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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Crocs, Inc.
Niwot, Colorado

We have audited the accompanying consolidated balance sheets of Crocs, Inc. and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Crocs, Inc. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2010 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Denver, Colorado
February 25, 2010

[Table of Contents](#)**CROCS, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except share and per share data)**

	Year Ended December 31,		
	2009	2008	2007
Revenues	\$ 645,767	\$ 721,589	\$ 847,350
Cost of sales	337,720	486,722	349,701
Restructuring charges	7,086	901	—
Gross profit	300,961	233,966	497,649
Selling, general and administrative expenses	311,592	341,518	268,978
Foreign currency transaction losses (gains), net	(665)	25,438	(10,055)
Restructuring charges	7,623	7,664	—
Goodwill impairment charges	—	23,867	—
Asset impairment charges	26,085	21,917	—
Charitable Contributions	7,510	1,844	959
Income (loss) from operations	(51,184)	(188,282)	237,767
Interest expense	1,495	1,793	438
Gain on Charitable Contribution	(3,163)	—	—
Other expense (income), net	(895)	(565)	(2,997)
Income (loss) before income taxes	(48,621)	(189,510)	240,326
Income tax expense (benefit)	(6,543)	(4,434)	72,098
Net (loss) income	\$ (42,078)	\$ (185,076)	\$ 168,228
Income (loss) per common share:			
Basic	\$ (0.49)	\$ (2.24)	\$ 2.08
Diluted	\$ (0.49)	\$ (2.24)	\$ 2.00
Weighted average common shares:			
Basic	85,112,461	82,767,540	80,759,077
Diluted	85,112,461	82,767,540	84,194,883

See accompanying notes to consolidated financial statements.

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CROCS, INC.
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 77,343	\$ 51,665
Restricted cash	1,144	—
Accounts receivable, less allowance for doubtful accounts of \$3,973 and \$5,262, respectively	50,458	35,305
Inventories	93,329	143,205
Deferred tax assets, net	7,358	11,364
Income tax receivable	8,611	24,417
Other receivables	16,140	4,642
Prepaid expenses and other current assets	12,871	8,773
Total current assets	<u>267,254</u>	<u>279,371</u>
Property and equipment, net	71,084	95,892
Restricted cash	1,506	2,922
Intangible assets, net	35,984	40,892
Deferred tax assets, net	18,479	21,231
Other assets	15,431	15,691
Total Assets	<u>\$409,738</u>	<u>\$455,999</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 23,434	\$ 35,137
Accrued expenses and other current liabilities	53,580	50,076
Deferred tax liabilities, net	9	30
Accrued restructuring charges	2,616	1,439
Income taxes payable	6,377	24,420
Note payable, current portion of long-term debt and capital lease obligations	640	22,431
Total current liabilities	<u>86,656</u>	<u>133,533</u>
Long term debt and capital lease obligations, net of current portion	912	—
Deferred tax liabilities, net	2,192	2,917
Long term restructuring.	520	959
Other liabilities	31,838	31,427
Total liabilities	<u>122,118</u>	<u>168,836</u>
Commitments and contingencies (Notes 6, 9 and 15)		
Stockholders' equity:		
Common shares, par value \$0.001 per share; 250,000,000 authorized 86,224,760 issued and 85,659,581 shares issued and outstanding in 2009, 83,543,501 issued and 83,019,501 issued and outstanding in 2008	85	84
Treasury Stock, at cost, 565,179 and 524,000 shares, respectively	(25,260)	(25,022)
Additional paid-in capital	266,472	232,037
Deferred compensation	—	(246)
Retained earnings	22,155	64,233
Accumulated other comprehensive income	24,168	16,077
Total stockholders' equity	<u>287,620</u>	<u>287,163</u>
Total Liabilities and Stockholders' Equity	<u>409,738</u>	<u>\$455,999</u>

See accompanying notes to consolidated financial statements.

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[Table of Contents](#)**CROCS, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)**

	Year Ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net (loss) income	\$(42,078)	\$(185,076)	\$ 168,228
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	36,671	37,450	20,949
Loss on disposal of fixed assets	(776)	633	199
Unrealized loss (gain) on foreign exchange	(11,267)	21,570	(8,583)
Deferred income taxes	5,399	(5,429)	(14,866)
Goodwill impairment	—	23,837	—
Asset impairment	26,027	21,927	—
Inventory write-down charges	2,568	76,258	1,829
Loss on purchase commitments	—	4,200	—
Charitable contributions	7,424	1,844	959
Gain on charitable contributions	(3,148)	—	—
Non-cash restructuring charges	2,196	—	—
Bad debt expense	1,316	3,153	4,671
Share based compensation	15,237	18,976	21,683
Share based compensation from tender offer	16,197	—	—
Excess tax benefit on share-based compensation	—	—	(43,216)
Changes in operating assets and liabilities—net of effect of acquired businesses:			
Accounts receivable	(13,251)	111,318	(83,948)
Inventories	44,828	16,395	(154,378)
Prepaid expenses and other assets	(13,914)	(4,342)	(10,912)
Accounts payable	(17,387)	(60,168)	27,149
Accrued expenses and other liabilities	(19,304)	11,553	79,174
Accrued restructuring	1,208	2,398	—
Income taxes receivable	23,163	(23,634)	—
Cash provided by operating activities	<u>61,109</u>	<u>72,863</u>	<u>8,938</u>
Cash flows from investing activities:			
Purchases of marketable securities	(1,502)	—	(64,880)
Sales of marketable securities	—	—	87,205
Cash paid for purchases of property and equipment	(20,054)	(55,559)	(57,379)
Proceeds from disposal of property and equipment	2,476	2,383	—
Cash paid for intangible assets	(6,973)	(10,659)	(16,525)
Restricted cash	322	(1,624)	1,753
Acquisition of businesses, net of cash acquired	—	(7,977)	(12,391)
Cash used in investing activities	<u>(25,731)</u>	<u>(73,436)</u>	<u>(62,217)</u>
Cash flows from financing activities:			
Proceeds from note payable, net	293	76,024	7,000
Repayment of note payable and capital lease obligations	(23,078)	(60,707)	(541)
Debt issuance costs	(458)	—	—
Excess tax benefit on share-based compensation	—	—	43,216
Exercise of stock options	1,290	3,283	18,547
Purchase of treasury stock	(238)	—	(25,022)
Cash (used in) provided by financing activities	<u>(22,191)</u>	<u>18,600</u>	<u>43,200</u>

Effect of exchange rate changes on cash	12,491	(2,697)	3,758
Net (decrease) increase in cash and cash equivalents	<u>25,678</u>	<u>15,330</u>	<u>(6,321)</u>
Cash and cash equivalents—beginning of year	51,665	36,335	42,656
Cash and cash equivalents—end of year	<u>\$ 77,343</u>	<u>\$ 51,665</u>	<u>\$ 36,335</u>

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