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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
April 30, 2020

COLUMBIA SPORTSWEAR COMPANY
(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction
of incorporation)

000-23939
(Commission
File Number)

93-0498284
(I.R.S. Employer
Identification No.)

14375 Northwest Science Park Drive
Portland, Oregon 97229
(Address of principal executive offices) (Zip code)

(503) 985-4000
(Registrant's telephone number, including area code)

No Change
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	COLM	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 30, 2020, Columbia Sportswear Company (the "Company") issued a press release reporting its first quarter 2020 financial results and providing a COVID-19 response summary. A copy of the Company's press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

Attached hereto as Exhibit 99.2 and incorporated by reference herein is financial information and commentary by Jim A. Swanson, Senior Vice President and Chief Financial Officer of Columbia Sportswear Company, on the first quarter 2020 results, as well as an update on the Company's COVID-19 response, as posted on the Company's investor relations website, <http://investor.columbia.com>, on April 30, 2020. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

[99.1](#) Press Release, dated April 30, 2020 (furnished pursuant to Item 2.02 hereof).

[99.2](#) Commentary by Jim A. Swanson, Senior Vice President and Chief Financial Officer of Columbia Sportswear Company, dated April 30, 2020 (furnished pursuant to Item 2.02 hereof).

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COLUMBIA SPORTSWEAR COMPANY

Dated: April 30, 2020

By: /S/ JIM A. SWANSON

Jim A. Swanson

Senior Vice President and Chief Financial Officer



Columbia Sportswear Company Reports First Quarter 2020 Financial Results and Provides Updates on Response to COVID-19

First Quarter 2020 Financial Results and COVID-19 Response Summary

Lower net sales and profitability in first quarter 2020 compared to first quarter 2019 primarily reflects the impact of lower consumer demand resulting from the ongoing COVID-19 pandemic.

- **Net sales decreased 13 percent to \$568.2 million, compared to first quarter 2019.**
- **Loss from operations of \$(2.0) million, or (0.3) percent of net sales, compared to first quarter 2019 operating income of \$88.0 million, or 13.4 percent of net sales. First quarter 2020 loss from operations include a \$21.5 million year-over-year increase in bad debt expense and a \$9.2 million year-over-year increase in inventory obsolescence provisions.**
- **Break even diluted earnings per share, compared to first quarter 2019 diluted earnings per share of \$1.07.**
- **Recent actions to mitigate the financial impact of the COVID-19 pandemic have been focused on financial liquidity enhancements, cost containment measures and capital preservation actions including suspending dividends and share repurchases.**

PORTLAND, Ore. - April 30, 2020 - Columbia Sportswear Company (NASDAQ: COLM, the "Company"), a leading innovator in active outdoor lifestyle apparel, footwear, accessories and equipment, today announced first quarter 2020 financial results for the period ended March 31, 2020 and updates regarding the Company's response to the COVID-19 pandemic.

Chairman, President and Chief Executive Officer Tim Boyle commented, "Our focus remains on the health and safety of our employees, their families, our customers and our communities. I'm proud of the strength and resilience of our global employees, whose dedication, focus and responsiveness are vital to successfully navigating this unprecedented global health and economic crisis. First quarter results largely reflect the impact of the COVID-19 pandemic, which escalated throughout the quarter as the global effort to contain the pandemic unfolded. It is important to note that we entered into this crisis in a position of strength, with a fortress balance sheet and top quartile operating margin performance in our industry in 2019. As consumers look to make every dollar they spend count within this challenging economic environment, we believe the Columbia brand's differentiated innovation and exceptional value are as important as ever."

"It is impossible to predict when this crisis will pass, but we have weathered many storms during Columbia's long history, which spans more than 80 years, and I am confident that we will get through this one as well. We have quickly taken steps to enhance liquidity, preserve capital, contain costs and manage inventory to mitigate the financial impact of the pandemic, and we are keenly focused on emerging in a stronger competitive position."

"Our long-term commitment to driving sustainable and profitable growth has not changed and our strategic priorities remain to:

- drive brand awareness and sales growth through increased, focused demand creation investments;
- enhance consumer experience and digital capabilities in all our channels and geographies;
- expand and improve global direct-to-consumer operations with supporting processes and systems; and
- invest in our people and optimize our organization across our portfolio of brands."

CFO's Commentary Available Online

For a detailed review of the Company's first quarter 2020 financial results and additional updates relating to the COVID-19 pandemic, please refer to the CFO Commentary exhibit furnished to the Securities and Exchange Commission (the "SEC") on Form 8-K and published on the Investor Relations section of the Company's website at <http://investor.columbia.com/results.cfm> at approximately 4:15 p.m. ET today. Analysts and investors are encouraged to review this commentary prior to participating in our conference call.

COVID-19 Update

In first quarter 2020, lower consumer demand related to the COVID-19 pandemic began to impact financial performance in China in late January, Korea and Japan in early February and North America and Europe in March. Retail traffic trends declined across North America and Europe in early March, prior to store closures which began in mid-March. In light of the current and anticipated environment, the Company has taken several actions to mitigate the financial impacts of the COVID-19 pandemic including financial liquidity enhancements, capital preservation actions including suspending dividends and share repurchases, cost containment measures and actions to manage inventory. Please reference the CFO Commentary exhibit for a detailed review of COVID-19 pandemic related issues impacting the Company and key actions taken up to the date of this release.

First Quarter 2020 Financial Results

(All comparisons are between first quarter 2020 and first quarter 2019, unless otherwise noted.)

Net sales decreased 13 percent to \$568.2 million, from \$654.6 million for the comparable period in 2019.

Gross margin contracted 360 basis points to 47.8 percent of net sales from 51.4 percent of net sales for the comparable period in 2019.

SG&A expenses increased 10 percent to \$276.8 million, or 48.7 percent of net sales, from \$251.8 million, or 38.5 percent of net sales, for the comparable period in 2019.

Loss from operations of \$(2.0) million, or (0.3) percent of net sales, compared to operating income of \$88.0 million, or 13.4 percent of net sales, for the comparable period in 2019. First quarter 2020 loss from operations include a \$21.5 million year-over-year increase in bad debt expense and a \$9.2 million year-over-year increase in inventory obsolescence provisions.

Net income decreased 100 percent to \$0.2 million, or \$0.00 per diluted share, from \$74.2 million, or \$1.07 per diluted share, for the comparable period in 2019.

Balance Sheet as of March 31, 2020

Cash, cash equivalents and short-term investments totaled \$706.9 million, compared to \$703.1 million at March 31, 2019.

Short-term borrowings totaled \$174.4 million. There were no short-term borrowings at March 31, 2019.

Inventories increased 11 percent to \$577.1 million, compared to \$520.6 million at March 31, 2019.

Share Repurchases for the Three Months Ended March 31, 2020

The Company repurchased 1,557,184 shares of common stock for an aggregate of \$132.9 million, or an average price per share of \$85.34, under a previously established written plan.

At March 31, 2020, \$82.2 million remained available under the current stock repurchase authorization. As part of a broader capital preservation effort during the ongoing COVID-19 pandemic, the Company has suspended share repurchases.

Quarterly Cash Dividend

As part of a broader capital preservation effort during the ongoing COVID-19 pandemic, subsequent to payment of the dividend declared and paid earlier in the first quarter of 2020, the Company's Board of Directors suspended future quarterly cash dividends.

Conference Call

The Company will hold its first quarter 2020 conference call at 5:00 p.m. ET today. Dial (877) 407-9205 to participate. The call will also be webcast live on the Investor Relations section of the Company's website at <http://investor.columbia.com>.

Second Quarter 2020 Reporting Date

Columbia Sportswear Company plans to report second quarter 2020 financial results on Thursday, July 30, 2020 at approximately 4:00 p.m. ET.

Supplemental Financial Information

Since Columbia Sportswear Company is a global company, the comparability of its operating results reported in United States dollars is affected by foreign currency exchange rate fluctuations because the underlying currencies in which it transacts change in value over time compared to the United States dollar. To supplement financial information reported in accordance with GAAP, the Company discloses constant-currency net sales information, which is a non-GAAP financial measure, to provide a framework to assess how the business performed excluding the effects of changes in the exchange rates used to translate net sales generated in foreign currencies into United States dollars. The Company calculates constant-currency net sales by translating net sales in foreign currencies for the current period into United States dollars at the average exchange rates that were in effect during the comparable period of the prior year. Management believes that this non-GAAP financial measure reflects an additional and useful way of viewing an aspect of our operations that, when viewed in conjunction with our GAAP results, provides a more comprehensive understanding of our business and operations. In particular, investors may find the non-GAAP financial measure useful by reviewing our net sales results without the volatility in foreign currency exchange rates. This non-GAAP financial measure also facilitates management's internal comparisons to our historical net sales results and comparisons to competitors' net sales results.

The non-GAAP financial measures should be viewed in addition to, and not in lieu of or superior to, our financial measures calculated in accordance with GAAP. The Company provides a reconciliation of non-GAAP measures to the most directly comparable financial measure calculated in accordance with GAAP. See the "Reconciliation of GAAP to Non-GAAP Financial Measures" table included herein. The non-GAAP financial measures presented may not be comparable to similarly titled measures reported by other companies.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws, including statements regarding the Company's expectations, anticipations or beliefs about the future and its ability to weather the COVID-19 crisis. Forward-looking statements often use words such as "will," "anticipate," "estimate," "expect," "should," "may" and other words and terms of similar meaning or reference future dates. The Company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this document, those described in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading "Risk Factors," and those that have been or may be described in other reports filed by the Company, including reports on Form 8-K. Potential risks and uncertainties include those relating to the spread of COVID-19, the severity of the disease, the duration of the COVID-19 pandemic, actions that may be taken by governmental authorities to contain the pandemic or to treat its impact, and economic slowdowns that have and may continue to result from the pandemic. The Company cautions that forward-looking statements are inherently less reliable than historical information. The Company does not undertake any duty to update any of the forward-looking statements after the date of this document to conform them to actual results or to reflect changes in events, circumstances or its expectations. New factors emerge from time to time and it is not possible for the Company to predict or assess the effects of all such factors or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

About Columbia Sportswear Company

Columbia Sportswear Company has assembled a portfolio of brands for active lives, making it a leader in the global active outdoor lifestyle apparel, footwear, accessories, and equipment industry. Founded in 1938 in Portland, Oregon, the Company's brands are today sold in approximately 90 countries. In addition to the Columbia® brand, Columbia Sportswear Company also owns the Mountain Hardwear®, SOREL® and prAna® brands. To learn more, please visit the Company's websites at www.columbia.com, www.mountainhardwear.com, www.sorel.com, and www.prana.com.

Contact:

Andrew Burns, CFA
Director of Investor Relations and Competitive Intelligence
Columbia Sportswear Company
(503) 985-4112
aburns@columbia.com

- Financial tables follow -

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(in thousands)</i>	March 31,	
	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 671,108	\$ 430,447
Short-term investments	35,828	272,603
Accounts receivable, net	312,951	341,136
Inventories	577,124	520,614
Prepaid expenses and other current assets	113,726	73,850
Total current assets	1,710,737	1,638,650
Property, plant, and equipment, net	332,997	298,379
Operating lease right-of-use assets	387,984	362,568
Intangible assets, net	122,850	125,830
Goodwill	68,594	68,594
Deferred income taxes	73,827	77,760
Other non-current assets	54,498	41,928
Total assets	\$ 2,751,487	\$ 2,613,709
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term borrowings	\$ 174,443	\$ —
Accounts payable	150,971	186,943
Accrued liabilities	214,044	224,385
Operating lease liabilities	64,456	59,214
Income taxes payable	6,441	9,302
Total current liabilities	610,355	479,844
Non-current operating lease liabilities	364,300	337,832
Income taxes payable	48,320	50,610
Deferred income taxes	8,944	9,112
Other long-term liabilities	22,977	15,662
Total liabilities	1,054,896	893,060
Shareholders' equity	1,696,591	1,720,649
Total liabilities and equity	\$ 2,751,487	\$ 2,613,709

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<i>(In thousands, except per share amounts)</i>	Three Months Ended March 31,	
	2020	2019
Net sales	\$ 568,228	\$ 654,608
Cost of sales	296,514	317,879
Gross profit	271,714	336,729
	47.8 %	51.4 %
Selling, general and administrative expenses	276,820	251,755
Net licensing income	3,119	2,984
Income (loss) from operations	(1,987)	87,958
Interest income, net	1,813	3,400
Other non-operating income, net	1,738	446
Income before income tax	1,564	91,804
Income tax expense	(1,351)	(17,627)
Net income	\$ 213	\$ 74,177
Earnings per share:		
Basic	\$ 0.00	\$ 1.09
Diluted	\$ 0.00	\$ 1.07
Weighted average shares outstanding:		
Basic	66,970	68,290
Diluted	67,412	69,052

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(In thousands)</i>	Three Months Ended March 31,	
	2020	2019
Cash flows from operating activities:		
Net income	\$ 213	\$ 74,177
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and non-cash lease expense	32,994	28,998
Provision for uncollectible accounts	19,229	(2,317)
Loss on disposal or impairment of property, plant, and equipment	2,138	958
Deferred income taxes	3,802	191
Stock-based compensation	3,675	4,215
Changes in operating assets and liabilities:		
Accounts receivable	150,687	110,954
Inventories	23,510	862
Prepaid expenses and other current assets	(11,922)	6,952
Other assets	(5,873)	(3,394)
Accounts payable	(100,402)	(81,242)
Accrued liabilities	(77,861)	(54,723)
Income taxes payable	(9,429)	(13,761)
Operating lease assets and liabilities	(16,807)	(14,721)
Other liabilities	(1,200)	1,495
Net cash provided by operating activities	12,754	58,644
Cash flows from investing activities:		
Purchases of short-term investments	(35,044)	(136,257)
Sales and maturities of short-term investments	1,631	128,000
Capital expenditures	(9,452)	(25,199)
Net cash used in investing activities	(42,865)	(33,456)
Cash flows from financing activities:		
Proceeds from credit facilities	175,719	21,942
Repayments on credit facilities	(1,054)	(21,942)
Proceeds from issuance of common stock related to stock-based compensation	1,096	8,579
Tax payments related to stock-based compensation	(4,207)	(5,432)
Repurchase of common stock	(132,889)	(18,845)
Purchase of non-controlling interest	—	(13,970)
Cash dividends paid	(17,195)	(16,418)
Net cash provided by (used in) financing activities	21,470	(46,086)
Net effect of exchange rate changes on cash	(6,260)	(450)
Net decrease in cash and cash equivalents	(14,901)	(21,348)
Cash and cash equivalents, beginning of period	686,009	451,795
Cash and cash equivalents, end of period	\$ 671,108	\$ 430,447
Supplemental disclosures of non-cash investing and financing activities :		
Property, plant and equipment acquired through increase in liabilities	\$ 2,503	\$ 8,177

COLUMBIA SPORTSWEAR COMPANY
Reconciliation of GAAP to Non-GAAP Financial Measures
Net Sales Growth - Constant-currency Basis
(Unaudited)

	Three Months Ended March 31,					
	Reported Net Sales 2020	Adjust for Foreign Currency Translation	Constant- currency Net Sales 2019 ⁽¹⁾	Reported Net Sales 2019	Reported Net Sales % Change	Constant-currency Net Sales % Change ⁽¹⁾
<i>(In millions, except percentage changes)</i>						
Geographical Net Sales:						
United States	\$ 375.9	\$ —	\$ 375.9	\$ 412.2	(9)%	(9)%
LAAP	102.6	1.4	104.0	132.9	(23)%	(22)%
EMEA	55.8	1.4	57.2	71.3	(22)%	(20)%
Canada	33.9	(0.5)	33.4	38.2	(11)%	(13)%
Total	<u>\$ 568.2</u>	<u>\$ 2.3</u>	<u>\$ 570.5</u>	<u>\$ 654.6</u>	(13)%	(13)%
Brand Net Sales:						
Columbia	\$ 471.7	\$ 2.3	\$ 474.0	\$ 552.2	(15)%	(14)%
SOREL	38.7	—	38.7	39.5	(2)%	(2)%
prAna	36.5	—	36.5	41.2	(11)%	(11)%
Mountain Hardwear	21.3	—	21.3	21.7	(2)%	(2)%
Total	<u>\$ 568.2</u>	<u>\$ 2.3</u>	<u>\$ 570.5</u>	<u>\$ 654.6</u>	(13)%	(13)%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 452.2	\$ 1.6	\$ 453.8	\$ 526.0	(14)%	(14)%
Footwear	116.0	0.7	116.7	128.6	(10)%	(9)%
Total	<u>\$ 568.2</u>	<u>\$ 2.3</u>	<u>\$ 570.5</u>	<u>\$ 654.6</u>	(13)%	(13)%
Channel Net Sales:						
Wholesale	\$ 325.9	\$ 1.3	\$ 327.2	\$ 363.2	(10)%	(10)%
DTC	242.3	1.0	243.3	291.4	(17)%	(17)%
Total	<u>\$ 568.2</u>	<u>\$ 2.3</u>	<u>\$ 570.5</u>	<u>\$ 654.6</u>	(13)%	(13)%

⁽¹⁾ Constant-currency net sales information is a non-GAAP financial measure that excludes the effect of changes in foreign currency exchange rates against the United States dollar between comparable reporting periods. The Company calculates constant-currency net sales by translating net sales in foreign currencies for the current period into United States dollars at the average exchange rates that were in effect during the comparable period of the prior year.



14375 NW Science Park Drive
 Portland, OR 97229
 April 30, 2020

CFO Commentary on First Quarter 2020 Financial Results and COVID-19 Response Update

Constant-currency net sales, a non-GAAP financial measure, is referenced throughout this commentary. Please see the "Supplemental Financial Information" section and financial tables included below for a more detailed description.

COVID-19 Update

In first quarter 2020, lower consumer demand related to the COVID-19 pandemic began to impact financial performance in China in late January, Korea and Japan in early February and North America and Europe in March. Retail traffic trends declined across North America and Europe in early March, prior to store closures which began in mid-March. The following section summarizes COVID-19 pandemic related issues impacting the Company and highlights key actions taken up to the date of this release.

- **Health, Safety and Employee Well Being**

- The Company's top priority throughout this crisis has been to protect the health and safety of our employees, their families, our customers and our communities. To promote health and safety and slow the spread of the virus, we closed our retail stores around the world at various points in time. We applied work from home measures around the world which have enabled the Company to sustain essential business functions. For employees returning to the office and store workspaces in regions that are beginning to reopen, we are following best practices related to social distancing and cleaning to promote a healthy environment. We have also implemented many social distancing measures in our distribution centers, including moving to split shifts, to promote employee safety.
- Globally, the Company aims to minimize the impact the COVID-19 pandemic is having on our employees and our business by participating in each country's unique government stimulus programs, where applicable. Within the U.S., the Company implemented a Catastrophic Paid Leave benefit which provides retail store and distribution center employees up to four weeks of regular wages in certain circumstances and full benefits, including if they have been exposed to the virus or if their workplace has been closed. Following the exhaustion of the Catastrophic Paid Leave and paid time off, employees who have had their workplaces closed have been transitioned to a partial furlough program, which provides for 25 percent pay and full benefits. A similar Catastrophic Paid Leave benefit, providing up to two weeks of regular pay, and partial furlough program has been implemented for all other eligible employees in the United States.
- We expect that COVID-19 related protocols such as social distancing measures will impact the performance of our operations.

- **Store Closure and E-commerce**

- As of the date of this release, the vast majority of our stores in China and Korea have reopened, although many still operate with reduced store hours. In these markets, retail traffic trends have been improving but remain well below pre-pandemic levels. Japan experienced a similar recovery trend until early April when a spike of new cases in and around Tokyo prompted store closures. Across North America and most of Europe, the Company's stores remain closed. In addition, the vast majority of our wholesale customers' and distributors' stores have followed store closure timelines similar to our store closures which vary by region, depending on when local governments took action to slow the spread of the virus.
- The Company continues to evaluate timelines for reopening stores in phases and is following the advice of governments and relevant public health authorities to determine when stores reopen. Our focus will remain on protecting both our employees and our customers during this reopening process. In Europe, a small number of stores have reopened and the first wave of U.S. store openings could begin in the coming weeks. The store reopening process will likely take time as

each market faces its own unique set of circumstances. It is uncertain how long it will take until foot traffic increases significantly.

- Our e-commerce businesses have largely remained operational during the COVID-19 pandemic, with the exception of temporary distribution center closures in France and China that have since resumed operations.

- **Financial Liquidity Enhancements**
 - To provide greater financial flexibility and liquidity for the business, the Company has taken a number of actions, including the expansion of its domestic credit facility which now provides \$525 million of committed credit capacity. Taken together with international credit lines and facilities, the Company's total available committed and uncommitted credit lines and facilities provide \$631 million of borrowing capacity, of which \$525 million is committed. We continue to evaluate the credit markets as well as our business trends and liquidity needs, and we are confident in our ability to access additional liquidity should the environment require such actions. We expect our outstanding indebtedness to fluctuate as we deem appropriate.

- **Capital Preservation**
 - To reduce capital outflows and preserve capital, the Company's Board of Directors suspended the quarterly dividend, and the Company suspended share repurchases and reduced planned capital expenditures. Collectively, these actions are expected to reduce 2020 capital outflows by at least \$130 million.

- **Cost Containment Measures**
 - The Company has initiated numerous cost containment measures across the organization which include:
 - lowering personnel related expenses through compensation adjustments, employee furloughs and reductions in contract labor and select full-time positions;
 - reducing demand creation spend; and
 - minimizing discretionary expenditures.
 - Combined, these actions are expected to lower 2020 operating expenses by more than \$100 million in comparison to last year, before incremental extraordinary expenses related to the COVID-19 pandemic including, but not limited to, exceptional provisions for bad debts, severance and restructuring charges and other related expenses.
 - Given the uncertainty of the situation and impact on our business, additional cost containment measures are under consideration and will continue to evolve.

- **Inventory Management**
 - Due to the effects of retail store closures and the resulting decrease in consumer demand, as well as actions being taken by our wholesale customers to preserve their capital and liquidity, the Company has received and anticipates significant Spring and Fall 2020 sales order cancellations. To mitigate the impact of these cancellations, the Company has significantly curtailed planned Fall 2020 inventory purchases. Among the Company's top priorities is a focused effort matching inventory supply with projected demand to optimize the use of inventory and maximize sales potential.
 - In anticipation of elevated inventory levels within our business and in the general marketplace, we expect to increase the amount of clearance inventory that is sold through our outlet stores.
 - The current and potentially continuing elevated promotional environment is anticipated to impact net sales and gross margin, as retailers attempt to reduce excess levels of inventory.
 - We are also experiencing supply chain disruptions, largely resulting from temporary raw material and finished goods supplier closures in Asia related to the COVID-19 pandemic, which we expect will likely affect our ability to timely fulfill some Fall 2020 orders.

- **Full Year 2020 Financial Outlook Withdrawn**
 - Given the ongoing business disruption and uncertainty surrounding the COVID-19 pandemic, Columbia has withdrawn its first half and full year 2020 financial outlook and is not providing further full year outlook updates at this time.
 - The second quarter is historically our seasonally lowest sales volume period and, based on current and anticipated store closures as well as uncertainty regarding retail traffic as stores reopen, we expect a significant decline in second quarter net sales and an operating loss.

First Quarter 2020 Financial Results

(All comparisons are between first quarter 2020 and first quarter 2019, unless otherwise noted.)

Financial Summary

	Three Months Ended March 31,		
	GAAP		
	2020	2019	Change
<i>(in millions, except per share amounts)</i>	<i>(dollars in millions except per share amounts)</i>		
Net sales	\$568.2	\$654.6	(13)%
Gross margin	47.8%	51.4%	-360 bps
Selling, General and Administrative rate	48.7%	38.5%	1020 bps
Operating income (loss)	\$(2.0)	\$88.0	(102)%
Operating margin	(0.3)%	13.4%	-1370 bps
Net income	\$0.2	\$74.2	(100)%
Diluted earnings per share	\$0.00	\$1.07	(100)%

Net Sales

Net sales decreased 13 percent to \$568.2 million, from \$654.6 million for the comparable period in 2019.

Net Sales Detail

	Three Months Ended March 31,			
	Reported Net Sales 2020	Reported Net Sales 2019	Reported Net Sales % Change	Constant-currency Net Sales % Change
<i>(in millions, except for percent changes)</i>	<i>(dollars in millions except per share amounts)</i>			
Geographic Net Sales:				
U.S.	\$ 375.9	\$ 412.2	(9)%	(9)%
LAAP	102.6	132.9	(23)%	(22)%
EMEA	55.8	71.3	(22)%	(20)%
Canada	33.9	38.2	(11)%	(13)%
Total	\$ 568.2	\$ 654.6	(13)%	(13)%
Brand Net Sales:				
Columbia	\$ 471.7	\$ 552.2	(15)%	(14)%
SOREL	38.7	39.5	(2)%	(2)%
prAna	36.5	41.2	(11)%	(11)%
Mountain Hardwear	21.3	21.7	(2)%	(2)%
Total	\$ 568.2	\$ 654.6	(13)%	(13)%
Product Category Net Sales:				
Apparel, Accessories and Equipment	\$ 452.2	\$ 526.0	(14)%	(14)%
Footwear	116.0	128.6	(10)%	(9)%
Total	\$ 568.2	\$ 654.6	(13)%	(13)%
Channel Net Sales:				
Wholesale	\$ 325.9	\$ 363.2	(10)%	(10)%
DTC	242.3	291.4	(17)%	(17)%
Total	\$ 568.2	\$ 654.6	(13)%	(13)%

Net Sales Commentary

Unless otherwise noted, net sales declines in first quarter 2020 primarily reflect the impact of lower consumer demand resulting from the ongoing COVID-19 pandemic and, to a lesser extent lower demand resulting from warmer weather compared to strong sales performance in first quarter 2019.

- **United States ("U.S.")**
 - Wholesale net sales decreased low-single-digit percent.
 - Direct-to-consumer ("DTC") net sales decreased mid-teens percent driven by a high-20 percent decline in brick & mortar net sales, partially offset by a low-double-digit percent increase in e-commerce net sales.
 - The Company operated 142 U.S. retail stores at March 31, 2020 (122 outlet; 20 branded) and 4 branded e-commerce sites, compared with 134 stores (113 outlet; 21 branded) and 4 branded e-commerce sites at the same time last year.
- **Latin America and Asia Pacific ("LAAP")**
 - China net sales decreased high-40 percent.
 - Japan net sales decreased mid-teens percent.
 - Korea net sales decreased low-20 percent (high-teens percent constant-currency).
 - LAAP distributor net sales increased high-30 percent, primarily due to a greater portion of Fall 2019 shipments falling into first quarter 2020 compared to the timing of Fall 2018 shipments in first quarter 2019.
- **Europe, Middle East and Africa ("EMEA")**
 - Europe-direct net sales decreased low-20 percent (high-teens percent constant-currency).
 - EMEA distributor net sales decreased mid-30 percent, primarily driven by a lower portion of Spring 2020 shipments falling into first quarter 2020 compared to the timing of Spring 2019 shipments in first quarter 2019.
- **Canada**
 - Net sales decreased 11 percent (13 percent constant-currency).

Gross Margin

Gross margin contracted 360 basis points to 47.8 percent of net sales, from 51.4 percent of net sales for the comparable period in 2019, primarily reflecting margin pressure related to the COVID-19 pandemic including:

- an increase in inventory obsolescence provisions associated with unsold inventory; and
- lower DTC product margins reflecting higher promotional activity.

Selling, General and Administrative ("SG&A") Expenses

SG&A expenses increased 10 percent to \$276.8 million, or 48.7 percent of net sales, from \$251.8 million, or 38.5 percent of net sales, for the comparable period in 2019. The increase in SG&A expenses included:

- increased bad debt expense reflecting heightened accounts receivable risk resulting from the ongoing COVID-19 pandemic;
- higher personnel expense, primarily reflecting merit increases and annualization of prior year headcount increases; and
- increased information technology expenses; partially offset by
- lower incentive compensation; and
- decreased demand creation spending.

In March, we began to realize the initial benefits of cost containment measures as some were implemented. The full impact of cost containment measures will be more evident in full year operating expense performance.

Operating Income (Loss)

Loss from operations of \$(2.0) million, or (0.3) percent of net sales, compared to operating income of \$88.0 million, or 13.4 percent of net sales, for the comparable period in 2019. First quarter 2020 loss from operations include a \$21.5 million year-over-year increase in bad debt expense and a \$9.2 million year-over-year increase in inventory obsolescence provisions.

Licensing

Net licensing income increased 5 percent to \$3.1 million from \$3.0 million for the comparable period in 2019.

Income Tax Expense

Income tax expense was \$1.4 million, resulting in an effective income tax rate of 86.4 percent, compared to income tax expense of \$17.6 million, or an effective income tax rate of 19.2 percent, for the comparable period in 2019.

Net Income

Net income decreased 100 percent to \$0.2 million, or \$0.00 per diluted share, from \$74.2 million, or \$1.07 per diluted share, for the comparable period in 2019.

Balance Sheet as of March 31, 2020

Cash, cash equivalents and short-term investments totaled \$706.9 million, compared to \$703.1 million at March 31, 2019.

Short-term borrowings totaled \$174.4 million. There were no short-term borrowings at March 31, 2019.

Inventories increased 11 percent to \$577.1 million, compared to \$520.6 million at March 31, 2019. Inventory consisted primarily of current and future season Spring and Fall product, including carryover styles, and to a lesser extent higher prior season inventory compared to first quarter 2019. To align inventory and production with current and anticipated demand, the Company has significantly curtailed Fall 2020 inventory purchases. The Company also expects to increase the amount of clearance inventory that is sold through its outlet stores.

Cash Flow for the Three Months Ended March 31, 2020

Net cash provided by operating activities was \$12.8 million, compared to \$58.6 million for the same period in 2019. Capital expenditures totaled \$9.5 million, compared to \$25.2 million for the same period in 2019.

The Company paid dividends of \$17.2 million to shareholders.

Share Repurchases for the Three Months Ended March 31, 2020

The Company repurchased 1,557,184 shares of common stock for an aggregate of \$132.9 million, or an average price per share of \$85.34, under a previously established written plan.

At March 31, 2020, \$82.2 million remained available under the current stock repurchase authorization. As part of a broader capital preservation effort during the ongoing COVID-19 pandemic, the Company has suspended share repurchases.

Quarterly Cash Dividend

As part of a broader capital preservation effort during the ongoing COVID-19 pandemic, subsequent to payment of the dividend declared and paid earlier in the first quarter of 2020, the Company's Board of Directors suspended future quarterly cash dividends.

Strategic Priorities

The Company's immediate focus is on maintaining a strong balance sheet, financial flexibility and sufficient liquidity. Our long-term commitment to driving sustainable and profitable growth has not changed and our strategic priorities remain to:

- drive brand awareness and sales growth through increased, focused demand creation investments;
- enhance consumer experience and digital capabilities in all our channels and geographies;
- expand and improve global DTC operations with supporting processes and systems; and

- invest in our people and optimizing our organization across our portfolio of brands.

Capital Allocation

Given the anticipated declines in net sales, profitability and cash related to the COVID-19 pandemic, our capital allocation priorities have shifted. We remain committed to maintaining our strong balance sheet in order to provide ourselves with maximum strategic flexibility and access to additional liquidity if warranted. Within that context, our first priority is to build and preserve liquidity for business operations while continuing to fund high-priority strategic initiatives. Our second priority is to limit the risk of financial distress given the pressure currently impacting the retail industry. We plan to revisit our capital allocation priorities when the business stabilizes and there is a more reliable and predictable flow of cash. As a result of our updated capital allocation priorities, we have suspended quarterly cash dividend payments and further share repurchases.

Experience First Initiative ("X1")

During 2018, we commenced investment in our X1 initiative, which is designed to enhance our e-commerce systems to take advantage of the changes in consumer browsing and purchasing behavior towards mobile devices. It encompasses re-implementation of our e-commerce platforms to offer improved search, browsing, checkout, loyalty and customer care experiences for mobile shoppers.

We are working toward a phased implementation of X1. In 2019, we implemented X1 across 10 countries in Europe-direct and for the prAna brand in the U.S. We continue to expect North America implementation in 2020 and intend the platform to go live for the Columbia, SOREL and Mountain Hardwear brands prior to the peak holiday sales period.

Supplemental Financial Information

Since Columbia Sportswear Company is a global company, the comparability of its operating results reported in United States dollars is affected by foreign currency exchange rate fluctuations because the underlying currencies in which it transacts change in value over time compared to the United States dollar. To supplement financial information reported in accordance with GAAP, the Company discloses constant-currency net sales information, which is a non-GAAP financial measure, to provide a framework to assess how the business performed excluding the effects of changes in the exchange rates used to translate net sales generated in foreign currencies into United States dollars. The Company calculates constant-currency net sales by translating net sales in foreign currencies for the current period into United States dollars at the average exchange rates that were in effect during the comparable period of the prior year. Management believes that this non-GAAP financial measure reflects an additional and useful way of viewing an aspect of our operations that, when viewed in conjunction with our GAAP results, provides a more comprehensive understanding of our business and operations. In particular, investors may find the non-GAAP financial measure useful by reviewing our net sales results without the volatility in foreign currency exchange rates. This non-GAAP financial measure also facilitates management's internal comparisons to our historical net sales results and comparisons to competitors' net sales results.

The non-GAAP financial measures should be viewed in addition to, and not in lieu of or superior to, our financial measures calculated in accordance with GAAP. The Company provides a reconciliation of non-GAAP measures to the most directly comparable financial measure calculated in accordance with GAAP. See the "Reconciliation of GAAP to Non-GAAP Financial Measures" table included herein. The non-GAAP financial measures presented may not be comparable to similarly titled measures reported by other companies.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws, including statements regarding the impact of COVID-19 related protocols on the performance of our operations, store openings, the time-frame for the return of foot traffic at stores, our outstanding indebtedness amounts, capital outflows, operating expense, incremental extraordinary expenses related to the COVID-19 pandemic, order cancellations, the impact of the elevated promotional environment, outlet expectations, our ability to timely fulfill future season orders, second quarter results, net sales, profitability, cash and the implementation of X1. Forward-looking statements often use words such as "will," "anticipate," "estimate," "expect," "should," "may" and other words and terms of similar meaning or reference future dates. The Company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this document, those described in the

Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading "Risk Factors," and those that have been or may be described in other reports filed by the Company, including reports on Form 8-K. Potential risks and uncertainties include those relating to the spread of COVID-19, the severity of the disease, the duration of the COVID-19 pandemic, actions that may be taken by governmental authorities to contain the pandemic or to treat its impact, and economic slowdowns that have and may continue to result from the pandemic. The Company cautions that forward-looking statements are inherently less reliable than historical information. The Company does not undertake any duty to update any of the forward-looking statements after the date of this document to conform them to actual results or to reflect changes in events, circumstances or its expectations. New factors emerge from time to time and it is not possible for the Company to predict or assess the effects of all such factors or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

- Financial tables follow -

COLUMBIA SPORTSWEAR COMPANY
Reconciliation of GAAP to Non-GAAP Financial Measures
Net Sales Growth - Constant-currency Basis
(Unaudited)

	Three Months Ended March 31,					
	Reported Net Sales	Adjust for Foreign Currency	Constant- currency Net Sales	Reported Net Sales	Reported Net Sales	Constant-currency Net Sales
	2020	Translation	2019 ⁽¹⁾	2019	% Change	% Change ⁽¹⁾
<i>(In millions, except percentage changes)</i>						
Geographical Net Sales:						
United States	\$ 375.9	\$ —	\$ 375.9	\$ 412.2	(9)%	(9)%
LAAP	102.6	1.4	104.0	132.9	(23)%	(22)%
EMEA	55.8	1.4	57.2	71.3	(22)%	(20)%
Canada	33.9	(0.5)	33.4	38.2	(11)%	(13)%
Total	<u>\$ 568.2</u>	<u>\$ 2.3</u>	<u>\$ 570.5</u>	<u>\$ 654.6</u>	(13)%	(13)%
Brand Net Sales:						
Columbia	\$ 471.7	\$ 2.3	\$ 474.0	\$ 552.2	(15)%	(14)%
SOREL	38.7	—	38.7	39.5	(2)%	(2)%
prAna	36.5	—	36.5	41.2	(11)%	(11)%
Mountain Hardwear	21.3	—	21.3	21.7	(2)%	(2)%
Total	<u>\$ 568.2</u>	<u>\$ 2.3</u>	<u>\$ 570.5</u>	<u>\$ 654.6</u>	(13)%	(13)%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 452.2	\$ 1.6	\$ 453.8	\$ 526.0	(14)%	(14)%
Footwear	116.0	0.7	116.7	128.6	(10)%	(9)%
Total	<u>\$ 568.2</u>	<u>\$ 2.3</u>	<u>\$ 570.5</u>	<u>\$ 654.6</u>	(13)%	(13)%
Channel Net Sales:						
Wholesale	\$ 325.9	\$ 1.3	\$ 327.2	\$ 363.2	(10)%	(10)%
DTC	242.3	1.0	243.3	291.4	(17)%	(17)%
Total	<u>\$ 568.2</u>	<u>\$ 2.3</u>	<u>\$ 570.5</u>	<u>\$ 654.6</u>	(13)%	(13)%

⁽¹⁾ Constant-currency net sales information is a non-GAAP financial measure that excludes the effect of changes in foreign currency exchange rates against the United States dollar between comparable reporting periods. The Company calculates constant-currency net sales by translating net sales in foreign currencies for the current period into United States dollars at the average exchange rates that were in effect during the comparable period of the prior year.