
**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):
July 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 July 30, 2020, Columbia Sportswear Company (the "Company") issued a press release reporting its second quarter and first half 2020 financial results and providing an update on COVID-19 impacts and response. 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 second quarter and first half 2020 results, as well as an update on the Company's COVID-19 impacts and response, as posted on the Company's investor relations website, <http://investor.columbia.com>, on July 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 July 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 July 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: July 30, 2020

By: /S/ JIM A. SWANSON

Jim A. Swanson

Senior Vice President and Chief Financial Officer



Columbia Sportswear Company Reports Second Quarter and First Half 2020 Financial Results and Provides COVID-19 Impacts and Response Update

Second Quarter 2020 Financial Results

Lower net sales and profitability in second quarter 2020 compared to second quarter 2019 primarily reflect the negative impact of temporary store closures, including our wholesale customers' stores, and lower consumer demand resulting from the ongoing COVID-19 pandemic.

- **Net sales decreased 40 percent to \$316.6 million, compared to second quarter 2019.**
- **In the direct-to-consumer channel, e-commerce net sales increased 72 percent year-over-year, partially offsetting brick & mortar store traffic and sales trends that remained well below pre-pandemic levels.**
- **Loss from operations of \$70.3 million, or (22.2) percent of net sales, compared to second quarter 2019 operating income of \$16.4 million, or 3.1 percent of net sales.**
- **Net loss per share of \$(0.77), compared to second quarter 2019 diluted earnings per share of \$0.34.**
- **Cash and short-term investments totaled \$476 million and total liquidity exceeded \$1 billion at quarter-end.**

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

Chairman, President and Chief Executive Officer Tim Boyle commented, "I'm extremely proud of our team of global employees who swiftly adapted to altered work environments while maintaining efficient and productive business operations during these challenging times. Second quarter sales and profitability declines clearly reflect the global effects of the ongoing pandemic. A highlight was our outstanding e-commerce growth, which increased 72 percent year-over-year. Our financial position remains strong with \$476 million in cash and short-term investments. Taken together with available credit capacity, total liquidity was greater than \$1 billion exiting the quarter. It is clear that consumer interest in the outdoors has surged during the pandemic and we are well positioned to equip these adventurers with innovative products as they recreate responsibly."

"As of today, nearly all of our global store fleet is open. We remain acutely focused on cost containment while also continuing to invest in our strategic priorities. I'm confident our global team of employees, powerful brand portfolio, strong financial position and operating discipline will all contribute to Columbia Sportswear emerging from this crisis in a stronger competitive position. Although uncertainty remains unprecedented, we expect sales volume to remain below prior year levels for the balance of the year. Absent further deterioration in trends due to the ongoing pandemic, we anticipate the second quarter will prove to be the steepest year-over-year quarterly percent decline in net sales of the year."

"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 second 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 a Current Report 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

Entering the second quarter, the vast majority of owned stores across the U.S., Europe, Japan and Canada were closed due to the pandemic, in addition to many of the Company's wholesale customers' and international distributors' doors. Store reopening timelines in these markets varied by region and predominately occurred within the May and June timeframe. Exiting the quarter, nearly all of the Company's owned stores were open globally. Based on cost-containment actions and lower variable expenses, the Company remains on track to lower 2020 operating expenses by more than \$100 million, in comparison to last year, before any related one-time costs. The Company continues to evaluate further actions to right size the ongoing expense structure in 2021 and beyond. Although uncertainty remains unprecedented, the Company expects sales volume to stay below prior year levels for the balance of the year. Absent further deterioration in trends due to the ongoing pandemic, the second quarter is expected to be the steepest year-over-year quarterly percent decline in net sales of the year. Please reference the CFO Commentary exhibit for a detailed review of COVID-19 pandemic related issues.

Second Quarter 2020 Financial Results

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

Net sales decreased 40 percent to \$316.6 million, from \$526.2 million for the comparable period in 2019.

Gross margin contracted 200 basis points to 46.2 percent of net sales, from 48.2 percent of net sales for the comparable period in 2019.

SG&A expenses decreased 10 percent to \$217.7 million, or 68.7 percent of net sales, from \$240.8 million, or 45.8 percent of net sales, for the comparable period in 2019.

Loss from operations of \$70.3 million, or (22.2) percent of net sales, from operating income of \$16.4 million, or 3.1 percent of net sales, for the comparable period in 2019.

Net loss of \$50.7 million, or \$(0.77) per share, from net income of \$23.0 million, or \$0.34 per diluted share, for the comparable period in 2019.

First Half 2020 Financial Results

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

Net sales decreased 25 percent to \$884.8 million, from \$1,180.8 million for the comparable period in 2019.

Gross margin contracted 280 basis points to 47.2 percent of net sales, from 50.0 percent of net sales for the comparable period in 2019.

SG&A expenses were essentially flat at \$494.5 million, or 55.9 percent of net sales, compared to \$492.5 million, or 41.7 percent of net sales, for the comparable period in 2019.

Loss from operations was \$72.3 million, or (8.2) percent of net sales, from operating income of \$104.3 million, or 8.8 percent of net sales, for the comparable period in 2019.

Net loss of \$50.5 million, or \$(0.76) per share, compared to net income of \$97.2 million, or \$1.41 per diluted share, for the comparable period in 2019.

Balance Sheet as of June 30, 2020

Cash, cash equivalents and short-term investments totaled \$475.8 million, compared to \$524.3 million at June 30, 2019.

Short-term borrowings totaled \$2.8 million. There were no short-term borrowings at June 30, 2019.

Including cash, cash equivalents and short-term investments and available credit capacity, total liquidity exceeded \$1 billion at quarter-end.

Inventories increased 7 percent to \$806.9 million, compared to \$756.4 million at June 30, 2019.

Share Repurchases for the Six Months Ended June 30, 2020

In first quarter 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. The Company did not repurchase shares during second quarter 2020.

At June 30, 2020, \$82.2 million remained available under the current stock repurchase authorization. As previously announced, the Company has suspended share repurchases as part of a broader capital preservation effort resulting from the pandemic. Management may resume share repurchases in the future at any time, depending upon market conditions, the Company's capital needs and other factors.

Quarterly Cash Dividend

As previously announced, the Company's Board of Directors has suspended quarterly cash dividends as part of a broader capital preservation effort resulting from the pandemic. The Company's Board of Directors will continue to evaluate potential for future dividend distributions.

Conference Call

The Company will hold its second 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>.

Third Quarter 2020 Reporting Date

Columbia Sportswear Company plans to report third quarter 2020 financial results on Thursday, October 29, 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 sales volumes and net sales for fiscal year 2020. 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 and any spikes, actions that may be taken 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.pranacom.com.

Contact:

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Columbia Sportswear Company
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aburns@columbia.com

- Financial tables follow -

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(in thousands)</i>	June 30,	
	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 474,793	\$ 386,150
Short-term investments	975	138,198
Accounts receivable, net	217,536	280,641
Inventories	806,887	756,378
Prepaid expenses and other current assets	102,574	100,800
Total current assets	1,602,765	1,662,167
Property, plant, and equipment, net	328,904	312,948
Operating lease right-of-use assets	365,521	368,856
Intangible assets, net	122,105	125,085
Goodwill	68,594	68,594
Deferred income taxes	73,395	82,418
Other non-current assets	61,113	42,379
Total assets	\$ 2,622,397	\$ 2,662,447
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term borrowings	\$ 2,789	\$ —
Accounts payable	255,702	309,945
Accrued liabilities	203,827	200,816
Operating lease liabilities	70,916	60,804
Income taxes payable	2,594	6,416
Total current liabilities	535,828	577,981
Non-current operating lease liabilities	347,967	345,063
Income taxes payable	48,863	53,216
Deferred income taxes	7,942	8,518
Other long-term liabilities	28,968	22,475
Total liabilities	969,568	1,007,253
Shareholders' equity	1,652,829	1,655,194
Total liabilities and shareholders' equity	\$ 2,622,397	\$ 2,662,447

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<i>(In thousands, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	\$ 316,611	\$ 526,210	\$ 884,839	\$ 1,180,818
Cost of sales	170,381	272,619	466,895	590,498
Gross profit	146,230	253,591	417,944	590,320
	46.2 %	48.2 %	47.2 %	50.0 %
Selling, general and administrative expenses	217,652	240,763	494,472	492,518
Net licensing income	1,122	3,537	4,241	6,521
Income (loss) from operations	(70,300)	16,365	(72,287)	104,323
Interest income (expense), net	(805)	2,571	1,008	5,971
Other non-operating income, net	935	1,032	2,673	1,478
Income (loss) before income tax	(70,170)	19,968	(68,606)	111,772
Income tax benefit (expense)	19,463	3,061	18,112	(14,566)
Net income (loss)	<u>\$ (50,707)</u>	<u>\$ 23,029</u>	<u>\$ (50,494)</u>	<u>\$ 97,206</u>
Earnings (loss) per share:				
Basic	\$ (0.77)	\$ 0.34	\$ (0.76)	\$ 1.43
Diluted	\$ (0.77)	\$ 0.34	\$ (0.76)	\$ 1.41
Weighted average shares outstanding:				
Basic	66,135	67,930	66,553	68,109
Diluted	66,135	68,560	66,553	68,825

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

<i>(In thousands)</i>	Six Months Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Net income (loss)	\$ (50,494)	\$ 97,206
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation, amortization and non-cash lease expense	65,924	57,487
Provision for uncollectible accounts receivable	22,815	(2,146)
Loss on disposal or impairment of property, plant, and equipment, and right-of-use assets	8,800	1,599
Deferred income taxes	4,362	(4,338)
Stock-based compensation	7,712	8,781
Changes in operating assets and liabilities:		
Accounts receivable	244,112	171,777
Inventories	(202,646)	(232,117)
Prepaid expenses and other current assets	(3,199)	(21,815)
Other assets	(14,596)	(4,830)
Accounts payable	3,397	41,469
Accrued liabilities	(89,323)	(75,360)
Income taxes payable	(12,633)	(13,967)
Operating lease assets and liabilities	(26,264)	(27,068)
Other liabilities	4,757	5,919
Net cash provided by (used in) operating activities	<u>(37,276)</u>	<u>2,597</u>
Cash flows from investing activities:		
Purchases of short-term investments	(35,045)	(181,257)
Sales and maturities of short-term investments	36,631	308,501
Capital expenditures	(20,959)	(50,800)
Net cash provided by (used in) investing activities	<u>(19,373)</u>	<u>76,444</u>
Cash flows from financing activities:		
Proceeds from credit facilities	375,759	23,208
Repayments on credit facilities	(373,390)	(23,208)
Payment of line of credit issuance fees	(1,674)	—
Proceeds from issuance of common stock related to stock-based compensation	1,987	11,286
Tax payments related to stock-based compensation	(4,304)	(5,589)
Repurchase of common stock	(132,889)	(100,293)
Purchase of non-controlling interest	—	(17,880)
Cash dividends paid	(17,195)	(32,686)
Net cash used in financing activities	<u>(151,706)</u>	<u>(145,162)</u>
Net effect of exchange rate changes on cash	<u>(2,861)</u>	<u>476</u>
Net decrease in cash and cash equivalents	<u>(211,216)</u>	<u>(65,645)</u>
Cash and cash equivalents, beginning of period	<u>686,009</u>	<u>451,795</u>
Cash and cash equivalents, end of period	<u>\$ 474,793</u>	<u>\$ 386,150</u>
Supplemental disclosures of non-cash investing and financing activities :		
Property, plant and equipment acquired through increase in liabilities	\$ 2,414	\$ 9,524

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

	Three Months Ended June 30,					
	Reported Net Sales 2020	Adjust for Foreign Currency Translation	Constant- currency Net Sales 2020 ⁽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	\$ 183.2	\$ —	\$ 183.2	\$ 315.5	(42)%	(42)%
LAAP	67.4	1.9	69.3	101.6	(34)%	(32)%
EMEA	58.3	0.5	58.8	91.6	(36)%	(36)%
Canada	7.7	0.4	8.1	17.5	(56)%	(54)%
Total	<u>\$ 316.6</u>	<u>\$ 2.8</u>	<u>\$ 319.4</u>	<u>\$ 526.2</u>	(40)%	(39)%
Brand Net Sales:						
Columbia	\$ 265.8	\$ 2.5	\$ 268.3	\$ 454.9	(42)%	(41)%
SOREL	13.3	0.1	13.4	15.1	(12)%	(11)%
prAna	27.7	—	27.7	38.7	(28)%	(28)%
Mountain Hardwear	9.8	0.2	10.0	17.5	(44)%	(43)%
Total	<u>\$ 316.6</u>	<u>\$ 2.8</u>	<u>\$ 319.4</u>	<u>\$ 526.2</u>	(40)%	(39)%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 243.8	\$ 2.0	\$ 245.8	\$ 432.2	(44)%	(43)%
Footwear	72.8	0.8	73.6	94.0	(23)%	(22)%
Total	<u>\$ 316.6</u>	<u>\$ 2.8</u>	<u>\$ 319.4</u>	<u>\$ 526.2</u>	(40)%	(39)%
Channel Net Sales:						
Wholesale	\$ 159.9	\$ 1.3	\$ 161.2	\$ 296.2	(46)%	(46)%
DTC	156.7	1.5	158.2	230.0	(32)%	(31)%
Total	<u>\$ 316.6</u>	<u>\$ 2.8</u>	<u>\$ 319.4</u>	<u>\$ 526.2</u>	(40)%	(39)%

⁽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.

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

	Six Months Ended June 30,					
	Reported Net Sales 2020	Adjust for Foreign Currency Translation	Constant- currency Net Sales 2020 ⁽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	\$ 559.1	\$ —	\$ 559.1	\$ 727.7	(23)%	(23)%
LAAP	170.0	3.3	173.3	234.5	(28)%	(26)%
EMEA	114.1	1.9	116.0	162.9	(30)%	(29)%
Canada	41.6	(0.1)	41.5	55.7	(25)%	(25)%
Total	<u>\$ 884.8</u>	<u>\$ 5.1</u>	<u>\$ 889.9</u>	<u>\$ 1,180.8</u>	(25)%	(25)%
Brand Net Sales:						
Columbia	\$ 737.5	\$ 4.8	\$ 742.3	\$ 1,007.1	(27)%	(26)%
SOREL	52.0	0.1	52.1	54.6	(5)%	(5)%
prAna	64.2	—	64.2	79.9	(20)%	(20)%
Mountain Hardwear	31.1	0.2	31.3	39.2	(21)%	(20)%
Total	<u>\$ 884.8</u>	<u>\$ 5.1</u>	<u>\$ 889.9</u>	<u>\$ 1,180.8</u>	(25)%	(25)%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 696.0	\$ 3.6	\$ 699.6	\$ 958.2	(27)%	(27)%
Footwear	188.8	1.5	190.3	222.6	(15)%	(15)%
Total	<u>\$ 884.8</u>	<u>\$ 5.1</u>	<u>\$ 889.9</u>	<u>\$ 1,180.8</u>	(25)%	(25)%
Channel Net Sales:						
Wholesale	\$ 485.8	\$ 2.6	\$ 488.4	\$ 659.4	(26)%	(26)%
DTC	399.0	2.5	401.5	521.4	(23)%	(23)%
Total	<u>\$ 884.8</u>	<u>\$ 5.1</u>	<u>\$ 889.9</u>	<u>\$ 1,180.8</u>	(25)%	(25)%

⁽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
 July 30, 2020

CFO Commentary on Second Quarter and First Half 2020 Financial Results and COVID-19 Impacts and 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 second quarter 2020, lower net sales and profitability primarily reflect the negative impact of temporary store closures, including our wholesale customers' stores, and lower consumer demand resulting from the ongoing COVID-19 pandemic. The following section summarizes COVID-19 pandemic related issues impacting the Company.

- **Health, Safety and Employee Well Being**
 - The Company's top priority throughout this crisis remains to protect the health and safety of our employees, their families, our customers and our communities. As stores reopen, we are providing training for all our returning employees, updating signage to include safety guidelines and lowering store capacity to accommodate social distancing. These social distancing measures limit the amount of people that can be in a store at any given time and are impacting the performance of retail operations.
 - We have implemented health and safety protocols, including social distancing and sanitization measures, in our call centers and distribution centers. These new protocols are impacting the efficiency of distribution operations. As a safety precaution, we have had several temporary distribution center shutdowns to sanitize facilities. Despite these setbacks, our call centers and distribution center teams have performed exceptionally well in supporting e-commerce growth.
 - Work from home policies continue in many regions, including the United States, and where employees have returned, the Company is following best practices related to social distancing and sanitization. Even with the challenges of working remotely, our employees continue to perform at high productivity levels. We recognize the difficulties faced by our employees during these challenging times and believe that their commitment demonstrates the strong foundation and culture of our business.

- **Store Reopening and E-commerce**
 - Entering the second quarter, the vast majority of owned stores across the U.S., Europe, Japan and Canada were closed due to the pandemic, in addition to many of our wholesale customers' and international distributors' doors. Store reopening timelines in these markets varied by region and predominately occurred within the May and June timeframe. Exiting the quarter, nearly all of our owned stores were open globally. In recent weeks, a small number of locations globally that had reopened were closed again due to local regulations or our safety concerns resulting from new outbreaks. We continue to monitor and evaluate store reopenings on a market by market basis.
 - Overall brick & mortar store traffic remains well below prior year levels. Stores in destination locations and tourist dependent markets remain some of the most severely impacted stores within our fleet as consumers choose to shop closer to home and online. In recent weeks, spikes in COVID-19 cases have had a detrimental impact on our store performance in affected markets.
 - In second quarter 2020, global e-commerce net sales grew 72 percent year-over-year and represented 28 percent of total net sales. E-commerce revenue growth has remained high in the month of July. We continue to adapt our distribution center operations to accommodate the increase in e-commerce sales.

- **Financial Liquidity**
 - Exiting the quarter, the Company had \$476 million in cash and short-term investments and \$2.8 million in short-term borrowings. Taken together with available credit capacity, total liquidity was greater than \$1 billion.
 - As disclosed on a Current Report on Form 8-K filed with the Securities and Exchange Commission on July 14, 2020, subsequent to quarter end, the Company amended its domestic Credit Agreement to, among other items, suspend the Funded Debt and Interest Coverage Ratio covenants through year end, add a minimum liquidity covenant and reduce the minimum LIBOR rate to 0.50%. 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.
- **Cost Structure**
 - During first quarter 2020, the Company initiated numerous cost containment measures across the organization. Based on our cost-containment actions and lower variable expenses, we remain on track 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, exceptional provisions for bad debts, severance and restructuring charges and other related expenses.
 - In addition to the immediate cost containment actions outlined above, we continue to evaluate the Company's cost structure for 2021 and beyond. We anticipate taking further actions in order to right size our ongoing expense structure. We are also evaluating the reallocation of resources to enable long-term growth and execution of our strategic priorities.
- **Full Year 2020 Financial Commentary**
 - Given the ongoing business disruption and uncertainty surrounding the pandemic, the Company previously withdrew its financial outlook and is not providing an update at this time. Although uncertainty remains unprecedented, we expect sales volume to remain below prior year levels for the balance of the year. Absent further deterioration in trends due to the ongoing pandemic, we would anticipate the second quarter to be the steepest year-over-year quarterly percent decline in net sales of the year, with declines moderating in the second half of the year.

Second Quarter 2020 Financial Results

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

Financial Summary

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		
	2020	2019	Change
Net sales	\$316.6	\$526.2	(40)%
Gross margin	46.2%	48.2%	-200 bps
Selling, General and Administrative rate	68.7%	45.8%	2290 bps
Operating income (loss)	\$(70.3)	\$16.4	(530)%
Operating margin	(22.2)%	3.1%	-2530 bps
Net income (loss)	\$(50.7)	\$23.0	(320)%
Diluted earnings (loss) per share	\$(0.77)	\$0.34	(326)%

Net Sales

Net sales decreased 40 percent to \$316.6 million, from \$526.2 million for the comparable period in 2019. Net sales declines moderated as the quarter progressed, with April net sales down 58 percent; May net sales down 47 percent and June net sales down 20 percent.

Net Sales Detail

	Three Months Ended June 30,			
	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>				
Geographic Net Sales:				
U.S.	\$ 183.2	\$ 315.5	(42)%	(42)%
LAAP	67.4	101.6	(34)%	(32)%
EMEA	58.3	91.6	(36)%	(36)%
Canada	7.7	17.5	(56)%	(54)%
Total	<u>\$ 316.6</u>	<u>\$ 526.2</u>	(40)%	(39)%
Brand Net Sales:				
Columbia	\$ 265.8	\$ 454.9	(42)%	(41)%
SOREL	13.3	15.1	(12)%	(11)%
prAna	27.7	38.7	(28)%	(28)%
Mountain Hardware	9.8	17.5	(44)%	(43)%
Total	<u>\$ 316.6</u>	<u>\$ 526.2</u>	(40)%	(39)%
Product Category Net Sales:				
Apparel, Accessories and Equipment	\$ 243.8	\$ 432.2	(44)%	(43)%
Footwear	72.8	94.0	(23)%	(22)%
Total	<u>\$ 316.6</u>	<u>\$ 526.2</u>	(40)%	(39)%
Channel Net Sales:				
Wholesale	\$ 159.9	\$ 296.2	(46)%	(46)%
DTC	156.7	230.0	(32)%	(31)%
Total	<u>\$ 316.6</u>	<u>\$ 526.2</u>	(40)%	(39)%

Net Sales Commentary

Unless otherwise noted, net sales declines in second quarter 2020 primarily reflect the negative impact of temporary store closures, including our wholesale customers' stores, and lower consumer demand resulting from the ongoing COVID-19 pandemic.

- **United States ("U.S.")**
 - Wholesale net sales decreased low-50 percent.
 - Direct-to-consumer ("DTC") net sales decreased low-30 percent, driven by a low-70 percent decline in brick & mortar net sales, partially offset by a low-80 percent increase in e-commerce net sales.
 - The Company had 143 U.S. retail stores at June 30, 2020 (123 outlet; 20 branded) and 4 branded e-commerce sites, compared with 136 stores (113 outlet; 23 branded) and 4 branded e-commerce sites at the same time last year.
- **Latin America and Asia Pacific ("LAAP")**
 - China net sales decreased low-20 percent (mid-teens percent constant currency).
 - Korea net sales increased high-single-digit percent (mid-teens percent constant-currency). During the quarter, net sales benefited from government incentives that boosted retail consumption.
 - Japan net sales decreased low-50 percent.
 - LAAP distributor net sales decreased high-60 percent.

- **Europe, Middle East and Africa ("EMEA")**
 - EMEA distributor net sales decreased low-40 percent.
 - Europe-direct net sales decreased low-20 percent.
- **Canada**
 - Net sales decreased 56 percent (54 percent constant-currency).

Gross Margin

Gross margin contracted 200 basis points to 46.2 percent of net sales, from 48.2 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 reserves; and
- lower DTC product margins reflecting elevated promotional activity; partially offset by
- favorable DTC sales mix resulting from a higher proportion of e-commerce sales, which generally carry higher gross margins; and
- a lower volume of wholesale close-out sales compared to last year.

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

SG&A expenses decreased 10 percent to \$217.7 million, or 68.7 percent of net sales, from \$240.8 million, or 45.8 percent of net sales, for the comparable period in 2019. The decrease in SG&A expenses included:

- lower retail expenses, primarily resulting from lower personnel expenses due to store closures;
- decreased demand creation spending;
- decreased discretionary spending; and
- COVID-19 related government subsidies and incentives; partially offset by
- COVID-19 related expenses, including catastrophic leave and furlough pay as well as severance and other pandemic related costs; and
- retail store related impairments.

Operating Income (Loss)

Loss from operations of \$70.3 million, or (22.2) percent of net sales, from operating income of \$16.4 million, or 3.1 percent of net sales, for the comparable period in 2019.

Licensing

Net licensing income decreased 68 percent to \$1.1 million from \$3.5 million for the comparable period in 2019.

Income Tax Expense

Income tax benefit of \$19.5 million resulted in an effective income tax rate of 27.7 percent, compared to an income tax benefit of \$3.1 million, or a negative effective income tax rate of 15.3 percent, for the comparable period in 2019.

Net Income (Loss)

Net loss of \$50.7 million, or \$(0.77) per share, from net income of \$23.0 million, or \$0.34 per diluted share, for the comparable period in 2019.

First Half 2020 Financial Results

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

Financial Summary

<i>(in millions, except per share amounts)</i>	Six Months Ended June 30,		
	2020	2019	Change
Net sales	\$884.8	\$1,180.8	(25)%
Gross margin	47.2%	50.0%	-280 bps
SG&A rate	55.9%	41.7%	1420 bps
Operating income (loss)	\$(72.3)	\$104.3	(169)%
Operating margin	(8.2)%	8.8%	-1700 bps
Net income (loss)	\$(50.5)	\$97.2	(152)%
Diluted earnings (loss) per share	\$(0.76)	\$1.41	(154)%

Net sales decreased 25 percent to \$884.8 million, from \$1,180.8 million for the comparable period in 2019.

Gross margin contracted 280 basis points to 47.2 percent of net sales, from 50.0 percent of net sales for the comparable period in 2019.

SG&A expenses were essentially flat at \$494.5 million, or 55.9 percent of net sales, compared to \$492.5 million, or 41.7 percent of net sales, for the comparable period in 2019.

Net licensing income decreased 35 percent to \$4.2 million, from \$6.5 million for the comparable period in 2019.

Loss from operations was \$72.3 million, or (8.2) percent of net sales, from operating income of \$104.3 million, or 8.8 of net sales, for the comparable period in 2019.

Income tax benefit of \$18.1 million resulted in an effective income tax rate of 26.4 percent, compared to income tax expense of \$14.6 million, or an effective income tax rate of 13.0 percent, for the comparable period in 2019.

Net loss of \$50.5 million, or \$(0.76) per share, compared to net income of \$97.2 million, or \$1.41 per diluted share, for the comparable period in 2019.

Balance Sheet as of June 30, 2020

Cash, cash equivalents and short-term investments totaled \$475.8 million, compared to \$524.3 million at June 30, 2019.

Short-term borrowings totaled \$2.8 million. There were no short-term borrowings at June 30, 2019.

Including cash, cash equivalents and short-term investments and available credit capacity, total liquidity exceeded \$1 billion at quarter end.

Inventories increased 7 percent to \$806.9 million, compared to \$756.4 million at June 30, 2019. Inventory at quarter-end primarily consisted of current and future season Spring and Fall product. While unsold and aged inventories increased year-over-year, we remain confident in our ability to profitably sell remaining inventory in current and future seasons leveraging the Company's wholesale customers, e-commerce platforms and fleet of outlet stores. Inventory growth was partially offset by the timing of Fall 2020 receipts, which are more heavily weighted to the third quarter this year, compared to Fall 2019 receipts in the prior year. This timing shift primarily reflects supply chain disruptions related to the pandemic that occurred earlier in the year.

Cash Flow for the Six Months Ended June 30, 2020

Net cash used in operating activities was \$37.3 million, compared to net cash provided by operating activities of \$2.6 million for the same period in 2019.

Capital expenditures totaled \$21.0 million, compared to \$50.8 million for the same period in 2019.

Share Repurchases for the Six Months Ended June 30, 2020

In first quarter 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. The Company did not repurchase shares during second quarter 2020.

At June 30, 2020, \$82.2 million remained available under the current stock repurchase authorization. As previously announced, the Company has suspended share repurchases as part of a broader capital preservation effort resulting from the pandemic. Management may resume share repurchases in the future at any time, depending upon market conditions, our capital needs and other factors.

Quarterly Cash Dividend

As previously announced, the Company's Board of Directors has suspended quarterly cash dividends as part of a broader capital preservation effort resulting from the pandemic. Our Board of Directors will continue to evaluate potential for future dividend distributions.

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 realized and 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 to enable maximum strategic flexibility and access to additional liquidity if warranted. Within that context, our priorities include preserving liquidity for business operations and mitigating the financial impact of external risks given the pressure currently impacting the retail industry. We plan to revisit our capital allocation priorities when the business stabilizes and cash flows are more reliable and predictable.

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. The North America implementation for the Columbia, SOREL and Mountain Hardwear brands is planned for third quarter 2020, 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 our ability to access additional liquidity, sales volumes and net sales for fiscal year 2020. 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 and any spikes, actions that may be taken 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 June 30,					
	Reported Net Sales 2020	Adjust for Foreign Currency Translation	Constant- currency Net Sales 2020 ⁽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	\$ 183.2	\$ —	\$ 183.2	\$ 315.5	(42)%	(42)%
LAAP	67.4	1.9	69.3	101.6	(34)%	(32)%
EMEA	58.3	0.5	58.8	91.6	(36)%	(36)%
Canada	7.7	0.4	8.1	17.5	(56)%	(54)%
Total	<u>\$ 316.6</u>	<u>\$ 2.8</u>	<u>\$ 319.4</u>	<u>\$ 526.2</u>	(40)%	(39)%
Brand Net Sales:						
Columbia	\$ 265.8	\$ 2.5	\$ 268.3	\$ 454.9	(42)%	(41)%
SOREL	13.3	0.1	13.4	15.1	(12)%	(11)%
prAna	27.7	—	27.7	38.7	(28)%	(28)%
Mountain Hardwear	9.8	0.2	10.0	17.5	(44)%	(43)%
Total	<u>\$ 316.6</u>	<u>\$ 2.8</u>	<u>\$ 319.4</u>	<u>\$ 526.2</u>	(40)%	(39)%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 243.8	\$ 2.0	\$ 245.8	\$ 432.2	(44)%	(43)%
Footwear	72.8	0.8	73.6	94.0	(23)%	(22)%
Total	<u>\$ 316.6</u>	<u>\$ 2.8</u>	<u>\$ 319.4</u>	<u>\$ 526.2</u>	(40)%	(39)%
Channel Net Sales:						
Wholesale	\$ 159.9	\$ 1.3	\$ 161.2	\$ 296.2	(46)%	(46)%
DTC	156.7	1.5	158.2	230.0	(32)%	(31)%
Total	<u>\$ 316.6</u>	<u>\$ 2.8</u>	<u>\$ 319.4</u>	<u>\$ 526.2</u>	(40)%	(39)%

⁽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.