
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):
February 3, 2022

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 February 3, 2022, Columbia Sportswear Company (the "Company") issued a press release reporting its fourth quarter and full year 2021 financial results, providing its full year 2022 financial outlook and announcing a quarterly dividend. 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 fourth quarter and full year 2021 financial results and its 2022 financial outlook, as posted on the Company's investor relations website, <http://investor.columbia.com>, on February 3, 2022. 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 February 3, 2022 press release, the Company announced that its Board of Directors declared a quarterly cash dividend of \$0.30 per share of common stock to be paid on March 21, 2022 to its shareholders of record on March 11, 2022.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

[99.1](#) Press Release, dated February 3, 2022 (furnished pursuant to Items 2.02 and 7.01 hereof).

[99.2](#) CFO Commentary and Financial Review Presentation, dated February 3, 2022 (furnished pursuant to Items 2.02 and 7.01 hereof).

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

SIGNATURES

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

COLUMBIA SPORTSWEAR COMPANY

Dated: February 3, 2022

By: /S/ JIM A. SWANSON

Jim A. Swanson

Executive Vice President and Chief Financial Officer



**Columbia Sportswear Company Reports Record Fourth Quarter and Full Year 2021 Financial Results;
Provides Full Year 2022 Financial Outlook; Board Approves 15 Percent Dividend Increase**

Fourth Quarter 2021 Highlights

- Net sales increased 23 percent to a record \$1,129.7 million, compared to fourth quarter 2020.
- Operating income increased 71 percent to a record \$211.6 million, or 18.7 percent of net sales, compared to fourth quarter 2020 operating income of \$123.7 million, or 13.5 percent of net sales.
- Diluted earnings per share increased 66 percent to a record \$2.39, compared to \$1.44 in fourth quarter 2020.
- Exited the quarter with \$894.5 million in cash and short-term investments and no borrowings.
- On January 28, 2022, the Board of Directors approved a 15 percent increase to the quarterly dividend to \$0.30 per share.

Full Year 2021 Highlights

- Net sales increased 25 percent to a record \$3,126.4 million, compared to 2020.
- Operating income increased 229 percent to a record \$450.5 million, or 14.4 percent of net sales, compared to 2020 operating income of \$137.0 million, or 5.5 percent of net sales.
- Diluted earnings per share increased 229 percent to a record \$5.33, compared to 2020 diluted earnings per share of \$1.62.
- Net sales increased 3 percent and diluted earnings per share increased 10 percent, compared to pre-pandemic 2019 levels.
- The Company repurchased \$165.9 million of common stock during the year.

Full Year 2022 Financial Outlook

The following forward-looking statements reflect our expectations as of February 3, 2022 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 2022 Financial Outlook section below and the CFO Commentary and Financial Review presentation.

- Net sales of \$3.63 to \$3.69 billion representing net sales growth of 16 to 18 percent compared to 2021.
- Operating income of \$472 to \$498 million, representing operating margin of 13.0 to 13.5 percent.
- Diluted earnings per share of \$5.50 to \$5.80.

PORTLAND, Ore. - February 3, 2022 - Columbia Sportswear Company (NASDAQ: COLM, the "Company"), a leading innovator in outdoor, active and everyday lifestyle apparel, footwear, accessories and equipment products, today announced fourth quarter 2021 financial results for the period ended December 31, 2021.

Chairman, President and Chief Executive Officer Tim Boyle commented, "Fourth quarter and full year financial results were exceptional. Record financial performance reflects the strength of our brands and the tremendous efforts and resilience of our employees globally. In the quarter, robust consumer demand led to results that far exceeded our financial outlook driven by DTC outperformance and a highly favorable full price selling environment, which benefited gross margin. Throughout the season, our Fall 2021 sell-through rates have been outstanding,

including the successful global launch of Omni-Heat Infinity.

"As we begin 2022, we are acutely focused on unlocking the growth opportunities we see across the business while mitigating supply chain and inflationary pressures. Our powerful brand portfolio is well positioned to connect active people with their passions and capitalize on the popularity of outdoor activities. Our 2022 outlook calls for 16 to 18 percent net sales growth, on top of 25 percent growth in 2021.

"I am confident we have the right strategies in place to drive profitable growth, and we are committed to 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 fourth quarter 2021 financial results, 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 fourth quarter 2021. Overall brick & mortar store traffic trends remain below pre-pandemic levels.

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.

Fourth Quarter 2021 Financial Results

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

Net sales increased 23 percent to \$1,129.7 million from \$915.6 million for the comparable period in 2020. The increase in net sales primarily reflects strong consumer demand, which fueled direct-to-consumer ("DTC") growth and higher Fall 2021 wholesale shipments, as we anniversary prior year pandemic disruptions.

Gross margin expanded 160 basis points to 52.2 percent of net sales from 50.6 percent of net sales for the comparable period in 2020. Gross margin expansion was primarily driven by lower DTC promotional levels, strong retail sell-through performance resulting in higher wholesale product margins, and favorable channel sales mix, partially offset by higher inbound freight costs and year-over-year changes in inventory provision activity.

SG&A expenses increased 12 percent to \$384.0 million, or 34.0 percent of net sales, from \$343.3 million, or 37.5 percent of net sales, for the comparable period in 2020. The increase in SG&A expenses primarily reflects expenses to support the growth of the business including higher global retail, demand creation, incentive compensation and personnel expenses, partially offset by lower retail impairments and store closure charges compared to fourth quarter 2020, and the non-recurrence of a prAna trademark impairment.

Operating income increased 71 percent to \$211.6 million, or 18.7 percent of net sales, compared to operating income of \$123.7 million, or 13.5 percent of net sales, for the comparable period in 2020.

Income tax expense of \$54.9 million resulted in an effective income tax rate of 25.9 percent, compared to a \$27.5 million expense, or an effective tax rate of 22.3 percent, for the comparable period in 2020.

Net income increased 64 percent to \$157.0 million, or \$2.39 per diluted share, compared to net income of \$95.8 million, or \$1.44 per diluted share, for the comparable period in 2020.

Full Year 2021 Financial Results

(All comparisons are between full year 2021 and full year 2020, unless otherwise noted.)

Net sales increased 25 percent to \$3,126.4 million from \$2,501.6 million for the comparable period in 2020.

Gross margin expanded 270 basis points to 51.6 percent of net sales from 48.9 percent of net sales for the comparable period in 2020.

SG&A expenses increased 7 percent to \$1,180.3 million, or 37.8 percent of net sales, compared to \$1,098.9 million, or 43.9 percent of net sales, for the same period in 2020.

Operating income increased 229 percent to \$450.5 million, or 14.4 percent of net sales, compared to operating income of \$137.0 million, or 5.5 percent of net sales, for the comparable period in 2020.

Income tax expense of \$97.4 million resulted in an effective income tax rate of 21.6 percent, compared to a \$31.5 million expense, or an effective tax rate of 22.6 percent, for the comparable period in 2020.

Net income increased 228 percent to \$354.1 million, or \$5.33 per diluted share, compared to net income of \$108.0 million, or \$1.62 per diluted share, for the comparable period in 2020.

Balance Sheet as of December 31, 2021

Cash, cash equivalents and short-term investments totaled \$894.5 million, compared to \$791.9 million as of December 31, 2020.

The Company had no borrowings as of December 31, 2021 or 2020.

Inventories increased 16 percent to \$645.4 million, compared to \$556.5 million as of December 31, 2020. 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 Twelve Months Ended December 31, 2021

Net cash flow provided by operating activities was \$354.4 million, compared to \$276.1 million for the same period in 2020.

Capital expenditures totaled \$34.7 million, compared to \$28.8 million for the same period in 2020.

Share Repurchases for the Twelve Months Ended December 31, 2021

The Company repurchased 1,655,407 shares of common stock for an aggregate of \$165.9 million, at an average price per share of \$100.23.

At December 31, 2021, \$316.3 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

At its board meeting on January 28, 2022, the Board of Directors approved a 15 percent increase to the quarterly cash dividend to \$0.30 per share, payable on March 21, 2022 to shareholders of record on March 11, 2022.

Full Year 2022 Financial Outlook

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

The Company's 2022 Financial Outlook is forward-looking in nature, and the following forward-looking statements reflect our expectations as of February 3, 2022 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 February 3, 2022 regarding the impact on our operations of the COVID-19 pandemic; economic conditions, including inflationary pressures; 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 16 to 18 percent to \$3.63 to \$3.69 billion from \$3.13 billion in 2021.

Gross margin is expected to contract approximately 160 basis points to approximately 50 percent of net sales from 51.6 percent of net sales in 2021.

SG&A expenses are expected to increase at a slightly slower rate than net sales growth. SG&A expense as a percent of net sales is expected to be 37.2 to 37.5 percent, compared to SG&A expenses as a percent of net sales of 37.8 percent in 2021. Demand creation as a percent of net sales is anticipated to be 6.0 percent in 2022, compared to 5.9 percent in 2021.

Operating income is expected to be \$472 to \$498 million, resulting in operating margin of 13.0 to 13.5 percent, compared to operating margin of 14.4 percent in 2021.

Effective income tax rate is expected to be approximately 24.0 to 24.5 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 \$359 to \$379 million, resulting in diluted earnings per share of \$5.50 to \$5.80.

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 translation of cost of goods sold and SG&A expenses as well as negative foreign currency transactional effects from hedging of production.

Balance Sheet and Cash Flows

Operating cash flow is expected to be at least \$170 million.

Capital expenditures are planned to be between \$80 to \$100 million.

First Half 2022 Financial Commentary

- **Net sales** growth of high-teens to low-20 percent, compared to first half 2021.
- **Gross margin** is anticipated to contract over 300 basis points compared to first half 2021.
- **SG&A expenses** are anticipated to grow slower than net sales growth, resulting in modest SG&A leverage.
- **Diluted earnings per share** of \$0.90 to \$1.10.

Conference Call

The Company will hold its fourth 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>.

First Quarter 2021 Reporting Date

Columbia Sportswear Company plans to report first quarter 2022 financial results on Thursday, April 28, 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 2022 net sales, gross margin, SG&A expense, demand creation spend, operating income, effective income tax rate, net income, diluted earnings per share, foreign currency translation, cash flows, and capital expenditures, and first half 2022 net sales, gross margin, SG&A expense and diluted earnings per share. 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; economic conditions, including inflationary pressures; supply chain disruptions, constraints and expenses; labor shortages; changes in consumer behavior and confidence; as well as geopolitical tensions. 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
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)	December 31,	
	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 763,404	\$ 790,725
Short-term investments	131,145	1,224
Accounts receivable, net	487,803	452,945
Inventories, net	645,379	556,530
Prepaid expenses and other current assets	86,306	54,197
Total current assets	2,114,037	1,855,621
Property, plant, and equipment, net	291,088	309,792
Operating lease right-of-use assets	330,928	339,244
Intangible assets, net	101,908	103,558
Goodwill	68,594	68,594
Deferred income taxes	92,121	96,126
Other non-current assets	68,452	63,636
Total assets	\$ 3,067,128	\$ 2,836,571
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 283,349	\$ 206,697
Accrued liabilities	316,485	257,278
Operating lease liabilities	67,429	65,466
Income taxes payable	13,127	23,181
Total current liabilities	680,390	552,622
Non-current operating lease liabilities	317,666	353,181
Income taxes payable	44,541	49,922
Deferred income taxes	—	5,205
Other long-term liabilities	35,279	42,870
Total liabilities	1,077,876	1,003,800
Shareholders' equity	1,989,252	1,832,771
Total liabilities and shareholders' equity	\$ 3,067,128	\$ 2,836,571

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
<i>(In thousands, except per share amounts)</i>				
Net sales	\$ 1,129,720	\$ 915,623	\$ 3,126,402	\$ 2,501,554
Cost of sales	539,544	452,586	1,513,947	1,277,665
Gross profit	590,176	463,037	1,612,455	1,223,889
Gross margin	52.2 %	50.6 %	51.6 %	48.9 %
Selling, general and administrative expenses	384,047	343,284	1,180,323	1,098,948
Net licensing income	5,439	3,940	18,372	12,108
Operating income	211,568	123,693	450,504	137,049
Interest income (expense), net	308	(293)	1,380	435
Other non-operating income (expense), net	24	(169)	(373)	2,039
Income before income tax	211,900	123,231	451,511	139,523
Income tax expense	(54,939)	(27,475)	(97,403)	(31,510)
Net income	<u>\$ 156,961</u>	<u>\$ 95,756</u>	<u>\$ 354,108</u>	<u>\$ 108,013</u>
Earnings per share:				
Basic	\$ 2.41	\$ 1.45	\$ 5.37	\$ 1.63
Diluted	\$ 2.39	\$ 1.44	\$ 5.33	\$ 1.62
Weighted average shares outstanding:				
Basic	65,229	66,225	65,942	66,376
Diluted	65,617	66,642	66,415	66,772

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

<i>(in thousands)</i>	Year Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 354,108	\$ 108,013
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and non-cash lease expense	115,571	146,601
Provision for uncollectible accounts receivable	(10,758)	19,156
Loss on disposal or impairment of intangible assets, property, plant and equipment, and right-of-use assets	1,233	31,342
Deferred income taxes	(9,798)	(11,263)
Stock-based compensation	19,126	17,778
Changes in operating assets and liabilities:		
Accounts receivable	(31,622)	22,885
Inventories, net	(100,261)	64,884
Prepaid expenses and other current assets	(24,858)	33,712
Other assets	1,231	(21,224)
Accounts payable	75,513	(49,275)
Accrued liabilities	66,457	(52,115)
Income taxes payable	(15,248)	9,082
Operating lease assets and liabilities	(85,176)	(52,112)
Other liabilities	(1,112)	8,613
Net cash provided by operating activities	<u>354,406</u>	<u>276,077</u>
Cash flows from investing activities:		
Purchases of short-term investments	(130,191)	(35,044)
Sales and maturities of short-term investments	1,184	36,631
Capital expenditures	(34,744)	(28,758)
Net cash used in investing activities	<u>(163,751)</u>	<u>(27,171)</u>
Cash flows from financing activities:		
Proceeds from credit facilities	38,334	402,422
Repayments on credit facilities	(38,156)	(403,146)
Payment of line of credit issuance fees	—	(3,278)
Proceeds from issuance of common stock related to stock-based compensation	28,783	6,919
Tax payments related to stock-based compensation	(5,812)	(4,533)
Repurchase of common stock	(165,415)	(132,889)
Cash dividends paid	(68,623)	(17,195)
Net cash used in financing activities	<u>(210,889)</u>	<u>(151,700)</u>
Net effect of exchange rate changes on cash	<u>(7,087)</u>	<u>7,510</u>
Net increase (decrease) in cash and cash equivalents	<u>(27,321)</u>	<u>104,716</u>
Cash and cash equivalents, beginning of period	<u>790,725</u>	<u>686,009</u>
Cash and cash equivalents, end of period	<u><u>\$ 763,404</u></u>	<u><u>\$ 790,725</u></u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for income taxes	\$ 129,483	\$ 14,687
Supplemental disclosures of non-cash investing and financing activities:		
Property, plant and equipment acquired through increase in liabilities	\$ 5,853	\$ 3,831

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

	Three Months Ended December 31,					
	Reported Net Sales 2021	Adjust for Foreign Currency Translation	Constant- currency Net Sales 2021 ⁽¹⁾	Reported Net Sales 2020	Reported Net Sales % Change	Constant-currency Net Sales % Change ⁽¹⁾
<i>(In millions, except percentage changes)</i>						
Geographical Net Sales:						
United States	\$ 762.1	\$ —	\$ 762.1	\$ 599.1	27%	27%
Latin America and Asia Pacific	172.8	4.4	177.2	163.6	6%	8%
Europe, Middle East and Africa	113.6	0.6	114.2	85.6	33%	33%
Canada	81.2	(4.1)	77.1	67.4	20%	14%
Total	<u>\$ 1,129.7</u>	<u>\$ 0.9</u>	<u>\$ 1,130.6</u>	<u>\$ 915.7</u>	23%	23%
Brand Net Sales:						
Columbia	\$ 894.2	\$ 1.4	\$ 895.6	\$ 699.7	28%	28%
SOREL	163.4	(0.6)	162.8	150.0	9%	9%
prAna	34.3	—	34.3	36.9	(7)%	(7)%
Mountain Hardware	37.8	0.1	37.9	29.1	30%	30%
Total	<u>\$ 1,129.7</u>	<u>\$ 0.9</u>	<u>\$ 1,130.6</u>	<u>\$ 915.7</u>	23%	23%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 846.1	\$ 0.7	\$ 846.8	\$ 661.4	28%	28%
Footwear	283.6	0.2	283.8	254.3	12%	12%
Total	<u>\$ 1,129.7</u>	<u>\$ 0.9</u>	<u>\$ 1,130.6</u>	<u>\$ 915.7</u>	23%	23%
Channel Net Sales:						
Wholesale	\$ 504.5	\$ (0.3)	\$ 504.2	\$ 446.0	13%	13%
DTC	625.2	1.2	626.4	469.7	33%	33%
Total	<u>\$ 1,129.7</u>	<u>\$ 0.9</u>	<u>\$ 1,130.6</u>	<u>\$ 915.7</u>	23%	23%

⁽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)

	Twelve Months Ended December 31,					
	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	\$ 2,060.3	\$ —	\$ 2,060.3	\$ 1,603.8	28%	28%
Latin America and Asia Pacific	465.5	(7.5)	458.0	424.5	10%	8%
Europe, Middle East and Africa	382.1	(9.0)	373.1	298.9	28%	25%
Canada	218.5	(12.8)	205.7	174.4	25%	18%
Total	<u>\$ 3,126.4</u>	<u>\$ (29.3)</u>	<u>\$ 3,097.1</u>	<u>\$ 2,501.6</u>	25%	24%
Brand Net Sales:						
Columbia	\$ 2,557.4	\$ (26.4)	\$ 2,531.0	\$ 1,996.9	28%	27%
SOREL	320.9	(2.4)	318.5	293.5	9%	9%
prAna	141.9	—	141.9	131.6	8%	8%
Mountain Hardwear	106.2	(0.5)	105.7	79.6	33%	33%
Total	<u>\$ 3,126.4</u>	<u>\$ (29.3)</u>	<u>\$ 3,097.1</u>	<u>\$ 2,501.6</u>	25%	24%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 2,389.2	\$ (20.3)	\$ 2,368.9	\$ 1,867.6	28%	27%
Footwear	737.2	(9.0)	728.2	634.0	16%	15%
Total	<u>\$ 3,126.4</u>	<u>\$ (29.3)</u>	<u>\$ 3,097.1</u>	<u>\$ 2,501.6</u>	25%	24%
Channel Net Sales:						
Wholesale	\$ 1,660.4	\$ (19.5)	\$ 1,640.9	\$ 1,403.3	18%	17%
DTC	1,466.0	(9.8)	1,456.2	1,098.3	33%	33%
Total	<u>\$ 3,126.4</u>	<u>\$ (29.3)</u>	<u>\$ 3,097.1</u>	<u>\$ 2,501.6</u>	25%	24%

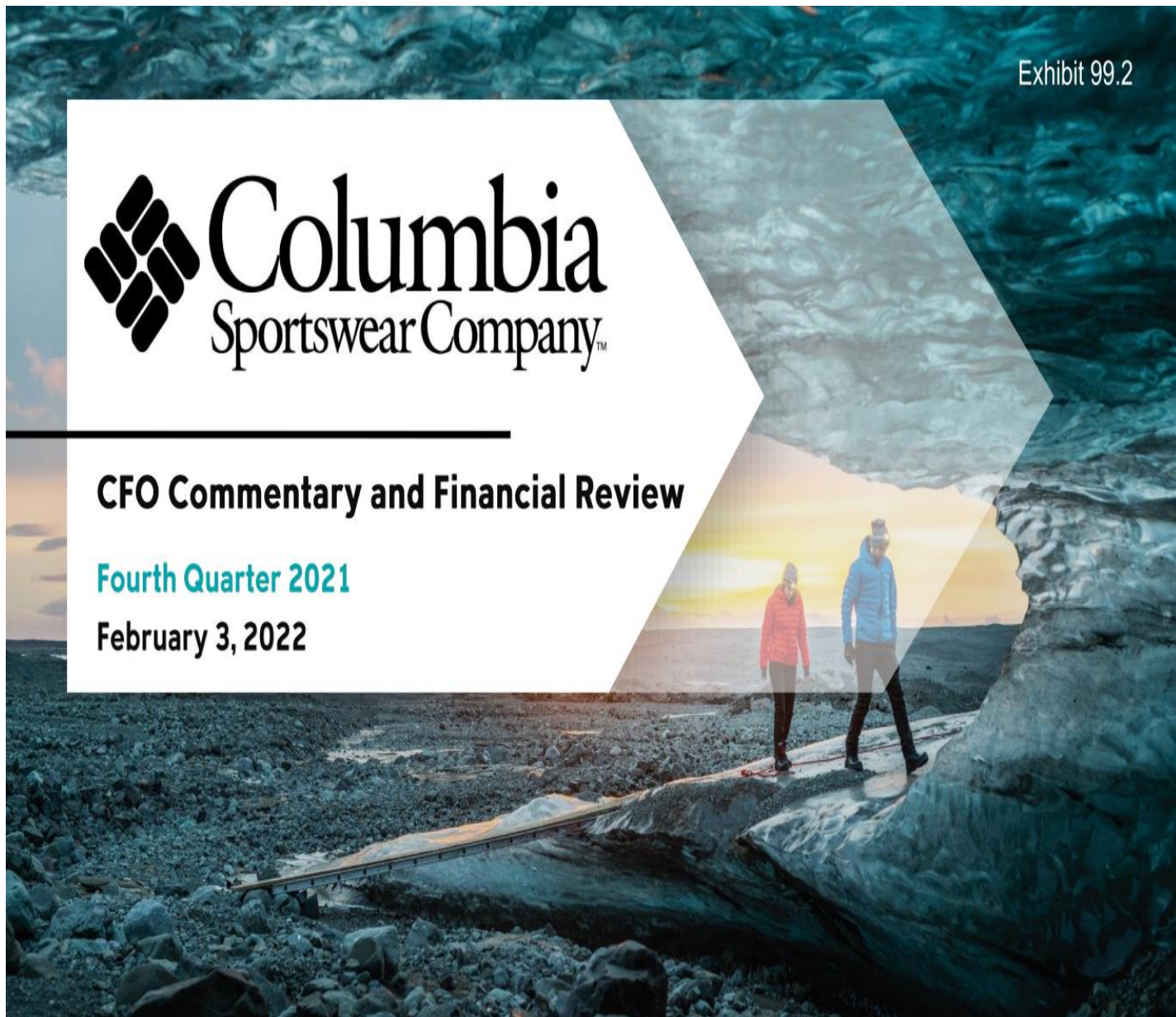
⁽¹⁾ Constant-currency net sales information is a non-GAAP financial measure that excludes the effect of changes in foreign currency exchange rates against the United States dollar between comparable reporting periods. The Company calculates constant-currency net sales by translating net sales in foreign 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

Fourth Quarter 2021

February 3, 2022



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; economic conditions, including inflationary pressures; supply chain disruptions, constraints and expenses; labor shortages; changes in consumer behavior and confidence; as well as geopolitical tensions. 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

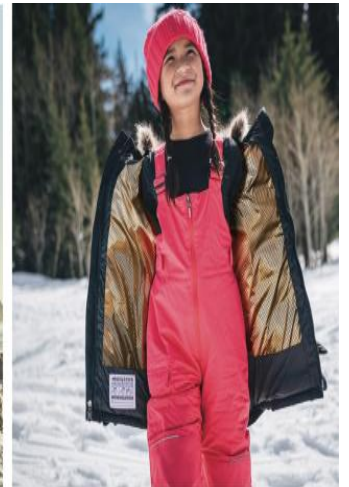
Since Columbia Sportswear Company is a global company, the comparability of its operating results reported in U.S. dollars is affected by foreign currency exchange rate fluctuations because the underlying currencies in which it transacts change in value over time compared to the U.S. dollar. To supplement 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 a non-GAAP financial measure. Free cash flow is calculated by reducing net cash flow provided by operating activities 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



Q4'21 KEY HIGHLIGHTS

Q4'21 FINANCIAL RESULTS COMPARED TO Q4'20

\$1.13B

+23%

Net Sales

52.2%

+160 bps

Gross Margin

18.7%

+520 bps

Operating Margin

\$2.39

+66%

Diluted EPS

Q4'21 Highlights:

- Robust DTC brick-and-mortar and ecommerce sales and favorable gross margin performance fueled better than planned and record financial results.
- Wholesale sales were constrained by supply chain disruptions. Fourth quarter Fall '21 sell-through rates for our wholesale customers were strong and channel inventories are exceptionally clean.
- Exited quarter with \$894.5 million in cash and short-term investments and no borrowings.
- On January 28, 2022, the Board of Directors approved a 15% increase to the quarterly dividend to \$0.30 per share.

Q4'21 ACTUAL VS LAST YEAR

(dollars in millions, except per share amounts)

	Q4'21	Q4'20	Change
Net sales	\$1,129.7	\$915.6	+23%
Gross margin	52.2%	50.6%	+160 bps
SG&A percent of net sales	34.0%	37.5%	-350 bps
Operating income	\$211.6	\$123.7	+71%
Operating margin	18.7%	13.5%	+520 bps
Net income	\$157.0	\$95.8	+64%
Diluted EPS	\$2.39	\$1.44	+66%

Commentary on factors impacting Q4'21 financial results:

- Y/Y net sales growth reflects strong consumer demand, which fueled DTC growth and higher Fall 2021 wholesale shipments, as we anniversary prior year pandemic disruptions.
- Gross margin expansion driven by lower DTC promotional levels, higher wholesale product margins reflecting lower customer accommodations and a higher mix of full price sales, and favorable channel sales mix, partially offset by higher inbound freight costs and the lapping of reduced inventory provisions in fourth quarter 2020.
- SG&A leverage primarily driven by net sales growth, lower retail impairments and store closure charges compared to fourth quarter 2020, and the non-recurrence of a prAna trademark impairment.

Q4'21 NET SALES OVERVIEW

Q4'21 NET SALES AND GROWTH VS. Q4'20

CATEGORY PERFORMANCE

APPAREL, ACCESSORIES & EQUIPMENT:

↑ **+28%** (+28% c.c.)
\$846M

FOOTWEAR:

↑ **+12%** (+12% c.c.)
\$284M

- Footwear net sales performance constrained by supply chain disruptions and manufacturing capacity limitations

BRAND PERFORMANCE

 **Columbia**

↑ **+28%** (+28% c.c.)
\$894M

 **prAna**

↓ **-7%** (-7% c.c.)
\$34M



↑ **+9%** (+9% c.c.)
\$164M

 **MOUNTAIN HARD WEAR**

↑ **+30%** (+30% c.c.)
\$38M

- Columbia growth led by broad-based DTC strength
- SOREL growth constrained by supply chain disruptions and manufacturing capacity limitations
- prAna decline driven by lower DTC.com
- Mountain Hardwear growth reflects higher Fall'21 orders, including new points of wholesale distribution

CHANNEL PERFORMANCE

WHOLESALE:

↑ **+13%** (+13% c.c.)
\$505M

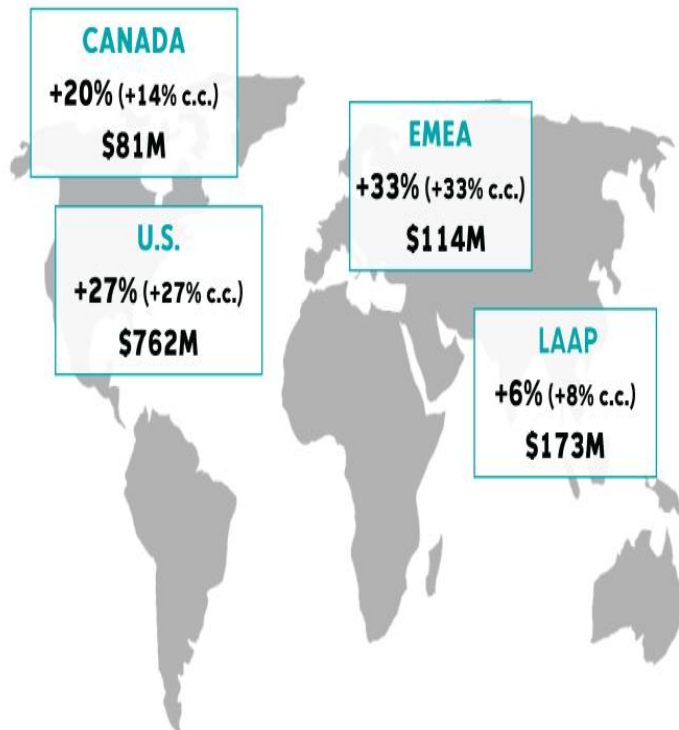
DTC:

↑ **+33%** (+33% c.c.)
\$625M

- DTC B&M +39%, DTC.com +25%
- U.S. wholesale constrained by supply chain disruptions

Q4'21 REGIONAL NET SALES PERFORMANCE

Q4'21 NET SALES AND GROWTH VS. Q4'20



Percentage change details and primary drivers:

U.S.

- **Wholesale:** up low-teens%, driven by higher Fall '21 shipments and strong marketplace demand, partially offset by supply chain disruptions
- **DTC:** up low-40%, DTC B&M +low-50%, DTC.com +mid-20%
- The Company had 142 stores (129 outlet; 13 branded) exiting Q4'21 vs. 132 (122 outlet; 10 branded) exiting Q4'20

LAAP

- **China:** up low-20% (+mid-teens% c.c.), led by higher Fall '21 wholesale shipments
- **Korea:** up HSD% (up low-teens% c.c.), driven primarily by favorable weather and growing interest in outdoor activities
- **LAAP distributor:** up low-20%, driven by lapping of Fall '20 cancellations
- **Japan:** down HSD% (down slightly c.c.), driven by lower wholesale orders, partially offset by DTC growth

EMEA

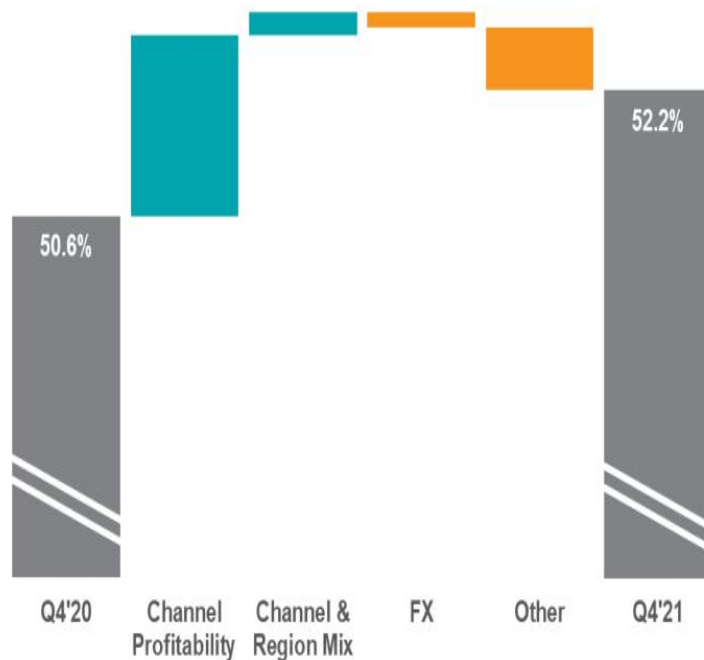
- **Europe-direct:** up low-30%, driven by strong DTC and wholesale performance
- **EMEA distributor:** up high-30%, from later Fall '21 shipments and increased Spring '22 orders

Canada

- **+20%** (+14% c.c.), led by DTC.com and DTC B&M strength as we anniversary prior year pandemic-related temporary store closures

Q4'21 GROSS MARGIN BRIDGE

Q4'21 gross margin expanded 160bps y/y to 52.2%



Gross Margin expansion primarily reflects:

Tailwinds

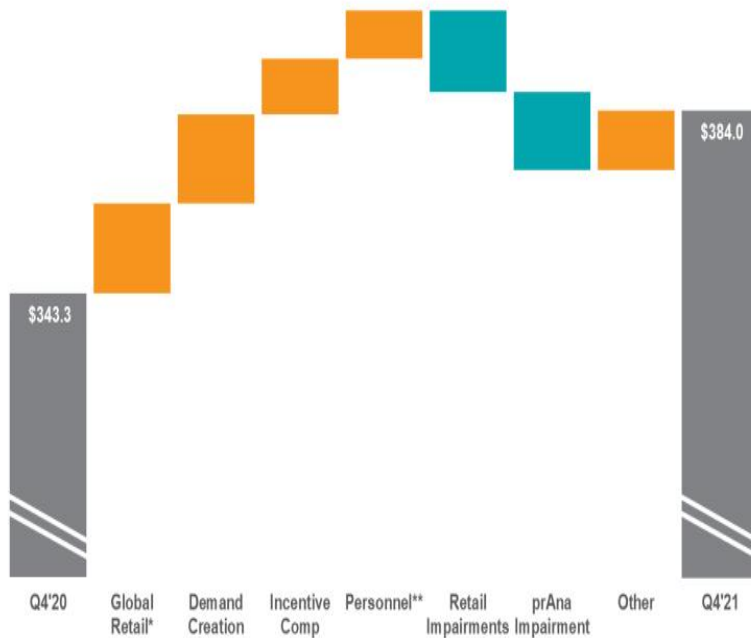
- **Channel Profitability:** higher DTC product margins driven by lower promotional levels
- **Channel Profitability:** higher wholesale product margin driven by strong retail sell-through performance resulting in higher proportion of full price vs. off price sales mix and lower customer accommodations
- **Channel & Region Mix:** regional net sales shifts to DTC from Wholesale; partially offset by a mix shift within DTC from DTC.com to DTC B&M

Headwinds

- **Channel Profitability:** supply chain capacity constraints resulting in higher inbound freight costs
- **Other:** lapping of reduced inventory provisions in fourth quarter 2020

Q4'21 SG&A BRIDGE

SG&A increased 12% to \$384.0M



Q4'21 SG&A expenses were 34.0% of net sales compared to 37.5% in Q4'20

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

SG&A Expense Increases

- **Global Retail:** higher expenses associated with sales growth
- **Demand Creation:** higher spending with sales growth and incremental strategic investment
- **Incentive Comp:** higher incentive compensation with improved financial performance
- **Personnel:** Increased headcount to support business growth, annual merit increases, and other wage rate increases

Partially offset by:

SG&A Expense Reductions:

- **Retail Impairments:** lower retail impairments and store closure charges compared to Q4'20
- **prAna Impairment:** non-recurrence of Q4'20 prAna trademark impairment

* Excludes Advertising; ** Excludes Retail

FULL YEAR HIGHLIGHTS

2021 FINANCIAL RESULTS COMPARED TO 2020, UNLESS OTHERWISE NOTED

\$3.13B
+25%

Net Sales

51.6%
+270bps

Gross Margin

14.4%
+890bps

Operating Margin

\$5.33
+229%

Diluted EPS

2021 Highlights:

- Record net sales, gross margin, operating profit and diluted EPS performance.
- 2021 net sales increased 3% and diluted EPS increased 10%, compared to pre-pandemic 2019 levels.
- DTC net sales increased 33%, driven by 44% DTC B&M growth and 20% DTC.com growth. Compared to 2019, DTC.com net sales increased 67%.
- Strong cash flows from operating activities of \$354M fueled free cash flow of \$320M.
- The Company repurchased \$165.9M of common stock during the year.

BALANCE SHEET OVERVIEW

Balance Sheet as of December 31, 2021

Cash, Cash Equivalents and Short-term Investments

\$895M

Cash, cash equivalents and short-term investments totaled \$894.5M, compared to \$791.9M as of December 31, 2020.

The Company had no borrowings as of December 31, 2021 or 2020

Inventory

+16%

Inventories +16% y/y to \$645.4M. The increase in inventory was primarily driven by anticipated strong consumer demand in first half 2022, and to a lesser extent, lower than planned wholesale shipments due to the impact of late arriving Fall 2021 inventory. Exiting the quarter, finished goods inventory in our distribution centers was down 20% y/y, while in-transit inventory increased 107% 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 Twelve Months Ended December 31, 2021

Net Cash Flow provided by Operations

\$354M

Net cash flow provided by operating activities was \$354.4M, compared to \$276.1M for the same period in 2020.

Capital Expenditures

\$35M

Capital expenditures totaled \$34.7M, compared to \$28.8M for the same period in 2020.

Share Repurchases

\$166M

The Company repurchased 1,655,407 shares of common stock for an aggregate of \$165.9 million, at an average price per share of \$100.23.

Dividend

\$0.30

The Board of Directors approved a 15 percent increase to the quarterly dividend to \$0.30, payable on March 21, 2022, to shareholders of record on March 11, 2022.



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.
- We have implemented a vaccine mandate for employees working in our corporate offices which we do not anticipate impacting the business given the high rate of vaccination of our corporate employees.

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.
- Demand for ocean vessels and containers continues to far outstrip available capacity, resulting in elevated ocean freight costs.
- Our 2022 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 Q4'21. Government efforts to contain the virus impacted store traffic and consumer demand in China and Japan at varying times during the quarter.
- Store traffic levels remain below pre-pandemic levels. Store traffic levels vary by region and are influenced by each market's ability or efforts to contain the spread of the virus and consumers' willingness to shop in store. Certain stores in tourist-dependent locations continue to be impacted by limited international tourism.

2022 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 February 3, 2022 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 reflects our estimates as of February 3, 2022 regarding the impact on our operations of the COVID-19 pandemic; economic conditions, including inflationary pressures; 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.

	2022 Financial Outlook	Outlook compared to 2021
Net sales	\$3.63B to \$3.69B	+16% to 18%
Gross margin	approximately 50%	approximately 160 bps contraction
SG&A percent of net sales	37.2% to 37.5%	30 bps to 60 bps leverage
Operating margin	13.0% to 13.5%	140 bps to 90 bps deleverage
Operating income	\$472M to \$498M	+5% to 11%
Effective income tax rate	24.0%-24.5%	2021 effective tax rate of 21.6%
Net income	\$359M to \$379M	+1 to 7%
Diluted EPS	\$5.50 to \$5.80	+3% to 9%

2022 FINANCIAL OUTLOOK ASSUMPTIONS

Net Sales

Anticipated net sales growth primarily reflects:

- All brands are anticipated to grow in 2022, with SOREL anticipated to have the fastest growth rate.
- All four geographic segments are anticipated to grow in 2022. Canada and U.S. are anticipated to grow slightly faster than the total net sales outlook while LAAP region net sales growth is expected to trail consolidated net sales growth.
- From a product category perspective, footwear is anticipated to grow mid-20% and apparel, accessories & other is anticipated to grow mid-teens-%. While we have worked with our factory partners to successfully expand footwear production capacity in 2022, we will not be able to fulfill all the demand in the marketplace during the year.
- From a channel perspective, wholesale is anticipated to grow low-20% and DTC is anticipated to grow mid-teens%.
 - DTC.com penetration as a percent of total net sales to be in line with 2021.
 - DTC B&M sales growth including contribution from approximately 15 new stores in North America planned for 2022.
- The net sales outlook includes the benefit of price increases for the Spring and Fall 2022 product lines.

Gross Margin

Anticipated gross margin contraction primarily reflects:

- continued elevated inbound freight costs associated with industrywide logistics capacity constraints;
- decreased DTC product margins, driven by the potential transition towards a more normalized promotional environment compared to exceptionally low promotions in 2021;
- decreased wholesale product margins, reflecting a potential transition towards more normalized trade terms compared to favorable 2021 performance, and to a lesser extent, lower off-price margins; and
- a higher proportion of wholesale sales, which generally carry lower margins than DTC; partially offset by
- the net impact of price increases taken to mitigate the effect of product input cost inflation, including higher raw material and labor costs.

SG&A percent of net sales

Anticipated SG&A expense growth primarily reflects expenses to support the growth of the business including:

- higher personnel expenses;
- increased expenses to support global DTC sales growth including new stores, wage increases and other related operations;
- higher demand creation expense;
- higher technology and licensing spend to support digital initiatives;
- higher travel expenses; and
- higher bad debt expense to align with historical trends following reduction of reserves in 2021.

The increase in SG&A contemplated in our outlook includes greater than \$20M of investments to drive long-term profitable growth. Areas of investment include digital capability enhancements to drive our brand-led consumer-focused strategy as well as demand creation.

Demand creation as a percent of net sales is anticipated to be 6.0 percent in 2022, compared to 5.9 percent in 2021.

2022 ASSUMPTIONS AND FIRST HALF COMMENTARY

Effective tax rate	<ul style="list-style-type: none"> The full year effective tax rate in our 2022 financial outlook is 24.0%-24.5%. The 2022 effective tax rate is anticipated to be higher than the effective tax rate from 2019-2021 as the prior years included separate discrete tax items which lowered the effective tax rate in each year. We do not anticipate any significant discrete tax items in 2022. 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.
Foreign currency	<ul style="list-style-type: none"> Foreign currency translation is expected to reduce net sales growth by approximately 100 bps Foreign currency translation and transactional effects are not anticipated to have a significant impact on diluted earnings per share.
Operating cash flow and capital expenditures	<ul style="list-style-type: none"> Operating cash flow is anticipated to be at least \$170M. Operating cash flow is anticipated to be below prior year levels due to working capital growth to support net sales growth. Capital expenditures are planned to be between \$80M to \$100M.
First Half Commentary	<ul style="list-style-type: none"> The Company expects high-teens to low-twenties% y/y net sales growth in H1'22. H1'22 gross margin is anticipated to contract over 300 bps y/y, compared to H1'21. <ul style="list-style-type: none"> The vast majority of full year gross margin contraction is expected to occur in the first half of the year which is disproportionately impacted by higher inbound ocean freight costs. Please note, H1'21 gross margin performance included higher levels of inventory provision benefit, compared to what is anticipated in H1'22. H1'22 SG&A expenses are expected to grow slower than net sales growth, resulting in modest SG&A leverage. <ul style="list-style-type: none"> Please note, H1'21 SG&A expenses included the benefit of lower bad debt expense, compared to what is anticipated in H1'22. H1'22 diluted EPS is expected to be \$0.90 to \$1.10 compared to H1'21 diluted EPS of \$1.45. H1'22 diluted EPS will be weighted to Q1'22, with modest profitability anticipated in Q2'22. Please note Q2 is our lowest volume sales quarter and small changes in the timing of product shipments and expenses can have a material impact on reported results.



APPENDIX

FOURTH 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 December 31,					
	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	\$ 762.1	\$ —	\$ 762.1	\$ 599.1	27%	27%
Latin America and Asia Pacific	172.8	4.4	177.2	163.6	6%	8%
Europe, Middle East and Africa	113.6	0.6	114.2	85.6	33%	33%
Canada	81.2	(4.1)	77.1	67.4	20%	14%
Total	\$ 1,129.7	\$ 0.9	\$ 1,130.6	\$ 915.7	23%	23%
Brand Net Sales:						
Columbia	\$ 894.2	\$ 1.4	\$ 895.6	\$ 699.7	28%	28%
SOREL	163.4	(0.6)	162.8	150.0	9%	9%
prAna	34.3	—	34.3	36.9	(7)%	(7)%
Mountain Hardwear	37.8	0.1	37.9	29.1	30%	30%
Total	\$ 1,129.7	\$ 0.9	\$ 1,130.6	\$ 915.7	23%	23%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 846.1	\$ 0.7	\$ 846.8	\$ 661.4	28%	28%
Footwear	283.6	0.2	283.8	254.3	12%	12%
Total	\$ 1,129.7	\$ 0.9	\$ 1,130.6	\$ 915.7	23%	23%
Channel Net Sales:						
Wholesale	\$ 504.5	\$ (0.3)	\$ 504.2	\$ 446.0	13%	13%
DTC	625.2	1.2	626.4	469.7	33%	33%
Total	\$ 1,129.7	\$ 0.9	\$ 1,130.6	\$ 915.7	23%	23%

⁽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.

TWELVE 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)	Year Ended December 31,	
	2021	2020
Net cash provided by operating activities	\$ 354.4	\$ 276.1
Capital expenditures	(34.7)	(28.8)
Free cash flow	<u>\$ 319.7</u>	<u>\$ 247.3</u>
