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

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FORM 8-K

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

Date of Report (Date of earliest event reported):  
April 28, 2022

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

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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)

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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. ☐

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## ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 28, 2022, Columbia Sportswear Company (the "Company") issued a press release reporting its first quarter 2022 financial results, updating its full year 2022 financial outlook, and announcing a quarterly dividend and \$500 million increase in its share repurchase authorization. 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 first quarter 2022 financial results and 2022 financial outlook, as posted on the Company's investor relations website, <http://investor.columbia.com>, on April 28, 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 April 28, 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 June 2, 2022 to its shareholders of record on May 19, 2022.

## ITEM 8.01 OTHER EVENTS

### *Share Repurchase Authorization*

In its April 28, 2022 press release, the Company announced that its Board of Directors has authorized the repurchase of up to an additional \$500 million of Company common stock in market or negotiated transactions, in addition to the approximately \$99 million remaining available as of March 31, 2022 under the prior share repurchase authorization. The share repurchase program does not obligate the Company to acquire any specific number of shares or acquire shares over any specified period of time, and the share repurchase program may be commenced, modified, suspended, or discontinued at any time by the Company at its discretion.

### *Russian Presence*

The Company does not have any direct operations in Russia and for many years product sales in Russia have been made through a contract with a third-party international distributor on an advance order basis. The Company paused taking any new orders from this Russia-based distributor following the invasion of Ukraine by Russian forces. However, prior to the conflict, the Company had already taken Fall '22 orders from this Russia-based distributor under its contract, which have the potential to be realized. Given the uncertainty surrounding these orders, for purposes of the Company's financial outlook provided in the press release and CFO Commentary and Financial Review Presentation attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, any future sales from the Russia-based international distributor have been removed.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

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|----------------------|--|
| <a href="#">99.1</a> | Press Release, dated April 28, 2022 (furnished pursuant to Items 2.02 and 7.01 hereof).                                    |
| <a href="#">99.2</a> | CFO Commentary and Financial Review Presentation, dated April 28, 2022 (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: April 28, 2022

By: /S/ JIM A. SWANSON

Jim A. Swanson

Executive Vice President and Chief Financial Officer



**Columbia Sportswear Company Reports First Quarter 2022 Financial Results and Updates Full Year 2022 Financial Outlook; Announces \$500 Million Increase to Stock Repurchase Authorization**

**First Quarter 2022 Highlights**

- Net sales increased 22 percent to a record \$761.5 million, compared to first quarter 2021.
- Operating income increased 19 percent to \$83.7 million, or 11.0 percent of net sales, compared to first quarter 2021 operating income of \$70.5 million, or 11.3 percent of net sales.
- Diluted earnings per share increased 23 percent to \$1.03, compared to first quarter 2021 diluted earnings per share of \$0.84.
- The Company repurchased \$217.3 million of common stock during the first quarter.
- On April 22, 2022, the Board of Directors approved a \$500 million increase to the Company's share repurchase authorization.

**Full Year 2022 Financial Outlook**

The following forward-looking statements reflect our expectations as of April 28, 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, our Current Report on Form 8-K filed April 28, 2022, and the CFO Commentary and Financial Review presentation attached thereto.

- Net sales of \$3.63 to \$3.69 billion (unchanged) representing net sales growth of 16 to 18 percent (unchanged) compared to 2021.
- Operating income of \$477 to \$502 million (prior \$472 to \$498 million), representing operating margin of 13.2 to 13.6 percent (prior 13.0 to 13.5 percent).
- Diluted earnings per share of \$5.70 to \$6.00 (prior \$5.50 to \$5.80).

**PORTLAND, Ore.** - April 28, 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 first quarter 2022 financial results for the period ended March 31, 2022.

Chairman, President and Chief Executive Officer Tim Boyle commented, "Our strong financial performance in the first quarter, including 22 percent net sales and 23 percent diluted earnings per share growth, validates our strategies and demonstrates that our brands are resonating with consumers. Business momentum was broad based, with growth across all brands, channels and geographies. SOREL led the charge with 37 percent year-over-year growth, despite supply challenges, highlighting phenomenal demand for the brand's year-round styles. We are confident in our ability to realize the tangible growth opportunities that we have ahead, and this confidence is reflected in our repurchase of over \$200 million in common stock during the quarter.

"Based on an encouraging start to 2022 and lower share count, we are increasing our full year earnings and diluted earnings per share outlook and reiterating our net sales outlook despite removing future sales to our Russian-based distributor for the balance of the year.

"Our profitable growth trajectory, fortress balance sheet and global team of dedicated employees provide a foundation of strength 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 first quarter 2022 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.

### **First Quarter 2022 Financial Results**

(All comparisons are between first quarter 2022 and first quarter 2021, unless otherwise noted.)

**Net sales** increased 22 percent to \$761.5 million from \$625.6 million for the comparable period in 2021. The increase in net sales primarily reflects strong consumer demand and shipments of higher Spring 2022 orders, with growth across all brands, channels and geographies.

**Gross margin** contracted 170 basis points to 49.7 percent of net sales from 51.4 percent of net sales for the comparable period in 2021. Gross margin contraction was primarily driven by higher inbound freight costs, unfavorable year-over-year changes in inventory provisions, unfavorable regional sales mix, and lower wholesale product margins, partially offset by higher direct-to-consumer ("DTC") product margins.

**SG&A expenses** increased 18 percent to \$299.1 million, or 39.3 percent of net sales, from \$254.4 million, or 40.7 percent of net sales, for the comparable period in 2021. SG&A expense growth primarily reflects expenses to support the growth of the business and investments to drive our brand-led consumer-focused strategies. The increase in SG&A expenses includes higher demand creation, global retail and personnel expenses, and unfavorable year-over-year changes in bad debt provisions compared to first quarter 2021.

**Operating income** increased 19 percent to \$83.7 million, or 11.0 percent of net sales, compared to operating income of \$70.5 million, or 11.3 percent of net sales, for the comparable period in 2021.

**Income tax expense** of \$17.3 million resulted in an effective income tax rate of 20.5 percent, compared to a \$14.6 million expense, or an effective tax rate of 20.7 percent, for the comparable period in 2021.

**Net income** increased 20 percent to \$66.8 million, or \$1.03 per diluted share, compared to net income of \$55.9 million, or \$0.84 per diluted share, for the comparable period in 2021.

### **Balance Sheet as of March 31, 2022**

Cash, cash equivalents and short-term investments totaled \$610.3 million, compared to \$874.6 million as of March 31, 2021.

The Company had no borrowings as of March 31, 2022 or 2021.

Inventories increased 36 percent to \$714.4 million, compared to \$525.7 million as of March 31, 2021. 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 Three Months Ended March 31, 2022**

Net cash used in operating activities was \$33.8 million, compared to net cash provided by operating activities of \$110.9 million for the same period in 2021.

Capital expenditures totaled \$12.9 million, compared to \$3.9 million for the same period in 2021.

### **Share Repurchases for the Three Months Ended March 31, 2022**

The Company repurchased 2,328,623 shares of common stock for an aggregate of \$217.3 million, or an average price per share of \$93.32.

At March 31, 2022, \$99.0 million remained available under our stock repurchase authorization. On April 22, 2022, the Board of Directors authorized a \$500 million increase to the Company's share 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 \$0.30 per share, payable on June 2, 2022 to shareholders of record on May 19, 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 April 28, 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 April 28, 2022 regarding 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. However, it is not possible to determine the ultimate impact on future operations, or whether other currently unanticipated direct or indirect consequences of the COVID-19 pandemic, geopolitical tensions 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, geopolitical tensions or the ongoing COVID-19 pandemic. Projections are predicated on normal seasonal weather globally.

**Net sales** are expected to increase 16 to 18 percent (unchanged) to \$3.63 to \$3.69 billion (unchanged) from \$3.13 billion in 2021. We have paused taking any new orders from our Russia-based distributor and removed any future sales to it from this outlook. This equates to an approximate 2 percent headwind to full year 2022 consolidated net sales.

**Gross margin** is expected to contract approximately 130 basis points (prior approximately 160 bps contraction) to approximately 50.3 percent (prior 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 37.3 to 37.7 percent (prior 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 \$477 to \$502 million (prior \$472 to \$498 million), resulting in operating margin of 13.2 to 13.6 percent (prior 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 (unchanged). 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 \$363 to \$382 million (prior \$359 to \$379 million), resulting in diluted earnings per share of \$5.70 to \$6.00 (prior \$5.50 to \$5.80). This diluted earnings per share range is based on estimated weighted average diluted shares outstanding of 63.6 million.

## Foreign Currency

- Foreign currency translation is anticipated to reduce 2022 net sales growth by approximately 120 basis points.
- Foreign currency is expected to have essentially no impact on earnings as unfavorable foreign currency translation impacts are anticipated to be offset by 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 low-teens percent (prior high-teens to low-20 percent), compared to first half 2021. The revision to our first half 2022 net sales outlook is primarily due to the removal of future sales to our Russia-based distributor and the financial impact of recent mandatory quarantines in China, related to the continued COVID-19 outbreak in that region.
- **Gross margin** is anticipated to contract approximately 200 basis points (prior over 300 basis points) compared to first half 2021.
- **SG&A expenses** are anticipated to grow faster than net sales growth, resulting in modest SG&A deleverage (prior was modest leverage).
- **Diluted earnings per share** of \$0.93 to \$1.13 (prior \$0.90 to \$1.10).

## Conference Call

The Company will hold its first quarter 2022 conference call at 5:00 p.m. ET today. Dial (888) 506-0062 to participate. The call will also be webcast live on the Investor Relations section of the Company's website at <http://investor.columbia.com>.

## Second Quarter 2022 Reporting Date

Columbia Sportswear Company plans to report second quarter 2022 financial results on Wednesday, July 27, 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 the Company's ability to realize growth opportunities, full year 2022 net sales, gross margin, SG&A expenses, demand creation spend, operating income, effective income tax rate, net income, diluted earnings per share, weighted average diluted shares outstanding, foreign currency translation, cash flows, and capital expenditures, and first half 2022 net sales, gross margin, SG&A expenses 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](http://www.columbia.com), [www.mountainhardwear.com](http://www.mountainhardwear.com), [www.sorel.com](http://www.sorel.com), and [www.pрана.com](http://www.pрана.com).

#### **Contact:**

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- Financial tables follow -



**COLUMBIA SPORTSWEAR COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

| <i>(in thousands)</i>                      | <b>March 31,<br/>2022</b> | <b>March 31,<br/>2021</b> |
|--|---------------------------|---------------------------|
| <b>ASSETS</b>                              |                           |                           |
| Current Assets:                            |                           |                           |
| Cash and cash equivalents                  | \$ 435,240                | \$ 873,641                |
| Short-term investments                     | 175,024                   | 920                       |
| Accounts receivable, net                   | 408,186                   | 338,787                   |
| Inventories, net                           | 714,415                   | 525,704                   |
| Prepaid expenses and other current assets  | 105,261                   | 66,173                    |
| Total current assets                       | 1,838,126                 | 1,805,225                 |
| Property, plant and equipment, net         | 290,070                   | 300,063                   |
| Operating lease right-of-use assets        | 333,356                   | 363,652                   |
| Intangible assets, net                     | 101,496                   | 103,146                   |
| Goodwill                                   | 68,594                    | 68,594                    |
| Deferred income taxes                      | 89,613                    | 86,825                    |
| Other non-current assets                   | 66,724                    | 66,401                    |
| Total assets                               | \$ 2,787,979              | \$ 2,793,906              |
| <b>LIABILITIES AND EQUITY</b>              |                           |                           |
| Current Liabilities:                       |                           |                           |
| Accounts payable                           | \$ 262,255                | \$ 165,555                |
| Accrued liabilities                        | 234,326                   | 224,674                   |
| Operating lease liabilities                | 68,136                    | 81,308                    |
| Income taxes payable                       | 6,297                     | 3,431                     |
| Total current liabilities                  | 571,014                   | 474,968                   |
| Non-current operating lease liabilities    | 321,250                   | 356,766                   |
| Income taxes payable                       | 40,299                    | 50,285                    |
| Deferred income taxes                      | —                         | 4,406                     |
| Other long-term liabilities                | 36,516                    | 38,671                    |
| Total liabilities                          | 969,079                   | 925,096                   |
| Total shareholders' equity                 | 1,818,900                 | 1,868,810                 |
| Total liabilities and shareholders' equity | \$ 2,787,979              | \$ 2,793,906              |

**COLUMBIA SPORTSWEAR COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

| <i>(In thousands, except per share amounts)</i> | <b>Three Months Ended March 31,</b> |             |
|---|-------------------------------------|-------------|
|   | <b>2022</b>                         | <b>2021</b> |
| Net sales                                       | \$ 761,510                          | \$ 625,606  |
| Cost of sales                                   | 383,063                             | 304,204     |
| Gross profit                                    | 378,447                             | 321,402     |
| Gross margin                                    | 49.7 %                              | 51.4 %      |
| Selling, general and administrative expenses    | 299,086                             | 254,389     |
| Net licensing income                            | 4,305                               | 3,467       |
| Operating income                                | 83,666                              | 70,480      |
| Interest income, net                            | 395                                 | 278         |
| Other non-operating income (expense), net       | 44                                  | (304)       |
| Income before income tax                        | 84,105                              | 70,454      |
| Income tax expense                              | (17,268)                            | (14,554)    |
| Net income                                      | \$ 66,837                           | \$ 55,900   |
| Earnings per share:                             |                                     |             |
| Basic   | \$ 1.04                             | \$ 0.84     |
| Diluted   | \$ 1.03                             | \$ 0.84     |
| Weighted average shares outstanding:            |                                     |             |
| Basic   | 64,273                              | 66,363      |
| Diluted   | 64,591                              | 66,885      |

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

| <i>(in thousands)</i>   | <b>Three Months Ended March 31,</b> |                   |
|---|-------------------------------------|-------------------|
|   | <b>2022</b>                         | <b>2021</b>       |
| <b>Cash flows from operating activities:</b>  |                                     |                   |
| Net income  | \$ 66,837                           | \$ 55,900         |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities:                 |                                     |                   |
| Depreciation, amortization, and non-cash lease expense  | 30,577                              | 30,459            |
| Provision for uncollectible accounts receivable   | (3,377)                             | (7,849)           |
| Loss on disposal or impairment of intangible assets, property, plant and equipment, and right-of-use assets | 1,598                               | 131               |
| Deferred income taxes   | 2,746                               | 4,577             |
| Stock-based compensation  | 5,503                               | 4,874             |
| Changes in operating assets and liabilities:  |                                     |                   |
| Accounts receivable   | 81,220                              | 117,818           |
| Inventories, net  | (71,108)                            | 25,117            |
| Prepaid expenses and other current assets   | (17,604)                            | (11,150)          |
| Other assets  | (1,443)                             | 51                |
| Accounts payable  | (20,823)                            | (41,194)          |
| Accrued liabilities   | (81,371)                            | (27,253)          |
| Income taxes payable  | (11,004)                            | (19,291)          |
| Operating lease assets and liabilities  | (15,979)                            | (21,273)          |
| Other liabilities   | 440                                 | (18)              |
| Net cash provided by (used in) operating activities   | (33,788)                            | 110,899           |
| <b>Cash flows from investing activities:</b>  |                                     |                   |
| Purchases of short-term investments   | (44,877)                            | —                 |
| Sales and maturities of short-term investments  | 984                                 | 1,054             |
| Capital expenditures  | (12,885)                            | (3,896)           |
| Net cash used in investing activities   | (56,778)                            | (2,842)           |
| <b>Cash flows from financing activities:</b>  |                                     |                   |
| Proceeds from credit facilities   | —                                   | 7,753             |
| Repayments on credit facilities   | —                                   | (7,532)           |
| Proceeds from issuance of common stock related to stock-based compensation                                  | 2,512                               | 13,772            |
| Tax payments related to stock-based compensation  | (3,959)                             | (5,358)           |
| Repurchase of common stock  | (217,317)                           | (11,223)          |
| Cash dividends paid   | (19,151)                            | (17,285)          |
| Net cash used in financing activities   | (237,915)                           | (19,873)          |
| <b>Net effect of exchange rate changes on cash</b>  | <b>317</b>                          | <b>(5,268)</b>    |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>(328,164)</b>                    | <b>82,916</b>     |
| <b>Cash and cash equivalents, beginning of period</b>   | <b>763,404</b>                      | <b>790,725</b>    |
| <b>Cash and cash equivalents, end of period</b>   | <b>\$ 435,240</b>                   | <b>\$ 873,641</b> |
| <b>Supplemental disclosures of cash flow information:</b>   |                                     |                   |
| Cash paid during the year for income taxes  | \$ 18,205                           | \$ 37,534         |
| <b>Supplemental disclosures of non-cash investing and financing activities:</b>                             |                                     |                   |
| Property, plant and equipment acquired through increase in liabilities                                      | \$ 6,702                            | \$ 2,832          |

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

|  | Three Months Ended March 31, |                                   |                                    |                       |                       |                                |
|--|------------------------------|-----------------------------------|------------------------------------|-----------------------|-----------------------|--------------------------------|
|  | Reported<br>Net Sales        | Adjust for<br>Foreign<br>Currency | Constant-<br>currency<br>Net Sales | Reported<br>Net Sales | Reported<br>Net Sales | Constant-currency<br>Net Sales |
| (In millions, except percentage changes) | 2022                         | Translation                       | 2022 <sup>(1)</sup>                | 2021                  | % Change              | % Change <sup>(1)</sup>        |
| <b>Geographical Net Sales:</b>           |                              |                                   |                                    |                       |                       |                                |
| United States                            | \$ 501.9                     | \$ —                              | \$ 501.9                           | \$ 408.6              | 23%                   | 23%                            |
| Latin America and Asia Pacific           | 121.7                        | 5.5                               | 127.2                              | 112.0                 | 9%                    | 14%                            |
| Europe, Middle East and Africa           | 94.7                         | 5.7                               | 100.4                              | 70.8                  | 34%                   | 42%                            |
| Canada                                   | 43.2                         | 0.1                               | 43.3                               | 34.2                  | 26%                   | 27%                            |
| Total                                    | <u>\$ 761.5</u>              | <u>\$ 11.3</u>                    | <u>\$ 772.8</u>                    | <u>\$ 625.6</u>       | 22%                   | 24%                            |
| <b>Brand Net Sales:</b>                  |                              |                                   |                                    |                       |                       |                                |
| Columbia                                 | \$ 643.8                     | \$ 10.7                           | \$ 654.5                           | \$ 527.4              | 22%                   | 24%                            |
| SOREL                                    | 63.6                         | 0.4                               | 64.0                               | 46.3                  | 37%                   | 38%                            |
| prAna                                    | 32.7                         | —                                 | 32.7                               | 31.5                  | 4%                    | 4%                             |
| Mountain Hardwear                        | 21.4                         | 0.2                               | 21.6                               | 20.4                  | 5%                    | 6%                             |
| Total                                    | <u>\$ 761.5</u>              | <u>\$ 11.3</u>                    | <u>\$ 772.8</u>                    | <u>\$ 625.6</u>       | 22%                   | 24%                            |
| <b>Product Category Net Sales:</b>       |                              |                                   |                                    |                       |                       |                                |
| Apparel, Accessories and Equipment       | \$ 565.9                     | \$ 7.7                            | \$ 573.6                           | \$ 468.9              | 21%                   | 22%                            |
| Footwear                                 | 195.6                        | 3.6                               | 199.2                              | 156.7                 | 25%                   | 27%                            |
| Total                                    | <u>\$ 761.5</u>              | <u>\$ 11.3</u>                    | <u>\$ 772.8</u>                    | <u>\$ 625.6</u>       | 22%                   | 24%                            |
| <b>Channel Net Sales:</b>                |                              |                                   |                                    |                       |                       |                                |
| Wholesale                                | \$ 408.2                     | \$ 5.8                            | \$ 414.0                           | \$ 335.4              | 22%                   | 23%                            |
| DTC                                      | 353.3                        | 5.5                               | 358.8                              | 290.2                 | 22%                   | 24%                            |
| Total                                    | <u>\$ 761.5</u>              | <u>\$ 11.3</u>                    | <u>\$ 772.8</u>                    | <u>\$ 625.6</u>       | 22%                   | 24%                            |

<sup>(1)</sup> 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.

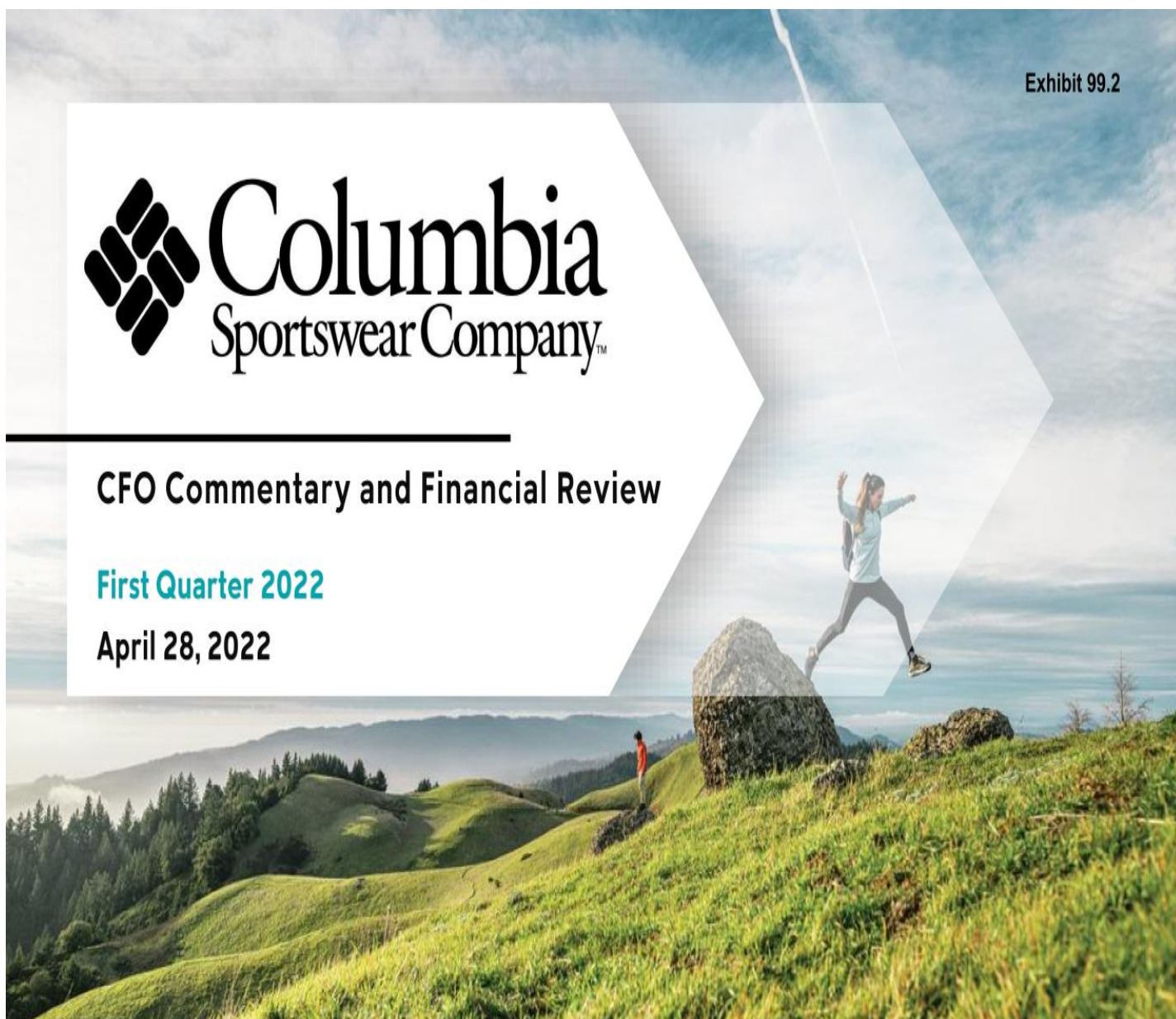


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## CFO Commentary and Financial Review

First Quarter 2022

April 28, 2022



# FORWARD-LOOKING STATEMENTS

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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.

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# REFERENCES TO NON-GAAP FINANCIAL INFORMATION

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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

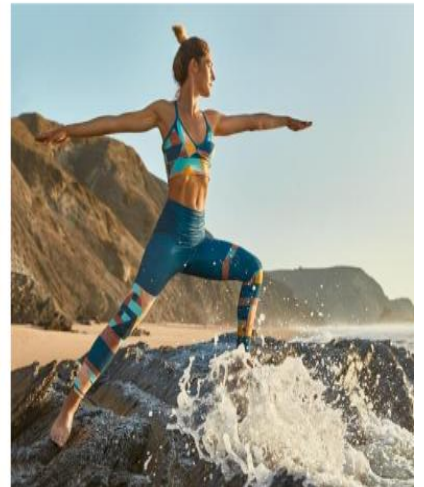
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|         |                                   |               |                           |         |                             |
|---------|-----------------------------------|---------------|---------------------------|---------|-----------------------------|
| 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      | H1      | first half                  |
| SG&A    | selling, general & administrative | mid-30%       | mid-thirties percent      | Q1      | first quarter               |
| EPS     | earnings per share                | high-40%      | high-forties percent      |         |                             |
| bps     | basis points                      |               |                           |         |                             |

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**WE CONNECT ACTIVE PEOPLE WITH THEIR PASSIONS**





# STRATEGIC PRIORITIES

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



DRIVE BRAND AWARENESS AND  
SALES GROWTH THROUGH  
INCREASED, FOCUSED **DEMAND  
CREATION** INVESTMENTS



ENHANCE **CONSUMER  
EXPERIENCE** AND **DIGITAL  
CAPABILITIES** IN ALL OF OUR  
CHANNELS AND  
GEOGRAPHIES



EXPAND AND IMPROVE  
**GLOBAL DTC** OPERATIONS  
WITH SUPPORTING PROCESSES  
AND SYSTEMS



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



# Q1'22 KEY HIGHLIGHTS

Q1'22 FINANCIAL RESULTS COMPARED TO Q1'21

**\$762M**

**+22%**

**Net Sales**

**49.7%**

**-170 bps**

**Gross Margin**

**11.0%**

**-30 bps**

**Operating Margin**

**\$1.03**

**+23%**

**Diluted EPS**

## Q1'22 Highlights:

- Record net sales driven by strong consumer demand and shipment of higher Spring '22 orders. Growth was broad based across all brands, channels and geographies.
- Favorable gross margin and lower-than-expected SG&A expenses resulted in better-than-planned earnings.
- Exited quarter with \$610.3M in cash and short-term investments and no borrowings.
- The Company repurchased \$217.3M of common stock in the first three months of 2022.
- On April 22, 2022, the Board of Directors authorized a \$500M increase to the Company's share repurchase authorization.

# Q1'22 ACTUAL VS LAST YEAR

(dollars in millions, except per share amounts)

|                           | Q1'22   | Q1'21   | Change   |
|---------------------------|---------|---------|----------|
| Net sales                 | \$761.5 | \$625.6 | +22%     |
| Gross margin              | 49.7%   | 51.4%   | -170 bps |
| SG&A percent of net sales | 39.3%   | 40.7%   | -140 bps |
| Operating income          | \$83.7  | \$70.5  | +19%     |
| Operating margin          | 11.0%   | 11.3%   | -30 bps  |
| Net income                | \$66.8  | \$55.9  | +20%     |
| Diluted EPS               | \$1.03  | \$0.84  | +23%     |

## Commentary on factors impacting Q1'22 financial results:

- Y/Y net sales growth reflects shipment of higher Spring '22 wholesale orders and DTC growth, partially constrained by supply chain disruptions that resulted in lower-than-expected wholesale shipments, particularly in the U.S.
- Gross margin decline primarily reflects increased inbound freight costs, unfavorable year-over-year changes in inventory provisions, unfavorable regional sales mix, and lower wholesale product margins, partially offset by higher DTC product margins.
- SG&A leverage primarily driven by higher net sales growth relative to expense growth.



# Q1'22 NET SALES OVERVIEW

Q1'22 NET SALES AND GROWTH VS. Q1'21

## CATEGORY PERFORMANCE

### APPAREL, ACCESSORIES & EQUIPMENT:

↑ **+21%** (+22% c.c.)  
\$566M

### FOOTWEAR:

↑ **+25%** (+27% c.c.)  
\$196M

## BRAND PERFORMANCE

 **Columbia**

↑ **+22%** (+24% c.c.)  
\$644M

 **prAna**

↑ **+4%** (+4% c.c.)  
\$33M



↑ **+37%** (+38% c.c.)  
\$64M

 **MOUNTAIN  
HARD  
WEAR**

↑ **+5%** (+6% c.c.)  
\$21M

## CHANNEL PERFORMANCE

### WHOLESALE:

↑ **+22%** (+23% c.c.)  
\$408M

### DTC:

↑ **+22%** (+24% c.c.)  
\$354M

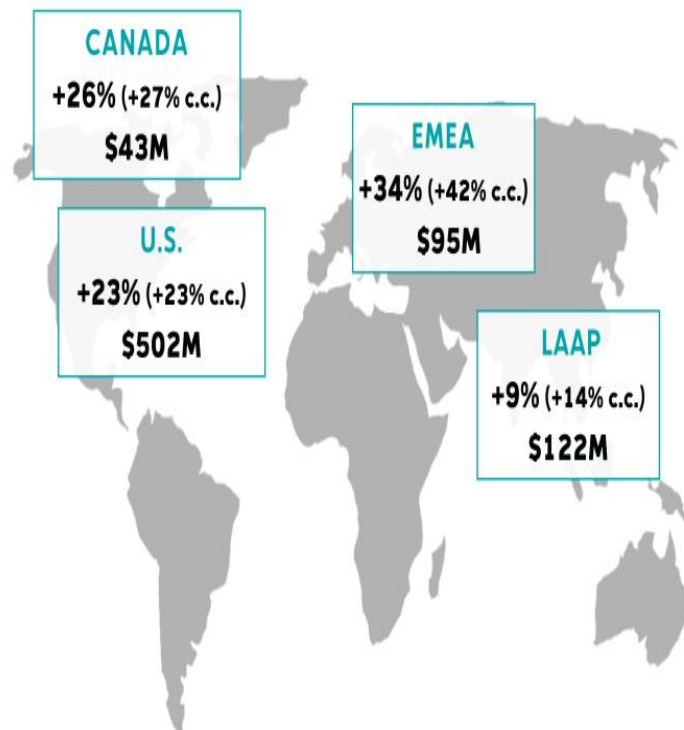
- Strong demand as well as improved manufacturing partner capacity contributed to footwear growth in the quarter

- Columbia and SOREL growth reflects strength across all channels and favorable late season cold weather product sales
- Growth across all brands was tempered by late arrival of Spring '22 inventory

- Wholesale y/y net sales growth driven by shipment of higher Spring '22 orders
- DTC B&M +22%, DTC.com +21%

# Q1'22 REGIONAL NET SALES PERFORMANCE

Q1'22 NET SALES AND GROWTH VS. Q1'21



Percentage change details and primary drivers:

## U.S.

- **Wholesale: up low-20%**, driven by shipment of higher Spring '22 orders and strong late season cold weather product sales, partially offset by supply chain disruptions
- **DTC: up low-20%**, DTC B&M +low-20%, DTC.com +mid-20%
- The Company had 143 stores (130 outlet; 13 branded) exiting Q1'22 vs. 132 (122 outlet; 10 branded) exiting Q1'21

## LAAP

- **China: up LSD%** (flat c.c.). Performance was muted by impact of mandatory quarantines related to China's zero-Covid policy
- **Korea: up LDD%** (up high-teens% c.c.), with sales growth benefitting from favorable weather and strong consumer demand
- **LAAP distributor: up mid-60%**, driven by shipment of higher Spring '22 orders
- **Japan: up MSD%** (up mid-teens% c.c.), driven by the lapping of prior year state of emergency, as well as favorable weather

## EMEA

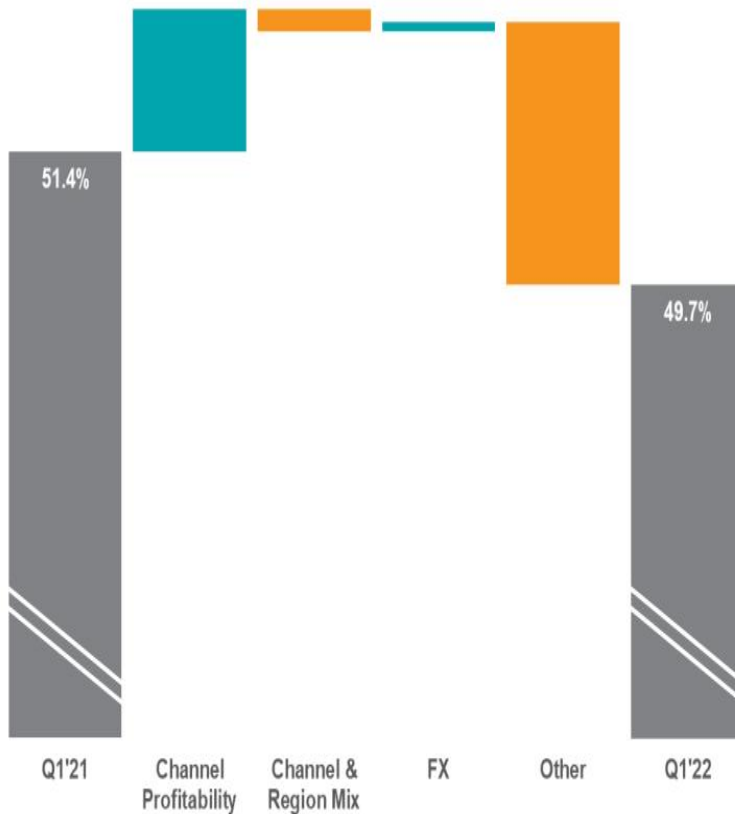
- **Europe-direct: up high-20%** (up high-30% c.c.), driven by strong wholesale and DTC performance
- **EMEA distributor: up low-60%**, driven by shipment of higher Spring '22 orders

## Canada

- **+26%** (+27% c.c.). DTC B&M performance benefited from the lapping of prior year temporary store closures

# Q1'22 GROSS MARGIN BRIDGE

Q1'22 gross margin contracted -170bps y/y to 49.7%



Gross Margin contraction primarily reflects:

## Headwinds

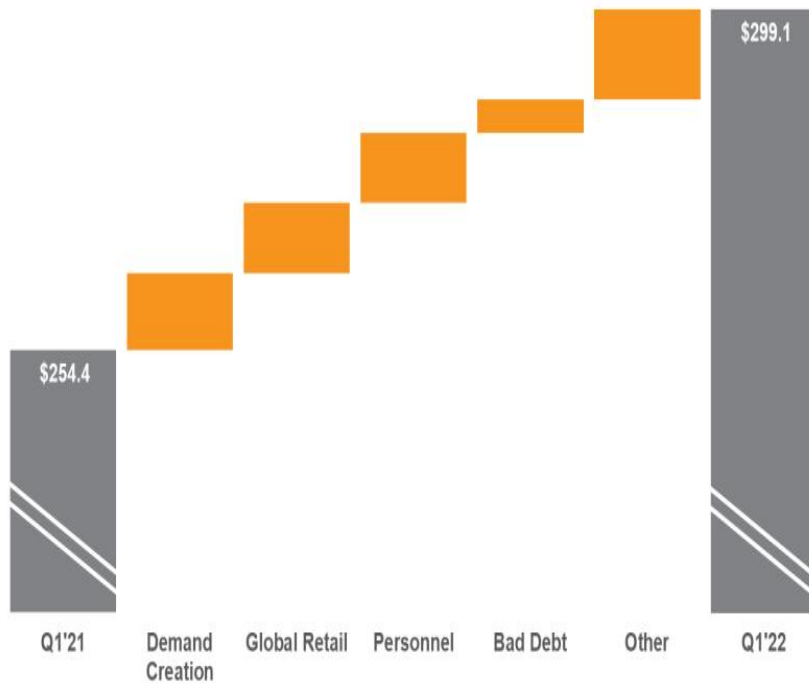
- **Other:** supply chain capacity constraints resulting in higher inbound freight costs
- **Other:** unfavorable year-over-year changes in inventory provisions
- **Channel & Region Mix:** regional net sales shifts
- **Channel Profitability:** lower wholesale margins driven by higher footwear sales mix and input cost pressure partially offset by price increases and a higher proportion of full price vs. off price sales

## Tailwinds

- **Channel Profitability:** higher DTC product margins driven by lower promotional levels partially offset by input cost pressure

# Q1'22 SG&A BRIDGE

SG&A increased 18% to \$299.1M



SG&A expense growth primarily reflects expenses to support the growth of the business and investments to drive our brand-led consumer-focused strategies.

The y/y increase in SG&A expenses includes:

## SG&A Expense Increases

- **Demand Creation:** higher spending with sales growth and incremental strategic investment
- **Global Retail:** higher expenses associated with sales growth and new stores
- **Personnel:** increased headcount to support business growth, annual merit increases and other wage rate increases
- **Bad Debt:** unfavorable year-over-year changes in bad debt provisions

Q1'22 SG&A expenses were 39.3% of net sales compared to 40.7% in Q1'21



# BALANCE SHEET OVERVIEW

Balance Sheet as of March 31, 2022

## Cash, Cash Equivalents and Short-term Investments

**\$610M**

Cash, cash equivalents and short-term investments totaled \$610.3M, compared to \$874.6M as of March 31, 2021.

The Company had no borrowings as of March 31, 2022, or 2021.

## Inventory

**+36%**

Inventories +36% y/y to \$714.4M. The increase in inventory was primarily driven by increased purchases of Spring '22 merchandise to support sales growth. Exiting the quarter, finished goods inventories in our distribution centers increased 13%, while in-transit inventory increased 94%. 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 Three Months Ended March 31, 2022

## Net Cash used in Operations

**-\$34M**

Net cash used in operating activities was \$33.8M, compared to net cash provided by operating activities of \$110.9M for the same period in 2021. The largest driver of the y/y reduction in operating cash flows was changes in inventory levels, which resulted in a \$71.1M use of cash in Q1'22, compared to providing \$25.1M in cash flow in Q1'21.

## Capital Expenditures

**\$13M**

Capital expenditures totaled \$12.9M compared to \$3.9M for the same period in 2021.

## Share Repurchases

**\$217M**

The Company repurchased 2,328,623 shares of common stock for an aggregate of \$217.3M, at an average price per share of \$93.32.

## Dividend

**\$0.30**

The Board of Directors approved a regular quarterly cash dividend of \$0.30 per share, payable on June 2, 2022, to shareholders of record on May 19, 2022.





# 2022 FINANCIAL OUTLOOK

The Company's 2022 Financial Outlook and the underlying assumptions are forward-looking in nature, and the forward-looking statements reflect our expectations as of April 28, 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 April 28, 2022 regarding 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. However, it is not possible to determine the ultimate impact on future operations, or whether other currently unanticipated direct or indirect consequences of the COVID-19 pandemic, the supply chain, or geopolitical tensions are reasonably likely to materially affect our operations. This outlook and commentary assumes no meaningful deterioration of current supply chain conditions, market conditions, geopolitical tensions or the ongoing pandemic. Projections are predicated on normal seasonal weather globally.

|                           | 2022 Financial Outlook                              | Outlook compared<br>to 2021   |
|---------------------------|---|---|
| Net sales                 | <b>\$3.63B to \$3.69B</b><br>(unchanged)            | <b>+16% to 18%</b><br>(unchanged)   |
| Gross margin              | <b>approximately 50.3%</b><br>(prior ~50%)          | <b>approximately 130 bps contraction</b><br>(prior ~160 bps contraction)    |
| SG&A percent of net sales | <b>37.3% to 37.7%</b><br>(prior 37.2% to 37.5%)     | <b>10 to 50 bps leverage</b><br>(prior 30 bps to 60 bps leverage)           |
| Operating margin          | <b>13.2% to 13.6%</b><br>(prior 13.0% to 13.5%)     | <b>120 bps to 80 bps deleverage</b><br>(prior 140 bps to 90 bps deleverage) |
| Operating income          | <b>\$477M to \$502M</b><br>(prior \$472M to \$498M) | <b>+6% to 11%</b><br>(prior +5% to 11%)                                     |
| Effective income tax rate | <b>24.0% to 24.5%</b><br>(unchanged)                | <b>2021 effective tax rate of 21.6%</b>                                     |
| Net income                | <b>\$363M to \$382M</b><br>(prior \$359M to \$379M) | <b>+2% to 8%</b><br>(prior +1% to 7%)                                       |
| Diluted EPS               | <b>\$5.70 to \$6.00</b><br>(prior \$5.50 to \$5.80) | <b>+7% to 13%</b><br>(prior +3% to 9%)                                      |

# 2022 FINANCIAL OUTLOOK ASSUMPTIONS

## Net Sales

### Anticipated net sales growth primarily reflects:

- Inbound shipping times, port congestion and other logistics delays have elongated in-transit times resulting in delayed receipt and delivery of products. Our 2022 financial outlook incorporates our current view of the supply chain disruptions which could materially change as conditions evolve.
- 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 expected to drive the vast majority of full year 2022 net sales growth.
  - LAAP region net sales growth is expected to be slower than consolidated net sales growth due to ongoing pandemic related challenges including impacts related to China's zero-Covid policy, as well as foreign currency translation effects related to the weakening of the Japanese Yen.
  - Europe Direct net sales growth is expected to be largely offset by a decline in EMEA Distributor net sales due to the removal of any future sales to our Russia-based distributor from the financial outlook.
- 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 low-teens%.
  - DTC.com penetration as a percent of total net sales to be in line with 2021.
  - DTC B&M sales growth includes 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

Gross margin for our Spring and Fall 2022 product lines is expected to be unfavorably impacted by product cost inflationary pressures including raw material input and manufacturing labor costs. To offset these cost pressures, we implemented mid-single-digit percent price increases for our Spring 2022 product line and high-single-digit to low-double-digit percent price increases for our Fall 2022 product line. The effect of these price increases is expected to neutralize the impact of inflationary product cost pressures.

### Anticipated gross margin contraction primarily reflects:

- decreased DTC product margins, primarily driven by the expected gradual return to a more normalized promotional environment compared to exceptionally low promotions in 2021;
- continued elevated inbound freight costs associated with industrywide logistics capacity constraints;
- unfavorable year-over-year changes in inventory provisions; and
- unfavorable regional and channel mix shifts.

## SG&A % of net sales

### Anticipated SG&A expense growth includes:

- 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 travel expenses; and
- higher bad debt expense to align with historical trends following reduction of reserves in 2021 related to the incremental reserves established in 2020 resulting from COVID-19 pandemic related risk.

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 strategies 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 And Share Count

- 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.
- The \$5.70 to \$6.00 diluted earnings per share range is based on estimated weighted average diluted shares outstanding of 63.6 million.

## Foreign currency

- Foreign currency translation is expected to reduce net sales growth by approximately 120 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

- 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

- The Company expects low-teens% y/y net sales growth (prior high-teens to low-twenties%) in H1'22 due to the following factors:
  - The removal of any future sales to our Russia-based distributor from the financial outlook; and
  - The reduction of our China net sales forecast resulting from impacts of China's zero-Covid policy.
- Second quarter net sales are anticipated to grow mid-single-digit% y/y.
- H1'22 gross margin is anticipated to contract approximately 200 bps y/y, compared to H1'21 (prior over 300 bps).
  - 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 faster than net sales growth, resulting in modest SG&A deleverage.
  - Please note, H1'21 SG&A expenses included the benefit of lower bad debt provisions, compared to what is anticipated in H1'22.
- H1'22 diluted EPS is expected to be \$0.93 to \$1.13 (prior \$0.90 to \$1.10) compared to H1'21 diluted EPS of \$1.44. H1'22 diluted EPS will be weighted to Q1'22, with Q2'22 expected to be roughly breakeven. Please note Q2 is typically 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

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# FIRST QUARTER 2022 CONSTANT-CURRENCY RECONCILIATION

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

|   | Three Months Ended March 31, |                |                     |                 |            |                         |
|---|------------------------------|----------------|---------------------|-----------------|------------|-------------------------|
|   | Reported                     | Adjust for     | Constant-           | Reported        | Reported   | Constant-               |
|   | Net Sales                    | Foreign        | currency            | Net Sales       | Net Sales  | currency                |
|   | 2022                         | Translation    | 2022 <sup>(1)</sup> | 2021            | % Change   | % Change <sup>(1)</sup> |
| <i>(In millions, except percentage changes)</i> |                              |                |                     |                 |            |                         |
| <b>Geographical Net Sales:</b>                  |                              |                |                     |                 |            |                         |
| United States                                   | \$ 501.9                     | \$ —           | \$ 501.9            | \$ 408.6        | 23%        | 23%                     |
| Latin America and Asia Pacific                  | 121.7                        | 5.5            | 127.2               | 112.0           | 9%         | 14%                     |
| Europe, Middle East and Africa                  | 94.7                         | 5.7            | 100.4               | 70.8            | 34%        | 42%                     |
| Canada  | 43.2                         | 0.1            | 43.3                | 34.2            | 26%        | 27%                     |
| Total   | <u>\$ 761.5</u>              | <u>\$ 11.3</u> | <u>\$ 772.8</u>     | <u>\$ 625.6</u> | <u>22%</u> | <u>24%</u>              |
| <b>Brand Net Sales:</b>                         |                              |                |                     |                 |            |                         |
| Columbia  | \$ 643.8                     | \$ 10.7        | \$ 654.5            | \$ 527.4        | 22%        | 24%                     |
| SOREL   | 63.6                         | 0.4            | 64.0                | 46.3            | 37%        | 38%                     |
| prAna   | 32.7                         | —              | 32.7                | 31.5            | 4%         | 4%                      |
| Mountain Hardwear                               | 21.4                         | 0.2            | 21.6                | 20.4            | 5%         | 6%                      |
| Total   | <u>\$ 761.5</u>              | <u>\$ 11.3</u> | <u>\$ 772.8</u>     | <u>\$ 625.6</u> | <u>22%</u> | <u>24%</u>              |
| <b>Product Category Net Sales:</b>              |                              |                |                     |                 |            |                         |
| Apparel, Accessories and Equipment              | \$ 565.9                     | \$ 7.7         | \$ 573.6            | \$ 468.9        | 21%        | 22%                     |
| Footwear  | 195.6                        | 3.6            | 199.2               | 156.7           | 25%        | 27%                     |
| Total   | <u>\$ 761.5</u>              | <u>\$ 11.3</u> | <u>\$ 772.8</u>     | <u>\$ 625.6</u> | <u>22%</u> | <u>24%</u>              |
| <b>Channel Net Sales:</b>                       |                              |                |                     |                 |            |                         |
| Wholesale                                       | \$ 408.2                     | \$ 5.8         | \$ 414.0            | \$ 335.4        | 22%        | 23%                     |
| DTC   | 353.3                        | 5.5            | 358.8               | 290.2           | 22%        | 24%                     |
| Total   | <u>\$ 761.5</u>              | <u>\$ 11.3</u> | <u>\$ 772.8</u>     | <u>\$ 625.6</u> | <u>22%</u> | <u>24%</u>              |

<sup>(1)</sup> 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 THREE MONTHS 2022 FREE CASH FLOW RECONCILIATION

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

| (In millions)                                       | Three Months Ended March 31, |          |
|---|------------------------------|----------|
|   | 2022                         | 2021     |
| Net cash provided by (used in) operating activities | \$ (33.8)                    | \$ 110.9 |
| Capital expenditures                                | (12.9)                       | (3.9)    |
| Free cash flow                                      | \$ (46.7)                    | \$ 107.0 |

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