Q1 2022 Investor Presentation

May 2022

FORWARD-LOOKING STATEMENT

This document includes estimates, projections, and statements relating to our plans, commitments, objectives, and expectations that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934.

These statements include, but are not limited to, statements regarding the potential impacts to our business related to our supply chain challenges, the COVID-19 pandemic, our financial condition, brand and liquidity outlook, and expectations regarding our future revenue, margins, non-GAAP adjustments, tax rate, earnings per share and capital expenditures, the acquisition of HEYDUDE and benefits thereof, Crocs' strategy, plans, objectives, expectations (financial or otherwise) and intentions, future financial results and growth potential, statements regarding full year and second quarter 2022 financial outlook and future profitability, cash flows, and brand strength, anticipated product portfolio and our ability to deliver sustained, highly profitable growth. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from any future results, performances, or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, the following: our expectations regarding supply chain disruptions, the COVID-19 pandemic and related government, private sector, and individual consumer responsive actions; current global financial conditions, including economic impacts resulting from the COVID-19 pandemic; the effect of competition in our industry; our ability to effectively manage our future growth or declines in revenues; changing consumer preferences; our ability to maintain and expand revenues and gross margin; our ability to accurately forecast consumer demand for our products; our ability to successfully implement our strategic plans; our ability to develop and sell new products; our ability to obtain and protect intellectual property rights; the effect of potential adverse currency exchange rate fluctuations and other international operating risks and other factors described in our most recent Annual Report on Form 10-K under the heading "Risk Factors" and our subsequent filings with the Securities and Exchange Commission. Readers are encouraged to review that section and all other disclosures appearing in our filings with the Securities and Exchange Commission.

All information in this document speaks as of May 5, 2022. We do not undertake any obligation to update publicly any forward-looking statements, whether as a result of the receipt of new information, future events, or otherwise, except as required by applicable law.

CONTENTS

Everyone Comfortable In Their Own Shoes

The Path We Choose to Walk

DELIGHTFULLY DEMOCRATIC

We celebrate one-of-a-kinds and stand together with all different kinds.

PEOPLE-PURPOSED DESIGN

We think people-first at every step. We design for everything you do and everywhere you go.

INHERENT SIMPLICITY

We know smart doesn't have to mean complicated. So we keep things simple, light and totally intuitive.

IMAGINATIVE INNOVATION

We stretch the possibilities of design and creative thinking so you can reach your highest potential.

UNAPOLOGETIC OPTIMISM

We make a choice every day to have an open mind and look on the bright and colorful side.

CONFIDENTLY COMFORTABLE

We support comfort on every level, because when you're comfortable, you can do anything.

BUSINESS & FINANCIAL HIGHLIGHTS

"Our first quarter revenue growth of 47% on a constant currency basis is a testament to the underlying strength of the Crocs and HEYDUDE brands. Consumer demand remains strong giving us the confidence to raise our full year outlook for revenues to approximately $3.5 billion, adjusted operating margin to 26% to 27%, and adjusted diluted earnings per share to $10.05 to $10.65."

– Andrew Rees, CEO

BROAD-BASED REVENUE GROWTH IN Q1 2022

$660M
Revenues
+44% / 47% CC

$545M
Crocs Revenues
+19% / 22% CC

$115M
HEYDUDE Revenues

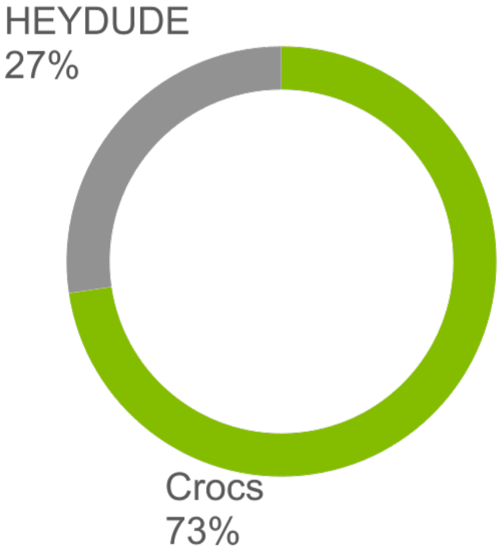
+17%
Crocs DTC
Comp Growth

+23%
Digital Sales Growth
(Organic CC)

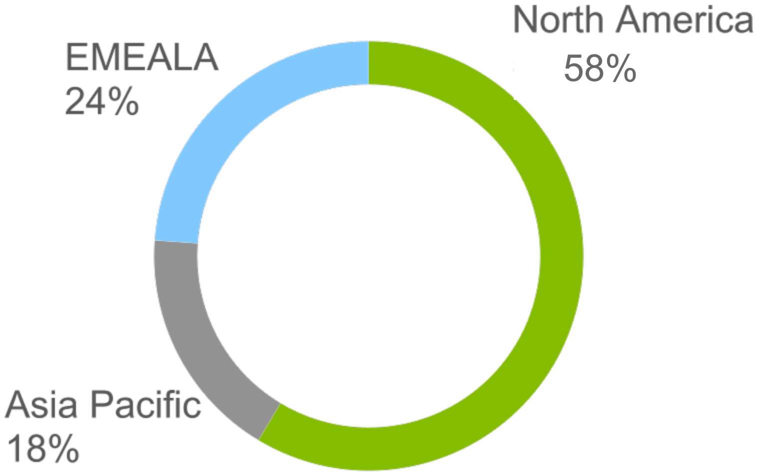
32%
Digital Penetration

Q1 REVENUE BREAKDOWN

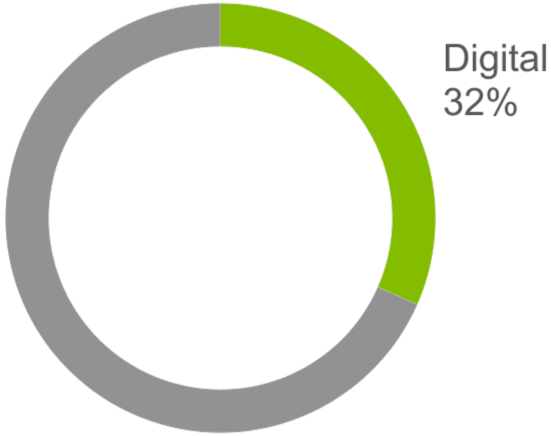
Brand[1]



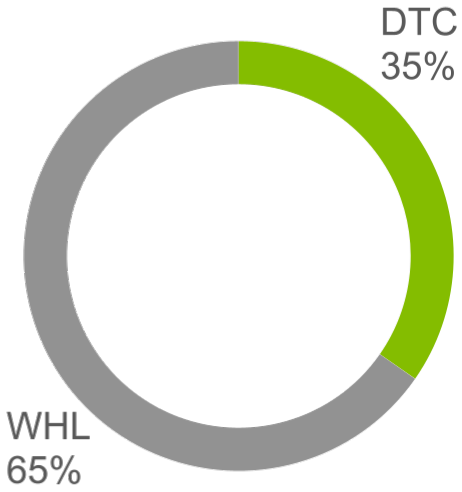
Geography[2]



Digital Penetration[3]



Channel



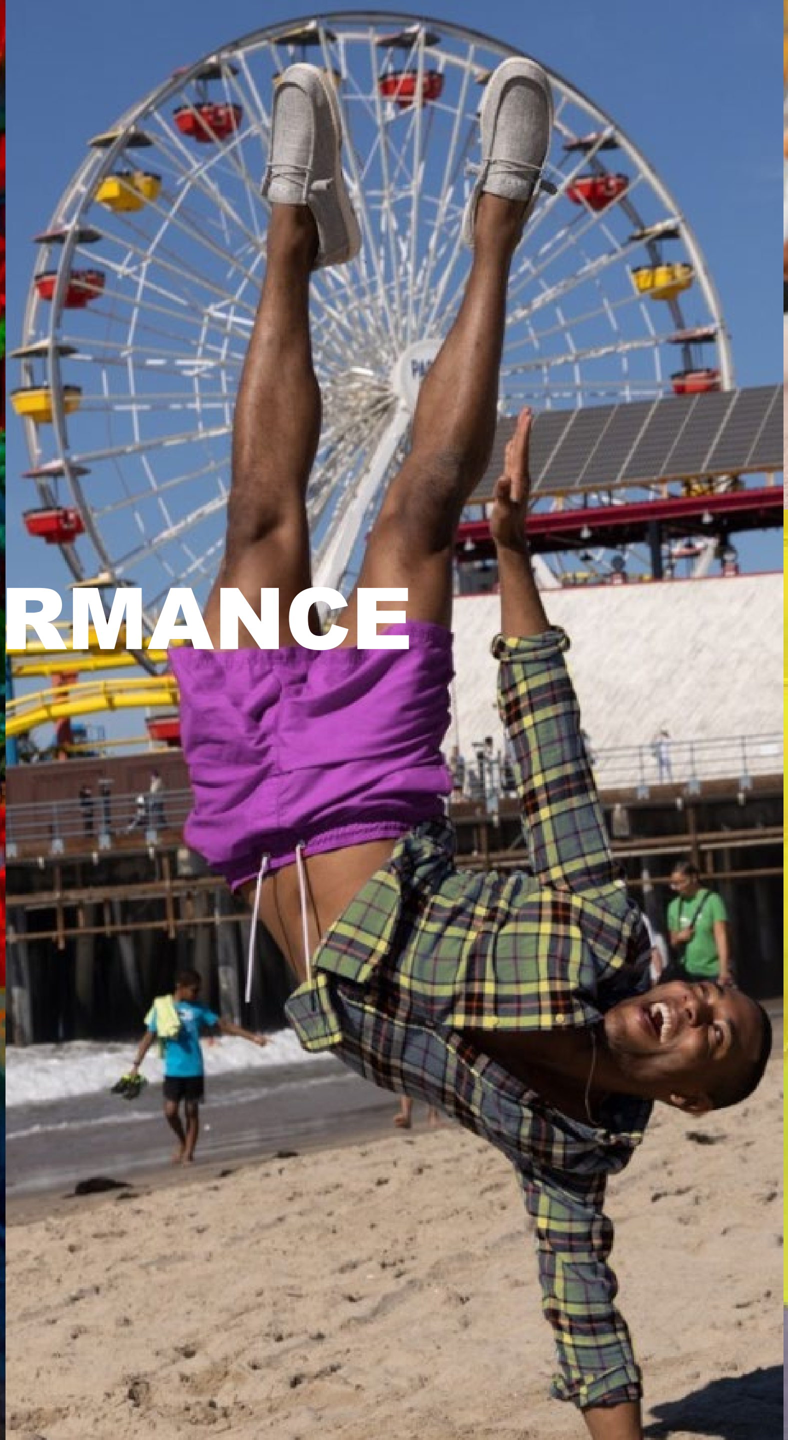
1. Revenues by brand are presented on a pro forma basis for HEYDUDE as if the acquisition had closed on January 1, 2022.
2. Geography is for Crocs Brand only.
3. Digital sales include Crocs.com, heydudeshoesusa.com, third-party market places (e.g. Tmall), and e-tailers (e.g. Amazon, Zappos, Zalando).

Q1 2022 FINANCIAL HIGHLIGHTS

	Q1	B/(W) vs. PY[1]
Revenues ($M)	$660	+47%[2]
Gross Margin	49.2%	(580) bp
Adjusted Gross Margin[3]	53.9%	(130) bp
Adjusted SG&A as % of Revenue[3]	27.3%	60 bp
Operating Margin	18.0%	(910) bp
Adjusted Operating Margin[3]	26.6%	(70) bp
Diluted EPS	$1.19	(19)%
Adjusted Diluted EPS[3]	$2.05	+38%

1. Inclusive of HEYDUDE acquisition for the period following the closing of the acquisition on February 17, 2022 through March 31, 2022.
2. Revenue growth on a constant currency basis, which is a Non-GAAP Financial Measure. See further details in Appendix.
3. See reconciliation to GAAP equivalents in Appendix.

BRAND PERFORMANCE



CROCS BRAND Q1 HIGHLIGHTS

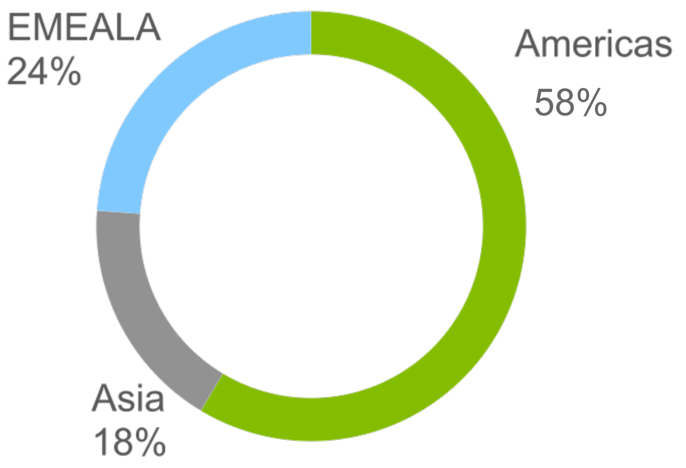
- Crocs brand revenues +22% CC vs. PY
  - Digital revenue growth +23% CC vs. PY
  - DTC growth of +20% CC vs. PY
  - North America DTC growth of +19% vs. PY
- Ranked #6 in Piper Sandler's Spring 2022 Taking Stock with Teens survey, up two spots from last year
- Launched innovative digital marketing campaigns with Karol G & Spotify
- Introduced Cozzzy lined two-strap sandal and Literide 360
- Released ESG report reinforcing our commitment to become a Net Zero company by 2030

	Q1'2022	B/(W) vs. PY
Revenues[1]	$545M	+21.7%
Adj. Gross Margin[2]	54.9%	(30) bp
Adj. SG&A as % of Revenue[2]	23.4%	(200) bp
Adj. Operating Margin[2]	31.6%	(230) bp

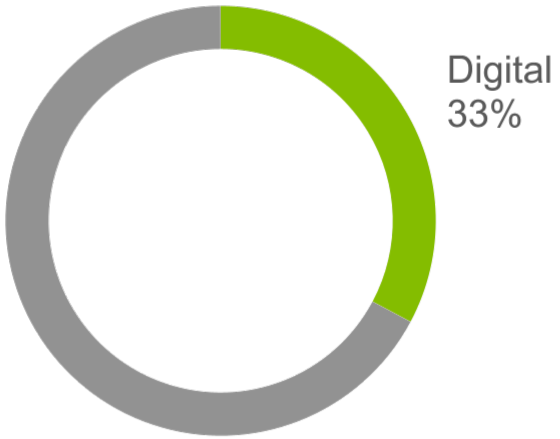
1. Revenue growth on a constant currency basis, which is a Non-GAAP Financial Measure. See further details in Appendix.
2. See reconciliation to GAAP equivalents in Appendix.

CROCS BRAND Q1 REVENUE BREAKDOWN

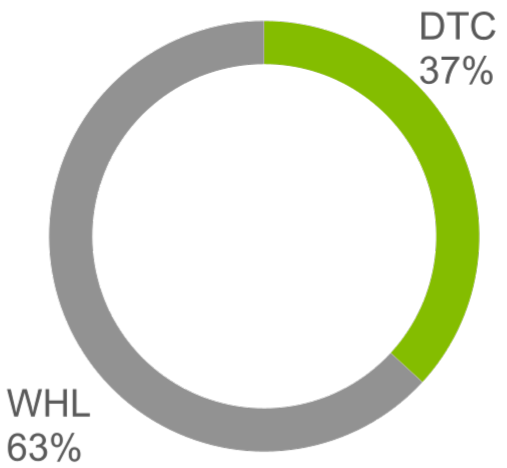
Geography



Digital Penetration*



Channel



* Digital sales include Crocs.com, third-party market places (e.g. Tmall), and e-tailers (e.g. Amazon, Zappos, Zalando)

CROCS BRAND Q1 REVENUE GROWTH

Geography	**+20%** Americas	**+16% / 22% CC** Asia	**+18% / 27% CC** EMEALA
Channel	**+23%** Digital Sales CC Growth	**+17%** DTC Comparable Growth	**+23%** Wholesale CC Growth

BUILDING CROCS BRAND TO $5B+ BY 2026E

PLANNED GROWTH INITIATIVES

- Invest in digital to be 50%+ of long-term Crocs brand revenues or $2.5B+
- Grow Sandals revenues by 4x to $1.2B+
- Double Jibbitz revenues
- Increase Asia region to become ~25% of long-term Crocs brand revenues
- Grow China from <5% of Crocs brand revenues to ~10%
- Continue to deliver innovative product & marketing

HEYDUDE BRAND Q1 HIGHLIGHTS

- Closed acquisition on February 17, 2022
- Q1 Revenues of $115M exceeded internal expectations
  - On a pro forma basis, Q1 revenues were $205M, +81% vs PY
- HEYDUDE ranked #9 in Piper Sandler's Spring 2022; in top 10 for the second consecutive survey
  - Strength in the Midwest and Southern US
- Focus on building out the brand; increasing awareness and driving consideration
- Integration of the brand is on track

	Q1'2022
Revenue	$115M
Adj. Gross Margin[(1)]	49.9%
SG&A as % of Revenue[(2)]	12.0%
Adj. Operating Margin[(1)]	37.9%

1. See reconciliation to GAAP equivalents in Appendix
2. Non-GAAP SG&A adjustments were not made within the HEYDUDE brand

BUILDING HEYDUDE REVENUES TO $1B+ BY 2024

PLANNED GROWTH INITIATIVES

- Invest in industry-leading marketing to build brand awareness
- Enhance digital capabilities to further accelerate digital
- Leverage Crocs strong wholesale relationships to enhance distribution
- Leverage Crocs distribution for global growth
- Invest to scale supply chain and gain efficiencies
- Test selective retail footprint for enhanced brand awareness

FINANCIAL OUTLOOK

2022E GUIDANCE

(numbers on reported basis, unless otherwise noted)	Q2 2022E	FY 2022E
Total Revenues	$918 to $957M	~$3.5B
crocs	$718 to $737M *+17% to 20% CC*[1]	20%+
HEYDUDE	$200 to $220M	$750 to $800M[2]
Adjusted Operating Margin[3]	~26%[4]	~26% to 27%[5]
Adjusted One Time Costs[3]	~$65M[6]	~$135[7]
Adjusted Tax Rate[3]		~22%
Adjusted Diluted EPS[3]		$10.05 to $10.65
Capital Expenditures		$170 to $200M

1. Crocs Brand expected revenue growth of approximately 17% to 20% on a constant currency basis implies 12% to 15% growth on a reported basis and expected revenues of approximately $718 to $737M on a reported basis.
2. Including the period of time prior to the closing of the acquisition, HEYDUDE 2022E revenues expected to be approximately $840 to $890M.
3. See reconciliation to GAAP equivalents in Appendix.
4. Includes an expected approximately $50M impact from air freight embedded in gross margin.
5. Includes an expected incremental $75M of air freight embedded in gross margin for full year 2022.
6. Non-GAAP adjustments include an expected: $20M in SG&A costs, primarily associated with the HEYDUDE acquisition, and an additional $45M of non-cash costs in cost of sales, primarily related to the write up of HEYDUDE inventory costs to fair market value at the close of the acquisition.
7. Non-GAAP adjustments include an expected: $60M in SG&A costs, primarily associated with the HEYDUDE acquisition, and an additional $75M of non-cash costs in cost of sales, primarily related to the write up of HEYDUDE inventory costs to fair market value at the close of acquisition.

LONG TERM GUIDANCE*

	crocs	HEYDUDE	Crocs, Inc.
Revenues	$5B+	$1B+	$6B+
Revenue Growth	17%+	20%+	
Adjusted Operating Margin	26%+	26%+	26%+
Adjusted Tax Rate	~25%		
Capital Expenditures	~3% of revenues		

* Crocs long-term guidance provided here is on a pre-acquisition standalone basis. Long term for Crocs and Crocs, Inc. defined as 2026E and for HEYDUDE defined as 2024E. Please refer to Appendix for definitions and Non-GAAP reconciliations.

CAPITAL ALLOCATION PRIORITIES

Business Investment

Invest to support long-term, profitable growth

Deleverage to <2.0x Gross Leverage

Committed to working towards deleveraging quickly

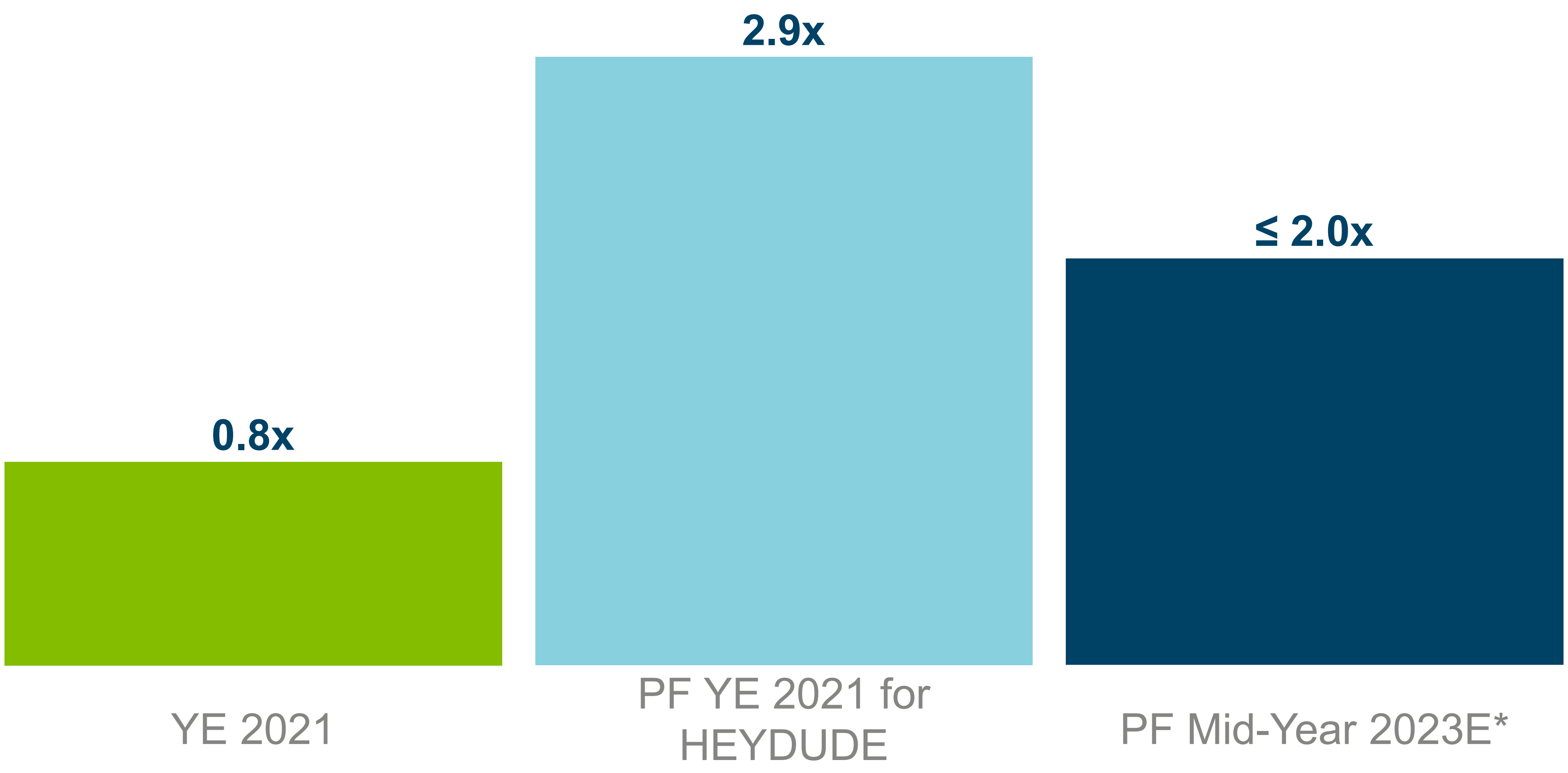
Shareholder Returns

Share repurchases on hold until gross leverage is <2.0x, which we do not expect to occur in 2022

LEVERAGE OUTLOOK

- Finished 2021 with net leverage <1x
- Committed to quickly deleveraging and now targeting to be below 2.0x gross leverage by mid-year 2023
- Share repurchases on hold until gross leverage is <2.0x, which we do not expect to occur in 2022

Net Debt / Adjusted EBITDA Outlook



* Assumes excess free cash flow used to repay borrowings. Net Debt / EBITDA calculated as: (Total Debt - Cash and Cash Equivalents) / TTM EBITDA

APPENDIX

NON-GAAP RECONCILIATION

Non-GAAP Cost of Sales, Gross Profit, and Gross Margin Reconciliation:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
GAAP revenues	$ 660,148	$ 460,098
GAAP cost of sales	$ 335,224	$ 206,879
Distribution centers [1]	(1,191)	(985)
HEYDUDE inventory fair value adjustment [2]	(27,927)	—
Inventory reserve in Russia [3]	(1,800)	—
Total adjustments	(30,918)	(985)
Non-GAAP cost of sales	$ 304,306	$ 205,894
GAAP gross profit	$ 324,924	$ 253,219
GAAP gross margin	49.2 %	55.0 %
Non-GAAP gross profit	$ 355,842	$ 254,204
Non-GAAP gross margin	53.9 %	55.2 %

[1] Represents expenses, including expansion costs and duplicate rent costs, related to our distribution centers in Dayton, Ohio and Dordrecht, the Netherlands.
[2] Represents a write-up of HEYDUDE inventory costs to fair value upon the close of the acquisition on February 17, 2022.
[3] Represents an inventory reserve expense in our EMEALA segment associated with our pause of certain operations in Russia.

NON-GAAP RECONCILIATION (CONT'D)

Non-GAAP Selling, General and Administrative Expenses Reconciliation:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
GAAP revenues	$ 660,148	$ 460,098
GAAP selling, general and administrative expenses	$ 206,247	$ 128,533
HEYDUDE acquisition-related costs [1]	(20,601)	—
Bad debt impact in Russia [2]	(5,267)	—
Total adjustments	(25,868)	—
Non-GAAP selling, general and administrative expenses (3)	$ 180,379	$ 128,533
GAAP selling, general and administrative expenses as a percent of revenues	31.2 %	27.9 %
Non-GAAP selling, general and administrative expenses as a percent of revenues	27.3 %	27.9 %

(1) Represents costs related to the Acquisition, including legal, professional, and transaction fees.
(2) Represents bad debt expense associated with the impact of the war between Russia and Ukraine on wholesale partners in Russia.
(3) Non-GAAP selling, general and administrative expenses are presented gross of tax.

NON-GAAP RECONCILIATION (CONT'D)

Non-GAAP Income from Operations and Operating Margin Reconciliation:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
GAAP revenues	$ 660,148	$ 460,098
GAAP income from operations	$ 118,677	$ 124,686
Non-GAAP cost of sales adjustments[(1)]	30,918	985
Non-GAAP selling, general and administrative expenses adjustments[(2)]	25,868	—
Non-GAAP income from operations	$ 175,463	$ 125,671
GAAP operating margin	18.0 %	27.1 %
Non-GAAP operating margin	26.6 %	27.3 %

(1) See 'Non-GAAP cost of sales, gross profit, and gross margin reconciliation' above for more details.
(2) See 'Non-GAAP selling, general and administrative expenses and selling, general and administrative expenses as a percent of revenues reconciliation' above for more details.

NON-GAAP RECONCILIATION (CONT'D)

Non-GAAP Income Tax Expense (Benefit) and Effective Tax Rate Reconciliation:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
	(in thousands)	
GAAP income from operations	$ 118,677	$ 124,686
GAAP income before income taxes	99,060	122,588
Non-GAAP income from operations (1)	$ 175,463	$ 125,671
GAAP non-operating income (expenses):		
Foreign currency gains (losses), net	480	(504)
Interest income	102	27
Interest expense	(19,252)	(1,632)
Other income (expense), net	(947)	11
Non-GAAP income before income taxes	$ 155,846	$ 123,573
GAAP income tax expense	$ 26,300	$ 24,190
Tax effect of non-GAAP operating adjustments	7,622	249
Impact of intra-entity IP transfers (2)	(3,107)	(352)
Non-GAAP income tax expense	$ 30,815	$ 24,087
GAAP effective income tax rate	26.5 %	19.7 %
Non-GAAP effective income tax rate	19.8 %	19.5 %

(1) See 'Non-GAAP income from operations and operating margin reconciliation' above for more details.

(2) In the fourth quarter of 2020, and subsequently in the fourth quarter of 2021, we made changes to our international legal structure, including an intra-entity transfer of certain intellectual property rights, primarily to align with current and future international operations. The transfers resulted in a step-up in the tax basis of intellectual property rights and correlated increases in foreign deferred tax assets based on the fair value of the transferred intellectual property rights. This adjustment represents the current period impact of these transfers.

NON-GAAP RECONCILIATION (CONT'D)

Non-GAAP Earnings Per Share Reconciliation:

	Three Months Ended March 31,	
	2022	2021
	(in thousands, except per share data)	
Numerator:		
GAAP net income	$ 72,760	$ 98,398
Non-GAAP cost of sales adjustments (1)	30,918	985
Non-GAAP selling, general and administrative expenses adjustments (2)	25,868	—
Tax effect of non-GAAP adjustments	(4,515)	103
Non-GAAP net income	$ 125,031	$ 99,486
Denominator:		
GAAP weighted average common shares outstanding - basic	59,823	65,458
Plus: GAAP dilutive effect of stock options and unvested restricted stock units	1,073	1,390
GAAP weighted average common shares outstanding - diluted	60,896	66,848
GAAP net income per common share:		
Basic	$ 1.22	$ 1.50
Diluted	$ 1.19	$ 1.47
Non-GAAP net income per common share:		
Basic	$ 2.09	$ 1.52
Diluted	$ 2.05	$ 1.49

(1) See 'Non-GAAP cost of sales, gross profit, and gross margin reconciliation' above for more information.
(2) See 'Non-GAAP selling, general and administrative expenses and selling, general and administrative expenses as a percent of revenues reconciliation' above for more information.

NON-GAAP RECONCILIATION (CONT'D)

Reconciliation of GAAP to Non-GAAP Financial Guidance:

Second Quarter 2022:

	Approximately:
Non-GAAP operating margin reconciliation:	
GAAP operating margin	19%
Non-GAAP adjustments, primarily associated with the HEYDUDE acquisition[1]	7%
Non-GAAP operating margin	26%

Full Year 2022:

	Approximately:
Non-GAAP operating margin reconciliation:	
GAAP operating margin	22% to 23%
Non-GAAP adjustments, primarily associated with the HEYDUDE acquisition[1]	4%
Non-GAAP operating margin	26% to 27%
Non-GAAP effective tax rate reconciliation:	
GAAP effective tax rate	25%
Non-GAAP adjustments associated with amortization of intellectual property[2]	(3)%
Non-GAAP effective tax rate	22%
Non-GAAP diluted earnings per share reconciliation:	
GAAP diluted earnings per share	$7.95 to $8.55
Non-GAAP adjustments, primarily associated with the HEYDUDE acquisition and amortization of intellectual property	$2.10
Non-GAAP diluted earnings per share	$10.05 to $10.65

(1) In the second quarter of 2022, we expect to incur $20 million in SG&A costs, primarily associated with the HEYDUDE acquisition, and an additional $45 million of non-cash costs in cost of sales, primarily related to the amortization of the write up of HEYDUDE inventory costs to fair market value at the close of the Acquisition. For the full year 2022, we expect to incur $60 million in SG&A costs, primarily associated with the HEYDUDE acquisition, and a total $75 million of non-cash costs in cost of sales, primarily related to the write up of HEYDUDE inventory costs to fair market value at the close of acquisition.

(2) In the fourth quarter of 2020, and subsequently in the fourth quarter of 2021, we made changes to our international legal structure, including an intra-entity transfer of certain intellectual property rights, primarily to align with current and future international operations. This adjustment represents the amortization of the deferred tax asset related to these intellectual property rights in this period and the tax impact of cost of sales and SG&A non-GAAP adjustments.

Our long-term guidance for "Non-GAAP Operating Margin" is a non-GAAP financial measure that excludes or otherwise has been adjusted for special items from our U.S. GAAP financial statements, such as inventory write-offs, duplicate rent costs, bad debt expense, and the HEYDUDE acquisition. We consider these items to be necessary adjustments for purposes of evaluating our ongoing business performance and are often considered non-recurring. Such adjustments are subjective and involve significant management judgment. We are unable to reconcile Crocs 2026E and HEYDUDE 2024E non-GAAP operating margin guidance measures to their nearest U.S. GAAP measures without unreasonable efforts because we are unable to predict with a reasonable degree of certainty the actual impact of the special and other non-core items. By their very nature, special and other non-core items are difficult to anticipate with precision because they are generally associated with unexpected and unplanned events that impact our company and its financial results. Therefore, we are unable to provide a reconciliation of these measures.

NON-GAAP RECONCILIATION (CONT'D)

Non-GAAP Cost of Sales, Gross Profit, and Gross Margin Reconciliation by Brand:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Crocs Brand GAAP revenues	$ 545,225	$ 460,098
GAAP cost of sales	$ 248,617	$ 206,879
Distribution centers [1]	(1,191)	(985)
Inventory reserve in Russia [3]	(1,800)	—
Total adjustments	(2,991)	(985)
Non-GAAP cost of sales	$ 245,626	$ 205,894
GAAP gross profit	$ 296,608	$ 253,219
GAAP gross margin as a percent of revenues	54.4 %	55.0 %
Non-GAAP gross profit	$ 299,599	$ 254,204
Non-GAAP gross margin as a percent of revenues	54.9 %	55.2 %

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
HEYDUDE Brand GAAP revenues	$ 114,923	$ —
GAAP cost of sales	$ 85,458	$ —
HEYDUDE inventory fair value adjustment [2]	(27,927)	—
Total adjustments	(27,927)	—
Non-GAAP cost of sales	$ 57,531	$ —
GAAP gross profit	$ 29,465	$ —
GAAP gross margin as a percent of revenues	25.6 %	— %
Non-GAAP gross profit	$ 57,392	$ —
Non-GAAP gross margin as a percent of revenues	49.9 %	— %

(1) Represents expenses, including expansion costs and duplicate rent costs, related to our distribution centers in Dayton, Ohio and Dordrecht, the Netherlands.
(2) Represents a write-up of HEYDUDE inventory costs to fair value upon the close of the acquisition on February 17, 2022.
(3) Represents an inventory reserve expense in our EMEALA segment associated with our pause of certain operations in Russia.

NON-GAAP RECONCILIATION (CONT'D)

Non-GAAP Selling, General and Administrative Expenses Reconciliation by Brand:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Crocs Brand GAAP revenues	$ 545,225	$ 460,098
GAAP selling, general and administrative expenses	$ 132,673	$ 98,573
Bad debt impact in Russia [1]	(5,267)	—
Total adjustments	(5,267)	—
Non-GAAP selling, general and administrative expenses	$ 127,406	$ 98,573
GAAP selling, general and administrative expenses as a percent of revenues	24.3 %	21.4 %
Non-GAAP selling, general and administrative expenses as a percent of revenues	23.4 %	21.4 %

[1] Represents bad debt expense associated with the impact of the war between Russia and Ukraine on wholesale partners in Russia.

NON-GAAP RECONCILIATION (CONT'D)

Non-GAAP Income from Operations and Operating Margin Reconciliation by Brand:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
	(in thousands)	
Crocs Brand GAAP income from operations	$ 163,935	$ 154,819
Non-GAAP cost of sales adjustments(1)	2,991	985
Non-GAAP selling, general and administrative expenses adjustments(2)	5,267	—
Non-GAAP income from operations	$ 172,193	$ 155,804
GAAP operating margin	30.1 %	33.6 %
Non-GAAP operating margin	31.6 %	33.9 %

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
	(in thousands)	
HEYDUDE Brand GAAP income from operations	$ 15,658	$ —
Non-GAAP cost of sales adjustments(1)	27,927	—
Non-GAAP income from operations	$ 43,585	$ —
GAAP operating margin	13.6 %	— %
Non-GAAP operating margin	37.9 %	— %

1) See 'Non-GAAP cost of sales, gross profit, and gross margin reconciliation' above for more information.
(2) See 'Non-GAAP selling, general and administrative expenses and selling, general and administrative expenses as a percent of revenues reconciliation' above for more information.


crocs
SK8
ZAP!