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 June 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 July 19, 2024 was 58,552,010.

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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, inventory carrying costs, shipment timing, consumer and customer spending and preferences, freight charges, scale efficiencies, inflationary pressures, foreign currency translation, 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, 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)	June 30, 2024	December 31, 2023	June 30, 2023
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 341,822	$ 350,319	$ 231,571
Short-term investments	369,276	414,185	71,225
Accounts receivable, net of allowance of $ 5,878, $5,450 and $4,979, respectively	222,628	423,079	343,835
Inventories	823,557	746,288	1,162,519
Prepaid expenses and other current assets	90,527	80,814	91,990
Total current assets	1,847,810	2,014,685	1,901,140
Property, plant and equipment, net of accumulated depreciation of $ 689,511, $671,930 and $644,585, respectively	277,509	287,281	280,578
Operating lease right-of-use assets	360,721	357,295	313,698
Intangible assets, net	79,221	79,908	80,733
Goodwill	26,694	26,694	51,694
Deferred income taxes	97,428	105,574	94,671
Other non-current assets	71,438	67,576	67,290
Total assets	$ 2,760,821	$ 2,939,013	$ 2,789,804
LIABILITIES AND EQUITY			
Current Liabilities:			
Accounts payable	$ 267,853	$ 235,927	$ 247,416
Accrued liabilities	201,700	272,058	238,988
Operating lease liabilities	72,101	71,086	69,784
Income taxes payable	2,787	17,556	1,080
Total current liabilities	544,441	596,627	557,268
Non-current operating lease liabilities	339,327	336,772	298,062
Income taxes payable	13,615	25,688	23,452
Deferred income taxes	64	66	—
Other long-term liabilities	39,412	41,250	36,364
Total liabilities	936,859	1,000,403	915,146
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; 58,752, 59,996 and 61,358 issued and outstanding, respectively	—	—	—
Retained earnings	1,878,972	1,984,446	1,915,990
Accumulated other comprehensive loss	(55,010)	(45,836)	(41,332)
Total shareholders' equity	1,823,962	1,938,610	1,874,658
Total liabilities and shareholders' equity	$ 2,760,821	$ 2,939,013	$ 2,789,804

See accompanying notes to unaudited condensed consolidated financial statements.

Columbia Sportswear Company

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share amounts)	2024	2023	2024	2023
Net sales	$ 570,244	$ 620,933	$ 1,340,226	$ 1,441,526
Cost of sales	296,825	306,888	677,248	727,981
Gross profit	273,419	314,045	662,978	713,545
Selling, general and administrative expenses	302,749	312,529	652,019	659,927
Net licensing income	5,528	4,713	9,920	9,038
Operating income (loss)	(23,802)	6,229	20,879	62,656
Interest income, net	8,344	3,506	17,541	6,789
Other non-operating income (expense), net	476	(185)	747	665
Income (loss) before income tax	(14,982)	9,550	39,167	70,110
Income tax expense (benefit)	(3,241)	1,200	8,608	15,558
Net income (loss)	$ (11,741)	$ 8,350	$ 30,559	$ 54,552
Earnings (loss) per share:				
Basic	$ (0.20)	$ 0.14	$ 0.51	$ 0.88
Diluted	$ (0.20)	$ 0.14	$ 0.51	$ 0.88
Weighted average shares outstanding:				
Basic	59,093	61,655	59,458	61,893
Diluted	59,093	61,781	59,603	62,122

See accompanying notes to unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2024	2023	2024	2023
Net income (loss)	$ (11,741)	$ 8,350	$ 30,559	$ 54,552
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 $(1,550), $(611), $(4,985) and $2,099, respectively)	4,057	(726)	13,834	(6,147)
Foreign currency translation adjustments (net of tax effects of $162, $35, $349 and $(43), respectively)	(7,876)	(6,028)	(22,863)	(4,548)
Other comprehensive income (loss)	(3,819)	(6,754)	(9,174)	(10,695)
Comprehensive income (loss)	$ (15,560)	$ 1,596	$ 21,385	$ 43,857

See accompanying notes to unaudited condensed consolidated financial statements.

Columbia Sportswear Company

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended June 30,	
(in thousands)	**2024**	**2023**
Cash flows from operating activities:		
Net income	$ 30,559	$ 54,552
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	29,142	27,976
Non-cash lease expense	37,419	33,564
Provision for uncollectible accounts receivable	1,502	145
Deferred income taxes	2,101	488
Stock-based compensation	12,008	11,208
Other, net	(9,800)	491
Changes in operating assets and liabilities:		
Accounts receivable	191,737	203,846
Inventories	(88,753)	(135,251)
Prepaid expenses and other current assets	(2,809)	30,396
Other assets	1,159	366
Accounts payable	31,105	(69,305)
Accrued liabilities	(63,626)	(90,759)
Income taxes payable	(26,688)	(27,303)
Operating lease assets and liabilities	(37,275)	(34,317)
Other liabilities	1,112	3,611
Net cash provided by operating activities	108,893	9,708
Cash flows from investing activities:		
Purchases of short-term investments	(388,348)	(117,877)
Sales and maturities of short-term investments	446,087	50,747
Capital expenditures	(27,788)	(22,803)
Net cash provided by (used in) investing activities	29,951	(89,933)
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	3,747	4,624
Tax payments related to stock-based compensation	(4,461)	(4,400)
Repurchase of common stock	(102,618)	(78,319)
Cash dividends paid	(35,628)	(37,099)
Net cash used in financing activities	(138,960)	(115,194)
Net effect of exchange rate changes on cash	(8,381)	(3,251)
Net decrease in cash and cash equivalents	(8,497)	(198,670)
Cash and cash equivalents, beginning of period	350,319	430,241
Cash and cash equivalents, end of period	$ 341,822	$ 231,571
Supplemental disclosures of cash flow information:		
Cash paid during the period for income taxes	$ 58,151	$ 61,131
Supplemental disclosures of non-cash investing and financing activities:		
Property, plant and equipment acquired through increase in liabilities	$ 6,283	$ 5,982
Repurchases of common stock not settled	$ 8,114	$ —

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 Loss	Total
Balance, March 31, 2024	59,473	$ —	$ 1,960,634	$ (51,191)	$ 1,909,443
Net loss	—	—	(11,741)	—	(11,741)
Other comprehensive loss	—	—	—	(3,819)	(3,819)
Cash dividends ($0.30 per share)	—	—	(17,701)	—	(17,701)
Issuance of common stock related to stock-based compensation, net	62	2,534	—	—	2,534
Stock-based compensation expense	—	6,364	—	—	6,364
Repurchase of common stock	(783)	(8,344)	(52,220)	—	(60,564)
Excise taxes related to repurchase of common stock	—	(554)	—	—	(554)
Balance, June 30, 2024	58,752	$ —	$ 1,878,972	$ (55,010)	$ 1,823,962

sands, except per share amounts)	Common Stock Shares Outstanding	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Total
ce, March 31, 2023	62,076	$ 1,076	$ 1,981,287	$ (34,578)	1,947,785
come	—	—	8,350	—	8,350
comprehensive loss	—	—	—	(6,754)	(6,754)
lividends ($0.30 per share)	—	—	(18,450)	—	(18,450)
Issuance of common stock related to stock-based compensation, net	57	1,843	—	—	1,843
based compensation expense	—	5,400	—	—	5,400
chase of common stock	(775)	(7,740)	(55,197)	—	(62,937)
taxes related to repurchase of common stock	—	(579)	—	—	(579)
ce, June 30, 2023	61,358	$—	$ 1,915,990	$ (41,332)	1,874,658

(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	—	—	30,559	—	30,559
Other comprehensive loss	—	—	—	(9,174)	(9,174)
Cash dividends ($0.60 per share)	—	—	(35,628)	—	(35,628)
Issuance of common stock related to stock-based compensation, net	170	(714)	—	—	(714)
Stock-based compensation expense	—	12,008	—	—	12,008
Repurchase of common stock	(1,414)	(10,327)	(100,405)	—	(110,732)
Excise taxes related to repurchase of common stock	—	(967)	—	—	(967)
Balance, June 30, 2024	58,752	$ —	$ 1,878,972	$ (55,010)	$ 1,823,962

(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	—	—	54,552	—	54,552
Other comprehensive loss	—	—	—	(10,695)	(10,695)
Cash dividends ($0.60 per share)	—	—	(37,099)	—	(37,099)
Issuance of common stock related to stock-based compensation, net	173	224	—	—	224
Stock-based compensation expense	—	11,208	—	—	11,208
Repurchase of common stock	(954)	(23,493)	(55,197)	—	(78,690)
Excise taxes related to repurchase of common stock	—	(631)	—	—	(631)
Balance, June 30, 2023	61,358	$ —	$ 1,915,990	$ (41,332)	$ 1,874,658

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 June 30, 2024, December 31, 2023 and June 30, 2023, the results of operations for the three and six months ended June 30, 2024 and 2023, and cash flows for the six months ended June 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 six months ended June 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.

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:

(in thousands)	Three Months Ended June 30, 2024				
	U.S.	LAAP	EMEA	Canada	Total
Product category net sales					
Apparel, Accessories and Equipment	$ 292,353	$ 73,538	$ 76,742	$ 21,307	$ 463,940
Footwear	47,875	25,946	27,180	5,303	106,304
Total	$ 340,228	$ 99,484	$ 103,922	$ 26,610	$ 570,244
Channel net sales					
Wholesale	$ 132,394	$ 47,414	$ 86,755	$ 11,821	$ 278,384
Direct-to-consumer	207,834	52,070	17,167	14,789	291,860
Total	$ 340,228	$ 99,484	$ 103,922	$ 26,610	$ 570,244

(in thousands)	Three Months Ended June 30, 2023				
	U.S.	LAAP	EMEA	Canada	Total
Product category net sales					
Apparel, Accessories and Equipment	$ 325,525	$ 68,662	$ 72,271	$ 22,507	$ 488,965
Footwear	73,584	24,667	28,583	5,134	131,968
Total	$ 399,109	$ 93,329	$ 100,854	$ 27,641	$ 620,933
Channel net sales					
Wholesale	$ 185,352	$ 41,663	$ 87,634	$ 13,633	$ 328,282
Direct-to-consumer	213,757	51,666	13,220	14,008	292,651
Total	$ 399,109	$ 93,329	$ 100,854	$ 27,641	$ 620,933

(in thousands)	Six Months Ended June 30, 2024				
	U.S.	LAAP	EMEA	Canada	Total
Product category net sales					
Apparel, Accessories and Equipment	$ 689,841	$ 181,501	$ 149,132	$ 62,520	$ 1,082,994
Footwear	124,793	56,629	59,310	16,500	257,232
Total	$ 814,634	$ 238,130	$ 208,442	$ 79,020	$ 1,340,226
Channel net sales					
Wholesale	$ 349,528	$ 114,445	$ 162,503	$ 42,805	$ 669,281
Direct-to-consumer	465,106	123,685	45,939	36,215	670,945
Total	$ 814,634	$ 238,130	$ 208,442	$ 79,020	$ 1,340,226

(in thousands)	Six Months Ended June 30, 2023				
	U.S.	LAAP	EMEA	Canada	Total
Product category net sales					
Apparel, Accessories and Equipment	$ 741,453	$ 169,083	$ 144,228	$ 66,803	$ 1,121,567
Footwear	175,131	60,659	64,915	19,254	319,959
Total	$ 916,584	$ 229,742	$ 209,143	$ 86,057	$ 1,441,526
Channel net sales					
Wholesale	$ 444,702	$ 112,825	$ 172,212	$ 51,031	$ 780,770
Direct-to-consumer	471,882	116,917	36,931	35,026	660,756
Total	$ 916,584	$ 229,742	$ 209,143	$ 86,057	$ 1,441,526

PERFORMANCE OBLIGATIONS

For the three and six months ended June 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 June 30, 2024, December 31, 2023 and June 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)	June 30, 2024	December 31, 2023	June 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)	(21,488)
Accumulated amortization	(37,198)	(36,511)	(35,686)
Net carrying amount	—	687	1,512
Intangible assets with indefinite lives	79,221	79,221	79,221
Intangible assets, net	$ 79,221	$ 79,908	$ 80,733

Amortization expense for intangible assets subject to amortization was $ 0.3 million and $0.4 million for the three months ended June 30, 2024 and 2023, respectively, and was $0.7 million and $0.8 million for the six months ended June 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 June 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 June 30, 2024, the Company had repurchased 35.5 million shares at an aggregate purchase price of $ 1,765.4 million and had $ 234.6 million remaining available, excluding excise tax. During the three and six months ended June 30, 2024, the Company repurchased an aggregate of $60.6 million and $110.7 million, respectively, of common stock under this program, excluding excise tax.

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 June 30,		Six Months Ended June 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Stock options	$ 1,560	$ 1,898	$ 3,207	$ 3,936
Restricted stock units	4,804	3,502	8,801	7,272
Total	$ 6,364	$ 5,400	$ 12,008	$ 11,208

STOCK OPTIONS

During the six months ended June 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 June 30, 2024, unrecognized costs related to outstanding stock options totaled $11.9 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 2.38 years.

RESTRICTED STOCK UNITS

During the six months ended June 30, 2024, the Company granted 421,786 restricted stock units at a weighted average grant date fair value of $ 78.82 per restricted stock unit. As of June 30, 2024, unrecognized costs related to outstanding restricted stock units totaled $42.6 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 2.84 years.

NOTE 7 — EARNINGS (LOSS) PER SHARE

Earnings (loss) 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share amounts)	2024	2023	2024	2023
Weighted average common shares outstanding, used in computing basic earnings (loss) per share	59,093	61,655	59,458	61,893
Effect of dilutive stock options and restricted stock units	—	126	145	229
Weighted average common shares outstanding, used in computing diluted earnings (loss) per share	59,093	61,781	59,603	62,122
Earnings (loss) per share:				
Basic	$ (0.20)	$ 0.14	$ 0.51	$ 0.88
Diluted	$ (0.20)	$ 0.14	$ 0.51	$ 0.88
Weighted average common shares excluded [1]	2,969	2,213	2,029	1,789

[1] Common stock related to stock options, service-based restricted stock units and certain market-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, due to a net loss in the period, or because the shares were subject to performance conditions that had not been met.

NOTE 8 — ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive 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 loss*:

(in thousands)	Derivative transactions	Foreign currency translation adjustments	Total
Balance as of March 31, 2024	$ 13,466	$ (64,657)	$ (51,191)
Other comprehensive income (loss) before reclassifications	5,451	(7,876)	(2,425)
Amounts reclassified from accumulated other comprehensive loss [(1)]	(1,394)	—	(1,394)
Net other comprehensive income (loss) during the period	4,057	(7,876)	(3,819)
Balance as of June 30, 2024	$ 17,523	$ (72,533)	$ (55,010)

[(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 March 31, 2023	$ 16,369	$ (50,947)	$ (34,578)
Other comprehensive income (loss) before reclassifications	2,404	(6,028)	(3,624)
Amounts reclassified from accumulated other comprehensive loss [(1)]	(3,130)	—	(3,130)
Net other comprehensive loss during the period	(726)	(6,028)	(6,754)
Balance as of June 30, 2023	$ 15,643	$ (56,975)	$ (41,332)

[(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	—	17,178	(22,863)	(5,685)
Amounts reclassified from accumulated other comprehensive loss [(1)]	(145)	(3,344)	—	(3,489)
Net other comprehensive income (loss) during the period	(145)	13,834	(22,863)	(9,174)
Balance as of June 30, 2024	$ —	$ 17,523	$ (72,533)	$ (55,010)

[(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	726	(4,548)	(3,822)
Amounts reclassified from accumulated other comprehensive loss [1]	(6,873)	—	(6,873)
Net other comprehensive loss during the period	(6,147)	(4,548)	(10,695)
Balance as of June 30, 2023	$ 15,643	$ (56,975)	$ (41,332)

[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 June 30,		Six Months Ended June 30,	
(in thousands)	2024	2023	2024	2023
Net sales to unrelated entities:				
U.S.	$ 340,228	$ 399,109	$ 814,634	$ 916,584
LAAP	99,484	93,329	238,130	229,742
EMEA	103,922	100,854	208,442	209,143
Canada	26,610	27,641	79,020	86,057
	$ 570,244	$ 620,933	$ 1,340,226	$ 1,441,526
Segment operating income (loss):				
U.S.	$ 23,466	$ 55,058	$ 96,459	$ 136,658
LAAP	6,082	4,097	27,904	22,423
EMEA	14,419	15,041	33,565	35,395
Canada	(23)	114	11,145	10,915
Total segment operating income	43,944	74,310	169,073	205,391
Unallocated corporate expenses	(67,746)	(68,081)	(148,194)	(142,735)
Interest income, net	8,344	3,506	17,541	6,789
Other non-operating income (expense), net	476	(185)	747	665
Income (loss) before income tax	$ (14,982)	$ 9,550	$ 39,167	$ 70,110

CONCENTRATIONS

The Company had one customer that accounted for approximately 13.7%, 19.8% and 14.6% of *Accounts receivable, net* as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively. The Company did not have any customers that accounted for 10% or more of *Net sales* for the three and six months ended June 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)	June 30, 2024	December 31, 2023	June 30, 2023
Derivative instruments designated as cash flow hedges:			
Currency forward contracts	$ 488,039	$ 634,676	$ 598,621
Derivative instruments not designated as hedges:			
Currency forward contracts	$ 377,391	$ 342,532	$ 465,182

As of June 30, 2024, $16.3 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 June 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 $5.9 million as of June 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	June 30, 2024	December 31, 2023	June 30, 2023
Derivative instruments designated as cash flow hedges:				
Derivative instruments in asset positions:				
Currency forward contracts	Prepaid expenses and other current assets	$ 10,688	$ 7,367	$ 13,448
Currency forward contracts	Other non-current assets	6,492	961	3,535
Derivative instruments in liability positions:				
Currency forward contracts	Accrued liabilities	1,106	4,121	3,229
Currency forward contracts	Other long-term liabilities	65	2,629	1,532
Derivative instruments not designated as cash flow hedges:				
Derivative instruments in asset positions:				
Currency forward contracts	Prepaid expenses and other current assets	6,046	2,833	5,860
Derivative instruments in liability positions:				
Currency forward contracts	Accrued liabilities	993	2,269	1,936

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

	Statement Of Operations Classification	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)		2024	2023	2024	2023
Currency forward contracts:					
Derivative instruments designated as cash flow hedges:					
Gain recognized in other comprehensive income (loss), net of tax	—	$ 5,451	$ 2,404	$ 17,178	$ 726
Gain (loss) reclassified from accumulated other comprehensive income (loss) to income for the effective portion	Net sales	(60)	55	(342)	246
Gain reclassified from accumulated other comprehensive income (loss) to income for the effective portion	Cost of sales	2,005	3,513	4,976	9,275
Gain (loss) reclassified from accumulated other comprehensive income (loss) to income as a result of cash flow hedge discontinuance	Other non-operating income (expense), net	—	5	68	(2)
Derivative instruments not designated as cash flow hedges:					
Gain (loss) recognized in income	Other non-operating income (expense), net	1,604	(93)	4,529	(1,280)

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 June 30, 2024 are as follows:

(in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 20,204	$ —	$ —	$ 20,204
U.S. Government treasury bills	—	34,813	—	34,813
Time deposits [1]	—	47,781	—	47,781
Short-term investments:				
Available-for-sale short-term investments: [2]				
U.S. Government treasury bills	—	367,031	—	367,031
Other short-term investments:				
Money market funds	343	—	—	343
Mutual fund shares	1,902	—	—	1,902
Prepaid expenses and other current assets:				
Derivative financial instruments	—	16,734	—	16,734
Other non-current assets:				
Money market funds	1,502	—	—	1,502
Mutual fund shares	26,343	—	—	26,343
Derivative financial instruments	—	6,492	—	6,492
Total assets measured at fair value	$ 50,294	$ 472,851	$ —	$ 523,145
Liabilities:				
Accrued liabilities:				
Derivative financial instruments	$ —	$ 2,099	$ —	$ 2,099
Other long-term liabilities:				
Derivative financial instruments	—	65	—	65
Total liabilities measured at fair value	$ —	$ 2,164	$ —	$ 2,164

[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 June 30, 2023 are as follows:

(in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 60,565	$ —	$ —	$ 60,565
Short-term investments:				
Available-for-sale short-term investments: [1]				
U.S. Government treasury bills	—	69,751	—	69,751
Other short-term investments:				
Money market funds	287	—	—	287
Mutual fund shares	1,187	—	—	1,187
Prepaid expenses and other current assets:				
Derivative financial instruments	—	19,308	—	19,308
Other non-current assets:				
Money market funds	1,688	—	—	1,688
Mutual fund shares	22,137	—	—	22,137
Derivative financial instruments	—	3,535	—	3,535
Total assets measured at fair value	$ 85,864	$ 92,594	$ —	$ 178,458
Liabilities:				
Accrued liabilities:				
Derivative financial instruments	$ —	$ 5,165	$ —	$ 5,165
Other long-term liabilities:				
Derivative financial instruments	—	1,532	—	1,532
Total liabilities measured at fair value	$ —	$ 6,697	$ —	$ 6,697

[1] Available-for-sale short-term investments have remaining maturities of less than one year.

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.

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.

We are investing in our strategic priorities 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. We seek to bring additional consumer segments to our brands in the marketplace. For the Columbia brand, we are working to establish the Columbia.com site as the best expression of the brand through enhancements to the consumer experience, as well as generally less promotion and discount activity. 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., which will remain open through 2024, and begin to ramp down throughout 2025.

Profit Improvement Program

As part of our strategic priorities, we are implementing a 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 anticipate realizing approximately $75 million to $90 million in realized cost savings, net of approximately $3 million to $4 million of severance and other costs.

Business Environment and Trends

Increasing Competitive Environment | We believe 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. This shift has been evident in both the apparel and footwear product categories. We believe this trend has accelerated because of changes in consumer behavior resulting from the COVID-19 pandemic, which has resulted in an increasingly competitive apparel and footwear marketplace.

Economic Environment Impacting Demand | We believe general economic uncertainty is impacting consumer and customer behavior and demand. Customers have been increasingly cautious managing inventory and in placing advance orders. This cautiousness has been most pronounced in the U.S., but has spread to other regions, including Canada and, to a lesser extent, Europe. Consumer demand, particularly in the U.S., has been generally soft for outdoor apparel and footwear products. We anticipate these trends will persist throughout 2024.

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 consumers are still seeking value, particularly in the U.S. This is contributing to reduced demand for our direct-to-consumer ("DTC") e-commerce sites 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. 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 Consumer Trends | The U.S. consumer remains challenged by the current economic environment as inflationary pressures continue to weigh on sentiment across the U.S. retail environment. This has translated to traffic declines and slower-than-planned sales within our DTC e-commerce and brick-and-mortar businesses. As a result, we expect our DTC channel to continue to be challenged year-over-year. We believe this is a transitional trend and that, over time, growth will return to the DTC channel.

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 | Over the past year, we have realized significant declines in ocean freight rates and costs in comparison to prior year elevated levels. These lower ocean freight rates resulted in substantially lower inbound freight costs which benefited our gross margin in 2023 and first half of 2024. As a result of ongoing conflict disrupting ocean transport through the Red Sea, spot ocean freight rates have begun to increase, and ocean carriers have initiated peak season surcharges. We utilize contracted pricing for the bulk of our ocean freight, which minimizes our exposure to spot pricing. However, if the conflict and ocean freight rate trends persist beyond our current contracts, we could incur increased ocean freight costs in future periods. Additionally, we may incur peak season surcharges and/or need to pay a premium to secure needed capacity.

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 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 been working to eliminate PFAS chemicals across our global product line. These PFAS matters have and may continue to result in a more promotional environment in 2024 as retailers move 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 June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
Net sales	$ 570.2	100.0 %	$ 620.9	100.0 %	$ 1,340.2	100.0 %	$ 1,441.5	100.0 %
Cost of sales	296.8	52.1 %	306.9	49.4 %	677.2	50.5 %	728.0	50.5 %
Gross profit	273.4	47.9 %	314.0	50.6 %	663.0	49.5 %	713.5	49.5 %
Selling, general and administrative expenses	302.7	53.1 %	312.5	50.3 %	652.0	48.6 %	659.9	45.8 %
Net licensing income	5.5	1.0 %	4.7	0.7 %	9.9	0.7 %	9.1	0.6 %
Operating income (loss)	(23.8)	(4.2)%	6.2	1.0 %	20.9	1.6 %	62.7	4.3 %
Interest income, net	8.3	1.5 %	3.5	0.6 %	17.5	1.3 %	6.7	0.5 %
Other non-operating income (expense), net	0.5	0.1 %	(0.1)	(0.1)%	0.8	0.1 %	0.7	0.1 %
Income (loss) before income tax	(15.0)	(2.6)%	9.6	1.5 %	39.2	3.0 %	70.1	4.9 %
Income tax expense (benefit)	(3.2)	(0.6)%	1.2	0.2 %	8.6	0.6 %	15.5	1.1 %
Net income (loss)	$ (11.8)	(2.0)%	$ 8.4	1.3 %	$ 30.6	2.4 %	$ 54.6	3.8 %
Diluted earnings (loss) per share	$ (0.20)		$ 0.14		$ 0.51		$ 0.88	

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

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

	Three Months Ended June 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	$ 508.6	$ 5.9	$ 514.5	$ 537.0	(5)%	(4)%
SOREL	21.0	0.1	21.1	37.8	(44)%	(44)%
prAna	21.8	—	21.8	27.6	(21)%	(21)%
Mountain Hardwear	18.8	0.2	19.0	18.5	2%	3%
Total	$ 570.2	$ 6.2	$ 576.4	$ 620.9	(8)%	(7)%
Product Category Net Sales:						
Apparel, Accessories and Equipment	$ 464.0	$ 4.3	$ 468.3	$ 488.9	(5)%	(4)%
Footwear	106.2	1.9	108.1	132.0	(20)%	(18)%
Total	$ 570.2	$ 6.2	$ 576.4	$ 620.9	(8)%	(7)%
Channel Net Sales:						
Wholesale	$ 278.4	$ 2.2	$ 280.6	$ 328.3	(15)%	(15)%
Direct-to-consumer	291.8	4.0	295.8	292.6	—%	1%
Total	$ 570.2	$ 6.2	$ 576.4	$ 620.9	(8)%	(7)%

(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., partially offset by strength in international markets, compared to the same period in 2023. DTC net sales were flat, with declines in our e-commerce business offset by growth in our brick-and-mortar business from temporary and new stores, compared to the same period in 2023. The declines in wholesale net sales resulted from retailer cautiousness and a difficult competitive environment in the U.S. The declines in e-commerce net sales resulted from softness in the U.S., which we attribute to a challenging e-commerce environment for traditional outdoor brands, coupled with efforts to de-emphasize promotions on Columbia.com.

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

	Three Months Ended June 30,			
(in millions, except for percentages and basis points)	2024	2023	Change	
Gross profit	$ 273.4	$ 314.0	$ (40.6)	(13)%
Gross margin	47.9 %	50.6 %	-270 bps	

Gross margin contracted primarily due to the following factors:

- an approximate 330 bps decrease in channel profitability resulting from lower margins reflecting actions to spur demand and reduce excess inventory, as well as changes in sales provisions; partially offset by
- favorable other costs, including lower inbound freight costs.

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

(in millions, except for percentages and basis points)	Three Months June 30, 2024	2023	Change	
Selling, general and administrative expenses	$ 302.7	$ 312.5	$ (9.8)	(3)%
Selling, general and administrative expenses as percent of net sales	53.1 %	50.3 %	280 bps	

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

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

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

(in millions, except for percentages)	Three Months Ended June 30, 2024	2023	Change	
Interest income, net	$ 8.3	$ 3.5	$ 4.8	137 %
Interest income, net as a percent of net sales	1.5 %	0.6 %		

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:

(in millions, except for percentages)	Three Months Ended June 30, 2024	2023	Change	
Income tax expense (benefit)	$ (3.2)	$ 1.2	$ (4.4)	(367)%
Effective income tax rate	21.6 %	12.6 %		

Income tax expense (benefit) decreased to ($3.2) million for the second quarter of 2024 from a tax expense of $1.2 million for the comparable period in 2023. Our effective tax rate was 21.6% for the three months ended June 30, 2024 compared to 12.6% for the same period in 2023. For the three months ended June 30, 2024, our effective tax rate was primarily impacted by a non-recurring expense associated with stock compensation benefits. For the three months ended June 30, 2023, our effective tax rate was primarily impacted by a non-recurring benefit related to foreign currency loss resulting from an intercompany transaction.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

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

	Six Months Ended June 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	$ 1,172.5	$ 9.9	$ 1,182.4	$ 1,239.8	(5)%	(5)%
SOREL	66.7	—	66.7	98.3	(32)%	(32)%
prAna	53.1	—	53.1	60.1	(12)%	(12)%
Mountain Hardwear	47.9	0.3	48.2	43.3	11%	11%
Total	$ 1,340.2	$ 10.2	$ 1,350.4	$ 1,441.5	(7)%	(6)%
Product Category Net Sales:						
Apparel, Accessories and Equipment	$ 1,083.0	$ 7.6	$ 1,090.6	$ 1,121.5	(3)%	(3)%
Footwear	257.2	2.6	259.8	320.0	(20)%	(19)%
Total	$ 1,340.2	$ 10.2	$ 1,350.4	$ 1,441.5	(7)%	(6)%
Channel Net Sales:						
Wholesale	$ 669.3	$ 3.3	$ 672.6	$ 780.8	(14)%	(14)%
Direct-to-consumer	670.9	6.9	677.8	660.7	2%	3%
Total	$ 1,340.2	$ 10.2	$ 1,350.4	$ 1,441.5	(7)%	(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. for the six months ended June 30, 2024, compared to same period in 2023. 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 for the six months ended June 30, 2024, compared to the same period in 2023. The declines in wholesale net sales resulted from retailer cautiousness and a difficult competitive environment in the U.S. The declines in e-commerce net sales resulted from softness in the U.S., which we attribute to a challenging e-commerce environment for traditional outdoor brands, coupled with efforts to de-emphasize promotions on Columbia.com.

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

	Six Months Ended June 30,			
(in millions, except for percentages and basis points)	2024	2023	Change	
Gross profit	$ 663.0	$ 713.5	$ (50.5)	(7)%
Gross margin	49.5 %	49.5 %	0 bps	

Gross margin was flat primarily due to the following factors:

- unfavorable decrease in channel profitability resulting from lower margins reflecting actions to spur demand and reduce excess inventory; offset by
- favorable other costs, including lower inbound freight costs; and
- favorable region and channel net sales mix.

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

	Six Months Ended June 30,			
(in millions, except for percentages and basis points)	2024	2023	Change	
Selling, general and administrative expenses	$ 652.0	$ 659.9	$ (7.9)	(1)%
Selling, general and administrative expenses as percent of net sales	48.6 %	45.8 %	280 bps	

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

- lower supply chain expenses of $17.1 million, reflecting decreased global distribution center expenses resulting from more normalized inventory levels; and
- lower demand creation expenses, primarily reflecting decreased net sales; partially offset by
- higher omni-channel expenses of $17.4 million, reflecting higher DTC brick-and-mortar expenses, including costs associated with new stores and temporary clearance locations and personnel expenses.

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

	Six Months Ended June 30,			
(in millions, except for percentages)	2024	2023	Change	
Interest income, net	$ 17.5	$ 6.7	$ 10.8	161 %
Interest income, net as a percent of net sales	1.3 %	0.5 %		

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:

	Six Months Ended June 30,			
(in millions, except for percentages)	2024	2023	Change	
Income tax expense	$ 8.6	$ 15.5	$ (6.9)	(45)%
Effective income tax rate	22.0 %	22.2 %		

Income tax expense decreased to $8.6 million through the second quarter of 2024 from $15.5 million for the comparable period in 2023. For the six months ended June 30, 2024, our effective tax rate was primarily impacted by a benefit related to a non-recurring decrease in foreign withholding taxes. For the six months ended June 30, 2023, our effective income tax rate was primarily impacted by a non-recurring benefit related to 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 June 30, 2024 Compared to Three Months Ended June 30, 2023

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

	Three Months Ended June 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.	$ 340.2	$ —	$ 340.2	$ 399.1	(15)%	(15)%
LAAP	99.5	5.7	105.2	93.3	7%	13%
EMEA	103.9	0.4	104.3	100.8	3%	3%
Canada	26.6	0.1	26.7	27.7	(4)%	(4)%
	$ 570.2	$ 6.2	$ 576.4	$ 620.9	(8)%	(7)%

[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 June 30,		
(in millions)	2024	2023	Change
U.S.	$ 23.5	$ 55.1	$ (31.6)
LAAP	6.1	4.1	2.0
EMEA	14.4	15.0	(0.6)
Canada	(0.1)	0.1	(0.2)
Total segment operating income	43.9	74.3	(30.4)
Unallocated corporate expenses	(67.7)	(68.1)	0.4
Operating income (loss)	$ (23.8)	$ 6.2	$ (30.0)

U.S.

U.S. operating income decreased $31.6 million to $23.5 million, or 6.9% of net sales, for the second quarter of 2024 from $55.1 million, or 13.8% 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 $58.9 million, or 15%, for the second 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 resulted from retailer cautiousness and a difficult competitive environment in the U.S. The declines in e-commerce net sales resulted from softness in the U.S., which we attribute to a challenging e-commerce environment for traditional outdoor brands, coupled with efforts to de-emphasize promotions on Columbia.com. The increases in brick-and-mortar net sales were primarily driven by our temporary clearance locations which have continued to support our excess inventory liquidation efforts. As of June 30, 2024, our U.S. business operated 46 temporary clearance locations, compared to 30 locations for the comparable period in 2023. In addition, our U.S. business operated 163 retail stores as of June 30, 2024, compared to 157 stores for the comparable period in 2023. U.S. SG&A expenses increased as a percentage of net sales to 42.6% for the second quarter of 2024 compared to 38.7% 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 second quarter of 2024, compared to the same period in 2023, primarily driven by lower supply chain expenses resulting from more normalized inventory levels and 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 $2.0 million to $6.1 million, or 6.1% of net sales, for the second quarter of 2024 from $4.1 million, or 4.4% of net sales, for the comparable period in 2023. LAAP net sales increased 7% (13% constant-currency) compared to the same period in 2023. LAAP net sales primarily reflected increased net sales in our LAAP distributor business due to higher Fall 2024 distributor orders and favorable impacts from timing of distributor shipments, as well as increased sales in China reflecting strong consumer demand, compared to the same period in 2023. Japan net sales declined driven by unfavorable effects from foreign currency fluctuation, which more than offset constant-currency net sales growth resulting from increased international tourism. Korea net sales also declined. LAAP SG&A expenses decreased as a percentage of net sales to 47.4% for the second quarter of 2024 compared to 53.1% for the same period in 2023.

EMEA

EMEA operating income decreased $0.6 million to $14.4 million, or 13.9% of net sales, for the second quarter of 2024 from $15.0 million, or 14.9% of net sales, for the comparable period in 2023. EMEA net sales increased $3.1 million, or 3% (3% constant-currency), for the second quarter of 2024, compared to the same period in 2023. EMEA net sales increased primarily in our Europe-direct business, boosted by continued momentum and increased traffic within our brick-and-mortar and e-commerce businesses. This net sales increase was partially offset by decreased net sales in our EMEA distributor business. EMEA SG&A expenses increased as a percentage of net sales to 28.6% for the second quarter of 2024 compared to 26.7% in 2023, primarily driven by higher DTC brick-and-mortar expenses and personnel expenses.

Canada

Canada had an operating loss of $0.1 million, or (0.4)% of net sales, for the second quarter of 2024 compared to operating income of $0.1 million, or 0.4% of net sales, for the comparable period in 2023. Canada net sales decreased $1.1 million, or 4% (4% constant-currency), for the second quarter of 2024, compared to the same period in 2023, primarily reflecting the impact of lower Spring 2024 wholesale orders, partially offset by growth in DTC brick-and-mortar net sales. Canada SG&A expenses increased as a percentage of net sales to 49.7% for the second quarter of 2024 compared to 48.5% for the same period in 2023, driven by fixed SG&A expenses and decreased net sales. In total, Canada SG&A expenses decreased for the second quarter of 2024 compared to the same period in 2023.

Unallocated Corporate Expenses

Unallocated corporate expenses decreased by $0.4 million to $67.7 million in the second quarter of 2024, from $68.1 million for the same period in 2023.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

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

	Six Months Ended June 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.	$ 814.6	$ —	$ 814.6	$ 916.6	(11)%	(11)%
LAAP	238.2	12.3	250.5	229.7	4%	9%
EMEA	208.4	(1.8)	206.6	209.1	—%	(1)%
Canada	79.0	(0.3)	78.7	86.1	(8)%	(9)%
	$ 1,340.2	$ 10.2	$ 1,350.4	$ 1,441.5	(7)%	(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:

	Six Months Ended June 30,		
(in millions)	2024	2023	Change
U.S.	$ 96.5	$ 136.7	$ (40.2)
LAAP	27.9	22.4	5.5
EMEA	33.5	35.4	(1.9)
Canada	11.1	10.9	0.2
Total segment operating income	169.0	205.4	(36.4)
Unallocated corporate expenses	(148.1)	(142.7)	(5.4)
Operating income	$ 20.9	$ 62.7	$ (41.8)

U.S.

U.S. operating income decreased $40.2 million to $96.5 million, or 11.8% of net sales, for the six months ended June 30, 2024 from $136.7 million, or 14.9% 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 $102.0 million, or 11%, for the six months ended June 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 resulted from retailer cautiousness and a difficult competitive environment in the U.S. The declines in e-commerce net sales resulted from softness in the U.S., which we attribute to a challenging e-commerce environment for traditional outdoor brands, coupled with efforts to de-emphasize promotions on Columbia.com. The increases in brick-and-mortar net sales were primarily driven by our temporary clearance locations, which have continued to support our excess inventory liquidation efforts. U.S. SG&A expenses increased as a percentage of net sales to 37.9% for the six months ended June 30, 2024 compared to 35.6% for the same period in 2023, primarily driven by decreased net sales. In total, U.S. SG&A expenses decreased for the six months ended June 30, 2024 compared to the same period in 2023, primarily driven by lower supply chain expenses resulting from more normalized inventory levels and 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 $5.5 million to $27.9 million, or 11.7% of net sales, for the six months ended June 30, 2024 from $22.4 million, or 9.8% 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 $8.5 million, or 4% (9% constant-currency), for the six months ended June 30, 2024, compared to the same period in 2023. Increased LAAP net sales were primarily driven by our China business, which continues to see strong consumer demand. Japan net sales declined, driven by unfavorable effects from foreign currency fluctuation, which more than offset constant-currency net sales growth resulting from international tourism. Korea net sales also declined. LAAP SG&A expenses decreased as a percentage of net sales to 44.1% for the six months ended June 30, 2024, compared to 45.7% for the same period in 2023.

EMEA

EMEA operating income decreased $1.9 million to $33.5 million, or 16.1% of net sales, for the six months ended June 30, 2024 from $35.4 million, or 16.9% of net sales, for the comparable period in 2023. EMEA net sales decreased $0.7 million, or 0% (1% constant-currency), for the six months ended June 30, 2024, compared to the same period in 2023, driven by lower EMEA distributor net sales, partially offset by an increase in our Europe-direct DTC net sales. EMEA SG&A expenses increased as a percentage of net sales to 30.0% for the six months ended June 30, 2024 compared to 27.4% for the same period in 2023, primarily driven by higher DTC brick-and-mortar expenses and personnel expenses.

Canada

Canada operating income increased $0.2 million to $11.1 million, or 14.1% of net sales, for the six months ended June 30, 2024 from $10.9 million, or 12.7% of net sales, for the comparable period in 2023. Canada net sales decreased $7.1 million, or 8% (9% constant-currency), for the six months ended June 30, 2024, compared to the same period in 2023, primarily due to lower Spring 2024 wholesale orders, partially offset by an increase in DTC brick-and-mortar net sales. Canada SG&A expenses increased as a percentage of net sales to 35.3% for the six months ended June 30, 2024 compared to 33.8% for the same period in 2023, primarily as a result of decreased net sales.

Unallocated Corporate Expenses

Unallocated corporate expenses increased by $5.4 million to $148.1 million for the six months ended June 30, 2024 from $142.7 million for the same period in 2023, largely driven by higher personnel expenses.

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:

	Six Months Ended June 30,		
(in millions)	**2024**	**2023**	**Change**
Net cash provided by (used in):			
Operating activities	$ 108.9	$ 9.7	$ 99.2
Investing activities	30.0	(89.9)	119.9
Financing activities	(139.0)	(115.2)	(23.8)
Net effect of exchange rate changes on cash	(8.4)	(3.3)	(5.1)
Net decrease in cash and cash equivalents	$ (8.5)	$ (198.7)	$ 190.2

The change in cash flows provided by operating activities was driven by a $124.7 million increase in cash provided by changes in assets and liabilities, partially offset by a $25.5 million decrease in cash provided by net income and non-cash adjustments. The most significant comparative changes in assets and liabilities included *Accounts payable*, *Inventories*, and *Prepaid expenses and other current assets.* The $100.4 million increase in cash provided by *Accounts payable* was primarily driven by lower inventory receipts in the second quarter of 2024 compared to the second quarter of 2023. The $46.5 million decrease in cash used in *Inventories* reflected a decrease in inventory as we curtailed inventory purchases to compensate for elevated inventories exiting 2022 and liquidated excess inventory levels throughout 2023 and the first half of 2024. These amounts were partially offset by the $33.2 million decrease in cash provided by *Prepaid expenses and other current assets* primarily driven by lower inventory prepayments.

Net cash provided by investing activities was $30.0 million for the six months ended June 30, 2024, compared to $89.9 million of cash used in investing activities for the six months ended June 30, 2023. For the 2024 period, net cash provided by investing activities consisted of $446.1 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 $27.8 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 $22.8 million for capital expenditures, partially offset by $50.7 million provided by sales and maturities of short-term investments.

Net cash used in financing activities was $139.0 million for the six months ended June 30, 2024 compared to $115.2 million for the six months ended June 30, 2023. For the 2024 period, net cash used in financing activities primarily consisted of repurchases of common stock of $102.6 million and dividend payments to our shareholders of $35.6 million. For the 2023 period, net cash used in financing activities primarily consisted of repurchases of common stock of $78.3 million and dividend payments to our shareholders of $37.1 million.

Sources of Liquidity

Cash and cash equivalents and short-term investments

As of June 30, 2024, we had cash and cash equivalents of $341.8 million and short-term investments of $369.3 million, compared to $350.3 million and $414.2 million, respectively, as of December 31, 2023 and $231.6 million and $71.2 million, respectively, as of June 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 June 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 June 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$4.7 million). There was no balance outstanding under the facility.

Other Sources

As of June 30, 2024, collectively, our international subsidiaries had unsecured, uncommitted lines of credit, credit facilities and overdraft facilities, providing for borrowings up to approximately US$103.2 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 June 30, 2024, our inventory balance decreased to $823.6 million, compared to $1,162.5 million as of June 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 $80 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 $450.9 million as of June 30, 2024, compared to $343.4 million and $301.9 million as of December 31, 2023 and June 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 June 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 June 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, 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 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. These systems are vulnerable to damage or interruption 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. 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. Additionally, 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. Any transition 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.

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.

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.

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 other import limitations that affect the cost and quantity of various types of goods imported into the United States and other markets, including the punitive tariffs on U.S. products imported from China imposed in 2019. 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 June 30, 2024, three related shareholders, Timothy P. Boyle, Joseph P. Boyle, and Molly E. Boyle, controlled just under 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 June 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 June 30, 2024, we had repurchased 35.5 million shares at an aggregate purchase price of $1,765.4 million, and had $234.6 million remaining available, excluding excise tax.

The following is a summary of our common stock repurchases, excluding excise tax, during the quarter ended June 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)
April 1, 2024 through April 30, 2024	478,470	$ 76.07	478,470	$ 258.8
May 1, 2024 through May 31, 2024	37,907	$ 79.83	37,907	$ 255.7
June 1, 2024 through June 30, 2024	266,592	$ 79.24	266,592	$ 234.6
Total	782,969	$ 77.33	782,969	$ 234.6

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 second 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).
+ 10.1	Form of Nonstatutory Stock Option Agreement for stock options granted under the Company’s 2020 Stock Incentive Plan, on or after July 18, 2024.
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

+ Management Contract or Compensatory Plan

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:	August 1, 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)

COLUMBIA SPORTSWEAR COMPANY

2020 STOCK INCENTIVE PLAN

**NON-QUALIFIED STOCK OPTION
AWARD AGREEMENT**

This Non-Qualified Stock Option Award Agreement (this " Agreement") is entered into as of ______ (the "Award Date") by and between Columbia Sportswear Company, an Oregon corporation (the "Company"), and ____ (the "Optionee"), for the award (the "Award") of a stock option (the "Option") to purchase all and any part of ___ shares of the Company's common stock, no par value ("Common Stock"), at a purchase price of ___ per share (the "Exercise Price") pursuant to Section 6 of the Columbia Sportswear Company 2020 Stock Incentive Plan (the " Plan"). The Option is not intended to be an Incentive Stock Option, as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Capitalized terms used herein but not defined shall have the same meaning as provided in the Plan. In the event of a conflict between this Agreement and the terms of the Plan, the provisions of the Plan shall govern. For purposes of this Agreement and to the extent the Optionee is not directly employed by the Company, "Employer" shall mean the subsidiary or branch of the Company that employs the Optionee on the applicable date.

IN CONSIDERATION of the mutual covenants and agreements set forth in this Agreement, the parties agree to the following.

1. **Award and Terms of the Option** . The Option awarded pursuant to this Agreement is subject to the following terms, conditions and restrictions:

(a) *Rights under Option*. The Option represents an unfunded, unsecured right to purchase all or a portion of the specified number of shares of Common Stock at the Exercise Price on the applicable vesting date (as set forth in Section 1(b)). The number of shares of Common Stock subject to the Option is subject to adjustment as provided in Section 10 of the Plan and as determined by the Board of Directors of the Company (the "Board") as to the number and kind of shares of stock issuable upon any merger, reorganization, consolidation, recapitalization, stock dividend, spin-off or other change in the corporate structure affecting the Common Stock generally. The other terms and conditions of the Option awarded pursuant to this Agreement also may be amended by the Board as it determines in its sole discretion as may be necessary or appropriate to reflect the foregoing events.

(b) *Vesting Dates*. The Option awarded under this Agreement initially shall be 100% unvested and subject to forfeiture. Subject to the terms of this Agreement and provided that the Optionee remains continuously employed with the Company or the Employer from the Award Date until the applicable vesting date (except as otherwise provided in Section 1(c) of this Agreement), and provided further that as of the Award Date the Optionee is not eligible for retirement, the Option shall vest commencing on the Award Date and shall become exercisable pursuant to the following vesting schedule:

Vesting Date	Percentage of Option Vesting

In the event that as of the Award Date the Optionee is eligible for retirement, the Option shall vest commencing on the Award Date and shall become exercisable pursuant to the following vesting schedule:

Vesting Date	Percentage of Option Vesting

For purposes of this Agreement, "retirement" shall have the same meaning as provided in the applicable policy maintained by the Company or the Employer for the benefit of the Optionee or, in the absence of such policy, as determined by the Board in its discretion in accordance with applicable law.

(c) *Accelerated Vesting Upon Death or Total Disability*. If the Optionee ceases to be continuously employed by the Company or the Employer by reason of the Optionee's death or total disability, the Option shall become fully vested as of the Termination Date (as defined in Section 1(e)(2)). For purposes of this Agreement, "total disability" shall have the same meaning as provided in any long term disability policy maintained by the Company or the Employer for the benefit of the Optionee or, in the absence of such policy, as determined by the Board in its discretion in accordance with applicable law.

(d) *Expiration of Option*. Subject to earlier termination and forfeiture as described in Section 1(e) and the Plan, the Option will expire and will cease to be exercisable on the 10th anniversary of the Award Date (the "Expiration Date").

(e) *Effect of Termination of Service; Forfeiture of Option*.

(1) Effect of Termination of Service by Reason of Retirement, Death or Total Disability. If the Optionee ceases to be continuously employed by the Company or the Employer by reason of the Optionee's retirement, the Optionee shall cease to vest in the Option as of the Termination Date (as defined in Section 1(e)(2)), and the unvested portion of the Option shall be forfeited on the Termination Date. If the Optionee ceases to be continuously employed by the Company or the Employer by reason of the Optionee's retirement, death or total disability, the vested portion of the Option (including any portion that vested on an accelerated basis in connection with the Optionee's death

or total disability pursuant to Section 1(c)) may be exercised at any time on or prior to the earlier of (i) the Expiration Date or (ii) the first anniversary of the Termination Date. If the Optionee's employment or service is terminated by death, the Option shall be exercisable only by the person or persons to whom the Optionee's rights under the Option pass by the Optionee's will or by the laws of descent and distribution of the Optionee's country of residence at the time of death.

(2) Effect of Termination of Service Other Than by Reason of Retirement, Death or Total Disability . If the Optionee ceases to be continuously employed by the Company or the Employer for any reason other than retirement, death or total disability, the Optionee shall cease to vest in the Option as of the Termination Date and the vested portion the Option may be exercised at any time on or prior to the earlier of (i) the Expiration Date or (ii) the expiration of 90 days after the Termination Date. If the Optionee is a resident of or employed in the United States, "Termination Date" shall mean the effective date of the Optionee's termination of employment with the Company or the Employer. If the Optionee is a resident or employed outside of the United States, "Termination Date" shall mean the earliest of (x) the date on which notice of termination is provided to the Optionee, (y) the last day of the Optionee's active and continuous service with the Company or the Employer, or (z) the last day on which the Optionee is classified as an "employee" of the Company or the Employer, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

For purposes of the foregoing, any leave of absence approved by the Company or the Employer (or, if the Optionee is an executive officer of the Company, by the Board), shall not be deemed a termination of the Optionee's continuous employment and, unless otherwise determined by the Company or the Board in its sole discretion, (i) the Optionee shall continue to vest in the Option during a medical, family, military or other leave of absence protected under applicable law, whether paid or unpaid, and (ii) the Optionee's continued vesting in the Option shall be suspended during any other approved leave of absence greater than 30 days (except as otherwise prohibited under local law).

(3) Forfeiture Upon Violation of Code of Business Conduct and Ethics . The Optionee acknowledges that compliance with the Company's Code of Business Conduct and Ethics is a condition to the receipt, vesting and exercise of the Option and the issuance of shares of Common Stock upon purchase pursuant to the Option. If, during the term of this Agreement, the Board (or a committee of directors designated by the Board) determines in good faith in its sole discretion that the Optionee's conduct is or has been in violation of the Company's Code of Business Conduct and Ethics, then the Board or a committee may cause the Optionee to immediately forfeit all or a portion of the unvested or vested and unexercised Option granted pursuant to this Agreement and the Optionee shall have no right to purchase the related shares of Common Stock. Any determinations of violations of the Company's Code of Business Conduct and Ethics will be considered conclusive and binding on the Optionee. If the President of the Company reasonably believes that the Optionee has violated the Code of Business Conduct and Ethics and that the Board or its committee should consider the termination of the Option, the President may temporarily suspend the Optionee's right to exercise the Option, for a period of up to 45 days, in order for the Board or its committee to make a determination about the Optionee's conduct and the potential termination of the Option.

(f) *Method of Exercise of Option* .

(1) Unless the Board determines otherwise, to exercise the vested portion of the Option, the Optionee shall provide notice of exercise in such form and such manner as may be designated by the Company (which may be electronic) to the Company stating the Optionee's intention to

exercise the Option, specifying the number of shares of Common Stock as to which the Optionee desires to exercise the Option and the date on which the Optionee desires to complete the purchase. Delivering a notice of intent to exercise by itself does not constitute exercise of the Option; the Optionee must also deliver payment of the Exercise Price for the shares of Common Stock set forth in the notice of intent to exercise together with such additional documents as the Company may then require. The Option shall not be deemed to have been exercised (i.e., the exercise date shall not be deemed to have occurred) until the notice of such exercise and payment in full of the Exercise Price are provided. For purposes of the foregoing, if the exercise date falls on a weekend or any other day on which The NASDAQ Stock Market LLC ("NASDAQ") or any national securities exchange on which the Common Stock then is principally traded (the "Exchange") is closed for trading, the applicable portion of the Option shall be exercised on the first following day that NASDAQ or the Exchange is open for trading.

(2) Unless the Board determines otherwise in its sole discretion, on or before the date specified for completion of the purchase of shares of Common Stock pursuant to the Option, the Optionee shall pay the Company the Exercise Price of such shares of Common Stock pursuant to one of the following methods of exercise:

(i) cash payment;

(ii) by delivery of a sufficient number of whole shares of Common Stock the Optionee already owned for a period of at least six (6) months having a market value equal to the Exercise Price;

(iii) by authorizing the sale of a sufficient number of whole shares of Common Stock that otherwise would be deliverable upon the exercise of the Option having a market value equal to the Exercise Price; or

(iv) via a broker-assisted cashless exercise procedure through a broker-dealer approved for such purposes of the Company.

In cases where the Optionee utilizes the "sell to cover" arrangement set forth in 2(iii) above and the market value of the number of whole shares of Common Stock sold is greater than the aggregate Exercise Price, the Company or the third party broker/administrator engaged by the Company for purposes of administering awards granted under the Plan (the "TPA") shall make a cash payment to the Optionee equal to the difference as soon as administratively practicable.

(g) *Settlement of Exercised Option*. As soon as reasonably practicable following each exercise date and subject to applicable law, provided that the Optionee has satisfied its tax withholding obligations as specified under Section 1(k) and the Optionee has completed, signed and returned any documents and taken any additional action the Company deems appropriate, the Company shall deposit the shares of Common Stock acquired pursuant to the Option into the Optionee's brokerage account established with a TPA (the date of deposit of such shares is referenced as an "issuance date"), rounded to the nearest whole share (or otherwise deliver the shares to the Optionee). No fractional shares of Common Stock shall be issued. The shares of Common Stock will be issued in the Optionee's name.

Notwithstanding the foregoing, the Company shall not be obligated to deposit or otherwise deliver any shares of Common Stock during any period when the Company determines that the exercise of the Option or the issuance of shares of Common Stock in settlement of the Option hereunder would violate any federal, state, foreign or other applicable laws and may issue shares of Common Stock with any restrictive legend that, as determined by the Company, is necessary to comply with securities laws or other regulatory requirements, and (ii) an issuance date may be delayed in order to provide the Company such time as it determines appropriate to determine tax withholding and other administrative matters; provided, however, that in any event the shares of Common Stock shall be issued no later than the later to occur of the date that is 2 1/2 months from the end of (i) the Optionee's tax year that includes the applicable exercise date, or (ii) the Company's tax year that includes the applicable exercise date.

Furthermore, notwithstanding the foregoing, the Company may, in its sole discretion, settle the Option in the form of: (i) a cash payment to the extent settlement in shares of Common Stock (1) is prohibited under local laws, rules and regulations, (2) would require the Optionee, the Company or the Employer to obtain the approval of any governmental and/or regulatory body in the Optionee's country of residence (and country of employment, if different), or (3) is administratively burdensome; or (ii) shares of Common Stock, but require the Optionee to immediately sell such shares (in which case, as a condition of the award of the Option, the Optionee hereby explicitly authorizes the Company to issue sales instructions in relation to such shares on the Optionee's behalf).

(h) *Nontransferability*. The Optionee may not sell, transfer, assign, pledge or otherwise encumber or dispose of the Option subject to this Agreement. If the Optionee purports to make any transfer of the Option, except as provided herein, the Option and all rights thereunder immediately shall terminate and be forfeited by the Optionee.

(i) *Repatriation and Compliance with Local Laws*. If the Optionee is a resident or employed outside of the United States, the Optionee agrees, as a condition of the award of the Option, to repatriate all payments attributable to the shares of Common Stock and/or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of the shares of Common Stock acquired pursuant to the Option) if required by and in accordance with local foreign exchange rules and regulations in the Optionee's country of residence (and country of employment, if different). In addition, the Optionee also agrees to take any and all actions, and consents to any and all actions taken by the Company or the Employer as may be required to allow the Company or the Employer to comply with local laws, rules and regulations in the Optionee's country of residence (and country of employment, if different). Finally, the Optionee agrees to take any and all actions as may be required to comply with the Optionee's personal legal and tax obligations under local laws, rules and regulations in the Optionee's country of residence (and country of employment, if different).

(j) *Age Discrimination*. If the Optionee is a resident and/or employed in a country that is a member of the European Union, the grant of the Option and this Agreement are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

(k) *Tax Matters*.

(1) Tax and Social Insurance Contributions in General. Regardless of any action the Company and/or the Employer take with respect to any or all income tax (including U.S. federal, state and local taxes or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Optionee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Optionee is and remains the Optionee's responsibility and that

the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including the grant of the Option, the vesting of the Option, the exercise of the Option, the subsequent sale of any shares of Common Stock acquired pursuant to the Option and the receipt of any dividends, and (ii) do not commit to structure the terms of the award or any aspect of the Option to reduce or eliminate the Optionee's liability for Tax-Related Items. Further, the Optionee acknowledges that if the Optionee becomes subject to taxation in more than one country between the Award Date and the date of any relevant taxable or tax withholding event, as applicable, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(2) Withholding in Shares or Cash. Prior to the issuance of shares of Common Stock upon the exercise of the Option, if the Optionee's country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold a number of whole shares of Common Stock otherwise issuable to the Optionee upon exercise of the Option to satisfy all or any portion of any withholding obligations for Tax-Related Items. The number of whole shares of Common Stock withheld shall have an aggregate market value sufficient to pay the Tax-Related Items required to be withheld with respect to the shares of Common Stock. The cash equivalent of the shares of Common Stock withheld will be used to settle the obligation to withhold the Tax-Related Items. In the event that withholding in shares of Common Stock is prohibited or problematic under applicable laws or otherwise may trigger adverse consequences to the Company or the Employer, the Company or the Employer may withhold the Tax-Related Items required to be withheld in cash from the Optionee's regular salary and/or wages or any other amounts payable to the Optionee. In the event the withholding requirements for Tax-Related Items are not satisfied through the withholding of shares of Common Stock or through the Optionee's regular salary and/or wages or other amounts payable to the Optionee, no shares of Common Stock will be issued to the Optionee (or the Optionee's estate) upon exercise of the Option unless and until satisfactory arrangements (as determined by the Company) have been made by the Optionee with respect to the payment of any Tax-Related Items that the Company or the Employer determines, in its sole discretion, must be withheld or collected with respect to such portion of the Option. By accepting this Option, the Optionee expressly consents to the withholding of shares of Common Stock and/or withholding from the Optionee's regular salary and/or wages or other amounts payable to the Optionee as provided for hereunder. All other Tax-Related Items related to the Option and any shares of Common Stock issued in settlement thereof shall be the Optionee's sole responsibility. Depending on the withholding method, the Company or the Employer may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including maximum applicable rates. If the withholding obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, the Optionee shall be deemed to have been issued the full number of shares of Common Stock subject to the exercised portion of the Option, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items.

(3) Code Section 409A. If the Optionee is subject to taxation in the United States, the Award is not intended to constitute a "nonqualified deferred compensation plan" within the meaning of Code Section 409A and instead is intended to be exempt from the application of Code Section 409A. To the extent that the Award is nevertheless deemed to be subject to Code Section 409A, the Award shall be interpreted in accordance with Code Section 409A and Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance issued after the grant of the Award. Notwithstanding any provision of the Award to the contrary, in the event that the Administrator determines that the Award is or may be subject to Code Section 409A, the Administrator may adopt such amendments to the Award or adopt other policies and

procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate at the Administrator's sole discretion and without the Optionee's consent to (i) exempt the Award from the application of Code Section 409A or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Code Section 409A.

(l) *No Solicitation*. (This provision is not applicable to California employees.) The Optionee agrees that for 18 months (or such lesser period as permitted under applicable local law) after the Optionee's employment with the Company or the Employer terminates for any reason, with or without cause, whether by the Company or the Employer or the Optionee, the Optionee shall not recruit, attempt to hire, solicit, or assist others in recruiting or hiring, any person who is an employee of the Company, the Employer or any subsidiaries of the Company. In addition to other remedies that may be available, the Optionee shall pay to the Company in cash, upon demand, the net value of any shares of Common Stock, valued as of the exercise date, issued under this Agreement if the Optionee violates this Section 1(l).

(m) *Not a Contract of Employment*. This Agreement shall not be construed as a contract of employment between the Company and the Optionee and nothing contained in this Agreement or in the Plan shall confer upon the Optionee any right to be in the continued employment of the Company or any subsidiary or to interfere in any way with the right of the Company or any subsidiary by whom the Optionee is employed to terminate the Optionee's employment at any time for any reason, with or without cause, or to decrease the Optionee's compensation or benefits.

2. **Miscellaneous**.

(a) *Entire Agreement.* This Agreement constitutes the entire agreement of the parties with regard to the subjects hereof.

(b) *Interpretation of the Plan and this Agreement.* The Board, or a committee of the Board responsible for administering the Plan (the "Administrator"), shall have the sole authority to interpret the provisions of this Agreement and the Plan, and all determinations by it shall be final and conclusive.

(c) [Reserved].

(d) *Market Value.* "Market Value" as of a particular date shall mean (i) the closing sales price per share of Common Stock as reported by the NASDAQ on that date, or (ii) if the shares of Common Stock are not listed or admitted to trading on the NASDAQ, the closing price on the national securities exchange on which such stock is principally traded on that date, or (iii) if the shares of Common Stock are not then listed on the NASDAQ or on another national securities exchange, the average of the highest reported bid and lowest reported asked prices for the shares of Common Stock on that date or (iv) if the shares of Common Stock are not then listed on any securities exchange and prices therefor are not then reported, such value as determined in good faith by the Board (or any duly authorized committee thereof) as of that date.

(e) *Electronic Delivery*. The Company may, in its sole discretion, deliver any documents related to the Award or other awards granted to the Optionee under the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic issuance and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

(f) *Rights and Benefits*. The rights and benefits of this Agreement shall inure to the benefit of and be enforceable by the Company's successors and assigns and, subject to the restrictions on transfer of this Agreement, be binding upon the Optionee's heirs, executors, administrators, successors and assigns.

(g) *Further Action*. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

(h) *Governing Law, Venue and Jurisdiction; Attorneys' Fees* . This Agreement and the Plan will be interpreted under the laws of the state of Oregon, exclusive of choice of law rules. Venue and jurisdiction will be in the state or federal courts in Washington County, Oregon, and nowhere else. In the event either party institutes litigation hereunder, the prevailing party shall be entitled to reasonable attorneys' fees to be set by the trial court and, upon any appeal, the appellate court.

(i) *Consent to Transfer Personal Data* .

Pursuant to applicable personal data protection laws, the Company and the Employer hereby notify the Optionee of the following in relation to the Optionee's personal data and the collection, processing and transfer of such data in relation to the Company's grant of this Award and the Optionee's participation in the Plan. The collection, processing and transfer of the Optionee's personal data is necessary for the Company's administration of the Plan and the Optionee's participation in the Plan, and the Optionee's denial and/or objection to the collection, processing and transfer of personal data may affect the Optionee's participation in the Plan. As such, the Optionee voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described in this Section.

The Company and the Employer hold certain personal information about the Optionee, including (but not limited to) the Optionee's name, home address and telephone number, date of birth, social security number or other employee identification number (e.g., resident registration number), email address, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Options or any other entitlement to shares of Common Stock awarded, canceled, purchased, vested, unvested or outstanding in the Optionee's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Optionee or collected, where lawful, from third parties, and the Company and the Employer will process the Data for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Optionee's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Optionee's participation in the Plan.

The Company and the Employer will transfer Data as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, the United States, or elsewhere throughout the world. The Optionee hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the

Data, in electronic or other form, for purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of Common Stock on the Optionee's behalf by the TPA.

The Optionee may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (iv) oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Optionee's participation in the Plan. The Optionee may seek to exercise these rights by contacting the HR manager of the Company or the Employer or the Company's Human Resources Department.

(j) *Acknowledgement of Discretionary Nature of the Plan; No Vested Rights* . The Optionee acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The Award of the Option under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of an option or benefits in lieu of an option in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any award, the number of shares of Common Stock that can be purchased pursuant to the option and vesting as well as exercise provisions. Any amendment, modification or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Optionee's employment with the Company or the Employer.

(k) *Character of Award*. Participation in the Plan is voluntary. The value of the Award and any other awards granted under the Plan is an extraordinary item of compensation outside the scope of the Optionee's employment (and the Optionee's employment contract, if any). Any grant under the Plan, including the Award, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.

(l) *No Public Offering*. The grant of the Option is not intended to be a public offering of securities in the Optionee's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise the Optionee on whether the Optionee should acquire shares of Common Stock under the Plan or provide the Optionee with any legal, tax or financial advice with respect to the grant of the Option. The acquisition of shares of Common Stock involves certain risks, and the Optionee should carefully consider all risk factors and tax considerations relevant to the acquisition of shares of Common Stock under the Plan and the disposition of them. Further, the Optionee should carefully review all materials related to the Option and the Plan, and should consult with the Optionee's personal legal, tax and financial advisors for professional advice in relation to the Optionee's personal circumstances.**

(m) *Insider Trading/Market Abuse Laws.* The Optionee acknowledges that, depending on the Optionee's country of residence (and country of employment, if different), the Optionee may be subject to insider trading restrictions and/or market abuse laws which may affect the Optionee's ability to acquire or sell shares of Common Stock or rights to shares of Common Stock (e.g., Options) under the Plan during such times as the Optionee is considered to have "inside information" regarding the Company (as determined under the laws in the Optionee's country of residence and/or employment). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. The Optionee expressly acknowledges that it is the Optionee's personal responsibility to comply with any applicable restrictions.

(n) *Validity and Enforceability; Severability* . The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable. Alternatively, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to render it valid and enforceable to the full extent permitted under applicable law.

(o) *English Version to Control* . If the Optionee is a resident outside of the United States, the Optionee acknowledges and agrees that it is the Optionee's express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Award be drawn up in English. If the Optionee has received this Agreement, the Plan or any other documents related to the Award translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

(p) *Addendum*. Notwithstanding any provisions of this Agreement to the contrary, the Award shall be subject to any special terms and conditions for the Optionee's country of residence (and country of employment, if different) set forth in an addendum to this Agreement (an "Addendum"). Further, if the Optionee transfers residence and/or employment to another country reflected in an Addendum to this Agreement at the time of transfer, the special terms and conditions for such country will apply to the Optionee to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Optionee's transfer). In all circumstances, any applicable Addendum shall constitute part of this Agreement.

(q) *Other Requirements*. The Company reserves the right to impose other requirements on the Award, any shares of Common Stock acquired pursuant to the Option and the Optionee's participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Award and the Plan. Such requirements may include (but are not limited to) requiring the Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

(r) *Recovery Policy*. Notwithstanding any other provision of this Agreement to the contrary and to the extent applicable to the Optionee, the Optionee acknowledges and agrees that the Option, any shares of Common Stock acquired pursuant thereto and/or any amount received with respect to any sale of such shares may be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Columbia Sportswear Company Incentive Compensation Recovery Policy (the "Recovery Policy") as in effect on the Award Date (and to the extent applicable to the Optionee, a copy of which has been made available to the Optionee) and as may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to such

Award and shares of Common Stock. As a condition to the grant of the Option, to the extent applicable, the Optionee expressly agrees and consents to the Company's application, implementation and enforcement of (a) the Recovery Policy and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation. Further, the Optionee expressly agrees that the Company may take such actions as are necessary or appropriate to effectuate the Recovery Policy (as applicable to the Optionee) or applicable law without further consent or action being required by the Optionee. For purposes of the foregoing and as a condition to the grant of the Option, the Optionee expressly and explicitly authorizes the Company to issue instructions, on the Optionee's behalf, to any TPA to re-convey, transfer or otherwise return such shares and/or other amounts to the Company. To the extent that the terms of this Agreement and the Recovery Policy conflict, the terms of the Recovery Policy shall prevail.

(s) *Acceptance*. By accepting the grant of the Award, the Optionee acknowledges that the Optionee has read this Agreement, the Addendum to this Agreement (as applicable) and the Plan, and specifically accepts and agrees to the provisions therein.

This Award of the Option is subject to the Optionee's on-line acceptance of the terms and conditions of this Agreement through the E*TRADE web portal. By accepting the terms and conditions of this Agreement, the Optionee acknowledges receipt of a copy of the Plan, the U.S. Prospectus for the Plan, and the local country tax supplement to the U.S. Prospectus for the Plan (the "Award Information"). The Optionee represents that the Optionee is familiar with the terms and provisions of the Award Information and hereby accepts this Award on the terms and conditions set forth herein and in the Plan, and acknowledges that the Optionee had the opportunity to obtain independent legal, investment and tax advice at the Optionee's personal expense prior to accepting this Award.

COLUMBIA SPORTSWEAR COMPANY

COLUMBIA SPORTSWEAR COMPANY

ADDENDUM TO
NON-QUALIFIED STOCK OPTION AWARD AGREEMENT PURSUANT TO THE COLUMBIA SPORTSWEAR COMPANY 2020 STOCK INCENTIVE PLAN

In addition to the terms of the Columbia Sportswear Company 2020 Stock Incentive Plan (the "Plan") and the Non-Qualified Stock Option Award Agreement pursuant to the Plan (the "Agreement"), the Option is subject to the following additional terms and conditions as set forth in this addendum to the extent the Optionee resides and/or is employed in one of the countries reflected herein (the "Addendum"). Capitalized terms used herein without definition shall have the same meaning as assigned to such terms in the Plan and the Agreement. To the extent the Optionee transfers residence and/or employment to another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to the Optionee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Option and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Optionee's transfer).

Canada

1. Non-Qualified Securities. All or a portion of the shares of Common Stock subject to the Option may be "non-qualified securities" within the meaning of the *Income Tax Act* (Canada). The Company shall provide the Optionee with additional information and/or appropriate notification regarding the characterization of the Option for Canadian income tax purposes as may be required by the *Income Tax Act* (Canada) and the regulations thereunder.

2. Effect of Termination of Service. The following replaces Section 1(e)(2) of the Agreement:

For purposes of the Option, the Optionee's employment with the Company or the Employer, as applicable, will be considered terminated (regardless of the reason for termination, whether or not later found to be invalid or unlawful for any reason or in breach of employment or other laws or rules in the jurisdiction where the Optionee is providing services or the terms of the Optionee's employment or service agreement, if any) as of the date that is the earliest of: (a) the date that the Optionee is no longer actively providing services to the Company or the Employer or (b) the date on which the Optionee receives written notice of termination of employment (the "Termination Date"), except, in either case, to the extent applicable employment standards legislation requires the Option to continue through any minimum termination notice period applicable under the legislation. In such case, the Termination Date will be the last day of the Optionee's minimum statutory termination notice period.

Unless otherwise expressly provided in the Agreement or explicitly required by applicable legislation, the Optionee's right to vest in the Option under the Plan, if any, will terminate as of the Termination Date and the Optionee will not earn or be entitled to (A) any pro-rated vesting for that period of time before the Termination Date, (B) any unvested portion of the Option, or (C) any payment of damages in lieu thereof. To be clear, there shall be no vesting of the Option during any applicable common law or civil law reasonable notice period following the Termination Date or any payment of damages in lieu thereof. Subject to applicable legislation, in the event the Termination Date cannot be reasonably determined under the terms of the Agreement and/or the Plan, the Company shall have the exclusive discretion to determine the Termination Date. The vested portion the Option may be exercised at any time on or prior to the earlier of (i) the Expiration Date or (ii) the expiration of 90 days after the Termination Date.

3 . No Payment of Exercise Price with Existing Shares. Notwithstanding Section 1(f)(2)(ii) of the Agreement, the Optionee shall not be permitted to pay the Exercise Price by delivering existing shares of Common Stock that the Optionee already owns at the time of exercise.

4 . Securities Law Information. The Optionee is permitted to sell shares of Common Stock acquired under the Plan through the TPA, if any, provided the resale of shares of Common Stock acquired under the Plan takes place outside Canada through the facilities of a stock exchange on which the shares of Common Stock are listed.

5. Use of English Language**.** If the Optionee is a resident of Quebec, by accepting the Option, the Optionee acknowledges and agrees that it is the Optionee's wish that the Agreement, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Option, either directly or indirectly, be drawn up in English.

Utilisation de la langue anglaise. Si le titulaire d'option est un résident du Québec, en acceptant l'option, le titulaire d'option reconnaît et accepte qu'il souhaite que l'entente, le présent addenda, ainsi que tous les autres documents, avis et poursuites judiciaires conclus, donnés ou intentés en vertu à l'Option, directement ou indirectement, être rédigé en anglais.

Hong Kong

1. Lapse of Restrictions. If, for any reason, shares of Common Stock are issued to the Optionee within six (6) months of the Award Date, the Optionee agrees that the Optionee will not sell or otherwise dispose of any such shares of Common Stock prior to the six (6) month anniversary of the Award Date.

2 . IMPORTANT NOTICE. WARNING: The contents of the Agreement, the Addendum, the Plan, and all other materials pertaining to the Option and/or the Plan have not been reviewed by any regulatory authority in Hong Kong. The Optionee is hereby advised to exercise caution in relation to the offer thereunder. If the Optionee has any doubts about any of the contents of the aforesaid materials, the Optionee should obtain independent professional advice.

3. Nature of the Plan. The Company specifically intends that the Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of the Option shall be null and void.

4 . Award Benefits Are Not Wages. The Option and the shares of Common Stock subject to the Option do not form part of the Optionee's wages for the purposes of calculating any statutory or contractual payments under Hong Kong law.

Japan

No country-specific provisions.

South Korea

No country-specific provisions.

Switzerland

Securities Law Information. The grant of the Option is considered a private offering and therefore is not subject to registration in Switzerland. Neither the Agreement, this Addendum nor any other materials relating to the Option (a) constitute a prospectus according to article 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (b) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or the Employer, or (c) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 of FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (FINMA).

Taiwan

1. Securities Law Information. The grant of the Option and the shares of Common Stock to be issued pursuant to the Plan are available only for employees of the Company or any parent or subsidiary of the Company. The grant of the Option is not a public offer of securities by a Taiwanese company.

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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: August 1, 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: August 1, 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 June 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: August 1, 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 June 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: August 1, 2024

/s/ JIM A. SWANSON

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