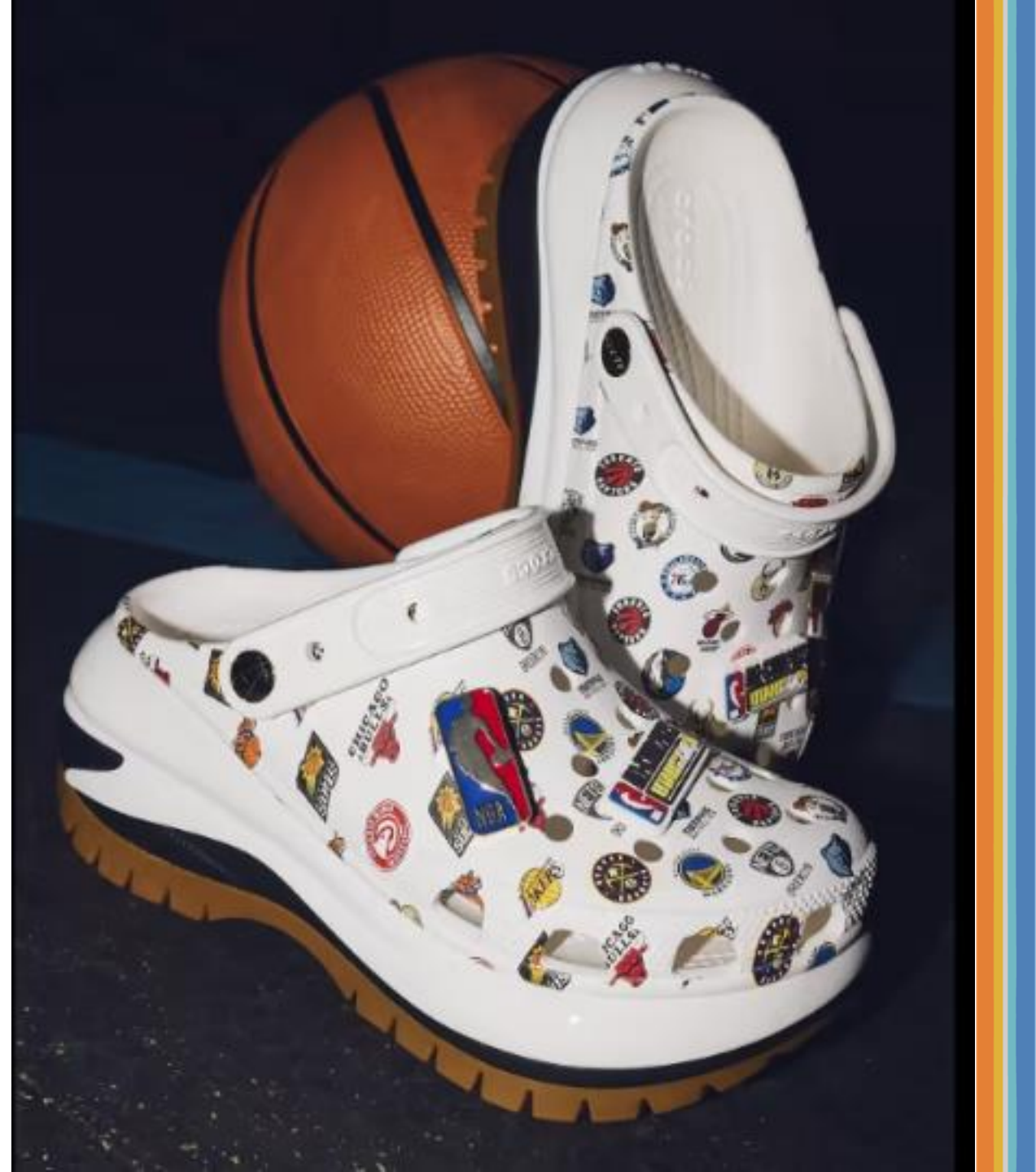




Investor Presentation

February 2023



FORWARD-LOOKING STATEMENT

This document includes estimates, projections, and statements relating to our plans, commitments, objectives, and expectations that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, 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 our supply chain challenges, cost inflation, our financial condition, brand and liquidity outlook, and expectations regarding our future revenue, margins, non-GAAP adjustments, tax rate, earnings per share, debt ratios and capital expenditures, the acquisition of HEYDUDE and benefits thereof, Crocs' strategy, plans, objectives, expectations (financial or otherwise) and intentions, future financial results and growth potential, statements regarding full year and first quarter 2023 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: our expectations regarding supply chain disruptions; the COVID-19 pandemic and related government, private sector, and individual consumer responsive actions; cost inflation; current global financial conditions, including economic impacts resulting from the COVID-19 pandemic; the effect of competition in our industry; our ability to effectively manage our future growth or declines in revenues; changing consumer preferences; our ability to maintain and expand revenues and gross margin; our ability to accurately forecast consumer demand for our products; our ability to successfully implement our strategic plans; our ability to develop and sell new products; our ability to obtain and protect intellectual property rights; the effect of potential adverse currency exchange rate fluctuations and other international operating risks; and other factors described in our most recent Annual Report on Form 10-K under the heading "Risk Factors" and our subsequent filings with the Securities and Exchange Commission. Readers are encouraged to review that section and all other disclosures appearing in our filings with the Securities and Exchange Commission.

All information in this document speaks as of February 16, 2023. We do not undertake any obligation to update publicly any forward-looking statements, whether as a result of the receipt of new information, future events, or otherwise, except as required by applicable law.



CONTENTS

- **BUSINESS & FINANCIAL HIGHLIGHTS**
- **UPDATE ON SELECT GROWTH DRIVERS**
- **BRAND PERFORMANCE**
- **FINANCIAL OUTLOOK**
- **APPENDIX**

OUR VISION



**Everyone Comfortable
In Their Own Shoes**

THE PATH WE CHOOSE TO WALK

DELIGHTFULLY DEMOCRATIC

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

PEOPLE-PURPOSED DESIGN

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

INHERENT SIMPLICITY

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

IMAGINATIVE INNOVATION

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

UNAPOLOGETIC OPTIMISM

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

CONFIDENTLY COMFORTABLE

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

CROCS INC. IS A PROVEN GROWTH COMPANY

Entrepreneurial Phase 2002 - 2006

- Classic clog is born in 2002 and gains broad popularity for its comfort, utility, and unique look
- In 2006, completed largest footwear IPO in U.S. history at that time
- Acquired Jibbitz, increasing personalization

Overextension 2008 to 2013

- Over diversified product line (e.g., golf shoes and leather boots) and little investment in the iconic clog led to low brand relevance and subpar gross margins
- Disparate go to market created many subscale geographies
- Over extension of global retail fleet to 600+ stores in 2013
- No cohesive global marketing strategy
- High cost base (SG&A 47%+ of revenues)

Transformation & Brand Re-ignition 2014 to 2017

- Announced intention to refine strategy and earnings growth through simplification and focus
- Shrunk revenue to get to a profitable base
 - Blackstone invested \$200M to fund share repurchase and bring in new leadership with industry experience
 - Appointed Andrew Rees as President

Under Rees' leadership, transformed the Crocs brand:

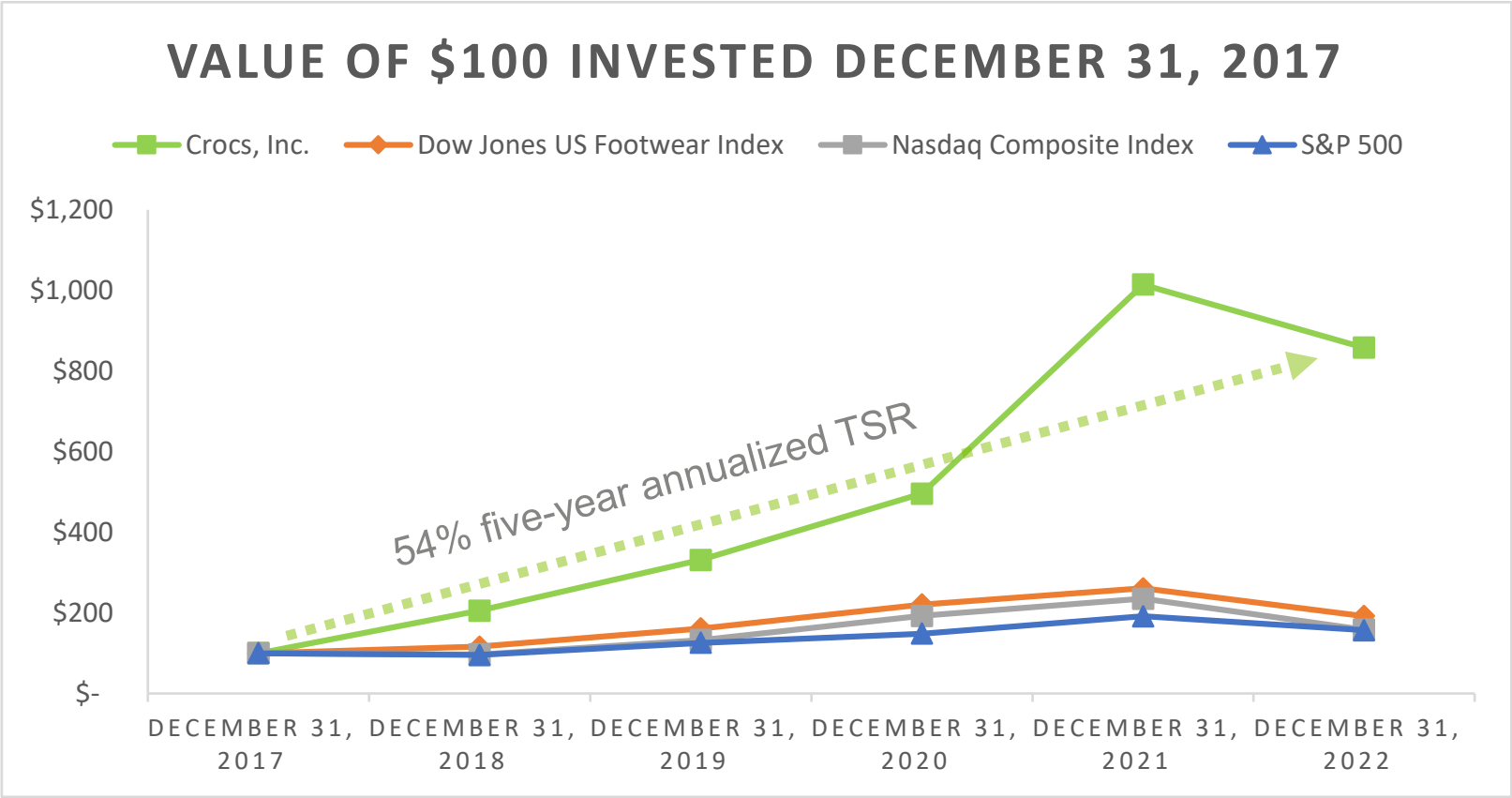
- Consumer-centric brand strategy to drive relevance
 - Implemented global brand marketing playbook focusing on driving relevance for iconic Clog
 - Shifted to digital-only marketing for scale and efficiency
 - Leveraged influencers and partnerships and launched first collaboration in 2017 with Christopher Kane
- Iconic, focused product offering
 - Focused on clogs, sandals and Jibbitz
 - Introduced seasonally relevant graphics and prints to drive clog purchases
- Improved gross margin
 - 50% SKU reduction
 - Continued shift to molded product
 - Closed owned manufacturing facilities
- Flexible SG&A base
 - Cut \$80M in fixed expenses, reinvesting a portion back into marketing
 - Reduced store count from 600+ to <400, and focused on profitable outlets
 - Transitioned sub-scale direct markets to distributors

Profitable Growth 2018 to Present

- 2018 begins a 5 year run of double-digit revenue growth, finishing 2022 with record revenues of \$3.6B
 - Relevance for the Crocs brand has increased 34% and consideration increased 69%
- Achieved double-digit operating margin target in 2019 and expanded adjusted margin to 28% in 2022
 - Expanded adj. gross margin for the Crocs brand 510 bps supported by shift to molded product and Jibbitz
 - Increased Crocs brand marketing spend from ~\$70M to ~\$190M
- Repurchased ~\$1.7B of shares since 2014 at average price of \$37.90 per share
- Outlined growth strategy for the Crocs Brand including: sandals, Asia, digital and product & marketing innovation
- Announced commitment to net zero carbon emissions
- Acquired casual footwear brand HEYDUDE



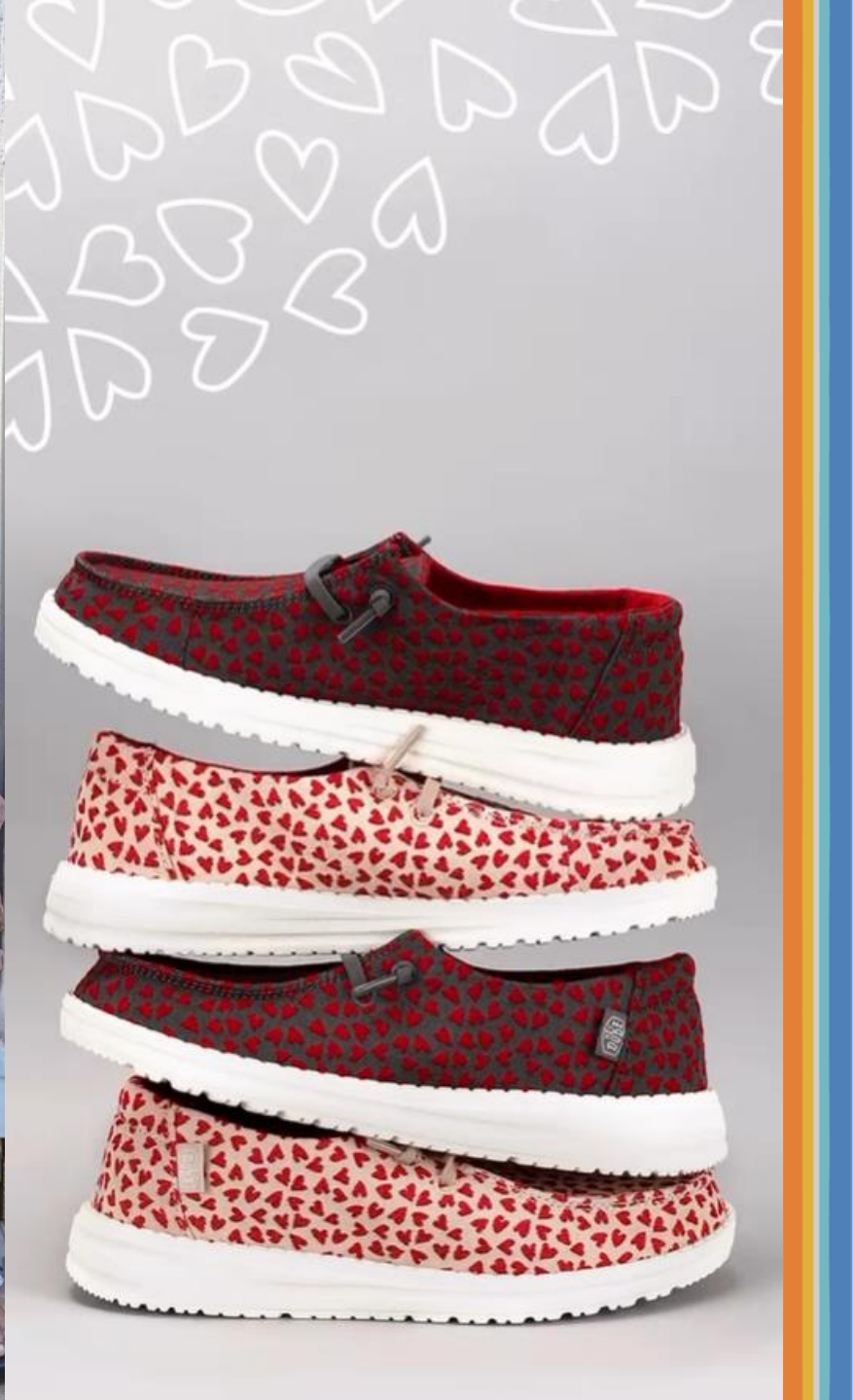
MARKET LEADING SHAREHOLDER RETURNS



CROCS INC. 5-YEAR TSR #2 BEST PERFORMER HAD WE BEEN IN S&P 500



BUSINESS & FINANCIAL HIGHLIGHTS



“ Consumer demand for the Crocs and HEYDUDE brands has been exceptional, fueling record 2022 revenues for both brands at a combined \$3.6 billion and top-tier adjusted operating margin of 28%.

We anticipate another record year in 2023 with growth expected to be led by sandals and international for the Crocs Brand and increased US market penetration for HEYDUDE.”

– *Andrew Rees, CEO*

Q4 2022 REVENUE GROWTH SUMMARY

\$945M

Crocs, Inc.
+61% / 65% CC⁽¹⁾

\$666M

Crocs Brand
+14% / 17% CC⁽¹⁾

\$279M

HEYDUDE Brand
+34%

+23%

Crocs Brand Digital
Sales CC Growth^(1,3)

19%

Crocs Brand DTC
Comp Growth⁽²⁾

45%

Digital Penetration⁽³⁾

1. Revenue growth on a constant currency basis, which is a Non-GAAP Financial Measure. See further details in Appendix.
2. See further details in Appendix for DTC comparable sales definition.
3. Digital sales include Crocs.com, heydude.com, third-party market places (e.g. Tmall), and e-tailers (e.g. Amazon, Zappos, Zalando).

Q4 2022 FINANCIAL HIGHLIGHTS



	Q4	B/(W) vs. PY
Revenues (\$M)	\$945.2	65% ⁽¹⁾
Gross Margin	52.5%	(1,090) bp
Adjusted Gross Margin ⁽²⁾	53.3%	(1,040) bp
Adjusted SG&A as % of Revenue ⁽²⁾	27.3%	780 bp
Operating Margin	23.3%	(400) bp
Adjusted Operating Margin ⁽²⁾	26.0%	(260) bp
Diluted EPS	\$2.20	(14)%
Adjusted Diluted EPS ⁽²⁾	\$2.65	+23%

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

2022 REVENUE GROWTH SUMMARY

\$3.55B

Crocs, Inc.
+54% / 58% CC⁽¹⁾

\$2.66B

Crocs Brand
+15% / 19% CC⁽¹⁾

⁽²⁾
\$896M / \$986M PF

HEYDUDE Brand
+54% / +70% PF⁽¹⁾

+22%

Crocs Brand Digital
Sales CC Growth^(1,4)

15%

Crocs Brand DTC
Comp Growth⁽³⁾

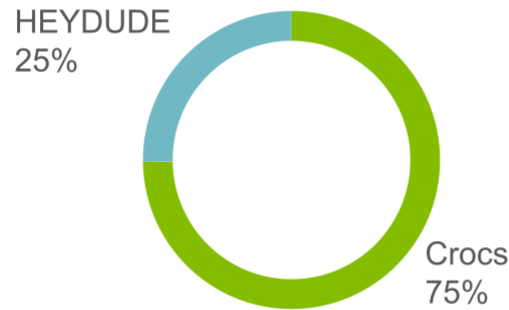
38%

Digital Penetration⁽⁴⁾

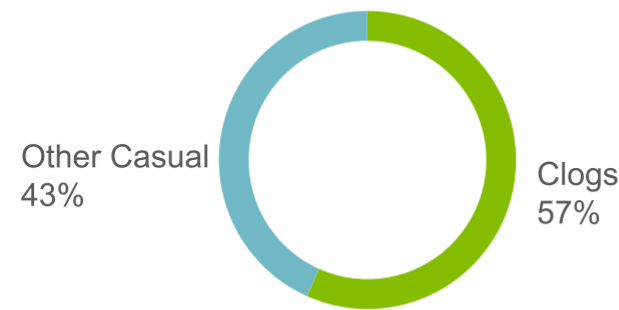
1. Revenue growth on a constant currency basis, which is a Non-GAAP Financial Measure. See further details in Appendix. Pro forma ("PF") includes HEYDUDE for the period prior to acquisition close (assuming the acquisition had closed on the first day of such trailing twelve month period).
2. For the period following the closing of the acquisition on February 17, 2022.
3. See further details in Appendix for DTC comparable sales definition.
4. Digital sales include Crocs.com, heydude.com, third-party market places (e.g. Tmall), and e-tailers (e.g. Amazon, Zappos, Zalando).

FY2022 REVENUE BREAKDOWN

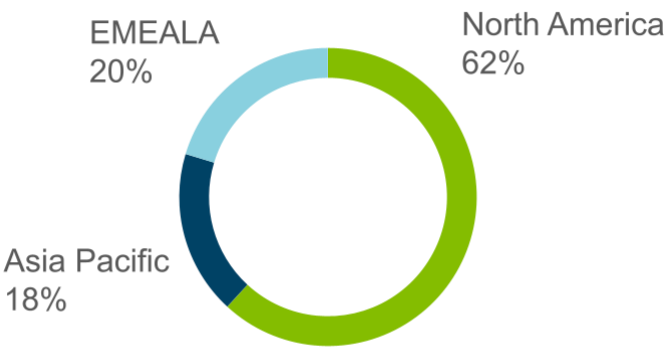
Brand



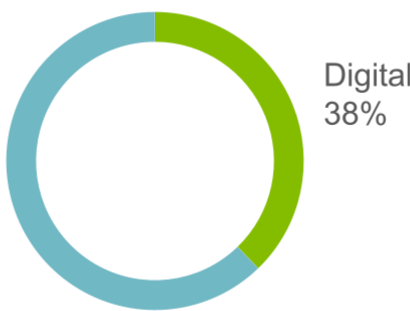
Product Penetration



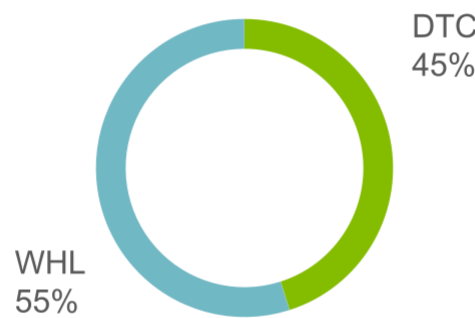
Geography⁽¹⁾



Digital Penetration⁽²⁾



Channel



1. Geography is for Crocs Brand only.
2. Digital sales include Crocs.com, heydude.com, third-party market places (e.g. Tmall), and e-tailers (e.g. Amazon, Zappos, Zalando).

2022 FINANCIAL HIGHLIGHTS

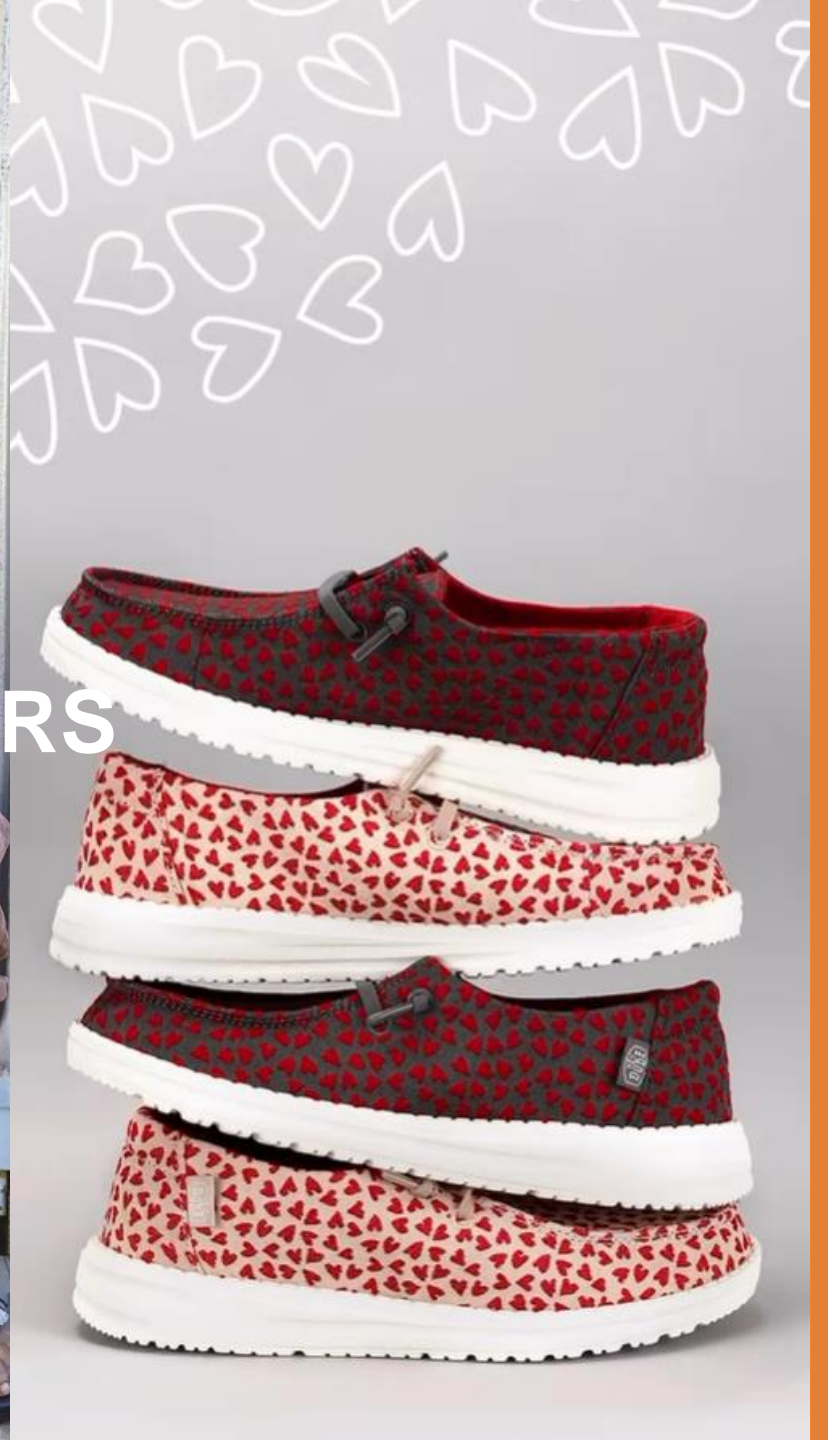


	2022	B/(W) vs. PY
Revenues (\$B)	\$3.55	+58% ⁽¹⁾
Gross Margin	52.3%	(910) bp
Adjusted Gross Margin ⁽²⁾	54.4%	(720) bp
Adjusted SG&A as % of Revenue ⁽²⁾	26.7%	490 bp
Operating Margin	23.9%	(560) bp
Adjusted Operating Margin ⁽²⁾	27.7%	(240) bp
Diluted EPS	\$8.71	(24)%
Adjusted Diluted EPS ⁽²⁾	\$10.92	+31%

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

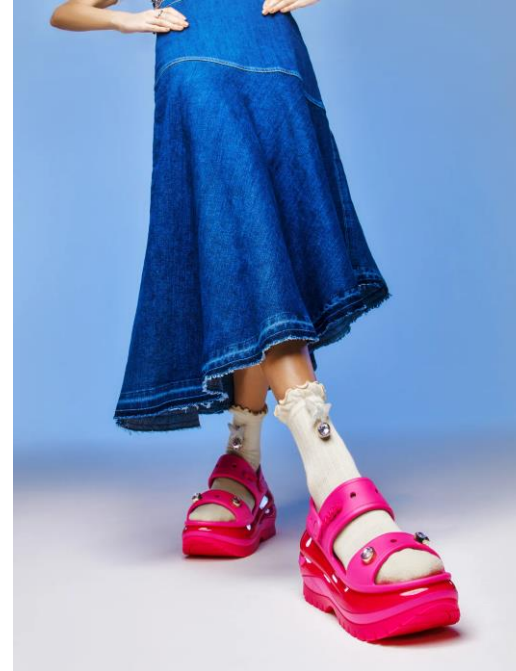


UPDATE ON SELECT GROWTH DRIVERS



IMPORTANCE OF SANDALS TO THE CROCS BRAND

- \$30B global footwear category
- Our molded technologies, accessible price points, and strong go-to-market should allow us to compete effectively
- Additional entry point for the Crocs Brand
- High purchase frequency
- Crocs Brand sandal consideration is on par with that of clogs
- Crocs has a sizeable business, with 2022 sandal revenues of ~\$310M

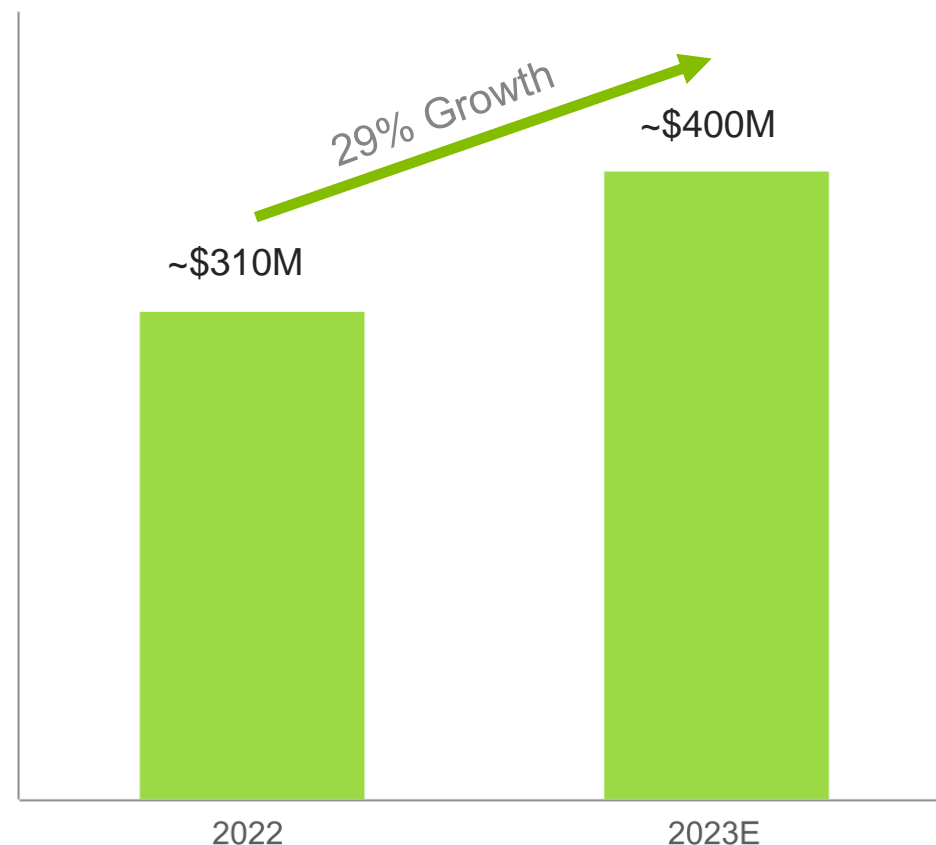


EXPECT STRONG SANDAL GROWTH IN 2023

We expect strong sandal growth for the Crocs Brand in 2023 due to:

- Planned newness, such as:
 - Additional height
 - New uppers in popular Brooklyn style
 - New Mellow flip
- Significant increase in sandal-specific marketing
- Strong brand trajectory in important sandal markets (e.g., India, Southeast Asia)

Crocs Brand Sandal Revenues



FOCUS ON 4 KEY CATEGORIES TO DRIVE GROWTH

EVERYDAY

Broad-reaching, iconic franchises with opening price points, personalization and longer lifecycles



STYLE

Trend-driven with extended price points and shorter lifecycles with a focus on females



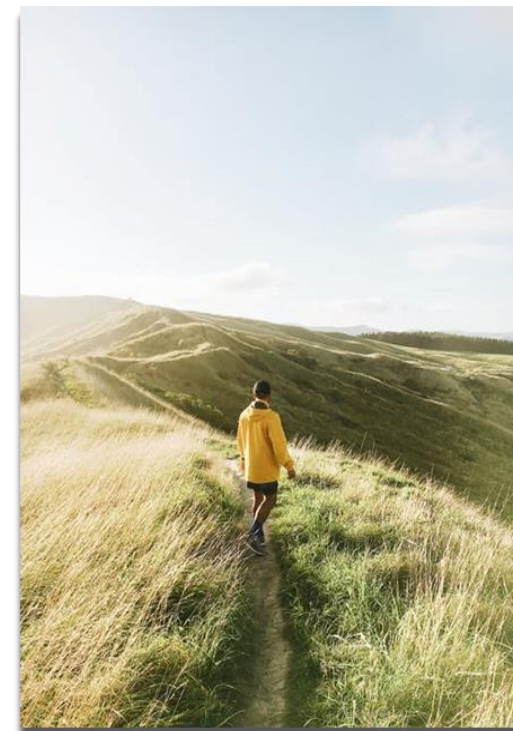
SPORT/STREET

Culturally relevant, rooted in street style and innovation with a focus on him, inclusive of her



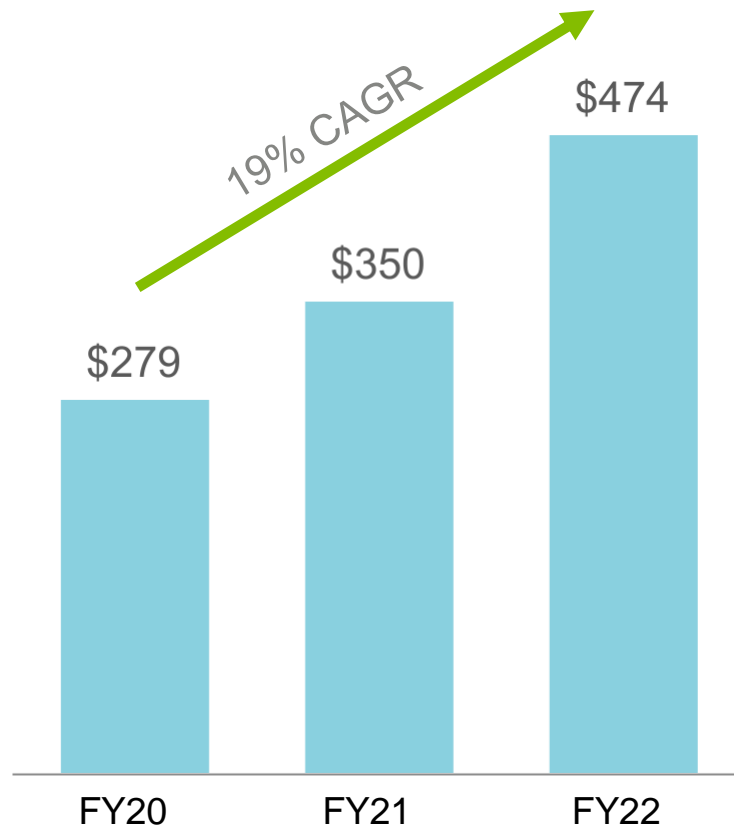
ADVENTURE

Functional design leveraging Crocs brand heritage with extended price points and a focus on the full family

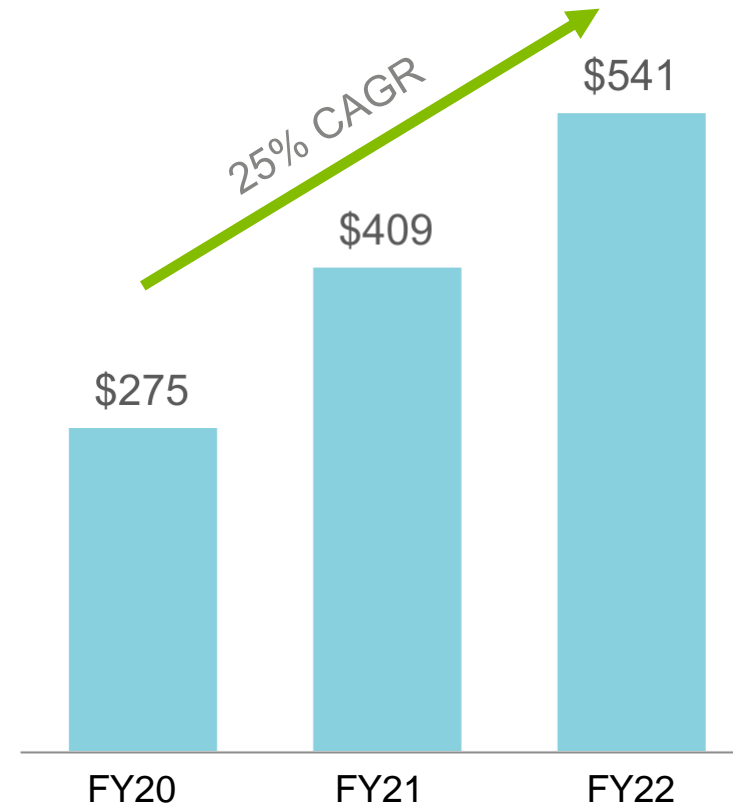


GROWING CROCS BRAND MOMENTUM INTERNATIONALLY

Asia Pacific Revenues (\$M)



EMEALA Revenues (\$M)



CC GROWTH ⁽¹⁾

+22%

+47%

+46%

+47%

EIGHT CONSECUTIVE QUARTERS OF DOUBLE-DIGIT INTERNATIONAL REVENUE GROWTH

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

CROCS PRODUCT & MARKETING INNOVATION

In 2023 we expect:

- Record new product introductions
- Strong pipeline of 60+ global brand partnerships across a healthy mix of celebrities, mega brands and licenses – of which ~25% will be regionally led
- Invest a record amount of marketing – over \$200M – to drive relevance, amplify our products and engage and acquire customers

Source: Jing Daily and salehebembury on Instagram.

JING DAILY 精奢

Clogcore: The “ugly shoe” that became cool



Crocs has earned cultural credibility through partnerships with brands like actor Bai Jingting's Goodbai (left). Photo: Crocs

Clogcore isn't a meme, it's a movement. Shoes that were once seen as categorically uncool or worn ironically, like the Crocs Classic Clog, are now at the center of a cultural wave. Spurred by the early pandemic days of working at home and the revival of Y2K (Crocs came about in 2002), the slip-on style is all about effortless comfort and convenience.

The trend has gained momentum in China through celebrities such as Justin Bieber, Ouyang Nana, and Yang Mi, as well as Crocs' collaborations with Salehe Bembury, Balenciaga and local brands like Chinese actor's Ba Jingting's brand Goodbai and Melting Sadness.

Other labels have even launched their own clogs in recent years: There's the Yeezy Foam Runner, Nike's Jordan System.23 Clog, Prada's Foam Runner Mule, and Adidas' adiFOM Q to name a few. Cute, chunky and customizable, the Clogs hashtag #洞洞鞋 has 61.4 million views on Xiaohongshu, with many users sharing their own DIY creations.



HEYDUDE PROGRESS

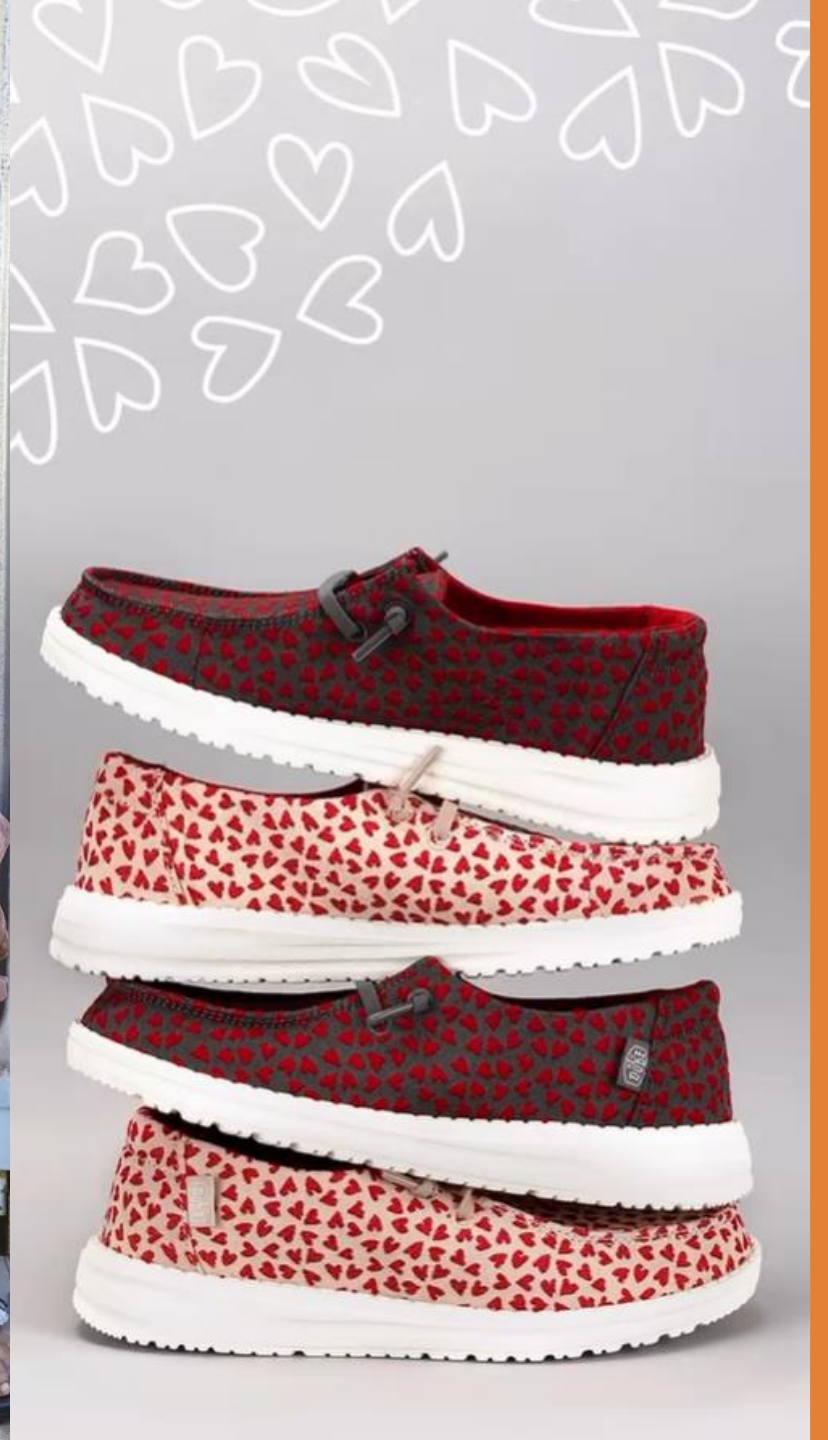
- Grew revenue 70% to \$986M⁽¹⁾ by expanding distribution in the US with large, important wholesale partners
- Staffed the entire leadership team and hired over 150 roles
- Stabilized and expanded the manufacturing footprint
- Developed a business systems roadmap
- Expanded distribution capabilities to handle the immediate throughput needs
- Turned over many international distributors
- Expanded the line with several new icons to be trialed in 2023
- Updated the brand identity and clarified its purpose and meaning
- Spent nearly \$60 million of marketing in H2'22, which on an annualized basis was almost 4x the 2021 spend⁽²⁾



1. Revenue growth on a Pro forma basis, which includes HEYDUDE for the period prior to acquisition close (assuming the acquisition had closed on the first day of such trailing twelve month period).
2. 2021 spend was prior to Crocs, Inc. ownership



BRAND PERFORMANCE



CROCS BRAND Q4 HIGHLIGHTS

- Revenues +17% CC vs. PY ⁽¹⁾
 - North America DTC comparable sales +13% ⁽¹⁾
 - EMEALA +76% CC vs. PY ⁽¹⁾
 - Asia Pacific +75% CC vs. PY ⁽¹⁾
- Celebrated 20 Years of Crocs Fandom in Croctober with giveaways, product launches, and a Croc Day Party in the Metaverse
- Crocs named Second Fastest Growing Brand by Morning Consult
- Adj. Gross Margin decreased ~760 bp driven by ~340 basis points of promotions, 180 basis points of inflationary costs, and ~180 basis points of higher freight and inventory handling costs. Currency negatively impacted gross margin by 70 basis points

	Q4'2022	B/(W) vs. PY
Revenues	\$666M	+17.2% ⁽¹⁾
Adj. Gross Margin ⁽²⁾	56.1%	(760) bp
Adj. SG&A as % of Revenue ⁽²⁾	24.2%	210 bp
Adj. Operating Margin ⁽²⁾	31.9%	(550) bp

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

2. See reconciliation to GAAP equivalents in Appendix.



CROCS BRAND Q4 REVENUE GROWTH

Geography

+0.3%

North America

+59% / 75% CC⁽¹⁾

Asia Pacific

+60% / 76% CC⁽¹⁾

EMEALA

Channel

+22%

Digital Sales
CC Growth^(1,2)

+19%

DTC
Comparable Growth⁽³⁾

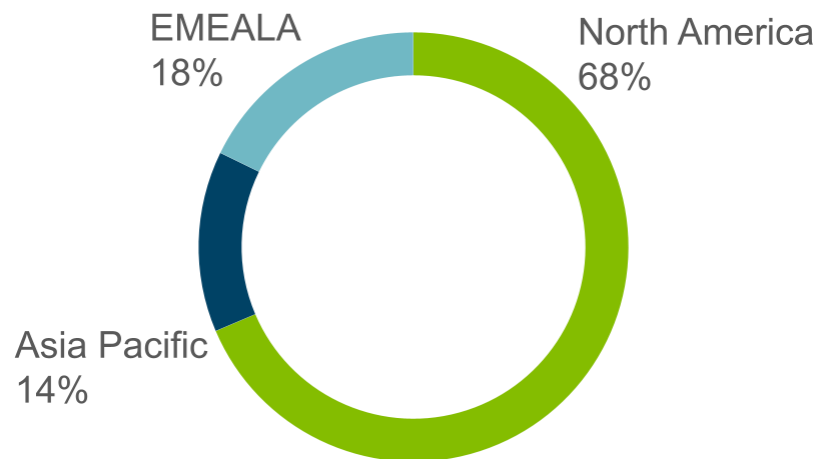
+13%

Wholesale CC Growth⁽¹⁾

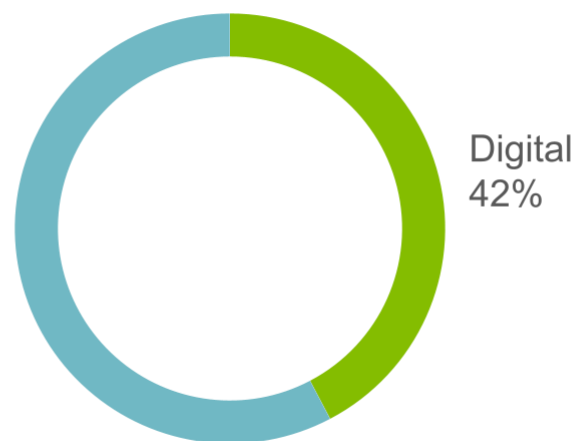
1. Revenue growth on a constant currency basis, which is a Non-GAAP Financial Measure. See further details in Appendix.
2. Digital sales include Crocs.com, heydude.com, third-party market places (e.g. Tmall), and e-tailers (e.g. Amazon, Zappos, Zalando).
3. See further details in Appendix for DTC comparable sales definition.

CROCS BRAND Q4 REVENUE BREAKDOWN

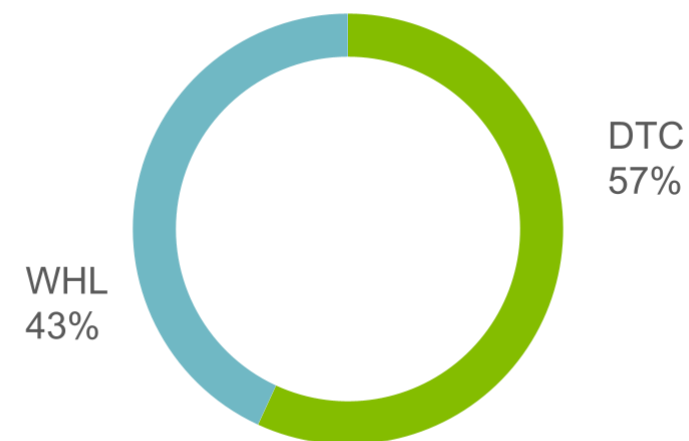
Geography



Digital Penetration⁽¹⁾



Channel



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

CROCS BRAND FY HIGHLIGHTS

- Revenues +19% CC vs. PY ⁽¹⁾
 - North America DTC comparable sales +12% ⁽¹⁾
 - EMEALA +47% CC vs. PY ⁽¹⁾
 - Asia Pacific +47% CC vs. PY ⁽¹⁾
- Launched innovative digital marketing campaigns with several collaborators, like Karol G, Spotify, and many others
- Crocs named "Accessories Product of the Year" by Universal for our Jurassic World collection
- Adj. Gross Margin decreased 500 bp driven by ~220 basis points of air freight investment, ~190 basis points of higher freight and inventory handling costs and ~150 basis points of inflationary costs. Currency negatively impacted gross margin by ~90 basis points.



	FY 2022	B/(W) vs. PY
Revenues	\$2.7B	+19.4% ⁽¹⁾
Adj. Gross Margin ⁽²⁾	56.7%	(500) bp
Adj. SG&A as % of Revenue ⁽²⁾	23.7%	40 bp
Adj. Operating Margin ⁽²⁾	33.0%	(450) bp

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

2. See reconciliation to GAAP equivalents in Appendix.

CROCS BRAND FY REVENUE GROWTH

Geography

+6%

North America

+35% / 47% CC⁽¹⁾

Asia Pacific

+32% / 47% CC⁽¹⁾

EMEALA

Channel

+22%

Digital Sales
CC Growth^(1,2)

+15%

DTC
Comparable Growth⁽³⁾

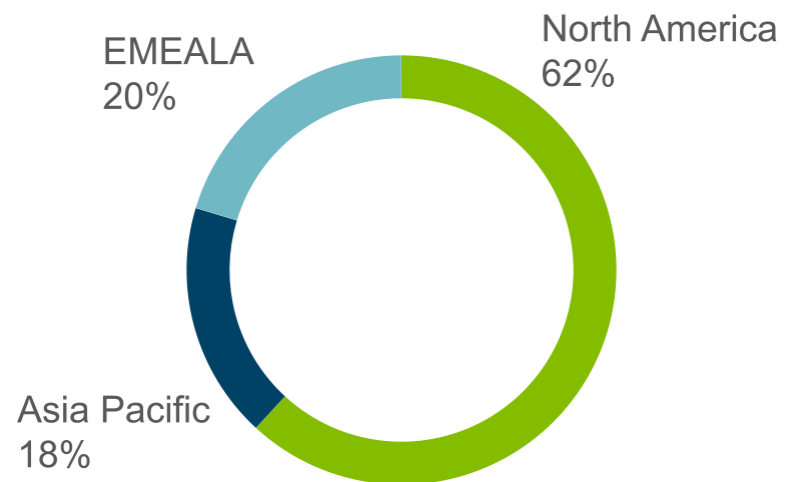
+23%

Wholesale CC Growth⁽¹⁾

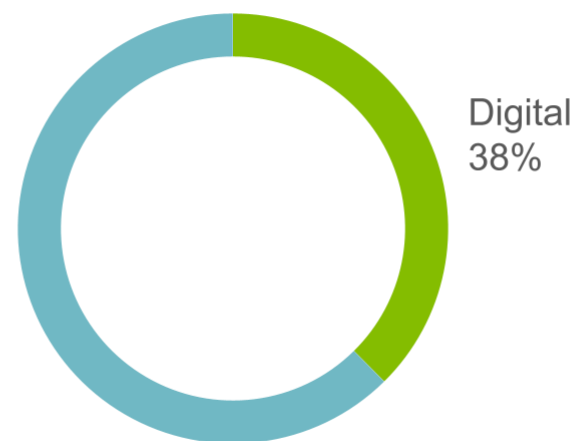
1. Revenue growth on a constant currency basis, which is a Non-GAAP Financial Measure. See further details in Appendix.
2. Digital sales include Crocs.com, heydude.com, third-party market places (e.g. Tmall), and e-tailers (e.g. Amazon, Zappos, Zalando).
3. See further details in Appendix for DTC comparable sales definition.

CROCS BRAND FY REVENUE BREAKDOWN

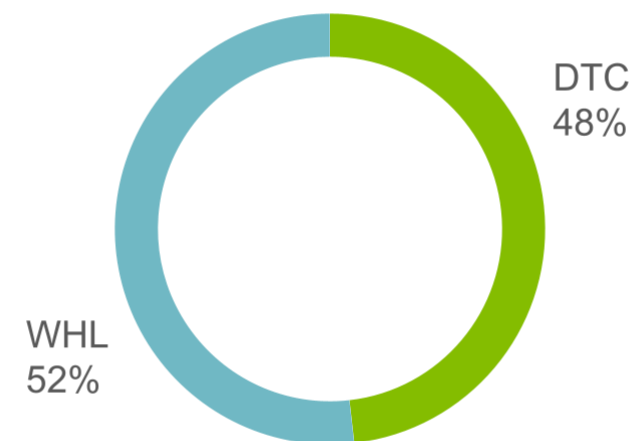
Geography



Digital Penetration⁽¹⁾



Channel



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

HEYDUDE BRAND Q4 HIGHLIGHTS

- Q4 Revenues of \$279M exceeded our initial guidance
 - Revenue growth of +34% vs PY
- Brand awareness +53% from Q2 to Q4⁽³⁾
 - Impacted by investment in media spending as well as strong traction in the family channel, where we are now a top 5 brand
- Over 1MM engaged followers⁽⁴⁾



	Q4'2022
Revenue	\$279M
Adj. Gross Margin ⁽¹⁾	47.2%
SG&A as % of Revenue ⁽²⁾	19.5%
Adj. Operating Margin ⁽¹⁾	27.7%

1. See reconciliation to GAAP equivalents in Appendix
2. Non-GAAP SG&A adjustments were not made within the HEYDUDE brand
3. From Crocs MOTO Brand Tracker study
4. Aggregate of all social media channels (i.e., Meta, Tik Tok, Instagram, Twitter, etc)

HEYDUDE BRAND FY HIGHLIGHTS

- FY Revenues of \$896M exceeded previous guidance
 - Revenue growth of +54% vs PY
- Introduced an updated brand identity and launched new HEYDUDE brand campaign
- Brand began rollout of influencer strategy with a portfolio of partners
- Continuing to expand wearing occasions with sneaker silhouettes and the introduction of new colors & prints



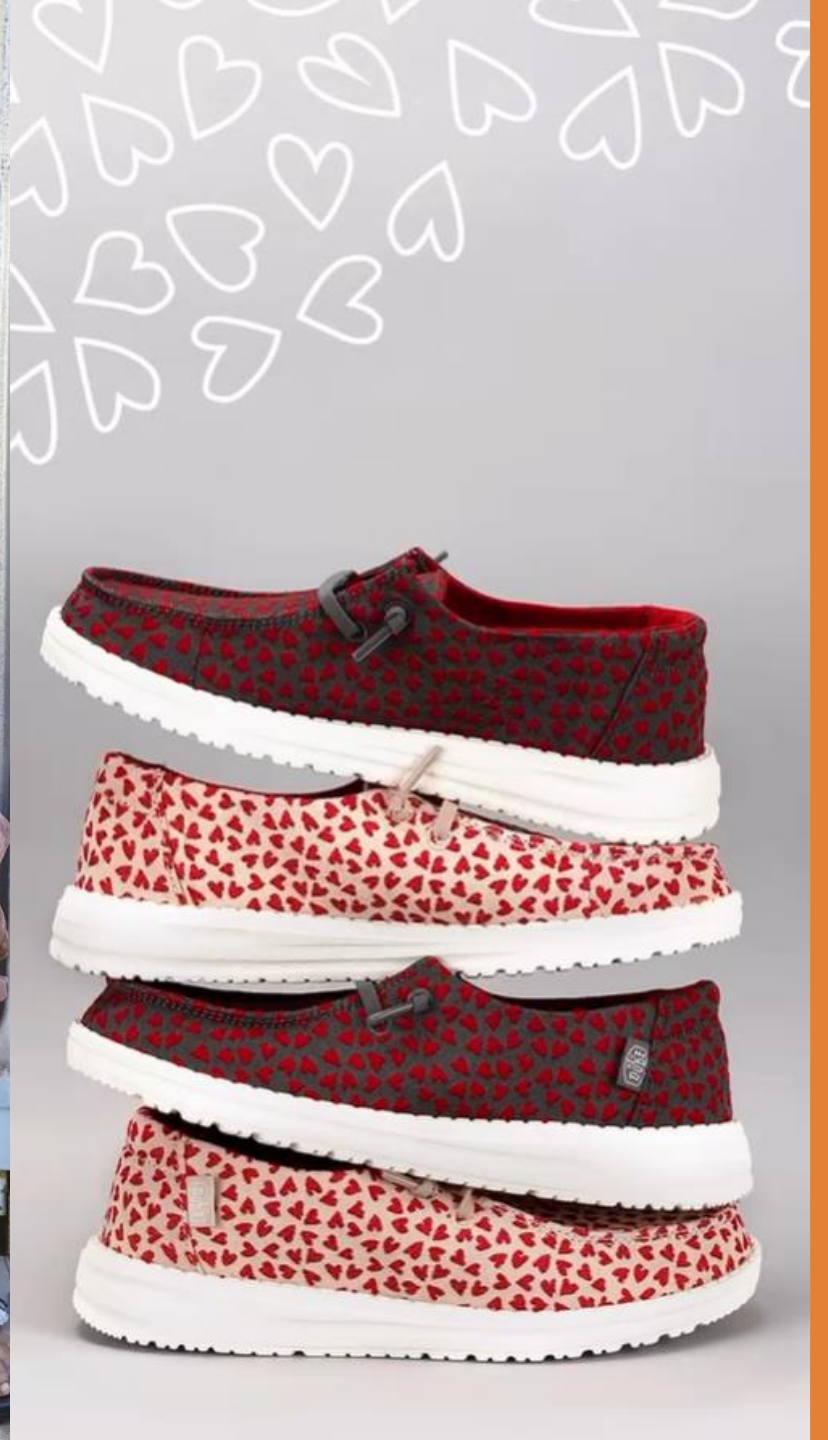
	FY 2022
Revenue	\$896M
Adj. Gross Margin ⁽¹⁾	48.0%
SG&A as % of Revenue ⁽²⁾	17.2%
Adj. Operating Margin ⁽¹⁾	30.8%

1. See reconciliation to GAAP equivalents in Appendix



2. Non-GAAP SG&A adjustments were not made within the HEYDUDE brand



FINANCIAL OUTLOOK



2023E GUIDANCE

<i>(numbers on reported basis, unless otherwise noted)</i>	Q1 2023E	FY 2023E
Total Revenues	27% to 30%	10% to 13% ^(1,2)
	Double-digit growth	6% to 8%; 9% to 11% CC ⁽¹⁾
		Mid-20% growth on a reported basis
Adjusted Operating Margin⁽³⁾	24% to 25%	~26%
Adjusted One Time Costs⁽⁴⁾	~ \$10M	~ \$30M
Adjusted Tax Rate⁽³⁾		~20%
Adjusted Diluted EPS⁽³⁾	\$2.06 to \$2.19	\$11.00 to \$11.31
Capital Expenditures		\$165M to \$180M

1. Crocs Inc. expected revenue growth at current currency rates, which is a Non-GAAP Financial Measure. See further details in Appendix

2. For FY 2023E of approximately 10% to 13% implies expected revenues of \$3.9 to \$4.0B at current currency rates.

3. See reconciliation to GAAP equivalents in Appendix.

4. Non-GAAP adjustments include an expected: \$30 million of costs primarily related to capital investments to support growth, and to be fairly balanced across COGS and SG&A.

CAPITAL ALLOCATION PRIORITIES

Business Investment

*Invest to support long-term,
profitable growth*

Deleverage to <2.0x Gross Leverage by Mid-2023

*Committed to working towards
deleveraging quickly*

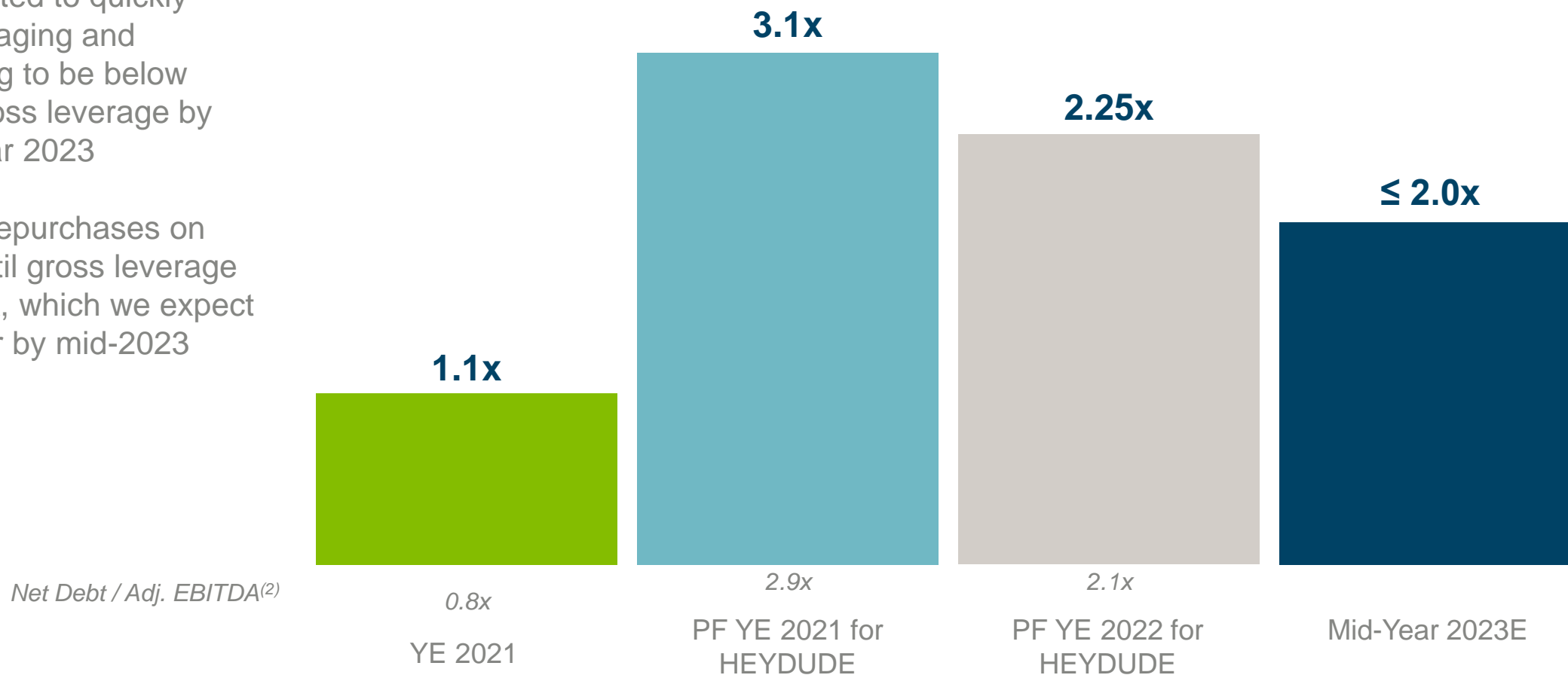
Balance Deleveraging and Share Repurchase

*Long-term target of 1.0-1.5x
net leverage*

DELEVERAGING REMAINS ON TRACK

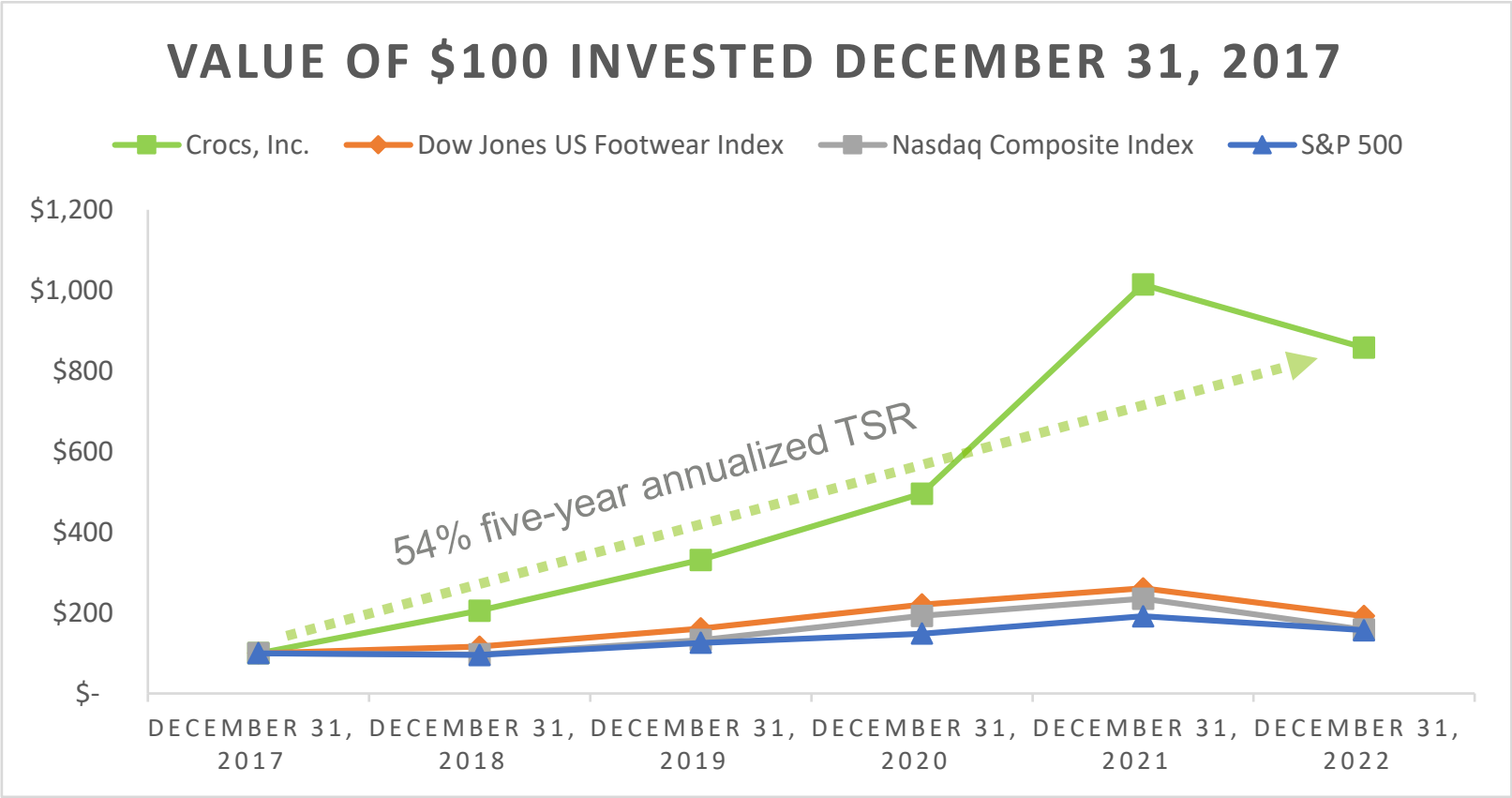
Gross Debt / Adjusted EBITDA Outlook⁽¹⁾

- Committed to quickly deleveraging and targeting to be below 2.0x gross leverage by mid-year 2023
- Share repurchases on hold until gross leverage is <2.0x, which we expect to occur by mid-2023



1. Assumes excess free cash flow used to repay borrowings. Gross Debt / Adjusted EBITDA calculated as: Total Gross Debt / Trailing Twelve Months ("TTM") Adjusted EBITDA.
 a. Adjusted EBITDA calculated as Adjusted Operating Income plus depreciation and amortization. Please refer to Appendix for definition and Non-GAAP reconciliation.
 b. Pro forma ("PF") includes HEYDUDE for the period prior to acquisition close (assuming the acquisition had closed on the first day of such trailing twelve month period).
 2. Net Debt / Adjusted EBITDA calculated as: (Total Gross Debt - Cash and Cash Equivalents) / TTM Adjusted EBITDA, as calculated above.

MARKET LEADING SHAREHOLDER RETURNS



CROCS INC. 5-YEAR TSR #2 BEST PERFORMER HAD WE BEEN IN S&P 500



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 cost of sales," "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 selling, general and administrative expenses by brand," "Non-GAAP selling, general and administrative expenses as a percent of revenues by brand," "Non-GAAP income from operations," "Non-GAAP income from operations by brand," "Non-GAAP operating margin," "Non-GAAP operating margin by brand," "Non-GAAP income tax expense (benefit)," "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 and guidance 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. We believe the use of constant currency enhances 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 are useful to investors and other users of our condensed consolidated financial statements as an additional tool for evaluating operating performance and trends. For the three months and year ended December 31, 2022, 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.

Comparable store status, as included in the DTC comparable sales figures, 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.

NON-GAAP RECONCILIATION

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(in thousands)			
GAAP revenues	\$ 945,162	\$ 586,626	\$ 3,554,985	\$ 2,313,416
GAAP cost of sales	\$ 448,839	\$ 214,602	\$ 1,694,703	\$ 893,196
Distribution centers ⁽¹⁾	(6,162)	(1,705)	(11,058)	(5,836)
HEYDUDE inventory fair value step-up ⁽²⁾	—	—	(62,238)	—
Inventory reserve in Russia ⁽³⁾	590	—	390	—
Other	(1,930)	—	(1,930)	—
Total adjustments	(7,502)	(1,705)	(74,836)	(5,836)
Non-GAAP cost of sales	<u>\$ 441,337</u>	<u>\$ 212,897</u>	<u>\$ 1,619,867</u>	<u>\$ 887,360</u>
GAAP gross profit	\$ 496,323	\$ 372,024	\$ 1,860,282	\$ 1,420,220
GAAP gross margin	52.5 %	63.4 %	52.3 %	61.4 %
Non-GAAP gross profit	\$ 503,825	\$ 373,729	\$ 1,935,118	\$ 1,426,056
Non-GAAP gross margin	53.3 %	63.7 %	54.4 %	61.6 %

⁽¹⁾ Represents expenses, including expansion costs and duplicate rent costs, primarily related to our distribution centers in Dayton, Ohio, Dordrecht, the Netherlands, and Las Vegas, Nevada.

⁽²⁾ Primarily represents a step-up of HEYDUDE inventory costs to fair value upon the close of the acquisition on February 17, 2022.

⁽³⁾ Represents the net impact of an inventory reserve expense in our EMEALA segment associated with the shutdown of our direct operations in Russia.

NON-GAAP RECONCILIATION (CONT'D)

Non-GAAP selling, general and administrative expenses and selling, general and administrative expenses as a percent of revenues reconciliation:

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(in thousands)			
GAAP revenues	\$ 945,162	\$ 586,626	\$ 3,554,985	\$ 2,313,416
GAAP selling, general and administrative expenses	\$ 276,271	\$ 212,036	\$ 1,009,526	\$ 737,156
HEYDUDE acquisition and integration costs ⁽¹⁾	(4,992)	(6,362)	(38,197)	(6,362)
Impact of shutdown of Russia direct operations ⁽²⁾	(8,489)	—	(14,286)	—
Duplicate headquarters rent ⁽³⁾	(973)	—	(3,348)	—
Other ⁽⁴⁾	(3,782)	—	(4,909)	—
Total adjustments	(18,236)	(6,362)	(60,740)	(6,362)
Non-GAAP selling, general and administrative expenses ⁽⁵⁾	<u>\$ 258,035</u>	<u>\$ 205,674</u>	<u>\$ 948,786</u>	<u>\$ 730,794</u>
GAAP selling, general and administrative expenses as a percent of revenues	29.2 %	36.1 %	28.4 %	31.9 %
Non-GAAP selling, general and administrative expenses as a percent of revenues	27.3 %	35.1 %	26.7 %	31.6 %

⁽¹⁾ Represents costs related to the acquisition and integration of HEYDUDE, including legal, professional, consulting, and transaction fees.

⁽²⁾ Represents various costs associated with the continued shutdown of our direct operations in Russia, including the recognition of cumulative translation adjustments into earnings, severance, and lease exit costs and penalties.

⁽³⁾ Represents duplicate rent costs associated with our upcoming move to a new headquarters.

⁽⁴⁾ Represents costs associated with the implementation of a new enterprise resource planning system.

⁽⁵⁾ 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 December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(in thousands)			
GAAP revenues	\$ 945,162	\$ 586,626	\$ 3,554,985	\$ 2,313,416
GAAP income from operations	\$ 220,052	\$ 159,988	\$ 850,756	\$ 683,064
Non-GAAP cost of sales adjustments (1)	7,502	1,705	74,836	5,836
Non-GAAP selling, general and administrative expenses adjustments (2)	18,236	6,362	60,740	6,362
Non-GAAP income from operations	<u>\$ 245,790</u>	<u>\$ 168,055</u>	<u>\$ 986,332</u>	<u>\$ 695,262</u>
GAAP operating margin	23.3 %	27.3 %	23.9 %	29.5 %
Non-GAAP operating margin	26.0 %	28.6 %	27.7 %	30.1 %

(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 and selling, general and administrative expenses as a percent of revenues reconciliation' above for more details.

NON-GAAP RECONCILIATION (CONT'D)

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
	(in thousands)			
GAAP income from operations	\$ 220,052	\$ 159,988	\$ 850,756	\$ 683,064
GAAP income before income taxes	175,569	152,959	718,508	663,849
Non-GAAP income from operations ⁽¹⁾	\$ 245,790	\$ 168,055	\$ 986,332	\$ 695,262
GAAP non-operating income (expenses):				
Foreign currency loss, net	4,343	(56)	3,228	(140)
Interest income	801	62	1,020	775
Interest expense	(49,801)	(8,817)	(136,158)	(21,647)
Other income (loss), net	174	1,782	(338)	1,797
Non-GAAP income before income taxes	<u>\$ 201,307</u>	<u>\$ 161,026</u>	<u>\$ 854,084</u>	<u>\$ 676,047</u>
GAAP income tax expense (benefit)	\$ 37,834	\$ (1,894)	\$ 178,349	\$ (61,845)
Tax effect of non-GAAP operating adjustments	4,629	439	23,418	1,477
Impact of intra-entity IP transfers ⁽²⁾	(6,737)	33,076	(25,011)	206,579
Non-GAAP income tax expense	<u>\$ 35,726</u>	<u>\$ 31,621</u>	<u>\$ 176,756</u>	<u>\$ 146,211</u>
GAAP effective tax rate	21.5 %	(1.2)%	24.8 %	(9.3)%
Non-GAAP effective tax rate	17.7 %	19.6 %	20.7 %	21.6 %

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

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

NON-GAAP RECONCILIATION (CONT'D)

Non-GAAP Earnings Per Share Reconciliation:

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
(in thousands, except per share data)				
Numerator:				
GAAP net income	\$ 137,735	\$ 154,853	\$ 540,159	\$ 725,694
Non-GAAP cost of sales adjustments ⁽¹⁾	7,502	1,705	74,836	5,836
Non-GAAP selling, general and administrative expenses adjustments ⁽²⁾	18,236	6,362	60,740	6,362
Tax effect of non-GAAP adjustments ⁽³⁾	2,108	(33,515)	1,593	(208,056)
Non-GAAP net income	<u>\$ 165,581</u>	<u>\$ 129,405</u>	<u>\$ 677,328</u>	<u>\$ 529,836</u>
Denominator:				
GAAP weighted average common shares outstanding - basic	61,747	58,847	61,220	62,464
Plus: GAAP dilutive effect of stock options and unvested restricted stock units	754	1,291	786	1,254
GAAP weighted average common shares outstanding - diluted	<u>62,501</u>	<u>60,138</u>	<u>62,006</u>	<u>63,718</u>
GAAP net income per common share:				
Basic	<u>\$ 2.23</u>	<u>\$ 2.63</u>	<u>\$ 8.82</u>	<u>\$ 11.62</u>
Diluted	<u>\$ 2.20</u>	<u>\$ 2.57</u>	<u>\$ 8.71</u>	<u>\$ 11.39</u>
Non-GAAP net income per common share:				
Basic	<u>\$ 2.68</u>	<u>\$ 2.20</u>	<u>\$ 11.06</u>	<u>\$ 8.48</u>
Diluted	<u>\$ 2.65</u>	<u>\$ 2.15</u>	<u>\$ 10.92</u>	<u>\$ 8.32</u>

⁽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⁾ See 'Non-GAAP income tax expense (benefit) and effective tax rate reconciliation' above for more information.

NON-GAAP RECONCILIATION (CONT'D)

Reconciliation of GAAP to Non-GAAP Financial Guidance:

First Quarter 2023:

Non-GAAP operating margin reconciliation:

	Approximately: (\$ in millions, except per share data)	
GAAP operating margin	23% to 24%	\$190 to \$200
Non-GAAP adjustments, primarily related to capital investments to support growth ⁽¹⁾	1%	\$10
Non-GAAP operating margin	24% to 25%	\$200 to \$210

Non-GAAP diluted earnings per share reconciliation:

GAAP diluted earnings per share	\$1.91 to \$2.04
Non-GAAP adjustments, primarily related to capital investments to support growth and amortization of intellectual property ⁽¹⁾⁽²⁾	\$0.15
Non-GAAP diluted earnings per share	\$2.06 to \$2.19

Full Year 2023:

Non-GAAP operating margin reconciliation:

	Approximately:	
GAAP operating margin	25%	\$990 to \$1,010
Non-GAAP adjustments, primarily related to capital investments to support growth ⁽¹⁾	1%	\$30
Non-GAAP operating margin	26%	\$1,020 to \$1,040

Non-GAAP effective tax rate reconciliation:

GAAP effective tax rate	24%
Non-GAAP adjustments associated with amortization of intellectual property ⁽²⁾	(4)%
Non-GAAP effective tax rate	20%

Non-GAAP diluted earnings per share reconciliation:

GAAP diluted earnings per share	\$10.54 to \$10.85
Non-GAAP adjustments, primarily related to capital investments to support growth and amortization of intellectual property	\$0.46
Non-GAAP diluted earnings per share	\$11.00 to \$11.31

⁽¹⁾ For the full year 2023, we expect to incur \$30 million costs primarily related to capital investments to support growth and to be fairly balanced across COGS and SG&A. We expect to incur \$10 million of these costs in Q1 2023.

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

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

NON-GAAP RECONCILIATION (CONT'D)

Non-GAAP Gross Margin Reconciliation by Brand:

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
GAAP Crocs Brand gross margin	55.3 %	63.4 %	56.3 %	61.4 %
Non-GAAP adjustments:				
Distribution centers ⁽¹⁾	0.9 %	0.3 %	0.4 %	0.3 %
Inventory reserve in Russia ⁽²⁾	(0.1) %	— %	less than 0.1%	— %
Non-GAAP Crocs Brand gross margin	56.1 %	63.7 %	56.7 %	61.7 %

	Three Months Ended December 31,	Year Ended December 31,
	2022	2022
GAAP HEYDUDE Brand gross margin	46.4 %	40.8 %
Non-GAAP adjustments:		
Distribution centers ⁽³⁾	0.1 %	less than 0.1%
Inventory fair value step up ⁽⁴⁾	— %	6.9 %
Other	0.7 %	0.2 %
Non-GAAP HEYDUDE Brand gross margin	47.2 %	48.0 %

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

⁽²⁾ Represents the net impact of an inventory reserve expense in our EMEALA segment associated with the shutdown of our direct operations in Russia.

⁽³⁾ Represents expenses related to our distribution center in Las Vegas, Nevada.

⁽⁴⁾ Represents a step-up of HEYDUDE inventory costs to fair value upon the close of the acquisition on February 17, 2022.

NON-GAAP RECONCILIATION (CONT'D)

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
GAAP Crocs Brand selling, general and administrative expenses as a percent of revenues	25.4 %	26.2 %	24.3 %	24.2 %
Non-GAAP adjustments:				
Impact of shutdown of Russia direct operations ⁽¹⁾	(1.2) %	— %	(0.6) %	— %
Non-GAAP Crocs Brand selling, general and administrative expenses as a percent of revenues	<u>24.2 %</u>	<u>26.2 %</u>	<u>23.7 %</u>	<u>24.2 %</u>

	Three Months Ended December 31,	Year Ended December 31,
	2022	2022
GAAP HEYDUDE Brand selling, general and administrative expenses as a percent of revenues	19.6 %	17.2 %
Non-GAAP adjustments:		
Other	(0.1) %	— %
Non-GAAP HEYDUDE Brand selling, general and administrative expenses as a percent of revenues	<u>19.5 %</u>	<u>17.2 %</u>

⁽¹⁾ Represents various costs associated with the continued shutdown of our direct operations in Russia, including the recognition of cumulative translation adjustments into earnings, severance, and lease exit costs and penalties.

NON-GAAP RECONCILIATION (CONT'D)

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
GAAP Crocs Brand operating margin	29.9 %	37.2 %	32.0 %	37.2 %
Non-GAAP cost of sales adjustments ⁽¹⁾	0.8 %	0.3 %	0.4 %	0.3 %
Non-GAAP selling, general and administrative expenses adjustments ⁽²⁾	1.2 %	— %	0.6 %	— %
Non-GAAP Crocs Brand operating margin	31.9 %	37.5 %	33.0 %	37.5 %

	Three Months Ended December 31,	Year Ended December 31,
	2022	2022
GAAP HEYDUDE Brand operating margin	26.9 %	23.6 %
Non-GAAP cost of sales adjustments ⁽¹⁾	0.8 %	7.2 %
Non-GAAP selling, general and administrative expenses adjustments ⁽²⁾	0.1 %	— %
Non-GAAP HEYDUDE Brand operating margin	27.7 %	30.8 %

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

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



crocs™