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

FORM 10-Q

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

For the quarterly period ended March 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934**

For the transition period from_______to_______

Commission file number 000-23939

COLUMBIA SPORTSWEAR COMPANY

(Exact name of registrant as specified in its charter)

Oregon	**93-0498284**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

14375 Northwest Science Park Drive
Portland, Oregon 97229
(Address of principal executive offices and zip code)
(503) 985-4000
(Registrant's telephone number, including area code)

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	The NASDAQ Global Select Market

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

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

The number of shares of Common Stock outstanding on April 23, 2021 was66,454,791.

COLUMBIA SPORTSWEAR COMPANY
March 31, 2021

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PART I—FINANCIAL INFORMATION

Item 1. *FINANCIAL STATEMENTS*

COLUMBIA SPORTSWEAR COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands)	March 31, 2021	December 31, 2020	March 31, 2020
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 873,641	$ 790,725	$ 671,108
Short-term investments	920	1,224	35,828
Accounts receivable, net of allowance of $ 13,480, $21,810, and $27,579, respectively	338,787	452,945	312,951
Inventories, net	525,704	556,530	577,124
Prepaid expenses and other current assets	66,173	54,197	113,726
Total current assets	1,805,225	1,855,621	1,710,737
Property, plant and equipment, at cost, net of accumulated depreciation of $ 576,597, $574,247, and $530,329, respectively	300,063	309,792	332,997
Operating lease right-of-use assets	363,652	339,244	387,984
Intangible assets, net	103,146	103,558	122,850
Goodwill	68,594	68,594	68,594
Deferred income taxes	86,825	96,126	73,827
Other non-current assets	66,401	63,636	54,498
Total assets	$ 2,793,906	$ 2,836,571	$ 2,751,487
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term borrowings	$ —	$ —	$ 174,443
Accounts payable	165,555	206,697	150,971
Accrued liabilities	224,674	257,278	214,044
Operating lease liabilities	81,308	65,466	64,456
Income taxes payable	3,431	23,181	6,441
Total current liabilities	474,968	552,622	610,355
Non-current operating lease liabilities	356,766	353,181	364,300
Income taxes payable	50,285	49,922	48,320
Deferred income taxes	4,406	5,205	8,944
Other long-term liabilities	38,671	42,870	22,977
Total liabilities	925,096	1,003,800	1,054,896
Commitments and contingencies (Note 6)			
Shareholders' Equity:			
Preferred stock; 10,000 shares authorized; none issued and outstanding	—	—	—
Common stock (no par value); 250,000 shares authorized; 66,457, 66,252, and 66,116, issued and outstanding, respectively	22,230	20,165	565
Retained earnings	1,850,415	1,811,800	1,704,000
Accumulated other comprehensive income (loss)	(3,835)	806	(7,974)
Total shareholders' equity	1,868,810	1,832,771	1,696,591
Total liabilities and shareholders' equity	$ 2,793,906	$ 2,836,571	$ 2,751,487

See accompanying notes to condensed consolidated financial statements

COLUMBIA SPORTSWEAR COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share amounts)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net sales	$ 625,606	$ 568,228
Cost of sales	304,204	296,514
Gross profit	321,402	271,714
Selling, general and administrative expenses	254,389	276,820
Net licensing income	3,467	3,119
Income (loss) from operations	70,480	(1,987)
Interest income, net	278	1,813
Other non-operating income (expense), net	(304)	1,738
Income before income tax	70,454	1,564
Income tax expense	(14,554)	(1,351)
Net income	55,900	213
Earnings per share:		
Basic	$ 0.84	$ —
Diluted	$ 0.84	$ —
Weighted average shares outstanding:		
Basic	66,363	66,970
Diluted	66,885	67,412

See accompanying notes to condensed consolidated financial statements

COLUMBIA SPORTSWEAR COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Three Months Ended March 31,	
(in thousands)	**2021**	**2020**
Net income	$ 55,900	$ 213
Other comprehensive loss:		
Unrealized gains on derivative transactions (net of tax effects of $(3,368) and $(4,145), respectively)	8,563	11,525
Foreign currency translation adjustments (net of tax effects of $ 414 and $497, respectively)	(13,204)	(15,074)
Other comprehensive loss	(4,641)	(3,549)
Comprehensive income (loss)	$ 51,259	$ (3,336)

See accompanying notes to condensed consolidated financial statements

COLUMBIA SPORTSWEAR COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31,	
(in thousands)	2021	2020
Cash flows from operating activities:		
Net income	$ 55,900	$ 213
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and non-cash lease expense	30,459	32,994
Provision for uncollectible accounts receivable	(7,849)	19,229
Loss on disposal or impairment of property, plant and equipment	131	2,138
Deferred income taxes	4,577	3,802
Stock-based compensation	4,874	3,675
Changes in operating assets and liabilities:		
Accounts receivable	117,818	150,687
Inventories, net	25,117	23,510
Prepaid expenses and other current assets	(11,150)	(11,922)
Other assets	51	(5,873)
Accounts payable	(41,194)	(100,402)
Accrued liabilities	(27,253)	(77,861)
Income taxes payable	(19,291)	(9,429)
Operating lease assets and liabilities	(21,273)	(16,807)
Other liabilities	(18)	(1,200)
Net cash provided by operating activities	110,899	12,754
Cash flows from investing activities:		
Purchases of short-term investments	—	(35,044)
Sales and maturities of short-term investments	1,054	1,631
Capital expenditures	(3,896)	(9,452)
Net cash used in investing activities	(2,842)	(42,865)
Cash flows from financing activities:		
Proceeds from credit facilities	7,753	175,719
Repayments on credit facilities	(7,532)	(1,054)
Proceeds from issuance of common stock related to stock-based compensation	13,772	1,096
Tax payments related to stock-based compensation	(5,358)	(4,207)
Repurchase of common stock	(11,223)	(132,889)
Cash dividends paid	(17,285)	(17,195)
Net cash provided by (used in) financing activities	(19,873)	21,470
Net effect of exchange rate changes on cash	(5,268)	(6,260)
Net increase (decrease) in cash and cash equivalents	82,916	(14,901)
Cash and cash equivalents, beginning of period	790,725	686,009
Cash and cash equivalents, end of period	$ 873,641	$ 671,108
Supplemental disclosures of cash flow information:		
Cash paid during the year for income taxes	$ 37,534	$ 19,953
Supplemental disclosures of non-cash investing and financing activities:		
Property, plant and equipment acquired through increase in liabilities	$ 2,832	$ 2,503

See accompanying notes to condensed consolidated financial statements

COLUMBIA SPORTSWEAR COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)

(in thousands, except per share amounts)	Three Months Ended March 31, 2021 Common Stock Shares Outstanding	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE, DECEMBER 31, 2020	66,252	$ 20,165	$ 1,811,800	$ 806	$ 1,832,771
Net income	—	—	55,900	—	55,900
Other comprehensive loss:					
Unrealized gains on derivative transactions, net	—	—	—	8,563	8,563
Foreign currency translation adjustment, net	—	—	—	(13,204)	(13,204)
Cash dividends ($0.26 per share)	—	—	(17,285)	—	(17,285)
Issuance of common stock related to stock-based compensation, net	314	8,414	—	—	8,414
Stock-based compensation expense	—	4,874	—	—	4,874
Repurchase of common stock	(109)	(11,223)	—	—	(11,223)
BALANCE, MARCH 31, 2021	66,457	$ 22,230	$ 1,850,415	$ (3,835)	$ 1,868,810

(in thousands, except per share amounts)	Three Months Ended March 31, 2020 Common Stock Shares Outstanding	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE, DECEMBER 31, 2019	67,561	$ 4,937	$ 1,848,935	$ (4,425)	$ 1,849,447
Net income	—	—	213	—	213
Other comprehensive loss:					
Unrealized gains on derivative transactions, net	—	—	—	11,525	11,525
Foreign currency translation adjustment, net	—	—	—	(15,074)	(15,074)
Cash dividends ($0.26 per share)	—	—	(17,195)	—	(17,195)
Issuance of common stock related to stock-based compensation, net	112	(3,111)	—	—	(3,111)
Stock-based compensation expense	—	3,675	—	—	3,675
Repurchase of common stock	(1,557)	(4,936)	(127,953)	—	(132,889)
BALANCE, MARCH 31, 2020	66,116	$ 565	$ 1,704,000	$ (7,974)	$ 1,696,591

See accompanying notes to condensed consolidated financial statements

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COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BASIS OF PRESENTATION AND ORGANIZATION

The accompanying unaudited condensed consolidated financial statements have been prepared by the management of Columbia Sportswear Company (together with its wholly owned subsidiaries, the "Company") and, in the opinion of management, include all normal recurring material adjustments necessary to present fairly the Company's financial position as of March 31, 2021, December 31, 2020 and March 31, 2020, and the results of operations and cash flows for the three months ended March 31, 2021 and 2020. The December 31, 2020 financial information was derived from the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. A significant part of the Company's business is of a seasonal nature; therefore, results of operations for the three months ended March 31, 2021 are not necessarily indicative of results to be expected for other quarterly periods or for the full year.

Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The Company, however, believes that the disclosures contained in this report comply with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, for a Quarterly Report on Form 10-Q and are adequate to make the information presented not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Columbia Sportswear Company and its wholly owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions. Some of the more significant estimates relate to revenue recognition; allowance for uncollectible accounts receivable; obsolescence reserves for excess, close-out and slow moving inventory; impairment of long-lived assets, intangible assets and goodwill; and income taxes.

Recently Adopted Accounting Pronouncements

Effective January 1, 2021, the Company adopted Accounting Standards Update ("ASU") No. 2019-12 , Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which, among other things, removes specific exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods, as well as targeted impacts to the accounting for taxes under hybrid tax regimes. At adoption, there was not a material impact to the Company's financial position, results of operations or cash flows.

Recent Accounting Pronouncements Not Yet Adopted

None.

NOTE 2—REVENUES

Disaggregated Revenue

As disclosed in Note 11, the Company has four geographic reportable segments: United States ("U.S."), Latin America and Asia Pacific ("LAAP"), Europe, Middle East and Africa ("EMEA") and Canada.

The following tables disaggregate the Company's operating segment *Net sales* by product category and channel, which the Company believes provides a meaningful depiction of how the nature, timing, and uncertainty of *Net sales* are affected by economic factors:

	Three Months Ended March 31, 2021				
(in thousands)	U.S.	LAAP	EMEA	Canada	Total
Product category net sales					
Apparel, Accessories and Equipment	$ 317,349	$ 78,723	$ 46,296	$ 26,542	$ 468,910
Footwear	91,313	33,254	24,469	7,660	156,696
Total	$ 408,662	$ 111,977	$ 70,765	$ 34,202	$ 625,606
Channel net sales					
Wholesale	$ 200,881	$ 55,550	$ 57,764	$ 21,218	$ 335,413
Direct-to-consumer	207,781	56,427	13,001	12,984	290,193
Total	$ 408,662	$ 111,977	$ 70,765	$ 34,202	$ 625,606

	Three Months Ended March 31, 2020				
(in thousands)	U.S.	LAAP	EMEA	Canada	Total
Product category net sales					
Apparel, Accessories and Equipment	$ 309,677	$ 75,913	$ 39,930	$ 26,649	$ 452,169
Footwear	66,191	26,738	15,918	7,212	116,059
Total	$ 375,868	$ 102,651	$ 55,848	$ 33,861	$ 568,228
Channel net sales					
Wholesale	$ 202,868	$ 57,374	$ 42,256	$ 23,462	$ 325,960
Direct-to-consumer	173,000	45,277	13,592	10,399	242,268
Total	$ 375,868	$ 102,651	$ 55,848	$ 33,861	$ 568,228

Performance Obligations

For the three months ended March 31, 2021 and 2020, *Net sales* recognized from performance obligations related to prior periods were not material. *Net sales* expected to be recognized in any future period related to remaining performance obligations are not material.

Contract Balances

As of March 31, 2021, December 31, 2020 and March 31, 2020, contract liabilities included in *Accrued liabilities* on the Condensed Consolidated Balance Sheets, which consisted of obligations associated with the Company's gift card and customer loyalty programs, were not material.

NOTE 3—INTANGIBLE ASSETS, NET

Intangible assets, net consisted of the following:

(in thousands)	March 31, 2021	December 31, 2020	March 31, 2020
Intangible assets subject to amortization:			
Patents and purchased technology	$ 14,198	$ 14,198	14,198
Customer relationships	23,000	23,000	23,000
Gross carrying amount	37,198	37,198	37,198
Accumulated amortization:			
Patents and purchased technology	(14,198)	(14,198)	(13,644)
Customer relationships	(17,775)	(17,363)	(16,125)
Accumulated amortization	(31,973)	(31,561)	(29,769)
Net carrying amount	5,225	5,637	7,429
Intangible assets not subject to amortization	97,921	97,921	115,421
Intangible assets, net	$ 103,146	$ 103,558	$ 122,850

Amortization expense for intangible assets subject to amortization was $ 0.4 million and $0.7 million for the three months ended March 31, 2021 and 2020, respectively.

The following table presents the estimated annual amortization expense for the years 2021 through 2025:

(in thousands)	
2021	$ 1,650
2022	1,650
2023	1,650
2024	688
2025	—

NOTE 4—SHORT-TERM BORROWINGS AND CREDIT LINES

Except as disclosed below, there have been no significant changes to the Company's short-term borrowings and credit lines as described in Note 7 in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

At the beginning of 2021 the Company's Japanese subsidiary had two separate unsecured and uncommitted overdraft facilities guaranteed by the Company providing for borrowings up to a maximum of ¥1.5 billion and US$7.0 million. In March 2021, the Company's Japanese subsidiary entered into an agreement to establish an unsecured and uncommitted overdraft facility providing for borrowings up to a maximum of ¥400.0 million. The combined available borrowings of the three lines was approximately US$24.2 million at March 31, 2021. Borrowings under the ¥ 1.5 billion and ¥400.0 million overdraft facilities accrue interest at the Tokyo Interbank Offered Rate plus 50 basis points and borrowings under the US$7.0 million overdraft facility accrue interest at 150 basis points. As of March 31, 2021, there was no balance outstanding under these facilities.

NOTE 5—INCOME TAXES

For the three months ended March 31, 2021 and 2020, the Company's effective income tax rates were 20.7% and 86.4%, respectively. The decrease in the effective income tax rate for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 was primarily driven by a change in the mix of book income or loss among jurisdictions and the recording of a foreign jurisdiction valuation allowance during the prior year period.

NOTE 6—COMMITMENTS AND CONTINGENCIES

The Company is involved in litigation and various legal matters arising in the normal course of business, including matters related to employment, retail, intellectual property, contractual agreements, lease agreements, and various regulatory compliance activities. Management has considered facts related to legal and regulatory matters and opinions of counsel handling these matters, and does not believe the ultimate resolution of these proceedings will have a material adverse effect on the Company's financial position, results of operations or cash flows.

NOTE 7—SHAREHOLDERS' EQUITY

Since the inception of the Company's stock repurchase plan in 2004 through March 31, 2021, the Company's Board of Directors has authorized the repurchase of $1.5 billion of the Company's common stock. Shares of the Company's common stock may be purchased in the open market or through privately negotiated transactions, subject to market conditions, and generally settle subsequent to the trade date. The repurchase program does not obligate the Company to acquire any specific number of shares or to acquire shares over any specified period of time.

Under this program as of March 31, 2021, the Company had repurchased 26.9 million shares at an aggregate purchase price of $ 1,029.0 million and has $ 471.0 million remaining available. During the three months ended March 31, 2021, the Company purchased an aggregate of $11.2 million of the Company's common stock under this program.

NOTE 8—STOCK-BASED COMPENSATION

The Company's Stock Incentive Plan allows for grants of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock units, and other stock-based or cash-based awards.

Stock-Based Compensation Expense

Stock-based compensation expense consisted of the following:

	Three Months Ended March 31,	
(in thousands)	2021	2020
Stock options	$ 1,910	$ 1,704
Restricted stock units	2,964	1,971
Total	$ 4,874	$ 3,675

Stock Options

During the three months ended March 31, 2021, the Company granted a total of 496,609 stock options at a weighted average grant date fair value of $ 17.26 per share. As of March 31, 2021, unrecognized costs related to outstanding stock options totaled $17.0 million, before any related tax benefit. As of March 31, 2021, unrecognized costs related to stock options are expected to be recognized over a weighted average period of 2.92 years.

Restricted Stock Units

During the three months ended March 31, 2021, the Company granted 150,912 restricted stock units at a weighted average grant date fair value of $ 95.39 per share. As of March 31, 2021, unrecognized costs related to outstanding restricted stock units totaled $27.7 million, before any related tax benefit. As of March 31, 2021, unrecognized costs related to restricted stock units are expected to be recognized over a weighted average period of 2.74 years.

NOTE 9—EARNINGS PER SHARE

Earnings per share ("EPS") is presented on both a basic and diluted basis. Basic EPS is based on the weighted average number of common shares outstanding. Diluted EPS reflects the potential dilution that could occur if outstanding securities or other contracts to issue common stock were exercised or converted into common stock.

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

A reconciliation of the common shares used in the denominator for computing basic and diluted EPS is as follows:

(in thousands, except per share amounts)	Three Months Ended March 31, 2021	2020
Weighted average common shares outstanding, used in computing basic earnings per share	66,363	66,970
Effect of dilutive stock options and restricted stock units	522	442
Weighted average common shares outstanding, used in computing diluted earnings per share	66,885	67,412
Earnings per share of common stock:		
Basic	$ 0.84	$ 0.00
Diluted	$ 0.84	$ 0.00

Stock options, service-based restricted stock units, and performance-based restricted stock representing 693,403 and 937,523 shares of common stock for the three months ended March 31, 2021 and 2020, respectively, were outstanding but were excluded from the computation of diluted EPS because their effect would have been anti-dilutive under the treasury stock method or because the shares were subject to performance conditions that had not been met.

NOTE 10—ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) on the Condensed Consolidated Balance Sheets is net of applicable taxes, and consists of unrealized holding gains and losses on available-for-sale securities, unrealized gains and losses on certain derivative transactions and foreign currency translation adjustments.

The following table sets forth the changes in *Accumulated other comprehensive income (loss)* for the three months ended March 31, 2021:

(in thousands)	Unrealized holding gains (losses) on derivative transactions	Foreign currency translation adjustments	Total
Balance at December 31, 2020	$ (9,369)	$ 10,175	$ 806
Other comprehensive income (loss) before reclassifications	9,279	(13,204)	(3,925)
Amounts reclassified from accumulated other comprehensive income (loss) [1]	(716)	—	(716)
Net other comprehensive income (loss) during the year	8,563	(13,204)	(4,641)
Balance at March 31, 2021	$ (806)	$ (3,029)	$ (3,835)

[1] Amounts reclassified are recorded in *Net sales, Cost of sales,* or *Other non-operating income (expense), net* on the Condensed Consolidated Statements of Operations. Refer to Note 12 for further information regarding reclassifications.

The following table sets forth the changes in *Accumulated other comprehensive income (loss)* for the three months ended March 31, 2020:

(in thousands)	Unrealized gains (losses) on available for sale securities	Unrealized holding gains (losses) on derivative transactions	Foreign currency translation adjustments	Total
Balance at December 31, 2019	$ (4)	$ 9,482	$ (13,903)	$ (4,425)
Other comprehensive income (loss) before reclassifications	—	14,362	(15,074)	(712)
Amounts reclassified from accumulated other comprehensive income (loss)[1]	—	(2,837)	—	(2,837)
Net other comprehensive income (loss) during the year	—	11,525	(15,074)	(3,549)
Balance at March 31, 2020	$ (4)	$ 21,007	$ (28,977)	$ (7,974)

[1] Amounts reclassified are recorded in *Net sales, Cost of sales,* or *Other non-operating income (expense), net* on the Condensed Consolidated Statements of Operations. Refer to Note 12 for further information regarding reclassifications.

NOTE 11—SEGMENT INFORMATION

The Company has four reportable geographic segments: U.S., LAAP, EMEA, and Canada, which are reflective of the Company's internal organization, management and oversight structure. Each geographic segment operates predominantly in one industry: the design, development, marketing, and distribution of outdoor, active and everyday lifestyle apparel, footwear, accessories, and equipment products. Intersegment net sales and intersegment profits, which are recorded at a negotiated mark-up and eliminated in consolidation, are not material. Unallocated corporate expenses consist of expenses incurred by centrally-managed departments, including global information services, finance, human resources and legal, as well as executive compensation, unallocated benefit program expense, and other miscellaneous costs.

The following table presents financial information for the Company's reportable segments:

	Three Months Ended March 31,	
(in thousands)	2021	2020
Net sales to unrelated entities:		
U.S.	$ 408,662	$ 375,868
LAAP	111,977	102,651
EMEA	70,765	55,848
Canada	34,202	33,861
	$ 625,606	$ 568,228
Segment income (loss) from operations		
U.S.	$ 99,661	$ 40,032
LAAP	9,718	6,138
EMEA	10,062	(66)
Canada	6,228	4,151
Total segment income from operations	125,669	50,255
Unallocated corporate expenses	(55,189)	(52,242)
Interest income, net	278	1,813
Other non-operating income (expense), net	(304)	1,738
Income before income tax	$ 70,454	$ 1,564

Concentrations

The Company had one customer that accounted for 10.2% and 14.3% of *Accounts receivable, net* on the Condensed Consolidated Balance Sheets as of March 31, 2021, and December 31, 2020, respectively. No single customer accounted for 10% or more of *Accounts receivable, net* as of March 31, 2020. No single customer accounted for 10% or more of *Net sales* in the Condensed Consolidated Statement of Operations for the three months ended March 31, 2021 or 2020.

NOTE 12—FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In the normal course of business, the Company's financial position, results of operations and cash flows are routinely subject to a variety of risks. These risks include risks associated with financial markets, primarily currency exchange rate risk and, to a lesser extent, interest rate risk and equity market risk. The Company regularly assesses these risks and has established policies and business practices designed to mitigate them. The Company does not engage in speculative trading in any financial market.

The Company actively manages the risk of changes in functional currency equivalent cash flows resulting from anticipated non-functional currency denominated purchases and sales. Subsidiaries that use European euros, Canadian dollars, Japanese yen, Chinese renminbi, or Korean won as their functional currency are primarily exposed to changes in functional currency equivalent cash flows from anticipated United States dollar inventory purchases. Subsidiaries that use United States dollars and euros as their functional currency also have non-functional currency denominated sales for which the Company hedges the Canadian dollar and British pound. The Company manages these risks by using currency forward contracts formally designated and effective as cash flow hedges. Hedge effectiveness is generally determined by evaluating the ability of a hedging instrument's cumulative change in fair value to offset the cumulative change in the present value of expected cash flows on the underlying exposures. For forward contracts, forward points are included in the fair value of the cash flow hedge on a prospective basis. These costs or benefits are included in

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Accumulated other comprehensive income (loss) until the underlying hedge transaction is recognized in either *Net sales* or *Cost of sales*, at which time, the forward points will also be recognized as a component of *Net income*.

The Company also uses currency forward contracts not formally designated as hedges to manage the consolidated currency exchange rate risk associated with the remeasurement of non-functional currency denominated monetary assets and liabilities by subsidiaries that use United States dollars, euros, Canadian dollars, yen, won, or renminbi as their functional currency. Non-functional currency denominated monetary assets and liabilities consist primarily of cash and cash equivalents, short-term investments, receivables, payables, deferred income taxes, and intercompany loans. The gains and losses generated on these currency forward contracts not formally designated as hedges are expected to be largely offset in *Other non-operating income (expense), net* by the gains and losses generated from the remeasurement of the non-functional currency denominated monetary assets and liabilities.

The following table presents the gross notional amount of outstanding derivative instruments:

(in thousands)	March 31, 2021	December 31, 2020	March 31, 2020
Derivative instruments designated as cash flow hedges:			
Currency forward contracts	$ 484,176	$ 417,707	$ 458,823
Derivative instruments not designated as cash flow hedges:			
Currency forward contracts	219,961	326,280	205,030

At March 31, 2021, $3.2 million of deferred net losses on both outstanding and matured derivatives recorded in *Other comprehensive loss* are expected to be reclassified to *Net income* during the next twelve months as a result of underlying hedged transactions also being recorded in *Net sales* or *Cost of sales* in the Condensed Consolidated Statements of Operations. Actual amounts ultimately reclassified to *Net sales* or *Cost of sales* in the Condensed Consolidated Statements of Comprehensive Income (Loss) are dependent on United States dollar exchange rates in effect against the euro, pound sterling, renminbi, Canadian dollar, and yen when outstanding derivative contracts mature.

At March 31, 2021, the Company's derivative contracts had a remaining maturity of less than four years. The maximum net exposure to any single counterparty, which is generally limited to the aggregate unrealized gain of all contracts with that counterparty, was $2.7 million at March 31, 2021. All of the Company's derivative counterparties have credit ratings that are investment grade or higher. The Company is a party to master netting arrangements that contain features that allow counterparties to net settle amounts arising from multiple separate derivative transactions or net settle in the case of certain triggering events such as a bankruptcy or major default of one of the counterparties to the transaction. The Company has not pledged assets or posted collateral as a requirement for entering into or maintaining derivative positions.

The following table presents the balance sheet classification and fair value of derivative instruments:

(in thousands)	Balance Sheet Classification	March 31, 2021	December 31, 2020	March 31, 2020
Derivative instruments designated as cash flow hedges:				
Derivative instruments in asset positions:				
Currency forward contracts	Prepaid expenses and other current assets	$ 2,438	$ 947	$ 18,945
Currency forward contracts	Other non-current assets	6,159	1,126	10,520
Derivative instruments in liability positions:				
Currency forward contracts	Accrued liabilities	4,908	7,573	231
Currency forward contracts	Other long-term liabilities	2,337	6,590	—
Derivative instruments not designated as cash flow hedges:				
Derivative instruments in asset positions:				
Currency forward contracts	Prepaid expenses and other current assets	1,759	1,650	4,449
Derivative instruments in liability positions:				
Currency forward contracts	Accrued liabilities	1,793	2,268	978

The following table presents the statement of operations effect and classification of derivative instruments:

(in thousands)	Statement Of Operations Classification	Three Months Ended March 31, 2021	2020
Currency Forward Contracts:			
Derivative instruments designated as cash flow hedges:			
Gain recognized in other comprehensive loss, net of tax	—	$ 9,279	$ 14,362
Gain (loss) reclassified from accumulated other comprehensive income (loss) to income for the effective portion	Net sales	100	(122)
Gain reclassified from accumulated other comprehensive income (loss) to income for the effective portion	Cost of sales	772	2,795
Gain reclassified from accumulated other comprehensive income (loss) to income as a result of cash flow hedge discontinuance	Other non-operating income (expense), net	106	1,111
Derivative instruments not designated as cash flow hedges:			
Gain recognized in income	Other non-operating income (expense), net	897	1,649

NOTE 13—FAIR VALUE MEASURES

Certain assets and liabilities are reported at fair value on either a recurring or nonrecurring basis. Fair value is defined as an exit price, representing the amount that the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants, under a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

Level 1	—	observable inputs such as quoted prices for identical assets or liabilities in active liquid markets;
Level 2	—	inputs, other than the quoted market prices in active markets, that are observable, either directly or indirectly; or observable market prices in markets with insufficient volume or infrequent transactions; and
Level 3	—	unobservable inputs for which there is little or no market data available, that require the reporting entity to develop its own assumptions.

The Company's assets and liabilities measured at fair value are categorized as Level 1 or Level 2 instruments. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 instrument valuations are obtained from inputs, other than quoted market prices in active markets, that are directly or indirectly observable in the marketplace and quoted prices in markets with limited volume or infrequent transactions.

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2021 are as follows:

(in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 344,886	$ —	$ —	$ 344,886
United States government treasury bills	—	45,000	—	45,000
Short-term investments:				
Money market funds	99	—	—	99
Mutual fund shares	821	—	—	821
Other current assets:				
Derivative financial instruments	—	4,197	—	4,197
Non-current assets:				
Money market funds	3,667	—	—	3,667
Mutual fund shares	15,376	—	—	15,376
Derivative financial instruments	—	6,159	—	6,159
Total assets measured at fair value	$ 364,849	$ 55,356	$ —	$ 420,205
Liabilities:				
Accrued liabilities:				
Derivative financial instruments	$ —	$ 6,701	$ —	$ 6,701
Other long-term liabilities:				
Derivative financial instruments	—	2,337	—	2,337
Total liabilities measured at fair value	$ —	$ 9,038	$ —	$ 9,038

Assets and liabilities measured at fair value on a recurring basis at December 31, 2020 are as follows:

(in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 119,378	$ —	$ —	$ 119,378
United States government treasury bills	—	234,982	—	234,982
Short-term investments:				
Money market funds	105	—	—	105
Mutual fund shares	1,119	—	—	1,119
Other current assets:				
Derivative financial instruments	—	2,597	—	2,597
Non-current assets:				
Money market funds	4,059	—	—	4,059
Mutual fund shares	14,657	—	—	14,657
Derivative financial instruments	—	1,126	—	1,126
Total assets measured at fair value	$ 139,318	$ 238,705	$ —	$ 378,023
Liabilities:				
Accrued liabilities:				
Derivative financial instruments	$ —	$ 9,841	$ —	$ 9,841
Other long-term liabilities:				
Derivative financial instruments	—	6,590	—	6,590
Total liabilities measured at fair value	$ —	$ 16,431	$ —	$ 16,431

Assets and liabilities measured at fair value on a recurring basis at March 31, 2020 are as follows:

(in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 128,488	$ —	$ —	$ 128,488
United States government treasury bills	—	44,973	—	44,973
Available-for-sale short-term investments:(1)				
United States government treasury bills	—	35,032	—	35,032
Other short-term investments:				
Money market funds	14	—	—	14
Mutual fund shares	782	—	—	782
Other current assets:				
Derivative financial instruments	—	23,394	—	23,394
Non-current assets:				
Money market funds	3,674	—	—	3,674
Mutual fund shares	9,329	—	—	9,329
Derivative financial instruments	—	10,520	—	10,520
Total assets measured at fair value	$ 142,287	$ 113,919	$ —	$ 256,206
Liabilities:				
Accrued liabilities:				
Derivative financial instruments	$ —	$ 1,209	$ —	$ 1,209
Total liabilities measured at fair value	$ —	$ 1,209	$ —	$ 1,209

(1) Investments have remaining maturities of less than one year.

Item 2. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

Special Note Regarding Forward Looking Statements

This quarterly report contains forward-looking statements within the meaning of federal securities laws. 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. Forward-looking statements include any statements related to our expectations regarding future performance or market position, including any statements regarding the impacts of the COVID-19 pandemic, store traffic, supply chain disruptions, inventory receipts, net sales and gross margin, profitability, return on investments, performance obligations, unrecognized costs, derivatives, inventory purchase obligations, income tax rates, our ability to meet our liquidity needs, amortization expenses and maturities of liabilities.

These forward-looking statements, and others we make from time to time expressed in good faith, are believed to have a reasonable basis; however, each forward-looking statement involves risks and uncertainties. Many factors may cause actual results to differ materially from projected results in forward-looking statements, including the risks described in Item 1A of this quarterly report. Forward-looking statements are inherently less reliable than historical information. Except as required by law, we do not undertake any duty to update forward-looking statements after the date they are made or to conform them to actual results or to changes in circumstances or to reflect changes in events, circumstances or expectations. New factors emerge from time to time and it is not possible for us 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.

Our Business

We connect active people with their passions through our four well-known brands, Columbia, SOREL, Mountain Hardwear, and prAna, by designing, developing, marketing, and distributing our outdoor, active and everyday lifestyle apparel, footwear, accessories and equipment products to meet the diverse needs of our customers and consumers. Our products are sold through a mix of wholesale distribution channels, our own direct-to-consumer ("DTC") businesses and independent international distributors. In addition, we license some of our trademarks across a range of apparel, footwear, accessories, equipment and home products.

The popularity of outdoor activities, active and everyday lifestyles, changing design trends, consumer adoption of innovative performance technologies, variations in seasonal weather, and the availability and desirability of competitor alternatives affect consumer desire for our products. Therefore, we seek to drive, anticipate and respond to trends and shifts in consumer preferences by developing new products and innovative performance features and designs, creating persuasive and memorable marketing communications to generate consumer awareness, demand and retention, and adjusting the mix, price points and selling channels of available product offerings.

Our production cycle from the design to the delivery of our products requires significant inventory commitment. We generally solicit orders from wholesale customers and independent international distributors for the fall and spring seasons based on seasonal ordering deadlines that we establish to aid our efforts to plan manufacturing volumes to meet demand. We typically ship the majority of our advance spring season orders to customers beginning in January and continuing through June. Similarly, we typically ship the majority of our advance fall season orders to customers beginning in July and continuing through December. Subsequent to advance order placements, wholesale customers may request replenishment orders for various products as consumer demand increases. Generally, orders are subject to cancellation prior to the date of shipment.

Our business is affected by the general seasonal trends common to the industry, including seasonal weather and discretionary consumer shopping and spending patterns. Our products are marketed on a seasonal basis, and our sales are weighted substantially toward the third and fourth quarters, while our operating costs are more equally distributed throughout the year. In 2020, approximately 65% of our net sales and the majority of our operating income were realized in the second half of the year. Although impacts from the ongoing COVID-19 pandemic exacerbated seasonal net sales and profitability patterns, this still illustrates our dependence upon sales results in the second half of the year, as well as the less seasonal nature of our operating costs.

Results of operations in any period should not be considered indicative of the results to be expected for any future period.

COVID-19 Update

The COVID-19 pandemic continues to impact the global economy. In response to this pandemic, many regional and local governments worldwide continue to implement travel restrictions, business shutdowns or slowdowns, and shelter-in-place or stay-at-home orders.

In the first quarter of 2021, consumer demand increased year-over-year, but remained below pre-pandemic levels. Throughout the first quarter of 2021, the majority of our stores remained open, however government mandated lockdowns impacted our stores in

Europe, Canada and Japan for most of the first quarter of 2021. Overall, our store retail traffic trends remain below pre-pandemic levels. Stores in destination locations and tourist-dependent markets remain some of the most impacted stores within our fleet. We anticipate gradual fundamental improvement in store traffic over the course of the year.

In addition, certain of our wholesale customers and international distributors experienced closed stores or reduced operating hours. Despite these impacts, consumer demand accelerated in the first quarter of 2021 and we did not realize significant wholesale order cancellations or customer accommodations.

The COVID-19 pandemic continues to impact our distribution centers, third-party manufacturing partners and logistics partners. We expect these supply chain disruptions to continue through our fourth quarter of 2021. As a result of these impacts, we anticipate later than expected spring and fall season inventory receipts and deliveries to our wholesale customers and inventory availability for our DTC businesses, resulting in impacts to our future net sales and gross margin.

Business Outlook

The ongoing business disruption and uncertainty surrounding the COVID-19 pandemic make it difficult to predict our future results. Consistent with the seasonality and variability of our business, we anticipate 2021 profitability to be heavily concentrated in the second half of the year. Business uncertainties and risks surrounding the ongoing pandemic may further exacerbate this seasonality.

Factors that could significantly affect our full year 2021 financial results include:

- lower consumer demand as a result of ongoing effects from the COVID-19 pandemic and/or related governmental actions and regulations;
- growth, performance and profitability of our global DTC operations, including depressed consumer traffic in our retail stores and elevated DTC e-commerce growth trends;
- our ability to staff and operate our distribution centers to fulfill DTC e-commerce demand while providing a safe working environment with adequate social distancing and other safety precautions;
- port congestion and equipment and labor capacity of third-party logistics providers to service the demands of our business and the retail industry generally;
- increasing operating costs associated with a constrained supply chain, including incremental ocean freight surcharges and other logistics related costs;
- increasing consumer expectations and competitive pressure related to various aspects of our e-commerce business, including speed of product delivery, shipping charges, return privileges and other evolving expectations;
- our ability to secure production capacity with our contract manufacturers;
- impairment of long-lived assets, operating lease right-of-use assets, intangible assets and/or goodwill;
- unseasonable weather conditions or other unforeseen factors affecting consumer demand and the resulting effect on cancellations of advance wholesale and distributor orders, sales returns, customer accommodations, replenishment orders and reorders, DTC sales, changes in mix and volume of full price sales in relation to promotional and close-out product sales, and suppressed customer and end-consumer demand in subsequent seasons;
- our ability to effectively manage our inventory, including liquidating excess inventory timely and profitably through close-out sales in our wholesale and DTC businesses;
- difficult economic, geopolitical and competitive environments in certain key markets globally, coupled with global economic uncertainty; and
- economic and industry trends affecting consumer traffic and spending in brick and mortar retail channels, which have created uncertainty regarding the long-term financial health of certain of our wholesale customers, and, in certain cases, may require cancellation of customer shipments and/or increased credit exposure associated with any such shipments.

Strategic Priorities

We are committed to driving sustainable and profitable long-term growth and investing in our strategic priorities to :

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

Ultimately, we expect our investments to enable market share capture across our brand portfolio, expand gross margin, improve selling, general and administrative expense efficiency, and drive improved operating margin over the long-term.

Results of Operations

The following discussion of our results of operations and liquidity and capital resources should be read in conjunction with the condensed consolidated financial statements and accompanying Notes that appear in Part 1, Item 1, Financial Statements in this quarterly report. All references to quarters relate to the quarter ended March 31 of the particular year.

To supplement financial information reported in accordance with accounting principles generally accepted in the United States ("GAAP"), we disclose 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. 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 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. Constant-currency 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 following discussion includes references to constant-currency net sales, and we provide a reconciliation of this non-GAAP measure to the most directly comparable financial measure calculated in accordance with GAAP below.

Highlights of the First Quarter of 2021

- Net sales increased $57.4 million, or 10%, to $625.6 million, from $568.2 million in the first quarter of 2020.
- Gross profit as a percentage of net sales expanded to 51.4% from 47.8% in the first quarter of 2020.
- Income from operations increased $72.5 million to $70.5 million from a loss from operations of $2.0 million in the first quarter of 2020.
- Income tax expense increased to $14.6 million from $1.4 million in the first quarter of 2020.
- Net income increased $55.7 million to $55.9 million, or $0.84 per diluted share from net income of $0.2 million, or $0.00 per diluted share in the first quarter of 2020.
- Operating cash flow increased $98.1 million to $110.9 million, compared to $12.8 million in 2020.
- We paid cash dividends to shareholders totaling $17.3 million, or $0.26 per share.

The following table presents the items in our Condensed Consolidated Statements of Operations as a percentage of net sales:

	Three Months Ended March 31,	
	2021	2020
Net sales	100.0 %	100.0 %
Cost of sales	48.6	52.2
Gross profit	51.4	47.8
Selling, general and administrative expenses	40.7	48.7
Net licensing income	0.6	0.6
Income (loss) from operations	11.3	(0.3)
Interest income, net	—	0.3
Other non-operating income (expense), net	—	0.3
Income before income tax	11.3	0.3
Income tax expense	(2.4)	(0.3)
Net income	8.9 %	— %

Results of Operations — Consolidated

Quarter Ended March 31, 2021 Compared to Quarter Ended March 31, 2020

Net Sales: Consolidated net sales increased $57.4 million, or 10%, to $625.6 million for the first quarter 2021 from $568.2 million for the comparable period in 2020. The increase primarily reflects higher consumer demand and economic recovery from the ongoing COVID-19 pandemic, which during the comparable period in 2020 resulted in wholesale order cancellations, temporary store closures and lower consumer demand. Net sales increased across all regions and product categories, and primarily for the Columbia brand in the U.S. DTC and China businesses. In addition, our DTC e-commerce business grew 35% and represented 20% of our global net sales for the first quarter 2021, compared to 16% of our global net sales for the same period in 2020.

Net sales by brand, product category and channel are summarized in the following table:

	Three Months Ended March 31,					
(in millions, except for percentage changes)	**Reported Net Sales 2021**	**Adjust for Foreign Currency Translation**	**Constant-currency Net Sales 2021**[1]	**Reported Net Sales 2020**	**Reported Net Sales % Change**	**Constant-currency Net Sales % Change**[1]
Brand Net Sales:						
Columbia	$ 527.4	$ (11.9)	$ 515.5	$ 471.7	12%	9%
SOREL	46.3	(0.6)	45.7	38.7	20%	18%
prAna	31.5	—	31.5	36.5	(14)%	(14)%
Mountain Hardwear	20.4	(0.3)	20.1	21.3	(4)%	(6)%
Total	$ 625.6	$ (12.8)	$ 612.8	$ 568.2	10%	8%
Product Category Net Sales:						
Apparel, Accessories and Equipment	$ 468.9	$ (8.7)	$ 460.2	$ 452.2	4%	2%
Footwear	156.7	(4.1)	152.6	116.0	35%	32%
Total	$ 625.6	$ (12.8)	$ 612.8	$ 568.2	10%	8%
Channel Net Sales:						
Wholesale	$ 335.4	$ (7.8)	$ 327.6	$ 325.9	3%	1%
DTC	290.2	(5.0)	285.2	242.3	20%	18%
Total	$ 625.6	$ (12.8)	$ 612.8	$ 568.2	10%	8%

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

Gross Profit: Gross profit as a percentage of net sales expanded to 51.4% for the first quarter 2021 from 47.8% for the comparable period in 2020, primarily reflecting:

- an approximate 250 basis points increase primarily resulting from decreased reserve provisions related to less excess inventory;
- an increase in product margin, primarily driven by lower promotional activity and lower wholesale customer accommodations, partially offset by a higher proportion of wholesale closeout product sales mix; and
- an increase driven by a favorable sales mix impact due to a lower proportion of lower margin international distributor sales and a higher proportion of DTC sales which generally carries higher gross margin.

Selling, General and Administrative Expense: SG&A expense decreased $22.4 million, or 8%, to $254.4 million, or 40.7% of net sales, for the first quarter of 2021, from $276.8 million, or 48.7% of net sales, for the comparable period in 2020.

The SG&A expense decrease was primarily due to:

- lower bad debt expenses of $27.1 million; partially offset by
- higher incentive compensation; and
- higher personnel expenses to support business growth.

The decrease in bad debt expenses was driven by incremental COVID-19 pandemic related bad debt reserve provisions in the first quarter of 2020, compared to a reduction in bad debt reserves in the first quarter of 2021 reflecting the continued recovery of the market and a healthier wholesale customer base.

Income (Loss) from Operations: Income from operations increased $72.5 million to $70.5 million, or 11.3% of net sales, for the first quarter of 2021, from a loss from operations of $2.0 million, or (0.3)% of net sales, for the comparable period in 2020.

Income Tax Expense: Income tax expense increased to $14.6 million for the first quarter of 2021 from $1.4 million for the comparable period in 2020. Our effective income tax rate was 20.7% compared to 86.4% for the first quarter of 2020. Our effective income tax rate for the first quarter of 2021 decreased compared to the first quarter of 2020 primarily due to the change in mix of book income or loss among jurisdictions, as well as the recording of a foreign jurisdiction valuation allowance during the prior period.

Net Income: Net income increased $55.7 million to $55.9 million, or $0.84 per diluted share, for the first quarter of 2021, from $0.2 million, or $0.00 per diluted share, for the comparable period in 2020.

Results of Operations — Segment

Quarter Ended March 31, 2021 Compared to Quarter Ended March 31, 2020

Net sales by geographic segment are summarized in the following table:

	Three Months Ended March 31,					
(in millions, except for percentage changes)	Reported Net Sales 2021	Adjust for Foreign Currency Translation	Constant-currency Net Sales 2021[1]	Reported Net Sales 2020	Reported Net Sales % Change	Constant-currency Net Sales % Change[1]
U.S.	$ 408.6	$ —	$ 408.6	$ 375.9	9%	9%
LAAP	112.0	(6.3)	105.7	102.6	9%	3%
EMEA	70.8	(5.1)	65.7	55.8	27%	18%
Canada	34.2	(1.4)	32.8	33.9	1%	(3)%
	$ 625.6	$ (12.8)	$ 612.8	$ 568.2	10%	8%

[1] Constant-currency net sales information is a non-GAAP financial measure, which excludes the effect of changes in foreign currency exchange rates against the United States dollar between comparable reporting periods. We calculate constant-currency net sales by translating net sales in foreign currencies for the current period into United States dollars at the exchange rates that were in effect during the comparable period of the prior year.

Income (loss) from operations for each reportable segments and unallocated corporate expenses are summarized in the following table:

	Three Months Ended March 31,		
(in millions)	2021	2020	Change ($)
U.S.	$ 99.7	$ 40.0	$ 59.7
LAAP	9.7	6.1	3.6
EMEA	10.1	(0.1)	10.2
Canada	6.2	4.2	2.0
Total segment income from operations	$ 125.7	$ 50.2	75.5
Unallocated corporate expenses	(55.2)	(52.2)	(3.0)
Income (loss) from operations	$ 70.5	$ (2.0)	$ 72.5

U.S.

U.S. income from operations increased $59.7 million to $99.7 million, or 24.4% of net sales, for the first quarter of 2021 from $40.0 million, or 10.7% of net sales, for the comparable period in 2020. The increase was driven primarily by increased net sales at improved gross margin, as well as a reduction in bad debt expense. U.S. net sales increased $32.7 million, or 9%, for the first quarter of 2021 compared to same period in 2020, driven by increased net sales in our U.S. DTC businesses, partially offset by decreased net sales in our U.S. wholesale business. The net sales increase in our U.S. DTC businesses was led by increased e-commerce net sales as consumers continued to shift to online shopping, followed by increased retail store net sales as we lapped prior year temporary store closures and heightened COVID-19 pandemic related disruptions. U.S. wholesale net sales declined due to a shift in the timing of Spring 2021 inventory receipts and deliveries from the first quarter into the second quarter of 2021. The reduction in bad debt reserves in the first quarter of 2021 reflected the continued recovery of the market and a healthier wholesale customer base. SG&A expenses decreased as a percentage of net sales to 27.7% for the three months ended March 31, 2021 compared to 37.8% for the comparable period in 2020.

LAAP

LAAP income from operations increased $3.6 million to $9.7 million, or 8.7% of net sales, for the first quarter of 2021 from $6.1 million, or 6.0% of net sales, for the comparable period in 2020. The increase was driven primarily by increased net sales combined with increased gross margin. LAAP net sales increased $9.4 million, or 9% (3% constant-currency) for the first quarter of 2021 compared to the same period in 2020, primarily driven by increased net sales in our China and Korea businesses, partially offset by decreased net sales in our LAAP distributor and Japan businesses. LAAP SG&A expense increased as a percentage of net sales to 47.7% for the first quarter of 2021 compared to 44.1% for the comparable period in 2020, driven by fixed expenses in our LAAP distributor and Japan businesses coupled with decreased net sales.

EMEA

EMEA income from operations increased $10.2 million to $10.1 million, or 14.2% of net sales, for the first quarter of 2021 from a loss from operations of $0.1 million, or (0.1)% of net sales, for the comparable period in 2020. The increase was driven primarily by increased net sales combined with increased gross margin. EMEA net sales increased $15.0 million, or 27% (18% constant-currency), for the first quarter of 2021 compared to the same period in 2020. EMEA net sales increased primarily in our Europe-direct business, followed by our EMEA distributor business. EMEA SG&A expense decreased as a percentage of net sales to 31.1% for the first quarter of 2021 compared to 45.3% for the same period in 2020 driven by leveraging of fixed operating expenses and lower reserve provisions for bad debt.

Canada

Canada income from operations increased $2.0 million to $6.2 million, or 18.2% of net sales, for the first quarter of 2021 from $4.2 million, or 12.3% of net sales, for the comparable period in 2020. The increase primarily resulted from increased net sales combined with increased gross margin. Canada net sales increased $0.3 million, or 1% (a decrease of 3% constant-currency), for the first quarter of 2021 compared to the same period in 2020. Canada SG&A expense decreased as a percentage of net sales to 30.6% for the first quarter of 2021 compared to 35.3% for the comparable period in 2020 driven by lower reserve provisions for bad debt.

Unallocated corporate expenses increased by $3.0 million to $55.2 million for the first quarter of 2021, from $52.2 million for the comparable period in 2020.

Liquidity and Capital Resources

At March 31, 2021, we had total cash and cash equivalents of $873.6 million, compared to $790.7 million at December 31, 2020 and $671.1 million at March 31, 2020. At March 31, 2021, we had approximately $505.2 million in committed borrowing availability.

Our primary ongoing cash needs are for working capital and capital expenditures, including investment in our DTC operations, including new stores, investment in digital and supply chain capabilities to support our strategic priorities, and facilities remodels at our corporate headquarters. We have planned 2021 capital expenditures of approximately $60 to $80 million. We expect to meet our cash needs for the next twelve months with cash and cash equivalents, short-term investments, borrowings under our committed and uncommitted lines of credit and facilities, additional borrowing capacity, access to capital markets, and cash flows from operations.

Our business is affected by the general seasonal trends common to the industry. Our products are marketed on a seasonal basis and our sales are weighted substantially toward the third and fourth quarters, while our operating costs are more equally distributed throughout the year. Our cash and cash equivalents and short-term investments balances generally are at their lowest level at the end of the third quarter and increase during the fourth quarter from collection of wholesale business receivables and fourth quarter DTC sales.

Short-term borrowings and credit lines

Refer to Note 4 in Item 1 of this quarterly report for additional information regarding our lines of credit and overdraft facilities in place. At March 31, 2021, we had a $500.0 million committed revolving line of credit available domestically under our credit agreement and, internationally, our subsidiaries had approximately $145.4 million in committed and uncommitted lines of credit and overdraft facilities in place, some of which were guaranteed by Columbia Sportswear Company. At March 31, 2021, there was no balance outstanding under these lines of credit and overdraft facilities. At the time of this filing, we are in compliance with all financial covenants necessary as a condition for borrowing under the domestic credit agreement.

Cash flow activities

Net cash provided by operating activities was $110.9 million for the three months ended March 31, 2021 compared to net cash provided by operating activities of $12.8 million for the comparable period in 2020. The change in operating cash flow was driven by a $26.0 million increase in operating cash flow provided by net income and non-cash adjustments, and a $72.1 million increase in cash provided by changes in assets and liabilities. The most significant comparative changes included *Accounts payable, Accrued liabilities, and Accounts receivable*. The decrease in cash used in *Accounts payable* primarily reflects the effects of higher receipts of Spring 2021 inventory in the first quarter of 2021 compared to Spring 2020 inventory due to the timing of shipments. The decrease in cash used in *Accrued liabilities* was primarily driven by changes in accruals for incentive compensation, wholesale refund liabilities and demand creation. The decrease in cash provided by *Accounts receivable* was driven by lower collections of accounts receivable and higher wholesale net sales in the first quarter of 2021.

Net cash used in investing activities was $2.8 million for the three months ended March 31, 2021 compared to net cash used in investing activities of $42.9 million for the comparable period in 2020. For the 2021 period, net cash used in investing activities primarily consisted of $3.9 million for capital expenditures, partially offset by $1.1 million in sales and maturities of short-term investments. For the same period in 2020, net cash used in investing activities primarily consisted of $33.4 million in net purchases of short-term investments and $9.5 million for capital expenditures.

Net cash used in financing activities was $19.9 million for the three months ended March 31, 2021 compared to net cash provided by financing activities of $21.5 million for the comparable period in 2020. For the 2021 period, net cash used in financing activities primarily consisted of dividend payments to our shareholders of $17.3 million and the repurchase of common stock of $11.2 million, partially offset by proceeds from the issuance of common stock related to stock-based compensation of $13.8 million. For the 2020 period, net cash provided by financing activities primarily consisted of net proceeds from credit facilities of $174.7 million, partially offset by repurchases of common stock of $132.9 million and dividend payments to our shareholders of $17.2 million.

Contractual obligations

Our inventory purchase obligations increased to $635.8 million at March 31, 2021 compared to $305.7 million at December 31, 2020. There have been no other material changes to the estimated contractual commitments contained in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2020.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations are based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make various estimates and judgments that affect reported amounts of assets, liabilities, sales, cost of sales, and expenses and related disclosure of contingent assets and liabilities. We believe that the estimates, assumptions and judgments involved in the accounting policies referred to in Part II, Item 7 in our Annual Report on Form 10-K for the year ended December 31, 2020 have the greatest potential effect on our financial statements, so we consider these to be our critical accounting policies and estimates. Because of the uncertainty inherent in these matters, actual results may differ from the estimates we use in applying these critical accounting policies. We base our ongoing estimates on historical experience and other assumptions that we believe to be reasonable in the circumstances. Our critical accounting policies relate to revenue recognition; allowance for uncollectible accounts receivable; obsolescence reserves for excess, close-out and slow-moving inventory; impairment of long-lived assets, intangible assets and goodwill; and income taxes.

Management regularly discusses with our audit committee each of our critical accounting estimates, the development and selection of these accounting estimates, and the disclosure about each estimate in this quarterly report. These discussions typically occur at our quarterly audit committee meetings and include the basis and methodology used in developing and selecting these estimates, the trends in and amounts of these estimates, specific matters affecting the amount of and changes in these estimates, and any other relevant matters related to these estimates, including significant issues concerning accounting principles and financial statement presentation.

Except as disclosed in Note 1 in Item 1 of this quarterly report, pertaining to our adoption of new accounting pronouncements, there have been no significant changes to the Company's significant accounting policies as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Recent Accounting Pronouncements

None.

Item 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

There has not been any material change in the market risk disclosure contained in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 4. *CONTROLS AND PROCEDURES*

Disclosure Controls and Procedures

We have evaluated, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this report. These disclosure controls and procedures require information to be disclosed in our Exchange Act reports to be (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer.

Based on our evaluation, we, including our Chief Executive Officer and Chief Financial Officer, have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. *LEGAL PROCEEDINGS*

We are involved in litigation and various legal matters arising in the normal course of business, including matters related to employment, retail, intellectual property, contractual agreements, and various regulatory compliance activities. We have considered facts related to legal and regulatory matters and opinions of counsel handling these matters and do not believe the ultimate resolution of these proceedings will have a material adverse effect on our financial condition, results of operations or cash flows.

Item 1A. *RISK FACTORS*

In addition to the other information contained in this Quarterly Report on Form 10-Q, the following risk factors should be considered carefully in evaluating our business. Our business, financial condition, results of operations, or cash flows may be materially adversely affected by these and other risks. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations. The following risk factors include changes to and supersede the description of the risk factors associated with our business previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

CHANGES IN PRODUCT DEMAND CAN ADVERSELY AFFECT OUR FINANCIAL RESULTS

We are Subject to a Number of Risks Which May Adversely Affect Consumer and/or Wholesale Customer Demand for Our Products and Lead to a Decline in Sales and/or Earnings.

These risks include, but are not limited to:

- Volatile Economic Conditions. We are a consumer products company and are highly dependent on consumer discretionary spending. Consumer discretionary spending behavior is inherently unpredictable. Consumer demand, and related wholesale customer demand, for our products may not support our sales targets, or may decline, especially during periods of heightened economic uncertainty in our key markets.
- Highly Competitive Markets. In each of our geographic markets, we face significant competition from global and regional branded apparel, footwear, accessories, and equipment companies. Retailers who are our wholesale customers often pose a significant competitive threat by designing, marketing and distributing apparel, footwear, accessories, and equipment under their own private labels. We also experience direct competition in our DTC business from retailers that are our wholesale customers. This is true in particular in the digital marketplace, where increased consumer expectations and competitive pressure related to various aspects of our e-commerce business, including speed of product delivery, shipping charges, return privileges, and other evolving expectations are key factors, and certain of our wholesale customers may be able to offer faster shipping and lower prices than our own DTC e-commerce channel.
- Consumer Preferences and Fashion/Product Trends. Changes in consumer preferences, consumer interest in outdoor activities, and fashion/product trends may have a material adverse effect on our business. We also face risks because our success depends on our and our customers' abilities to anticipate consumer preferences and our ability to respond to changes in a timely manner. Product development and/or production lead times for many of our products may make it more difficult for us to respond rapidly to new or changing fashion/product trends or consumer preferences.
- Brand Images. Our brands have wide recognition, and our success has been due in large part to our ability to maintain, enhance and protect our brand image and reputation and our consumers' and customers' connection to our brands. Our continued success depends in part on our ability to adapt to a rapidly changing media environment, including our increasing reliance on social media and online dissemination of advertising campaigns. In addition, consumer and customer sentiment could be shaped by our sustainability policies and related design, sourcing and operations decisions.
- Weather Conditions, Including Global Climate Change Trends. Our sales are adversely affected by unseasonable weather conditions. A significant portion of our DTC sales is dependent in part on the weather and our DTC sales growth is likely to be adversely impacted or may even decline in years in which weather conditions do not stimulate demand for our products. Unseasonable weather also impacts future sales to our wholesale customers, who may hold inventory into subsequent seasons in response to unseasonable weather. To the extent global weather patterns trend warmer, consumer and customer demand for our products may be negatively affected. Our results may be negatively impacted if management is not able to adjust expenses in a timely manner in response to unfavorable weather conditions and the resulting impact on consumer and customer demand.

- Shifts in Retail Traffic Patterns. Shifts in consumer purchasing patterns, including the growth of e-commerce and large one-stop digital marketplaces, e-commerce off-price retailing and online comparison shopping, in our key markets may have an adverse effect on our DTC operations and the financial health of certain of our wholesale customers, some of whom may reduce their brick and mortar store fleet, file for protection under bankruptcy laws, restructure, or cease operations. We face increased risk of order reduction and cancellation when dealing with financially ailing wholesale customers. We also extend credit to our wholesale customers based on an assessment of the wholesale customer's financial condition, generally without requiring collateral. We may choose to limit our credit risk by reducing our level of business with wholesale customers experiencing financial difficulties and may not be able to replace those revenues with other customers or through our DTC businesses within a reasonable period or at all.
- Innovation. To distinguish our products in the marketplace and achieve commercial success, we rely on product innovations, including new or exclusive technologies, inventive and appealing design or other differentiating features. If we fail to introduce innovative products that appeal to consumers and customers, we could suffer reputational damage to our brands and demand for our products could decline.

Certain of the above risks may be or have been exacerbated by the COVID-19 pandemic, see “An Outbreak of Disease or Similar Public Health Threat, or Fear of Such an Event, Such as the COVID-19 Pandemic, Could Have, and in the Case of the COVID-19 Pandemic Has Had and is Expected to Continue to Have, an Adverse Impact on Our Business, Operating Results and Financial Condition.”

Our Orders from Wholesale Customers are Subject to Cancellation, Which Could Lead to a Decline in Sales or Gross Profit, Write-downs of Excess Inventory, Increased Discounts or Extended Credit Terms to Our Wholesale Customers.

We do not have long-term contracts with any of our wholesale customers. We do have contracts with our independent international distributors; although these contracts may have annual purchase minimums that must be met in order to retain distribution rights, the distributors are not otherwise obligated to purchase products from us. Sales to our wholesale customers (other than our international distributors) are generally on an order-by-order basis and are subject to rights of cancellation and rescheduling prior to shipment of orders. We consider the timing of delivery dates in our wholesale customer orders when we forecast our sales and earnings for future periods. If any of our major wholesale customers experience a significant downturn in business or fail to remain committed to our products or brands, or if we are unable to deliver products to our wholesale customer in the agreed upon manner, these customers could postpone, reduce, cancel, or discontinue purchases from us, including after we have begun production on any order.

Our Inability to Accurately Predict Consumer and/or Customer Demand for Our Products Could Lead to a Build-up of Inventory or a Lack of Inventory and Affect Our Gross Margin.

We have implemented key strategic initiatives designed to improve the efficiency of our supply chain, such as spreading out the production of our products over time, which may lead to the build-up of inventory well in advance of the selling seasons for such products. Additionally, we place orders for our products with our contract manufacturers in advance of the related selling season and, as a result, are vulnerable to changes in consumer and/or customer demand for our products. Therefore, we must accurately forecast consumer and/or customer demand for our products well in advance of the selling season. We are subject to numerous risks relating to consumer and/or customer demand (see “We are Subject to a Number of Risks Which May Adversely Affect Consumer and/or Customer Demand for our Products and Lead to a Decline in Sales and/or Earnings” and “Our Orders from Wholesale Customers are Subject to Cancellation, Which Could Lead to a Decline in Sales or Gross Profit, Write-downs of Excess Inventory, Increased Discounts or Extended Credit Terms to Our Wholesale Customers” for additional information). Our ability to accurately predict consumer and/or customer demand well in advance of the selling season for our products is impacted by these risks, as well as our reliance on manual processes and judgments that are subject to human error.

Our failure to accurately forecast consumer and/or customer demand could result in inventory levels in excess of demand, which may cause inventory write-downs and/or the sale of excess inventory at discounted prices through our owned outlet stores or third-party liquidation channels and could have a material adverse effect on our brand image and gross margin. In addition, we may experience additional costs relating to the storage of excess inventory.

Conversely, if we underestimate consumer and/or customer demand for our products or if our contract manufacturers are unable to supply products when we need them, we may experience inventory shortages, which may prevent us from fulfilling product orders, delay shipments of product, negatively affect our wholesale customer and consumer relationships, result in increased costs to expedite production and delivery, and diminish our ability to build brand loyalty.

WE ARE SUBJECT TO VARIOUS RISKS IN OUR SUPPLY CHAIN.

Our Reliance on Contract Manufacturers, Including Our Ability to Enter Into Purchase Order Commitments with Them and Maintain Quality Standards of Our Products and Standards of Manufacturing Processes at Contract Manufacturers, May Result in Lost Sales and Impact our Gross Margin and Results of Operations.

Our products are manufactured by contract manufacturers worldwide, primarily in the Asia Pacific region. Although we enter into purchase order commitments with these contract manufacturers each season, we generally do not maintain long-term manufacturing commitments with them, and various factors could interfere with our ability to source our products. Without long-term commitments, there is no assurance that we will be able to secure adequate or timely production capacity and our competitors may obtain production capacities that effectively limit or eliminate the availability of our contract manufacturers. If we are unable to obtain necessary production capacities, we may be unable to meet consumer demand, resulting in lost sales.

In addition, contract manufacturers may fail to perform as expected. If a contract manufacturer fails to ship orders in a timely manner, we could experience supply disruptions that result in missed delivery deadlines, which may cause our customers to cancel their orders, refuse to accept deliveries or demand a reduction in purchase price or cause us to incur additional freight costs.

Reliance on contract manufacturers also creates quality control risks. Contract manufacturers may need to use sub-contracted manufacturers to fulfill our orders, which could result in compromised quality of our products. A failure in our quality control program, or a failure of our contract manufacturers or their subcontractors to meet our quality control standards, may result in diminished product quality, which in turn could result in increased order cancellations, price concessions, product returns, decreased consumer and customer demand for our products, non-compliance with our product standards or regulatory requirements, or product recalls or other regulatory actions.

We impose standards of manufacturing practices on our contract manufacturers for the benefit of workers and require compliance with our restricted substances list and product safety and other applicable laws, including environmental, health and safety and forced labor laws. We also require that our contract manufacturers impose these practices, standards and laws on their subcontractors. If a contract manufacturer or subcontractor violates labor or other laws or engages in practices that are not generally accepted as safe or ethical, we may experience production disruptions, lost sales or significant negative publicity that could result in long-term damage to our reputation. In some circumstances, parties may assert that we are liable for our contract manufacturers' or subcontractors' labor and operational practices, which could have a material adverse effect on our brand image, results of operations and our financial condition.

Volatility in the Availability and Prices for Commodities and Raw Materials We Use in Our Products Could Have a Material Adverse Effect on Our Costs, Gross Margins and Profitability.

Our products are derived from raw materials that are subject to the prices in the market. If there is a volatility in the availability and prices for commodities and raw materials we use in our products and we are unable to offset such rising costs by pricing actions or efficiency improvements, we could experience pressure on our gross margins and profitability.

For Certain Materials We Depend on a Limited Number of Suppliers, Which May Cause Increased Costs or Production Delays.

Some of the materials that are used in our products may be available from only one source or a very limited number of sources. For example, some specialty fabrics are manufactured to our specification by one source or a few sources, and a single vendor supplies the majority of the zippers used in our products. As a result, from time to time, we may have difficulty satisfying our material requirements. Although we believe that we can identify and qualify additional contract manufacturers to produce or supply these materials or alternative materials as necessary, there are no guarantees that additional contract manufacturers will be available. In addition, depending on the timing, any changes in sources or materials may result in increased costs or production delays.

Our Success Depends on Our and Third-Party Distribution Facilities, and Other Third-Party Providers.

Our ability to meet consumer and customer expectations, manage inventory, complete sales, and achieve our objectives for operating efficiencies depends on the proper operation of our existing distribution facilities, as well as the facilities of third-parties, the development or expansion of additional distribution capabilities and services, and the timely performance of services by third-parties, including those involved in shipping products to and from our distribution facilities and facilities operated by third-parties. The majority of our products are manufactured outside of our principal sales markets, which requires these products to be consolidated and transported by third-party logistic companies, sometimes over large geographical distances. A small number of third-party logistics providers currently consolidate, deconsolidate and/or transload almost all of our products. While we believe that such a consolidation in these providers is in our best interest overall, any disruption in the operations of these providers or changes to the costs they charge, due to capacity constraints or volatile fuel prices could materially impact our sales and profitability. A prolonged disruption in the operations of these providers could also require us to seek alternative distribution arrangements, which may not be available on attractive terms and could lead to delays in distribution of products, either of which could have a significant and material adverse effect on our business, results of operations and financial condition. In addition, the inability of our third-party logistics providers to move products over large geographical distances in a timely manner due to disruptions or limitations at ports or borders or at third-party providers on which they rely (including air-cargo, ocean-cargo and trucking companies) could hinder our ability to satisfy demand through our wholesale and DTC businesses, and we may miss delivery deadlines or incur additional costs, which may cause our customers to cancel their orders, refuse to accept deliveries or demand a reduction in purchase price. In addition, increases in distribution costs, including but not limited to trucking and freight costs, could adversely affect our costs.

We receive our products from such third-party logistics providers at our owned distribution centers in the United States, Canada and France. The fixed costs associated with owning, operating and maintaining such distribution centers during a period of economic weakness or declining sales can result in lower operating efficiencies, financial deleverage and potential impairment in the recorded value of distribution assets.

We also receive and distribute our products through third-party operated distribution facilities internationally and domestically. We depend on these third-parties to manage the operation of their distribution facilities as necessary to meet our business needs. If the third-parties fail to manage these responsibilities, our international and domestic distribution operations could face significant disruptions.

OUR INVESTMENT IN STRATEGIC PRIORITIES EXPOSES US TO CERTAIN RISKS

We May Be Unable to Execute Our Strategic Priorities, Which Could Limit Our Ability to Invest in and Grow Our Business.

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

To implement our strategic priorities, we must continue to, among other things, modify and fund various aspects of our business, effectively prioritize our initiatives and execute effective change management. These efforts, coupled with a continuous focus on expense discipline, may place strain on internal resources, and we may have operating difficulties as a result.

Our strategic priorities also generally involve increased expenditures, which could cause our profitability or operating margin to decline if we are unable to offset our increased spending with increased sales or gross profit or comparable reductions in other operating costs. This could result in a decision to delay, modify, or terminate certain initiatives related to our strategic priorities.

Initiatives to Upgrade Our Business Processes and Information Technology Systems to Optimize Our Operational and Financial Performance Involve Many Risks Which Could Result in, Among Other Things, Business Interruptions, Higher Costs and Lost Profits.

We regularly implement business process improvement and information technology initiatives intended to optimize our operational and financial performance. Transitioning to these new or upgraded processes and systems requires significant capital investments and personnel resources. Implementation is also highly dependent on the coordination of numerous employees, contractors and software and system providers. The interdependence of these processes and systems is a significant risk to the successful completion and continued refinement of these initiatives, and the failure of any aspect could have a material adverse effect on the functionality of our overall business. We may also experience difficulties in implementing or operating our new or upgraded business processes or information technology systems, including, but not limited to, ineffective or inefficient operations, significant system failures, system outages, delayed implementation and loss of system availability, which could lead to increased implementation and/or operational costs, loss or corruption of data, delayed shipments, excess inventory and interruptions of operations resulting in lost sales and/or profits.

We May Not Realize Returns on Our Fixed Cost Investments in Our DTC Business Operations.

One of our strategic priorities is to expand and improve our global DTC business operations. Accordingly, we continue to make significant investments in our e-commerce platforms, our global retail platforms and information technology system upgrades (See “Initiatives to Upgrade Our Business Processes and Information Technology Systems to Optimize Our Operational and Financial Performance Involve Many Risks Which Could Result in, Among Other Things, Business Interruptions, Higher Costs and Lost Profits”). Since many of the costs of our DTC operations are fixed, we may be unable to reduce expenses in order to avoid losses or negative cash flows if we have insufficient sales, including as a result of restrictions on operations. We may not be able to exit DTC brick and mortar locations and related leases at all or without significant cost or loss, renegotiate the terms thereof, or effectively manage the profitability of our existing brick and mortar stores. In addition, obtaining real estate and effectively renewing real estate leases for our DTC brick and mortar operations is subject to the real estate market and we may not be able to secure adequate new locations or successfully renew leases for existing locations.

WE ARE SUBJECT TO CERTAIN INFORMATION TECHNOLOGY RISKS

We Rely on Information Technology Systems, including Third-Party Cloud-based Solutions, and Any Failure of These Systems May Result in Disruptions or Outages in Our E-Commerce and In-Store Retail Platforms, Loss of Processing Capabilities, and/or Loss of Data, Any of Which May Have a Material Adverse Effect on Our Financial Condition, Results of Operations or Cash Flow.

Our reputation and ability to attract, retain and serve consumers and customers is dependent upon the reliable performance of our underlying technical infrastructure and external service providers, including third-party cloud-based solutions. These systems are vulnerable to damage or interruption and we have experienced interruptions in the past. We rely on cloud-based solutions furnished by third-parties primarily to allocate resources, pay vendors, collect from customers, process transactions, develop demand and supply plans, manage product design, production, transportation, and distribution, forecast and report operating results, meet regulatory requirements and administer employee payroll and benefits, among other functions. In addition, our DTC operations, both in-store and online, rely on cloud-based solutions to process transactions. We have also designed a significant portion of our software and computer systems to utilize data processing and storage capabilities from third-party cloud solution providers. Both our on-premises and cloud-based infrastructure may be susceptible to outages due to any number of reasons, including, human error, fire, floods, power loss, telecommunications failures, terrorist attacks and similar events. Despite the implementation of security measures that we believe to be reasonable, both our on-premises and our cloud-based infrastructure may also be vulnerable to hacking, computer viruses, the installation of malware and similar disruptions either by third-parties or employees, which may result in outages. We do not have redundancy for all of our systems and our disaster recovery planning may not account for all eventualities. If we or our existing third-party cloud-based solution providers experience interruptions in service regularly or for a prolonged basis, or other similar issues, our business would be seriously harmed and, in some instances, our consumers and customers may not be able to purchase our products, which could significantly and negatively affect our sales. Additionally, our existing cloud-based solution providers have broad discretion to change and interpret their terms of service and other policies with respect to us, and they may take actions beyond our control that could harm our business. We also may not be able to control the quality of the systems and services we receive from our third-party cloud-based solution providers. Any transition of the cloud-based solutions currently provided to different cloud providers would be difficult to implement and will cause us to incur significant time and expense.

If we and/or our cloud-based solution providers are not successful in preventing outages and cyberattacks, our financial condition, results of operations and cash flow could be materially and adversely affected.

A Security Breach of Our or Our Third-Parties' Systems, Exposure of Personal or Confidential Information or Increased Government Regulation Relating to Handling of Personal Data, Could, Among Other Things, Disrupt Our Operations or Cause Us to Incur Substantial Costs or Negatively Affect Our Reputation.

We and many of our third-party vendors manage and maintain various types of proprietary information and sensitive and confidential data relating to our business, such as personally identifiable information of our consumers, our customers, our employees, and our business partners, as well as credit card information in certain instances. Unauthorized parties may attempt to gain access to these systems or information through fraud or other means of deceiving our employees or third-party service providers. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly changing and evolving, and may be difficult to anticipate or detect for long periods of time. The ever-evolving threats mean we and our third-parties must continually evaluate and adapt our systems and processes, and there is no guarantee that these efforts will be adequate to safeguard against all data security breaches or misuses of data. For example, in 2017, we reported the discovery of a cybersecurity incident involving our prAna.com e-commerce website, for which a number of responsive actions were taken, including notification of potentially affected prAna consumers. Any future breaches of our or our third-parties' systems could expose us, our customers, our consumers, our suppliers, our employees, or other individuals that may be affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our reputation, or otherwise harm our business.

In addition, as the regulatory environment related to information security, data collection and use and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to our business, compliance with those requirements could also result in additional costs or liabilities. For example, the European Union's General Data Protection Regulation ("GDPR"), which became effective in May 2018, and more recently, the California Consumer Privacy Act ("CCPA"), which went into effect in January 2020, required new processes be implemented to ensure compliance and now require the continued refinement of such processes as the regulations evolve, which is accomplished through significant efforts by our employees. The diverted attention of these employees may impact our operations and there may be additional costs incurred by us for third-party resources to advise on the constantly changing landscape. Limitations on the use of data may also impact our future business strategies. Additionally, violations of these requirements could result in significant penalties or litigation from consumers.

We Depend on Certain Legacy Information Technology Systems, Which May Inhibit Our Ability to Operate Efficiently.

Our legacy product development, retail and other systems, on which we continue to manage a substantial portion of our business activities, rely on the availability of limited internal and external resources with the expertise to maintain the systems. In addition, our legacy systems, including aged systems in our Japanese and Korean businesses, may not support desired functionality for our operations and may inhibit our ability to operate efficiently. As we continue to transition from our legacy systems and implement new systems, certain functionality and information from our legacy systems, including that of third-party systems that interface with our legacy systems, may not be fully compatible with the new systems.

WE ARE SUBJECT TO LEGAL AND REGULATORY RISKS

Our Success Depends on the Protection of Our Intellectual Property Rights.

Our registered and common law trademarks, our patented or patent-pending designs and technologies, trade dress and the overall appearance and image of our products have significant value and are important to our ability to differentiate our products from those of our competitors.

As we strive to achieve product innovations, extend our brands into new product categories and expand the geographic scope of our marketing, we face a greater risk of inadvertent infringements of third-party rights or compliance issues with regulations applicable to products with technical features or components. We may become subject to litigation based on allegations of infringement or other improper use of intellectual property rights of third-parties. In addition, failure to successfully obtain and maintain patents on innovations could negatively affect our ability to market and sell our products.

We regularly discover products that are counterfeit reproductions of our products or that otherwise infringe on our proprietary rights. Increased instances of counterfeit manufactured products and sales may adversely affect our sales and the reputation of our brands and result in a shift of consumer preference away from our products. The actions we take to establish and protect trademarks and other proprietary rights may not be adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products as violations of proprietary rights. In markets outside of the United States, it may be more difficult for us to establish our proprietary rights and to successfully challenge use of those rights by other parties.

Litigation is often necessary to defend against claims of infringement or to enforce and protect our intellectual property rights. Intellectual property litigation may be costly and may divert management's attention from the operation of our business. Adverse determinations in any litigation may result in the loss of our proprietary rights, subject us to significant liabilities or require us to seek licenses from third-parties, which may not be available on commercially reasonable terms, if at all.

Certain of Our Products Are Subject to Product Regulations and/or Carry Warranties, Which May Cause an Increase Our Expenses in the Event of Non-Compliance and/or Warranty Claims.

Our products are subject to increasingly stringent and complex domestic and foreign product labeling and performance and safety standards, laws and other regulations. These requirements could result in greater expense associated with compliance efforts, and failure to comply with these regulations could result in a delay, non-delivery, recall, or destruction of inventory shipments during key seasons or in other financial penalties. Significant or continuing noncompliance with these standards and laws could disrupt our business and harm our reputation.

Our products are generally used in outdoor activities, sometimes in severe conditions. Product recalls or product liability claims resulting from the failure, or alleged failure, of our products could have a material adverse effect on the reputation of our brands and result in additional expenses. Most of our products carry limited warranties for defects in quality and workmanship. We maintain a warranty reserve for estimated future warranty claims, but the actual costs of servicing future warranty claims may exceed the reserve.

We May Have Additional Tax Liabilities or Experience Increased Volatility in Our Effective Tax Rate.

As a global company, we determine our income tax liability in various tax jurisdictions and our effective tax rate based on an analysis and interpretation of local tax laws and regulations and our financial projections. This analysis requires a significant amount of judgment and estimation and is often based on various assumptions about the future, which, in times of economic disruptions, are highly uncertain. These determinations are the subject of periodic domestic and foreign tax audits. Although we accrue for uncertain tax positions, our accruals may be insufficient to satisfy unfavorable findings. Unfavorable audit findings and tax rulings may result in payment of taxes, fines and penalties for prior periods and higher tax rates in future periods.

On December 22, 2017, the United States government enacted comprehensive tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the "TCJA"). The TCJA made broad and complex changes to the United States tax code. In addition, on March 27, 2020, the United States government enacted the U.S. Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). A change in interpretation of the applicable revisions to the United States tax code and related tax accounting guidance, changes in assumptions made in developing these estimates, and regulatory guidance that may be issued with respect to the applicable revisions to the United States tax code, and state tax implications as a result of the TCJA, the CARES Act, and other recent legislation may cause actual amounts to differ from our provisional estimates. In addition, as of January 2021, there is a new president of the United States, and his administration has proposed changes to United States tax legislation. Adoption of new tax rules could result in a material increase in our tax expense.

Other changes in the tax laws of the jurisdictions where we do business, including an increase in tax rates or an adverse change in the treatment of an item of income or expense, could result in a material increase in our tax expense. For example, changes in the tax laws of foreign jurisdictions could arise as a result of the Base Erosion and Profit Shifting project undertaken by the Organization for Economic Co-operation and Development ("OECD"). The OECD, which represents a coalition of member countries, has recommended changes to numerous long-standing tax principles. In addition, recent efforts to reform how digital profits are taxed globally could have significant compliance and cost implications. As these changes are adopted by countries, tax uncertainty could increase and may adversely affect our provision for income taxes.

WE OPERATE GLOBALLY AND ARE SUBJECT TO SIGNIFICANT RISKS IN MANY JURISDICTIONS

Global Regulation and Economic and Political Conditions, as well as Potential Changes in Regulations, Legislation and Government Policy, May Negatively Affect Our Business.

We are subject to risks generally associated with doing business internationally. These risks include, but are not limited to, the burden of complying with, and unexpected changes to, foreign and domestic laws and regulations, such as anti-corruption and forced labor regulations and sanctions regimes, the effects of fiscal and political crises and political and economic disputes, changes in diverse consumer preferences, foreign currency exchange rate fluctuations (such as those that may be caused by Brexit), managing a diverse and widespread workforce, political unrest, terrorist acts, military operations, disruptions or delays in shipments, disease outbreaks, such as the COVID-19 outbreak, natural disasters, and changes in economic conditions in countries in which we contract to manufacture, source raw materials or sell products. Our ability to sell products in certain markets, demand for our products in certain markets, our ability to collect accounts receivable, our contract manufacturers' ability to procure raw materials or manufacture products, distribution and logistics providers' ability to operate, our ability to operate brick and mortar stores, our workforce, and our cost of doing business (including the cost of freight and logistics) may be impacted by these events should they occur. Our exposure to these risks is heightened in Vietnam, where a significant portion of our contract manufacturing is located, in Russia, where our largest international distributor is located, and in China, where a large portion of the raw materials used in our products is sourced by our contract manufacturers. Should certain of these events occur in Vietnam, Russia or China, they could cause a substantial disruption to our business and have a material adverse effect on our financial condition, results of operations and cash flows.

In addition, many of our imported products are subject to duties, tariffs or other import limitations that affect the cost and quantity of various types of goods imported into the United States and other markets, including the punitive tariffs on U.S. products imported from China imposed in 2019. In addition, goods suspected of being manufactured with forced labor could be blocked from importation.

In connection with the United Kingdom's recent exit from the European Union (commonly referred to as "Brexit"), on December 24, 2020, the European Union and the United Kingdom ("U.K.") reached an agreement on a new trade agreement that became effective on January 1, 2021. However, as part of the agreement, there will be a new series of customs and regulatory checks, and as a result we anticipate increased shipping costs and near-term delays. The full effects of Brexit and the impact from the trade agreement and other formal agreements between the U.K. and European Union that may impact us remain uncertain and could lead to additional cost, delays and volatility in currency exchange rates, as well as create legal and global economic uncertainty.

Fluctuations in Inflation and Currency Exchange Rates Could Result in Lower Revenues, Higher Costs and/or Decreased Margins and Earnings.

We derive a significant portion of our sales from markets outside the United States, which consist of sales to wholesale customers and directly to consumers by our entities in Europe, Asia, and Canada and sales to independent international distributors who operate within EMEA and LAAP. The majority of our purchases of finished goods inventory from contract manufacturers are denominated in United States dollars, including purchases by our foreign entities. These purchase and sale transactions expose us to the volatility of global economic conditions, including fluctuations in inflation and foreign currency exchange rates. Our international revenues and expenses generally are derived from sales and operations in foreign currencies, and these revenues and expenses could be affected by currency fluctuations, specifically amounts recorded in foreign currencies and translated into United States dollars for consolidated financial reporting, as weakening of foreign currencies relative to the United States dollar adversely affects the United States dollar value of the Company's foreign currency-denominated sales and earnings.

Our exposure is increased with respect to our wholesale customers (including international distributors), where, in order to facilitate solicitation of advance orders for the spring and fall seasons, we establish local-currency-denominated wholesale and retail price lists in each of our foreign entities approximately six to nine months prior to United States dollar-denominated seasonal inventory purchases. As a result, our consolidated results are directly exposed to transactional foreign currency exchange risk to the extent that the United States dollar strengthens during the six to nine months between when we establish seasonal local-currency prices and when we purchase inventory. In addition to the direct currency exchange rate exposures described above, our wholesale business is indirectly exposed to currency exchange rate risks. Weakening of a wholesale customer's functional currency relative to the United States dollar makes it more expensive for it to purchase finished goods inventory from us, which may cause a wholesale customer to cancel orders or increase prices for our products, which may make our products less price-competitive in those markets. In addition, in order to make purchases and pay us on a timely basis, our international distributors must exchange sufficient quantities of their functional currency for United States dollars through the financial markets and may be limited in the amount of United States dollars they are able to obtain.

We employ several strategies in an effort to mitigate this transactional currency risk, but there is no assurance that these strategies will succeed in fully mitigating the negative effects of adverse foreign currency exchange rate fluctuations on the cost of our finished goods in a given period or that price increases will be accepted by our wholesale customers, international distributors or consumers. Our gross margins are adversely affected whenever we are not able to offset the full extent of finished goods cost increases caused by adverse fluctuations in foreign currency exchange rates.

Currency exchange rate fluctuations may also create indirect risk to our business by disrupting the business of independent finished goods manufacturers from which we purchase our products. When their functional currencies weaken in relation to other currencies, the raw materials they purchase on global commodities markets become more expensive and more difficult to finance. Although each manufacturer bears the full risk of fluctuations in the value of its currency against other currencies, our business can be indirectly affected when adverse fluctuations cause a manufacturer to raise the prices of goods it produces for us, disrupt the manufacturer's ability to purchase the necessary raw materials on a timely basis, or disrupt the manufacturer's ability to function as an ongoing business.

WE ARE SUBJECT TO NUMEROUS OPERATIONAL RISKS

Our Ability to Manage Fixed Costs Across a Business That is Affected by Seasonality May Impact Our Profits.

Our business is affected by the general seasonal trends common to the outdoor industry. Our products are marketed on a seasonal basis and our annual net sales are weighted heavily toward the fall/winter season, while our operating expenses are more equally distributed throughout the year. As a result, often a majority of our operating profits are generated in the second half of the year. If we are unable to manage our fixed costs in the seasons where we experience lower net sales, our profits may be adversely impacted.

Labor Matters, Changes in Labor Laws and Other Labor Issues May Reduce Our Revenues and Earnings.

Our business depends on our ability to source and distribute products in a timely manner. While a majority of our own operations are not subject to organized labor agreements, our relationship with our Cambrai distribution center employees is governed by French law, which includes a formal representation of employees by a Works Council and the application of a collective bargaining agreement. Matters that may affect our workforce (including COVID-19 infections or the risk thereof) at contract manufacturers where our goods are produced, shipping ports, transportation carriers, retail stores, or distribution centers create risks for our business, particularly if these matters result in work shut-downs (with little to no notice), slowdowns, lockouts, strikes, limitations on the number of individuals able to work (e.g. social distancing) or other disruptions. Labor matters may have a material adverse effect on our business, potentially resulting in canceled orders by customers, inability to fulfill potential e-commerce demand, unanticipated inventory accumulation and reduced net sales and net income.

In addition, our ability to meet our labor needs at our distribution centers, retail stores, corporate headquarters, and regional subsidiaries, including our ability to find qualified employees while controlling wage and related labor costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified people in the work force of the markets in which our operations are located, unemployment levels within those markets, prevailing and minimum wage rates, changing demographics, parental responsibilities, health and other insurance costs, adoption of new or revised employment and labor laws and regulations, and fear of contracting COVID-19. If we are unable to locate, attract or retain qualified employees or experience higher than normal absenteeism, our ability to source, distribute and sell products in a timely and cost-effective manner may be negatively affected. Our ability to comply with labor laws, including our ability to adapt to rapidly changing labor laws, as well as provide a safe working environment may increase our risk of litigation and cause us to incur additional costs. Such risks are heightened during the COVID-19 pandemic since medical uncertainty about the virus increases the risk that safety protocols in our owned or affiliated facilities will not be effective or not be perceived as effective, or that any virus-related illnesses will be linked or alleged to be linked to such facilities, whether accurate or not.

We May Incur Additional Expenses, Be Unable to Obtain Financing, or Be Unable to Meet Financial Covenants of Our Financing Agreements as a Result of Downturns in the Global Markets.

Our vendors, wholesale customers, licensees and other participants in our supply chain may require access to credit markets in order to do business. Credit market conditions may slow our collection efforts as our wholesale customers find it more difficult to obtain necessary financing, leading to higher than normal accounts receivable. This could result in greater expense associated with collection efforts and increased bad debt expense. Credit conditions may impair our vendors' ability to finance the purchase of raw materials or general working capital needs to support our production requirements, resulting in a delay or non-receipt of inventory shipments during key seasons.

Historically, we have limited our reliance on debt to finance our working capital, capital expenditures and investing activity requirements. We expect to fund our future capital expenditures with existing cash, expected operating cash flows and credit facilities, but, if the need arises to finance additional expenditures, we may need to seek additional funding. Our ability to obtain additional financing will depend on many factors, including prevailing market conditions, our financial condition and our ability to negotiate favorable terms and conditions. Financing may not be available on terms that are acceptable or favorable to us, if at all.

Our credit agreements have various financial and other covenants. If an event of default were to occur, the lenders could, among other things, declare outstanding amounts due and payable. In addition, if the financial markets were to return to recessionary conditions, the ability of one or more of the banks participating in our credit agreement to honor their commitments thereunder could be impaired.

Acquisitions Are Subject to Many Risks.

From time to time, we may pursue growth through strategic acquisitions of assets or companies. Acquisitions are subject to many risks, including potential loss of significant customers or key personnel of the acquired business as a result of the change in ownership, difficulty integrating the operations of the acquired business or achieving targeted efficiencies, the incurrence of substantial costs and expenses related to the acquisition effort, and diversion of management's attention from other aspects of our business operations. For example, we may face integration challenges as we continue to fully integrate the operations of our prAna subsidiary acquired in May 2014.

Acquisitions may also cause us to incur debt or result in dilutive issuances of our equity securities. Our acquisitions may cause large one-time expenses or create goodwill or other intangible assets that could result in significant impairment charges in the future. We also make various estimates and assumptions in order to determine purchase price allocation and estimate the fair value of assets acquired and liabilities assumed. If our estimates or assumptions used to value these assets and liabilities vary from actual or future projected results, we may be exposed to losses, including impairment losses, that could be material. In the fourth quarter of 2020, we incurred a prAna brand trademark impairment charge of $17.5 million.

We do not provide any assurance that we will be able to successfully integrate the operations of any acquired businesses into our operations or achieve the expected benefits of any acquisitions. The failure to successfully integrate newly acquired businesses or achieve the expected benefits of strategic acquisitions in the future could have an adverse effect on our financial condition, results of operations or cash flows. We may not complete a potential acquisition for a variety of reasons, but we may nonetheless incur material costs in the preliminary stages of evaluating and pursuing such an acquisition that we cannot recover.

Extreme Weather Conditions and Natural Disasters Could Negatively Impact Our Operating Results and Financial Condition.

Extreme weather conditions in the areas in which our retail stores, suppliers, consumers, customers, distribution centers, headquarters and vendors are located could adversely affect our operating results and financial condition. Moreover, natural disasters such as earthquakes, hurricanes and tsunamis, whether occurring in the United States or abroad, and their related consequences and effects, including energy shortages and public health issues, could disrupt our operations, the operations of our vendors and other suppliers or result in economic instability and changes in consumer spending that may negatively impact our operating results and financial condition.

An Outbreak of Disease or Similar Public Health Threat, or Fear of Such an Event, Such as the COVID-19 Pandemic, Could Have, and in the Case of the COVID-19 Pandemic Has Had and is Expected to Continue to Have, an Adverse Impact on Our Business, Operating Results and Financial Condition.

An outbreak of disease or similar public health threat, such as the COVID-19 pandemic, or fear of such an event, could have, and in the case of the COVID-19 pandemic has had and is expected to continue to have, a material adverse impact on our business, financial condition and operating results, including in the form of lower global net sales, the delay of inventory production and fulfillment, and incremental costs, such as, exceptional provisions for bad debt, severance and restructuring charges, and other related expenses (see Part I, Item 2 of this quarterly report for further discussion). Fear of contracting COVID-19, individuals contracting COVID-19 and the actions taken, and that may be taken, by governmental authorities, our third-party logistics providers, our landlords, our competitors or by us relating to the COVID-19 pandemic may (and in many cases, have):

- Restrict the operation of our retail store operations and our ability to meet consumer demand at our stores, including as a result of social distancing and other related COVID-19 containment measures (see "We May Not Realize Returns on Our Fixed Cost Investments in Our DTC Business Operations.");
- Lead to a decline in discretionary spending by consumers (see "We are Subject to a Number of Risks Which May Adversely Affect Consumer and/or Wholesale Customer Demand for Our Products and Lead to a Decline in Sales and/or Earnings");
- Increase reliance by consumers on e-commerce platforms (see "We are Subject to a Number of Risks Which May Adversely Affect Consumer and/or Wholesale Customer Demand for Our Products and Lead to a Decline in Sales and/or Earnings" and "We Rely on Information Technology Systems, including Third-Party Cloud-based Solutions, and Any Failure of These Systems May Result in Disruptions or Outages in Our E-Commerce and In-Store Retail Platforms, Loss of Processing Capabilities, and/or Loss of Data, Any of Which May Have a Material Adverse Effect on Our Financial Condition, Results of Operations or Cash Flow");
- Result in canceled orders, non-payment for orders received and/or delayed payment for orders received (see "Our Orders from Wholesale Customers are Subject to Cancellation, Which Could Lead to a Decline in Sales or Gross Profit, Write-downs of Excess Inventory, Increased Discounts or Extended Credit Terms to Our Wholesale Customers");
- Impair the financial health of certain of our wholesale customers (see "We are Subject to a Number of Risks Which May Adversely Affect Consumer and/or Wholesale Customer Demand for Our Products and Lead to a Decline in Sales and/or Earnings");
- Result in a misalignment between demand and supply (see "Our Inability to Accurately Predict Consumer and/or Customer Demand for Our Products Could Lead to a Build-up of Inventory or a Lack of Inventory and Affect Our Gross Margin");
- Impact global economic conditions and cause an economic slowdown, possibly resulting in a global recession (see "We are Subject to a Number of Risks Which May Adversely Affect Consumer and/or Wholesale Customer Demand for Our Products and Lead to a Decline in Sales and/or Earnings" and "We May Incur Additional Expenses, Be Unable to Obtain Financing or Be Unable to Meet Financial Covenants in Current Financing Arrangements as a Result of Downturns in the Global Markets");
- Cause disruptions in the supply chain, including the timeliness of product deliveries and the ability to deliver product (see “Our Reliance on Contract Manufacturers, Including Our Ability to Enter Into Purchase Order Commitments with Them and Maintain Quality Standards of Our Products and Standards of Manufacturing Processes at Contract Manufacturers, May Result in Lost Sales and Impact Our Gross Margin and Results of Operations”, “For Certain Materials We Depend on a Limited Number of Suppliers, Which May Cause Increased Costs or Production Delays” and “Our Success Depends on Our and Third-Party Distribution Facilities, and Other Third-Party Logistics Providers”);
- Impact previous business assumptions (see "Acquisitions Are Subject to Many Risks", "We May Have Additional Tax Liabilities or Experience Increased Volatility in Our Effective Tax Rate" and "Our Inability to Accurately Predict Consumer and/or Customer Demand for Our Products Could Lead to a Build-up of Inventory or a Lack of Inventory and Affect Our Gross Margin");
- Cause the implementation of cost containment measures and reductions in capital expenditures, including those relating to strategic priorities (see “We May Be Unable to Execute Our Strategic Priorities, Which Could Limit Our Ability to Invest in and Grow Our Business.”);
- Increase the reliance of our employees on digital solutions (see “We Rely on Information Technology Systems, including Third-Party Cloud-based Solutions, and Any Failure of These Systems May Result in Disruptions or Outages in our E-Commerce and In-Store Retail Platforms, Loss of Processing Capabilities, and/or Loss of Data, Any of Which May Have a Material Adverse Effect on Our Financial Condition, Results of Operations or Cash Flow” and “A Security Breach of Our or Our Third-Parties' Systems, Exposure of Personal or Confidential Information or Increased Government Regulation Relating to Handling of Personal Data, Could, Among Other Things, Disrupt Our Operations or Cause Us to Incur Substantial Costs or Negatively Affect Our Reputation”);

- Restrict global business and travel (see “Global Regulation and Economic and Political Conditions, as well as Potential Changes in Regulations, Legislation and Government Policy, May Negatively Affect Our Business”);
- Cause currency rate fluctuations (see “Fluctuations in Inflation and Currency Exchange Rates Could Result in Lower Revenues, Higher Costs and/or Decreased Margins and Earnings”);
- Impair our ability to ship product through our owned or affiliated distribution centers, including as a result of capacity reductions, shift changes, labor shortages, higher than normal absenteeism and/or the complete shut-downs of facilities for deep cleaning procedures (see “Labor Matters, Changes in Labor Laws and Other Labor Issues May Reduce Our Revenues and Earnings”);
- Cause rapid changes to employment and tax law (see “Labor Matters, Changes in Labor Laws and Other Labor Issues May Reduce Our Revenues and Earnings”, and "We May Have Additional Tax Liabilities or Experience Increased Volatility in Our Effective Tax Rate");
- Result in supply chain finance issues (see “We May Incur Additional Expenses, Be Unable to Obtain Financing or Be Unable to Meet Financial Covenants in Current Financing Arrangements as a Result of Downturns in the Global Markets”);
- Restrict our ability to obtain financing (see “We May Incur Additional Expenses, Be Unable to Obtain Financing or Be Unable to Meet Financial Covenants in Current Financing Arrangements as a Result of Downturns in the Global Markets”);
- Impair our key personnel (see “We Depend on Key Personnel”);
- Result in incremental costs from the adoption of preventative measures, including providing facial coverings and hand sanitizer, rearranging operations to follow social distancing protocols, conducting temperature checks and undertaking regular and thorough disinfecting of surfaces; and/or
- Cause any number of other disruptions to our business, the risks of which may be otherwise identified herein.

In addition, the impact of the COVID-19 pandemic may also exacerbate other risks discussed in this Item 1A, any of which could have a material effect on us. The COVID-19 pandemic is ongoing, and its dynamic nature, including uncertainties relating to the duration of the pandemic, the return of consumer confidence and actions that may be taken by governmental authorities, landlords, our competitors or by us to contain the pandemic or to treat its impact, makes it difficult to forecast the degree to, or the time period over, which our sales and operations will be affected.

Our Investment Securities May Be Adversely Affected by Market Conditions.

Our investment portfolio is subject to a number of risks and uncertainties. Changes in market conditions, such as those that accompany an economic downturn or economic uncertainty, may negatively affect the value and liquidity of our investment portfolio, perhaps significantly. Our ability to find diversified investments that are both safe and liquid and that provide a reasonable return may be impaired, potentially resulting in lower interest income, less diversification, longer investment maturities, or other-than-temporary impairments.

We Depend on Key Personnel.

Our future success will depend in part on our ability to attract, retain and develop key talent and to effectively manage succession. We face intense competition for these individuals worldwide, and there is a significant concentration of well-funded apparel and footwear competitors near our headquarters in Portland, Oregon. We may not be able to attract qualified new employees or retain existing employees, which may have a material adverse effect on our financial condition, results of operations or cash flows.

We License our Proprietary Rights to Third-Parties and Could Suffer Reputational Damage to Our Brands if We Fail to Choose Appropriate Licensees.

We currently license, and expect to continue licensing, certain of our proprietary rights, such as trademarks or copyrighted material, to third-parties. We rely on our licensees to help preserve the value of our brands. Although we attempt to protect our brands through approval rights, we cannot completely control the use of our licensed brands by our licensees. The misuse of a brand by or negative publicity involving a licensee could have a material adverse effect on that brand and on us.

In addition, from time to time we license the right to operate retail stores for our brands to third-parties, primarily to our independent international distributors. We provide training to support these stores and set operational standards. However, these third-parties may not operate the stores in a manner consistent with our standards, which could cause reputational damage to our brands or harm these third-parties' sales.

RISKS RELATED TO OUR SECURITIES

Our Common Stock Price May Be Volatile.

Our common stock is traded on the NASDAQ Global Select Market. The size of our public float and our average daily trading volume makes the price of our common stock susceptible to large degrees of fluctuation. Factors such as general market conditions, actions by institutional investors to rapidly accumulate or divest of a substantial number of our shares, fluctuations in financial results, variances from financial market expectations, changes in earnings estimates or recommendations by analysts, or announcements by us or our competitors may cause the market price of our common stock to fluctuate, perhaps substantially.

Certain Shareholders Have Substantial Control Over Us and Are Able to Influence Corporate Matters.

At March 31, 2021, five related shareholders, The Gertrude Boyle Trust, Sarah A. Bany, Timothy P. Boyle, Joseph P. Boyle, and Molly E. Boyle, controlled 53.4% of our common stock outstanding. Following Gertrude Boyle's death, Sarah A. Bany is serving as trustee of The Gertrude Boyle Trust, which holds the shares that were beneficially owned by Gertrude Boyle. As a result, if acting together, Sarah A. Bany, Timothy P. Boyle, Joseph P. Boyle, and Molly E. Boyle are able to exercise significant influence over all matters requiring shareholder approval.

The Sale or Proposed Sale of a Substantial Number of Shares of Our Common Stock Could Cause the Market Price of Our Common Stock to Decline.

Shares held by The Gertrude Boyle Trust, Sarah A. Bany, Timothy P. Boyle, Joseph P. Boyle, and Molly E. Boyle, are available for resale, subject to the requirements of, and the rules under, the Securities Act of 1933 and the Securities Exchange Act of 1934. The sale or the prospect of the sale of a substantial number of these shares may have an adverse effect on the market price of our common stock.

We also may issue our capital stock or securities convertible into our capital stock from time to time in connection with a financing, acquisition, investments, or otherwise. Any such issuance could result in substantial dilution to our existing shareholders and cause the market price of our common stock to decline.

Item 2. *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
January 1, 2021 through January 31, 2021	—	$ —	—	$ 482.2
February 1, 2021 through February 28, 2021	37,082	102.34	37,082	$ 478.4
March 1, 2021 through March 31, 2021	71,905	103.30	71,905	$ 471.0
Total	108,987	$ 102.98	108,987	$ 471.0

Since the inception of the Company's stock repurchase plan, our Board of Directors has authorized the repurchase of $1.5 billion of our common stock. As of March 31, 2021, we had repurchased 26.9 million shares under this program at an aggregate purchase price of $1,029.0 million, pursuant to a pre-established written plan. Shares of our common stock may be purchased in the open market or through privately negotiated transactions, subject to market conditions. The repurchase program does not obligate us to acquire any specific number of shares or to acquire shares over any specified period of time.

Item 6. ***EXHIBITS***

(a) Exhibits

	3.1	Third Restated Articles of Incorporation (incorporated by reference to exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000) (File No. 000-23939).
	3.1(a)	Amendment to Third Restated Articles of Incorporation (incorporated by reference to exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2002) (File No. 000-23939).
	3.1(b)	Second Amendment to Third Restated Articles of Incorporation (incorporated by reference to exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018) (File No. 000-23939).
	3.2	2000 Restated Bylaws of Columbia Sportswear Company, as amended (incorporated by reference to exhibit 3.2 to the Company's Form 8-K filed on March 26, 2019) (File No. 000-23939).
+	10.1	Form of Nonstatutory Stock Option Agreement for Director stock options granted under the Company's 2020 Stock Incentive Plan.
+	10.2	Form of Restricted Stock Unit Award for Director restricted stock units granted under the Company's 2020 Stock Incentive Plan.
	31.1	Rule 13a-14(a) Certification of Timothy P. Boyle, Chairman, President and Chief Executive Officer.
	31.2	Rule 13a-14(a) Certification of Jim A. Swanson, Executive Vice President and Chief Financial Officer.
	32.1	Section 1350 Certification of Timothy P. Boyle, Chairman, President and Chief Executive Officer.
	32.2	Section 1350 Certification of Jim A. Swanson, Executive Vice President and Chief Financial Officer.
	101	INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
	101	SCH XBRL Taxonomy Extension Schema Document
	101	CAL XBRL Taxonomy Extension Calculation Linkbase Document
	101	DEF XBRL Taxonomy Extension Definition Linkbase Document
	101	LAB XBRL Taxonomy Extension Label Linkbase Document
	101	PRE XBRL Taxonomy Extension Presentation Linkbase Document
	104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\+ Management Contract or Compensatory Plan

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, thereunto duly authorized.

COLUMBIA SPORTSWEAR COMPANY

May 6, 2021

/s/ JIM A. SWANSON
Jim A. Swanson
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial and Accounting Officer)

COLUMBIA SPORTSWEAR COMPANY
STOCK OPTION AGREEMENT

Non-Statutory Stock Option
Board Member

This STOCK OPTION AGREEMENT is made between COLUMBIA SPORTSWEAR COMPANY, an Oregon corporation (the “Company”), and **DIRECTOR NAME** (the “Optionee”), pursuant to the Company’s 2020 Stock Incentive Plan (the “Plan”). The Company and the Optionee agree as follows:

1. Option Grant. The Company hereby grants to the Optionee on the terms and conditions of this Agreement the right and the option (the “Option”) to purchase all or any part of **NUMBER** shares of the Company’s Common Stock at a purchase price of **$ OPTION PRICE** per share. The terms and conditions of the Option grant set forth in the attached Exhibit A are hereby incorporated into and made a part of this Agreement. The Option is not intended to be an Incentive Stock Option, as defined in Section 422A of the Internal Revenue Code of 1986, as amended (the “Code”), and therefore is a Non-Statutory Stock Option.

2. Grant Date. The Grant Date for this Option is **OPTION DATE**. The Option shall continue in effect until the date ten years after the Grant Date (the “Expiration Date”) unless earlier terminated as provided in Sections 1 or 4 of Exhibit A.

3. Exercise of Option. No portion of the Option will be exercisable during the first twelve months following the Grant Date. The Option shall become exercisable on the VEST DATE.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate as of this ____ day of ____, 20YY.

COLUMBIA SPORTSWEAR COMPANY OPTIONEE

BY: ______________________________ ______________________________

AUTHORIZED OFFICER DIRECTOR NAME

COLUMBIA SPORTSWEAR COMPANY
EXHIBIT A TO STOCK OPTION AGREEMENT
BOARD OF DIRECTORS

1. Termination of Service.

1.1. Unless otherwise determined by the Board of Directors of the Company, if the Optionee's employment by or service with the Company terminates for any reason other than because of total disability or death, the Option may be exercised at any time prior to the Expiration Date or the expiration of 90 days after the date of the termination, whichever is the shorter period, but only if and to the extent the Optionee was entitled to exercise the Option at the date of termination.

1.2. If the Optionee's employment by or service with the Company terminates because of death or total disability (as defined in Section 6.1-4(b) and (c) of the Plan), the Option may be exercised at any time prior to the Expiration Date or the expiration of 12 months after the date of termination, whichever is the shorter period, but only if and to the extent the Optionee was entitled to exercise the Option at the date of termination. If the Optionee's employment or service is terminated by death, the Option shall be exercisable only by the person or persons to whom the Optionee's rights under the Option pass by the Optionee's will or by the laws of descent and distribution of the state or country of the Optionee's domicile at the time of death.

2. Method of Exercise of Option.

2.1 Unless the Board of Directors determines otherwise, to exercise the Option, the Optionee must give written notice to the Company stating the Optionee's intention to exercise, specifying the number of shares as to which the Optionee desires to exercise the Option and the date on which the Optionee desires to complete the transaction. Delivering a notice of intent to exercise by itself does not constitute exercise of the option; the Optionee must also deliver payment for the shares set forth in the notice of intent to exercise. Unless the Board of directors determines otherwise, on or before the date specified for completion of the purchase of shares pursuant to the Option, the Optionee must pay the Company the full purchase price of such shares in cash or, in whole or in part, in Common Stock of the Company valued at fair market value. No shares shall be issued until full payment for the shares has been made.

2.2 After exercise of all or a part of the Option, the Optionee shall immediately upon notification of the amount due, if any, pay to the Company in cash the amount necessary to satisfy any applicable federal, state and local tax withholding requirements. If additional withholding is or becomes required beyond any amount deposited before delivery of the certificates for the Option shares, the Optionee shall pay such amount to the Company on demand. If the Optionee fails to pay the amount demanded, the Company may withhold that amount from other amounts payable by the Company to the Optionee, including salary or compensation, subject to applicable law.

3. Nontransferability of Option. The Option may not be assigned or transferred by the Optionee, either voluntarily or by operation of law, except by will or by the laws of descent and distribution of the state or country of the Optionee's domicile at the time of death.

4. Changes in Capital Structure.

4.1 Stock Splits; Stock Dividends; Extraordinary Distributions. If the outstanding Common Stock of the Company is hereafter increased or decreased in number or value or changed into or exchanged for a different number or kind of shares or other securities of the Company or any other Company by reason of any stock split, reverse stock split, spin off, combination or exchange of shares or dividend payable in shares, distribution to shareholders other than a normal cash dividend or recapitalization, reclassification or other change in the Company's corporate or capital structure, appropriate adjustment shall be made by the Board of Directors in the number and kind of shares as to which the Option, or portions thereof then unexercised, shall be exercisable, and/or the Option price per share. Adjustments shall be made without change in the total price applicable to the unexercised portion of the Option and with a corresponding adjustment in the Option price per share and shall neither (i) make the ratio, immediately after the event, of the Option price per share to the fair market value per share more favorable to the Optionee than that ratio immediately before the event nor (ii) make the aggregate spread, immediately after the event, between the fair market value of shares as to which the Option is exercisable and the Option price of such shares more favorable to the Optionee than that aggregate spread immediately before the event. The Board of Directors shall have no obligation to effect any adjustment that would or might result in the issuance of fractional shares, and any fractional shares resulting from any adjustment may be disregarded or provided for in any manner determined by the Board of Directors. Any such adjustments made by the Board of Directors shall be conclusive.

4.2 Mergers, Reorganizations, Etc. In the event of a merger, consolidation or plan of exchange to which the Company is a party or a sale of all or substantially all of the Company's assets or of more than 50% of the Company's outstanding shares of Common Stock (each, a "Transaction"), the Board of Directors shall, in its sole discretion and to the extent possible under the structure of the Transaction, select one of the following alternatives for treating the Option, in each case provided that the Transaction is consummated:

4.2-1 The Option shall remain in effect in accordance with its terms.

4.2-2 The Option shall be assumed, converted or exchanged into an option to purchase stock in the corporation that is the surviving or acquiring corporation in the Transaction (or in a parent corporation). The amount and type of securities subject thereto and exercise price of the assumed, converted or exchanged option shall be determined by the Board of Directors of the Company, taking into account the relative values of the companies involved in the Transaction and the exchange rate, if any, used in determining shares of the surviving corporation to be issued to holders of shares of the Company. Conversions shall be made without change in the total price applicable to the unexercised portion of the Option and with a corresponding adjustment in the Option price per share and shall neither (i) make the ratio, immediately after the event, of the Option price per share to the fair market value per share more favorable to the Optionee than that ratio immediately before the event nor (ii) make the aggregate spread, immediately after the event, between the fair market value of shares as to which the Option is exercisable and the Option price of such shares more favorable to the Optionee than that aggregate spread immediately before the event. Unless otherwise determined by the Board of Directors, the converted option shall be exercisable only to the extent that the exercisability requirements relating to the Option have been satisfied.

4.2-3 The Board of Directors shall provide a 30-day period before the consummation of the Transaction during which the Option may be exercised to the extent then exercisable, and, upon the expiration of such 30-day period, the Option shall immediately terminate to the extent not exercised. The Board of Directors may, in it sole discretion, accelerate the exercisability of the Option so that it is exercisable in full during such 30-day period. The Board of Directors may, in its sole discretion, provide that any or all other outstanding awards granted under the Plan shall terminate upon or immediately prior to the consummation of the Transaction and/or accelerate the vesting and/or waive any applicable restrictions upon the expiration of the period provided as described in Section 10.23 of the Plan or upon or immediately prior to the consummation of the Transaction.

4.2-4 The Board of Directors, in its sole discretion, shall provide that the Option shall terminate either upon or immediately prior to consummation of a Transaction and the Optionee shall receive, in exchange therefor, a cash payment equal to the amount (if any) by which (x) the value of the per share consideration received by holders of Common Stock in the Transaction, or, in the event the Transaction does not result in direct receipt of consideration by holders of Common Stock, the value of the deemed per share consideration received, in each case as determined by the Board of Directors in its sole discretion, multiplied by the number of shares of Common Stock subject to such outstanding awards (to the extent then vested and/or exercisable or whether or not then vested and/or exercisable, as determined by the Board of Directors in its sole discretion) exceeds (y) the aggregate exercise price or grant price for the Option.

4.3 Dissolution of the Company. Unless otherwise determined by the Board of Directors in its sole discretion, in the event of the dissolution or liquidation of the Company, the Option shall automatically terminate immediately prior to such dissolution or liquidation of the Company. To the extent a vesting condition applicable to the Option has not been waived by the Board of Directors, the Option shall be forfeited immediately prior to the consummation of the dissolution or liquidation.

5. Conditions and Obligations. The Company shall not be obligated to issue shares of Common Stock upon exercise of the Option if the Company is advised by its legal counsel that such issuance would violate applicable state or federal laws, including securities laws. The Company will use its best efforts to take steps required by state or federal law or applicable regulations in connection with issuance of shares upon exercise of the Option.

6. Withholding. Upon notification of the amount due, if any, and prior to or concurrently with delivery of the certificates representing the shares for which the Option was exercised, Optionee shall pay to the Company amounts necessary to satisfy any applicable federal, state, and local withholding tax requirements. If additional withholding becomes required beyond any amount deposited before delivery of the certificates, Optionee shall pay such amount to the Company on demand. If Optionee fails to pay any amount demanded, the company shall have the right to withhold that amount from other amounts payable by the Company to Optionee, including salary, subject to applicable law.

7. Successors of Company. This Agreement shall be binding upon and shall inure to the benefit of any successor of the Company but, except as provided herein, the Option may not be assigned or otherwise transferred by the Optionee.

8. Notices. Any notices under this Agreement must be in writing and will be effective when actually delivered or, if mailed, three days after deposit into the United States mails by registered or certified mail, postage prepaid. Mail shall be directed to the addresses stated on the face page of this Agreement or to such address as a party may certify by notice to the other party.

9. No Right to Employment or Service. Nothing in the Plan or this Agreement shall (i) confer upon the Optionee any right to be employed or to continue in the employment of or service to the Company; (ii) interfere in any way with the right of the Company to terminate the Optionee’s employment or service with the Company at any time for any reason, with or without cause, or to decrease the Optionee’s compensation or benefits; or
(iii) confer upon the Optionee any right to continuation, extension, renewal, or modification of any compensation, contract or arrangement with or by the Company.

10. Interpretation of the Plan and the Agreement. The Board of Directors, or a committee of the Board responsible for administering the Plan, shall have the sole authority

to interpret the provisions of this Agreement and the Plan, and all determinations by it shall be final and conclusive.

11. Governing Law, Venue and Jurisdiction. This Agreement and the Plan will be interpreted under the laws of the state of Oregon, exclusive of choice of law rules. Venue and jurisdiction will be in the state or federal courts in Washington County, Oregon, and nowhere else.

12. Consent to Transfer Personal Data. By signing this Agreement, the Optionee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. The Optionee is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Optionee's ability to participate in the Plan. The Company and its subsidiaries hold certain personal information about the Optionee, including name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the Optionee's favor, for the purpose of managing and administering the Plan ("Data"). The Company and/or its subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of participation in the Plan, and the Company and/or any of its subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Optionee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on the Optionee's behalf to a broker or other third party with whom the Optionee may elect to deposit any shares of stock acquired pursuant to the Plan. The Optionee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect the Optionee's ability to participate in the Plan.

13. Acknowledgement of Discretionary Nature of the Plan; No Vested Rights. The Optionee acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of stock options under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of stock options or benefits in lieu of stock options in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of options, vesting provisions, and the exercise price.

14. Termination Indemnities. Participation in the Plan is voluntary. The value of the Option is an extraordinary item of compensation outside the scope of the Optionee's employment contract, if any. As such, the Option is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments. Rather, the awarding of a stock option under the Plan represents a mere investment opportunity.

Exhibit 10.2

RESTRICTED STOCK UNIT
AWARD AGREEMENT

This Award Agreement (the "Agreement") is entered into as of **AWARD DATE** (the "Award Date") by and between Columbia Sportswear Company, an Oregon corporation (the "Company"), and **DIRECTOR NAME** (the "Recipient"), for the award of restricted stock units with respect to the Company's Common Stock ("Common Stock").

The award of restricted stock units to the Recipient is made pursuant to Section 7 of the 2020 Stock Incentive Plan (the "Plan") and the Recipient desires to accept the award subject to the terms and conditions of this Agreement.

IN CONSIDERATION of the mutual covenants and agreements set forth in this Agreement, the parties agree to the following.

1. **Award and Terms of Restricted Stock Units**. The Company awards to the Recipient under the Plan **NUMBER** restricted stock units (the "Award"), subject to the restrictions, terms and conditions set forth in this Agreement.

(a) *Rights under Restricted Stock Units*. A restricted stock unit (a "RSU") represents the unfunded, unsecured right to require the Company to deliver to the Recipient one share of Common Stock for each RSU. The number of shares of Common Stock deliverable with respect to each RSU is subject to adjustment as determined by the Board of Directors of the Company as to the number and kind of shares of stock deliverable upon any merger, reorganization, consolidation, recapitalization, stock dividend, spin-off or other change in the corporate structure affecting the Common Stock generally.

(b) *Vesting Dates*. The RSUs awarded under this Agreement shall initially be 100% unvested and subject to forfeiture. Subject to this Section 1(b), the RSUs shall vest 100% on **VEST DATE**. The date on which RSUs vest is referred to as a "vesting date." The RSUs shall become vested on a respective vesting date only to the extent the Recipient is a director of the Company continuously from the Award Date to such vesting date. If a vesting date falls on a weekend or any other day on which the Nasdaq Stock Market ("NSM") or any national securities exchange on which the Common Stock then is principally traded (the "Exchange") is not open, affected RSUs shall vest on the next following NSM or Exchange business day, as the case may be.

(c) *Acceleration on Death or Total Disability*. If the Recipient ceases to be a director of the Company by reason of the Recipient's death or physical disability, outstanding but unvested RSUs shall become immediately vested. The term "total disability" shall have the meaning given to the term under the Company's long-term disability policy.

(d) *Forfeiture of RSUs on Termination of Service*. If the Recipient ceases to be a director of the Company for any reason that does not result in acceleration of vesting pursuant to Section 1(c), the Recipient shall immediately forfeit all outstanding but unvested RSUs awarded pursuant to this Agreement and the Recipient shall have no right to receive the related Common Stock. In addition, absence on leave approved by the Company (or, if the Recipient is an executive officer of the Company, by the Board of Directors), shall not be deemed a termination or interruption of employment or service. Unless otherwise determined by the Company or the Board of Directors in its sole discretion, (i) vesting of RSUs shall continue during a medical, family or military leave of absence, whether paid or unpaid, and

(ii) vesting of RSUs shall be suspended during, and the number of shares deliverable at the vesting date shall be proportionately reduced as a result of, any other unpaid leave of absence greater than 30 days.

(e) *Restrictions on Transfer and Delivery on Death*. The Recipient may not sell, transfer, assign, pledge or otherwise encumber or dispose of the RSUs subject to this Agreement. The Recipient may designate beneficiaries to receive the shares of Common Stock underlying the RSUs subject to this Agreement if the Recipient dies before delivery of the shares of Common Stock by so indicating on Exhibit A, which is incorporated into and made a part of this Agreement. If the Recipient fails to designate beneficiaries on Exhibit A, such Common Stock will be delivered to the Recipient's estate.

(f) *Voting Rights and Dividend Equivalents*. The Recipient shall have no rights as a shareholder with respect to the RSUs or the Common Stock underlying the RSUs until the vesting date for the relevant RSUs. The Recipient will not be entitled to receive a cash payment equal to any cash dividends paid with respect to the Common Stock underlying the RSUs awarded under this Agreement that are declared prior to the particular vesting date for the relevant RSUs.

(g) *Physical Delivery of Share Certificates*. As soon as practicable following any particular vesting date (including any accelerated vesting date pursuant to Section 1(c)), provided that the Recipient has satisfied its tax withholding obligations as specified under Section 1(h) and the Recipient has completed, signed and returned any documents and taken any additional action the Company deems appropriate, the Company shall deliver the shares of Common Stock represented by vested RSUs to the Recipient (the date of delivery of such shares is referred to as a "delivery date"), rounded to the nearest whole share. No fractional shares of Common Stock shall be issued. The shares of Common Stock will be issued in the Recipient's name or, in the event of the Recipient's death or total disability, to the Recipient's beneficiary or executor.

Notwithstanding the foregoing, (i) the Company shall not be obligated to vest or deliver any shares of Common Stock during any period when the Company determines that the conversion of a RSU or the delivery of shares hereunder would violate any federal, state or other applicable laws and may issue shares with any restrictive legend that, as determined by the Company, is necessary to comply with securities laws or other regulatory requirements, and (ii) a delivery date may be delayed in order to provide the Company such time as it determines appropriate to determine tax withholding and other administrative matters; provided, however, that in any event the shares shall be delivered not later than the later to occur of the date that is 2 1/2 months from the end of (i) the Recipient's tax year that includes the applicable vesting date, or (ii) the Company's tax year that includes the applicable vesting date.

(h) *Taxes and Tax Withholding*.

(i) The Recipient acknowledges that under United States federal tax laws in effect on the Award Date, the Recipient will have taxable compensation income at the time of vesting based on the Market Value (as defined below) of the Common Stock on the vesting date. The Recipient shall be responsible for all taxes imposed in connection with the Award, regardless of any action the Company takes with respect to any tax withholding obligations that arise in connection with the Award. The Company makes no representation or undertaking regarding the adequacy of any tax withholding in connection with the grant or vesting of the Award.

(ii) The Company shall be entitled to withhold from any delivery of Common Stock hereunder all domestic or foreign income, employment or other tax withholding obligations, whether national, federal, state or local (the "Tax Withholding Obligation"), arising as a result of any grant, vesting or delivery of Common Stock pursuant to this Award, in amounts determined by the Company. Unless otherwise determined by the Company, the Tax Withholding Obligation will be satisfied by the Company withholding from the vested shares of Common Stock a number of whole shares of Common Stock with an aggregate Market Value (as defined below) equal to the required minimum tax withholding. The Recipient shall pay to the Company in cash, upon demand, the amount of any Tax Withholding Obligation that is not satisfied by the withholding of shares described above, and authorizes the Company to withhold from other amounts payable by the Company to the Recipient, including through additional payroll withholding, any amount not so paid.

2. Miscellaneous.

(a) *Entire Agreement*. This Agreement constitutes the entire agreement of the parties with regard to the subjects hereof.

(b) *Interpretation of the Plan and the Agreement.* The Board of Directors, or a committee of the Board of Directors responsible for administering the Plan (the "Administrator"), shall have the sole authority to interpret the provisions of this Agreement and the Plan, and all determinations by it shall be final and conclusive.

(c) *Section 409A*. The Award made pursuant to this Agreement is intended not to constitute a "nonqualified deferred compensation plan" within the meaning of Section 409A the Internal Revenue Code of 1986, as amended, and instead is intended to be exempt from the application of Section 409A. To the extent that the Award is nevertheless deemed to be subject to Section 409A, the Award shall be interpreted in accordance with Section 409A and Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance issued after the grant of the Award. Notwithstanding any provision of the Award to the contrary, in the event that the Administrator determines that the Award is or may be subject to Section 409A, the Administrator may adopt such amendments to the Award or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (i) exempt the Award from the application of Section 409A or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Section 409A.

(d) *Market Value.* "Market Value" as of a particular date shall mean (i) the closing sales price per share of Common Stock as reported by the NSM on that date, or (ii) if the shares of Common Stock are not listed or admitted to trading on the NSM, the closing price on the national securities exchange on which such stock is principally traded on that date, or (iii) if the shares of Common Stock are not then listed on the NSM or on another national securities exchange, the average of the highest reported bid and lowest reported asked prices for the shares of Common Stock on that date or (iv) if the shares of Common Stock are not then listed on any securities exchange and prices therefor are not reported, such value as determined in good faith by the Board of Directors (or any duly authorized committee thereof) as of that date.

(e) *Electronic Delivery*. The Recipient consents to the electronic delivery of any prospectus and any other documents relating to this Award in lieu of mailing or other form of delivery.

(f) *Rights and Benefits*. The rights and benefits of this Agreement shall inure to the benefit of and be enforceable by the Company's successors and assigns and, subject to the restrictions on transfer of this Agreement, be binding upon the Recipient's heirs, executors, administrators, successors and assigns.

(g) *Further Action*. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

(h) *Governing Law, Venue and Jurisdiction; Attorneys' Fees*. This Agreement and the Plan will be interpreted under the laws of the state of Oregon, exclusive of choice of law rules. Venue and jurisdiction will be in the state or federal courts in Washington County, Oregon, and nowhere else. In the event either party institutes litigation hereunder, the prevailing party shall be entitled to reasonable attorneys' fees to be set by the trial court and, upon any appeal, the appellate court.

(i) *Consent to Transfer Personal Data.* By signing this Agreement, the Recipient voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. The Recipient is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Recipient's ability to participate in the Plan. The Company and its subsidiaries hold certain personal information about the Recipient, including name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the Recipient's favor, for the purpose of managing and administering the Plan ("Data"). The Company and/or its subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Plan, and the Company and/or any of its subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, including the United States. The Recipient authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Recipient's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on the Recipient's behalf to a broker or other third party with whom the Recipient may elect to deposit any shares of stock acquired pursuant to the Plan. The Recipient may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect the Recipient's ability to participate in the Plan.

(j) *Acknowledgment of Discretionary Nature of the Plan; No Vested Rights*. The Recipient acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The award of RSUs under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of RSUs or benefits in lieu of RSUs in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any award, the number of RSUs and vesting provisions.

(k) *Character of Award*. Participation in the Plan is voluntary. The value of the Award is an extraordinary item of compensation outside the scope of the Recipient's employment contract, if any. As such, the Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments

(l) *Counterparts*. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

COLUMBIA SPORTSWEAR COMPANY

By: ______________________________
AUTHORIZED OFFICER

____
DIRECTOR NAME

EXHIBIT A

DESIGNATION OF BENEFICIARY

Name ______________________________ **Social Security Number** ______ - ______ - ______

I designate the following person(s) to receive any shares of Common Stock underlying restricted stock units outstanding upon my death under the Restricted Stock Units Award Agreement with Columbia Sportswear Company:

A. Primary Beneficiary(ies)

Name ________________________ Social Security Number ______ - __________ - ______
Birth Date ________________________ Relationship ______________________________
Address ____________________________ City ____________ State __________ Zip __________

Name ________________________ Social Security Number ______ - __________ - ______
Birth Date ________________________ Relationship ______________________________
Address ____________________________ City ____________ State __________ Zip __________

Name ________________________ Social Security Number ______ - __________ - ______
Birth Date ________________________ Relationship ______________________________
Address ____________________________ City ____________ State __________ Zip __________

If more than one primary beneficiary is named, the shares will be divided equally among those primary beneficiaries who survive the undersigned.

B. Secondary Beneficiary(ies)

In the event no Primary Beneficiary is living at the time of my death, I designate the following the person(s) as my beneficiary(ies):

Name	____________	Social Security Number		___ - _____ - ___			
Birth Date	____________	Relationship	____________				
Address	____________	City	______	State	______	Zip	______
Name	____________	Social Security Number		___ - _____ - ___			
Birth Date	____________	Relationship	____________				
Address	____________	City	______	State	______	Zip	______
Name	____________	Social Security Number		___ - _____ - ___			
Birth Date	____________	Relationship	____________				
Address	____________	City	______	State	______	Zip	______

If more than one Secondary Beneficiary is named, the shares will be divided equally among those Secondary beneficiaries who survive the undersigned.

This designation revokes and replaces all prior designations of beneficiaries under the Restricted Stock Units Award Agreement.

______________________________ Date signed: ______________, 20 ___

Signature

EXHIBIT 31.1

CERTIFICATION

I, Timothy P. Boyle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Columbia Sportswear Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

/s/TIMOTHY P. BOYLE
Timothy P. Boyle
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Jim A. Swanson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Columbia Sportswear Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 6, 2021

/s/ JIM A. SWANSON

Jim A. Swanson
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Columbia Sportswear Company (the “Company") on Form 10-Q for the period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Timothy P. Boyle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d)of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 6, 2021

/s/ TIMOTHY P. BOYLE

Timothy P. Boyle

Chairman, President and Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 32.2

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Columbia Sportswear Company (the “Company") on Form 10-Q for the period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Jim A. Swanson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of the operation of the Company.

Dated: May 6, 2021

/s/ JIM A. SWANSON

Jim A. Swanson

Executive Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)