crocs™

Q3 2022 Investor Presentation

November 2022

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, the COVID-19 pandemic, our financial condition, brand and liquidity outlook, and expectations regarding our future revenue, margins, non-GAAP adjustments, tax rate, earnings per share, gross leverage, 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, including our plans for international growth, statements regarding full year, fourth quarter 2022, and long term financial outlook and future profitability, cash flows, and brand strength, market share, 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 November 3, 2022. 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

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 IS A PROVEN GROWTH COMPANY

Entrepreneurial Phase 2002 - 2006

- Classic clog is born in 2002 and gains broad popularity
- Completed largest footwear IPO in U.S. history in 2006
- Acquired Jibbitz, increasing personalization

Overextension 2008 to 2013

- Over diversified product line (e.g., golf shoes) 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
  - Appointed Andrew Rees as President
  - Blackstone invested $200M to fund share repurchase

Under Rees' leadership, transformed the Crocs brand:

- Consumer-centric brand strategy to drive relevance
  - Implemented global brand playbook
  - Shifted to digital-only marketing for scale
  - Leveraged influencers and partnerships
- Iconic, focused product offering
  - Re-ignited iconic clog
  - Focused on clogs, sandals and Jibbitz
- Improved gross margin
  - 50% SKU reduction
  - Continued shift to molded product
- 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
  - Closed owned manufacturing facilities

Profitable Growth 2018 to Present

- 2018 begins a 4+ year run of double-digit revenue growth, with finishing 2021 with record revenues of $2.3B
- Achieved double-digit operating margin target in 2019 and expanded margin to 30% in 2021
- Repurchased ~$1.7B of shares from 2014 at average price of $37.90 per share
- Outlined growth strategy including Crocs Brand $5B revenue target by 2026 and 26%+ long-term operating margin
- Announced commitment to net zero carbon emissions by 2030
- Acquired casual footwear brand HEYDUDE and announced $1B+ revenue target for brand

BUSINESS & FINANCIAL HIGHLIGHTS

"Our exceptional third quarter results, including record revenue and industry-leading adjusted operating margin of 28%, are a testament to the strength of the Crocs and HEYDUDE brands.

We are raising 2022 guidance following our strong back-to-school performance and 20% constant currency revenue growth in the Crocs Brand. We are confident in our ability to continue to gain significant market share, deliver best-in-class profitability, and generate strong cash flow."

– Andrew Rees, CEO

Q3 2022 REVENUE GROWTH SUMMARY

$985M
Crocs, Inc.
+57% / 63% CC[(1)]

$716M
Crocs Brand
+14% / 20% CC[(1)]

$269M
HEYDUDE Brand
+87%

+22%
Crocs Brand Digital Sales CC Growth[(1)]

+18%
Crocs Brand DTC Comp Growth[(3)]

37%
Digital Penetration[(2)]

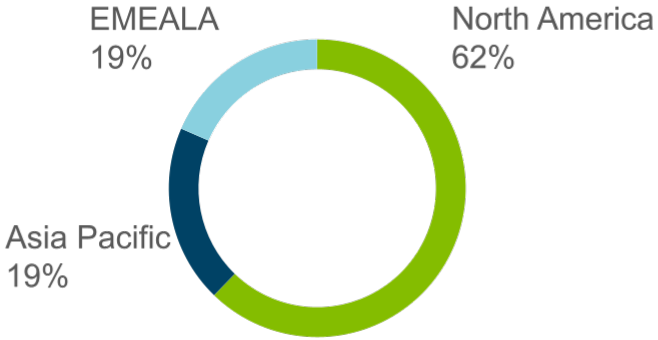
1. Revenue growth on a constant currency basis, which is a Non-GAAP Financial Measure. See further details in Appendix.
2. Digital sales include Crocs.com, heydude.com, third-party market places (e.g. Tmall), and e-tailers (e.g. Amazon, Zappos, Zalando).
3. See further details in Appendix for DTC comparable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

Q3 REVENUE BREAKDOWN

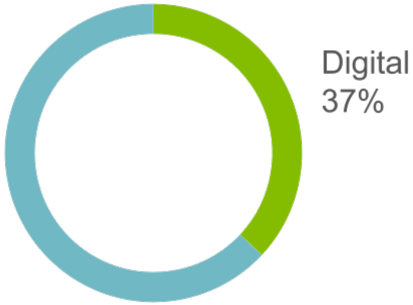
Brand

Product Penetration

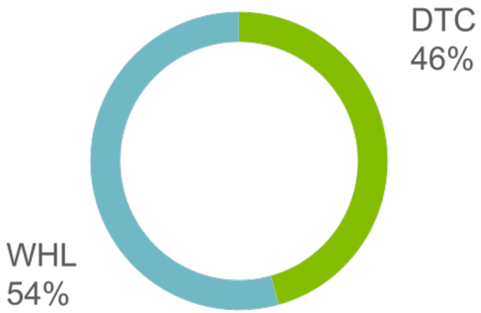
Geography[1]



Digital Penetration[2]



Channel



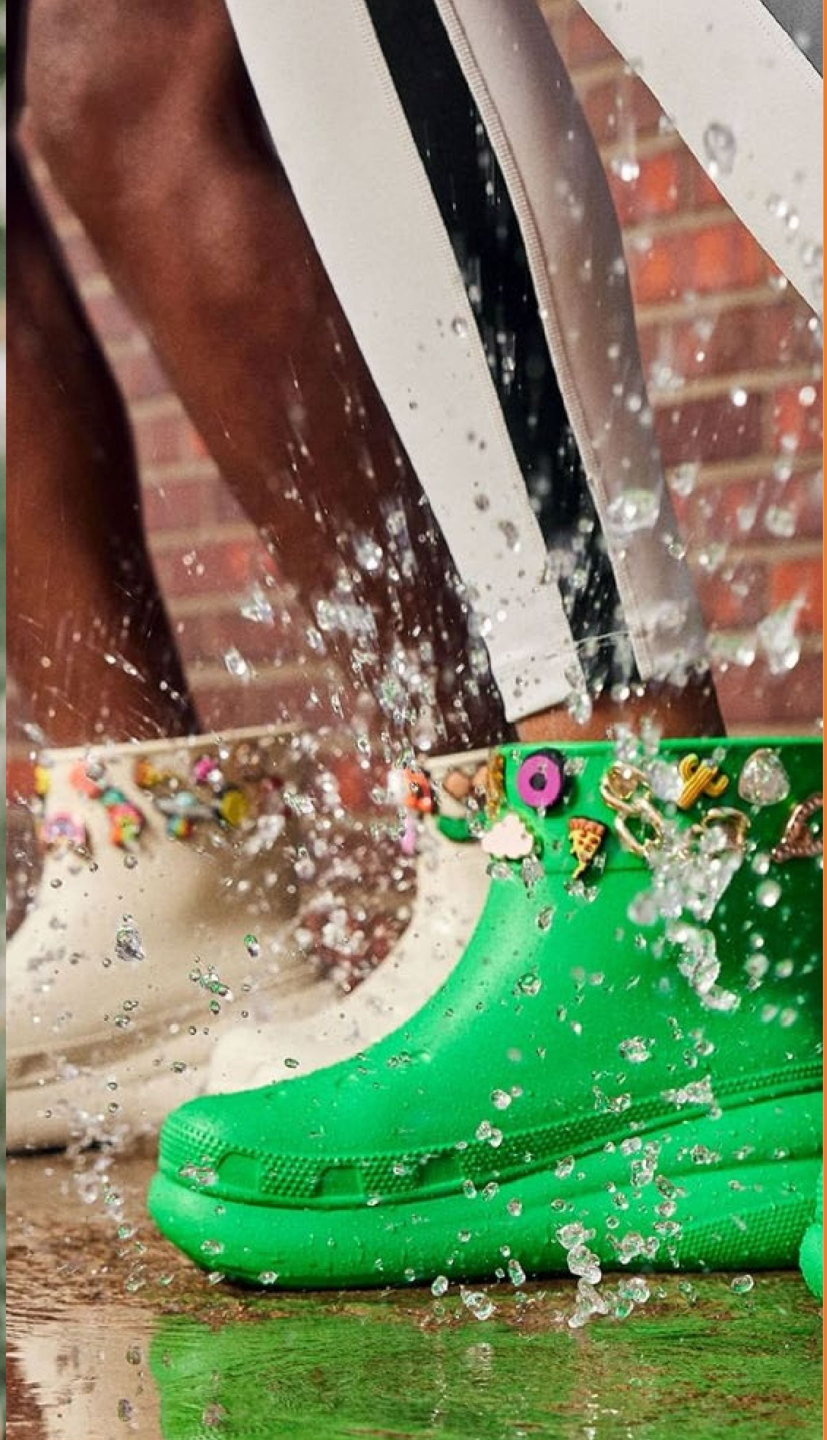
1. Geography is for Crocs Brand only.
2. Digital sales include Crocs.com, heydude.com, third-party market places (e.g. Tmall), and e-tailers (e.g. Amazon, Zappos, Zalando).

Q3 2022 FINANCIAL HIGHLIGHTS

	Q3	B/(W) vs. PY
Revenues ($M)	$985	+63%[1]
Gross Margin	54.9%	(890) bp
Adjusted Gross Margin[2]	55.1%	(910) bp
Adjusted SG&A as % of Revenue[2]	27.2%	420 bp
Operating Margin	26.8%	(560) bp
Adjusted Operating Margin[2]	27.9%	(490) bp
Diluted EPS	$2.72	+12%
Adjusted Diluted EPS[2]	$2.97	+20%

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.

BRAND PERFORMANCE



CROCS BRAND Q3 HIGHLIGHTS

- Revenues +20% CC vs. PY
  - North America DTC comparable sales +13%
  - EMEALA +46% CC vs. PY
  - Asia Pacific +82% CC vs. PY
- Christian Cowan collaboration with clogs featured in NY fashion week
- Crocs rose to #5 preferred footwear brand for teens, up from #6, in Piper Sandler's Fall 2022 Taking Stock with Teens Survey
- Adj. Gross Margin decreased 670 bp driven by ~200 bp of inflationary costs and ~270 bp of higher freight and inventory handling costs of which we estimate 150 bp to be transitory. Currency impacted gross margin by 115 basis points

	Q3'2022	B/(W) vs. PY
Revenues	$716M	+19.9%[1]
Adj. Gross Margin[2]	57.5%	(670) bp
Adj. SG&A as % of Revenue[2]	24.4%	(20) bp
Adj. Operating Margin[2]	33.1%	(690) bp

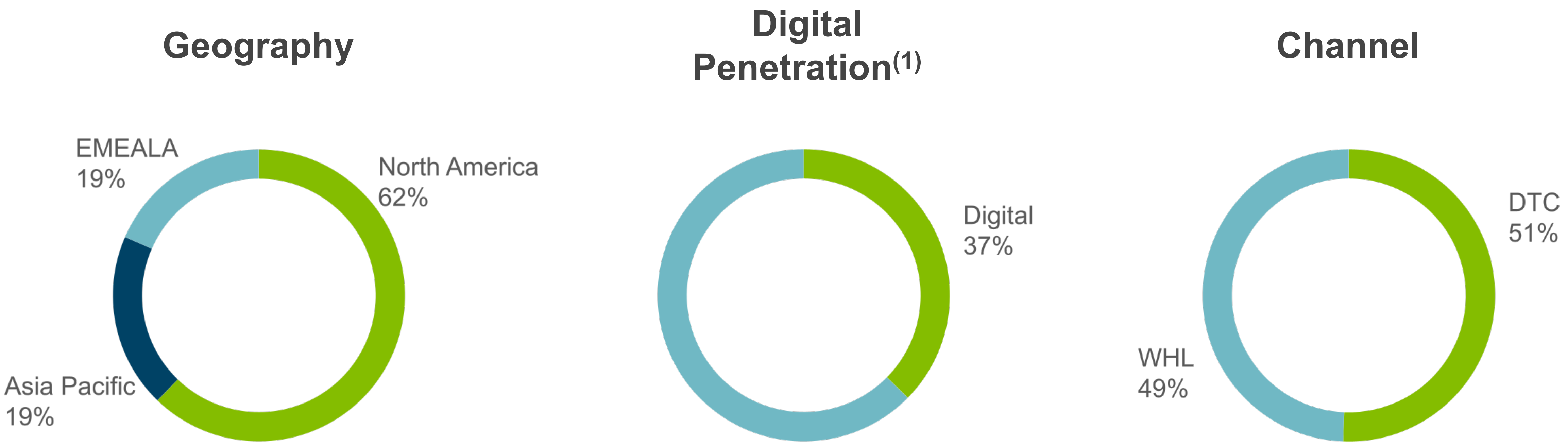
1. Revenue growth on a constant currency basis, which is a Non-GAAP Financial Measure. See further details in Appendix.
2. See reconciliation to GAAP equivalents in Appendix.

CROCS BRAND Q3 REVENUE GROWTH

Geography	**+2%** North America	**+66% / 82% CC[1]** Asia Pacific	**+26% / 46% CC[1]** EMEALA
Channel	**+22%** Digital Sales CC Growth[1,2]	**+18%** DTC Comparable Growth[3]	**+22%** 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 Q3 REVENUE BREAKDOWN



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

BUILDING CROCS BRAND TO $5B+ BY 2026E

PLANNED GROWTH INITIATIVES

- Invest in digital to be 50%+ of long-term Crocs Brand revenues or $2.5B+
- Grow Sandals revenues by 4x to $1.2B+[1]
- Double Jibbitz revenues[1]
- Increase Asia Pacific region to become ~25% of long-term Crocs Brand revenues
- Grow China from <5% of Crocs Brand revenues to ~10%
- Continue to deliver innovative product & marketing

1. As compared to LTM Q2 2021

HEYDUDE BRAND Q3 HIGHLIGHTS

- Q3 Revenues of $269M exceeded previous guidance
    - Revenue growth of +87% vs PY
- Brand marketing launch drove higher traffic and contributed to DTC revenues of $88M
- HEYDUDE rose to #7 preferred footwear brand for teens, up from #8, in Piper Sandler's Fall 2022 Taking Stock with Teens Survey
- 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; continuing to elevate the product with fur linings

	Q3'2022
Revenue	$269M
Adj. Gross Margin(1)	48.8%
SG&A as % of Revenue(2)	19.4%
Adj. Operating Margin(1)	29.3%

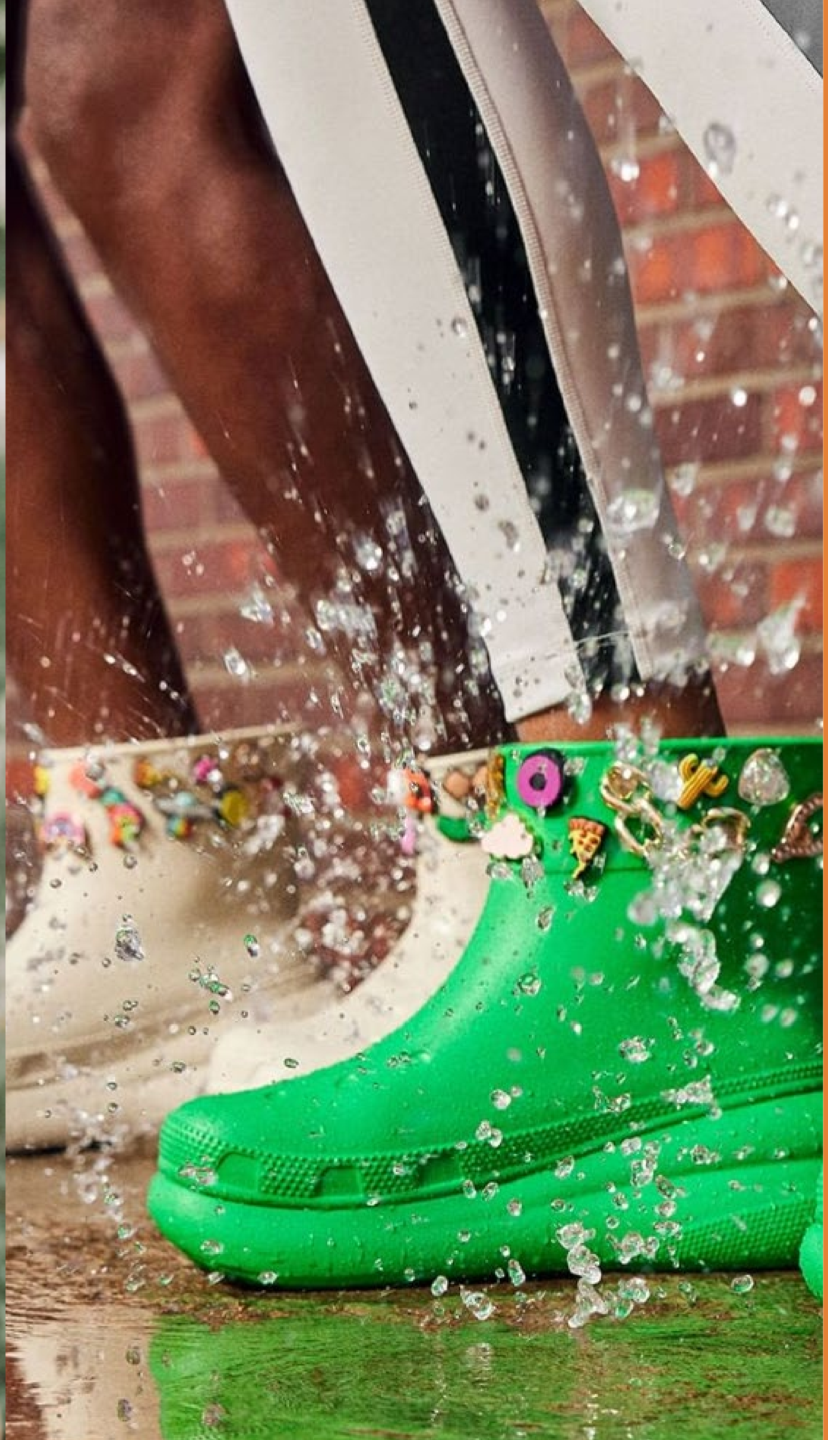
1. See reconciliation to GAAP equivalents in Appendix
2. Non-GAAP SG&A adjustments were not made within the HEYDUDE brand

MAXIMIZING HEYDUDE GROWTH

PLANNED GROWTH INITIATIVES

- Invest in industry-leading marketing to build brand awareness
- Enhance digital capabilities to further accelerate digital
- Leverage Crocs strong wholesale relationships to enhance distribution
- Leverage Crocs distribution for global growth
- Invest to scale supply chain and gain efficiencies
- Test selective retail footprint for enhanced brand awareness

FINANCIAL OUTLOOK



2022E GUIDANCE

(numbers on reported basis, unless otherwise noted)	**FY 2022E**
Total Revenues	$3.455 to $3.520B
crocs	$2.605 to $2.630B [1] *+17% CC[1]*
HEY DUDE GOOD TO GO-TO	$850 to $890M[2]
Adjusted Operating Margin[3]	~27%[4,5]
Adjusted Operating Income[3]	~$920 to $950M[4,5]
Adjusted One Time Costs[3]	~$130M[5]
Adjusted Tax Rate[3]	~21%
Adjusted Diluted EPS[3]	$9.95 to $10.30
Capital Expenditures	$150 to $170M

1. Crocs Brand expected revenue growth for FY 2022E of approximately 17% on a constant currency basis implies approximately 13% growth on a reported basis and expected revenues of $2.605 to $2.630B
2. Including the period of time prior to the closing of the acquisition, HEYDUDE 2022E revenues expected to be approximately $940 to $980M.
3. See reconciliation to GAAP equivalents in Appendix.
4. Includes an incremental $67M of air freight embedded in gross margin for full year 2022.
5. Non-GAAP adjustments include an expected: $55M in SG&A costs, primarily associated with the HEYDUDE acquisition, and an additional $75M of non-cash costs in cost of sales, primarily related to the write up of HEYDUDE inventory costs to fair market value at the close of acquisition for full year 2022.

LONG TERM PROJECTIONS*

crocs

We expect by 2026:

- Revenues: $5B+
- Adjusted Operating Margin: 26%+
- Non-GAAP Tax Rate: ~25%
- Capital Expenditures: ~3% of Revenues

HEY DUDE

- Initial expectation of achieving Revenues of $1B by 2024
- Now expect Revenues to be over $1B in 2023
- Adjusted Operating Margin: 26%+
- Long-term guidance to be provided at a future date

Consolidated adjusted operating margins to still exceed 26% by 2026

* Crocs Brand long-term guidance provided here is on a pre-acquisition standalone basis. Long term for Crocs Brand and Crocs, Inc. defined as 2026E and for HEYDUDE defined as 2024E. Please refer to Appendix for definitions and Non-GAAP reconciliations.

CAPITAL ALLOCATION PRIORITIES

Business Investment

Invest to support long-term, profitable growth

Deleverage to <2.0x Gross Leverage

Committed to working towards deleveraging quickly

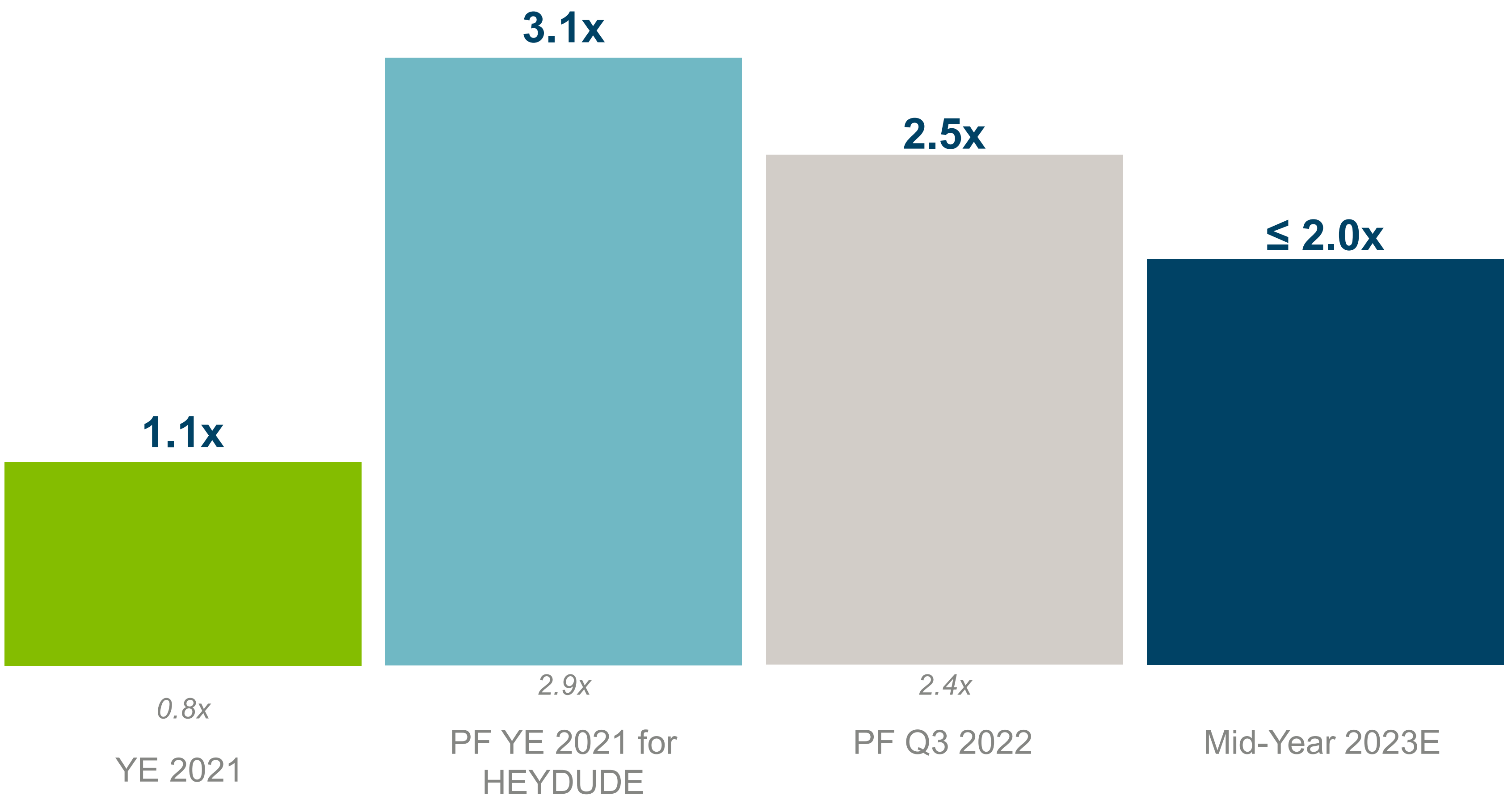
Shareholder Returns

Share repurchases on hold until gross leverage is <2.0x, which we expect to occur by mid-2023

DELEVERAGING REMAINS ON TRACK

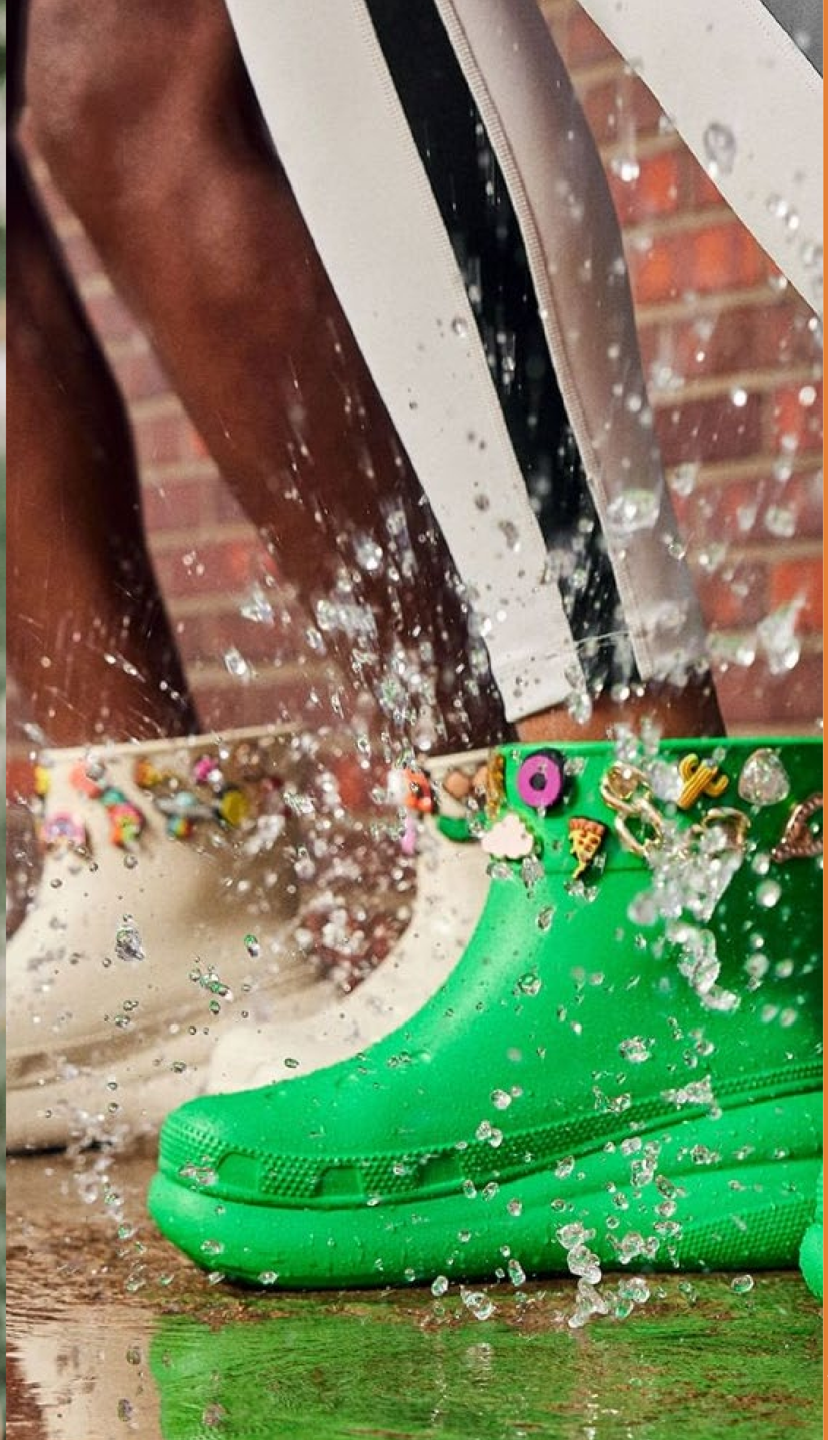
- Committed to quickly deleveraging and targeting to be below 2.0x gross leverage by mid-year 2023
- Share repurchases on hold until gross leverage is <2.0x, which we expect to occur by mid-2023

Gross Debt / Adjusted EBITDA Outlook[1]



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.

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 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 income from operations,” “Non-GAAP operating margin,” “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 operating income,” “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 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 and nine months ended September 30, 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 (CONT'D)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
GAAP revenues	$ 985,094	$ 625,919	$ 2,609,823	$ 1,726,790
GAAP cost of sales	$ 443,792	$ 226,123	$ 1,245,864	$ 678,594
Distribution centers [1]	(2,316)	(2,031)	(4,896)	(4,131)
HEYDUDE inventory fair value step-up [2]	12	—	(62,238)	—
Inventory reserve in Russia [3]	1,025	—	(200)	—
Total adjustments	(1,279)	(2,031)	(67,334)	(4,131)
Non-GAAP cost of sales	$ 442,513	$ 224,092	$ 1,178,530	$ 674,463
GAAP gross profit	$ 541,302	$ 399,796	$ 1,363,959	$ 1,048,196
GAAP gross margin	54.9 %	63.9 %	52.3%	60.7 %
Non-GAAP gross profit	$ 542,581	$ 401,827	$ 1,431,293	$ 1,052,327
Non-GAAP gross margin	55.1 %	64.2 %	54.8%	60.9 %

(1) Represents expenses, including expansion costs and duplicate rent costs, related to our distribution centers in Dayton, Ohio and Dordrecht, the Netherlands.
(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 continued 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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
GAAP revenues	$ 985,094	$ 625,919	$ 2,609,823	$ 1,726,790
GAAP selling, general and administrative expenses	$ 277,239	$ 196,728	$ 733,255	$ 525,120
HEYDUDE acquisition-related costs (1)	(6,863)	—	(33,205)	—
Impact of shutdown of Russia direct operations (2)	40	—	(5,797)	—
Other (3)	(2,300)	—	(3,502)	—
Total adjustments	(9,123)	—	(42,504)	—
Non-GAAP selling, general and administrative expenses (4)	$ 268,116	$ 196,728	$ 690,751	$ 525,120
GAAP selling, general and administrative expenses as a percent of revenues	28.1 %	31.4 %	28.1 %	30.4 %
Non-GAAP selling, general and administrative expenses as a percent of revenues	27.2 %	31.4 %	26.5 %	30.4 %

(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 severance and lease exit costs and penalties.
(3) Primarily represents duplicate rent costs associated with our upcoming move to a new headquarters.
(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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
GAAP revenues	$ 985,094	$ 625,919	$ 2,609,823	$ 1,726,790
GAAP income from operations	$ 264,063	$ 203,068	$ 630,704	$ 523,076
Non-GAAP cost of sales adjustments (1)	1,279	2,031	67,334	4,131
Non-GAAP selling, general and administrative expenses adjustments (2)	9,123	—	42,504	—
Non-GAAP income from operations	$ 274,465	$ 205,099	$ 740,542	$ 527,207
GAAP operating margin	26.8 %	32.4 %	24.2 %	30.3 %
Non-GAAP operating margin	27.9 %	32.8 %	28.4 %	30.5 %

(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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
GAAP income from operations	$ 264,063	$ 203,068	$ 630,704	$ 523,076
GAAP income before income taxes	229,575	197,736	542,939	510,890
Non-GAAP income from operations (1)	$ 274,465	$ 205,099	$ 740,542	$ 527,207
GAAP non-operating income (expenses):				
Foreign currency gains (losses), net	(393)	537	(1,115)	(84)
Interest income	31	615	219	713
Interest expense	(34,142)	(6,486)	(86,357)	(12,830)
Other income (expense), net	16	2	(512)	15
Non-GAAP income before income taxes	$ 239,977	$ 199,767	$ 652,777	$ 515,021
GAAP income tax expense	$ 60,226	$ 44,247	$ 140,515	$ (59,951)
Tax effect of non-GAAP operating adjustments	2,751	508	18,789	1,038
Impact of intra-entity IP transfers (2)	(8,368)	(1,556)	(18,274)	173,503
Non-GAAP income tax expense	$ 54,609	$ 43,199	$ 141,030	$ 114,590
GAAP effective income tax rate	26.2 %	22.4 %	25.9 %	(11.7)%
Non-GAAP effective income tax rate	22.8 %	21.6 %	21.6 %	22.2 %

(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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands, except per share data)			
Numerator:				
GAAP net income	$ 169,349	$ 153,489	$ 402,424	$ 570,841
Non-GAAP cost of sales adjustments (1)	1,279	2,031	67,334	4,131
Non-GAAP selling, general and administrative expenses adjustments (2)	9,123	—	42,504	—
Tax effect of non-GAAP adjustments	5,617	1,048	(515)	(174,541)
Non-GAAP net income	$ 185,368	$ 156,568	$ 511,747	$ 400,431
Denominator:				
GAAP weighted average common shares outstanding - basic	61,693	62,033	61,042	63,695
Plus: GAAP dilutive effect of stock options and unvested restricted stock units	674	1,291	798	1,242
GAAP weighted average common shares outstanding - diluted	62,367	63,324	61,840	64,937
GAAP net income per common share:				
Basic	$ 2.75	$ 2.47	$ 6.59	$ 8.96
Diluted	$ 2.72	$ 2.42	$ 6.51	$ 8.79
Non-GAAP net income per common share:				
Basic	$ 3.00	$ 2.52	$ 8.38	$ 6.29
Diluted	$ 2.97	$ 2.47	$ 8.28	$ 6.17

(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 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 2022:

	Approximately: ($ in millions, except per share data)	
Non-GAAP operating margin and operating income reconciliation:		
GAAP operating margin and operating income	23%	$790 to $820
Non-GAAP adjustments, primarily associated with the HEYDUDE acquisition [(1)]	4%	$130
Non-GAAP operating margin and operating income	27%	$920 to $950
Non-GAAP effective tax rate reconciliation:		
GAAP effective tax rate	25%	
Non-GAAP adjustments associated with amortization of intellectual property [(2)]	(4)%	
Non-GAAP effective tax rate	21%	
Non-GAAP diluted earnings per share reconciliation:		
GAAP diluted earnings per share	$7.95 to $8.30	
Non-GAAP adjustments, primarily associated with the HEYDUDE acquisition and amortization of intellectual property [(1)(2)]	$2.00	
Non-GAAP diluted earnings per share	$9.95 to $10.30	

(1) For the full year 2022, we expect to incur $55 million in SG&A costs, primarily associated with the HEYDUDE acquisition and integration, and a total $75 million in cost of sales, primarily related to the write up of HEYDUDE inventory costs to fair market value at the close of acquisition.

(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 September 30,	
	2022	2021
GAAP Crocs Brand gross margin	57.3 %	63.9 %
Non-GAAP adjustments:		
Distribution centers [1]	0.3 %	0.3 %
Inventory reserve in Russia [2]	(0.1)%	— %
Non-GAAP Crocs Brand gross margin	57.5 %	64.2 %

[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 continued shutdown of our direct operations in Russia.

NON-GAAP RECONCILIATION (CONT'D)

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

	Three Months Ended September 30,	
	2022	2021
GAAP Crocs Brand selling, general and administrative expenses as a percent of revenues	24.4 %	24.2 %
Non-GAAP adjustments:		
Impact of shutdown of Russia direct operations [1]	— %	— %
Non-GAAP Crocs Brand selling, general and administrative expenses as a percent of revenues	24.4 %	24.2 %

[1] Represents various costs associated with the continued shutdown of our direct operations in Russia, including 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 September 30,	
	2022	2021
GAAP Crocs Brand operating margin	32.9 %	39.7 %
Non-GAAP cost of sales adjustments (1)	0.2 %	0.3 %
Non-GAAP selling, general and administrative expenses adjustments (2)	— %	— %
Non-GAAP Crocs Brand operating margin	33.1 %	40.0 %

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