

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

FORM 8-K

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

Date of Report (Date of earliest event reported):
August 2, 2021

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

Oregon
(State or other jurisdiction
of incorporation)

000-23939
(Commission
File Number)

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

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

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

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

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

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

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

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

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

Emerging growth company

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

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 2, 2021, Columbia Sportswear Company (the "Company") issued a press release reporting its second quarter and first half 2021 financial results and raising its full year 2021 financial outlook. A copy of the Company's press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

Attached hereto as Exhibit 99.2 and incorporated by reference herein is the CFO Commentary and Financial Review presentation by Jim A. Swanson, Executive Vice President and Chief Financial Officer of the Company, on the second quarter and first half 2021 financial results and 2021 financial outlook, as posted on the Company's investor relations website, <http://investor.columbia.com>, on August 2, 2021. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

ITEM 7.01 REGULATION FD DISCLOSURE

In its August 2, 2021 press release, the Company announced that its Board of Directors declared a regular quarterly cash dividend of \$0.26 per share of common stock to be paid on August 26, 2021 to its shareholders of record on August 12, 2021.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

- [99.1](#) Press Release, dated August 2, 2021 (furnished pursuant to Items 2.02 and 7.01 hereof).
 - [99.2](#) CFO Commentary and Financial Review Presentation, dated August 2, 2021 (furnished pursuant to Items 2.02 and 7.01 hereof).
 - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).
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SIGNATURES

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

COLUMBIA SPORTSWEAR COMPANY

Dated: August 2, 2021

By: /S/ JIM A. SWANSON

Jim A. Swanson

Executive Vice President and Chief Financial Officer



**Columbia Sportswear Company Reports Record Second Quarter and First Half 2021 Financial Results and
Raises Full Year 2021 Financial Outlook**

Financial Highlights

- The Company generated record second quarter and first half 2021 net sales, gross margin, operating income and diluted earnings per share, exceeding pre-pandemic levels.
- Second quarter 2021 net sales increased 79 percent to \$566.4 million, compared to second quarter 2020.
- Second quarter 2021 operating income of \$35.0 million, or 6.2 percent of net sales, compared to a second quarter 2020 operating loss of \$70.3 million, or (22.2) percent of net sales.
- Second quarter 2021 diluted earnings per share of \$0.61, compared to a net loss per share of \$(0.77) in second quarter 2020.
- Exited the quarter with \$820.9 million in cash and short-term investments and no borrowings.
- Year-to-date, the Company repurchased \$54.9 million of common stock.
- On July 27, 2021, the Board of Directors approved a regular quarterly dividend of \$0.26 per share.

Full Year 2021 Financial Outlook

The following forward-looking statements reflect our expectations as of August 2, 2021 and are subject to significant risks and business uncertainties, including those factors described under "Forward-Looking Statements" below. Additional disclosures and financial outlook details can be found in the Full Year 2021 Financial Outlook section below and the CFO Commentary and Financial Review presentation.

- **Net sales of \$3.13 to \$3.16 billion, representing net sales growth of 25.0 to 26.5 percent compared to 2020.**
- **Operating income of \$365 to \$386 million, representing operating margin of 11.7 to 12.2 percent. The updated financial outlook includes approximately \$40 million of incremental ocean freight costs that were not contemplated in the previous outlook.**
- **Diluted earnings per share of \$4.30 to \$4.55.**

PORTLAND, Ore. - August 2, 2021 - Columbia Sportswear Company (NASDAQ: COLM, the "Company"), a leading innovator in outdoor, active and everyday lifestyle apparel, footwear, accessories and equipment products, today announced second quarter 2021 financial results for the period ended June 30, 2021.

Chairman, President and Chief Executive Officer Tim Boyle commented, "Our record financial performance clearly reflects the powerful fundamental recovery that is underway in our business. Second quarter results exceeded our expectations, driven by better than planned performance in our U.S. wholesale and DTC brick & mortar businesses. We eclipsed pre-pandemic first half 2019 financial results, marking an important milestone in our recovery. It is clear that our brand portfolio is resonating with consumers and we are well positioned to benefit from current consumer and outdoor trends.

"Overall, our Spring sell-through has been exceptional and our Fall 21 and Spring 22 order books point to continued momentum in the business. We are raising our full year financial outlook for 2021 despite ongoing pandemic-related supply chain disruptions and higher ocean freight costs.

"Our fortress balance sheet remains strong, with cash and short-term investments totaling \$821 million with no bank

borrowings at quarter end. 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 our channels and geographies;
- expand and improve global direct-to-consumer operations with supporting processes and systems; and
- invest in our people and optimize our organization across our portfolio of brands."

CFO's Commentary and Financial Review Presentation Available Online

For a detailed review of the Company's second quarter 2021 financial results and additional updates relating to the COVID-19 pandemic, please refer to the CFO Commentary and Financial Review presentation furnished to the Securities and Exchange Commission (the "SEC") on a Current Report on Form 8-K and published on the Investor Relations section of the Company's website at <http://investor.columbia.com/results.cfm> at approximately 4:15 p.m. ET today. Analysts and investors are encouraged to review this commentary prior to participating in our conference call.

COVID-19 Update

The Company's top priority throughout this pandemic remains to protect the health and safety of our employees, their families, our customers and our communities. While there were isolated temporary store closures resulting from local regulations or safety concerns, the majority of the Company's owned stores remained open throughout second quarter 2021. Overall brick & mortar store traffic trends improved during the quarter but remain below pre-pandemic levels. In recent months, ocean freight costs have significantly exceeded our expectations and limited upside to our full year financial outlook. Rising COVID-19 cases in sourcing countries across southeast Asia could further disrupt product availability and deliveries. Additionally, port congestion and logistics constraints continue to impact the timing of inventory receipts and deliveries. Please refer to the CFO Commentary and Financial Review presentation for a detailed review of COVID-19 pandemic related issues and our responses.

Second Quarter 2021 Financial Results

(All comparisons are between second quarter 2021 and second quarter 2020, unless otherwise noted.)

Net sales increased 79 percent to \$566.4 million from \$316.6 million for the comparable period in 2020. Net sales growth primarily reflects a strong fundamental recovery in the U.S. wholesale and direct-to-consumer ("DTC") brick & mortar channels and fewer pandemic related disruptions and temporary store closures compared to second quarter 2020.

Gross margin expanded 540 basis points to 51.6 percent of net sales from 46.2 percent of net sales for the comparable period in 2020. Gross margin expansion was primarily driven by decreased inventory reserve provisions relative to elevated levels in second quarter 2020 and, to a lesser degree, lower DTC promotional levels and favorable wholesale product margins, partially offset by unfavorable channel sales mix.

SG&A expenses increased 20 percent to \$261.8 million, or 46.2 percent of net sales, from \$217.7 million, or 68.7 percent of net sales, for the comparable period in 2020. The increase in SG&A expenses primarily reflects the variable component of the Company's SG&A expense structure which correlates with changes in sales volume. SG&A expense growth included an increase in global retail, demand creation, personnel and incentive compensation expenses, partially offset by the non-recurrence of prior year COVID-19 related expenses and a decrease in bad debt expense.

Operating income of \$35.0 million, or 6.2 percent of net sales, compared to an operating loss of \$70.3 million, or (22.2) percent of net sales, for the comparable period in 2020.

Income tax benefit of \$5.4 million, resulted in a negative effective income tax rate of 15.3 percent, compared to a \$19.5 million benefit, or an effective tax rate of 27.7 percent, for the comparable period in 2020. The second quarter 2021 income tax benefit was primarily driven by a non-recurring decrease in accrued foreign withholding taxes.

Net income of \$40.7 million, or \$0.61 per diluted share, compared to net loss of \$50.7 million, or \$(0.77) per share, for the comparable period in 2020.

First Half 2021 Financial Results

(All comparisons are between first half 2021 and first half 2020, unless otherwise noted.)

Net sales increased 35 percent to \$1,192.0 million from \$884.8 million for the comparable period in 2020.

Gross margin expanded 430 basis points to 51.5 percent of net sales from 47.2 percent of net sales for the comparable period in 2020.

SG&A expenses increased 4 percent to \$516.2 million, or 43.3 percent of net sales, compared to \$494.5 million, or 55.9 percent of net sales, for the same period in 2020.

Operating income increased 246 percent to \$105.5 million, or 8.8 percent of net sales, compared to an operating loss of \$72.3 million, or (8.2) percent of net sales, for the same period in 2020.

Income tax expense of \$9.2 million resulted in an effective income tax rate of 8.7 percent, compared to a \$18.1 million income tax benefit, or an effective tax rate of 26.4 percent, for the same period in 2020.

Net income increased 291 percent to \$96.6 million, or \$1.44 per diluted share, compared to a net loss of \$50.5 million, or \$(0.76) per share, for the same period in 2020.

Balance Sheet as of June 30, 2021

Cash, cash equivalents and short-term investments totaled \$820.9 million, compared to \$475.8 million at June 30, 2020.

The Company had no borrowings, compared to short-term borrowings of \$2.8 million at June 30, 2020.

Inventories decreased 16 percent to \$676.0 million, compared to \$806.9 million at June 30, 2020. The reduction in inventory was driven by increased sales combined with delayed Fall 2021 inventory receipts due to ongoing supply chain disruptions. Inventory at quarter-end primarily consisted of current and future season product. Aged inventories represent a manageable portion of our total inventory mix and excess inventory decreased significantly compared to the same period in 2020.

Cash Flow for the Six Months Ended June 30, 2021

Net cash flow from operating activities was \$117.2 million, compared to net cash flow used in operating activities of \$37.3 million for the same period in 2020.

Capital expenditures totaled \$12.4 million, compared to \$21.0 million for the same period in 2020.

Share Repurchases for the Six Months Ended June 30, 2021

The Company repurchased 528,609 shares of common stock for an aggregate of \$54.9 million, at an average price per share of \$103.79.

At June 30, 2021, \$427.4 million remained available under our current stock repurchase authorization, which does not obligate the Company to acquire any specific number of shares or to acquire shares over any specified period of time.

Quarterly Cash Dividend

The Board of Directors approved a regular quarterly cash dividend of \$0.26 per share, payable on August 26, 2021 to shareholders of record on August 12, 2021.

Full Year 2021 Financial Outlook

(Additional financial outlook details can be found in the CFO Commentary and Financial Review presentation.)

The Company's 2021 Financial Outlook is forward-looking in nature, and the following forward-looking statements reflect our expectations as of August 2, 2021 and are subject to significant risks and business uncertainties, including those factors described under "Forward-Looking Statements" below. These risks and uncertainties limit our ability to accurately forecast results. This outlook reflects our estimates as of August 2, 2021 regarding the impact on our operations of the COVID-19 pandemic, economic conditions, supply chain disruptions, constraints and expenses, and changes in consumer behavior and confidence, as well as geopolitical tensions. However, it is not possible to determine the ultimate impact on our operations for 2021, or whether other currently unanticipated direct or indirect consequences of the pandemic are reasonably likely to materially affect our operations. This outlook assumes no meaningful deterioration of current supply chain or market conditions related to the ongoing pandemic. Projections are predicated on normal seasonal weather globally.

Net sales are expected to increase 25.0 to 26.5 percent (prior 21.5 to 23.0 percent) to \$3.13 to \$3.16 billion (prior \$3.04 to \$3.08 billion) from \$2.50 billion in 2020.

Gross margin is expected to improve 95 to 115 basis points (prior 110 to 130 basis points) to 49.9 to 50.1 percent of net sales (prior approximately 50.0 to 50.2 percent) from 48.9 percent of net sales in 2020. This revised range includes the impact of approximately \$40 million of incremental ocean freight costs that were not contemplated in the previous outlook. Ocean freight rates have increased dramatically over the past 60 days, exceeding estimates included in the prior financial outlook. The updated financial outlook reflects the impact of current and estimated future freight rates.

SG&A expenses are expected to increase at a slower rate than net sales growth. SG&A expenses as a percent of net sales is expected to be 38.4 to 38.7 percent (prior 38.7 to 39.1 percent), compared to SG&A expenses as a percent of net sales of 43.9 percent in 2020. Demand creation as a percent of net sales is anticipated to be 6.0 percent in 2021, compared to 5.7 percent in 2020.

Operating income is expected to be \$365 to \$386 million (prior \$347 to \$369 million), resulting in operating margin of 11.7 to 12.2 percent (prior 11.4 to 12.0 percent) compared to operating margin of 5.5 percent in 2020.

Effective income tax rate is expected to be approximately 21.5 percent (prior 22 percent). The effective income tax rate may be affected by unanticipated impacts from changes in international, federal or state tax policies, changes in the Company's geographic mix of pre-tax income, other discrete events, as well as differences from our estimate of the tax benefits associated with employee equity awards and our estimate of the tax impact of various tax initiatives.

Net income is expected to be \$287 to \$304 million (prior \$271 to \$288 million), resulting in diluted earnings per share of \$4.30 to \$4.55 (prior \$4.05 to \$4.30).

Foreign Currency

Foreign currency is expected to have essentially no impact on earnings as favorable net sales growth of 120 basis points due to foreign currency translation impacts are anticipated to be offset by SG&A translation and negative foreign currency transactional effects from hedging of production.

Balance Sheet and Cash Flows

Operating cash flow is expected to be \$260 to \$280 million (prior \$250 to \$270 million).

Capital expenditures are planned to be \$45 to \$60 million (prior \$60 to \$80 million). The reduction in planned capital expenditures is primarily due to a shift in timing related to certain capital projects.

Second Half 2021 Commentary

The Company expects low-20 percent year-over-year net sales growth in second half 2021. The timing of Fall 2021 inventory receipts and wholesale shipments can have a significant impact on quarterly financial performance. Based on current forecasted product delivery dates, the Company anticipates that both third and fourth quarter year-over-year net sales growth will be in the low-20 percent range.

Conference Call

The Company will hold its second quarter 2021 conference call at 5:00 p.m. ET today. Dial (877) 407-9205 to participate. The call will also be webcast live on the Investor Relations section of the Company's website at <http://investor.columbia.com>.

Third Quarter 2021 Reporting Date

Columbia Sportswear Company plans to report third quarter 2021 financial results on Thursday, October 28, 2021 at approximately 4:00 p.m. ET.

Supplemental Financial Information

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

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

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws, including statements regarding the Company's expectations, anticipations or beliefs about full year 2021 net sales, gross margin, ocean freight costs, freight rates, SG&A expense, demand creation spend, operating income, effective income tax rate, employee equity awards, the tax impact of various tax initiatives, net income, diluted earnings per share, foreign currency translation, cash flows, and capital expenditures and second half 2021 net sales growth. Forward-looking statements often use words such as "will," "anticipate," "estimate," "expect," "should," "may" and other words and terms of similar meaning or reference future dates. The Company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this document, those described in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading "Risk Factors," and those that have been or may be described in other reports filed by the Company, including reports on Form 8-K. Potential risks and uncertainties include those relating to the impact of the COVID-19 pandemic on our operations, which is highly dependent on numerous factors that we may not be able to predict or control, including: the duration and scope of the COVID-19 pandemic, including any recurrence due to variants; actions that may be taken to contain the pandemic or to treat its impact, including lock-downs and the speed of the vaccination roll-out; economic slowdowns that have and may continue to result from the pandemic; workforce staffing and productivity; our ability to continue operations in affected areas; supply chain disruptions, constraints and expenses; and

consumer demand and spending patterns, as well as the effects on suppliers, creditors, and wholesale customers, all of which are uncertain. The Company cautions that forward-looking statements are inherently less reliable than historical information. The Company does not undertake any duty to update any of the forward-looking statements after the date of this document to conform them to actual results or to reflect changes in events, circumstances or its expectations. New factors emerge from time to time and it is not possible for the Company to predict or assess the effects of all such factors or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

About Columbia Sportswear Company

Columbia Sportswear Company connects active people with their passions through its portfolio of well-known brands, making it a global leader in outdoor, active and everyday lifestyle apparel, footwear, accessories, and equipment products. Founded in 1938 in Portland, Oregon, the Company's brands are sold in approximately 90 countries. In addition to the Columbia® brand, Columbia Sportswear Company also owns the Mountain Hard Wear®, SOREL® and prAna® brands. To learn more, please visit the Company's websites at www.columbia.com, www.mountainhardwear.com, www.sorel.com, and www.pranacom.com.

Contact:

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

- Financial tables follow -

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(in thousands)</i>	June 30,	
	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 819,806	\$ 474,793
Short-term investments	1,138	975
Accounts receivable, net	279,763	217,536
Inventories, net	676,009	806,887
Prepaid expenses and other current assets	102,003	102,574
Total current assets	1,878,719	1,602,765
Property, plant, and equipment, net	297,237	328,904
Operating lease right-of-use assets	350,798	365,521
Intangible assets, net	102,733	122,105
Goodwill	68,594	68,594
Deferred income taxes	97,746	73,395
Other non-current assets	67,472	61,113
Total assets	\$ 2,863,299	\$ 2,622,397
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term borrowings	\$ —	\$ 2,789
Accounts payable	267,677	255,702
Accrued liabilities	227,209	203,827
Operating lease liabilities	71,149	70,916
Income taxes payable	1,565	2,594
Total current liabilities	567,600	535,828
Non-current operating lease liabilities	344,216	347,967
Income taxes payable	48,805	48,863
Deferred income taxes	151	7,942
Other long-term liabilities	40,870	28,968
Total liabilities	1,001,642	969,568
Shareholders' equity	1,861,657	1,652,829
Total liabilities and shareholders' equity	\$ 2,863,299	\$ 2,622,397

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<i>(In thousands, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net sales	\$ 566,370	\$ 316,611	\$ 1,191,976	\$ 884,839
Cost of sales	273,853	170,381	578,057	466,895
Gross profit	292,517	146,230	613,919	417,944
Gross margin	51.6 %	46.2 %	51.5 %	47.2 %
Selling, general and administrative expenses	261,766	217,652	516,155	494,472
Net licensing income	4,244	1,122	7,711	4,241
Operating income (loss)	34,995	(70,300)	105,475	(72,287)
Interest income (expense), net	598	(805)	876	1,008
Other non-operating income (expense), net	(294)	935	(598)	2,673
Income (loss) before income tax	35,299	(70,170)	105,753	(68,606)
Income tax benefit (expense)	5,385	19,463	(9,169)	18,112
Net income (loss)	\$ 40,684	\$ (50,707)	\$ 96,584	\$ (50,494)
Earnings (loss) per share:				
Basic	\$ 0.61	\$ (0.77)	\$ 1.46	\$ (0.76)
Diluted	\$ 0.61	\$ (0.77)	\$ 1.44	\$ (0.76)
Weighted average shares outstanding:				
Basic	66,327	66,135	66,345	66,553
Diluted	66,787	66,135	66,858	66,553

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

<i>(In thousands)</i>	Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Net income	96,584	(50,494)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, amortization and non-cash lease expense	60,962	65,924
Provision for uncollectible accounts receivable	(9,757)	22,815
Loss on disposal or impairment of property, plant and equipment, and right-of-use assets	201	8,800
Deferred income taxes	(9,667)	4,362
Stock-based compensation	9,823	7,712
Changes in operating assets and liabilities:		
Accounts receivable	180,456	244,112
Inventories	(123,737)	(202,646)
Prepaid expenses and other current assets	(48,160)	(3,199)
Other assets	(337)	(14,596)
Accounts payable	59,085	3,397
Accrued liabilities	(30,130)	(89,323)
Income taxes payable	(22,652)	(12,633)
Operating lease assets and liabilities	(47,436)	(26,264)
Other liabilities	1,927	4,757
Net cash provided by (used in) operating activities	117,162	(37,276)
Cash flows from investing activities:		
Purchases of short-term investments	—	(35,045)
Sales and maturities of short-term investments	1,184	36,631
Capital expenditures	(12,387)	(20,959)
Net cash used in investing activities	(11,203)	(19,373)
Cash flows from financing activities:		
Proceeds from credit facilities	19,888	375,759
Repayments on credit facilities	(19,683)	(373,390)
Payment of line of credit issuance fees	—	(1,674)
Proceeds from issuance of common stock related to stock-based compensation	20,287	1,987
Tax payments related to stock-based compensation	(5,440)	(4,304)
Repurchase of common stock	(54,500)	(132,889)
Cash dividends paid	(34,540)	(17,195)
Net cash used in financing activities	(73,988)	(151,706)
Net effect of exchange rate changes on cash	(2,890)	(2,861)
Net increase (decrease) in cash and cash equivalents	29,081	(211,216)
Cash and cash equivalents, beginning of period	790,725	686,009
Cash and cash equivalents, end of period	\$ 819,806	\$ 474,793
Supplemental disclosures of non-cash investing and financing activities :		
Property, plant and equipment acquired through increase in liabilities	\$ 4,268	\$ 2,414

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

	Three Months Ended June 30,					
	Reported Net Sales	Adjust for Foreign Currency	Constant- currency Net Sales	Reported Net Sales	Reported Net Sales	Constant-currency Net Sales
	2021	Translation	2021 ⁽¹⁾	2020	% Change	% Change ⁽¹⁾
<i>(In millions, except percentage changes)</i>						
Geographical Net Sales:						
United States	\$ 379.1	\$ —	\$ 379.1	\$ 183.2	107%	107%
Latin America and Asia Pacific	78.0	(3.3)	74.7	67.4	16%	11%
Europe, Middle East and Africa	88.5	(3.2)	85.3	58.3	52%	46%
Canada	20.8	(2.3)	18.5	7.7	170%	140%
Total	<u>\$ 566.4</u>	<u>\$ (8.8)</u>	<u>\$ 557.6</u>	<u>\$ 316.6</u>	79%	76%
Brand Net Sales:						
Columbia	\$ 484.3	\$ (8.3)	\$ 476.0	\$ 265.8	82%	79%
SOREL	23.1	(0.3)	22.8	13.3	74%	71%
prAna	39.7	—	39.7	27.7	43%	43%
Mountain Hardware	19.3	(0.2)	19.1	9.8	97%	95%
Total	<u>\$ 566.4</u>	<u>\$ (8.8)</u>	<u>\$ 557.6</u>	<u>\$ 316.6</u>	79%	76%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 453.1	\$ (6.0)	\$ 447.1	\$ 243.8	86%	83%
Footwear	113.3	(2.8)	110.5	72.8	56%	52%
Total	<u>\$ 566.4</u>	<u>\$ (8.8)</u>	<u>\$ 557.6</u>	<u>\$ 316.6</u>	79%	76%
Channel Net Sales:						
Wholesale	\$ 302.3	\$ (4.7)	\$ 297.6	\$ 159.9	89%	86%
DTC	264.1	(4.1)	260.0	156.7	69%	66%
Total	<u>\$ 566.4</u>	<u>\$ (8.8)</u>	<u>\$ 557.6</u>	<u>\$ 316.6</u>	79%	76%

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

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

	Six Months Ended June 30,					
	Reported Net Sales	Adjust for Foreign Currency	Constant- currency Net Sales	Reported Net Sales	Reported Net Sales	Constant-currency Net Sales
	2021	Translation	2021 ⁽¹⁾	2020	% Change	% Change ⁽¹⁾
<i>(In millions, except percentage changes)</i>						
Geographical Net Sales:						
United States	\$ 787.7	\$ —	\$ 787.7	\$ 559.1	41%	41%
Latin America and Asia Pacific	190.0	(9.6)	180.4	170.0	12%	6%
Europe, Middle East and Africa	159.3	(8.3)	151.0	114.1	40%	32%
Canada	55.0	(3.7)	51.3	41.6	32%	23%
Total	<u>\$ 1,192.0</u>	<u>\$ (21.6)</u>	<u>\$ 1,170.4</u>	<u>\$ 884.8</u>	35%	32%
Brand Net Sales:						
Columbia	\$ 1,011.7	\$ (20.2)	\$ 991.5	\$ 737.5	37%	34%
SOREL	69.4	(0.9)	68.5	52.0	33%	32%
prAna	71.2	—	71.2	64.2	11%	11%
Mountain Hardwear	39.7	(0.5)	39.2	31.1	28%	26%
Total	<u>\$ 1,192.0</u>	<u>\$ (21.6)</u>	<u>\$ 1,170.4</u>	<u>\$ 884.8</u>	35%	32%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 922.0	\$ (14.7)	\$ 907.3	\$ 696.0	32%	30%
Footwear	270.0	(6.9)	263.1	188.8	43%	39%
Total	<u>\$ 1,192.0</u>	<u>\$ (21.6)</u>	<u>\$ 1,170.4</u>	<u>\$ 884.8</u>	35%	32%
Channel Net Sales:						
Wholesale	\$ 637.7	\$ (12.5)	\$ 625.2	\$ 485.8	31%	29%
DTC	554.3	(9.1)	545.2	399.0	39%	37%
Total	<u>\$ 1,192.0</u>	<u>\$ (21.6)</u>	<u>\$ 1,170.4</u>	<u>\$ 884.8</u>	35%	32%

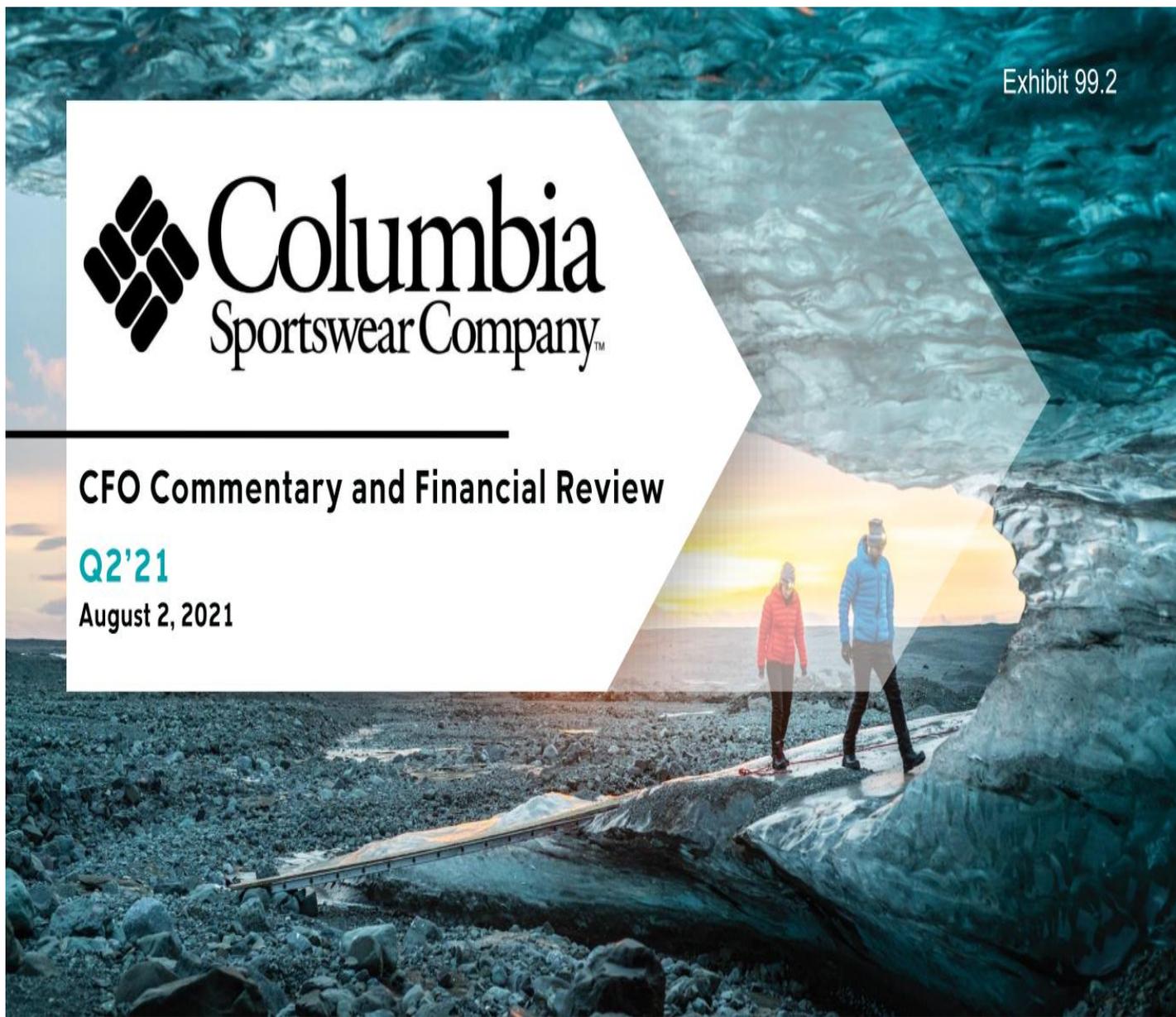
⁽¹⁾ Constant-currency net sales information is a non-GAAP financial measure that excludes the effect of changes in foreign currency exchange rates against the United States dollar between comparable reporting periods. The Company calculates constant-currency net sales by translating net sales in foreign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



CFO Commentary and Financial Review

Q2'21

August 2, 2021



FORWARD-LOOKING STATEMENTS

This presentation does not constitute an offer or invitation for the sale or purchase of securities and has been prepared solely for informational purposes.

This presentation contains forward-looking statements within the meaning of the federal securities laws regarding Columbia Sportswear Company's business opportunities and anticipated results of operations. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "might," "will," "would," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "likely," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Unless the context indicates otherwise, the terms "we," "us," "our," "the Company," and "Columbia" refer to Columbia Sportswear Company, together with its wholly owned subsidiaries and entities in which it maintains a controlling financial interest.

The Company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this document, those described in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading "Risk Factors," and those that have been or may be described in other reports filed by the Company, including reports on Form 8-K. Potential risks and uncertainties include those relating to the impact of the COVID-19 pandemic on our operations, which is highly dependent on numerous factors that we may not be able to predict or control, including: the duration and scope of the COVID-19 pandemic, including any recurrence due to variants; actions that may be taken to contain the pandemic or to treat its impact, including lock-downs and the speed of the vaccination roll-out; economic slowdowns that have resulted from and may continue to result from the pandemic; workforce staffing and productivity; our ability to continue operations in affected areas; supply chain disruptions, constraints and expenses; and consumer demand and spending patterns, as well as the effects on suppliers, creditors, and wholesale customers, all of which are uncertain. The Company cautions that forward-looking statements are inherently less reliable than historical information.

New risks and uncertainties emerge from time to time and it is not possible for the Company to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation. Nothing in this presentation should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We do not undertake any duty to update any of the forward-looking statements after the date of this document to conform the forward-looking statements to actual results or to changes in our expectations.

REFERENCES TO NON-GAAP FINANCIAL INFORMATION

Since Columbia Sportswear Company is a global company, the comparability of its operating results reported in U.S. dollars is affected by foreign currency exchange rate fluctuations because the underlying currencies in which it transacts change in value over time compared to the U.S. dollar. To supplement financial information reported in accordance with GAAP, the Company discloses constant-currency net sales information, which is a non-GAAP financial measure, to provide a framework to assess how the business performed excluding the effects of changes in the exchange rates used to translate net sales generated in foreign currencies into U.S. dollars. The Company calculates constant-currency net sales by translating net sales in foreign currencies for the current period into U.S. dollars at the average exchange rates that were in effect during the comparable period of the prior year. Management believes that this non-GAAP financial measure reflects an additional and useful way of viewing an aspect of our operations that, when viewed in conjunction with our GAAP results, provides a more comprehensive understanding of our business and operations.

Free cash flow is GAAP *operating cash flow* reduced by capital expenditures. Management believes free cash flow provides investors with an important perspective on the cash available for shareholders and acquisitions after making the capital investments required to support ongoing business operations and long-term value creation. Free cash flow does not represent the residual cash flow available for discretionary expenditures as it excludes certain mandatory expenditures. Management uses free cash flow as a measure to assess both business performance and overall liquidity.

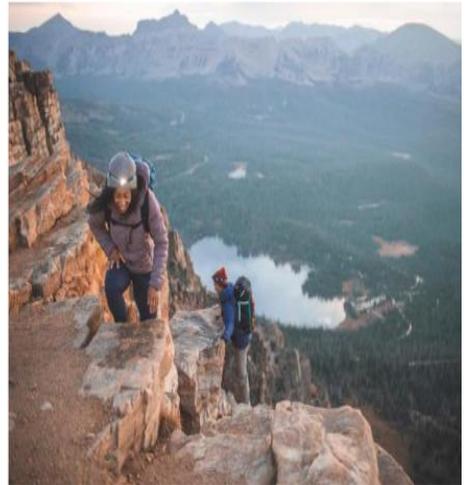
Non-GAAP financial measures, including constant-currency net sales and free cash flow, should be viewed in addition to, and not in lieu of or superior to, our financial measures calculated in accordance with GAAP. The Company provides a reconciliation of non-GAAP measures to the most directly comparable financial measure calculated in accordance with GAAP in the back of this presentation in the "Appendix". The non-GAAP financial measures and constant-currency information presented may not be comparable to similarly titled measures reported by other companies.

GLOSSARY OF PRESENTATION TERMINOLOGY

DTC	direct-to-consumer	"+" or "up"	increased	"\$##M"	in millions of U.S. dollars
DTC.com	DTC e-commerce	"-" or "down"	decreased	"\$##B"	in billions of U.S. dollars
DTC B&M	DTC brick & mortar	LSD%	low-single-digit percent	c.c.	constant-currency
y/y	year-over-year	MSD%	mid-single-digit percent	M&A	Mergers & acquisitions
U.S.	United States	HSD%	high-single-digit percent	FX	Foreign Exchange
LAAP	Latin America and Asia Pacific	LDD%	low-double-digit percent	~	approximately
EMEA	Europe, Middle East and Africa	low-20%	low-twenties percent		
SG&A	selling, general & administrative	mid-30%	mid-thirties percent		
EPS	earnings per share	high-40%	high-forties percent		
bps	basis points				



WE CONNECT ACTIVE PEOPLE WITH THEIR PASSIONS



STRATEGIC PRIORITIES

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



DRIVE GLOBAL 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



INVEST IN OUR **PEOPLE** AND OPTIMIZE OUR ORGANIZATION ACROSS OUR PORTFOLIO OF BRANDS

CAPITAL ALLOCATION PRIORITIES

Our goal is to maintain our strong balance sheet and disciplined approach to capital allocation.

Dependent upon market conditions and our strategic priorities, our capital allocation approach includes:

INVEST IN ORGANIC GROWTH OPPORTUNITIES

TO DRIVE LONG-TERM PROFITABLE GROWTH

RETURN AT LEAST 40% OF FREE CASH FLOW TO SHAREHOLDERS

THROUGH DIVIDENDS AND SHARE REPURCHASES

OPPORTUNISTIC M&A



Q2'21 KEY HIGHLIGHTS

Q2'21 FINANCIAL RESULTS AND COMPARISONS TO Q2'20

\$566M

+79%

Net Sales

51.6%

+540 bps

Gross Margin

6.2%

**Compared to
(22.2)%**

Operating Margin

\$0.61

**Compared to a
\$(0.77) loss per
share**

Diluted EPS

Q2'21 Highlights:

- Record Q2'21 and H1'21 net sales, gross margin, operating income and diluted earnings per share, exceeded pre-pandemic levels.
- DTC.com grew 5% y/y as we lapped the prior year's surge in e-commerce sales that resulted from temporary store closures.
- Q2'21 results were ahead of internal expectations, primarily driven by better than planned U.S. wholesale and DTC B&M net sales performance, as well as a favorable full-price selling environment.
- Exited quarter with \$820.9 million in cash and short-term investments and no borrowings.
- Inventory at quarter end was down 16% y/y.

Q2'21 FINANCIAL SUMMARY

(dollars in millions, except per share amounts)

	Q2'21	Q2'20	Change
Net sales	\$566.4	\$316.6	+79%
Gross margin	51.6%	46.2%	+540 bps
SG&A percent of net sales	46.2%	68.7%	-2,250 bps
Operating income (loss)	\$35.0	-\$70.3	+\$105.3
Operating margin	6.2%	-22.2%	+2,840 bps
Net income (loss)	\$40.7	-\$50.7	+\$91.4
Diluted EPS	\$0.61	-\$0.77	+\$1.38

Commentary on factors impacting Q2'21 financial results:

- Net sales growth primarily reflects a strong fundamental recovery in the U.S. wholesale and DTC B&M channels and fewer pandemic related disruptions and temporary store closures compared to Q2'20.
- Gross margin improvement was primarily driven by decreased inventory reserve provisions relative to elevated levels in Q2'20 and, to a lesser degree, lower DTC promotional levels and favorable wholesale product margins, partially offset by unfavorable channel sales mix.
- Net income in Q2'21 was impacted by an income tax benefit of \$5.4 million, primarily driven by a non-recurring decrease in accrued foreign withholding taxes.

Q2'21 NET SALES OVERVIEW

Q2'21 PERCENTAGE CHANGE VS. Q2'20 AND Q2'21 NET SALES (unless otherwise noted)

CATEGORY PERFORMANCE

APPAREL, ACCESSORIES & EQUIPMENT:

↑ **+86%** (+83% c.c.)
\$453M

FOOTWEAR:

↑ **+56%** (+52% c.c.)
\$113M

- Apparel, Accessories & Equipment net sales were 5% higher than Q2'19
- Footwear net sales were 21% higher than Q2'19

BRAND PERFORMANCE

 **Columbia**

↑ **+82%** (+79% c.c.)
\$484M


prAna

↑ **+43%** (+43% c.c.)
\$40M



↑ **+74%** (+71% c.c.)
\$23M


**MOUNTAIN
HARD
WEAR**

↑ **+97%** (+95% c.c.)
\$19M

- Columbia net sales were 6% higher than Q2'19
- SOREL net sales were 53% higher than Q2'19
- prAna net sales were 3% higher than Q2'19
- Mountain Hardwear net sales were 10% higher than Q2'19

CHANNEL PERFORMANCE

WHOLESALE:

↑ **+89%** (+86% c.c.)
\$302M

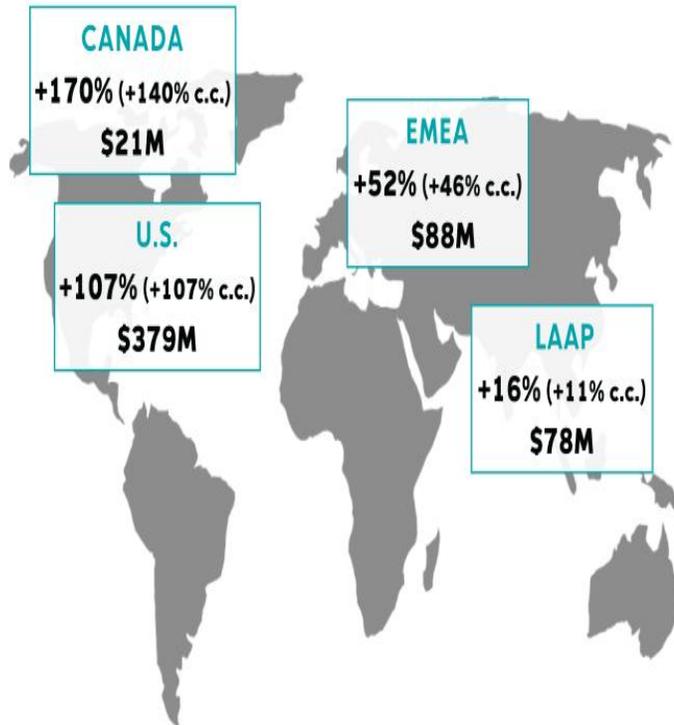
DTC:

↑ **+69%** (+66% c.c.)
\$264M

- Wholesale net sales were 2% higher than Q2'19
- DTC net sales were 15% higher than Q2'19 driven by low-80% DTC.com growth

Q2'21 GEOGRAPHICAL NET SALES PERFORMANCE

Q2'21 PERCENTAGE CHANGE VS. Q2'20 AND Q2'21 NET SALES



Percentage change details and primary drivers:

U.S.

- **Wholesale: up low-140%**, later shipment of Spring 2021 orders out of Q1'21 into Q2'21 and higher Spring 2021 sales
- **DTC: up mid-80%**, DTC B&M +mid-250% and DTC.com +LSD%
- The Company had 136 stores (127 outlet; 9 branded) exiting Q2'21 vs. 143 (123 outlet; 20 branded) exiting Q2'20

LAAP

- **China: up MSD%** (-LSD% c.c.), negatively impacted by earlier shipment of Spring 2021 wholesale orders which shifted sales into Q1'21
- **Japan: up low-50%** (+mid-50% c.c.), lapping prior year pandemic related disruptions which were more impactful than sporadic State of Emergency declarations in Q2'21
- **Korea: down HSD%** (-mid-teens% c.c.), lapping Q2'20 results which benefitted from government stimulus
- **LAAP distributor: up high-30%**, lapping prior year pandemic-related order cancellations

EMEA

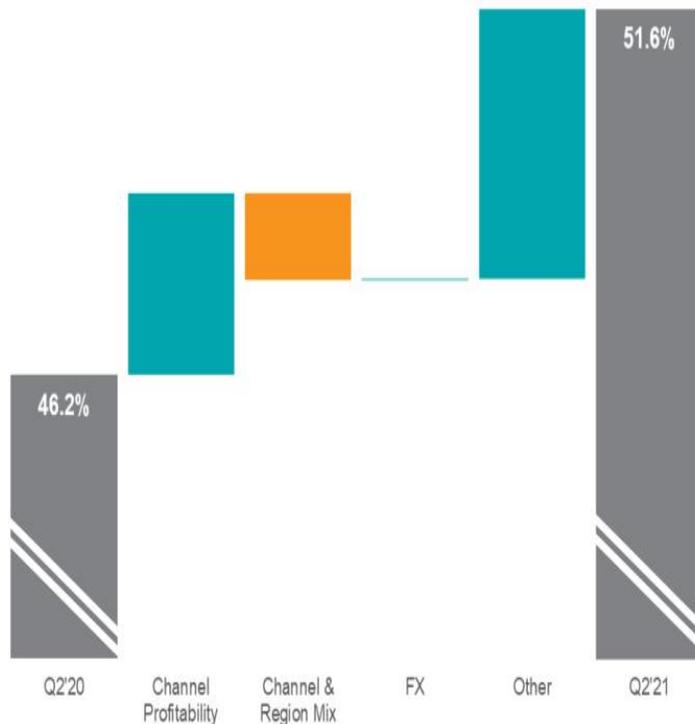
- **EMEA distributor: up mid-50%**, lapping prior year pandemic-related order cancellations and earlier delivery of Fall 2021 product compared to Fall 2020
- **Europe-direct: up high-40%** (+mid-30% c.c.), higher Spring 2021 sales and later shipment of Spring 2021 orders out of Q1'21 into Q2'21

Canada

- **+170%** (+140% c.c.), later shipment of Spring 2021 orders out of Q1'21 into Q2'21 and higher Spring 2021 sales.

Q2'21 GROSS MARGIN BRIDGE

Q2'21 gross margin expanded 540bps y/y to 51.6%



Gross Margin expansion primarily reflects:

Tailwinds

- **Channel Profitability:** favorable DTC product margins driven by lower promotional levels
- **Channel Profitability:** increased wholesale product margin driven by strong retail sell-through performance resulting in lower customer accommodations
- **Other:** decreased inventory reserve provisions compared to elevated levels in Q2'20

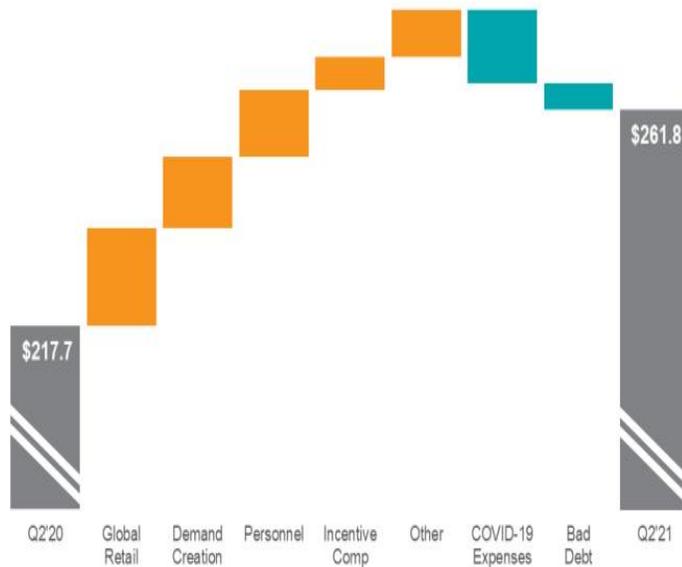
Partially offset by:

Headwinds

- **Channel & Region Mix:** net sales shift to channels which typically carry lower margins including a higher B&M mix within DTC net sales and a higher wholesale mix as a percent of total net sales

Q2'21 SG&A BRIDGE

Q2'21 SG&A increased 20% y/y to \$261.8M



Q2'21 SG&A expenses were 46.2% of net sales compared to 68.7% in Q2'20

The y/y increase in SG&A expenses was primarily driven by:

SG&A Expense Increases

- **Global Retail:** increased expenses relative to prior year temporary store closures
- **Demand Creation:** higher variable spending with sales growth and incremental strategic investment
- **Personnel:** impact of higher personnel expenses to support business growth and annual merit increases
- **Incentive Comp:** higher incentive compensation
- **Other:** reflects the net impact of small changes in other expenses

Partially offset by:

SG&A Expense Reductions

- **COVID-19 Expenses:** non-recurrence of Q2'20 catastrophic leave and furlough pay, severance and other pandemic related costs that were partially offset by government subsidies and incentives
- **Bad Debt:** lower bad debt expense, driven by a healthier wholesale customer base

BALANCE SHEET OVERVIEW

Balance Sheet as of June 30, 2021

Cash, Cash Equivalents and Short-term Investments

\$821M

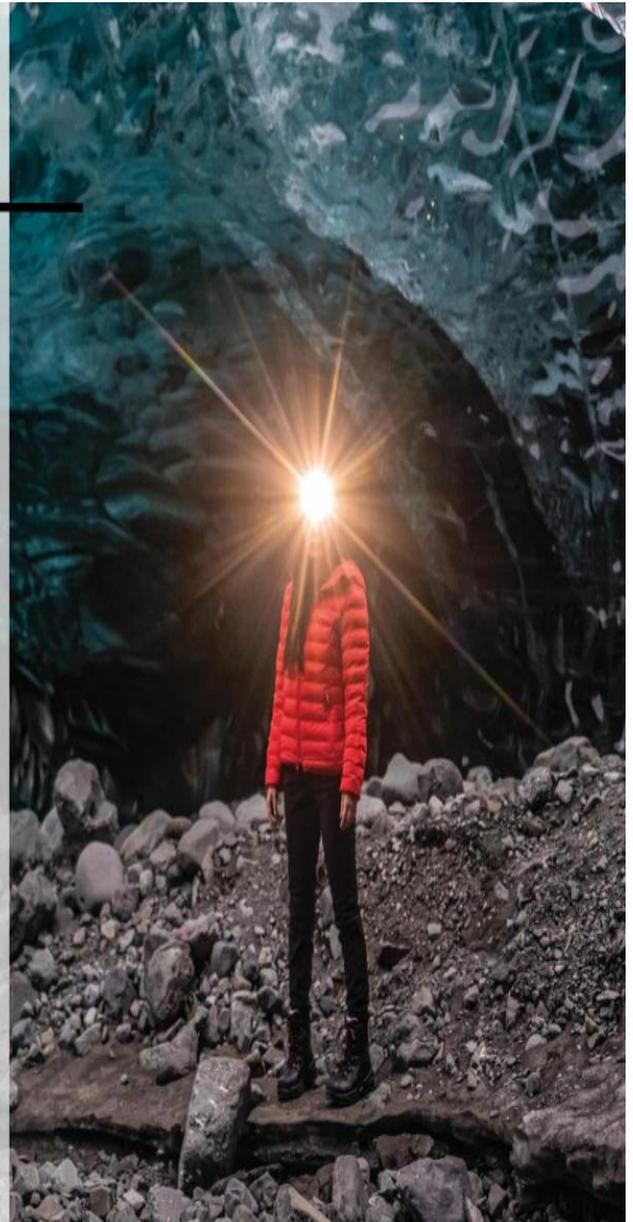
Cash, cash equivalents and short-term investments totaled \$820.9M, compared to \$475.8M at June 30, 2020.

The Company had no borrowings, compared to short-term borrowings of \$2.8M at June 30, 2020.

Inventory

-16%

Inventories -16% y/y to \$676.0M. The reduction in inventory was driven by increased sales combined with delayed Fall 2021 inventory receipts due to ongoing supply chain disruptions. Inventory at quarter-end primarily consisted of current and future season product. Aged inventories represent a manageable portion of our total inventory mix and excess inventory decreased significantly compared to the same period in 2020.



CASH FLOW & CAPITAL ALLOCATION OVERVIEW

Cash Flow for the Six Months Ended June 30, 2021

Net Cash Flow from Operations

\$117M Net cash flow from operating activities was \$117.2M, compared to net cash used in operating activities of \$37.3M for the same period in 2020.

Capital Expenditures

\$12M Capital expenditures totaled \$12.4M, compared to \$21.0M for the same period in 2020.

Share Repurchases

\$55M YTD, the Company repurchased 528,609 shares of common stock for an aggregate of \$54.9M, at an average price per share of \$103.79.

At June 30, 2021, \$427.4M remained available under our current stock repurchase authorization, which does not obligate the Company to acquire any specific number of shares or to acquire shares over any specified period of time.

Dividend

\$0.26 The Board of Directors approved a regular quarterly cash dividend of \$0.26 per share, payable on August 26, 2021 to shareholders of record on August 12, 2021.



COVID-19 UPDATES

Health, Safety and Well Being

- The Company's top priority throughout the pandemic remains to protect the health and safety of our employees, their families, our customers and our communities.
- We are continually adapting business operations to adhere to evolving local and regional guidelines and safety protocols across all areas of our global business to help contain the spread of the virus.

DTC Brick & Mortar Store Impacts

- The majority of our owned stores remained open throughout Q2'21. Government mandated lockdowns and related temporary store closures primarily impacted stores in Japan, China, Europe and Canada at varying times during Q2'21 and Q3'21 quarter-to-date.
- Store traffic trends improved in Q2'21 but remain below pre-pandemic levels. Store traffic levels vary by region and are influenced by each markets ability to contain the spread of the virus and consumers' willingness to shop in store.

Supply Chain and Logistics

- Demand for ocean vessels and containers is far outstripping available capacity. Starting in June, escalating ocean freight rates have far exceeded our expectations and limited upside to our full year financial outlook.
- Rising COVID-19 cases and related government actions in sourcing countries across southeast Asia could further disrupt our manufacturing partners operations and limit product availability and deliveries.
- The Company continues to navigate port congestion and logistics constraints that are resulting in later timing of inventory receipts and deliveries. These ongoing disruptions pose significant and escalating challenges for the delivery of product for our Fall 2021 season.
- Our updated financial outlook incorporates our current view of the supply chain disruptions, constraints and expenses outlined above and could materially change as conditions evolve.

2021 FINANCIAL OUTLOOK

The Company's 2021 Financial Outlook and the underlying assumptions are forward-looking in nature, and the forward-looking statements reflect our expectations as of August 2, 2021 and are subject to significant risks and business uncertainties, including those factors described under "Forward-Looking Statements" above. These risks and uncertainties limit our ability to accurately forecast results. This outlook and underlying assumptions reflect our estimates as of August 2, 2021 regarding the impact on our operations of the COVID-19 pandemic; economic conditions; supply chain disruptions, constraints and expenses; and consumer behavior and confidence; as well as geopolitical tensions. However, it is not possible to determine the ultimate impact of these items on our operations for 2021, or whether other currently unanticipated direct or indirect consequences of the COVID-19 pandemic are reasonably likely to materially affect our operations. This outlook assumes no meaningful deterioration of current supply chain or market conditions related to the ongoing pandemic. Projections are predicated on normal seasonal weather globally.

	2021 Financial Outlook	Commentary compared to 2020
Net sales	\$3.13B to \$3.16B (prior \$3.04B to \$3.08B)	+25.0% to 26.5% (prior +21.5% to 23.0%)
Gross margin	49.9% to 50.1% (prior 50% to 50.2%)	95 to 115 bps expansion (prior 110 bps to 130 bps expansion)
SG&A percent of net sales	38.4% to 38.7% (prior 38.7% to 39.1%)	520 bps to 550 bps leverage (prior 480 bps to 520 bps leverage)
Operating margin	11.7% to 12.2% (prior 11.4% to 12.0%)	620 bps to 670 bps leverage (prior 590 bps to 650 bps leverage)
Operating income	\$365M to \$386M (prior \$347M to \$369M)	+166% to 182% (prior +154% to 169%)
Effective income tax rate	~21.5% (prior ~22%)	2020 effective tax rate of 22.6%
Net income	\$287M to \$304M (prior \$271M to \$288M)	+166% to 181% (prior +151% to 166%)
Diluted EPS	\$4.30 to \$4.55 (prior \$4.05 to \$4.30)	+165% to 181% (prior +150% to +165%)

2021 FINANCIAL OUTLOOK ASSUMPTIONS

Net Sales

Anticipated net sales growth primarily reflects:

- All brands are anticipated to grow in 2021 led by the Columbia and SOREL brands.
- All four geographic segments are anticipated to grow in 2021. Within our LAAP region, LAAP distributor markets and Japan are anticipated to have slower recovery curves.
- From a product category perspective, we anticipate Apparel, Accessories and Equipment to slightly outpace Footwear. Demand for our footwear continues to be robust and is outpacing production capacity.
- First half sales performance and notable strength in the Company's Fall 2021 order book reflect a return to growth in our wholesale business.
- DTC.com growth resulting in DTC.com penetration as percent of total sales slightly below the 19% penetration level achieved in 2020.
- Improved DTC B&M traffic and sales performance including:
 - benefit of lapping prior year temporary store closures and gradual fundamental improvement over the course of the year, and
 - new U.S. store openings: approximately 10 stores (primarily outlet stores) in 2021. New store opening plans may change as lease negotiations are finalized.

Gross Margin

Anticipated gross margin expansion primarily reflects:

- increased DTC product margins driven by lower promotional activity;
- increased product margins from generally lower product costs for Spring and Fall 2021 inventory; and
- a lower proportion of wholesale close-out product sales due to less excess inventory and lower reserve provisions; partially offset by
- increased freight costs associated with industrywide logistics capacity constraints.

This revised range includes the impact of approximately \$40M of incremental ocean freight costs, not contemplated in our prior outlook, as ocean freight rates have increased dramatically over the past 60 days. The updated financial outlook reflects the impact of current and estimated future freight rates.

SG&A percent of net sales

Anticipated SG&A expense growth primarily reflects:

- increased variable expenses related to global DTC sales growth as well as operating costs of distribution centers and other operations;
- increased demand creation spending;
- higher personnel expenses;
- higher incentive compensation; and
- the unfavorable impact of foreign currency translation; partially offset by
- lower bad debt expense; and
- the non-recurrence of expenses related to retail impairment and store closure charges, the impairment of prAna's trademark, and certain COVID-19 related expenses.

Demand creation as a percent of net sales is anticipated to be 6.0 percent in 2021, compared to 5.7 percent in 2020. We anticipate SG&A expense will benefit as store closure negotiations are finalized and the related lease liabilities are settled which we expect to partially offset the related store closure charges incurred in 2020.

FULL YEAR 2021 FINANCIAL OUTLOOK ASSUMPTIONS AND SECOND HALF 2021 COMMENTARY

Effective tax rate	<ul style="list-style-type: none">• The effective income tax rate may be affected by unanticipated impacts from changes in international, federal or state tax policies, changes in the Company's geographic mix of pre-tax income, other discrete events, as well as differences from our estimate of the tax benefits associated with employee equity awards and our estimate of the tax impact of various tax initiatives.• The full year effective tax rate in our full year 2021 financial outlook decreased from ~22% to ~21.5% due to non-recurring decrease in accrued foreign withholding taxes.
Foreign currency	<ul style="list-style-type: none">• Foreign currency is expected to have essentially no impact on earnings as favorable net sales growth of 120 basis points due to foreign currency translation impacts are anticipated to be offset by SG&A translation and negative foreign currency transactional effects from hedging of production.
Operating cash flow and capital expenditures	<ul style="list-style-type: none">• Operating cash flow is anticipated to be \$260M to \$280M (prior \$250M to \$270M).• Capital expenditures are planned to be \$45M to \$60M (prior \$60M to \$80M). The reduction in planned capital expenditures is primarily due to a shift in timing related to certain capital projects.
Second Half 2021 Commentary	<ul style="list-style-type: none">• The Company expects low-20% y/y net sales growth in H2'21. The timing of Fall 2021 inventory receipts and wholesale shipments can have a significant impact on quarterly financial performance. Based on current forecasted product delivery dates, the Company anticipates that both Q3'21 and Q4'21 y/y net sales growth will be in the low-20% range.



APPENDIX

SECOND QUARTER 2021 CONSTANT-CURRENCY RECONCILIATION

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

	Three Months Ended June 30,					
	Reported Net Sales	Adjust for Foreign Currency	Constant- currency Net Sales	Reported Net Sales	Reported Net Sales	Constant- currency Net Sales
<i>(In millions, except percentage changes)</i>	2021	Translation	2021 ⁽¹⁾	2020	% Change	% Change ⁽¹⁾
Geographical Net Sales:						
United States	\$ 379.1	\$ —	\$ 379.1	\$ 183.2	107%	107%
Latin America and Asia Pacific	78.0	(3.3)	74.7	67.4	16%	11%
Europe, Middle East and Africa	88.5	(3.2)	85.3	58.3	52%	46%
Canada	20.8	(2.3)	18.5	7.7	170%	140%
Total	<u>\$ 566.4</u>	<u>\$ (8.8)</u>	<u>\$ 557.6</u>	<u>\$ 316.6</u>	79%	76%
Brand Net Sales:						
Columbia	\$ 484.3	\$ (8.3)	\$ 476.0	\$ 265.8	82%	79%
SOREL	23.1	(0.3)	22.8	13.3	74%	71%
prAna	39.7	—	39.7	27.7	43%	43%
Mountain Hardwear	19.3	(0.2)	19.1	9.8	97%	95%
Total	<u>\$ 566.4</u>	<u>\$ (8.8)</u>	<u>\$ 557.6</u>	<u>\$ 316.6</u>	79%	76%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 453.1	\$ (6.0)	\$ 447.1	\$ 243.8	86%	83%
Footwear	113.3	(2.8)	110.5	72.8	56%	52%
Total	<u>\$ 566.4</u>	<u>\$ (8.8)</u>	<u>\$ 557.6</u>	<u>\$ 316.6</u>	79%	76%
Channel Net Sales:						
Wholesale	\$ 302.3	\$ (4.7)	\$ 297.6	\$ 159.9	89%	86%
DTC	264.1	(4.1)	260.0	156.7	69%	66%
Total	<u>\$ 566.4</u>	<u>\$ (8.8)</u>	<u>\$ 557.6</u>	<u>\$ 316.6</u>	79%	76%

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

FIRST HALF FREE CASH FLOW RECONCILIATION

COLUMBIA SPORTSWEAR COMPANY
Reconciliation of GAAP to Non-GAAP Financial Measures
Net cash provided by (used in) operating activities to free cash flow
(Unaudited)

<i>(In millions)</i>	Six Months Ended June 30,	
	2021	2020
Net cash provided by (used in) operating activities	\$ 117.2	\$ (37.3)
Capital expenditures	(12.4)	(21.0)
Free cash flow	\$ 104.8	\$ (58.3)
