of our investment is less than its carrying value by $39 million. We determined this decline in value to be other-than-temporary considering the extent to which the market value of our investment is less than the carrying value, the amount of Dome's indebtedness maturing within a short-term period, and Dome's long-term financial forecast. As a result, we recorded a $39 million impairment of our equity method investment in Dome in the fourth quarter of Fiscal 2019. The impairment charge was recorded within income (loss) from equity method investment on the Consolidated Statements of Operations and as a reduction to the investment balance within other long term assets on the Consolidated Balance Sheets. We calculate fair value using the discounted cash flows model, which indicates the fair value of the investment based on the present value of the cash flows that we expect the investment to generate in the future.

For Fiscal 2020, we recorded the allocable share of Dome's net income of $3.5 million (Fiscal 2019: net loss of $8.7 million; Fiscal 2018: net income of $1.0 million) within income (loss) from equity method investment on our Consolidated Statements of Operations, and as an adjustment to the investment balance within other long term assets on our Consolidated Balance Sheets. We performed a qualitative assessment of potential impairment indicators for our investment in Dome and determined that indicators of impairment existed due to impacts from COVID-19. Accordingly, we performed a valuation of our investment in Dome and determined that the fair value of our investment was less than its carrying value by $8.6 million. We determined this decline in value to be other-than-temporary considering Dome's near and long-term financial forecast. Accordingly, our results for Fiscal 2020 include the impact of recording a $8.6 million impairment of our equity method investment in Dome, which reduced the carrying value to zero. The impairment charge was recorded within income (loss) from equity method investment on the Consolidated Statements of Operations and as a reduction to the investment balance within other long term assets on the Consolidated Balance Sheets. We calculated fair value using the discounted cash flows model, which indicates the fair value of the investment based on the present value of the cash flows that it expects the investment to generate in the future. As of the end of Fiscal 2020 and Fiscal 2019, the carrying value of our total investment in Dome was $0 million and $5.1 million, respectively.

In addition to the investment in Dome, we have a license agreement with Dome. We recorded license revenues from Dome of $40.1 million and $37.8 million for Fiscal 2020 and 2019, respectively. As of the end of Fiscal 2020, we have $22.9 million (Fiscal 2019: $15.6 million) in licensing receivables outstanding, recorded in the prepaid expenses and other current assets line item within our Consolidated Balance Sheets. To the extent Dome continues to experience challenges in the performance of their business, we may not continue to realize the licensing revenues received from them in line with their past results. Furthermore, based on Dome’s financial performance, our ability to recover our investment in the long-term may be limited.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities at tax rates expected to be in effect when such assets or liabilities are realized or settled. Deferred income tax assets are reduced by valuation allowances when necessary. The Company has made the policy election to record any liability associated with Global Intangible Low Taxed Income (“GILTI”) in the period in which it is incurred.

Assessing whether deferred tax assets are realizable requires significant judgment. We consider all available positive and negative evidence, including historical operating performance and expectations of future operating performance. The ultimate realization of deferred tax assets is often dependent upon future taxable income and therefore can be uncertain. To the extent we believe it is more likely than not that all or some portion of the asset will not be realized, valuation allowances are established against our deferred tax assets, which increase income tax expense in the period when such a determination is made.

A significant portion of our deferred tax assets relate to U.S. federal and state taxing jurisdictions. Realization of these deferred tax assets is dependent on future U.S. pre-tax earnings. In evaluating the recoverability of these deferred tax assets as of the end of Fiscal 2020, the Company has considered all available evidence, both positive and negative, including but not limited to the following:

Positive

- No history of U.S. federal and state tax attributes expiring unused.
- Restructuring plans undertaken in 2017, 2018, and 2020, which aim to improve future profitability.
- Existing sources of taxable income.
- Available prudent and feasible tax planning strategies.

Negative

- Restructuring plan undertaken in Fiscal 2020 resulting in significant charges in pre-tax income, reducing profitability in the United States.
- The negative economic impact and uncertainty resulting from the COVID-19 pandemic.
- Cumulative pre-tax losses in recent years in the United States.
- Inherent challenges in forecasting future pre-tax earnings which rely, in part, on improved profitability from our restructuring efforts.

As of the end of Fiscal 2020, we believe that the weight of the negative evidence outweighs the positive evidence regarding the realization of our U.S. deferred tax assets and have recorded a valuation allowance against the U.S. deferred tax assets. We will continue to evaluate our ability to realize our net deferred tax assets on a quarterly basis.

Income taxes include the largest amount of tax benefit for an uncertain tax position that is more likely than not to be sustained upon audit based on the technical merits of the tax position. Settlements with tax authorities, the expiration of statutes of limitations for particular tax positions or obtaining new information on particular tax positions may cause a change to the effective tax rate. We recognize accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes on the Consolidated Statements of Operations.

Stock-Based Compensation

We account for stock-based compensation in accordance with accounting guidance that requires all stock-based compensation awards granted to employees and directors to be measured at fair value and recognized as an expense in the financial statements. As of the end of Fiscal 2020, we had $67.5 million of unrecognized compensation expense expected to be recognized over a weighted average period of 2.39 years. This unrecognized compensation expense does not include any expense related to performance-based restricted stock units and stock options granted in Fiscal 2019 for which the performance targets were not deemed probable as of the end of Fiscal 2020. All such performance awards for Fiscal 2019 were forfeited due to the performance targets not being achieved. We did not grant any performance awards in Fiscal 2020.

The assumptions used in calculating the fair value of stock-based compensation awards represent management's best estimates, but the estimates involve inherent uncertainties and the application of management judgment. In addition, compensation expense for performance-based awards is recorded over the related service period when achievement of the performance targets is deemed probable, which requires management judgment. Refer to Note 2 and Note 15 to the Consolidated Financial Statements for a further discussion on stock-based compensation.

Recently Issued Accounting Standards

Refer to Note 2 to the Consolidated Financial Statements included in this Form 10-K for our assessment of recently issued accounting standards.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Foreign Currency and Interest Rate Risk

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

We may elect to designate certain derivatives as hedging instruments under U.S. GAAP. We formally document all relationships between designated hedging instruments and hedged items, as well as our risk management objectives and strategies for undertaking hedged 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.

Our foreign exchange risk management program consists of designated cash flow hedges and undesignated hedges. As of the end of Fiscal 2020, we had hedge instruments, primarily for British Pound/U.S. Dollar, U.S. Dollar/Chinese Renminbi, Euro/U.S. Dollar, U.S. Dollar/Canadian Dollar, U.S. Dollar/Mexican Peso, and Australian Dollar/U.S. Dollar currency pairs. All derivatives are recognized on the consolidated balance sheets at fair value and classified based on the instruments maturity dates. The table below provides information about our foreign currency forward exchange agreements and presents the notional amounts and weighted average exchange rates by contractual maturity dates:

								Fair Value as of Year Ended	
(In thousands)		2021	2022	2023	2024	2025 and Thereafter	Total	December 31, 2020	December 31, 2019
On-Balance Sheet Financial Instruments									
USD Functional Currency									
EUR	Notional	$ 97,333	$ 63,142	$ —	$ —	$ —	$ 160,475	$ (5,565)	$ 182
	Weighted Average Exchange Rate	1.19	1.21				1.19		
GBP	Notional	179,180	88,912	—	—	—	268,092	(6,634)	(3,504)
	Weighted Average Exchange Rate	1.33	1.34				1.34		
JPY	Notional	5,448	—	—	—	—	5,448	(126)	198
	Weighted Average Exchange Rate	105.27	—				105.27		
CNY Functional Currency									
USD	Notional	138,350	70,400	—	—	—	208,750	(5,414)	531
	Weighted Average Exchange Rate	6.80	6.80				6.81		
CAD Functional Currency									
USD	Notional	86,500	45,600	—	—	—	132,100	(3,824)	(2,421)
	Weighted Average Exchange Rate	1.31	1.31				1.31		
MXN Functional Currency									
USD	Notional	23,600	14,010	—	—	—	37,610	(739)	(2,137)
	Weighted Average Exchange Rate	20.74	21.35				20.97		

We currently generate a majority of our consolidated net revenues in the United States, and the reporting currency for our Consolidated Financial Statements is the U.S. dollar. As our net revenues and expenses generated outside of the United States increase, our results of operations could be adversely impacted by changes in foreign currency exchange rates. For example, as we recognize foreign revenues in local foreign currencies and if the U.S. dollar strengthens, it could have a negative impact on our foreign revenues upon translation of those results into the U.S. dollar upon consolidation of our financial statements. In addition, we are exposed to gains and losses resulting from fluctuations in foreign currency exchange rates relating to transactions generated by our 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. As of the end of Fiscal 2020, the aggregate notional value of our outstanding cash flow hedges was $812.5 million, with contract maturities ranging from one to twenty-four months.

In order to maintain liquidity and fund business operations, we 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 our long term debt can be expected to vary as a result of future business requirements, market conditions and other factors. We may elect to enter into interest rate swap contracts to reduce the impact associated with interest rate fluctuations from time to time. Our interest rate swap contracts are accounted for as cash flow hedges. As of the end of Fiscal 2020, as all of our long-term debt bore fixed rate interest rates, we had no outstanding interest rate swap contracts.

For contracts designated as cash flow hedges, the changes in fair value are reported as other comprehensive income and are recognized in current earnings in the period or periods during which the hedged transaction affects current earnings. One of the criteria for this accounting treatment is the notional value of these derivative contracts should not be in excess of specifically identified anticipated transactions. By their very nature, our estimates of the anticipated transactions may fluctuate over time and may ultimately vary from actual transactions. When anticipated transaction estimates or actual transaction amounts decline below hedged levels, or if it is no longer probable a forecasted transaction will occur by the end of the originally specified time period or within an additional two-month period of time, we are required to reclassify the cumulative change in fair value of the over-hedged portion of the related hedge contract from Other comprehensive income (loss) to Other expense, net during the period in which the decrease occurs.

We enter into derivative contracts with major financial institutions with investment grade credit ratings and are 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, we monitor the credit quality of these financial institutions and consider the risk of counterparty default to be minimal. Although we have entered into foreign currency contracts to minimize some of the impact of foreign currency exchange rate fluctuations on future cash flows, we cannot be assured that foreign currency exchange rate fluctuations will not have a material adverse impact on our financial condition and results of operations.

Credit Risk

We are exposed to credit risk primarily on our accounts receivable. We provide credit to customers in the ordinary course of business and perform ongoing credit evaluations. We believe that our exposure to concentrations of credit risk with respect to trade receivables is largely mitigated by our customer base. We believe that our allowance for doubtful accounts is sufficient to cover customer credit risks as of the end of Fiscal 2020. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates - Allowance for Doubtful Accounts" for a further discussion on our policies.

Inflation

Inflationary factors such as increases in the cost of our product and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations in recent periods, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net revenues if the selling prices of our products do not increase with these increased costs.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Management on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on our evaluation, we have concluded that our internal control over financial reporting was effective as of December 31, 2020.

The effectiveness of our internal control over financial reporting as of December 31, 2020, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

/s/ PATRIK FRISK **Patrik Frisk**	Chief Executive Officer and President
/s/ DAVID E. BERGMAN **David E. Bergman**	Chief Financial Officer

Dated: February 24, 2021

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Under Armour, Inc.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Under Armour, Inc. and its subsidiaries (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income (loss), stockholders’ equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2020 listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principles

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019 and the manner in which it accounts for revenues from contracts with customers in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Long-Lived Asset Impairment Analyses – Right-of-Use Assets

As described in Notes 3 and 7 of the consolidated financial statements, the Company has long-lived assets which are primarily comprised of property, plant and equipment, net of $658.7 million and operating right-of-use (ROU) assets of $536.7 million as of December 31, 2020. As a result of the impacts of COVID-19, management determined that sufficient indicators existed to trigger the performance of an interim long-lived asset impairment analysis. Management performed undiscounted cash flow analyses on its long-lived assets, including retail stores at an individual store level. Based on these undiscounted cash flow analyses, management determined that certain long-lived assets had net carrying values that exceeded their estimated undiscounted future cash flows. Management estimated the fair value of these long-lived assets based on their market rent assessments or discounted cash flows. Management compared these estimated fair values to the net carrying values. Management recognized $89.7 million of long-lived asset impairment charges for 2020. Additionally, in March 2020, as a part of the 2020 restructuring plan, management made the strategic decision to forgo the opening of its New York City flagship store and the property is actively being marketed for sublease. Accordingly, in the first quarter of 2020, management recognized a ROU asset impairment of $290.8 million, reducing the carrying value of the lease asset to its estimated fair value. Fair value was estimated using an income-approach based on management's forecast of future cash flows expected to be derived from the property based on current sublease market rent.

The principal considerations for our determination that performing procedures relating to the long-lived asset impairment analyses for right-of-use assets is a critical audit matter are the significant judgment by management when developing the fair value measurement of the right-of-use assets, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the current market and sublease market rents. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's impairment analyses, including controls over the valuation of the long-lived assets. These procedures also included, among others, testing management's process for developing the fair value estimates; evaluating the appropriateness of the methodology and approach used; testing the completeness and accuracy of the underlying data used in the impairment analyses; and evaluating the reasonableness of the current market and sublease market rent significant assumptions. Evaluating management's assumptions related to the current market and sublease market rents involved evaluating whether the assumptions used were reasonable and consistent with external market and industry data. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the methodology and approach and reasonableness of the current market and sublease market rent assumptions.

Reserve for Customer Returns

As described in Note 2 to the consolidated financial statements, the Company recorded $203.4 million as of December 31, 2020 in reserves for returns, allowances, markdowns and discounts within customer refund liabilities. Management bases its estimates of the reserve for customer returns on historical rates of customer returns and allowances as well as the specific identification of outstanding returns, markdowns and allowances that have not yet been received by the Company.

The principal considerations for our determination that performing procedures relating to the reserve for customer returns is a critical audit matter are the significant judgment by management in estimating the customer returns reserve, which in turn led to a high degree of auditor judgment, subjectivity, and effort, in performing procedures and evaluating management’s significant assumption related to the amount of outstanding returns that have not yet been received by the Company.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the estimation of management’s customer returns reserve, including the assumption related to the outstanding returns that have not yet been received by the Company. These procedures also included, among others, testing management’s process for developing the customer returns reserve; evaluating the appropriateness of the method; testing the completeness, accuracy, and relevance of underlying data used in the estimate; and evaluating the reasonableness of the significant assumption related to the amount of outstanding returns that have not yet been received by the Company. Evaluating management’s assumption related to outstanding returns that have not yet been received by the Company involved evaluating whether the assumption used by management was reasonable considering (i) historical rates of customer returns; (ii) specific identification of outstanding returns; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP
Baltimore, Maryland
February 24, 2021

We have served as the Company’s auditor since 2003.

Under Armour, Inc. and Subsidiaries

Consolidated Balance Sheets
(In thousands, except share data)

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 1,517,361	$ 788,072
Accounts receivable, net	527,340	708,714
Inventories	895,974	892,258
Prepaid expenses and other current assets	282,300	313,165
Total current assets	3,222,975	2,702,209
Property and equipment, net	658,678	792,148
Operating lease right-of-use assets	536,660	591,931
Goodwill	502,214	550,178
Intangible assets, net	13,295	36,345
Deferred income taxes	23,930	82,379
Other long-term assets	72,876	88,341
Total assets	$ 5,030,628	$ 4,843,531
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 575,954	$ 618,194
Accrued expenses	378,859	374,694
Customer refund liabilities	203,399	219,424
Operating lease liabilities	162,561	125,900
Other current liabilities	92,503	83,797
Total current liabilities	1,413,276	1,422,009
Long term debt	1,003,556	592,687
Operating lease liabilities, non-current	839,414	580,635
Other long-term liabilities	98,389	98,113
Total liabilities	3,354,635	2,693,444
Commitments and contingencies (see Note 10)		
Stockholders' equity		
Class A Common Stock, $0.0003 1/3 par value; 400,000,000 shares authorized as of December 31, 2020 and 2019; 188,603,686 shares issued and outstanding as of December 31, 2020 (2019: 188,289,680)	62	62
Class B Convertible Common Stock, $0.0003 1/3 par value; 34,450,000 shares authorized, issued and outstanding as of December 31, 2020 and 2019.	11	11
Class C Common Stock, $0.0003 1/3 par value; 400,000,000 shares authorized as of December 31, 2020 and 2019; 231,953,667 shares issued and outstanding as of December 31, 2020 (2019: 229,027,730)	77	76
Additional paid-in capital	1,061,173	973,717
Retained earnings	673,855	1,226,986
Accumulated other comprehensive loss	(59,185)	(50,765)
Total stockholders' equity	1,675,993	2,150,087
Total liabilities and stockholders' equity	$ 5,030,628	$ 4,843,531

See accompanying notes.

Under Armour, Inc. and Subsidiaries

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

	Year Ended December 31, 2020	2019	2018
Net revenues	$ 4,474,667	$ 5,267,132	$ 5,193,185
Cost of goods sold	2,314,572	2,796,599	2,852,714
Gross profit	2,160,095	2,470,533	2,340,471
Selling, general and administrative expenses	2,171,934	2,233,763	2,182,339
Restructuring and impairment charges	601,599	—	183,149
Income (loss) from operations	(613,438)	236,770	(25,017)
Interest expense, net	(47,259)	(21,240)	(33,568)
Other income (expense), net	168,153	(5,688)	(9,203)
Income (loss) before income taxes	(492,544)	209,842	(67,788)
Income tax expense (benefit)	49,387	70,024	(20,552)
Income (loss) from equity method investment	(7,246)	(47,679)	934
Net income (loss)	$ (549,177)	$ 92,139	$ (46,302)
Basic net income (loss) per share of Class A, B and C common stock	$ (1.21)	$ 0.20	$ (0.10)
Diluted net income (loss) per share of Class A, B and C common stock	$ (1.21)	$ 0.20	$ (0.10)
Weighted average common shares outstanding Class A, B and C common stock			
Basic	454,089	450,964	445,815
Diluted	454,089	454,274	445,815

See accompanying notes.

Under Armour, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)

	Year Ended December 31,		
	2020	2019	2018
Net income (loss)	$ (549,177)	$ 92,139	$ (46,302)
Other comprehensive income (loss):			
Foreign currency translation adjustment	(5,060)	10,754	(18,535)
Unrealized gain (loss) on cash flow hedge, net of tax benefit (expense) of $1,791, $7,798, and $(7,936) for the years ended December 31, 2020, 2019, and 2018, respectively.	(18,075)	(21,646)	22,800
Gain (loss) on intra-entity foreign currency transactions	14,715	(886)	(5,041)
Total other comprehensive (loss)	(8,420)	(11,778)	(776)
Comprehensive income (loss)	$ (557,597)	$ 80,361	$ (47,078)

See accompanying notes.

Under Armour, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity
(In thousands)

	Class A Common Stock		Class B Convertible Common Stock		Class C Common Stock					
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance as of December 31, 2017	185,257	61	34,450	11	222,375	74	872,266	1,184,441	(38,211)	$ 2,018,642
Exercise of stock options	2,084	1	—	—	2,127	—	6,747	—	—	6,748
Shares withheld in consideration of employee tax obligations relative to stock-based compensation arrangements	(23)	—	—	—	(140)	—	—	(2,564)	—	(2,564)
Issuance of Class A Common Stock, net of forfeitures	392	—	—	—	—	—	—	—	—	—
Issuance of Class C Common Stock, net of forfeitures	—	—	—	—	2,060	1	(4,168)	—	—	(4,167)
Impact of adoption of accounting standard updates	—	—	—	—	—	—	—	3,507	—	3,507
Stock-based compensation expense	—	—	—	—	—	—	41,783	—	—	41,783
Comprehensive income (loss)	—	—	—	—	—	—	—	(46,302)	(776)	(47,078)
Balance as of December 31, 2018	187,710	$ 62	34,450	$ 11	226,422	$ 75	$ 916,628	$ 1,139,082	$ (38,987)	$ 2,016,871
Exercise of stock options and warrants	441	—	—	—	293	—	2,101	—	—	2,101
Shares withheld in consideration of employee tax obligations relative to stock-based compensation arrangements	(15)	—	—	—	(227)	—	—	(4,235)	—	(4,235)
Issuance of Class A Common Stock, net of forfeitures	154	—	—	—	—	—	—	—	—	—
Issuance of Class C Common Stock, net of forfeitures	—	—	—	—	2,540	1	5,370	—	—	5,371
Impact of adoption of accounting standard updates	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	49,618	—	—	49,618
Comprehensive loss	—	—	—	—	—	—	—	92,139	(11,778)	80,361
Balance as of December 31, 2019	188,290	$ 62	34,450	$ 11	229,028	$ 76	$ 973,717	$ 1,226,986	$ (50,765)	$ 2,150,087
Exercise of stock options	148	—	—	—	136	—	517	—	—	517
Shares withheld in consideration of employee tax obligations relative to stock-based compensation arrangements	(1)	—	—	—	(262)	—	—	(3,954)	—	(3,954)
Issuance of Class A Common Stock, net of forfeitures	166	—	—	—	—	—	—	—	—	—
Issuance of Class C Common Stock, net of forfeitures	—	—	—	—	3,052	1	4,225	—	—	4,226
Stock-based compensation expense	—	—	—	—	—	—	42,070	—	—	42,070
Equity Component value of convertible notes issuance, net	—	—	—	—	—	—	40,644	—	—	40,644
Comprehensive income (loss)	—	—	—	—	—	—	—	(549,177)	(8,420)	(557,597)
Balance as of December 31, 2020	188,603	$ 62	34,450	$ 11	231,954	$ 77	$ 1,061,173	$ 673,855	$ (59,185)	$ 1,675,993

See accompanying notes.

Under Armour, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2020	2019	2018
Cash flows from operating activities			
Net income (loss)	$ (549,177)	$ 92,139	$ (46,302)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation and amortization	164,984	186,425	181,768
Unrealized foreign currency exchange rate gain (loss)	(9,295)	(2,073)	14,023
Impairment charges	470,543	39,000	9,893
Amortization of bond premium	12,070	254	254
Gain on sale of MyFitnessPal platform	(179,318)	—	—
Loss on disposal of property and equipment	3,740	4,640	4,256
Stock-based compensation	42,070	49,618	41,783
Deferred income taxes	43,992	38,132	(38,544)
Changes in reserves and allowances	10,347	(26,096)	(234,998)
Changes in operating assets and liabilities:			
Accounts receivable	167,614	(45,450)	186,834
Inventories	15,306	149,519	109,919
Prepaid expenses and other assets	18,603	24,334	(107,855)
Other non-current assets	(259,735)	19,966	—
Accounts payable	(40,673)	59,458	26,413
Accrued expenses and other liabilities	318,532	(18,987)	134,594
Customer refund liability	(19,250)	(80,710)	305,141
Income taxes payable and receivable	2,511	18,862	41,051
Net cash provided by operating activities	212,864	509,031	628,230
Cash flows from investing activities			
Sale of MyFitnessPal platform	198,916	—	—
Purchase of businesses	(40,280)	—	—
Purchases of property and equipment	(92,291)	(145,802)	(170,385)
Sale of property and equipment	—	—	11,285
Purchase of equity method investment	—	—	(39,207)
Purchases of other assets	—	(1,311)	(4,597)
Net cash (used in) provided by investing activities	66,345	(147,113)	(202,904)
Cash flows from financing activities			
Proceeds from long term debt and revolving credit facility	1,288,753	25,000	505,000
Payments on long term debt and revolving credit facility	(800,000)	(162,817)	(695,000)
Purchase of capped call	(47,850)	—	—
Employee taxes paid for shares withheld for income taxes	(3,675)	(4,235)	(2,743)
Proceeds from exercise of stock options and other stock issuances	4,744	7,472	2,580
Other financing fees	100	63	306
Payments of debt financing costs	(5,219)	(2,553)	(11)
Net cash (used in) provided by financing activities	436,853	(137,070)	(189,868)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	16,445	5,100	12,467
Net increase in cash, cash equivalents and restricted cash	732,507	229,948	247,925
Cash, cash equivalents and restricted cash			
Beginning of period	796,008	566,060	318,135
End of period	$ 1,528,515	$ 796,008	$ 566,060
Non-cash investing and financing activities			
Change in accrual for property and equipment	$ (13,875)	$ (8,084)	$ (14,611)
Other supplemental information			
Cash paid (received) for income taxes, net of refunds	24,443	23,352	(16,738)
Cash paid for interest, net of capitalized interest	28,626	18,031	28,586

See accompanying notes.

1. Description of the 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 solve problems and make athletes better, as well as digital health and fitness apps built to connect people and drive performance. The Company's products are made, sold and worn worldwide.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Under Armour, Inc. and its wholly owned subsidiaries (the "Company"). All intercompany balances and transactions have been eliminated in consolidation. The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

During the first quarter of 2021, the Company's Board of Directors approved a change in fiscal year end to March 31 from December 31, effective for the fiscal year beginning after April 1, 2022. Accordingly, the Company's 2021 fiscal year will end on December 31, 2021, followed by a three-month transition period from January 1, 2022 through March 31, 2022. The Company's 2023 fiscal year will run from April 1, 2022 through March 31, 2023.

On March 2, 2020, the Company acquired, on a cash free, debt free basis, 100% of Triple Pte. Ltd. ("Triple"), a distributor of the Company's products in Southeast Asia. The results of operations of this acquisition have been consolidated with those of the Company beginning on March 2, 2020. Refer to Note 5 for a discussion of the acquisition.

On December 18, 2020, the Company completed the previously announced sale of its MyFitnessPal platform to an entity affiliated with Francisco Partners Management, L.P. and recognized a gain of approximately $179.3 million, which is included within Other income (expenses), net in the Consolidated Statements of Operations. Refer to Note 4 for a discussion of the sale.

During the year ended December 31, 2019 ("Fiscal 2019"), the Company recorded an adjustment related to prior periods to correct unrecorded consulting expenses incurred primarily in connection with the 2018 restructuring plan. Selling, general and administrative expenses for Fiscal 2019 includes $5.5 million of expense that was understated in prior periods. The Company concluded that the error was not material to any prior or interim periods presented.

During the year ended December 31, 2018 ("Fiscal 2018"), the Company identified an immaterial error in the presentation of premium subscriptions in its Connected Fitness reporting segment. Subscription revenue was previously recorded net of any related commission. Beginning in the first quarter of Fiscal 2018, subscription revenue is recorded on a gross basis and the related commission cost is included in selling, general and administrative expense in the Consolidated Statements of Operations. The Company concluded that the error was not material to any of its previously issued financial statements.

COVID-19

In March 2020, a novel strain of coronavirus (COVID-19) was declared a global pandemic by the World Health Organization. This pandemic has negatively affected the U.S. and global economies, disrupted global supply chains and financial markets, and led to significant travel and transportation restrictions, including mandatory closures and orders to "shelter-in-place". The Company has been focused on protecting the health and safety of its teammates, athletes and consumers, working with its customers and suppliers to minimize potential disruptions and supporting the community to address challenges posed by the global pandemic, while managing the Company's business in response to a changing dynamic. The Company's business operations and financial performance for the year ended December 31, 2020 ("Fiscal 2020") were materially impacted by COVID-19. These impacts are discussed within these notes to the consolidated financial statements, including but not limited to discussions related to long-lived asset and goodwill impairment, leases, long-term debt, and income taxes.

In response to the pandemic, global legislation, including the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, was announced. The Company recognized certain incentives totaling $9 million during Fiscal 2020. The incentives were recorded as a reduction of the associated costs which the Company incurred within selling, general and administrative expenses in the Consolidated Statements of Operations. Further, the

CARES Act includes modification to income tax provisions. Refer to Note 13 for discussion of the impacts of modifications to income tax provisions under the CARES Act.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with an original maturity of three months or less at date of inception to be cash and cash equivalents. The Company's restricted cash is reserved for payments related to claims for its captive insurance program, which is included in prepaid expenses and other current assets on the Company's Consolidated Balance Sheet. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets to the Consolidated Statements of Cash Flows.

	December 31, 2020	December 31, 2019
Cash and cash equivalents	$ 1,517,361	$ 788,072
Restricted cash	11,154	7,936
Total cash, cash equivalents and restricted cash	$ 1,528,515	$ 796,008

Concentration of Credit Risk

Financial instruments that subject the Company to significant concentration of credit risk consist primarily of accounts receivable. The majority of the Company’s accounts receivable is due from its large wholesale customers. Credit is extended based on an evaluation of the customer’s financial condition and collateral is not required. None of the Company's customers accounted for more than 10% of accounts receivable for Fiscal 2020 and Fiscal 2019, respectively. For Fiscal 2020, Fiscal 2019 and Fiscal 2018, no customer accounted for more than 10% of net revenues. Given the current global economic environment and impacts of COVID-19, the Company regularly evaluates the credit risk of its large wholesale customers which make up the majority of the Company's accounts receivable. Refer to "Credit Losses - Allowance for Doubtful Accounts" for a discussion of the evaluation of credit losses.

Sale of Accounts Receivable

The Company has an agreement with a financial institution to sell selected accounts receivable on a recurring, non-recourse basis. Under the agreement, at any time and from time to time the balance of up to $140 million of the Company's accounts receivable may be sold to the financial institution. The Company's ability to utilize this agreement, however, may be limited by the credit ratings of the Company's customers. The Company removes the sold accounts receivable from the Consolidated Balance Sheets at the time of sale. The Company does not retain any interests in the sold accounts receivable. The Company acts as the collection agent for the outstanding accounts receivable on behalf of the financial institution.

For Fiscal 2020 and Fiscal 2019, there were no amounts outstanding in connection with these arrangements. The funding fee charged by the financial institutions is included in the other income (expense), net line item in the Consolidated Statements of Operations.

Credit Losses - Allowance for Doubtful Accounts

Credit losses are the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit losses primarily through customer receivables associated with the sales of product within the Company's wholesale and Connected Fitness channels, which are recorded in accounts receivable, net on the Company's Consolidated Balance Sheet. The Company also has other receivables, including receivables from licensing arrangements, which are recorded in prepaid expenses and other current assets on the Company's Consolidated Balance Sheet.

Credit is extended to customers based on a credit review. The credit review considers each customer’s financial condition, including the customer's established credit rating or the Company's assessment of the customer’s creditworthiness based on their financial statements absent a credit rating, local industry practices, and business strategy. A credit limit and terms are established for each customer based on the outcome of this review. The Company actively monitors ongoing credit exposure through continuous review of customer balances against terms and payments against due dates. To mitigate credit risk, the Company may require customers to provide security in the form of guarantees, letters of credit, or prepayment. The Company is also exposed to credit losses through credit card receivables associated with the sales of products within the Company's direct to consumer channel.

The allowance for doubtful accounts is based on the Company's assessment of the collectibility of customer accounts. The Company makes ongoing estimates relating to the collectibility of accounts receivable and records an allowance for estimated losses resulting from the inability of its customers to make required payments. The Company establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and creditworthiness of significant customers. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Accounts receivable are written off when there is no reasonable expectation of recovery.

(In thousands)	Balance as of December 31, 2019	Charged to Costs and Expenses	Write-Offs Net of Recoveries	Balance as of December 31, 2020
Allowance for doubtful accounts - accounts receivable, net	$ 15,083	$ 10,456	$ (5,188)	$ 20,350
Allowance for doubtful accounts - prepaid expenses and other current assets (1)	$ —	$ 7,029	$ —	$ 7,029

(1) This balance includes an allowance pertaining to a royalty receivable.

As of the end of Fiscal 2019, the allowance for doubtful accounts was $15.1 million.

For Fiscal 2020, the increase in the reserve is primarily due to the evaluation of certain account balances in connection with negative developments that represent a higher risk of credit default. The allowance for doubtful accounts was established with information available, including reasonable and supportable estimates of future risk to the Company as of the end of Fiscal 2020. There may be further impacts due to COVID-19.

Inventories

Inventories consist primarily of finished goods. Costs of finished goods inventories include all costs incurred to bring inventory to its current condition, including inbound freight, duties and other costs. The Company values its inventory at standard cost which approximates landed cost, using the first-in, first-out method of cost determination. Net realizable value is estimated based upon assumptions made about future demand and retail market conditions. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of goods sold to reflect the lower of cost or net realizable value. If actual market conditions are less favorable than those projected by the Company, further adjustments may be required that would increase the cost of goods sold in the period in which such a determination was made.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at tax rates expected to be in effect when such assets or liabilities are realized or settled. Deferred income tax assets are reduced by valuation allowances when necessary. The Company has made the policy election to record any liability associated with Global Intangible Low Tax Income ("GILTI") in the period in which it is incurred.

Assessing whether deferred tax assets are realizable requires significant judgment. The Company considers all available positive and negative evidence, including historical operating performance and expectations of future operating performance. The ultimate realization of deferred tax assets is often dependent upon future taxable income and therefore can be uncertain. 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.

Income taxes include the largest amount of tax benefit for an uncertain tax position that is more likely than not to be sustained upon audit based on the technical merits of the tax position. Settlements with tax authorities, the expiration of statutes of limitations for particular tax positions or obtaining new information on particular tax positions may cause a change to the effective tax rate. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes on the Consolidated Statements of Operations.

Goodwill, Intangible Assets and Long-Lived Assets

Goodwill and intangible assets are recorded at their estimated fair values at the date of acquisition and are allocated to the reporting units that are expected to receive the related benefits. Goodwill and indefinite lived intangible assets are not amortized and are required to be tested for impairment at least annually or sooner whenever events or changes in circumstances indicate that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. In conducting an annual impairment test, the Company first reviews qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If factors indicate that is the case, the Company performs the goodwill impairment test. The Company compares the fair value of the reporting unit with its carrying amount. The Company estimates fair value using the discounted cash flows model, under the income approach, which indicates the fair value of the reporting unit based on the present value of the cash flows that the Company expects the reporting unit to generate in the future. The Company's significant estimates in the discounted cash flows model include: the Company's weighted average cost of capital, long-term rate of growth and profitability of the reporting unit's business, and working capital effects. If the carrying amount of a reporting unit exceeds its fair value, goodwill is impaired to the extent that the carrying value exceeds the fair value of the reporting unit. The Company performs its annual impairment testing in the fourth quarter of each year.

As a result of the impacts of COVID-19, the Company determined that sufficient indicators existed to trigger an interim goodwill impairment analysis for all of the Company's reporting units as of March 31, 2020. During Fiscal 2020, the Company recognized goodwill impairment charges of $51.6 million for the Latin America reporting unit and the Canada reporting unit, within the North America operating segment. Further, as a result of the impacts of COVID-19, the Company determined that sufficient indicators existed to trigger the performance of an interim long-lived asset impairment analysis. As a result, the Company recognized $89.7 million of long-lived asset impairment charges for Fiscal 2020. Refer to Note 7 to the consolidated financial statements for a further discussion of goodwill.

The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. These factors may include a significant deterioration of operating results, changes in business plans, or changes in anticipated cash flows. When factors indicate that an asset should be evaluated for possible impairment, the Company reviews long-lived assets to assess recoverability from future operations using undiscounted cash flows. If future undiscounted cash flows are less than the carrying value, an impairment is recognized in earnings to the extent that the carrying value exceeds fair value.

Accrued Expenses

For Fiscal 2020, accrued expenses primarily included $77.9 million (Fiscal 2019: $118.7 million) and $45.9 million (Fiscal 2019: $63.2 million) of accrued compensation and benefits, and marketing expenses, respectively.

Foreign Currency Translation and Transactions

The functional currency for each of the Company's wholly owned foreign subsidiaries is generally the applicable local currency. The translation of foreign currencies into U.S. dollars is performed for assets and liabilities using current foreign currency exchange rates in effect at the balance sheet date and for revenue and expense accounts using average foreign currency exchange rates during the period. Capital accounts are translated at historical foreign currency exchange rates. Translation gains and losses are included in stockholders' equity as a component of accumulated other comprehensive income. Adjustments that arise from foreign currency exchange rate changes on transactions, primarily driven by intercompany transactions, denominated in a currency other than the functional currency are included in other expense, net on the Consolidated Statements of Operations.

Derivatives and Hedging Activities

The Company uses derivative financial instruments in the form of foreign currency and interest rate swap contracts to minimize the risk associated with foreign currency exchange rate and interest rate fluctuations. The Company accounts for derivative financial instruments pursuant to applicable accounting guidance. This guidance establishes accounting and reporting standards for derivative financial instruments and requires all derivatives to be recognized as either assets or liabilities on the balance sheet and to be measured at fair value. Unrealized derivative gain positions are recorded as other current assets or other long term assets, and unrealized derivative loss positions are recorded as other current liabilities or other long term liabilities, depending on the derivative financial instrument's maturity date.

For contracts designated as cash flow hedges, the changes in fair value are reported as other comprehensive income and are recognized in current earnings in the period or periods during which the hedged transaction affects current earnings. One of the criteria for this accounting treatment is the notional value of these derivative contracts should not be in excess of specifically identified anticipated transactions. By their very nature, the Company's estimates of the anticipated transactions may fluctuate over time and may ultimately vary from actual transactions. When anticipated transaction estimates or actual transaction amounts decline below hedged levels, or if it is no longer probable a forecasted transaction will occur by the end of the originally specified time period or within an additional two-month period of time, the Company is required to reclassify the cumulative change in fair value of the over-hedged portion of the related hedge contract from Other comprehensive income (loss) to Other expense, net during the period in which the decrease occurs. The Company does not enter into derivative financial instruments for speculative or trading purposes.

Revenue Recognition

The Company recognizes revenue pursuant to Accounting Standards Codification 606 ("ASC 606"). Net revenues consist of net sales of apparel, footwear and accessories, license and Connected Fitness revenue. The Company recognizes revenue when it satisfies its performance obligations by transferring control of promised products or services to its customers, which occurs either at a point in time or over time, depending on when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. The amount of revenue recognized considers terms of sale that create variability in the amount of consideration that the Company ultimately expects to be entitled to in exchange for the products or services and is subject to an overall constraint that a significant revenue reversal will not occur in future periods. Sales taxes imposed on the Company's revenues from product sales are presented on a net basis on the Consolidated Statements of Operations, and therefore do not impact net revenues or costs of goods sold.

Revenue transactions associated with the sale of apparel, footwear, and accessories, comprise a single performance obligation, which consists of the sale of products to customers either through wholesale or direct-to-consumer channels. The Company satisfies the performance obligation and records revenues when transfer of control has passed to the customer, based on the terms of sale. In the Company's wholesale channel, transfer of control is based upon shipment under free on board shipping point for most goods or upon receipt by the customer depending on the country of the sale and the agreement with the customer. The Company may also ship product directly from its supplier to wholesale customers and recognize revenue when the product is delivered to and accepted by the customer. In the Company's direct-to-consumer channel, transfer of control takes place at the point of sale for brand and factory house customers and upon shipment to substantially all e-commerce customers. Payment terms for wholesale transactions are established in accordance with local and industry practices. Payment is generally required within 30 to 60 days of shipment to or receipt by the wholesale customer in the United States, and generally within 60 to 90 days of shipment to or receipt by the wholesale customer internationally. Payment is generally due at the time of sale for direct-to-consumer transactions.

Gift cards issued to customers by the Company are recorded as contract liabilities until they are redeemed, at which point revenue is recognized. The Company also estimates and recognizes revenue for gift card balances not expected to ever be redeemed ("breakage") to the extent that it does not have a legal obligation to remit the value of such unredeemed gift cards to the relevant jurisdiction as unclaimed or abandoned property. Such estimates are based upon historical redemption trends, with breakage income recognized in proportion to the pattern of actual customer redemptions

Revenue from the Company's licensing arrangements is recognized over time during the period that licensees are provided access to the Company's trademarks and benefit from such access through their sales of licensed products. These arrangements require licensees to pay a sales-based royalty, which for most arrangements may be subject to a contractually guaranteed minimum royalty amount. Payments are generally due quarterly. The Company recognizes revenue for sales-based royalty arrangements (including those for which the royalty exceeds any contractually guaranteed minimum royalty amount) as licensed products are sold by the licensee. If a sales-based royalty is not ultimately expected to exceed a contractually guaranteed minimum royalty amount, the minimum is recognized as revenue over the contractual period. This sales-based output measure of progress and pattern of recognition best represents the value transferred to the licensee over the term of the arrangement, as well as the amount of consideration that the Company is entitled to receive in exchange for providing access to its trademarks.

Revenue from Connected Fitness subscriptions is recognized on a gross basis and is recognized over the term of the subscription. The Company receives payments in advance of revenue recognition for subscriptions and are recorded as contract liabilities in the Company's Consolidated Balance Sheet. Related commission cost is included in selling, general and administrative expense in the Consolidated Statements of Operations. Revenue from Connected Fitness digital advertising is recognized as the Company satisfies performance obligations pursuant to customer insertion orders.

The Company records reductions to revenue for estimated customer returns, allowances, markdowns and discounts. The Company bases its estimates on historical rates of customer returns and allowances as well as the specific identification of outstanding returns, markdowns and allowances that have not yet been received by the Company. The actual amount of customer returns and allowances, which is inherently uncertain, may differ from the Company's estimates. If the Company determines that actual or expected returns or allowances are significantly higher or lower than the reserves it established, it would record a reduction or increase, as appropriate, to net sales in the period in which it makes such a determination. Provisions for customer specific discounts are based on negotiated arrangements with certain major customers. Reserves for returns, allowances, markdowns and discounts are included within customer refund liability and the value of inventory associated with reserves for sales returns are included within prepaid expenses and other current assets on the Consolidated Balance Sheet. The Company reviews and refines these estimates on at least a quarterly basis. For Fiscal 2020 and Fiscal 2019, there were $203.4 million and $219.4 million, respectively, in reserves for returns, allowances, markdowns and discounts within customer refund liability and $57.9 million and $61.1 million, respectively, as the estimated value of inventory associated with the reserves for sales returns within prepaid expenses and other current assets on the Consolidated Balance Sheet. Refer to Note 19 to the Consolidated Financial Statements for a further discussion of disaggregated revenues.

Contract Liability

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 consist of payments received in advance of revenue recognition for subscriptions for the Company's Connected Fitness applications, gift cards and royalty arrangements. Contract liabilities are included in other liabilities on the Company's Consolidated Balance Sheet. For Fiscal 2020 and Fiscal 2019, contract liability was $26.7 million and $60.4 million, respectively.

For Fiscal 2020, the Company recognized $16.1 million of revenue that was previously included in contract liability as of the end of Fiscal 2019. For Fiscal 2019, the Company recognized $48.5 million of revenue that was previously included in contract liability as of the end of Fiscal 2018. The change in the contract liability balance primarily results from the timing differences between the Company's satisfaction of performance obligations and the customer's payment. Commissions related to subscription revenue are capitalized and recognized over the subscription period.

Practical Expedients and Policy Elections

The Company has made a policy election to account for shipping and handling activities that occur after the customer has obtained control of a good as a fulfillment cost rather than an additional promised service. Additionally, the Company has elected not to disclose certain information related to unsatisfied performance obligations for subscriptions for its Connected Fitness applications as they have an original expected length of one year or less.

Advertising Costs

Advertising costs are charged to selling, general and administrative expenses. Advertising production costs are expensed the first time an advertisement related to such production costs is run. Media (television, print and radio) placement costs are expensed in the month during which the advertisement appears, and costs related to event sponsorships are expensed when the event occurs. In addition, advertising costs include sponsorship expenses. Accounting for sponsorship payments is based upon specific contract provisions and the payments are generally expensed uniformly over the term of the contract after recording expense related to specific performance incentives once they are deemed probable. Advertising expense, including amortization of in-store marketing fixtures and displays, was $550.4 million, $578.9 million and $543.8 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively. For Fiscal 2020, prepaid advertising costs were $15.2 million (Fiscal 2019: $26.9 million).

Shipping and Handling Costs

The Company charges certain customers shipping and handling fees. These fees are recorded in net revenues. The Company includes the majority of outbound handling costs as a component of selling, general and administrative expenses. Outbound handling costs include costs associated with preparing goods to ship to customers and certain costs to operate the Company’s distribution facilities. These outbound handling costs, included within selling, general and administrative expenses, were $80.5 million, $81.0 million and $91.8 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively. The Company includes outbound freight costs associated with shipping goods to customers as a component of cost of goods sold.

Equity Method Investment

The Company has a common stock investment of 29.5% in Dome Corporation ("Dome"), the Company's Japanese licensee. The Company accounts for its investment in Dome under the equity method, given it has the ability to exercise significant influence, but not control, over Dome. During Fiscal 2020, the Company recorded its allocable share of Dome's net income of $3.5 million (Fiscal 2019: net loss of $8.7 million; Fiscal 2018: net income of $1 million), within income (loss) from equity method investment on the Consolidated Statements of Operations and as an adjustment to the investment balance within other long term assets on the Consolidated Balance Sheet.

The Company performed a qualitative assessment of potential impairment indicators for its investment in Dome and determined that indicators of impairment existed due to impacts from COVID-19. Accordingly, the Company performed a valuation of its investment in Dome and determined that the fair value of its investment was less than its carrying value by $8.6 million. The Company determined this decline in value to be other-than-temporary considering Dome's near and long-term financial forecast. Accordingly, the Company's results for Fiscal 2020 include the impact of recording a $8.6 million impairment of the Company's equity method investment in Dome, which reduced the carrying value to zero.The impairment charge was recorded within income (loss) from equity method investment on the Consolidated Statements of Operations and as a reduction to the investment balance within other long term assets on the Consolidated Balance Sheets. The Company calculated fair value using the discounted cash flows model, which indicates the fair value of the investment based on the present value of the cash flows that it expects the investment to generate in the future. For Fiscal 2020 there was no carrying value associated with the Company's equity investment in Dome (Fiscal 2019: $5.1 million).

In addition to the investment in Dome, the Company has a license agreement with Dome. The Company recorded license revenues from Dome of $40.1 million and $37.8 million for Fiscal 2020 and Fiscal 2019, respectively. For Fiscal 2020, the Company had $22.9 million (Fiscal 2019: $15.6 million) in licensing receivables outstanding recorded in the prepaid expenses and other current assets line item within the Company's Consolidated Balance Sheet.

On March 2, 2020, as part of the Company's acquisition of Triple, the Company assumed 49.5% of common stock ownership in UA Sports (Thailand) Co., Ltd. (“UA Sports Thailand”). The Company accounts for its investment in UA Sports Thailand under the equity method, given it has the ability to exercise significant influence, but not control, over UA Sports Thailand. For Fiscal 2020, the Company recorded the allocable share of UA Sports Thailand’s net loss of $1.1 million within income (loss) from equity method investment on the Consolidated Statements of Operations and as an adjustment to the investment balance within other long term assets on the Consolidated Balance Sheets. As of the end of Fiscal 2020 , the carrying value of the Company’s total investment in UA Sports Thailand was $4.5 million. Refer to Note 5 for a discussion of the acquisition.

Earnings per Share

Basic earnings per common share is computed by dividing net income available to common stockholders for the period by the weighted average number of common shares outstanding during the period. Any stock-based compensation awards that are determined to be participating securities, which are stock-based compensation awards that entitle the holders to receive dividends prior to vesting, are included in the calculation of basic earnings per share using the two class method. Diluted earnings per common share is computed by dividing net income available to common stockholders for the period by the diluted weighted average common shares outstanding during the period. Diluted earnings per share reflects the potential dilution from common shares issuable through stock options, warrants, restricted stock units and other equity awards. Refer to Note 14 for a further discussion of earnings per share.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with accounting guidance that requires all stock-based compensation awards granted to employees and directors to be measured at fair value and recognized as an expense in the financial statements. In addition, this guidance requires that excess tax benefits related to stock-based compensation awards be reflected as operating cash flows.

The Company uses the Black-Scholes option-pricing model to estimate the fair market value of stock-based compensation awards. The Company uses the “simplified method” to estimate the expected life of options, as permitted by accounting guidance. The “simplified method” calculates the expected life of a stock option equal to the time from grant to the midpoint between the vesting date and contractual term, taking into account all vesting tranches. The risk free interest rate is based on the yield for the U.S. Treasury bill with a maturity equal to the expected life of the stock option. Expected volatility is based on the Company's historical average. Compensation expense is recognized net of forfeitures on a straight-line basis over the total vesting period, which is the implied requisite service period. Compensation expense for performance-based awards is recorded over the implied requisite service period when achievement of the performance target is deemed probable.

The Company issues new shares of Class A Common Stock and Class C Common Stock upon exercise of stock options, grant of restricted stock or share unit conversion. Refer to Note 15 for further details on stock-based compensation.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Further, the full impact of COVID-19 cannot reasonably be estimated. The Company has made appropriate accounting estimates and assumptions based on the facts and circumstances available as of the 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. As a result of these uncertainties, actual results could differ from those estimates and assumptions.

Fair Value of Financial Instruments

The carrying amounts shown for the Company’s cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short term maturity of those instruments. As of the end of Fiscal 2020, the fair value of the Company's 3.250% Senior Notes were $602.6 million (Fiscal 2019: $587.5 million). The fair value of the Company's 1.50% Convertible Senior Notes, which was issued in May 2020, was $828.2 million as of the end of Fiscal 2020. The fair value of the Company's other long term debt approximates its carrying value based on the variable nature of interest rates and current market rates available to the Company. The fair value of foreign currency contracts is based on the net difference between the U.S. dollars 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 exchange rate. The fair value of the interest rate swap contract is based on the net difference between the fixed interest to be paid and variable interest to be received over the term of the contract based on current market rates.

Recently Issued Accounting Standards

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2020-06. The amendment in this update simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments and convertible preferred stock. This update also amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions and requires the application of the if-converted method for calculating diluted earnings per share. The update also requires entities to provide expanded disclosures about the terms and features of convertible instruments, how the instruments have been reported in the entity’s financial statements, and information about events, conditions, and circumstances that can affect how to assess the amount or timing of an entity’s future cash flows related to those instruments. The guidance is effective for interim and annual periods beginning after December 15, 2021. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform *(Topic 848):* Facilitation of Effects of Reference Rate Reform on Financial Reporting. The ASU provides practical expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The expedients and exceptions provided by the amendments in this update apply only to contracts, hedging relationships, and other transactions that reference the London interbank offered rate (“LIBOR”) or another reference rate expected to be discontinued as a result of reference rate reform. This ASU is currently effective and upon adoption may be applied prospectively to contract modifications and hedging relationships made on or before December 31, 2022. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

Recently Adopted Accounting Standards

In December 2019, the FASB issued ASU 2019-12 to simplify the accounting for income taxes. The ASU impacts various topic areas within ASC 740, including accounting for taxes under hybrid tax regimes, accounting for increases in goodwill, allocation of tax amounts to separate company financial statements within a group that files a consolidated tax return, intra-period tax allocation, interim period accounting, and accounting for ownership changes in investments, among other minor codification improvements. The guidance in this ASU becomes effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 and may be early adopted. The Company has elected to early adopt this standard as of January 1, 2020. The adoption of this ASU did not have a material impact on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13 - Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments. This ASU amended the impairment model to utilize an expected loss methodology in place of the previously used incurred loss methodology, which results in more timely recognition of losses. The new standard applies to financial assets measured at amortized cost basis, including receivables that result from revenue transactions. The Company adopted this ASU on January 1, 2020 and there was no material impact to the Consolidated Financial Statements as of the date of adoption. Results for reporting periods as of January 1, 2020 are presented under the new standard, while prior results continue to be reported under the previous standard.

3. Restructuring and Related Impairment Charges

On March 31, 2020, the Company's Board of Directors approved a restructuring plan ("2020 restructuring plan") designed to rebalance the Company’s cost base to further improve profitability and cash flow generation. The Company identified further opportunities and on September 2, 2020, the Company’s Board of Directors approved a $75 million increase to the restructuring plan, resulting in an updated 2020 restructuring plan of approximately $550 million to $600 million of total estimated pre-tax restructuring and related charges.

The restructuring and related charges primarily consist of up to approximately:

- $219 million of cash restructuring charges, comprised of up to: $61 million in facility and lease termination costs, $30 million in employee severance and benefit costs, and $128 million in contract termination and other restructuring costs; and
- $381 million of non-cash charges comprised of an impairment of $291 million related to the Company’s New York City flagship store and $90 million of intangibles and other asset related impairments.

The Company recorded $472.7 million and $183.1 million of restructuring and related impairment charges for Fiscal 2020 and Fiscal 2018, respectively. There were no restructuring charges incurred during Fiscal 2019. The Company previously implemented a restructuring plan in 2018. The summary of the costs recorded during Fiscal 2020 as well as the Company's current estimates of the amount expected to be incurred in connection with the 2020 restructuring plan is as follows:

(In thousands)	Restructuring and related impairment charges recorded Year ended December 31, 2020 (A)	Estimated restructuring and related Impairment charges (1) Remaining to be incurred (B)	Total (A+B)
Costs recorded in cost of goods sold:			
Contract-based royalties	$ 11,608	—	11,608
Inventory write-offs	768	3,400	4,168
Total costs recorded in cost of goods sold	12,376	3,400	15,776
Costs recorded in restructuring and impairment charges:			
Property and equipment impairment	29,280	8,098	37,378
Intangible asset impairment	4,351	—	4,351
Right-of-use asset impairment	293,495	—	293,495
Employee related costs	28,579	1,421	30,000
Contract exit costs (2)	79,008	89,992	169,000
Other asset write off	13,074	15,926	29,000
Other restructuring costs	12,564	8,436	21,000
Total costs recorded in restructuring and related impairment charges	460,351	123,873	584,224
Total restructuring and impairment charges	$ 472,727	$ 127,273	$ 600,000

(1) Estimated restructuring and related impairment charges to be incurred reflect the high-end of the range of the estimated remaining charges expected to be recorded by the Company in connection with the restructuring plan.

(2) Contract exit costs are primarily comprised of proposed lease exits of certain brand and factory house stores and office facilities, and proposed marketing and other contract exits.

The lease term for the Company's New York City flagship store commenced on March 1, 2020 and an operating lease right-of-use ("ROU") asset and corresponding operating lease liability of $344.8 million was recorded on the Company's Consolidated Balance Sheet. In March 2020, as a part of the 2020 restructuring plan, the Company made the strategic decision to forgo the opening of its New York City flagship store and the property is actively being marketed for sublease. Accordingly, in the first quarter of Fiscal 2020, the Company recognized a ROU asset impairment of $290.8 million, reducing the carrying value of the lease asset to its estimated fair value. Fair value was estimated using an income-approach based on management's forecast of future cash flows expected to be derived from the property based on current sublease market rent. Rent expense or sublease income related to this lease will be recorded within other income (expense) on the Consolidated Statements of Operations.

All restructuring and related impairment charges are included in the Company's Corporate Other non-operating segment, of which $397.6 million are North America related, $14.4 million are EMEA related, $14.9 million are Latin America related, $6.8 million are Asia-Pacific related and $4.6 million are Connected Fitness related for Fiscal 2020.

These charges require the Company to make certain judgements and estimates regarding the amount and timing of restructuring and related impairment charges or recoveries. The estimated liability could change subsequent to its recognition, requiring adjustments to the expense and the liability recorded. On a quarterly basis, the Company conducts an evaluation of the related liabilities and expenses and revises its assumptions and estimates as appropriate as new or updated information becomes available.

A summary of the activity in the restructuring reserve related to the Company's 2020 restructuring plan, as well as prior restructuring plans in 2018 and 2017 is as follows:

(In thousands)	Employee Related Costs	Contract Exit Costs	Other Restructuring Related Costs
Balance at January 1, 2020	$ 462	$ 17,843	$ —
Additions charged to expense	27,452	72,747	11,843
Cash payments charged against reserve	(14,584)	(28,456)	(5,745)
Changes in reserve estimate	(462)	(492)	—
Balance at December 31, 2020	$ 12,868	$ 61,642	$ 6,098

Latin America operating model change

During the fourth quarter of Fiscal 2020, the Company determined to change to a distributor model in Chile, which is expected to be effective in early 2021. The Company determined that as of the end of Fiscal 2020, the Chile subsidiary met the criteria to be classified as held for sale under Accounting Standard Codification (ASC) 360, *Property, Plant, and Equipment*. Included within Total current assets and Total other long term assets on the Consolidated Balance Sheet as of the end of Fiscal 2020 are inventory with the carrying value of $1.2 million and property and equipment with the carrying value of $13.6 million, respectively, which represent assets held for sale.

4. Sale of MyFitnessPal

On October 28, 2020, the Company entered into a Stock Purchase Agreement (the “Purchase Agreement”) to sell its MyFitnessPal platform, and on December 18, 2020, the sale was completed. Pursuant to the Purchase Agreement, the aggregate sale price for the transaction was $345 million, of which $215 million was payable upon closing. The Company received $198.7 million at closing after giving effect to $16 million of purchase price and other adjustments. The sale includes up to $130 million in earnout payments, which are based on the achievement of certain revenue targets over a three-year period. The potential earnout payments include up to $35 million payable in calendar year 2022, $45 million payable in calendar year 2023 and $50 million payable in calendar year 2024. The Company recognized a gain of approximately $179.3 million, which is included in Other income (expenses), net in the Consolidated Statements of Operations. The Company made an election to record the contingent earnout portion of the arrangement when the earnout payments are determined to be realizable in the future periods. In connection with the sale, we agreed to provide certain transition services to MyFitnessPal for an expected period up to nine months from the date of sale. The continuing cash flows related to these items are not expected to be significant.

5. Acquisition

Triple Pte. Ltd.

On March 2, 2020, the Company acquired, on a cash free, debt free basis, 100% of Triple Pte. Ltd. ("Triple"), a distributor of the Company's products in Southeast Asia. The purchase price for the acquisition was $32.9 million in cash, net of $8.9 million of cash acquired that was held by Triple at closing and settlement of $5.1 million in pre-existing trade receivables due from Triple prior to the acquisition. The results of operations of this acquisition have been consolidated with those of the Company beginning on March 2, 2020.

The Company incurred $1.0 million in acquisition related costs that were expensed during Fiscal 2020. These costs are included in selling, general and administrative expenses within the Consolidated Statements of Operations. Pro forma results are not presented, as the acquisition was not considered material to the consolidated Company.

6. Property and Equipment, Net

Property and equipment are stated at cost, including the cost of internal labor for software customized for internal use, less accumulated depreciation and amortization. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

	Years
Furniture, office equipment, software and plant equipment (1)	3 to 10
Site improvements, buildings and building equipment	10 to 35
Leasehold and tenant improvements	Shorter of the remaining lease term or related asset life

(1) The cost of in-store apparel and footwear fixtures and displays are capitalized, included in furniture, fixtures and displays, and depreciated over 3 years.

The Company periodically reviews assets' estimated useful lives based upon actual experience and expected future utilization. A change in useful life is treated as a change in accounting estimate and is applied prospectively.

The Company capitalizes the cost of interest for long term property and equipment projects based on the Company's weighted average borrowing rates in place while the projects are in progress. Capitalized interest was $1.4 million as of the end of Fiscal 2020 (Fiscal 2019: $1.6 million).

Upon retirement or disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in selling, general and administrative expenses for that period. Major additions and betterments are capitalized to the asset accounts while maintenance and repairs, which do not improve or extend the lives of assets, are expensed as incurred.

Property and equipment consisted of the following:

	December 31,	
(In thousands)	**2020**	**2019**
Leasehold and tenant improvements	$ 540,847	$ 563,061
Furniture, fixtures and displays	236,527	235,721
Buildings	48,382	52,184
Software	339,756	337,577
Office equipment	125,695	126,412
Plant equipment	130,155	144,844
Land	83,626	83,626
Construction in progress	31,217	54,771
Other	6,047	4,071
Subtotal property and equipment	1,542,252	1,602,267
Accumulated depreciation	(883,574)	(810,119)
Property and equipment, net	$ 658,678	$ 792,148

Construction in progress primarily includes costs incurred for software systems, leasehold improvements and in-store fixtures and displays not yet placed in use.

Depreciation expense related to property and equipment was $154.4 million for Fiscal 2020 (Fiscal 2019: $177.3 million; Fiscal 2018: $173.4 million).

7. Long-Lived Asset and Goodwill Impairment

Long-Lived Asset Impairment

As a result of the impacts of COVID-19, the Company determined that sufficient indicators existed to trigger the performance of an interim long-lived asset impairment analysis in Fiscal 2020. The Company performed undiscounted cash flow analyses on its long-lived assets, including retail stores at an individual store level. Based on these undiscounted cash flow analyses, the Company determined that certain long-lived assets had net carrying values that exceeded their estimated undiscounted future cash flows. Accordingly, the Company estimated the fair values of these long-lived assets based on their market rent assessments or discounted cash flows. The Company compared these estimated fair values to the net carrying values. Accordingly, the Company recognized $89.7 million of long-lived asset impairment charges for Fiscal 2020. There were no long-lived asset impairment charges in Fiscal 2019 or Fiscal 2018. The long-lived impairment charge was recorded within restructuring and impairment charges on the Consolidated Statements of Operations and as a reduction to the related asset balances on the Consolidated Balance Sheets. The long-lived asset impairment charges for Fiscal 2020 are included within the Company's operating segments as follows: $47.6 million recorded in North America, $23.0 million recorded in Asia-Pacific, $13.3 million recorded in Latin America, and $5.8 million recorded in EMEA.

The significant estimates used in the fair value methodology, which are based on Level 3 inputs, include: the Company's expectations for future operations and projected cash flows, including net revenue, gross profit and operating expenses and market conditions, including estimated market rent.

Additionally, the Company recognized $290.8 million of long-lived asset impairment charges related to the Company's New York City flagship store, which was recorded in connection with the Company's 2020 restructuring plan for Fiscal 2020. Refer to Note 3 for a further discussion of the restructuring and related impairment charges.

Goodwill Impairment

As a result of the impacts of COVID-19, the Company determined that sufficient indicators existed to trigger an interim goodwill impairment analysis for all of the Company’s reporting units as of March 31, 2020. In the first quarter of 2020, the Company performed discounted cash flow analyses and determined that the estimated fair values of the Latin America reporting unit and the Canada reporting unit within the North America operating segment no longer exceeded their carrying value, resulting in a full impairment of the goodwill allocated to their respective reporting units. The Company recognized goodwill impairment charges of $51.6 million for Fiscal 2020 for these reporting units within restructuring and impairment charges on the Consolidated Statements of Operation, and as a reduction to the goodwill balance on the Consolidated Balance Sheets. There were no triggering events or goodwill impairment charges recorded during the remainder of Fiscal 2020.

The determination of the Company’s reporting units' fair value includes assumptions that are subject to various risks and uncertainties. The significant estimates used in the discounted cash flow analyses, which are based on Level 3 inputs, include: the Company’s weighted average cost of capital, adjusted for the risk attributable to the geographic regions of the reporting unit's business, long-term rate of growth and profitability of the reporting unit's business, working capital effects, and changes in market conditions, consumer trends or strategy.

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

(In thousands)	North America	EMEA	Asia-Pacific	Latin America	Connected Fitness	Total
Balance as of December 31, 2018	$ 317,500	$ 104,823	$ 79,410	$ 44,761	$ —	$ 546,494
Effect of currency translation adjustment	788	1,243	(242)	1,895	—	3,684
Balance as of December 31, 2019	318,288	106,066	79,168	46,656	—	550,178
Effect of currency translation adjustment	(1,420)	6,971	8,486	(10,426)	—	3,611
Impairment	(15,345)	—	—	(36,230)	—	(51,575)
Balance as of December 31, 2020	$ 301,523	$ 113,037	$ 87,654	$ —	$ —	$ 502,214

Intangible Assets, net

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

	December 31, 2020						
(In thousands)	Useful Lives from Date of Acquisitions (in years)	Gross Carrying Amount	Accumulated Amortization	Impairment	Sale of Business	Purchase of Business	Net Carrying Amount
Intangible assets subject to amortization:							
Technology	5-7	$ 1,138	$ (145)	$ —	$ —	$ —	$ 993
Customer relationships	2-3	—	(1,208)	—	—	8,770	7,562
User/Nutrition database	10	46,314	(23,790)	(4,351)	(18,173)	—	—
Lease-related intangible assets	1-15	12,896	(9,180)	(1,058)	—	—	2,658
Other	5-10	295	(188)	—	—	—	107
Total		$ 60,643	$ (34,510)	$ (5,410)	$ (18,173)	$ 8,770	$ 11,320
Indefinite-lived intangible assets							1,975
Intangible assets, net							$ 13,295

	December 31, 2019						
(In thousands)	Useful Lives from Date of Acquisitions (in years)	Gross Carrying Amount	Accumulated Amortization	Impairment	Sale of Business	Purchase of Business	Net Carrying Amount
Intangible assets subject to amortization:							
Technology	5-7	$ 2,536	$ (965)	$ —	$ —	$ —	$ 1,571
Customer relationships	2-3	—	—	—	—	—	—
User/Nutrition database	10	52,727	(25,472)	—	—	—	27,255
Lease-related intangible assets	1-15	5,152	(2,380)	—	—	—	2,772
Other	5-10	1,428	(1,154)	—	—	—	275
Total		$ 61,843	$ (29,970)	$ —	$ —	$ —	$ 31,871
Indefinite-lived intangible assets							4,474
Intangible assets, net							$ 36,345

Amortization expense, which is included in selling, general and administrative expenses, was $7.0 million, $6.1 million and $6.1 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively. The following is the estimated amortization expense for the Company's intangible assets as of the end of Fiscal 2020:

(In thousands)	
2021	$ 2,124
2022	2,020
2023	1,660
2024	1,497
2025	1,497
2026 and thereafter	272
Amortization expense of intangible assets	$ 9,070

8. Leases

The Company enters into operating leases both domestically and internationally, to lease certain warehouse space, office facilities, space for its brand and factory house stores and certain equipment under non-cancelable operating leases. The leases expire at various dates through 2035, excluding extensions at the Company's option, and include provisions for rental adjustments.

The Company accounts for a contract as a lease when it has the right to direct the use of the asset for a period of time while obtaining substantially all of the asset's economic benefits. The Company determines the initial classification and measurement of its ROU assets and lease liabilities at the lease commencement date and thereafter if modified. ROU assets represent the Company's right to control the underlying assets under lease, over the contractual term. ROU assets and lease liabilities are recognized on the Consolidated Balance Sheets based on the present value of future minimum lease payments to be made over the lease term. ROU assets and lease liabilities are established on the Consolidated Balance Sheets for leases with an expected term greater than one year. Short-term lease payments were not material for Fiscal 2020.

As the rate implicit in the Company's lease agreements is not readily determinable, the Company uses its secured incremental borrowing rate to determine the present value of the lease payments. The Company calculates the incremental borrowing rate based on the current market yield curve and adjusts for foreign currency for international leases.

Fixed lease costs are included in the recognition of ROU assets and lease liabilities. Variable lease costs are not included in the measurement of the lease liability. These variable lease payments are recognized in the Consolidated Statements of Operations in the period in which the obligation for those payments is incurred. Variable lease payments primarily consist of payments dependent on sales in brand and factory house stores. The Company has elected to combine lease and non-lease components in the determination of lease costs for its leases. The lease liability includes lease payments related to options to extend or renew the lease term only if the Company is reasonably certain to exercise those options.

The Company recognizes lease expense on a straight-line basis over the lease term. Included in selling, general and administrative expenses were operating lease costs of $156.7 million for Fiscal 2020 (Fiscal 2019: $166.4 million; Fiscal 2018: $152.7 million). Included in these amounts were $9.3 million in variable lease payments under non-cancelable operating lease agreements for Fiscal 2020 (Fiscal 2019: $12.9 million; Fiscal 2018: $14.2 million).

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

Supplemental balance sheet information related to leases was as follows:

	Year ended December 31,	
	2020	**2019**
Weighted average remaining lease term (in years)	9.12	6.73
Weighted average discount rate	3.83 %	4.26 %

Supplemental cash flow and other information related to leases was as follows:

	Year ended December 31,	
(In thousands)	**2020**	**2019**
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows from operating leases	$ 155,990	$ 116,811
Leased assets obtained in exchange for new operating lease liabilities	$ 390,957	$ 70,075

Maturities of lease liabilities are as follows:

(In thousands)		
2021	$	196,725
2022		163,631
2023		143,868
2024		125,173
2025		97,085
2026 and thereafter		467,361
Total lease payments	$	1,193,843
Less: Interest		191,866
Total present value of lease liabilities	$	1,001,977

As of the end of Fiscal 2020, the Company has additional operating lease obligations that have not yet commenced of approximately $6.5 million, which are not reflected in the table above.

9. Credit Facility and Other Long Term Debt

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”). The credit agreement has a term of five years, maturing in March 2024, with permitted extensions under certain circumstances. In May 2020, the Company entered into an amendment to the credit agreement (the “amendment” and, the credit agreement as amended, the “amended credit agreement” or the “revolving credit facility”), pursuant to which the prior revolving credit commitments were reduced from $1.25 billion to $1.1 billion of borrowings. From time to time throughout 2020, the Company borrowed funds under this facility as a precautionary measure in order to increase the cash position and preserve liquidity given the ongoing uncertainty in global markets resulting from the COVID-19 pandemic. As of the end of Fiscal 2020 and Fiscal 2019, there were no amounts outstanding under the revolving credit facility.

Except during the covenant suspension period (as defined below), at the Company's request and the lender's consent, commitments under the amended credit agreement may be increased by up to $300 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 under the revolving credit facility have maturities of less than one year. Up to $50 million of the facility may be used for the issuance of letters of credit. There were $4.3 million of letters of credit outstanding as of then end of Fiscal 2020 (Fiscal 2019: $5.0 million).

The obligations of the Company under the amended credit agreement are guaranteed by certain domestic significant subsidiaries of the Company, subject to customary exceptions (the “subsidiary guarantors”) and primarily secured by a first-priority security interest in substantially all of the assets of the Company and the subsidiary guarantors, excluding real property, capital stock in and debt of the subsidiaries holding certain real property and other customary exceptions.

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 the assets outside the ordinary course of business, enter into transactions with affiliates and make restricted payments (including a temporary suspension of certain voluntary restricted payments during the covenant suspension period (as defined below)).

The Company is required to comply with specific consolidated leverage and interest coverage ratios during specified periods. Prior to the amendment, the Company was 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 was 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 credit agreement. The amended credit agreement provides for suspensions of and adjustments to the leverage covenant (including definitional changes impacting the calculation of the ratio) and the interest coverage covenant beginning with the quarter ended June 30, 2020, and ending on the date on which financial statements for the quarter ended June 30, 2022 are delivered to lenders under the amended credit agreement (the “covenant suspension period”) as summarized below and described in more detail in the amended credit agreement:

- For the fiscal quarter ended June 30, 2020, the interest coverage covenant was suspended and the leverage covenant required that the ratio of consolidated total indebtedness to consolidated EBITDA be less than or equal to 4.5 to 1.0.
- For the fiscal quarters ending September 30, 2020, December 31, 2020, March 31, 2021 and June 30, 2021, compliance with the interest coverage covenant and the leverage covenant are both suspended. Beginning on September 30, 2020 through and including December 31, 2021, the Company must instead maintain minimum liquidity of $550.0 million (the “liquidity covenant”) (with liquidity being the sum of certain cash and cash equivalents held by the Company and its subsidiaries and available borrowing capacity under the amended credit agreement).
- For the fiscal quarter ending September 30, 2021, the interest coverage covenant is suspended, the leverage covenant will require that the ratio of consolidated total indebtedness to consolidated EBITDA be less than or equal to 4.5 to 1.0 and the Company must comply with the liquidity covenant.
- For the fiscal quarter ending December 31, 2021, the interest coverage covenant is suspended, the leverage covenant will require that the ratio of consolidated total indebtedness to consolidated EBITDA be less than or equal to 4.0 to 1.0 and the Company must comply with the liquidity covenant.
- Beginning on January 1, 2022, the liquidity covenant is terminated. For the fiscal quarter ending March 31, 2022, the leverage covenant will require that the ratio of consolidated total indebtedness to consolidated EBITDA be less than or equal to 3.5 to 1.0 and the interest coverage covenant will require that the ratio of consolidated EBITDA to consolidated interest expense be greater than or equal to 3.5 to 1.0.

As of the end of Fiscal 2020, 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.

During the covenant suspension period, the applicable margin for loans is 2.00% for adjusted LIBOR loans and 1.00% for alternate base rate loans. Otherwise, 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, or (b) a rate based on the rates applicable for deposits in the interbank market for U.S. Dollars or the applicable currency in which the loans are made (“adjusted LIBOR”), 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 consolidated leverage ratio and ranges between 1.25% to 1.75% for adjusted LIBOR loans and 0.25% to 0.75% for alternate base rate loans. The weighted average interest rate under the revolving credit facility borrowings was 2.3% and 3.6% during Fiscal 2020 and Fiscal 2019, respectively. During the covenant suspension period, the commitment fee rate is 0.40% per annum. Otherwise, the Company pays 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 the end of Fiscal 2020, the commitment fee was 15 basis points. The Company incurred and deferred $7.2 million in financing costs in connection with the amended credit agreement.

1.50% Convertible Senior Notes

In May 2020, the Company issued $500 million aggregate principal amount of 1.50% convertible senior notes due 2024 (the “Convertible Senior Notes”). The Convertible Senior Notes bear interest at the rate of 1.50% per annum, payable semiannually in arrears on June 1 and December 1 of each year, beginning December 1, 2020. The Convertible Senior Notes will mature on June 1, 2024, unless earlier converted in accordance with their terms, redeemed in accordance with their terms or repurchased.

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

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

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, the Convertible Senior Notes will be convertible only upon satisfaction of one or more of the following conditions:

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

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

On or after 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.

The Convertible Senior Notes contain a cash conversion feature, and as a result, the Company has separated its carrying value into liability and equity components. The Company valued the liability component based on its borrowing rate for a similar debt instrument that does not contain a conversion feature. The equity component, which is recognized as a debt discount, was valued as the difference between the face value of the Convertible Senior Notes and the fair value of the liability component.

In connection with the Convertible Senior Notes issuance, the Company incurred deferred financing costs of $12.3 million, primarily related to fees paid to the initial purchasers of the offering, as well as legal and accounting fees. These costs were allocated on a pro rata basis, with $10.0 million allocated to the debt component and $2.2 million allocated to the equity component.

The debt discount and the debt portion of the deferred financing costs are being amortized to interest expense over the term of the Convertible Senior Notes using an effective interest rate of 6.8%.

The Convertible Senior Notes consist of the following components:

(In thousands)		Year ended December 31, 2020
Liability component		
Principal	$	500,000
Unamortized debt discount		(79,031)
Unamortized issuance costs		(8,501)
Net carrying amount	$	412,468
Equity component, net of issuance costs	$	88,672

Interest expense related to the Convertible Senior Notes consists of the following components:

(In thousands)		Year ended December 31, 2020
Coupon interest	$	4,375
Non-cash amortization of debt discount		11,816
Amortization of deferred financing costs		1,451
Convertible senior notes interest expense	$	17,642

In connection with the issuance of the Convertible Senior Notes, the Company recorded an $11 million net deferred tax liability and a corresponding reduction in valuation allowance. As a result, there was no net impact to the Company’s deferred income taxes or additional paid in capital on the Consolidated Balance Sheet.

3.250% Senior Notes

In June 2016, the Company issued $600 million aggregate principal amount of 3.250% senior unsecured notes due June 15, 2026 (the “Senior Notes”). Interest is 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.

Other Long Term Debt

In December 2012, the Company entered into a $50 million recourse loan collateralized by the land, buildings and tenant improvements comprising its corporate headquarters. In July 2018, this loan was paid in full, without penalties, using borrowings under the Company's revolving credit facility.

The following are the scheduled maturities of long term debt as of the end of Fiscal 2020:

(In thousands)		
2021	$	—
2022		—
2023		—
2024		500,000
2025		—
2026 and thereafter		600,000
Total scheduled maturities of long term debt	$	1,100,000
Current maturities of long term debt	$	—

Interest expense, net was $47.3 million, $21.2 million, and $33.6 million for Fiscal 2020, 2019 and 2018, respectively. Interest expense includes the 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. Amortization of deferred financing costs was $3.8 million, $2.4 million, and $1.5 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

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.

10. Commitments and Contingencies

Sports Marketing and Other Commitments

Within the normal course of business, the Company enters into contractual commitments in order to promote the Company's brand and products. These commitments include sponsorship agreements with teams and athletes on the collegiate and professional levels, official supplier agreements, athletic event sponsorships and other marketing commitments. The following is a schedule of the Company's future minimum payments under its sponsorship and other marketing agreements as of December 31, 2020, as well as significant sponsorship and other marketing agreements entered into during the period after December 31, 2020 through the date of this report:

(In thousands)		
2021	$	106,727
2022		85,090
2023		69,454
2024		55,525
2025		32,370
2026 and thereafter		12,453
Total future minimum sponsorship and other payments	$	361,619

The amounts listed above are the minimum compensation obligations and guaranteed royalty fees required to be paid under the Company's sponsorship and other marketing agreements. The amounts listed above do not include additional performance incentives and product supply obligations provided under certain agreements. It is not possible to determine how much the Company will spend on product supply obligations on an annual basis as contracts generally do not stipulate specific cash amounts to be spent on products. The amount of product provided to the sponsorships depends on many factors including general playing conditions, the number of sporting events in which they participate and the Company's decisions regarding product and marketing initiatives. In addition, the costs to design, develop, source and purchase the products furnished to the endorsers are incurred over a period of time and are not necessarily tracked separately from similar costs incurred for products sold to customers.

Other

In connection with various contracts and agreements, the Company has agreed to indemnify counterparties against certain third party claims relating to the infringement of intellectual property rights and other items. Generally, such indemnification obligations do not apply in situations in which the counterparties are grossly negligent, engage in willful misconduct, or act in bad faith. Based on the Company's historical experience and the estimated probability of future loss, the Company has determined that the fair value of such indemnifications is not material to its consolidated financial position or results of operations.

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, and that the ultimate resolution of any such proceedings will not have a material adverse effect on its 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 August 4, 2017, the lead plaintiff in the Consolidated Securities Action, Aberdeen City Council as Administrating Authority for the North East Scotland Pension Fund (“Aberdeen”), joined by named plaintiff Bucks County Employees Retirement Fund (“Bucks County”), filed a consolidated amended complaint (the “Amended Complaint”) against the Company, the Company’s then-Chief Executive Officer, Kevin Plank, and former Chief Financial Officers Lawrence Molloy and Brad Dickerson. The Amended Complaint alleged violations of Section 10(b) (and Rule 10b-5) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 20(a) control person liability under the Exchange Act against the officers named in the Amended Complaint, claiming that the defendants made material misstatements and omissions regarding, among other things, the Company's growth and consumer demand for certain of the Company's products. The class period identified in the Amended Complaint is September 16, 2015 through January 30, 2017. The Amended Complaint also asserted claims under Sections 11 and 15 of the Securities Act of 1933, as amended (the “Securities Act”), in connection with the Company’s public offering of senior unsecured notes in June 2016. The Securities Act claims were asserted against the Company, Mr. Plank, Mr. Molloy, the Company’s directors who signed the registration statement pursuant to which the offering was made and the underwriters that participated in the offering. The Amended Complaint alleged that the offering materials utilized in connection with the offering contained false and/or misleading statements and omissions regarding, among other things, the Company’s growth and consumer demand for certain of the Company’s products.

On November 9, 2017, the Company and the other defendants filed motions to dismiss the Amended Complaint. On September 19, 2018, the District Court dismissed the Securities Act claims with prejudice and the Exchange Act claims without prejudice. Lead plaintiff Aberdeen, joined by named plaintiff Monroe County Employees’ Retirement Fund (“Monroe”), filed a Second Amended Complaint on November 16, 2018, asserting claims under the Exchange Act and naming the Company and Mr. Plank as the remaining defendants. The remaining defendants filed a motion to dismiss the Second Amended Complaint on January 17, 2019. On August 19, 2019, the District Court dismissed the Second Amended Complaint with prejudice.

In September 2019, plaintiffs Aberdeen and Bucks County filed an appeal in the United States Court of Appeals for the Fourth Circuit challenging the decisions by the District Court on September 19, 2018 and August 19, 2019 (the “Appeal”). The Appeal was fully briefed as of January 16, 2020.

On November 6 and December 17, 2019, two purported shareholders of the Company filed putative securities class actions in the District Court against the Company and certain of its current and former executives (captioned Patel v. Under Armour, Inc., No. 1:19-cv-03209-RDB (“Patel”), and Waronker v. Under Armour, Inc., No. 1:19-cv-03581-RDB (“Waronker”), respectively). The complaints in Patel and Waronker alleged violations of Section 10(b) (and Rule 10b-5) of the Exchange Act, against all defendants, and Section 20(a) control person liability under the Exchange Act against the current and former officers named in the complaints. The complaints claimed that the defendants’ disclosures and statements supposedly misrepresented or omitted that the Company was purportedly shifting sales between quarterly periods allegedly to appear healthier and that the Company was under investigation by and cooperating with the United States Department of Justice (“DOJ”) and the United States Securities and Exchange Commission (“SEC”) since July 2017.

On November 18, 2019, Aberdeen, the lead plaintiff in the Consolidated Securities Action, filed in the District Court a motion for an indicative ruling under Federal Rule of Civil Procedure 62.1 (the “Rule 62.1 Motion”) seeking relief from the final judgment pursuant to Federal Rule of Civil Procedure 60(b). The Rule 62.1 Motion alleged that purported newly discovered evidence entitled Aberdeen to relief from the District Court’s final judgment. Aberdeen also filed motions seeking (i) to consolidate the Patel and Waronker cases with the Consolidated Securities Action, and (ii) to be appointed lead plaintiff over the consolidated cases.

On January 22, 2020, the District Court granted Aberdeen’s Rule 62.1 motion and indicated that it would grant a motion for relief from the final judgment and provide Aberdeen with the opportunity to file a third amended complaint if the Fourth Circuit remanded for that purpose. The District Court further stated that it would, upon remand, consolidate the Patel and Waronker cases with the Consolidated Securities Action and appoint Aberdeen as the lead plaintiff over the consolidated cases.

On August 13, 2020, the Fourth Circuit remanded the Appeal to the District Court for the limited purpose of allowing the District Court to rule on Aberdeen's motion seeking relief from the final judgment pursuant to Federal Rule of Civil Procedure 60(b). On September 14, 2020, the District Court issued an order granting that relief. The District Court's order also consolidated the Patel and Waronker cases into the Consolidated Securities Action and appointed Aberdeen as lead plaintiff over the Consolidated Securities Action.

On October 14, 2020, Aberdeen, along with named plaintiffs Monroe and KBC Asset Management NV, filed a third amended complaint (the "TAC") in the Consolidated Securities Action, asserting claims under Sections 10(b) and 20(a) of 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 DOJ and the SEC since July 2017. The class period identified in the TAC is September 16, 2015 through November 1, 2019.

On December 4, 2020, the Company and Mr. Plank filed a motion to dismiss the TAC for failure to state a claim. Briefing on the motion to dismiss is expected to be completed in March 2021.

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

State Court Derivative Complaints

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

The consolidated complaint includes allegations similar to those in the Amended Complaint in the Consolidated Securities Action matter discussed above, 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 purchase of certain parcels of land from entities controlled by Mr. Plank (through Sagamore). Sagamore purchased the parcels in 2014. Its total investment in the parcels was approximately $72.0 million, which included the initial $35.0 million purchase price for the property, an additional $30.6 million to terminate a lease encumbering the property and approximately $6.4 million of development costs. As previously disclosed, in June 2016, the Company purchased the unencumbered parcels for $70.3 million in order to further expand the Company's corporate headquarters to accommodate its growth needs. The Company negotiated a purchase price for the parcels that it determined represented the fair market value of the parcels and approximated the cost to the seller to purchase and develop the parcels. In connection with its evaluation of the potential purchase, the Company engaged an independent third-party to appraise the fair market value of the parcels, and the Audit Committee of the Company's Board of Directors engaged its own independent appraisal firm to assess the parcels. The Audit Committee determined that the terms of the purchase were reasonable and fair, and the transaction was approved by the Audit Committee in accordance with the Company's policy on transactions with related persons.

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

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

Between August 11, 2020 and October 21, 2020, three additional purported shareholder derivative complaints were filed in Maryland state court (in cases captioned Cordell v. Plank, et al. (filed August 11, 2020), Klein v. Plank, et al. (filed October 2, 2020), and Salo v. Plank, et al. (filed October 21, 2020), respectively).

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

Prior to the filing of the derivative complaints in these three actions, none of the purported stockholders made a demand that the Company's Board of Directors pursue the claims asserted in the complaints.

The Company believes that the claims asserted in the derivative complaints filed in Maryland state court are without merit and intends to defend these matters vigorously. However, because of the inherent uncertainty as to the outcome of these proceedings, the Company is unable at this time to estimate the possible impact of the outcome of these matters.

Federal Court Derivative Complaints

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

The Andersen action was stayed from December 2018 to August 2019 and again from September 2019 to September 2020 (the "2019 Stay Order"). Pursuant to a series of court ordered stipulations, the terms of the 2019 Stay Order remained in effect through and including January 19, 2021. The stay expired on January 19, 2021.

Prior to the filing of the complaint in the Andersen action, the plaintiff had sent the Company's Board of Directors a letter demanding that the Company pursue claims similar to the claims asserted in the complaint. Following an investigation, a majority of disinterested and independent directors of the Company determined that the claims should not be pursued by the Company and informed the plaintiff of that determination. During the pendency of the Andersen action, the plaintiff sent the Company's Board of Directors a second letter demanding that the Company pursue claims similar to the claims asserted in the TAC in the Consolidated Securities Action. Following an investigation, a majority of disinterested and independent directors of the Company determined that the claims should not be pursued by the Company and informed the plaintiff of that determination.

In September 2020, two additional derivative complaints were filed in the United States District Court for the District of Maryland (in cases captioned Olin v. Plank, et al. (filed September 1, 2020), and Smith v. Plank, et al. (filed September 8, 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. On November 20, 2020, another derivative complaint was filed in the United States District Court for the District of Maryland, in a case captioned Viskovich v. Plank, et al. Prior to filing his derivative complaint, the plaintiff in the Viskovich matter made a demand that the Company's Board of Directors pursue the claims asserted in the complaint but filed suit before the Board had responded to the demand.

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

On January 27, 2021, the court entered an order consolidating for all purposes the Andersen, Olin, Smith and Viskovich actions into a single action under the caption Andersen v. Plank, et al. (the "Federal Court Derivative Action").

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

Wells Notices

In addition to the Company's material pending legal proceedings, as previously disclosed, in July 2020, the Company, as well as Kevin Plank and David Bergman (together, the "Executives"), received "Wells Notices" from the SEC relating to the Company's disclosures covering the third quarter of 2015 through the period ending December 31, 2016, regarding the use of "pull forward" sales in connection with revenue during those quarters. The Wells Notices informed the Company that the SEC Staff has made a preliminary determination to recommend that the SEC file an enforcement action against the Company and each of the Executives that would allege certain violations of the Securities Act and the Securities Exchange Act and certain rules promulgated thereunder. The Wells Notices delivered to the Executives also reference potential charges related to the Executives' participation in the Company's violations, as well as control person liability under the Exchange Act.

The potential relief to be sought referenced in the Wells Notices included an injunction, a cease-and-desist order, disgorgement, prejudgment interest, and civil monetary penalties, as well as, in the case of the Executives, a bar from serving as an officer or director of a public company. A Wells Notice is neither a formal charge of wrongdoing nor a final determination that the recipient has violated any law, and to date no legal proceedings have been brought against the Company or the Executives with respect to this matter. The Company and the Executives maintain that their actions were appropriate and are pursuing the Wells Notice process, and also are engaging in a dialogue with the SEC Staff to work toward a resolution of this matter.

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 34.5 million shares, respectively, and each have a par value of $0.0003 1/3 per share as of December 31, 2020. Holders of Class A Common Stock and Class B Convertible Common Stock have identical rights, including liquidation preferences, except that the holders of Class A Common Stock are entitled to one vote per share and holders of Class B Convertible Common Stock are entitled to 10 votes per share on all matters submitted to a stockholder vote. Class B Convertible Common Stock may only be held by Kevin Plank, the Company's founder, Executive Chairman and Brand Chief, or a related party of Mr. Plank, as defined in the Company's charter. As a result, Mr. Plank has a majority voting control over the Company. Upon the transfer of shares of Class B Convertible Stock to a person other than Mr. Plank or a related party of Mr. Plank, the shares automatically convert into shares of Class A Common Stock on a one-for-one basis. In addition, all of the outstanding shares of Class B Convertible Common Stock will automatically convert into shares of Class A Common Stock on a one-for-one basis upon the death or disability of Mr. Plank or on the record date for any stockholders' meeting upon which the shares of Class A Common Stock and Class B Convertible Common Stock beneficially owned by Mr. Plank is less than 15% of the total shares of Class A Common Stock and Class B Convertible

Common Stock outstanding or upon the other events specified in the Class C Articles Supplementary to the Company's charter as documented below. Holders of the Company's common stock are entitled to receive dividends when and if authorized and declared out of assets legally available for the payment of dividends.

The Company's Class C Common Stock has an authorized number of of 400.0 million shares and have a par value of $0.0003 1/3 per share as of December 31, 2020. 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.

12. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). 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 are set forth in the table below:

	December 31, 2020			December 31, 2019		
(In thousands)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative foreign currency contracts (see Note 17)	$ —	$ (22,122)	$ —	$ —	$ (7,151)	$ —
Interest rate swap contracts (see Note 17)	$ —	—	$ —	$ —	—	$ —
TOLI policies held by the Rabbi Trust	$ —	$ 7,697	$ —	$ —	$ 6,543	$ —
Deferred Compensation Plan obligations	$ —	$ (14,314)	$ —	$ —	$ (10,839)	$ —

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 Company purchases marketable securities that are designated as available-for-sale. The foreign currency contracts represent 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 interest rate swap contracts represent gains and losses on the derivative contracts, which is the net difference between the fixed interest to be paid and variable interest to be received over the term of the contract based on current market rates. The fair value of the trust owned life insurance ("TOLI") policies held by the Rabbi Trust is based on the cash-surrender value of the life insurance policies, which are invested primarily in mutual funds and a separately managed fixed income fund. These investments are initially made in the same funds and purchased in substantially the same amounts as the selected investments of participants in the Under Armour, Inc. Deferred Compensation Plan (the "Deferred Compensation Plan"), which represent the underlying liabilities to participants in the Deferred Compensation Plan. Liabilities under the Deferred Compensation Plan are recorded at amounts due to participants, based on the fair value of participants' selected investments.

As of the end of December 31, 2020, the fair value of the Company's Convertible Senior Notes was $828.2 million. As of December 31, 2020 and December 31, 2019, the fair value of the Company's Senior Notes was $602.6 million and $587.5 million, respectively. The carrying value of the Company's other long term debt approximated its fair value as of the end of Fiscal 2020 and Fiscal 2019. 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).

Some assets are not measured at 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.

13. Provision for Income Taxes

Income (loss) before income taxes is as follows:

(In thousands)	Year Ended December 31, 2020	2019	2018
Income (loss) before income taxes			
United States	$ (478,465)	$ 81,122	$ (121,396)
Foreign	(14,079)	128,720	53,608
Total	$ (492,544)	$ 209,842	$ (67,788)

The components of the income tax expense (benefit) consisted of the following:

(In thousands)	Year Ended December 31, 2020	2019	2018
Current			
Federal	$ (30,047)	$ 7,232	$ (15,005)
State	34	771	3,253
Foreign	16,720	21,952	34,975
	(13,293)	29,955	23,223
Deferred			
Federal	50,620	12,750	(27,808)
State	587	25,508	(6,202)
Foreign	11,473	1,811	(9,765)
	62,680	40,069	(43,775)
Income tax expense (benefit)	$ 49,387	$ 70,024	$ (20,552)

A reconciliation from the U.S. statutory federal income tax rate to the effective income tax rate is as follows:

	Year Ended December 31, 2020		2019		2018	
U.S. federal statutory income tax rate	$ (103,434)	21.0 %	$ 44,067	21.0 %	$ (14,235)	21.0 %
State taxes, net of federal tax impact	(29,341)	6.0 %	4,620	2.2 %	(6,715)	9.9 %
Unrecognized tax benefits	2,260	(0.5)%	(2,031)	(1.0)%	(7,598)	11.2 %
Permanent tax benefits - MyFitnessPal Sale	(118,321)	24.0 %	—	— %	—	— %
Other permanent tax benefits/nondeductible expenses	15,993	(3.2)%	328	0.2 %	5,609	(8.2)%
Intercompany asset sale	—	— %	—	— %	(18,834)	27.8 %
Foreign rate differential	(972)	0.2 %	(10,494)	(5.0)%	(12,294)	18.1 %
Valuation allowance	302,575	(61.4)%	30,137	14.4 %	33,058	(48.8)%
Impacts related to Tax Act	(13,987)	2.8 %	—	— %	1,536	(2.3)%
Other	(5,386)	1.1 %	3,397	1.6 %	(1,079)	1.6 %
Effective income tax rate	$ 49,387	(10.0)%	$ 70,024	33.4 %	$ (20,552)	30.3 %

On March 27, 2020, the CARES Act, which provides relief to taxpayers affected by COVID-19, was signed into law. The CARES Act provides numerous tax provisions and other stimulus measures, including provisions for the deferral of the employer share of payroll tax payments, modifications to the net interest deduction limitations, carryback of net operating losses generated in Fiscal 2018, Fiscal 2019 and Fiscal 2020 tax years, alternative minimum tax credit refunds, and technical corrections to tax depreciation methods for qualified improvement property.

The provision with the most significant impact on the Company relates to the carryback of the federal net operating losses. The Company has recorded a benefit to income tax expense of approximately $35 million for current year net operating losses to be carried back under the CARES Act, including $13.9 million benefit for years with a statutory rate of 35% compared to the current statutory rate of 21%.

The Company recorded 2020 income tax expense on pretax losses, including the impact of recording valuation allowances for previously recognized deferred tax assets in the U.S. and China and current year U.S. pre-tax losses not able to be carried back, compared to 2019 income tax expense recorded on pre-tax income.

Deferred tax assets and liabilities consisted of the following:

(In thousands)	December 31, 2020	2019
Deferred tax assets		
Operating lease liabilities	$ 257,233	$ 140,673
U.S. Federal and State Capital Loss	69,332	—
Foreign net operating loss carry-forwards	51,040	31,524
Reserves and accrued liabilities	50,226	25,676
Intangible assets	31,965	20,041
U.S. state net operating loss	28,343	24,124
Inventory	28,079	32,209
Allowance for doubtful accounts and sales return reserves	19,864	23,257
Stock-based compensation	12,447	14,828
Foreign tax credits	10,023	11,807
Tax credits	8,775	7,480
Deductions limited by income	7,509	714
Other	3,303	4,835
Total deferred tax assets	578,139	337,168
Less: valuation allowance	(388,432)	(101,997)
Total net deferred tax assets	$ 189,707	$ 235,171
Deferred tax liabilities		
Right-of-use asset	$ (136,308)	$ (118,917)
Convertible debt instruments	(9,878)	—
Prepaid expenses	(9,443)	(15,862)
Property, plant and equipment	(8,107)	(16,956)
Other	(4,780)	(1,717)
Total deferred tax liabilities	(168,516)	(153,452)
Total deferred tax assets, net	$ 21,191	$ 81,719

All deferred tax assets and liabilities are classified as non-current on the Consolidated Balance Sheets as of December 31, 2020 and December 31, 2019. In evaluating its ability to realize the net deferred tax assets, the Company considered all available positive and negative evidence, including its past operating results and the forecast of future market growth, forecasted earnings, future taxable income, and prudent and feasible tax planning strategies. The assumptions utilized in determining future taxable income require significant judgment and actual operating results in future years could differ from the Company's current assumptions, judgments and estimates.

A significant portion of the Company's deferred tax assets relate to U.S. federal and state taxing jurisdictions. Realization of these deferred tax assets is dependent on future U.S. pre-tax earnings. In evaluating the recoverability of these deferred tax assets at December 31, 2020, the Company has considered all available evidence, both positive and negative, including but not limited to the following:

Positive

- No history of U.S. federal and state tax attributes expiring unused.
- Restructuring plans undertaken in 2017, 2018, and 2020, which aim to improve future profitability.

- Existing sources of taxable income
- Available prudent and feasible tax planning strategies.

Negative

- Restructuring plan undertaken in 2020 resulting in significant charges in pre-tax income, reducing profitability in the United States.
- The negative economic impact and uncertainty resulting from the COVID-19 pandemic.
- Cumulative pre-tax losses in recent years in the United States.
- Inherent challenges in forecasting future pre-tax earnings which rely, in part, on improved profitability from our restructuring efforts.

As of the end of Fiscal 2020, the Company believes that the weight of the negative evidence outweighs the positive evidence regarding the realization of the United States deferred tax assets and have recorded a valuation allowance of $308.2 million against the U.S. deferred tax assets, excluding certain state tax credits. The Company will continue to evaluate its ability to realize its net deferred tax assets on a quarterly basis.

As of the end of Fiscal 2020, the Company had $28.3 million in deferred tax assets associated with $473.3 million in state net operating loss carryforwards and $8.8 million in deferred tax assets associated with tax credits, the majority of which are definite lived. Certain of the definite lived state net operating losses and state tax credits will begin to expire within one to five years, and the majority will begin to expire within five to twenty years. The Company had $69.3 million in deferred tax assets associated with federal and state capital loss carryforwards totaling $125.1 million as of December 31, 2020, which, if unused, will expire in five years.

As of the end of Fiscal 2020, the Company had $51 million in deferred tax assets associated with approximately $231.3 million in foreign net operating loss carryforwards and $10 million in deferred tax assets associated with foreign tax credit carryforwards. While the majority of the foreign net operating loss carryforwards and foreign tax credit carryforwards have an indefinite carryforward period, certain are definite lived, with the majority to expire within 5 to 12 years. Additionally, as of December 31, 2020, the Company is not able to forecast the utilization of a majority of the deferred tax assets associated with foreign net operating loss carryforwards, foreign tax credit carryforwards and certain other foreign deferred tax assets and has recorded a valuation allowance of $80.2 million against these foreign deferred tax assets.

As of the end of Fiscal 2020, approximately $383.1 million of cash and cash equivalents was held by the Company's non-U.S. subsidiaries whose cumulative undistributed earnings total $644.2 million. The Tax Act imposed U.S. federal tax on all post-1986 foreign unrepatriated earnings accumulated through December 31, 2017. The portion of these earnings not subject to U.S. federal income tax as part of the one-time transition tax should, in general, not be subject to U.S. federal income tax. The Company will continue to permanently reinvest these earnings, as well as future earnings from its foreign subsidiaries, to fund international growth and operations. If the Company was to repatriate indefinitely reinvested foreign funds, it would still be required to accrue and pay certain taxes upon repatriation, including foreign withholding taxes and certain U.S. state taxes and record foreign exchange rate impacts. Determination of the unrecorded deferred tax liability that would be incurred if such amounts were repatriated is not practicable.

As of the end of Fiscal 2020 and Fiscal 2019, the total liability for unrecognized tax benefits, including related interest and penalties, was approximately $46.9 million and $44.3 million, respectively. The following table represents a reconciliation of the Company's total unrecognized tax benefits balances, excluding interest and penalties, for Fiscal 2020, Fiscal 2019 and Fiscal 2018.

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Beginning of year	$ 41,194	$ 55,855	$ 51,815
Increases as a result of tax positions taken in a prior period	1,738	1,545	1,978
Decreases as a result of tax positions taken in a prior period	(2,309)	(11,005)	(1,600)
Increases as a result of tax positions taken during the current period	2,142	1,158	12,802
Decreases as a result of settlements during the current period	(1,500)	(6,359)	—
Reductions as a result of a lapse of statute of limitations during the current period	—	—	(9,140)
Reductions as a result of divestiture	(951)	—	—
End of year	$ 40,314	$ 41,194	$ 55,855

As of the end of Fiscal 2020, $31.7 million of unrecognized tax benefits, excluding interest and penalties, would impact the Company's effective tax rate if recognized.

As of the end of Fiscal 2020, Fiscal 2019 and Fiscal 2018, the liability for unrecognized tax benefits included $4.3 million, $3.1 million, and $4.2 million, respectively, for the accrual of interest and penalties. For each of Fiscal 2020, Fiscal 2019 and Fiscal 2018, the Company recorded $1.2 million, $2.0 million, and $1.9 million, respectively, for the accrual of interest and penalties in its Consolidated Statements of Operations. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes on the Consolidated Statements of Operations.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company is currently under audit by the U.S. Internal Revenue Service for the years 2015 through 2017. The majority of the Company's other returns for years before 2015 are no longer subject to U.S. federal, state and local or foreign income tax examinations by tax authorities.

The total amount of unrecognized tax benefits relating to the Company's tax positions is subject to change based on future events including, but not limited to, the settlements of ongoing tax audits and assessments and the expiration of applicable statutes of limitations. Although the outcomes and timing of such events are highly uncertain, the Company does not anticipate that the balance of gross unrecognized tax benefits, excluding interest and penalties, will change significantly during the next twelve months. However, changes in the occurrence, expected outcomes, and timing of such events could cause the Company's current estimate to change materially in the future.

14. Earnings (Loss) per Share

The calculation of earnings (loss) per share for common stock shown below excludes the income attributable to outstanding restricted stock awards from the numerator and excludes the impact of these awards from the denominator. The following is a reconciliation of basic earnings (loss) per share to diluted earnings (loss) per share:

	Year Ended December 31,		
(In thousands, except per share amounts)	2020	2019	2018
Numerator			
Net income (loss)	$ (549,177)	$ 92,139	$ (46,302)
Denominator			
Weighted average common shares outstanding Class A, B and C	454,089	450,964	445,815
Effect of dilutive securities Class A, B and C	—	3,310	—
Weighted average common shares and dilutive securities outstanding Class A, B and C	454,089	454,274	445,815
Basic net income (loss) per share of Class A, B and C common stock	$ (1.21)	$ 0.20	$ (0.10)
Diluted net income (loss) per share of Class A, B and C common stock	$ (1.21)	$ 0.20	$ (0.10)

Effects of potentially dilutive securities are presented only in periods in which they are dilutive. Stock options, and restricted stock units representing 6.4 million, 1.8 million and 3.3 million shares of Class A and C common stock outstanding for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively, were excluded from the computation of diluted earnings per share because their effect would be anti-dilutive. Due to the Company being in a net loss position for Fiscal 2020 and Fiscal 2018, there were no stock options or restricted stock units included in the computation of diluted earnings per share, as their effect would have been anti-dilutive.

15. Stock-Based Compensation

Stock Compensation Plans

The Under Armour, Inc. Third Amended and Restated 2005 Omnibus Long-Term Incentive Plan as amended (the “2005 Plan”) provides for the issuance of stock options, restricted stock, restricted stock units and other equity awards to officers, directors, key employees and other persons. Stock options and restricted stock and restricted stock unit awards under the 2005 Plan generally vest ratably over a two to five year period. 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. The 2005 Plan terminates in 2025. As of the end of Fiscal 2020, 10.1 million Class A shares and 24.9 million Class C shares are available for future grants of awards under the 2005 Plan.

Total stock-based compensation expense for Fiscal 2020, Fiscal 2019 and Fiscal 2018 was $42.1 million , $49.6 million and $41.8 million, respectively. The related tax benefits, excluding consideration of valuation allowances, were $9.0 million, $11.8 million, and $10.0 million for Fiscal 2020, Fiscal 2019, and Fiscal 2018, respectively. The valuation allowances associated with these benefits were $9.0 million, $2.7 million, and $1.1 million for Fiscal 2020, Fiscal 2019, and Fiscal 2018, respectively. As of the end of Fiscal 2020, the Company had $67.5 million of unrecognized compensation expense expected to be recognized over a weighted average period of 2.39 years. This unrecognized compensation expense does not include any expense related to performance-based restricted stock units and stock options for which the performance targets have not been deemed probable as of the end of Fiscal 2020 and Fiscal 2018. Refer to “Stock Options” and “Restricted Stock and Restricted Stock Units” below for further information on these awards.

Employee Stock Purchase Plan

The Company’s Employee Stock Purchase Plan (the “ESPP”) allows for the purchase of Class A Common Stock and Class C Common Stock by all eligible employees at a 15% discount from fair market value subject to certain limits as defined in the ESPP. As of the end of Fiscal 2020, 2.7 million Class A shares and 2.0 million Class C shares are available for future purchases under the ESPP. During Fiscal 2020, Fiscal 2019 and Fiscal 2018, 482.9 thousand, 329.1 thousand and 393.8 thousand Class C shares were purchased under the ESPP, respectively.

Non-Employee Director Compensation Plan and Deferred Stock Unit 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.

Stock Options

The weighted average fair value of a stock option granted for Fiscal 2020, Fiscal 2019 and Fiscal 2018 was $6.61, $8.70 and $6.91, respectively. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Year Ended December 31,		
	2020	2019	2018
Risk-free interest rate	1.5 %	2.5 %	2.8 %
Average expected life in years	6.25	6.50	6.50
Expected volatility	43.1 %	41.0 %	40.4 %
Expected dividend yield	— %	— %	— %

A summary of the Company's stock options as of the end of Fiscal 2020, Fiscal 2019 and Fiscal 2018, and changes during the years then ended is presented below:

(In thousands, except per share amounts)	Year Ended December 31, 2020 Number of Stock Options	2020 Weighted Average Exercise Price	2019 Number of Stock Options	2019 Weighted Average Exercise Price	2018 Number of Stock Options	2018 Weighted Average Exercise Price
Outstanding, beginning of year	1,969	$ 16.61	2,732	$ 12.98	3,782	$ 12.71
Granted, at fair market value	303	15.13	460	19.39	579	15.41
Exercised	(410)	3.54	(733)	3.41	(1,262)	5.53
Expired	—	—	—	—	—	—
Forfeited	—	—	(490)	19.04	(367)	35.55
Outstanding, end of year	1,862	$ 19.31	1,969	$ 16.61	2,732	$ 12.98
Options exercisable, end of year	766	$ 22.41	913	$ 15.45	1,366	$ 7.70

Included in the table above are 0.2 million and 0.3 million performance-based stock options awarded to the Company's Executive Chairman and Brand Chief under the 2005 Plan for Fiscal 2019 and Fiscal 2018, respectively. There were no performance-based stock options awarded during Fiscal 2020. The performance-based stock options awarded in Fiscal 2019 have weighted average fair values of $8.70 and have vesting that is tied to the achievement of certain combined annual operating income targets.

The intrinsic value of stock options exercised during Fiscal 2020, Fiscal 2019 and Fiscal 2018 was $4.5 million, $12.4 million and $15.2 million, respectively.

For Fiscal 2020, Fiscal 2019 and Fiscal 2018 income tax benefits related to stock options exercised, excluding consideration of valuation allowances were $1.2 million, $2.7 million, and $3.5 million, respectively. The valuation allowances associated with these benefits were $0.3 million, $0.7 million, and $0.5 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

The following table summarizes information about stock options outstanding and exercisable as of the end of Fiscal 2020:

(In thousands, except per share amounts)

Options Outstanding: Number of Underlying Shares	Options Outstanding: Weighted Average Exercise Price Per Share	Options Outstanding: Weighted Average Remaining Contractual Life (Years)	Options Outstanding: Total Intrinsic Value	Options Exercisable: Number of Underlying Shares	Options Exercisable: Weighted Average Exercise Price Per Share	Options Exercisable: Weighted Average Remaining Contractual Life (Years)	Options Exercisable: Total Intrinsic Value
1,862	$ 19.31	7.18	$ 186	766	$ 22.41	6.02	$ 186

Restricted Stock and Restricted Stock Units

A summary of the Company's restricted stock and restricted stock units as of the end of Fiscal 2020, Fiscal 2019 and Fiscal 2018, and changes during the years then ended is presented below:

(In thousands, except per share amounts)	Year Ended December 31, 2020 Number of Restricted Shares	2020 Weighted Average Grant Date Fair Value	2019 Number of Restricted Shares	2019 Weighted Average Fair Value	2018 Number of Restricted Shares	2018 Weighted Average Fair Value
Outstanding, beginning of year	6,661	$ 18.02	8,284	$ 18.03	9,923	$ 24.41
Granted	4,572	13.09	3,501	19.32	5,165	15.57
Forfeited	(2,217)	16.68	(2,760)	18.56	(4,745)	27.43
Vested	(2,742)	17.86	(2,364)	20.24	(2,059)	24.95
Outstanding, end of year	6,274	$ 15.52	6,661	$ 18.02	8,284	$ 18.03

Included in the table above are 0.6 million and 0.8 million performance-based restricted stock units awarded to certain executives and key employees under the 2005 Plan during Fiscal 2019 and Fiscal 2018, respectively.

There were no performance-based restricted stock units awarded during Fiscal 2020. The performance-based restricted stock units awarded in Fiscal 2019 and Fiscal 2018 have weighted average grant date fair values of $19.39, and $15.60, respectively, and have vesting that is tied to the achievement of certain combined annual revenue and operating income targets.

During Fiscal 2019, the Company granted performance-based restricted stock units or stock options with vesting conditions tied to the achievement of revenue and operating income targets for 2019 and 2020. During Fiscal 2019, the Company deemed the achievement of these revenue and operating income targets improbable, accordingly, a reversal of expense of $2.9 million and $1.5 million were recorded for the performance-based restricted stock units and stock options for Fiscal 2020 and Fiscal 2019, respectively.

Warrants

The Company issued fully vested and non-forfeitable warrants to purchase 1.92 million shares of the Company's Class A Common Stock and 1.93 million shares of the Company’s Class C Common Stock to NFL Properties as partial consideration for footwear promotional rights which were recorded as an intangible asset in 2006. The warrants had a term of 12 years from the date of issuance and an exercise price of $4.66 per Class A share and $4.56 per Class C share. In August 2018, all of the warrants were exercised on a net exercise basis.

16. 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 of $5.4 million, $7.5 million and $9.9 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively. During Fiscal 2020, the Company temporarily suspended 401(k) matching contributions for approximately five months as part of the Company's capital preservation efforts in response to COVID-19. Shares of the Company’s Class A Common Stock and Class C common stock are not investment options in this plan.

In addition, the Company offers the Under Armour, Inc. Deferred Compensation Plan which allows a select group of management or highly compensated employees, as approved by the Compensation Committee, to make an annual base salary and/or bonus deferral for each year. As of the end of Fiscal 2020 and Fiscal 2019, the Deferred Compensation Plan obligations were $14.3 million and $10.8 million, respectively, and were included in other long term liabilities on the Consolidated Balance Sheets.

The Company established a Rabbi Trust to fund obligations to participants in the Deferred Compensation Plan. As of the end of Fiscal 2020 and Fiscal 2019, the assets held in the Rabbi Trust were TOLI policies with cash-surrender values of $7.7 million and $6.5 million, respectively. These assets are consolidated and are included in other long term assets on the Consolidated Balance Sheet. Refer to Note 12 for a discussion of the fair value measurements of the assets held in the Rabbi Trust and the Deferred Compensation Plan obligations.

17. Risk Management and Derivatives

Foreign Currency Risk Management

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 the end of Fiscal 2020, the Company has hedge instruments, primarily for British Pound/U.S. Dollar, U.S. Dollar/Chinese Renminbi, Euro/U.S. Dollar, U.S. Dollar/Canadian Dollar, U.S. Dollar/Mexican Peso, and Australian Dollar/U.S. Dollar currency pairs. All derivatives are recognized on the Consolidated Balance Sheets at fair value and classified based on the instrument’s maturity date.

(In thousands)	Balance Sheet Classification	December 31, 2020	December 31, 2019
Derivatives designated as hedging instruments under ASC 815			
Foreign currency contracts	Other current assets	$ —	$ 4,040
Foreign currency contracts	Other long term assets	—	24
Interest rate swap contracts	Other long term assets	—	—
Total derivative assets designated as hedging instruments		$ —	$ 4,064
Foreign currency contracts	Other current liabilities	$ 17,601	8,772
Foreign currency contracts	Other long term liabilities	6,469	2,443
Total derivative liabilities designated as hedging instruments		$ 24,070	$ 11,215
Derivatives not designated as hedging instruments under ASC 815			
Foreign currency contracts	Other current assets	$ 2,384	2,337
Total derivative assets not designated as hedging instruments		$ 2,384	2,337
Foreign currency contracts	Other current liabilities	$ 6,464	9,510
Total derivative liabilities not designated as hedging instruments		$ 6,464	9,510

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

	Year Ended December 31,					
	2020		2019		2018	
(In thousands)	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	$ 4,474,667	$ 2,098	$ 5,267,132	$ 18,789	$ 5,193,185	$ (1,748)
Cost of goods sold	$ 2,314,572	$ 9,516	$ 2,796,599	$ 4,703	$ 2,852,714	$ (1,279)
Interest expense, net	$ (47,259)	$ (36)	$ (21,240)	$ 1,598	$ (33,568)	$ 386
Other expense, net	$ 168,153	$ 25	$ (5,688)	$ 871	$ (9,203)	$ 1,537

The following tables present the amounts affecting the Statements of Comprehensive Income (Loss).

(In thousands)	Balance as of December 31, 2019	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, 2020
Derivatives designated as cash flow hedges				
Foreign currency contracts	$ (6,005)	$ (8,336)	$ 11,567	$ (25,908)
Interest rate swaps	(577)	—	(36)	(541)
Total designated as cash flow hedges	$ (6,582)	$ (8,336)	$ 11,531	$ (26,449)

(In thousands)	Balance as of December 31, 2018	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, 2019
Derivatives designated as cash flow hedges				
Foreign currency contracts	$ 21,908	$ (3,550)	$ 24,363	$ (6,005)
Interest rate swaps	954	67	1,598	(577)
Total designated as cash flow hedges	$ 22,862	$ (3,483)	$ 25,961	$ (6,582)

(In thousands)		Balance as of December 31, 2017	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, 2018
Derivatives designated as cash flow hedges					
Foreign currency contracts	$	(8,312)	$ 28,730	$ (1,490)	$ 21,908
Interest rate swaps		438	902	386	954
Total designated as cash flow hedges	$	(7,874)	$ 29,632	$ (1,104)	$ 22,862

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

	Year ended December 31,					
	2020		2019		2018	
(In thousands)	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 expense, net	$ 168,153	$ (2,173)	$ (5,688)	$ (6,141)	$ (9,203)	$ (13,688)

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 the end of Fiscal 2020, the aggregate notional value of the Company's outstanding cash flow hedges was $812.5 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 for a discussion of long term debt. As of the end of Fiscal 2020, the Company had no outstanding interest rate swap contracts.

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 Consolidated Statements of Operations in the same manner as the underlying exposure.

Undesignated Derivative Instruments

The Company may elect to enter into foreign exchange forward contracts to mitigate the change in fair value of specific assets and liabilities on the Consolidated Balance Sheets. These undesignated instruments are recorded at fair value as a derivative asset or liability on the 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 the end of Fiscal 2020, the total notional value of the Company's outstanding undesignated derivative instruments was $313.1 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.

18. Related Party Transactions

The Company has an operating lease agreement with an entity controlled by the Company's Executive Chairman and Brand Chief to lease an aircraft for business purposes. The Company paid $2.0 million in lease payments to the entity for its use of the aircraft during each of Fiscal 2020, Fiscal 2019 and Fiscal 2018. No amounts were payable to this related party as of the end of Fiscal 2020 and Fiscal 2019. The Company determined the lease payments were at fair market lease rates.

In June 2016, the Company purchased parcels of land from an entity controlled by the Company's Executive Chairman and Brand Chief, to be utilized to expand the Company's corporate headquarters to accommodate its growth needs. The purchase price for these parcels totaled $70.3 million. The Company determined that the purchase price for the land represented the fair market value of the parcels and approximated the cost to the seller to purchase and develop the parcels, including costs related to the termination of a lease encumbering the parcels.

In connection with the purchase of these parcels, in September 2016, the parties entered into an agreement pursuant to which the parties will share the burden of any special taxes arising due to infrastructure projects in the surrounding area. The allocation to the Company is based on the expected benefits to the Company's parcels from these projects. No obligations were owed by either party under this agreement as of the end of Fiscal 2020.

19. Segment Data and Disaggregated Revenue

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 to become 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. The CODM also receives discrete financial information for the Company's Connected Fitness business. Total expenditures for additions to long-lived assets are not disclosed as this information is not regularly provided to the CODM. As a result of the change in the operating model in Chile, there will be no impact on segment reporting and Latin America will continue to be disclosed as a separate reportable segment, based on reporting to CODM for Fiscal 2021.

Corporate Other consists largely of general and administrative expenses not allocated to an operating segment, including expenses associated with centrally managed departments such as global marketing, global IT, global supply chain, innovation and other corporate support functions; costs related to the Company's global assets and global marketing, costs related to the Company's headquarters; restructuring and restructuring related charges; and certain foreign currency hedge gains and losses. Effective January 1, 2021, following the sale of MyFitnessPal and the winding down of the Endomondo platform, revenues for the remaining MapMyFitness platform will be included in Corporate Other.

Segment Data

The net revenues and operating income (loss) associated with the Company's segments are summarized in the following tables. Net revenues represent sales to external customers for each segment. Intercompany balances were eliminated for separate disclosure.

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Net revenues			
North America	$ 2,944,978	$ 3,658,353	$ 3,735,293
EMEA	598,296	621,137	591,057
Asia-Pacific	628,657	636,343	557,431
Latin America	164,825	196,132	190,795
Connected Fitness	135,813	136,378	120,357
Corporate Other (1)	2,098	18,789	(1,748)
Total net revenues	$ 4,474,667	$ 5,267,132	$ 5,193,185

(1) Corporate Other revenues consist of foreign currency hedge gains and losses related to revenues generated by entities within the Company's operating segments, but managed through the Company's central foreign exchange risk management program.

Net revenues in the United States were $2,720.3 million, $3,394.4 million, and $3,464 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Operating income (loss)			
North America	$ 474,584	$ 733,442	$ 718,195
EMEA	60,592	53,739	30,388
Asia-Pacific	2	97,641	103,527
Latin America	(42,790)	(3,160)	(16,879)
Connected Fitness	17,063	17,140	5,948
Corporate Other	(1,122,889)	(662,032)	(866,196)
Total operating income (loss)	(613,438)	236,770	(25,017)
Interest expense, net	(47,259)	(21,240)	$ (33,568)
Other income (expense), net	168,153	(5,688)	$ (9,203)
Income (loss) before income taxes	$ (492,544)	$ 209,842	$ (67,788)

The operating income (loss) information for Corporate Other presented above includes the impact of all restructuring and impairment related charges related to the Company's 2020 and 2018 restructuring plans. These unallocated charges are as follows:

	Year Ended December 31,	
(In thousands)	2020	2018
Unallocated restructuring, impairment and restructuring related charges		
North America related	$ 397,616	$ 115,687
EMEA related	14,388	34,699
Asia-Pacific related	6,771	1
Latin America related	14,915	27,107
Connected Fitness related	4,694	1,505
Corporate Other related	21,967	24,950
Total unallocated restructuring, impairment and restructuring related charges	$ 460,351	$ 203,949

There were no restructuring charges incurred during Fiscal 2019.

Long-lived assets are primarily composed of Property and Equipment, net and ROU assets. The Company's long-lived assets by geographic area were as follows:

	Year Ended December 31,	
(In thousands)	2020	2019
Long-lived assets		
United States	$ 896,789	$ 1,051,089
Canada	23,122	23,268
Total North America	919,911	1,074,357
Other foreign countries	275,427	309,722
Total long-lived assets	$ 1,195,338	$ 1,384,079

Disaggregation of Revenue

The following tables disaggregate the Company's net revenues into categories that depict how the nature, amount, timing, and uncertainty of net revenues and cash flows are affected by economic factors for the fiscal periods presented.

Net revenues by product category are as follows:

(In thousands)	Year Ended December 31, 2020	2019	2018
Apparel	$ 2,882,562	$ 3,470,285	$ 3,464,120
Footwear	934,333	1,086,551	1,063,175
Accessories	414,082	416,354	422,496
Net Sales	4,230,977	4,973,190	4,949,791
License revenues	105,779	138,775	124,785
Connected Fitness	135,813	136,378	120,357
Corporate Other (1)	2,098	18,789	(1,748)
Total net revenues	$ 4,474,667	$ 5,267,132	$ 5,193,185

(1) Corporate Other revenues consist of foreign currency hedge gains and losses related to revenues generated by entities within the Company's operating segments, but managed through the Company's central foreign exchange risk management program.

Net revenues by distribution channel are as follows:

(In thousands)	Year Ended December 31, 2020	2019	2018
Wholesale	$ 2,383,353	$ 3,167,625	$ 3,141,983
Direct-to-Consumer	1,847,624	1,805,565	1,807,808
Net Sales	4,230,977	4,973,190	4,949,791
License revenues	105,779	138,775	124,785
Connected Fitness	135,813	136,378	120,357
Corporate Other (1)	2,098	18,789	(1,748)
Total Net Revenues	$ 4,474,667	$ 5,267,132	$ 5,193,185

(1) Corporate Other revenues consist of foreign currency hedge gains and losses related to revenues generated by entities within the Company's operating segments, but managed through the Company's central foreign exchange risk management program.

20. Unaudited Quarterly Financial Data

(In thousands)	Quarter Ended (unaudited) March 31,	June 30,	September 30,	December 31,	Year Ended December 31,
2020					
Net revenues	$ 930,240	$ 707,640	$ 1,433,021	$ 1,403,766	$ 4,474,667
Gross profit	430,984	349,169	686,320	693,622	2,160,095
Income (loss) from operations	(558,180)	(169,674)	58,570	55,846	(613,438)
Net income (loss)	$ (589,681)	$ (182,896)	$ 38,946	$ 184,454	$ (549,177)
Basic net income (loss) per share of Class A, B and C common stock	$ (1.30)	$ (0.40)	$ 0.09	$ 0.41	$ (1.21)
Diluted net income (loss) per share of Class A, B and C common stock	$ (1.30)	$ (0.40)	$ 0.09	$ 0.40	$ (1.21)
2019					
Net revenues	$ 1,204,722	$ 1,191,729	$ 1,429,456	$ 1,441,225	$ 5,267,132
Gross profit	544,787	554,321	689,898	681,527	2,470,533
Income (loss) from operations	35,259	(11,482)	138,920	74,073	236,770
Net income (loss)	$ 22,477	$ (17,349)	$ 102,315	$ (15,304)	$ 92,139
Basic net income (loss) per share of Class A, B and C common stock	$ 0.05	$ (0.04)	$ 0.23	$ (0.03)	$ 0.20
Diluted net income (loss) per share of Class A, B and C common stock	$ 0.05	$ (0.04)	$ 0.23	$ (0.03)	$ 0.20

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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. The Company's internal control over financial reporting as of December 31, 2020 has been audited by PricewaterhouseCoopers LLP, as stated in their report which appears herein.

Changes in Internal Controls

In 2015, we began the process of implementing a global operating and financial reporting information technology system, SAP Fashion Management Solution ("FMS"), as part of a multi-year plan to integrate and upgrade our systems and processes. The first phase of this implementation became operational in July 2017, in our North America, EMEA, and Connected Fitness operations. The second phase of this implementation became operational in April of 2019 in China and South Korea. The third and final phase of this implementation became operational in April of 2020 in Mexico. We believe the implementation of this system and related changes to internal controls will enhance our overall internal controls over financial reporting. We also expect to continue to see enhancements to our global systems, which will then continue to strengthen our internal controls over financial reporting by automating select manual processes and standardizing business processes and reporting across our organization. We believe that our robust assessment provides effective global coverage for key control activities that support our internal controls over financial reporting conclusion. For a discussion of risks related to the implementation of the information technology system, see our Risk Factors in Part I, Item 1A.

We have assessed the impact on changes to our internal controls over financial reporting, and conclude that there have been no changes in our internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f), during the most recent fiscal quarter that have materially affected, or that are reasonably likely to materially affect our internal controls over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that a significant number of our employees are working remotely due to the COVID-19 pandemic. We continue to monitor and assess impacts of the COVID-19 pandemic on our controls in order to minimize the impact on the design and operating effectiveness of our controls.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item regarding directors is incorporated herein by reference from the 2021 Proxy Statement, under the headings “Election of Directors,” “Corporate Governance and Related Matters: Audit Committee” and “Delinquent Section 16(a) Reports.” Information required by this Item regarding executive officers is included under “Executive Officers” in Part 1 of this Form 10-K.

Code of Ethics

We have a written code of ethics and business conduct in place that applies to all our employees, including our principal executive officer, principal financial officer, and principal accounting officer and controller. A copy of our code of ethics and business conduct is available on our website: https://about.underarmour.com/investor-relations/governance. We are required to disclose any change to, or waiver from, our code of ethics and business policy for our senior financial officers. We intend to use our website as a method of disseminating this disclosure as permitted by applicable SEC rules.

ITEM 11. INFORMATION ABOUT OUR EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference herein from the 2021 Proxy Statement under the headings “Corporate Governance and Related Matters - Compensation of Directors,” and “Executive Compensation.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference herein from the 2021 Proxy Statement under the heading “Security Ownership of Management and Certain Beneficial Owners of Shares.” Also refer to Item 5 of this Annual Report on Form 10-K, “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.”

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference herein from the 2021 Proxy Statement under the heading “Transactions with Related Persons" and “Corporate Governance and Related Matters—Independence of Directors.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference herein from the 2021 Proxy Statement under the heading “Independent Auditors.”

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a. The following documents are filed as part of this Form 10-K:

1. Financial Statements:

2. Financial Statement Schedule

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits

The following exhibits are incorporated by reference or filed herewith. References to any Form 10-K of the Company below are to the Annual Report on Form 10-K for the related fiscal year. For example, references to the Company's 2019 Form 10-K are to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Exhibit No.	
3.01	Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.01 of the Company's Quarterly Report on Form 10-Q for the quarterly period ending June 30, 2020).
3.02	Articles Supplementary setting forth the terms of the Class C Common Stock, dated June 15, 2015 (incorporated by reference to Appendix F to the Preliminary Proxy Statement filed by the Company on June 15, 2015).
3.03	Amended and Restated Bylaws of Under Armour, Inc. (incorporated by reference to Exhibit 3.01 of the Company's Current Report on Form 8-K filed on February 10, 2021).
4.01	Description of the Company's Securities Registered Pursuant to Section 12 of the Exchange Act.
4.02	Indenture, dated as of June 13, 2016, between the Company and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on June 13, 2016).
4.03	First Supplemental Indenture, dated as of June 13, 2016, relating to the 3.250% Senior Notes due 2026, between the Company and Wilmington Trust, National Association, as trustee, and the Form of 3.250% Senior Notes due 2026 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K filed on June 13, 2016).
4.04	Indenture, dated as of May 27, 2020, relating to the Company's 1.50% Convertible Senior Notes due 2024, between the Company and Wilmington Trust, National Association, as Trustee and the Form of 1.50% Convertible Senior Notes due 2024 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on May 28, 2020).
10.01	Credit Agreement, dated March 8, 2019, by and among Under Armour, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent, PNC Bank, National Association, as syndication agent and the other lenders and arrangers party thereto (incorporated by reference to Exhibit 10.01 of the Company's Current Report on Form 8-K filed March 8, 2019).

Exhibit No.	
10.02	Amendment No. 1, dated May 12, 2020, to the Amended and Restated Credit Agreement, dated March 8, 2019, by and among Under Armour, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders and arrangers party thereto (incorporated by reference to Exhibit 10.01 of the Company's Current Report on Form 8-K filed on May 12, 2020).
10.03	Form of Capped Call Confirmation (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on May 28, 2020).
10.04	Under Armour, Inc. Amended and Restated Executive Incentive Compensation Plan (incorporated by reference to Exhibit 10.01 of the Company's Quarterly Report on Form 10-Q filed for the quarterly period ending September 30, 2020).*
10.05	Under Armour, Inc. Amended and Restated Deferred Compensation Plan (incorporated by reference to Exhibit 10.10 of the Company's 2018 Form 10-K).*
10.06	Form of Change in Control Severance Agreement (incorporated by reference to Exhibit 10.04 of the Company's 2016 Form 10-K).*
10.07	Under Armour, Inc. Third Amended and Restated 2005 Omnibus Long-Term Incentive Plan (the "2005 Plan") (incorporated by reference to Exhibit 10.01 of the Company's Quarterly Report on Form 10-Q filed on August 1, 2019).*
10.08	Form of Non-Qualified Stock Option Grant Agreement under the 2005 Plan between the Company and Kevin Plank (incorporated by reference to Exhibit 10.06 of the Company's 2019 Form 10-K).*
10.09	Form of Non-Qualified Stock Option Grant Agreement under the 2005 Plan between the Company and Kevin Plank (incorporated by reference to Exhibit 10.13 of the Company's 2018 Form 10-K).*
10.10	Form of Restricted Stock Unit Grant Agreement under the 2005 Plan (incorporated by reference to Exhibit 10.08 of the Company's 2019 Form 10-K).*
10.11	Form of Restricted Stock Unit Grant Agreement under the 2005 Plan (incorporated by reference to Exhibit 10.14 of the Company's 2017 Form 10-K).*
10.12	Form of Performance-Based Stock Option Grant Agreement under the 2005 Plan (incorporated by reference to Exhibit 10.16 of the Company's 2017 Form 10-K).*
10.13	Form of Performance-Based Restricted Stock Unit Agreement under the 2005 Plan (incorporated by reference to Exhibit 10.19 of the Company's 2017 Form 10-K).*
10.14	Form of Employee Confidentiality, Non-Competition and Non-Solicitation Agreement by and between certain executives of the Company (incorporated by reference to Exhibit 10.11 of the Company's 2016 Form 10-K).*
10.15	Under Armour, Inc. 2021 Non-Employee Director Compensation Plan (the "Director Compensation Plan").
10.16	Form of Initial Restricted Stock Unit Grant under the Director Compensation Plan (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed June 6, 2006).*
10.17	Form of Annual Restricted Stock Unit Grant under the Director Compensation Plan (incorporated by reference to Exhibit 10.6 of the Company's Form 10-Q for the quarterly period ended June 30, 2011).*
10.18	Under Armour, Inc. 2006 Non-Employee Director Deferred Stock Unit Plan (the "Director DSU Plan") (incorporated by reference to Exhibit 10.02 of the Company's Form 10-Q for the quarterly period ended March 31, 2010).*
10.19	Amendment One to the Director DSU Plan (incorporated by reference to Exhibit 10.23 of the Company's 2010 Form 10-K).*
10.20	Amendment Two to the Director DSU Plan (incorporated by reference to Exhibit 10.02 of the Company's Form 10-Q for the quarterly period ended June 30, 2016).*
10.21	Amendment Three to the Director DSU Plan (incorporated by reference to Exhibit 10.22 of the Company's 2019 Form 10-K).*
10.22	Employee Confidentiality, Non-Competition and Non-Solicitation Agreement by and between Patrik Frisk and the Company (incorporated by reference to Exhibit 10.01 of the Company's Form 10-Q for the quarterly period ended March 31, 2018).*
10.23	Confidentiality, Non-Competition and Non-Solicitation Agreement, dated June 15, 2015, between the Company and Kevin Plank (the "Plank Non-Compete Agreement") (incorporated by reference to Appendix E to the Preliminary Proxy Statement filed by Under Armour, Inc. on June 15, 2015).
10.24	First Amendment to the Plank Non-Compete Agreement, dated April 7, 2016 (incorporated by reference to Exhibit 10.03 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016).
21.01	List of Subsidiaries.
23.01	Consent of PricewaterhouseCoopers LLP.
31.01	Section 302 Chief Executive Officer Certification.

Exhibit No.	
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)

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* Management contract or a compensatory plan or arrangement required to be filed as an Exhibit pursuant to Item 15(b) of Form 10-K.

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/ PATRIK FRISK
Patrik Frisk
Chief Executive Officer and President

Dated: February 24, 2021

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

/s/ PATRIK FRISK Patrik Frisk	Chief Executive Officer, President and Director (principal executive officer)
/s/ DAVID E. BERGMAN David E. Bergman	Chief Financial Officer (principal financial officer)
/s/ ADITYA MAHESHWARI Aditya Maheshwari	Controller and Chief Accounting Officer (principal accounting officer)
/s/ KEVIN A. PLANK Kevin A. Plank	Executive Chairman and Brand Chief
/s/ GEORGE W. BODENHEIMER George W. Bodenheimer	Director
/s/ DOUGLAS E. COLTHARP Douglas E. Coltharp	Director
/s/ JERRI L. DEVARD Jerri L. DeVard	Director
/s/ MOHAMED A. EL-ERIAN Mohamed A. El-Erian	Director
/s/ KAREN W. KATZ Karen W. Katz	Director
/s/ WESTLEY MOORE Westley Moore	Director
/s/ ERIC T. OLSON Eric T. Olson	Director
/s/ HARVEY L. SANDERS Harvey L. Sanders	Director

Dated: February 24, 2021

Schedule II

Valuation and Qualifying Accounts

(In thousands)

Description		Balance at Beginning of Year		Charged to Costs and Expenses		Write-Offs Net of Recoveries		Balance at End of Year
Allowance for doubtful accounts								
For the year ended December 31, 2020	$	15,082	$	10,456	$	(5,188)	$	20,350
For the year ended December 31, 2019		22,224		(4,066)		(3,076)		15,082
For the year ended December 31, 2018		19,712		23,534		(21,022)		22,224
Sales returns and allowances								
For the year ended December 31, 2020	$	98,652	$	(431,253)	$	426,780	$	94,179
For the year ended December 31, 2019		136,734		180,124		(218,206)		98,652
For the year ended December 31, 2018		190,794		247,939		(301,999)		136,734
Deferred tax asset valuation allowance								
For the year ended December 31, 2020	$	101,997	$	291,887	$	(5,453)	$	388,431
For the year ended December 31, 2019		72,710		31,926		(2,639)		101,997
For the year ended December 31, 2018		73,544		21,221		(22,055)		72,710

Exhibit 4.01

DESCRIPTION OF REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934

Under Armour, Inc. has two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): its Class A Stock and its Class C Stock (each as defined below). For purposes of this exhibit, unless the context otherwise requires, the words "we," "our," "us" and "our company" refer to Under Armour, Inc., a Maryland corporation.

General

The following summary of the rights of our Class A Common Stock and Class C Common Stock does not purport to be complete. This summary is subject to and qualified by the provisions of our charter, including the Articles Supplementary to our charter setting forth the terms of the Class C Stock (our "articles supplementary"), and our Amended and Restated Bylaws (our "bylaws"). Additionally, the Maryland General Company Law ("MGCL") also affects the terms of our capital stock.

Our authorized capital stock currently consists of 834,450,000 shares, par value $0.0003 1/3 per share, of which:

- 400,000,000 shares are classified and designated as Class A Common Stock ("Class A Stock");
- 34,450,000 shares are classified and designated as Class Convertible B Common Stock ("Class B Stock"); and
- 400,000,000 shares are classified and designated as Class C Common Stock ("Class C Stock").

Our charter provides for (1) the Class A Stock, which has one vote per share; (2) the Class B Stock, which has 10 votes per share; and (3) the Class C Stock, which has no voting rights in the election of directors and only limited voting rights as described below. Except as described herein or expressly provided in our charter, the powers, preferences and rights of the holders of Class A Stock, Class B Stock and Class C Stock, and the qualifications, limitations and restrictions thereof, are in all material respects identical.

Capital Stock

Voting Rights

Holders of shares of Class A Stock and Class B Stock have identical voting rights, except that holders of shares of Class A Stock are entitled to one vote per share and holders of shares of

Class B Stock are entitled to 10 votes per share. In addition, amendments to certain specified provisions of the charter that set forth the terms of the Class A Stock and have a material adverse effect on the rights of the Class A Stock must be approved by the affirmative vote of a majority of the votes entitled to be cast thereon by holders of Class A Stock, voting as a single class, and amendments to certain specified provisions of the charter that set forth the terms of the Class B Stock and have a material adverse effect on the rights of the Class B Stock must be approved by the affirmative vote of a majority of the votes entitled to be cast thereon by holders of Class B Stock, voting as a single class.

Holders of shares of Class C Stock have no voting rights, except:

- as may be required by law;

- with respect to amendments, alterations or repeal of the provisions of the charter that set forth the terms of the Class C Stock and have a material adverse effect on the rights of the Class C Stock, which require the affirmative vote of a majority of the votes entitled to be cast thereon by holders of Class C Stock, voting as a single class;

- with respect to amendments to, or waivers of, the provisions of the charter requiring that shares of Class C Stock be treated in a manner that is at least as favorable as shares of Class B Stock in certain merger, consolidation, statutory share exchange, conversion and negotiated tender offer transactions, which must be declared advisable by our board of directors, including at least 75% of the Independent Directors (as defined in the charter to, among other things, exclude Mr. Plank and members of Mr. Plank’s family and directors having a material financial or service relationship to Mr. Plank or his family), and approved by at least 75% of the votes entitled to be cast thereon by the holders of (1) Class C Stock (other than Mr. Plank, the Kevin A. Plank Family Entities (which are defined generally in our charter as entities controlled by Mr. Plank or his wife or children), the Kevin A. Plank Family Members (as defined in the charter) or executive officers of the Company), voting as a single class, and (2) Class B Stock, voting as a single class; and

- upon the conversion of all of the outstanding shares of Class B Stock into shares of Class A Stock, upon which holders of shares of Class C Stock will immediately have voting rights equal to holders of shares of Class A Stock and will vote together with the Class A Stock as a single class.

There is no cumulative voting in the election of directors.

Dividends

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of shares of Class A Stock, Class B Stock and Class C Stock will be entitled to share equally, on a per share basis, in any dividends that our board of directors may authorize and we may pay from time to time. In the event that a dividend is paid in the form of shares of stock, or rights to acquire shares of stock, the holders of Class A Stock will receive shares of Class A Stock, or rights to acquire shares of Class A Stock, the holders of Class B Stock will receive shares of Class B Stock, or rights to acquire shares of Class B Stock and the holders of Class C Stock will receive shares of Class C Stock, or rights to acquire shares of Class C Stock.

Liquidation Rights

Upon our liquidation, dissolution or winding-up, the holders of Class A Stock, Class B Stock, and Class C Stock will be entitled to share proportionately, on a per share basis, in the assets of the Company available for distribution after payment of any liabilities and the liquidation preferences on any outstanding preferred stock, without regard to class.

Conversion

Class A Stock

Shares of Class A Stock are not convertible into any other shares of our capital stock. *Class B Stock*

Mr. Plank or Kevin A. Plank Family Entities beneficially own all outstanding shares of Class B Stock. Each share of Class B Stock is convertible at any time at the option of Mr. Plank into one share of Class A Stock.

In addition, each share of Class B Stock automatically converts into one share of Class A Stock upon any sale, pledge, transfer, assignment or disposition (each a "Transfer") of such share of Class B Stock to any person, whether or not for value, except for certain transfers between Mr. Plank and any Kevin A. Plank Family Entity, or pledges that do not grant the pledgee the power to vote or direct the vote of the pledged share or direct the disposition of the pledged share, in each case prior to default.

Each share of Class B Stock will be automatically converted into one share of Class A Stock, such that no shares of Class B Stock remain outstanding, upon the occurrence of any of the following events:

- A record date for any meeting of the Company's stockholders, if the aggregate number of shares of Class A Stock and Class B Stock beneficially owned on such record date by Mr. Plank and each Kevin A. Plank Family Entity, when taken together, is less than 15.0% of the total number of shares of Class A Stock and Class B Stock outstanding on that record date, (ii) the death of Mr. Plank or (iii) Mr. Plank's ceasing to be affiliated with the Company in any capacity as a result of a permanent disability.

- The termination of Mr. Plank as our Chief Executive Officer (or another position (an "Approved Executive Officer") approved by Mr. Plank and a majority of our Independent Directors) for "Cause" (as defined in the Confidentiality, Non-Competition, and Non-Solicitation Agreement, dated as of June 15, 2015, between the Company and Kevin A. Plank, as amended on April 7, 2016, and as it may be further amended from time to time with the approval of at least 75% of the Independent Directors (the "Non-Compete Agreement")) in accordance with the terms of the Non-Compete Agreement or upon the resignation of Mr. Plank as such an officer.

- A “Transfer Conversion Time,” which means the time at which Mr. Plank, together with all Kevin A. Plank Family Entities, has Transferred, in the aggregate, from and after March 28, 2016, a number of shares of Class A Stock and Class C Stock exceeding the Permitted Sale Amount (as defined below) then in effect.

For purposes of determining the occurrence of the Transfer Conversion Time, (i) all Transfers of Class A Stock or Class C Stock by Mr. Plank or a Kevin A. Plank Family Entity to Kevin A. Plank or a Kevin A. Plank Family Entity are disregarded; (ii) a pledge of shares of Class A Stock or Class C Stock, prior to default thereunder, which does not grant to the pledgee the power to vote or direct the vote of the pledged share or the power to vote or direct the disposition of the pledged share prior to a default, without any foreclosure or transfer of ownership, is not deemed a Transfer of such shares of Class A Stock or Class C Stock; (iii) in the event shares of Class B Stock have been automatically converted into shares of Class A Stock in connection with a purported direct or indirect Transfer of shares of Class B Stock to a person other than Mr. Plank or a Kevin A. Plank Family Entity, such shares of Class A Stock are deemed to have been Transferred by Mr. Plank and the Kevin A. Plank Family Entities; and (iv) the withholding by the Company of shares of Class A Stock or Class C Stock otherwise deliverable to Mr. Plank pursuant to any equity compensation award for the purpose of satisfying the exercise price of such equity compensation award on a cashless basis or to cover tax withholding obligations with respect to the vesting or exercise of such equity compensation award is not considered a Transfer of such shares.

The “Permitted Sale Amount” initially means 2,500,000 shares. The Permitted Sale Amount will be increased by 2,500,000 shares as of January 1 of each calendar year beginning on January 1, 2017. In the event of any split, subdivision, combination or reclassification of the shares of Class A Stock, Class B Stock and Class C Stock (including a split effected by a dividend paid in shares of common stock on all outstanding shares of common stock) after the initial distribution of the Class C Stock (the “Class C Dividend”) (but not including the Class C Dividend), proportional adjustments will be made to the Permitted Sale Amount and in calculating the number of shares of Class A Stock and Class C Stock Transferred prior thereto for purposes of determining the occurrence of the Transfer Conversion Time. As of December 31, 2020, Mr. Plank had sold 1.0 million shares of Class C Stock since these provisions became effective.

Once converted into shares of Class A Stock, shares of Class B Stock are retired and may not be reissued.

Class C Stock

Upon conversion redemption or other exchange of all of the outstanding shares of Class B Stock into shares of Class A Stock, the Class C Stock will immediately have voting rights equal to the Class A Stock and be entitled to vote together with the Class A Stock as a single class on all matters, and the Class C Stock will automatically convert into shares of Class A Stock on a one-for-one basis on a date fixed by the Company that is as soon as reasonably practicable and in accordance with our charter and any further procedures required by the Company. The Class C Stock is not otherwise convertible into any other class of capital stock.

Equal Treatment

In the event of any merger or consolidation of the Company with or into another entity, statutory share exchange between the Company and any other entity or conversion of the Company into another entity (whether or not the Company is the surviving entity) or a third party tender offer entered into pursuant to an agreement with the Company (a "Negotiated Tender Offer"), each holder of shares of Class C Stock or Class A Stock will be entitled to receive the same consideration as each holder of shares of Class B Stock on a per share basis, and each holder of shares of Class C Stock or Class A Stock will be entitled to receive the same consideration on a per share basis as each holder of shares of Class B Stock is entitled to receive on a per share basis in connection with a transfer of such shares of Class B Stock incidental to such a merger, consolidation, statutory share exchange, conversion or Negotiated Tender Offer, even if the consideration for such transfer is not paid as consideration in such merger, consolidation, statutory share exchange, conversion or Negotiated Tender Offer.

However, any amounts paid to Mr. Plank as compensation for services rendered or to be rendered by Mr. Plank to the Company or any acquiring entity or any of their respective affiliates (for example, participating in a retention bonus pool established in connection with a proposed merger or compensation paid for pre- or post-merger services), which payment was approved by a majority of the Independent Directors then serving, will not be deemed to be part of such consideration.

Preferred Stock

We are authorized to issue, from time to time, without approval by our stockholders, preferred stock in one or more series. Our board of directors may determine the number of shares constituting that series and may fix the distinctive designations, preferences, voting powers, conversion or other rights and any other restrictions, limitations as to dividends and other distributions, qualifications or terms and conditions of redemption of the shares of a series of preferred stock. Our board of directors could authorize the issuance of preferred stock with voting or conversion rights that could dilute the voting power or rights of the holders of Class A Stock, Class B Stock, and Class C Stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company and might harm the market price of our Class A Stock or Class C Stock.

The particular terms of any series of preferred stock offered by us will be described in the prospectus supplement relating to that series of preferred stock. Those terms relating to the series of preferred stock offered may include:

- the number of shares of the preferred stock being offered;
- the title and liquidation preference per share of the preferred stock;
- voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

- conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as our board of directors shall determine;
- the purchase price of the preferred stock;
- the dividend rate or method for determining the dividend rate;
- the dates on which dividends will be paid;
- whether dividends on the preferred stock will be cumulative or noncumulative and, if cumulative, the dates from which dividends shall commence to accumulate;
- any redemption or sinking fund provisions applicable to the preferred stock;
- any securities exchange on which the preferred stock may be listed; and
- any additional dividend, liquidation, redemption, sinking fund and other rights and restrictions applicable to the preferred stock.

Our board of directors is authorized from time to time to classify or reclassify any unissued shares of the capital stock by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or terms and conditions of redemption of such shares and, in such event, we will file for record with the State Department of Assessments and Taxation of Maryland articles supplementary in substance and form as prescribed by Maryland law.

Anti-Takeover Effects of Maryland Law and Our Charter and Bylaws

Certain provisions of our charter and bylaws and of the MGCL could have the effect of delaying, deferring, or discouraging another party from acquiring control of us.

Three Classes of Stock

Our Class B Stock has 10 votes per share, while our Class A Stock has one vote per share and our Class C Stock has no voting rights (other than as described above). As a result of his beneficial ownership of all of the outstanding shares of Class B Stock, Mr. Plank currently has the ability to elect all of our directors and to determine the outcome of most matters submitted for a vote of our stockholders. This concentrated voting control could discourage others from initiating any potential merger, takeover, or other change of control transaction that other stockholders may view as beneficial.

Because the Class C Stock has no voting rights (other than as described above), the issuance of Class C Stock will not result in voting dilution to the holders of shares Class A Stock or Class B Stock. The issuance of Class C Stock could, however, prolong the duration of Mr. Plank’s ownership of a majority of our voting power and his ability to elect all of our directors and to determine the outcome of most matters submitted to a vote of our stockholders.

So long as Mr. Plank has the ability to determine the outcome of most matters submitted to a vote of our stockholders, third parties may be deterred in their willingness to make an unsolicited merger, takeover, or other change of control proposal, or to engage in a proxy contest for the election of directors.

Board of Directors

Our charter and bylaws provide that the number of our directors may be established by our board of directors, provided that the number of directors must be between one and 15 directors. Our charter provides that any vacancy will be filled by a majority of the remaining directors.

Our board of directors is not currently classified and, although it would otherwise be permissible under Maryland law for our board of directors to become classified without stockholder approval, we have included a provision in our charter prohibiting the classification of our board of directors without the recommendation of our board of directors and the affirmative vote of a majority of the votes cast on such matter by holders of our common stock.

Governance Protections

Our charter provides that, so long as any shares of Class B Stock are outstanding, we may not take advantages of any exemption or other provision available to a “controlled company” under the New York Stock Exchange Listing Standards. This means that, among other things (i) a majority of our directors must be Independent Directors, and (ii) we must maintain independent compensation and corporate governance committees comprised solely of Independent Directors. In addition, so long as any shares of Class B Stock are outstanding, the following individuals will not qualify as an Independent Director:

- Mr. Plank;
- Each Kevin A. Plank Family Member; and
- Any individual determined by the board of directors to have a material financial or service relationship with Mr. Plank or a Kevin A. Plank Family Member.

Removal of Directors

Our charter provides that a director may be removed only for cause, by the affirmative vote of the holders of at least two-thirds of the votes entitled to be cast in the election of the director to be removed.

Business Combinations

Our charter contains a provision opting out of the Maryland business combination statute, which would otherwise prohibit specified business combinations between the Company and any interested stockholder or affiliate of an interested stockholder for five years after the most recent date on which the interested stockholder becomes an interested stockholder.

Control Share Acquisitions

Our bylaws contain a provision exempting any and all acquisitions of our shares from the provisions of the Maryland Control Share Acquisition Act, which provides that control shares of a Maryland company acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. However, our board of directors may opt to make these provisions applicable to future control share acquisitions at any time by amending or repealing this bylaw provision.

Consideration of Constituencies

Maryland law provides that our charter may allow our board of directors, in considering a potential acquisition of control of the Company, to consider the effects of the change of control on stockholders, employees, suppliers, customers and creditors of the Company, and the communities in which offices or other establishments of the Company are located. Our charter contains this type of provision, which may enable our board of directors to make adverse recommendations to our stockholders with respect to a potential acquisition or takeover.

Amendments to the Charter and Bylaws

Our charter generally may be amended only upon the recommendation of the board of directors and the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter, except that a majority of the entire board of directors may, without action by our stockholders, approve amendments to our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. However, our charter provisions regarding removal of directors and vacancies on the board of directors may be amended only by the affirmative vote of holders of not less than two-thirds of all of the votes entitled to be cast on the matter.

In addition, amendments to the provisions of our charter that set forth the terms of one of our three classes of common stock (Class A Stock, Class B Stock and Class C Stock) and that have a material adverse effect on the rights of such class of stock must be approved by the affirmative vote of a majority of the votes entitled to be cast thereon by holders of such class of capital stock. Amendments to or waivers of the provisions of our charter requiring that the holders of Class A Stock and Class C Stock receive equal treatment as the holders of Class B Stock in connection with certain merger, consolidation, statutory share exchange, conversion and Negotiated Tender Offer transactions must be declared advisable by our board of directors, including at least 75% of the Independent Directors, and approved by at least 75% of the votes entitled to be cast thereon by the holders of (1) Class A Stock and/or Class C Stock (other than Mr. Plank, any Kevin A. Plank Family Entity, any Kevin A. Plank Family Member or any executive officer of the Company), as applicable, each voting as a single class, and (2) Class B Stock, voting as a single class. Additionally, as noted above, so long as any shares of Class B Stock are outstanding, amendments to the provisions of our charter requiring us to maintain a majority of Independent Directors and independent compensation and corporate governance committees, and providing that an Independent Director may not have any family relationship with Mr. Plank, or material financial or service relationship with Mr. Plank or any members of his family (in addition to the independence requirements to which we are subject under the listing standards of any exchange upon which our stock is listed) must be declared advisable by our board of directors, including at least 75% of the Independent Directors, and approved by at least 75% of the votes entitled to be cast thereon by the holders of (1) Class A Stock (other than Mr. Plank, any Kevin A. Plank Family Entity, any Kevin A. Plank Family Member or any executive officer of the Company), voting as a single class, and (2) Class B Stock, voting as a single class.

Our bylaws may be altered, amended or repealed, in whole or in part, and new bylaws may be adopted by the board of directors. Additionally, our bylaws may be altered, amended or repealed, in whole or in part, and new bylaws may be adopted by our stockholders, without the approval of the board of directors, by the affirmative vote of a majority of the votes entitled to be cast on the matter by stockholders entitled to vote generally in the election of directors.

Undesignated Preferred Stock

The ability to classify, reclassify and issue undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us. These and other provisions may have the effect of deferring or preventing hostile takeovers or delaying or preventing changes in control or management of our Company.

Advance Notice of Director Nominations and New Business

Our bylaws provide that, with respect to an annual meeting of stockholders, nominations of persons for election to our board of directors and the proposal of business to be considered by stockholders may be made only:

- pursuant to our notice of the meeting;
- by our board of directors; or
- by a stockholder who is a stockholder of record at the time of giving notice, as of the record date for the meeting and at the time of the meeting, is entitled to vote at the meeting and who has complied with the advance notice procedures specified in the bylaws.

Therefore, our bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of the Company.

Special Meeting of Stockholders

Our bylaws provide that a special meeting of stockholders may be called by our chairman, president, chief executive officer or a majority of our board of directors. In addition, our secretary must also call a special meeting of stockholders upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at that meeting.

Majority Action

Our charter provides that, except as specifically set forth in the charter any corporate action which, under the general laws of the State of Maryland would (in the absence of a provision in our charter) require the authorization or approval of a greater proportion than a majority of all votes entitled to be cast for such action to be effective and valid, shall be effective and valid if authorized or approved by at least a majority of all the votes entitled to be cast thereon.

Transfer Agent and Registrar

The transfer agent and registrar for our capital stock is American Stock Transfer & Trust Company.

Listing

Our Class A Stock and Class C Stock are listed on NYSE under the symbols “UAA” and “UA”, respectively. Our Class B Stock is not listed on any stock market or exchange.

Exhibit 10.15

Under Armour, Inc.

2021 NON-EMPLOYEE DIRECTOR COMPENSATION PLAN

WHEREAS, Under Armour, Inc. (the "Company") has utilized various arrangements pursuant to which Non-Employee Directors of the Company have been compensated for their services as a director of the Company;

WHEREAS, the Board of Directors of the Company (the "Board") wishes to align director compensation more directly with the shareholder's interest;

WHEREAS, the Board has now determined the terms and conditions of the Under Armour, Inc. 2021 Non-Employee Director Compensation Plan (the "Plan") and wishes to formally establish the Plan;

NOW, THEREFORE, the Company through this instrument establishes the Under Armour, Inc. 2021 Non-Employee Director Compensation Plan, in accordance with the terms as set forth herein, which plan is an amendment and restatement of the 2019 Non-Employee Director Compensation Plan.

Section 1. <u>Interpretation</u>

a. Purposes

The purposes of the Plan are:

(a) to develop a mechanism to compensate Non-Employee Directors for their services to the Company; and

(b) to provide a financial incentive that will help the Company to attract and retain highly qualified individuals to serve as Non-Employee Directors of the Company.

b. Definitions

Wherever used in the Plan, unless otherwise defined, the following terms shall have the meanings set forth below:

(a) **"Affiliate"** means a subsidiary, division or affiliate of the Company, as determined in accordance with Section 414(b), (c) or (m) of the Code.

(b) **"Award Agreement"** means an award agreement by and between a Non-Employee Director and the Company, entered into pursuant to the terms of the Omnibus Incentive Plan.

(c) **“Audit Committee”** means the Audit Committee of the Board of Directors.

(d) **“Board”** or **“Board of Directors”** means those individuals who serve from time to time as the Board of Directors of the Company.

(e) **“Change in Control”** has the meaning given to it in the Omnibus Incentive Plan.

(f) **“Code”** means the United States Internal Revenue Code of 1986, as amended.

(g) **“Committee”** means the committee of the Board of Directors to which the Board of Directors has delegated power to act under or pursuant to the provisions of the Plan, initially the Human Capital and Compensation Committee.

(h) **“Committee Chair”** means the individual who chairs a committee or a sub-committee of the Board to which the Board has delegated authority with respect to certain functions, including the Audit Committee, the Human Capital and Compensation Committee, Corporate Governance and Sustainability Committee and the Finance and Capital Planning Committee and any other committee or sub-committee established by the Board.

(i) **“Human Capital and Compensation Committee”** means the Human Capital and Compensation Committee of the Board of Directors.

(j) **“Company”** means Under Armour, Inc., a Maryland corporation, and any successor to all or substantially all of its assets or business.

(k) **“Disability”** has the meaning given to it in the Omnibus Incentive Plan.

(l) **“Deferred Stock Unit”** means an interest credited under the DSU Plan. Each DSU represents the Company’s obligation to issue one share of common stock in accordance with the terms of the DSU Plan.

(m) **“DSU Plan”** means the Under Armour, Inc. 2006 Non-Employee Directors Deferred Stock Unit Plan, as amended and restated from time to time.

(n) **“Effective Date”** of the Plan is January 1, 2021.

(o) **“Finance and Capital Planning Committee”** means the Finance and Capital Planning Committee of the Board of Directors.

(p) “**Grant Date**” means the date of an annual shareholder meeting; provided however, that with respect to an Initial Restricted Stock Unit Grant made to a Non-Employee Director in accordance with Section 4.1 below, “Grant Date” means the first day of the month coincident with or next following the date the Non-Employee Director commences Board service.

(q) **“Initial Restricted Stock Unit Grant”** means an equity grant made under Section 4.1 of this Plan.

(r) **“Lead Director”** Independent Director appointed by the Board to act as liaison between Directors, CEO and other members of Management.

(s) **“Corporate Governance and Sustainability Committee”** means the Corporate Governance and Sustainability Committee of the Board of Directors.

(t) **“Non-Employee Director”** means a member of the Board of Directors who is not an employee of the Company or any Affiliate of the Company.

(u) **“Omnibus Incentive Plan”** means the Under Armour, Inc. 2005 Omnibus Long-Term Incentive Plan, as amended and restated from time to time.

(v) **“Plan”** means this Under Armour, Inc. 2021 Non-Employee Director Compensation Plan, as amended and restated from time to time.

(w) **“Plan Year”** means the twelve month period beginning on January 1 and ending on December 31 of each year.

(x) **“RSU”** means a restricted stock unit granted under the Omnibus Incentive Plan.

(y) **“Quarter”** means each Company fiscal calendar quarter, which begins on January 1, April 1, July 1, and October 1 of each year.

(z) **“Separation from Service” or “Separate from Service”** means a Non-Employee Director ceasing to be a member of the Board for any reason, determined in accordance with Code Section 409A and the guidance issued thereunder, including Proposed Treas. Reg. Section 1.409A-1(h) (or any successor rule or regulation thereto).

Section 2. Eligibility

Each Non-Employee Director shall be eligible to participate in the Plan on the date he or she is first appointed or nominated to the Board, in accordance with its terms.

Section 3. Compensation

a. Annual Retainer

(aa) Subject to the other provisions of this Plan, each Non-Employee Director shall receive an annual retainer of Seventy-Five Thousand Dollars ($75,000) in installments of Eighteen Thousand Seven Hundred Fifty Dollars ($18,750) each Quarter, paid in arrears.

(ab) Non-Employee Directors who Separate from Service during a Quarter shall receive a *pro-rata* payment for that Quarter based on the number of days of service as a Board member in the Quarter.

(ac) A Non-Employee Director may elect to defer all of the value of the Annual Retainer as DSUs under the DSU Plan, in accordance with its terms.

b. Annual Retainer for Lead Director

(ad) The Lead Directors shall receive an annual retainer of Seventy-Five Thousand Dollars ($75,000) in installments of Eighteen-Thousand Seven Hundred and Fifty Dollars ($18,750) each Quarter, paid in arrears.

(ae) Lead Director may elect to defer all of the value of the Annual Retainer for Lead Director as DSUs under the DSU Plan, in accordance with its terms.

c. Expenses

Each Non-Employee Director shall be reimbursed for his or her reasonable expenses incurred for attending meetings and otherwise acting on the Company's behalf. To the extent that any reimbursement under the Plan provides for a "deferral of compensation" within the meaning of Section 409A of the Code, (i) the amount eligible for reimbursement in one calendar year may not affect the amount eligible for reimbursement in any other calendar year, (ii) the right to reimbursement is not subject to liquidation or exchange for another benefit, and (iii) any such reimbursement of an expense must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred

d. Committee Chairs

(af) In addition to fees otherwise paid hereunder, each Committee Chair shall be paid a Committee Chair annual retainer, as follows:

Committee Chair	Annual Retainer
Audit Committee	$25,000
Human Capital and Compensation Committee	$22,500
Corporate Governance and Sustainability Committee	$20,000
Finance and Capital Planning Committee	$20,000

(ag) Whether the Committee Chair of an additional committee or sub-committee established by the Board is entitled to a Committee Chair annual retainer, and the amount of such retainer, if any, shall be determined by the Board, solely in its discretion.

(ah) Committee Chair annual retainer fees shall be paid in equal Quarterly payments, in arrears, and subject to the rules set forth at Section 3.1 (b) above.

(ai) A Non-Employee Director may elect to defer all of the value of the Committee Chair annual retainer as DSUs under the DSU Plan, in accordance with its terms.

e. Committee Member Fees

(aj) In addition to fees otherwise paid hereunder, each Non-Employee Director serving as a member of the Audit Committee, Human Capital and Compensation Committee, Corporate Governance and Sustainability Committee or Finance and Capital Planning Committee (other than a Committee Chair) shall be paid a Committee member annual retainer per Committee of Ten Thousand Dollars ($10,000).

(ak) Whether the Committee member of an additional committee or sub-committee established by the Board is entitled to a Committee member annual retainer, and the amount of such retainer, if any, shall be determined by the Board, solely in its discretion.

(al) Committee member annual retainer fees shall be paid in equal Quarterly payments, in arrears, and subject to the rules set forth at Section 3.1 (b) above.

(am) A Non-Employee Director may elect to defer all of the value of the Committee Member annual retainer as DSUs under the DSU Plan, in accordance with its terms.

Section 4. <u>Equity Grants</u>

a. Initial Restricted Stock Unit Grant

(a) On the Grant Date applicable to Initial Restricted Stock Unit Grants, each new Non-Employee Director shall be granted an RSU with an equivalent value as of the Grant Date of One Hundred Thousand Dollars ($100,000).

(b) RSUs will be granted under and pursuant to the terms of the Omnibus Incentive Plan and subject to the terms of an Award Agreement by and between each Non-Employee Director and the Company. Each RSU shall vest 1/3rd annually while the Non-Employee Director continues to serve as a Board member, starting with the first anniversary of the Grant Date. Upon vesting, each RSU shall be settled in the form of a DSU, and shall be deferred in accordance with the terms of the DSU Plan. DSU interests shall be settled in the form of Company stock on the date that is six (6) months from the date the Board member incurs a Separation from Service and otherwise in accordance with Section 4 of the DSU Plan.

(c) Non-Employee Directors who are Board Members on the Effective Date are not eligible for this RSU grant.

b. Annual Restricted Stock Unit Grant

Each Non-Employee Director who serves as a Board Member at the close of each annual shareholder meeting of the Company shall be awarded the number of RSUs equivalent in value as of the Grant Date to One Hundred Fifty Thousand Dollars ($150,000). Annual RSUs shall 100% vest on the date of the next shareholder meeting following the Grant Date, if the Non-Employee Director is a Board member at that time. Upon vesting, each RSU shall be immediately settled in the form of a DSU, and shall be deferred in accordance with the terms of the DSU Plan. DSU interests shall be settled in the form of Company stock on the date that is six (6) months from the date the Board member incurs a Separation from Service, and otherwise in accordance with Section 4 of the DSU Plan.

c. Rules Applicable to Equity Grants

(a) The Board, in its discretion, shall determine whether and to what extent a grant under this Section 4.2 to a Non-Employee Director who begins service as a Board member other than at an annual shareholders meeting shall be prorated for the first year of Board service.

(b) Notwithstanding anything contained herein to the contrary, all grants under this Section 4 shall 100% vest upon the death or Disability of a Non-Employee Director, or upon a Change in Control. Upon vesting pursuant to this Section 4.3(b), RSUs shall be settled in the form of shares of Company common stock (with fractional shares settled in cash), issued directly to the Non-Employee Director or his beneficiary, and shall not be settled as DSUs in the DSU Plan.

Section 5. <u>General</u>

a. Successors and Assigns

The Plan shall be binding on the Company and its successors and assigns and each Non-Employee Director and his or her heirs and legal representatives and on any receiver or trustee in bankruptcy or representative of creditors of the Company or Non-Employee Director, as the case may be.

b. Amendment or Termination of the Plan

The Board shall have the right and power at any time and from time to time to amend the Plan in whole or in part and at any time to terminate the Plan; provided, however, that an amendment to the Plan may be conditioned on the approval of the shareholders of the Company if and to the extent the Board determines that such approval is necessary or appropriate. No termination, amendment, or modification of the Plan shall adversely affect in any material way any award previously granted under the Plan, without the written consent of the affected Non-Employee Director.

c. Limitations on Rights of Non-Employee Directors

(a) Any and all of the rights of the Non-Employee Directors respecting payments under the Plan shall not be transferable or assignable other than by will or the laws of descent and distribution, nor shall they be pledged, encumbered or charged, and any attempt to do so shall be void.

(b) Any liability of the Company to any Non-Employee Director with respect to receipt of payment under this Plan shall be based solely upon contractual obligations created by the Plan. Neither the Committee nor the Board shall be liable for any actions taken in accordance with the terms of the Plan.

d. Compliance with Law

The obligations of the Company with respect to payments hereunder are subject to compliance with all applicable laws and regulations. In connection with the Plan, each Non-Employee Director shall comply with all applicable laws and regulations and shall furnish the Company with any and all information and undertakings as may be required to ensure compliance therewith.

e. Governing Law

The Plan shall be governed by and construed in accordance with the laws of Maryland. The Plan is also intended to comply with the requirements of section 409A of the Code, to the extent such section applies, and to the extent applicable, this Plan shall be interpreted in a manner consistent with that intent.

f. Administration

The Committee shall have complete discretionary authority and power to (i) construe, interpret and administer the Plan and any agreement or instrument entered into under the Plan, (ii) establish, amend and rescind any rules and regulations relating to the Plan, (iii) make any other determinations that the Committee deems necessary or desirable for the administration of the Plan, including without limitation decisions regarding eligibility to participate and the amount and value of any payment, and (iv) delegate to other persons any duties and responsibilities relating to the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency or ambiguity in the Plan in the manner and to the extent the Committee deems, in its sole and absolute discretion, necessary or desirable. No member of the Committee shall be liable for any action or determination made in good faith. Any decision of the Committee with respect to the administration and interpretation of the Plan shall be binding and conclusive for all purposes and on all persons, including the Company, all

Non-Employee Directors and any other person claiming an entitlement or benefit through any Non-Employee Director. All expenses of administration of the Plan shall be borne by the Company.

Exhibit 21.01

Subsidiaries	Incorporation
Under Armour Europe B.V.	The Netherlands
Under Armour Retail, Inc.	Maryland
UA Global Sourcing Ltd.	Hong Kong
Under Armour International Holdings Ltd	Kowloon
Under Armour Global	Nicosia
UA Connected Fitness, Inc.	Delaware
Under Armour Trading (Shanghai) Co., Ltd	Shanghai
Under Armour Asia Limited	Hong Kong

Subsidiaries not included in the list are omitted because, considered in the aggregate as a single subsidiary, they do not constitute a significant subsidiary.

Exhibit 23.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-229959) and S-8 (No. 333-129932, 333-130567, 333-172423, 333-210486, 333-210844, and 333-234809) of Under Armour, Inc. of our report dated February 24, 2021 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Baltimore, Maryland
February 24, 2021

Exhibit 31.01

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

I, Patrik Frisk, certify that:

1. I have reviewed this annual report on Form 10-K 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 24, 2021

/s/ PATRIK FRISK
Patrik Frisk
Chief Executive Officer and President 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 annual report on Form 10-K 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 24, 2021

/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 annual report on Form 10-K of the Company for the period ended December 31, 2020 (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 24, 2021

/s/ PATRIK FRISK
Patrik Frisk
Chief Executive Officer and President 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 annual report on Form 10-K of the Company for the period ended December 31, 2020 (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 24, 2021

/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.