crocs™

INVESTOR PRESENTATION

April 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, potential impacts to our business related to the COVID-19 pandemic, statements regarding future revenues, gross margin, selling, general and administrative expenses, operating income and operating margin, income tax expense, capital expenditures, business prospects and product pipeline and the impact of the coronavirus. We caution you that these statements are subject to a number of risks and uncertainties described in the Risk Factors section of the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission (the “SEC”). Accordingly, all actual results could differ materially from those described in this presentation. Those viewing this presentation are advised to refer to Crocs' Annual Report on Form 10-K, as well as other documents filed with the SEC for the additional discussions of these risk factors. Crocs is not obligated to update these forward-looking statements to reflect the impact of future events.



CONTENT

- COVID-19 Update
- Positioned for Global Growth
- Financial Results
- Appendix

Despite recent softness in our business due to the COVID-19 pandemic, Crocs remains a strong, vibrant brand that is very well positioned. In the near-term, we have no liquidity concerns and have taken quick action to ensure we will be strongly cash flow positive for the remainder of the year. Over the long-term, we are confident we will restore our momentum in 2021 and continue our positive trajectory for years to come.

– Andrew Rees, President and CEO

OUR COVID-19 PLAYBOOK

DEFENSE

Lower expenses
Reduce working capital
Defer capital expenditures
Maximize liquidity



OFFENSE

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





Defensive Actions

Lower expenses

Reduced salaries and wages, lowered marketing investment, and fewer discretionary expenses

Reduce working capital

Tightly managing inventories and working with customers and vendors to manage receivables and payables

Defer capital expenditures

Deferred or cancelled certain investments that we were making to support growth

Maximize liquidity

Increased revolving credit facility, modified leverage ratios, temporarily suspended share repurchases



BEING THERE FOR HEALTHCARE

450K+

pairs donated globally to date

$11M

non-recurring expense in 2020

CUSTOMER FEEDBACK





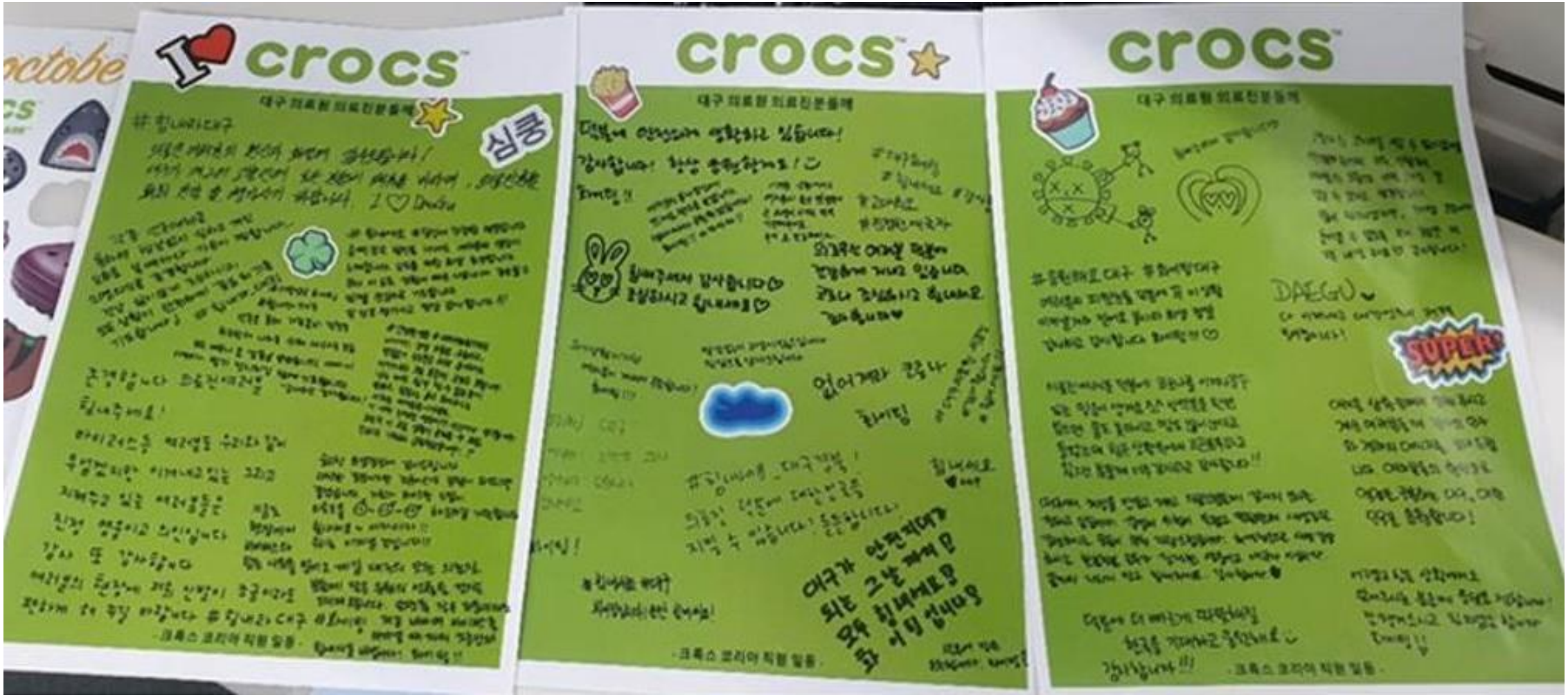








CUSTOMER FEEDBACK



LONG-TERM GROWTH DRIVERS



Four Key Product Pillars

Clogs: Innovate & grow clog relevance

Sandals: Significant long-term growth potential

Visible Comfort Technology

Personalization



Powerful Social & Digital Marketing

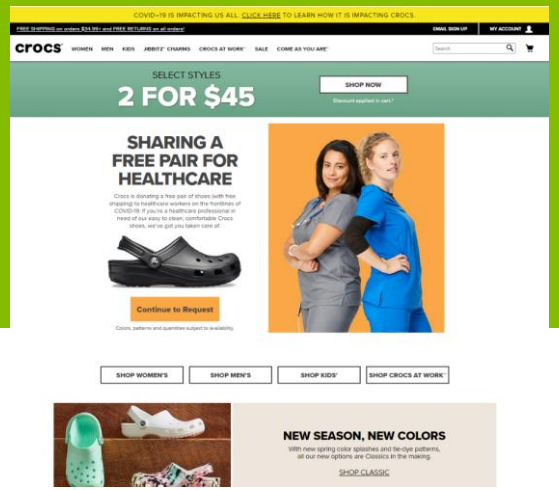
Digital and social focus globally

Come As You Are

Brand ambassadors

Social influencers

Collaborations



Digital-Led Route to Market

E-commerce: Double-digit growth continues

Retail: prioritize outlets as most profitable retail format

Wholesale: Greatest growth opportunities within e-tail accounts and distributors



Largest Growth Opportunity in Asia

Asia: Largest long-term growth potential

Americas: Strong growth momentum

EMEA: Stable growth

Grow Clog Relevance

- Market leader in **growing $5B* global category**
- Crocs clog **revenues +11%** in Q1 2020 to ~66% of footwear sales
- **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 and EMEA





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* Internal estimate.
Source: British GQ, May 2020.







Significant Long-Term Growth Potential in Sandals

- **Growing $30B*** global casual sandal market
  - Fragmented market with no clear leader
- Consistent **track record of growth**
  - Sandal revenue +10% in 2019
  - ~19% of footwear sales
  - 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

*Internal estimate

Invest in Visible Comfort Technology

- LiteRide™ **comfort franchise** features foam footbeds
- **Top 5 franchise** for Crocs
- **Leveraged in other collections**, e.g., Brooklyn sandals and Crocs at Work™



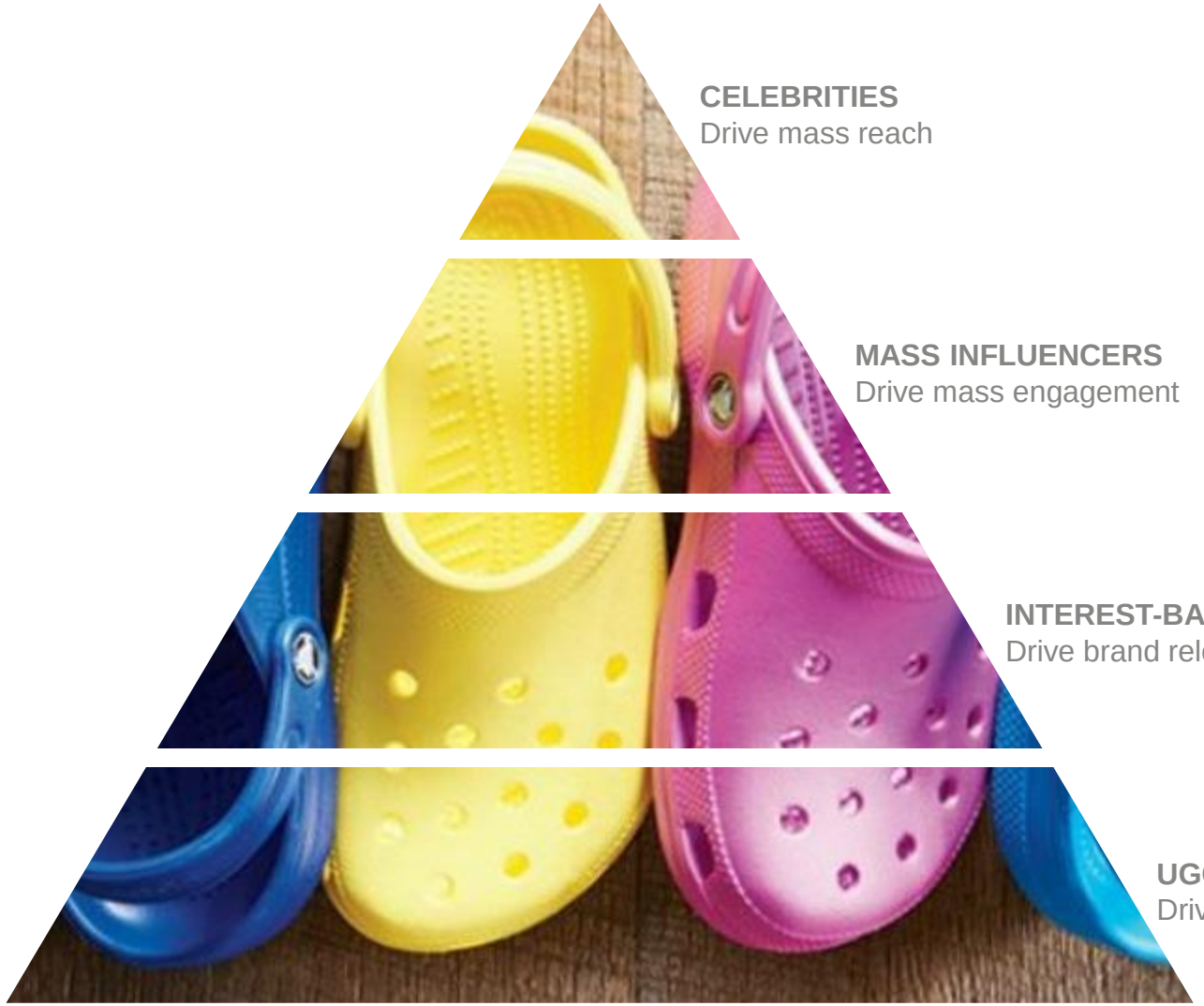


Personalization with Jibbitz™ Charms

- 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
- Effect we see is an overall **increase in clog and sandal sales**



A Marketing Strategy to Drive Brand Heat



CELEBRITIES
Drive mass reach

MASS INFLUENCERS
Drive mass engagement

INTEREST-BASED INFLUENCERS
Drive brand relevance

UGC & EMPLOYEES
Drive trust and local WOM

Highest rank ever for Crocs brand

In Piper Sandler's Spring "Taking Stock with Teens" survey

Double-digit growth in brand metrics

Brand desirability, brand relevance and brand consideration each rose DD for 2018 and over the past three years in our annual brand survey

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







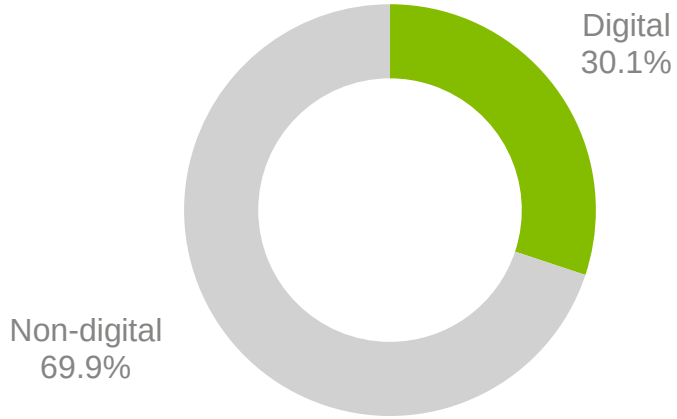




* US, China, Japan, Korea and Germany.



Digital-Led Route to Market



Digital

E-commerce		Wholesale		Retail
Crocs.com	Third-party marketplaces (e.g., eBay)	e-tailers (e.g., Amazon, Ilzzo, Zalando)	Distributors, multi-brand, and brick-and-mortar retailers	Company-operated full-price retail and outlet stores, kiosks, and store-in-store

* Chart is as of percentage of Q1 sales.

REGION

Largest Growth Opportunity in Asia

Asia: greatest long-term growth opportunity

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

Americas: largest region

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

EMEA: most diverse region

- Maximize Digital Commerce with a focus on e-tail and marketplaces
- Drive wholesale growth through distributors



FINANCIAL RESULTS

Q1 HIGHLIGHTS

- Record Americas revenue +14%
- Strong e-commerce revenue +16%
- Improved adjusted gross margin +110bps to 48.0%*
- Strengthened Crocs™ brand with $5M marketing investment
- Highest rank ever for Crocs™ in Piper Sandler Spring “Taking Stock with Teens”



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* See reconciliation to GAAP equivalents in Appendix



Q1 Financial Results

	1Q20	vs. LY
Revenue	$281.1	(3.3%)*
Adj. Gross Margin	48.0%	+110 bp
Gross Margin	47.7%	+120 bp
Adj. SG&A as % of Revenue	38.7%	(340 bp)
Adj. Operating Margin	9.4%	(230 bp)
Adj. EPS	$0.22	($0.14)

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

FY2020 Color

- Sharpest decline expected in Q2, as retail is materially closed for most of the quarter
- E-commerce will continue to outperform in all regions
- SG&A of $440-$460M
  - ~$30-$50M lower than 2019
  - $100M lower than 2020 plan
- Capital expenditures of ~$30M
  - Lower than pre-COVID guidance of $50-$60M
- Inventory to peak in Q2
- No liquidity concerns
- Positive free cash flow throughout remainder of 2020



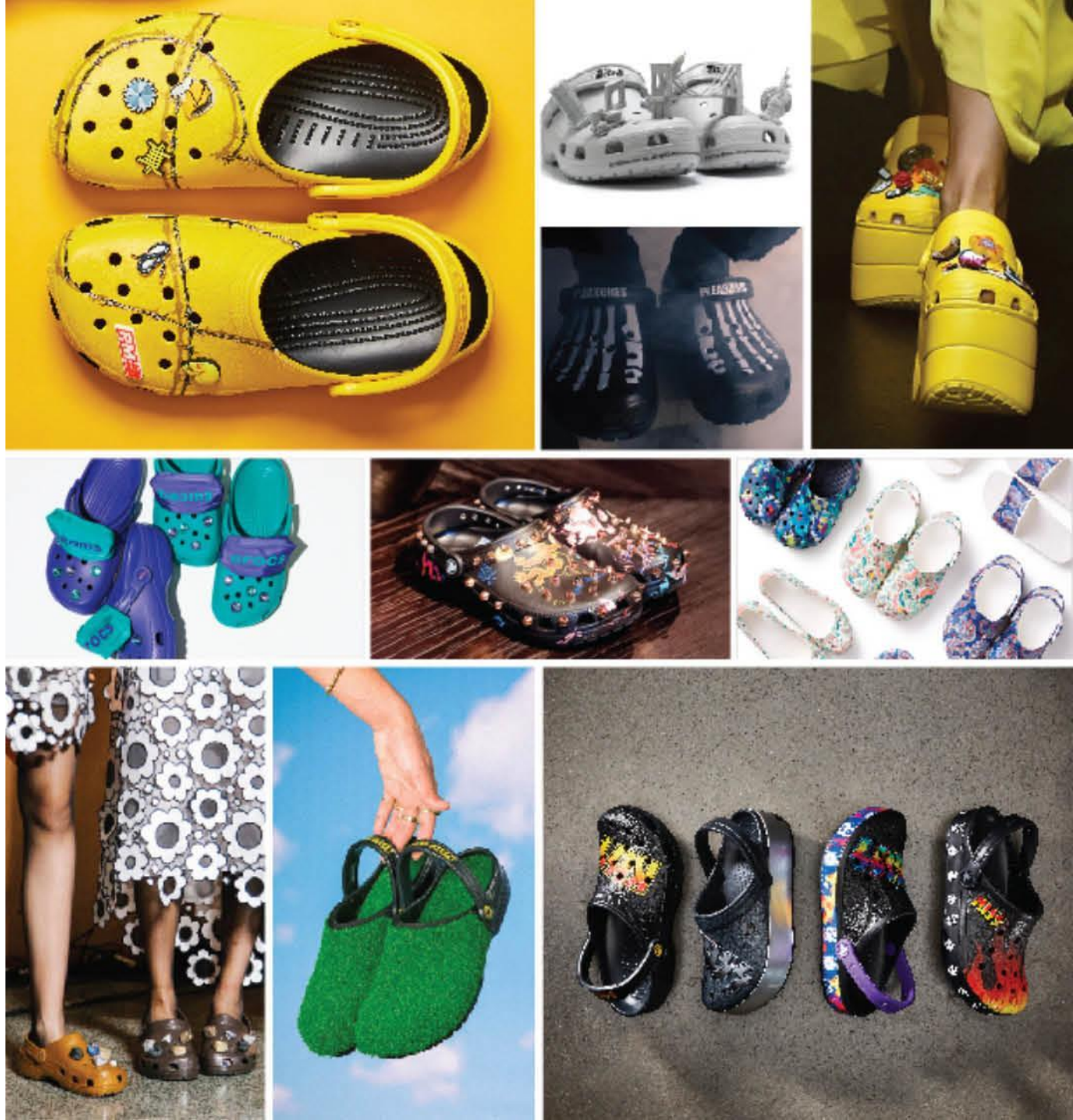
APPENDIX



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.

- Alife
- Balenciaga
- Barneys
- Beams
- Chinatown Market
- Christopher Kane
- Dillon Francis
- Drew Barrymore
- KFC
- KIKS
- KISS
- Left Hand LA
- Liberty London
- Luke Combs
- Madewell
- Myge
- Peeps
- Pleasures
- Pizzaslime
- Post Malone
- PSY
- Rare Market
- Ruby Rose
- Smiley x Urban Outfitters x Chinatown Market
- Takashi Murakami @ ComplexCon
- Vera Bradley
- Vivienne Tam
- Yang Mi



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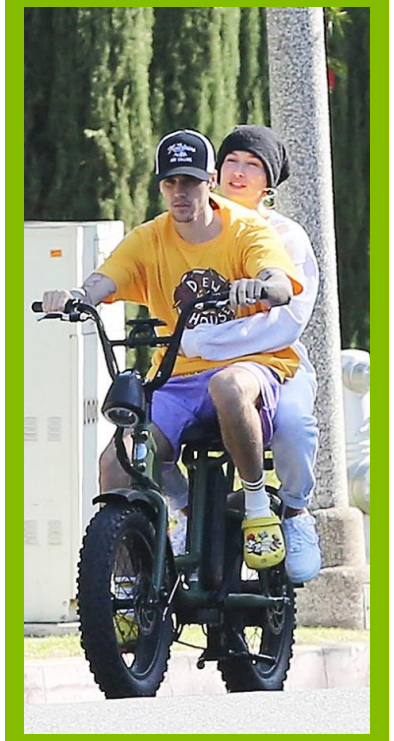
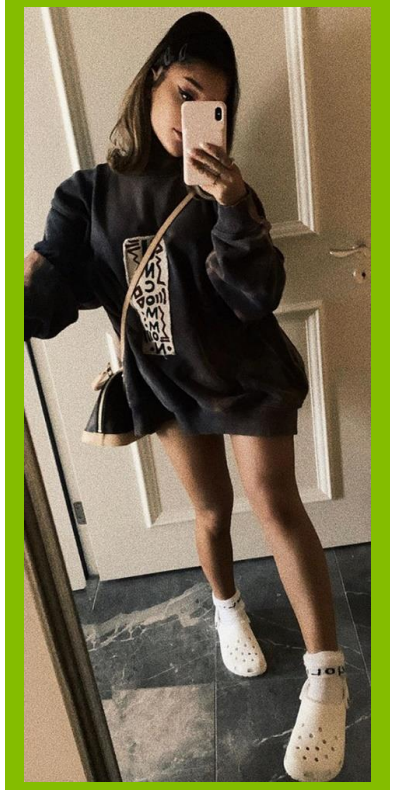
SELECT IMAGES



Justin Bieber



Ariana Grande



Miley Cyrus



Pharrell Williams



Whoopie Goldberg



Brooke Shields

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

SELECT IMAGES



Kim Kardashian



Nicole Byers



Yetur Gross-Matos



Adam Sandler



Jared Leto

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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 March 31,	
	2020	2019
	(in thousands)	
GAAP revenues	$ 281,160	$ 295,949
GAAP cost of sales	$ 146,998	$ 158,334
New distribution centers [1]	(927)	(1,165)
Other	—	(110)
Total adjustments	(927)	(1,275)
Non-GAAP cost of sales	$ 146,071	$ 157,059
GAAP gross profit	$ 134,162	$ 137,615
GAAP gross margin	47.7 %	46.5 %
Non-GAAP gross profit	$ 135,089	$ 138,890
Non-GAAP gross margin	48.0 %	46.9 %

[1] Represents non-recurring expenses related to our distribution centers in Dayton, Ohio and Dordrecht, the Netherlands.

Non-GAAP selling, general and administrative expenses reconciliation:

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
GAAP revenues	$ 281,160	$ 295,949
GAAP selling, general and administrative expenses	$ 113,350	$ 105,037
COVID-19 impact of bad debt expense [1]	(2,773)	—
Donations of inventory	(1,702)	—
Duplicate headquarters rent [2]	(207)	—
Non-recurring expenses associated with cost reduction initiatives [3]	—	(685)
Other	69	—
Total adjustments	(4,613)	(685)
Non-GAAP selling, general and administrative expenses [4]	$ 108,737	$ 104,352
GAAP selling, general and administrative expenses as a percent of revenues	40.3 %	35.5 %
Non-GAAP selling, general and administrative expenses as a percent of revenues	38.7 %	35.3 %

[1] Represents bad debt expense associated with the impact of COVID-19 on wholesale partners in our Asia Pacific segment.
[2] As a result of the COVID-19 pandemic, our move to our new headquarters in Broomfield, Colorado has been delayed, resulting in duplicate rent costs.
[3] Non-recurring expenses associated with cost reduction initiatives in 2019.
[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 March 31,	
	2020	2019
	(in thousands)	
GAAP revenues	$ 281,160	$ 295,949
GAAP income from operations	$ 20,812	$ 32,578
Non-GAAP cost of sales adjustments [1]	927	1,275
Non-GAAP selling, general and administrative expenses adjustments [2]	4,613	685
Non-GAAP income from operations	$ 26,352	$ 34,538
GAAP operating margin	7.4 %	11.0 %
Non-GAAP operating margin	9.4 %	11.7 %

[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 March 31,	
	2020	2019
	(in thousands, except per share data)	
Numerator:		
GAAP net income	$ 11,091	$ 24,710
Non-GAAP cost of sales adjustments [1]	927	1,275
Non-GAAP selling, general and administrative expenses adjustments [2]	4,613	685
Tax effect of non-GAAP operating adjustments [3]	(1,385)	—
Non-GAAP net income	$ 15,246	$ 26,670
Denominator:		
GAAP weighted average common shares outstanding - basic	67,931	73,009
Plus: GAAP dilutive effect of stock options and unvested restricted stock units	1,287	1,866
GAAP weighted average common shares outstanding - diluted	69,218	74,875
GAAP net income per common share:		
Basic	$ 0.16	$ 0.34
Diluted	$ 0.16	$ 0.33
Non-GAAP net income per common share:		
Basic	$ 0.22	$ 0.37
Diluted	$ 0.22	$ 0.36

[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] In the three months ended March 31, 2019, non-GAAP operating adjustments were in jurisdictions subject to a full valuation allowance, and thus had no material net tax impact.







