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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_______to_______

Commission file number 000-23939

COLUMBIA SPORTSWEAR COMPANY

(Exact name of registrant as specified in its charter)

Oregon	**93-0498284**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

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

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

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**	**The NASDAQ Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock on October 25, 2024 was 57,194,480.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of federal securities laws. Forward-looking statements often use words such as "will", "anticipate", "estimate", "expect", "should", "may", "believe" and other words and terms of similar meaning or reference future dates. Forward-looking statements include any statements related to our expectations regarding the effectiveness of our investments, future performance or market position, the promotional environment, our utilization of temporary clearance locations, storage and processing capacity, inventory levels and timing of inventory receipt, inventory carrying costs, shipment timing, consumer and customer spending and preferences, the performance of our various sales channels, freight charges, scale efficiencies, inflationary pressures, foreign currency translation, the performance of our international businesses, the geopolitical environment, consumer and customer behaviors and expectations, the regulatory environment, the impact of seasonal trends, materiality of legal matters, risk management strategies, the performance of our profit improvement program and the Columbia brand ACCELERATE Growth Strategy, capital expenditures, our short and long-term cash needs and our ability to meet those needs, amortization expenses, and maturities of liabilities.

These forward-looking statements, and others we make from time to time expressed in good faith, are believed to have a reasonable basis; however, each forward-looking statement involves risks and uncertainties. Many factors may cause actual results to differ materially from projected results in forward-looking statements, including the risks described in Part II, Item 1A of this Quarterly Report on Form 10-Q. Forward-looking statements are inherently less reliable than historical information. Except as required by law, we do not undertake any duty to update forward-looking statements after the date they are made or to conform them to actual results or to changes in circumstances or to reflect changes in events, circumstances or expectations. New factors emerge from time to time and it is not possible for us 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.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands)	September 30, 2024	December 31, 2023	September 30, 2023
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 306,680	$ 350,319	$ 213,282
Short-term investments	67,244	414,185	1,474
Accounts receivable, net of allowance of $ 6,464, $5,450 and $6,659, respectively	581,738	423,079	686,821
Inventories	798,153	746,288	885,163
Prepaid expenses and other current assets	72,443	80,814	96,016
Total current assets	1,826,258	2,014,685	1,882,756
Property, plant and equipment, net of accumulated depreciation of $ 707,272, $671,930 and $653,545, respectively	284,963	287,281	283,095
Operating lease right-of-use assets	370,844	357,295	339,538
Intangible assets, net	79,221	79,908	80,321
Goodwill	26,694	26,694	51,694
Deferred income taxes	103,757	105,574	89,801
Other non-current assets	69,003	67,576	71,738
Total assets	$ 2,760,740	$ 2,939,013	$ 2,798,943
LIABILITIES AND EQUITY			
Current Liabilities:			
Accounts payable	$ 221,714	$ 235,927	$ 162,222
Accrued liabilities	266,161	272,058	283,799
Operating lease liabilities	72,968	71,086	72,685
Income taxes payable	6,097	17,556	7,254
Total current liabilities	566,940	596,627	525,960
Non-current operating lease liabilities	348,786	336,772	323,508
Income taxes payable	14,607	25,688	24,218
Deferred income taxes	67	66	—
Other long-term liabilities	42,868	41,250	29,946
Total liabilities	973,268	1,000,403	903,632
Commitments and contingencies (Note 4)			
Shareholders' Equity:			
Preferred stock; 10,000 shares authorized; none issued and outstanding	—	—	—
Common stock (no par value); 250,000 shares authorized; 57,261, 59,996 and 60,526 issued and outstanding, respectively	—	—	—
Retained earnings	1,836,910	1,984,446	1,942,709
Accumulated other comprehensive loss	(49,438)	(45,836)	(47,398)
Total shareholders' equity	1,787,472	1,938,610	1,895,311
Total liabilities and shareholders' equity	$ 2,760,740	$ 2,939,013	$ 2,798,943

See accompanying notes to unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share amounts)	2024	2023	2024	2023
Net sales	$ 931,768	$ 985,683	$ 2,271,994	$ 2,427,209
Cost of sales	464,209	505,486	1,141,457	1,233,467
Gross profit	467,559	480,197	1,130,537	1,193,742
Selling, general and administrative expenses	361,243	351,563	1,013,262	1,011,490
Net licensing income	6,225	5,920	16,145	14,958
Operating income	112,541	134,554	133,420	197,210
Interest income, net	5,364	1,870	22,905	8,659
Other non-operating income (expense), net	1,283	(311)	2,030	354
Income before income tax	119,188	136,113	158,355	206,223
Income tax expense	29,031	32,605	37,639	48,163
Net income	$ 90,157	$ 103,508	$ 120,716	$ 158,060
Earnings per share:				
Basic	$ 1.56	$ 1.70	$ 2.05	$ 2.57
Diluted	$ 1.56	$ 1.70	$ 2.04	$ 2.56
Weighted average shares outstanding:				
Basic	57,785	60,844	58,896	61,575
Diluted	57,936	60,932	59,043	61,775

See accompanying notes to unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Net income	$ 90,157	$ 103,508	$ 120,716	$ 158,060
Other comprehensive income (loss):				
Change in available-for-sale securities (net of tax effect of $ 46)	—	—	(145)	—
Change in derivative transactions (net of tax effects of $ 5,470, $(960), $485 and $1,139, respectively)	(14,905)	3,593	(1,071)	(2,554)
Foreign currency translation adjustments (net of tax effects of $(390), $325, $(41) and $282, respectively)	20,477	(9,659)	(2,386)	(14,207)
Other comprehensive income (loss)	5,572	(6,066)	(3,602)	(16,761)
Comprehensive income	$ 95,729	$ 97,442	$ 117,114	$ 141,299

See accompanying notes to unaudited condensed consolidated financial statements.

Columbia Sportswear Company

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Nine Months Ended September 30,	
(in thousands)	2024	2023
Cash flows from operating activities:		
Net income	$ 120,716	$ 158,060
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	42,187	42,290
Non-cash lease expense	56,903	51,075
Provision for uncollectible accounts receivable	3,183	2,010
Deferred income taxes	2,180	4,236
Stock-based compensation	18,478	17,026
Other, net	(11,278)	568
Changes in operating assets and liabilities:		
Accounts receivable	(162,252)	(146,139)
Inventories	(50,336)	135,417
Prepaid expenses and other current assets	5,008	26,809
Other assets	(195)	(3,106)
Accounts payable	(17,044)	(152,168)
Accrued liabilities	(7,823)	(42,251)
Income taxes payable	(22,439)	(20,434)
Operating lease assets and liabilities	(56,557)	(49,322)
Other liabilities	2,661	(1,897)
Net cash provided by (used in) operating activities	(76,608)	22,174
Cash flows from investing activities:		
Purchases of short-term investments	(388,348)	(117,877)
Sales and maturities of short-term investments	751,232	120,747
Capital expenditures	(41,736)	(41,355)
Net cash provided by (used in) investing activities	321,148	(38,485)
Cash flows from financing activities:		
Proceeds from credit facilities	—	837
Repayments on credit facilities	—	(837)
Proceeds from issuance of common stock related to stock-based compensation	3,955	7,081
Tax payments related to stock-based compensation	(4,806)	(4,620)
Repurchase of common stock	(230,864)	(144,633)
Cash dividends paid	(52,860)	(55,379)
Net cash used in financing activities	(284,575)	(197,551)
Net effect of exchange rate changes on cash	(3,604)	(3,097)
Net decrease in cash and cash equivalents	(43,639)	(216,959)
Cash and cash equivalents, beginning of period	350,319	430,241
Cash and cash equivalents, end of period	$ 306,680	$ 213,282
Supplemental disclosures of cash flow information:		
Cash paid during the period for income taxes	$ 63,650	$ 66,580
Supplemental disclosures of non-cash investing and financing activities:		
Property, plant and equipment acquired through increase in liabilities	$ 12,224	$ 5,389

See accompanying notes to unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

(in thousands, except per share amounts)	Common Stock Shares Outstanding	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, June 30, 2024	58,752	$ —	$ 1,878,972	$ (55,010)	$ 1,823,962
Net income	—	—	90,157	—	90,157
Other comprehensive income	—	—	—	5,572	5,572
Cash dividends ($0.30 per share)	—	—	(17,232)	—	(17,232)
Issuance of common stock related to stock-based compensation, net	12	(137)	—	—	(137)
Stock-based compensation expense	—	6,470	—	—	6,470
Repurchase of common stock	(1,503)	(5,145)	(114,987)	—	(120,132)
Excise taxes related to repurchase of common stock	—	(1,188)	—	—	(1,188)
Balance, September 30, 2024	57,261	$ —	$ 1,836,910	$ (49,438)	$ 1,787,472

sands, except per share amounts)	Common Stock Shares Outstanding	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Total
ce, June 30, 2023	61,358	$—	$ 1,915,990	$ (41,332)	1,874,658
come	—	—	103,508	—	103,508
comprehensive loss	—	—	—	(6,066)	(6,066)
lividends ($0.30 per share)	—	—	(18,280)	—	(18,280)
Issuance of common stock related to stock-based compensation, net	55	2,237	—	—	2,237
based compensation expense	—	5,818	—	—	5,818
chase of common stock	(887)	(7,435)	(58,509)	—	(65,944)
taxes related to repurchase of common stock	—	(620)	—	—	(620)
ce, September 30, 2023	60,526	$—	$ 1,942,709	$ (47,398)	1,895,311

(in thousands, except per share amounts)	Common Stock Shares Outstanding	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2023	59,996	$ —	$ 1,984,446	$ (45,836)	$ 1,938,610
Net income	—	—	120,716	—	120,716
Other comprehensive loss	—	—	—	(3,602)	(3,602)
Cash dividends ($0.90 per share)	—	—	(52,860)	—	(52,860)
Issuance of common stock related to stock-based compensation, net	182	(851)	—	—	(851)
Stock-based compensation expense	—	18,478	—	—	18,478
Repurchase of common stock	(2,917)	(15,472)	(215,392)	—	(230,864)
Excise taxes related to repurchase of common stock	—	(2,155)	—	—	(2,155)
Balance, September 30, 2024	57,261	$ —	$ 1,836,910	$ (49,438)	$ 1,787,472

(in thousands, except per share amounts)	Common Stock Shares Outstanding	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2022	62,139	$ 12,692	$ 1,953,734	$ (30,637)	$ 1,935,789
Net income	—	—	158,060	—	158,060
Other comprehensive loss	—	—	—	(16,761)	(16,761)
Cash dividends ($0.90 per share)	—	—	(55,379)	—	(55,379)
Issuance of common stock related to stock-based compensation, net	228	2,461	—	—	2,461
Stock-based compensation expense	—	17,026	—	—	17,026
Repurchase of common stock	(1,841)	(30,928)	(113,706)	—	(144,634)
Excise taxes related to repurchase of common stock	—	(1,251)	—	—	(1,251)
Balance, September 30, 2023	60,526	$ —	$ 1,942,709	$ (47,398)	$ 1,895,311

See accompanying notes to unaudited condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1 — BASIS OF PRESENTATION AND ORGANIZATION

The accompanying unaudited condensed consolidated financial statements have been prepared by the management of Columbia Sportswear Company (together with its wholly owned subsidiaries, the "Company") and, in the opinion of management, include all normal recurring material adjustments necessary to present fairly the Company's financial position as of September 30, 2024, December 31, 2023 and September 30, 2023, the results of operations for the three and nine months ended September 30, 2024 and 2023, and cash flows for the nine months ended September 30, 2024 and 2023. The December 31, 2023 financial information was derived from the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. A significant part of the Company's business is of a seasonal nature; therefore, results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of results to be expected for other quarterly periods or for the full year.

Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The Company, however, believes that the disclosures contained in this report comply with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, for a Quarterly Report on Form 10-Q and are adequate to make the information presented not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

PRINCIPLES OF CONSOLIDATION

The unaudited condensed consolidated financial statements include the accounts of the Company. All significant intercompany balances and transactions have been eliminated in consolidation.

ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions. The Company's significant estimates relate to sales reserves, allowance for uncollectible accounts receivable, excess, close-out and slow-moving inventory, impairment of long-lived assets, impairment of indefinite-lived intangible assets and goodwill, and income taxes.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

None.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In November 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update ("ASU") No. 2023-07 (“ASU 2023-07”), Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The amendments will require public entities to disclose significant segment expenses that are regularly provided to the chief operating decision maker and included within the reported measure of segment profit or loss, among other disclosure requirements. ASU 2023-07 is effective for annual periods beginning after December 15, 2023, and interim periods beginning after December 15, 2024, with early adoption permitted, and should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the ASU to determine the impact on the Company's disclosures.

In December 2023, the FASB issued ASU No. 2023-09 (“ASU 2023-09”), Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which includes amendments that further enhance income tax disclosures, primarily through disaggregation of specific rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for annual periods beginning after December 15, 2024, with early adoption permitted, and may be applied prospectively or retrospectively. The Company is currently evaluating the ASU to determine the impact on the Company’s disclosures.

In November 2024, the FASB issued ASU No. 2024-03 ("ASU 2024-03"), Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which is intended to improve disclosures about a public business entity's expenses, primarily through additional disaggregation of income statement expenses. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. The amendments in ASU 2024-03 should be applied either prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the ASU to determine the impact on the Company's disclosures.

RECLASSIFICATIONS

Certain amounts in the prior-period financial statements have been reclassified to conform to the current period presentation. *Non-cash lease expense* is now presented on its own line in the Company's unaudited Condensed Consolidated Statements of Cash Flows instead of combined with depreciation and amortization. Additionally, *Loss on disposal or impairment of property, plant and equipment* is now included in *Other, net* in the Company's unaudited Condensed Consolidated Statements of Cash Flows.

NOTE 2 — REVENUES

DISAGGREGATED REVENUE

As disclosed below in Note 9, the Company has four geographic reportable segments: United States ("U.S."), Latin America and Asia Pacific ("LAAP"), Europe, Middle East and Africa ("EMEA") and Canada.

The following tables disaggregate the Company's reportable segment *Net sales* by product category and channel, which the Company believes provides a meaningful depiction of how the nature, timing and uncertainty of *Net sales* are affected by economic factors:

	Three Months Ended September 30, 2024				
(in thousands)	U.S.	LAAP	EMEA	Canada	Total
Product category net sales					
Apparel, Accessories and Equipment	$ 472,324	$ 109,251	$ 93,027	$ 60,754	$ 735,356
Footwear	98,982	25,734	48,758	22,938	196,412
Total	$ 571,306	$ 134,985	$ 141,785	$ 83,692	$ 931,768
Channel net sales					
Wholesale	$ 331,141	$ 93,482	$ 115,880	$ 64,714	$ 605,217
Direct-to-consumer	240,165	41,503	25,905	18,978	326,551
Total	$ 571,306	$ 134,985	$ 141,785	$ 83,692	$ 931,768

	Three Months Ended September 30, 2023				
(in thousands)	U.S.	LAAP	EMEA	Canada	Total
Product category net sales					
Apparel, Accessories and Equipment	$ 487,596	$ 88,362	$ 85,051	$ 70,656	$ 731,665
Footwear	147,817	26,995	44,300	34,906	254,018
Total	$ 635,413	$ 115,357	$ 129,351	$ 105,562	$ 985,683
Channel net sales					
Wholesale	$ 391,892	$ 75,814	$ 110,608	$ 86,046	$ 664,360
Direct-to-consumer	243,521	39,543	18,743	19,516	321,323
Total	$ 635,413	$ 115,357	$ 129,351	$ 105,562	$ 985,683

(in thousands)	Nine Months Ended September 30, 2024				
	U.S.	LAAP	EMEA	Canada	Total
Product category net sales					
Apparel, Accessories and Equipment	$ 1,162,165	$ 290,752	$ 242,159	$ 123,274	$ 1,818,350
Footwear	223,775	82,363	108,068	39,438	453,644
Total	$ 1,385,940	$ 373,115	$ 350,227	$ 162,712	$ 2,271,994
Channel net sales					
Wholesale	$ 680,669	$ 207,927	$ 278,383	$ 107,519	$ 1,274,498
Direct-to-consumer	705,271	165,188	71,844	55,193	997,496
Total	$ 1,385,940	$ 373,115	$ 350,227	$ 162,712	$ 2,271,994

(in thousands)	Nine Months Ended September 30, 2023				
	U.S.	LAAP	EMEA	Canada	Total
Product category net sales					
Apparel, Accessories and Equipment	$ 1,229,049	$ 257,445	$ 229,279	$ 137,459	$ 1,853,232
Footwear	322,948	87,654	109,215	54,160	573,977
Total	$ 1,551,997	$ 345,099	$ 338,494	$ 191,619	$ 2,427,209
Channel net sales					
Wholesale	$ 836,594	$ 188,639	$ 282,820	$ 137,077	$ 1,445,130
Direct-to-consumer	715,403	156,460	55,674	54,542	982,079
Total	$ 1,551,997	$ 345,099	$ 338,494	$ 191,619	$ 2,427,209

PERFORMANCE OBLIGATIONS

For the three and nine months ended September 30, 2024 and 2023, *Net sales* recognized from performance obligations related to prior periods were not material. *Net sales* expected to be recognized in any future period related to remaining performance obligations is not material.

CONTRACT BALANCES

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Company did not have contract assets and had an immaterial amount of contract liabilities included in *Accrued liabilities* on the unaudited Condensed Consolidated Balance Sheets.

NOTE 3 — INTANGIBLE ASSETS, NET AND GOODWILL

INTANGIBLE ASSETS, NET

Intangible assets, net consisted of the following:

(in thousands)	September 30, 2024	December 31, 2023	September 30, 2023
Intangible assets with definite lives:			
Patents and purchased technology	$ 14,198	$ 14,198	$ 14,198
Customer relationships	23,000	23,000	23,000
Gross carrying amount	37,198	37,198	37,198
Accumulated amortization:			
Patents and purchased technology	(14,198)	(14,198)	(14,198)
Customer relationships	(23,000)	(22,313)	(21,900)
Accumulated amortization	(37,198)	(36,511)	(36,098)
Net carrying amount	—	687	1,100
Intangible assets with indefinite lives	79,221	79,221	79,221
Intangible assets, net	$ 79,221	$ 79,908	$ 80,321

Amortization expense for intangible assets subject to amortization was $ 0.0 million and $0.4 million for the three months ended September 30, 2024 and 2023, respectively, and was $0.7 million and $1.2 million for the nine months ended September 30, 2024 and 2023, respectively.

GOODWILL

There have been no changes to the Company's goodwill as described in Note 6 in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

NOTE 4 — COMMITMENTS AND CONTINGENCIES

LITIGATION

The Company is involved in litigation and various legal matters arising in the normal course of business, including matters related to employment, retail, intellectual property, contractual agreements, and various regulatory compliance activities. Management has considered facts related to legal and regulatory matters and opinions of counsel handling these matters, and does not believe the ultimate resolution of these proceedings will have a material adverse effect on the Company's financial position, results of operations or cash flows.

NOTE 5 — SHAREHOLDERS' EQUITY

Since the inception of the Company's stock repurchase plan in 2004 through September 30, 2024, the Company's Board of Directors has authorized the repurchase of $2.0 billion of the Company's common stock, excluding excise tax. Shares of the Company's common stock may be purchased in the open market or through privately negotiated transactions, subject to market conditions, and generally settle subsequent to the trade date. The repurchase program does not obligate the Company to acquire any specific number of shares or to acquire shares over any specified period of time.

Under this program as of September 30, 2024, the Company had repurchased 37.0 million shares at an aggregate purchase price of $1,885.5 million and had $114.5 million remaining available, excluding excise tax. During the three and nine months ended September 30, 2024, the Company repurchased an aggregate of $120.1 million and $230.9 million, respectively, of common stock under this program, excluding excise tax.

In October 2024, the Company's Board of Directors approved a $600.0 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.

NOTE 6 — STOCK-BASED COMPENSATION

The Company's Stock Incentive Plan allows for grants of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock units, and other stock-based or cash-based awards. The Company uses original issuance shares to satisfy share-based payments.

STOCK-BASED COMPENSATION EXPENSE

Stock-based compensation expense consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Stock options	$ 1,570	$ 2,083	$ 4,777	$ 6,019
Restricted stock units	4,900	3,735	13,701	11,007
Total	$ 6,470	$ 5,818	$ 18,478	$ 17,026

STOCK OPTIONS

During the nine months ended September 30, 2024, the Company granted a total of 156,277 stock options at a weighted average grant date fair value of $20.86 per option. As of September 30, 2024, unrecognized costs related to outstanding stock options totaled $10.4 million, before any related tax benefit. These unrecognized costs related to stock options are expected to be recognized over a weighted average remaining period of 2.14 years.

RESTRICTED STOCK UNITS

During the nine months ended September 30, 2024, the Company granted 426,499 restricted stock units at a weighted average grant date fair value of $78.82 per restricted stock unit. As of September 30, 2024, unrecognized costs related to outstanding restricted stock units totaled $38.2 million, before any related tax benefit. These unrecognized costs related to restricted stock units are expected to be recognized over a weighted average remaining period of 2.60 years.

NOTE 7 — EARNINGS PER SHARE

Earnings per share ("EPS") is presented on both a basic and diluted basis. Basic EPS is based on the weighted average number of common shares outstanding. Diluted EPS reflects the potential dilution that could occur if outstanding securities or other contracts to issue common stock were exercised or converted into common stock.

A reconciliation of the common shares used in the denominator for computing basic and diluted EPS is as follows:

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Weighted average common shares outstanding, used in computing basic earnings per share	57,785	60,844	58,896	61,575
Effect of dilutive stock options and restricted stock units	151	88	147	200
Weighted average common shares outstanding, used in computing diluted earnings per share	57,936	60,932	59,043	61,775
Earnings per share:				
Basic	$ 1.56	$ 1.70	$ 2.05	$ 2.57
Diluted	$ 1.56	$ 1.70	$ 2.04	$ 2.56
Weighted average common shares excluded [1]	1,957	2,266	2,005	1,989

[1] Common stock related to stock options, service-based restricted stock units, and performance-based restricted stock units were outstanding but were excluded from the computation of diluted EPS because their effect would be anti-dilutive under the treasury stock method or because the shares were subject to performance conditions that had not been met.

NOTE 8 — ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) on the unaudited Condensed Consolidated Balance Sheets is net of applicable taxes, and consists of unrealized gains and losses on available-for-sale securities, unrealized gains and losses on certain derivative transactions and foreign currency translation adjustments.

The following tables set forth the changes in *Accumulated other comprehensive income (loss)*:

(in thousands)	Derivative transactions	Foreign currency translation adjustments	Total
Balance as of June 30, 2024	$ 17,523	$ (72,533)	$ (55,010)
Other comprehensive income (loss) before reclassifications	(9,895)	20,477	10,582
Amounts reclassified from accumulated other comprehensive loss [1]	(5,010)	—	(5,010)
Net other comprehensive income (loss) during the period	(14,905)	20,477	5,572
Balance as of September 30, 2024	$ 2,618	$ (52,056)	$ (49,438)

[1] Amounts reclassified are recorded in *Net sales, Cost of sales,* or *Other non-operating income (expense), net* on the unaudited Condensed Consolidated Statements of Operations. Refer to Note 10 for further information regarding reclassifications.

(in thousands)	Derivative transactions	Foreign currency translation adjustments	Total
Balance as of June 30, 2023	$ 15,643	$ (56,975)	$ (41,332)
Other comprehensive income (loss) before reclassifications	9,876	(9,659)	217
Amounts reclassified from accumulated other comprehensive loss [1]	(6,283)	—	(6,283)
Net other comprehensive income (loss) during the period	3,593	(9,659)	(6,066)
Balance as of September 30, 2023	$ 19,236	$ (66,634)	$ (47,398)

[1] Amounts reclassified are recorded in *Net sales, Cost of sales,* or *Other non-operating income (expense), net* on the unaudited Condensed Consolidated Statements of Operations. Refer to Note 10 for further information regarding reclassifications.

(in thousands)	Available-for-sale securities	Derivative transactions	Foreign currency translation adjustments	Total
Balance as of December 31, 2023	$ 145	$ 3,689	$ (49,670)	$ (45,836)
Other comprehensive income (loss) before reclassifications	—	7,283	(2,386)	4,897
Amounts reclassified from accumulated other comprehensive loss [1]	(145)	(8,354)	—	(8,499)
Net other comprehensive loss during the period	(145)	(1,071)	(2,386)	(3,602)
Balance as of September 30, 2024	$ —	$ 2,618	$ (52,056)	$ (49,438)

[1] Amounts reclassified are recorded in *Net sales*, *Cost of sales*, or *Other non-operating income (expense), net* on the unaudited Condensed Consolidated Statements of Operations. Refer to Note 10 for further information regarding reclassifications.

(in thousands)		Derivative transactions		Foreign currency translation adjustments		Total
Balance as of December 31, 2022	$	21,790	$	(52,427)	$	(30,637)
Other comprehensive income (loss) before reclassifications		10,602		(14,207)		(3,605)
Amounts reclassified from accumulated other comprehensive loss [1]		(13,156)		—		(13,156)
Net other comprehensive loss during the period		(2,554)		(14,207)		(16,761)
Balance as of September 30, 2023	$	19,236	$	(66,634)	$	(47,398)

[1] Amounts reclassified are recorded in *Net sales*, *Cost of sales*, or *Other non-operating income (expense), net* on the unaudited Condensed Consolidated Statements of Operations. Refer to Note 10 for further information regarding reclassifications.

NOTE 9 — SEGMENT INFORMATION

The Company has four reportable geographic segments: U.S., LAAP, EMEA, and Canada, which are reflective of the Company's internal organization, management and oversight structure. Each geographic segment operates predominantly in one industry: the design, development, marketing, and distribution of outdoor, active and lifestyle products, including apparel, footwear, accessories, and equipment. Intersegment net sales and intersegment profits, which are recorded at a negotiated mark-up and eliminated in consolidation, are not material. Unallocated corporate expenses consist of expenses incurred by centrally-managed departmental functions, including information technology, certain supply chain functions, finance, human resources and legal, as well as executive compensation, unallocated benefit program expense, and other miscellaneous costs.

The following tables present financial information for the Company's reportable segments:

	Three Months Ended September 30,				Nine Months Ended September 30,			
(in thousands)		2024		2023		2024		2023
Net sales to unrelated entities:								
U.S.	$	571,306	$	635,413	$	1,385,940	$	1,551,997
LAAP		134,985		115,357		373,115		345,099
EMEA		141,785		129,351		350,227		338,494
Canada		83,692		105,562		162,712		191,619
	$	931,768	$	985,683	$	2,271,994	$	2,427,209
Segment operating income:								
U.S.	$	115,356	$	131,602	$	211,815	$	268,260
LAAP		20,435		14,509		48,340		36,932
EMEA		33,238		34,241		66,802		69,636
Canada		22,369		30,150		33,515		41,065
Total segment operating income		191,398		210,502		360,472		415,893
Unallocated corporate expenses		(78,857)		(75,948)		(227,052)		(218,683)
Interest income, net		5,364		1,870		22,905		8,659
Other non-operating income (expense), net		1,283		(311)		2,030		354
Income before income tax	$	119,188	$	136,113	$	158,355	$	206,223

CONCENTRATIONS

The Company had one customer that accounted for approximately 11.9%, 19.8% and 11.6% of *Accounts receivable, net* as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. The Company did not have any customers that accounted for 10% or more of *Net sales* for the three and nine months ended September 30, 2024 and 2023.

NOTE 10 — FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In the normal course of business, the Company's financial position, results of operations and cash flows are routinely subject to a variety of risks. These risks include risks associated with financial markets, primarily currency exchange rate risk and, to a lesser extent, interest rate risk and equity market risk. The Company regularly assesses these risks and has established policies and business practices designed to mitigate them. The Company does not engage in speculative trading in any financial market.

The Company actively manages the risk of changes in functional currency equivalent cash flows resulting from anticipated non-functional currency denominated purchases and sales. Subsidiaries that use European euros, Canadian dollars, Japanese yen, Chinese renminbi, or Korean won as their functional currency are primarily exposed to changes in functional currency equivalent cash flows from anticipated United States dollar inventory purchases. Subsidiaries that use United States dollars and euros as their functional currency also have non-functional currency denominated sales for which the Company hedges the Canadian dollar and British pound sterling. The Company seeks to manage these risks by using currency forward contracts formally designated and effective as cash flow hedges. Hedge effectiveness is generally determined by evaluating the ability of a hedging instrument's cumulative change in fair value to offset the cumulative change in the present value of expected cash flows on the underlying exposures. Time value components ("forward points") for forward contracts are included in the fair value of the cash flow hedge. These costs or benefits are included in *Accumulated other comprehensive income (loss)* until the underlying hedge transaction is recognized in either *Net sales* or *Cost of sales*, at which time, the forward points will also be recognized as a component of *Net income*.

The Company also uses currency forward contracts not formally designated as hedges to manage the consolidated currency exchange rate risk associated with the remeasurement of non-functional currency denominated monetary assets and liabilities by subsidiaries that use United States dollars, euros, Canadian dollars, yen, renminbi, or won as their functional currency. Non-functional currency denominated monetary assets and liabilities consists of cash and cash equivalents, short-term investments, receivables, payables, deferred income taxes, and intercompany loans and dividends. The gains and losses generated on these currency forward contracts not formally designated as hedges are expected to be largely offset in *Other non-operating income (expense), net* by the gains and losses generated from the remeasurement of the non-functional currency denominated monetary assets and liabilities.

The following table presents the gross notional amount of outstanding derivative instruments:

(in thousands)	September 30, 2024	December 31, 2023	September 30, 2023
Derivative instruments designated as cash flow hedges:			
Currency forward contracts	$ 581,848	$ 634,676	$ 548,424
Derivative instruments not designated as hedges:			
Currency forward contracts	$ 471,927	$ 342,532	$ 477,843

As of September 30, 2024, $5.4 million of deferred net gains on both outstanding and matured derivatives recorded in *Accumulated other comprehensive income (loss)* are expected to be reclassified to *Net income* during the next twelve months as a result of underlying hedged transactions also being recorded in *Net sales* or *Cost of sales* in the unaudited Condensed Consolidated Statements of Operations. When outstanding derivative contracts mature, actual amounts ultimately reclassified to *Net sales* or *Cost of sales* in the unaudited Condensed Consolidated Statements of Operations are dependent on United States dollar exchange rates in effect against the euro, pound sterling, renminbi, Canadian dollar, won, and yen as well as the euro exchange rate in effect against the pound sterling.

As of September 30, 2024, the Company's derivative contracts had a remaining maturity of less than 3 years. The maximum net exposure to any single counterparty, which is generally limited to the aggregate unrealized gain of all contracts with that counterparty, was $1.9 million as of September 30, 2024. All of the Company's derivative counterparties have credit ratings that are investment grade or higher. The Company is a party to master netting arrangements that contain features that allow counterparties to net settle amounts arising from multiple separate derivative transactions or net settle in the case of certain triggering events such as a bankruptcy or major default of one of the counterparties to the transaction. The Company has not pledged assets or posted collateral as a requirement for entering into or maintaining derivative positions.

The following table presents the balance sheet classification and fair value of derivative instruments:

(in thousands)	Balance Sheet Classification	September 30, 2024	December 31, 2023	September 30, 2023
Derivative instruments designated as cash flow hedges:				
Derivative instruments in asset positions:				
Currency forward contracts	Prepaid expenses and other current assets	$ 3,311	$ 7,367	$ 17,121
Currency forward contracts	Other non-current assets	817	961	6,511
Derivative instruments in liability positions:				
Currency forward contracts	Accrued liabilities	3,657	4,121	972
Currency forward contracts	Other long-term liabilities	1,264	2,629	104
Derivative instruments not designated as cash flow hedges:				
Derivative instruments in asset positions:				
Currency forward contracts	Prepaid expenses and other current assets	1,443	2,833	4,485
Derivative instruments in liability positions:				
Currency forward contracts	Accrued liabilities	1,441	2,269	1,389

The following table presents the statement of operations effect and classification of derivative instruments:

	Statement Of Operations Classification	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)		2024	2023	2024	2023
Currency forward contracts:					
Derivative instruments designated as cash flow hedges:					
Gain (loss) recognized in other comprehensive income, net of tax	—	$ (9,895)	$ 9,876	$ 7,283	$ 10,602
Gain (loss) reclassified from accumulated other comprehensive income to income for the effective portion	Net sales	(480)	(236)	(822)	10
Gain reclassified from accumulated other comprehensive income to income for the effective portion	Cost of sales	7,265	8,874	12,241	18,149
Gain (loss) reclassified from accumulated other comprehensive income to income as a result of cash flow hedge discontinuance	Other non-operating income (expense), net	62	—	130	(2)
Derivative instruments not designated as cash flow hedges:					
Gain (loss) recognized in income	Other non-operating income (expense), net	(4,369)	3,313	160	2,033

NOTE 11 — FAIR VALUE MEASURES

Certain assets and liabilities are reported at fair value on either a recurring or nonrecurring basis. Fair value is defined as an exit price, representing the amount that the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants, under a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

Level 1	—	observable inputs such as quoted prices for identical assets or liabilities in active liquid markets;
Level 2	—	inputs, other than the quoted market prices in active markets, that are observable, either directly or indirectly; or observable market prices in markets with insufficient volume or infrequent transactions; and
Level 3	—	unobservable inputs for which there is little or no market data available, that require the reporting entity to develop its own assumptions.

The Company's assets and liabilities measured at fair value are categorized as Level 1 or Level 2 instruments. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 instrument valuations are obtained from inputs, other than quoted market prices in active markets, that are directly or indirectly observable in the marketplace and quoted prices in markets with limited volume or infrequent transactions.

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2024 are as follows:

(in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 50,149	$ —	$ —	$ 50,149
Time deposits [1]	—	33,422	—	33,422
Short-term investments:				
Available-for-sale short-term investments: [2]				
U.S. Government treasury bills	—	64,975	—	64,975
Other short-term investments:				
Money market funds	253	—	—	253
Mutual fund shares	2,016	—	—	2,016
Prepaid expenses and other current assets:				
Derivative financial instruments	—	4,754	—	4,754
Other non-current assets:				
Money market funds	1,122	—	—	1,122
Mutual fund shares	29,014	—	—	29,014
Derivative financial instruments	—	817	—	817
Total assets measured at fair value	$ 82,554	$ 103,968	$ —	$ 186,522
Liabilities:				
Accrued liabilities:				
Derivative financial instruments	$ —	$ 5,098	$ —	$ 5,098
Other long-term liabilities:				
Derivative financial instruments	—	1,264	—	1,264
Total liabilities measured at fair value	$ —	$ 6,362	$ —	$ 6,362

[1] Time deposits are carried at amortized cost on the unaudited Condensed Consolidated Balance Sheets, which reasonably approximates fair value.
[2] Available-for-sale short-term investments have remaining maturities of less than one year.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2023 are as follows:

(in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 75,758	$ —	$ —	$ 75,758
U.S. Government treasury bills	—	9,977	—	9,977
Time deposits [1]	—	40,876	—	40,876
Short-term investments:				
Available-for-sale short-term investments: [2]				
U.S. Government treasury bills	—	412,987	—	412,987
Other short-term investments:				
Money market funds	314	—	—	314
Mutual fund shares	884	—	—	884
Prepaid expenses and other current assets:				
Derivative financial instruments	—	10,200	—	10,200
Other non-current assets:				
Money market funds	1,796	—	—	1,796
Mutual fund shares	24,808	—	—	24,808
Derivative financial instruments	—	961	—	961
Total assets measured at fair value	$ 103,560	$ 475,001	$ —	$ 578,561
Liabilities:				
Accrued liabilities:				
Derivative financial instruments	$ —	$ 6,390	$ —	$ 6,390
Other long-term liabilities:				
Derivative financial instruments	—	2,629	—	2,629
Total liabilities measured at fair value	$ —	$ 9,019	$ —	$ 9,019

[1] Time deposits are carried at amortized cost on the unaudited Condensed Consolidated Balance Sheets, which reasonably approximates fair value.
[2] Available-for-sale short-term investments have remaining maturities of less than one year.

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2023 are as follows:

(in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 60,120	$ —	$ —	$ 60,120
Time deposits [1]	—	19,412	—	19,412
Short-term investments:				
Money market funds	302	—	—	302
Mutual fund shares	1,172	—	—	1,172
Prepaid expenses and other current assets:				
Derivative financial instruments	—	21,606	—	21,606
Other non-current assets:				
Money market funds	1,699	—	—	1,699
Mutual fund shares	21,879	—	—	21,879
Derivative financial instruments	—	6,511	—	6,511
Total assets measured at fair value	$ 85,172	$ 47,529	$ —	$ 132,701
Liabilities:				
Accrued liabilities:				
Derivative financial instruments	$ —	$ 2,361	$ —	$ 2,361
Other long-term liabilities:				
Derivative financial instruments	—	104	—	104
Total liabilities measured at fair value	$ —	$ 2,465	$ —	$ 2,465

[1] Time deposits are carried at amortized cost on the unaudited condensed Consolidated Balance Sheets, which reasonably approximates fair value.

NON-RECURRING FAIR VALUE MEASUREMENTS

The Company measured the fair value of certain trademark indefinite-lived intangible assets and goodwill as part of impairment testing for the year ended December 31, 2023. The inputs used to measure the fair value of these assets are primarily significant unobservable inputs and, as such, considered Level 3 fair value measurements. Refer to Note 6 in Part II, Item 8 in the Annual Report on Form 10-K for further discussion.

NOTE 12 — SUPPLY CHAIN FINANCING

In the third quarter of 2024, the Company began to offer a voluntary supply chain financing ("SCF") program facilitated through a third-party service provider. Under the program, participating suppliers may, at their sole discretion, elect to receive payment from a select number of third-party financial institutions for one or more of the Company's valid payment obligations prior to their scheduled due dates. The Company is not a party to the agreements between the participating financial institutions and the suppliers in connection with the program. The Company's payment terms, including the timing and amount of payments, are based on the original supplier invoices, irrespective of whether a supplier participates in the program. The Company does not have an economic interest in a supplier's decision to participate in the program and has not pledged any assets as security or provided any guarantees as part of the program.

The Company's outstanding payables under the SCF program were $ 27.2 million as of September 30, 2024, and were recorded within *Accounts payable* on the unaudited Condensed Consolidated Balance Sheets.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with "Special Note Regarding Forward-Looking Statements", Part I, Item 1 and Part II, Item 1A of this Quarterly Report on Form 10-Q.

OVERVIEW

As a global leader in designing, developing, marketing, and distributing outdoor, active and lifestyle products, our mission is to connect active people with their passions. We manage our product line in two major categories: apparel, accessories, and equipment products and footwear products. We provide our products through our four brands: Columbia, SOREL, Mountain Hardwear, and prAna. Apparel, accessories, and equipment products are provided by our Columbia, Mountain Hardwear and prAna brands. Footwear products are provided by our Columbia and SOREL brands. We sell our products in more than 100 countries and operate in four geographic segments: U.S., LAAP, EMEA, and Canada.

ACCELERATE Growth Strategy

As part of our strategic priorities, in October 2024, we announced the ACCELERATE Growth Strategy. At its core, the ACCELERATE Growth Strategy is intended to elevate the Columbia brand ("Brand") to target a younger and more active consumer. It is a multi-year initiative centered around several consumer-centric shifts to our Brand, product and marketplace strategies, as well as enhanced ways of working. We believe successful execution of the ACCELERATE Growth Strategy can elevate the Brand and drive profitable growth. Through the ACCELERATE Growth Strategy, we will focus on achieving the following objectives:

- steward existing consumer segments while focusing on bringing new younger and active consumers into the Brand;
- elevate consumers' perception of the Brand;
- create product based on a consumer-centric product construct;
- enhance the positioning of the Brand in the U.S. marketplace; and
- deliver integrated full-funnel marketing.

In addition, we are committed to investing in our strategic priorities with a renewed emphasis to:

- accelerate profitable growth;
- create iconic products that are differentiated, functional and innovative;
- drive brand engagement through increased, focused demand creation investments;
- enhance consumer experiences by investing in capabilities to delight and retain consumers;
- amplify marketplace excellence, with digitally-led, omni-channel, global distribution; and
- empower talent that is driven by our core values through a diverse and inclusive workplace.

Ultimately, we expect our investments to enable market share capture across our brand portfolio, expand gross margin, improve selling, general and administrative expense efficiency, and drive improved operating margin over the long-term.

Profit Improvement Program

Concurrent with our ACCELERATE Growth Strategy, we continue to make progress on our multi-year profit improvement program to accelerate profitable growth and improve the efficiency of our operations. We are focused on four areas of cost reduction and realignment, including:

- operational cost savings;
- organizational cost savings;
- operating model improvements; and
- indirect, or non-inventory, spending.

When the benefits of this program are combined with the cost savings we anticipate to receive from normalized inventory levels, we believe we can reach $125 million to $150 million in annualized savings by 2026. We anticipate these cost savings will ramp up over the course of

2024 and 2025, with the full benefit being realized in 2026. In 2024, we expect to attain approximately $90 million in realized cost savings and avoidance, net of approximately $3 million to $4 million of severance and other costs.

Business Environment and Trends

Increasing U.S. Competitive Environment and Evolving U.S. Consumer Trends | We believe our competition in the historical U.S. outdoor apparel and footwear market has increased as many brands have shifted their strategies and new brands have entered the marketplace to capitalize on the emergence of casual and lifestyle trends. The versatility of casual and lifestyle products provides consumers the ability to use these products in a variety of settings, including outdoor activities. We believe the successful implementation of our strategic priorities, including our Columbia brand ACCELERATE Growth Strategy, will enable us to better compete in this evolved U.S. marketplace in the future.

North America Economic Environment | We believe general economic uncertainty in the U.S. and Canada is impacting consumer and customer behavior and demand. A culmination of economic indicators including high interest rates, increased consumer debt, and ongoing inflationary pressures, amongst other indicators, are contributing to wholesale customer cautiousness, as well as changes in consumer confidence and shopping behavior. This has contributed to slower-than-planned sales within our DTC and wholesale businesses in North America. In the near-term, we expect our DTC and wholesale channels in North America to continue to be challenged, in part due to the economic environment.

Promotional and Clearance Environment | Since last year, we have been proactively managing promotional activity on Columbia.com to help establish the site as the best expression of the Brand. However, we believe certain consumers are still seeking value, particularly in the U.S. This, among other factors, is contributing to reduced demand for our direct-to-consumer ("DTC") e-commerce sites for certain brands and branded stores. To capture demand associated with value conscious consumers, we have increasingly relied on our fleet of DTC brick-and-mortar outlet stores and clearance locations, which offer discounted and clearance merchandise. Further, in an effort to reduce inventories and to assist with our transition of merchandise containing perfluoroalkyl and polyfluoroalkyl substances ("PFAS") chemicals, we opened temporary outlet stores in the U.S in 2024. The use of temporary clearance stores results in lower DTC product margins, increased SG&A expenses and modest operating income. We believe this method of liquidation results in stronger financial returns to the Company in comparison to wholesale closeout sales channel alternatives and has a less disruptive impact in the marketplace. We anticipate continuing to utilize temporary clearance locations to assist with inventory liquidation through 2024 with plans to ramp down these locations throughout 2025.

Changing International Consumer Trends | We believe consumers in our international markets have adjusted their shopping habits, particularly in China as the outdoor category sector rapidly expands and Japan as the market continues to benefit from international tourism. We expect certain of our international businesses to continue to grow year-over-year and into 2025.

Delayed Inventory Receipts | Supply chain disruptions, including impacts of Red Sea closures, Bangladesh factory disruptions, port strikes and severe weather events, have extended our supply chain lead times resulting in delayed receipt of inventory. Later receipts of inventory impact our ability to capture consumer demand and increase the risk of wholesale order cancellations and lower potential reorders, some of which is currently occurring.

Distribution Center and Third-Party Capacity Pressure | Elevated inventory levels resulted in storage and process capacity pressures within our distribution centers and third-party logistics operations throughout 2023. These pressures included additional inventory carrying costs related to incremental outside storage, and other inventory related holding and handling costs, including losses in productivity, as we worked to normalize our inventory position. We exited 2023 with more normalized inventory levels. As these storage and process capacity pressures have alleviated, we have begun to realize lower distribution-related expenses and expect to see further benefit in our operating results for full year 2024.

Freight Cost Environment | We have realized declines in ocean freight rates and costs in comparison to prior elevated levels. These lower ocean freight rates resulted in substantially lower inbound freight costs, which benefited our gross margin in 2023 and through the third quarter of 2024. We anticipate these lower ocean freight costs will abate providing less of a gross margin benefit in the fourth quarter of 2024 and diminishing even more so into 2025.

Seasonality | Our business is affected by the general seasonal trends common to the industry, including seasonal weather and discretionary consumer shopping and spending patterns. Our products are marketed on a seasonal basis, and our sales are weighted substantially toward the third and fourth quarters, while our operating costs are more equally distributed throughout the year. In 2023, nearly 60% of our net sales and nearly 80% of our operating income were realized in the second half of the year.

Heightened Geopolitical Risk | We sell our products in more than 100 countries and our ability to sell, import into and produce in certain markets may be impacted by ongoing geopolitical tensions. We believe these tensions will remain elevated and have manifested, and will continue to manifest, themselves in certain regions where we operate.

Increasing Regulatory Environment | Recently, the number of regulations at the global and jurisdictional level impacting our business, and in particular our products, has significantly increased. We expect this trend to continue and, as a result, will impact our expenses, product input costs and ultimately our products, which may in turn impact our revenue. These regulatory matters at a minimum include regulations related to climate, social, privacy, and product chemistry. For example, in anticipation of the effectiveness of the regulations in California and New York states related to PFAS chemicals, we have worked to eliminate PFAS chemicals across our global product line. These PFAS matters have resulted in a more promotional environment in 2024 as retailers sell through merchandise containing PFAS.

RESULTS OF OPERATIONS

The following discussion of our results of operations and liquidity and capital resources should be read in conjunction with Part I, Item 1 of this Quarterly Report on Form 10-Q.

Non-GAAP Financial Measure

To supplement financial information reported in accordance with accounting principles generally accepted in the United States ("GAAP"), we disclose 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 foreign currency exchange rates against the United States dollar between comparable reporting periods. We calculate constant-currency net sales by translating net sales in foreign currencies for the current period into United States dollars at the 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 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. Constant-currency 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 following discussion includes references to constant-currency net sales, and we provide a reconciliation of this non-GAAP measure to the most directly comparable financial measure calculated in accordance with GAAP below.

Results of Operations — Consolidated

The following table presents the items in our unaudited Condensed Consolidated Statements of Operations, both in dollars and as a percentage of net sales:

(in millions, except for percentage of net sales and per share amounts)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
Net sales	$ 931.8	100.0 %	$ 985.7	100.0 %	$ 2,272.0	100.0 %	$ 2,427.2	100.0 %
Cost of sales	464.2	49.8 %	505.5	51.3 %	1,141.5	50.2 %	1,233.5	50.8 %
Gross profit	467.6	50.2 %	480.2	48.7 %	1,130.5	49.8 %	1,193.7	49.2 %
Selling, general and administrative expenses	361.2	38.8 %	351.6	35.7 %	1,013.3	44.6 %	1,011.5	41.7 %
Net licensing income	6.1	0.7 %	6.0	0.7 %	16.2	0.7 %	15.0	0.6 %
Operating income	112.5	12.1 %	134.6	13.7 %	133.4	5.9 %	197.2	8.1 %
Interest income, net	5.4	0.6 %	1.9	0.1 %	22.9	1.0 %	8.6	0.4 %
Other non-operating income (expense), net	1.3	0.1 %	(0.4)	— %	2.0	0.1 %	0.4	— %
Income before income tax	119.2	12.8 %	136.1	13.8 %	158.3	7.0 %	206.2	8.5 %
Income tax expense	29.0	3.1 %	32.6	3.3 %	37.6	1.7 %	48.1	2.0 %
Net income	$ 90.2	9.7 %	$ 103.5	10.5 %	$ 120.7	5.3 %	$ 158.1	6.5 %
Diluted earnings per share	$ 1.56		$ 1.70		$ 2.04		$ 2.56	

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

Net Sales. Net sales by brand, product category and channel are summarized in the following table:

(in millions, except for percentages)	Three Months Ended September 30, Reported Net Sales 2024	Adjust for Foreign Currency Translation	Constant-currency Net Sales 2024 (1)	Reported Net Sales 2023	Reported Net Sales % Change	Constant-currency Net Sales % Change (1)
Brand Net Sales:						
Columbia	$ 799.7	$ 3.7	$ 803.4	$ 804.0	(1)%	—%
SOREL	73.9	0.2	74.1	122.1	(39)%	(39)%
prAna	28.6	—	28.6	30.7	(7)%	(7)%
Mountain Hardwear	29.6	0.2	29.8	28.9	2%	3%
Total	$ 931.8	$ 4.1	$ 935.9	$ 985.7	(5)%	(5)%
Product Category Net Sales:						
Apparel, Accessories and Equipment	$ 735.4	$ 2.9	$ 738.3	$ 731.7	1%	1%
Footwear	196.4	1.2	197.6	254.0	(23)%	(22)%
Total	$ 931.8	$ 4.1	$ 935.9	$ 985.7	(5)%	(5)%
Channel Net Sales:						
Wholesale	$ 605.2	$ 2.3	$ 607.5	$ 664.3	(9)%	(9)%
Direct-to-consumer	326.6	1.8	328.4	321.4	2%	2%
Total	$ 931.8	$ 4.1	$ 935.9	$ 985.7	(5)%	(5)%

(1) Constant-currency net sales is a non-GAAP financial measure. See "Non-GAAP Financial Measure" above for further information.

Our global net sales decrease primarily reflects lower wholesale net sales in the U.S. and Canada, partially offset by continued strength in international markets, compared to the same period in 2023. The declines in wholesale net sales reflect the impact of lower Fall 2024 wholesale orders as a result of retailer cautiousness and a difficult competitive environment in the U.S. and Canada, as well as delayed shipment of Fall 2024 wholesale orders in the third quarter compared to earlier shipment of Fall 2023 orders in the same period of the prior year. The strength in international markets is aided by a higher portion of Fall 2024 distributor orders shipping in the third quarter compared to the timing of Fall 2023 shipments in the prior year, as well as generally robust consumer demand within many markets of our LAAP and EMEA businesses.

DTC net sales increased, reflecting growth in our brick-and-mortar business from temporary and new stores, partially offset by declines in our e-commerce business, compared to the same period in 2023. The declines in e-commerce net sales resulted from softness in the U.S., which we attribute to a challenging e-commerce environment for outdoor brands, coupled with efforts to de-emphasize promotions on Columbia.com.

Gross Profit. Gross profit is summarized in the following table:

(in millions, except for percentages and basis points)	Three Months Ended September 30, 2024	2023	Change	
Gross profit	$ 467.6	$ 480.2	$ (12.6)	(3)%
Gross margin	50.2 %	48.7 %	150 bps	

Gross margin expanded primarily due to the following factor:

- favorable other costs, including lower inbound freight costs; partially offset by

- unfavorable decrease in channel profitability reflecting higher clearance and promotional activity, partially offset by favorable input costs and product mix.

Selling, General and Administrative Expenses. SG&A expenses are summarized in the following table:

	Three Months September 30,			
(in millions, except for percentages and basis points)	2024	2023	Change	
Selling, general and administrative expenses	$ 361.2	$ 351.6	$ 9.6	3 %
Selling, general and administrative expenses as percent of net sales	38.8 %	35.7 %	310 bps	

SG&A expenses increased primarily due to the following factors:

- higher omni-channel expenses of $14.3 million, reflecting higher DTC brick-and-mortar expenses, including costs associated with new stores and temporary clearance locations and personnel expense; and
- higher incentive compensation, reflecting higher performance against target as compared to the comparative period; partially offset by
- lower supply chain expenses, reflecting decreased global distribution center expenses resulting from more normalized inventory levels and supply chain optimization efforts.

Interest Income, Net. Interest income, net is summarized in the following table:

	Three Months Ended September 30,			
(in millions, except for percentages)	2024	2023	Change	
Interest income, net	$ 5.4	$ 1.9	$ 3.5	184 %
Interest income, net as a percent of net sales	0.6 %	0.1 %		

Interest income, net increased, primarily reflecting higher yields on increased levels of cash, cash equivalents and short-term investments.

Income Tax Expense. Income tax expense and the related effective income tax rate are summarized in the following table:

	Three Months Ended September 30,			
(in millions, except for percentages)	2024	2023	Change	
Income tax expense	$ 29.0	$ 32.6	$ (3.6)	(11)%
Effective income tax rate	24.4 %	24.0 %		

Income tax expense decreased to $29.0 million for the third quarter of 2024 from a tax expense of $32.6 million for the comparable period in 2023. Our effective tax rate was 24.4% for the three months ended September 30, 2024 compared to 24.0% for the same period in 2023. For the three months ended September 30, 2024, our effective tax rate was primarily impacted by a non-recurring expense related to a foreign currency gain resulting from an intercompany transaction. For the three months ended September 30, 2023, our effective tax rate was primarily impacted by a non-recurring benefit related to a foreign currency loss resulting from an intercompany transaction.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Net Sales. Net sales by brand, product category and channel are summarized in the following table:

	Nine Months Ended September 30,					
(in millions, except for percentages)	Reported Net Sales 2024	Adjust for Foreign Currency Translation	Constant-currency Net Sales 2024 (1)	Reported Net Sales 2023	Reported Net Sales % Change	Constant-currency Net Sales % Change (1)
Brand Net Sales:						
Columbia	$ 1,972.2	$ 13.6	$ 1,985.8	$ 2,043.8	(4)%	(3)%
SOREL	140.6	0.2	140.8	220.4	(36)%	(36)%
prAna	81.7	—	81.7	90.8	(10)%	(10)%
Mountain Hardwear	77.5	0.5	78.0	72.2	7%	8%
Total	$ 2,272.0	$ 14.3	$ 2,286.3	$ 2,427.2	(6)%	(6)%
Product Category Net Sales:						
Apparel, Accessories and Equipment	$ 1,818.4	$ 10.5	$ 1,828.9	$ 1,853.2	(2)%	(1)%
Footwear	453.6	3.8	457.4	574.0	(21)%	(20)%
Total	$ 2,272.0	$ 14.3	$ 2,286.3	$ 2,427.2	(6)%	(6)%
Channel Net Sales:						
Wholesale	$ 1,274.5	$ 5.6	$ 1,280.1	$ 1,445.1	(12)%	(11)%
Direct-to-consumer	997.5	8.7	1,006.2	982.1	2%	2%
Total	$ 2,272.0	$ 14.3	$ 2,286.3	$ 2,427.2	(6)%	(6)%

(1) Constant-currency net sales is a non-GAAP financial measure. See "Non-GAAP Financial Measure" above for further information.

Our global net sales decrease primarily reflects lower wholesale net sales in the U.S. and Canada, partially offset by continued strength in international markets, compared to the same period in 2023. The declines in wholesale net sales have generally resulted from retailer cautiousness and a difficult competitive environment throughout the year, primarily in the U.S and Canada. The strength in international markets has generally resulted from robust consumer demand within many markets of our LAAP and EMEA businesses.

DTC net sales increased, reflecting growth in our brick-and-mortar business from temporary and new stores, partially offset by declines in our e-commerce business, compared to the same period in 2023. The declines in e-commerce net sales have resulted from softness in the U.S. throughout the year, which we attribute to a challenging environment for outdoor brands, coupled with efforts to de-emphasize promotions on Columbia.com.

Gross Profit. Gross profit is summarized in the following table:

	Nine Months Ended September 30,			
(in millions, except for percentages and basis points)	2024	2023	Change	
Gross profit	$ 1,130.5	$ 1,193.7	$ (63.2)	(5)%
Gross margin	49.8 %	49.2 %	60 bps	

Gross margin expanded primarily due to the following factors:

- favorable other costs, including lower inbound freight costs; and
- favorable region and channel net sales mix; partially offset by
- unfavorable decrease in channel profitability reflecting higher clearance and promotional activity, partially offset by favorable input costs and product mix.

Selling, General and Administrative Expenses. SG&A expenses are summarized in the following table:

	Nine Months Ended September 30,			
(in millions, except for percentages and basis points)	2024	2023	Change	
Selling, general and administrative expenses	$ 1,013.3	$ 1,011.5	$ 1.8	— %
Selling, general and administrative expenses as percent of net sales	44.6 %	41.7 %	290 bps	

SG&A expenses increased primarily due to the following factors:

- higher omni-channel expenses of $31.7 million, reflecting higher DTC brick-and-mortar expenses, including costs associated with new stores and temporary clearance locations and personnel expenses; partially offset by
- lower supply chain expenses of $26.0 million, reflecting decreased global distribution center expenses resulting from more normalized inventory levels and supply chain optimization efforts; and
- lower demand creation expenses, primarily reflecting decreased net sales.

Interest Income, Net. Interest income, net is summarized in the following table:

	Nine Months Ended September 30,			
(in millions, except for percentages)	2024	2023	Change	
Interest income, net	$ 22.9	$ 8.6	$ 14.3	166 %
Interest income, net as a percent of net sales	1.0 %	0.4 %		

Interest income, net increased, primarily reflecting higher yields on increased levels of cash, cash equivalents and short-term investments.

Income Tax Expense. Income tax expense and the related effective income tax rate are summarized in the following table:

	Nine Months Ended September 30,			
(in millions, except for percentages)	2024	2023	Change	
Income tax expense	$ 37.6	$ 48.1	$ (10.5)	(22)%
Effective income tax rate	23.8 %	23.4 %		

Income tax expense decreased to $37.6 million through the third quarter of 2024 from $48.1 million for the comparable period in 2023. Our effective tax rate was 23.8% for the nine months ended September 30, 2024 compared to 23.4% for the same period in 2023. For the nine months ended September 30, 2024, our effective tax rate was primarily impacted by a non-recurring benefit related to a decrease in accrued foreign withholding taxes. For the nine months ended September 30, 2023, our effective income tax rate was primarily impacted by a non-recurring benefit related to a foreign currency loss resulting from an intercompany transaction.

Results of Operations — Segment

Segment operating income includes net sales, cost of sales, SG&A expenses, and net licensing income for each of our four reportable geographic segments.

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

Net sales by geographic segment are summarized in the following table:

	Three Months Ended September 30,					
(in millions, except for percentage changes)	Reported Net Sales 2024	Adjust for Foreign Currency Translation	Constant-currency Net Sales 2024 [1]	Reported Net Sales 2023	Reported Net Sales % Change	Constant-currency Net Sales % Change [1]
U.S.	$ 571.3	$ —	$ 571.3	$ 635.4	(10)%	(10)%
LAAP	135.0	1.7	136.7	115.4	17%	18%
EMEA	141.8	0.5	142.3	129.4	10%	10%
Canada	83.7	1.9	85.6	105.5	(21)%	(19)%
	$ 931.8	$ 4.1	$ 935.9	$ 985.7	(5)%	(5)%

[1] Constant-currency net sales is a non-GAAP financial measure. See "Non-GAAP Financial Measure" above for further information.

Operating income for each reportable segment and unallocated corporate expenses are summarized in the following table:

	Three Months Ended September 30,		
(in millions)	2024	2023	Change
U.S.	$ 115.4	$ 131.6	$ (16.2)
LAAP	20.4	14.5	5.9
EMEA	33.2	34.2	(1.0)
Canada	22.4	30.2	(7.8)
Total segment operating income	191.4	210.5	(19.1)
Unallocated corporate expenses	(78.9)	(75.9)	(3.0)
Operating income	$ 112.5	$ 134.6	$ (22.1)

U.S.

U.S. operating income decreased $16.2 million to $115.4 million, or 20.2% of net sales, for the third quarter of 2024 from $131.6 million, or 20.7% of net sales, for the comparable period in 2023. The decrease was driven primarily by decreased net sales and gross margin, partially offset by lower SG&A expenses. U.S. net sales decreased $64.1 million, or 10%, for the third quarter of 2024, compared to the same period in 2023, driven primarily by decreased net sales in our U.S. wholesale business. DTC net sales decreased modestly as a result of lower e-commerce net sales, partially offset by net sales growth from our brick-and-mortar business. The declines in wholesale net sales reflect the impact of lower Fall 2024 wholesale orders as a result of retailer cautiousness and a difficult competitive environment in the U.S., as well as delayed shipment of Fall 2024 wholesale orders in the third quarter compared to earlier shipment of Fall 2023 orders. The declines in e-commerce net sales resulted from continued softness in the U.S., which we attribute to a challenging e-commerce environment for outdoor brands, coupled with efforts to de-emphasize promotions on Columbia.com. The increases in brick-and-mortar net sales were primarily driven by temporary clearance locations and new stores, coupled with increased productivity from existing stores. As of September 30, 2024, our U.S. business operated 42 temporary clearance locations, compared to 36 locations for the comparable period in 2023. In addition, our U.S. business operated 169 retail stores as of September 30, 2024, compared to 159 stores for the comparable period in 2023. U.S. SG&A expenses increased as a percentage of net sales to 30.2% for the third quarter of 2024 compared to 27.6% for the same period in 2023, driven by fixed SG&A expenses and decreased net sales. In total, U.S. SG&A expenses decreased for the third quarter of 2024, compared to the same period in 2023, primarily driven by lower supply chain expenses resulting from more normalized inventory levels and supply chain optimization efforts, as well as lower demand creation expenses, partially offset by higher DTC brick-and-mortar expenses, including costs associated with new stores and temporary clearance locations and personnel expenses.

LAAP

LAAP operating income increased $5.9 million to $20.4 million, or 15.1% of net sales, for the third quarter of 2024 from $14.5 million, or 12.6% of net sales, for the comparable period in 2023. The increase was driven primarily by increased net sales and gross margin. LAAP net sales increased 17% (18% constant-currency), for the third quarter of 2024, compared to the same period in 2023, primarily driven by our China and LAAP distributor businesses. Increased net sales in our China business reflected continued strong consumer demand, aided by positive outdoor category trends, compared to the same period in the prior year. Increased net sales in our LAAP distributor business reflected growth in our Fall 2024 distributor orders compared to the same period in the prior year. Japan net sales increased within our DTC and wholesale businesses primarily due to strong international tourism. Korea net sales increased primarily due to wholesale net sales reflecting a higher portion of Fall 2024 wholesale orders shipping in the third quarter compared to the timing of Fall 2023 shipments in the prior year, partially offset by declines in DTC net sales reflecting ongoing consumer demand headwinds. LAAP SG&A expenses decreased as a percentage of net sales to 39.4% for the third quarter of 2024 compared to 42.5% for the same period in 2023, driven by increased net sales. In total, LAAP SG&A expenses increased for the third quarter of 2024, compared to the same period in 2023, primarily driven by higher demand creation expenses.

EMEA

EMEA operating income decreased $1.0 million to $33.2 million, or 23.4% of net sales, for the third quarter of 2024 from $34.2 million, or 26.5% of net sales, for the comparable period in 2023. EMEA net sales increased $12.4 million, or 10% (10% constant-currency), for the third quarter of 2024, compared to the same period in 2023, primarily driven by our EMEA distributor and Europe-direct businesses. Increased net sales in our EMEA distributor business primarily reflected a higher portion of Fall 2024 distributor orders shipping in the third quarter compared to the timing of Fall 2023 shipments in the prior year and, to a lesser extent, increased Fall 2024 orders. Increased net sales in our Europe-direct business reflect continued momentum and increased traffic within our DTC brick-and-mortar and e-commerce businesses. This net sales increase was partially offset by decreased net sales in our Europe-direct wholesale business driven by later shipment of Fall 2024 orders as compared to the same period in the prior year. EMEA SG&A expenses increased as a percentage of net sales to 26.5% for the third quarter of 2024 compared to 25.0% in 2023, primarily driven by higher personnel expenses and variable DTC expenses.

Canada

Canada operating income decreased $7.8 million to $22.4 million, or 26.8% of net sales, for the third quarter of 2024 from $30.2 million, or 28.6% of net sales, for the comparable period in 2023. Canada net sales decreased $21.8 million, or 21% (19% constant-currency), for the third quarter of 2024, compared to the same period in 2023, primarily reflecting decreased net sales in our wholesale business. Decreased net sales in our wholesale business primarily reflected the impact of lower Fall 2024 wholesale orders due to retailer cautiousness and a difficult competitive environment in Canada, as well as delayed shipment of Fall 2024 wholesale orders in the third quarter compared to earlier shipment of Fall 2023 orders. DTC net sales decreased modestly as a result of lower e-commerce net sales, partially offset by net sales growth from our brick-and-mortar business. Canada SG&A expenses increased as a percentage of net sales to 22.6% for the third quarter of 2024 compared to 18.2% for the same period in 2023, primarily driven by fixed SG&A expenses and decreased net sales. In total, Canada SG&A expenses decreased for the third quarter of 2024 compared to the same period in 2023.

Unallocated Corporate Expenses

Unallocated corporate expenses increased by $3.0 million to $78.9 million in the third quarter of 2024, from $75.9 million for the same period in 2023.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Net sales by geographic segment are summarized in the following table:

	Nine Months Ended September 30,					
(in millions, except for percentage changes)	Reported Net Sales 2024	Adjust for Foreign Currency Translation	Constant-currency Net Sales 2024 (1)	Reported Net Sales 2023	Reported Net Sales % Change	Constant-currency Net Sales % Change (1)
U.S.	$ 1,385.9	$ —	$ 1,385.9	$ 1,552.0	(11)%	(11)%
LAAP	373.2	14.0	387.2	345.1	8%	12%
EMEA	350.2	(1.3)	348.9	338.5	3%	3%
Canada	162.7	1.6	164.3	191.6	(15)%	(14)%
	$ 2,272.0	$ 14.3	$ 2,286.3	$ 2,427.2	(6)%	(6)%

(1) Constant-currency net sales is a non-GAAP financial measure. See "Non-GAAP Financial Measure" above for further information.

Operating income for each reportable segment and unallocated corporate expenses are summarized in the following table:

	Nine Months Ended September 30,		
(in millions)	2024	2023	Change
U.S.	$ 211.8	$ 268.3	$ (56.5)
LAAP	48.3	36.9	11.4
EMEA	66.8	69.6	(2.8)
Canada	33.5	41.1	(7.6)
Total segment operating income	360.4	415.9	(55.5)
Unallocated corporate expenses	(227.0)	(218.7)	(8.3)
Operating income	$ 133.4	$ 197.2	$ (63.8)

U.S.

U.S. operating income decreased $56.5 million to $211.8 million, or 15.3% of net sales, for the nine months ended September 30, 2024 from $268.3 million, or 17.3% of net sales, for the comparable period in 2023. The decrease was driven primarily by decreased net sales and gross margin, partially offset by lower SG&A expenses. U.S. net sales decreased $166.1 million, or 11%, for the nine months ended September 30, 2024, compared to the same period in 2023, driven primarily by decreased net sales in our U.S. wholesale business. DTC net sales decreased modestly as a result of lower e-commerce net sales, partially offset by net sales growth from our brick-and-mortar business. The declines in wholesale net sales have generally resulted from retailer cautiousness and a difficult competitive environment throughout the year. The declines in e-commerce net sales resulted from continued softness in the U.S., which we attribute to a challenging e-commerce environment for outdoor brands, coupled with efforts to de-emphasize promotions on Columbia.com. The increases in brick-and-mortar net sales were primarily driven by temporary clearance locations and new stores, coupled with increased productivity of existing stores for the nine months ended September 30, 2024. U.S. SG&A expenses increased as a percentage of net sales to 34.7% for the nine months ended September 30, 2024 compared to 32.3% for the same period in 2023, primarily driven by fixed SG&A expenses and decreased net sales. In total, U.S. SG&A expenses decreased for the nine months ended September 30, 2024 compared to the same period in 2023, primarily driven by lower supply chain expenses resulting from more normalized inventory levels and supply chain optimization efforts, as well as lower demand creation expenses, partially offset by higher DTC brick-and-mortar expenses, including costs associated with new stores and temporary clearance locations and personnel expenses.

LAAP

LAAP operating income increased $11.4 million to $48.3 million, or 12.9% of net sales, for the nine months ended September 30, 2024 from $36.9 million, or 10.7% of net sales, for the comparable period in 2023. The increase was driven primarily by increased net sales and gross margin. LAAP net sales increased $28.1 million, or 8% (12% constant-currency), for the nine months ended September 30, 2024, compared to the same period in 2023, primarily driven by our China business. Increased net sales in our China business reflected continued strong consumer demand, aided by positive outdoor category trends. Our LAAP distributor business also saw increased net sales driven by growth in our Fall 2024 orders compared to the same period in the prior year. This net sales increase was partially offset by decreased net sales in our Korea DTC business reflecting a challenging competitive and economic environment. Japan net sales were flat driven by strong demand from increased international tourism which was largely offset by unfavorable foreign currency translation compared to the same period in the prior year. LAAP SG&A expenses decreased as a percentage of net sales to 42.4% for the nine months ended September 30, 2024, compared to 44.6% for the same period in 2023, primarily driven by increased net sales. In total, LAAP SG&A expenses increased for the nine months ended September 30, 2024 compared to the same period in 2023, primarily driven by higher demand creation expenses.

EMEA

EMEA operating income decreased $2.8 million to $66.8 million, or 19.1% of net sales, for the nine months ended September 30, 2024 from $69.6 million, or 20.6% of net sales, for the comparable period in 2023. The decrease was driven primarily by increased SG&A expenses. EMEA net sales increased $11.7 million, or 3% (3% constant-currency), for the nine months ended September 30, 2024, compared to the same period in 2023, primarily driven by our Europe-direct business. Increased net sales in our Europe-direct business were driven by robust demand throughout our DTC brick-and-mortar and e-commerce businesses. Our EMEA distributor business also saw increased net sales. This net sales increase was partially offset by decreased net sales in our Europe-direct wholesale business. EMEA SG&A expenses increased as a percentage of net sales to 28.6% for the nine months ended September 30, 2024 compared to 26.5% for the same period in 2023, primarily driven by higher personnel expenses and variable DTC expenses.

Canada

Canada operating income decreased $7.6 million to $33.5 million, or 20.6% of net sales, for the nine months ended September 30, 2024 from $41.1 million, or 21.4% of net sales, for the comparable period in 2023. This decrease was primarily driven by lower net sales and gross margin, partially offset by lower SG&A expenses. Canada net sales decreased $28.9 million, or 15% (14% constant-currency), for the nine months ended September 30, 2024, compared to the same period in 2023, driven primarily by decreased net sales in our Canada wholesale business. DTC net sales increased driven by increases in our brick-and-mortar business, offset by declines in our e-commerce business. Canada SG&A expenses increased as a percentage of net sales to 28.8% for the nine months ended September 30, 2024 compared to 25.2% for the same period in 2023, primarily as a result of fixed expenses and decreased net sales. In total, Canada SG&A expenses decreased for the nine months ended September 30, 2024 compared to the same period in 2023.

Unallocated Corporate Expenses

Unallocated corporate expenses increased by $8.3 million to $227.0 million for the nine months ended September 30, 2024 from $218.7 million for the same period in 2023.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity include cash, cash equivalents, short-term investments and available committed credit lines. Our liquidity may be affected by the general seasonal trends common to the industry. Our products are marketed on a seasonal basis and our sales are weighted substantially toward the third and fourth quarters, while our operating costs are more equally distributed throughout the year. Our cash and cash equivalents and short-term investments balances generally are at their lowest level just prior to the start of the U.S. holiday season and increase during the fourth quarter from collection of wholesale business receivables and fourth quarter DTC sales. This trough cash position is impacted by the amount of product we order from our contract manufacturers in anticipation of customer demand and is more heavily impacted in advance of periods of expected high demand.

Cash Flow Activities

Cash flows are summarized in the following table:

	Nine Months Ended September 30,		
(in millions)	**2024**	**2023**	**Change**
Net cash provided by (used in):			
Operating activities	$ (76.6)	$ 22.2	$ (98.8)
Investing activities	321.1	(38.5)	359.6
Financing activities	(284.6)	(197.6)	(87.0)
Net effect of exchange rate changes on cash	(3.6)	(3.1)	(0.5)
Net decrease in cash and cash equivalents	$ (43.7)	$ (217.0)	$ 173.3

The change in cash flows used in operating activities was driven by a $55.9 million increase in cash used in changes in assets and liabilities, as well as a $42.9 million decrease in cash provided by net income and non-cash adjustments. The most significant comparative changes in assets and liabilities included *Inventories*, *Prepaid expenses and other current assets* , and *Accounts payable.* The $185.8 million decrease in cash provided by *Inventories* reflected cash provided of $135.4 million for the nine months ended September 30, 2023 as we liquidated excess inventory levels throughout 2023, as well as cash used of $50.3 million for the nine months ended September 30, 2024 as we aligned inventory supply with anticipated seasonal demand. The $21.8 million decrease in cash provided by *Prepaid expenses and other current assets* was primarily driven by lower inventory prepayments. These amounts were partially offset by the $135.1 million decrease in cash used in *Accounts payable* driven by the timing of inventory receipts, including higher in-season inventory, and related payments, including a reduction in the use of early payments.

Net cash provided by investing activities was $321.1 million for the nine months ended September 30, 2024, compared to $38.5 million of cash used in investing activities for the nine months ended September 30, 2023. For the 2024 period, net cash provided by investing activities consisted of $751.2 million in cash provided by sales and maturities of short-term investments, partially offset by $388.3 million in cash used for purchases of short-term investments and $41.7 million for capital expenditures. For the 2023 period, net cash used in investing activities consisted of $117.9 million in purchases of short-term investments and $41.4 million for capital expenditures, partially offset by $120.7 million provided by sales and maturities of short-term investments.

Net cash used in financing activities was $284.6 million for the nine months ended September 30, 2024 compared to $197.6 million for the nine months ended September 30, 2023. For the 2024 period, net cash used in financing activities primarily consisted of repurchases of common stock of $230.9 million and dividend payments to our shareholders of $52.9 million. For the 2023 period, net cash used in financing activities primarily consisted of repurchases of common stock of $144.6 million and dividend payments to our shareholders of $55.4 million.

Sources of Liquidity

Cash and cash equivalents and short-term investments

As of September 30, 2024, we had cash and cash equivalents of $306.7 million and short-term investments of $67.2 million, compared to $350.3 million and $414.2 million, respectively, as of December 31, 2023 and $213.3 million and $1.5 million, respectively, as of September 30, 2023.

Domestic Credit Facility

Refer to Note 7 in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2023 for further information regarding our domestic credit facility.

As of September 30, 2024, we had available an unsecured, committed revolving credit facility, which provides for borrowings up to $500.0 million. We were in compliance with all associated covenants and there was no balance outstanding under the facility.

International Credit Facility

As of September 30, 2024, our European subsidiary had available an unsecured, committed line of credit, which is guaranteed by the Company and provides for borrowings up to €4.4 million (approximately US$4.9 million). There was no balance outstanding under the facility.

Other Sources

As of September 30, 2024, collectively, our international subsidiaries had unsecured, uncommitted lines of credit, credit facilities and overdraft facilities, providing for borrowings up to approximately US$106.4 million. There was no balance outstanding under these facilities.

Capital Requirements

Our expected short-term and long-term cash needs are primarily for working capital and capital expenditures. We expect to meet these short-term and long-term cash needs primarily with cash flows from operations and, if needed, borrowings from our existing credit facilities.

Our working capital management goals include maintaining an optimal level of inventory necessary to deliver goods on time to our customers and our retail stores to satisfy end consumer demand, alleviating manufacturing capacity constraints, and driving efficiencies to minimize the cycle time from the purchase of inventory from our suppliers to the collection of accounts receivable balances from our customers. Inventory balances may be elevated in advance of periods of expected high demand. As of September 30, 2024, our inventory balance decreased to $798.2 million, compared to $885.2 million as of September 30, 2023, driven by a reduction in current season and carryover inventory resulting from lower inventory buys, as well as the use of our outlet stores and temporary clearance locations to profitably sell excess merchandise. We believe older season inventories represent a manageable portion of our total inventory mix.

We have planned 2024 capital expenditures of approximately $60 to $70 million. This includes investments in our DTC operations, including new stores and digital and supply chain capabilities to support our strategic priorities. Our actual capital expenditures may differ from the planned amounts depending on factors such as the timing of system implementations and new store openings and related construction.

Our long-term goal is to maintain a strong balance sheet and a disciplined approach to capital allocation. Dependent upon our financial position, market conditions and our strategic priorities, our capital allocation approach includes:

- investing in organic growth opportunities to drive long-term profitable growth;
- returning at least 40% of free cash flow to shareholders through dividends and share repurchases; and
- considering opportunistic mergers and acquisitions.

Free cash flow is a non-GAAP financial measure. Free cash flow is calculated by reducing net cash flow from 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 since it excludes certain mandatory expenditures. Management uses free cash flow as a measure to assess both business performance and overall liquidity.

Other cash commitments

Our inventory purchase obligations were $437.2 million as of September 30, 2024, compared to $343.4 million and $367.3 million as of December 31, 2023 and September 30, 2023, respectively.

There have been no other significant changes to our other cash commitments as described in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023.

CRITICAL ACCOUNTING ESTIMATES

Management's discussion and analysis of our financial condition and results of operations are based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make various estimates and judgments that affect reported amounts of assets, liabilities, sales, cost of sales, and expenses and related disclosure of contingent assets and liabilities. We believe that the estimates, assumptions and judgments involved in the accounting for sales reserves, allowance for uncollectible accounts receivable, excess, close-out and slow-moving inventory, impairment of long-lived assets, intangible assets and goodwill, and income taxes have the greatest potential effect on our financial statements, so we consider these to be our critical accounting policies and estimates. Because of the uncertainty inherent in these matters, actual results may differ from the estimates we use in applying these critical accounting policies and estimates. We base our ongoing estimates on historical experience and other assumptions that we believe to be reasonable in the circumstances. Refer to Part II, Item 7 in our Annual Report on Form 10-K for the year ended December 31, 2023 for additional information regarding our critical accounting policies and estimates.

Management regularly discusses with our audit committee our critical accounting estimates and the development and selection of these accounting estimates. These discussions typically occur at our quarterly audit committee meetings and include the basis and methodology used in developing and selecting these estimates, the trends in and amounts of these estimates, specific matters affecting the amount of and changes in these estimates, and any other relevant matters related to these estimates, including significant issues concerning accounting principles and financial statement presentation.

There have been no significant changes to the Company's significant accounting policies described in Note 2 in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2023.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 1 in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has not been any material change in the market risk disclosure contained in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We have evaluated, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this report. These disclosure controls and procedures require information to be disclosed in our Exchange Act reports to be (1) recorded, processed, summarized, and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer.

Based on our evaluation, we, including our Chief Executive Officer and Chief Financial Officer, have concluded that as of September 30, 2024 our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have not been any changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in litigation and various legal matters arising in the normal course of business, including matters related to employment, retail, intellectual property, contractual agreements, and various regulatory compliance activities. We have considered facts related to legal and regulatory matters and opinions of counsel handling these matters and do not believe the ultimate resolution of these proceedings will have a material adverse effect on our financial condition, results of operations or cash flows.

Item 1A. RISK FACTORS

In addition to the other information contained in this Quarterly Report on Form 10-Q, the following risk factors should be considered carefully in evaluating our business. Our business, financial condition, results of operations, or cash flows may be materially adversely affected by these and other risks. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

The following risk factors include changes to and supersede the description of the risk factors associated with our business previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023.

CHANGES IN PRODUCT DEMAND CAN ADVERSELY AFFECT OUR FINANCIAL RESULTS

We are Subject to a Number of Risks Which May Adversely Affect Consumer and/or Wholesale Customer Demand for Our Products and Lead to a Decline in Sales and/or Earnings.

These risks include, but are not limited to:

- Volatile Economic Conditions. We are a consumer products company and are highly dependent on consumer discretionary spending. Consumer discretionary spending behavior is inherently unpredictable. Consumer demand, and related wholesale customer demand, for our products may not support our sales targets, or may decline, especially during periods of heightened economic uncertainty in our key markets.
- Highly Competitive Markets. In each of our geographic markets, we face significant competition from global and regional branded apparel, footwear, accessories, and equipment companies. More recently this competition has extended to emerging brands that may not be viewed as outdoor brands but are participating in the outdoor apparel and footwear industry. Retailers who are our wholesale customers often pose a significant competitive threat by designing, marketing and distributing apparel, footwear, accessories, and equipment under their own private labels. We also experience direct competition in our DTC business from retailers that are our wholesale customers. This is particularly the case in the digital marketplace, where increased consumer expectations and competitive pressure related to various aspects of our e-commerce business, including speed of product delivery, shipping charges, return privileges, and other evolving expectations are key factors.
- Consumer Preferences and Fashion/Product Trends. Changes in consumer preferences, consumer interest in outdoor activities, and fashion/product trends may have a material adverse effect on our business. We also face risks because our success depends on our and our customers' abilities to anticipate consumer preferences and our ability to respond to changes of such preferences in a timely manner. Product development and/or production lead times for many of our products may make it more difficult for us to respond rapidly to new or changing fashion/product trends or consumer preferences.
- Brand Images. Our brands have wide recognition, and our success has been due in large part to our ability to maintain, enhance and protect our brand image and reputation and our consumers' and customers' connection to our brands. Our continued success depends in part on our ability to adapt to a rapidly changing media environment, including our increasing reliance on social media and online dissemination of advertising campaigns. In addition, consumer and customer sentiment could be shaped by our sustainability policies and related design, sourcing and operational decisions. Finally, demand in certain channels may be impacted in the short term as we seek to bring additional consumer segments to our brands by proactively managing the promotional activity of the brands in the marketplace.
- Weather Conditions, Including Global Climate Change Trends. Our sales are affected by weather conditions. Our DTC sales are dependent in part on the weather and our DTC sales growth is likely to be adversely impacted or may even decline in years in which weather conditions do not stimulate demand for our products. Unseasonably warm weather also impacts future sales to our

wholesale customers, who may hold inventory into subsequent seasons in response to unseasonably warm weather. Our results may be negatively impacted if management is not able to adjust expenses in a timely manner in response to unfavorable weather conditions and the resulting impact on consumer and customer demand. The magnitude of climate change and whether resulting weather patterns continue to trend warmer will influence the extent to which consumer and customer demand for our outerwear products will be negatively affected.

- Shifts in Retail Traffic Patterns. Shifts in consumer purchasing patterns in our key markets may have an adverse effect on our DTC operations and the financial health of certain of our wholesale customers, some of whom may reduce their brick and mortar store fleet, file for protection under bankruptcy laws, restructure, or cease operations. These related business impacts have already occurred at certain of our wholesale customers. We face increased risk of order reduction and cancellation when dealing with financially ailing wholesale customers. We also extend credit to our wholesale customers based on an assessment of the wholesale customer's financial condition, generally without requiring collateral. We may choose (and have chosen in the past) to limit our credit risk by reducing our level of business with wholesale customers experiencing financial difficulties and may not be able to replace those revenues with other customers or through our DTC businesses within a reasonable period or at all.
- Innovation. To distinguish our products in the marketplace and achieve commercial success, we rely on product innovations, including new or exclusive technologies, inventive and appealing design or other differentiating features. If we fail to introduce innovative products that appeal to consumers and customers, we could suffer reputational damage to our brands and demand for our products could decline.

Our Orders from Wholesale Customers are Subject to Cancellation, Which Could Lead to a Decline in Sales or Gross Profit, Write-downs of Excess Inventory, Increased Discounts or Extended Credit Terms to Our Wholesale Customers.

We do not have long-term contracts with any of our wholesale customers. We do have contracts with our independent international distributors; although these contracts may have annual purchase minimums that must be met in order to retain distribution rights, the distributors are not otherwise obligated to purchase products from us. Sales to our wholesale customers (other than our international distributors) are generally on an order-by-order basis and are subject to rights of cancellation and rescheduling prior to shipment of orders. We place the majority of our orders for products with our contract manufacturers for our wholesale customers based on these advance orders. We consider the timing of delivery dates in our wholesale customer orders when we forecast our sales and earnings for future periods. If any of our major wholesale customers experience a significant downturn in business or fail to remain committed to our products or brands, or if we are unable to deliver products to our wholesale customers in the agreed upon manner or reach mutually agreeable accommodations, these customers could postpone, reduce, cancel, or discontinue purchases from us, including after we have begun production on any order, or seek to impose chargebacks.

Our Inability to Accurately Predict Consumer and/or Customer Demand for Our Products Could Lead to a Build-up of Inventory or a Lack of Inventory and Affect Our Gross Margin.

We place orders for our products with our contract manufacturers in advance of the related selling season and, as a result, are vulnerable to changes in consumer and/or customer demand for our products. Therefore, we must accurately forecast consumer and/or customer demand for our products well in advance of the selling season. We are subject to numerous risks relating to consumer and/or customer demand (see “We are Subject to a Number of Risks Which May Adversely Affect Consumer and/or Customer Demand for our Products and Lead to a Decline in Sales and/or Earnings” and “Our Orders from Wholesale Customers are Subject to Cancellation, Which Could Lead to a Decline in Sales or Gross Profit, Write-downs of Excess Inventory, Increased Discounts or Extended Credit Terms to Our Wholesale Customers” for additional information). Our ability to accurately predict consumer and/or customer demand well in advance of the selling season for our products is impacted by these risks, as well as our reliance on manual processes and judgments that are subject to human error. These risks are heightened during periods of macroeconomic and geopolitical volatility.

Our failure to accurately forecast consumer and/or customer demand could result in inventory levels in excess of demand, which may cause inventory write-downs and/or the sale of excess inventory at discounted prices through our outlet stores, temporary clearance locations, or third-party liquidation channels (as we are currently doing) and could have a material adverse effect on our brand image and gross margin. In addition, we may experience additional costs and margin pressure relating to the storage and processing of excess inventory, including through our outlet stores and temporary clearance locations.

Conversely, if we underestimate consumer and/or customer demand for our products or if our contract manufacturers or third-party logistics providers are unable to supply or deliver products when we need them, we may experience inventory shortages, which may prevent us from fulfilling product orders or having optimal inventory assortments for our DTC channels resulting in lost sales, negatively affect our wholesale customer and consumer relationships, result in increased costs to expedite production and delivery, or diminish our ability to build brand loyalty.

WE ARE SUBJECT TO VARIOUS RISKS IN OUR SUPPLY CHAIN

Our Reliance on Contract Manufacturers, Including Our Ability to Enter Into Purchase Order Commitments with Them and Maintain Quality Standards of Our Products and Standards of Manufacturing Processes at Contract Manufacturers, May Result in Lost Sales and Impact our Gross Margin and Results of Operations.

Our products are manufactured by contract manufacturers worldwide, primarily in the Asia Pacific region. Although we enter into purchase order commitments with these contract manufacturers each season, we generally do not maintain long-term manufacturing commitments with them, and various factors could interfere with our ability to source our products. Without long-term commitments, there is no assurance that we will be able to secure adequate or timely production capacity and our competitors may obtain production capacities that effectively limit or eliminate the availability of our contract manufacturers. If we are unable to obtain necessary production capacities, we may be unable to meet consumer demand, resulting in lost sales.

In addition, contract manufacturers may fail to perform as expected. If a contract manufacturer fails to ship orders in a timely manner (as recently occurred), we could experience supply disruptions that result in missed delivery deadlines, which may cause our customers to cancel their orders, refuse to accept deliveries or demand a reduction in purchase price or cause us to incur additional freight costs.

Reliance on contract manufacturers also creates quality control risks. Contract manufacturers may need to use sub-contracted manufacturers to fulfill our orders, which could result in compromised quality of our products. A failure in our quality control program, or a failure of our contract manufacturers or their subcontractors to meet our quality control standards, may result in diminished product quality, which in turn could result in increased order cancellations, price concessions, product returns, decreased consumer and customer demand for our products, non-compliance with our product standards or regulatory requirements, or product recalls or other regulatory actions.

We impose standards of manufacturing practices on our contract manufacturers for the benefit of workers and require compliance with our restricted substances list and product safety and other applicable laws, including environmental, health and safety and forced labor laws. We also require that our contract manufacturers impose these practices, standards and laws on their subcontractors. If a contract manufacturer or subcontractor violates labor or other laws or engages in practices that are not generally accepted as safe or ethical, we may experience production disruptions, lost sales or significant negative publicity that could result in long-term damage to our reputation. In some circumstances, parties may assert that we are liable for our contract manufacturers' or subcontractors' labor and operational practices, which could have a material adverse effect on our brand image, results of operations and our financial condition.

Volatility in the Availability of and Prices for Raw Materials We Use in Our Products Could Have a Material Adverse Effect on Our Revenues, Costs, Gross Margins and Profitability.

Our products are derived from raw materials that are subject to both disruptions to supply availability and price volatility. If there are supply disruptions or price increases for raw materials we use in our products and we are unable to obtain sufficient raw materials to meet production needs or offset rising costs by increasing the price of our products or achieving efficiency improvements, we could experience negative impacts to our sales and profitability.

For Certain Materials We Depend on a Limited Number of Suppliers, Which May Cause Increased Costs or Production Delays.

As an innovative company, some of our materials are highly technical and/or proprietary and may be available from only one source or a very limited number of sources. As a result, from time to time, we may have difficulty satisfying our material requirements. Although we believe that we can identify and qualify additional contract manufacturers to produce or supply these materials or alternative materials as necessary, there are no guarantees that additional contract manufacturers will be available. In addition, depending on the timing, any changes in sources or materials may result in increased costs or production delays.

Our Success Depends on Third-Party Logistics Providers and Our and Third-Party Distribution Facilities.

The majority of our products are manufactured outside of our principal sales markets, which requires these products to be consolidated and transported, sometimes over large geographical distances. A small number of third-party logistics providers currently consolidate, deconsolidate and/or transload almost all of our products. Any disruption in the operations of these providers or changes to the costs they charge, due to capacity constraints, volatile fuel prices or otherwise, could materially impact our sales and profitability. A prolonged disruption in the operations of these providers could also require us to seek alternative distribution arrangements, which may not be available on attractive terms and could lead to delays in distribution of products, either of which could have a significant and material adverse effect on our business, results of operations and financial condition.

In addition, the ability to move products over larger geographical distances could be negatively affected by ocean, air and trucking cargo capacity constraints or labor disruptions, or such constraints or disruptions at ports or borders, or geopolitical conflicts (such as is occurring currently in the Red Sea). These constraints, conflicts and disruptions could hinder our ability to satisfy demand through our wholesale and DTC businesses, and we may miss delivery deadlines, which may cause our customers to cancel their orders, refuse to accept deliveries or demand a reduction in purchase price. Furthermore, increases in distribution costs, including but not limited to freight costs, could adversely affect our costs, which we may not be able to offset through price increases or decreased promotions.

We receive our products from third-party logistics providers at our owned distribution centers in the United States, Canada and France. The fixed costs associated with owning, operating and maintaining such distribution centers during a period of economic weakness or declining sales can result in lower operating efficiencies, financial deleverage and potential impairment in the recorded value of distribution assets.

We also receive and distribute our products through third-party operated distribution facilities internationally and domestically. We depend on these third-parties to manage the operation of their distribution facilities as necessary to meet our business needs. If the third-parties fail to manage these responsibilities, our international and domestic distribution operations could face significant disruptions or we could incur additional expense. Transitions within our distribution network amongst third-party distribution partners, as is currently occurring, exacerbates this risk.

Our ability to meet consumer and customer expectations, manage inventory, complete sales, and achieve our objectives for operating efficiencies depends on the proper operation of our existing distribution facilities, as well as the facilities of third-parties, the development or expansion of additional distribution capabilities and services, and the timely performance of services by third-parties, including those involved in moving products to and from our distribution facilities and facilities operated by third-parties. The uneven flow of inventory receipts during peak times at our distribution centers may cause us to miss delivery deadlines, as we work through inventory, which in turn may cause our customers to cancel their orders, refuse to accept deliveries or demand a reduction in purchase price.

OUR INVESTMENT IN STRATEGIC PRIORITIES EXPOSES US TO CERTAIN RISKS

We May Be Unable to Execute Our Strategic Priorities, Which Could Limit Our Ability to Invest in and Grow Our Business.

Our strategic priorities are 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 and invest in our people and optimize our organization across our portfolio of brands.

To implement our strategic priorities, we must continue to, among other things, modify and fund various aspects of our business, effectively prioritize our initiatives and execute effective change management. These efforts, coupled with a continuous focus on expense discipline, may place strain on internal resources, and we may have operating difficulties as a result.

Our strategic priorities also generally involve increased expenditures, which could cause our profitability or operating margin to decline if we are unable to offset our increased spending with increased sales or gross profit or comparable reductions in other operating costs (as is currently occurring). This could result in a decision to delay, modify, or terminate certain initiatives related to our strategic priorities.

Initiatives to Upgrade Our Business Processes and Information Technology Systems to Optimize Our Operational and Financial Performance Involve Many Risks Which Could Result in, Among Other Things, Business Interruptions, Higher Costs and Lost Profits.

We regularly implement business process improvement and information technology initiatives intended to optimize our operational and financial performance. Transitioning to these new or upgraded processes and systems requires significant capital investments and personnel resources. Implementation is also highly dependent on the coordination of numerous employees, contractors and software and system providers. The interdependence of these processes and systems is a significant risk to the successful completion and continued refinement of these initiatives, and the failure of any aspect could have a material adverse effect on the functionality of our overall business. We may also experience difficulties in implementing or operating our new or upgraded business processes or information technology systems, including, but not limited to, ineffective or inefficient operations, significant system failures, system outages, delayed implementation and loss of system availability, which could lead to increased implementation and/or operational costs, loss or corruption of data, delayed shipments, excess inventory and interruptions of operations resulting in lost sales and/or profits.

We May Not Realize Returns on Our Fixed Cost Investments in Our DTC Business Operations.

We continue to make investments in our digital capabilities and our DTC operations, including new stores. (See "Initiatives to Upgrade Our Business Processes and Information Technology Systems to Optimize Our Operational and Financial Performance Involve Many Risks Which Could Result in, Among Other Things, Business Interruptions, Higher Costs and Lost Profits".) Since many of the costs of our DTC operations are fixed, we may be unable to reduce expenses in order to avoid losses or negative cash flows if we have insufficient sales. We may not be able to exit DTC brick and mortar locations and related leases at all or without significant cost or loss, renegotiate the terms thereof, or effectively manage the profitability of our existing brick and mortar stores. In addition, obtaining real estate and effectively renewing real estate leases for our DTC brick and mortar operations is subject to the real estate market and we may not be able to secure adequate new locations or successfully renew leases for existing locations.

WE ARE SUBJECT TO CERTAIN INFORMATION TECHNOLOGY RISKS

We Rely on Information Technology Systems, including Third-Party Cloud-based Solutions, and Any Failure of These Systems or Interruption in Services Provided by the Systems May Result in Disruptions or Outages in Our E-Commerce and In-Store Retail Platforms, Loss of Processing Capabilities, and/or Loss of Data, Any of Which May Have a Material Adverse Effect on Our Financial Condition, Results of Operations or Cash Flow.

Our reputation and ability to attract, retain and serve consumers and customers is dependent upon the reliable performance of our underlying technology infrastructure and external service providers, including third-party cloud-based solutions. The services these systems provide are vulnerable to interruption, in particular during a period of transition of systems, and we have experienced interruptions in the past.

We rely on cloud-based solutions furnished by third-parties primarily to allocate resources, pay vendors, collect from customers, manage loyalty programs, process transactions, develop demand and supply plans, manage product design, production, transportation, and distribution, forecast and report operating results, meet regulatory requirements and administer employee payroll and benefits, among other functions. In addition, our DTC operations, both in-store and online, rely on cloud-based solutions to process transactions. We have also designed a significant portion of our software and computer systems to utilize data processing and storage capabilities from third-party cloud solution providers. Our existing cloud-based solution providers have broad discretion to change and interpret their terms of service and other policies with respect to us, and they may take actions beyond our control that could harm our business. We also may not be able to control the quality of the systems and services we receive from our third-party cloud-based solution providers. Some transitions of the cloud-based solutions currently provided to different cloud providers would be difficult to implement and may cause us to incur significant time and expense, or an interruption in services.

Both our on-premises and cloud-based infrastructure may be susceptible to outages due to any number of reasons, including human error, fire, floods, power loss, telecommunications failures, terrorist attacks and similar events. Despite the implementation of security measures that we believe to be reasonable, both our on-premises and our cloud-based infrastructure may also be vulnerable to hacking, computer viruses, the installation of malware and similar disruptions either by third-parties or employees, which may result in outages. We do not have redundancy for all of our systems and our disaster recovery planning may not account for all eventualities.

If we or our existing third-party cloud-based solution providers experience interruptions in service regularly or for a prolonged basis, or other similar issues, our business could be seriously harmed and, in some instances, our consumers and customers may not be able to purchase our products, which could significantly and negatively affect our sales.

If we and/or our cloud-based solution providers are not successful in preventing or effectively responding to outages or cyberattacks, our financial condition, results of operations and cash flow could be materially and adversely affected.

A Security Breach of Our or Our Third-Parties' Systems, Exposure of Personal or Confidential Information or Increased Government Regulation Relating to Handling of Personal Data, Could, Among Other Things, Disrupt Our Operations or Cause Us to Incur Substantial Costs or Negatively Affect Our Reputation.

We and many of our third-party vendors manage and maintain various types of proprietary information and sensitive and confidential data relating to our business, such as personally identifiable information of our consumers, our customers, our employees, and our business partners, as well as payment information in certain instances. Unauthorized parties may attempt to gain access to these systems or information through fraud or other means of deceiving our employees or third-party service providers. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly changing and evolving, and may be difficult to anticipate or detect for long periods of time. The ever-evolving threats mean we and our third-parties must continually evaluate and adapt our systems and processes, and there is no guarantee that these efforts will be adequate to safeguard against all data security breaches or misuses of data. Any breaches of our or our third-parties' systems could expose us, our customers, our consumers, our suppliers, our employees, or other individuals to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our reputation, or otherwise harm our business. While we maintain cyber liability insurance policies for coverage in the event of a cybersecurity incident, we cannot be certain that our existing coverage will continue to be available on acceptable terms or will be available, and in sufficient amount, to cover the potentially significant losses that could result from a cybersecurity incident or that the insurer will not deny coverage as to any future claims.

In addition, as the regulatory environment related to information security, data collection and use and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to our business, compliance with those requirements could also result in additional costs or liabilities. Non-U.S. data privacy and data security laws and regulations, various U.S. federal and state laws and other information privacy and security standards may be and are applicable to us. Violations of these requirements could result in significant penalties, investigations or litigation. Significant legislative, judicial or regulatory changes have been and could be issued in the future. As new requirements are issued, new processes must be implemented to ensure compliance. In addition, previously implemented processes must be continually refined. This work is accomplished through significant efforts by our employees. The diverted attention of these employees may impact our operations and there may be additional costs incurred by us for third-party resources to advise on the constantly changing landscape. Limitations on the use of data may also impact our future business strategies. Additionally, our DTC business depends on customers' willingness to entrust us with their personal information. Events that adversely affect that trust could adversely affect our brand and reputation.

We Depend on Certain Legacy Information Technology Systems, Which May Inhibit Our Ability to Operate Efficiently.

Our legacy product development, retail and other systems, on which we continue to manage a portion of our business activities, rely on the availability of limited internal and external resources with the expertise to maintain the systems. In addition, our legacy systems, including aged systems in our Japanese and Korean businesses, may not support desired functionality for our operations and may inhibit our ability to operate efficiently. As we continue to transition from our legacy systems and implement new systems, certain functionality and information from our legacy systems, including that of third-party systems that interface with our legacy systems, may not be fully compatible with the new systems and we could incur an interruption in the services provided by the systems.

WE ARE SUBJECT TO LEGAL AND REGULATORY RISKS

Our Success Depends on the Protection of Our Intellectual Property Rights.

Our registered and common law trademarks, our patented or patent-pending designs and technologies, trade dress and the overall appearance and image of our products have significant value and are important to our ability to differentiate our products from those of our competitors.

As we strive to achieve product innovations, extend our brands into new product categories and expand the geographic scope of our marketing, we face a greater risk of inadvertent infringements of third-party rights or compliance issues with regulations applicable to products with technical features or components. We may become subject to litigation based on allegations of infringement or other improper use of intellectual property rights of third-parties. In addition, failure to successfully obtain and maintain patents on innovations could negatively affect our ability to market and sell our products.

We regularly discover products that are counterfeit reproductions of our products or that otherwise infringe on our proprietary rights. Increased instances of counterfeit manufactured products and sales may adversely affect our sales and the reputation of our brands and result in a shift of consumer preference away from our products. The actions we take to establish and protect trademarks and other proprietary rights may not be adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products as violations of proprietary rights. In markets outside of the United States, it may be more difficult for us to establish our proprietary rights and to successfully challenge use of those rights by other parties.

Litigation is often necessary to defend against claims of infringement or to enforce and protect our intellectual property rights. Intellectual property litigation may be costly and may divert management's attention from the operation of our business. Adverse determinations in any litigation may result in the loss of our proprietary rights, subject us to significant liabilities or require us to seek licenses from third-parties, which may not be available on commercially reasonable terms, if at all.

Certain of Our Products Are Subject to Product Regulations and/or Carry Warranties, Which May Cause an Increase to Our Expenses in the Event of Non-Compliance and/or Warranty Claims.

Our products are subject to increasingly stringent and complex domestic and foreign product labeling, performance, environmental and safety standards, laws and other regulations, including those pertaining to perfluoroalkyl and polyfluoroalkyl substances and other environmental impacts. These requirements could result in greater expense associated with compliance efforts, and failure to comply with these regulations could result in a delay, non-delivery, recall, or destruction of inventory shipments during key seasons, a loss of advance orders from wholesale customers or in other financial penalties. Significant or continuing noncompliance with these standards and laws could disrupt our business and harm our reputation.

Our products are generally used in outdoor activities, sometimes in severe conditions. Product recalls or product liability claims resulting from the failure, or alleged failure, of our products could have a material adverse effect on the reputation of our brands and result in additional expenses. Most of our products carry limited warranties for defects in quality and workmanship. We maintain a warranty reserve for estimated future warranty claims, but the actual costs of servicing future warranty claims may exceed the reserve.

We May Have Additional Tax Liabilities or Experience Increased Volatility in Our Effective Tax Rate.

As a global company, we determine our income tax liability in various tax jurisdictions and our effective tax rate based on an analysis and interpretation of local tax laws and regulations and our financial projections. This analysis requires a significant amount of judgment and estimation and is often based on various assumptions about the future, which, in times of economic disruptions, are highly uncertain. These determinations are the subject of periodic domestic and foreign tax audits. Although we accrue for uncertain tax positions, our accruals may be insufficient to satisfy unfavorable findings. Unfavorable audit findings and tax rulings may result in payment of taxes, fines and penalties for prior periods and higher tax rates in future periods.

Other changes in the tax laws of the jurisdictions where we do business, including an increase in tax rates or an adverse change in the treatment of an item of income or expense, could result in a material increase in our tax expense. For example, changes in the tax laws of foreign jurisdictions could arise as a result of the Base Erosion and Profit Shifting project undertaken by the Organization for Economic Co-operation and Development ("OECD"). The OECD, which represents a coalition of member countries, has recommended changes to numerous long-standing tax principles. The OECD Pillar 2 global minimum tax rules, which generally provide for a minimum effective tax rate of 15%, are intended to apply for tax years beginning in 2024. On February 2, 2023, the OECD issued administrative guidance providing transition and safe harbor rules around the implementation of the Pillar 2 global minimum tax. Under a transitional safe harbor released July 17, 2023, the undertaxed profits rule top-up tax in the jurisdiction of a company's ultimate parent entity will be zero for each fiscal year of the transition period if that jurisdiction has a corporate tax rate of at least 20%. The safe harbor transition period will apply to fiscal years beginning on or before December 31, 2025 and ending before December 31, 2026. We are closely monitoring developments and evaluating the impact these new rules are anticipated to have on our tax rate, including eligibility to qualify for these safe harbor rules. As these changes are adopted by countries, tax uncertainty could increase and may adversely affect our provision for income taxes.

Due to the nature of the findings in the Korea 2009 through 2014 income tax audits, the Company has invoked the Mutual Agreement Procedures outlined in the United States-Korean income tax treaty. The Company does not anticipate that adjustments relative to these findings will result in material changes to its financial condition, results of operations or cash flows.

Proposals to reform U.S. tax laws could significantly impact how we are taxed and could change the U.S. corporate tax rate. Although we cannot predict whether or in what form these proposals will pass, several of the proposals considered, if enacted into law, could have an adverse impact on our effective tax rate, income tax expense and cash flows.

WE OPERATE GLOBALLY AND ARE SUBJECT TO SIGNIFICANT RISKS IN MANY JURISDICTIONS

Global Regulation and Economic and Political Conditions, as well as Potential Changes in Regulations, Legislation and Government Policy, May Negatively Affect Our Business.

We are subject to risks generally associated with doing business internationally. These risks include, but are not limited to, the burden of complying with, and unexpected changes to, foreign and domestic laws and regulations, such as anti-corruption and forced labor regulations and sanctions regimes, sustainability regulations, the effects of fiscal and political crises and political and economic disputes, changes in diverse consumer preferences, foreign currency exchange rate fluctuations, managing a diverse and widespread workforce, political unrest, terrorist acts, military operations, disruptions or delays in shipments, disease outbreaks, natural disasters, and changes in economic conditions in countries in which we contract to manufacture, source raw materials or sell products. Our ability to sell products in certain markets, demand for our products in certain markets, our ability to collect accounts receivable, our contract manufacturers' ability to procure raw materials or manufacture products, distribution and logistics providers' ability to operate, our ability to operate brick and mortar stores, our workforce, and our cost of doing business (including the cost of freight and logistics) may be impacted by these events should they occur and laws and regulations that are enacted in response to such events. Our exposure to these risks is heightened in Vietnam, where a significant portion of our contract manufacturing is located, and in China, where a large portion of the raw materials used in our products is sourced by our contract manufacturers. Should certain of these events occur in Vietnam or China, they could cause a substantial disruption to our business and have a material adverse effect on our financial condition, results of operations or cash flows.

In addition, many of our imported products are subject to duties, tariffs or import limitations that affect the cost and quantity of various types of goods imported into the United States and other markets. Proposals to implement new tariffs or other trade restrictions in the United States could impact the products we import into the U.S. and also result in retaliatory measures in international markets where we sell. Although we cannot predict whether and in what form such measures will be adopted or implemented, these proposals for tariffs or other trade restrictions could have an adverse impact on our cost of sales, gross margin, cash flows; disrupt the U.S. marketplace; and cause an increase in our product prices and potential adverse impacts to resulting net sales in the U.S. In addition, goods suspected of being manufactured with forced labor could be blocked from importation into the U.S. or other countries, which could materially impact sales.

In connection with the United Kingdom's exit from the European Union (commonly referred to as "Brexit"), on December 24, 2020, the European Union ("E.U.") and the United Kingdom ("U.K.") reached an agreement, the E.U.-U.K. Trade and Cooperation Agreement, to govern aspects of the relationship of the E.U. and U.K. following Brexit. As a result of no longer having "free circulation" between the U.K. and the E.U., we have incurred and will continue to incur additional duties. We are investigating alternatives to mitigate these additional costs in the future.

Fluctuations in Inflation and Currency Exchange Rates Could Result in Lower Revenues, Higher Costs and/or Decreased Margins and Earnings.

We derive a significant portion of our sales from markets outside the United States, which consist of sales to wholesale customers and directly to consumers by our entities in Europe, Asia, and Canada and sales to independent international distributors who operate within EMEA and LAAP. The majority of our purchases of finished goods inventory from contract manufacturers are denominated in United States dollars, including purchases by our foreign entities. These purchase and sale transactions expose us to the volatility of global economic conditions, including fluctuations in inflation and foreign currency exchange rates. Our international revenues and expenses generally are derived from sales and operations in foreign currencies, and these revenues and expenses could be and have been affected by currency fluctuations, specifically amounts recorded in foreign currencies and translated into United States dollars for consolidated financial reporting, as weakening of foreign currencies relative to the United States dollar adversely affects the United States dollar value of the Company’s foreign currency-denominated sales and earnings.

Our exposure is increased with respect to our wholesale customers (including international distributors), where, in order to facilitate solicitation of advance orders for the spring and fall seasons, we establish local-currency-denominated wholesale and retail price lists in each of our foreign entities approximately six to nine months prior to United States dollar-denominated seasonal inventory purchases. As a result, our consolidated results are directly exposed to transactional foreign currency exchange risk and have been and could be further impacted by the United States dollar strengthening during the six to nine months between when we establish seasonal local-currency prices and when we purchase inventory. In addition to the direct currency exchange rate exposures described above, our wholesale business is indirectly exposed to currency exchange rate risks. Weakening of a wholesale customer’s functional currency relative to the United States dollar makes it more expensive for it to purchase finished goods inventory from us, which may cause a wholesale customer to cancel orders or increase prices for our products, which may make our products less price-competitive in those markets. In addition, in order to make purchases and pay us on a timely basis, our international distributors must exchange sufficient quantities of their functional currency for United States dollars through the financial markets and may be limited in the amount of United States dollars they are able to obtain.

We employ several strategies in an effort to mitigate this transactional currency risk, but these strategies may not and, in the current environment, have not fully mitigated the negative effects of adverse foreign currency exchange rate fluctuations on the cost of our finished goods in a given period and there is no assurance that price increases will be accepted by our wholesale customers, international distributors or consumers. Our gross margins are adversely affected whenever we are not able to offset the full extent of finished goods cost increases caused by adverse fluctuations in foreign currency exchange rates.

Currency exchange rate fluctuations may also create indirect risk to our business by disrupting the business of independent finished goods manufacturers from which we purchase our products. When their functional currencies weaken in relation to other currencies, the raw materials they purchase on global commodities markets become more expensive and more difficult to finance. Although each manufacturer bears the full risk of fluctuations in the value of its currency against other currencies, our business can be and has been indirectly affected when adverse fluctuations cause a manufacturer to raise the prices of goods it produces for us, disrupt the manufacturer's ability to purchase the necessary raw materials on a timely basis, or disrupt the manufacturer's ability to function as an ongoing business.

WE ARE SUBJECT TO NUMEROUS OPERATIONAL RISKS

Our Ability to Manage Fixed Costs Across a Business That is Affected by Seasonality May Impact Our Profits.

Our business is affected by the general seasonal trends common to the outdoor industry. Our products are marketed on a seasonal basis and our annual net sales are weighted heavily toward the fall/winter season, while our operating expenses are more equally distributed throughout the year. As a result, often a majority of our operating profits are generated in the second half of the year. If we are unable to manage our fixed costs in the seasons where we experience lower net sales, our profits may be adversely impacted.

Labor Matters, Changes in Labor Laws and Our Ability to Meet Our Labor Needs May Reduce Our Revenues and Earnings.

Our business depends on our ability to source and distribute products in a timely manner. While a majority of our own operations are not subject to organized labor agreements, certain of our operations in Europe include a formal representation of employees by a Works Council and the application of a collective bargaining agreement. Matters that may affect our workforce at contract manufacturers where our goods are produced, shipping ports, transportation carriers, retail stores, or distribution centers create risks for our business, particularly if these matters result in work shut-downs (with little to no notice), slowdowns, lockouts, strikes, or other disruptions. The foregoing includes potential impacts to our business as a result of the International Longshore and Warehouse Union and Teamsters negotiations. Labor matters may have a material adverse effect on our business, potentially resulting in canceled orders by customers, inability to fulfill potential e-commerce demand, unanticipated inventory accumulation and reduced net sales and net income.

In addition, our ability to meet our labor needs at our distribution centers, retail stores, corporate headquarters, and regional subsidiaries, including our ability to find qualified employees while controlling wage and related labor costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified people in the work force of the markets in which our operations are located, unemployment levels within those markets, absenteeism, prevailing wage rates, changing demographics, parental responsibilities, health and other insurance costs, and adoption of new or revised employment and labor laws and regulations. Our ability to source, distribute and sell products in a timely and cost-effective manner may be negatively affected to the extent we experience these factors. Our ability to comply with labor laws, including our ability to adapt to rapidly changing labor laws, as well as provide a safe working environment may increase our risk of litigation and cause us to incur additional costs.

We May Incur Additional Expenses, Be Unable to Obtain Financing, or Be Unable to Meet Financial Covenants of Our Financing Agreements as a Result of Downturns in the Global Markets.

Our vendors, wholesale customers, licensees and other participants in our supply chain may require access to credit markets in order to do business. Credit market conditions may slow our collection efforts as our wholesale customers find it more difficult to obtain necessary financing, leading to higher than normal accounts receivable. This could result in greater expense associated with collection efforts and increased bad debt expense. Credit conditions and/or supply chain disruptions may impair our vendors' ability to finance the purchase of raw materials or general working capital needs to support our production requirements, resulting in a delay or non-receipt of inventory shipments during key seasons.

Historically, we have limited our reliance on debt to finance our working capital, capital expenditures and investing activity requirements. We expect to fund our future capital expenditures with existing cash, expected operating cash flows and credit facilities, but, if the need arises to finance additional expenditures, we may need to seek additional funding. Our ability to obtain additional financing will depend on many factors, including prevailing market conditions, our financial condition and our ability to negotiate favorable terms and conditions. Financing may not be available on terms that are acceptable or favorable to us, if at all.

Our credit agreements have various financial and other covenants. If an event of default were to occur, the lenders could, among other things, declare outstanding amounts due and payable. If we were to borrow under our credit agreements, we would be subject to market interest rates and may incur additional interest expense when borrowing in a high interest rate environment.

Acquisitions Are Subject to Many Risks.

From time to time, we may pursue growth through strategic acquisitions of assets or companies. Acquisitions are subject to many risks, including potential loss of significant customers or key personnel of the acquired business as a result of the change in ownership, difficulty integrating the operations of the acquired business or achieving targeted efficiencies, the incurrence of substantial costs and expenses related to the acquisition effort, and diversion of management's attention from other aspects of our business operations.

Acquisitions may also cause us to incur debt or result in dilutive issuances of our equity securities. Our acquisitions may cause large one-time expenses or create goodwill or other intangible assets that could result in significant impairment charges in the future (as has recently occurred with the prAna brand). We also make various estimates and assumptions in order to determine purchase price allocation and estimate the fair value of assets acquired and liabilities assumed. If our estimates or assumptions used to value these assets and liabilities vary from actual or future projected results, we may be exposed to losses, including impairment losses, that could be material.

We do not provide any assurance that we will be able to successfully integrate the operations of any acquired businesses into our operations or achieve the expected benefits of any acquisitions. The failure to successfully integrate newly acquired businesses or achieve the expected benefits of strategic acquisitions in the future could have an adverse effect on our financial condition, results of operations or cash flows. We may not complete a potential acquisition for a variety of reasons, but we may nonetheless incur material costs in the preliminary stages of evaluating and pursuing such an acquisition that we cannot recover.

Extreme Weather Conditions, Climate Change, and Natural Disasters Could Negatively Impact Our Operating Results and Financial Condition.

Extreme weather conditions in the areas in which our retail stores, suppliers, consumers, customers, distribution centers, headquarters and vendors are located could adversely affect our operating results and financial condition. Moreover, climate change and natural disasters such as earthquakes, hurricanes and tsunamis, whether occurring in the United States or abroad, and their related consequences and effects, including energy shortages and public health issues, could disrupt our operations, the operations of our vendors and other suppliers or result in economic instability and changes in consumer preferences and spending that may negatively impact our operating results and financial condition.

An Outbreak of Disease or Similar Public Health Threat, Such as a Pandemic, Could Have an Adverse Impact on Our Business, Operating Results and Financial Condition.

An outbreak of disease or similar public health threat, such a pandemic, could have an adverse impact on our business, financial condition and operating results, including in the form of lowered net sales and the delay of inventory production and fulfillment in impacted regions.

Our Investment Securities May Be Adversely Affected by Market Conditions.

Our investment portfolio is subject to a number of risks and uncertainties. Changes in market conditions, such as those that accompany an economic downturn or economic uncertainty, may negatively affect the value and liquidity of our investment portfolio, perhaps significantly. Our ability to find diversified investments that are both safe and liquid and that provide a reasonable return may be impaired, potentially resulting in lower interest income, less diversification, longer investment maturities, or other-than-temporary impairments.

We Depend on Certain Key Personnel.

Our future success will depend in part on our ability to attract, retain and develop certain key talent and to effectively manage succession. We face intense competition for these individuals worldwide, and there is a significant concentration of well-funded apparel and footwear competitors near our headquarters in Portland, Oregon. We may not be able to attract qualified new employees or retain existing employees, which may have a material adverse effect on our financial condition, results of operations or cash flows.

We License our Proprietary Rights to Third-Parties and Could Suffer Reputational Damage to Our Brands if We Fail to Choose Appropriate Licensees.

We currently license, and expect to continue licensing, certain of our proprietary rights, such as trademarks or copyrighted material, to third-parties. We rely on our licensees to help preserve the value of our brands. Although we attempt to protect our brands through approval rights, we cannot completely control the use of our licensed brands by our licensees. The misuse of a brand by or negative publicity involving a licensee could have a material adverse effect on that brand and on us.

In addition, from time to time we license the right to operate retail stores for our brands to third-parties, primarily to our independent international distributors. We provide training to support these stores and set operational standards. However, these third-parties may not operate the stores in a manner consistent with our standards, which could cause reputational damage to our brands or harm these third-parties' sales.

RISKS RELATED TO OUR SECURITIES

Our Common Stock Price May Be Volatile.

Our common stock is traded on the NASDAQ Global Select Market. Factors such as general market conditions, actions by institutional investors to rapidly accumulate or divest of a substantial number of our shares, fluctuations in financial results, variances from financial market expectations, changes in earnings estimates or recommendations by analysts, or announcements by us or our competitors may cause the market price of our common stock to fluctuate, perhaps substantially.

Certain Shareholders Have Substantial Control Over Us and Are Able to Influence Corporate Matters.

As of September 30, 2024, three related shareholders, Timothy P. Boyle, Joseph P. Boyle, and Molly E. Boyle, controlled just over 50% of our common stock outstanding. As a result, if acting together, Timothy P. Boyle, Joseph P. Boyle, and Molly E. Boyle are able to exercise significant influence over all matters requiring shareholder approval. These holdings could be significantly diminished (and with them the related effective control percentage) to satisfy any applicable estate or unrealized gains tax obligations of the holders.

The Sale or Proposed Sale of a Substantial Number of Shares of Our Common Stock Could Cause the Market Price of Our Common Stock to Decline.

Shares held by Timothy P. Boyle, Joseph P. Boyle, and Molly E. Boyle, are available for resale, subject to the requirements of, and the rules under, the Securities Act of 1933 and the Securities Exchange Act of 1934. The sale or the prospect of the sale of a substantial number of these shares may have an adverse effect on the market price of our common stock.

We also may issue our capital stock or securities convertible into our capital stock from time to time in connection with a financing, acquisition, investment, or otherwise. Any such issuance could result in substantial dilution to our existing shareholders and cause the market price of our common stock to decline.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

PURCHASES OF EQUITY SECURITIES BY THE ISSUER

Since the inception of our share repurchase program in 2004 through September 30, 2024, our Board of Directors has authorized the repurchase of $2.0 billion of our common stock, excluding excise tax. Shares of our common stock may be purchased in the open market or through privately negotiated transactions, subject to market conditions, and generally settle subsequent to the trade date. The repurchase program does not obligate us to acquire any specific number of shares or to acquire shares over any specified period of time. Under this program as of September 30, 2024, we had repurchased 37.0 million shares at an aggregate purchase price of $1,885.5 million, and had $114.5 million remaining available, excluding excise tax.

In October 2024, the Company's Board of Directors approved a $ 600.0 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.

The following is a summary of our common stock repurchases, excluding excise tax, during the quarter ended September 30, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
July 1, 2024 through July 31, 2024	597,649	$ 79.76	597,649	$ 186.9
August 1, 2024 through August 31, 2024	838,149	$ 80.10	838,149	$ 119.8
September 1, 2024 through September 30, 2024	66,735	$ 79.90	66,735	$ 114.5
Total	1,502,533	$ 79.96	1,502,533	$ 114.5

ITEM 5. Other Information

Securities Trading Plans

No "Rule 10b5-1 trading arrangements" or “non-Rule 10b5-1 trading arrangements” (as each term is defined by Regulation S-K Item 408(a)) were entered into or terminated by our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) during the third quarter of 2024.

ITEM 6. EXHIBITS

(a) | See Exhibit Index below for a description of the documents that are filed as Exhibits to this Quarterly Report on Form 10-Q or incorporated herein by reference.

EXHIBIT INDEX

Exhibit No.	Exhibit Name
3.1	Third Restated Articles of Incorporation (incorporated by reference to exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000) (File No. 000-23939).
3.1(a)	Amendment to Third Restated Articles of Incorporation (incorporated by reference to exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2002) (File No. 000-23939).
3.1(b)	Second Amendment to Third Restated Articles of Incorporation (incorporated by reference to exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018) (File No. 000-23939).
3.2	2023 Amended and Restated Bylaws of Columbia Sportswear Company (incorporated by reference to exhibit 3.2 to the Company's Form 8-K filed on February 1, 2023) (File No. 000-23939).
31.1	Rule 13a-14(a) Certification of Timothy P. Boyle, Chairman, President and Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Jim A. Swanson, Executive Vice President and Chief Financial Officer.
32.1	Section 1350 Certification of Timothy P. Boyle, Chairman, President and Chief Executive Officer.
32.2	Section 1350 Certification of Jim A. Swanson, Executive Vice President and Chief Financial Officer.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File, formatted as Inline XBRL and contained in Exhibit 101

SIGNATURES

Pursuant to the requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COLUMBIA SPORTSWEAR COMPANY

Date:	November 7, 2024	By:	/s/ JIM A. SWANSON
			Jim A. Swanson
			Executive Vice President and Chief Financial Officer
			(Duly Authorized Officer and Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION

I, Timothy P. Boyle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Columbia Sportswear Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ TIMOTHY P. BOYLE

Timothy P. Boyle
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Jim A. Swanson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Columbia Sportswear Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 7, 2024

/s/ JIM A. SWANSON

Jim A. Swanson
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Columbia Sportswear Company (the “Company") for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Timothy P. Boyle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 as of, and for, the periods presented in the Form 10-Q; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2024

/s/ TIMOTHY P. BOYLE
Timothy P. Boyle
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Columbia Sportswear Company (the “Company") on for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Jim A. Swanson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 as of, and for, the periods presented in the Form 10-Q; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2024

/s/ JIM A. SWANSON

Jim A. Swanson

Executive Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)