

---

---

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):  
July 27, 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 July 27, 2022, Columbia Sportswear Company (the "Company") issued a press release reporting its second quarter and first half 2022 financial results, updating 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 second quarter 2022 financial results and 2022 financial outlook, as posted on the Company's investor relations website, <http://investor.columbia.com>, on July 27, 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 July 27, 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 August 31, 2022 to its shareholders of record on August 17, 2022.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

- [99.1](#) Press Release, dated July 27, 2022 (furnished pursuant to Items 2.02 and 7.01 hereof).
  - [99.2](#) CFO Commentary and Financial Review Presentation, dated July 27, 2022 (furnished pursuant to Items 2.02 and 7.01 hereof).
  - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).
-





**Columbia Sportswear Company Reports Second Quarter and First Half 2022 Financial Results;  
Updates Full Year 2022 Financial Outlook**

**Financial Highlights**

- **Net sales increased 2 percent (4 percent constant-currency) to a record \$578.1 million, compared to second quarter 2021.**
- **Operating income decreased 75 percent to \$8.8 million, or 1.5 percent of net sales, compared to second quarter 2021 operating income of \$35.0 million, or 6.2 percent of net sales.**
- **Diluted earnings per share decreased 82 percent to \$0.11, compared to \$0.61 in second quarter 2021.**
- **The Company repurchased \$69.6 million of common stock during the second quarter and \$286.9 million during the first six months of 2022.**

**Full Year 2022 Financial Outlook**

The following forward-looking statements reflect our expectations as of July 27, 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 \$3.44 to \$3.50 billion (prior \$3.63 to \$3.69 billion) representing net sales growth of 10 to 12 percent (prior 16 to 18 percent) compared to 2021.**
- **Operating income of \$415 to \$449 million (prior \$477 to \$502 million), representing operating margin of 12.1 to 12.8 percent (prior 13.2 to 13.6 percent).**
- **Diluted earnings per share of \$5.00 to \$5.40 (prior \$5.70 to \$6.00).**

**PORTLAND, Ore.** - July 27, 2022 - Columbia Sportswear Company (NASDAQ: COLM, the "Company"), a global leading innovator in outdoor, active and lifestyle products including apparel, footwear, accessories, and equipment, today announced second quarter 2022 financial results for the period ended June 30, 2022.

Chairman, President and Chief Executive Officer Tim Boyle commented, "First half net sales increased 12 percent, reflecting the strength of our brand portfolio amidst a rapidly changing and increasingly challenging economic environment. All of our brands contributed to this growth, with SOREL leading the charge, surging 33 percent, fueled by the brand's bold new summer and year-round styles. During the second quarter, which is our lowest volume sales quarter, performance trends varied greatly by region. Many markets continued to experience meaningful sales growth, while others were impacted by external headwinds and shipment delays. As we head into the important Fall sales season, we are eager to get our innovative product into the marketplace.

"Our confidence in our strategies and ability to unlock tremendous long-term growth opportunities remains intact. However, as 2022 has progressed, it is increasingly clear that the operating environment has become more challenging. Based on growing economic uncertainty we believe it is prudent to take a more conservative approach to our financial outlook for the balance of the year.

"Our profitable growth trajectory and global team of talented 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 second 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.

### **Second Quarter 2022 Financial Results**

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

**Net sales** increased 2 percent (4 percent constant-currency) to \$578.1 million from \$566.4 million for the comparable period in 2021. The increase in net sales primarily reflects growth across the U.S., Canada, Europe-direct, Japan and Korea, partially offset by substantially lower Russia-based distributor and China net sales.

**Gross margin** contracted 240 basis points to 49.2 percent of net sales from 51.6 percent of net sales for the comparable period in 2021. Gross margin contraction was primarily driven by higher inbound freight costs and lower wholesale margins, partially offset by favorable channel and regional sales mix.

**SG&A expenses** increased 7 percent to \$281.3 million, or 48.7 percent of net sales, from \$261.8 million, or 46.2 percent of net sales, for the comparable period in 2021. SG&A expense growth primarily reflects broad-based increases across the enterprise led by personnel expenses, which were driven by incremental headcount as well as wage increases.

**Operating income** decreased 75 percent to \$8.8 million, or 1.5 percent of net sales, compared to operating income of \$35.0 million, or 6.2 percent of net sales, for the comparable period in 2021.

**Income tax expense** of \$0.7 million resulted in an effective income tax rate of 8.6 percent, compared to an income tax benefit of \$5.4 million, or a negative effective tax rate of 15.3 percent, for the comparable period in 2021.

**Net income** decreased 82 percent to \$7.2 million, or \$0.11 per diluted share, compared to net income of \$40.7 million, or \$0.61 per diluted share, for the comparable period in 2021.

### **First Half 2022 Financial Results**

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

**Net sales** increased 12 percent (14 percent constant-currency) to \$1,339.6 million from \$1,192.0 million for the comparable period in 2021.

**Gross margin** contracted 200 basis points to 49.5 percent of net sales from 51.5 percent of net sales for the comparable period in 2021.

**SG&A expenses** increased 12 percent to \$580.3 million, or 43.3 percent of net sales, compared to \$516.2 million, or 43.3 percent of net sales, for the same period in 2021.

**Operating income** decreased 12 percent to \$92.4 million, or 6.9 percent of net sales, compared to operating income of \$105.5 million, or 8.8 percent of net sales, for the comparable period in 2021.

**Income tax expense** of \$17.9 million resulted in an effective income tax rate of 19.5 percent, compared to a \$9.2 million expense, or an effective tax rate of 8.7 percent, for the comparable period in 2021.

**Net income** decreased 23 percent to \$74.0 million, or \$1.16 per diluted share, compared to net income of \$96.6 million, or \$1.44 per diluted share, for the comparable period in 2021.

### **Balance Sheet as of June 30, 2022**

Cash, cash equivalents and short-term investments totaled \$414.2 million, compared to \$820.9 million as of June 30, 2021.

The Company had no borrowings as of June 30, 2022 or 2021.

Inventories increased 42 percent to \$962.9 million, compared to \$676.0 million as of June 30, 2021. Inventory growth reflects increased inventory purchases in anticipation of sales growth for our Spring and Fall 2022 merchandise, lower than normal inventory levels at the same time last year, and lower than initially expected year-to-date net sales due to a combination of factors including substantially lower Russia-based distributor shipments, the impact of zero-COVID restrictions in China and softer than expected net sales in the U.S. Increased Fall '22 in-transit inventory was also a meaningful contributor to increased inventory. With anticipated higher inventory levels, we are adjusting future inventory purchases and planning to more heavily utilize our outlet stores to sell excess merchandise.

### **Cash Flow for the Six Months Ended June 30, 2022**

Net cash used in operating activities was \$112.7 million, compared to net cash provided by operating activities of \$117.2 million for the same period in 2021.

Capital expenditures totaled \$29.0 million, compared to \$12.4 million for the same period in 2021.

### **Share Repurchases for the Six Months Ended June 30, 2022**

The Company repurchased 3,235,327 shares of common stock for an aggregate of \$286.9 million, or an average price per share of \$88.69.

At June 30, 2022, \$529.4 million remained available under our stock repurchase authorization, which does not obligate the Company to acquire any specific number of shares or to acquire shares over any specified period of time.

### **Quarterly Cash Dividend**

The Board of Directors approved a regular quarterly cash dividend of \$0.30 per share, payable on August 31, 2022 to shareholders of record on August 17, 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, including the Second Half 2022 Financial Commentary, is forward-looking in nature, and the following forward-looking statements reflect our expectations as of July 27, 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 July 27, 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. This outlook and commentary assume recent deterioration in market conditions and the economic environment, particularly in the U.S., which continue to exert pressure, unfavorably impacting the retail industry and our business. Projections are predicated on normal seasonal weather globally.

**Net sales** are expected to increase 10 to 12 percent (prior 16 to 18 percent) to \$3.44 to \$3.50 billion (prior \$3.63 to \$3.69 billion) from \$3.13 billion in 2021.

**Gross margin** is expected to contract 210 to 180 basis points (prior approximately 130 bps contraction) to 49.5 to 49.8 percent (prior approximately 50.3 percent) of net sales from 51.6 percent of net sales in 2021.

**SG&A expenses** are expected to increase roughly in line with net sales growth. SG&A expense as a percent of net sales is expected to be 37.6 to 38.0 percent (prior 37.3 to 37.7 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 \$415 to \$449 million (prior \$477 to \$502 million), resulting in operating margin of 12.1 to 12.8 percent (prior 13.2 to 13.6 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 and 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 \$315 to \$340 million (prior \$363 to \$382 million), resulting in diluted earnings per share of \$5.00 to \$5.40 (prior \$5.70 to \$6.00). This diluted earnings per share range is based on estimated weighted average diluted shares outstanding of 63.0 million (prior 63.6 million).

#### **Foreign Currency**

- Foreign currency translation is anticipated to reduce 2022 net sales growth by approximately 300 basis points.
- Foreign currency is expected to have a \$0.15 to \$0.20 negative impact on earnings due to unfavorable foreign currency translation impacts, anticipated to be partially offset by favorable foreign currency transactional effects from hedging of production.

#### **Balance Sheet and Cash Flows**

**Operating cash flow** is expected to be approximately \$150 million.

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

#### **Second Half 2022 Financial Commentary**

- **Net sales** are expected to increase 9 to 12 percent, compared to second half 2021.
- **Gross margin** is anticipated to contract 220 to 170 basis points compared to second half 2021.
- **SG&A expenses** are anticipated to increase roughly in line with net sales growth, resulting in flat to modest SG&A leverage.
- **Diluted earnings per share** is expected to be \$3.85 to \$4.25 compared to second half 2021 diluted EPS of \$3.91.

#### **Conference Call**

The Company will hold its second 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>.

#### **Third Quarter 2022 Reporting Date**

Columbia Sportswear Company plans to report third quarter 2022 financial results on Thursday, October 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 second 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 and is a global leading innovator in outdoor, active and lifestyle products including apparel, footwear, accessories, and equipment. 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.pranacom.com](http://www.pranacom.com).

### **Contact:**

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

- Financial tables follow -



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

| <i>(in thousands)</i>                      | <b>June 30,<br/>2022</b> | <b>June 30,<br/>2021</b> |
|--|--------------------------|--------------------------|
| <b>ASSETS</b>                              |                          |                          |
| Current Assets:                            |                          |                          |
| Cash and cash equivalents                  | \$ 413,110               | \$ 819,806               |
| Short-term investments                     | 1,108                    | 1,138                    |
| Accounts receivable, net                   | 296,636                  | 279,763                  |
| Inventories, net                           | 962,875                  | 676,009                  |
| Prepaid expenses and other current assets  | 121,404                  | 102,003                  |
| Total current assets                       | 1,795,133                | 1,878,719                |
| Property, plant and equipment, net         | 288,199                  | 297,237                  |
| Operating lease right-of-use assets        | 325,871                  | 350,798                  |
| Intangible assets, net                     | 101,083                  | 102,733                  |
| Goodwill                                   | 68,594                   | 68,594                   |
| Deferred income taxes                      | 81,263                   | 97,746                   |
| Other non-current assets                   | 66,645                   | 67,472                   |
| Total assets                               | \$ 2,726,788             | \$ 2,863,299             |
| <b>LIABILITIES AND EQUITY</b>              |                          |                          |
| Current Liabilities:                       |                          |                          |
| Accounts payable                           | \$ 312,353               | \$ 267,677               |
| Accrued liabilities                        | 239,181                  | 227,209                  |
| Operating lease liabilities                | 65,668                   | 71,149                   |
| Income taxes payable                       | 1,242                    | 1,565                    |
| Total current liabilities                  | 618,444                  | 567,600                  |
| Non-current operating lease liabilities    | 312,043                  | 344,216                  |
| Income taxes payable                       | 32,504                   | 48,805                   |
| Deferred income taxes                      | —                        | 151                      |
| Other long-term liabilities                | 32,080                   | 40,870                   |
| Total liabilities                          | 995,071                  | 1,001,642                |
| Total shareholders' equity                 | 1,731,717                | 1,861,657                |
| Total liabilities and shareholders' equity | \$ 2,726,788             | \$ 2,863,299             |

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

| <i>(In thousands, except per share amounts)</i> | Three Months Ended June 30, |            | Six Months Ended June 30, |              |
|---|-----------------------------|------------|---------------------------|--------------|
|   | 2022                        | 2021       | 2022                      | 2021         |
| Net sales                                       | \$ 578,063                  | \$ 566,370 | \$ 1,339,573              | \$ 1,191,976 |
| Cost of sales                                   | 293,903                     | 273,853    | 676,966                   | 578,057      |
| Gross profit                                    | 284,160                     | 292,517    | 662,607                   | 613,919      |
| Gross margin                                    | 49.2 %                      | 51.6 %     | 49.5 %                    | 51.5 %       |
| Selling, general and administrative expenses    | 281,258                     | 261,766    | 580,344                   | 516,155      |
| Net licensing income                            | 5,871                       | 4,244      | 10,176                    | 7,711        |
| Operating income                                | 8,773                       | 34,995     | 92,439                    | 105,475      |
| Interest income, net                            | 499                         | 598        | 894                       | 876          |
| Other non-operating expense, net                | (1,435)                     | (294)      | (1,391)                   | (598)        |
| Income before income tax                        | 7,837                       | 35,299     | 91,942                    | 105,753      |
| Income tax benefit (expense)                    | (674)                       | 5,385      | (17,942)                  | (9,169)      |
| Net income                                      | \$ 7,163                    | \$ 40,684  | \$ 74,000                 | \$ 96,584    |
| <b>Earnings per share:</b>                      |                             |            |                           |              |
| Basic   | \$ 0.11                     | \$ 0.61    | \$ 1.17                   | \$ 1.46      |
| Diluted   | \$ 0.11                     | \$ 0.61    | \$ 1.16                   | \$ 1.44      |
| <b>Weighted average shares outstanding:</b>     |                             |            |                           |              |
| Basic   | 62,554                      | 66,327     | 63,409                    | 66,345       |
| Diluted   | 62,695                      | 66,787     | 63,654                    | 66,858       |

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

| <i>(in thousands)</i>   | <b>Six Months Ended June 30,</b> |             |
|---|----------------------------------|-------------|
|   | <b>2022</b>                      | <b>2021</b> |
| <b>Cash flows from operating activities:</b>  |                                  |             |
| Net income  | \$ 74,000                        | \$ 96,584   |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities:           |                                  |             |
| Depreciation, amortization, and non-cash lease expense  | 58,537                           | 60,962      |
| Provision for uncollectible accounts receivable   | (4,047)                          | (9,757)     |
| Loss on disposal or impairment of investments, property, plant and equipment, and right-of-use assets | 2,418                            | 201         |
| Deferred income taxes   | 3,750                            | (9,667)     |
| Stock-based compensation  | 10,636                           | 9,823       |
| Changes in operating assets and liabilities:  |                                  |             |
| Accounts receivable   | 186,364                          | 180,456     |
| Inventories, net  | (332,225)                        | (123,737)   |
| Prepaid expenses and other current assets   | (23,226)                         | (48,160)    |
| Other assets  | 3,018                            | (337)       |
| Accounts payable  | 35,754                           | 59,085      |
| Accrued liabilities   | (67,199)                         | (30,130)    |
| Income taxes payable  | (23,807)                         | (22,652)    |
| Operating lease assets and liabilities  | (34,478)                         | (47,436)    |
| Other liabilities   | (2,163)                          | 1,927       |
| Net cash provided by (used in) operating activities   | (112,668)                        | 117,162     |
| <b>Cash flows from investing activities:</b>  |                                  |             |
| Purchases of short-term investments   | (44,877)                         | —           |
| Sales and maturities of short-term investments  | 175,725                          | 1,184       |
| Capital expenditures  | (28,983)                         | (12,387)    |
| Net cash provided by (used in) investing activities   | 101,865                          | (11,203)    |
| <b>Cash flows from financing activities:</b>  |                                  |             |
| Proceeds from credit facilities   | —                                | 19,888      |
| Repayments on credit facilities   | —                                | (19,683)    |
| Proceeds from issuance of common stock related to stock-based compensation                            | 4,076                            | 20,287      |
| Tax payments related to stock-based compensation  | (4,024)                          | (5,440)     |
| Repurchase of common stock  | (287,443)                        | (54,500)    |
| Cash dividends paid   | (37,926)                         | (34,540)    |
| Net cash used in financing activities   | (325,317)                        | (73,988)    |
| <b>Net effect of exchange rate changes on cash</b>  | (14,174)                         | (2,890)     |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | (350,294)                        | 29,081      |
| <b>Cash and cash equivalents, beginning of period</b>   | 763,404                          | 790,725     |
| <b>Cash and cash equivalents, end of period</b>   | \$ 413,110                       | \$ 819,806  |
| <b>Supplemental disclosures of cash flow information:</b>   |                                  |             |
| Cash paid during the year for income taxes  | \$ 47,846                        | \$ 81,497   |
| <b>Supplemental disclosures of non-cash investing and financing activities:</b>                       |                                  |             |
| Property, plant and equipment acquired through increase in liabilities                                | \$ 5,334                         | \$ 4,268    |

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

|   | Three Months Ended June 30, |                                   |                                    |                       |                       |                                |
|---|-----------------------------|-----------------------------------|------------------------------------|-----------------------|-----------------------|--------------------------------|
|   | 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 |
|   | 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                                   | \$ 412.5                    | \$ —                              | \$ 412.5                           | \$ 379.1              | 9%                    | 9%                             |
| Latin America and Asia Pacific                  | 72.8                        | 7.1                               | 79.9                               | 78.0                  | (7)%                  | 2%                             |
| Europe, Middle East and Africa                  | 57.6                        | 4.1                               | 61.7                               | 88.5                  | (35)%                 | (30)%                          |
| Canada  | 35.2                        | 0.9                               | 36.1                               | 20.8                  | 69%                   | 74%                            |
| Total   | <u>\$ 578.1</u>             | <u>\$ 12.1</u>                    | <u>\$ 590.2</u>                    | <u>\$ 566.4</u>       | 2%                    | 4%                             |
| <b>Brand Net Sales:</b>                         |                             |                                   |                                    |                       |                       |                                |
| Columbia  | \$ 485.9                    | \$ 11.6                           | \$ 497.5                           | \$ 484.3              | —%                    | 3%                             |
| SOREL   | 28.7                        | 0.3                               | 29.0                               | 23.1                  | 24%                   | 26%                            |
| prAna   | 40.7                        | —                                 | 40.7                               | 39.7                  | 3%                    | 3%                             |
| Mountain Hardwear                               | 22.8                        | 0.2                               | 23.0                               | 19.3                  | 18%                   | 19%                            |
| Total   | <u>\$ 578.1</u>             | <u>\$ 12.1</u>                    | <u>\$ 590.2</u>                    | <u>\$ 566.4</u>       | 2%                    | 4%                             |
| <b>Product Category Net Sales:</b>              |                             |                                   |                                    |                       |                       |                                |
| Apparel, Accessories and Equipment              | \$ 468.4                    | \$ 8.3                            | \$ 476.7                           | \$ 453.1              | 3%                    | 5%                             |
| Footwear  | 109.7                       | 3.8                               | 113.5                              | 113.3                 | (3)%                  | —%                             |
| Total   | <u>\$ 578.1</u>             | <u>\$ 12.1</u>                    | <u>\$ 590.2</u>                    | <u>\$ 566.4</u>       | 2%                    | 4%                             |
| <b>Channel Net Sales:</b>                       |                             |                                   |                                    |                       |                       |                                |
| Wholesale                                       | \$ 299.9                    | \$ 5.6                            | \$ 305.5                           | \$ 302.3              | (1)%                  | 1%                             |
| DTC   | 278.2                       | 6.5                               | 284.7                              | 264.1                 | 5%                    | 8%                             |
| Total   | <u>\$ 578.1</u>             | <u>\$ 12.1</u>                    | <u>\$ 590.2</u>                    | <u>\$ 566.4</u>       | 2%                    | 4%                             |

<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.

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

|   | Six Months Ended June 30, |                                   |                                    |                       |                       |                                |
|---|---------------------------|-----------------------------------|------------------------------------|-----------------------|-----------------------|--------------------------------|
|   | 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 |
|   | 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                                   | \$ 914.4                  | \$ —                              | \$ 914.4                           | \$ 787.7              | 16%                   | 16%                            |
| Latin America and Asia Pacific                  | 194.5                     | 12.6                              | 207.1                              | 190.0                 | 2%                    | 9%                             |
| Europe, Middle East and Africa                  | 152.3                     | 9.8                               | 162.1                              | 159.3                 | (4)%                  | 2%                             |
| Canada  | 78.4                      | 1.0                               | 79.4                               | 55.0                  | 43%                   | 44%                            |
| Total   | <u>\$ 1,339.6</u>         | <u>\$ 23.4</u>                    | <u>\$ 1,363.0</u>                  | <u>\$ 1,192.0</u>     | 12%                   | 14%                            |
| <b>Brand Net Sales:</b>                         |                           |                                   |                                    |                       |                       |                                |
| Columbia  | \$ 1,129.7                | \$ 22.3                           | \$ 1,152.0                         | \$ 1,011.7            | 12%                   | 14%                            |
| SOREL   | 92.3                      | 0.7                               | 93.0                               | 69.4                  | 33%                   | 34%                            |
| prAna   | 73.4                      | —                                 | 73.4                               | 71.2                  | 3%                    | 3%                             |
| Mountain Hardwear                               | 44.2                      | 0.4                               | 44.6                               | 39.7                  | 11%                   | 12%                            |
| Total   | <u>\$ 1,339.6</u>         | <u>\$ 23.4</u>                    | <u>\$ 1,363.0</u>                  | <u>\$ 1,192.0</u>     | 12%                   | 14%                            |
| <b>Product Category Net Sales:</b>              |                           |                                   |                                    |                       |                       |                                |
| Apparel, Accessories and Equipment              | \$ 1,034.3                | \$ 16.0                           | \$ 1,050.3                         | \$ 922.0              | 12%                   | 14%                            |
| Footwear  | 305.3                     | 7.4                               | 312.7                              | 270.0                 | 13%                   | 16%                            |
| Total   | <u>\$ 1,339.6</u>         | <u>\$ 23.4</u>                    | <u>\$ 1,363.0</u>                  | <u>\$ 1,192.0</u>     | 12%                   | 14%                            |
| <b>Channel Net Sales:</b>                       |                           |                                   |                                    |                       |                       |                                |
| Wholesale                                       | \$ 708.1                  | \$ 11.4                           | \$ 719.5                           | \$ 637.7              | 11%                   | 13%                            |
| DTC   | 631.5                     | 12.0                              | 643.5                              | 554.3                 | 14%                   | 16%                            |
| Total   | <u>\$ 1,339.6</u>         | <u>\$ 23.4</u>                    | <u>\$ 1,363.0</u>                  | <u>\$ 1,192.0</u>     | 12%                   | 14%                            |

<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.

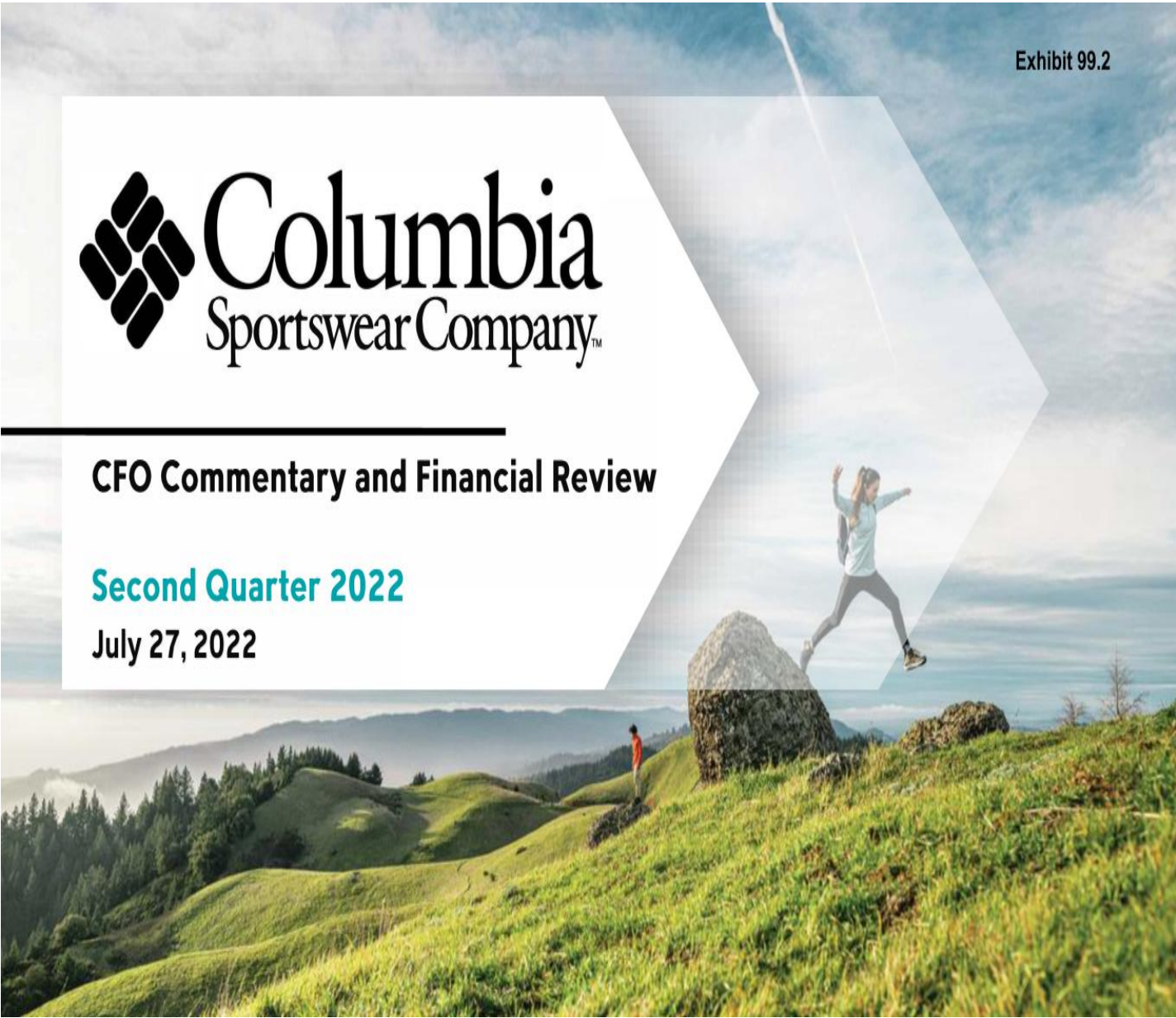


---

**CFO Commentary and Financial Review**

**Second Quarter 2022**

**July 27, 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      | 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                      |               |                           |         |                             |

---





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



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



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



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

# CAPITAL ALLOCATION PRIORITIES

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

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

## **INVEST IN ORGANIC GROWTH OPPORTUNITIES**

TO DRIVE LONG-TERM PROFITABLE GROWTH

## **RETURN AT LEAST 40% OF FREE CASH FLOW TO SHAREHOLDERS**

THROUGH DIVIDENDS AND SHARE REPURCHASES

## **OPPORTUNISTIC M&A**



# Q2'22 KEY HIGHLIGHTS

Q2'22 FINANCIAL RESULTS COMPARED TO Q2'21

**\$578M**

**+2%**

**Net Sales**

**49.2%**

**-240 bps**

**Gross Margin**

**1.5%**

**-470 bps**

**Operating Margin**

**\$0.11**

**-82%**

**Diluted EPS**

## Q2'22 Highlights:

- Y/Y net sales growth was tempered by the curtailment of shipments to our Russia-based distributor and strict restrictions in China related to its zero-COVID policy. Net sales were below our outlook due to a shortfall in the U.S. and China.
- Net sales growth was led by the SOREL brand, which increased 24%.
- Roughly in-line gross margin and lower-than-expected SG&A expenses resulted in better-than-forecast earnings.
- The Company repurchased \$69.6M of common stock in Q2'22 and \$286.9M of common stock in the first six months of 2022.

*Please note that Q2 is our lowest volume sales quarter and small variances can result in large year-over-year changes in profitability that may not be indicative of underlying business trends.*

# Q2'22 ACTUAL VS LAST YEAR

(dollars in millions, except per share amounts)

|                    | Q2'22   | Q2'21   | Change   |
|--------------------|---------|---------|----------|
| Net Sales          | \$578.1 | \$566.4 | +2%      |
| Gross Margin %     | 49.2%   | 51.6%   | -240 bps |
| SG&A %             | 48.7%   | 46.2%   | +250 bps |
| Operating Income   | \$8.8   | \$35.0  | -75%     |
| Operating Margin % | 1.5%    | 6.2%    | -470 bps |
| Net Income         | \$7.2   | \$40.7  | -82%     |
| EPS                | \$0.11  | \$0.61  | -82%     |

## Commentary on factors impacting Q2'22 financial results:

- The increase in net sales primarily reflects growth across U.S., Canada, Europe-direct, Japan and Korea, partially offset by substantially lower Russia-based distributor and China net sales.
- Gross margin contraction was primarily driven by higher inbound freight costs and lower wholesale margins, partially offset by favorable channel and regional sales mix.
- SG&A deleverage driven by low second quarter sales growth relative to expected full year sales growth and planned full year SG&A expense levels.

# Q2'22 NET SALES OVERVIEW

Q2'22 NET SALES AND GROWTH VS. Q2'21

## CATEGORY PERFORMANCE

### APPAREL, ACCESSORIES

#### & Equipment:

↑ **+3%** (+5% c.c.)  
\$468M

### FOOTWEAR:

↓ **-3%** (0% c.c.)  
\$110M

## BRAND PERFORMANCE

 **Columbia**

↑ **0%** (+3% c.c.)  
\$486M

 **prAna**

↑ **+3%** (+3% c.c.)  
\$40M



↑ **+24%** (+26% c.c.)  
\$29M

 **MOUNTAIN  
HARD  
WEAR**

↑ **+18%** (+19% c.c.)  
\$23M

## CHANNEL PERFORMANCE

### WHOLESALE:

↓ **-1%** (+1% c.c.)  
\$300M

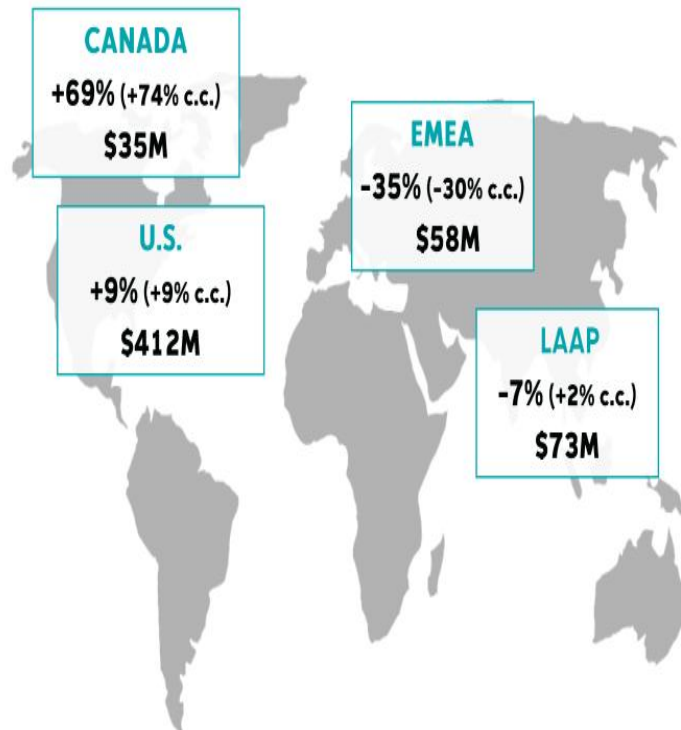
### DTC:

↑ **+5%** (+8% c.c.)  
\$278M

- Columbia brand footwear was down due to lower China and Russia-based distributor net sales, as well as supply chain constraints, partially offset by robust SOREL growth.
- SOREL growth fueled by summer and year-round categories including sneakers, wedges and sandals.
- Mountain Hardwear growth due to higher Spring '22 wholesale shipments.
- Columbia performance reflects growth in most markets offset by lower Russia-based distributor and China net sales.
- Global wholesale decreased due to lower Russia-based distributor and China net sales.
- DTC B&M +11%, DTC.com -5%.
- DTC.com was down due to lower prAna and China sales.

# Q2'22 REGIONAL NET SALES PERFORMANCE

Q2'22 NET SALES AND GROWTH VS. Q2'21



Percentage change details and primary drivers

## U.S.

- **Wholesale:** up low-teens%, shipping of higher Spring '22 orders, partially offset by supply chain disruptions
- **DTC:** up low-single-digits%, DTC B&M +MSD%, DTC.com -LSD%
- The Company had 147 stores (132 outlet; 15 branded) exiting Q2'22 vs. 136 (127 outlet; 9 branded) exiting Q2'21

## LAAP

- **China:** down high-40% (down high-40% c.c.), due to impact of restrictions related to China's zero-COVID policy
- **Korea:** up MSD% (up high-teens% c.c.), on strong consumer demand driving increased DTC sales
- **LAAP distributor:** up LDD%, on shipment of higher Fall '22 orders
- **Japan:** up high-teens% (up mid-30% c.c.), driven by strong consumer demand and the anniversary of prior year state of emergency

## EMEA

- **Europe-direct:** up high-teens% (up low-30% c.c.), driven by strong wholesale and DTC performance
- **EMEA distributor:** down low-70%, driven by the curtailment of Russia-based distributor Fall '22 shipments

## Canada

- **+69%** (+74% c.c.), driven by strong wholesale and DTC performance, as we anniversary prior year pandemic-related disruptions

# Q2'22 GROSS MARGIN BRIDGE

Q2'22 gross margin contracted -240 bps y/y to 49.2%

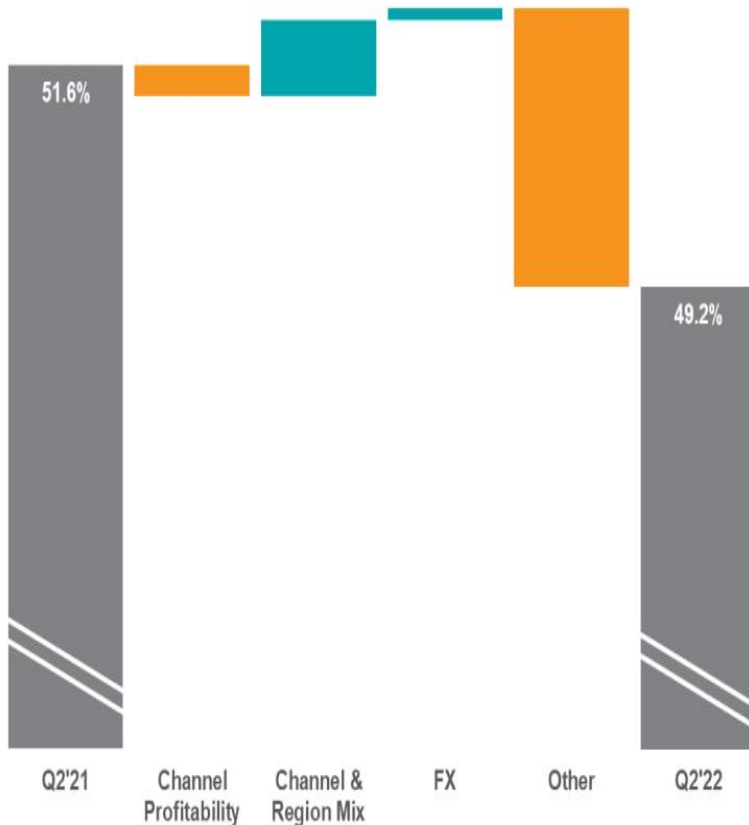
Gross Margin contraction primarily reflects:

## Headwinds

- **Other:** elevated inbound freight costs
- **Channel Profitability:** lower wholesale margins driven by input cost pressure and increased customer accommodations, partially offset by price increases and a higher proportion of full price vs. off price sales

## Tailwinds

- **Channel & Region Mix:** lower mix of EMEA distributor sales, which typically carry a lower margin
- **Channel Profitability:** higher DTC product margins driven by lower promotional activity and price increases, partially offset by input cost pressure
- **FX:** favorable effects from foreign currency hedge rates





# Q2'22 SG&A BRIDGE

SG&A increased 7% to \$281.3M



Q2'22 SG&A expenses were 48.7% of net sales compared to 46.2% in Q2'21

The y/y increase in SG&A expenses includes broad-based SG&A growth across multiple categories to support sales growth, as well as technology and supply chain capabilities, including:

### SG&A Expense Increases

- **Personnel:** Increased headcount to support business growth; merit and other wage rate increases
- **Demand Creation:** higher spending with sales growth and incremental strategic investment

Partially offset by:

### SG&A Expense Reductions

- **Incentive Comp:** year-over-year changes in accrued incentive compensation

# BALANCE SHEET OVERVIEW

Balance Sheet as of June 30, 2022

## Cash, Cash Equivalents and Short-term Investments

**\$414M**

Cash, cash equivalents and short-term investments totaled \$414.2M, compared to \$820.9M as of June 30, 2021.

## Inventory

**+42%**

Inventories +42% y/y to \$962.9M. Inventory growth reflects increased inventory purchases in anticipation of sales growth for our Spring and Fall 2022 merchandise, lower than normal inventory levels at the same time last year, and lower than initially expected year-to-date net sales due to a combination of factors including lower EMEA distributor shipments, the impact of zero-COVID restrictions in China and softer than expected net sales in the U.S.

Exiting the quarter, finished goods inventories in our distribution centers increased 36%, while in-transit inventory increased 46%. With anticipated higher inventory levels, we are adjusting future inventory purchases and planning to more heavily utilize our outlet stores to sell excess merchandise.



# CASH FLOW OVERVIEW

Cash Flow for the Six Months Ended June 30, 2022

## Net Cash used in Operations

**-\$113M**

Net cash used in operating activities was \$112.7M, compared to net cash provided by operating activities of \$117.2M for the same period in 2021. The decrease is largely attributable to increased inventory.

## Capital Expenditures

**\$29M**

Capital expenditures totaled \$29.0M compared to \$12.4M for the same period in 2021.

## Share Repurchases

**\$287M**

The Company repurchased 3,235,327 shares of common stock for an aggregate of \$286.9M, for an average price per share of \$88.69. From a cash flow perspective, shares repurchased generally settle subsequent to the trade date.

## Dividend

**\$0.30**

The Board of Directors approved a regular quarterly cash dividend of \$0.30 per share, payable on August 31, 2022, to shareholders of record on August 17, 2022.



# 2022 FINANCIAL OUTLOOK

## FORWARD LOOKING STATEMENTS & OVERVIEW

### **Forward Looking Statements**

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 July 27, 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 July 27, 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. This outlook and commentary assume recent deterioration in market conditions and the economic environment, particularly in the U.S., which continues to exert pressure, unfavorably impacting the retail industry and our business. Projections are predicated on normal seasonal weather globally.

### **Financial Outlook Revisions Overview**

Based on the current environment and growing economic uncertainty, we believe it is prudent to take a more conservative approach to our financial outlook for the balance of the year. Supply chain challenges remain elevated and are anticipated to continue through the rest of the year. In the U.S., growing fears of a recession are changing consumer and retailer sentiment. Our updated outlook contemplates higher order cancellation risk and more conservative DTC assumptions, as well as a more promotional environment as the marketplace seeks to rationalize inventory levels. We have also taken a more conservative outlook in China for the balance of the year as zero-COVID restrictions are impacting consumer demand. Additionally, since our last financial outlook, the U.S. dollar has strengthened relative to major foreign currencies. The current outlook includes foreign currency translation and hedging impacts, resulting in a 300 bps net sales growth headwind and \$0.15 to \$0.20 negative earnings impact compared to our last financial outlook.

# 2022 FINANCIAL OUTLOOK

|                                      | 2022 Financial Outlook                                  | Outlook compared<br>to 2021  |
|--------------------------------------|---|--|
| <b>Net sales</b>                     | <b>\$3.44B to \$3.50B</b><br>(prior \$3.63B to \$3.69B) | <b>+10% to +12%</b><br>(prior 16% to +18%)                                       |
| <b>Gross margin</b>                  | <b>49.5% to 49.8%</b><br>(prior ~50.3%)                 | <b>210 bps to 180 bps contraction</b><br>(prior ~130 bps contraction)            |
| <b>SG&amp;A percent of net sales</b> | <b>37.6% to 38.0%</b><br>(prior 37.3% to 37.7%)         | <b>20 bps leverage to 20 bps deleverage</b><br>(prior 10 bps to 50 bps leverage) |
| <b>Operating margin</b>              | <b>12.1% to 12.8%</b><br>(prior 13.2% to 13.6%)         | <b>230 bps to 160 bps deleverage</b><br>(prior 120 bps to 80 bps deleverage)     |
| <b>Operating income</b>              | <b>\$415M to \$449M</b><br>(prior \$477M to \$502M)     | <b>-8% to flat</b><br>(prior +6% to +11%)  |
| <b>Effective income tax rate</b>     | <b>24.0% to 24.5%</b><br>(unchanged)                    | <b>2021 effective tax rate of 21.6%</b>  |
| <b>Net income</b>                    | <b>\$315M to \$340M</b><br>(prior \$363M to \$382M)     | <b>-11% to -4%</b><br>(prior +2% to +8%)   |
| <b>Diluted EPS</b>                   | <b>\$5.00 to \$5.40</b><br>(prior \$5.70 to \$6.00)     | <b>-6% to +1%</b><br>(prior +7% to +13%)   |

# 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 highest growth rate.
- All four geographic segments are anticipated to grow in 2022.
  - Canada, U.S. and our Europe-direct business 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 unfavorable foreign currency translation effects.
  - Within our EMEA region, EMEA distributor net sales include shipments to our Russia-based distributor as we fulfill some orders written prior to the invasion. Our previous outlook removed all open orders and future sales to our Russia-based distributor from the financial outlook.
- From a product category perspective, footwear is anticipated to grow high-teens% and apparel, accessories & other is anticipated to grow low-double-digit%.
- From a channel perspective, wholesale is anticipated to grow high-teens% and DTC is anticipated to grow high-single-digit%.
  - DTC.com penetration as a percent of total net sales is expected 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:

- elevated inbound freight costs associated with industrywide logistics capacity constraints;
- decreased wholesale product margins, primarily driven by increased cost pressure and higher customer accommodations, as well as a higher proportion of off-price sales
- decreased DTC product margins, primarily driven by the expected return to a more normalized promotional environment compared to exceptionally low promotions in 2021; and
- Unfavorable regional and channel mix shifts; partially offset by:
- Favorable impacts of foreign currency hedge rates.

## SG&A % of net sales

### Anticipated SG&A expense growth includes:

- higher personnel expenses reflecting incremental headcount as well as wage increases;
- increased expenses to support global DTC sales growth including new stores, wage increases and other related operations;
- higher demand creation expense; and
- higher travel and other expenses; partially offset by
- lower incentive compensation expense.

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 SECOND 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 \$5.00 to \$5.40 diluted earnings per share range is based on estimated weighted average diluted shares outstanding of 63.0 million.

## Foreign currency

- Foreign currency translation is expected to reduce net sales growth by approximately 300 bps.
- Foreign currency is expected to have a \$0.15 to \$0.20 negative impact on earnings due to unfavorable foreign currency translation impacts, anticipated to be partially offset by favorable foreign currency transactional effects from hedging of production.

## Operating cash flow and capital expenditures

- Operating cash flow is anticipated to be approximately \$150M. 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.

## Second half and third quarter commentary

### H2'22

- The Company expects 9% to 12% y/y net sales growth in H2'22.
- H2'22 gross margin is anticipated to contract approximately 220 bps to 170 bps y/y, compared to H2'21.
- H2'22 SG&A expenses are expected to grow approximately in line with net sales growth, resulting in flat to modest SG&A leverage.
- H2'22 diluted EPS is expected to be \$3.85 to \$4.25 compared to H2'21 diluted EPS of \$3.91.

### Q3'22

- Based on current forecasted product delivery dates, the Company anticipates Q3'22 y/y net sales growth of approximately 20%.
  - Please note that the timing of Fall 2022 inventory receipts and wholesale shipments can have a significant impact on quarterly financial performance.
- Q3'22 diluted EPS is expected to grow approximately 10% compared to Q3'21 diluted EPS of \$1.52.



**A P P E N D I X**

---





# SECOND QUARTER 2022 CONSTANT-CURRENCY RECONCILIATION

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

| <i>(In millions, except percentage changes)</i> | Three Months Ended June 30, |                                   |                                    |                       |                       |                                    |
|---|-----------------------------|-----------------------------------|------------------------------------|-----------------------|-----------------------|------------------------------------|
|   | 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-<br>currency<br>Net Sales |
|   | 2022                        | Translation                       | 2022 <sup>(1)</sup>                | 2021                  | % Change              | % Change <sup>(1)</sup>            |
| <b>Geographical Net Sales:</b>                  |                             |                                   |                                    |                       |                       |                                    |
| United States .....                             | \$ 412.5                    | \$ —                              | \$ 412.5                           | \$ 379.1              | 9%                    | 9%                                 |
| Latin America and Asia Pacific .....            | 72.8                        | 7.1                               | 79.9                               | 78.0                  | (7)%                  | 2%                                 |
| Europe, Middle East and Africa .....            | 57.6                        | 4.1                               | 61.7                               | 88.5                  | (35)%                 | (30)%                              |
| Canada .....                                    | 35.2                        | 0.9                               | 36.1                               | 20.8                  | 69%                   | 74%                                |
| <b>Total .....</b>                              | <b>\$ 578.1</b>             | <b>\$ 12.1</b>                    | <b>\$ 590.2</b>                    | <b>\$ 566.4</b>       | <b>2%</b>             | <b>4%</b>                          |
| <b>Brand Net Sales:</b>                         |                             |                                   |                                    |                       |                       |                                    |
| Columbia .....                                  | \$ 485.9                    | \$ 11.6                           | \$ 497.5                           | \$ 484.3              | —%                    | 3%                                 |
| SOREL .....                                     | 28.7                        | 0.3                               | 29.0                               | 23.1                  | 24%                   | 26%                                |
| prAna .....                                     | 40.7                        | —                                 | 40.7                               | 39.7                  | 3%                    | 3%                                 |
| Mountain Hardwear .....                         | 22.8                        | 0.2                               | 23.0                               | 19.3                  | 18%                   | 19%                                |
| <b>Total .....</b>                              | <b>\$ 578.1</b>             | <b>\$ 12.1</b>                    | <b>\$ 590.2</b>                    | <b>\$ 566.4</b>       | <b>2%</b>             | <b>4%</b>                          |
| <b>Product Category Net Sales:</b>              |                             |                                   |                                    |                       |                       |                                    |
| Apparel, Accessories and Equipment .....        | \$ 468.4                    | \$ 8.3                            | \$ 476.7                           | \$ 453.1              | 3%                    | 5%                                 |
| Footwear .....                                  | 109.7                       | 3.8                               | 113.5                              | 113.3                 | (3)%                  | —%                                 |
| <b>Total .....</b>                              | <b>\$ 578.1</b>             | <b>\$ 12.1</b>                    | <b>\$ 590.2</b>                    | <b>\$ 566.4</b>       | <b>2%</b>             | <b>4%</b>                          |
| <b>Channel Net Sales:</b>                       |                             |                                   |                                    |                       |                       |                                    |
| Wholesale .....                                 | \$ 299.9                    | \$ 5.6                            | \$ 305.5                           | \$ 302.3              | (1)%                  | 1%                                 |
| DTC .....                                       | 278.2                       | 6.5                               | 284.7                              | 264.1                 | 5%                    | 8%                                 |
| <b>Total .....</b>                              | <b>\$ 578.1</b>             | <b>\$ 12.1</b>                    | <b>\$ 590.2</b>                    | <b>\$ 566.4</b>       | <b>2%</b>             | <b>4%</b>                          |

<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 HALF 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)

| <i>(In millions)</i>                                | Six Months Ended June 30, |          |
|---|---------------------------|----------|
|   | 2022                      | 2021     |
| Net cash provided by (used in) operating activities | \$ (112.7)                | \$ 117.2 |
| Capital expenditures                                | (29.0)                    | (12.4)   |
| Free cash flow                                      | \$ (141.7)                | \$ 104.8 |

---

