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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2024
or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File 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.)

500 Eldorado Blvd., Building 5, Broomfield, Colorado 80021
(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 July 25, 2024, Crocs, Inc. had 59,385,132 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, expectations, and performance of our business;
- our expectations regarding the impact on our business of economic trends;
- 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, 2023 and our subsequent filings with the Securities and Exchange Commission, including those described in the section entitled “Risk Factors” under Item 1A in this report. 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, except as required by applicable law.

Crocs, Inc.
Table of Contents to the Quarterly Report on Form 10-Q
For the Quarterly Period Ended June 30, 2024

PART I — Financial Information

Item 1.	Financial Statements (Unaudited)	
	Condensed Consolidated Statements of Income	1
	Condensed Consolidated Statements of Comprehensive Income	2
	Condensed Consolidated Balance Sheets	3
	Condensed Consolidated Statements of Stockholders’ Equity	4
	Condensed Consolidated Statements of Cash Flows	6
	Notes to Condensed Consolidated Financial Statements	7
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	31
Item 4.	Controls and Procedures	32

PART II — Other Information 33

Item 1.	Legal Proceedings	33
Item 1A.	Risk Factors	33
Item 2.	Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities	33
Item 5.	Other Information	33
Item 6.	Exhibits	34
Signatures		35

Table of Contents

PART I — Financial Information

ITEM 1. Financial Statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenues	$ 1,111,502	$ 1,072,367	$ 2,050,135	$ 1,956,533
Cost of sales	429,586	451,060	846,142	858,856
Gross profit	681,916	621,307	1,203,993	1,097,677
Selling, general and administrative expenses	356,178	302,818	651,826	544,260
Income from operations	325,738	318,489	552,167	553,417
Foreign currency gains (losses), net	(1,323)	551	(3,596)	148
Interest income	1,126	548	1,542	719
Interest expense	(29,161)	(43,063)	(59,724)	(85,700)
Other income, net	45	717	65	424
Income before income taxes	296,425	277,242	490,454	469,008
Income tax expense	67,518	64,830	109,093	107,053
Net income	$ 228,907	$ 212,412	$ 381,361	$ 361,955
Net income per common share:				
Basic	$ 3.79	$ 3.42	$ 6.31	$ 5.84
Diluted	$ 3.77	$ 3.39	$ 6.26	$ 5.78
Weighted average common shares outstanding:				
Basic	60,320	62,037	60,442	61,937
Diluted	60,766	62,603	60,910	62,616

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net income	$ 228,907	$ 212,412	$ 381,361	$ 361,955
Other comprehensive income (loss), net of tax:				
Derivatives designated as hedging instruments:				
Unrealized gains (losses) on derivative instruments	269	223	694	(156)
Reclassification adjustment for realized (gains) losses on derivative instruments	(256)	217	(426)	600
Net increase from derivatives designated as hedging instruments	13	440	268	444
Foreign currency translation gains (losses), net	(6,419)	1,190	(17,831)	5,143
Total comprehensive income, net of tax	$ 222,501	$ 214,042	$ 363,798	$ 367,542

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)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 167,734	$ 149,288
Restricted cash - current	2	2
Accounts receivable, net of allowances of $34,899 and $27,591, respectively	420,199	305,747
Inventories	376,599	385,054
Income taxes receivable	2,502	4,413
Other receivables	20,282	21,071
Prepaid expenses and other assets	39,586	45,129
Total current assets	1,026,904	910,704
Property and equipment, net of accumulated depreciation of $133,215 and $120,510, respectively	244,067	238,315
Intangible assets, net of accumulated amortization of $150,026 and $138,611, respectively	1,785,303	1,792,562
Goodwill	711,542	711,588
Deferred tax assets, net	640,587	667,972
Restricted cash	3,292	3,807
Right-of-use assets	292,089	287,440
Other assets	16,014	31,446
Total assets	$ 4,719,798	$ 4,643,834
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 244,853	$ 260,978
Accrued expenses and other liabilities	285,095	285,771
Income taxes payable	92,550	65,952
Current borrowings	—	23,328
Current operating lease liabilities	63,918	62,267
Total current liabilities	686,416	698,296
Deferred tax liabilities, net	12,841	12,912
Long-term income taxes payable	557,581	565,171
Long-term borrowings	1,529,566	1,640,996
Long-term operating lease liabilities	277,112	269,769
Other liabilities	3,071	2,767
Total liabilities	3,066,587	3,189,911
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value $0.001 per share, 250.0 million shares authorized, 110.3 million and 110.1 million issued, 59.6 million and 60.5 million outstanding, respectively	110	110
Treasury stock, at cost, 50.8 million and 49.6 million shares, respectively	(2,071,289)	(1,888,869)
Additional paid-in capital	844,595	826,685
Retained earnings	2,993,126	2,611,765
Accumulated other comprehensive loss	(113,331)	(95,768)
Total stockholders' equity	1,653,211	1,453,923
Total liabilities and stockholders' equity	$ 4,719,798	$ 4,643,834

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 March 31, 2024	60,696	$ 110	49,605	$ (1,894,782)	$ 834,433	$ 2,764,219	$ (106,925)	$ 1,597,055
Share-based compensation	—	—	—	—	10,162	—	—	10,162
Exercises of stock options, issuance of restricted stock awards, and vests of restricted stock units, net of shares withheld for taxes	26	—	—	—	—	—	—	—
Repurchases of common stock, including excise tax	(1,170)	—	1,170	(176,507)	—	—	—	(176,507)
Net income	—	—	—	—	—	228,907	—	228,907
Other comprehensive loss	—	—	—	—	—	—	(6,406)	(6,406)
Balance at June 30, 2024	59,552	$ 110	50,775	$ (2,071,289)	$ 844,595	$ 2,993,126	$ (113,331)	$ 1,653,211

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at March 31, 2023	62,023	$ 110	47,813	$ (1,705,896)	$ 805,078	$ 1,968,742	$ (99,534)	$ 968,500
Share-based compensation	—	—	—	—	8,388	—	—	8,388
Exercises of stock options, issuance of restricted stock awards, and vests of restricted stock units, net of shares withheld for taxes	44	—	12	(1,240)	—	—	—	(1,240)
Net income	—	—	—	—	—	212,412	—	212,412
Other comprehensive income	—	—	—	—	—	—	1,630	1,630
Balance at June 30, 2023	62,067	$ 110	47,825	$ (1,707,136)	$ 813,466	$ 2,181,154	$ (97,904)	$ 1,189,690

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, 2023	60,495	$ 110	49,558	$ (1,888,869)	$ 826,685	$ 2,611,765	$ (95,768)	$ 1,453,923
Share-based compensation	—	—	—	—	17,744	—	—	17,744
Exercises of stock options, issuance of restricted stock awards, and vests of restricted stock units, net of shares withheld for taxes	227	—	47	(5,913)	166	—	—	(5,747)
Repurchases of common stock, including excise tax	(1,170)	—	1,170	(176,507)	—	—	—	(176,507)
Net income	—	—	—	—	—	381,361	—	381,361
Other comprehensive loss	—	—	—	—	—	—	(17,563)	(17,563)
Balance at June 30, 2024	59,552	$ 110	50,775	$ (2,071,289)	$ 844,595	$ 2,993,126	$ (113,331)	$ 1,653,211

	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, 2022	61,749	$ 110	47,730	$ (1,695,501)	$ 797,614	$ 1,819,199	$ (103,491)	$ 817,931
Share-based compensation	—	—	—	—	15,852	—	—	15,852
Exercises of stock options, issuance of restricted stock awards, and vests of restricted stock units, net of shares withheld for taxes	318	—	95	(11,635)	—	—	—	(11,635)
Net income	—	—	—	—	—	361,955	—	361,955
Other comprehensive income	—	—	—	—	—	—	5,587	5,587
Balance at June 30, 2023	62,067	$ 110	47,825	$ (1,707,136)	$ 813,466	$ 2,181,154	$ (97,904)	$ 1,189,690

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)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash flows from operating activities:		
Net income	$ 381,361	$ 361,955
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33,705	25,780
Operating lease cost	40,654	36,592
Share-based compensation	17,744	15,852
Asset impairment	24,081	—
Other non-cash items	18,517	769
Changes in operating assets and liabilities, net of acquired assets and assumed liabilities:		
Accounts receivable	(119,159)	(113,838)
Inventories	5,172	34,884
Prepaid expenses and other assets	2,247	(32,413)
Accounts payable, accrued expenses and other liabilities	(19,034)	27,819
Right-of-use assets and operating lease liabilities	(42,069)	(35,176)
Income taxes	30,443	8,389
Cash provided by operating activities	373,662	330,613
Cash flows from investing activities:		
Purchases of property, equipment, and software	(32,806)	(51,645)
Cash used in investing activities	(32,806)	(51,645)
Cash flows from financing activities:		
Proceeds from borrowings	78,156	214,634
Repayments of borrowings	(216,405)	(513,703)
Deferred debt issuance costs	(1,173)	(612)
Repurchases of common stock	(175,011)	—
Repurchases of common stock for tax withholding	(5,913)	(11,636)
Other	168	—
Cash used in financing activities	(320,178)	(311,317)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(2,747)	7,049
Net change in cash, cash equivalents, and restricted cash	17,931	(25,300)
Cash, cash equivalents, and restricted cash—beginning of period	153,097	194,885
Cash, cash equivalents, and restricted cash—end of period	$ 171,028	$ 169,585

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," "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 all. We strive to be the global leader in the sale of casual footwear characterized by functionality, comfort, color, and lightweight design.

Our reportable operating segments include: (i) the Crocs Brand and (ii) the HEYDUDE Brand. See Note 13 — 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, 2023 ("Annual Report") and have been prepared on a consistent basis with the accounting policies described in Note 1 of the Notes to Consolidated Financial Statements included in our Annual Report. Our accounting policies did not change during the six months ended June 30, 2024, other than with respect to the new accounting pronouncements adopted, as applicable, as described in Note 2 — Recent Accounting Pronouncements.

Reclassifications

We have reclassified certain amounts in Note 3 — Accrued Expenses and Other Liabilities, Note 9 — Revenues, and Note 13 — 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 and allowances, 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, goodwill, and indefinite-lived intangible assets 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 Disclosures

	Six Months Ended June 30,	
	2024	**2023**
	(in thousands)	
Cash paid for interest	$ 54,708	$ 81,354
Cash paid for income taxes	71,829	102,107
Cash paid for operating leases	43,226	35,259
Non-Cash Investing and Financing Activities:		
Right-of-use assets obtained in exchange for operating lease liabilities, net of terminations	$ 50,423	$ 19,062
Accrued purchases of property, equipment, and software	9,589	20,657

2. RECENT ACCOUNTING PRONOUNCEMENTS

New Accounting Pronouncement Not Yet Adopted

Pillar Two Global Minimum Tax

The Organization for Economic Co-operation and Development ("OECD") has released Pillar Two model rules introducing a 15% global minimum tax rate for large multinational corporations to be effective starting with tax periods ending in 2024. Various jurisdictions we operate in have enacted or plan to enact legislation beginning in 2024 or in subsequent years. There remains uncertainty as to the final Pillar Two rules as the OECD continues to release guidance and modifications to the rules. We do not anticipate the Pillar Two rules will have a material impact on our 2024 consolidated financial statements.

Income Taxes: Improvements to Income Tax Disclosure

In December 2023, the Financial Accounting Standards Board ("FASB") issued authoritative guidance related to the disclosure of rate reconciliation and income taxes paid. This guidance becomes effective for annual periods beginning after December 15, 2024 with early adoption permitted and should be applied on a prospective basis. We do not expect this standard to have a material impact on our consolidated financial statements, but it will require increased disclosures within the notes to our consolidated financial statements.

Segment Reporting: Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued authoritative guidance related to the segment disclosures. This guidance becomes effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024, with early adoption permitted and should be applied on a retrospective basis. We do not expect this standard to have a material impact on our consolidated financial statements, but it will require increased disclosures within the notes to our consolidated financial statements.

Other new pronouncements issued but not effective until after June 30, 2024 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:

	June 30, 2024	December 31, 2023
	(in thousands)	
Professional services	$ 69,584	$ 80,986
Accrued compensation and benefits	48,883	70,245
Return liabilities	33,179	38,644
Sales/use and value added taxes payable	30,478	23,768
Fulfillment, freight, and duties	35,042	22,269
Royalties payable [1]	10,492	10,097
Accrued rent and occupancy	10,699	8,246
Customer deposit liability and deferred revenue [1]	10,182	7,568
Accrued legal fees	6,198	2,546
Other [1]	30,358	21,402
Total accrued expenses and other liabilities	$ 285,095	$ 285,771

[1] Amounts as of December 31, 2023 have been reclassified to conform to current period presentation.

4. LEASES

Right-of-Use Assets and Operating Lease Liabilities

Amounts reported in the condensed consolidated balance sheets were:

	June 30, 2024	December 31, 2023
	(in thousands)	
Assets:		
Right-of-use assets	$ 292,089	$ 287,440
Liabilities:		
Current operating lease liabilities	$ 63,918	$ 62,267
Long-term operating lease liabilities	277,112	269,769
Total operating lease liabilities	$ 341,030	$ 332,036

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 income were:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Operating lease cost	$ 20,409	$ 18,393	$ 40,654	$ 36,592
Short-term lease cost	5,214	4,192	10,013	7,234
Variable lease cost	15,944	14,570	23,307	20,118
Total lease costs	$ 41,567	$ 37,155	$ 73,974	$ 63,944

The weighted average remaining lease term and discount rate related to our lease liabilities as of June 30, 2024 were 6.6 years and 6.3%, respectively. As of June 30, 2023, the weighted average remaining lease term and discount rate related to our lease liabilities were 6.6 years and 4.1%, respectively.

During the six months ended June 30, 2024, we impaired our right-of-use assets for our former HEYDUDE Brand warehouses in Las Vegas, Nevada and our former Crocs Brand warehouse in Oudenbosch, the Netherlands, as described in Note 5 — Fair Value Measurements.

Maturities

The maturities of our operating lease liabilities were:

	As of June 30, 2024
	(in thousands)
2024 (remainder of year)	$ 36,311
2025	75,419
2026	64,100
2027	55,168
2028	46,099
Thereafter	144,622
Total future minimum lease payments	421,719
Less: imputed interest	(80,689)
Total operating lease liabilities	$ 341,030

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 either ‘Prepaid expenses and other assets’ or ‘Accrued expenses and other liabilities’ at June 30, 2024 and December 31, 2023. The fair values of our derivative instruments were an insignificant asset and insignificant liability at June 30, 2024 and an insignificant asset and insignificant liability at December 31, 2023. See Note 6 — Derivative Financial Instruments for more information.

The carrying amounts of our cash, cash equivalents, and restricted cash, accounts receivable, accounts payable, current accrued expenses and other liabilities, and our Citibank Facility (as defined below) 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. The Term Loan B Facility (as defined below) and the Notes (as defined below) 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. The fair value of our Revolving Facility (as defined below) approximates its carrying value at June 30, 2024 and December 31, 2023 based on interest rates currently available to us for similar borrowings. The carrying value and fair value of our borrowing instruments as of June 30, 2024 and December 31, 2023 were:

	June 30, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in thousands)			
Term Loan B Facility	$ 685,000	$ 690,994	$ 820,000	$ 824,100
2029 Notes	350,000	318,682	350,000	313,987
2031 Notes	350,000	304,518	350,000	296,742
Revolving Facility	190,000	190,000	190,000	190,000

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, as required, 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. We recorded impairments within 'Selling, general and administrative expenses' in our condensed consolidated statements of income as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Information technology systems impairment [1]	$ —	$ —	$ 18,172	$ —
Right-of-use assets impairment [2]	—	—	5,909	—
Total asset impairments	$ —	$ —	$ 24,081	$ —

[1] During the six months ended June 30, 2024, we recognized an impairment charge for information technology systems related to the HEYDUDE integration of $17.4 million to prepaid assets and $0.8 million to intangible assets.

[2] During the six months ended June 30, 2024, we recognized an impairment of $5.5 million for our former HEYDUDE Brand warehouses in Las Vegas, Nevada and $0.4 million for our former Crocs Brand warehouse in Oudenbosch, the Netherlands.

6. DERIVATIVE FINANCIAL INSTRUMENTS

We transact business in various foreign entities and are therefore exposed to foreign currency exchange rate risk that impacts the reported U.S. Dollar ("USD") 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 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 June 30, 2024 or December 31, 2023.

Our derivative instruments are recorded at fair value as a derivative asset or liability in the condensed consolidated balance sheets within either 'Prepaid expenses and other assets' or 'Accrued expenses and other liabilities' at June 30, 2024 and December 31, 2023. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged transactions in a cash flow hedge. We may enter into derivative contracts that are intended to economically hedge certain components of its risk, even though hedge accounting does not apply, or we elect not to apply hedge accounting.

We report derivative instruments with the same counterparty on a net basis when a master netting arrangement is in place. 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 operating activities.'

As of June 30, 2024, we have derivatives not designated as hedging instruments ("non-hedged derivatives"), which consist of foreign currency forward contracts primarily used to hedge monetary assets and liabilities denominated in non-functional currencies. For our non-hedged derivatives, changes in fair value are recognized within 'Foreign currency gains (losses), net' in the condensed consolidated statements of income.

We also have cash flow hedges ("hedged derivatives") as of June 30, 2024. We are exposed to fluctuations in various foreign currencies against our functional currency, the U.S. Dollar. Specifically, we have subsidiaries that transact in currencies other than their functional currency. We use cash flow hedges to minimize the variability in cash flows caused by fluctuations in foreign currency exchange rates related to our external sales and external purchases of inventory. Currency forward agreements involve fixing the exchange rates for delivery of a specified amount of foreign currency on a specified date. The currency forward agreements are typically cash settled in USD for their fair value at or close to their settlement date. We may also use currency option contracts under which we will pay a premium for the right to sell a specified amount of a foreign currency prior to the maturity date of the option.

For derivatives designated and that qualify as cash flow hedges of foreign exchange risk, the gain or loss on the derivative is recorded in ‘Accumulated other comprehensive loss’ in the condensed consolidated balance sheets. In the period during which the hedged transaction affects earnings, the related gain or loss is subsequently reclassified to ‘Revenues’ or ‘Cost of sales’ in the condensed consolidated statements of income, which is consistent with the nature of the hedged transaction. During the three and six months ended June 30, 2024, there was a gain of $0.3 million and $0.6 million, respectively, recognized due to reclassification from ‘Accumulated other comprehensive loss’ to ‘Revenues’ or ‘Cost of sales’ related to our hedged derivatives. During the next twelve months, we estimate that a gain of $0.3 million will be reclassified to our condensed consolidated statements of income.

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:

	June 30, 2024		December 31, 2023	
	Derivative Assets	**Derivative Liabilities**	**Derivative Assets**	**Derivative Liabilities**
	(in thousands)			
Non-hedged derivatives:				
Forward foreign currency exchange contracts	$ 922	$ (665)	$ 2,850	$ (1,333)
Hedged derivatives:				
Cash flow foreign currency contracts	572	(301)	142	(229)
Total derivatives	1,494	(966)	2,992	(1,562)
Netting of counterparty contracts	(502)	502	(1,547)	1,547
Total derivatives, net of counterparty contracts	$ 992	$ (464)	$ 1,445	$ (15)

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.

	June 30, 2024		December 31, 2023	
	Notional	Fair Value	Notional	Fair Value
	(in thousands)			
Non-hedged derivatives:				
Singapore Dollar	$ 37,742	$ 101	$ 41,441	$ 1,507
Euro	17,770	102	30,757	1,343
British Pound Sterling	10,182	(172)	17,662	(835)
South Korean Won	21,308	(92)	9,759	(428)
Indian Rupee	14,537	(60)	5,291	(23)
Japanese Yen	13,604	667	969	(47)
Other currencies	36,869	(289)	—	—
Total non-hedged derivatives	152,012	257	105,879	1,517
Hedged derivatives:				
Euro	19,843	402	40,014	(186)
British Pound Sterling	20,649	78	22,320	135
South Korean Won	5,398	92	11,093	(42)
Indian Rupee	3,786	(9)	5,703	6
Chinese Yuan	32,779	(292)	—	—
Total hedged derivatives	82,455	271	79,130	(87)
Total derivatives	$ 234,467	$ 528	$ 185,009	$ 1,430

	June 30, 2024	December 31, 2023
Latest maturity date, non-hedged derivatives	July 2024	January 2024
Latest maturity date, hedged derivatives	March 2025	December 2024

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Foreign currency transaction gains (losses)	$ (1,513)	$ 402	$ (2,933)	$ (369)
Foreign currency forward exchange contracts gains (losses)	190	149	(663)	517
Foreign currency gains (losses), net	$ (1,323)	$ 551	$ (3,596)	$ 148

7. BORROWINGS

Our long-term borrowings were as follows:

	Maturity	Stated Interest Rate	Effective Interest Rate	June 30, 2024	December 31, 2023
				(in thousands)	
Notes issuance of $350.0 million	2029	4.250 %	4.64 %	$ 350,000	$ 350,000
Notes issuance of $350.0 million	2031	4.125 %	4.35 %	350,000	350,000
Term Loan B Facility	2029			685,000	820,000
Revolving Facility				190,000	190,000
Total face value of long-term borrowings				1,575,000	1,710,000
Less:					
Unamortized issuance costs				45,434	49,004
Current portion of long-term borrowings [(1)]				—	20,000
Total long-term borrowings				$ 1,529,566	$ 1,640,996

[(1)] Represents the current portion of the borrowings under the Term Loan B facility.

At June 30, 2024 and December 31, 2023, $10.6 million and $10.7 million, respectively, of accrued interest related to our borrowings was reported in ‘Accounts payable’ in the condensed consolidated balance sheets.

Senior Revolving Credit Facility

In July 2019, the Company and certain of its 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. Since that time, we have amended the Credit Agreement, which, as amended to date, provides for a revolving credit facility of $750.0 million, which can be increased by an additional $250.0 million subject to certain conditions (the “Revolving Facility”). Borrowings under the Credit Agreement bear interest at a variable interest rate based on (A) a Base Rate (defined as the highest of (i) the Overnight Bank Funding Rate (as defined in the Credit Agreement), plus 0.25%, (ii) the Prime Rate (as defined in the Credit Agreement), and (iii) the Daily Simple SOFR (as defined in the Credit Agreement), plus 1.00%), plus an applicable margin ranging from 0.25% to 0.875% based on our leverage ratio or 1.35% to 1.975% for the Daily Simple SOFR based on the leverage ratio, or (B) the Term SOFR Rate (as defined in the Credit Agreement), plus an applicable margin ranging from 1.35% to 1.975% based on our leverage ratio for one-month interest periods and 1.40% to 2.025% based on our leverage ratio for three month interest periods. 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 or required, as applicable, us to maintain a minimum interest coverage ratio of 3.00 to 1.00, and a maximum leverage ratio of (i) 4.00 to 1.00 from the quarter ended March 31, 2022 through, and including, the quarter ended December 31, 2023, (ii) 3.75 to 1.00 for the quarter ended March 31, 2024, (iii) 3.50 to 1.00 for the quarter ended June 30, 2024, and (iv) 3.25 to 1.00 for the quarter ending September 30, 2024 and thereafter (subject to adjustment in certain circumstances). The Credit Agreement permits, among other things, (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 June 30, 2024, we were in compliance with all financial covenants under the Credit Agreement.

As of June 30, 2024, the total commitments available from the lenders under the Revolving Facility were $750.0 million. At June 30, 2024, we had $190.0 million in outstanding borrowings and $1.3 million in outstanding letters of credit under the Revolving Facility, which reduces amounts available for borrowing under the Revolving Facility. As of June 30, 2024 and December 31, 2023, we had $558.7 million of available borrowing capacity under the Revolving Facility, which matures in November 2027.

Term Loan B Facility

On February 17, 2022, the Company entered into a credit agreement (the “Original Term Loan B Credit Agreement”) with Citibank, N.A., as administrative agent and lender, to among other things, finance a portion of the cash consideration for the Acquisition, which was amended on August 8, 2023 (the “August 2023 Amendment”) and on February 13, 2024 (the “February 2024 Amendment”). The Original Term Loan B Credit Agreement, as amended by the August 2023 Amendment and the February 2024 Amendment is referred to herein as the “Term Loan B Credit Agreement.”

The Original Term Loan B Credit Agreement provided for an aggregate term loan B facility in the principal amount of $2.0 billion. Prior to the February 2024 Amendment, the outstanding balance was $820.0 million. Among other things, the February 2024 Amendment provided for a new $820.0 million tranche of term loans (the “2024 Refinancing Term Loans” and, such facility, the "Term Loan B Facility"), to refinance the then-outstanding principal balance. The 2024 Refinancing Term Loans are secured by substantially all of the Company’s and each subsidiary guarantor’s assets on a pari passu basis with their obligations arising from the Term Loan B Credit Agreement and is scheduled to mature on February 17, 2029, subject to certain exceptions set forth in the Term Loan B Credit Agreement. Additionally, subject to certain conditions, including, without limitation, satisfying certain leverage ratios, the Company may, at any time, on one or more occasions, add one or more new classes of term facilities and/or increase the principal amount of the loans of any existing class by requesting one or more incremental term facilities.

Pursuant to the reduced interest rate margins applicable to the 2024 Refinancing Term Loans, each term loan borrowing which is an alternate base rate borrowing bears interest at a rate per annum equal to the Alternate Base Rate (as defined in the Term Loan B Credit Agreement), plus 1.25%. Each term loan borrowing which is a term SOFR borrowing bears interest at a rate per annum equal to the Adjusted Term SOFR Rate (as defined in the Term Loan B Credit Agreement) plus 2.25%.

As of June 30, 2024, the Term Loan B Facility was fully drawn with no remaining borrowing capacity, and we had $685.0 million in outstanding principal on the Term Loan B Facility, which matures on February 17, 2029.

The Term Loan B Credit Agreement also contains customary affirmative and negative covenants, incurrence financial covenants, representations and warranties, events of default and other provisions. As of June 30, 2024, we were in compliance with all financial covenants under the Term Loan B Credit Agreement.

Asia Revolving Credit Facility

During the six months ended June 30, 2024, we had one revolving credit facility in Asia with Citibank (China) Company Limited, Shanghai Branch (the “Citibank Facility”), which, as amended, provides up to an equivalent of $15.0 million.

As of June 30, 2024, we had no borrowings outstanding on the Citibank Facility. As of December 31, 2023, we had borrowings outstanding of $3.3 million on the Citibank Facility.

Senior Notes Issuances

In March 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 “2029 Notes”), pursuant to the indenture related thereto (as amended and/or supplemented to date, the “2029 Notes Indenture”). Additionally, in August 2021, the Company completed the issuance and sale of $350.0 million aggregate principal amount of 4.125% Senior Notes due August 15, 2031 (the “2031 Notes”), pursuant to the indenture related thereto (as amended and/or supplemented to date, “the 2031 Notes Indenture” and, together with the 2029 Notes Indenture, the “Indentures” and, each, an “Indenture”). Interest on each of the 2029 Notes and the 2031 Notes (collectively, the “Notes”) is payable semi-annually.

The Company had or will have, as applicable, the option to redeem all or any portion of the 2029 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 also had the option to redeem some or all of the 2029 Notes at any time before March 15, 2024 at a redemption price of 100% of the principal amount 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 could have redeemed up to 40% of the aggregate principal amount of the 2029 Notes at a redemption price of 104.250% of the principal amount with the proceeds from certain equity issuances, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

The Company will have the option to redeem all or any portion of the 2031 Notes, at once or over time, at any time on or after August 15, 2026, 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 2031 Notes at any time before August 15, 2026 at a redemption price of 100% of the principal amount 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 August 15, 2024, the Company may redeem up to 40% of the aggregate principal amount of the 2031 Notes at a redemption price of 104.125% of the principal amount with the proceeds from certain equity issuances, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

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 Indentures contain 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 June 30, 2024, we were in compliance with all financial covenants under the Notes.

8. COMMON STOCK REPURCHASE PROGRAM

During the three and six months ended June 30, 2024, we repurchased 1.2 million shares of our common stock at a cost of $175.0 million, including commissions. As of June 30, 2024, we also have recorded an accrual for the stock repurchase excise tax, which is reported in 'Accrued expenses and other liabilities' and 'Treasury stock' in our condensed consolidated balance sheet. During the three and six months ended June 30, 2023, we did not repurchase any shares of our common stock.

As of June 30, 2024, we had remaining authorization to repurchase $700.0 million of our common stock, subject to restrictions under our Indentures, Credit Agreement, and Term Loan B Credit Agreement.

9. REVENUES

Revenues by reportable operating segment and by channel were:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	(in thousands)			
Crocs Brand:				
North America:				
Wholesale	$ 173,987	$ 181,085	$ 354,325	$ 353,140
Direct-to-consumer	314,728	293,473	517,304	472,727
Total North America [1]	488,715	474,558	871,629	825,867
International:				
Wholesale	261,294	226,257	542,959	464,765
Direct-to-consumer	163,980	132,135	243,218	191,096
Total International	425,274	358,392	786,177	655,861
Total Crocs Brand	$ 913,989	$ 832,950	$ 1,657,806	$ 1,481,728
Crocs Brand:				
Wholesale	$ 435,281	$ 407,342	$ 897,284	$ 817,905
Direct-to-consumer	478,708	425,608	760,522	663,823
Total Crocs Brand	913,989	832,950	1,657,806	1,481,728
HEYDUDE Brand:				
Wholesale	113,829	148,825	248,582	316,688
Direct-to-consumer	83,684	90,592	143,747	158,117
Total HEYDUDE Brand [2]	197,513	239,417	392,329	474,805
Total consolidated revenues	$ 1,111,502	$ 1,072,367	$ 2,050,135	$ 1,956,533

[1] North America includes the United States and Canada.
[2] The vast majority of HEYDUDE Brand revenues are derived from North America.

10. INCOME TAXES

Income tax expense and effective tax rates were:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	(in thousands, except effective tax rate)			
Income before income taxes	$ 296,425	$ 277,242	$ 490,454	$ 469,008
Income tax expense	67,518	64,830	109,093	107,053
Effective tax rate	22.8 %	23.4 %	22.2 %	22.8 %

During the three months ended June 30, 2024, income tax expense increased $2.7 million compared to the same period in 2023. The effective tax rate for the three months ended June 30, 2024 was 22.8% compared to an effective tax rate of 23.4% for the same period in 2023, a 0.6% decrease. This decrease in the effective tax rate was primarily driven by a shift in the mix of the Company's domestic and foreign earnings. Our effective income tax rate, for each period presented, also differs from the federal U.S. statutory rate due to differences in income tax rates between U.S. and foreign jurisdictions. We had unrecognized tax benefits of $547.2 million and $556.5 million at June 30, 2024 and December 31, 2023, respectively, and we do not expect any significant changes in tax benefits in the next twelve months.

During the six months ended June 30, 2024, income tax expense increased $2.0 million compared to the same period in 2023. The effective tax rate for the six months ended June 30, 2024 was 22.2% compared to an effective tax rate of 22.8% for the same period in 2023, a 0.6% decrease. This decrease in the effective tax rate was primarily driven by a shift in the mix of the

Company's domestic and foreign earnings. Our effective income tax rate, for each period presented, also differs from the federal U.S. statutory rate due to differences in income tax rates between U.S. and foreign jurisdictions.

11. EARNINGS PER SHARE

Basic and diluted earnings per common share ("EPS") for the three and six months ended June 30, 2024 and 2023 were:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
	(in thousands, except per share data)			
Numerator:				
Net income	$ 228,907	$ 212,412	$ 381,361	$ 361,955
Denominator:				
Weighted average common shares outstanding - basic	60,320	62,037	60,442	61,937
Plus: Dilutive effect of stock options and unvested restricted stock units	446	566	468	679
Weighted average common shares outstanding - diluted	60,766	62,603	60,910	62,616
Net income per common share:				
Basic	$ 3.79	$ 3.42	$ 6.31	$ 5.84
Diluted	$ 3.77	$ 3.39	$ 6.26	$ 5.78

In the three and six months ended June 30, 2024 and 2023, an insignificant number of outstanding shares issued under share-based compensation awards were anti-dilutive and, therefore, excluded from the calculation of diluted EPS.

12. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of June 30, 2024, we had purchase commitments to third-party manufacturers, primarily for materials and supplies used in the manufacture of our products, for an aggregate of $234.9 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.

We are also subject to litigation from time to time in the ordinary course of business, including employment, intellectual property, and product liability claims. We are not party to any significant pending legal proceedings that we believe would reasonably have a material adverse impact on our business, financial results, and cash flows. For all legal claims and disputes, we have accrued estimated losses of $2.3 million within 'Accrued expenses and other liabilities' in the condensed consolidated balance sheet as of June 30, 2024. As we are able, we estimate reasonably possible losses or a range of reasonably possible losses. As of June 30, 2024, we estimated that reasonably possible losses associated with these legal claims and other disputes could potentially exceed amounts accrued by an insignificant amount.

13. OPERATING SEGMENTS AND GEOGRAPHIC INFORMATION

We have two reportable operating segments: the Crocs Brand and the HEYDUDE Brand. Each of the reportable operating segments derives its revenues from the sale of footwear and accessories to external customers.

Additionally, 'Enterprise corporate' costs include global corporate costs associated with both brands, including legal, information technology, human resources, and finance.

Each segment's performance is evaluated based on segment results without allocating Enterprise corporate 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 enterprise corporate expenses.

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Revenues:				
Crocs Brand [1]	$ 913,989	$ 832,950	$ 1,657,806	$ 1,481,728
HEYDUDE Brand	197,513	239,417	392,329	474,805
Total consolidated revenues	$ 1,111,502	$ 1,072,367	$ 2,050,135	$ 1,956,533
Income from operations:				
Crocs Brand [1][2]	$ 355,532	$ 317,684	$ 619,657	$ 535,691
HEYDUDE Brand [2]	42,367	65,509	82,513	142,129
Reconciliation of total segment income from operations to income before income taxes:				
Enterprise corporate [2]	(72,161)	(64,704)	(150,003)	(124,403)
Income from operations	325,738	318,489	552,167	553,417
Foreign currency gains (losses), net	(1,323)	551	(3,596)	148
Interest income	1,126	548	1,542	719
Interest expense	(29,161)	(43,063)	(59,724)	(85,700)
Other income, net	45	717	65	424
Income before income taxes	$ 296,425	$ 277,242	$ 490,454	$ 469,008
Depreciation and amortization:				
Crocs Brand [1]	$ 8,861	$ 7,099	$ 17,397	$ 14,536
HEYDUDE Brand	4,542	3,562	8,758	7,068
Enterprise corporate	4,141	1,983	7,550	4,176
Total consolidated depreciation and amortization	$ 17,544	$ 12,644	$ 33,705	$ 25,780

[1] Our business has continued to evolve in the period following the consummation of the HEYDUDE acquisition, as we have grown the brand and staffed and developed our leadership team at HEYDUDE. In the fourth quarter of 2023, to reflect changes in the way management evaluates performance, makes operating decisions, and allocates resources, we updated our reportable operating segments to be (i) Crocs Brand and (ii) HEYDUDE Brand. Our 'North America,' 'Asia Pacific,' and 'EMEALA' segments as well as revenues and expenses related to Crocs 'Brand corporate' have been consolidated to the 'Crocs Brand.' As a result of these changes, the previously reported amounts for revenues, income from operations, and depreciation and amortization for the three and six months ended June 30, 2023 have been recast to conform to current period presentation.

(2) In the first quarter of 2024, to reflect a change in the way management evaluates segment performance, makes operating decisions, and allocates resources, we made changes to segment profitability related to certain foreign currency amounts impacting cost of sales. These amounts have shifted costs or benefits that were previously presented in each of our reportable segments to ‘Enterprise corporate.’ We believe that the impact of these changes on prior periods is insignificant to each segment and thus have not recast prior periods.

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," "we," "us," or "our") are engaged in the design, development, worldwide marketing, distribution, and sale of casual lifestyle footwear and accessories for all. 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.

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:

- We continue to operate in an environment where consumers are feeling the effects of elevated interest rates and inflation, and as a result, they are spending more cautiously. In addition, geopolitical tensions remain across the globe. We remain focused on making the right decisions for the health of our brands, maintaining tight inventory control, and investing in strategic initiatives to support durable long-term growth.
- We continue to invest in our strategic pillars, including marketing globally for both brands, China and sandal market penetration for the Crocs Brand, product innovation, and various initiatives supporting our global digital business. Specific to the HEYDUDE Brand, we remain focused on our strategy of investing in marketing, including expected acceleration in our investment in the second half of 2024, maintaining price integrity, and improving channel inventories.
- Our liquidity position remains strong with approximately $167.7 million in cash and cash equivalents and $573.7 million in available borrowing capacity as of June 30, 2024. Our total borrowings were $1.53 billion as of June 30, 2024. We resumed our share repurchase program in May 2024, repurchasing $175.0 million of our common stock during the quarter.

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.

Second Quarter 2024 Financial and Operational Highlights

Revenues were $1,111.5 million for the second quarter of 2024, a 3.6% increase compared to the second quarter of 2023. The increase was due to the net effects of: (i) higher average selling price on a constant currency basis ("ASP"), which increased revenues by $59.5 million, or 5.5%; (ii) lower unit sales volume in the HEYDUDE Brand, partially offset by higher unit sales volume in the Crocs Brand, which resulted in a net decrease in revenues of $7.5 million, or 0.7%; and (iii) net unfavorable changes in exchange rates, which decreased revenues by $12.8 million, or 1.2%.

The following were significant developments affecting our businesses and capital structure during the three months ended June 30, 2024:

- We grew revenues in the Crocs Brand by 9.7% compared to the same period in 2023.

- Gross margin was 61.4%, an increase of 350 basis points from last year's second quarter. This was primarily due to lower product and freight costs, as well as favorable brand mix.
- Selling, general and administrative expenses ("SG&A") were $356.2 million compared to $302.8 million in the second quarter of 2023, as a result of increased investment in talent and marketing. As a percent of revenues, SG&A increased to 32.0% of revenues compared to 28.2% of revenues in the second quarter of 2023.
- Income from operations increased to $325.7 million from $318.5 million in last year's second quarter. Net income was $228.9 million, or $3.77 per diluted share, compared to $212.4 million, or $3.39 per diluted share, in last year's second quarter.

Results of Operations

	Three Months Ended June 30,		Six Months Ended June 30,		% Change Favorable (Unfavorable)	
	2024	2023	2024	2023	Q2 2024-2023	YTD 2024-2023
	(in thousands, except per share, margin, and average selling price data)					
Revenues	$ 1,111,502	$ 1,072,367	$ 2,050,135	$ 1,956,533	3.6 %	4.8 %
Cost of sales	429,586	451,060	846,142	858,856	4.8 %	1.5 %
Gross profit	681,916	621,307	1,203,993	1,097,677	9.8 %	9.7 %
Selling, general and administrative expenses	356,178	302,818	651,826	544,260	(17.6) %	(19.8) %
Income from operations	325,738	318,489	552,167	553,417	2.3 %	(0.2) %
Foreign currency gains (losses), net	(1,323)	551	(3,596)	148	340.1 %	2,529.7 %
Interest income	1,126	548	1,542	0 719	105.5 %	114.5 %
Interest expense	(29,161)	(43,063)	(59,724)	(85,700)	32.3 %	30.3 %
Other income, net	45	717	65	424	(93.7) %	(84.7) %
Income before income taxes	296,425	277,242	490,454	469,008	6.9 %	4.6 %
Income tax expense	67,518	64,830	109,093	107,053	(4.1) %	(1.9) %
Net income	$ 228,907	$ 212,412	$ 381,361	$ 361,955	7.8 %	5.4 %
Net income per common share:						
Basic	$ 3.79	$ 3.42	$ 6.31	$ 5.84	10.8 %	8.0 %
Diluted	$ 3.77	$ 3.39	$ 6.26	$ 5.78	11.2 %	8.3 %
Gross margin [1]	61.4 %	57.9 %	58.7 %	56.1 %	350 bp	260 bp
Operating margin [1]	29.3 %	29.7 %	26.9 %	28.3 %	(40)bp	(140)bp
Footwear unit sales:						
Crocs Brand	34,814	32,975	66,418	63,627	5.6 %	4.4 %
HEYDUDE Brand	6,421	8,290	13,477	17,220	(22.5) %	(21.7) %
Average footwear selling price - nominal basis [2]:						
Crocs Brand	$ 25.96	$ 25.01	$ 24.72	$ 23.08	3.8 %	7.1 %
HEYDUDE Brand	$ 30.76	$ 28.88	$ 29.11	$ 27.57	6.5 %	5.6 %

[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, as applicable.

Revenues By Channel

	Three Months Ended June 30,		Six Months Ended June 30,		% Change		Constant Currency % Change [1]	
					Favorable (Unfavorable)			
	2024	2023	2024	2023	Q2 2024-2023	YTD 2024-2023	Q2 2024-2023	YTD 2024-2023
	(in thousands)							
Crocs Brand:								
Wholesale	$ 435,281	$ 407,342	$ 897,284	$ 817,905	6.9 %	9.7 %	8.6 %	11.2 %
Direct-to-consumer	478,708	425,608	760,522	663,823	12.5 %	14.6 %	13.8 %	15.7 %
Total Crocs Brand	913,989	832,950	1,657,806	1,481,728	9.7 %	11.9 %	11.2 %	13.2 %
HEYDUDE Brand:								
Wholesale	113,829	148,825	248,582	316,688	(23.5)%	(21.5)%	(23.5)%	(21.5)%
Direct-to-consumer	83,684	90,592	143,747	158,117	(7.6)%	(9.1)%	(7.5)%	(9.0)%
Total HEYDUDE Brand	197,513	239,417	392,329	474,805	(17.5)%	(17.4)%	(17.4)%	(17.4)%
Total consolidated revenues	$ 1,111,502	$ 1,072,367	$ 2,050,135	$ 1,956,533	3.6 %	4.8 %	4.8 %	5.8 %

(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” above for more information.

Revenues. In the three months ended June 30, 2024, revenues increased compared to the same period in 2023, driven by Crocs Brand international revenues, particularly in China. Overall, revenues increased $59.5 million, or 5.5%, from higher ASP, driven mostly by increased pricing, less discounting, and favorable channel mix in both brands and favorable product mix in the Crocs Brand. This was offset in part by lower volume of $7.5 million, or 0.7%, as a result of lower HEYDUDE Brand volumes, mostly offset by higher Crocs Brand volumes. Net unfavorable foreign currency fluctuations of $12.8 million, or 1.2%, primarily in the Korean Won, Chinese Yuan, and Japanese Yen, also decreased revenues.

Revenues also increased in the six months ended June 30, 2024, primarily due to higher ASP of $151.2 million, or 7.7%, driven by increased pricing and favorable channel mix in both brands and favorable product mix in the Crocs Brand. This was offset in part by lower volume of $38.2 million, or 2.0%, as a result of lower HEYDUDE Brand volumes, partially offset by higher Crocs Brand volumes. Net unfavorable foreign currency fluctuations of $19.4 million, or 1.0%, also decreased revenues.

Gross margin. Gross margin increased in the three months ended June 30, 2024 to 61.4% compared to 57.9% in the same period in 2023. This was primarily driven by lower product costs in both brands of approximately 90 basis points, lower freight costs for both brands of approximately 80 basis points, and favorable brand mix of 60 basis points.

Gross margin in the six months ended June 30, 2024 was 58.7% compared to 56.1% in 2023. This was primarily driven by lower freight costs in both brands of approximately 110 basis points, lower product costs for both brands of approximately 50 basis points, and favorable brand mix of 60 basis points.

Selling, general and administrative expenses. SG&A increased $53.4 million, or 17.6%, in the three months ended June 30, 2024 compared to the same period in 2023. This increase was primarily driven by increased investments in talent and marketing of $20.8 million and $18.0 million, respectively.

SG&A expenses increased $107.6 million, or 19.8%, during the six months ended June 30, 2024 compared to the same period in 2023, driven by increased investments in talent and marketing of $37.2 million and $26.5 million, respectively. This increase was also due to an $18.2 million impairment charge for information technology systems related to the HEYDUDE integration and impairment charges of $5.9 million related to our former warehouses in Las Vegas, Nevada and the Netherlands. Additionally, facilities costs increased $8.8 million and depreciation and amortization expense increased $6.7 million. Other net costs increased SG&A by $4.3 million.

Foreign currency gains (losses), net. Foreign currency gains (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 June 30, 2024, we recognized realized and unrealized net foreign currency losses of $1.3 million compared to gains of $0.6 million during the three months ended June 30, 2023.

During the six months ended June 30, 2024, we recognized realized and unrealized net foreign currency losses of $3.6 million compared to gains of $0.1 million during the six months ended June 30, 2023.

Interest expense. Interest expense during the three months ended June 30, 2024 decreased $13.9 million, or 32.3%, compared to the three months ended June 30, 2023. Interest expense during the six months ended June 30, 2024 decreased $26.0 million, or 30.3%, compared to the six months ended June 30, 2023. The decrease in interest expense for both the three and six months ended June 30, 2024 was due to lower outstanding borrowings and lower weighted average interest rates on the Term Loan B Facility (as defined herein) in the current year.

Income tax expense. During the three months ended June 30, 2024, income tax expense increased $2.7 million compared to the same period in 2023. The effective tax rate for the three months ended June 30, 2024 was 22.8% compared to an effective tax rate of 23.4% for the same period in 2023, a 0.6% decrease. This decrease in the effective tax rate was primarily driven by a shift in the mix of the Company's domestic and foreign earnings. Our effective income tax rate, for each period presented, also differs from the federal U.S. statutory rate due to differences in income tax rates between U.S. and foreign jurisdictions.

During the six months ended June 30, 2024, income tax expense increased $2.0 million compared to the same period in 2023. The effective tax rate for the six months ended June 30, 2024 was 22.2% compared to an effective tax rate of 22.8% for the same period in 2023, a 0.6% decrease. This decrease in the effective rate was primarily driven by a shift in the mix of the Company's domestic and foreign earnings. 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.

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 June 30,		Six Months Ended June 30,		% Change		Constant Currency % Change [1]	
					Favorable (Unfavorable)			
	2024	2023	2024	2023	Q2 2024-2023	YTD 2024-2023	Q2 2024-2023	YTD 2024-2023
	(in thousands)							
Revenues:								
Crocs Brand revenues [2]	$ 913,989	$ 832,950	$ 1,657,806	$ 1,481,728	9.7 %	11.9 %	11.2 %	13.2 %
HEYDUDE Brand revenues	197,513	239,417	392,329	474,805	(17.5)%	(17.4)%	(17.4)%	(17.4)%
Total consolidated revenues	$ 1,111,502	$ 1,072,367	$ 2,050,135	$ 1,956,533	3.6 %	4.8 %	4.8 %	5.8 %
Income from operations:								
Crocs Brand income from operations [2][3]	$ 355,532	$ 317,684	$ 619,657	$ 535,691	11.9 %	15.7 %	15.2 %	19.4 %
HEYDUDE Brand income from operations [3]	42,367	65,509	82,513	142,129	(35.3)%	(41.9)%	(35.1)%	(41.9)%
Enterprise corporate [3]	(72,161)	(64,704)	(150,003)	(124,403)	11.5 %	20.6 %	11.6 %	20.6 %
Total consolidated income from operations	$ 325,738	$ 318,489	$ 552,167	$ 553,417	2.3 %	(0.2)%	5.6 %	3.3 %

[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] Our business has continued to evolve in the period following the consummation of the HEYDUDE acquisition, as we have grown the brand and staffed and developed our leadership team at HEYDUDE. In the fourth quarter of 2023, to reflect changes in the way management evaluates performance, makes operating decisions, and allocates resources, we updated our reportable operating segments to be (i) Crocs Brand and (ii) HEYDUDE Brand. Our 'North America,' 'Asia Pacific,' and 'EMEALA' segments as well as revenues and expenses related to Crocs 'Brand corporate' have been consolidated to the 'Crocs Brand.' As a result of these changes, the previously reported amounts for revenues and income from operations for the three and six months ended June 30, 2023 have been recast to conform to current period presentation.

[3] In the first quarter of 2024, to reflect a change in the way management evaluates segment performance, makes operating decisions, and allocates resources,

we made changes to segment profitability related to certain foreign currency amounts impacting cost of sales. These amounts have shifted costs or benefits that were previously presented in each of our reportable segments to 'Enterprise corporate.' We believe that the impact of these changes on prior periods is insignificant to each segment and thus have not recast prior periods.

Crocs Brand

Revenues. Crocs Brand revenues increased in the three months ended June 30, 2024 compared to the same period in 2023. This increase was due in part to higher ASP, primarily as a result of price increases in international markets, favorable channel mix and product mix, and less discounting than the prior year. Higher volume in both channels also drove the increase in revenues while net unfavorable foreign currency fluctuations partially offset the overall increase to revenues.

The increase in Crocs Brand revenues in the six months ended June 30, 2024 compared to the same period in 2023 is primarily due to higher ASP, due to favorable product mix, less discounting, favorable channel mix, and price increases in international markets, and increased volume. Partially offsetting these increases was unfavorable foreign currency fluctuations.

Income from Operations. Income from operations for our Crocs Brand segment was $355.5 million for the three months ended June 30, 2024, an increase of $37.8 million, or 11.9%, compared to the same period in 2023. Gross margin was 64.1%, an increase of 230 basis points compared to prior year, driven primarily by lower product costs, favorable duties as a result of shifts in country mix, and lower freight costs.

SG&A for our Crocs Brand segment increased $33.1 million, or 16.8%, during the three months ended June 30, 2024 compared to the same period in 2023. This increase was primarily due to higher marketing costs and higher variable expenses related to higher revenues in the DTC channel.

During the six months ended June 30, 2024, income from operations for our Crocs Brand was $619.7 million, an increase of $84.0 million, or 15.7%, compared to the same period in 2023. Gross margin was 61.4%, an increase of 220 basis points, primarily due to favorable customer mix, which was largely driven by the termination of our relationship with a significant distributor in the second quarter of 2023 following evidence that it was selling goods outside of its approved territories, price increases in international markets, and lower freight costs. The overall increase in gross margin was partially offset by higher royalty expense as we continue to expand into licensed product.

SG&A for our Crocs Brand increased $57 million, or 16.8%, during the six months ended June 30, 2024 compared to the same period in 2023, primarily due to higher marketing costs and higher variable expenses related to higher revenues in the DTC channel.

HEYDUDE Brand

Revenues. For the three months ended June 30, 2024, revenues decreased compared to 2023. This decrease was primarily due to lower volume in both channels. Higher ASP, primarily due to increased pricing, favorable channel mix as we grow our retail business, and less discounting, partially offset the overall decrease to revenues.

During the six months ended June 30, 2024, revenues decreased compared to the same period in 2023, primarily due to lower volume. Higher ASPs, driven by increased pricing, favorable channel mix, and less discounting, partially offset this decrease.

Income from Operations. Income from operations for the HEYDUDE segment was $42.4 million for the three months ended June 30, 2024, a decrease of $23.1 million, or 35.3%, compared to 2023. Gross margin was 49.1%, an increase of 200 basis points, primarily due to lower freight costs, favorable channel mix, and increased pricing. This was offset in part by transition costs and infrastructure investments associated with the move to our new HEYDUDE distribution center in Las Vegas, Nevada in the current year, as well as unfavorable product mix.

SG&A for the HEYDUDE Brand segment increased $7.4 million, or 15.7%, during the three months ended June 30, 2024 compared to the same period in 2023. This increase was primarily due to an increased investment in talent.

Income from operations for the HEYDUDE segment was $82.5 million for the six months ended June 30, 2024, a decrease of $59.6 million, or 41.9%, compared to the same period in 2023. Gross margin was 47.6%, a decrease of 70 basis points basis points, driven in part by transition costs and infrastructure investments associated with the move to our new HEYDUDE distribution center in Las Vegas, Nevada in the current year, offset in part by lower freight costs.

SG&A for the HEYDUDE Brand segment increased $17.2 million, or 19.7%, during the six months ended June 30, 2024 compared to the same period in 2023. This is primarily due to an increased in investment talent and impairment costs of the right-of-use assets for our former HEYDUDE Brand warehouses in Las Vegas, Nevada in the current year.

Enterprise Corporate

During the three months ended June 30, 2024, total net costs within ‘Enterprise corporate’ increased $7.5 million, or 11.5%, compared to the same period in 2023. This increase was primarily due to an increased investment in talent.

During the six months ended June 30, 2024, total net costs within ‘Enterprise corporate’ increased $25.6 million, or 20.6%, compared to the same period in 2023. This was primarily due to an impairment charge for information technology systems related to the HEYDUDE integration and an increased investment in talent.

Store Locations and Direct-to-Consumer Comparable Sales

As of June 30, 2024, we had 363 company-operated retail locations for the Crocs Brand, inclusive of 172 retail locations in North America and 191 retail locations internationally. As of June 30, 2024, we had 32 company-operated retail locations for the HEYDUDE Brand, inclusive of 9 temporary clearance stores. As of June 30, 2023, we had 346 company-operated retail locations for the Crocs Brand, inclusive of 175 retail locations in North America and 171 retail locations internationally. As of June 30, 2023, we had 9 company-operated retail locations for the HEYDUDE Brand, all of which were temporary clearance stores.

Direct-to-consumer (“DTC”) comparable sales were as follows:

	Constant Currency (1)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Direct-to-consumer comparable sales: (2)				
Crocs Brand	11.7 %	19.5 %	13.2 %	20.5 %
HEYDUDE Brand	(17.5)%	20.2 %	(17.7)%	24.7 %

(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, as included in the DTC comparable sales figures above, is determined on a monthly basis. Comparable store sales include 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 comparable revenues are based on same site sales period over period. E-commerce sites that are temporarily offline or unable to transact or fulfill orders (“site disruption”) are excluded from the comparable sales calculation during the month of site disruption and in the same month in the following year. E-commerce site disruptions in excess of three months are excluded until the thirteenth month after the site has re-opened. Additionally, comparable sales do not include leap days in leap years.

Financial Condition, Capital Resources, and Liquidity

Liquidity

Our liquidity position as of June 30, 2024 was:

		June 30, 2024
		(in thousands)
Cash and cash equivalents	$	167,734
Available borrowings		573,689

As of June 30, 2024, we had $167.7 million in cash and cash equivalents and up to $573.7 million of available borrowings, including $558.7 million of remaining borrowing availability under the Revolving Facility (as defined below) and $15.0 million of remaining borrowing availability under the Citibank Facility (as defined below). As of June 30, 2024, the Term Loan B Facility (as defined below) was fully drawn and there was no available borrowing capacity. We believe that cash flows from operations, our cash and cash equivalents on hand, and available borrowings under our Revolving Facility will be sufficient to meet our ongoing liquidity needs and capital expenditure requirements for at least the next twelve months. In May 2024, we resumed our share repurchase program.

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, global economic conditions, and the pace of sustainable growth in our markets, among other things, could each 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. as of June 30, 2024 without incurring additional U.S. federal income taxes. In some countries, repatriation of certain foreign balances is restricted by local laws. These limitations may affect our ability to fully utilize our cash resources for needs in the U.S. or other countries and could adversely affect our liquidity. As of June 30, 2024, we held $112.6 million of our total $167.7 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. Of the $112.6 million, $2.8 million could potentially be restricted by local laws.

Senior Revolving Credit Facility

In July 2019, the Company and certain of its 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. Since that time, we have amended the Credit Agreement, which, as amended to date, provides for a revolving credit facility of $750.0 million, which can be increased by an additional $250.0 million subject to certain conditions (the "Revolving Facility"). Borrowings under the Credit Agreement bear interest at a variable interest rate based on (A) a Base Rate (defined as the highest of (i) the Overnight Bank Funding Rate (as defined in the Credit Agreement), plus 0.25%, (ii) the Prime Rate (as defined in the Credit Agreement), and (iii) the Daily Simple SOFR (as defined in the Credit Agreement), plus 1.00%), plus an applicable margin ranging from 0.25% to 0.875% based on our leverage ratio or 1.35% to 1.975% for the Daily Simple SOFR based on the leverage ratio, or (B) the Term SOFR Rate (as defined in the Credit Agreement), plus an applicable margin ranging from 1.35% to 1.975% based on our leverage ratio for one-month interest periods and 1.40% to 2.025% based on our leverage ratio for three month interest periods. 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 or required, as applicable, us to maintain a minimum interest coverage ratio of 3.00 to 1.00, and a maximum leverage ratio of (i) 4.00 to 1.00 from the quarter ended March 31, 2022 through, and including, the quarter ended December 31, 2023, (ii) 3.75 to 1.00 for the quarter ended March 31, 2024, (iii) 3.50 to 1.00 for the quarter ended June 30, 2024, and (iv) 3.25 to 1.00 for the quarter ending September 30, 2024 and thereafter (subject to adjustment in certain circumstances). The Credit Agreement permits, among other things, (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 June 30, 2024, we were in compliance with all financial covenants under the Credit Agreement.

As of June 30, 2024, the total commitments available from the lenders under the Revolving Facility were $750.0 million. At June 30, 2024, we had $190.0 million in outstanding borrowings and $1.3 million in outstanding letters of credit under the Revolving Facility, which reduces amounts available for borrowing under the Revolving Facility. As of June 30, 2024 and December 31, 2023, we had $558.7 million of available borrowing capacity under the Revolving Facility, which matures in November 2027.

Term Loan B Facility

On February 17, 2022, the Company entered into a credit agreement (the "Original Term Loan B Credit Agreement") with Citibank, N.A., as administrative agent and lender, to among other things, finance a portion of the cash consideration for the Acquisition, which was amended on August 8, 2023 (the "August 2023 Amendment") and on February 13, 2024 (the "February 2024 Amendment"). The Original Term Loan B Credit Agreement, as amended by the August 2023 Amendment and the February 2024 Amendment is referred to herein as the "Term Loan B Credit Agreement."

The Original Term Loan B Credit Agreement provided for an aggregate term loan B facility in the principal amount of $2.0 billion. Prior to the February 2024 Amendment, the outstanding balance was $820.0 million. Among other things, the February 2024 Amendment provided for a new $820.0 million tranche of term loans (the "2024 Refinancing Term Loans" and, such facility, the "Term Loan B Facility"), to refinance the then-outstanding principal balance. The 2024 Refinancing Term Loans are secured by substantially all of the Company's and each subsidiary guarantor's assets on a pari passu basis with their obligations arising from the Term Loan B Credit Agreement and is scheduled to mature on February 17, 2029, subject to certain exceptions set forth in the Term Loan B Credit Agreement. Additionally, subject to certain conditions, including, without limitation, satisfying certain leverage ratios, the Company may, at any time, on one or more occasions, add one or more new classes of term facilities and/or increase the principal amount of the loans of any existing class by requesting one or more incremental term facilities.

Pursuant to the reduced interest rate margins applicable to the 2024 Refinancing Term Loans, each term loan borrowing which is an alternate base rate borrowing bears interest at a rate per annum equal to the Alternate Base Rate (as defined in the Term Loan B Credit Agreement), plus 1.25%. Each term loan borrowing which is a term SOFR borrowing bears interest at a rate per annum equal to the Adjusted Term SOFR Rate (as defined in the Term Loan B Credit Agreement) plus 2.25%.

As of June 30, 2024, the Term Loan B Facility was fully drawn with no remaining borrowing capacity, and we had $685.0 million in outstanding principal on the Term Loan B Facility, which matures on February 17, 2029.

The Term Loan B Credit Agreement also contains customary affirmative and negative covenants, incurrence financial covenants, representations and warranties, events of default and other provisions. As of June 30, 2024, we were in compliance with all financial covenants under the Term Loan B Credit Agreement.

Asia Revolving Credit Facility

During the six months ended June 30, 2024, we had one revolving credit facility in Asia with Citibank (China) Company Limited, Shanghai Branch (the "Citibank Facility"), which, as amended, provides up to an equivalent of $15.0 million.

As of June 30, 2024, we had no borrowings outstanding on the Citibank Facility. As of December 31, 2023, we had borrowings outstanding of $3.3 million on the Citibank Facility.

Senior Notes Issuances

In March 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 "2029 Notes"), pursuant to the indenture related thereto (as amended and/or supplemented to date, the "2029 Notes Indenture"). Additionally, in August 2021, the Company completed the issuance and sale of $350.0 million aggregate principal amount of 4.125% Senior Notes due August 15, 2031 (the "2031 Notes"), pursuant to the indenture related thereto (as amended and/or supplemented to date, "the 2031 Notes Indenture" and, together with the 2029 Notes Indenture, the "Indentures" and, each, an "Indenture"). Interest on each of the 2029 Notes and the 2031 Notes (collectively, the "Notes") is payable semi-annually.

The Company had or will have, as applicable, the option to redeem all or any portion of the 2029 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 also had the option to redeem some or all of the 2029 Notes at any time before March 15, 2024 at a redemption price of 100% of the principal amount 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 could have redeemed up to 40% of the aggregate principal amount of the 2029 Notes at a redemption price of 104.250% of the principal amount with the proceeds from certain equity issuances, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

The Company will have the option to redeem all or any portion of the 2031 Notes, at once or over time, at any time on or after August 15, 2026, 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 2031 Notes at any time before August 15, 2026 at a redemption price of 100% of the principal amount 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 August 15, 2024, the Company may redeem up to 40% of the aggregate principal amount of the 2031 Notes at a redemption price of 104.125% of the principal amount with the proceeds from certain equity issuances, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

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 Indentures contain 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 June 30, 2024, we were in compliance with all financial covenants under the Notes.

Cash Flows

	Six Months Ended June 30,		$ Change	% Change
	2024	2023	Favorable (Unfavorable)	
	(in thousands)			
Cash provided by operating activities	$ 373,662	$ 330,613	$ 43,049	13.0 %
Cash used in investing activities	(32,806)	(51,645)	18,839	36.5 %
Cash used in financing activities	(320,178)	(311,317)	(8,861)	(2.8)%
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(2,747)	7,049	(9,796)	(139.0)%
Net change in cash, cash equivalents, and restricted cash	$ 17,931	$ (25,300)	$ 43,231	170.9 %

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 $43.0 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, driven by higher net income, adjusted for non-cash items, of $75.1 million, partially offset by decreases in operating assets and liabilities of $32.1 million, primarily due to the change in accounts payable, accrued expenses and other liabilities.

Investing Activities. There was a $18.8 million decrease in cash used in investing activities for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This was due to a decrease in purchases of property, equipment, and software.

Financing Activities. Cash used in financing activities increased by $8.9 million in the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase in cash used in financing activities was primarily due to a decrease in proceeds from borrowings of $136.5 million and an increase of $175.0 million in repurchases of common stock. The overall decrease in cash used in financing activities was partially offset by a decrease in repayments of borrowings of $297.3 million and a decrease of $5.7 million in repurchases of common stock for tax withholding.

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, 2023, other than borrowings and repayments on the Term Loan B Facility, Revolving Facility, and Citibank Facility.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements as of June 30, 2024, other than certain purchase commitments, which are described in Note 12 — 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 our 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 and estimates, please refer to our Annual Report on Form 10-K for the year ended December 31, 2023 and Note 1 — Basis of Presentation and Summary of Significant Accounting Policies 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, 2023.

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 Revolving Facility and certain financial instruments.

Borrowings under our Term Loan B Facility and Revolving 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 June 30, 2024, we had borrowings with a face value of $1,575.0 million, comprised of the Notes, which carry a fixed rate, the Term Loan B Facility, and borrowings under our Revolving Facility. We also had $1.3 million in outstanding letters of credit under our Revolving Facility as of June 30, 2024. As of December 31, 2023, we had long-term borrowings with a face value of $1,713.3 million and $1.3 million in outstanding letters of credit under our Revolving Facility.

A hypothetical increase of 1% in the interest rate on the variable rate borrowings under our Term Loan B Facility and Revolving Facility would increase our interest expense over the next twelve months by $8.8 million based on the balances outstanding for these borrowings as of June 30, 2024.

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 income 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 when translating our financial results would have decreased our revenues and income before taxes during the three months ended June 30, 2024 by $4.7 million and $0.6 million, respectively. During the six months ended June 30, 2024, an increase of 1% of the value of the U.S. Dollar relative to foreign currencies would have decreased our revenues and income before taxes by $8.7 million and $1.9 million, respectively. This analysis does not account for transactional fluctuations in accounts, such as those driven by purchasing power, which is defined as purchasing foreign goods in the U.S. Dollar but recognizing the cost in foreign currencies. The volatility of the exchange rates is dependent on many factors that cannot be forecasted with reliable accuracy.

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 foreign exchange contracts to buy or sell various foreign currencies. Changes in the fair value of these forward contracts are recognized in earnings in the period that the changes occur or in the period in which the hedged transaction affects earnings for derivatives classified as non-hedged or hedged, respectively, as defined in Note 6 — Derivative Financial Instruments 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. As of June 30, 2024, the U.S. Dollar notional value of our outstanding foreign currency forward exchange contracts was approximately $234.5 million. The fair value of these contracts at June 30, 2024 was an insignificant asset.

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 June 30, 2024, a 10% appreciation in the value of the U.S. Dollar would result in a net decrease in the fair value of our derivative portfolio of approximately $0.1 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 income for the six months ended June 30, 2024 and 2023.

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") as of June 30, 2024. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2024, 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 SEC'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 June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — Other Information

ITEM 1. Legal Proceedings

A discussion of legal matters is found in Note 12 — 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.

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, 2023.

ITEM 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

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]
April 1 - 30, 2024	—	$ —	—	$ 875,015,198
May 1 - 31, 2024	553,329	144.54	553,329	795,047,202
June 1 - 30, 2024	617,059	154.01	617,059	700,027,533
Total	1,170,388	$ 149.53	1,170,388	$ 700,027,533

[1] On April 23, 2021, the Board approved and authorized a program to repurchase up to $1.0 billion of our common stock. Additionally, on September 23, 2021, the Board approved an increase of $1.0 billion to our share repurchase authorization. As of June 30, 2024, approximately $700.0 million remained available for repurchase under our share repurchase authorization. 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.

ITEM 5. Other Information

The following table shows all directors or officers who adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K, during the three months ended June 30, 2024. Except as shown below, during the three months ended June 30, 2024, no other directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

			Trading Arrangement			
Name and Position	Action	Date	Rule 10b5-1*	Non-Rule 10b5-1**	Total Number of Shares to be Sold	Expiration Date
Andrew Rees, Chief Executive Officer	Adopt	5/24/2024	X		100,000	3/23/2026

* Intended to satisfy the affirmative defense of Rule 10b5-1(c).
** Not intended to satisfy the affirmative defense of Rule 10b5-1(c).

Table of Contents

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).
10.1*†	Employment Offer Letter dated December 22, 2021 between Crocs, Inc. and Rick Blackshaw.
10.2*†	Settlement Agreement and General Release dated May 23, 2024, between Rick Blackshaw and HEY DUDE inc.
10.3*#	Employment Offer Letter, dated April 30, 2024, between Crocs, Inc. and Susan Healy (incorporated herein by reference to Exhibit 10.1 to Crocs, Inc.'s Current Report on Form 8-K, filed on May 7, 2024).
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).

* Compensatory plan or arrangement.
\# Certain exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to supplementally furnish copies of any omitted schedules and exhibits to the Securities and Exchange Commission upon request.
† Filed herewith.
\+ Furnished herewith.

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: August 1, 2024	By:	/s/ Susan Healy
		Name: Susan Healy
		Title: *Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)*

Exhibit 10.1
Execution Version

crocs™
13601 Via Varra, Broomfield, CO 80020

PERSONAL & CONFIDENTIAL
HAND DELIVERED
December 22, 2021
Rick Blackshaw

Dear Rick:
We are pleased to confirm the terms of your employment with the Hey Dude brand (the "**Company**") effective December 22, 2021 (the "**Start Date**"), contingent upon deal closing and on the following terms:

1. **Title** - Your initial position will be **EVP & Hey Dude Brand President** of the Company reporting to Andrew Rees, Chief Executive Officer, at our Westwood, Massachusetts, 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 **$650,000.00**, equating to a bi-weekly salary of **$25,000.00**, less applicable withholdings and deductions.

3. **Short-term Incentive Plan** – You are eligible to participate in the Company's Short-Term Incentive Plan (STIP) for the 2022 and beyond STIP plan years. The target discretionary bonus for your position is **75%** of your actual earnings for the plan year, which is derived from the achievement of certain goals including Company and individual performance as set forth in the Company's scorecard. The STIP is subject to amendment or change at any time with or without notice.

4. **Long-term Incentive Plan** – You are 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 as set forth in the Company's scorecard. The LTIP grant consists of a 67% Performance Share Unit (PSU) / 33% Restricted Stock Unit (RSU) split. The LTIP is subject to amendment or change at any time with or without notice.

5. **Sign-on Equity Award** - You shall be granted **$500,000.00** in RSUs of Crocs, Inc. stock under the 2020 Crocs, Inc. Equity Incentive Plan on the Start Date. The Sign-on RSU awards vest 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 the award on such dates. The award is subject to you executing the applicable award agreement.

6. **Special Transaction PSU Award -** You shall be granted **$2,000,000.00** in PSUs, at the time of your acceptance of this employment offer, based on the Company's achievement of specific annual Revenue and EBITDA Margin targets, including: (i) at least $1B in annual revenue with a minimum of 25% EBITDA Margin = 25% of target shares earned; (ii) at least $1.5B in annual revenue with a minimum of 25% EBITDA Margin = 25% of target shares earned; (iii) at least $2B in annual revenue with a minimum of 25% EBITDA Margin = 50% of target shares earned. Revenue and EBITDA Margin will be measured based on trailing 12-month performance (beginning on the date of closing of the Hey Dude transaction) ("**Performance Requirements**"). The vesting schedule for earned awards is: (i) 33.3% on attainment of a Performance Requirement; (ii) 33.3% on the first anniversary of the attainment of a Performance Requirement; and (iii) 33.3% on the second anniversary of the attainment of a Performance Requirement, with all earned shares vesting no later than the fourth anniversary of the closing of the Hey Dude transaction. If the $2B goal is achieved in year 1, then the $2B shares vest 25% upon achievement and 25% per year over three years. *Provided* that you must be employed by the Company continuously to each such vesting date in order to vest in the portion of PSU award on such date. The PSU award is subject to you executing the applicable award agreement.

7. **Benefits** – You will be eligible for health insurance benefits according to the Company's U.S. benefits plan on 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, from the Human Resources Department. 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, you will be reimbursed for up to a maximum of $5,000.00 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 twelve (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 Brand President Level, both of which are conditioned upon signing the Company's Separation Agreement and General Release. 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 the Company; 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).

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 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 Crocs, Inc. 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*, meaning 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. You further acknowledge that this letter does not represent an employment contract, express or implied, guaranteeing employment for any specific duration, nor does it guarantee any fixed terms and/or conditions of employment.

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; and 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.

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, trade secrets and good will, which would cause irreparable harm to the Company if disclosed to a competitor, during your employment, and for a period of twelve (12) months following the termination of your employment for any reason, except if you are terminated without Cause (as defined in Section 8) or are laid off (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, Toms Shoes, LLC, OluKai, LLC, as well as any other entity or business that is primarily engaged in the design and/or distribution of casual footwear (collectively, the "**Restricted Activities**"). You further acknowledge and agree that in light of your role, 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.

d. You also acknowledge and agree that the sign-on equity award constitutes the mutually- agreed upon consideration for you signing this non-compete provision.

14. **<u>Non-Solicitation</u>** - During your employment, and for twelve (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 employee of the Company at any time during the twelve (12) months prior to the last day of employment; or (ii) 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 or terminate its relationship with the Company. The restrictions set forth in Sections 14(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. **<u>Employee Cooperation</u>.** 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.

16. **<u>Survival</u>** - Your obligations under Sections 11-15 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 11-15 of this letter to your future or potential employer.

17. **<u>Remedies</u>** - 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 17 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.

18. **Review by Counsel** - You acknowledge that you have been advised of your right to consult with legal counsel before signing this letter.

19. **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 by any representative of the Company relating to your employment.

20. **Governing Law and Venue** - The validity, enforceability, construction and interpretation of this letter are governed by Delaware law. The parties also agree that in the event a dispute arises regarding this letter, the parties will submit to the jurisdiction of the Delaware Court of Chancery. You expressly waive any objection as to jurisdiction or venue in the Delaware Court of Chancery.

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

We are delighted to extend this conditional offer and look forward to welcoming you to the team!

Sincerely,

Shannon Sisler

Shannon Sisler

SVP & Chief People Officer Crocs, Inc.

****

Please confirm your acceptance of this conditional offer by signing the letter where indicated below.

Signed and Accepted by: /s/ Rick Blackshaw

Exhibit 10.1
Execution Version

Date: 12/22/2021

SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Settlement Agreement and General Release ("**Agreement**") is by and between RICK BLACKSHAW ("**Blackshaw**") and HEY DUDE INC., a Delaware corporation ("**Company**"). Blackshaw and Company are individually referred to herein as a "**Party**" and collectively as the "**Parties**."

WHEREAS, Blackshaw separated from Blackshaw's employment with Company on April 15, 2024 (the "**Separation Date**").

WHEREAS, Blackshaw and Company desire to resolve all issues and potential claims surrounding Blackshaw's employment with and separation from Company.

WHEREAS, under the terms of the Offer Letter (as defined in Section 1(F) below), the execution of this Agreement is a condition to the payment of certain amounts pursuant to the Offer Letter, including the payment described in Section 1(A) below.

NOW THEREFORE, for and in consideration of the above and the additional covenants and agreements set forth herein, the Parties agree as follows:

1. Consideration. Company will provide Blackshaw with the following payment and benefits, payable in the next regular pay period after the Effective Date (as defined in Section 19 below), *except* with respect to the PSU share awards, which will vest and be payable according to the terms of the applicable award agreement:

(A) A settlement payment in the amount of $675,000.04, which shall be paid in a lump sum, less applicable withholdings and deductions.

(B) A special payment of $39,695.96 (gross), which includes the equivalent towards twelve (12) months of benefit continuation coverage under Company's medical, dental and vision plans. The opportunity to continue coverage in Company's medical, dental and vision plans will be limited to Blackshaw's rights to continue coverage, if any, through COBRA.

(C) As it relates to the 14,308 shares granted under your Performance-Based Unit (PSU) Agreement dated December 22, 2021, all unvested earned PSUs shall continue to vest and become payable during the performance period (February 17, 2022 - February 17, 2026), in accordance with the performance conditions stated in the award agreement, provided that the number of newly earned PSUs shall be prorated based on the number of full months employed during the performance period.

(D) The 2,632 shares granted under your PSU Agreement dated March 2, 2023, shall continue to vest and become payable at the end of the performance period (January 1, 2023 – March 2, 2026), in accordance with the performance conditions stated in the award agreement, provided that the number of earned PSUs shall be prorated based on the number of days you were employed during the performance period.

(E) Twelve (12) months of outplacement services to be coordinated by the Human Resources department. Blackshaw must commence these services no later than 60 days following the Effective Date. (F) The payments and other consideration set forth in this Section 1 are in exchange for Blackshaw waiving all claims complaints, charges, causes of action, demands, liabilities, or obligations (including attorney fees) as set forth in Section 8 below. Blackshaw acknowledges that Blackshaw has received all wages or other compensation owed to Blackshaw for Blackshaw's services to Company through the Separation Date and that the payments and benefits provided for in this Section are in full satisfaction of Section 8 of the Offer Letter dated December 22, 2021 (the "**Offer Letter**").

2. Return of Company Property; Payment of Expenses; Social Media.

(A) By the date Blackshaw returns this Agreement to Company, Blackshaw confirms that Blackshaw has returned any Company property, including all equipment, computers, laptops, Company provided mobile devices, software, keys, I.D. card, discount card, and any confidential Company documents, plans, reports, and other business information. By signing below, Blackshaw represents and warrants that Blackshaw will not retain any copies of confidential Company property, whether in paper or electronic form, and that after returning all Company property Blackshaw will delete and finally purge any duplicate files containing confidential Company property from any personal computer and/or mobile device. Blackshaw also affirms that Blackshaw has not divulged any proprietary or confidential information of Company and will continue to maintain the confidentiality of such information consistent with Company's policies and Blackshaw's agreement(s) with Company and/or common law.

(B) By the date Blackshaw returns this Agreement to Company, Blackshaw confirms that Blackshaw has submitted appropriate receipts for business expenses incurred through the Separation Date and authorizes Company to deduct any outstanding monies owed Company for damaged or lost property from the payments set forth in Section 1 of this Agreement, as permitted by law.

(C) By the date Blackshaw returns this Agreement to Company, Blackshaw confirms that Blackshaw has updated all of Blackshaw's social media profiles to reflect that Blackshaw is no longer an Blackshaw of Company.

3. Review by Counsel. Blackshaw is advised to consult with an attorney prior to signing this Agreement.

4. Confidentiality.

(A) Blackshaw agrees to treat the facts and circumstances relating to Blackshaw's separation from employment, and the terms of this Agreement, including but not limited to all payments made under this Agreement, in a confidential manner and will not disclose such facts and circumstances, or the terms herein, to any person, except: (i) as required by law; (ii) in Blackshaw's income tax returns; (iii) to any tax or financial advisor; (iv) to an attorney representing Blackshaw concerning this Agreement; or (v) as may be required to enforce this Agreement.

(B) Nothing contained herein shall prevent or restrict Blackshaw from disclosing information that arises from Blackshaw's general training, knowledge, skill, or experience, whether gained on the job or otherwise, information that is readily ascertainable to the public, or information that Blackshaw otherwise has a right to disclose as legally protected conduct. Further, this Section 4 does not restrain Blackshaw from disclosing the underlying facts of any alleged discriminatory or unfair employment practice or the existence and terms of this Agreement: (1) to Blackshaw's immediate family members, religious advisor, medical or mental health provider, mental or behavioral health therapeutic support group, legal counsel, financial advisor, or tax preparer; (2) to any local, state, or federal government agency for any reason without first notifying Company; (3) in response to legal process, such as a subpoena to testify at a deposition or in a court without first notifying the Company; and (4) for all other purposes as required by law. The disclosure of underlying facts of any alleged discriminatory or unfair employment practice in any of the foregoing situations outlined in (1) through (4) does not constitute disparagement as set forth in Section 5.

(C) Company agrees it will respond to all inquiries concerning Blackshaw's employment only by confirming employment status, period of employment, and job titles through The Work Number. Blackshaw agrees to direct all inquiries concerning employment with Company to its independent third party vendor, The Work Number (1-866-678-8748 or adpevsupport@theworknumber.com). No individual or entity other than The Work Number is authorized to provide information in response to inquiries concerning Blackshaw's employment on behalf of Company.

(D) If a government agency contacts Blackshaw regarding Company, or if Blackshaw receives a subpoena or other court or legal process relating in any way to Company, any present or former customer, vendor or team member, Blackshaw will, except as required by law or direction of such government agency, immediately notify Company's Senior Vice President, General Counsel and shall be available to be interviewed concerning the subject of such contact.

(E) Company agrees to keep the facts and circumstances relating to Blackshaw's separation from employment and the terms of the Settlement Agreement – including any settlement amount – strictly confidential.

(G) At the time of the execution of this Agreement, the Parties are not aware of any alleged discriminatory or unfair employment practices engaged in, complained of, or witnessed by Blackshaw, and this Agreement does not in any way limit the ability of Blackshaw to disclose or discuss, either orally or in writing, any alleged discriminatory or unfair employment practice.

5. Non-disparagement. Blackshaw agrees that neither Blackshaw, nor anyone acting on Blackshaw's behalf will make any derogatory or disparaging statement about Company, its products, and/or its employees, whether orally, in writing, or via the Internet or news media, or directly or indirectly take any action which is intended to harm the reputation of any of the foregoing. For purposes of this Section 5, a derogatory or disparaging statement is any communication, oral or written, which maligns, defames, or would cause the recipient of the communication to question the business condition, integrity, competence, fairness or good character of the person to whom or entity to which the communication relates.

If Company disparages Blackshaw to a third party, Company will not enforce Sections 4 or 5 of the Agreement or seek damages against Blackshaw for violating Sections 4 or 5, but all other remaining terms of the Agreement shall remain enforceable.

6. Blackshaw Cooperation. Blackshaw also has a duty to cooperate by providing truthful information and any documents in connection with any legal proceeding in which Company is involved and regarding which Blackshaw has knowledge, information or expertise, or where Company believes Blackshaw's attendance and participation could be beneficial to Company. Blackshaw will be reimbursed by Company for any reasonable, pre-approved out-of-pocket expenses resulting from said assistance or participation.

7. Twenty-One Day Consideration Period. Blackshaw has been afforded at least twenty-one (21) calendar days to consider the meaning and effect of this Agreement and has chosen to execute it on the date set forth below.

8. Release of All Claims. Blackshaw hereby releases and forever discharges Company, and all of its past or present parent, subsidiaries, affiliates, successors and assigns, and it or their respective officers, directors, shareholders, team members, agents, insurers, benefit plans, representatives and otherwise related parties (collectively the "**Released Parties**"), from any and all claims, complaints, charges, causes of action, demands, liabilities, or obligations (including attorney fees), in law or equity, in contract or tort, known or unknown, that as of the execution of this Agreement, Blackshaw ever had, now claims to have had, or ever claimed to have had against any of the Released Parties. This total and unlimited release includes, but is not limited to, any claims of any breach of an actual or implied contract of employment, any claim for wages or benefits, wrongful discharge, any common law claim (including, but not limited to, fraud, negligence, intentional or negligent infliction of emotional distress, negligent hire/retention/supervision, or defamation), or any claims arising under the Civil Rights Act of 1866, Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, the ADEA, the Blackshaw
Retirement Income Security Act of 1974, the Fair Labor Standards Act of 1938, the Americans with Disabilities Act of 1990, the Family and Medical Leave Act of 1993, the National Labor Relations Act of 1935, the Occupational Health and Safety Act of 1970, the Immigration Reform and Control Act of 1986, the Sarbanes Oxley Act of 2002, the Genetic Information Nondiscrimination Act of 2008; the Massachusetts Wage Act, M.G.L. chi 149 §§ 148, 150 et seq.; the Massachusetts Minimum Fair Wage Law, M.G.L. ch. 151; Massachusetts General Laws, Chapters 149, 151B, 214; the Massachusetts Civil Rights Act; the Massachusetts Equal Rights Act; and any and all state or local civil/human rights laws and any other similar federal, state, or local laws governing employment; provided, however, Blackshaw does not waive any vested rights Blackshaw may have, if any, under any Company-sponsored group insurance (including any right or claim for COBRA benefits following the Separation Date), welfare benefit, 401(k), stock option plan, or pursuant to the Employee Retirement Income Security Act, nor does Blackshaw waive any claims that cannot be waived as a matter of law, including any claim for workers' compensation or unemployment insurance benefits.

9. Waiver of Certain Rights and Claims. Blackshaw specifically waives any claims which Blackshaw has or may have under the Age Discrimination in Employment Act of 1967, as amended by the Older Workers' Benefit Protection Act of 1990 ("**ADEA**"). Blackshaw does not waive any rights or claims under the ADEA that arise after the Effective Date.

10. Agreement Not to File Suit or Other Claims. Blackshaw agrees not to file suit or submit any charge, claim, complaint, or cause of action to any governmental or administrative agency or court against the Released Parties arising out of Blackshaw's employment with Company and the separation thereof, which has arisen prior to the execution of this Agreement. Blackshaw represents and warrants that Blackshaw has not filed or participated in any complaints or charges against the Released Parties with any governmental or administrative agency or court, that Blackshaw shall not do so at any time hereafter, and that if such agency or court assumes jurisdiction of any such complaint or charge against Company or the Released Parties on behalf of Blackshaw, Blackshaw shall immediately request such agency or court to withdraw from the matter and shall provide Company with proof of such request. Blackshaw also waives any right to participate in any settlement, verdict or judgment in any pending or threatened class action against the Released Parties arising from conduct occurring before the execution of this Agreement and waives any right to accept anything of value or any injunctive relief associated with any pending class action against the Released Parties.

11. Challenge to Validity, Truthful Testimony Under Oath and Cooperation with Government Agency. Nothing in this Agreement, including but not limited to the confidentiality provision in Section 4, the nondisparagement provision in Section 5, and the covenant-not-to-sue provision in Section 10: (a) limits Blackshaw's ability to challenge the validity of this Agreement; (b) interferes with Blackshaw's right and responsibility to give truthful testimony under oath in connection with a government investigation or in response to a subpoena or other valid legal process; (c) prohibits Blackshaw from reporting possible violations of federal law or regulation to any governmental agency or entity including but not limited to the Department of Justice, the Securities and Exchange Commission, the U.S. Congress, and any Inspector General, from otherwise participating in any investigation or proceeding that may be conducted, or from making other disclosures that are protected under the whistleblower protections of federal law or regulation (without seeking authorization or providing notice to Company's Senior Vice President, General Counsel); (d) precludes Blackshaw from filing a charge with, participating in an investigation or proceeding, or cooperating with or providing information to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, or comparable state or local regulatory agency charged with enforcing the law; or (e) apply to any sexual assault or sexual harassment dispute, as defined by the Speak Out Act, arising after Blackshaw's execution of this Agreement. This Agreement also does not limit Blackshaw's right to receive any award for information provided to any governmental agency. Nevertheless, Blackshaw agrees that the consideration provided in this Agreement shall be the sole relief provided to Blackshaw for all claims or suits released by Blackshaw and that Blackshaw shall not be entitled to accept or recover and agrees to waive any right to accept or recover, monetary damages or other individual relief against the Released Parties in connection with any such charge or suit against the Released Parties related to any pending or future released claims or suits.

12. No Admission. The payments and agreements set forth herein in no way constitute an admission of any liability or wrongdoing by Company.

13. Blackshaw's Post-Employment Obligations.

(A) In order to protect Company's confidential information and trade secrets, which would cause irreparable harm to Company if disclosed to or used for the benefit of a competitor, Blackshaw agrees, for a period of twelve (12) months following the Separation Date, not to directly or indirectly engage in any employment, independent contracting, consulting engagement, business opportunity or individual activity in the United States of America, or any country where Blackshaw provided services for Company, with the following casual footwear companies: Skechers USA, Inc., Wolverine Worldwide, Inc., Deckers Outdoor Corporation, Toms Shoes, LLC, OluKai, LLC, as well as any other entity or business that is primarily engaged in the design and/or distribution of lifestyle footwear, where Blackshaw's engagement involves the same or similar job duties and/or business activities that Blackshaw performed for Company.

(B) Blackshaw agrees, for a period of twelve (12) months following the Separation Date, not to directly or indirectly solicit, induce, hire, or aid or assist any other person or entity in soliciting for employment, offering employment to, or hiring any Blackshaw of Company with whom Blackshaw worked.

14. Payment of Taxes/Indemnification. The Parties acknowledge that Company and its agents have made no representations or warranties to Blackshaw regarding the tax treatment or consequences of

any payment made to Blackshaw under this Agreement. Blackshaw will be solely responsible for the payment of any and all taxes of whatever kind that may be due or payable in connection with any payment made to him under this Agreement. Blackshaw agrees to indemnify and hold harmless Company from any and all taxes, interest, penalties, liens, or claims on the part of the Internal Revenue Service or any other tax authority, including the Commonwealth of Massachusetts, in connection with any payment made to Blackshaw under this Agreement.

15. Entire Agreement. This Agreement sets forth the entire agreement between Company and Blackshaw concerning Blackshaw's employment and the separation thereof and supersedes all prior oral or written commitments concerning the subject matter herein. This Agreement may not be amended, except in writing signed by both parties.

16. Severability. If any provision of this Agreement shall be determined by a court of competent jurisdiction to be invalid or unenforceable, the Court will amend the provision to the minimum extent necessary to make it enforceable, and the validity of the remaining terms or provisions shall not be affected thereby.

17. Successors; Assigns. This Agreement shall be binding upon Blackshaw and upon Company and its successors and assigns. Blackshaw cannot assign any of Blackshaw's rights or obligations under this Agreement to anyone else.

18. Choice of Law; Venue. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against either party. Massachusetts law shall govern its validity, effect, and interpretation. Any litigation arising out of or related to this Agreement shall be brought and pursued exclusively in any state or federal court located in the City of Westwood, Massachusetts, or in Norfolk County, Massachusetts5/21/2024 .

19. Revocation by Blackshaw. Blackshaw may revoke this Agreement for a period of seven (7) days after Blackshaw signs it ("**Revocation Period**"). Any revocation must be submitted, in writing, and mailed or (e-mailed) to Jay R. Andrews, Crocs, Inc., Attn: Legal Department, 500 Eldorado Blvd., Building 5, Broomfield, CO 80021. Receipt of proper and timely notice of revocation by Company as provided herein cancels and voids this Agreement. If Blackshaw does not revoke this Agreement during the Revocation Period, it shall become fully effective on the next business day after the expiration date of the Revocation Period (the "**Effective Date**"). The Parties acknowledge that, notwithstanding any provision of this Agreement or the Offer Letter to the contrary, amounts shall be payable hereunder only if the Effective Date occurs not more than sixty (60) days following the Separation Date, and in the event that such sixty (60) day period begins in one calendar year and ends in the subsequent calendar year, any payments scheduled to be made hereunder within such sixty (60) day period shall be made in the next regular pay period in such subsequent calendar year.

20. Section 409A. This Agreement and the Offer Letter are intended to be exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code, and shall be interpreted accordingly (including, as necessary, interpretation of any reference to the termination of Blackshaw's employment to mean "separation from service"). Each payment hereunder shall be treated as a separate payment. Company makes no representations to Blackshaw with respect to the tax treatment of any amounts payable hereunder, and Blackshaw shall be solely responsible for the payment of all

taxes due and owing with respect to any such amounts. Blackshaw acknowledges that Blackshaw is relying on Blackshaw's own tax advisor in connection with this Agreement.

21. Electronic Signature. Blackshaw certifies that Blackshaw's electronic signature below has been adopted by Blackshaw and is the legally binding equivalent of Blackshaw's handwritten signature.

IN WITNESS WHEREOF, Blackshaw and Company have executed this Agreement on the date set forth below.

Signed by: /s/ Rick Blackshaw

Date: 5/21/2024

Signed on behalf of the Company by: /s/ Shannon Sisler

Date: 5/23/2024

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: August 1, 2024	/s/ Andrew Rees
	Andrew Rees *Chief Executive Officer*

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, Susan Healy, 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: August 1, 2024	/s/ Susan Healy
	Susan Healy
	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 June 30, 2024 (“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: August 1, 2024

/s/ Andrew Rees
Andrew Rees
Chief Executive Officer

/s/ Susan Healy
Susan Healy
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.