



Equity Valuation of Crocs Inc.

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Abstract:

This dissertation presents an equity valuation of Crocs Inc., a globally operating American footwear manufacturer. The motivation stems from three connected factors. First, the strategic and financial consequences of the HEYDUDE acquisition. Second, the tariff announcements implemented during the Trump administration. Finally, the goodwill impairment charge taken in the third quarter of 2025, related to the HEYDUDE segment.

The primary valuation methodology is a discounted cash flow (DCF) model based on Free Cash Flow to the Firm (FCFF), discounted at the Weighted Average Cost of Capital (WACC). Complementary Comparable Company Analysis (CCA) and Comparable Transaction Analysis (CTA) were carried out to evaluate market outlook, though these proved less informative.

Every valuation is conducted as of February 20, 2026. The combined analysis suggests a "Hold" recommendation, with a target share price of USD 113.41. This figure indicates a 13.37% premium compared to the market price at the time of the valuation.

The apparent market undervaluation is mainly attributed to uncertainty about tariff exposure, given Crocs' significant reliance on Asian manufacturing, and the publicly documented deterioration of the HEYDUDE brand.

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Resumo:

Esta dissertação apresenta uma avaliação do valor patrimonial da Crocs, Inc., um fabricante americano de calçado com operações a nível global. A avaliação baseia-se em três fatores interligados. Em primeiro lugar, as consequências estratégicas e financeiras da aquisição da HEYDUDE. Em segundo lugar, os anúncios relativos às tarifas aduaneiras implementados durante a administração Trump. Por último, a imparidade do goodwill registada no terceiro trimestre de 2025, relacionada com o segmento HEYDUDE.

A principal metodologia de avaliação é um modelo de fluxo de caixa descontado (DCF) baseado no Fluxo de Caixa Livre para a Empresa (FCFF), descontado ao Custo Médio Ponderado de Capital (WACC). Foram realizadas análises complementares de empresas comparáveis (CCA) e de transações comparáveis (CTA) para avaliar as perspetivas de mercado, embora estas se tenham revelado menos informativas.

Todas as avaliações são realizadas com data de 20 de fevereiro de 2026. A análise combinada sugere uma recomendação de «Manter», com um preço-alvo por ação de 113,41 USD. Este valor indica um prémio de 13,37% em comparação com o preço de mercado na data da avaliação.

A aparente subvalorização do mercado é atribuída principalmente à incerteza quanto à exposição a tarifas, dada a significativa dependência da Crocs da produção asiática, e à deterioração da marca HEYDUDE, documentada publicamente.

Autor: Tim-Moritz Schlüter

Título: Crocs Inc.: Avaliação do capital próprio

Palavras-chave: Crocs Inc., HEYDUDE, Indústria do calçado, Direitos aduaneiros, Avaliação do capital próprio, Fluxo de caixa descontado, CCA, CTA, Sensibilidade

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In preparing this dissertation, AI-based writing tools were employed in a supplementary way:

Aids/ tools used	Type(s) of use	Chapters
DeepL	- Translation	- Abstract
	- Ensuring linguistic consistency	- Introduction - Literature Review - Company Analysis - Market Analysis - Financial Analysis & Forecast - Valuation of Crocs - Comparison with Analyst's
Grammarly	- Structuring arguments	- Abstract
	- Summarizing complex academic texts	- Introduction
ChatGPT	- Paraphrasing	- Literature Review
	- Textual concision	- Company Analysis
&		- Market Analysis
		- Financial Analysis & Forecast
Claude AI		- Valuation of Crocs
		- Comparison with Analyst's

The intellectual content, valuation methodology, and conclusions of this work are the sole product of my independent research and analysis.

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List of Abbreviations

APV: Adjusted Present Value

ASP: Average Selling Price

bn: Billion

CAGR: Compound Annual Growth Rate

CAPEX: Capital Expenditures

CAPM: Capital Asset Pricing Model

CCA: Comparable Companies Analysis

CEO: Chief Executive Officer

CFO: Chief Financial Officer

CTA: Comparable Transactions Analysis

D&A: Depreciation & Amortization

D/E: Debt to Equity

DCF: Discounted Cash Flow

DDM: Dividend Discount Model

EBIT: Earnings before Interest & Taxes

EBITDA: Earnings before Interest, Taxes, Depreciation & Amortization

ESG: Environment, Social, and Governance

EV: Enterprise Value

FCF: Free Cash Flow

FCFE: Free Cash Flow to Equity

FCFF: Free Cash Flow to Firm

FIFO: First-in, First-out

FY: Fiscal Year

ITS: Interest Tax Shield

LBO: Leveraged Buyout

LIFO: Last-in, First-out

mn: Million

MV: Market Value

NOPAT: Net Operating Profit After Tax

NWC: Net Working Capital

OPEX: Operating Expenses

OLS: Ordinary Least Squares

OWC: Operating Working Capital

P/E: Price to Earnings

PP&E: Property, Plant & Equipment

PV: Present Value

SWOT: Strengths, Weaknesses, Opportunities, and Threats

TV: Terminal Value

U.S.: United States

USD: United States Dollar

WACC: Weighted Average Cost of Capital

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1 Introduction

The primary aim of this paper is to ascertain the inherent value of Crocs Inc. While valuation methodologies are predominantly quantitative in nature, their precision hinges on assumptions regarding future performance, risk factors, and prevailing market conditions. Therefore, the integrity of the input data and the validity of the analytical reasoning employed are essential for generating actionable insights (Damodaran, 2012).

Nonetheless, even the most carefully constructed valuation model cannot fully account for the unexpected. The COVID-19 pandemic and rising geopolitical tensions have made it clear, demonstrating how quickly external shocks can impact both corporate performance and investor confidence. The footwear industry felt this immensely through U.S. tariffs imposed under the Trump administration, which drove up production costs across Asian manufacturing hubs. Crocs Inc., as a company deeply dependent on Asian sourcing, was not exempt from these impacts and subsequently joined numerous industry stakeholders in seeking tariff exemptions to safeguard its profit margins (AFI, 2025).

Crocs Inc. presents an especially interesting subject for equity valuation. Its strong global brand and asset-light operating model provide a degree of stability, yet the company is far from immune to disruption. Shifting consumer preferences and an increasingly uncertain geopolitical landscape introduce a level of operational volatility that complicates any straightforward assessment. The 2022 acquisition of HEYDUDE adds another layer of complexity, having meaningfully reshaped the company's financial structure and long-term growth trajectory.

This research endeavors to investigate equity valuation challenges by employing specific models on Crocs Inc. and contrasting the findings with analyst evaluations to discern disparities in underlying assumptions and interpretations. The central goal is to ascertain the company's intrinsic share value and develop a substantiated investment recommendation.

2 Literature Review

Extensive research has been done to examining and comparing of different ways of valuation approaches within the field of finance. Aswath Damodaran is one of the most influential contributors within this field. According to Damodaran (2012), valuation methods can broadly be grouped into three categories: intrinsic valuation based on discounted cash flows, relative valuation using market multiples, and approaches derived from option pricing theory.

The discounted cash flow (DCF) approach is the first one. It estimates an asset's intrinsic value by discounting its expected future cash flows. The second is the relative valuation, which can be divided into the comparable company approach (CCA) or comparable transaction approach (CTA). The CCA method derives a value by benchmarking an asset against similar entities based on common financial metrics such as earnings, cash flows, book value, sales. The CTA instead derives the value by paid multiples on the same metrics in past transactions. Lastly, the asset-based/contingent claim method uses option pricing models to assess the value of assets whose payoffs exhibit characteristics similar to financial options. These three frameworks constitute the conceptual foundation for the most valuation methodologies (Damodaran, 2012).

Building on this foundation, the following chapter provides an overview of the most important valuation models, focusing on those that are frequently discussed in academic literature and widely applied in professional practice. *Appendix I* and *Appendix II* will illustrate the limitations of each valuation model.

2.1 Discounted Cash Flow Models

The DCF model functions as the basis for most modern valuation techniques. It is grounded in the present value principle, which states that the value of any asset is equal to the present value of its expected future cash flows. In this model, each future cash flow (CF_t) is discounted back to the present using an appropriate discount rate (r). The discount rate reflects the riskiness of the estimated cash flows (Fernandez, 2023). Consequently, the higher the perceived risk of an asset's cash flows, the higher the discount rate applied, and vice versa.

The DCF's main objective is to estimate the intrinsic value of an asset, which is the value that is determined by its fundamentals, rather than by market sentiment or relative comparisons.

Due to the variability of cash flow projections and discount rates across firms and industries, DCF valuations can vary in multiple forms and reflect different analytical perspectives. The most frequently utilized variants are those based on free cash flow to the firm (FCFF) and free cash flow to equity (FCFE), which primarily differ in the timing of cash flow measurement relative to debt servicing (Ohara & Gonzales, 2022). These approaches are examined in greater detail in subsequent sections.

A DCF valuation generally involves projecting the firm's expected free cash flows (FCFs) over a defined set of periods, commonly between five and ten years. To improve the accuracy of the forecast, revenues are frequently broken down into business segments and geographic regions. This enables a clearer understanding of market movements and growth prospects. After this explicit projection phase, a terminal value (TV) is calculated to illustrate the business's continuing value after the forecast period. This value captures the firm's long-term performance once it reaches a steady state. The sum of the present values of the forecasted cash flows and the TV result in the estimated intrinsic value of the firm (Damodaran, 2012).

$$Firm\ Value = \sum_{n=1}^{t=n} \frac{CF_t}{(1 + kc)^t} + \frac{Terminal\ value}{(1 + kc)^n} \quad (1)$$

Where:

CF_t = Cash Flow in period t

kc = Cash Flow Cost of Capital

2.1.1 Free Cash Flow to the Firm

The Free Cash Flow to the Firm (FCFF) approach is one of the most widely applied variants of the DCF model. This method estimates the cash flows available to all suppliers of capital, such as equity holders and debt providers. In essence, the FCFF reflects what the firm's operations generate after taxes, once the necessary reinvestment in capital expenditures (CapEx) and working capital (WC) is accounted for, but before any obligations to lenders are met (Ohara & Gonzales, 2022).

$$FCFF = EBIT \times (1 - \tau) + Depreciation - CapEx - \Delta NWC \quad (2)$$

Where:

FCFF = Free Cash Flow to Firm

EBIT = Earnings before Interest and Taxes

τ = Tax Rate

CapEx = Capital Expenditures

Δ NWC = Change in Net Working Capital

Free Cash Flow to Equity

A closely related but different method is the Free Cash Flow to Equity (FCFE). This method focuses directly on the cash flows available to the firm's equity holders after accounting for all expenses, reinvestments, and net debt movements (Ohara & Gonzales, 2022).

In contrast to the FCFF method, which discounts using the weighted average cost of capital (WACC), the FCFE method discounts post-financing cash flows at the cost of equity, both of which will be elaborated on in the following. Thereby the FCFE method provides a direct estimate of the firm's equity value (Ohara & Gonzales, 2022).

Mathematically, the equity value can also be derived indirectly from the FCFF valuation by subtracting the debt market value and adding back any excess cash or non-operating assets.

$$FCFE = FCFF - Interest \times (1 - \tau) + NetBorrowing \quad (3)$$

The FCFE method is especially useful in contexts where the capital structure plays a central role in valuation, such as leveraged buyout (LBO) analyses.

Weighted Average Cost of Capital

The WACC represents the average rate of return that all investors (equity and debt) expect to get for providing capital to the company. It reflects the opportunity cost of investing in the company, considering its operational risk and the level of certainty surrounding its future cash flows.

Conceptually, the WACC is a measure of the required return on a firm's total capital, reflecting the relative proportions of equity and debt in its capital structure. The cost of capital for each

source of financing is the same as the expected rate of return that investors demanded, commonly referred to as the cost of equity and the cost of debt (Frank & Shen, 2016).

Formally, the WACC can be expressed as:

$$WACC = \left(\frac{Equity}{Debt + Equity} \times R_{Equity} \right) + \left[\frac{Debt}{Debt + Equity} \times R_{Debt} (1 - \tau) \right] \quad (4)$$

Where:

R_{Equity} = Cost of Equity

R_{Debt} = Cost of Debt

τ = Tax Rate

The WACC serves as the discount rate in the FCFF valuation and is therefore aligning the risk profile of the firm's cash flows with the required return of its capital providers. A higher WACC indicates greater perceived risk by lenders and leads to a lower present value of future cash flows, and vice versa (Feldman, 2021; Stowe et al., 2007).

Cost of Equity

The cost of equity is the return that shareholders expect to get for putting their money into a company's equity. This reflects the compensation investors demand for taking on the risk of owning residual claims on the company's cash flows. In practice, the Capital Asset Pricing Model (CAPM) is the most widely used framework for estimating the cost of equity. The model relates the expected return on an asset to its systematic risk in relation to the market as a whole (Fama & French, 2004).

The CAPM requires three key inputs: the risk-free rate, the equity beta, and the market risk premium. The risk-free rate is typically approximated by the yield on long-term government bonds, since these have a minimal default risk and high credit quality.

The beta coefficient (β) measures the sensitivity of the firm's returns to movements in the broader market, thereby capturing the asset's systematic risk (Fama & French, 2004). The beta (β) coefficient measures the systematic, or non-diversifiable, risk of a security relative to the overall market. Essentially, beta measures how sensitive an asset's returns are to changes in the

wider market. It reflects how closely the security's performance is linked to market returns (Fama & French, 2004).

Table 1: Beta Interpretation

Beta (β)	Market Sensitivity	Interpretation
$\beta = 0$	None	Returns uncorrelated with market
$\beta < 1$	Low	Returns less volatile than market
$\beta = 1$	Average	Returns in line with market
$\beta > 1$	High	Returns more volatile than market
$\beta < 0$	Negative	Returns move inversely to market trends

Source: Feldman, 2021

Formally, beta is defined as the covariance between the returns of an individual asset and those of the market portfolio, divided by the variance of the market returns (Fama & French, 2004). Empirically, beta can be estimated from historical return data using ordinary least squares (OLS) regression. In this framework, the stock's past returns are regressed on the corresponding market returns, which can be expressed in the following equation:

$$\beta = \frac{\text{Cov}(R_i, R_m)}{\text{Var}(R_m)} \quad (5)$$

Finally, the market risk premium reflects the additional return investors require for holding risky market assets instead of risk-free securities.

The relationship between these components is expressed as:

$$\text{Cost of Equity } (r_e) = r_f + \beta \times (r_m - r_f) \quad (6)$$

where r_e denotes the cost of equity, r_f the risk-free rate, β the firm's equity beta. The equity risk premium is derived subtracting the risk free r_f from the market return r_m (Fama & French, 2004; Damodaran, 2012).

Cost of Debt

The cost of debt refers to the interest rate that a firm must pay in order to borrow capital from external lenders. This reflects the compensation required by debt holders for taking the risk of potential default, as well as the opportunity cost of investing in the company's debt instruments. In practice, it is typically estimated using the yield to maturity (YTM) on a company's outstanding corporate bonds. This is because it reflects the market-implied borrowing rate for debt with a similar maturity period and level of risk (Damodaran, 2012).

In the absence of publicly traded bond data, the cost of debt is estimated adding the risk-free rate to a credit spread. The credit spread is based on the company's credit rating and the corresponding default premium observed in the market. Where no public rating exists, a synthetic rating can be constructed by using Damodaran's rating-spread schedules, which are updated annually (Damodaran, 2026).

$$\text{Cost of Debt } (R_{Debt}) = r_f + \text{Credit Spread} \quad (7)$$

Terminal Value

The limitations of explicit cash flow forecasts pose a significant challenge to DCF valuation, given that a firm's value extends beyond any feasible projection horizon. This issue can be addressed using terminal value (TV), which is the largest component of the estimated firm value due to its sensitivity to input assumptions. TV captures the present value of all cash flows that occur after the forecast period.

The TV is estimated using two main techniques. The first is the perpetuity growth method, also known as the Gordon Growth Model, which was formalised by Gordon and Shapiro in 1956. Beyond the forecast horizon, this model assumes that FCF will continue to grow at a constant rate g (Damodaran, 2012). Based on this assumption, the TV at the end of the forecast period is expressed as:

$$TV = \frac{FCFF_{n+1}}{WACC - g} \quad (8)$$

where $FCCF_{n+1}$ denotes the expected FCF in the first year following the forecast period, r represents the appropriate discount rate (typically the WACC when valuing FCFF), and g is the perpetual growth rate. The selection of g is particularly sensitive, as small variations can materially affect the resulting valuation (Damodaran, 2006). In practice, the perpetual growth rate is assumed to reflect sustainable long-term economic growth, often proxied by expected GDP growth or long-term inflation.

In contrast, the exit multiple approach uses a valuation multiple (e.g., EV/EBITDA or EV/EBIT) to estimate the TV. These multiples are derived from comparable firms (Damodaran, 2012). This approach is frequently used as a robustness check against the perpetuity growth assumption and is more in line with market-based valuation techniques.

2.1.2 Adjusted Present Value (APV)

The APV method values a firm by separating the impact of financing choices from the company's operational performance. It begins by valuing the company as if it were fully equity-financed. Then it adds or subtracts the net present value (NPV) of the effects of financing. This method provides a clearer understanding of how leverage affects the value of the company (Myers, 1974). Formally, the APV can be expressed as:

$$V_L = V_U + PV(ITS) + PV(Distress Cost) \quad (9)$$

Where:

$V_L = \text{Firm Value Levered}$

$V_U = \text{Firm Value Unlevered}$

$PV = \text{Present Value}$

$ITS = \text{Interest Tax Shield}$

The value of the unlevered firm is determined by discounting FCF at the unlevered cost of equity, reflecting the cost of capital in the absence of financial leverage. The main advantage of debt financing is the interest tax shield (ITS), which allows the company to deduct interest payments for tax purposes, thereby lowering the firm's effective tax burden. This benefit must be weighed against the costs of financial distress, which rise with leverage and include both direct costs, such as legal, accounting, and administrative expenses related to bankruptcy proceedings, and indirect costs, like lost revenues from customers and supplier who are concerned over the company's financial viability (Altman, 1984; Damodaran, 2012).

2.2 Enterprise Value & Equity Bridge

2.2.1 Enterprise Value

The last step in a DCF valuation brings everything together. The company's enterprise value (EV) is derived by summing the present values of all expected cash flows over the explicit forecast period and the discounted TV. The TV represents the value of all cash flows beyond the forecast horizon. As the TV is initially expressed as a future value, and must therefore be discounted back to the valuation date using the WACC.

The company's EV comprises the sum of these two segments. Since the TV usually constitutes the majority of the total valuation, particular attention must be given to the assumptions that inform it. Even small changes in growth or discount rates can substantially impact the result. Therefore, maintaining methodological consistency throughout this step is essential to producing a credible and defensible valuation (Koller et al., 2010).

2.2.2 Equity Value

While certain valuation approaches, such as the Dividend Discount Model (DDM) and the FCFE-based DCF, directly estimate equity value, other frameworks, including the FCFF-based DCF and APV method, initially derive the EV. After determining the EV, it must be converted into equity value, which shows the remaining claim on the equity of common shareholders

In order to derive at the equity value from the EV, adjustments must be made for net debt and other non-equity claims. Net debt is defined as total interest-bearing debt minus cash and cash equivalents (Koller et al., 2010).

$$\text{Net Debt} = \text{Total Debt} - \text{Cash \& Cash Equivalents} \quad (10)$$

This adjustment reflects the fact that excess liquidity reduces the company's effective debt burden, which increases the value available to equity holders.

Depending on the scope of the valuation and the firm's capital structure, other adjustments may be needed to include non-equity interests like minority interests, preferred shares, or pension liabilities in addition to net debt. These items represent claims on the company's assets that

are senior to common equity and must therefore be subtracted to isolate the value attributable to common shareholders.

$$\text{Equity Value} = \text{EV} - \text{Net Debt} - \text{Other Non Equity Claims} \quad (11)$$

Converting an EV into equity value guarantees that the valuation result represents the remaining interest of shareholders after satisfying all other capital providers. Accurate per-share valuation, comparison with market capitalisation, and evaluation of investment attractiveness from the standpoint of an equity investor all depend on this distinction (Koller et al., 2010).

2.3 Relative Valuation

Relative valuation methods determine a company's value by comparing it with comparable businesses or transactions within the same industry. Compared to intrinsic valuation techniques like the DCF or APV, this method is typically quicker to execute and requires fewer assumptions. It is also simpler and more intuitive, which makes it easier to communicate and justify to clients or stakeholders.

When applying valuation multiples, it is crucial that the stakeholders represented in the numerator and denominator are consistent. Unlevered metrics like EBIT, EBITDA, FCFF, or revenue should be used if EV is the numerator because they show performance prior to the impact of debt. On the other hand, levered metrics such as net income, FCFE, or earnings per share (EPS) must be used if the numerator is equity value because they reflect value available to equity holders and consider the impact of financing decisions (Damodaran, 2002; Koller et al., 2010). *Appendix II* will illustrate the respective limitations.

2.3.1 Comparable Company Analysis

The Comparable Company Analysis (CCA) estimates a company's value by comparing it to publicly traded peers with similar characteristics. The accuracy of this method depends heavily on the careful selection of comparable firms. Similarities in terms of industry, service offerings, customers, distribution channel, cyclicity, risk profile, growth potential, and cash flow characteristics, should be reflected (Damodaran, 2002). Analysts can determine the target company's implied market value by applying valuation multiples, derived from these

comparable companies, such as EV/EBITDA, EV/Sales, or P/E, to its financial metrics (Koller et al., 2010; Liu et al., 2002).

Table 2: Beta Characteristics

Operating Profile	Financial Profile
Industry / Sector	Size (Enterprise Value, Equity Value)
Product and Service Offerings	Margin Profile (Gross-, Operating-, EBITDA-Margin)
End Markets and Customer Types	Historical and Forecasted Growth Rates (Revenues, EBITDA)
Distribution Channels	Credit Profile (Leverage Ratios)
Cyclicality or Seasonality	Return Metrics (ROIC, ROA, ROE)

Source: Feldman, 2021

2.3.2 Comparable Transactions Analysis

Another relative valuation technique is the Comparable Transactions Analysis (CTA), which uses past mergers and acquisitions (M&A) involving similar target companies to determine valuation multiples. This method includes control premiums, which represent the additional value that acquirers willing to pay in order to acquire controlling stakes, achieve strategic goals, or realise synergies (Shaffer, 2023).

An essential element of the CTA is the gathering and validation of transaction data. Analysts often start their work by examining deal announcement press releases, proxy statements, and the actual merger agreements. They're looking to understand the deal's framework, the form of payment involved, be it cash, stock, or a combination, and the precise terms of the transaction. Beyond that, the target company's regulatory filings are also critical. Annual reports, known as 10-Ks, and quarterly reports, or 10-Qs, provide the historical financial data needed to compute the relevant valuation multiples.

Research reports and specialised financial databases, such as Bloomberg, Capital IQ, and MergerMarket, are often used by analysts to supplement primary sources.

2.4 Other Valuation Methods

Valuation approaches such as asset-based valuation, contingent claim valuation, and sum-of-the-parts analysis are not covered in detail here. While each has its place in certain contexts, none of them align well with Crocs' business model, and their use tends to be reserved for more specialized transaction scenarios. Because of this, they are not given a thorough treatment, only a passing reference.

2.4.1 Asset-Based

Asset-based valuation determines a company's value by assessing the value of each of its assets. This method derives a company value, which is mostly independent of ongoing operating performance. This approach includes several variants: liquidation value, which estimates the proceeds from selling assets, replacement cost, which calculates the cost of rebuilding or replacing all assets, and adjusted accounting book value, which adjusts recorded asset figures to better reflect economic reality.

Asset-based methods are not a main alternative to the DCF analysis in typical valuation situations. However, they are very useful when a company consistently reports negative net income or EBIT, making cash flow projections unreliable (Damodaran, 2012).

2.4.2 Sum of the Parts

The Sum-of-the-Parts (SOTP) approach estimates the company's EV by valuing each part of the business separately using the best suitable method and then adding them all up. This method is particularly useful for "multi-business enterprises", which Brotherson et al. (2014) describe as company's which have operating units spanning across distinct industries and exhibit materially different risk profiles, growth dynamics, and capital requirements. These characteristics justify applying segment-specific discount rates rather than applying a single blended rate applied to consolidated cash flows.

2.4.3 Contingent Claim Models

The Contingent claim valuation models are rooted in the option pricing framework of Black and Scholes (1973) and Merton (1974). These models acknowledge that an asset's value may surpass the present value of its expected cash flows when payoffs depend on uncertain future events. This makes these models especially suited for assets with embedded optionality, such

as patents, undeveloped natural resource reserves, and strategic growth opportunities. Traditional DCF models instead may systematically understate the value (Damodaran, 2012).

2.5 Selection of Valuation Methods

Empirical studies indicate that professionals rarely rely on a single valuation method; rather, DCF analysis and relative valuation are frequently used concurrently to improve the reliability and validity of valuation assessments (Demirakos et al., 2004).

In accordance with this approach, the valuation of Crocs, Inc. is undertaken utilizing three synergistic methodologies: a DCF model based on FCFF, a relative valuation including both comparable company analysis (CCA) and precedent transaction analysis (CTA), and a Monte Carlo simulation designed to stress-test the DCF model.

3 Company Analysis

This chapter introduces Crocs Inc., by analysing its business model, main sources of income, and strategic direction. This lays the groundwork for the subsequent sections, which will focus on the company's market and historical performance, ultimately leading to a valuation of the company.

3.1 Overview & Business Segments

Crocs Inc., founded in 2002, is a global footwear company based in Broomfield, Colorado. Crocs designs, develops, markets, and distributes casual lifestyle shoes and accessories. The company operates through two primary brands: the Crocs brand and HEYDUDE, which was acquired in 2022 (Crocs Inc., 2026).

Crocs Inc. acquired 100% of HEYDUDE on February 17, 2022, for a total purchase price of approximately USD 2.3bn, comprising USD 2.05bn in cash and roughly 2.85mn shares of Crocs common stock. The cash payment was primarily financed through a USD 2.0bn Term Loan B facility and USD 50mn in revolving credit loans. The acquisition added a second brand to the Crocs portfolio, helping the company to further diversify beyond its core clog business (Crocs Inc., 2023).

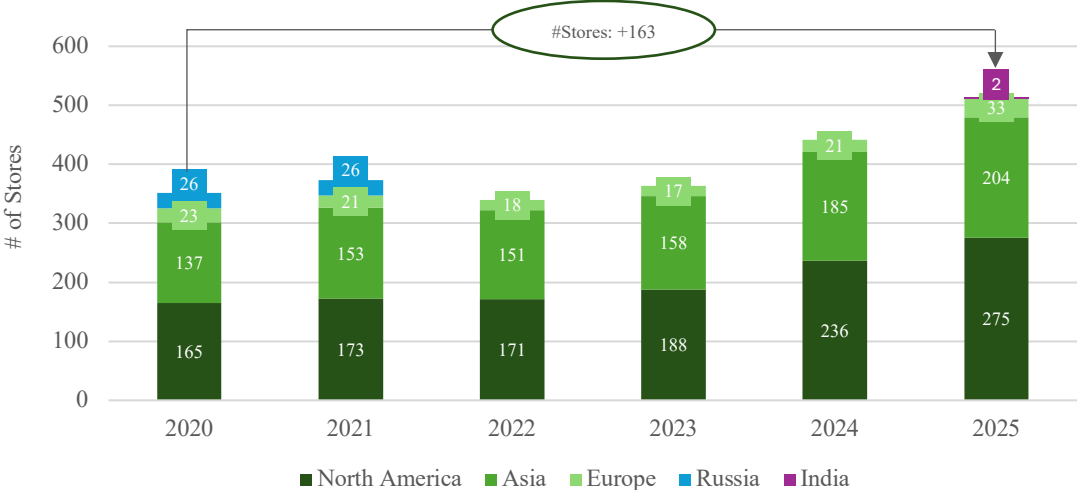
Following the acquisition, Crocs set up a hybrid organisational structure that combined centralised corporate functions with brand-specific management. The group is in charge of strategic oversight, capital allocation, and financial governance, but HEYDUDE operates as a distinct division with its own brand positioning and marketing direction. This structure allows the company to take advantage of operational synergies while keeping differentiated brand identities.

The Crocs brand is known on its famous molded clog shape, but it also added products, such as sandals, slides, wedges, and other casual footwear styles for a wider customer base. A defining feature of the brand is its use of Croslite™, a special molded material that is light and comfortable and durable. Personalisation through Jibbitz™ charms is still an important part of the brand's value proposition (Crocs Inc., 2026).

The HEYDUDE brand focuses on casual, comfortable shoes based flexible loafer shapes. The brand focuses on making shoes that are light, flexible, and easy to wear. They do this by using features like ergonomic insoles and outsoles that can be flexed and folded. Its positioning fits well with the Crocs brand because it focuses on everyday casual use and has a unique look and function.

Crocs sells its products in more than 80 countries through a mix of wholesale and direct-to-consumer (DTC) channels. These include company-operated retail stores, brand-owned e-commerce sites, distributors, and a few online marketplaces. Most of HEYDUDE's sales come from the U.S., and in recent years, the company has opened more physical stores as part of a plan to improve its DTC capabilities (Crocs Inc., 2026).

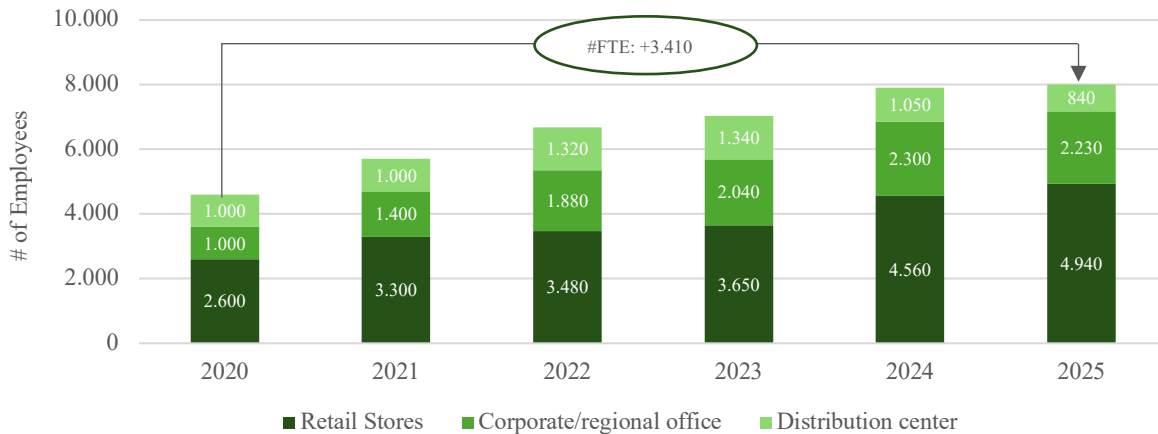
Figure 1: Global Store Presence



Source: Crocs Inc., Annual Reports

The Company had 514 company-owned retail stores by the end of 2025. This highlights its strong international presence and expansion plans in key global markets, particularly in Europe and Asia. Crocs employed more than 8,000 people worldwide. However, the total headcount increased by only 1% from 2024. This is mainly driven by higher employee numbers at retail stores. The majority of headcount reductions were made in corporate regional offices and distribution centers, reflecting ongoing efforts to improve operational efficiency (Crocs, Inc., 2026).

Figure 2: Development of # of Employees by Segment



Source: Crocs Inc., Annual Reports

3.2 The Ownership Structure

Crocs, Inc. has a centralised corporate structure with a Board of Directors and an executive leadership team headed by CEO Andrew Rees and CFO Susan Healy (Crocs Inc., 2026).

On February 8, 2006, Crocs Inc. had its first public offering (IPO) on the NASDAQ Global Select Market. The price per share was USD 21.00, and there were 9.90mn shares available. Crocs has 50.23mn shares outstanding right now, and 48.40mn of those can be traded freely. The company's free-float ratio is very high at 96.36% (Refinitiv, 2026a).

The top ten institutional investors own about 45% of the shares of Crocs Inc. In total, Crocs is held by 617 institutional investors and 19 strategic entities. This ownership structure underscores the company's strong alignment with large professional investors and relatively small participation by retail shareholders.

An analysis of ownership by style, geography, and investment behaviour shows that U.S.-based asset managers make up most of Crocs' shareholders. This is because the company is primarily listed on the NASDAQ and is well-known among U.S. institutional investors. The most recent filing data from the end of December 2025 show that leading shareholders are net buying, with Citadel Advisors LLS being one of the biggest buyers of the stock (+50.6mn). This shows that institutions are once again confident in Crocs' medium-term outlook (Refinitiv, 2026a).

Figure 3: Ownership by Geography

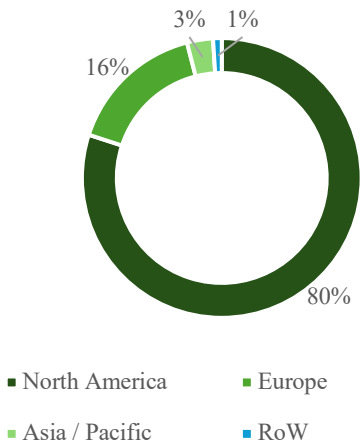
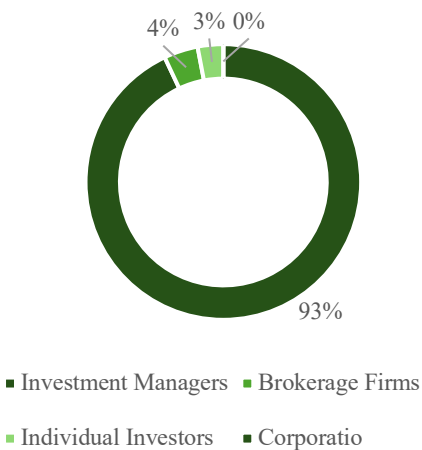


Figure 4: Ownership by Investor Type

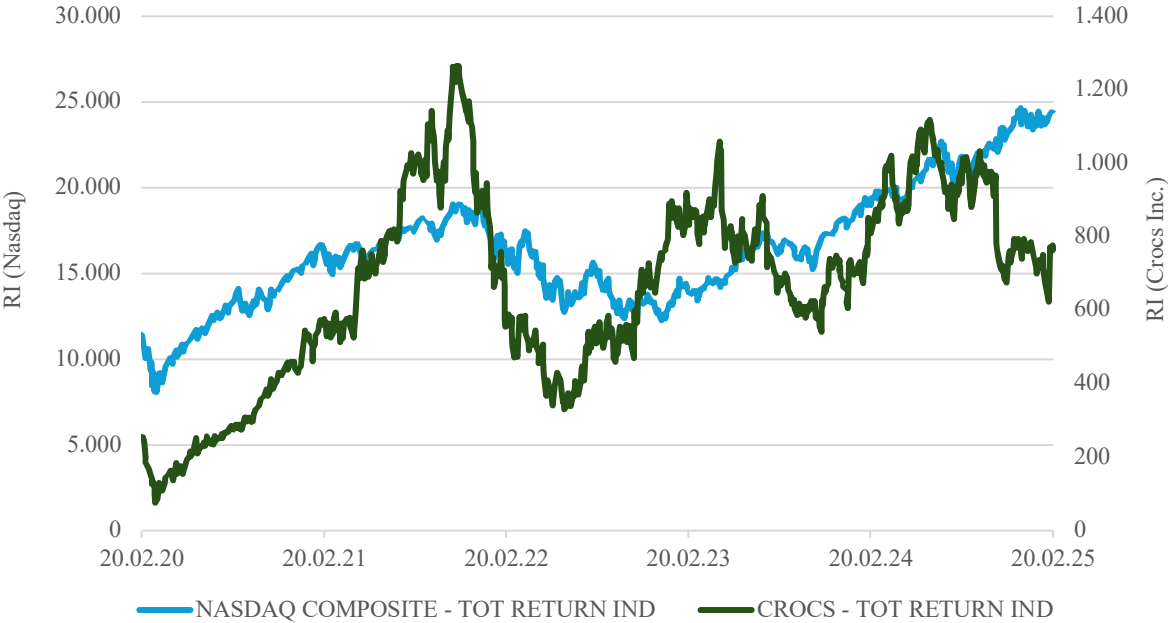


Source: Refinitiv, 2026a

3.3 Equity Market Performance

In the last five years, Crocs’ share price has been volatile. It reached a high of USD 180.57 on November 12, 2021, and a low of 47.21 in mid-June 2022. The NASDAQ Composite Total Return Index, which includes Crocs, Inc. and more than 3,000 other common stocks, is the benchmark for Crocs' return index. It is weighted by market capitalisation. The index assumes that all cash distributions made by its constituent companies will be reinvested (Refinitiv, 2026b).

Figure 5: Total Return Index Crocs & NASDAQ Composite



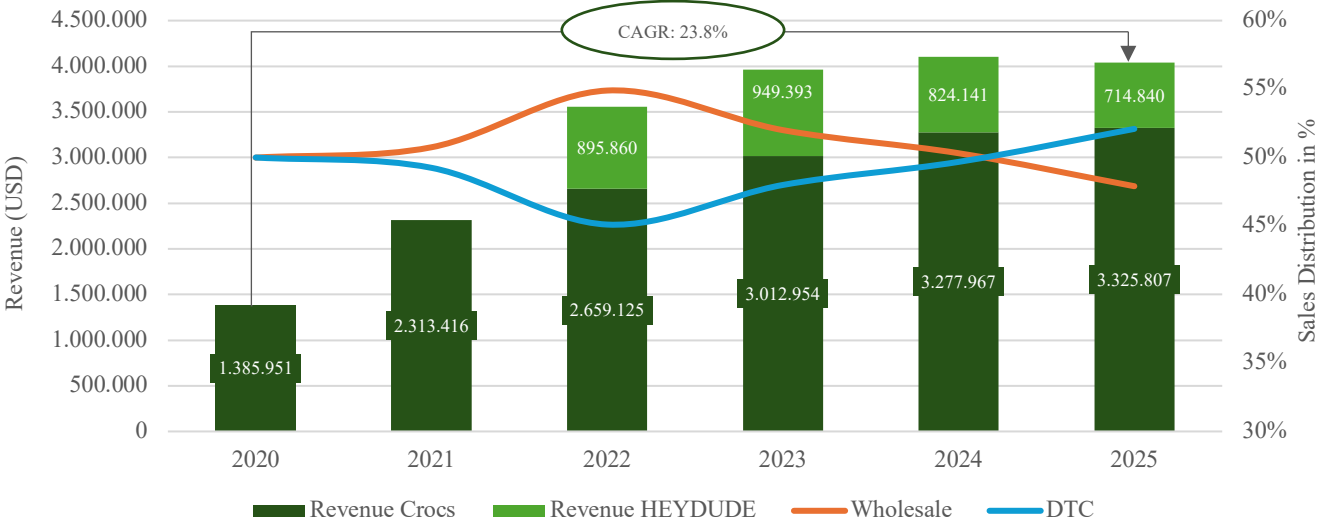
Source: Refinitiv, 2026b

3.4 Historical Financial & Operational Performance

In the past few years, revenue has generally gone up, but the rate of growth has slowed down over time, reaching its peak in 2024. However, in fiscal year (FY) 2025, this trend changed, and total revenue declined by 1.50% year-over-year (Crocs Inc., 2026).

The total revenue for the FY25 amounted to USD 4.04 bn. The Crocs brand made up 82.3% of sales (USD 3.33bn), while the HEYDUDE brand made up 17.7% (USD 714mn). From a distribution point of view, revenue was almost evenly split between wholesale channels (47.1%) and direct-to-consumer operations (52.9%). The latter included both e-commerce and company-run retail stores (Crocs Inc., 2026).

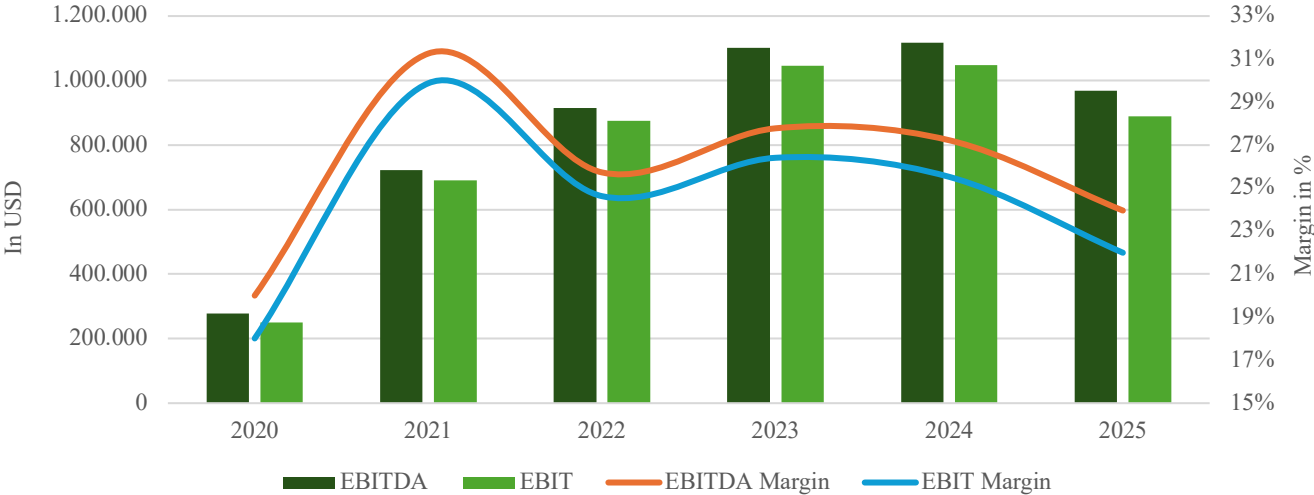
Figure 6: Revenue Split and Distribution Split



Source: Crocs Inc., Annual Reports

Since 2020, Crocs Inc. has experienced an overall revenue increase, accompanied by a significant rise in operating profitability. During this time, EBITDA and EBIT margins increased steadily, reaching their highest levels in FY21 at about 31% and 30%, respectively. In 2022, this upward trend came to an end when margins fell to 26% (EBITDA) and 25% (EBIT), reflecting normalization effects and operational challenges due to the pandemic. In 2023 and 2024, profitability improved slightly, but it fell again in 2025, with EBITDA and EBIT margins dropping to 23% and 21%, respectively. This indicates renewed pressure on cost structures and earnings quality (Crocs Inc., 2026).

Figure 7: EBITDA & EBIT Development



Source: Crocs Inc., Annual Reports

Despite its strong growth profile over recent years, Crocs remains exposed to several structural risks. The company outsources the majority of its production to third-party manufacturers in Asia. This makes it vulnerable to trade restrictions, geopolitical tensions, regulatory changes, and supply chain disruptions. Furthermore, the risks of foreign exchange volatility and counterfeiting pose additional risks, as they can lower margins and damage brand equity. Operating within a relatively mature and competitive U.S. footwear market, Crocs must continually develop new product, branding, and distribution strategies to remain competitive and create long-term value (Crocs Inc., 2026). These aspects will be addressed in section 3.7.

3.6 Sourcing & Logistics

Most of the Crocs Brand's products are made by third-party companies, with Vietnam being the key production hub. In the years ending December 31, 2025, 2024, and 2023, about 45%, 51%, and 56% of all Crocs Brand production took place in Vietnam. Other third-party suppliers in China, Indonesia, India, Mexico, and other countries provide additional manufacturing capacity for Crocs (Crocs Inc., 2026).

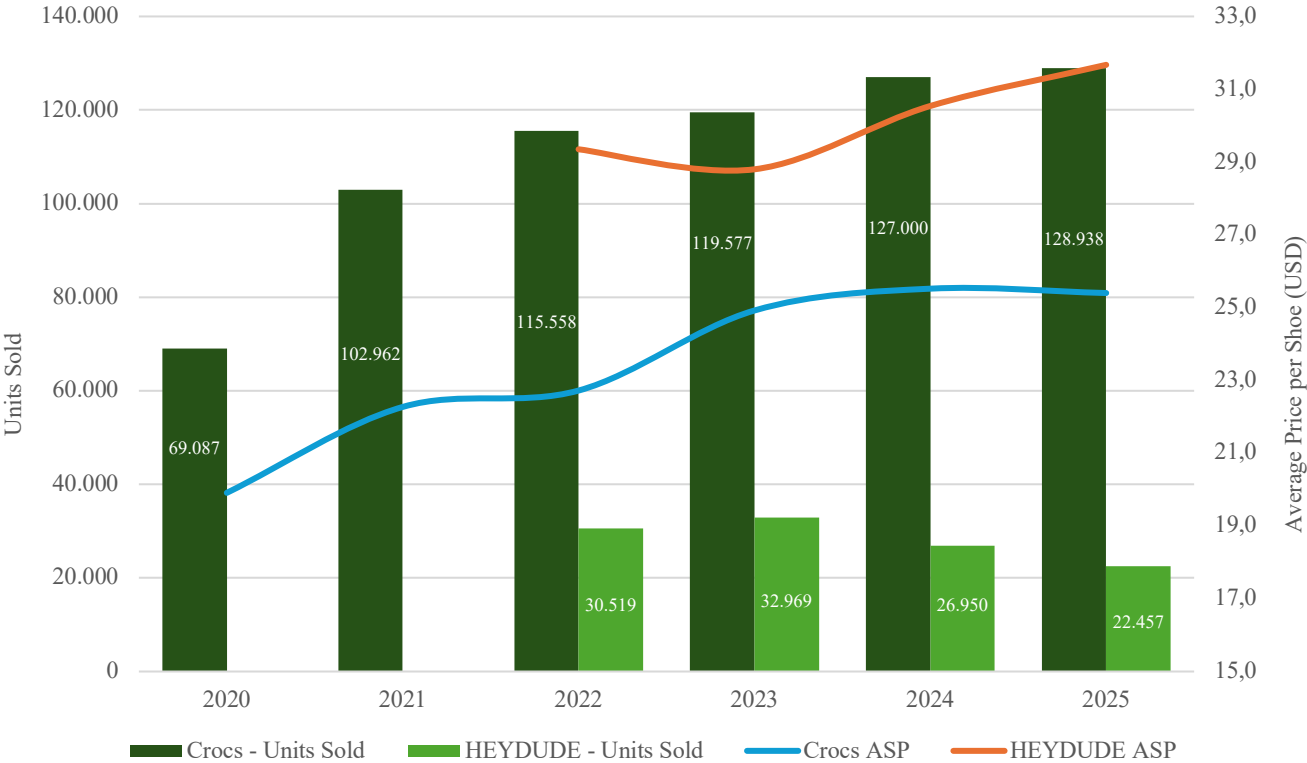
The biggest third-party manufacturer, whose operations are predominantly based in Vietnam, accounted for approximately 45%, 50%, and 47% of total Crocs Brand production in 2025, 2024, and 2023, respectively. The second-largest manufacturer, primarily operating in Vietnam and China, contributed approximately 28%, 25%, and 26% of production during the same time.

Production of the HEYDUDE Brand has also moved significantly toward Vietnam. In 2025, 44% of HEYDUDE production came from Vietnam. This was up from 20% in 2024 and 5% in 2023. Prior to 2025, most of the production of HEYDUDE took place in China. Additional third-party manufacturers are located in China, Cambodia, Indonesia, and India (Crocs Inc., 2026).

The Company continuously seeks to improve and grow its distribution and logistics network so that the supply chain runs more smoothly, products get to market faster, and costs go down. As of December 2025, finished goods inventory was kept in company-operated warehouses and distribution facilities located in the United States and the Netherlands.

To mitigate the potential impacts of tariffs and their downstream effects on consumers, Crocs has implemented proactive measures, including diversifying its sourcing mix, refining of its overall cost structure, improving its overall cost structure, and raising prices in select product categories (Crocs Inc., 2026).

Figure 8: Shoes Sold and Price Development



Source: Crocs Inc., Annual Reports

3.7 Opportunities and Risks

Crocs' strong brand equity, global footprint, and robust direct-to-consumer platform support steady, relatively predictable revenue. At the same time, key risks include execution challenges in scaling the HEYDUDE integration, potential supply chain disruptions (especially with sourcing and logistics), more scrutiny of Environmental, Social, and Governance (ESG) issues related to labor practices and materials, and changes in consumer sentiment and discretionary spending.

Moreover, a growing reliance on big U.S. and international retail partners could put more pressure on prices, and ongoing trade policy uncertainty and changes in tariffs could raise input costs. These factors create both chances for growth and structural weaknesses, driven by changes in the economy, regulations, and competition. The following SWOT analysis shows Crocs' main internal strengths and weaknesses, as well as external opportunities and threats. A more in-depth PESTEL analysis of the larger macro environment is included in *Error! Reference source not found.*

Figure 9: SWOT Analysis



Source: Own Analysis

4. Market Analysis

This section analysis Crocs' market environment, paying special attention to the overall market and the competition. It seeks to clarify Crocs' position in the industry and to identify key factors that could affect its future growth, market share, and value.

4.1 Description of the Market

The global footwear market is expected to amount to USD 550bn in revenue by 2026, growing at a CAGR of 5.41% through 2030, with the U.S. leading at USD 109bn. Non-luxury items will make up 94% of sales. Boots will make up the most sales, with a total of USD 201bn. The average person will spend USD 69.58 on two pairs, and the total number of pairs sold is expected to reach 19.4 billion by 2030, with 4.0% growth in 2027 as demand for eco-friendly innovations rises (Statista, 2026).

The industry is led by Nike, Adidas, Foot Locker, and Skechers, and is very dynamic due to fluctuating consumer tastes, fast fashion cycles and new technologies. Strong rivalry exists within the industry, where buyers have a lot of power due to low switching costs and price competition. U.S. firms like Crocs face cost pressures from Asian manufacturing and escalating tariffs (Crocs Inc., 2026).

4.2 Crocs Position in the Market & Market Share

Crocs competes against a wide range of global footwear players, such as Nike, Adidas, Skechers, Birkenstock, and Vans, in the casual as well as comfort markets.

Crocs has established a distinct position within the market through its proprietary Croslite™ material, which delivers lightweight, durability, and versatility for diverse activities and audiences, from casual users to healthcare professionals. In this rapidly shifting market, Crocs focuses on strategic marketing, such as partnerships and limited releases, which help keeping customers interested and loyal to the brand (Crocs Inc., 2026).

Nike Inc. dominates the market with a substantial 41.61% share, followed at a significant distance by Lululemon Athletica Inc. (9.91%) and Skechers USA Inc. (8.42%). With a market share of 3.61%, Crocs, Inc. is in the middle of the pack of competitors. Although significantly smaller than the market leader, Crocs maintains a solid competitive position relative to

similarly sized peers such as Under Armour Inc. (4.45%) and Columbia Sportswear Company (3.06%).

Table 3: Market Share, selected U.S.-Listed Footwear Companies

Company Name	Market Share
Nike Inc.	41.61%
Lululemon Athletica Inc.	9.91%
Sketchers Usa Inc.	8.42%
Amer Sports Inc.	5.87%
Deckers Outdoor Corp.	4.81%
Under Armour Inc.	4.45%
Crocs Inc.	3.61%
Columbia Sportswear Company	3.06%
On Holding Ag	2.70%
Designer Brands Inc.	2.59%
Caleres Inc.	2.42%
G-III Apparel Group	2.25%
Other	8.30%

Source: CSIMarket, 2026

4.3 Peer Comparison

The peer group used to compare Crocs was chosen based on a balanced mix of geography, size, profitability, business overlap, and capital structure. The resulting set includes global footwear and sportswear companies that operate at equivalent sizes, share similar ways of manufacturing and logistics structures. This selection provides a meaningful basis for comparing critical financial metrics, including market capitalization, revenue, revenue growth, EBITDA & EBIT margin, and leverage.

Most companies within the sports apparel segment are much bigger and more focused on clothes. Yet they still remain highly influential on the global footwear market, its sector forces, pricing power, and valuation trends. Their inclusion helps mapping Crocs’ performance within the wider competitive landscape, even though their operating models differ in scale and/or product mix.

Table 4: Peer Group

Peers									
in \$m	Country	Mcap	Revenue	Growth(FY23-24)	Growth(FY24-25)	Gross Margin	EBITDA Margin	EBIT Margin	Net Debt/EBITDA
Peers									
Crocs	US	4.660,0	4.040,6	3,53%	-1,50%	58,8%	24,0%	22%	1,67
Shoe manufacturers									
Deckers	US	14.530,0	4.646,2	13,39%	17,50%	57,9%	25,1%	24%	-1,23
Birkenstock	DE	7.520,0	2.097,4	20,97%	16,22%	58,8%	31,8%	22%	1,08
Wolverine Worldwide	US	1.490,0	1.874,3	15,17%	6,79%	44,5%	6,3%	8%	4,27
Columbia Sportswear	US	2.970,0	3.397,4	-3,44%	0,9%	50,2%	8,9%	7%	-1,04
VF Corp	US	7.440,0	8.857,7	-14,23%	-3,13%	53,5%	7,7%	5%	6,59
Sports Apparel									
Adidas	DE	29.570,0	25.620,6	10,53%	n.a.	50,8%	10,5%	6%	0,27
ASICS	JP	17.583,0	4.145,0	10,16%	n.a.	55,8%	17,9%	16%	-0,32
Under Armour	US	2.106,9	5.164,3	-7,35%	-9,43%	47,9%	6,1%	4%	5,17
Lululemon	CA	22.530,0	10.588,1	14,76%	10,66%	59,2%	25,9%	24%	-0,15
Puma	DE	3.120,0	8.817,2	2,51%	-9,23%	47,4%	11,3%	-5%	0,66

Source: Refinitiv, 2026c

4.4 Macroeconomic Environment

The global macroeconomic condition of 2026 is characterized by a fragile resilience. The IMF's forecast of 3.3% GDP growth for 2026 and 3.2% for 2027 obscure escalating structural pressures stemming from increased tariffs, constrained fiscal capacity, and the dissipation of prior trade-induced expansion. Although global economic expansion has exhibited unexpected robustness, the prevailing conditions are evolving as the impacts of delayed tariffs begin to materialize. Following a period of anticipatory measures that stimulated global trade and goods production, numerous nations are now confronting intensifying pressures arising from elevated tariffs and restricted fiscal maneuverability.

Since President Donald Trump's reelection and subsequent inauguration in January 2025, the U.S. has enacted extensive tariff hikes targeting key trading partners, thereby raising the effective average U.S. tariff rate. This rate is projected to escalate from below 3% in 2024 to roughly 11% by the end of 2025, constituting the most significant increase of its kind in over a century (The Budget Lab at Yale, 2025). These measures continue as a core policy focus, though legal challenges may temper their pace or scope.

At the beginning of 2025, both consumers and businesses accelerated their purchasing and production activities to anticipate the tariffs, which temporarily stimulated global industrial production and trade. However, following their implementation, this front-loaded demand has resulted in a deceleration in growth. Elevated tariffs have not substantially curtailed Chinese production; instead, they initially spurred growth in Asian economies that began to facilitate a greater volume of trade with the U.S. (WTO, 2025). In response, the U.S. has introduced additional tariffs on goods routed through these connector countries

At the corporate level, a lot of American companies are dealing with tariff pressures by trying to control costs and keep their market share, instead of just raising prices. This change has made layoffs more likely, especially for small and mid-sized businesses that can't easily cope with the greater expenses.

Crocs has felt the effect of these changes firsthand. The company figured that a 10% tariff increase on all countries exporting to the U.S. would result in an increase of about USD 45mn in yearly cash costs. Adding a 145% tariff on imports from China would raise the total cost to roughly USD 130mn. In response, Crocs has emphasized cost savings and supply chain improvements as key strategies to lessen the impact (Crocs Inc., 2025b). (Crocs Inc., 2025b).

Crocs identified three main ways to reduce the financial impact of tariffs: changing its sourcing strategy in the U.S., further cutting costs, and considering possible price increases (Crocs Inc., 2025b). The company showed a strategic preference for preserving profit margins over increasing sales volume. Rees noted that a higher price with slightly lower sales is a better competitive position than lower margins without the ability to invest in marketing (Crocs Inc., 2025b). Crocs, along with seventy-five other footwear manufacturers, petitioned President Trump for a reprieve from the newly implemented tariff policies, thereby underscoring the industry's shared apprehensions (AFI, 2025).

The persistent ambiguity regarding tariff rates has substantially impeded business strategy and forecasting, leading the company to rescind its annual projections. As Rees stated directly, "the daily uncertainty as to the level of these tariffs makes it incredibly hard to plan and predict both short- and long-run impacts to our business" (Rees, as cited in Crocs Inc., 2025b).

In addition to tariffs, the footwear industry faces other structural challenges. These include growing tension between plastic-based product portfolios and expanding consumer requirement for sustainable, green materials, as well as tightening regulatory criteria. (PIMCO, 2025).

5. Financial Analysis & Forecast

The valuation of Crocs requires a detailed analysis and forecast of the financial statement items that contribute to FCF. This analysis is based on historical data from 2020 to 2025. The financial figures are forecasted over a five-year period, from 2026 to 2030, after which the company is expected to enter a phase of stable growth.

The five-year horizon is supported by the need to capture several transitory dynamics that preclude an earlier assumption of steady-state performance, including the ongoing integration of HEYDUDE, tariff-related supply chain adjustments, and the gradual normalisation of margins and growth rates toward industry averages. The 2026 projections are based on past trends and current economic and political situations. The forecast begins with income statement items, then moves on to balance sheet components. All the data used in this analysis comes from information available as of February 20, 2026.

5.1 Income Statement

5.1.1 Revenue

Crocs' revenue trend in recent years has shown a pronounced deceleration following a period of exceptional expansion. Between 2020 and 2021, revenues increased by 66.9%, followed by another outstanding rise of 53.7% from 2021 to 2022. Following a phase of quick expansion, the pace of growth began to decelerate, as evidenced by a revenue increase of only 3.5% from 2023 to 2024. Subsequently, in 2025, the company experienced its initial period of contraction, with revenues contracting by 1.5%. This drop was largely a consequence of diminished unit sales at HEYDUDE and a decrease in average selling prices (ASPs) for Crocs products. However, these negative impacts were somewhat mitigated by an increase in average selling prices at HEYDUDE and positive foreign exchange influences (Crocs Inc., 2026).

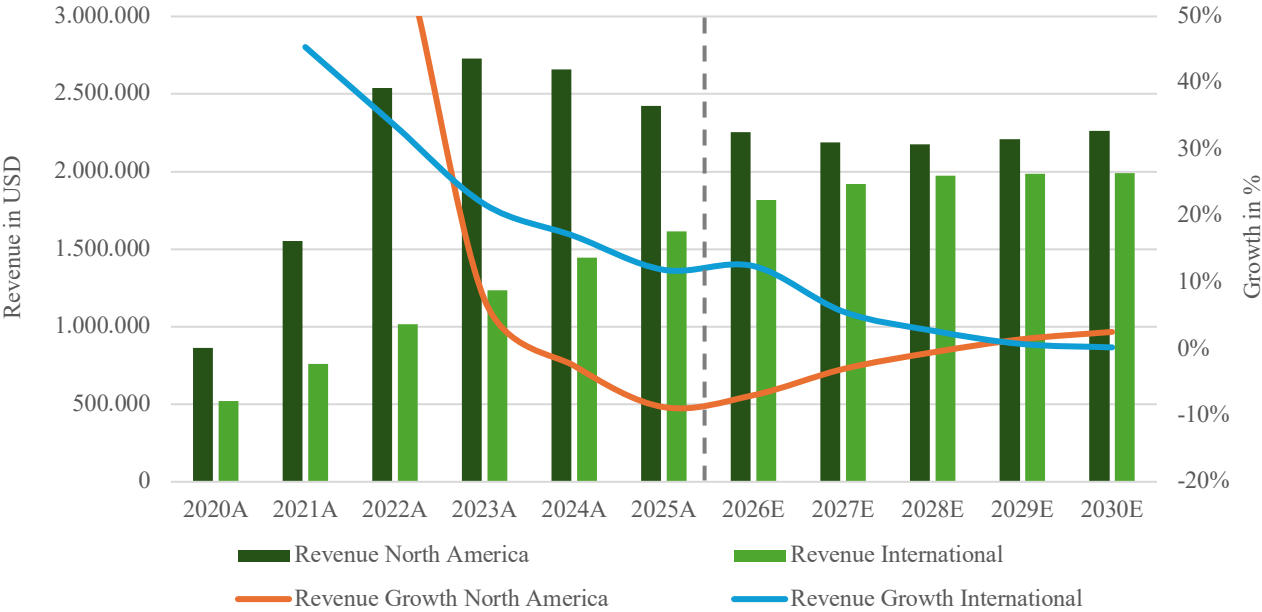
From 2026 onward, growth is expected to pick up again starting in 2026, though at a slower pace. Projections see it climbing from 0.79% that year to 1.45% by 2030. The international market is anticipated to lead this rebound over the next two years, with North America also slowly improving its performance. By 2029, Crocs is projected to see revenue growth of about 2%, while HEYDUDE is forecasted to return to a modest 1% growth in 2030.

Shifts in brand composition have also influenced overall income trends. HEYDUDE's share of total revenue has been gradually shrinking, dropping from 25% in 2022 to 20% in 2024, and then further to 18% by the end of 2025. This change is attributable to both the HEYDUDE brand's diminished performance and the comparatively strong expansion of the Crocs brand.

Regarding the Crocs brand, the allocation of revenue across Wholesale and DTC channels has presented remarkable stability, with each channel accounting for approximately half of the brand's total revenue, as depicted in Figure 5. Simultaneously, Crocs' geographic presence has undergone continuous transformation. In 2022, North America generated 71% of Crocs' brand revenue; however, by the conclusion of 2025, the distribution had shifted to a 60/40 ratio between North America and international markets. This trend showcases the company's increasing global diversification and the growing significance of its international operations.

Further adding onto the rising importance of Crocs is that HEYDUDES contribution to the North American segment steadily declines from ca. 35% in 2022 to roughly 20% in 2030E.

Figure 10: Geographic Revenue Split



Source: Crocs Inc., Annual Reports – Own Analysis

To safeguard brand integrity and economic results, promotional activities for the Crocs brand in North America, especially within the digital direct-to-consumer channel, were scaled back. Conversely, for the HEYDUDE brand, wholesale inventories were right sized through accelerated returns, thereby improving brand presentation and laying the basis for later

expansion. Strategically, the company is concentrating on growth in North America for both brands while simultaneously progressing its long-range goals.

The anticipated growth for the Crocs brand is projected to be fueled by product innovation, diversification within key product categories, expansion of the sandals business, and more stringent marketplace segmentation and pricing strategies. Regarding the HEYDUDE brand, the stress remains on improving marketing strategies to target core consumers, streamlining the product range, and refreshing marketplace positioning (Crocs Inc., 2026).

5.1.2 Cost of Goods Sold

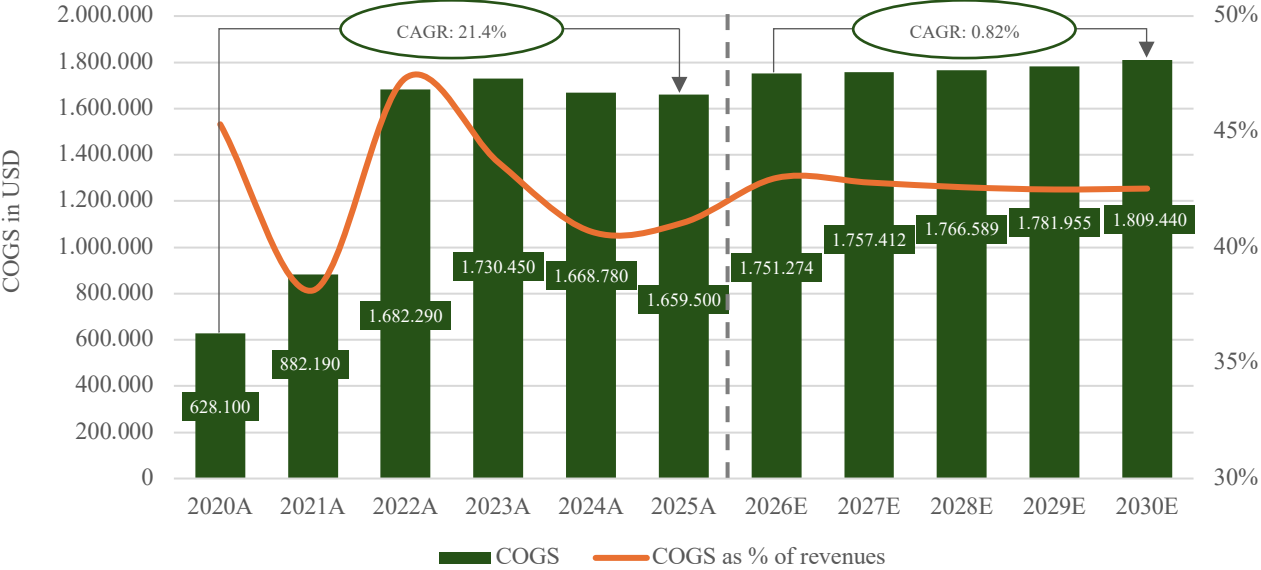
Cost of goods sold (COGS) as a percentage of revenue has experienced cyclical shifts in recent years, yet it has largely settled around the 41% mark. In 2020, COGS represented 46% of revenue. The following year saw a pronounced dip to 39%, a shift attributed to advantageous sourcing and sound process efficiency. However, this progress was short-lived. The ratio climbed back up to 48% in 2022, largely due to soaring input costs, increased freight charges, and the wider inflationary environment that accompanied the pandemic.

Subsequently, cost efficiency improved, with COGS declining to 40.7% in 2024. Nevertheless, COGS as % of revenue increased again to 41.1% in 2025 (Crocs Inc., 2026).

Looking forward, recent periods have experienced a resurgence in the upward pressure on material and production costs. This is due to rising labor and logistics expenses, along with new import duties. These duties are especially impactful given the incremental U.S. tariffs on footwear coming from major manufacturing areas.

Under these conditions, the cost of goods sold (COGS) is projected to see a temporary surge, reaching around 43.0% of revenue in 2026. Following that, a gradual decline is forecasted over the next five years, settling at 42.5%. This reduction will be fueled by pricing adjustments, a broader sourcing strategy, and gains in business efficiency. However, a structurally modest increase in COGS, compared to the situation before the tariffs, is likely to remain.

Figure 11: COGS Development



Source: Crocs Inc., Annual Reports – Own Analysis

Impact of tariffs

Tariffs levied against principal sourcing nations, including Vietnam and China, exert a direct influence on Crocs Inc.'s cost structure. In accordance with U.S. GAAP, import duties and tariffs are capitalized within inventory and subsequently recognized within the cost of goods sold (COGS) upon the sale of the products (PwC, 2026). Crocs' 2025 annual report explicitly states that its cost of sales encompasses freight, duties, raw materials, labor, and other production-related expenditures.

Consequently, elevated tariffs on footwear imported from Vietnam or China result in an increased landed cost per unit; these supplementary expenses are then automatically reflected in COGS.

The company's vulnerability to this risk is significant, as detailed in section 3.6, Vietnam accounted for roughly 56% of Crocs brand footwear production in 2025. Consequently, any additional import duties levied on these nations directly inflate production expenses. In accordance with this accounting treatment, Crocs' risk disclosures highlight that tariffs augment both raw material and overall product costs, which also accounts for the reduced gross margin observed in 2025 (Crocs Inc., 2026).

The degree to which increased input costs result in margin compression depends on the firm's pricing power. Competitive pressures, negotiations with retail partners, and consumer price sensitivity constrain the company's capacity to fully transfer cost increases. If price adjustments are insufficient to counterbalance higher input costs, gross margins will diminish. Despite repeated tariff announcements, reported COGS has remained relatively consistent, approximating 41% of revenue in 2025. This firmness likely reflects timing effects, inventory accounting mechanics, and active cost control measures rather than the absence of underlying cost pressures.

Croc's underlying inventory accounting mechanism is the first-in, first-out (FIFO) method. This implies that the cost of goods sold (COGS) reflects the cost of older, less expensive inventory before the cost of newer inventory. As a result, this method delays the recognition of higher tariff costs in the income statement until the pre-tariff inventory is completely sold (Crocs Inc., 2026). *Appendix IV* provides a more thorough analysis of these dynamics.

5.1.3 Changes in SG&A

Selling, general, and administrative (SG&A) expenses demonstrated a steady upward trend throughout the 2020-2025 timeframe, though at a progressively decelerating pace each year. Specifically, expenditures rose by roughly 35% between 2020 and 2021, followed by an additional 40% increase from 2021 to 2022. This pattern suggests considerable investments in brand enhancement, marketing infrastructure, and the integration of HEYDUDE following its acquisition.

Conversely, the rate of growth subsequently showed a clear deceleration, moderating to 17%, 15%, and 8% in 2023, 2024, and 2025, respectively, corresponding to the wider normalization of the company's cost structure. As a proportion of revenue, SG&A constituted 24.5% in 2025, representing the company's steady investment in marketing and logistics, even during a declining top line (Crocs Inc., 2026).

The primary causes causing to this escalation are the elevated expenses within the DTC channel, encompassing both capital expenditures and variable costs, alongside augmented investments in personnel and promotional activities (Crocs Inc., 2026). Consequently, inflation effects have likely intensified SG&A expenses, particularly through augmented wage obligations and

escalating costs of services and inputs, thereby inflating the cost structure within labor- and service-intensive operations, which necessitated Crocs' implementation of strategies such as workforce reductions within corporate offices and distribution centers (Figure 2).

Given the current situation, SG&A costs as a percentage of revenue are expected to rise slightly going forward. The ratio is estimated to increase from 24.5% of revenue in 2025 to 25.0% in 2026 and slowly increasing to 26.2% of revenue until 2030. This trend is mainly driven by only minor growth in headcount given the declining revenue and mainly due to rising wages, especially in distribution centers (Crocs Inc., 2026).

5.1.4 R&D, Advertising

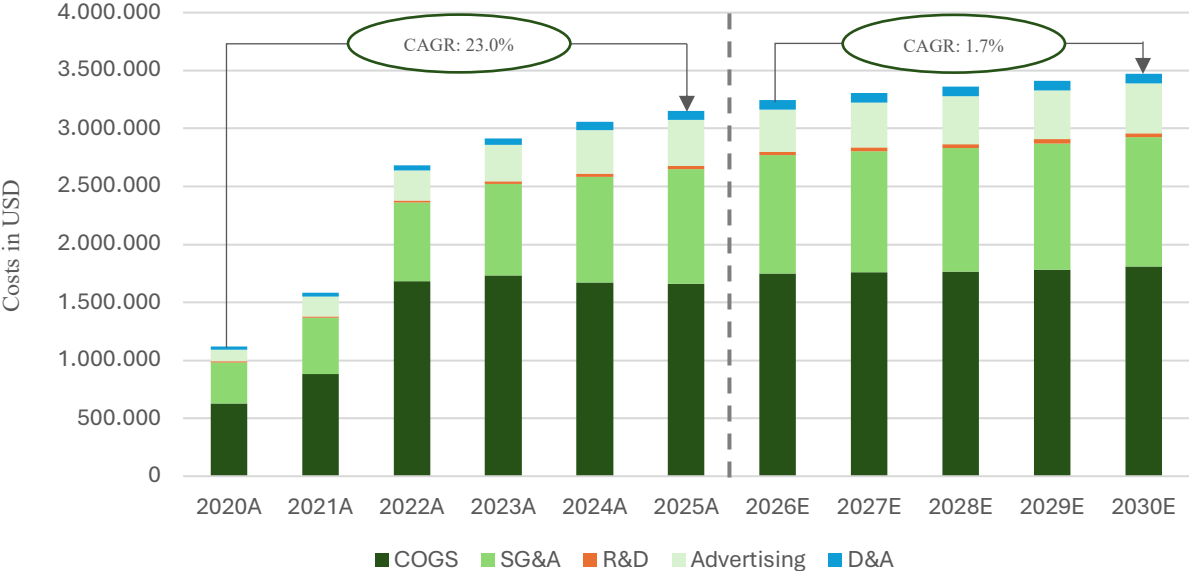
Research and development (R&D) spending has demonstrated relative steadiness over the preceding five years, fluctuating between 0.5% and 0.7% of total revenue. For the fiscal year 2026, R&D intensity is anticipated to follow the levels observed in 2025, a reflection of increased macroeconomic and political instability that could potentially limit short-term investment decisions. Subsequently, a gradual rise to roughly 0.8% of revenue by 2030 is projected. This forecast is consistent with the company's strategic goal of supporting the Crocs brand through product innovation, diversification across categories, and further growth within the sandals segment (Crocs Inc., 2026).

This path duplicates the company's brand-focused growth plan, highlighting a commitment towards robust marketing, strategic partnerships, and direct consumer outreach (Crocs Inc., 2026). Following the careful approach to R&D funding in the short term, advertising spending is anticipated to dip slightly, settling at roughly 9% of revenue in 2026. Yet, going forward, marketing efforts are slated to gain momentum, climbing to 10% of revenue by 2030. This increase signals ongoing investment in building brand recognition and expanding internationally

5.1.5 D&A

Depreciation of tangible assets is projected to remain steady, at 10.0% of the opening gross PP&E balance. This displays a useful life of 10 years for Crocs' assets. For intangible amortisation, the rate is derived by dividing the annual amortisation charge by the average finite-lived gross intangible base only, excluding indefinite-lived assets, principally the HEYDUDE trademark, since these assets are not subject to periodic amortisation. This yields an effective useful life of approximately 15 years (Crocs Inc., 2026). In the forecast, the amortisation rate rises marginally from 6.5% to 6.9% as the implied useful life declines from 15.4 to 14.5 years, indicating the progressive run-off of the finite-lived asset base over the explicit forecast period.

Figure 12: Cost Positions



Source: Crocs Inc., Annual Reports – Own Analysis

5.1.6 Impairment

In 2025, a notable one-time effect was observed when the Crocs recorded considerable impairment charges in the second quarter of FY2025. Asset impairments rose by USD 714mn during the nine months concluding on September 30, 2025, relative to the corresponding period in 2024. This increase was largely attributable to non-cash impairment charges of USD 430mn associated with the indefinite-lived HEYDUDE trademark and USD 307mn for goodwill linked to the HEYDUDE brand reporting unit.

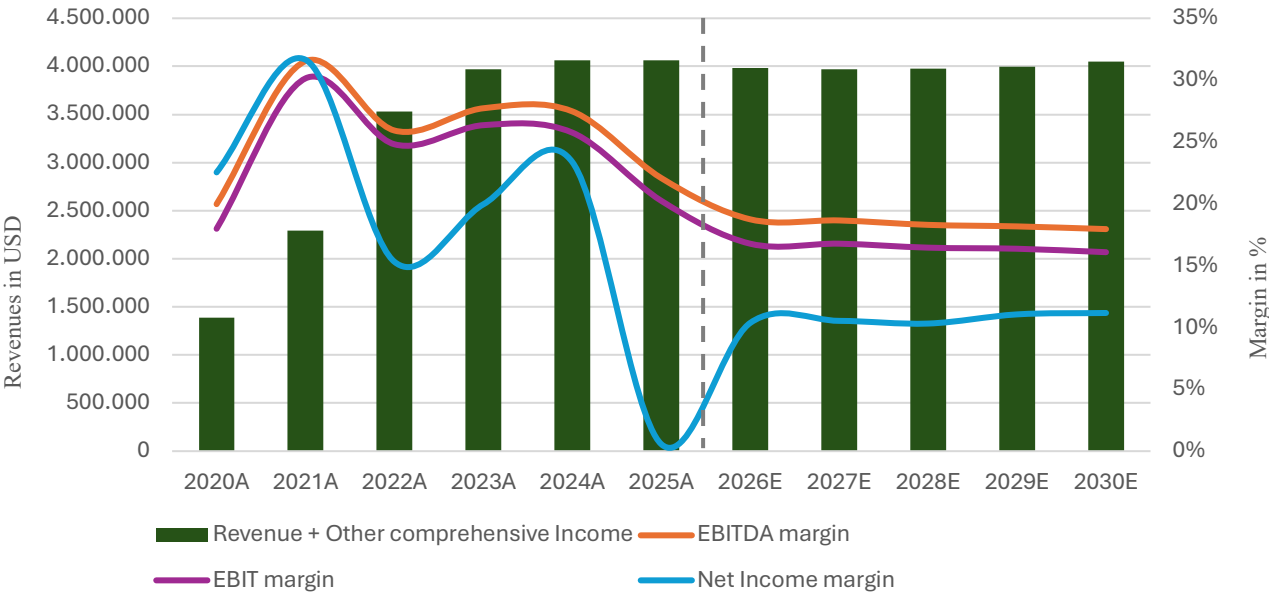
These impairments were triggered by downward adjustments to internal forecasts in the second quarter of 2025, signaling a more protracted stabilization period for the brand than originally projected. Contributing elements included weaker-than-anticipated consumer demand in the U.S. and the major impact of tariffs on HEYDUDE products, thereby necessitating quantitative impairment testing (Crocs Inc., 2026).

5.1.7 Profitability and Condensed Income Statement

The projected net income stems from the previously established operating figures, with revenue and margin projections determining the overall direction. Sales are anticipated to experience a modest initial recovery, with gradual improvement expected in the medium term. This reflects anticipated management strategies designed to bolster demand, along with the assumption that tariff levels will remain stable and manageable from an operational standpoint.

Nevertheless, the EBIT margin is projected to decline from 22.0% in 2025 to approximately 18% going forward, implying a normalization of profitability from peak levels while still maintaining solid operating performance. The full income statement, including the treatment of non-core items, as well as detailed methods and assumptions underlying the forecast, is presented in *Appendix V*.

Figure 13: Profitability Development



Source: Crocs Inc., Annual Reports – Own Analysis

Table 5: Historic & Forecasted Income Statement

Income Statement	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
TOTAL REVENUE	1.385.951	2.313.416	3.554.985	3.962.347	4.102.108	4.040.647	4.072.729	4.106.104	4.146.921	4.192.835	4.253.503
Growth in%		66,9%	53,7%	11,5%	3,5%	(1,5%)	0,8%	0,8%	1,0%	1,1%	1,4%
COGS	628.100	882.190	1.682.290	1.730.450	1.668.780	1.659.500	1.751.274	1.757.412	1.766.589	1.781.955	1.809.440
% of revenues	45,3%	38,1%	47,3%	43,7%	40,7%	41,1%	43,0%	42,8%	42,6%	42,5%	42,5%
Gross Profit	757.851	1.431.230	1.872.700	2.231.900	2.433.330	2.381.140	2.321.456	2.348.691	2.380.333	2.410.880	2.444.063
% margin	54,7%	61,9%	52,7%	56,3%	59,3%	58,9%	57,0%	57,2%	57,4%	57,5%	57,5%
SG&A	353.280	484.030	678.510	792.330	913.390	989.830	1.017.645	1.046.504	1.065.759	1.090.137	1.114.418
% of revenues	25,5%	20,9%	19,1%	20,0%	22,3%	24,5%	25,0%	25,5%	25,7%	26,0%	26,2%
R&D	10.200	13.700	18.700	21.400	25.600	29.600	28.509	30.796	33.175	35.220	35.729
% of revenues	0,7%	0,6%	0,5%	0,5%	0,6%	0,7%	0,7%	0,8%	0,8%	0,8%	0,8%
Advertising	101.000	172.700	260.800	317.400	377.500	393.700	366.546	390.080	414.692	420.961	427.052
% of revenues	7,3%	7,5%	7,3%	8,0%	9,2%	9,7%	9,0%	9,5%	10,0%	10,0%	10,0%
Other operating income	16.150	37.660	0	0	0	0	0	0	0	0	0
% of revenues	1,2%	1,6%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
EBITDA	277.221	723.140	914.690	1.100.770	1.116.840	968.010	908.756	881.312	866.707	864.563	866.864
% margin	20%	31%	26%	28%	27%	24%	22%	21%	21%	21%	20%
Depreciation	11.830	14.940	19.640	31.690	46.900	55.720	56.607	57.252	57.771	58.612	59.124
% tangible assets		6,0%	5,7%	6,7%	8,7%	9,9%	9,9%	10,0%	10,0%	10,0%	10,0%
Amortisation of intangibles	15.790	17.040	19.590	22.620	22.940	23.570	24.317	25.090	25.891	26.720	27.578
% of intangible assets		13,0%	8,2%	6,5%	6,5%	6,5%	6,5%	6,5%	6,5%	6,5%	6,5%
EBIT	249.600	691.160	875.460	1.046.460	1.047.000	888.720	827.833	798.970	783.044	779.230	780.161
% margin	18,0%	29,9%	24,6%	26,4%	25,5%	22,0%	20,3%	19,5%	18,9%	18,6%	18,3%
Interest expenses	(6.740)	(21.650)	(136.160)	(161.350)	(109.260)	(88.290)	(87.000)	(78.000)	(77.000)	(49.000)	(47.000)
% effective interest rate	(1,8%)	(2,2%)	(5,2%)	(8,1%)	(6,4%)	(5,5%)	(5,4%)	(5,3%)	(5,3%)	(5,1%)	(4,9%)
Interest income	220	780	1.020	2.410	3.480	1.840	1.629	1.642	1.659	1.677	1.701
% of cash	0,0%	0,0%	0,0%	0,1%	0,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Exceptional items	(36.090)	(6.440)	(21.810)	(11.260)	(30.630)	(729.310)	-28.509	-28.743	-29.028	-29.350	-29.775
% of revenues	(2,6%)	(0,3%)	(0,6%)	(0,3%)	(0,7%)	(18,0%)	(0,7%)	(0,7%)	(0,7%)	(0,7%)	(0,7%)
Profit before taxes	206.990	663.850	718.510	876.260	910.590	72.960	713.953	693.870	678.674	702.558	705.088
Taxes	-105.880	-61.840	178.350	83.710	-39.490	154.170	182.558	177.422	173.537	179.644	180.291
Net profit / (loss)	312.870	725.690	540.160	792.550	950.080	-81.210	531.395	516.447	505.137	522.914	524.797
% tax rate	51,2%	9,3%	(24,8%)	(9,6%)	4,3%	(211,3%)	25,6%	25,6%	25,6%	25,6%	25,6%
Other comprehensive income	2.030	-20.480	-26.660	7.720	-36.870	88.990	22.807	22.994	23.223	23.480	23.820
% of revenue	0,1%	(0,9%)	(0,7%)	0,2%	(0,9%)	2,2%	0,6%	0,6%	0,6%	0,6%	0,6%
Total profit / (loss) for the period	314.900	705.210	513.500	800.270	913.210	7.780	554.203	539.441	528.360	546.394	548.617

Source: Crocs Inc., Annual Reports – Own Analysis

5.2 Balance Sheet

5.2.1 Capital Expenditure

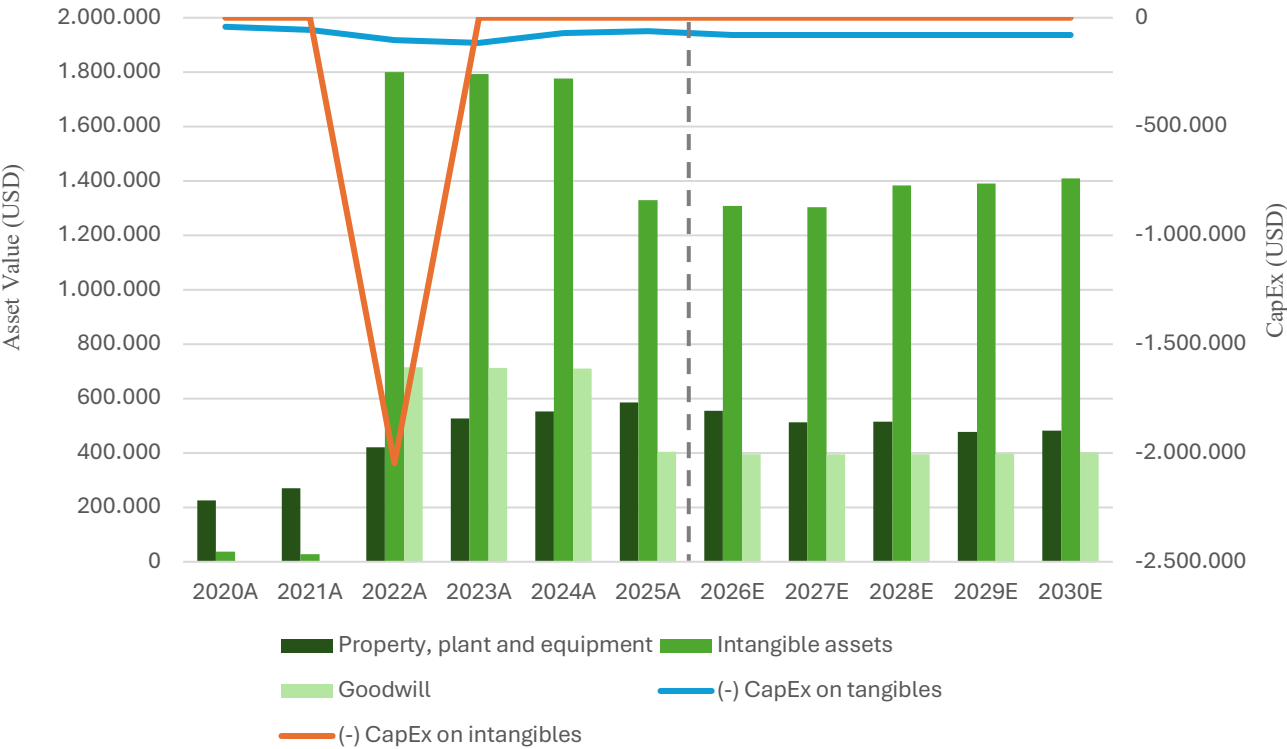
Capital expenditures (CapEx) at Crocs Inc. involve allocations to both physical and non-physical assets. Historically, the majority of capital spending has been allocated to tangible fixed assets, specifically property, plant, and equipment (PP&E), demonstrating relative consistency, averaging approximately 1.5% to 3% of yearly revenue. In contrast, capitalized investments in intangible assets have been limited in most years, typically accounting for about 0% of revenue.

A significant deviation from this established pattern occurred in 2022, when investments in intangible assets experienced a substantial increase, reaching approximately USD 2 billion, which constituted roughly 58% of annual revenue. The observed growth wasn't due to increased internal investment. Instead, it was a result of accounting practices related to acquisitions, specifically after Crocs bought HEYDUDE. According to U.S. GAAP business combination accounting (ASC 805), the amount paid above the fair value of identifiable tangible net assets must be allocated to identifiable intangible assets, such as brand value and customer relationships, and goodwill (PwC, 2025).

Consequently, the significant expansion of intangible assets in 2022 reflects purchase price allocation, not ongoing capital expenditure. For analytical purposes, this one-off accounting effect is treated as non-recurring and excluded from the evaluation of normalized reinvestment intensity. In addition, impairment charges recorded in 2025 related to goodwill and indefinite-lived intangible assets, as discussed in Section 5.1.6.

Looking forward, capital expenditures are assumed to normalize and stabilize at approximately 2% of revenue through 2030. This perspective is in line with Crocs' asset-light operational approach, its reliance on outsourced manufacturing, and its relatively low capital intensity. Historically, capital expenditures have fluctuated between 1.5% and 3% of revenue. Consequently, a 2% assumption is indicative of a normalized, maintenance-focused reinvestment strategy. Considering the company's moderate long-term growth projections, no significant increase in capital requirements is anticipated, and the planned expansion of the retail shop network is presumed to be feasible within this investment framework. For a detailed perspective on the underlying assumptions, see *Appendix VI*, *Appendix VII*, and Table 7.

Figure 14: CapEx Development



Source: Crocs Inc., Annual Reports – Own Analysis

5.2.2 Net Debt

Crocs Inc.'s debt portfolio is primarily composed of bank financing and senior unsecured notes. The bank debt includes a senior revolving credit facility, which had an outstanding balance of USD 152mn and is set to mature in November 2027, alongside a USD 500mn Term Loan B facility. This latter facility, maturing in February 2029, was utilized to finance the 2022 acquisition of HEYDUDE. It is assumed that the revolving credit facility's balance will remain unchanged and be fully repaid upon maturity.

Furthermore, the company has issued fixed-rate senior notes, specifically USD 350mn Senior Notes due in 2029 and USD 350mn Senior Notes due in 2031. Consequently, substantial contractual repayments are scheduled for 2029, coinciding with the maturity of both the Term Loan B facility and the 2029 senior notes (Crocs Inc., 2026).

For modeling purposes, Loan B is partially refinanced via the issuance of a new USD 350mn facility, which embodies a conservative assumption of gradual deleveraging and is consistent with management’s articulated goal of reducing leverage subsequent to the HEYDUDE acquisition (Crocs Inc., 2026). No other significant medium- or long-term loan facilities are

currently outstanding. The company's maturity profile is, therefore, backloaded, with contractual repayments mainly concentrated in 2029. Current and non-current lease liabilities are held constant at 2025 levels throughout the forecast period as a simplifying assumption.

Table 6: Net Debt Development

	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Net Debt											
(+) Non-current financial obligations	180.000	771.390	2.298.030	1.641.000	1.349.340	1.230.890	1.230.890	1.078.890	1.078.890	578.890	578.890
% growth		328,6%	197,9%	(28,6%)	(17,8%)	(8,8%)	-	(12,3%)	-	(46,3%)	-
(+) Current financial obligations	0,0	0,0	24.360	23.330	0,0	0,0	-	-	-	-	-
% growth		-	-	(4,2%)	(100,0%)	-	-	-	-	-	-
(+) Non-current lease obligations	146.400	149.230	215.120	269.770	283.410	297.190	297.190	297.190	297.190	297.190	297.190
% growth		1,9%	44,2%	25,4%	5,1%	4,9%	-	-	-	-	-
(+) Current lease obligations	47.060	42.930	57.460	62.270	68.550	85.770	85.770	85.770	85.770	85.770	85.770
% growth		(8,8%)	33,8%	8,4%	10,1%	25,1%	-	-	-	-	-
(-) Cash and cash equivalents	135.800	213.200	191.630	149.290	180.490	130.350	152.727	153.979	155.510	157.231	159.506
% growth		57,0%	(10,1%)	(22,1%)	20,9%	(27,8%)	17,2%	0,8%	1,0%	1,1%	1,4%
Total Net Debt	509.260	750.353	2.403.342	1.847.080	1.520.809	1.483.500	1.461.123	1.307.871	1.306.340	804.618	802.344
% growth		47,3%	220,3%	(23,1%)	(17,7%)	(2,5%)	(1,5%)	(10,5%)	(0,1%)	(38,4%)	(0,3%)

Source: Crocs Inc., Annual Reports – Own Analysis

Net indebtedness, a figure calculated by subtracting cash, cash equivalents, and marketable securities from total interest-bearing debt, saw a reduction. It fell from roughly USD 2.40bn in 2022 to about USD 1.48bn in 2025. Projections suggest a continued downward trend, with expectations of reaching approximately USD 800mn by 2030. This pattern is consistent with management's declared goal of reducing leverage after the HEYDUDE purchase (Crocs Inc., 2026).

5.2.3 Operating Working Capital

Changes in net working capital have historically fluctuated between cash inflows and outflows, reflecting shifts in operating conditions and inventory cycles. Cash outflows are often seen during periods of working capital expansion, which can be caused by inventory buildup, revenue growth, or temporary adjustments after periods of high demand. In contrast, cash inflows are generated during phases of working capital release, which are typically linked to inventory normalization, stabilization of receivables, moderate improvements in payables, and heightened operating efficiency.

In the footwear industry, higher inventory levels are typical due to long production times, and seasonal demand. Furthermore, the need to manage a wide range of products across several sizes, styles, and regions adds onto that. Trade receivables tend to stay fairly constant, whereas trade payables can change, influenced by how suppliers are dealt with and purchasing strategies.

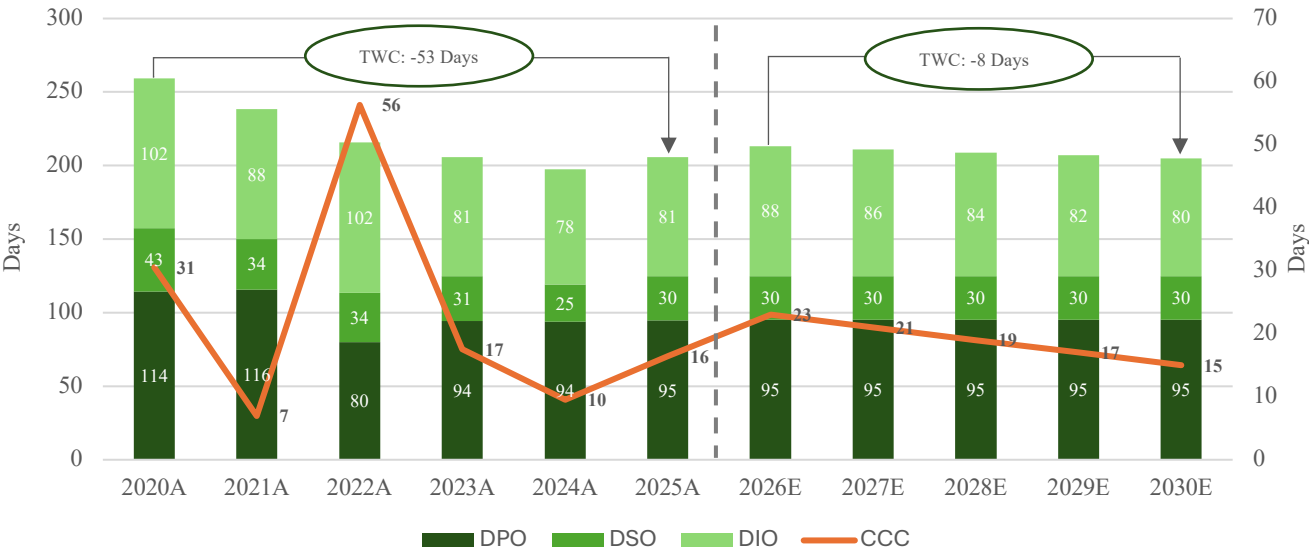
During the forecast period, Days Sales Outstanding (DSO) are anticipated to hold steady at 30 days. This reflects the consistent collection efficiency seen in the past.

Days Inventory Outstanding (DIO) is projected to rise temporarily, reaching 88 days. This is largely because of a precautionary inventory increase, a response to the uncertainty surrounding tariffs. After that, DIO is expected to gradually decrease over the next two years, settling around 84 days. This is in line with the historical average from 2020 to 2025, suggesting a return to more typical inventory management.

From 2023 to 2025, Days Payable Outstanding (DPO) exhibited minor variations, remaining between 94 and 95 days. Future projections assume DPO will stabilize at 95 days. While this figure slightly exceeds the historical average, it seems plausible considering Crocs’ scale and its ability to negotiate advantageous payment arrangements with its suppliers.

Consequently, the interaction of stable DSO, a moderating DIO, and an elevated DPO contributes to a Cash Conversion Cycle (CCC) that decreases from roughly 23 days in 2027 to approximately 15 days by 2030. Crocs’ structurally high DPO, supported by its supplier bargaining leverage, coupled with a relatively straightforward, standardized product range and an expanding direct-to-consumer channel, collectively facilitate a more efficient cash conversion cycle compared to its established footwear industry rivals.

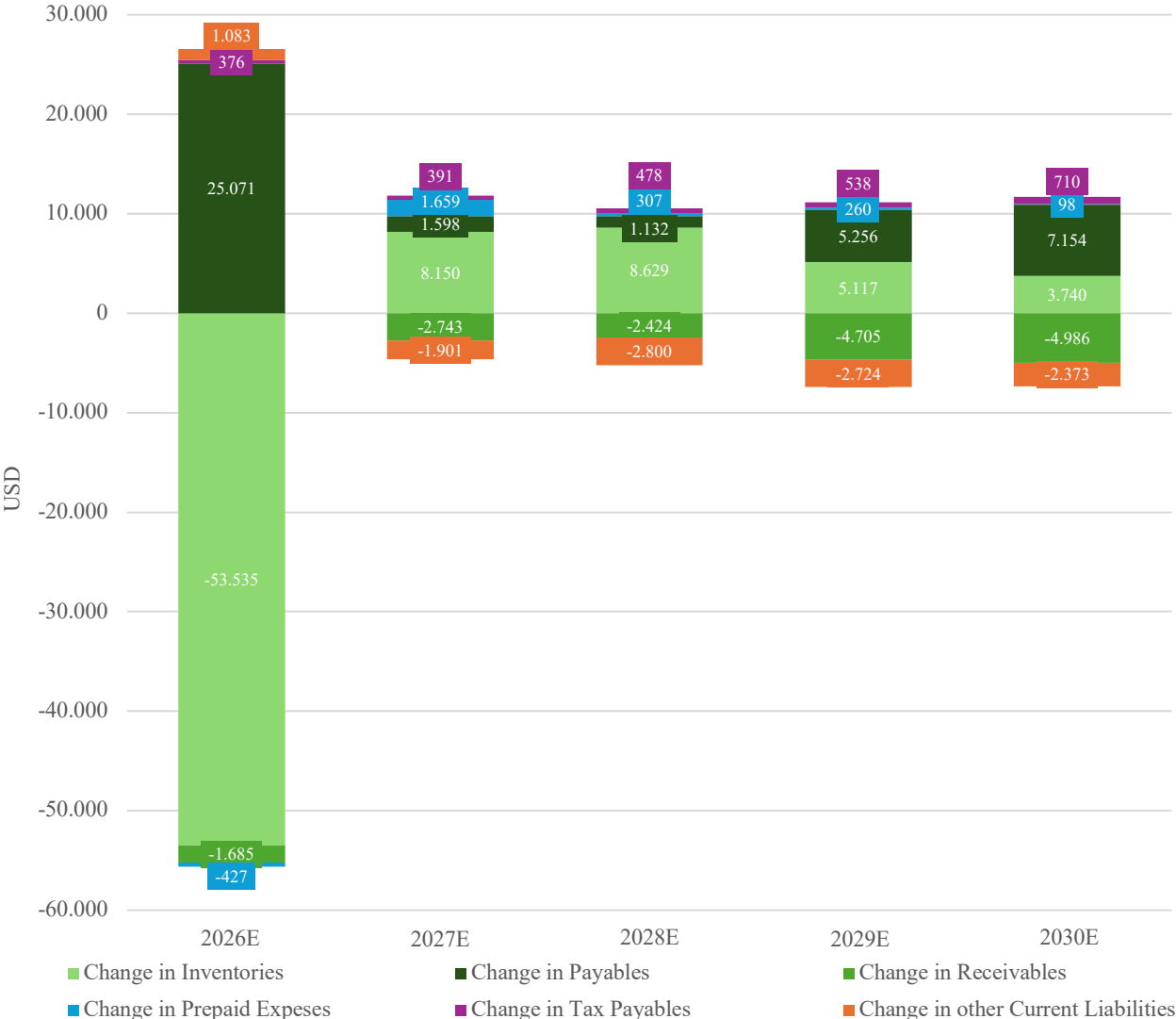
Figure 15: Trade Working Capital



Source: Crocs Inc., Annual Reports – Own Analysis

Beyond the fundamental trade working capital determinants, the other elements constituting net working capital are projected to exhibit relative stability over the forecast duration. Although increasing revenues would typically imply larger tax payable balances, the counterbalancing impact of margin contraction stemming from heightened COGS and SG&A is anticipated to yield a generally stable pre-tax income in absolute terms. Furthermore, other non-trade working capital accounts, including prepaid expenses and other current liabilities, are assumed to trend towards their historical averages throughout the forecast period. For a more detailed view on the NWC calculation, refer to *Appendix VIII*.

Figure 16: Net Working Capital Composition



Source: Crocs Inc., Annual Reports – Own Analysis

Table 7: Historic & Forecasted Balance Sheet

Balance Sheet	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Assets											
Non-current assets											
Intangible assets	37.640	28.800	1.800.170	1.792.560	1.777.080	1.324.680	1.344.001	1.355.014	1.451.423	1.467.492	1.488.726
% of revenues	2,7%	1,2%	50,6%	45,2%	43,3%	32,8%	33,0%	33,0%	35,0%	35,0%	35,0%
Property, plant and equipment	224.890	269.170	421.430	525.760	551.560	576.860	570.182	574.855	580.569	586.997	595.490
% of revenues	16,2%	11,6%	11,9%	13,3%	14,4%	14,3%	14,0%	14,0%	14,0%	14,0%	14,0%
Goodwill	1.720	1.600	714.810	711.590	711.490	404.690	407.273	410.610	414.692	419.283	425.350
% of revenues	0,1%	0,1%	20,1%	18,0%	17,3%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
Other non-current assets	361.640	578.930	539.410	703.230	899.750	982.640	1.018.182	1.026.526	1.036.730	1.048.209	1.063.376
% of revenues	26,1%	25,0%	15,2%	17,7%	21,9%	24,3%	25,0%	25,0%	25,0%	25,0%	25,0%
Total non-current assets	625.890	878.500	3.475.820	3.733.140	3.939.880	3.288.870	3.339.638	3.367.005	3.483.414	3.521.981	3.572.942
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Current assets											
Trade receivables (current)	162.520	217.180	329.190	331.230	283.910	333.060	334.745	337.488	339.912	344.617	349.603
Days receivables outstanding	42,9	34,3	33,8	30,5	25,3	30,1	30,0	30,0	30,0	30,0	30,0
Other current assets	1.540	0	0	0	0	0	0	0	0	0	0
% of revenues	0,1%	0,0%	0,0%	0,0%	0,0%	0,0%	-	-	-	-	-
Prepaid expenses	17.860	22.610	33.600	45.130	51.620	53.790	54.217	52.558	52.251	51.991	51.893
% of revenues	1,3%	1,0%	0,9%	1,1%	1,3%	1,3%	1,3%	1,3%	1,3%	1,2%	1,2%
Inventories	175.120	213.520	471.550	385.050	356.250	368.690	422.225	414.075	405.447	400.330	396.590
Days inventories	102,0	88,3	102,3	81,2	78,1	81,1	88,0	84,0	84,0	82,0	80,0
Cash and cash equivalents	135.800	213.200	191.630	149.290	180.490	130.350	152.727	153.979	155.510	157.231	159.506
% of revenues	9,8%	9,2%	5,4%	3,8%	4,4%	3,2%	3,8%	3,8%	3,8%	3,8%	3,8%
Total current assets	492.840	666.580	1.025.970	910.700	872.270	885.890	963.914	958.100	953.119	954.169	957.592
Total assets	1.118.730	1.545.080	4.501.790	4.643.840	4.812.150	4.174.760	4.303.552	4.325.106	4.436.533	4.476.150	4.530.534
Shareholders equity and liabilities											
Shareholders equity											
Total shareholders equity	290.630	14.080	817.930	1.453.920	1.835.730	1.293.280	1.391.285	1.571.545	1.682.669	2.217.026	2.261.553
Non-current liabilities											
Financial liabilities (non-current)	180.000	771.390	2.298.030	1.641.000	1.349.340	1.230.890	1.230.890	1.078.890	1.078.890	578.890	578.890
Financial liabilities for rights of use (non-current)	146.400	149.230	215.120	269.770	283.410	297.190	297.190	297.190	297.190	297.190	297.190
Deferred Tax Liability	0	0	302.030	12.910	4.090	880	0	0	0	0	0
% of revenues	0,0%	0,0%	8,5%	0,3%	0,1%	0,0%	-	-	-	-	-
Other non-current liabilities	210.120	222.130	227.400	567.940	599.370	652.380	657.561	648.764	646.920	645.697	646.532
% of revenues	15,2%	9,6%	6,4%	14,3%	14,6%	16,1%	16,1%	15,8%	15,6%	15,4%	15,2%
Total non-current liabilities	536.520	1.142.750	3.042.580	2.491.620	2.236.210	2.181.340	2.185.641	2.024.844	2.023.000	1.521.777	1.522.612
Current liabilities											
Financial liabilities (current)	0	0	24.360	23.330	0	0	0	0	0	0	0
Financial liabilities for rights of use (current)	47.060	42.930	57.460	62.270	68.550	85.770	85.770	85.770	85.770	85.770	85.770
Trade payables (current)	196.420	279.570	367.870	446.770	428.180	430.740	455.811	457.409	458.541	463.796	470.950
Days payables outstanding	114,5	115,7	79,8	94,2	93,9	94,7	95,0	95,0	95,0	95,0	95,0
Other current liabilities	43.060	49.470	102.380	99.980	134.790	136.320	137.403	135.501	132.701	129.978	127.605
% of revenue	3,1%	2,1%	2,9%	2,5%	3,3%	3,4%	3,4%	3,3%	3,2%	3,1%	3,0%
Income Taxes Payable	5.040	16.280	89.210	65.950	108.690	47.310	47.686	48.076	48.554	49.092	49.802
% of revenue	0,4%	0,7%	2,5%	1,7%	2,6%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%
Total current liabilities	291.580	388.250	641.280	698.300	740.210	700.140	726.669	726.757	725.567	728.636	734.128
Total shareholders equity and liabilities	1.118.730	1.545.080	4.501.790	4.643.840	4.812.150	4.174.760	4.303.595	4.323.146	4.431.235	4.467.439	4.518.293
Debt forecast											
Total Financial liabilities BoY		180.000,00	771.390,00	2.322.390,00	1.664.330,00	1.349.340,00	1.230.890,00	1.230.890,00	1.078.890,00	1.078.890,00	578.890,00
(-) Repayments								(152.000)		(850.000)	
(+) New issuance										350.000	
Total Financial liabilities EoY	180.000,00	771.390,00	2.322.390,00	1.664.330,00	1.349.340,00	1.230.890,00	1.230.890,00	1.078.890,00	1.078.890,00	578.890,00	578.890,00

Source: Crocs Inc., Annual Reports – Own Analysis

6 Valuation of Crocs

The discounted cash flow (DCF) method serves as the principal valuation approach for Crocs Inc. This methodology is particularly appropriate for a company of Crocs' maturity, characterized by predictable cash flows and stable growth expectations. The DCF valuation furnishes a thorough assessment of Crocs' intrinsic worth through an examination of its projected future cash flows. To enhance both robustness and precision, this valuation is corroborated through the application of Monte-Carlo simulation and relative valuation techniques. The valuation is performed as of February 20, 2026.

6.1 DCF Valuation

6.1.1 WACC

Beta estimation

Levered betas were estimated by regressing 2-year weekly returns on the S&P 500 for U.S.-listed companies and the Euro Stoxx 600 for European-listed companies. ASICS was regressed against Nikkei 225. Beta estimates for recently listed companies such as Birkenstock should be interpreted with caution due to limited price history. This two-year time horizon fully captures major market developments, including the inauguration of Donald Trump and subsequent macroeconomic news.

The estimated equity betas are then unlevered using each company's debt market value and market capitalization to remove the effects of capital structure.

Table 8: Peer Betas

Peer Betas							
in €m	Count	Levered Beta	Marginal Tax Rate	Mcap	MV Debt	D/Mcap	Unlevered Beta
Shoe manufacturers							
Deckers	US	1,05	25,57%	14.530	307	2,1%	1,03
Birkenstock	DE	0,70	30,06%	7.520	1.121	14,9%	0,64
Wolverine Worldwide	US	1,39	25,57%	1.490	712	47,8%	1,03
Columbia Sportswear	US	0,56	25,57%	2.970	478	16,1%	0,50
VF Corp	US	1,46	25,57%	7.440	4.905	65,9%	0,98
Median							0,98
Sports Apparel							
Adidas	DE	0,95	30,06%	29.570	3.689	12,5%	0,88
Puma	DE	0,56	30,06%	3.120	1.040	33,3%	0,46
ASICS	JP	0,97	29,74%	17.583	572	3,3%	0,95
Under Armour	US	0,58	25,57%	2.107	1.629	77,3%	0,37
Lululemon	CA	0,80	25,98%	22.530	1.575	7,0%	0,76
Median							0,76
Weighted Unlevered Beta							0,88

Source: Refinitiv – Own Analysis

Next, the median unlevered beta is calculated for each peer group. These medians are then combined using a 55/45 weighting system, with a larger weight given to the footwear industry, resulting in a weighted unlevered beta of 0.88.

The average unlevered beta derived from the peer group was then relevered to reflect Crocs Inc.’ capital structure. Crocs’ debt-to-equity ratio was calculated based on its market capitalization as of February 20, 2026, and its current market value of debt. Applying the relevant corporate tax rate for U.S. retrieved from KPMG (KPMG, 2025), this procedure results in an estimated relevered beta of 1.11.

Risk-free rate proxy

The risk-free rate is proxied by the yield on the 10-year U.S. Treasury bond. As of the valuation date, the yield on the bond was 4.1% (Yahoo Finance, 2026). The 10-year maturity is often used as the standard benchmark in equity valuation because it matches the long-term nature of a going-concern investment and reflects the credit quality and liquidity of government debt.

Cost of Equity

The cost of equity is estimated using the CAPM. The model incorporates the risk-free rate, the previously estimated equity beta, and a market risk premium. The equity risk premium is weighted according to Crocs’ geographic revenue exposure across the United States, the Eurozone, and Asia to reflect the company’s regional risk profile. The corresponding values were derived from Damodaran (2026).

This results in an equity risk Premium of 5.59%.

Table 9: Equity Risk Premium

Equity Risk Premium				
Region	ERP	CRP	ERP+CRP	Sales Weight by Region
United States	4,46%	0,23%	4,69%	60,00%
Eurozone	5,19%	0,96%	6,15%	20,00%
Asia	6,01%	1,70%	7,71%	20,00%
Revenue Weighted ERP				5,59%

Source: Own Analysis

Cost of debt and WACC inputs

The pre-tax cost of debt is based on the credit-spread approach. To derive at the cost of debt I took the 10-year U.S. Treasury bond yield and added the credit-spread for Crocs Inc. The credit rating for Crocs Inc. was derived from S&P's BB rating, corresponding to a spread of 1.83% (S&P, 2026; Damodaran, 2026), resulting in a pre-tax cost of Debt of 5.9%.

Table 10: Cost of Debt

Cost of Debt	
Credit Rating (Moody's)	Ba2
Spread (Damodaran 2025)	1,8%
Risk Free Rate (10 year treasury yield)	4,1%
Cost of Debt	5,9%

Source: Own Analysis

Applying the marginal tax rate of 25.57% (KPMG, 2025) results in an after-tax cost of debt of around 4.4%.

Market value weights are calculated using an equity value of USD 4.52bn, corresponding to the company's market capitalization as of February 20, 2026, and market value of debt of USD 1.62bn at year-end 2025. Based on these assumptions, the WACC amounts to 8.8%.

Table 11: WACC Composition

WACC Calculation						
	Relevered Beta	Marginal Tax Rate	Mcap	MV Debt	D/E	Unlevered industry Beta
Crocs	1,11	25,57%	4.522	1.615	35,72%	0,88
	Value					Comment
Risk free rate Americas	4,11%					10 year treasury yield
Risk free rate	4,11%					
Risk free rate	4,11%					
Market risk premium	5,59%					Revenue weighted ERP
Beta unlevered	0,88					
Beta levered	1,11					
Cost of Equity	10,32%					
Pre-tax cost of debt	5,94%					Credit-spread approach
Tax rate	25,57%					
After-tax cost of debt	4,4%					
WACC	8,8%					

Source: Own Analysis

6.1.2 Free Cash Flow

The FCFF is calculated using the projected financial statements from Sections 5.1 and 5.2. The calculation starts with after-tax EBIT, which reflects the operating profit available to all capital providers (NOPAT). From this, business investments are subtracted, specifically CapEx and changes in net operating working capital (NWC). In addition, D&A are added back, since these expenses reduce accounting profits but don't represent actual cash outflows.

The resulting FCFF projections are then discounted using the previously calculated WACC. A mid-year convention is used in the discounting to account for the continuous generation of cash flows throughout the year. Since operating cash flows arise progressively, as products are sold, receivables collected, and suppliers paid, discounting them as if they were received entirely at year-end would marginally understate their present value. The mid-year convention adjusts for this timing effect by assuming that, on average, annual cash flows are realized halfway through each fiscal year.

Table 12: FCF Calculation

DCF Calculation	2026E	2027E	2028E	2029E	2030E
Revenues	4.072.729	4.106.104	4.146.921	4.192.835	4.253.503
% growth	0,8%	0,8%	1,0%	1,1%	1,4%
EBIT	827.890	798.970	783.044	779.230	780.161
% margin	20,3%	19,5%	18,9%	18,6%	18,3%
(-) Taxes	(211.692)	(204.297)	(200.224)	(199.249)	(199.487)
% tax rate	(25,6%)	(25,6%)	(25,6%)	(25,6%)	(25,6%)
NOPAT	616.199	594.673	582.820	579.981	580.674
(+) Depreciation and amortization	80.866	82.342	83.663	85.332	86.703
% of revenue	2,0%	2,0%	2,0%	2,0%	2,0%
(+)/(-) Change in working capital	(29.118)	7.153	5.322	3.742	4.343
% of revenue	(0,7%)	0,2%	0,1%	0,1%	0,1%
(-) CapEx	(61.091)	(65.698)	(70.498)	(75.471)	(85.070)
% of revenue	(1,5%)	(1,6%)	(1,7%)	(1,8%)	(2,0%)
Unlevered free cash flow / FCFF	606.856	618.471	601.307	593.584	586.650
Discount factor	95,88%	88,15%	81,04%	74,51%	68,50%
Discounted value of cash flows	581.874	545.193	487.319	442.270	401.856

Source: Own Analysis

The sum of all discounted projected FCFs sum to roughly USD 2.46bn.

6.1.3 Terminal Value

The TV is calculated via the two most common approaches: the Gordon Growth method and an exit multiple. Given that the TV accounts for approximately 65–70% of the total EV, it is crucial to be cautious with these assumptions. For a company like Crocs the growth rate should be sustainable, reflecting growth but as Damodaran (2012) mentions, it is increasingly difficult to maintain high growth rates and settles in at the economy’s growth rate roughly.

Table 13: Terminal Value Parameter

Terminal Value assumptions	
Terminal Year Revenue Growth	2,0%
Terminal Year EBIT-Margin	15,0%
Terminal Year D&A as % of revenues	2,0%
Terminal Year change in working capital as % of revenues	-
Terminal Year CapEx as % of revenues	2,2%
Terminal Year Multiple	11,8x

Source: Own Analysis

A 2.0% terminal growth rate was employed, mirroring the enduring structural underpinnings of the global footwear sector. Footwear demand is bolstered by consistent replacement cycles, population expansion, and long-term income influences; conversely, competitive dynamics and product commoditization limit the potential for sustained real growth. Consequently, long-term industry growth is anticipated to generally align with macroeconomic advancement, rather than exceed it.

The terminal EBIT margin is established at 15.0%, reflecting the structural cost pressures observed during the explicit forecast period, specifically the gradual rise in COGS and SG&A. This assumption also incorporates the expectation that Crocs' historically high margins will converge towards industry standards over time. The median EBIT margin of the peer group, excluding companies that had not yet released FY25 results, was approximately 11% (Table 4), indicating that a terminal margin of 15% is conservative relative to Crocs' recent performance while recognizing significant long-term competitive pressures.

Terminal D&A is set at 2.0% of revenue, and terminal CapEx at 2.2%. This implies a relatively small net capital expenditure over time, which is consistent with the needs of an asset-light business model. The change in net working capital is assumed to be zero in the terminal year,

reflecting the idea of a mature, stable operating environment. Using the Gordon Growth Model, the resulting TV is USD 4.74bn.

Together with the forecasted sum for the forecasted period, the Growth Model results in a EV of roughly USD 7.19bn.

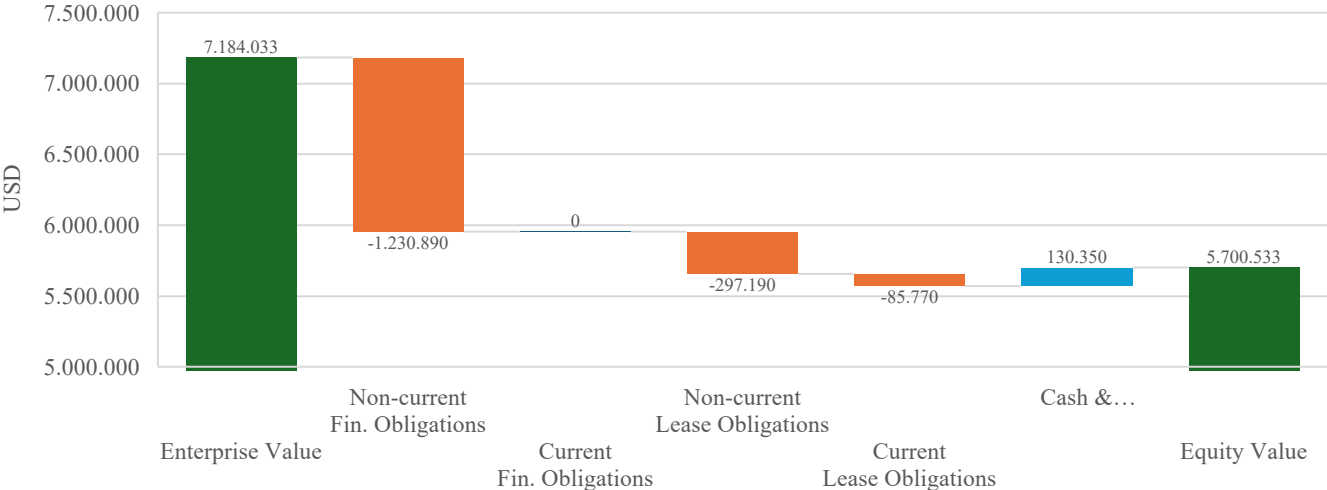
As an alternative TV estimate, an exit multiple approach is applied, assuming that the firm is hypothetically divested at the end of the explicit forecast horizon. The exit multiple of 11.8x EBIT, derived from Refinitiv (2026d) (Table 14), reflects the median forward EBIT multiple within the peer group. When this multiple is applied to Crocs' projected terminal year EBIT and the resulting TV is discounted to present value, a TV of roughly USD 5.25bn is obtained. Consequently, summing the discounted FCFs across the explicit forecast period, FY26–FY30, with the discounted TV, results in an EV of approximately USD 7.70bn, as determined by the exit multiple approach.

In the subsequent valuation analysis, the Gordon Growth-based TV serves as the primary benchmark. Considering that the TV constitutes approximately 65%-70% of the total EV under both the Gordon Growth and exit multiple methodologies, Section 6.3 provides a comprehensive sensitivity analysis to assess the influence of alternative terminal growth rates and valuation assumptions on the overall valuation result.

6.1.4 Implied Share Price

Given that the DCF analysis utilizes FCFE, the resulting EV reflects the worth of Crocs' operational assets, irrespective of its capital structure. To ascertain the equity value for shareholders, the EV necessitates adjustments to account for non-equity claims, specifically through the deduction of net debt.

Figure 17: Equity Value (Growth Model)



Source: Own Analysis

Subsequent to these adjustments, the calculated equity value reaches USD 5.71bn. When this figure is divided by the 50.23mn shares currently outstanding, a fair value per share of USD 113.69 is implied under the perpetual growth model, representing a 13.65% premium over the existing share price of USD 100.04.

6.2 Relative Valuation

6.2.1 CCA

Besides using present value methods to assess Crocs Inc., a comparable company analysis (CCA) is also performed. This approach is used to find potential hidden information and market sentiment reflected in the valuations of similar companies. These factors might not be fully considered in Crocs' intrinsic valuation.

To accurately represent Crocs' business segments, firms outside the footwear industry itself and more into apparel were excluded. Sports apparel peers with more stable or accelerating long-term growth trajectories command higher multiples.

For the companies within the peer group, the 12-month forward EV/EBITDA, EV/EBIT, and P/E multiples are retrieved from Refinitiv.

The median of these multiples in each peer group is used for further calculation.

These multiples are applied to Crocs Inc.'s forecasted financial metrics for the next 12 months.

Table 14: Forward Multiples

Peer Multiples											
	Country	Mcap	EV / EBITDA			EV / EBIT			P/E		
			2025A	2026E	2027E	2025A	2026E	2027E	2025A	2026E	2027E
Shoe											
Deckers	US	14.530,00	11,7x	11,2x	10,8x	12,6x	11,8x	11,4x	17,7x	16,2x	15,1x
Birkenstock	DE	7.520,00	11,4x	10,5x	9,2x	14,5x	13,0x	11,2x	20,7x	17,2x	14,4x
Wolverine Worldwide	US	1.490,00	11,3x	10,4x	10,9x	12,9x	11,7x	10,0x	14,3x	12,5x	10,5x
Columbia Sportswear	US	2.970,00	9,3x	7,5x	7,1x	9,2x	11,4x	10,5x	17,0x	18,2x	16,3x
VF Corp	US	7.440,00	12,6x	11,4x	10,6x	20,6x	16,7x	14,2x	88,1x	23,4x	18,3x
Median			11,4x	10,5x	10,6x	12,9x	11,8x	11,2x	17,7x	17,2x	15,1x

Source: Refinitiv

Applying the median forward multiples for 2026 to Crocs' projected EBITDA and EBIT for 2025, and subsequently deducting net debt and dividing by the number of shares outstanding, yields the following implied share price range.

Table 15: CCA - Implied Share Price

Top / Bottom Values			
Share Price	EV/EBITDA	EV/EBIT	P/E
Low value	85,85	141,75	127,69
Mid value	144,05	149,36	186,90
High value	160,63	235,70	264,63

Source: Own Analysis

Given that reported net income for FY25 was materially affected by non-recurring impairment charges of approximately USD 714mn, the raw P/E multiple would distort the implied equity valuation. To ensure comparability, net income was adjusted by adding back the impairment charge, thereby providing a normalized earnings base for the P/E calculation.

Nevertheless, it should be noted that the selected peer group differs from Crocs Inc. in several structural aspects. Consequently, it's wise to approach the valuation findings with a degree of skepticism. Crocs' forward trading multiples, EV/EBITDA at 6.0x, EV/EBIT at 6.53x, and P/E at 7.02x, sit well below the median figures seen among its competitors. Several similar companies are currently trading at considerably higher multiples. This discrepancy in valuation probably stems from variations in perceived risk, anticipated growth, brand image, and the specifics of their business models.

6.2.2 CTA

In addition to analyzing comparable companies, multiples from past transactions are being looked at. This was done to include valuation standards from completed mergers and acquisitions involving similar branded footwear and lifestyle companies. This method provides a different perspective because transaction-based valuations usually include control premiums, expected synergies, and future growth expectations that might not be fully reflected in public market multiples

This analysis considers transactions completed in the last five years, considering the status of the deal and a minimum transaction value of USD 250mn. The focus is on acquisitions in the global footwear sector that resemble Crocs Inc. in terms of brand positioning, product focus and business model.

Among the transactions found, the 2025 take-private deal involving Skechers is particularly relevant. This is because Skechers is one of Crocs' main competitors and has similar structural characteristics in terms of brand focus, distribution strategy, and international presence.

Table 16: CTA

CTA					
Announced	Target	Acquiror	Deal Value (\$Millions)	EV/ EBIT	EV/EBITDA
19.12.25	Golden Goose Group SpA (100% Stake)	Temasek Holdings (Pte) Ltd, HongShan Capital Group, True Light Capital GP Pte Ltd	2,900,00	17,3x	13,0x
05.05.25	Skechers USA Inc (100% Stake)	3G Capital Inc	9,420,00	12,7x	10,1x
05.02.24	Grupo de Moda SOMA SA (100% Stake)	Azzas 2154 SA	1,116,34	13,7x	7,9x
Median				13,7x	10,1x

Source: MergerMarket

Resulting in these share prices:

Table 17: CTA - Implied Share Price

Top / Bottom Values		
Share Price	EV/EBITDA	EV/EBIT
Low value	123,42	194,76
Mid value	165,62	213,32
High value	221,05	276,87

Source: Own Analysis

6.3 Sensitivity Analysis

The ultimate target share price for Crocs Inc. is ascertained through an analysis of the valuation results generated by the DCF model, considering three scenarios: base, pessimistic, and optimistic. This scenario-based approach allows for a systematic evaluation of the company's valuation in response to differing operational paths and macroeconomic conditions.

Expanding upon the base case, a sensitivity analysis is performed to assess the influence of critical input assumptions on the implied share price. Utilizing the Gordon Growth model, the WACC is adjusted in conjunction with alternative terminal growth rates, resulting in an implied share price range spanning from USD 101.90 to USD 128.35. This range emphasizes the significant effect of the discount rate and terminal growth assumptions on the overall valuation, thereby underscoring the necessity of employing conservative, well-supported estimates when establishing a final target price.

Table 18: DCF Base - Implied Share Price

WACC	Terminal value growth rate				
	1,5%	1,7%	2,0%	2,2%	2,5%
7,8%	126,01	130,63	135,64	141,10	147,08
8,3%	115,72	119,61	123,81	128,35	133,28
8,8%	106,82	110,14	113,69	117,52	121,65
9,3%	99,05	101,90	104,94	108,20	111,70
9,8%	92,19	94,67	97,30	100,11	103,10

Source: Own Analysis

Furthermore, a separate sensitivity analysis was performed using the exit multiple approach. This analysis examined how changes in the EBIT multiple and the WACC affected the results. The resulting implied share price, which ranged from USD 119.08 to USD 128.89, was narrower than the range found using the Gordon Growth Model. This suggests that the exit multiple approach provides a more focused set of valuation results and is less sensitive to changes in individual assumptions compared to the perpetuity-based method.

Table 19: DCF Exit Multiple - Implied Share Price

WACC	Multiple				
	11,3x	11,5x	11,8x	12,0x	12,3x
7,8%	124,78	127,09	129,40	131,71	134,03
8,3%	122,09	124,36	126,62	128,89	131,15
8,8%	119,47	121,69	123,91	126,12	128,34
9,3%	116,91	119,08	121,26	123,43	125,60
9,8%	114,41	116,54	118,67	120,80	122,93

Source: Own Analysis

In the pessimistic scenario, Crocs' North American revenue is expected to stabilize and begin growing again, but not until 2029. The HEYDUDE line is struggling, with sales declining in

both wholesale and direct-to-consumer avenues. Fortunately, the decline isn't as steep as it was, improving from roughly -13% to -1% by 2030. Internationally, revenue growth is forecasted to decelerate, reaching only 1% by 2028. This reflects a combination of diminished global demand and increased competition. The terminal growth rate is pegged at 1.75%, which is about 0.15 percentage points below the projected long-term global economic growth rate, acknowledging the long-term structural headwinds. Additionally, COGS are maintained at 43%, implying a loss of bargaining power, while SG&A expenses are assumed to grow at a constant 2%, primarily due to rising labor costs.

Table 20: DCF Pessimistic - Implied Share Price

		Terminal value growth rate				
		1,3%	1,5%	1,8%	2,0%	2,3%
WACC	7,8%	114,05	118,12	122,53	127,32	132,55
	8,3%	104,88	108,32	112,03	116,04	120,38
	8,8%	96,91	99,86	103,02	106,41	110,06
	9,3%	89,93	92,47	95,19	98,09	101,20
	9,8%	83,75	85,97	88,32	90,82	93,50

Source: Own Analysis

In the optimistic scenario, Crocs sees flat revenue growth in North America by 2027. By 2030, the brand is back on an upward path, anticipating roughly +5% growth. International markets keep expanding, albeit at a slower pace, ultimately settling into a consistent long-term growth rate by 2030. The HEYDUDE segment finds its footing more swiftly than initially projected. The wholesale channel shifts from negative to positive revenue growth by 2029.

Consolidated figures suggest that Crocs is expected to achieve overall positive revenue growth of around 3% in 2028, indicating an earlier recovery and stabilization relative to the base scenario. The terminal growth rate is set at 2.15%, reflecting a performance that moderately outpaces the broader economy. Additionally, COGS are projected to improve to 41% by 2028, and SG&A expenses are maintained at 26% of revenue from 2028 onward, highlighting enhanced operating efficiency and regained pricing power.

Table 21: DCF Optimistic - Implied Share Price

		Terminal value growth rate				
		1,7%	1,9%	2,2%	2,4%	2,7%
WACC	7,8%	141,80	146,99	152,64	158,82	165,60
	8,3%	130,31	134,66	139,37	144,48	150,04
	8,8%	120,42	124,11	128,08	132,36	136,99
	9,3%	111,80	114,96	118,35	121,98	125,88
	9,8%	104,22	106,96	109,87	112,99	116,32

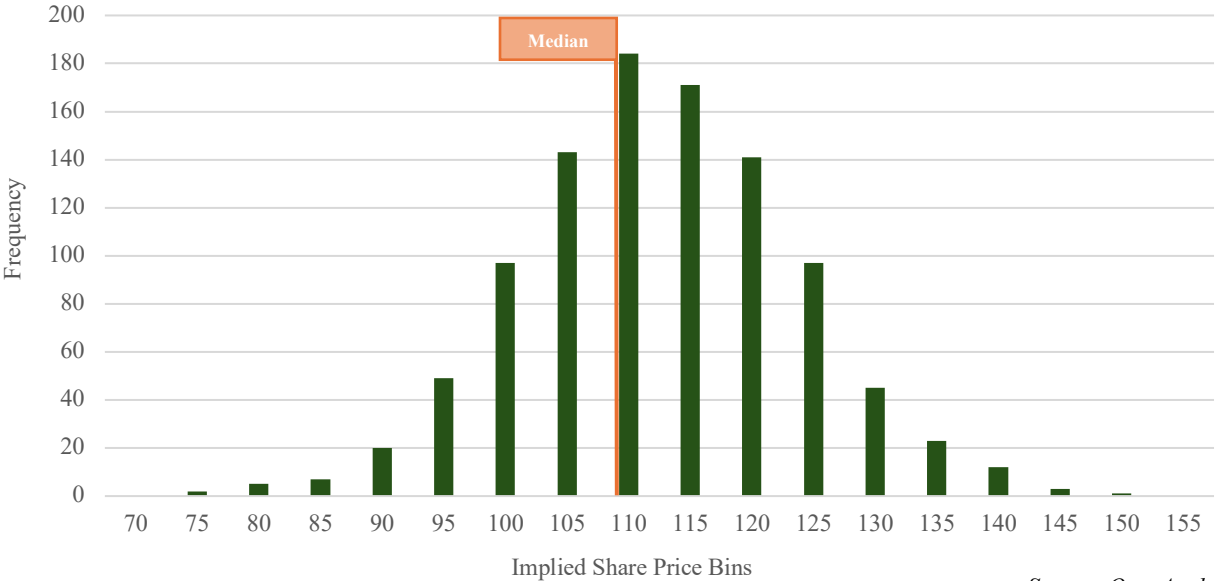
Source: Own Analysis

6.4 Monte Carlo

Furthermore, a Monte Carlo simulation was conducted to assess the distribution of potential valuation outcomes. The analysis is based on stochastic variations in FCFE over the explicit forecast horizon as well as in the TV, each modeled with a standard deviation of 10.0% around the base-case assumptions. In addition, the debt-to-equity ratio, beta, and terminal growth rate were varied such that their distributions are centered on the respective base-case inputs of the DCF model.

The simulation comprises 1.000 iterations and generates a distribution of implied share prices for Crocs Inc. The median simulated share price amounts to USD 109.78, approximately 3.5% below the base-case DCF valuation. Extreme downside scenarios of up to -35.2% and upside scenarios of up to 32.8% occur with relatively low frequency, suggesting that the base-case valuation is not driven by excessive input volatility but remains particularly sensitive to assumptions regarding the TV and the discount rate.

Figure 18: Monte Carlo - Implied Share Price



Source: Own Analysis

Table 22: Monte Carlo - Summary Statistics

Monte Carlo Simulation	
Summary Statistics	
Average	109,95
Median	109,78
Maximum	145,83
Minimum	71,09
Percentile 10	96,28
Percentile 90	123,91

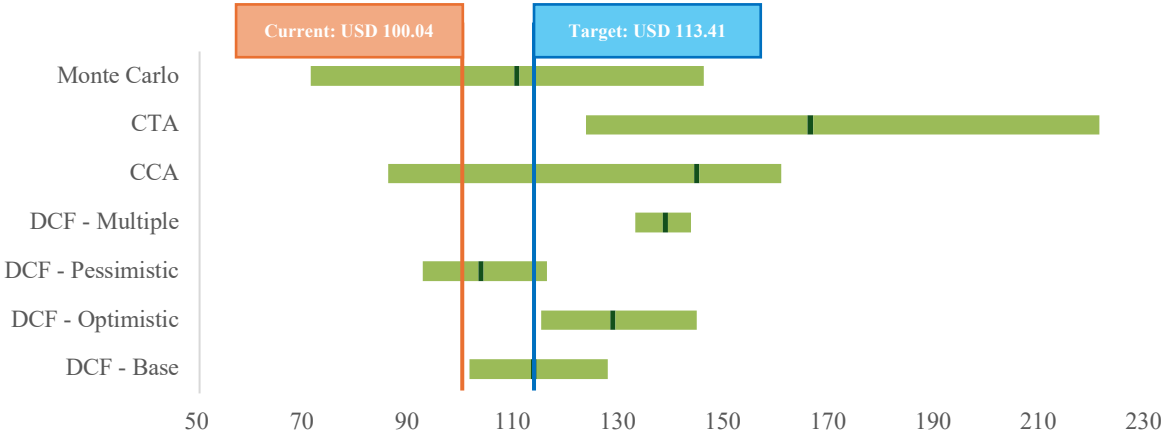
Source: Own Analysis

6.5 Valuation Summary

All the valuation approaches presented and discussed are consolidated in a football field analysis. The final target share price is derived from a combined assessment of the DCF Gordon growth approach (including sensitivity analysis), the DCF exit multiple approach and the results of the Monte Carlo simulation. The DCF approach accounts for 75% of the valuation, while the remaining 25% is made up of the Monte Carlo simulation, since the CCA and CTA multiples result in inflated prices.

Based on this triangulated framework, the implied fair value per share of Crocs Inc. as of February 20, 2026 amounts to USD 113.41. Compared to the prevailing market price of USD 100.04, this implies an upside potential of 13.37%.

Figure 19: Valuation Summary - Football field



Source: Own Analysis

Accordingly, the valuation outcome supports a Hold recommendation, reflecting moderate upside potential while acknowledging prevailing operational and macroeconomic risks.

7 Comparison with Analyst's

The estimated fair value for Crocs stock as of February 20, 2026, is USD 113.41. This valuation serves as a reference for comparison with the analyst consensus published by MarketScreener on February 26, 2026. MarketScreener considers the stock fairly valued, with modest upside potential subject to swings in expected outcomes. The mean consensus recommendation is “Hold”, with a slight inclination toward “Buy”. Analysts expect an average upside potential of approximately 9.51% relative to the prevailing market price (MarketScreener, 2026).

Regarding the forecast horizon, MarketScreener (2026) provides projections for three years through 2028, indicating fluctuating revenue growth. My valuation is built on the assumption of modest, stable revenue growth, roughly 0.8–1.0% per year from 2026 to 2028. This displays a prudent view of market growth and pricing power. MarketScreener, however, paints a different picture, with projections that are more erratic. They forecast a slight dip in 2026 (-0.1%), followed by stronger growth in 2027 (+2.3%), and a small decline in 2028 (-0.7%). This fluctuation indicates a higher degree of uncertainty among analysts regarding the normalization of demand and the sustainability of growth.

The model estimates a gradual decline in EBITDA margins, from 27.2% in 2024 to 20.9% by 2028. This is mainly due to expected increases in cost pressures and wage expenses. MarketScreener, on the other hand, expects a more robust margin profile, with EBITDA margins staying above 24% until 2027 and then decreasing to 22.4% in 2028. This variation suggests a slightly more cautious perspective on cost inflation and margin preservation relative to the prevailing consensus, which anticipates enhanced pricing power and operational effectiveness.

A comparable trend is visible at the EBIT level, where forecasts predict a gradual decline in operating margins, decreasing from 25.5% in 2024 to 19.0% by 2028. MarketScreener, in contrast, projects EBIT margins exceeding 22% until 2027, with a reduction to 21.3% only in the final forecast year.

The most considerable divergence is apparent in net income projections. Beginning in 2026, MarketScreener anticipates a substantial recovery, with net income reaching €682 million by 2028 and net margins expanding to 16.6%. Conversely, the model projects a more tempered

recovery path, with net income stabilizing at lower levels and net margins gradually decreasing from 13.1% in 2026 to 12.2% in 2028. This variance underscores a more conservative outlook concerning long-term earnings potential and bottom-line efficiency.

In essence, although revenue projections across the two methodologies exhibit general concordance, this examination presents a more circumspect perspective on margin progression and the reestablishment of profitability relative to MarketScreener's consensus. The analyst's forecasts suggest more robust operating leverage and margin stability, whereas the internal estimates account for persistent cost pressures and restricted potential for margin growth. Therefore, the valuation should be understood as a conservative benchmark, offering a judicious basis for the DCF evaluation.

Table 23: Comparison - Analysis

	Own Analysis					Marketscreener				
	2024A	2025A	2026E	2027E	2028E	2024A	2025A	2026E	2027E	2028E
Revenue	4.102	4.040,64	4.072,73	4.106,10	4.146,92	4.102	4.041	4.035	4.127	4.097
<i>Growth in %</i>		-1,5%	0,8%	0,8%	1,0%		-1,5%	-0,1%	2,3%	-0,7%
EBITDA	1.117	968,01	908,76	881,31	866,71	1.120	980	980	996	918
<i>Margin in %</i>	27,2%	24,0%	22,3%	21,5%	20,9%	27,3%	24,2%	24,3%	24,1%	22,4%
EBIT	1.047	888,72	831,33	802,47	786,06	1.050	901	899	923	872
<i>Margin in %</i>	25,5%	22,0%	20,4%	19,5%	19,0%	25,6%	22,3%	22,3%	22,4%	21,3%
Net Income	950	-81,21	534,00	519,05	507,38	950	-81	632	670	682
<i>Margin in %</i>	23,2%	-2,0%	13,1%	12,6%	12,2%	23,2%	-2,0%	15,7%	16,2%	16,6%

Source: MarketScreener, 2026 - Own Analysis

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9 Appendix

Appendix I: Limitations of DCF Valuation Models

Method	Limitations
General Limitations	
DCF Valuations	<ul style="list-style-type: none"> - difficult without access to detailed financial statements - credibility depends on plausible and well-supported path toward generating positive cash flows in the long term - particularly unreliable for young companies that may not achieve a stable and sustainable growth rate - not usable for pre-revenue firms still in the process of defining their business model, go-to-market strategy, or target customer base - unfeasible when a company is not expected to generate positive cash flows for the foreseeable future
Method-specific Limitations	
FCFF	- assumes stable capital structure
FCFE	- highly influenced by leverage assumptions
APV	<ul style="list-style-type: none"> - may limit precision of financing decisions, particularly in situations involving substantial debt restructuring or dynamically changing capital structures - estimation of default probabilities and associated bankruptcy costs, which introduces estimation uncertainty

Source: Damodaran, 2012; Feldman, 2021

Appendix II: Limitations of Relative Valuation Models

Method	Limitations
General Limitations	
Relative valuation	<ul style="list-style-type: none"> - lack of transparency and data consistency - potential distortions caused by changing market conditions - should ideally be complemented with intrinsic valuation methods
Method-specific Limitations	
CCA	<ul style="list-style-type: none"> - market prices can fluctuate based on short-term investor sentiment or macroeconomic factors rather than intrinsic fundamentals - challenging to find truly comparable peers (e.g. industry, growth, geography) - impact of non-recurring items may distort earnings-based multiples - sensitivity to outliers
CTA	<ul style="list-style-type: none"> - limited data availability - difficult when there has been little or no recent M&A activity within the relevant sector - different economic conditions - characteristics such as the form of consideration (cash or stock), the buyer type (financial or strategic), and the specific deal circumstances can substantially influence the final purchase price - private companies that are not required to disclose full transaction details (incomplete or inconsistent data)

Source: Damodaran, 2012; Feldman, 2021



Source: Own Analysis

Appendix IV: Impact of Tariffs

Tariffs impact Crocs' cost of goods sold (COGS) only after they are implemented and specifically target Crocs' imports. Many proposed tariff measures are subject to delays, phased implementations, or modifications before becoming effective; therefore, the anticipated tariff risk has not yet fully translated into actual import expenses. Furthermore, even when tariffs are in effect, their effects are not immediately reflected, often lagging by two or more quarters.

This delay remains attributable to both supply chain lead times and inventory accounting practices. Crocs employs the FIFO (first-in, first-out) method, which means COGS reflects the cost of the oldest inventory sold within a given period, rather than the cost of newly imported units (Crocs Inc., 2025). Consequently, higher tariff costs embedded in recently imported goods remain on the balance sheet until that inventory is sold, implying that a tariff implemented today may not substantially affect reported COGS for two or more quarters. Conversely, if Crocs were to adopt the LIFO (last-in, first-out) method, the most recently imported and, therefore, most expensive inventory would be reflected in COGS first, thereby making the income statement more sensitive to tariff increases in real time.

Several factors further buffer the effect. Crocs' brand strength and pricing flexibility enable strategic price hikes to offset rising unit costs; simultaneously, a favorable shift in product mix, with increased contributions from the high-margin Classic line and direct-to-consumer channels, and a reduced reliance on HEYDUDE, can offset minor cost increases. Furthermore, Crocs employs risk mitigation approaches, including production reallocation, supplier cost-sharing agreements, and duty optimization. Declining freight and resin costs also serve as supplementary offsets (Crocs Inc., 2025).

These joint factors explain why the cost of goods sold has remained approximately 40% of revenue, notwithstanding the increasing tariff-related concerns. This firmness reflects deferral and mitigation rather than immunity. The impact could become more pronounced if tariff coverage broadens, mitigation levers weaken, or competitive conditions limit further price and mix adjustments.

Appendix V: Assumptions - Income Statement

in €T	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
# days of year	366	365	365	365	366	365	365	365	366	365	365
Income Statement											
Revenues											
Segment split											
North America											
Wholesale	390.930,00	674.230,00	644.215,00	652.943,00	644.511,00	584.677,00	537.902,84	524.455,27	524.455,27	532.322,10	548.291,76
Growth in%		72,5%	(4,5%)	1,4%	(1,3%)	(9,3%)	(8,0%)	(2,5%)	-	1,5%	3,0%
Direct-to-customer (DTC)	472.683,00	879.748,00	1.000.441,00	1.124.942,00	1.188.911,00	1.124.958,00	1.068.710,10	1.047.335,90	1.047.335,90	1.068.282,62	1.100.331,09
Growth in%		86,1%	13,7%	12,4%	5,7%	(5,4%)	(5,0%)	(2,0%)	-	2,0%	3,0%
Revenue North America	863.613,00	1.553.978,00	1.644.656,00	1.777.885,00	1.833.422,00	1.709.635,00	1.606.612,94	1.571.791,17	1.571.791,17	1.600.604,71	1.648.622,86
Growth in%		79,9%	5,8%	8,1%	3,1%	(6,8%)	(6,0%)	(2,2%)	-	1,8%	3,0%
International											
Wholesale	301.989,00	499.851,00	733.087,00	840.594,00	963.035,00	1.014.697,00	1.065.431,85	1.092.067,65	1.102.988,32	1.108.503,26	1.108.503,26
Growth in%		65,5%	46,7%	14,7%	14,6%	5,4%	5,0%	2,5%	1,0%	0,5%	-
Direct-to-customer (DTC)	220.349,00	259.587,00	281.382,00	394.475,00	481.510,00	601.475,00	751.843,75	827.028,13	868.379,53	877.063,33	881.448,64
Growth in%		17,8%	8,4%	40,2%	22,1%	24,9%	25,0%	10,0%	5,0%	1,0%	0,5%
Revenue International	522.338,00	759.438,00	1.014.469,00	1.235.069,00	1.444.545,00	1.616.172,00	1.817.275,60	1.919.095,77	1.971.367,85	1.985.566,59	1.989.951,91
Growth in%		45,4%	33,6%	21,7%	17,0%	11,9%	12,4%	5,6%	2,7%	0,7%	0,2%
HEYDUDE Brand											
Wholesale			574.140,00	566.937,00	456.472,00	336.325,00	258.970,25	213.650,46	190.148,91	180.641,46	176.125,42
Growth in%				(1,3%)	(19,5%)	(26,3%)	(23,0%)	(17,5%)	(11,0%)	(5,0%)	(2,5%)
Direct-to-customer (DTC)			321.720,00	382.456,00	367.669,00	378.515,00	389.870,45	401.566,56	413.613,56	426.021,97	438.802,63
Growth in%				18,9%	(3,9%)	2,9%	3,0%	3,0%	3,0%	3,0%	3,0%
Revenue HEYDUDE			895.860,00	949.393,00	824.141,00	714.840,00	648.840,70	615.217,02	603.762,47	606.663,43	614.928,05
Growth in%				6,0%	(13,2%)	(9,2%)	(9,2%)	(5,2%)	(1,9%)	0,5%	1,4%
TOTAL REVENUE	1.385.950,00	2.313.420,00	3.554.990,00	3.962.350,00	4.102.110,00	4.040.640,000	4.072.729,24	4.106.103,96	4.146.921,49	4.192.834,73	4.253.502,81
Growth in%		66,9%	53,7%	11,5%	3,5%	(1,5%)	0,8%	0,8%	1,0%	1,1%	1,4%
Costs											
Operating expenses											
COGS as % of Revenue	45,3%	38,1%	47,3%	43,7%	40,7%	41,1%	43,0%	42,8%	42,6%	42,5%	42,5%
SG&A as % of Revenue	25,5%	20,9%	19,1%	20,0%	22,3%	24,5%	25,0%	25,5%	25,7%	26,0%	26,2%
R&D as % of Revenue	0,7%	0,6%	0,5%	0,5%	0,6%	0,7%	0,7%	0,8%	0,8%	0,8%	0,8%
Advertising as % of Revenue	7,3%	7,5%	7,3%	8,0%	9,2%	9,7%	9,0%	9,5%	10,0%	10,0%	10,0%
Other operating income as % of Revenue	1,2%	1,6%	0,0%	0,0%	0,0%	0,0%	-	-	-	-	-
Depreciation & Amortisation											
Depreciation rate of tangibles		6,0%	5,7%	6,7%	8,7%	9,9%	9,9%	10,0%	10,0%	10,0%	10,0%
Useful life		16,5	17,6	14,9	11,5	10,1	10,1	10,0	10,0	10,0	10,0
Amortisation of intangibles		51,3%	2,1%	1,3%	1,3%	1,5%	1,6%	1,6%	1,6%	1,7%	1,7%
Useful life		1,9	46,7	79,4	77,8	65,8	64,1	62,5	61,3	60,6	60,6
Other income / expenses											
% Effective interest rate on liabilities	(1,8%)	(2,2%)	(5,2%)	(8,1%)	(6,4%)	(5,5%)	(5,0%)	(4,8%)	(4,8%)	(4,8%)	(4,8%)
Interest income as % of revenues	0,0%	0,0%	0,0%	0,1%	0,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Exceptional items as % of revenues	(2,6%)	(0,3%)	(0,6%)	(0,3%)	(0,7%)	(18,0%)	(0,7%)	(0,7%)	(0,7%)	(0,7%)	(0,7%)
Taxes											
Tax rate	51,2%	9,3%	(24,8%)	(9,6%)	4,3%	(211,3%)	25,6%	25,6%	25,6%	25,6%	25,6%
Other comprehensive income											
Other comprehensive income as % of revenues	0,1%	(0,9%)	(0,7%)	0,2%	(0,9%)	2,2%	0,6%	0,6%	0,6%	0,6%	0,6%

Source: Crocs Inc., Annual Reports – Own Analysis

Appendix VI: Cash Flow Statement - Historic

Cash flow statement	2020A	2021A	2022A	2023A	2024A	2025A
Net Income		725.690,00	540.160,00	792.550,00	950.080,00	(81.210,00)
(+) Depreciation and Amortization		31.980	39.230	63.590	93.920	817.400
(+)/(-) Other non-cash items		57.180	79.830	88.590	100.510	110.930
(+)/(-) Change in Working Capital		(44.530)	(91.680)	366.530	68.430	(220.490)
(+)/(-) Change in deferred Income Taxes		(241.280)	(4.760)	(410.320)	(254.450)	47.090
(+)/(-) Other		38.120	40.360	29.490	34.010	36.700
Free Cash flow from operating activities		567.160	603.140	930.430	992.500	710.420
(-) CapEx on tangibles		(55.910)	(104.190)	(116.160)	(69.350)	(51.230)
% of revenues		(2,4%)	(2,9%)	(2,9%)	(1,7%)	(1,3%)
(-) CapEx on intangibles		-	(2.046.880)	-	-	-
% of revenues		-	(57,6%)	-	-	-
(-) Other		(10)	(20)	(50)	-	-
Free Cash flow from investing activities		(55.920)	(2.151.090)	(116.210)	(69.350)	(51.230)
(+)/(-) Changes in financial liabilities		(1.020.250)	(11.130)	(192.100)	(560.490)	(586.930)
(+)/(-) Changes in other non-current liabilities		605.000	1.594.740	(665.800)	(323.250)	(128.000)
(+)/(-) Changes in financial liabilities for rights of use		(14.640)	(53.480)	(1.740)	(1.700)	-
Free Cash flow from financing activities		(429.890)	1.530.130	(859.640)	(885.440)	(714.930)
(+)/(-) Foreign Exchange Effect		(3.950)	(3.750)	3.080	(6.510)	5.600
Free Cash flow of the period		77.400	(21.570)	(42.340)	31.200	(50.140)
Cash BoY		135.800	213.200	191.630	149.290	180.490
Free cash flow of the period		77.400	(21.570)	(42.340)	31.200	(50.140)
Cash EoY		213.200	191.630	149.290	180.490	130.350

Source: Crocs Inc., Annual Reports

Appendix VII: Assumptions - Balance Sheet & CapEx

in €T	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
# days of year	366	365	365	365	366	365	365	365	366	365	365
Balance Sheet											
Assets											
Non-current assets											
Intangible assets	3%	1%	51%	45%	43%	33%	33,0%	33,0%	35,0%	35,0%	35,0%
Property, plant and equipment	16%	12%	12%	13%	13%	14%	14,0%	14,0%	14,0%	14,0%	14,0%
Goodwill	0%	0%	20%	18%	17%	10%	10,0%	10,0%	10,0%	10,0%	10,0%
Other non-current assets (SA)	26%	25%	15%	18%	22%	24%	25,0%	25,0%	25,0%	25,0%	25,0%
Current assets											
Trade receivables (current)	42,9	34,3	33,8	30,5	25,3	30,1	30,0	30,0	30,0	30,0	30,0
Other current assets	0,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Prepaid expenses	1,3%	1,0%	0,9%	1,1%	1,3%	1,3%	1,3%	1,3%	1,3%	1,3%	1,3%
Inventories	102,0	88,3	102,3	81,2	78,1	81,1	88,0	86,0	84,0	82,0	80,0
Cash & Cash-Equivalents	9,8%	9,2%	5,4%	9,8%	4,4%	3,2%	3,8%	3,8%	3,8%	3,8%	3,8%
Shareholders equity and liabilities											
Non-current liabilities											
Deferred Tax Liability	0,0%	0,0%	8,5%	0,3%	0,1%	0,0%	-	-	-	-	-
Other non-current liabilities	15,2%	9,6%	6,4%	14,3%	14,6%	16,1%	15,0%	15,0%	15,0%	15,0%	15,0%
Current liabilities											
Days payables outstanding	114,5	115,7	79,8	94,2	93,9	94,7	95,0	95,0	95,0	95,0	95,0
Other current liabilities	3,1%	2,1%	2,9%	2,5%	3,3%	3,4%	3,4%	3,4%	3,3%	3,2%	3,1%
Income Taxes Payable	0,4%	0,7%	2,5%	1,7%	2,6%	1,2%	1,3%	1,5%	1,7%	1,7%	1,7%
Cash Flow Statement											
CapEx											
CapEx on tangibles as % of revenues		(2,4%)	(2,9%)	(2,9%)	(1,7%)	(1,3%)	(1,5%)	(1,6%)	(1,7%)	(1,8%)	(1,8%)
CapEx on intangibles as % of revenues		0%	(57,6%)	0%	0%	0%	-	-	-	-	-

Source: Crocs Inc., Annual Reports – Own Analysis

Appendix VIII: Working Capital Movement

Working Capital Movement	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
(+)/(-) Change in Inventories		(38,400)	(258,030)	86,500	28,800	(12,440)	(53,535)	8,150	8,629	5,117	3,740
(+)/(-) Change in Payables		83,150	88,300	78,900	(18,590)	2,560	25,071	1,598	1,132	5,256	7,154
(+)/(-) Change in Receivables		(54,660)	(112,010)	(2,040)	47,320	(49,150)	(1,685)	(2,743)	(2,424)	(4,705)	(4,986)
Change in Trade Working Capital		(9,910)	(281,740)	163,360	57,530	(59,030)	(30,149)	7,004	7,337	5,668	5,907
(+)/(-) Change in Prepaid Expenses		(4,750)	(10,990)	(11,530)	(6,490)	(2,170)	(427)	(444)	(543)	(611)	(808)
(+)/(-) Change in Tax Payables		11,240	72,930	(23,260)	42,740	(61,380)	5,635	8,646	8,906	781	1,031
(+)/(-) Change in other Current Liabilities		6,410	52,910	(2,400)	34,810	1,530	1,083	2,205	(2,759)	(2,678)	(2,312)
Change in NWC		2,990	(166,890)	126,170	128,590	(121,050)	(23,858)	17,411	12,941	3,159	3,819

Source: Crocs Inc., Annual Reports – Own Analysis