Columbia Sportswear Company

CFO Commentary and Financial Review

Second Quarter 2023

August 1, 2023

FORWARD-LOOKING STATEMENTS

This presentation does not constitute an offer or invitation for the sale or purchase of securities and has been prepared solely for informational purposes.

This presentation contains forward-looking statements within the meaning of the federal securities laws regarding Columbia Sportswear Company's business opportunities and anticipated results of operations. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "might," "will," "would," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "likely," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Unless the context indicates otherwise, the terms "we," "us," "our," "the Company," and "Columbia" refer to Columbia Sportswear Company, together with its wholly owned subsidiaries and entities in which it maintains a controlling financial interest.

The Company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this document, those described in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading "Risk Factors," and those that have been or may be described in other reports filed by the Company, including reports on Form 8-K. Potential risks and uncertainties include those relating to the impact of economic conditions, including inflationary pressures; supply chain expenses; marketplace inventories; changes in consumer behavior and confidence; as well as geopolitical tensions. The Company cautions that forward-looking statements are inherently less reliable than historical information.

New risks and uncertainties emerge from time to time and it is not possible for the Company to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation. Nothing in this presentation should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We do not undertake any duty to update any of the forward-looking statements after the date of this document to conform the forward-looking statements to actual results or to changes in our expectations.

REFERENCES TO NON-GAAP FINANCIAL INFORMATION

Since Columbia Sportswear Company is a global company, the comparability of its operating results reported in U.S. dollars is affected by foreign currency exchange rate fluctuations because the underlying currencies in which it transacts change in value over time compared to the U.S. dollar. To supplement financial information reported in accordance with GAAP, the Company discloses constant-currency net sales information, which is a non-GAAP financial measure, to provide a framework to assess how the business performed excluding the effects of changes in the exchange rates used to translate net sales generated in foreign currencies into U.S. dollars. The Company calculates constant-currency net sales by translating net sales in foreign currencies for the current period into U.S. dollars at the average exchange rates that were in effect during the comparable period of the prior year. Management believes that this non-GAAP financial measure reflects an additional and useful way of viewing an aspect of our operations that, when viewed in conjunction with our GAAP results, provides a more comprehensive understanding of our business and operations.

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

Non-GAAP financial measures, including constant-currency net sales and free cash flow, should be viewed in addition to, and not in lieu of or superior to, our financial measures calculated in accordance with GAAP. The Company provides a reconciliation of non-GAAP measures to the most directly comparable financial measure calculated in accordance with GAAP in the back of this presentation in the “Appendix”. The non-GAAP financial measures and constant-currency information presented may not be comparable to similarly titled measures reported by other companies.

GLOSSARY OF PRESENTATION TERMINOLOGY

DTC	direct-to-consumer
DTC.com	DTC e-commerce
DTC B&M	DTC brick & mortar
y/y	year-over-year
U.S.	United States
LAAP	Latin America and Asia Pacific
EMEA	Europe, Middle East and Africa
SG&A	selling, general & administrative
EPS	earnings per share
bps	basis points
“+” or “up”	increased
“-” or “down”	decreased
LSD%	low-single-digit percent
MSD%	mid-single-digit percent
HSD%	high-single-digit percent
LDD%	low-double-digit percent
low-20%	low-twenties percent
mid-30%	mid-thirties percent
high-40%	high-forties percent
“$##M”	in millions of U.S. dollars
“$##B”	in billions of U.S. dollars
c.c.	constant-currency
M&A	mergers & acquisitions
FX	foreign exchange
~	approximately
H1	first half
Q1	first quarter
3PL	Third-party logistics

Columbia Sportswear Company

WE CONNECT ACTIVE PEOPLE WITH THEIR PASSIONS

ACCELERATE PROFITABLE GROWTH

CREATE ICONIC PRODUCTS
Differentiated, Functional, Innovative

DRIVE BRAND ENGAGEMENT
Increased, Focused Demand Creation Investments

ENHANCE CONSUMER EXPERIENCES
Invest in Capabilities to Delight and Retain Consumers

AMPLIFY MARKETPLACE EXCELLENCE
Digitally-Led, Omni-Channel, Global

EMPOWER TALENT THAT IS DRIVEN BY OUR CORE VALUES
Through a Diverse and Inclusive Workforce

Columbia SOREL MOUNTAIN HARDWEAR prAna

CAPITAL ALLOCATION PRIORITIES

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

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

INVEST IN ORGANIC GROWTH OPPORTUNITIES

TO DRIVE LONG-TERM PROFITABLE GROWTH

RETURN AT LEAST 40% OF FREE CASH FLOW TO SHAREHOLDERS

THROUGH DIVIDENDS AND SHARE REPURCHASES

OPPORTUNISTIC M&A

Q2'23 KEY HIGHLIGHTS

Q2'23 FINANCIAL RESULTS COMPARED TO Q2'22

Net Sales	Gross Margin	Operating Margin	Diluted EPS
$621M	50.6%	1.0%	$0.14
+7%	+140 bps	-50 bps	+27%

Q2'23 Highlights:

- Global net sales grew 7% (9% c.c.) y/y, driven by increased sales internationally including earlier shipments of Fall '23 distributor orders and a recovery from pandemic restrictions in China last year, partially offset by a lower portion of Spring '23 wholesale orders shipping in the second quarter compared to the same period last year.
- Net sales were above plan, driven by earlier Fall '23 shipments which more than offset slower growth in our U.S. DTC business.
- Operating margin pressure reflects SG&A expense growth, partially offset by gross margin expansion.
- Inventory increased 21% y/y. We expect Q4'23 inventory to be down over $200M, compared to Q4'22.
- Exited the quarter with $302.8M of cash, cash equivalents and short-term investments and no borrowings.

Q2'23 ACTUAL VS LAST YEAR

(dollars in millions, except per share amounts)

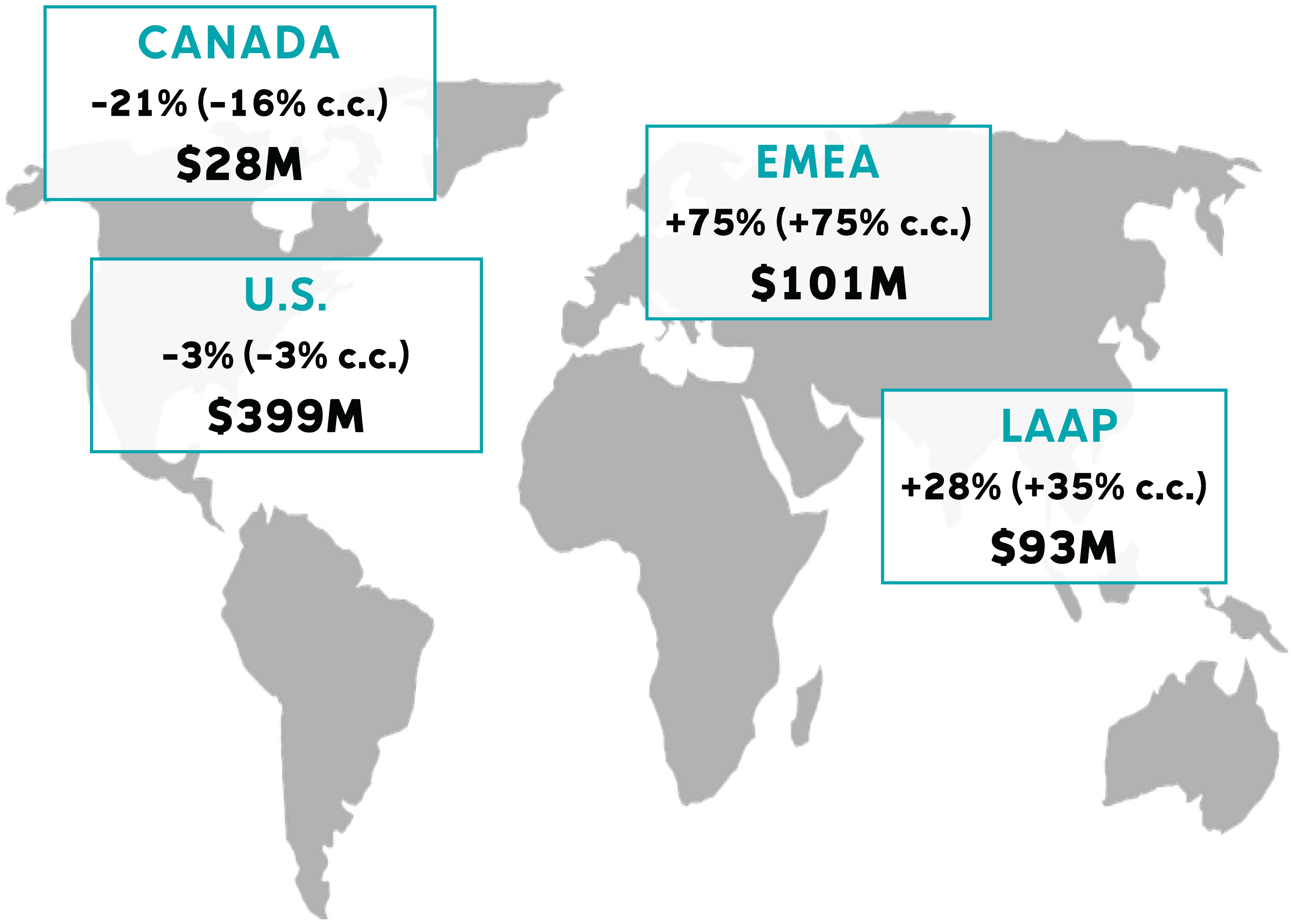
	Q2'23	Q2'22	Change
Net Sales	$620.9	$578.1	+7%
Gross margin	50.6%	49.2%	+140 bps
SG&A percent of net sales	50.3%	48.7%	+160 bps
Operating income	$6.2	$8.8	-29%
Operating margin	1.0%	1.5%	-50 bps
Net income	$8.4	$7.2	+17%
Diluted EPS	$0.14	$0.11	+27%

Commentary on factors impacting Q2'23 financial results:

- The increase in net sales reflects growth in the EMEA and LAAP regions, primarily driven by earlier Fall '23 distributor shipments and increased China sales, partially offset by declines in Canada and the U.S., which were primarily driven by a lower portion of Spring '23 wholesale orders shipped in Q2 compared to the same period in 2022.
- Gross margin expansion primarily reflects lower inbound freight costs and, to a lesser degree, changes in inventory provisions, partially offset by increased clearance and promotional activity.
- SG&A expense growth primarily reflects expense increases across DTC, supply chain, and enterprise technology.

Q2'23 REGIONAL NET SALES PERFORMANCE

Q2'23 NET SALES AND GROWTH VS. Q2'22



Commentary below on primary drivers reflects constant currency performance.

U.S.

- **Wholesale: down HSD%**, reflecting a lower portion of Spring '23 orders shipped in Q2 compared to last year
- **DTC: up LSD%**, DTC B&M up MSD%, DTC.com down MSD%
- The company had 157 stores (139 outlet, 18 branded) exiting Q2'23 vs. 147 stores (132 outlet, 15 branded) exiting Q2'22
- As part of our plan to reduce excess inventory, the Company opened temporary outlet locations

LAAP

- **Japan: down LSD%** (up MSD% c.c.), driven by DTC B&M growth and a recovery in international tourism
- **China: up low-130%** (up high-140% c.c.), aided by strong consumer demand as we anniversary prior year pandemic restrictions
- **Korea: down high-teens%** (down LDD% c.c.), reflecting challenging market conditions and the impact of retail store closures
- **LAAP distributor: up low-80%**, reflecting earlier shipment of robust Fall '23 orders

EMEA

- **Europe-direct: down MSD%** (down MSD% c.c.), driven by a lower portion of Spring '23 orders shipped in Q2 compared to last year, partially offset by healthy DTC growth
- **EMEA distributor: up ~310%**, reflecting earlier shipment of Fall '23 orders

Canada

- **-21%** (-16% c.c.), driven by a lower portion of Spring '23 orders shipped in Q2 compared to last year, partially offset by healthy DTC growth

Q2'23 NET SALES OVERVIEW

Q2'23 NET SALES AND GROWTH VS. Q2'22

CATEGORY PERFORMANCE

APPAREL, ACCESSORIES & EQUIPMENT:

+4% (+6% c.c.)
$489M

FOOTWEAR:

+20% (+22% c.c.)
$132M

- Footwear growth includes earlier shipment of Fall '23 orders and increased closeout sales. Overall, footwear market conditions remain challenging.

BRAND PERFORMANCE

Columbia

+11% (+12% c.c.)
$537M

SOREL

+32% (+32% c.c.)
$38M

prAna

-32% (-32% c.c.)
$28M

MOUNTAIN HARDWEAR

-19% (-18% c.c.)
$18M

- Columbia and SOREL brand growth aided by earlier shipment of Fall '23 orders. All brands had a lower proportion of Spring '23 orders shipping in Q2 compared to last year.

CHANNEL PERFORMANCE

WHOLESALE:

+9% (+10% c.c.)
$328M

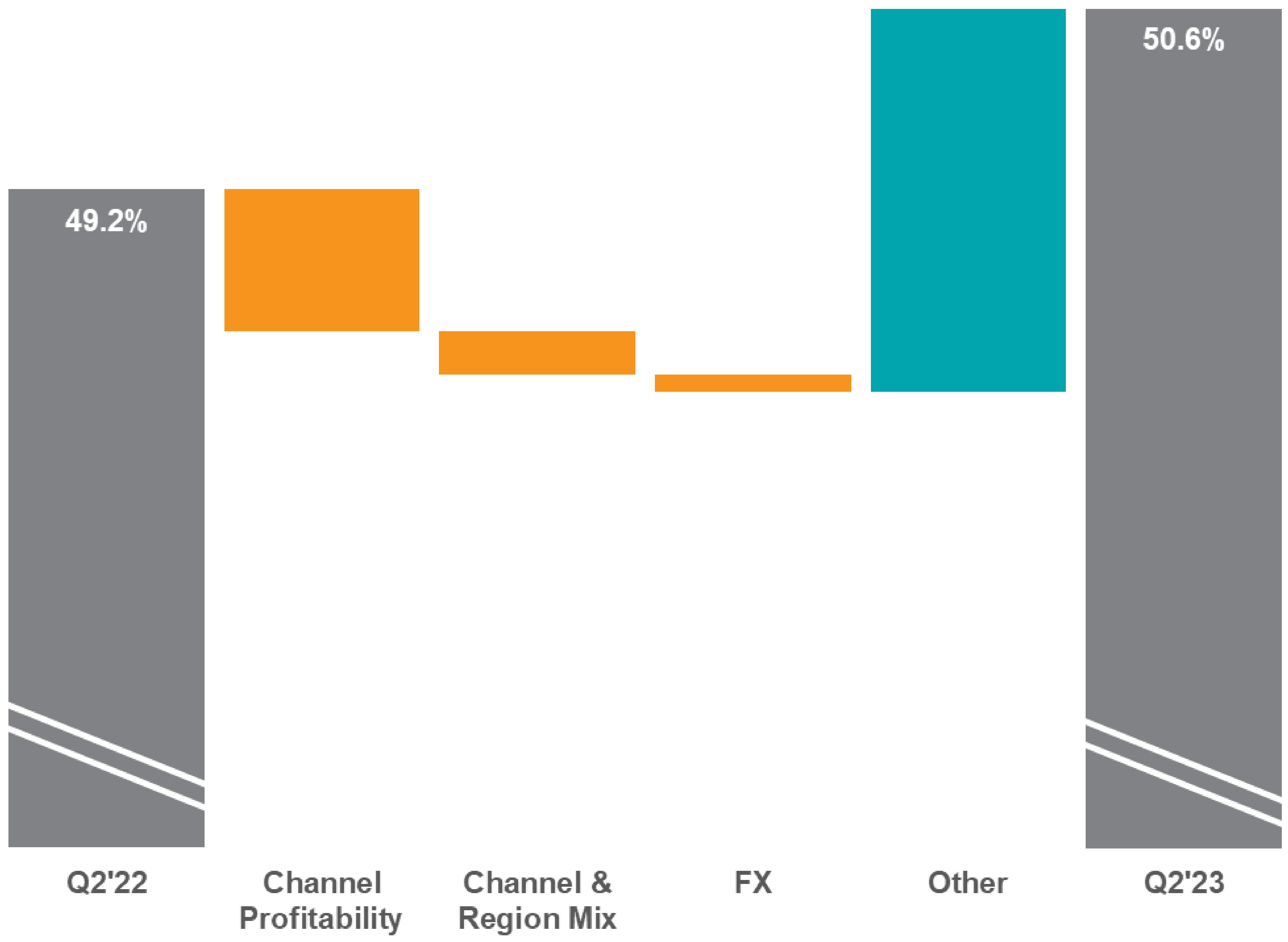
DTC:

+5% (+7% c.c.)
$293M

- Growth is driven by earlier Fall '23 distributor shipments, and China, partially offset by a lower portion of Spring '23 orders shipping in Q2 compared to last year.
- DTC B&M +7%, DTC.com +2%

Q2'23 GROSS MARGIN BRIDGE

Q2'23 gross margin expanded 140 bps y/y to 50.6%



Primary Gross Margin Tailwinds

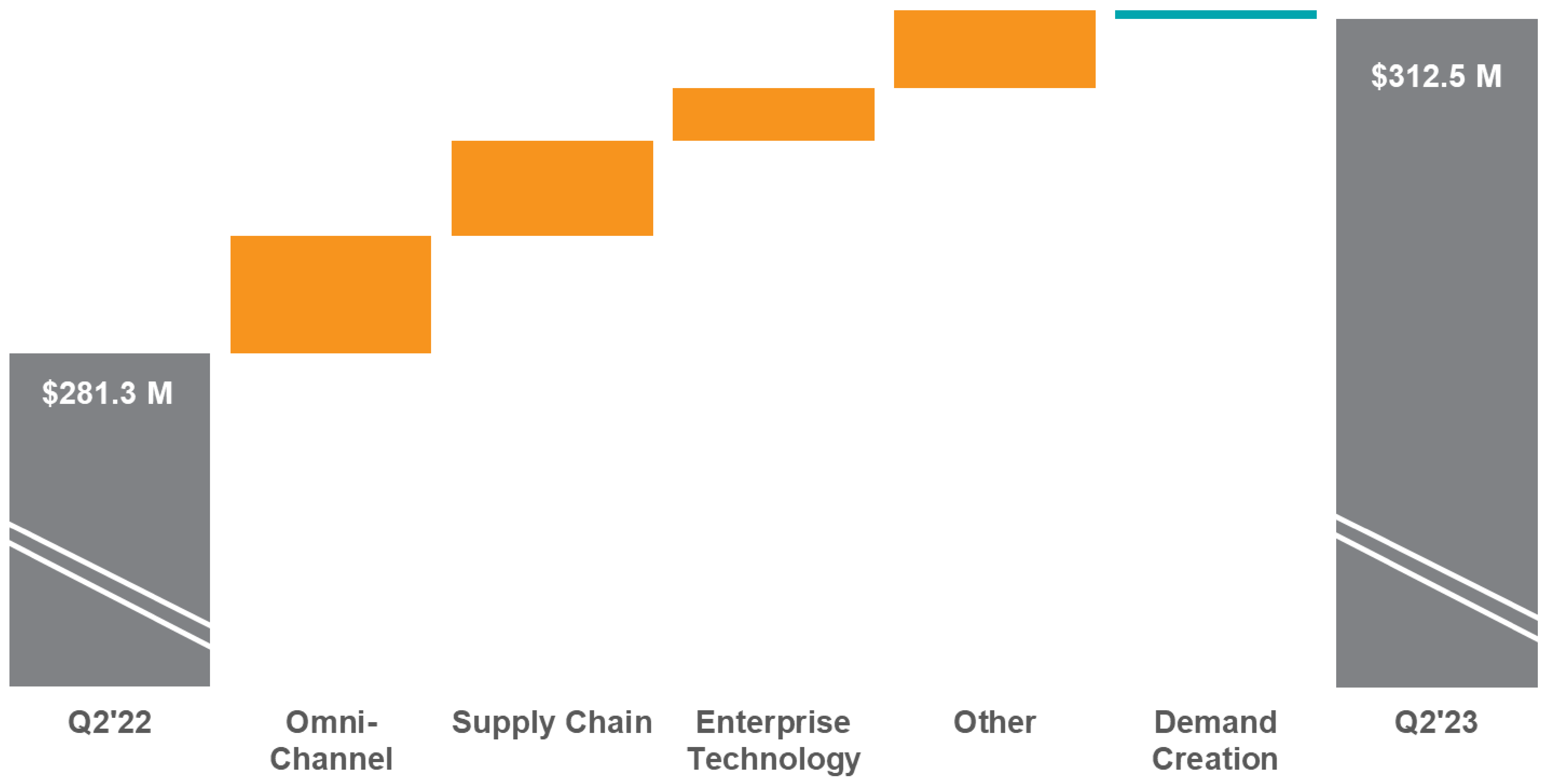
- **Other:** lower inbound freight costs and, to a lesser degree, changes in inventory provisions

Primary Gross Margin Headwinds

- **Channel Profitability:** lower DTC margins due to increased clearance and promotional activity
- **Channel Profitability:** lower wholesale margins reflecting actions to reduce excess inventory
- **Channel & Region Sales Mix:** shift towards EMEA and LAAP distributor sales, which generally carry lower gross margins
- **FX:** unfavorable effects from foreign currency hedge rates

Q2’23 SG&A BRIDGE

SG&A increased 11% to $312.5 million



Primary SG&A Expense Increases

- **Omni-Channel:** including higher DTC B&M expenses related to new and temporary outlet stores
- **Supply Chain:** higher warehousing and fulfillment expenses, including increased 3PL costs, investments to drive future productivity improvements, and personnel expense
- **Enterprise Technology:** increased personnel expenses to support digital strategies

Primary SG&A Expense Reductions

- **Demand Creation:** represents 5.4% of net sales vs. 5.9% in Q2’23

Q2’23 SG&A expenses were 50.3% of net sales compared to 48.7% in Q2’22

BALANCE SHEET OVERVIEW

Balance Sheet as of June 30, 2023

Cash, Cash Equivalents and Short-term Investments

$303M

Cash, cash equivalents and short-term investments totaled $302.8M, compared to $414.2M as of June 30, 2022.

Inventory

+21%

Inventories +21% y/y to $1,163M driven by earlier receipt of current season inventory and, to a lesser extent, higher carryover and older season inventory. We believe older season inventories represent a manageable portion of our total inventory mix.

To address higher inventory levels, we have adjusted future inventory purchases and are leveraging our outlet store fleet to sell excess inventory. While inventory remained elevated through H1’23, we expect inventory to be down year-over-year starting in Q3’23 as we sell carryover and excess inventory during the Fall ‘23 season.

CAPITAL OVERVIEW

H1’23 Net Cash Flow Provided by Operations

$10M

Net cash flow provided by operating activities was $9.7M, compared to net cash flow used in operating activities of $112.7M for the same period in 2022. Lower purchases of inventory was the largest driver of the improvement in operating cash flows.

H1’23 Capital Expenditures

$23M

Capital expenditures totaled $22.8M compared to $29.0M for the same period in 2022.

H1’23 Share Repurchases

$79M

The Company repurchased 953,269 shares of common stock for an aggregate of $78.7M, for an average price per share of $82.55.

Dividends

$0.30

The Board of Directors approved a regular cash dividend of $0.30 per share, payable on September 5, 2023, to shareholders of record on August 22, 2023.

2023 FINANCIAL OUTLOOK

The Company's 2023 Financial Outlook and the underlying assumptions are forward-looking in nature, and the forward-looking statements reflect our expectations as of August 1, 2023 and are subject to significant risks and business uncertainties, including those factors described under "Forward-Looking Statements" above. These risks and uncertainties limit our ability to accurately forecast results. This outlook reflects our estimates as of August 1, 2023 regarding the impact of economic conditions, including inflationary pressures; supply chain expenses; marketplace inventories; changes in consumer behavior and confidence; as well as geopolitical tensions. This outlook and commentary assume macro-economic conditions do not materially deteriorate. Projections are predicated on normal seasonal weather globally.

	2023 Financial Outlook	**Outlook compared to 2022**
Net sales	**\$3.53B to \$3.59B** (prior \$3.57B to \$3.67B)	**+2.0% to +3.5%** (prior +3% to +6%)
Gross margin	**~49.8%** (prior ~50%)	**approximately 40 bps expansion** (prior approximately 60 bps expansion)
SG&A percent of net sales	**40.1% to 40.5%** (prior 39.0% to 39.2%)	**240 bps to 280 bps deleverage** (prior 130 bps to 150 bps deleverage)
Operating margin	**9.8% to 10.3%** (prior 11.6% to 11.8%)	**100 bps to 150 bps deleverage** (prior 30 bps to 50 bps leverage)
Operating income	**\$348M to \$368M** (prior \$413M to \$432M)	**-12% to -6%** (prior +5% to +10%)
Effective income tax rate	**~24.5%** (unchanged)	**2022 effective tax rate of 21.6%**
Net income	**\$272M to \$288M** (prior \$322M to \$336M)	**-13% to -8%** (prior +3% to +8%)
Diluted EPS	**\$4.40 to \$4.65** (prior \$5.15 to \$5.40)	**-11% to -6%** (prior +4% to +9%)

2023 FINANCIAL OUTLOOK ASSUMPTIONS

Net sales	The change in the sales outlook is primarily related to lower expectations in the U.S. region due to softer than planned consumer demand impacting the U.S. wholesale and DTC e-commerce businesses. Weaker sales in Korea also contributed to the reduction in the sales outlook.
	
	<u>Anticipated net sales growth primarily reflects:</u>
	• Net sales growth is expected to be led by SOREL up HSD% and Columbia up MSD%, partially offset by a declines in prAna and Mountain Hardwear.
	• All four geographic segments are anticipated to grow in 2023 with international sales growth outpacing the U.S, which is expected to grow LSD%.
	    • LAAP region is expected to grow HSD% (low-teens %, c.c.) led by our LAAP distributor business and China.
	    • EMEA region is expected to grow MSD% (LSD%, c.c.) driven by our Europe-direct business.
	• From a product category perspective, footwear is anticipated to grow faster than apparel
	• From a channel perspective, DTC is anticipated to grow MSD% with DTC B&M expected to grow faster than DTC.com. Wholesale is anticipated to grow LSD%.
	    • DTC B&M sales growth includes the annualization of new stores opened in 2022 as well as the contribution from 8 net new stores in North America and 5 in Europe-direct markets planned for 2023.

Gross margin	<u>Anticipated gross margin expansion primarily reflects:</u> • lower inbound freight costs; and, to a lesser degree • a favorable channel mix shift; partially offset by • lower channel profitability reflecting clearance and promotional activity.
SG&A % of net sales	<u>Anticipated SG&A expense growth includes:</u> • higher omni-channel spend, including higher DTC expenses to support new and temporary outlet stores; • higher supply chain costs primarily related to the carrying of elevated inventory levels, which are expected to normalize late in the year; • higher enterprise technology spend, including increased personnel expense to support digital strategies; and • higher demand creation spend. This outlook contemplates maintaining our demand creation spend, as a percent of sales, at 5.9 percent.
Effective tax rate, interest income and share count	• The full year effective tax rate in our 2023 financial outlook is ~24.5%. • The 2023 effective tax rate is anticipated to be higher than the effective tax rate from 2019-2022 as the prior years included separate discrete tax items which lowered the effective tax rate in each year. • Interest income, net is anticipated to be ~$13M • The $4.40 to $4.65 diluted earnings per share range is based on estimated weighted average diluted shares outstanding of 61.9 million (prior 62.4 million).

2023 ASSUMPTIONS AND THIRD QUARTER OUTLOOK

Foreign currency	• Foreign currency translation is expected to reduce net sales growth by approximately 30 bps (prior 20 bps) reflecting unfavorable foreign currency translation impacts through the first half of the year, largely offset by expected favorable impacts in the latter part of the year. • Foreign currency is expected to have an approximately $0.03 negative impact on diluted earnings per share, due primarily to unfavorable foreign currency transactional effects from hedging of inventory production.
Operating cash flow and capital expenditures	• Operating cash flow is anticipated to be $550 to $600M (prior over $600M). – Inventory growth is expected to decline y/y exiting Q3'23 and to be down over $200M exiting Q4'23 compared to Q4'22. – For the year, inventory purchases are planned to decrease greater than 20 percent compared to last year. • Capital expenditures are planned to be between $60M to $70M (prior $70M to $80M).
Third quarter commentary	• Net sales of $995 to $1,010 million, representing growth of 4% to 6% compared to Q3'22. • Operating income of $132 million to $138 million, or 13.2% to 13.6% of net sales. • Diluted EPS is expected to be $1.60 to $1.70 compared to $1.80 for Q3'22.


APPENDIX

SECOND QUARTER 2023 CONSTANT-CURRENCY RECONCILIATION

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

	Three Months Ended June 30,					
(In millions, except percentage changes)	Reported Net Sales 2023	Adjust for Foreign Currency Translation	Constant-currency Net Sales 2023[(1)]	Reported Net Sales 2022	Reported Net Sales % Change	Constant-currency Net Sales % Change[(1)]
Geographical Net Sales:						
United States	$ 399.1	$ —	$ 399.1	$ 412.5	(3)%	(3)%
Latin America and Asia Pacific	93.3	4.9	98.2	72.8	28%	35%
Europe, Middle East and Africa	100.8	—	100.8	57.6	75%	75%
Canada	27.7	1.9	29.6	35.2	(21)%	(16)%
Total	$ 620.9	$ 6.8	$ 627.7	$ 578.1	7%	9%
Brand Net Sales:						
Columbia	$ 537.0	$ 6.6	$ 543.6	$ 485.9	11%	12%
SOREL	37.8	0.1	37.9	28.7	32%	32%
prAna	27.6	—	27.6	40.7	(32)%	(32)%
Mountain Hardwear	18.5	0.1	18.6	22.8	(19)%	(18)%
Total	$ 620.9	$ 6.8	$ 627.7	$ 578.1	7%	9%
Product Category Net Sales:						
Apparel, Accessories and Equipment	$ 488.9	$ 5.3	$ 494.2	$ 468.4	4%	6%
Footwear	132.0	1.5	133.5	109.7	20%	22%
Total	$ 620.9	$ 6.8	$ 627.7	$ 578.1	7%	9%
Channel Net Sales:						
Wholesale	$ 328.3	$ 2.5	$ 330.8	$ 299.9	9%	10%
DTC	292.6	4.3	296.9	278.2	5%	7%
Total	$ 620.9	$ 6.8	$ 627.7	$ 578.1	7%	9%

(1) Constant-currency net sales is a non-GAAP financial measure. See “References to Non-GAAP Financial Information” above for further information.

FIRST SIX MONTHS FREE CASH FLOW RECONCILIATION

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

	Six Months Ended June 30,	
(In millions)	2023	2022
Net cash provided by (used in) operating activities	$ 9.7	$ (112.7)
Capital expenditures	(22.8)	(29.0)
Free cash flow	$ (13.1)	$ (141.7)

Columbia | SOREL | MOUNTAIN HARDWEAR | prAna