Under Armour, Inc.
Form 10-Q
November 05, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2018
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 (State or other jurisdiction of incorporation or organization)	52-1990078 (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)

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 þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨
	Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

As of October 31, 2018 there were 187,615,732 shares of Class A Common Stock, 34,450,000 shares of Class B Convertible Common Stock and 226,300,665 Class C Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Under Armour, Inc. and Subsidiaries
Unaudited Consolidated Balance Sheets
(In thousands, except share data)

	September 30, 2018	December 31, 2017	September 30, 2017
Assets			
Current assets			
Cash and cash equivalents	$ 168,682	$ 312,483	$ 258,002
Accounts receivable, net	867,074	609,670	733,292
Inventories	1,173,115	1,158,548	1,180,653
Prepaid expenses and other current assets	378,159	256,978	284,895
Total current assets	2,587,030	2,337,679	2,456,842
Property and equipment, net	821,078	885,774	868,250
Goodwill	551,208	555,674	559,318
Intangible assets, net	43,792	46,995	48,646
Deferred income taxes	86,436	82,801	97,147
Other long term assets	137,625	97,444	100,162
Total assets	$ 4,227,169	$ 4,006,367	$ 4,130,365
Liabilities and Stockholders' Equity			
Current liabilities			
Revolving credit facility, current	$ 75,000	$ 125,000	$ 270,000
Accounts payable	499,467	561,108	482,897
Accrued expenses	303,399	296,841	266,074
Customer refund liability	303,457	—	—
Current maturities of long term debt	25,000	27,000	27,000
Other current liabilities	93,416	50,426	54,455
Total current liabilities	1,299,739	1,060,375	1,100,426
Long term debt, net of current maturities	703,455	765,046	771,382
Other long term liabilities	218,054	162,304	157,861
Total liabilities	2,221,248	1,987,725	2,029,669
Commitments and contingencies (See Note 5)			
Stockholders' equity			
Class A Common Stock, $0.0003 1/3 par value; 400,000,000 shares authorized as of September 30, 2018, December 31, 2017 and September 30, 2017; 187,611,121 shares issued and outstanding as of September 30, 2018, 185,257,423 shares issued and outstanding as of December 31, 2017, and 185,128,757 shares issued and outstanding as of September 30, 2017.	62	61	61
Class B Convertible Common Stock, $0.0003 1/3 par value; 34,450,000 shares authorized, issued and outstanding as of September 30, 2018, December 31, 2017 and September 30, 2017.	11	11	11
Class C Common Stock, $0.0003 1/3 par value; 400,000,000 shares authorized as of September 30, 2018, December 31, 2017 and September 30, 2017; 226,263,389 shares issued and outstanding as of September 30, 2018, 222,375,079 shares issued and outstanding as of December 31,	75	74	74

2017, and 222,050,824 shares issued and outstanding as of September 30, 2017.			
Additional paid-in capital	915,449	872,266	864,920
Retained earnings	1,134,684	1,184,441	1,272,556
Accumulated other comprehensive loss	(44,360)	(38,211)	(36,926)
Total stockholders' equity	2,005,921	2,018,642	2,100,696
Total liabilities and stockholders' equity	$ 4,227,169	$ 4,006,367	$ 4,130,365

See accompanying notes.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net revenues	$1,442,976	$1,408,991	$3,803,205	$3,620,028
Cost of goods sold	777,769	760,265	2,087,961	1,962,172
Gross profit	665,207	648,726	1,715,244	1,657,856
Selling, general and administrative expenses	527,640	501,548	1,594,893	1,504,828
Restructuring and impairment charges	18,601	84,998	134,920	88,097
Income (loss) from operations	118,966	62,180	(14,569)	64,931
Interest expense, net	(9,151)	(9,575)	(26,266)	(25,237)
Other expense, net	(4,294)	(1,069)	(9,475)	(1,383)
Income (loss) before income taxes	105,521	51,536	(50,310)	38,311
Income tax expense (benefit)	30,874	(2,706)	691	(1,349)
Income from equity method investment	619	—	481	—
Net income (loss)	$75,266	$54,242	$(50,520)	$39,660
Basic net income (loss) per share of Class A, B and C common stock	$0.17	$0.12	$(0.11)	$0.09
Diluted net income (loss) per share of Class A, B and C common stock	$0.17	$0.12	$(0.11)	$0.09
Weighted average common shares outstanding Class A, B and C common stock				
Basic	447,070	441,275	444,931	440,360
Diluted	451,035	448,439	444,931	448,261

See accompanying notes.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	$75,266	$54,242	$(50,520)	$39,660
Other comprehensive income (loss):				
Foreign currency translation adjustment	(1,042)	13,782	(16,861)	28,966
Unrealized gain (loss) on cash flow hedge, net of tax benefit (expense) of $731 and $1,759 for the three months ended September 30, 2018 and 2017, respectively, and ($5,362) and $6,270 for the nine months ended September 30, 2018 and 2017, respectively.	(1,658)	(6,215)	15,677	(18,006)
Gain (loss) on intra-entity foreign currency transactions	(3,171)	2,539	(4,965)	4,257
Total other comprehensive income (loss)	(5,871)	10,106	(6,149)	15,217
Comprehensive income (loss)	$69,395	$64,348	$(56,669)	$54,877

See accompanying notes.

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

	Nine Months Ended September 30, 2018	2017
Cash flows from operating activities		
Net income (loss)	$(50,520)	$39,660
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	135,029	128,488
Unrealized foreign currency exchange rate (gains) losses	9,350	(30,429)
Loss on disposal of property and equipment	3,378	1,518
Impairment charges	9,930	55,116
Amortization of bond premium	190	190
Stock-based compensation	32,445	34,409
Excess tax benefit (deficiency) from stock-based compensation arrangements	(3)	356
Deferred income taxes	(9,965)	42,705
Changes in reserves and allowances	(239,073)	43,793
Changes in operating assets and liabilities:		
Accounts receivable	(23,846)	(138,267)
Inventories	(30,390)	(243,696)
Prepaid expenses and other assets	(97,519)	(23,195)
Other non-current assets	(1,596)	(12,554)
Accounts payable	(37,353)	86,481
Accrued expenses and other liabilities	113,297	75,526
Customer refund liability	304,685	—
Income taxes payable and receivable	778	(86,274)
Net cash provided by (used in) operating activities	118,817	(26,173)
Cash flows from investing activities		
Purchases of property and equipment	(121,439)	(225,924)
Sale of property and equipment	11,285	—
Purchases of other assets	(4,861)	(1,648)
Purchase of equity method investment	(39,208)	—
Net cash used in investing activities	(154,223)	(227,572)
Cash flows from financing activities		
Proceeds from long term debt and revolving credit facility	465,000	665,000
Payments on long term debt and revolving credit facility	(580,000)	(415,250)
Employee taxes paid for shares withheld for income taxes	(2,743)	(2,586)
Proceeds from exercise of stock options and other stock issuances	10,739	9,717
Payments of debt financing costs	(11)	—
Other financing fees	306	—
Net cash provided by (used in) financing activities	(106,709)	256,881
Effect of exchange rate changes on cash, cash equivalents and restricted cash	520	7,416
Net increase (decrease) in cash, cash equivalents and restricted cash	(141,595)	10,552
Cash, cash equivalents and restricted cash		
Beginning of period	318,135	252,725
End of period	$176,540	$263,277

Non-cash investing and financing activities

Change in accrual for property and equipment	(26,566)	(31,886)

See accompanying notes.

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Under Armour, Inc. and Subsidiaries
Notes to the Unaudited Consolidated Financial Statements

1. Description of the Business

Under Armour, Inc. is a developer, marketer and distributor of branded performance apparel, footwear and accessories. These 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. The Under Armour Connected Fitness™ platform powers the world's largest digital health and fitness community. The Company uses this platform to engage its consumers and increase awareness and sales of its products.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Under Armour, Inc. and its wholly owned subsidiaries (the “Company”). Certain information in footnote disclosures normally included in annual financial statements was condensed or omitted for the interim periods presented in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) and accounting principles generally accepted in the United States of America for interim consolidated financial statements. In the opinion of management, all adjustments consisting of normal, recurring adjustments considered necessary for a fair statement of the financial position and results of operations were included. Intercompany balances and transactions were eliminated. The consolidated balance sheet as of December 31, 2017 is derived from the audited financial statements included in the Company’s Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2017 (the “2017 Form 10-K”), which should be read in conjunction with these consolidated financial statements. The results for the three and nine months ended September 30, 2018, are not necessarily indicative of the results to be expected for the year ending December 31, 2018 or any other portions thereof.

The Company identified an immaterial prior period 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 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 statement of operations. The Company has revised the prior periods to be consistent with the current period's presentation resulting in an increase in net revenues and selling, general and administrative expense of $3.4 million and $8.8 million for the three and nine months ended September 30, 2017. For the year ended December 31, 2017, the Company will record additional net revenue and selling, general and administrative expense of $12.7 million. There is no impact in any period on income (loss) from operations. The Company concluded that the error was not material to any of its previously issued financial statements.

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 purchase 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.

	September 30, 2018	December 31, 2017	September 30, 2017
Cash and cash equivalents	$ 168,682	$ 312,483	$ 258,002
Restricted cash	7,858	5,652	5,275
Total Cash, cash equivalents and restricted cash	$ 176,540	$ 318,135	$ 263,277

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 large retailers. Credit is extended based on an evaluation of each customer’s financial condition and collateral is not required. None of the Company's customers accounted for more than 10% of accounts receivable as of September 30, 2018. One of the Company's customers accounted for 12% and 13% of accounts receivable as of December 31, 2017 and September 30, 2017, respectively. For the nine months ended September 30, 2018 and September 30, 2017, no customer accounted for more than 10% of the Company's net revenues.

Sale of Accounts Receivable

In 2018, the Company entered into agreements with two financial institutions to sell selected accounts receivable on a recurring, non-recourse basis. Under each agreement, the Company may sell up to $150.0 million and $140.0 million, respectively, provided the accounts receivable of certain customers cannot be outstanding simultaneously with both institutions. Balances may remain outstanding at any point in time. 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 institutions.

As of September 30, 2018, there were no amounts outstanding. The funding fee charged by the financial institutions is included in the other expense, net line item in the consolidated statement of operations.

Allowance for Doubtful Accounts

As of September 30, 2018, December 31, 2017, and September 30, 2017, the allowance for doubtful accounts was $24.0 million, $19.7 million and $13.1 million, respectively.

Revenue Recognition

The Company recognizes revenue pursuant to Accounting Standards Codification 606 ("ASC 606"). Net revenues consist of net sales and license and Connected Fitness revenue. Net sales are recognized upon transfer of control, including passage of title to the customer and transfer of risk of loss related to those goods. Payment is due in full when title is transferred. Transfer of title and risk of loss 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. In some instances, transfer of title and risk of loss takes place at the point of sale, for example, at the Company’s brand and factory house stores. The Company may also ship product directly from its supplier to the customer and recognize revenue when the product is delivered to and accepted by the customer. License revenue is primarily recognized based upon shipment of licensed products sold by the Company's licensees. Sales taxes imposed on the Company’s revenues from product sales are presented on a net basis on the consolidated statements of income, and therefore do not impact net revenues or costs of goods sold.

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 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.

Contract Liability

Contract liability consists of payments received in advance of revenue recognition for subscriptions for our Connected Fitness applications and is included in other liabilities on the Company's consolidated balance sheet. As of September 30, 2018, contract liability was $31.9 million. For the three and nine months ended September 30, 2018, the Company recognized $4.5 million and $19.7 million, respectively, of revenue that was previously included in contract liability as of December 31, 2017. 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.

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Shipping and Handling Costs

The Company charges certain customers shipping and handling fees. These fees are recorded in net revenues. The Company incurs freight costs associated with shipping goods to customers. These costs are recorded as a component of cost of goods sold.

The Company also incurs outbound handling costs associated with preparing goods to ship to customers and certain costs to operate the Company’s distribution facilities. These costs are recorded as a component of selling, general and administrative expenses and were $24.2 million and $25.5 million for the three months ended September 30, 2018 and 2017, respectively, and $70.2 million and $74.5 million for the nine months ended September 30, 2018 and 2017, respectively.

Equity Method Investment

On April 23, 2018, the Company invested ¥4.2 billion or $39.2 million in exchange for an additional 10% common stock ownership in Dome Corporation ("Dome"), the Company's Japanese licensee. This additional investment brings the Company's total investment in Dome's common stock to 29.5%, from 19.5%. The Company accounted for its investment in Dome under the equity method, given that it has the ability to exercise significant influence, but not control, over Dome.

As of September 30, 2018, the carrying value of the Company’s total investment in Dome was $52.4 million. The Company's proportionate share of Dome's net assets exceeded our total investment by $63.8 million and is not amortized. For the three and nine months ended September 30, 2018, the Company recorded the allocable share of Dome’s net income in its consolidated statements of operations and as an adjustment to the invested balance. The total allocable share of net income is not expected to be material for the year ending December 31, 2018.

In addition to the investment in Dome, the Company has a license agreement with Dome. The Company recorded license revenues from Dome of $9.2 million for the three months ended September 30, 2018 and $22.9 million for the nine months ended September 30, 2018. As of September 30, 2018 the Company has $9.0 million in licensing receivables outstanding, recorded in the prepaid expenses and other current assets line item within the Company's consolidated balance sheet.

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.

Recently Issued Accounting Standards

In June 2018, the FASB issued ASU 2018-07, Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting. This standard simplifies the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. This ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In January 2018, the FASB released guidance on the accounting for tax on the global intangible low-taxed income ("GILTI") provisions of the Tax Act. The GILTI provisions impose a tax on the income of foreign corporations in excess of a deemed return on their tangible assets. The guidance indicates that, subject to an accounting policy election, tax on GILTI inclusions can be included in deferred taxes or treated as period costs. The Company will make its GILTI accounting policy election during the one-year measurement period as allowed by the SEC. The Company has not yet made an accounting policy election in regards to tax on GILTI inclusions and, in the interim, treats these as period costs.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, an update that amends and simplifies certain aspects of hedge accounting rules to increase transparency of the impact of risk management activities in the financial statements. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, which amends the existing guidance for leases and will require recognition of operating leases with lease terms of more than twelve months and all financing leases on the balance sheet. For these leases, companies will record assets for the rights and liabilities for the obligations that are

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created by the leases. This ASU will require disclosures that provide qualitative and quantitative information for the lease assets and liabilities recorded in the financial statements. The Company will adopt this ASU and related amendments on January 1, 2019 and expects to elect certain practical expedients permitted under the transition guidance. The Company will elect the optional transition method that allows for a cumulative-effect adjustment in the period of adoption and will not restate prior periods. The Company is implementing new lease systems in connection with the adoption of this ASU. The Company has completed the design phase and is now in the testing phase of the lease system implementation. The Company expects the ASU to have a material impact on its consolidated balance sheet, however, the Company is still in the process of completing its analysis of the impact this ASU will have on its consolidated financial statements and related disclosures.

Recently Adopted Accounting Standards

In November 2016, the FASB issued ASU 2016-18, which reduced diversity in practice in the classification and presentation of changes in restricted cash on the statement of cash flows by including restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company adopted the provisions under this ASU on January 1, 2018 on a retrospective basis. This resulted in an increase in beginning of period and end of period cash and cash equivalents, and restricted cash of $2.3 million and $5.3 million, respectively, and an increase of $3.0 million to the cash flows from operating activities section to the Consolidated Statement of Cash Flows for the nine months ended September 30, 2017.

In January of 2016, the FASB issued ASU 2016-01 which simplifies the impairment assessment of equity investments. This ASU requires equity investments to be measured at fair value with changes recognized in net income unless they do not have readily determined fair values, in which case the cost basis measurement alternative may be elected. This ASU eliminates the requirement to disclose the methods and assumptions to estimate fair value for financial instruments, requires the use of the exit price for disclosure purposes, requires the change in liability due to a change in credit risk to be presented in other comprehensive income, requires separate presentation of financial assets and liabilities by measurement category and form of asset (securities and loans) and clarifies the need for a valuation allowance on a deferred tax asset related to available-for-sale securities. The Company adopted the provisions of this ASU on January 1, 2018 on a prospective basis. The Company elected to use the measurement alternative which allows the Company to measure its equity basis investments at historical cost, less any impairment, plus or minus changes resulting from observable price changes, resulting in no changes in the carrying value of its cost basis investments.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the most current revenue recognition requirements. This ASU requires entities to recognize revenue in a way that depicts the transfer of goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods or services. The Company adopted the provisions under this ASU on January 1, 2018 on a modified retrospective basis resulting in a cumulative-effect benefit to retained earnings of $3.5 million as of the date of adoption, relating to revenues for certain wholesale and e-commerce sales being recognized upon shipment rather than upon delivery to the customer. Under this approach, the Company did not restate the prior financial statements presented. The provisions under this ASU were applied to all contracts at the date of initial adoption.

On the Company’s consolidated balance sheet, reserves for returns, allowances, discounts and markdowns will be included within customer refund liability, rather than accounts receivable, net, and the value of inventory associated with reserves for sales returns will be included within prepaid expenses and other current assets. On the Company’s consolidated statement of operations, certain costs associated with the Company’s customer support program for its wholesale customers will now be recorded in cost of goods sold. Additionally, certain free of charge product offered with a purchase will be recorded in cost of goods sold. Previously, both of these costs were recorded in selling, general and administrative expenses. Had the Company not adopted the provisions under this ASU, its consolidated balance sheet as of September 30, 2018, its consolidated statement of operations for the three and nine months ended September 30, 2018, and its consolidated statement of cash flows for the nine months ended September 30, 2018 would have been presented as follows:

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	September 30, 2018 (As Presented)	ASC 606 Adjustments	September 30, 2018 (As Adjusted)
Assets			
Current assets			
Cash and cash equivalents	$168,682	$—	$168,682
Accounts receivable, net	867,074	(224,936)	642,138
Inventories	1,173,115	5,045	1,178,160
Prepaid expenses and other current assets	378,159	(84,150)	294,009
Total current assets	2,587,030	(304,041)	2,282,989
Non-current assets	1,640,139	2,499	1,642,638
Total assets	$4,227,169	$(301,542)	$3,925,627
Liabilities and Stockholders’ Equity			
Current liabilities			
Revolving credit facility, current	$75,000	$—	$75,000
Accounts payable	499,467	—	499,467
Accrued expenses	303,399	—	303,399
Customer refund liability	303,457	(303,457)	—
Current maturities of long term debt	25,000	—	25,000
Other current liabilities	93,416	8,108	101,524
Total current liabilities	1,299,739	(295,349)	1,004,390
Non-current liabilities	921,509	—	921,509
Total liabilities	2,221,248	(295,349)	1,925,899
Stockholders’ equity	2,005,921	(6,193)	1,999,728
Total liabilities and stockholders’ equity	$4,227,169	$(301,542)	$3,925,627

	Three Months Ended September 30, 2018 (As Presented)	ASC 606 Adjustments	Three Months Ended September 30, 2018 (As Adjusted)	Nine Months Ended September 30, 2018 (As Presented)	ASC 606 Adjustments	Nine Months Ended September 30, 2018 (As Adjusted)
Net revenues	$1,442,976	$ (4,468)	$1,438,508	$3,803,205	$ (6,093)	$3,797,112
Cost of goods sold	777,769	(2,963)	774,806	2,087,961	(5,794)	2,082,167
Gross profit	665,207	(1,505)	663,702	1,715,244	(299)	1,714,945
Selling, general and administrative expenses	527,640	1,188	528,828	1,594,893	3,494	1,598,387
Restructuring and impairment charges	18,601	—	18,601	134,920	—	134,920
Income (loss) from operations	118,966	(2,693)	116,273	(14,569)	(3,793)	(18,362)
Interest expense, net	(9,151)	—	(9,151)	(26,266)	—	(26,266)
Other expense, net	(4,294)	—	(4,294)	(9,475)	—	(9,475)
Income (loss) before income taxes	105,521	(2,693)	102,828	(50,310)	(3,793)	