

Under Armour, Inc. and Subsidiaries

Consolidated Balance Sheets
(In thousands, except share data)

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 312,483	\$ 250,470
Accounts receivable, net	609,670	622,685
Inventories	1,158,548	917,491
Prepaid expenses and other current assets	256,978	174,507
Total current assets	<u>2,337,679</u>	<u>1,965,153</u>
Property and equipment, net	885,774	804,211
Goodwill	555,674	563,591
Intangible assets, net	46,995	64,310
Deferred income taxes	82,801	136,862
Other long term assets	97,444	110,204
Total assets	<u>\$4,006,367</u>	<u>\$3,644,331</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Revolving credit facility, current	\$ 125,000	\$ —
Accounts payable	561,108	409,679
Accrued expenses	296,841	208,750
Current maturities of long term debt	27,000	27,000
Other current liabilities	50,426	40,387
Total current liabilities	<u>1,060,375</u>	<u>685,816</u>
Long term debt, net of current maturities	765,046	790,388
Other long term liabilities	162,304	137,227
Total liabilities	<u>1,987,725</u>	<u>1,613,431</u>
Commitments and contingencies (see Note 6)		
Stockholders' equity		
Class A Common Stock, \$0.0003 1/3 par value; 400,000,000 shares authorized as of December 31, 2017, and 2016; 185,257,423 shares issued and outstanding as of December 31, 2017, and 183,814,911 shares issued and outstanding as of December 31, 2016.	61	61
Class B Convertible Common Stock, \$0.0003 1/3 par value; 34,450,000 shares authorized, issued and outstanding as of December 31, 2017, and December 31, 2016.	11	11
Class C Common Stock, \$0.0003 1/3 par value; 400,000,000 shares authorized as of December 31, 2017, and 2016; 222,375,079 shares issued and outstanding as of December 31, 2017, and 220,174,048 shares issued and outstanding as of December 31, 2016.	74	73
Additional paid-in capital	872,266	823,484
Retained earnings	1,184,441	1,259,414
Accumulated other comprehensive loss	(38,211)	(52,143)
Total stockholders' equity	<u>2,018,642</u>	<u>2,030,900</u>
Total liabilities and stockholders' equity	<u>\$4,006,367</u>	<u>\$3,644,331</u>

See accompanying notes.

Under Armour, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share amounts)

	Year Ended December 31,		
	2017	2016	2015
Net revenues	\$4,976,553	\$4,825,335	\$3,963,313
Cost of goods sold	2,737,830	2,584,724	2,057,766
Gross profit	2,238,723	2,240,611	1,905,547
Selling, general and administrative expenses	2,086,831	1,823,140	1,497,000
Restructuring and impairment charges	124,049	—	—
Income from operations	27,843	417,471	408,547
Interest expense, net	(34,538)	(26,434)	(14,628)
Other expense, net	(3,614)	(2,755)	(7,234)
Income (loss) before income taxes	(10,309)	388,282	386,685
Income tax expense	37,951	131,303	154,112
Net income (loss)	(48,260)	256,979	232,573
Adjustment payment to Class C capital stockholders	—	59,000	—
Net income (loss) available to all stockholders	(48,260)	197,979	232,573
Basic net income (loss) per share of Class A and B common stock	\$ (0.11)	\$ 0.45	\$ 0.54
Basic net income (loss) per share of Class C common stock	\$ (0.11)	\$ 0.72	\$ 0.54
Diluted net income (loss) per share of Class A and B common stock	\$ (0.11)	\$ 0.45	\$ 0.53
Diluted net income (loss) per share of Class C common stock	\$ (0.11)	\$ 0.71	\$ 0.53
Weighted average common shares outstanding Class A and B common stock			
Basic	219,254	217,707	215,498
Diluted	219,254	221,944	220,868
Weighted average common shares outstanding Class C common stock			
Basic	221,475	218,623	215,498
Diluted	221,475	222,904	220,868

See accompanying notes.

Under Armour, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities			
Net income (loss)	\$ (48,260)	\$ 256,979	\$ 232,573
Adjustments to reconcile net income (loss) to net cash used in operating activities			
Depreciation and amortization	173,747	144,770	100,940
Unrealized foreign currency exchange rate loss (gains)	(29,247)	12,627	33,359
Impairment charges	71,378	—	—
Amortization of bond premium	254	—	—
Loss on disposal of property and equipment	2,313	1,580	549
Stock-based compensation	39,932	46,149	60,376
Excess tax benefit (loss) from stock-based compensation arrangements	(75)	44,783	45,917
Deferred income taxes	55,910	(43,004)	(4,426)
Changes in reserves and allowances	108,757	70,188	40,391
Changes in operating assets and liabilities (net of acquisitions):			
Accounts receivable	(79,106)	(249,853)	(191,876)
Inventories	(222,391)	(148,055)	(278,524)
Prepaid expenses and other assets	(55,503)	(25,284)	(76,476)
Accounts payable	145,695	202,446	(22,583)
Accrued expenses and other liabilities	109,823	67,754	76,854
Income taxes payable and receivable	(39,164)	(16,712)	(2,533)
Net cash provided by operating activities	234,063	364,368	14,541
Cash flows from investing activities			
Purchases of property and equipment	(281,339)	(316,458)	(298,928)
Purchases of property and equipment from related parties	—	(70,288)	—
Purchase of businesses, net of cash acquired	—	—	(539,460)
Purchases of available-for-sale securities	—	(24,230)	(103,144)
Sales of available-for-sale securities	—	30,712	96,610
Purchases of other assets	(1,648)	(875)	(2,553)
Net cash used in investing activities	(282,987)	(381,139)	(847,475)
Cash flows from financing activities			
Proceeds from long term debt and revolving credit facility	763,000	1,327,601	650,000
Payments on long term debt and revolving credit facility	(665,000)	(1,170,750)	(265,202)
Employee taxes paid for shares withheld for income taxes	(2,781)	(15,098)	(12,728)
Proceeds from exercise of stock options and other stock issuances	11,540	15,485	10,310
Payments of debt financing costs	—	(6,692)	(947)
Cash dividends paid	—	(2,927)	—
Contingent consideration payments for acquisitions	—	(1,505)	—
Net cash provided by financing activities	106,759	146,114	381,433
Effect of exchange rate changes on cash and cash equivalents	4,178	(8,725)	(11,822)
Net increase (decrease) in cash and cash equivalents	62,013	120,618	(463,323)
Cash and cash equivalents			
Beginning of period	250,470	129,852	593,175
End of period	\$ 312,483	\$ 250,470	\$ 129,852
Non-cash investing and financing activities			
Change in accrual for property and equipment	\$ 10,580	\$ 16,973	\$ 17,758
Non-cash dividends	—	(56,073)	—
Property and equipment acquired under build-to-suit leases	—	—	5,631
Other supplemental information			
Cash paid for income taxes	36,921	135,959	99,708
Cash paid for interest, net of capitalized interest	29,750	21,412	11,176

See accompanying notes.