

**Crocs, Inc.**

13601 Via Varra Blvd., Broomfield, CO 80020

Tyler Barron, Sr. Director, Income Tax

**Date:** June 16, 2022**Application Facts:**

Industry **Transportation, Warehousing & Utilities**  
 NAICS **316210**  
 Type of App **New**  
 Location **Clark County**  
 RDA LVGEA, Perry Ursem

**Company Profile**

Crocs, Inc. (Crocs) is establishing up to 1,000,000 sq. ft. distribution and warehousing facility in North Las Vegas. Crocs is a world leader in innovative casual footwear for men, women and children. The company offers a broad portfolio of all-season products, while remaining true to its core molded footwear heritage. All Crocs™ shoes feature Croslite™ material, a proprietary, revolutionary technology that gives each pair of shoes the soft, comfortable, lightweight, non marking and odor-resistant qualities. Since its inception in 2002, Crocs has sold more than 720 million pairs of shoes in more than 90 countries around the world. Crocs is proud of its culture of inclusion and diversity at all levels. Giving back to the community is extremely important and through the global "Crocs Cares" program, the company focuses on providing shoes to address human needs, funds to support inclusion and those in need, and time to enable its employees to support their local communities. The company is also considering Phoenix, AZ and Salt Lake City, UT, as potential locations for the project. *Source: Crocs, Inc.*

**Tax Abatement Requirements:**

	<u>Statutory</u>	<u>Company Application</u>	<u>Meeting Requirements</u>
Job Creation	50	<b>250</b>	<b>Yes</b>
Average Wage	\$26.67	<b>\$26.98</b>	<b>Yes</b>
Equipment Capex (SU & MBT)	\$1,000,000	<b>\$85,000,000</b>	<b>Yes</b>
Equipment Capex (PP)			

**Additional Requirements:**

Health Insurance	65%	<b>86%</b>	<b>Yes</b>
Revenues generated outside NV	51%	<b>95%</b>	<b>Yes</b>
Business License	<input checked="" type="checkbox"/> Current	<input type="checkbox"/> Pending	<input type="checkbox"/> Will comply

**Total Tax Liability** (without tax abatements)**Direct (company)**  
**\$13,565,746****Total**  
**\$38,490,489****Tax Abatements****Contract Terms****Estimated Tax Abatement**

Sales Tax Abmt.	2% for 2 years	\$5,418,750
Modified Business Tax Abmt.	50% for 4 years	\$356,951
Personal Property Tax Abmt.	50% for 10 years	\$2,866,547
<b>Total Estimated Tax Abatement over 10 yrs.</b>		<b>\$8,642,248</b>

**Net New Tax Revenues****Direct****Indirect****Taxes after Abatements**

<b>Local Taxes</b>			
Property	\$9,385,449	\$8,034,262	\$17,419,711
Sales	\$621,563	\$4,406,088	\$5,027,651
Lodging	\$0	\$186,872	\$186,872
<b>State Taxes</b>			
Property	\$513,328	\$467,475	\$980,803
Sales	\$1,895,000	\$1,470,534	\$3,365,534
Modified Business	\$1,914,039	\$893,594	\$2,807,633
Lodging	\$0	\$60,037	\$60,037
<b>Total Estimated New Tax Revenue over 10 yrs.</b>	<b>\$14,329,379</b>	<b>\$15,518,862</b>	<b>\$29,848,241</b>

**Economic Impact over 10 yrs.****Total****Construction****Total**

Total Jobs Supported	466	148	614
Total Payroll Supported	\$237,182,965	\$8,016,382	\$245,199,347
Total Economic Value	\$861,176,639	\$21,171,670	\$882,348,309

**IMPORTANT TERMS & INFORMATION**

**Tax Abatements are reduction or discount of tax liability and companies do not receive any form of payment.**

**Total Estimated Tax Abatement** is a tax reduction estimate. This estimated amount will be discounted from total tax liability.

**Estimated New Tax Revenue** is amount of tax revenues local and state government will collect after the abatement was given to applying company.

**Economic Impact** is economic effect or benefits that this company and it's operations will have on the community and state economy measured by total number of jobs, payroll and created output.



04/15/2022

Mr. Michael Brown  
Executive Director  
Nevada Governor's Office of Economic Development  
555 E. Washington, Suite 5400  
Las Vegas, NV 89101

Dear Mr. Brown,

By way of this letter and the attached application, Crocs Inc is requesting tax incentives to assist with our relocation efforts. Recent strategic planning has the company focused on creating a presence in Nevada. A significant part of this consideration is the economic incentives offered by the state. We are projecting to add 250 full-time employees with an average wage of \$26.98 over the next two years of operations, and a total of 325 full-time employees with an average hourly wage of \$28.00 over the next five years of operations.

Crocs, Inc. (NASDAQ: CROX) is a world leader in innovative casual footwear for men, women and children. Crocs offers a broad portfolio of all-season products, while remaining true to its core molded footwear heritage. All Crocs™ shoes feature Croslite™ material, a proprietary, revolutionary technology that gives each pair of shoes the soft, comfortable, lightweight, non-marking and odor-resistant qualities that Crocs fans know and love. Since its inception in 2002, Crocs has sold more than 720 million pairs of shoes in more than 90 countries around the world.

The economic development incentives offered by the State of Nevada have been an integral factor in our relocation strategy. The projected cost savings from the support of these incentives will allow Crocs Inc to hire a greater number of full time employees, supporting the Governor's initiative for providing more Nevadan's with long term work and career opportunities. Additionally, Nevada's pro-business climate provides Crocs Inc with a sustainable location for ongoing strategic growth.

We are projecting to occupy between 750,000 sq ft and 1,000,000 sq. ft., with capital equipment projections forecasting approximately \$85,000,000 of investment into the facility.

Our experience with representatives from the Las Vegas Global Economic Alliance has been positive and we look forward to your approval in supporting our expansion efforts. We appreciate your time and consideration.

Sincerely,

Tyler Baron  
Sr Director Income Tax



April 15, 2021

Mr. Michael Brown  
Executive Director  
Nevada Governor's Office of Economic Development  
555 E. Washington Avenue, Suite 5400  
Las Vegas, Nevada 89101

Dear Mr. Brown,

Crocs, Incorporated is applying to the State of Nevada for the Sales and Use Tax, Modified Business Tax, and Personal Property Tax Abatements. We request their application be placed on the agenda for the June 2021 GOED Board Meeting.

Crocs is exploring their options to locate distribution operations into Southern Nevada and hire 250 new employees over two years and 325 new jobs over five. These new hires will make an average hourly wage of \$26.98 and be provided with a comprehensive benefits package. Crocs is forecasting a total capital investment of \$100 million dollars.

Our team has reviewed Crocs's application and found it to comply with Nevada's statutory requirements for tax abatements. This application has the full support and endorsement of the Las Vegas Global Economic Alliance. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Perry Utsem', with a long horizontal flourish extending to the right.

Perry Utsem  
Vice President, Business Retention and Expansion

Enclosure

Mayor  
John J. Lee

City Manager  
Ryann Juden

Council Members  
Isaac E. Barron  
Pamela A. Goynes-Brown  
Scott Black  
Richard J. Cherchio



*Your Community of Choice*

**Department of the Mayor and City Council**

2250 Las Vegas Boulevard, North · Suite 910 · North Las Vegas, Nevada 89030  
Telephone: (702) 633-1007 · Fax: (702) 649-1302 ·  
[www.cityofnorthlasvegas.com](http://www.cityofnorthlasvegas.com)

April 18, 2022

Michael Brown  
Executive Director  
Nevada Governor's Office of Economic Development  
555 E. Washington, Suite 5400  
Las Vegas, NV 89101

Dear Director Brown:

The City of North Las Vegas is in full support of Crocs, Inc., and their incentive application to be reviewed by the GOED Board at their next scheduled meeting.

I am pleased that after a multi-state search, Crocs and their leadership team located a site within our city for a 750,000 – 1,000,000 square foot multi-channel fulfillment operation center. Crocs will invest \$85,000,000 in equipment for this new facility and at full operational capacity will employ a team of 250 full-time employees with an average hourly wage of \$27.00.

It is my pleasure to support their application and welcome Crocs, Inc. to the North Las Vegas business community.

Sincerely,

  
John J. Lee  
Mayor

**ECONOMIC DEVELOPMENT**

**Incentive Application**

Company Name: Crocs, Inc.  
 Date of Application: April 15, 2022

Company is an / a: (check one)

- New location in Nevada  
 Expansion of a Nevada company

**Section 1 - Type of Incentives**

Please check all that the company is applying for on this application:

- Sales & Use Tax Abatement  
 Modified Business Tax Abatement  
 Personal Property Tax Abatement  
 Sales & Use Tax Deferral  
 Recycling Real Property Tax Abatement  
 Other: \_\_\_\_\_

**Section 2 - Corporate Information**

COMPANY NAME (Legal name under which business will be transacted in Nevada) <u>Crocs, Inc</u>		FEDERAL TAX ID # <u>20-2164234</u>	
CORPORATE ADDRESS <u>13601 Via Varra Blvd.</u>	CITY / TOWN <u>Broomfield</u>	STATE / PROVINCE <u>CO</u>	ZIP <u>80020</u>
MAILING ADDRESS TO RECEIVE DOCUMENTS (If different from above)	CITY / TOWN	STATE / PROVINCE	ZIP
TELEPHONE NUMBER <u>866-306-3179</u>	WEBSITE <a href="http://www.crocs.com">www.crocs.com</a>		
COMPANY CONTACT NAME <u>Tyler Baron</u>	COMPANY CONTACT TITLE <u>Sr Director Income Tax</u>		
E-MAIL ADDRESS <a href="mailto:tbaron@crocs.com">tbaron@crocs.com</a>	PREFERRED PHONE NUMBER <u>303-848-7072</u>		

Has your company ever applied and been approved for incentives available by the Governor's Office of Economic Development?  Yes  No

If Yes, list the program awarded, date of approval, and status of the accounts (attach separate sheet if necessary):

**Section 3 - Program Requirements**

Please check two of the boxes below; the company must meet at least two of the three program requirements:

- A capital investment of \$1,000,000 in eligible equipment in urban areas or \$250,000 in eligible equipment in rural areas are required. This criteria is businesses. In cases of expanding businesses, the capital investment must equal at least 20% of the value of the tangible property owned by the business.
- New businesses locating in urban areas require fifty (50) or more permanent, full-time employees on its payroll by the eighth calendar quarter quarter in which the abatement becomes effective. In rural areas, the requirement is ten (10) or more. For an expansion, the business must increase employees on its payroll by 10% more than its existing employees prior to expansion, or by 25 (urban) or 6 (rural) employees, whichever is greater.
- In both urban and rural areas, the average hourly wage that will be paid by the business to its new employees is at least 100% of the average statewide hourly wage.

Note: Criteria is different depending on whether the business is in a county where the population is 100,000 or more or a city where the population is 60,000 or "urban" area), or if the business is in a county where the population is less than 100,000 or a city where the population is less than 60,000 (i.e., "rural" area).

**Section 4 - Nevada Facility**

Type of Facility:

- Headquarters  
 Technology  
 Back Office Operations  
 Research & Development / Intellectual Property  
 Service Provider  
 Distribution / Fulfillment  
 Manufacturing  
 Other: \_\_\_\_\_

PERCENTAGE OF REVENUE GENERATED BY THE NEW JOBS CONTAINED IN THIS APPLICATION FROM OUTSIDE NEVADA <u>95% Outside NV</u>	EXPECTED DATE OF NEW / EXPANDED OPERATIONS (MONTH / YEAR) <u>Sep-2023</u>		
NAICS CODE / SIC <u>316210</u>	INDUSTRY TYPE <u>Footwear Manufacturing and Distribution</u>		
DESCRIPTION OF COMPANY'S NEVADA OPERATIONS <u>Large, multi-channel fulfillment operation to support the North America</u>			
PROPOSED / ACTUAL NEVADA FACILITY ADDRESS <u>Nadine Peterson BLVD</u>	CITY / TOWN <u>North Las Vegas</u>	COUNTY <u>Clark County</u>	ZIP <u>89124</u>
WHAT OTHER STATES / REGIONS / CITIES ARE BEING CONSIDERED FOR YOUR COMPANY'S RELOCATION / EXPANSION / STARTUP? <u>Phoenix and Salt Lake City are under major consideration</u>			

**Section 5 - Complete Forms (see additional tabs at the bottom of this sheet for each form listed below)**

Check the applicable box when form has been completed.

- 5 (A)  Equipment List
- 5 (B)  Employment Schedule
- 5 (C)  Evaluation of Health Plan, with supporting documents to show the employer paid portion of plan meets the minimum of 65%.
- 5 (D)  Company Information Form

**Section 6 - Real Estate & Construction (Fill in either New Operations/Startup or Expansion, not both.)**

New Operations / Start Up - Plans Over the Next <u>Ten</u> Years	Expansions - Plans Over the Next <u>10</u> Years
<p>Part 1. Are you currently/planning on leasing space in Nevada? <u>Yes</u></p> <p><b>If No, skip to Part 2. If Yes, continue below:</b></p> <p>What year(s)? <u>2022</u></p> <p>How much space (sq. ft.)? <u>1,000,000</u></p> <p>Annual lease cost of space: <u>\$1,836,000.00</u></p> <p>Do you plan on making building tenant improvements? <u>No</u></p> <p><b>If No, skip to Part 2. If Yes *, continue below:</b></p> <p>When to make improvements (month, year)? _____</p> <hr/> <p>Part 2. Are you currently/planning on buying an owner occupied facility in Nevada? <u>No</u></p> <p><b>If No, skip to Part 3. If Yes *, continue below:</b></p> <p>Purchase date, if buying (month, year): _____</p> <p>How much space (sq. ft.)? _____</p> <p>Do you plan on making building improvements? _____</p> <p><b>If No, skip to Part 3. If Yes *, continue below:</b></p> <p>When to make improvements (month, year)? _____</p> <hr/> <p>Part 3. Are you currently/planning on building a build-to-suit facility in Nevada? <u>Yes</u></p> <p><b>If Yes *, continue below:</b></p> <p>When to break ground, if building (month, year)? <u>Jun-2023</u></p> <p>Estimated completion date, if building (month, year): <u>Sep-2023</u></p> <p>How much space (sq. ft.)? <u>1,000,000</u></p>	<p>Part 1. Are you currently leasing space in Nevada? _____</p> <p><b>If No, skip to Part 2. If Yes, continue below:</b></p> <p>What year(s)? _____</p> <p>How much space (sq. ft.)? _____</p> <p>Annual lease cost at current space: _____</p> <p>Due to expansion, will you lease additional space? _____</p> <p><b>If No, skip to Part 3. If Yes, continue below:</b></p> <p>Expanding at the current facility or a new facility? _____</p> <p>What year(s)? _____</p> <p>How much expanded space (sq. ft.)? _____</p> <p>Annual lease cost of expanded space: _____</p> <p>Do you plan on making building tenant improvements? _____</p> <p><b>If No, skip to Part 3. If Yes *, continue below:</b></p> <p>When to make improvements (month, year)? _____</p> <hr/> <p>Part 2. Are you currently operating at an owner occupied building in Nevada? _____</p> <p><b>If No, skip to Part 3. If Yes, continue below:</b></p> <p>How much space (sq. ft.)? _____</p> <p>Current assessed value of real property? _____</p> <p>Due to expansion, will you be making building improvements? _____</p> <p><b>If No, skip to Part 3. If Yes *, continue below:</b></p> <p>When to make improvements (month, year)? _____</p> <hr/> <p>Part 3. Do you plan on building or buying a new facility in Nevada? _____</p> <p><b>If Yes *, continue below:</b></p> <p>Purchase date, if buying (month, year): _____</p> <p>When to break ground, if building (month, year)? _____</p> <p>Estimated completion date, if building (month, year): _____</p> <p>How much space (sq. ft.)? _____</p>
<p><b>* Please complete Section 7 - Capital Investment for New Operations / Startup.</b></p>	<p><b>* Please complete Section 7 - Capital Investment for Expansions below.</b></p>

BRIEF DESCRIPTION OF CONSTRUCTION PROJECT AND ITS PROJECTED IMPACT ON THE LOCAL ECONOMY (Attach a separate sheet if necessary):  
 Open a new distribution center to fulfill Hey Dude shoe orders. Purchase and install distribution center equipment at the new facility and hire employees to operate the new distribution center.

**Section 7 - Capital Investment (Fill in either New Operations/Startup or Expansion, not both.)**

New Operations / Start Up	Expansions
How much capital investment is planned? (Breakout below):	How much capital investment is planned? (Breakout below):
Building Purchase (if buying): _____ Building Costs (if building / making improvements): <u>\$15,000,000</u> Land: _____ Equipment Cost: <u>\$85,000,000</u> <b>Total: <u>\$100,000,000</u></b>	Building Purchase (if buying): _____ Building Costs (if building / making improvements): _____ Land: _____ Equipment Cost: _____ <b>Total: <u>\$0</u></b>
	Is the equipment purchase for replacement of existing equipment? _____ Current assessed value of personal property in NV: _____ (Must <b>attach</b> the most recent assessment from the County Assessor's Office.)

**Section 8 - Employment (Fill in either New Operations/Startup or Expansion, not both.)**

New Operations / Start Up	Expansions
How many full-time equivalent (FTE*) employees will be created by the end of the first eighth quarter of new operations?: <u>250</u> Average hourly wage of these <u>new</u> employees: <u>\$26.98</u>	How many full-time equivalent (FTE*) employees will be created by the end of the first eighth quarter of expanded operations?: _____ Average hourly wage of these <u>new</u> employees: _____ How many FTE employees prior to expansion?: _____ Average hourly wage of these <u>existing</u> employees: _____ Total number of employees after expansion: _____

\* FTE represents a permanent employee who works an average of 30 hours per week or more, is eligible for health care coverage, and whose position is a "primary job" as set forth in NAC 360.474.

OTHER COMPENSATION (Check all that apply):

- Overtime     
  Merit increases     
  Tuition assistance     
  Bonus  
 PTO / Sick / Vacation     
  COLA adjustments     
  Retirement Plan / Profit Sharing / 401(k)     
  Other: Variable performance based inc

BRIEF DESCRIPTION OF ADDITIONAL COMPENSATION PROGRAMS AND ELIGIBILITY REQUIREMENTS (Attach a separate sheet if necessary):

Vision, dental, mental health

**Section 9 - Employee Health Insurance Benefit Program**

Is health insurance for employees and is an option for dependents offered?:  Yes (**attach health plan and quote or invoice**)  No

Package includes (check all that apply):

- Medical     
  Vision     
  Dental     
  Other: \_\_\_\_\_

Qualified after (check one):

- Upon employment     
  Three months after hire date     
  Six months after hire date     
  Other: \_\_\_\_\_

Health Insurance Costs:	Percentage of health insurance premium by (min 65%):
Plan Type: <u>UnitedHealthcare PPO</u>	
Employer Contribution (annual premium per employee): <u>\$ 6,057.48</u>	Company: <u>86%</u>
Employee Contribution (annual premium per employee): <u>\$ 1,016.60</u>	Employee: <u>14%</u>
<b>Total Annual Premium:</b> <u>\$ 7,074.08</u>	

[SIGNATURE PAGE FOLLOWS]

# Site Selection Factors

Company Name: Crocs, Inc.

County: Clark

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## Section I - Site Selection Ratings

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Directions: Please rate the select factors by importance to the company's business (1 = very low; 5 = very high). Attach this form to the Incentives Application.

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Availability of qualified workforce:	<u>5</u>	Transportation infrastructure:	<u>3</u>
Labor costs:	<u>3</u>	Transportation costs:	<u>3</u>
Real estate availability:	<u>5</u>	State and local tax structure:	<u>5</u>
Real estate costs:	<u>5</u>	State and local incentives:	<u>4</u>
Utility infrastructure:	<u>3</u>	Business permitting & regulatory structure:	<u>5</u>
Utility costs:	<u>3</u>	Access to higher education resources:	<u>2</u>

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Please summarize the importance of the abatement program to your decision (please include at least a paragraph summary):



# 5(A) Capital Equipment List

Company Name: Crocs/Hey Dude

County: Clark County

## Section I - Capital Equipment List

Directions: Please provide an estimated list of the equipment [columns (a) through (c)] which the company intends to purchase over the two-year allowable period. For example, if the effective date of new / expanded operations begins April 1, 2015, the two-year period would be until March 31, 2017. Add an additional page if needed. For guidelines on classifying equipment, visit: [tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Personal\\_Property\\_Manuals](http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Personal_Property_Manuals). Attach this form to the Incentives Application.

(a) Equipment Name/Description	(b) # of Units	(c) Price per Unit	(d) Total Cost
Racking	10	\$1,000,000.00	\$10,000,000.00
Goods to person equipment solution	1	\$20,000,000.00	\$20,000,000.00
IT infrastructure and hardware	1	\$10,000,000.00	\$10,000,000.00
Shipping and routing sorters	2	\$10,000,000.00	\$20,000,000.00
Conveyor	4	\$2,500,000.00	\$10,000,000.00
RF systems	10	\$500,000.00	\$5,000,000.00
Tilt tray sorter system	2	\$5,000,000.00	\$10,000,000.00
<b>TOTAL EQUIPMENT COST</b>			<b>\$85,000,000.00</b>

Is any of this equipment\* to be acquired under an operating lease?  Yes  No

\*Certain lease hold equipment does not qualify for tax abatements

## 5(B) Employment Schedule

Company Name: Crocs, Inc.

County: Clark

### Section I - Full-Time Equivalent (FTE) Employees

Directions: Please provide an estimated list of full time employees [columns (a) through (d)] that will be hired and employed by the company by the end of the first eighth quarter of new / expanded operations. For example, if the effective date of new / expanded operations is April 1, 2015, the date would fall in Q2, 2015. The end of the first eighth quarter would be the last day of Q2, 2017 (i.e., June 30, 2017). Attach this form to the Incentives Application. A qualified employee must be employed at the site of a qualified project, scheduled to work an average minimum of 30 per week, if offered coverage under a plan of health insurance provided by his or her employer, is eligible for health care coverage, and whose position of a "primary job" as set forth in NAC 360.474.

Please use the Bureau of Labor Statistics Standard Occupational Classification System (SOC) link to populate *section (b)*:

[https://www.bls.gov/soc/2018/major\\_groups.htm#11-0000](https://www.bls.gov/soc/2018/major_groups.htm#11-0000)

(a) New Hire Position Title/Description	(b) Position SOC Code	(c) Number of Positions	(d) Average Hourly Wage	(e) US Bureau of Labor Statistics Average Hourly Wage	(f) Average Weekly Hours	(g) Annual Wage per Position	(h) Total Annual Wages
Chief Executives	11-1011	1	\$115.38	\$93.05	40	\$240,000.00	\$240,000.00
Mechanical Engineers	17-2141	2	\$72.12	\$44.62	40	\$150,000.00	\$300,000.00
Managers, All Other	11-9199	7	\$72.12	\$44.52	40	\$150,000.00	\$1,050,000.00
First-Line Supervisors of Production and Operating Workers	51-1011	65	\$32.21	\$28.73	40	\$67,000.00	\$4,355,000.00
Packers and Packagers, Hand	53-7064	150	\$17.50	\$15.86	40	\$36,400.00	\$5,460,000.00
Transportation, Storage, and Distribution Managers	11-3071	25	\$50.48	\$39.17	40	\$105,000.00	\$2,625,000.00
<b>TOTAL</b>		<b>250</b>	<b>\$26.98</b>	<b>\$22.88</b>			<b>\$14,030,000.00</b>

### Section 2 - Employment Projections

Directions: Please estimate full-time job growth in Section 2, complete columns (b) and (c). These estimates are used for state economic impact and net tax revenue analysis that this agency is required to report. The company will not be required to reach these estimated levels of employment. **Please enter the estimated new full time employees on a year by year basis (not cumulative)**

(a) Year	(b) Number of New FTE(s)	(c) Average Hourly Wage	(d) Payroll
3-Year	25	\$30.00	\$1,560,000.00
4-Year	25	\$32.00	\$1,664,000.00
5-Year	25	\$34.00	\$1,768,000.00

\* Column (e) determines if wage is commensurate to current wage ranges in the region the company plans to locate/is located. For these purposes the mean average hourly wage for the location has been used.

U = Unknown / data set for region is not currently available.

Source: [US Bureau of Labor Statistics](#)

## 5(C) Evaluation of Health Plans Offered by Companies

Company Name: Crocs, Inc.

County: Clark

Total Number of Full-Time Employees: 250

Average Hourly Wage per Employee \$26.98

Average Annual Wage per Employee (implied) \$56,118.40

### COST OF HEALTH INSURANCE

Annual Health Insurance Premium Cost: \$7,074.08

Percentage of Premium Covered by:

Company 86%

Employee 14%

### HEALTH INSURANCE PLANS:

#### Base Health Insurance Plan\*:

#### UHC PPO

Deductible - per employee \$ 250

Coinsurance 80% / 20%AD

Out-of-Pocket Maximum per employee \$ 3,000

#### Additional Health Insurance Plan\*:

#### UHC High-Deductible Plan

Deductible - per employee \$ 2,800

Coinsurance 100% / 0%

Out-of-Pocket Maximum per employee \$ 2,800

#### Additional Health Insurance Plan\*:

Deductible - per employee \$ -

Coinsurance 0% / 0%

Out-of-Pocket Maximum per employee \$ -

\*Note: **Please list only "In Network" for deductible and out of the pocket amounts .**

### Generalized Criteria for Essential Health Benefits (EHB)

[following requirements outlined in the Affordable Care Act and US Code, including 42 USC Section 18022]

Covered employee's premium not to exceed 9.5% of annual wage	2.1%	MMQ
Annual Out-of-Pocket Maximum not to exceed \$8,700 (2022)	\$3,000	MMQ

Minimum essential health benefits covered (Company offers PPO):

- (A) Ambulatory patient services
- (B) Emergency services
- (C) Hospitalization
- (D) Maternity and newborn care
- (E) Mental health/substance use disorder/behavioral health treatment
- (F) Prescription drugs
- (G) Rehabilitative and habilitative services and devices
- (H) Laboratory services
- (I) Preventive and wellness services and chronic disease management
- (J) Pediatric services, including oral and vision care

No Annual Limits on Essential Health Benefits

I, the undersigned, hereby declare to the Governor's Office of Economic Development that the facts herein stated are true, and that I have attached a qualified plan with information highlighting where our plan reflects meeting the 65% minimum threshold for the employee paid portion of the plan for GOED to independently confirm the same.

Tyler Baron

Name of person authorized for signature

*Tyler Baron*  
Signature

Sr Director Income Tax  
Title

4/15/2022  
Date

## 5(D) Company Information

Company Name: Crocs, Inc.

County: Clark

### Section I - Company Interest List

Directions: Please provide a detailed list of owners and/or members of the company. *The Governor's Office of Economic Development strives to maintain the highest standards of integrity, and it is vital that the public be confident of our commitment. Accordingly, any conflict or appearance of a conflict must be avoided. To maintain our integrity and credibility, the applicant is required to provide a detailed list of owners, members, equity holders and Board members of the company.*

(a) Name	(b) Title
Andrew Rees	CEO
Anne Mehlman	CFO
Dan Hart	CR&LO
Michelle Poole	President of the Crocs Brand

### Section 2 - Company Affiliates and/or Subsidiaries

Are there any subsidiary or affiliate companies sharing tax liability with the applicant company? No  Yes

#### If Yes, continue below:

Directions: In order to include affiliates/subsidiaries, under the exemption letter, they must to be added to the Contract. Per standard practice GOED requires a corporate schematic to understand the exact relationships between the companies. Please populate the below table to show the exact relationships between the companies and include:

1. The names as they would read on the tax exemption letter.
2. Which entity(ies) will do the hiring?
3. Which entity(ies) will be purchasing the equipment?

Name of Subsidiary or Affiliate Entity, Role and Legal Control Relationship
Happy One, LLC / Hey Dude. Inc. (name change to Hey Dude, Inc. pending) is an entity directly associated with Crocs, Inc. with the management control being the same as Crocs, Inc. May be involved with the hiring and purchasing of equipment for Crocs, Inc.
Lucky Top, Inc is an entity directly associated with Crocs, Inc. with the management control being the same as Crocs, Inc. May be involved with the hiring and purchasing of equipment for Crocs, Inc.

Please include any additional details below:

## ENTITY INFORMATION

---

CROCS, INC.	<b>Entity Name:</b>
E0299172012-6	<b>Entity Number:</b>
Foreign Corporation (80)	<b>Entity Type:</b>
Active	<b>Entity Status:</b>
05/31/2012	<b>Formation Date:</b>
NV20121348134	<b>NV Business ID:</b>
Perpetual	<b>Termination Date:</b>
5/31/2022	<b>Annual Report Due Date:</b>
Delaware	<b>Domicile Name:</b>
	<b>Jurisdiction:</b>

**crocs™**

# INVESTOR PRESENTATION

February 16, 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, and Section 21E of the Securities Exchange Act of 1934.

These statements include, but are not limited to, statements regarding the anticipated consummation of the acquisition of HEYDUDE and the timing 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 2022 financial outlook and future profitability, cash flows, and brand strength, anticipated product portfolio and our ability to create and deliver 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: risks related to Crocs' ability to complete the HEYDUDE transaction on the proposed terms and schedule or at all; risks associated with acquisitions, such as the risk that the business will not be integrated successfully, that such integration may be more difficult, time-consuming, or costly than expected or that the expected benefits of the transaction will not occur; risks related to future opportunities and plans for HEYDUDE and its products, including uncertainty of the expected financial performance of HEYDUDE and its products; the COVID-19 pandemic and related government, private sector, and individual consumer responsive actions; 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, 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.



# CONTENT

- Our Vision & Values
- 2021 Update
- Crocs Growth Framework
- HEYDUDE Acquisition Update
- Financial Results & Outlook
- Appendix



## OUR VISION

Everyone comfortable  
in their own shoes



## OUR VALUES

### The Path We Choose to Walk

#### DELIGHTFULLY DEMOCRATIC

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

#### PEOPLE-PURPOSED DESIGN

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

#### INHERENT SIMPLICITY

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

#### IMAGINATIVE INNOVATION

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

#### UNAPOLOGETIC OPTIMISM

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

#### CONFIDENTLY COMFORTABLE

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



*A strong 2021 holiday season completed a very successful year for our brand. We achieved incredible results with record revenues of \$2.3 billion, 67% revenue growth and industry-leading 30% operating margin. Our fourth straight year of revenue growth was fueled by continued strong consumer demand for the Crocs brand globally. We are excited about our sustainable growth trajectory for both the Crocs and HEYDUDE brands and are confident in our plan to grow to \$6 billion in revenues by 2026.”*

– Andrew Rees, CEO

## 2021 Company Highlights

- Revenues of \$2.3B, +67% and +88% vs. PY and 2019, respectively
- 3rd consecutive year of double-digit growth
- Digital sales +48% and +122% vs. PY and 2019, respectively
  - Represented 37% of 2021 sales vs. 42% and 31% in 2020 and 2019, respectively
- Best in class adjusted operating margin expanded to 30% vs. 19% PY<sup>(1)</sup>
- Returned \$1B to shareholders via share repurchases
- Finished 2021 with net leverage <1x
- Announced acquisition of a second high growth, highly profitable brand HEYDUDE

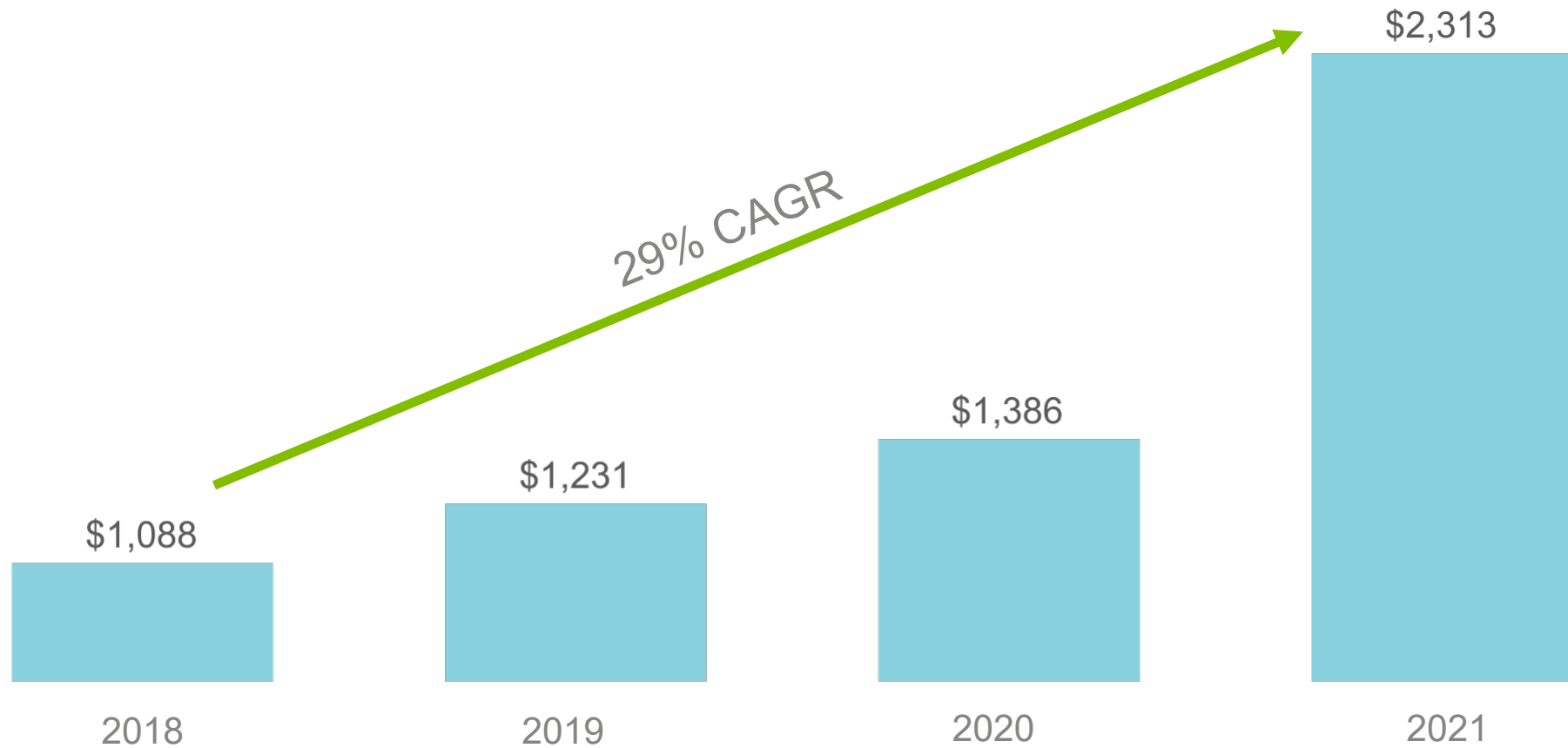


**crocs™**

**2021 Update**



## Exceptional Revenue Growth and Adjusted Operating Margin



YoY Growth

**+6.3%**

**+13.1%**

**+12.6%**

**+66.9%**

Adj. Op Margin

**7.7%**

**11.6%**

**18.9%**

**30.1%**

## Q4 Highlights

- Revenues of \$587M, +43% vs. PY
  - Americas +51% vs. PY
  - EMEA +23% vs. PY
  - Asia Pacific +10% vs. PY
  - DTC +45% vs. PY and 54% of revenues
  - WHL +40% vs. PY and 46% of revenues
- Digital sales grew 41% to represent 40% of revenues
- Adjusted income from operations rose \$81M to \$168M
  - Adjusted operating margin expanded to 29% up from 21%
- Adjusted diluted EPS more than doubled to \$2.15 from \$1.06



# Exceptional Fourth Quarter Results

'21 vs. '20 **+43%**

'21 vs. '19 **+123%**

**+770bps**

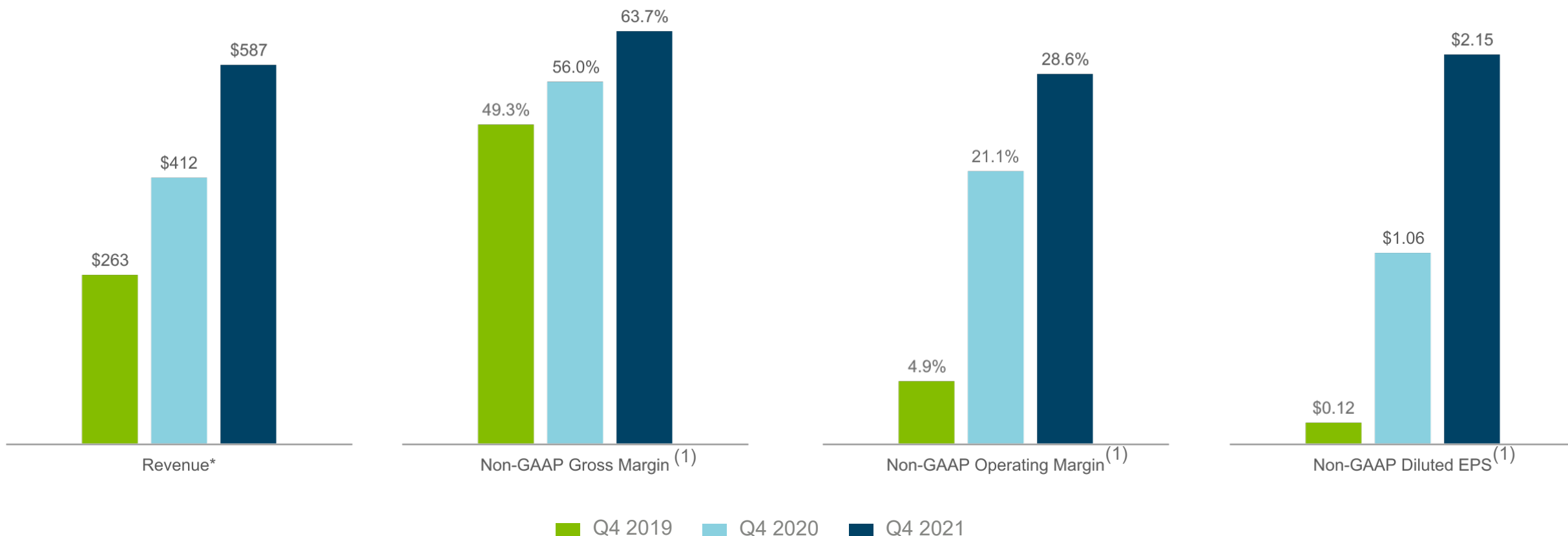
**+1,440bps**

**+750bps**

**+2,370bps**

**+103%**

**+1,692%**

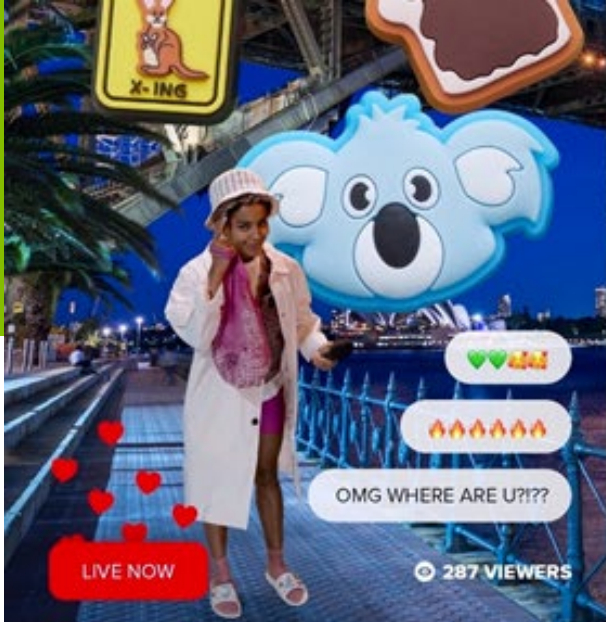


\* Note: USD millions for Revenue. Revenue growth is on a reported basis.

(1) See reconciliations to GAAP equivalents in Appendix.



# CROCS GROWTH FRAMEWORK



DIGITAL



SANDALS



ASIA



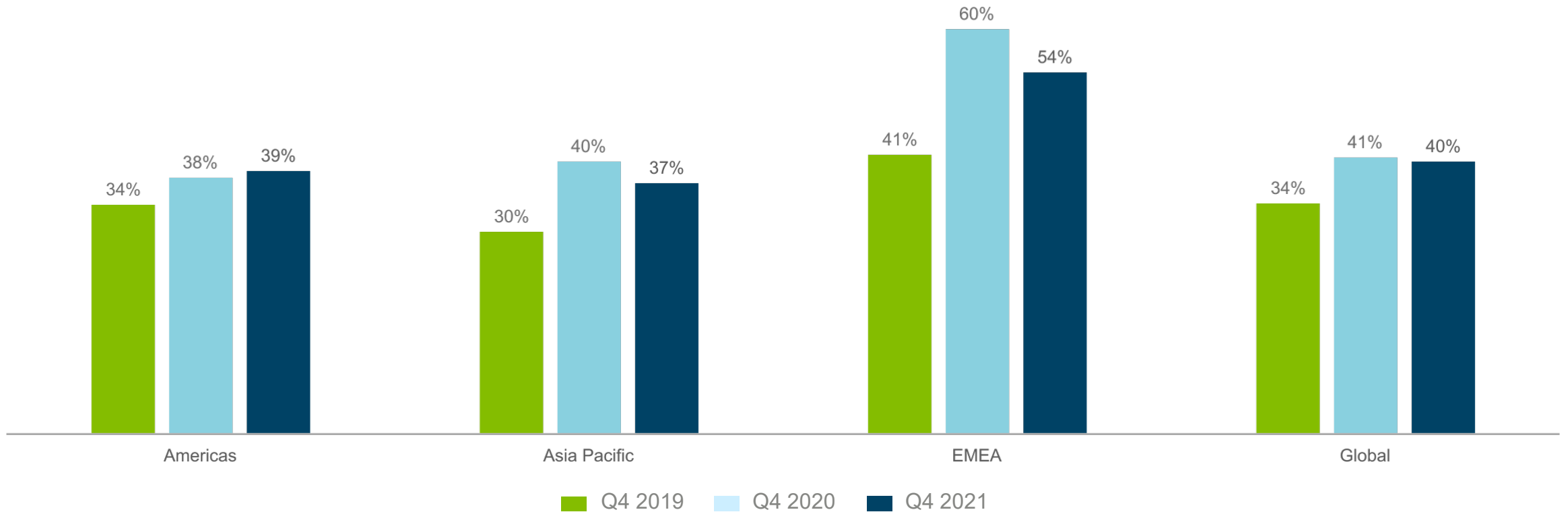
PRODUCT & MARKETING INNOVATION

# Expect Digital Sales to be \$2.5B+ by 2026

Q4 Digital commerce growth of 41% vs. PY and 163% vs 2019

Q4 Digital sales represented 40% of total revenues

Q4 Digital Penetration\*



## Targeting 4X Sandals Revenue Growth by 2026



- Fragmented \$30B casual market with no clear leader
- Drive awareness through marketing
- Convert existing customers and provide an additional gateway to our brand
- Year-round digital opportunity
- Win across 4 key sub-categories: icon, style, comfort, adventure
- 2021 sandal growth of nearly 30% vs. PY
- Sandal brand consideration is in line with clogs based on recent brand studies

# Largest Long-Term Growth Opportunity in Asia

## Asia: greatest opportunity long-term

- China is the 2nd largest footwear market in the world
- Strong digital growth supported by participation on key marketplace platforms
- Developing local-for-local production, marketing and collaborations

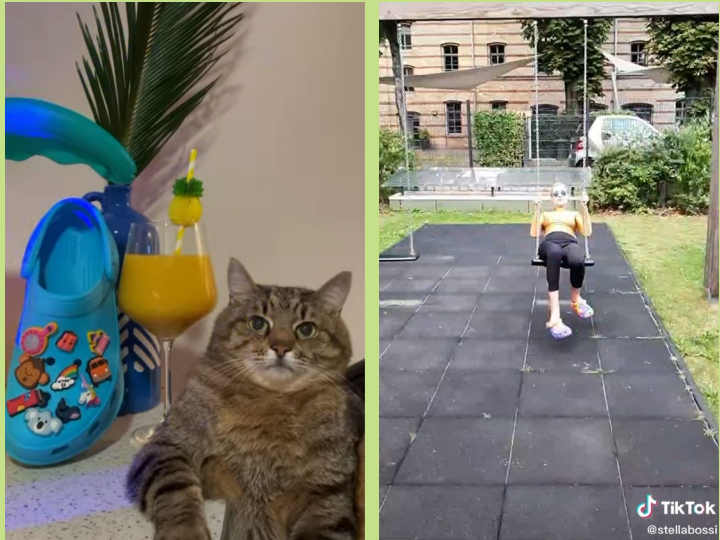
## Q4 Highlights

- Revenues +14% CC
- DTC +10% vs. PY and +17% vs. 2019
- Digital penetration 37% vs. 40% PY and 30% in 2019
- South Korea and India out performance continues
- Increasing evidence of accelerating brand strength in select Asian markets

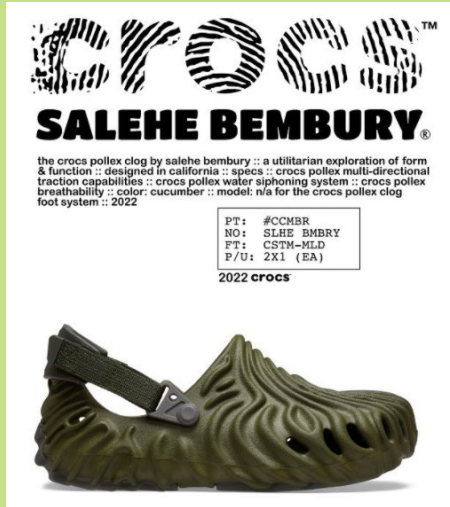


# Marketing Innovation Fueling Brand Strength Globally

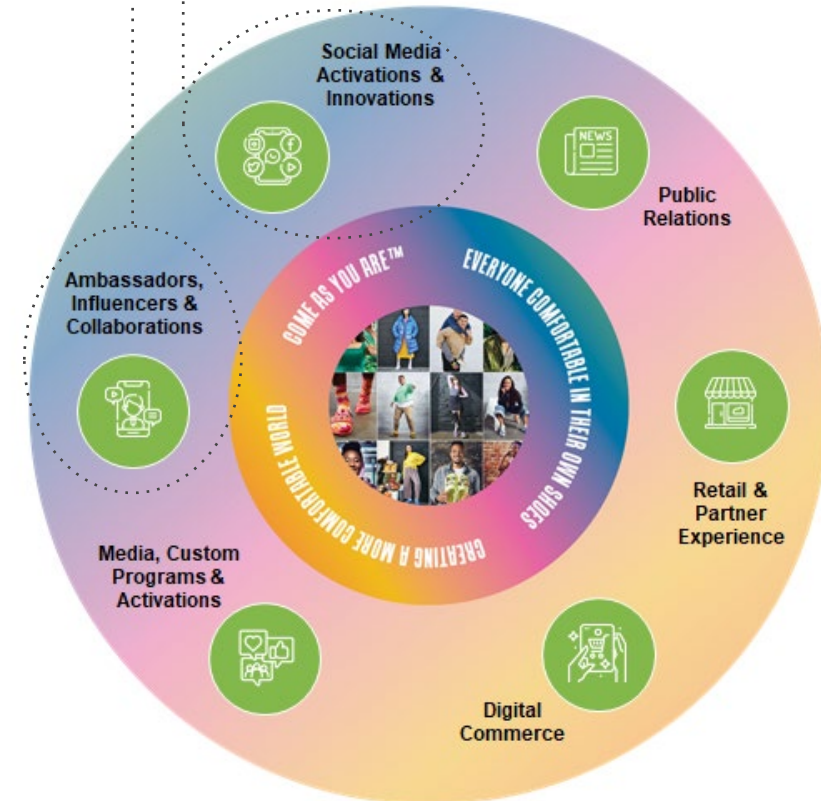
## User Generated Content\*



## Collabs & Partnerships



## LOCALLY RELEVANT



## GLOBALLY LED

**HEYDUDE®**

# Acquisition Update



# HEYDUDE Acquisition Update

- Expect to close acquisition in February 2022
- Advanced in building out our HEYDUDE leadership team with the majority of critical positions filled
- Financing
  - Secured \$2B of Term Loan B commitments
  - Issuing 2,852,280 shares to one of the sellers
  - Expect to borrow \$50M under our existing Senior Revolving Credit Facility
- Share repurchases on hold until gross leverage is <2.0x, which we do not expect to occur in 2022
  - Committed to working towards quickly deleveraging
  - We expect to be <2.0x gross leverage by the end of 2023
- New ambition of \$6B+ in revenues for combined business\*



## Strategic Rationale

- Creates a global, scaled leader in branded casual footwear
- Combines two fast-growing footwear brands and more than quadruples total addressable market to more than \$160B\*
- Diversifies product portfolio from single-brand to multi-brand
- Builds upon Crocs' already high digital penetration
- Ideal fit with Crocs and long-term consumer trends
- Opportunity to leverage Crocs' proven global playbook (e.g., global presence, marketing expertise, wholesale relationships)
- Accretive to Crocs' industry-leading growth and margins; immediately accretive to EPS
- Building HEYDUDE to become a \$1B+ brand by 2024





## Building HEYDUDE to \$1B+ by 2024

- 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

## Significant Value Creation From Both Brands

**High Revenue  
Growth**

**Industry Leading  
Profitability**

**Exceptional Cash  
Flow Generation**

# Financial Results



# FINANCIAL RESULTS



## Q4 Financial Results

	Q4	vs. PY
Revenues (\$M)	\$586.6	44%*
Gross Margin	63.4%	+770 bp
Adjusted Gross Margin**	63.7%	+770 bp
Adjusted SG&A as % of Revenue**	35.1%	(20) bp
Operating Margin	27.3%	+1,160 bp
Adjusted Operating Margin**	28.6%	+750 bp
Diluted EPS	\$2.57	(4)%
Adjusted Diluted EPS**	\$2.15	+103%

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

\*\* See reconciliation to GAAP equivalents in Appendix

# FINANCIAL RESULTS



## 2021 Financial Results

	2021	vs. PY
Revenues (\$M)	\$2,313.4	+65%*
Gross Margin	61.4%	+730 bp
Adjusted Gross Margin**	61.6%	+700 bp
Adjusted SG&A as % of Revenue**	31.6%	+400 bp
Operating Margin	29.5%	+1,410 bp
Adjusted Operating Margin**	30.1%	+1,120 bp
Diluted EPS	\$11.39	+150%
Adjusted Diluted EPS**	\$8.32	+158%

\* Revenue growth on a constant currency basis, which is a Non-GAAP Financial Measure.

See further details in Appendix

\*\* See reconciliation to GAAP equivalents in Appendix

# 2022E Outlook



## 2022E Guidance

	Q1 22E	FY 22E
Reported Revenues	\$605 to \$630M	~\$3.4B
<b>crocs™</b>	\$520 to \$535M	20%+
<b>HEYDUDE®</b> (2)	<i>\$40M+ demand pushed to Q2<sup>(1)</sup></i> \$85 to \$95M	\$620 to \$670M <sup>(2)</sup>
Adjusted Operating Margin	~22% <sup>(3)</sup>	~26% <sup>(4)</sup>
Adjusted One Time Costs	~\$70M <sup>(5)</sup>	~\$135M <sup>(6)</sup>
Adjusted Tax Rate		~22%
Adjusted Diluted EPS		\$9.70 to \$10.25
Capital Expenditures		\$170 to \$200M

(1) The greatest impact of the 2021 supply chain disruptions is expected to occur in Q1 2022, which is expected to result in \$40M+ in revenues slipping to Q2 2022, with the largest impact in EMEA.

(2) Amounts presented are revenues expectations for the period for HEYDUDE post acquisition. Including the period of time prior to the closing of the acquisition, HEYDUDE 2022E revenues expected to be approximately \$700 to \$750M.

(3) Includes an expected roughly \$30M impact from air freight embedded in gross margin.

(4) Includes an expected incremental \$75M of air freight embedded in gross margin in the first half of 2022.

(5) Non-GAAP adjustments include an expected: \$30M in SG&A costs, primarily associated with the HEYDUDE acquisition, and an additional \$40M 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 the acquisition.

(6) Non-GAAP adjustments include an expected: \$60M 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.

# Long Term Guidance\*

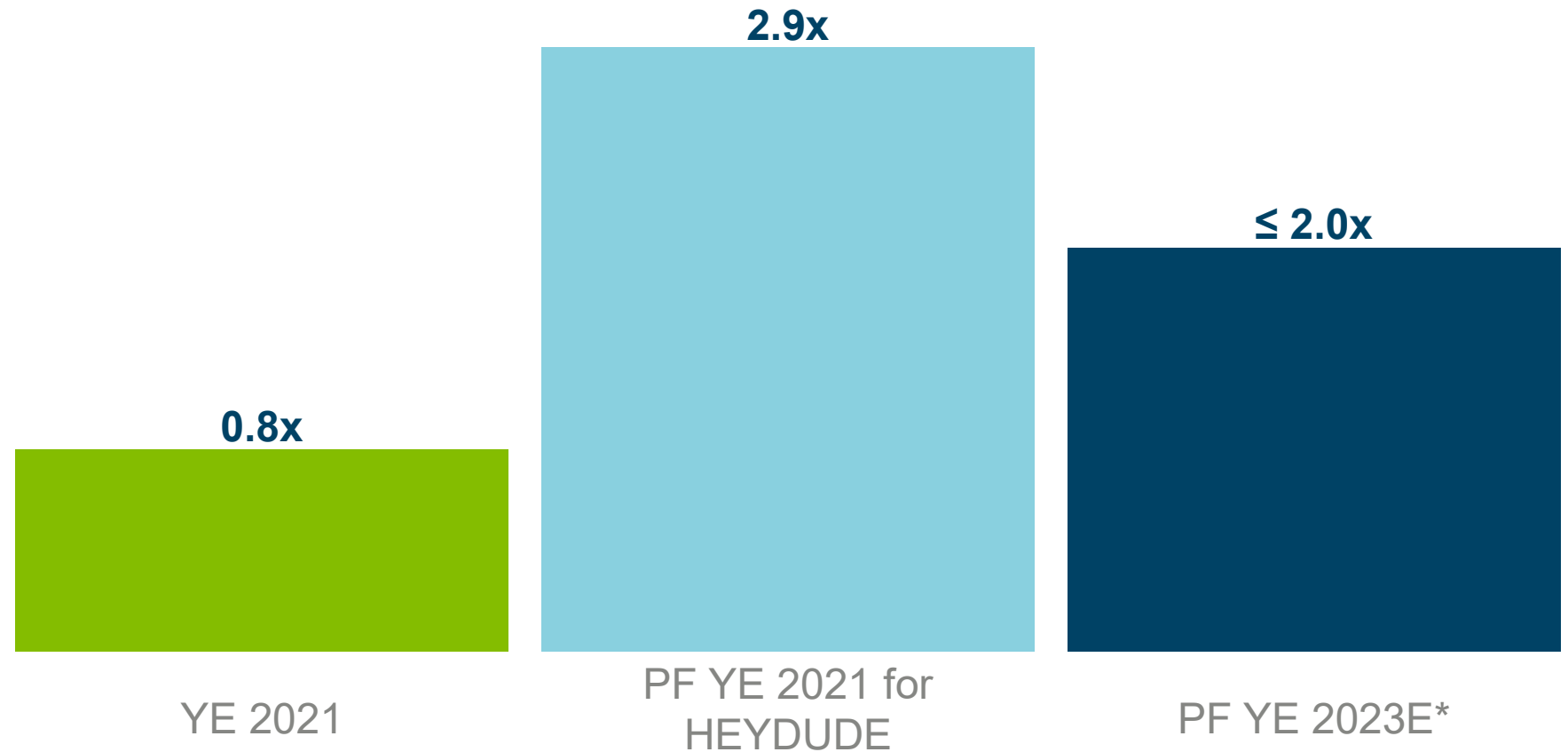
	<b>crocs™</b>	<b>HEYDUDE®</b>	<b>Crocs, Inc.</b>
<b>Revenues</b>	\$5B+	\$1B+	\$6B+
<b>Revenue Growth</b>	17%+	20%+	
<b>Adjusted Operating Margin</b>	26%+	26%+	26%+
<b>Adjusted Tax Rate</b>	~25%		
<b>Capital Expenditures</b>	~3% of revenues		



# Significant Cash Flow Generation Fuels Rapid Debt Repayment

- Finished 2021 with net leverage <1x
- Secured \$2B of Term Loan B commitments to finance a portion of the HEYDUDE Acquisition
- Committed to working towards quickly deleveraging
- Share repurchases on hold until gross leverage is <2.0x, which we do not expect to occur in 2022

## Net Debt / Adjusted EBITDA



# Appendix



# NON-GAAP RECONCILIATION

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

	Three Months Ended December 31, 2021		Year Ended December 31,	
	2021	2020	2021	2020
	(in thousands)			
GAAP revenues	\$ 586,626	\$ 411,506	\$ 2,313,416	\$ 1,385,951
GAAP cost of sales	\$ 214,602	\$ 182,422	\$ 893,196	\$ 636,003
New distribution centers <sup>(1)</sup>	(1,705)	(1,550)	(5,836)	(4,186)
COVID-19 inventory write-off <sup>(2)</sup>	—	—	—	(2,396)
Other	—	—	—	(119)
Total adjustments	(1,705)	(1,550)	(5,836)	(6,701)
Non-GAAP cost of sales	\$ 212,897	\$ 180,872	\$ 887,360	\$ 629,302
GAAP gross profit	\$ 372,024	\$ 229,084	\$ 1,420,220	\$ 749,948
GAAP gross margin	63.4 %	55.7 %	61.4 %	54.1 %
Non-GAAP gross profit	\$ 373,729	\$ 230,634	\$ 1,426,056	\$ 756,649
Non-GAAP gross margin	63.7 %	56.0 %	61.6 %	54.6 %

<sup>(1)</sup> Represents expenses, including expansion costs, related to our distribution centers in Dayton, Ohio and Dordrecht, the Netherlands and initial costs for our new third-party operated distribution center in Chiba, Japan.

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

# NON-GAAP RECONCILIATION (cont'd)

## Non-GAAP selling, general and administrative expenses reconciliation:

	Three Months Ended December 31, 2021		Year Ended December 31,	
	2021	2020	2021	2020
	(in thousands)			
GAAP revenues	\$ 586,626	\$ 411,506	\$ 2,313,416	\$ 1,385,951
GAAP selling, general and administrative expenses	\$ 212,036	\$ 164,453	\$ 737,156	\$ 535,824
HEYDUDE pre-acquisition costs	(6,362)	—	(6,362)	—
Asset impairments <sup>(1)</sup>	—	(21,071)	—	(21,071)
Donations of inventory	—	70	—	(9,900)
COVID-19 impact of bad debt expense <sup>(2)</sup>	—	315	—	(4,118)
COVID-19 severance costs	—	—	—	(2,403)
Duplicate headquarters rent <sup>(3)</sup>	—	(154)	—	(1,274)
Other COVID-19 costs <sup>(4)</sup>	—	(18)	—	(845)
Other <sup>(5)</sup>	—	8	—	(2,125)
Total adjustments	(6,362)	(20,850)	(6,362)	(41,736)
Non-GAAP selling, general and administrative expenses <sup>(6)</sup>	\$ 205,674	\$ 143,603	\$ 730,794	\$ 494,088
GAAP selling, general and administrative expenses as a percent of revenues	36.1 %	40.0 %	31.9 %	38.7 %
Non-GAAP selling, general and administrative expenses as a percent of revenues	35.1 %	34.9 %	31.6 %	35.6 %

<sup>(1)</sup> Represents impairments to our long-lived assets for a retail store in New York City and for our former corporate headquarters in Niwot, Colorado.

<sup>(2)</sup> Represents bad debt expense associated with the impact of COVID-19 on wholesale partners in our Asia Pacific and Americas segments.

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

<sup>(4)</sup> Represents costs incurred in response to COVID-19, including hazard pay, cleaning costs, and legal costs.

<sup>(5)</sup> Represents non-recoverable duties, non-recurring costs related to the closure of company-owned retail stores in Australia, employee severance costs, and various other immaterial items.

<sup>(6)</sup> 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,	
	2021	2020	2021	2020
	(in thousands)			
GAAP revenues	\$ 586,626	\$ 411,506	\$ 2,313,416	\$ 1,385,951
GAAP income from operations	\$ 159,988	\$ 64,631	\$ 683,064	\$ 214,124
Non-GAAP cost of sales adjustments <sup>(1)</sup>	1,705	1,550	5,836	6,701
Non-GAAP selling, general and administrative expenses adjustments <sup>(2)</sup>	6,362	20,850	6,362	41,736
Non-GAAP income from operations	\$ 168,055	\$ 87,031	\$ 695,262	\$ 262,561
GAAP operating margin	27.3 %	15.7 %	29.5 %	15.4 %
Non-GAAP operating margin	28.6 %	21.1 %	30.1 %	18.9 %

<sup>(1)</sup> See 'Non-GAAP cost of sales and gross margin reconciliation' above for more details.

<sup>(2)</sup> See 'Non-GAAP selling, general and administrative expenses 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,	
	2021	2020	2021	2020
	(in thousands)			
GAAP income from operations	\$ 159,988	\$ 64,631	\$ 683,064	\$ 214,124
GAAP income before income taxes	152,959	63,423	663,849	206,979
Non-GAAP income from operations <sup>(1)</sup>	\$ 168,055	\$ 87,031	\$ 695,262	\$ 262,561
GAAP non-operating income (expenses):				
Foreign currency income (loss), net	(56)	306	(140)	(1,128)
Interest income	62	26	775	215
Interest expense	(8,817)	(1,149)	(21,647)	(6,742)
Other income (loss), net	1,782	(391)	1,797	510
Non-GAAP income before income taxes	\$ 161,026	\$ 85,823	\$ 676,047	\$ 255,416
GAAP income tax expense (benefit)	\$ (1,894)	\$ (119,907)	\$ (61,845)	\$ (105,882)
Tax effect of non-GAAP operating adjustments	439	6,014	1,477	12,123
Impact of intra-entity IP transfers <sup>(2)</sup>	33,076	127,718	206,579	127,718
Non-GAAP income tax expense	\$ 31,621	\$ 13,825	\$ 146,211	\$ 33,959
GAAP effective income tax rate	(1.2)%	(189.1)%	(9.3)%	(51.2)%
Non-GAAP effective income tax rate	19.6 %	16.1 %	21.6 %	13.3 %

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

<sup>(2)</sup> 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, including the release of the 2020 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,	
	2021	2020	2021	2020
(in thousands, except per share data)				
<b>Numerator:</b>				
GAAP net income	\$ 154,853	\$ 183,330	\$ 725,694	\$ 312,861
Non-GAAP cost of sales adjustments <sup>(1)</sup>	1,705	1,550	5,836	6,701
Non-GAAP selling, general and administrative expenses adjustments <sup>(2)</sup>	6,362	20,850	6,362	41,736
Non-GAAP other income adjustment <sup>(3)</sup>	—	—	—	(919)
Tax effect of non-GAAP adjustments <sup>(4)</sup>	(33,515)	(133,732)	(208,056)	(139,841)
Non-GAAP net income	\$ 129,405	\$ 71,998	\$ 529,836	\$ 220,538
<b>Denominator:</b>				
GAAP weighted average common shares outstanding - basic	58,847	66,729	62,464	67,386
Plus: GAAP dilutive effect of stock options and unvested restricted stock units	1,291	1,325	1,254	1,158
GAAP weighted average common shares outstanding - diluted	60,138	68,054	63,718	68,544
<b>GAAP net income per common share:</b>				
Basic	\$ 2.63	\$ 2.75	\$ 11.62	\$ 4.64
Diluted	\$ 2.57	\$ 2.69	\$ 11.39	\$ 4.56
<b>Non-GAAP net income per common share:</b>				
Basic	\$ 2.20	\$ 1.08	\$ 8.48	\$ 3.27
Diluted	\$ 2.15	\$ 1.06	\$ 8.32	\$ 3.22

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

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

<sup>(3)</sup> Represents a prior year fair value adjustment associated with our donations of inventory.

<sup>(4)</sup> 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 2022:

Approximately:

### Non-GAAP operating margin reconciliation:

GAAP operating margin	10%
Non-GAAP adjustments, primarily associated with the HEYDUDE acquisition <sup>(1)</sup>	12%
Non-GAAP operating margin	22%

Full Year 2022:

Approximately:

### Non-GAAP operating margin reconciliation:

GAAP operating margin	22%
Non-GAAP adjustments, primarily associated with the HEYDUDE acquisition <sup>(1)</sup>	4%
Non-GAAP operating margin	26%

### Non-GAAP effective tax rate reconciliation:

GAAP effective tax rate	25%
Non-GAAP adjustments associated with amortization of intellectual property <sup>(2)</sup>	(3%)
Non-GAAP effective tax rate	22%

### Non-GAAP diluted earnings per share reconciliation:

GAAP diluted earnings per share	\$7.70 to \$8.25
Non-GAAP adjustments, primarily associated with the HEYDUDE acquisition and amortization of intellectual property	\$2.00
Non-GAAP diluted earnings per share	\$9.70 to \$10.25

<sup>(1)</sup> In the first quarter of 2022, we expect to incur \$30M in SG&A costs, primarily associated with the HEYDUDE acquisition, and an additional \$40 million 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 the acquisition. For the full year 2022, we expect to incur \$60M 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.

<sup>(2)</sup> 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.

Our long-term guidance for "Non-GAAP 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, such as inventory write-offs, duplicate rent costs, bad debt expense, and the HEYDUDE acquisition. 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 Crocs 2026E and HEYDUDE 2024E non-GAAP operating margin guidance measures to their nearest U.S. GAAP measures 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.



