

crocs™

INVESTOR PRESENTATION

July 2020



FORWARD-LOOKING STATEMENT

Some information provided in this document will be forward-looking, and accordingly, is subject to the Safe Harbor provisions of the federal securities law. These statements include, but are not limited to, statements regarding potential impacts to our business related to the COVID-19 pandemic, our financial condition, brand and liquidity outlook and expectations regarding our 2020 revenue, tax rate, inventory and capital expenditures. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from any future results, performances, or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, the following: the COVID-19 outbreak and related government, private sector, and individual consumer responsive actions; current global financial conditions, including economic impacts resulting from the COVID-19 outbreak; the effect of competition in our industry; our ability to effectively manage our future growth or declines in revenues; changing consumer preferences; our ability to maintain and expand revenues and gross margin; our ability to accurately forecast consumer demand for our products; our ability to successfully implement our strategic plans; our ability to develop and sell new products; our ability to obtain and protect intellectual property rights; the effect of potential adverse currency exchange rate fluctuations and other international operating risks; and other factors described in our most recent Annual Report on Form 10-K under the heading “Risk Factors” and our subsequent filings with the Securities and Exchange Commission. Readers are encouraged to review that section and all other disclosures appearing in our filings with the Securities and Exchange Commission. Crocs is not obligated to update these forward-looking statements to reflect the impact of future events.



CONTENT

- Our Vision & Values
- Global Business Update
- Positioned for Global Growth
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Our Vision

Everyone comfortable
in their own shoes



Our Values

The Path We Choose to Walk

DELIGHTFULLY DEMOCRATIC

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

PEOPLE-PURPOSED DESIGN

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

INHERENT SIMPLICITY

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

IMAGINATIVE INNOVATION

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

UNAPOLOGETIC OPTIMISM

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

CONFIDENTLY COMFORTABLE

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

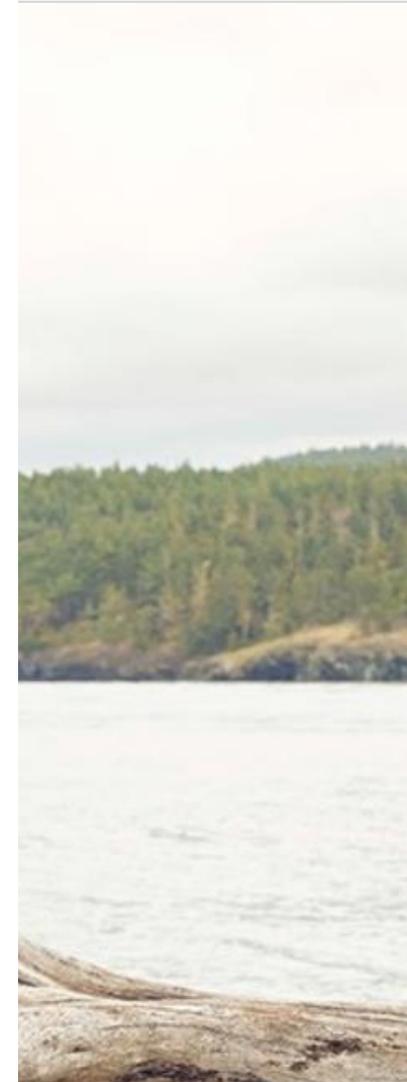


Amidst unprecedented market conditions globally, we delivered exceptional performance in our Americas and e-commerce businesses and increased profit despite a very challenging environment. Our performance demonstrates the strength of the Crocs brand and underscores the work we've done expanding the desirability, relevance and consideration of our brand and product offering globally.

– Andrew Rees, President and CEO

Q2 Highlights

- Revenue declined 6.0%* vs. PY
 - Americas grew 1.2%*
 - Four of five key markets grew – US, Korea, China, Germany
- Strong e-commerce revenue +67.7%
 - Americas triple-digit growth
 - Asia, EMEA double-digit growth
- Improved adjusted operating margin by 800bps to 22.3%
- Increased adjusted EPS by 71% to \$1.01
- Nearly doubled cash flow vs. PY
- Donated 860K+ pairs of shoes to healthcare workers in need



Completed Defensive Measures of Our COVID-19 Playbook



DEFENSE

- Lower expenses
- Reduce working capital
- Defer capital expenditures
- Maximize liquidity

COMPLETED



OFFENSE

- Four key product pillars
- Powerful social & digital marketing
- Digital-led route to market
- Largest growth opportunity in Asia

ONGOING

Fueled Brand Recognition in Asia

- Q2 Revenue in both Korea and China grew vs. PY, aided by:
 - All-Star event with Yang Mi and Tmall in China
 - Live stream event with Kim Se-Jeong in Korea
 - First energy store launched in HKRI Taikoo Hui



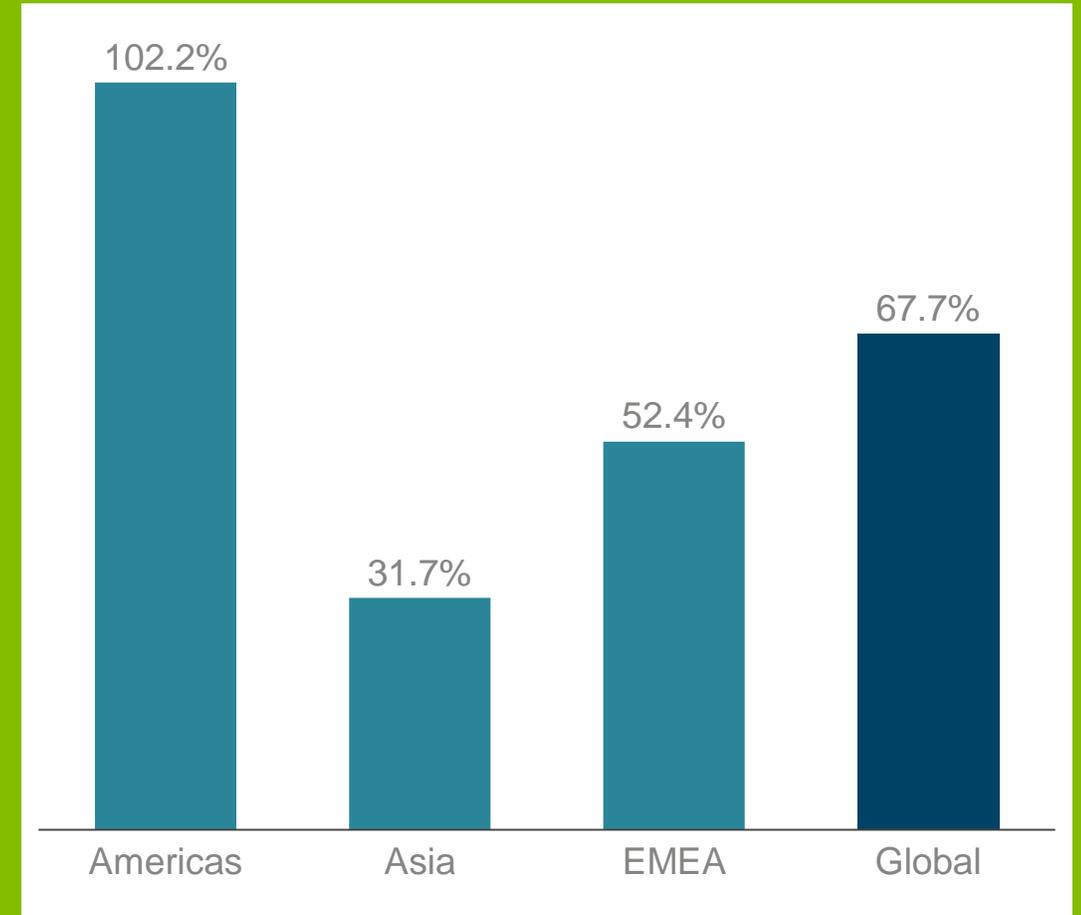
HKRI TAIKOO HUI



Continued Strength in E-Commerce

- We saw accelerated consumer adoption of digital commerce throughout the COVID-19 pandemic
- Strong growth of 67.7% in own e-commerce channel, benefitting from:
 - Strong brand heat
 - Fewer discounts/promotions
- Strong double-digit growth across multiple e-tail platforms and marketplaces
- Digital represented 56.1% of total Q2 revenue
 - This compares to 32.6% of Q2 revenue in the more normalized environment of 2019

E-commerce Q2 Revenue Growth



A Global Reckoning on Race

07.10-17.2020
Newsweek
IN GOOD COMPANY



**U.S. BUSINESSES
THAT STEPPED UP DURING
THE PANDEMIC**

GLOBAL BUSINESS UPDATE

Concluded 'Free Pair for Healthcare'

45

days

860K+

pairs donated globally

\$40M

retail value of donations

\$10M

non-recurring expense in 2020

POSITIONED FOR GLOBAL GROWTH



Four Key Product Pillars

Clogs: Innovate & grow clog relevance

Sandals: Significant long-term growth potential

Personalization

Visible Comfort Technology



Powerful Social & Digital Marketing

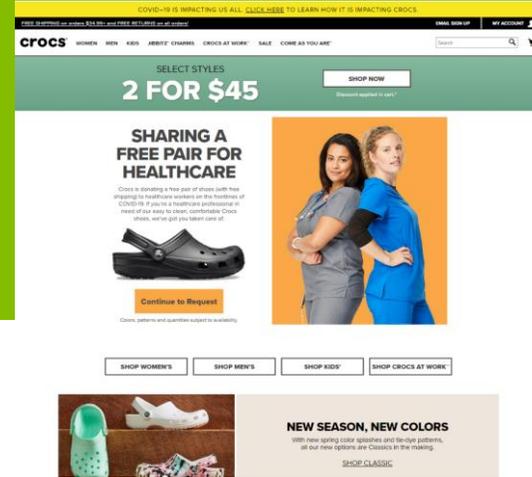
Digital and social focus globally

Come As You Are

Brand ambassadors

Social influencers

Collaborations



Digital-Led Route to Market

E-commerce: Double-digit plus growth continues

Retail: Prioritize outlets as most profitable retail format

Wholesale: Greatest growth opportunities within e-tail accounts; long-term growth potential with distributors



Largest Long-Term Growth Opportunity in Asia

Asia: Largest long-term growth potential

Americas: Strong growth momentum

EMEA: Solid growth

Innovate and Grow Clog Relevance

- **\$5B global category** that has outpaced casual footwear growth*
 - Crocs is market leader with \$1B or ~20% share
 - Crocs opportunity is to grow the category
- Crocs clog **revenues +10%** in Q2 2020 or 68% of footwear sales vs. 56% in Q2 2019
- **Key drivers** of clog growth and relevance are:
 - Impactful collaborations across the globe
 - Personalization with expanded Jibbitz charms
- **Strongest growth in the Americas** with continued opportunity in Asia



Significant Long-Term Growth Potential in Sandals



- **\$30B global category** growing ~4% p.a.
 - Fragmented market with no clear leader
 - Crocs opportunity is to grow our share
- **Consistent track record of growth**
 - 22% of footwear sales in Q2 2020
 - Pre-COVID, three consecutive years of double-digit growth
- **Key drivers of sandal growth** are:
 - Targeting female explorers
 - Marketing to support awareness
 - Higher purchase frequency to address multiple wearing occasions

Capitalize on Personalization Trend with Jibbitz™ Charms

- Personalization is a **global megatrend**
- **Optimistic story-telling** and personalization will be even more critical post COVID-19
- Drives **relevance** for the Crocs brand
- Offers **newness and inspiration** at a compelling price point
- Supports clog and sandal sales and **enhances average selling price (ASP)**



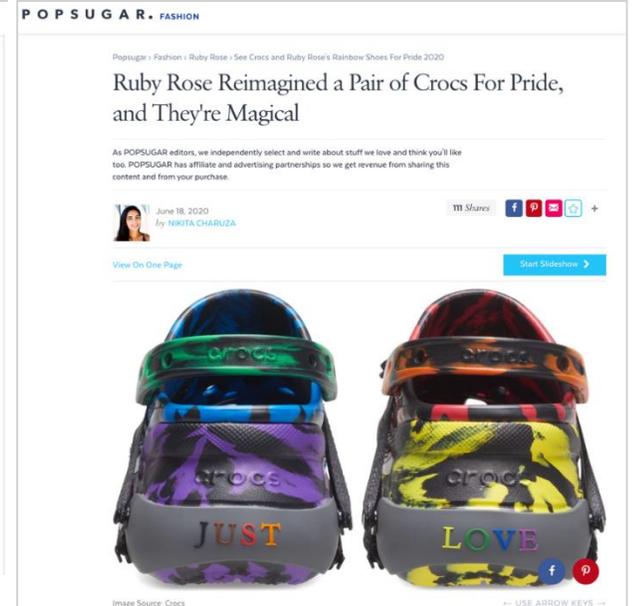
Invest in Visible Comfort Technology



- LiteRide™ **comfort franchise** features lightweight, foam footbeds
- Leveraged across collections, including Brooklyn sandals and Crocs at Work™
- Top 5 franchise for Crocs

Powerful Social & Digital Marketing

- Evolve “Come As You Are”
- Heighten clog relevance and sandal awareness
- Expand digital reach and engagement in top 5 markets*
- Drive further brand heat and relevance with collaborations
- Improve social engagement through locally relevant platforms



Select Q2 2020 Collaborations

With innovative and collaborative partnerships across the street fashion, high fashion, music and lifestyle categories, each of our collaborations is inherently unique and distinctive in design.



ARTIST COLLABORATION
YANG MI

In partnership with Crocs global brand ambassador Yang Mi, we've combined Yang Mi's personal style into the design of 3 Classic Clogs, encouraging fans to be more confident and comfortable.



BRAND COLLABORATION
BEAMS

In a second collaboration, Crocs and Japanese clothing brand BEAMS teamed up once again to create three fishing-inspired clogs complete with buckles, pockets, and waterproof materials. They're quite the catch.



BRAND COLLABORATION
RARE

Crocs joined South Korean brand Rare Market to create this pair of chain-embellished Classic Clogs, featuring a colorful Rare Market chain backstrap. Available in white and black.



BRAND COLLABORATION
LIBERTY
LONDON

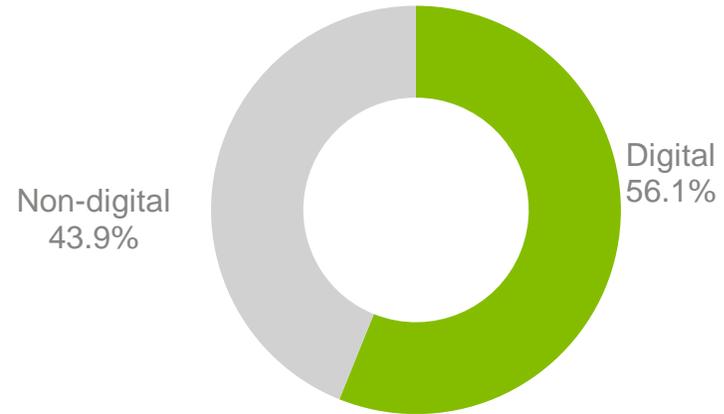
Crocs partnered with designer department store, Liberty London, to create an elegant collection of Classic Clogs and enamel Jibbitz™ charms.



ARTIST COLLABORATION
JUST LOVE
DESIGNED BY
RUBY ROSE

Few people embody a "Come as you are" attitude more than actor and model Ruby Rose. These Crocs Classic Bae Clogs feature a marbled treatment unique to every shoe with all the colors of the rainbow and distinctive Pride laces to show off your most proud self.

Digital-Led Route to Market



POSITIONED FOR GLOBAL GROWTH

Largest Long-Term Growth Opportunity in Asia

Asia: greatest opportunity long-term

- Increase brand recognition and drive clog relevance in China with Tier 1 celebrity, Yang Mi
- Multichannel growth in South Korea and Japan
- Strong e-commerce growth supported by participation on key marketplaces

Americas: largest region

- Maximize clog growth and expand sandal penetration at wholesale
- Continue strong e-commerce growth
- Leverage leading position within major e-tailers

EMEA: most diverse region

- Maintain digital commerce penetration with a focus on e-tail and marketplaces
- Drive wholesale growth through distributors





Prudent Investments to Support Our Long-Term Growth

US Distribution Center

- Relocated from Los Angeles, California to Dayton, Ohio in 4Q 2019
- Currently 555K sq. ft. and ~850 associates
- Adding adjacent 525K sq. ft. facility in 2020
- New facility will be e-commerce focused

EMEA Distribution Center

- Relocating from Rotterdam to Dordrecht, the Netherlands
- New facility expands capacity to 375 sq. ft. to support growth
- Expected to be completed in 2021

Global Headquarters

- Relocated from Niwot to Broomfield, CO in 2Q 2020
- Nearly 90K sq. ft. and ~375 employees
- Location enables Crocs to attract and retain the best talent in the industry
- Facility embodies brand's core values featuring collaboration spaces, living walls, skylights, a full-service café and more

FINANCIAL RESULTS



Q2 Financial Results

	Q2	vs. PY
Revenue	\$331.5	(6.0%)*
Gross Margin	54.3%	+150 bp
Adj. Gross Margin	55.2%	+160 bp
Adj. SG&A as % of Revenue	33.0%	+640 bp
Adj. Operating Margin	22.3%	+800 bp
Diluted EPS	\$0.83	+51%
Adj. Diluted EPS	\$1.01	+71%

* Revenue growth on a constant currency basis and excluding impact of store closures.
See reconciliation to GAAP equivalents in Appendix

FINANCIAL RESULTS

YTD Financial Results



	Q2 YTD	vs. PY
Revenue	\$612.7	(4.7%)*
Gross Margin	51.3%	+130 bp
Adj. Gross Margin	51.9%	+130 bp
Adj. SG&A as % of Revenue	35.6%	+190 bp
Adj. Operating Margin	16.3%	+330 bp
Diluted EPS	\$0.99	+14%
Adj. Diluted EPS	\$1.22	+30%

FY2020 Color

Excluding the impact of any future shutdowns in major markets:

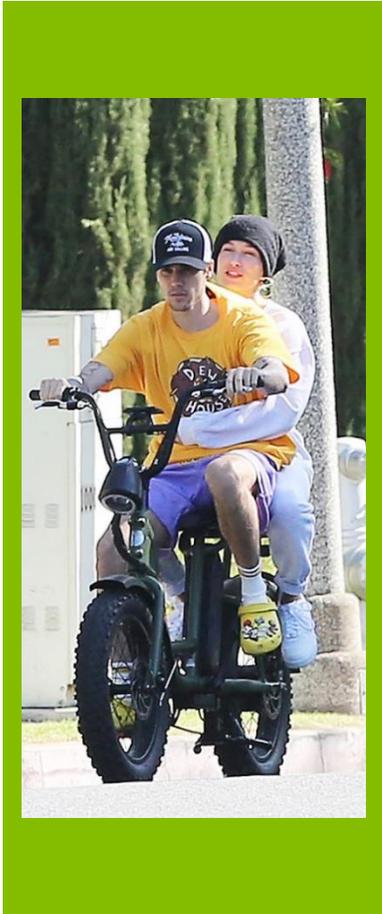
- Second half revenue will be approximately flat to PY
- Normalized tax rate of ~17%, though 2020 tax rate of 11% as we anticipate utilizing deferred tax assets
- Inventory constrained for H2
- Capital expenditures of ~\$50M
 - Investment to support long-term growth that had initially been deferred to 2021
- No liquidity concerns
- Positive cash flow for the remainder of 2020



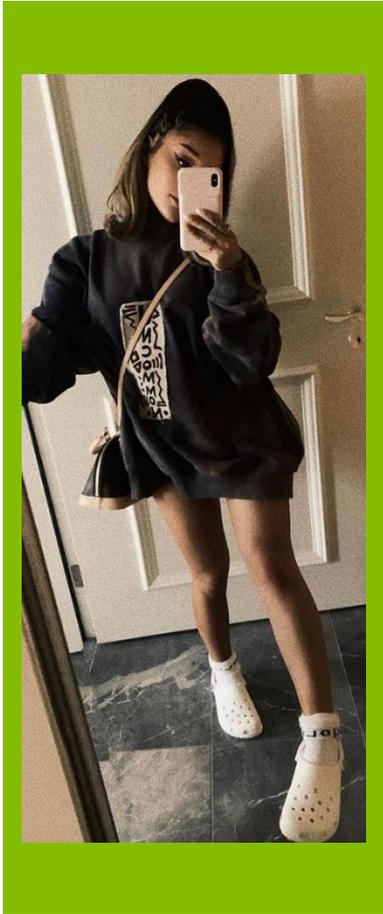
APPENDIX



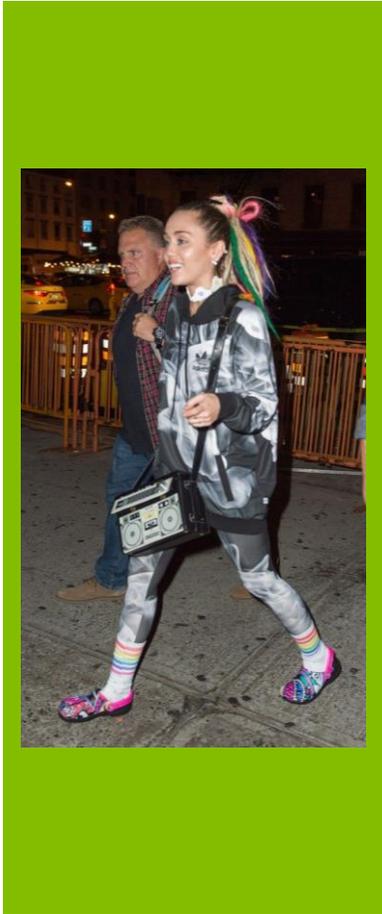
ROCK THE CROCS



Justin Bieber



Ariana Grande



Miley Cyrus



Pharrell Williams



Whoopie Goldberg



Frankie Delgado



Source: Google images.
Note: None of the above images were sponsored by Crocs.

ROCK THE CROCS



Kim Kardashian



Gwen Stefani



Yetur Gross-Matos



Adam Sandler



Nicole Byers



Source: Google images.
Note: None of the above images were sponsored by Crocs.

NON-GAAP RECONCILIATION

Non-GAAP cost of sales, gross profit, and gross margin reconciliation:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)			
GAAP revenues	\$ 331,549	\$ 358,899	\$ 612,709	\$ 654,848
GAAP cost of sales	\$ 151,616	\$ 169,520	\$ 298,614	\$ 327,854
New distribution centers ⁽¹⁾	(812)	(3,138)	(1,739)	(4,303)
COVID-19 inventory write-off ⁽²⁾	(2,396)	—	(2,396)	—
Other	—	(23)	—	(133)
Total adjustments	(3,208)	(3,161)	(4,135)	(4,436)
Non-GAAP cost of sales	\$ 148,408	\$ 166,359	\$ 294,479	\$ 323,418
GAAP gross profit	\$ 179,933	\$ 189,379	\$ 314,095	\$ 326,994
GAAP gross margin	54.3 %	52.8 %	51.3 %	49.9 %
Non-GAAP gross profit	\$ 183,141	\$ 192,540	\$ 318,230	\$ 331,430
Non-GAAP gross margin	55.2 %	53.6 %	51.9 %	50.6 %

⁽¹⁾ Represents non-recurring expenses, including expansion costs, related to our distribution centers in Dayton, Ohio and Dordrecht, the Netherlands.

⁽²⁾ Represents an inventory write-off in our Asia Pacific segment associated with the impact of COVID-19.

Non-GAAP selling, general and administrative expenses reconciliation:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)			
GAAP revenues	\$ 331,549	\$ 358,899	\$ 612,709	\$ 654,848
GAAP selling, general and administrative expenses	\$ 123,338	\$ 141,548	\$ 236,688	\$ 246,585
Donations of inventory	(8,218)	—	(9,920)	—
COVID-19 severance costs	(2,403)	—	(2,403)	—
COVID-19 impact of bad debt	(1,708)	—	(4,481)	—
Other COVID-19 costs ⁽²⁾	(644)	—	(644)	—
Duplicate headquarters rent ⁽³⁾	(487)	—	(694)	—
Non-recurring expenses associated with cost reduction initiatives in	—	(204)	—	(889)
Other	(550)	—	(481)	—
Total adjustments	(14,010)	(204)	(18,623)	(889)
Non-GAAP selling, general and administrative expenses ⁽⁴⁾	\$ 109,328	\$ 141,344	\$ 218,065	\$ 245,696
GAAP selling, general and administrative expenses as a percent of revenues	37.2 %	39.4 %	38.6 %	37.7 %
Non-GAAP selling, general and administrative expenses as a percent of revenues	33.0 %	39.4 %	35.6 %	37.5 %

⁽¹⁾ Represents bad debt expense associated with the impact of COVID-19 on wholesale partners in our Asia Pacific and Americas segments.

⁽²⁾ Represents costs incurred in response to the COVID-19, including hazard pay, cleaning costs, and legal costs.

⁽³⁾ Represents ongoing duplicate rent costs associated with our move to our new headquarters in Broomfield, Colorado, while we conclude the lease for our former headquarters in Niwot, Colorado.

⁽⁴⁾ Non-GAAP selling, general and administrative expenses are presented gross of tax.

NON-GAAP RECONCILIATION (cont'd)

Non-GAAP income from operations and operating margin reconciliation:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(in thousands)				
GAAP revenues	\$ 331,549	\$ 358,899	\$ 612,709	\$ 654,848
GAAP income from operations	\$ 56,595	\$ 47,831	\$ 77,407	\$ 80,409
Non-GAAP cost of sales adjustments ⁽¹⁾	3,208	3,161	4,135	4,436
Non-GAAP selling, general and administrative expenses adjustments	14,010	204	18,623	889
Non-GAAP income from operations	\$ 73,813	\$ 51,196	\$ 100,165	\$ 85,734
GAAP operating margin	17.1 %	13.3 %	12.6 %	12.3 %
Non-GAAP operating margin	22.3 %	14.3 %	16.3 %	13.1 %

⁽¹⁾ See 'Non-GAAP cost of sales, gross profit, and gross margin reconciliation' above for more details.

⁽²⁾ See 'Non-GAAP selling, general and administrative expenses reconciliation' above for more details.

Non-GAAP earnings per share reconciliation:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(in thousands, except per share data)				
Numerator:				
GAAP net income	\$ 56,551	\$ 39,198	\$ 67,642	\$ 63,908
Non-GAAP cost of sales adjustments ⁽¹⁾	3,208	3,161	4,135	4,436
Non-GAAP selling, general and administrative expenses adjustments ⁽²⁾	14,010	204	18,623	889
Non-GAAP other income adjustment ⁽³⁾	(919)	—	(919)	—
Tax effect of non-GAAP adjustments ⁽⁴⁾	(4,075)	—	(5,460)	—
Non-GAAP net income	\$ 68,775	\$ 42,563	\$ 84,021	\$ 69,233
Denominator:				
GAAP weighted average common shares outstanding - basic	67,416	70,936	67,674	71,967
Plus: GAAP dilutive effect of stock options and unvested restricted stock units	622	979	990	1,402
GAAP weighted average common shares outstanding - diluted	68,038	71,915	68,664	73,369
GAAP net income per common share:				
Basic	\$ 0.84	\$ 0.55	\$ 1.00	\$ 0.89
Diluted	\$ 0.83	\$ 0.55	\$ 0.99	\$ 0.87
Non-GAAP net income per common share:				
Basic	\$ 1.02	\$ 0.60	\$ 1.24	\$ 0.96
Diluted	\$ 1.01	\$ 0.59	\$ 1.22	\$ 0.94

⁽¹⁾ See 'Non-GAAP cost of sales, gross profit, and gross margin reconciliation' above for more information.

⁽²⁾ See 'Non-GAAP selling, general and administrative expenses reconciliation' above for more information.

⁽³⁾ Represents a fair value adjustment associated with our donations of inventory.

⁽⁴⁾ In the three months and six months ended June 30, 2019, non-GAAP adjustments were in jurisdictions subject to a full valuation allowance, and thus had no material net tax impact.

