



Q3 2024 Investor Presentation



Forward Looking Statement

This document includes estimates, projections, and statements relating to our business plans, commitments, objectives, and expected operating results that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

These statements include, but are not limited to, statements regarding potential impacts to our business related to cost inflation, our financial condition, brand and liquidity outlook, and expectations regarding our future financial results, share repurchases, our strategy, plans, objectives, expectations (financial or otherwise) and intentions, future financial results and growth potential, statements regarding fourth quarter and full year 2024 financial outlook and future profitability, cash flows, and brand strength, anticipated product portfolio and our ability to deliver sustained, highly profitable growth and create significant shareholder value. 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: cost inflation; current global financial conditions; the effect of competition in our industry; our ability to effectively manage our future growth or declines in revenues; changing consumer preferences; our ability to maintain and expand revenues and gross margin; our ability to accurately forecast consumer demand for our products; our ability to successfully implement our strategic plans; our ability to develop and sell new products; our ability to obtain and protect intellectual property rights; the effect of potential adverse currency exchange rate fluctuations and other international operating risks; and other factors described in our most recent Annual Report on Form 10-K under the heading “Risk Factors” and our subsequent filings with the Securities and Exchange Commission. Readers are encouraged to review that section and all other disclosures appearing in our filings with the Securities and Exchange Commission.

All information in this document speaks only as of October 29, 2024. We do not undertake any obligation to update publicly any forward-looking statements, whether as a result of the receipt of new information, future events, or otherwise, except as required by applicable law.

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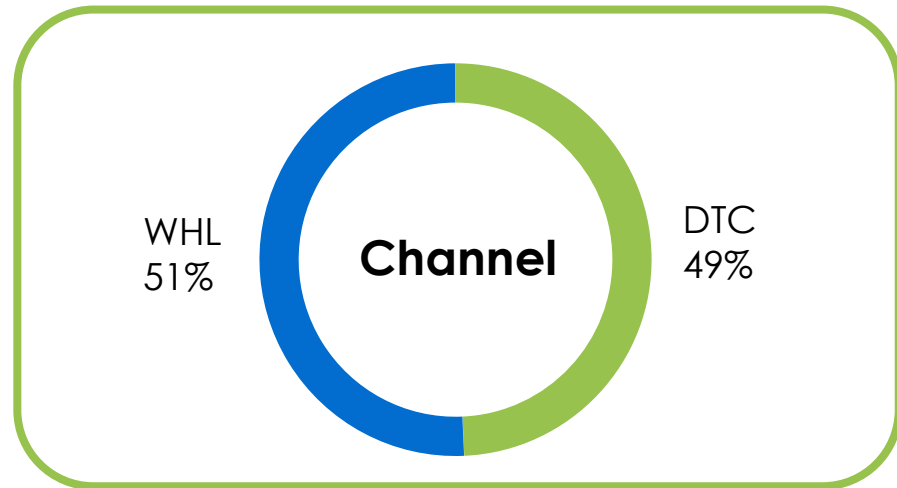
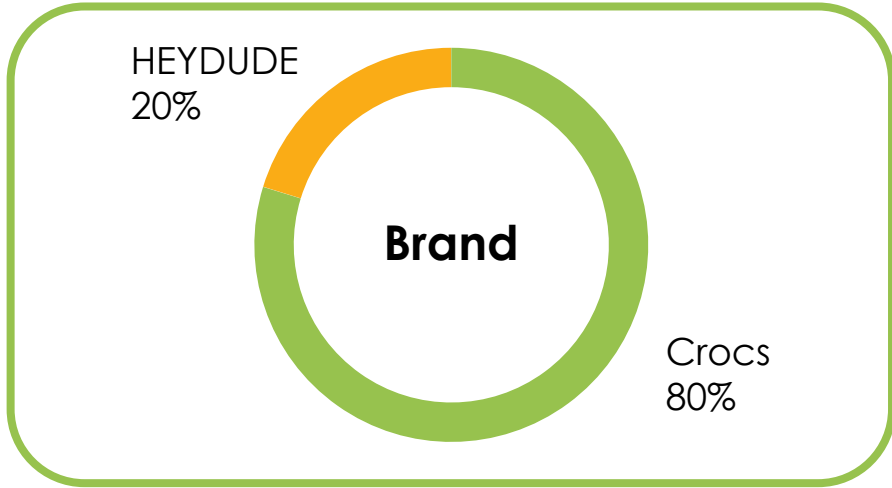
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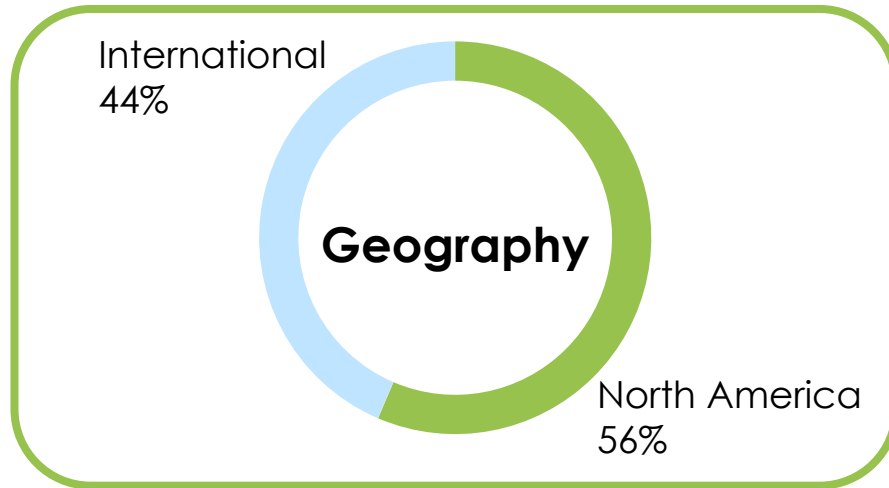
Company Highlights

Diversified Sources of Growth⁽¹⁾

SHARE OF ENTERPRISE



SHARE OF CROCS BRAND



Driving Durable & Consistent Growth

#1 Ignite Our Icons

through driving awareness
and global relevance for
new and existing
customers

#2 Tier 1 Market Share Gains

through strategic
investment behind talent,
marketing, digital and retail

#3 Attract New Consumers

through methodically
diversifying our product
range and usage
occasions

Crocs Brand Highlights

Q3 2024 Revenues

\$858M

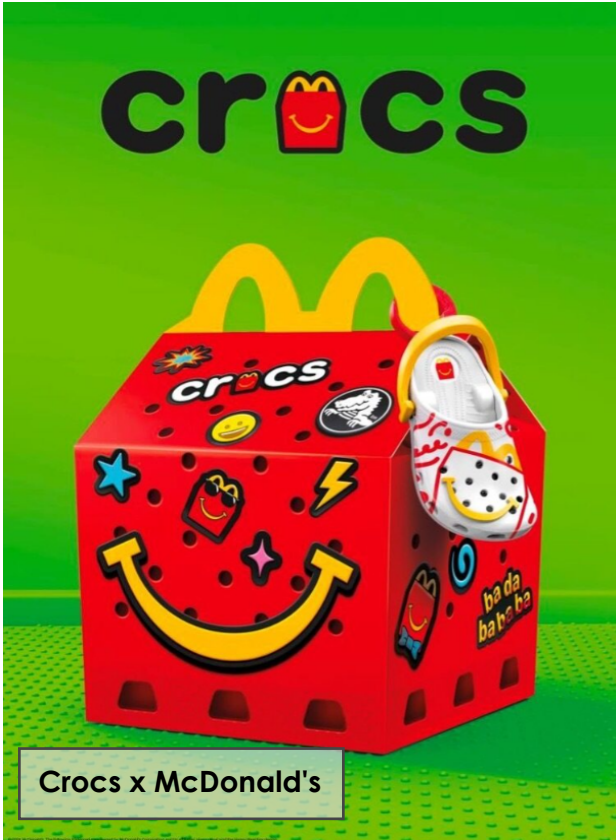
year-over-year growth of +8%⁽¹⁾

Brought McDonald's, Bath & Body Works, Squishmallow and more collaborations to life

Launched "Live Life Fully Loaded" campaign leading to high consumer engagement in-store and online for Classic Clog and Jibbitz



Crocs Brand | Our Product Franchises



Global Market Highlights



Strong international growth from our Crocs brand, +17%⁽¹⁾ led by Australia, China, France and Germany

China grew >20%⁽¹⁾ on top of >90%⁽¹⁾ growth, with 2/3 of growth driven by mono-brand partner stores

★ Tier 1 Markets: China, India, Japan, South Korea, the U.S., and Western Europe.

HEYDUDE Brand Highlights

Q3 2024 Revenues

\$204M

year-over-year change of (17)%

Iterated on Wendy and Wally Icons through color, graphics, height and personalization

Opened 11 outlet locations, bringing YTD net openings* to 29 locations



HEYDUDE Brand | Our Product Franchises



HEYDUDE Brand | Strategic Pillars

#1

Drive youth female culture and create a HEYDUDE brand community

#2

Build the core, our Wendy and Wally, and add more

#3

Stabilize, then accelerate North America

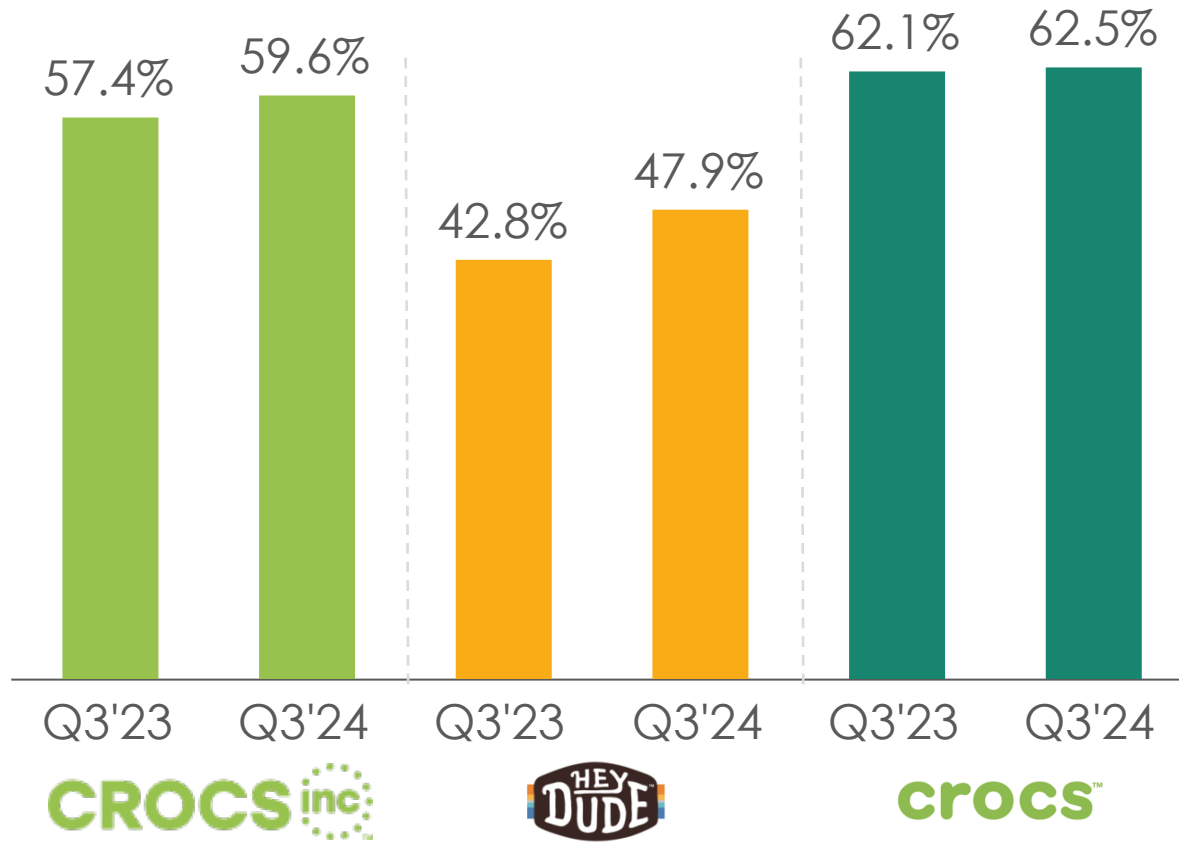
Financial Highlights

Q3 2024 Financial Highlights⁽¹⁾

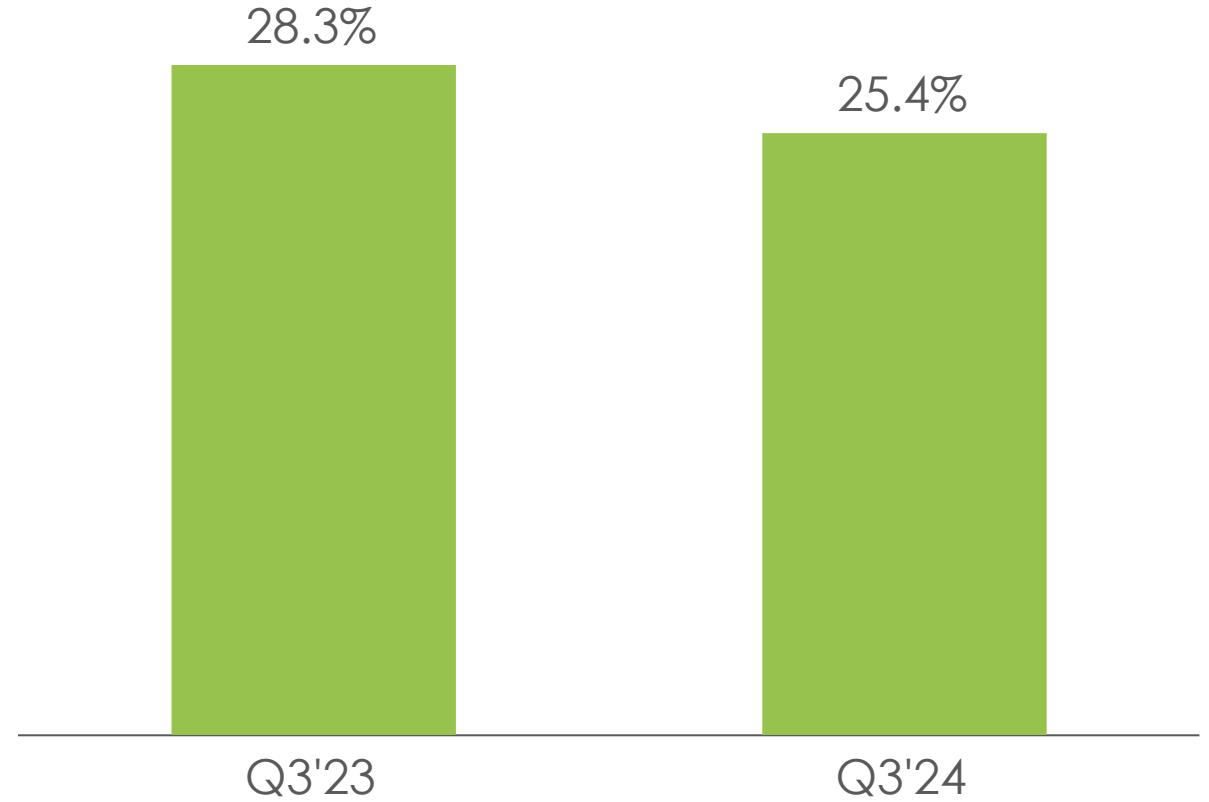
| (\$M) | Q3 | B/(W) vs. PY |
|--|---------|-----------------|
| Revenues | \$1,062 | +2% |
| Adjusted Gross Margin ⁽²⁾ | 59.6% | +220 bp |
| Adjusted SG&A as % of Revenue ⁽²⁾ | 34.2% | (510) bp |
| Adjusted Operating Income ⁽²⁾ | \$270 | (9)% |
| Adjusted Operating Margin ⁽²⁾ | 25.4% | (290) bp |
| Adjusted Diluted EPS ⁽²⁾ | \$3.60 | +11% |



Q3 Adjusted Gross Margins^(1,2)

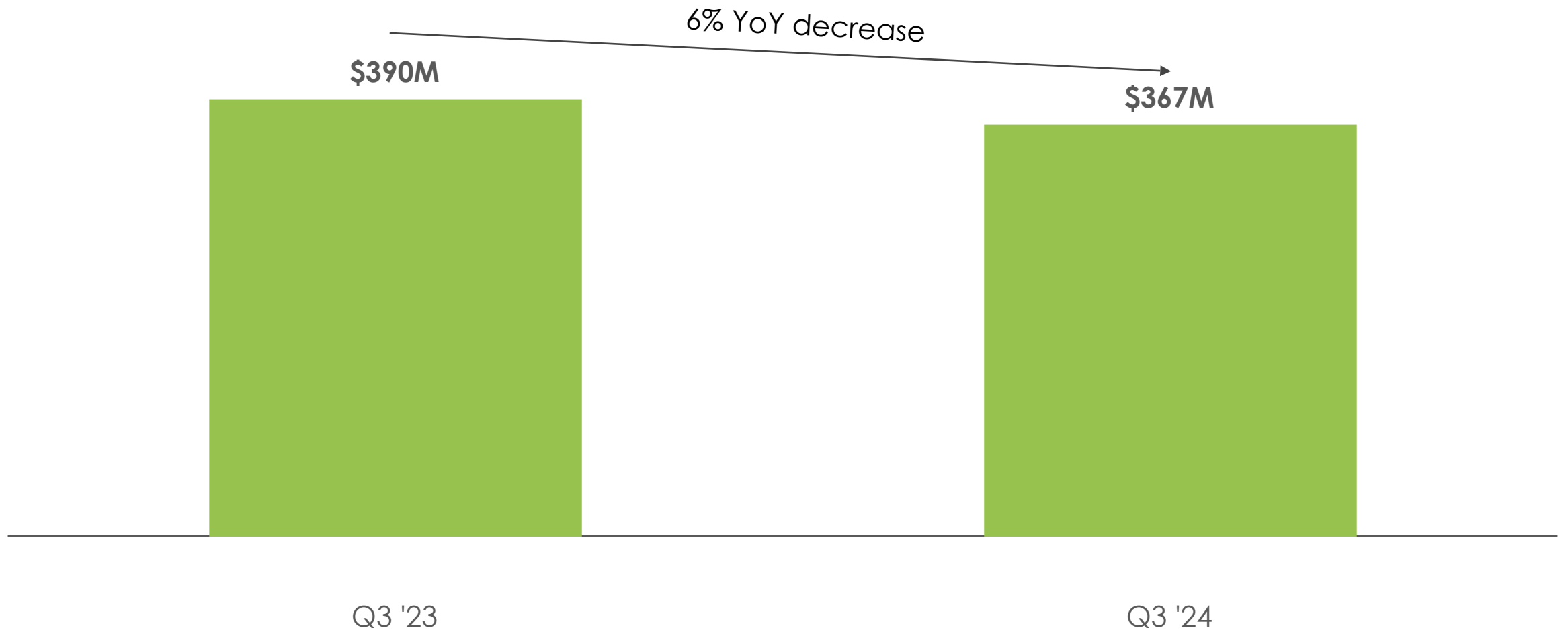


Q3 Adjusted Operating Margin⁽¹⁾



1. See reconciliation to GAAP equivalents in Appendix.

Q3 Inventory Levels



2024 Capital Allocation Priorities

Brand Growth Investment

2024 is an investment year supported by our best-in-class gross margins

Debt Paydown

Repaid \$110M of debt, with total borrowings now at \$1.4B

Return of Capital to Shareholders

Repurchased 1.1M shares, \$549M remaining on current repurchase authorization

Our priorities include buying back shares and repaying debt

Financial Outlook

Guidance: Q4 and Full Year 2024

| | Q4 2024 | FY 2024 |
|---|---------------------|-----------------------|
| Total Revenue Growth | Flat to Up Slightly | Approximately ~3% |
|  Revenue Growth | Approximately ~2% | Approximately ~8% |
|  Revenue Growth | (6%) to (4%) | Approximately (14.5%) |
| Adjusted Operating Margin ^(1,3) | ~19.5% | Over 25% |
| Adjusted One Time Costs ^(1,3) | | ~\$28M |
| Adjusted Effective Tax Rate ^(2,3) | | ~16% |
| Adjusted Diluted EPS ^(1,2,3) | \$2.20 to \$2.28 | \$12.82 to \$12.90 |
| Capital Expenditures | | ~\$90M to \$100M |

1. For the full year 2024, we expect to incur approximately \$28 million in costs primarily for an impairment of information technology systems related to the HEYDUDE integration and costs to transition to our new HEYDUDE distribution center in Las Vegas, Nevada.
 2. In the fourth quarter of 2023, and previously in 2021 and 2020, we made changes to our international legal structure, including an intra-entity transfer of certain intellectual property rights, primarily to align with current and future international operations. The transfers resulted in a step-up in the tax basis of intellectual property rights and correlated increases in foreign deferred tax assets based on the fair value of the transferred intellectual property rights. This adjustment represents the current period impact of these transfers.
 3. See reconciliation to GAAP equivalents in Appendix.

Appendix

Non-GAAP Reconciliation

In addition to financial measures presented on the basis of accounting principles generally accepted in the United States of America ("GAAP"), we present "Non-GAAP gross profit," "Non-GAAP gross margin," "Non-GAAP gross margin by brand," "Non-GAAP selling, general and administrative expenses," "Non-GAAP selling, general and administrative expenses as a percent of revenues," "Non-GAAP income from operations," "Non-GAAP operating margin," "Non-GAAP income before income taxes," "Non-GAAP income tax expense," "Non-GAAP effective tax rate," "Non-GAAP net income," and "Non-GAAP basic and diluted net income per common share," which are non-GAAP financial measures. We also present future period guidance for "Non-GAAP operating margin," "Non-GAAP effective tax rate," and "Non-GAAP diluted earnings per share." Non-GAAP results exclude the impact of items that management believes affect the comparability or underlying business trends in our condensed consolidated financial statements in the periods presented.

We also present certain information related to our current period 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 GAAP. Constant currency represents current period results that have been retranslated using exchange rates used in the prior year comparative period to enhance the visibility of the underlying business trends excluding the impact of foreign currency exchange rate fluctuations.

Management uses non-GAAP results to assist in comparing business trends from period to period on a consistent basis in communications with the board of directors, stockholders, analysts, and investors concerning our financial performance. We believe that these non-GAAP measures, in addition to corresponding GAAP measures, are useful to investors and other users of our condensed consolidated financial statements as an additional tool for evaluating operating performance and trends by providing meaningful information about operations compared to our peers by excluding the impacts of various differences.

Management believes Non-GAAP gross profit, Non-GAAP gross margin, and Non-GAAP gross margin by brand are useful performance measures for investors because they provide investors with a means of comparing these measures between periods without the impact of certain expenses that we believe are not indicative of our routine cost of sales. Our routine cost of sales includes core product costs and distribution expenses primarily related to receiving, inspecting, warehousing, and packaging product and transportation costs associated with delivering products from distribution centers. Costs not indicative of our routine cost of sales may or may not be recurring in nature and include costs to expand and transition to new distribution centers.

Management believes Non-GAAP selling, general and administrative expenses and Non-GAAP selling, general and administrative expenses as a percent of revenues are useful performance measures for investors because they provide a more meaningful comparison to prior periods and may be indicative of the level of such expenses to be incurred in future periods. These measures exclude the impact of certain expenses not related to our normal operations, such as costs related to the integration of HEYDUDE and other costs that are expected to be non-recurring in nature.

Non-GAAP income from operations and Non-GAAP operating margin reflect the impact of Non-GAAP gross profit and Non-GAAP selling, general, and administrative expenses, as discussed above. We believe these are useful performance measures for investors because they provide a useful basis to compare performance in the period to prior periods.

Non-GAAP income before income taxes reflects the impact of Non-GAAP income from operations, as discussed above. We believe this is a useful performance measure for investors because it provides a useful basis to compare performance in the period to prior periods.

Management believes Non-GAAP income tax expense is a useful performance measure for investors because it provides a basis to compare our tax rates to historical tax rates, and because the adjustment is necessary in order to calculate Non-GAAP net income.

Management believes Non-GAAP effective tax rate is a useful performance measure for investors because it provides an ongoing effective tax rate that they can use for historical comparisons and forecasting.

Management believes Non-GAAP net income is a useful performance measure for investors because it focuses on underlying operating results and trends and improves the comparability of our results to prior periods. This measure reflects the impact of Non-GAAP gross profit, Non-GAAP selling, general, and administrative expenses, and Non-GAAP income tax expense, as described above.

Management believes Non-GAAP basic and diluted net income per common share are useful performance measures for investors because they focus on underlying operating results and trends and improve the comparability of our results to prior periods. These measures reflect the impact of Non-GAAP gross profit, Non-GAAP selling, general, and administrative expenses, and Non-GAAP income tax expense, as described above.

For the three and nine months ended September 30, 2024, management believes it is helpful to evaluate our results excluding the impacts of various adjustments relating to special or non-recurring items. Investors should not consider these non-GAAP measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

Non-GAAP Reconciliation

Non-GAAP Gross Profit and Gross Margin Reconciliation:

| | Three Months Ended September 30, | |
|-------------------------------------|----------------------------------|--------------|
| | 2024 | 2023 |
| | (in thousands) | |
| GAAP revenues | \$ 1,062,200 | \$ 1,045,717 |
| GAAP gross profit | \$ 633,339 | \$ 581,636 |
| Distribution centers ⁽¹⁾ | — | 18,797 |
| Non-GAAP gross profit | 633,339 | 600,433 |
| GAAP gross margin | 59.6 % | 55.6 % |
| Non-GAAP gross margin | 59.6 % | 57.4 % |

Non-GAAP Reconciliation (Cont'd)

Non-GAAP Gross Margin Reconciliation by Brand:

| | Three Months Ended September 30, | |
|-------------------------------------|----------------------------------|--------|
| | 2024 | 2023 |
| GAAP Crocs Brand gross margin | 62.5 % | 61.9 % |
| Non-GAAP adjustments: | | |
| Distribution centers ⁽¹⁾ | — % | 0.2 % |
| Non-GAAP Crocs Brand gross margin | 62.5 % | 62.1 % |

| | Three Months Ended September 30, | |
|-------------------------------------|----------------------------------|--------|
| | 2024 | 2023 |
| GAAP HEYDUDE Brand gross margin | 47.9 % | 35.6 % |
| Non-GAAP adjustments: | | |
| Distribution centers ⁽²⁾ | — % | 7.2 % |
| Non-GAAP HEYDUDE Brand gross margin | 47.9 % | 42.8 % |

⁽¹⁾ Represents prior year expenses, including expansion costs and duplicate rent costs, primarily related to our distribution centers in Dayton, Ohio.

⁽²⁾ Represents prior year expenses, including expansion costs, duplicate rent costs, and transitional storage costs, related to our distribution center in Las Vegas, Nevada.

Non-GAAP Reconciliation (Cont'd)

Non-GAAP selling, general and administrative reconciliation:

| | Three Months Ended September 30, | |
|--|----------------------------------|-------------------|
| | 2024 | 2023 |
| | (in thousands) | |
| GAAP revenues | \$ 1,062,200 | \$ 1,045,717 |
| GAAP selling, general and administrative expenses | \$ 363,510 | \$ 307,784 |
| Impairment related to information technology systems | — | — |
| Impairment related to distribution centers | — | — |
| Information technology project discontinuation | — | — |
| HEYDUDE integration costs | — | (545) |
| Duplicate headquarters rent ⁽¹⁾ | — | (976) |
| Other ⁽²⁾ | — | (1,749) |
| Total adjustments | — | (3,270) |
| Non-GAAP selling, general and administrative expenses ⁽³⁾ | <u>\$ 363,510</u> | <u>\$ 304,514</u> |
| GAAP selling, general and administrative expenses as a percent of revenues | 34.2 % | 29.4 % |
| Non-GAAP selling, general and administrative expenses as a percent of revenues | 34.2 % | 29.1 % |

⁽¹⁾ Represents duplicate rent costs associated with our move to a new headquarters.

⁽²⁾ Includes various restructuring costs, as well as costs associated with the implementation of a new enterprise resource planning system.

⁽³⁾ Non-GAAP selling, general and administrative expenses are presented gross of tax.

Non-GAAP Reconciliation (Cont'd)

Non-GAAP Income from Operations and Operating Margin Reconciliation:

| | Three Months Ended September 30, | |
|--|----------------------------------|--------------|
| | 2024 | 2023 |
| | (in thousands) | |
| GAAP revenues | \$ 1,062,200 | \$ 1,045,717 |
| GAAP income from operations | \$ 269,829 | \$ 273,852 |
| Non-GAAP gross profit adjustments ⁽¹⁾ | — | 18,797 |
| Non-GAAP selling, general and administrative expenses adjustments ⁽²⁾ | — | 3,270 |
| Non-GAAP income from operations | \$ 269,829 | \$ 295,919 |
| GAAP operating margin | 25.4 % | 26.2 % |
| Non-GAAP operating margin | 25.4 % | 28.3 % |

Non-GAAP Reconciliation (Cont'd)

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

| | Three Months Ended September 30, | |
|--|----------------------------------|------------|
| | 2024 | 2023 |
| | (in thousands) | |
| GAAP income from operations | \$ 269,829 | \$ 273,852 |
| GAAP income before income taxes | 244,897 | 233,405 |
| Non-GAAP income from operations ⁽¹⁾ | \$ 269,829 | \$ 295,919 |
| GAAP non-operating income (expenses): | | |
| Foreign currency losses, net | (332) | (1,770) |
| Interest income | 1,366 | 506 |
| Interest expense | (26,203) | (39,207) |
| Other income, net | 237 | 24 |
| Non-GAAP income before income taxes | \$ 244,897 | \$ 255,472 |
| GAAP income tax expense | \$ 45,096 | \$ 56,380 |
| Tax effect of non-GAAP operating adjustments | — | 5,462 |
| Impact of intra-entity IP transfers ⁽²⁾ | (14,165) | (6,717) |
| Non-GAAP income tax expense | \$ 30,931 | \$ 55,125 |
| GAAP effective income tax rate | 18.4 % | 24.2 % |
| Non-GAAP effective income tax rate | 12.6 % | 21.6 % |

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

⁽²⁾ In the fourth quarter of 2023, and previously in 2021 and 2020, we made changes to our international legal structure, including an intra-entity transfer of certain intellectual property rights, primarily to align with current and future international operations. The transfers resulted in a step-up in the tax basis of intellectual property rights and correlated increases in foreign deferred tax assets based on the fair value of the transferred intellectual property rights. This adjustment represents the current period impact of these transfers.

Non-GAAP Reconciliation (Cont'd)

Non-GAAP Earnings Per Share Reconciliation:

| | Three Months Ended September 30, | |
|--|----------------------------------|-------------------|
| | 2024 | 2023 |
| (in thousands, except per share data) | | |
| Numerator: | | |
| GAAP net income | \$ 199,801 | \$ 177,025 |
| Non-GAAP gross profit adjustments ⁽¹⁾ | — | 18,797 |
| Non-GAAP selling, general and administrative expenses adjustments ⁽²⁾ | — | 3,270 |
| Tax effect of non-GAAP adjustments | 14,165 | 1,255 |
| Non-GAAP net income | <u>\$ 213,966</u> | <u>\$ 200,347</u> |
| Denominator: | | |
| GAAP weighted average common shares outstanding - basic | 59,046 | 61,143 |
| Plus: GAAP dilutive effect of stock options and unvested restricted stock units | 455 | 472 |
| GAAP weighted average common shares outstanding - diluted | <u>59,501</u> | <u>61,615</u> |
| GAAP net income per common share: | | |
| Basic | <u>\$ 3.38</u> | <u>\$ 2.90</u> |
| Diluted | <u>\$ 3.36</u> | <u>\$ 2.87</u> |
| Non-GAAP net income per common share: | | |
| Basic | <u>\$ 3.62</u> | <u>\$ 3.28</u> |
| Diluted | <u>\$ 3.60</u> | <u>\$ 3.25</u> |

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

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

Non-GAAP Reconciliation (Cont'd)

Reconciliation of GAAP to Non-GAAP Financial Guidance:

Full Year 2024:

| | Approximately: |
|--|---------------------------|
| Non-GAAP operating margin reconciliation: | |
| GAAP operating margin | Over 24% |
| Non-GAAP adjustments, primarily related to IT system impairments ⁽¹⁾ | 1% |
| Non-GAAP operating margin | <u>Over 25%</u> |
| Non-GAAP effective tax rate reconciliation: | |
| GAAP effective tax rate | 21% |
| Non-GAAP adjustments, primarily related to amortization of intellectual property ⁽¹⁾⁽²⁾ | (5)% |
| Non-GAAP effective tax rate | <u>16%</u> |
| Non-GAAP diluted earnings per share reconciliation: | |
| GAAP diluted earnings per share | \$11.83 to \$11.91 |
| Non-GAAP adjustments, primarily related to IT system impairments and amortization of intellectual property ⁽¹⁾⁽²⁾ | \$0.99 |
| Non-GAAP diluted earnings per share | <u>\$12.82 to \$12.90</u> |

⁽¹⁾ For the full year 2024, we expect to incur approximately \$28 million in costs primarily for an impairment of information technology systems related to the HEYDUDE integration and costs to transition to our new HEYDUDE distribution center in Las Vegas, Nevada.

⁽²⁾ In the fourth quarter of 2023, and previously in 2021 and 2020, we made changes to our international legal structure, including an intra-entity transfer of certain intellectual property rights, primarily to align with current and future international operations. The transfers resulted in a step-up in the tax basis of intellectual property rights and correlated increases in foreign deferred tax assets based on the fair value of the transferred intellectual property rights. This adjustment represents the current period impact of these transfers.

Our forward-looking guidance for consolidated "adjusted gross margin," "adjusted operating margin," and "adjusted diluted earnings per share" represents non-GAAP financial measures that exclude or otherwise have been adjusted for special items from our U.S. GAAP financial statements. We consider these items to be necessary adjustments for purposes of evaluating our ongoing business performance and are often considered non-recurring. Such adjustments are subjective and involve significant management judgment.

While we are able to estimate full year non-GAAP adjustments, we are unable to reconcile forward-looking adjusted measures to their nearest U.S. GAAP measure quarter-by-quarter because we are unable to predict the timing of these adjustments with a reasonable degree of certainty. By their very nature, special and other non-core items are difficult to anticipate with precision because they are generally associated with unexpected and unplanned events that impact our company and its financial results. Therefore, we are unable to provide a reconciliation of these measures for the guidance related to the fourth quarter of 2024.

CROCS inc.  TM