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 March 31, 2021

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 No. 000-51754

CROCS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-2164234**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

13601 Via Varra, Broomfield, Colorado 80020

(Address, including zip code, of registrant's principal executive offices)

(303) 848-7000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading symbol:	Name of each exchange on which registered:
Common Stock, par value $0.001 per share	CROX	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 (§232.405 of this chapter) 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 ☒

As of April 20, 2021, Crocs, Inc. had 65,230,433 shares of its common stock, par value $0.001 per share, outstanding.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. From time to time, we may also provide oral or written forward-looking statements in other materials we release to the public. Such forward-looking statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995.

Statements that refer to industry trends, projections of our future financial performance, anticipated trends in our business and other characterizations of future events or circumstances are forward-looking statements. These statements, which express management’s current views concerning future events or results, use words like “anticipate,” “assume,” “believe,” “continue,” “estimate,” “expect,” “future,” “intend,” “plan,” “project,” “strive,” and future or conditional tense verbs like “could,” “may,” “might,” “should,” “will,” “would,” and similar expressions or variations. Examples of forward-looking statements include, but are not limited to, statements we make regarding:

- our expectations regarding future trends, selling, general and administrative cost savings, expectations, and performance of our business;
- our belief that we have sufficient liquidity to fund our business operations during the next twelve months; and
- our expectations about the impact of our strategic plans.

Forward-looking statements are subject to risks, uncertainties, and other factors, which may cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, without limitation, those described in the section entitled “Risk Factors” under Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2020 and our subsequent filings with the Securities and Exchange Commission. Caution should be taken not to place undue reliance on any such forward-looking statements. Moreover, such forward-looking statements speak only as of the date of this report. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Crocs, Inc.
Table of Contents to the Quarterly Report on Form 10-Q
For the Quarterly Period Ended March 31, 2021

PART I — Financial Information

PART I — Financial Information

ITEM 1. Financial Statements

CROCS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except per share data)

	Three Months Ended March 31,	
	2021	2020
Revenues	$ 460,098	$ 281,160
Cost of sales	206,879	146,998
Gross profit	253,219	134,162
Selling, general and administrative expenses	128,533	113,350
Income from operations	124,686	20,812
Foreign currency losses, net	(504)	(231)
Interest income	27	97
Interest expense	(1,632)	(1,921)
Other income, net	11	21
Income before income taxes	122,588	18,778
Income tax expense	24,190	7,687
Net income	$ 98,398	$ 11,091
Net income per common share:		
Basic	$ 1.50	$ 0.16
Diluted	$ 1.47	$ 0.16
Weighted average common shares outstanding:		
Basic	65,458	67,931
Diluted	66,848	69,218

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CROCS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)
(in thousands)

	Three Months Ended March 31,	
	2021	**2020**
Net income	$ 98,398	$ 11,091
Other comprehensive income (loss):		
Foreign currency translation losses, net	(10,628)	(11,366)
Reclassification of foreign currency translation loss to income [1]	—	(164)
Total comprehensive income (loss)	$ 87,770	$ (439)

[1] Represents the reclassification of cumulative foreign currency translation adjustment upon liquidation of foreign subsidiaries during the three months ended March 31, 2020.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CROCS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands, except share and par value amounts)

	March 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 255,869	$ 135,802
Restricted cash - current	1,473	1,542
Accounts receivable, net of allowances of $18,615 and $21,093, respectively	228,717	149,847
Inventories	196,477	175,121
Income taxes receivable	3,830	1,857
Other receivables	19,912	10,816
Prepaid expenses and other assets	20,904	17,856
Total current assets	727,182	492,841
Property and equipment, net of accumulated depreciation and amortization of $83,429 and $86,305, respectively	70,150	57,467
Intangible assets, net of accumulated amortization of $99,513 and $95,426, respectively	34,762	37,636
Goodwill	1,651	1,719
Deferred tax assets, net	336,590	350,784
Restricted cash	3,904	1,929
Right-of-use assets	179,785	167,421
Other assets	8,299	8,926
Total assets	$ 1,362,323	$ 1,118,723
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 141,942	$ 112,778
Accrued expenses and other liabilities	111,159	126,704
Income taxes payable	24,317	5,038
Current operating lease liabilities	48,330	47,064
Total current liabilities	325,748	291,584
Long-term income taxes payable	198,769	205,974
Long-term borrowings	341,103	180,000
Long-term operating lease liabilities	165,818	146,401
Other liabilities	4,654	4,131
Total liabilities	1,036,092	828,090
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value $0.001 per share, 5.0 million shares authorized including 1.0 million authorized as Series A Convertible Preferred Stock, none outstanding	—	—
Common stock, par value $0.001 per share, 250.0 million shares authorized, 105.6 million and 105.0 million issued, 65.2 million and 65.9 million outstanding, respectively	106	105
Treasury stock, at cost, 40.4 million and 39.1 million shares, respectively	(783,926)	(688,849)
Additional paid-in capital	525,289	482,385
Retained earnings	651,744	553,346
Accumulated other comprehensive loss	(66,982)	(56,354)
Total stockholders' equity	326,231	290,633
Total liabilities and stockholders' equity	$ 1,362,323	$ 1,118,723

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CROCS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(in thousands)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2020	65,856	$ 105	39,132	$ (688,849)	$ 482,385	$ 553,346	$ (56,354)	$ 290,633
Share-based compensation	—	—	—	—	8,054	—	—	8,054
Exercises of stock options, issuance of restricted stock awards, and vests of restricted stock units	481	1	139	(10,462)	235	—	—	(10,226)
Repurchases of common stock	(1,112)	—	1,112	(84,615)	34,615	—	—	(50,000)
Net income	—	—	—	—	—	98,398	—	98,398
Other comprehensive loss	—	—	—	—	—	—	(10,628)	(10,628)
Balance at March 31, 2021	65,225	$ 106	40,383	$ (783,926)	$ 525,289	$ 651,744	$ (66,982)	$ 326,231

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2019	68,232	$ 104	35,796	$ (546,208)	$ 495,903	$ 240,485	$ (58,379)	$ 131,905
Share-based compensation	—	—	—	—	3,964	—	—	3,964
Exercises of stock options, issuance of restricted stock awards, and vests of restricted stock units	702	1	115	(2,573)	330	—	—	(2,242)
Repurchases of common stock	(1,559)	—	1,559	(39,159)	—	—	—	(39,159)
Net income	—	—	—	—	—	11,091	—	11,091
Other comprehensive loss	—	—	—	—	—	—	(11,530)	(11,530)
Balance at March 31, 2020	67,375	$ 105	37,470	$ (587,940)	$ 500,197	$ 251,576	$ (69,909)	$ 94,029

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CROCS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities:		
Net income	$ 98,398	$ 11,091
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,054	6,907
Operating lease cost	14,832	14,994
Share-based compensation	8,054	3,964
Other non-cash items	(1,844)	5,877
Changes in operating assets and liabilities:		
Accounts receivable	(81,186)	(73,232)
Inventories	(23,795)	(29,268)
Prepaid expenses and other assets	16,599	3,294
Accounts payable, accrued expenses and other liabilities	6,332	(16,218)
Operating lease liabilities	(15,294)	(12,323)
Cash provided by (used in) operating activities	30,150	(84,914)
Cash flows from investing activities:		
Purchases of property, equipment, and software	(7,983)	(16,076)
Proceeds from disposal of property and equipment	—	25
Other	—	(116)
Cash used in investing activities	(7,983)	(16,167)
Cash flows from financing activities:		
Proceeds from notes issuance	350,000	—
Proceeds from bank borrowings	40,000	145,000
Repayments of bank borrowings	(220,000)	—
Deferred debt issuance costs	(7,531)	(475)
Repurchases of common stock	(50,000)	(39,159)
Repurchases of common stock for tax withholding	(10,462)	(2,573)
Other	236	331
Cash provided by financing activities	102,243	103,124
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(2,437)	(3,496)
Net change in cash, cash equivalents, and restricted cash	121,973	(1,453)
Cash, cash equivalents, and restricted cash—beginning of period	139,273	112,045
Cash, cash equivalents, and restricted cash—end of period	$ 261,246	$ 110,592

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CROCS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise noted in this report, any description of the "Company," "Crocs," "we," "us," or "our" includes Crocs, Inc. and our consolidated subsidiaries within our reportable operating segments and corporate operations. We are engaged in the design, development, worldwide marketing, distribution, and sale of casual lifestyle footwear and accessories for women, men, and children. We strive to be the global leader in the sale of molded footwear characterized by functionality, comfort, color, and lightweight design.

Our reportable operating segments include: the Americas, operating in North and South America; Asia Pacific, operating throughout Asia, Australia, and New Zealand; and Europe, Middle East, and Africa ("EMEA"), operating throughout Europe, Russia, the Middle East, and Africa. See Note 14 — Operating Segments and Geographic Information for additional information.

The accompanying unaudited condensed consolidated interim financial statements include our accounts and those of our wholly-owned subsidiaries, and reflect all adjustments which are necessary for a fair statement of the financial position, results of operations, and cash flows for the periods presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Such unaudited condensed consolidated interim financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The year-end condensed balance sheet data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP.

These unaudited condensed consolidated interim financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2020 ("Annual Report") and have been prepared on a consistent basis with the accounting policies described in Note 1 of the Notes to the Audited Consolidated Financial Statements included in our Annual Report. Our accounting policies did not change during the three months ended March 31, 2021, other than with respect to the new accounting pronouncements adopted as described in Note 2 — Recent Accounting Pronouncements.

Reclassifications

We have reclassified certain amounts on the condensed consolidated statements of cash flows, Note 9 — Revenues, and Note 14 — Operating Segments and Geographic Information to conform to current period presentation.

Use of Estimates

U.S. GAAP requires us to make certain estimates, judgments, and assumptions. We believe that the estimates, judgments, and assumptions used to determine certain amounts that affect the financial statements are reasonable, based on information available at the time they are made. Management believes that the estimates, judgments, and assumptions made when accounting for items and matters such as, but not limited to, the allowance for doubtful accounts, customer rebates, sales returns, impairment assessments and charges, recoverability of long-lived assets, deferred tax assets, valuation allowances, uncertain tax positions, income tax expense, share-based compensation expense, the assessment of lower of cost or net realizable value on inventory, useful lives assigned to long-lived assets, and depreciation and amortization, are reasonable based on information available at the time they are made. To the extent there are differences between these estimates and actual results, our condensed consolidated financial statements may be materially affected.

Condensed Consolidated Statements of Cash Flows - Supplemental Schedule of Non-Cash Investing and Financing Activities

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
Accrued purchases of property, equipment, and software	$ 15,502	$ 5,244

2. RECENT ACCOUNTING PRONOUNCEMENTS

New Accounting Pronouncement Adopted

Simplifying Accounting for Income Taxes

In December 2019, the FASB issued new guidance to simplify the accounting for income taxes by removing certain exceptions to the general principles and also simplification of areas such as franchise taxes, intra-period income tax expense allocation exceptions, and interim recognition of enactment of tax laws or rate changes. On January 1, 2021, we adopted this guidance. The adoption did not have a material effect on our condensed consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted

Reference Rate Reform

In March 2020, the FASB issued optional guidance related to reference rate reform, which provides practical expedients for contract modifications and certain hedging relationships associated with the transition from reference rates that are expected to be discontinued. This guidance is applicable for our revolving borrowing instruments, which use LIBOR as a reference rate, and is available for adoption effective immediately, but is only available through December 31, 2022. We are currently evaluating the potential impact of this standard on our condensed consolidated financial statements.

Other Pronouncements

Other new pronouncements issued but not effective until after March 31, 2021 are not expected to have a material impact on our condensed consolidated financial statements.

3. ACCRUED EXPENSES AND OTHER LIABILITIES

Amounts reported in ‘Accrued expenses and other liabilities’ in the condensed consolidated balance sheets were:

	March 31, 2021	December 31, 2020
	(in thousands)	
Accrued compensation and benefits	$ 29,472	$ 48,870
Professional services	14,533	18,478
Fulfillment, freight, and duties	24,606	17,868
Sales/use and value added taxes payable	13,782	12,480
Return liabilities	8,058	6,906
Royalties payable and deferred revenue	5,794	6,254
Accrued rent and occupancy	3,610	3,818
Other	11,304	12,030
Total accrued expenses and other liabilities	$ 111,159	$ 126,704

4. LEASES

Right-of-Use Assets and Operating Lease Liabilities

Amounts reported in the condensed consolidated balance sheets were:

	March 31, 2021	December 31, 2020
	(in thousands)	
Assets:		
Right-of-use assets	$ 179,785	$ 167,421
Liabilities:		
Current operating lease liabilities	$ 48,330	$ 47,064
Long-term operating lease liabilities	165,818	146,401
Total operating lease liabilities	$ 214,148	$ 193,465

Lease Costs and Other Information

Lease-related costs reported within 'Cost of sales' and 'Selling, general and administrative expenses' in our condensed consolidated statements of operations were:

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
Operating lease cost	$ 14,832	$ 14,994
Short-term lease cost	1,441	1,325
Variable lease cost	3,648	1,500
Total lease costs	$ 19,921	$ 17,819

Other information related to leases, including supplemental cash flow information, consists of:

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
Cash paid for operating leases	$ 15,426	$ 12,293
Right-of-use assets obtained in exchange for operating lease liabilities	35,552	24,790

The weighted average remaining lease term and discount rate related to our lease liabilities as of March 31, 2021 were 7.0 years and 4.2 %, respectively. As of March 31, 2020, the weighted average remaining lease term and discount rate related to our lease liabilities were 6.3 years and 4.7%, respectively.

Maturities

The maturities of our operating lease liabilities were:

	As of March 31, 2021
	(in thousands)
2021 (remainder of year)	$ 39,865
2022	45,622
2023	34,750
2024	24,114
2025	17,957
Thereafter	85,814
Total future minimum lease payments	248,122
Less: imputed interest	(33,974)
Total operating lease liabilities	$ 214,148

Lease Commencements

In the first quarter of 2021, the lease for a new distribution center in Dordrecht, the Netherlands commenced, the impact of which is included in the above lease disclosures.

Leases That Have Not Yet Commenced

As of March 31, 2021, we had significant obligations for a lease not yet commenced related to the expansion of our Americas distribution center in Dayton, Ohio. The total contractual commitment related to the lease, with payments expected to begin in the first quarter of 2022 and continue through September 2030, is approximately $31 million.

5. FAIR VALUE MEASUREMENTS

Recurring Fair Value Measurements

All of our derivative instruments are classified as Level 2 of the fair value hierarchy and are reported in the condensed consolidated balance sheets within 'Accrued expenses and other liabilities' and 'Prepaid expenses and other assets' at March 31, 2021 and December 31, 2020, respectively. The fair values of our derivative instruments were an immaterial asset and liability at March 31, 2021 and December 31, 2020, respectively. See Note 6 — Derivative Financial Instruments for more information.

The carrying amounts of our cash, cash equivalents, and current restricted cash, accounts receivable, accounts payable, and current accrued expenses and other liabilities approximate their fair value as recorded due to the short-term maturity of these instruments.

Our borrowing instruments are recorded at their carrying values in the condensed consolidated balance sheets, which may differ from their respective fair values. In the three months ended March 31, 2021, we completed the issuance and sale of $350.0 million aggregate principal amount of 4.250% Senior Notes (the "Notes"), which are classified as Level 1 of the fair value hierarchy and are reported in our condensed consolidated balance sheet at face value, less unamortized issuance costs. See Note 7 — Long-Term Borrowings for more information. The carrying and fair values of our outstanding borrowings at March 31, 2021 and December 31, 2020 were:

	March 31, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in thousands)			
Senior notes issuance	$ 350,000	$ 342,781	$ —	$ —
Revolving credit facilities	—	—	180,000	180,000

Non-Financial Assets and Liabilities

Our non-financial assets, which primarily consist of property and equipment, right-of-use assets, goodwill, and other intangible assets, are not required to be carried at fair value on a recurring basis and are reported at carrying value. The fair values of these assets are determined based on Level 3 measurements, including estimates of the amount and timing of future cash flows based upon historical experience, expected market conditions, and management's plans. Impairment expense is reported in 'Selling, general and administrative expenses' in our condensed consolidated statements of operations. We did not record impairment expense in the three months ended March 31, 2021 or 2020.

6. DERIVATIVE FINANCIAL INSTRUMENTS

We transact business in various foreign countries and are therefore exposed to foreign currency exchange rate risk that impacts the reported U.S. Dollar amounts of revenues, expenses, and certain foreign currency monetary assets and liabilities. In order to manage exposure to fluctuations in foreign currency and to reduce the volatility in earnings caused by fluctuations in foreign exchange rates, we may enter into forward contracts to buy and sell foreign currency. By policy, we do not enter into these contracts for trading purposes or speculation.

Counterparty default risk is considered low because the forward contracts that we enter into are over-the-counter instruments transacted with highly-rated financial institutions. We were not required to and did not post collateral as of March 31, 2021 or December 31, 2020.

Our derivative instruments are recorded at fair value as a derivative asset or liability in the condensed consolidated balance sheets. We report derivative instruments with the same counterparty on a net basis when a master netting arrangement is in place. Changes in fair value are recognized within 'Foreign currency gains (losses), net' in the condensed consolidated statements of operations. For the condensed consolidated statements of cash flows, we classify cash flows from derivative instruments at settlement in the same category as the cash flows from the related hedged items within 'Cash provided by (used in) operating activities.'

Results of Derivative Activities

The fair values of derivative assets and liabilities, net, all of which are classified as Level 2, reported within either 'Accrued expenses and other liabilities' or 'Prepaid expenses and other assets' in the condensed consolidated balance sheets, were:

	March 31, 2021		December 31, 2020	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	(in thousands)			
Forward foreign currency exchange contracts	$ 1,540	$ (1,043)	$ 794	$ (1,225)
Netting of counterparty contracts	(1,043)	1,043	(794)	794
Foreign currency forward contract derivatives	$ 497	$ —	$ —	$ (431)

The notional amounts of outstanding foreign currency forward exchange contracts presented below report the total U.S. Dollar equivalent position and the net contract fair values for each foreign currency position.

	March 31, 2021		December 31, 2020	
	Notional	Fair Value	Notional	Fair Value
	(in thousands)			
Euro	$ 22,924	$ 312	$ 28,851	$ (82)
Singapore Dollar	49,022	(482)	24,211	457
Indian Rupee	11,854	(103)	18,937	(134)
Japanese Yen	23,973	906	17,447	(240)
British Pound Sterling	6,902	(327)	16,134	(182)
South Korean Won	13,870	101	3,741	(56)
Other currencies	16,694	90	9,675	(194)
Total	$ 145,239	$ 497	$ 118,996	$ (431)
Latest maturity date	April 2021		January 2021	

Amounts reported in 'Foreign currency losses, net' in the condensed consolidated statements of operations include both realized and unrealized gains (losses) from foreign currency transactions and derivative contracts and were:

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
Foreign currency transaction gains (losses)	$ (851)	$ 1,027
Foreign currency forward exchange contracts gains (losses)	347	(1,258)
Foreign currency losses, net	$ (504)	$ (231)

7. LONG-TERM BORROWINGS

Our borrowings were as follows:

	Maturity	Stated Interest Rate	Effective Interest Rate	March 31, 2021	December 31, 2020
				(in thousands)	
Notes issuance of $350.0 million	2029	4.250 %	4.64 %	$ 350,000	$ —
Revolving credit facilities				—	180,000
Total face value of long-term borrowings				350,000	180,000
Less:					
Unamortized issuance costs				8,897	—
Current portion of borrowings				—	—
Total long-term borrowings				$ 341,103	$ 180,000

Senior Revolving Credit Facility

In July 2019, the Company and certain of our subsidiaries (the "Borrowers") entered into a Second Amended and Restated Credit Agreement (as amended, the "Credit Agreement"), with the lenders named therein and PNC Bank, National Association, as a lender and administrative agent for the lenders, which provided for a revolving credit facility of $500.0 million, which can be increased by an additional $100.0 million subject to certain conditions (the "Facility"). Borrowings under the Credit Agreement bear interest at a variable rate based on (A) a domestic base rate (defined as the highest of (i) the Federal Funds open rate, plus 0.25%, (ii) the Prime Rate, and (iii) the Daily LIBOR rate, plus 1.00%), plus an applicable margin ranging from 0.25% to 0.875% based on our leverage ratio, or (B) a LIBOR rate, plus an applicable margin ranging from 1.25% to 1.875% based on our leverage ratio. Borrowings under the Credit Agreement are secured by all of the assets of the Borrowers and guaranteed by certain other subsidiaries of the Borrowers.

The Credit Agreement requires us to maintain a minimum interest coverage ratio of 4.00 to 1.00, and a maximum leverage ratio of (i) 3.50 to 1.00 from the quarter ended December 31, 2020 to the quarter ended December 31, 2021, and (ii) 3.25 to 1.00 from the quarter ended March 31, 2022 and thereafter (subject to adjustment in certain circumstances). The Credit Agreement permits (i) stock repurchases subject to certain restrictions, including after giving effect to such stock repurchases, the maximum leverage ratio does not exceed certain levels; and (ii) certain acquisitions so long as there is borrowing availability under the Credit Agreement of at least $40.0 million. As of March 31, 2021, we were in compliance with all financial covenants under the Credit Agreement.

As of March 31, 2021, the total commitments available from the lenders under the Facility were $500.0 million. At March 31, 2021, we had no outstanding borrowings and $0.3 million in outstanding letters of credit under the Facility, which reduces amounts available for borrowing under the Facility. As of March 31, 2021 and December 31, 2020, we had $499.7 million and $319.4 million, respectively, of available borrowing capacity under the Facility.

Asia Revolving Credit Facilities

We have two revolving credit facilities in Asia, the revolving credit facility with China Merchants Bank Company Limited, Shanghai Branch, which provides up to 30.0 million RMB, or $4.6 million at current exchange rates, and matures in May 2021, and the revolving credit facility with Citibank (China) Company Limited, Shanghai Branch, which provides up to an equivalent of $5.0 million and matures in June 2021.

We had no borrowings under our Asia revolving facilities during the three months ended March 31, 2021 and year ended December 31, 2020 or borrowings outstanding at March 31, 2021 and December 31, 2020.

Senior Notes Issuance

On March 12, 2021, the Company completed the issuance and sale of $350.0 million aggregate principal amount of 4.250% Senior Notes due March 15, 2029 (the "Notes"), pursuant to the indenture related thereto ("the Indenture"). Interest on the Notes is payable semi-annually.

The Notes rank pari passu in right of payment with all of the Company's existing and future senior debt, including the Credit Agreement, and are senior in right of payment to any of the Company's future debt that is, by its term, expressly subordinated in right of payment to the Notes. The Notes are unconditionally guaranteed by each of the Company's restricted subsidiaries that is a borrower or guarantor under the Credit Agreement and by each of the Company's wholly-owned restricted subsidiaries that guarantees any debt of the Company or any guarantor under any syndicated credit facility or capital markets debt in an aggregate principal amount in excess of $25.0 million.

The Company will have the option to redeem all or any portion of the Notes, at once or over time, at any time on or after March 15, 2024, at a redemption price equal to 100% of the principal amount thereof, plus a premium declining ratably on an annual basis to par and accrued and unpaid interest, if any, to, but excluding, the date of redemption. The Company will also have the option to redeem some or all of the Notes at any time before March 15, 2024 at a redemption price of 100% of the principal amount of the Notes to be redeemed, plus a "make-whole" premium and accrued and unpaid interest, if any, to, but excluding, the date of redemption. In addition, at any time before March 15, 2024, the Company may redeem up to 40% of the aggregate principal amount of the Notes at a redemption price of 104.250% of the principal amount of the Notes with the proceeds from certain equity issuances, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

The Indenture contains covenants that, among other things, limit the ability of the Company and its restricted subsidiaries to incur additional debt or issue certain preferred stock; pay dividends or repurchase or redeem capital stock or make other restricted payments; declare or pay dividends or other payments; incur liens; enter into certain types of transactions with the Company's affiliates; and consolidate or merge with or into other companies. As of March 31, 2021, we were in compliance with all financial covenants under the Notes.

8. COMMON STOCK REPURCHASE PROGRAM

During the three months ended March 31, 2021, we repurchased 1.1 million shares of our common stock at a cost of $50.0 million, including commissions. This includes 0.5 million shares received in January 2021 at the conclusion of the purchase period for an accelerated share repurchase agreement we entered into in November 2020. During the three months ended March 31, 2020, we repurchased 1.6 million shares of our common stock at a cost of $39.2 million, including commissions.

As of March 31, 2021, we had remaining authorization to repurchase approximately $287.8 million of our common stock, subject to restrictions under our Notes and Credit Agreement. In April 2021, the Board of Directors (the "Board") approved a $712.2 million increase to our share repurchase authorization, after which $1.0 billion remained available for future common stock repurchases.

9. REVENUES

Revenues by reportable operating segment and by channel were:

	Three Months Ended March 31, 2021				
	Americas	Asia Pacific	EMEA	Unallocated Corporate and Other	Total
	(in thousands)				
Channel:					
Wholesale	$ 144,773	$ 58,624	$ 86,604	$ 38	$ 290,039
Direct-to-consumer [1]	131,636	23,968	14,455		170,059
Total revenues	$ 276,409	$ 82,592	$ 101,059	$ 38	$ 460,098

	Three Months Ended March 31, 2020				
	Americas	Asia Pacific	EMEA	Unallocated Corporate and Other	Total
	(in thousands)				
Channel:					
Wholesale	$ 90,805	$ 45,580	$ 56,711	$ 76	$ 193,172
Direct-to-consumer [1]	56,918	19,880	11,190		87,988
Total revenues	$ 147,723	$ 65,460	$ 67,901	$ 76	$ 281,160

[1] Direct-to-consumer revenues consist of sales generated through our company-operated retail stores (previously our "Retail" channel) and company-operated e-commerce websites and third-party e-commerce marketplaces (previously our "E-commerce" channel).

During the three months ended March 31, 2021, we recognized no changes to estimates for wholesale revenues and no changes to estimates for direct-to-consumer revenues. During the three months ended March 31, 2020, we recognized an increase of $0.5 million to wholesale revenues due to changes in estimates related to products transferred to customers in prior periods and no changes to estimates for direct-to-consumer revenues.

There were no material changes in contract liabilities or refund liabilities in the three months ended March 31, 2021 or 2020.

10. SHARE-BASED COMPENSATION

Our share-based compensation awards are issued under the 2020 Equity Incentive Plan ("2020 Plan") and predecessor plan, the 2015 Equity Incentive Plan ("2015 Plan"). Any awards that expire or are forfeited under the 2015 Plan become available for issuance under the 2020 Plan.

Pre-tax share-based compensation expense reported in our condensed consolidated statements of operations was:

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
Cost of sales	$ 86	$ 146
Selling, general and administrative expenses	7,968	3,818
Total share-based compensation expense	$ 8,054	$ 3,964

On January 11, 2021, our Board awarded 0.4 million market-condition restricted stock units ("RSUs") to certain senior executives. For the executives to earn the target number of shares, the 30 trading day average of the daily volume weighted average trading price of the common stock must meet or exceed certain performance hurdles. Any earned shares will also be subject to time vesting. When a performance hurdle is met or exceeded, one third of the earned portion of the RSUs will vest immediately, and the remaining two thirds will be subject to the executive's continued employment, with one third vesting one year later and the remaining one third vesting two years later, but in no case later than the fourth anniversary of the award, in each case, subject to certain change in control provisions.

The grant date fair value and derived service period for the market-condition RSUs granted on January 11, 2021 ("January market-condition RSUs") were estimated using a Monte Carlo simulation valuation model. The grant date fair value for the January market-condition RSUs was $21.9 million. As of March 31, 2021, unrecognized share-based compensation for the January market-condition RSUs, which are expected to be recognized through March 2024 based on the Monte Carlo valuation model, was $18.6 million.

11. INCOME TAXES

Income tax expense and effective tax rates were:

	Three Months Ended March 31,	
	2021	2020
	(in thousands, except effective tax rate)	
Income before income taxes	$ 122,588	$ 18,778
Income tax expense	24,190	7,687
Effective tax rate	19.7 %	40.9 %

The decrease in the effective tax rate for the three months ended March 31, 2021, compared to the same period in 2020, was driven primarily by the realization of deferred tax assets which were subject to a valuation allowance. Our effective income tax rate, for each period presented, also differs from the federal U.S. statutory rate primarily due to differences in income tax rates between U.S. and foreign jurisdictions, as well as the realization of deferred tax assets which were subject to a valuation allowance. There were no significant or unusual discrete tax items during the three months ended March 31, 2021. We had unrecognized tax benefits of $198.0 million and $206.2 million at March 31, 2021 and December 31, 2020, respectively, and we do not expect any significant changes in unrecognized tax benefits in the next twelve months.

Our tax rate is volatile and may increase or decrease with changes in, among other things, the amount of income or loss by jurisdiction, our ability to utilize net operating losses and foreign tax credits, changes in tax laws, and the movement of liabilities established pursuant to accounting guidance for uncertain tax positions as statutes of limitations expire, positions are effectively settled, or when additional information becomes available. There are proposed or pending tax law changes in various jurisdictions and other changes to regulatory environments in countries in which we do business that, if enacted, may have an impact on our effective tax rate.

We evaluate our ability to realize the tax benefits associated with deferred tax assets by analyzing our forecasted taxable income by considering both historical and projected future operating results, the reversal of existing temporary differences, taxable income in prior carry back years (if permitted) and the availability of tax planning strategies. As of March 31, 2021, valuation allowances remain in certain jurisdictions where we believe it is necessary to see further positive evidence, such as sustained achievement of cumulative profits, before these valuation allowances can be released. Given the current significant earnings trend, sufficient positive evidence may become available for us to release a portion of the valuation allowance within twelve months. However, the exact timing and amount of the valuation allowance releases are subject to change based on the level of profitability achieved in future periods. We will continue to assess the realizability of our deferred tax assets.

12. EARNINGS PER SHARE

Basic and diluted earnings per common share ("EPS") for the three months ended March 31, 2021 and 2020 were:

	Three Months Ended March 31,	
	2021	2020
	(in thousands, except per share data)	
Numerator:		
Net income	$ 98,398	$ 11,091
Denominator:		
Weighted average common shares outstanding - basic	65,458	67,931
Plus: Dilutive effect of stock options and unvested restricted stock units	1,390	1,287
Weighted average common shares outstanding - diluted	66,848	69,218
Net income per common share:		
Basic	$ 1.50	$ 0.16
Diluted	$ 1.47	$ 0.16

For the three months ended March 31, 2021, an aggregate of 0.1 million options and restricted stock units ("RSUs") were excluded from the calculation of diluted EPS because the effect was anti-dilutive. For the three months ended March 31, 2020, less than 0.1 million options and RSUs were excluded from the calculation of diluted EPS because the effect was anti-dilutive.

13. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of March 31, 2021, we had purchase commitments to third-party manufacturers, primarily for materials and supplies used in the manufacture of our products, for an aggregate of $228.6 million. We expect to fulfill our commitments under these agreements in the normal course of business, and as such, no liability has been recorded.

Other

We are regularly subject to, and are currently undergoing, audits by various tax authorities in the United States and several foreign jurisdictions, including customs duties, import, and other taxes for prior tax years.

During our normal course of business, we may make certain indemnities, commitments, and guarantees under which we may be required to make payments. We cannot determine a range of estimated future payments and have not recorded any liability for indemnities, commitments, and guarantees in the accompanying condensed consolidated balance sheets.

See Note 15 — Legal Proceedings for further details regarding potential loss contingencies related to government tax audits and other current legal proceedings.

14. OPERATING SEGMENTS AND GEOGRAPHIC INFORMATION

We have three reportable operating segments based on the geographic nature of our operations: Americas, Asia Pacific, and EMEA. Each of the reportable operating segments derives its revenues from the sale of footwear and accessories to external customers.

Segment performance is evaluated based on segment results without allocating corporate expenses, or indirect general, administrative, and other expenses. Segment profits or losses include adjustments to eliminate inter-segment sales. Reconciling items between segment income from operations and income from operations consist of unallocated corporate and other expenses, as well as inter-segment eliminations.

In the first quarter of 2021, certain costs previously reported within ‘Other Businesses’ were shifted to the Americas, Asia Pacific, and EMEA segments, as applicable, to reflect changes in the way management evaluates segment performance, makes operating decisions, and allocates resources. Additionally, any costs remaining in ‘Other Businesses,’ including depreciation and amortization, have been consolidated into ‘Unallocated corporate and other.’ The previously reported amounts for income from operations for the three months ended March 31, 2020 have been revised to conform to current period presentation, as shown in the following tables.

We do not report asset information by segment because that information is not used to evaluate performance or allocate resources between segments.

The following tables set forth information related to reportable operating segments:

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
Revenues:		
Americas	$ 276,409	$ 147,723
Asia Pacific	82,592	65,460
EMEA	101,059	67,901
Total segment revenues	460,060	281,084
Unallocated corporate and other [2]	38	76
Total consolidated revenues	$ 460,098	$ 281,160
Income from operations:		
Americas [1]	$ 118,344	$ 39,946
Asia Pacific [1]	23,293	9,246
EMEA [1]	37,113	17,845
Total segment income from operations	178,750	67,037
Reconciliation of total segment income from operations to income before income taxes:		
Unallocated corporate and other [1][2]	(54,064)	(46,225)
Income from operations	124,686	20,812
Foreign currency losses, net	(504)	(231)
Interest income	27	97
Interest expense	(1,632)	(1,921)
Other income, net	11	21
Income before income taxes	$ 122,588	$ 18,778
Depreciation and amortization:		
Americas	$ 943	$ 854
Asia Pacific	287	279
EMEA	166	176
Total segment depreciation and amortization	1,396	1,309
Unallocated corporate and other [1][2]	6,658	5,598
Total consolidated depreciation and amortization	$ 8,054	$ 6,907

[1] In the first quarter of 2021, certain costs previously reported within 'Other Businesses' were shifted to the Americas, Asia Pacific, and EMEA segments. Additionally, any costs remaining in 'Other Businesses,' including depreciation and amortization, have been consolidated into 'Unallocated corporate and other.' The previously reported amounts for income from operations for the three months ended March 31, 2020 have been revised to conform to current period presentation. See the 'Impacts of segment composition change' table below for more information.

[2] Unallocated corporate and other primarily includes corporate support and administrative functions, certain royalty income, costs associated with share-based compensation, research and development, brand marketing, legal, and depreciation and amortization of corporate and other assets not allocated to operating segments.

Impacts of segment composition change:

	Three Months Ended March 31, 2020 (in thousands)
Impacts on income from operations:	
Americas	$ (6,716)
Asia Pacific	(178)
EMEA	200
Total impact on segment income from operations	$ (6,694)
Unallocated corporate and other	$ 6,694

15. LEGAL PROCEEDINGS

We were subject to an audit by the Brazilian Federal Tax Authorities related to imports of footwear from China between 2010 and 2014. On January 13, 2015, we were notified about the issuance of assessments totaling 14.4 million Brazilian Real ("BRL"), or approximately $2.6 million at current exchange rates, plus interest and penalties, for the period January 2010 through May 2011. We disputed these assessments and asserted defenses to the claims. On February 25, 2015, we received additional assessments totaling 33.3 million BRL, or approximately $5.9 million at current exchange rates, plus interest and penalties, related to the remainder of the audit period. We also disputed these assessments and asserted defenses to these claims in administrative appeals. On August 29, 2017, we received a favorable ruling on our appeal of the first assessment, which dismissed all fines, penalties, and interest. The tax authorities have appealed that decision and we challenged the appeal on both the merits and procedure. Additionally, the second appeal for the remaining assessments was heard on March 22, 2018. That decision was partially favorable for us and resulted in an approximately 38% reduction in principal, penalties, and interest. The tax authorities have appealed that decision, and we filed a response to the tax authorities' appeal as well as a separate appeal against the unfavorable portion of the ruling. Taking current rulings into consideration, we estimate the remaining principal for these assessments to be $4.4 million, plus interest and penalties. Should the Brazilian Tax Authority prevail in these final administrative appeals, we may challenge the assessments through the court system, which would likely require the posting of a bond. We have not recorded these items within the condensed consolidated financial statements as it is not possible at this time to predict the timing or outcome of this matter or to estimate a potential amount of loss, if any.

For all other claims and disputes, we have accrued estimated losses of $0.9 million within 'Accrued expenses and other liabilities' in the condensed consolidated balance sheet as of March 31, 2021. As we are able, we estimate reasonably possible losses or a range of reasonably possible losses. As of March 31, 2021, we estimated that reasonably possible losses associated with these claims and other disputes could potentially exceed amounts accrued by an immaterial amount.

Although we are subject to other litigation from time to time in the ordinary course of business, including employment, intellectual property and product liability claims, other than as set forth above, we are not party to any other pending legal proceedings that we believe would reasonably have a material adverse impact on our business, financial results, and cash flows.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Business Overview

Crocs, Inc. and our consolidated subsidiaries (collectively the "Company," "Crocs," "we," "us," or "our") are engaged in the design, development, worldwide marketing, distribution, and sale of casual lifestyle footwear and accessories for men, women, and children. We strive to be the world leader in innovative casual footwear for women, men, and children, combining comfort and style with a value that consumers want. The vast majority of shoes within our collection contain Croslite™ material, a proprietary, molded footwear technology, delivering extraordinary comfort with each step.

Known or Anticipated Trends

Based on our recent operating results and current perspectives on our operating environment, we anticipate certain trends will continue to impact our operating results:

- Our revenue grew in the three months ended March 31, 2021, despite challenging global logistics that impacted many industries around the world, including the blockage of the Suez Canal, which we expect to have a more significant impact on operations in the second quarter of 2021, and significant bottlenecks in West Coast ports, which had an impact on first quarter 2021 operations and is expected to continue to impact future quarters this year. We continue to be proactive in our supervision of this global logistics congestion.
- Our new EMEA distribution center in Dordrecht, the Netherlands, opened in the three months ended March 31, 2021 and the expansion of our U.S. distribution center is underway. In 2021, we expect an impact to gross margin of approximately $12 to $15 million related to distribution center investments to fuel our future growth.
- Capital expenditures for supply chain investments to support our growth are expected to be between $100 and $130 million for 2021.
- Digital sales, which include sales through our company-owned websites, third party marketplaces, and e-tailers, continued to show significant growth in the three months ended March 31, 2021 compared to the same period in 2020. We expect this trend to continue on an ongoing basis.
- While the vast majority of our company-operated retail stores were open at March 31, 2021, we continued to experience store closures, primarily in Western Europe, throughout the first quarter of 2021, as a result of the COVID-19 pandemic. Additionally, our year-over-year results discussed below are, and we expect for the remainder of 2021 will be, impacted to some extent by prior year store closures and operating hour reductions during COVID-19.
- In April 2021, the Board of Directors (the "Board") approved a $712.2 million increase to our share repurchase authorization, after which $1.0 billion remained available for future common stock repurchases.

Use of Non-GAAP Financial Measures

In addition to financial measures presented on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP"), we present certain information related to our results of operations through "constant currency," which is a non-GAAP financial measure and should be viewed as a supplement to our results of operations and presentation of reportable segments under U.S. GAAP. Constant currency represents current period results that have been retranslated using prior year average foreign exchange rates for the comparative period to enhance the visibility of the underlying business trends excluding the impact of foreign currency exchange rates on reported amounts.

Management uses constant currency to assist in comparing business trends from period to period on a consistent basis in communications with the Board, stockholders, analysts, and investors concerning our financial performance. We believe constant currency is useful to investors and other users of our condensed consolidated financial statements as an additional tool to evaluate operating performance and trends. Investors should not consider constant currency in isolation from, or as a substitute for, financial information prepared in accordance with U.S. GAAP.

First Quarter 2021 Financial and Operational Highlights

Revenues were $460.1 million for the first quarter of 2021, a 63.6% increase compared to the first quarter of 2020. The increase was due to the net effects of: (i) higher unit sales volumes, which increased revenues by $158.3 million, or 56.3%, driven by increased consumer demand for our product, a portion of which was due to improved sales in our wholesale and retail businesses as the pandemic subsides, and continued e-commerce growth; (ii) higher average selling prices, driven primarily by reduced promotions and higher pricing, which increased revenues by $12.0 million, or 4.2%; and (iii) favorable changes in exchange rates, which increased revenues by $8.6 million, or 3.1%.

The following were significant developments affecting our businesses and capital structure during the three months ended March 31, 2021:

- We sold 25.9 million pairs of shoes worldwide, an increase from 17.1 million pairs in the first quarter of 2020.
- Revenues in our Americas segment grew by 87.1%. Our EMEA segment revenues grew by 48.8%, or 41.0% on a constant currency basis, and our Asia segment revenues grew by 26.2%, or 20.1% on a constant currency basis, compared to the first quarter of 2020.
- Digital sales represented 32.3% of revenue, compared to 30.1% in last year's first quarter.
- Gross margin was 55.0%, an increase of 730 basis points from last year's first quarter, as a result of favorable channel and product mix, reduced discounting, and efficiencies in our distribution and logistics network.
- SG&A was $128.5 million compared to $113.4 million in the first quarter of 2020. As a percent of revenues, SG&A decreased to 27.9% of revenues compared to 40.3% of revenues in the first quarter of 2020.
- Income from operations increased to $124.7 million from $20.8 million in last year's first quarter. Net income was $98.4 million, or $1.47 per diluted share, compared to $11.1 million, or $0.16 per diluted share, in last year's first quarter.
- We repurchased 1.1 million shares of our common stock at a cost of $50.0 million, including commissions. This includes 0.5 million shares delivered in January 2021 at the conclusion of the purchase period for an accelerated share repurchase arrangement ("ASR") entered into in the fourth quarter of 2020.
- During the first quarter, we issued $350.0 million of 4.250% senior notes due 2029 and repaid the then-outstanding balance of $115.0 million under our senior revolving credit facility with a portion of the proceeds. At March 31, 2021, we had $499.7 million in available borrowing capacity.

Results of Operations

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	% Change Favorable (Unfavorable)
	(in thousands, except per share, margin, and average selling price data)		
Revenues	$ 460,098	$ 281,160	63.6 %
Cost of sales	206,879	146,998	(40.7) %
Gross profit	253,219	134,162	88.7 %
Selling, general and administrative expenses	128,533	113,350	(13.4) %
Income from operations	124,686	20,812	499.1 %
Foreign currency losses, net	(504)	(231)	(118.2) %
Interest income	27	97	(72.2) %
Interest expense	(1,632)	(1,921)	15.0 %
Other income, net	11	21	(47.6) %
Income before income taxes	122,588	18,778	552.8 %
Income tax expense	24,190	7,687	(214.7) %
Net income	$ 98,398	$ 11,091	787.2 %
Net income per common share:			
Basic	$ 1.50	$ 0.16	837.5 %
Diluted	$ 1.47	$ 0.16	818.8 %
Gross margin [1]	55.0 %	47.7 %	730 bp
Operating margin [1]	27.1 %	7.4 %	1,970 bp
Footwear unit sales	25,908	17,100	51.5 %
Average footwear selling price - nominal basis [2]	$ 17.64	$ 16.35	7.9 %

[1] Changes for gross margin and operating margin are shown in basis points ("bp").
[2] Average footwear selling price is calculated as footwear and charms revenues divided by footwear units.

Revenues By Channel

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	% Change Favorable (Unfavorable)	Constant Currency % Change [1] Favorable (Unfavorable)
	(in thousands)			
Wholesale:				
Americas	$ 144,773	$ 90,805	59.4 %	60.4 %
Asia Pacific	58,624	45,580	28.6 %	23.1 %
EMEA	86,604	56,711	52.7 %	44.2 %
Unallocated corporate and other	38	76	(50.0)%	(50.0) %
Total wholesale	290,039	193,172	50.1 %	46.8 %
Direct-to-consumer [2]:				
Americas	131,636	56,918	131.3 %	130.9 %
Asia Pacific	23,968	19,880	20.6 %	13.2 %
EMEA	14,455	11,190	29.2 %	24.5 %
Total direct-to-consumer	170,059	87,988	93.3 %	90.8 %
Total revenues	$ 460,098	$ 281,160	63.6 %	60.5 %

[1] Reflects year over year change as if the current period results were in constant currency, which is a non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" for more information.
[2] Direct-to-consumer revenues consist of sales generated through our company-operated retail stores (previously our "Retail" channel) and company-operated e-commerce websites and third-party e-commerce marketplaces (previously our "E-commerce" channel).

The primary drivers of changes in revenue were:

	Three Months Ended March 31, 2021 vs. 2020							
	Volume		Price [1]		Foreign Exchange		Total	
	$ Change	% Change	$ Change	% Change	$ Change	% Change	$ Change	% Change
	(in thousands)							
Total revenues	$ 158,331	56.3 %	$ 11,962	4.2 %	$ 8,645	3.1 %	$ 178,938	63.6 %

[1] The change due to price is based on the change in average selling price on a constant currency basis ("ASP").

Revenues. In the three months ended March 31, 2021, revenues increased compared to the same period in 2020. This was mostly driven by sales volume increases in all regions, most significantly in our Americas and EMEA segments. The volume increase was due to increased consumer demand, attributable in part to the negative impact of the COVID-19 pandemic on prior year wholesale and retail store sales, and continued e-commerce growth led by the Americas. Higher ASP, due to less promotional activity and higher pricing, led to higher Americas and Asia Pacific revenues, particularly in our direct-to-consumer channel. Foreign exchange fluctuations also increased revenues, primarily due to favorable changes in the Euro and numerous other currencies, offset in part by unfavorable changes in the Russian Ruble and Brazilian Real.

Cost of sales. In the three months ended March 31, 2021, compared to the same period in 2020, cost of sales increased due to higher volume of $75.1 million, or 51.1%, primarily in our Americas and EMEA segments, and foreign currency fluctuations, which increased cost of sales by $4.3 million, or 2.9%, offset in part by lower average cost per unit on a constant currency basis ("AUC"), primarily in our wholesale channel, as a result of increased efficiencies in our distribution and logistics network, which decreased cost of sales by $19.5 million, or 13.3%.

Gross profit. Gross margin increased in the three months ended March 31, 2021 to 55.0%, compared to 47.7% in the same period in 2020, driven by favorable channel and product mix, reduced discounting, and efficiencies in our distribution and logistics network. Gross profit increased $119.1 million, or 88.7%, as a result of higher volume of $83.2 million, or 62.0%, the combined impact of lower AUC and higher ASP, of $31.5 million, or 23.4%, and favorable foreign currency changes of $4.4 million, or 3.3%.

Selling, general and administrative expenses. SG&A as a percent of revenue improved to 27.9% in the three months ended March 31, 2021 from 40.3% in the same period in 2020 as a result of strong sales growth and our continued efforts to leverage operating costs. SG&A expenses increased $15.2 million, or 13.4%, in the three months ended March 31, 2021 compared to the same period in 2020 The primary driver of this increase was higher compensation expense, which increased $12.2 million as a result of higher variable and executive compensation and an increase in employee headcount over prior year. Additionally, professional services costs increased $3.5 million due to higher consulting fees associated with supply chain investments and higher variable credit card fees associated with increased direct-to-consumer sales. Facilities costs increased $2.2 million, driven by higher variable rent associated with higher retail sales, and other net costs, including information technology, increased $1.9 million. These increases were partially offset by lower bad debt expense of $4.6 million, primarily as a result of a charge taken in prior year in response to COVID-19 that did not recur in 2021 and collections on previously reserved bad debt expense.

Foreign currency losses, net. Foreign currency losses, net, consist of realized and unrealized foreign currency gains and losses from the remeasurement and settlement of monetary assets and liabilities denominated in non-functional currencies as well as realized and unrealized gains and losses on foreign currency derivative instruments. During the three months ended March 31, 2021, we recognized realized and unrealized net foreign currency losses of $0.5 million, compared to losses of $0.2 million during the three months ended March 31, 2020.

Income tax expense. During the three months ended March 31, 2021, income tax expense increased $16.5 million compared to the same period in 2020. The effective tax rate for the three months ended March 31, 2021 was 19.7% compared to an effective tax rate of 40.9% for the same period in 2020, a 21.2% decrease. This decrease in the effective rate was driven primarily by the realization of deferred tax assets which were subject to a valuation allowance. Our effective income tax rate for each period presented also differs from the federal U.S. statutory rate primarily due to differences in income tax rates between U.S. and foreign jurisdictions, as well as the realization of deferred tax assets which were subject to a valuation allowance.

Reportable Operating Segments

The following table sets forth information related to our reportable operating segments, including a comparison of revenues and operating income by segment:

	Three Months Ended March 31,		% Change	Constant Currency % Change [1]
	2021	2020	Favorable (Unfavorable)	
	(in thousands)			
Revenues:				
Americas	$ 276,409	$ 147,723	87.1 %	87.5 %
Asia Pacific	82,592	65,460	26.2 %	20.1 %
EMEA	101,059	67,901	48.8 %	41.0 %
Total segment revenues	460,060	281,084	63.7 %	60.6 %
Unallocated corporate and other [3]	38	76	(50.0)%	(50.0) %
Total consolidated revenues	$ 460,098	$ 281,160	63.6 %	60.5 %
Income from operations:				
Americas [2]	$ 118,344	$ 39,946	196.3 %	196.7 %
Asia Pacific [2]	23,293	9,246	151.9 %	139.8 %
EMEA [2]	37,113	17,845	108.0 %	97.5 %
Total segment income from operations	178,750	67,037	166.6 %	162.4 %
Unallocated corporate and other [2][3]	(54,064)	(46,225)	(17.0)%	(16.3) %
Total consolidated income from operations	$ 124,686	$ 20,812	499.1 %	487.0 %

[1] Reflects year over year change as if the current period results were in constant currency, which is a non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" for more information.

[2] In the first quarter of 2021, certain costs previously reported within 'Other Businesses' were shifted to the Americas, Asia Pacific, and EMEA segments to reflect changes in the way management evaluates segment performance, makes operating decisions, and allocates resources. Additionally, any costs remaining in 'Other Businesses' have been consolidated into 'Unallocated corporate and other.' The previously reported amounts for income from operations for the three months ended March 31, 2020 have been revised to conform to current period presentation. See the 'Impacts of segment composition change' table below for more information.

[3] Unallocated corporate and other includes corporate support and administrative functions, certain royalty income, costs associated with share-based compensation, research and development, brand marketing, legal, and depreciation and amortization of corporate and other assets not allocated to operating segments.

Impacts of segment composition change:

	Three Months Ended March 31, 2020
	(in thousands)
Impacts on income from operations:	
Americas	$ (6,716)
Asia Pacific	(178)
EMEA	200
Total impact on segment income from operations	$ (6,694)
Unallocated corporate and other	$ 6,694

The primary drivers of changes in revenues by operating segment were:

	Three Months Ended March 31, 2021 vs. 2020							
	Volume		Price [1]		Foreign Exchange		Total	
	$ Change	% Change	$ Change	% Change	$ Change	% Change	$ Change	% Change
	(in thousands)							
Segment Revenues:								
Americas	$ 123,366	83.5 %	$ 5,967	4.0 %	$ (647)	(0.4) %	$ 128,686	87.1 %
Asia Pacific	3,367	5.1 %	9,802	15.0 %	3,963	6.1 %	17,132	26.2 %
EMEA	31,636	46.6 %	(3,807)	(5.6) %	5,329	7.8 %	33,158	48.8 %
Total segment revenues	$ 158,369	56.3 %	$ 11,962	4.3 %	$ 8,645	3.1 %	$ 178,976	63.7 %

[1] The change due to price for revenues is based on ASP, as defined earlier in this section.

Americas Operating Segment

Revenues. Americas revenues increased in the three months ended March 31, 2021, compared to the same period in 2020, largely due to higher volumes in both our wholesale and direct-to-consumer channels, driven by increased consumer demand and strong wholesale sell-through, which resulted in more wholesale orders and deliveries. Revenues also increased 4.0% as a result of increased ASP in our direct-to-consumer channel from less promotional activity, partially offset by decreased ASP in our wholesale channel due in part to product mix. These increases were slightly offset by unfavorable foreign currency changes, primarily in the Brazilian Real.

Income from Operations. Income from operations for our Americas segment was $118.3 million for the three months ended March 31, 2021, an increase of $78.4 million, or 196.3%, compared to the same period in 2020. Gross profit increased $85.1 million, or 112.1%, as a result of higher volume of $66.6 million, or 87.7%, in both channels, and higher ASP, supplemented by lower AUC, of $18.7 million, or 24.7%, due to fewer promotions, favorable product mix, and increased efficiencies at our U.S. distribution center. Insignificant unfavorable currency changes minimally offset these increases.

SG&A for our Americas segment increased $6.7 million, or 18.6%, during the three months ended March 31, 2021 compared to the same period in 2020. This increase was driven by higher marketing costs of $2.2 million due to variable marketing associated with higher revenues, higher compensation cost of $1.8 million due to increased headcount, higher facilities costs of $1.4 million from variable rent associated with an increase in retail sales, and increases in other net costs of $1.3 million, mostly as a result of variable costs associated with higher sales, offset by collections on previously reserved bad debt expense.

Asia Pacific Operating Segment

Revenues. Asia Pacific revenues increased in the three months ended March 31, 2021, compared to the same period in 2020, as a result of higher ASP in both channels, as a result of price increases, less promotional activity, and favorable changes in product mix, and higher volume, particularly in our wholesale channel as a result of prior year COVID-19 closures that did not recur in the current year. Favorable foreign currency fluctuations, primarily in the Korean Won, also increased revenues.

Income from Operations. Income from operations for the Asia Pacific segment was $23.3 million for the three months ended March 31, 2021, an increase of $14.0 million, or 151.9%, compared to the same period in 2020. Gross profit increased by $12.1 million, or 37.5%, mostly from ASP growth that outpaced AUC growth of $8.6 million, or 26.7%. Additionally, favorable changes in currency of $2.2 million, or 6.9%, and higher volume of $1.3 million, or 3.9%, contributed gross profit gains over the same period in the prior year.

SG&A for our Asia Pacific segment decreased $1.9 million, or 8.5%, during the three months ended March 31, 2021, compared to the same period in 2020. This decrease was due to lower bad debt expense of $3.0 million, primarily from a charge taken in the prior year in response to COVID-19, and prior year inventory donations to healthcare workers and other organizations of $1.2 million, neither of which recurred in 2021. These decreases were offset in part by higher marketing costs of $1.2 million, mostly due to an increased investment in our China business, and higher facilities and other net costs of $1.1 million.

EMEA Operating Segment

Revenues. Revenues increased in our EMEA segment in the three months ended March 31, 2021, compared to the same period in 2020, driven almost entirely by increased volume in our wholesale channel. This increase was a result of higher sales in our distributor markets that were heavily impacted last year by the COVID-19 pandemic and general increased demand for our products across the region. Positive net foreign currency fluctuations, mostly in the Euro, were partially offset by lower ASP, driven primarily by changes in channel mix.

Income from Operations. Income from operations for the EMEA segment was $37.1 million for the three months ended March 31, 2021, an increase of $19.3 million, or 108.0%, compared to the same period in 2020. Gross profit increased $20.4 million, or 67.0%, due to higher volume of $13.6 million, or 44.8%. Additionally, favorable purchasing power from currency changes drove lower AUC, partially offset by lower ASP, of $4.2 million, or 13.7%, and favorable foreign currency fluctuations impacted gross profit by $2.6 million, or 8.5%.

SG&A for our EMEA segment increased $1.1 million, or 9.0%, during three months ended March 31, 2021, compared to the same period in 2020, primarily from higher marketing costs of $1.4 million, partially offset by decreases in other net costs of $0.3 million.

Unallocated Corporate and Other

During the three months ended March 31, 2021, total net costs within 'Unallocated Corporate and Other' increased $7.8 compared to the same period in 2020. This change was driven primarily by higher compensation expense of $9.9 million primarily as a result of higher variable and executive compensation and an increase in employee headcount, higher information technology costs of $2.0 million, and higher professional services costs of $2.0 million from higher consulting fees associated with supply chain investments. These increases were offset by lower unallocated marketing costs of $3.7 million and lower other net costs of $2.4 million.

Store Locations and Comparable Sales

The tables below illustrate the overall change in the number of our company-operated retail locations by reportable operating segment for the three months ended March 31, 2021:

	December 31, 2020	Opened	Closed	March 31, 2021
Company-operated retail locations:				
Americas	165	—	—	165
Asia Pacific	137	—	2	135
EMEA	49	—	—	49
Total	351	—	2	349

Digital sales, which includes sales through our company-owned websites, third party marketplaces, and e-tailers (which are reported in our wholesale channel), as a percent of total revenues, by operating segment were:

	Three Months Ended March 31,	
	2021	2020
Digital sales as a percent of total revenues:		
Americas	29.2 %	29.0 %
Asia Pacific	30.9 %	24.4 %
EMEA	41.8 %	38.2 %
Global	32.3 %	30.1 %

Comparable direct-to-consumer sales by operating segment are shown below.

	Constant Currency [1]	
	Three Months Ended March 31,	
	2021	2020
Direct-to-consumer comparable sales: [2]		
Americas	100.0 %	18.0 %
Asia Pacific	14.5 %	(6.1)%
EMEA	49.9 %	16.6 %
Global	71.1 %	10.9 %

[1] Reflects period over period change on a constant currency basis, which is a non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" for more information.
[2] Comparable store status is determined on a monthly basis. Comparable store sales includes the revenues of stores that have been in operation for more than twelve months. Stores in which selling square footage has changed more than 15% as a result of a remodel, expansion, or reduction are excluded until the thirteenth month in which they have comparable prior year sales. Temporarily closed stores are excluded from the comparable store sales calculation during the month of closure and in the same month in the following year. Location closures in excess of three months are excluded until the thirteenth month post re-opening. E-commerce revenues are based on same site sales period over period.

Financial Condition, Capital Resources, and Liquidity

Liquidity

Our liquidity position as of March 31, 2021 was:

	March 31, 2021
	(in thousands)
Cash and cash equivalents	$ 255,869
Available borrowings	499,725

As of March 31, 2021, we had $255.9 million in cash and cash equivalents and up to $499.7 million of remaining borrowing availability under our Facility (as defined below). We believe that cash flows from operations, our cash and cash equivalents on hand, and available borrowings under our Facility will be sufficient to meet our ongoing liquidity needs and capital expenditure requirements for at least the next twelve months. Additionally, in March 2021, we completed the issuance and sale of $350.0 million aggregate principal amount of 4.250% Senior Notes due March 15, 2029. A portion of the net proceeds were used to repay the then-outstanding balance of $115.0 million under our Facility and we intend to use the remainder for general corporate purposes, which may include working capital, capital expenditures, stock repurchases, and acquisitions. See "Senior Notes Issuance" below for more information. Further, in April 2021, the Board approved a $712.2 million increase to our share repurchase authorization, after which $1.0 billion remained available for future common stock repurchases.

Additional future financing may be necessary to fund our operations, and there can be no assurance that, if needed, we will be able to secure additional debt or equity financing on terms acceptable to us or at all. Although we believe we have adequate sources of liquidity over the long term, the success of our operations, the global economic outlook, and the pace of sustainable growth in our markets, among other factors, could impact our business and liquidity.

Repatriation of Cash

As a global business, we have cash balances in various countries and amounts are denominated in various currencies. Fluctuations in foreign currency exchange rates impact our results of operations and cash positions. Future fluctuations in foreign currencies may have a material impact on our cash flows and capital resources. Cash balances held in foreign countries may have additional restrictions and covenants associated with them which could adversely impact our liquidity and our ability to timely access and transfer cash balances between entities.

All of the cash held outside of the U.S. could be repatriated to the U.S. without incurring additional U.S. federal income taxes. As of March 31, 2021, we held $67.2 million of our total $255.9 million in cash in international locations. This cash is primarily used for the ongoing operations of the business in the locations in which the cash is held. The repatriation of the $67.2 million held in international locations is not limited by local regulations.

Senior Revolving Credit Facility

In July 2019, the Company and certain of our subsidiaries (the "Borrowers") entered into a Second Amended and Restated Credit Agreement (as amended, the "Credit Agreement"), with the lenders named therein and PNC Bank, National Association, as a lender and administrative agent for the lenders, which provided for a revolving credit facility of $500.0 million, which can be increased by an additional $100.0 million subject to certain conditions (the "Facility"). Borrowings under the Credit Agreement bear interest at a variable rate based on (A) a domestic base rate (defined as the highest of (i) the Federal Funds open rate, plus 0.25%, (ii) the Prime Rate, and (iii) the Daily LIBOR rate, plus 1.00%), plus an applicable margin ranging from 0.25% to 0.875% based on our leverage ratio, or (B) a LIBOR rate, plus an applicable margin ranging from 1.25% to 1.875% based on our leverage ratio. Borrowings under the Credit Agreement are secured by all of the assets of the Borrowers and guaranteed by certain other subsidiaries of the Borrowers.

The Credit Agreement requires us to maintain a minimum interest coverage ratio of 4.00 to 1.00, and a maximum leverage ratio of (i) 3.50 to 1.00 from the quarter ended December 31, 2020 to the quarter ended December 31, 2021, and (ii) 3.25 to 1.00 from the quarter ended March 31, 2022 and thereafter (subject to adjustment in certain circumstances). The Credit Agreement permits (i) stock repurchases subject to certain restrictions, including after giving effect to such stock repurchases, the maximum leverage ratio does not exceed certain levels; and (ii) certain acquisitions so long as there is borrowing availability under the Credit Agreement of at least $40.0 million. As of March 31, 2021, we were in compliance with all financial covenants under the Credit Agreement.

As of March 31, 2021, the total commitments available from the lenders under the Facility were $500.0 million. At March 31, 2021, we had no outstanding borrowings and $0.3 million in outstanding letters of credit under the Facility, which reduces amounts available for borrowing under the Facility. As of March 31, 2021 and December 31, 2020, we had $499.7 million and $319.4 million, respectively, of available borrowing capacity under the Facility.

Asia Revolving Credit Facilities

We have two revolving credit facilities in Asia, the revolving credit facility with China Merchants Bank Company Limited, Shanghai Branch, which provides up to 30.0 million RMB, or $4.6 million at current exchange rates, and matures in May 2021, and the revolving credit facility with Citibank (China) Company Limited, Shanghai Branch, which provides up to an equivalent of $5.0 million and matures in June 2021.

We had no borrowings under our Asia revolving facilities during the three months ended March 31, 2021 and year ended December 31, 2020 or borrowings outstanding at March 31, 2021 and December 31, 2020.

Senior Notes Issuance

On March 12, 2021, the Company completed the issuance and sale of $350.0 million aggregate principal amount of 4.250% Senior Notes due March 15, 2029 (the "Notes"), pursuant to the indenture related thereto ("the Indenture"). Interest on the Notes is payable semi-annually.

The Notes rank pari passu in right of payment with all of the Company's existing and future senior debt, including the Credit Agreement, and are senior in right of payment to any of the Company's future debt that is, by its term, expressly subordinated in right of payment to the Notes. The Notes are unconditionally guaranteed by each of the Company's restricted subsidiaries that is a borrower or guarantor under the Credit Agreement and by each of the Company's wholly-owned restricted subsidiaries that guarantees any debt of the Company or any guarantor under any syndicated credit facility or capital markets debt in an aggregate principal amount in excess of $25.0 million.

The Company will have the option to redeem all or any portion of the Notes, at once or over time, at any time on or after March 15, 2024, at a redemption price equal to 100% of the principal amount thereof, plus a premium declining ratably on an annual basis to par and accrued and unpaid interest, if any, to, but excluding, the date of redemption. The Company will also have the option to redeem some or all of the Notes at any time before March 15, 2024 at a redemption price of 100% of the principal amount of the Notes to be redeemed, plus a "make-whole" premium and accrued and unpaid interest, if any, to, but excluding, the date of redemption. In addition, at any time before March 15, 2024, the Company may redeem up to 40% of the aggregate principal amount of the Notes at a redemption price of 104.250% of the principal amount of the Notes with the proceeds from certain equity issuances, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

The Indenture contains covenants that, among other things, limit the ability of the Company and its restricted subsidiaries to incur additional debt or issue certain preferred stock; pay dividends or repurchase or redeem capital stock or make other restricted payments; declare or pay dividends or other payments; incur liens; enter into certain types of transactions with the Company's affiliates; and consolidate or merge with or into other companies. As of March 31, 2021, we were in compliance with all financial covenants under the Notes.

Cash Flows

	Three Months Ended March 31,		$ Change	% Change
	2021	2020	Favorable (Unfavorable)	
	(in thousands)			
Cash provided by (used in) operating activities	$ 30,150	$ (84,914)	$ 115,064	135.5 %
Cash used in investing activities	(7,983)	(16,167)	8,184	50.6 %
Cash provided by financing activities	102,243	103,124	(881)	(0.9)%
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(2,437)	(3,496)	1,059	30.3 %
Net change in cash, cash equivalents, and restricted cash	$ 121,973	$ (1,453)	$ 123,426	8,494.6 %

Operating Activities. Cash provided by operating activities consists of net income adjusted for noncash items and changes in working capital. Cash provided by operating activities increased $115.1 million for the three months ended March 31, 2021 compared to the three months ended March 31, 2020, driven by higher net income, adjusted for non-cash items, of $84.7 million and by net increases in operating assets and liabilities of $30.4 million in line with the growth of our business.

Investing Activities. There was an $8.2 million decrease in cash used in investing activities for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The decrease is primarily due to a decrease in the purchases of property, equipment, and software, mainly from expenditures in 2020 that did not recur in the current year related to the relocation of our Corporate headquarters.

Financing Activities. Cash provided by financing activities decreased by $0.9 million in the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This decrease was primarily driven by a $325.0 million decrease in borrowings, net of repayments, on our Facility. Increases in repurchases of our common stock and repurchases of common stock for tax withholding of $10.9 million and $7.9 million, respectively, also contributed to the overall decrease of cash provided by financing activities. The overall decrease was offset by an increase of $350.0 million in proceeds from the Notes issuance, net of a decrease of $7.1 million paid in deferred debt issuance costs, primarily related to the Notes.

Contractual Obligations

There have been no significant changes to the contractual obligations reported in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, other than (i) borrowings and repayments on the Facility and the issuance of the Notes, as described above; and (ii) in the three months ended March 31, 2021, we signed contracts to further expand our U.S. distribution center, resulting in (a) future lease payments of approximately $31 million through 2030, as described in Note 4 — Leases in the accompanying notes to the condensed consolidated financial statements included in Part I - Item 1. *Financial Statements* of this Quarterly Report on Form 10-Q, and (b) other contractual commitments of approximately $45 million through 2022, the majority of which is expected to be paid during 2021.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements as of March 31, 2021, other than certain purchase commitments, which are described in Note 13 — Commitments and Contingencies in the accompanying notes to the condensed consolidated financial statements included in Part I - Item 1. *Financial Statements* of this Quarterly Report on Form 10-Q.

Critical Accounting Policies and Estimates

The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, sales, and expenses, and related disclosure of contingent assets and liabilities. We

evaluate our assumptions and estimates on an on-going basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

For a complete discussion of our critical accounting policies, please refer to our Annual Report on Form 10-K for the year ended December 31, 2020 and Note 2 — Recent Accounting Pronouncements in the accompanying notes to the condensed consolidated financial statements included in Part I - Item 1. *Financial Statements* of this Quarterly Report on Form 10-Q. There have been no other significant changes in our critical accounting policies or their application since December 31, 2020.

Recent Accounting Pronouncements

See Note 2 — Recent Accounting Pronouncements in the accompanying notes to the condensed consolidated financial statements included in Part I - Item 1. *Financial Statements* of this Quarterly Report on Form 10-Q for a description of recently adopted accounting pronouncements and issued accounting pronouncements that we believe may have an impact on our condensed consolidated financial statements when adopted.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We centrally manage our debt and investment portfolios considering investment opportunities and risks, tax consequences, and overall financing strategies. Our exposure to market risk includes interest rate fluctuations in connection with our Facility and certain financial instruments.

Borrowings under our Facility bear interest at a variable rate and are therefore subject to risk based upon prevailing market interest rates. Interest rates fluctuate as a result of many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors that are beyond our control.

As of March 31, 2021, we had long-term borrowings with a face value of $350.0 million, comprised of fixed rate senior notes, and $0.3 million in outstanding letters of credit under our Facility. As of December 31, 2020, we had $180.0 million in outstanding borrowings and $0.6 million in outstanding letters of credit under our Facility.

A hypothetical increase of 1% in the interest rate on these borrowings would have increased interest expense by $0.3 million for the three months ended March 31, 2021.

Foreign Currency Exchange Risk

Changes in exchange rates have a direct effect on our reported U.S. Dollar condensed consolidated financial statements because we translate the operating results and financial position of our international subsidiaries to U.S. Dollars using current period exchange rates. Specifically, we translate the statements of operations of our foreign subsidiaries into the U.S. Dollar reporting currency using exchange rates in effect during each reporting period. As a result, comparisons of reported results between reporting periods may be impacted significantly due to differences in the exchange rates in effect at the time such exchange rates are used to translate the operating results of our international subsidiaries.

An increase of 1% of the value of the U.S. Dollar relative to foreign currencies would have decreased our revenues during the three months ended March 31, 2021 by $1.9 million. The volatility of the exchange rates is dependent on many factors that cannot be forecasted with reliable accuracy.

We may enter into forward foreign exchange contracts to buy or sell various foreign currencies to selectively protect against volatility in the value of non-functional currency denominated monetary assets and liabilities. Changes in the fair value of these forward contracts are recognized in earnings in the period that the changes occur. As of March 31, 2021, the U.S. Dollar notional value of our outstanding foreign currency forward exchange contracts was approximately $145.2 million. The net fair value of these contracts at March 31, 2021 was an asset of $0.5 million.

We perform a sensitivity analysis to determine the effects that market risk exposures may have on the fair values of our foreign currency forward exchange contracts. To perform the sensitivity analysis, we assess the risk of changes in fair values from the effect of hypothetical changes in foreign currency exchange rates. This analysis assumes a like movement by the foreign currencies in our hedge portfolio against the U.S. Dollar. As of March 31, 2021, a 10% appreciation in the value of the U.S. Dollar would result in a net increase in the fair value of our derivative portfolio of approximately $0.9 million.

See Part I - Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations* of this Quarterly Report on Form 10-Q for a discussion of the impact of the change in foreign exchange rates on our U.S. Dollar condensed consolidated statements of operations for the three and three months ended March 31, 2021 and 2020.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures as such item is defined under Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2021, to provide reasonable assurance that information required to be disclosed in our reports 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. Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures that, by their nature, can only provide reasonable assurance regarding management's control objectives.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the three months ended March 31, 2021 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

A discussion of legal matters is found in Note 15 — Legal Proceedings in the accompanying notes to the condensed consolidated financial statements included in Part I - Item 1. *Financial Statements* of this Quarterly Report on Form 10-Q.

ITEM 1A. Risk Factors

There have been no material changes to the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [1]	Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs [1]
January 1 - 31, 2021	—	$ —	—	$ 337,815,330
Open market or privately negotiated purchases	—	—	—	337,815,330
November 2020 ASR [2]	461,722	[2]	461,722	337,815,330
February 1 - 28, 2021	35,461	76.00	35,461	335,120,918
March 1 - 31, 2021	614,335	77.00	614,335	287,828,355
Total [3]	1,111,518	$ 44.98	1,111,518	$ 287,828,355

[1] On February 20, 2018, the Board approved and authorized a program to repurchase up to $500.0 million of our common stock. On May 5, 2019, the Board approved an increase to the repurchase authorization of up to an additional $500.0 million of our common stock. As of March 31, 2021, approximately $287.8 million remained available for repurchase under our share repurchase authorization. Further, in April 2021, the Board approved a $712.2 million increase to our share repurchase authorization, after which $1.0 billion remained available for future common stock repurchases. The increase to our share repurchase authorization is not reflected in the table above. The number, price, structure and timing of the repurchases, if any, will be at our sole discretion and future repurchases will be evaluated by us depending on market conditions, liquidity needs, restrictions under our debt arrangements, and other factors. Share repurchases may be made in the open market or in privately negotiated transactions. The repurchase authorization does not have an expiration date and does not oblige us to acquire any particular amount of our common stock. The Board may suspend, modify, or terminate the repurchase program at any time without prior notice.

[2] In November 2020, we entered into an accelerated share repurchase arrangement ("ASR") to repurchase $125.0 million of our common stock. In January 2021, the purchase period ended, at which time an additional 0.5 million shares were delivered and retired. In total, 2.0 million shares were delivered under this ASR at an average price of $62.76.

[3] The average price paid per share includes the final delivery of 0.5 million shares in January 2021 under the ASR. The average price per share for the three months ended March 31, 2021, excluding shares delivered under the ASR, was $76.95.

ITEM 6. Exhibits

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Crocs, Inc. (incorporated herein by reference to Exhibit 4.1 to Crocs, Inc.'s Registration Statement on Form S-8, filed on March 9, 2006).
3.2	Certificate of Amendment to Restated Certificate of Incorporation of Crocs, Inc. (incorporated herein by reference to Exhibit 3.1 to Crocs, Inc.'s Current Report on Form 8-K, filed on July 12, 2007).
3.3	Amended and Restated Bylaws of Crocs, Inc. (incorporated herein by reference to Exhibit 4.2 to Crocs, Inc.'s Registration Statement on Form S-8, filed on March 9, 2006).
3.4	Certificate of Designations of Series A Convertible Preferred Stock of Crocs, Inc. (incorporated herein by reference to Exhibit 3.1 to Crocs, Inc.'s Current Report on Form 8-K, filed on January 27, 2014).
4.1	Specimen Common Stock Certificate (incorporated herein by reference to Exhibit 4.2 to Crocs, Inc.'s Registration Statement on Form S-1/A, filed on January 19, 2006).
4.2	Indenture (including Form of Global 4.250% Senior Notes due 2029), dated March 12, 2021, by and among Crocs, Inc., the Guarantors party thereto from time to time and U.S. Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to Crocs, Inc.'s Current Report on Form 8-K, filed on March 12, 2021).
10.1*	Form of Performance-Vested Restricted Stock Award (incorporated herein by reference to Exhibit 10.1 to Crocs, Inc.'s Current Report on Form 8-K, filed on January 13, 2021).
10.2*†	Employment Offer Letter, dated January 29, 2020, between Crocs, Inc. and Elaine Boltz.
31.1†	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2†	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes- Oxley Act.
32+	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.
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 (embedded within the Inline XBRL document and contained in Exhibit 101).

† Filed herewith.
+ Furnished herewith.
* Compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CROCS, INC.

Date: April 27, 2021

By: /s/ Anne Mehlman

Name: Anne Mehlman

Title: *Executive Vice President and Chief Financial Officer*

7477 east dry creek parkway niwot, colorado 80503

Exhibit 10.2

January 29, 2020

PERSONAL & CONFIDENTIAL
DELIVERED VIA EMAIL

Dear Elaine,

We are pleased to offer you full-time employment with Crocs, Inc. (the "**Company**") effective March 2, 2020 (the "**Start Date**"), on the following terms:

1. Title - Your initial position will be **Executive Vice President, Chief Operations and Transformation Officer** reporting to Andrew Rees, Chief Executive Officer, at our Broomfield, Colorado, location. Your position, duties and reporting relationships are subject to change in accordance with operational needs.

2. Compensation – Your base salary will be an annualized rate of **$600,000.00**, equating to a bi-weekly salary of **$23,076.92**, less applicable withholdings and deductions; *provided,* the Company shall review your compensation (including base salary) at least annually for potential increases.

3. Short-term Incentive Plan – You are eligible to participate in the Company's Short-Term Incentive Plan (STIP) for the 2020 and beyond STIP Plan years. In this plan, your target discretionary cash bonus is **75%** of your **base salary** which is derived from achievement of financial goals including Company profitability and individual performance. Please note, your target 2020 STIP amount is subject to your actual eligible earnings for the year. The STIP is subject to amendment or change at any time with or without notice.

4. Long-term Incentive Plan - You are also eligible to participate in the Company's Long-Term Incentive Plan (LTIP). In this plan, your target long-term incentive is **85%** of your **base salary** and will be discretionary based on Company and individual performance. The LTIP is subject to amendment or change at any time with or without notice.

5. Sign-On Equity Award - Subject to the approval of the Compensation Committee of the Company's Board of Directors, you will be granted **$300,000.00** in Restricted Stock Units ("**RSUs**") of the Company's stock under the 2015 Crocs, Inc. Equity Incentive Plan. The RSU award vests ratably, (33.3%) on the first anniversary of the Start Date, (33.3%) on the second anniversary of the Start Date, and (33.3%) on the third anniversary of the Start Date; *provided* that you must be employed by the Company continuously to each such vesting date in order to vest in the portion of RSU award on such date. The RSU award is subject to you executing the applicable award agreement.

6. Relocation - You are eligible for certain relocation benefits upon the Start Date, including but not limited to packing, shipment, and unpacking of household goods, temporary housing up to six months, storage and house-hunting assistance. As a condition of receiving these relocation benefits, you agree that you will remain employed for a minimum of twelve (12) months with the Company. Should you voluntarily end your employment or are terminated for

Cause (as defined in Section 8) prior to that time, you agree to reimburse the Company in accordance with the attached Repayment Agreement.

7. Benefits - You will be eligible for health insurance benefits according to the Company's U.S. benefits plan on the first day of the month following the Start Date. You will also be eligible for paid time-off, as well as other benefits, in accordance with the Company's policies for similarly situated employees. Details of the Company's health insurance and other benefits are available to you, along with the summary plan descriptions, at the Company's intranet portal (Crocs Connect) or you may contact the Crocs Benefits Center at 1-844-285-4723. Your benefits will be in accordance the terms of the applicable plans or policies for similarly situated employees, which may change from time to time.

Upon presentation of an invoice, the Company will pay directly or reimburse you for up to a maximum of $15,000.00 of legal fees incurred in connection with your transition to the Company.

8. Severance - Should your employment terminate without Cause (as defined below), or you resign for Good Reason (as defined below), you will receive an amount equal to 12 months' pay at your then current base salary, in a lump sum, less applicable taxes and withholdings. In addition, you will be eligible for executive outplacement at the Executive Vice President Level, both of which are conditioned upon signing a Separation Agreement and General Release in substantially the form attached as Exhibit 1, which shall be provided to you on or prior to your last day of employment. You are not eligible to receive severance if you voluntarily resign your employment or are terminated for Cause.

For purposes of this offer letter, "**Cause**" means the occurrence of any of the following: (1) a conviction of or pleading guilty to (a) a felony, or (b) a misdemeanor that is reasonably likely to cause material harm to the business, financial condition, or operating results of the Company; (2) theft, embezzlement or fraud; (3) any material failure to comply with known Company policy, including, without limitation, those regarding conflicts of interest, bribery and corruption, or disclosure of confidential information; (4) substance abuse or use of illegal drugs that materially impairs the performance of your job duties or that is likely to cause material harm to the business, financial condition, or operating results of Crocs; or (5) the continued failure to substantially perform your job duties (other than any such failure resulting from incapacity due to physical or mental illness); *provided*, Cause shall not exist unless the Company provides you with a reasonably detailed written explanation.

For purposes of this offer letter, "**Good Reason**" means the occurrence of any of the following without your consent: (1) material diminution in your responsibilities, authorities or duties; (2) reduction in your base salary (unless such reduction is part of an across the broad uniformly applied reduction affecting all senior executives and does not exceed the average percentage reduction for all such senior executives and such reduction does not exceed 10% in any one year); (3) a reduction in your incentive or equity compensation opportunity such that it is materially less favorable to you than those provided generally to all other senior executives; (4) any change in your reporting relationship such that you would not report directly to the CEO; (5) any requirement that you relocate your primary residence more than 50 miles, provided your primary residence is in the continental US; or (6) a material breach of this letter agreement or any equity agreement between you and the Company by the Company. *Provided, however*, that

“Good Reason” will not exist unless you have first provided written notice to the Company of the occurrence of one or more of the conditions under the clauses (1) through (6) above within 180 days of the condition’s occurrence, and such conditions(s) is (are) not fully remedied within 30 days after the Company’s receipt of written notice from you.

9. Change in Control Plan - So long as the Company maintains a Change in Control Plan (the “**CIC Plan**”), you will be eligible to participate in the CIC Plan with a Severance Payment Percentage of 200%, subject to the terms and conditions of the CIC Plan.

10. At-Will Employment - Your employment with the Company is at-will, is not guaranteed through any particular date, and both you and the Company retain the right to terminate the employment relationship at any time, with or without Cause and with or without notice, subject to the provisions of Section 8 above.

11. Confidential Information

a. You will become privy to information that is proprietary, confidential and/or intended for Company use only. “**Confidential Information**” means all trade secrets belonging to the Company, and all nonpublic or proprietary information relating to the Company's business or that of any Company customer. Examples of Confidential Information include, but are not limited to, information regarding products sold, distributed or being developed by the Company and any other nonpublic information regarding the Company’s current and developing products and technology; information regarding customers, prospective customers, clients, business contacts; prospective and executed contracts; marketing and/or sales plans, or any other initiatives, strategies, plans and proposals used by the Company in the course of its business and any non-public or proprietary information regarding the Company’s present or future business plans, financial information; or software, databases, algorithms, processes, designs, prototypes, methodologies, reports, specifications. You shall at all times during and after your employment, maintain confidentiality of the Confidential Information. You shall not, without the Company’s prior written consent, directly or indirectly: (i) copy or use any Confidential Information for any purpose not within the scope of your work on the Company’s behalf; or (ii) show, give, sell, disclose or otherwise communicate any Confidential Information to any person or entity other than the Company unless such person or entity is authorized by the Company to have access to the Confidential Information in question. These restrictions do not apply if the Confidential Information has been made generally available to the public by the Company or becomes generally available to the public through some other normal course of events. All Confidential Information prepared by or provided to you is and shall remain the Company’s property or the property of a Company customer to which they belong.

b. You agree that, upon request of the Company or upon termination (whether voluntary or involuntary), you shall immediately turn over to the Company all Confidential Information, including all copies, and other property belonging to the Company or any of its customers, including documents, disks, or other computer media in your possession or under your control. You shall also return any materials that contain or are derived from Confidential Information, or are connected with or relate to your services to Company or any of its customers. Notwithstanding the forgoing, you shall be entitled to retain copies of any document or other record related to the terms and conditions of your employment (including any termination thereof) and your performance as an employee.

12. Intellectual Property

a. You hereby assign to the Company all of your rights, title, and interest (including but not limited to all patent, trademark, copyright and trade secret rights) in and to all Work Product (as defined herein). You further acknowledge and agree that all copyrightable Work Product prepared by you within the scope of your employment with the Company is "works made for hire" and, consequently, that the Company owns all copyrights thereto. "**Work Product**" shall include but is not limited to, all literary works, software, documentation, memoranda, photographs, artwork, sound recordings, audiovisual works, ideas, designs, inventions, discoveries, creations, conceptions, improvements, processes, algorithms, and so forth which: (i) are prepared or developed by you, individually or jointly with others, during your employment with the Company, whether or not during working hours; and (ii) relate to or arise in any way out of 1) current and/or anticipated business and/or activities of the Company, 2) the Company's current and/or anticipated research or development, 3) any work performed by you for the Company, and/or 4) any information or assistance provided by the Company, including but not limited to Confidential Information.

b. You shall promptly disclose to the Company all Work Product. All such Work Product is and shall forthwith become the property of the Company, or its designee, whether or not patentable or copyrightable. The Company will execute promptly upon request any documents or instruments at any time deemed necessary or proper by the Company in order to formally convey and transfer to the Company or its designee title to such Work Product, or to confirm the Company or its designee's title therein, and in order to enable the Company or its designee to obtain and enforce United States and foreign Letters Patent, Trademarks and Copyrights thereon. You agree to perform your obligations under this Section 12 without further compensation, except for reimbursement of reasonable out-of-pocket expenses incurred at the request of the Company.

13. Non-Compete

a. In order to protect the Company's Confidential Information and trade secrets, which would cause irreparable harm to the Company if disclosed to a competitor, while employed by Company and for a period of 12 months following the termination of your employment (whether voluntary or involuntary) with the Company (the "**Restriction Period**"), you shall not, without the prior written consent of the Company, directly or indirectly engage in any employment, independent contracting, consulting engagement, business opportunity or individual activity in the United States of America or abroad with the following casual footwear companies: Skechers USA, Inc., Wolverine Worldwide, Inc., Deckers Outdoor Corporation, or any other entity or business that is primarily engaged in the design and distribution of casual footwear (collectively, the "**Restricted Activities**"). You further acknowledge and agree that in light of your knowledge of and access to the Company's Confidential Information and trade secrets, and the international nature of Company's business, that the restrictions set forth in this Section 13.a are reasonable.

b. In the event you breach this covenant not to compete, the Restriction Period shall automatically toll from the date of the first breach, and all subsequent breaches, until the resolution of the breach through private settlement, judicial or other action, including all appeals.

The Restriction Period shall continue upon the effective date of any such settlement, judicial or other resolution.

c. The Company has the option, in its sole discretion, to elect to waive all of a portion of the Restriction Period or to limit the definition of Restricted Activities, by giving you seven (7) days prior notice of such election.

14. Non-Solicitation - During your employment, and for 12 months following the termination of your employment (whether voluntary or involuntary) with the Company, you shall not, without the prior written consent of the Company, directly or indirectly: (i) solicit, induce, hire, or aid or assist any other person or entity in soliciting for employment, offering employment to, or hiring any employee of the Company who was an employed at any time during the 12 months prior to the date or your termination of your employment; (ii) otherwise interfere with the relationship any employee has with the Company; or (iii) encourage or solicit any customer, vendor, supplier or contractor who has a business relationship with the Company on the date of your termination of employment to terminate or seek to modify its relationship with the Company, or otherwise interfere with the relationship any customer, vendor, supplier or contractor has with the Company. The restrictions set forth in Sections 13(i) and (ii) above shall not prohibit any form of general advertising or solicitation that is not directed to a specific person or entity.

15. Representations and Warranties - By accepting this conditional offer and executing this letter below, you represent and warrant that you are not subject to any non-compete, restrictive covenants, or similar agreements that may restrict your ability to work at the Company. You also represent and warrant that any work you perform for the Company will not infringe any third party patent, copyright, trademark, trade secret or other proprietary rights of another party, and that when performing services as an employee of the Company, you will not use any third party confidential or proprietary information, or infringe the rights of another party. You also agree that you will not disclose to Company, or bring onto the Company's premises, or induce the Company to use, any prior employer's or other party's confidential or proprietary information. If at any time, you believe that your work for Company may require you to use or disclose the confidential or proprietary information of a prior employer or other party, you agree to tell your supervisor immediately so that the Company may prevent any improper disclosure.

16. Employee Cooperation. During and after your employment ends, you acknowledge and agree that you have a duty to cooperate by providing truthful information and any documents in connection with any legal proceeding in which the Company is involved and regarding which you have knowledge, information or expertise, or where the Company believes your attendance and participation could be beneficial to the Company. You will be reimbursed by the Company for any reasonable out-of-pocket expenses resulting from said assistance or participation.

17. Survival - Your obligations under Sections 11-16 of this letter shall survive the termination of your employment (whether voluntary or involuntary) with the Company. The Company is also entitled to communicate your obligations under Sections 11-16 of this letter to your future or potential employer.

18. Remedies - You acknowledge that if you breach any obligation under this letter, including a breach of one or more provisions regarding confidentiality, non-competition, non-solicitation, or disclosure of Work Product, the Company will suffer immediate and irreparable harm and

damage and that a remedy at law would be inadequate. You therefore agree that upon such breach or threatened breach of any obligation under this letter, in addition to any and all legal remedies, the Company shall be entitled to seek any injunctive relief available in order to prevent or restrain any such breach. This Section 18 shall not be construed as an election of any remedy or as a waiver of any right available to the Company under this letter or the law, including the right to seek damages from you for a breach of any provision of this letter.

19. Section 409A.

a. This letter and the payments and benefits provided hereunder are intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and any official guidance promulgated thereunder ("**Section 409A**") or an exemption or exclusion therefrom and, with respect to amounts that are subject to Section 409A, shall in all respects be administered in accordance with Section 409A. Any payments that qualify for the "short-term deferral" exception, the "involuntary separation" exception or another exception under Section 409A shall be paid under the applicable exception. Each payment of compensation under this letter shall be treated as a separate and distinct payment of compensation for purposes of Section 409A and the right to a series of installment payments under this letter shall be treated as a right to a series of separate and distinct payments. All payments to be made upon a termination of employment under this letter may only be made upon a "separation from service" under Section 409A. To the extent that the payment of any amount constitutes "nonqualified deferred compensation" for purposes of Code Section 409A, any such payment scheduled to occur during the first sixty (60) days following the termination of employment shall not be paid until the first regularly scheduled pay period following the sixtieth (60th) day from such termination.

b. Notwithstanding any other provision of this letter to the contrary, if you are considered a "specified employee" for purposes of Section 409A (as determined in accordance with the methodology established by the Company as in effect on your date of termination), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A that is otherwise due to you under this letter during the six (6) month period following your separation from service (as determined in accordance with Section 409A) on account of your separation from service shall be accumulated and paid to you on the first business day after the date that is six months following your separation from service (the "**Delayed Payment Date**"). You shall not be entitled to interest or any other earnings on any cash payments so delayed from the scheduled date of payment to the Delayed Payment Date. If you die during the postponement period, the amounts and entitlements delayed on account of Section 409A shall be paid to the personal representative of your estate on the first to occur of the Delayed Payment Date or 30 days after the date of your death.

c. With respect to expenses eligible for reimbursement or in-kind benefits provided under the terms of this letter, (i) the amount of such expenses eligible for reimbursement or in-kind benefits provided in any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits provided in another taxable year and (ii) any reimbursements of such expenses shall be made no later than the end of the calendar year following the calendar year in which the related expenses were incurred, except, in each case, to the extent that the right to reimbursement does not provide for a deferral of compensation within the meaning of Section 409A.

d. Notwithstanding the foregoing or any other provision in this letter to the contrary, in no event shall the Company or any of its subsidiaries or affiliates (or any of their successors) be liable to you or your beneficiaries for any additional tax, interest or penalty that may be imposed on you pursuant to Section 409A or for any damages incurred by you as a result of this letter (or the payments or benefits hereunder) failing to comply with, or be exempt from, Section 409A.

20. Entire Agreement - This letter contains the entire understanding between the parties relating to your employment and supersedes all prior statements, representations or agreements, whether written or oral, made to you during the interview process by any representative of the Company.

21. Governing Law and Venue - The validity, enforceability, construction and interpretation of this letter are governed by the laws of the State of Colorado. The parties also agree that in the event a dispute arises regarding this letter, the parties will submit to the jurisdiction of the federal and state courts of the State of Colorado. You expressly waive any objection as to jurisdiction or venue in the state and federal courts located in Denver, Colorado.

Your hire is contingent upon the following: (a) you establishing your eligibility to work in the United States in accordance with legal requirements; (b) you accurately completing an employment application and provide any other information needed to evaluate your educational background and qualifications; (c) you authorizing the Company to investigate your background, and make a determination after investigation that the information is satisfactory to the Company, in its sole discretion; and (d) you disclosing the existence of any agreements you may have entered into with any third party, including any former employer(s), that may restrict your ability to work at the Company so that the Company may determine, in its sole discretion, if any such restrictions preclude us from hiring you.

We are delighted to extend this conditional offer and look forward to welcoming you to Crocs! If you have any questions, please feel free to call me at 303-808-9222.

Sincerely,

Shannon Sisler

Shannon Sisler
SVP & Chief People Officer
Crocs, Inc.

****

Please confirm your acceptance of this conditional employment offer by signing the letter where indicated below. Please return one copy to me at ssisler@crocs.com.

Signed and Accepted by: /s/ Elaine Boltz

Print Name: Elaine Boltz Date: 1/31/20

EXHIBIT 31.1

SECTION 302 CERTIFICATION

I, Andrew Rees, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crocs, Inc.;

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: April 27, 2021

/s/ Andrew Rees

Andrew Rees

Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, Anne Mehlman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crocs, Inc.;

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: April 27, 2021

/s/ Anne Mehlman

Anne Mehlman

Executive Vice President and Chief Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Chief Executive Officer and Executive Vice President and Chief Financial Officer of Crocs, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of their knowledge:

(1) The Quarterly Report on Form 10-Q of the Company for the three months ended March 31, 2021 ("Form 10-Q") fully complies with the requirements of Section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)), 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 for the period covered by this Form 10-Q.

Date: April 27, 2021

/s/ Andrew Rees
Andrew Rees
Chief Executive Officer

/s/ Anne Mehlman
Anne Mehlman
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Crocs, Inc. and will be retained by Crocs, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.