
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):
October 28, 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 October 28, 2021, Columbia Sportswear Company (the "Company") issued a press release reporting its third quarter and first nine months 2021 financial results, as well as 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 third quarter and first nine months 2021 financial results and full year 2021 financial outlook, as posted on the Company's investor relations website, <http://investor.columbia.com>, on October 28, 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 October 28, 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 December 2, 2021 to its shareholders of record on November 18, 2021.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

- | | |
|-----------------------------|--|
| <u>99.1</u> | Press Release, dated October 28, 2021 (furnished pursuant to Items 2.02 and 7.01 hereof). |
| <u>99.2</u> | CFO Commentary and Financial Review Presentation, dated October 28, 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: October 28, 2021

By: /S/ JIM A. SWANSON

Jim A. Swanson

Executive Vice President and Chief Financial Officer



Columbia Sportswear Company Reports Third Quarter and First Nine Months 2021 Financial Results; Updates Full Year 2021 Financial Outlook and Provides Preliminary 2022 Commentary

Financial Highlights

- Third quarter 2021 net sales increased 15 percent to \$804.7 million, compared to third quarter 2020.
- Third quarter 2021 operating income increased 56 percent to \$133.5 million, or 16.6 percent of net sales, compared to third quarter 2020 operating income of \$85.6 million, or 12.2 percent of net sales.
- Third quarter 2021 diluted earnings per share increased 62 percent to \$1.52, compared to \$0.94 in third quarter 2020.
- Exited the quarter with \$600.6 million in cash and short-term investments and no borrowings.
- The Company repurchased \$127.2 million of common stock in the first nine months of 2021.
- On October 22, 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 October 28, 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 \$3.04 to \$3.08 billion (prior \$3.13 to \$3.16 billion), representing net sales growth of 21.5 to 23.0 percent (prior 25.0 to 26.5 percent) compared to 2020.
- Operating income of \$384 to \$405 million (prior \$365 to \$386 million), representing operating margin of 12.6 to 13.2 percent (prior 11.7 to 12.2 percent).
- Diluted earnings per share of \$4.55 to \$4.80 (prior \$4.30 to \$4.55).

PORTLAND, Ore. - October 28, 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 third quarter 2021 financial results for the period ended September 30, 2021.

Chairman, President and Chief Executive Officer Tim Boyle commented, "Our third quarter results reflect high consumer demand for our products and strong operating performance amidst unprecedented supply chain challenges. Despite delayed inventory receipts which impacted U.S. wholesale shipments, favorable gross margin performance and expense management fueled above plan earnings. Early-season Fall 2021 sell-through has been encouraging and our global marketing campaign to support the largest innovation launch in our Company's history, Omni-Heat Infinity, is off to a great start.

"As we finish the year and look forward to 2022, I'm excited about our innovative product pipeline and the momentum we see across the brand portfolio. Based on this strength, we believe we can achieve mid-teens or better net sales growth in 2022, on top of the low-twenties percent growth we anticipate in 2021.

"Our profitable growth trajectory and fortress balance sheet, with cash and short-term investments of over \$600 million and no borrowings, provide a foundation of strength and from which we will continue to invest 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 third 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 and Supply Chain Updates

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 third quarter 2021. Overall brick & mortar store traffic trends improved significantly compared to third quarter 2020, but still remain below pre-pandemic levels.

During the quarter, government mandated factory closures in Vietnam disrupted our manufacturing partners operations and impacted production of Fall 2021 and Spring 2022 product. Supply chain constraints continue to impact operations, resulting in delayed receipt and delivery of products for our Fall 2021 and Spring 2022 seasons. Demand for ocean vessels and containers continues to far outstrip available capacity, resulting in significant year-over-year increases in ocean freight costs. Please refer to the CFO Commentary and Financial Review presentation for a detailed review of COVID-19 pandemic and Supply Chain related issues and our responses.

Third Quarter 2021 Financial Results

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

Net sales increased 15 percent to \$804.7 million from \$701.1 million for the comparable period in 2020. The increase in net sales primarily reflects direct-to-consumer ("DTC") growth and higher Fall 2021 wholesale orders, as we anniversary prior year pandemic disruptions. Net sales growth was constrained by supply chain disruptions that resulted in later inventory receipts and reduced wholesale shipments during the quarter.

Gross margin expanded 180 basis points to 50.7 percent of net sales from 48.9 percent of net sales for the comparable period in 2020. Gross margin expansion was primarily driven by lower DTC promotional levels and favorable wholesale product margins, partially offset by higher inbound freight costs, the non-recurrence of inventory provision activity that benefited third quarter 2020 and unfavorable channel sales mix.

SG&A expenses increased 7 percent to \$280.1 million, or 34.8 percent of net sales, from \$261.2 million, or 37.3 percent of net sales, for the comparable period in 2020. The increase in SG&A expenses primarily reflects higher global retail, incentive compensation, demand creation and personnel expenses, partially offset by a lease termination liability settlement benefit and the non-recurrence of prior year COVID-19 related expenses.

Operating income increased 56 percent to \$133.5 million, or 16.6 percent of net sales, compared to operating income of \$85.6 million, or 12.2 percent of net sales, for the comparable period in 2020.

Income tax expense of \$33.3 million resulted in an effective income tax rate of 24.9 percent, compared to a \$22.1 million expense, or an effective tax rate of 26.1 percent, for the comparable period in 2020.

Net income increased 60 percent to \$100.6 million, or \$1.52 per diluted share, compared to net income of \$62.8 million, or \$0.94 per diluted share, for the comparable period in 2020.

First Nine Months 2021 Financial Results

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

Net sales increased 26 percent to \$1,996.7 million from \$1,585.9 million for the comparable period in 2020.

Gross margin expanded 320 basis points to 51.2 percent of net sales from 48.0 percent of net sales for the comparable period in 2020.

SG&A expenses increased 5 percent to \$796.3 million, or 39.9 percent of net sales, compared to \$755.7 million, or 47.6 percent of net sales, for the same period in 2020.

Operating income of \$238.9 million, or 12.0 percent of net sales, compared to operating income of \$13.4 million, or 0.8 percent of net sales, for the same period in 2020.

Income tax expense of \$42.5 million resulted in an effective income tax rate of 17.7 percent, compared to a \$4.0 million income tax expense, or an effective tax rate of 24.8 percent, for the same period in 2020.

Net income of \$197.1 million, or \$2.96 per diluted share, compared to net income of \$12.3 million, or \$0.18 per diluted share, for the same period in 2020.

Balance Sheet as of September 30, 2021

Cash, cash equivalents and short-term investments totaled \$600.6 million, compared to \$314.5 million at September 30, 2020.

The Company had no borrowings as of September 30, 2021 or 2020.

Inventories decreased 7 percent to \$720.9 million, compared to \$771.7 million at September 30, 2020. The reduction in inventory was driven by increased sales and to a lesser extent, delayed Fall 2021 inventory production resulting from the cumulative effects of supply chain disruptions. Exiting the quarter, finished goods inventory in our distribution centers was down 35 percent, year-over-year, while in-transit inventory increased 127 percent, year-over-year. Inventory at quarter-end primarily consisted of current and future season product. Aged inventories represent a manageable portion of our total inventory mix.

Cash Flow for the Nine Months Ended September 30, 2021

Net cash flow used in operating activities was \$15.6 million, compared to net cash flow used in operating activities of \$198.0 million for the same period in 2020.

Capital expenditures totaled \$20.4 million, compared to \$25.2 million for the same period in 2020.

Share Repurchases for the Nine Months Ended September 30, 2021

The Company repurchased 1,254,081 shares of common stock for an aggregate of \$127.2 million, at an average price per share of \$101.44.

At September 30, 2021, \$355.0 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 December 2, 2021 to shareholders of record on November 18, 2021.

Full Year 2021 Financial Outlook and Preliminary 2022 Commentary

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

The Company's 2021 Financial Outlook and Preliminary 2022 Commentary is forward-looking in nature, and the

following forward-looking statements reflect our expectations as of October 28, 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 October 28, 2021 regarding the impact on our operations of the COVID-19 pandemic; economic conditions; supply chain disruptions, constraints and expenses; labor shortages; changes in consumer behavior and confidence; as well as geopolitical tensions. However, it is not possible to determine the ultimate impact on future operations, or whether other currently unanticipated direct or indirect consequences of the pandemic or the supply chain are reasonably likely to materially affect our operations. This outlook and commentary assumes no meaningful deterioration of current supply chain conditions, market conditions or the ongoing pandemic. Projections are predicated on normal seasonal weather globally.

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

Gross margin is expected to improve 190 to 210 basis points (prior 95 to 115 basis points) to 50.8 to 51.0 percent of net sales (prior approximately 49.9 to 50.1 percent) from 48.9 percent of net sales in 2020.

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 38.5 to 38.8 percent (prior 38.4 to 38.7 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 \$384 to \$405 million (prior \$365 to \$386 million), resulting in operating margin of 12.6 to 13.2 percent (prior 11.7 to 12.2 percent) compared to operating margin of 5.5 percent in 2020.

Effective income tax rate is expected to be approximately 21.5 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 \$302 to \$319 million (prior \$287 to \$304 million), resulting in diluted earnings per share of \$4.55 to \$4.80 (prior \$4.30 to \$4.55).

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 \$250 to \$270 million (prior \$260 to \$280 million).

Capital expenditures are planned to be \$45 to \$50 million (prior \$45 to \$60 million).

Fourth Quarter 2021 Financial Outlook

Net sales of \$1.04B to \$1.08, representing net sales growth of 14 to 18 percent.

Diluted earnings per share is expected to be \$1.60 to \$1.85.

Preliminary Full Year 2022 Commentary

The Company is providing limited commentary regarding early planning efforts for 2022.

Our Spring 2022 wholesale sales forecast reflects over 30-percent growth. We anticipate ongoing supply chain disruptions will continue to impact the timing of receipts and shipments of Spring 2022 inventory and may result in higher than planned cancellations that would impact net sales performance. We recently commenced our Fall 2022 order taking process. It is important to note that Fall 2021 sell-through performance can have a material impact on our Fall 2022 orders and resulting Fall 2022 wholesale sales forecast.

Based on momentum we see across the business, we believe mid-teens percent or better net sales growth for the full year is attainable.

Given our current view of product and freight costs as well as the likelihood of a more normalized promotional environment, we anticipate gross margin pressure in 2022. We do not expect planned price increases will be able to fully offset these headwinds. We are also planning to make investments across the business, including demand creation, supply chain and digital capabilities that will add to our overall spending levels.

With these factors in mind, our preliminary planning for 2022 contemplates an operating margin similar to the range provided in our 2021 financial outlook.

Assuming no changes to current tax rates or discrete tax items, we currently anticipate our 2022 effective tax rate to be in the mid-twenties percent range.

Conference Call

The Company will hold its third 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>.

Fourth Quarter 2021 Reporting Date

Columbia Sportswear Company plans to report fourth quarter 2021 financial results on Thursday, February 3, 2022 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, 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, fourth quarter 2021 net sales and diluted earnings per share, Spring 2022 wholesale orders, and full year 2022 net sales growth, gross margin, investments, operating margin and effective tax rate. 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 lockdowns the speed of the vaccination roll-out and vaccine mandates; 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.pрана.com.

Contact:

Andrew Burns, CFA
Vice President of Investor Relations and Strategic Planning
Columbia Sportswear Company
(503) 985-4112
aburns@columbia.com

- Financial tables follow -

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands)	September 30,	
	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 599,479	\$ 313,429
Short-term investments	1,132	1,095
Accounts receivable, net	500,451	479,376
Inventories, net	720,865	771,724
Prepaid expenses and other current assets	98,146	82,175
Total current assets	1,920,073	1,647,799
Property, plant, and equipment, net	293,725	322,167
Operating lease right-of-use assets	344,876	351,277
Intangible assets, net	102,321	121,471
Goodwill	68,594	68,594
Deferred income taxes	92,493	77,055
Other non-current assets	67,277	63,951
Total assets	\$ 2,889,359	\$ 2,652,314
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 241,119	\$ 164,332
Accrued liabilities	273,590	257,040
Operating lease liabilities	67,055	73,409
Income taxes payable	8,955	4,813
Total current liabilities	590,719	499,594
Non-current operating lease liabilities	330,765	337,108
Income taxes payable	49,392	49,195
Deferred income taxes	1	7,149
Other long-term liabilities	38,165	36,452
Total liabilities	1,009,042	929,498
Shareholders' equity	1,880,317	1,722,816
Total liabilities and shareholders' equity	\$ 2,889,359	\$ 2,652,314

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<i>(In thousands, except per share amounts)</i>				
Net sales	\$ 804,706	\$ 701,092	\$ 1,996,682	\$ 1,585,931
Cost of sales	396,346	358,184	974,403	825,079
Gross profit	408,360	342,908	1,022,279	760,852
Gross margin	50.7 %	48.9 %	51.2 %	48.0 %
Selling, general and administrative expenses	280,121	261,192	796,276	755,664
Net licensing income	5,222	3,927	12,933	8,168
Operating income	133,461	85,643	238,936	13,356
Interest income (expense), net	196	(280)	1,072	728
Other non-operating income (expense), net	201	(465)	(397)	2,208
Income before income tax	133,858	84,898	239,611	16,292
Income tax expense	(33,295)	(22,147)	(42,464)	(4,035)
Net income	\$ 100,563	\$ 62,751	\$ 197,147	\$ 12,257
Earnings per share:				
Basic	\$ 1.53	\$ 0.95	\$ 2.98	\$ 0.18
Diluted	\$ 1.52	\$ 0.94	\$ 2.96	\$ 0.18
Weighted average shares outstanding:				
Basic	65,862	66,179	66,182	66,427
Diluted	66,266	66,537	66,673	66,807

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

(In thousands)	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 197,147	\$ 12,257
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation, amortization and non-cash lease expense	84,509	102,283
Provision for uncollectible accounts receivable	(9,088)	24,684
Loss on disposal or impairment of property, plant and equipment, and right-of-use assets	366	8,981
Deferred income taxes	(8,731)	4,306
Stock-based compensation	14,487	12,802
Changes in operating assets and liabilities:		
Accounts receivable	(44,500)	(17,130)
Inventories	(173,761)	(160,090)
Prepaid expenses and other current assets	(40,957)	9,098
Other assets	148	(20,786)
Accounts payable	22,014	(89,790)
Accrued liabilities	24,813	(41,182)
Income taxes payable	(14,621)	(10,011)
Operating lease assets and liabilities	(68,823)	(41,459)
Other liabilities	1,359	8,077
Net cash used in operating activities	(15,638)	(197,960)
Cash flows from investing activities:		
Purchases of short-term investments	—	(35,044)
Sales and maturities of short-term investments	1,184	36,630
Capital expenditures	(20,413)	(25,164)
Net cash used in investing activities	(19,229)	(23,578)
Cash flows from financing activities:		
Proceeds from credit facilities	29,508	387,992
Repayments on credit facilities	(29,313)	(388,465)
Payment of line of credit issuance fees	—	(2,096)
Proceeds from issuance of common stock related to stock-based compensation	24,329	4,793
Tax payments related to stock-based compensation	(5,715)	(4,454)
Repurchase of common stock	(118,580)	(132,889)
Cash dividends paid	(51,662)	(17,195)
Net cash used in financing activities	(151,433)	(152,314)
Net effect of exchange rate changes on cash	(4,946)	1,272
Net decrease in cash and cash equivalents	(191,246)	(372,580)
Cash and cash equivalents, beginning of period	790,725	686,009
Cash and cash equivalents, end of period	<u>\$ 599,479</u>	<u>\$ 313,429</u>
Supplemental disclosures of non-cash investing and financing activities :		
Property, plant and equipment acquired through increase in liabilities	\$ 8,277	\$ 4,774
Repurchases of common stock not settled	\$ 8,628	\$ —

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

	Three Months Ended September 30,					
	Reported Net Sales	Adjust for Foreign Currency	Constant- currency Net Sales	Reported Net Sales	Reported Net Sales	Constant-currency Net Sales
(In millions, except percentage changes)	2021	Translation	2021 ⁽¹⁾	2020	% Change	% Change ⁽¹⁾
Geographical Net Sales:						
United States	\$ 510.5	\$ —	\$ 510.5	\$ 445.6	15%	15%
Latin America and Asia Pacific	102.7	(2.3)	100.4	90.9	13%	10%
Europe, Middle East and Africa	109.2	(1.3)	107.9	99.2	10%	9%
Canada	82.3	(5.0)	77.3	65.4	26%	18%
Total	<u>\$ 804.7</u>	<u>\$ (8.6)</u>	<u>\$ 796.1</u>	<u>\$ 701.1</u>	15%	14%
Brand Net Sales:						
Columbia	\$ 651.5	\$ (7.6)	\$ 643.9	\$ 559.7	16%	15%
SOREL	88.1	(0.9)	87.2	91.5	(4)%	(5)%
prAna	36.4	—	36.4	30.5	19%	19%
Mountain Hardwear	28.7	(0.1)	28.6	19.4	48%	47%
Total	<u>\$ 804.7</u>	<u>\$ (8.6)</u>	<u>\$ 796.1</u>	<u>\$ 701.1</u>	15%	14%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 621.1	\$ (6.3)	\$ 614.8	\$ 510.2	22%	21%
Footwear	183.6	(2.3)	181.3	190.9	(4)%	(5)%
Total	<u>\$ 804.7</u>	<u>\$ (8.6)</u>	<u>\$ 796.1</u>	<u>\$ 701.1</u>	15%	14%
Channel Net Sales:						
Wholesale	\$ 518.2	\$ (6.7)	\$ 511.5	\$ 471.5	10%	8%
DTC	286.5	(1.9)	284.6	229.6	25%	24%
Total	<u>\$ 804.7</u>	<u>\$ (8.6)</u>	<u>\$ 796.1</u>	<u>\$ 701.1</u>	15%	14%

⁽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)

	Nine Months Ended September 30,					
	Reported Net Sales	Adjust for Foreign Currency	Constant- currency Net Sales	Reported Net Sales	Reported Net Sales	Constant-currency Net Sales
(In millions, except percentage changes)	2021	Translation	2021 ⁽¹⁾	2020	% Change	% Change ⁽¹⁾
Geographical Net Sales:						
United States	\$ 1,298.2	\$ —	\$ 1,298.2	\$ 1,004.7	29%	29%
Latin America and Asia Pacific	292.7	(11.9)	280.8	260.9	12%	8%
Europe, Middle East and Africa	268.5	(9.6)	258.9	213.3	26%	21%
Canada	137.3	(8.7)	128.6	107.0	28%	20%
Total	<u>\$ 1,996.7</u>	<u>\$ (30.2)</u>	<u>\$ 1,966.5</u>	<u>\$ 1,585.9</u>	26%	24%
Brand Net Sales:						
Columbia	\$ 1,663.2	\$ (27.8)	\$ 1,635.4	\$ 1,297.2	28%	26%
SOREL	157.5	(1.8)	155.7	143.5	10%	9%
prAna	107.6	—	107.6	94.7	14%	14%
Mountain Hardwear	68.4	(0.6)	67.8	50.5	35%	34%
Total	<u>\$ 1,996.7</u>	<u>\$ (30.2)</u>	<u>\$ 1,966.5</u>	<u>\$ 1,585.9</u>	26%	24%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 1,543.1	\$ (21.0)	\$ 1,522.1	\$ 1,206.2	28%	26%
Footwear	453.6	(9.2)	444.4	379.7	19%	17%
Total	<u>\$ 1,996.7</u>	<u>\$ (30.2)</u>	<u>\$ 1,966.5</u>	<u>\$ 1,585.9</u>	26%	24%
Channel Net Sales:						
Wholesale	\$ 1,155.9	\$ (19.2)	\$ 1,136.7	\$ 957.3	21%	19%
DTC	840.8	(11.0)	829.8	628.6	34%	32%
Total	<u>\$ 1,996.7</u>	<u>\$ (30.2)</u>	<u>\$ 1,966.5</u>	<u>\$ 1,585.9</u>	26%	24%

⁽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

Q3'21

October 28, 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, the speed of the vaccination roll-out and vaccine mandates; 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

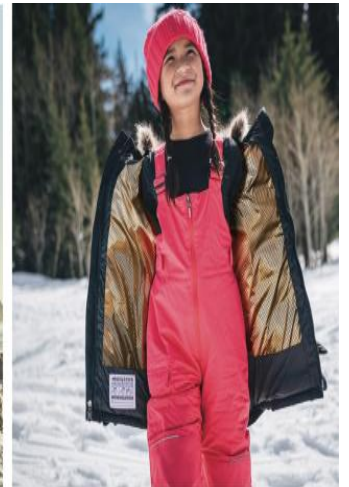
Since Columbia Sportswear Company is a global company, the comparability of its operating results reported in U.S. dollars is affected by foreign currency exchange rate fluctuations because the underlying currencies in which it transacts change in value over time compared to the U.S. dollar. To supplement 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



Q3'21 KEY HIGHLIGHTS

Q3'21 FINANCIAL RESULTS COMPARED TO Q3'20

\$805M

+15%

Net Sales

50.7%

+180 bps

Gross Margin

16.6%

+440 bps

Operating Margin

\$1.52

+62%

Diluted EPS

Q3'21 Highlights:

- Favorable gross margin and SG&A performance resulted in better than planned earnings, despite supply chain disruptions which constrained net sales performance.
- Strong consumer demand for our products contributed to DTC growth and drove favorable early season Fall 2021 sell-through trends at our wholesale partners stores.
- Exited quarter with \$600.6 million in cash and short-term investments and no borrowings.

Q3'21 ACTUAL VS LAST YEAR

(dollars in millions, except per share amounts)

	Q3'21	Q3'20	Change
Net sales	\$804.7	\$701.1	+15%
Gross margin	50.7%	48.9%	+180 bps
SG&A percent of net sales	34.8%	37.3%	-250 bps
Operating income	\$133.5	\$85.6	+56%
Operating margin	16.6%	12.2%	+440 bps
Net income	\$100.6	\$62.8	+60%
Diluted EPS	\$1.52	\$0.94	+62%

Commentary on factors impacting Q3'21 financial results:

- Y/Y net sales growth reflects DTC growth and higher Fall 2021 wholesale orders, as we anniversary prior year pandemic disruptions. This growth was constrained by supply chain disruptions that resulted in later inventory receipts and lower than expected wholesale shipments during the quarter.
- Gross margin improvement reflects lower DTC promotional levels and favorable wholesale product margins, partially offset by higher inbound freight costs, the non-recurrence of inventory provision activity that benefited Q3'20 and unfavorable channel sales mix.
- SG&A leverage primarily driven by net sales growth as well as SG&A expense reductions related to a benefit from a lease termination liability settlement of a prior year store closure and the non-recurrence of prior year COVID-19 related expenses.

Q3'21 NET SALES BY BRAND

Q3'21 NET SALES AND GROWTH VS. Q3'20

CATEGORY PERFORMANCE

APPAREL, ACCESSORIES & EQUIPMENT:

↑ **+22%** (+21% c.c.)
\$621M

FOOTWEAR:

↓ **-4%** (-5% c.c.)
\$184M

- Footwear net sales performance was constrained by supply chain disruptions as well as footwear manufacturing capacity limitations

BRAND PERFORMANCE

 **Columbia**

↑ **+16%** (+15% c.c.)
\$652M

 **prAna**

↑ **+19%** (+19% c.c.)
\$36M



↓ **-4%** (-5% c.c.)
\$88M

 **MOUNTAIN
HARD
WEAR**

↑ **+48%** (+47% c.c.)
\$29M

- SOREL net sales decline reflects supply chain disruptions and manufacturing capacity limitations, partially offset by robust SOREL.com growth
- Mountain Hardwear growth reflects higher Fall'21 orders, including new points of wholesale distribution

CHANNEL PERFORMANCE

WHOLESALE:

↑ **+10%** (+8% c.c.)
\$518M

DTC:

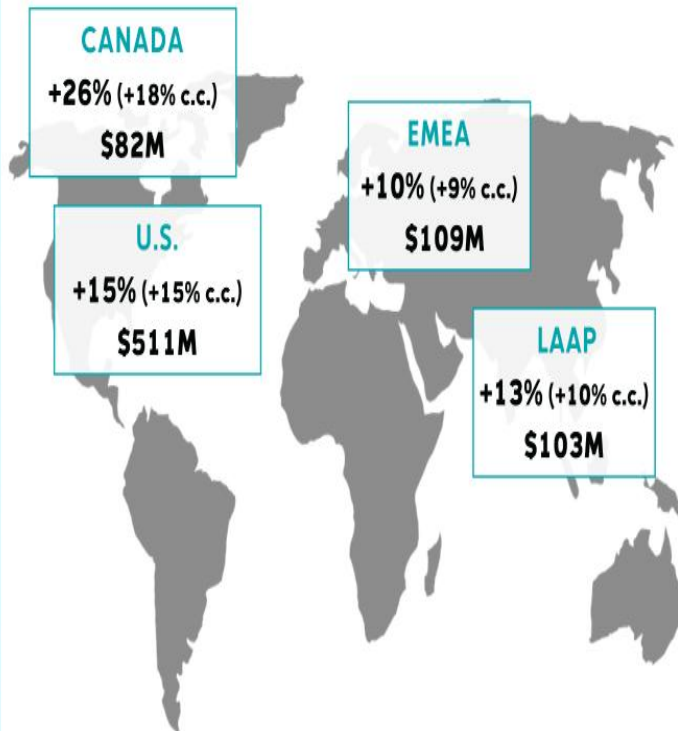
↑ **+25%** (+24% c.c.)
\$287M

- Wholesale net sales were impacted by supply chain disruptions that resulted in later inventory receipts and lower than expected wholesale shipments
- DTC B&M +36%, DTC.com +6%

Q3'21 REGIONAL NET SALES PERFORMANCE

Q3'21 NET SALES AND GROWTH VS. Q3'20

DTC growth and higher Fall 2021 orders benefitted from the anniversary of prior year pandemic disruptions



Percentage change details and primary drivers:

U.S.

- **Wholesale:** up **LSD%**, higher Fall 2021 wholesale order shipments; growth was constrained by supply chain disruptions
- **DTC:** up **mid-30%**, DTC B&M +mid-50% and DTC.com +HSD%
- The Company had 138 stores (129 outlet; 9 branded) exiting Q3'21 vs. 136 (123 outlet; 13 branded) exiting Q3'20

LAAP

- **China:** up **mid-20%** (up mid-teens% c.c.), higher Fall 2021 wholesale order shipments; lower DTC sales were impacted by sporadic provincial COVID-19 government restrictions
- **Korea:** up **high-teens%** (up mid-teens% c.c.), higher Fall 2021 wholesale order shipments
- **LAAP distributor:** up **low-20%**, higher Fall 2021 order shipments
- **Japan:** down **MSD%** (down LSD% c.c.), State of Emergency declaration impacted Q3'21 consumer demand

EMEA

- **Europe-direct:** up **LDD%**, higher Fall 2021 wholesale order shipments and improving DTC performance as COVID-19 restrictions eased
- **EMEA distributor:** up **MSD%**, higher Fall 2021 order shipments

Canada

- **+26%** (+18% c.c.), higher Fall 2021 wholesale order shipments and improving DTC performance as COVID-19 restrictions eased

Q3'21 GROSS MARGIN BRIDGE

Q3'21 gross margin expanded 180bps y/y to 50.7%

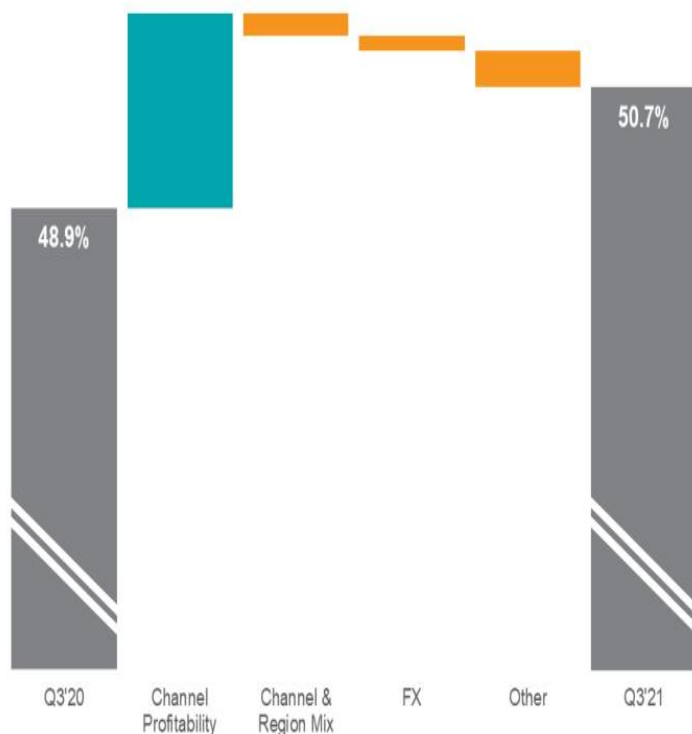
Gross Margin expansion primarily reflects:

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 and to a lesser extent favorable full-price vs off-price sales mix

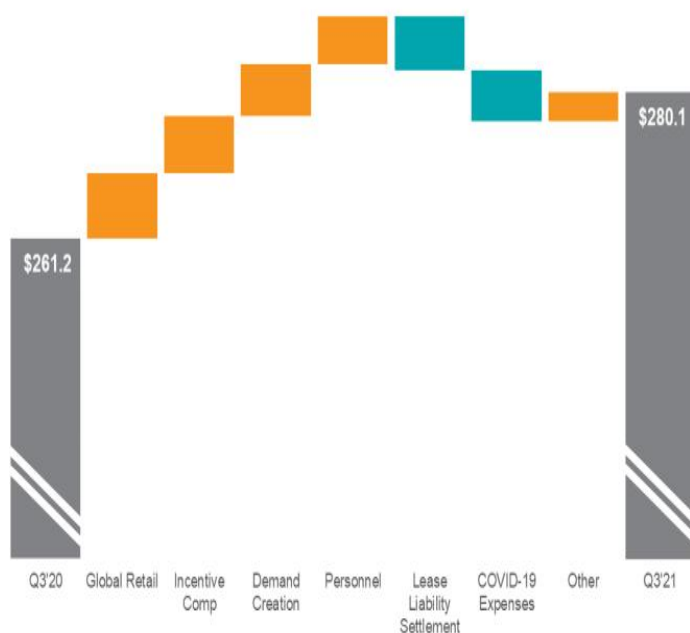
Headwinds

- **Channel Profitability:** supply chain capacity constraints resulted in higher inbound freight costs
- **Other:** non-recurrence of inventory provision activity that benefitted Q3'20 margin performance
- **Channel & Region Mix:** net sales shift to channels which typically carry lower margins including regional net sales shifts to Wholesale from DTC and a higher B&M mix within DTC



Q3'21 SG&A BRIDGE

SG&A increased 7% y/y to \$280.1M



Q3'21 SG&A expenses were 34.8% of net sales compared to 37.3% in Q3'20

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
- **Incentive Comp:** higher incentive compensation
- **Demand Creation:** higher variable spending with sales growth and incremental strategic investment
- **Personnel:** impact of higher personnel expenses to support business growth, annual merit increases, and wage increases to mitigate workforce shortages

Partially offset by:

SG&A Expense Reductions

- **Lease Liability Settlement:** benefit from the completion of a lease termination and settlement of liabilities related to a prior year store closure
- **COVID-19 Expenses:** non-recurrence of Q3'20 COVID-19 related costs

BALANCE SHEET OVERVIEW

Balance Sheet as of September 30, 2021

Cash, Cash Equivalents and Short-term Investments

\$601M

Cash, cash equivalents and short-term investments totaled \$600.6M, compared to \$314.5M as of September 30, 2020.

The Company had no borrowings as of September 30, 2021 or 2020.

Inventory

-7%

Inventories -7% y/y to \$720.9M. The reduction in inventory was driven by increased sales and to a lesser extent, delayed Fall 2021 inventory production resulting from the cumulative effects of supply chain disruptions. Exiting the quarter, finished goods inventory in our distribution centers was down 35% y/y, while in-transit increased 127% y/y. Inventory at quarter-end primarily consisted of current and future season product. Aged inventories represent a manageable portion of our total inventory mix.



CASH FLOW OVERVIEW

Cash Flow for the Nine Months Ended September 30, 2021

Net Cash Flow from Operations

-\$16M

Net cash flow used in operating activities was \$15.6M, compared to net cash flow used in operating activities of \$198.0M for the same period in 2020.

Capital Expenditures

\$20M

Capital expenditures totaled \$20.4M, compared to \$25.2M for the same period in 2020.

Share Repurchases

\$119M

Based on trade date, the Company repurchased 1,254,081 shares of common stock for an aggregate of \$127.2M, at an average price per share of \$101.44. From a cash flow perspective, shares repurchased generally settle subsequent to the trade date.

Dividend

\$0.26

The Board of Directors approved a regular quarterly cash dividend of \$0.26 per share, payable on December 2, 2021 to shareholders of record on November 18, 2021.



COVID-19 AND SUPPLY CHAIN 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.

Supply Chain and Logistics

- Inbound shipping times, port congestion and other logistics delays have elongated in-transit times resulting in delayed receipt and delivery of products for our Fall 2021 and Spring 2022 seasons.
- During the third quarter, government mandated factory closures in Vietnam disrupted our manufacturing partners operations and impacted production of Fall 2021 and Spring 2022 product. Factories in Vietnam began to reopen October 1st, at less than full capacity.
- For reference, as of the date of this release, over 90% of Fall 2021 product has been produced.
- Demand for ocean vessels and containers continues to far outstrip available capacity, resulting in significant y/y increases in ocean freight costs which have been incorporated into our full year financial outlook.
- Shipments of U.S. Fall 2021 inventory orders are also being delayed due to a shortage of trucks, equipment and drivers.
- 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.

DTC Brick & Mortar Store Impacts

- The majority of our owned stores remained open throughout Q3'21. Government restrictions, mandated lockdowns and related temporary store closures primarily impacted stores in Japan and China at varying times during the quarter.
- Store traffic levels improved significantly compared to Q3'20, but remain below pre-pandemic levels. Store traffic levels vary by region and are influenced by each market's ability to contain the spread of the virus and consumers' willingness to shop in store.

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 October 28, 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 October 28, 2021 regarding the impact on our operations of the COVID-19 pandemic; economic conditions; supply chain disruptions, constraints and expenses; labor shortages; consumer behavior and confidence; as well as geopolitical tensions. However, it is not possible to determine the ultimate impact on future operations, or whether other currently unanticipated direct or indirect consequences of the pandemic or the supply chain are reasonably likely to materially affect our operations. This outlook and commentary assumes no meaningful deterioration of current supply chain conditions, market conditions or the ongoing pandemic. Projections are predicated on normal seasonal weather globally.

	2021 Financial Outlook	Outlook compared to 2020
Net sales	\$3.04B to \$3.08B (prior \$3.13B to \$3.16B)	+21.5% to 23.0% (prior +25.0% to 26.5%)
Gross margin	50.8% to 51.0% (prior 49.9% to 50.1%)	190 to 210 bps expansion (prior 95 bps to 115 bps expansion)
SG&A percent of net sales	38.5% to 38.8% (prior 38.4% to 38.7%)	510 bps to 540 bps leverage (prior 520 bps to 550 bps leverage)
Operating margin	12.6% to 13.2% (prior 11.7% to 12.2%)	710 bps to 770 bps leverage (prior 620 bps to 670 bps leverage)
Operating income	\$384M to \$405M (prior \$365M to \$386M)	+180% to 196% (prior +166% to 182%)
Effective income tax rate	~21.5%	2020 effective tax rate of 22.6%
Net income	\$302M to \$319M (prior \$287M to \$304M)	+180% to 195% (prior +166% to 181%)
Diluted EPS	\$4.55 to \$4.80 (prior \$4.30 to \$4.55)	+181% to 196% (prior +165% to +181%)

2021 FINANCIAL OUTLOOK ASSUMPTIONS

Net Sales

Anticipated net sales growth primarily reflects:

- All brands are anticipated to grow in 2021 led by the Mountain Hardwear and Columbia 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 growth to outpace Footwear. Demand for our footwear continues to be robust and is outpacing production capacity.
- From a channel perspective, we anticipate DTC growth to outpace wholesale.
- 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: 9 stores opened YTD; 12 stores (primarily outlet stores) planned in 2021.

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;
- a lower proportion of wholesale close-out product sales due to less excess inventory;
- lower wholesale customer accommodations; and
- lower inventory reserve provisions; partially offset by
- increased inbound freight costs associated with industrywide logistics capacity constraints.

Since our second quarter 2021 update, the estimate of full year ocean freight costs has decreased by \$8M-\$10M, primarily reflecting lower anticipated shipping volumes resulting from our reduced net sales outlook and to a lesser extent, slightly lower than previously forecasted freight rates.

SG&A percent of net sales

Anticipated SG&A expense growth primarily reflects:

- increased demand creation spending;
- increased variable expenses related to global DTC sales growth as well as operating costs of distribution centers and other operations;
- higher incentive compensation; and
- higher personnel expenses; partially offset by
- 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;
- lower bad debt expense; and
- the benefit from the completion of a lease termination and settlement of liabilities related to prior year store closures.

Demand creation as a percent of net sales is anticipated to be 6.0 percent in 2021, compared to 5.7 percent in 2020.

2021 ASSUMPTIONS, Q4'21 OUTLOOK AND PRELIMINARY 2022 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 is ~21.5%.
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 \$250M to \$270M (prior \$260M to \$280M). Capital expenditures are planned to be \$45M to \$50M (prior \$45M to \$60M).
Q4'21 Financial Outlook	<ul style="list-style-type: none"> Net sales of \$1.04B to \$1.08B, representing net sales growth of 14% to 18%. Diluted earnings per share is expected to be \$1.60 to \$1.85.
Preliminary 2022 Commentary	<ul style="list-style-type: none"> Our Spring 2022 wholesale sales forecast reflects over 30% growth. We anticipate ongoing supply chain disruptions will continue to impact the timing of receipts and shipments of Spring 2022 inventory and may result in higher than planned cancellations that would impact net sales performance. We recently commenced our Fall 2022 order taking process. It is important to note that Fall 2021 sell-through performance can have a material impact on our Fall 2022 orders and resulting Fall 2022 wholesale sales forecast. Based on momentum we see across the business, we believe mid-teens% or better net sales growth for the full year is attainable. Given our current view of product and freight costs as well as the likelihood of a more normalized promotional environment, we anticipate gross margin pressure in 2022. We do not expect planned price increases will be able to fully offset these headwinds. We are also planning to make investments across the business, including demand creation, supply chain and digital capabilities that will add to our overall spending levels. With these factors in mind, our preliminary planning for 2022 contemplates an operating margin similar to the range provided in our 2021 financial outlook. Assuming no changes to current tax rates or discrete tax items, we currently anticipate our 2022 effective tax rate to be in the mid-twenties% range.



APPENDIX

THIRD 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 September 30,					
	Reported	Adjust for	Constant-	Reported	Reported	Constant-
	Net Sales	Foreign	currency	Net Sales	Net Sales	currency
(In millions, except percentage changes)	2021	Translation	2021 ⁽¹⁾	2020	% Change	% Change ⁽¹⁾
Geographical Net Sales:						
United States	\$ 510.5	\$ —	\$ 510.5	\$ 445.6	15%	15%
Latin America and Asia Pacific	102.7	(2.3)	100.4	90.9	13%	10%
Europe, Middle East and Africa	109.2	(1.3)	107.9	99.2	10%	9%
Canada	82.3	(5.0)	77.3	65.4	26%	18%
Total	\$ 804.7	\$ (8.6)	\$ 796.1	\$ 701.1	15%	14%
Brand Net Sales:						
Columbia	\$ 651.5	\$ (7.6)	\$ 643.9	\$ 559.7	16%	15%
SOREL	88.1	(0.9)	87.2	91.5	(4)%	(5)%
prAna	36.4	—	36.4	30.5	19%	19%
Mountain Hardwear	28.7	(0.1)	28.6	19.4	48%	47%
Total	\$ 804.7	\$ (8.6)	\$ 796.1	\$ 701.1	15%	14%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 621.1	\$ (6.3)	\$ 614.8	\$ 510.2	22%	21%
Footwear	183.6	(2.3)	181.3	190.9	(4)%	(5)%
Total	\$ 804.7	\$ (8.6)	\$ 796.1	\$ 701.1	15%	14%
Channel Net Sales:						
Wholesale	\$ 518.2	\$ (6.7)	\$ 511.5	\$ 471.5	10%	8%
DTC	286.5	(1.9)	284.6	229.6	25%	24%
Total	\$ 804.7	\$ (8.6)	\$ 796.1	\$ 701.1	15%	14%

⁽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 NINE MONTHS 2021 FREE CASH FLOW RECONCILIATION

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

(In millions)	Nine Months Ended September 30,	
	2021	2020
Net cash used in operating activities	\$ (15.6)	\$ (198.0)
Capital expenditures	(20.4)	(25.2)
Free cash flow	<u>\$ (36.0)</u>	<u>\$ (223.2)</u>
