

For: **Crocs, Inc.**

Company Contact: Jennifer Almquist/Director of Investor Relations  
Tia Mattson/ Media Relations  
(303) 848-7000

Investor Contact: ICR, Inc.  
Chad Jacobs/Brendon Frey  
(203) 682-8200

**CROCS, INC. REPORTS FISCAL 2009 SECOND QUARTER FINANCIAL RESULTS**  
***Second Quarter Revenue of \$198 Million Exceeds Guidance***  
***Cash Increases 50% to \$78 Million in First Half of 2009***  
***Announces Full Repayment of Outstanding Credit Facility***  
***Reduces Inventory 22% Since Year End 2008***

**NIWOT, COLORADO** – August 6, 2009 – Crocs, Inc. (NASDAQ: CROX) today reported financial results for the second quarter ended June 30, 2009.

Q2 2009 revenue of \$197.7 million exceeded Company guidance for the quarter. Revenue in the comparable quarter of 2008 was \$222.8 million.

On a non-GAAP basis, the Company's Q2 2009 net loss after taxes was \$5.0 million, or a loss of \$0.06 per diluted share, which is better than the range the Company previously provided when it guided to a non-GAAP Q2 2009 loss per diluted share of \$0.31 to \$0.15. The Company generated non-GAAP income before taxes of \$2.6 million in Q2 2009. Non-GAAP Q2 2009 operating results exclude the effects of the following:

- \$34.8 million in impairment and restructuring charges,
- \$16.3 million in additional stock-based compensation expense related to the previously announced Q2 2009 tender offer, and
- \$3.1 million in net charitable donations.

These were offset by the following favorable impacts:

- \$25.3 million gross margin impact related to sales of product that had been previously impaired and
- \$3.6 million gain from foreign currency exchange rate fluctuations during the second quarter.

On a GAAP basis, the Company reported a net loss of \$30.3 million in the second quarter of 2009 with a diluted loss per share of (\$0.36), compared to Q2 2008 net income of \$2.1 million, or \$0.03 per diluted share.

Year-over-year second quarter changes in the Company's channel revenue streams were as follows:

- Retail sales increased 58.9% to \$55.3 million;
- Internet sales increased 24.8% to \$17.4 million; and
- Wholesale sales decreased 28.2% to \$125.0 million.

Changes in the Company's regional revenue streams during the same periods were as follows:

- Asia increased 30.5% to \$80.0 million;
- Americas decreased 19.4% to \$85.5 million; and
- Europe decreased 41.8% to \$32.2 million.

The Company's second quarter 2009 revenue included \$23.7 million in sales of previously impaired footwear. The Company's sales of non-impaired product for Q2 2009 were \$174.0 million, which exceeded the Company's guidance of sales between \$135.0 million and \$160.0 million for second quarter.

**Balance Sheet**

The Company's cash and cash equivalents increased 50% to \$77.5 million at June 30, 2009 from \$51.7 million as of December 31, 2008. The strong quarter end cash position allowed the Company to completely repay the \$17.3

million borrowed under the Company's credit facility as of June 30, 2009 subsequent to the end of the second quarter. The credit facility was extinguished on August 3, 2009, ahead of its September 30, 2009 maturity date. The Company has signed a term sheet with a well-known lender and intends to secure a new asset-backed revolving credit facility by the end of the third quarter.

Inventory decreased 22% since December 31, 2008 to \$111.6 million at June 30, 2009 as the Company continued its efforts to reduce inventory on hand.

The Company had accounts receivable of \$67.0 million as of June 30, 2009 compared to \$35.3 million at December 31, 2008 as a result of higher sales in the quarter. Days sales outstanding decreased from 52.3 days for the three months ended June 30, 2008 to 30.9 days for the three months ended June 30, 2009.

Net capital expenditures in the second quarter of 2009 were \$9.7 million compared to \$21.3 million the second quarter of 2008.

Working capital improved to \$153.0 million during the quarter, an increase from \$145.8 million as of December 31, 2008.

"Our second quarter performance reflects the tangible business improvements we're continuing to make and underscores the enduring consumer appeal of the Crocs brand," said John Duerden, President and Chief Executive Officer. "Our top-line results were better than expected driven by strong gains in our retail channel, as consumers responded positively to the broad product assortment now available at our Company-operated locations. We continue to gain market share in Asia, where our business has been strong in recent quarters. We strengthened our balance sheet, reducing inventory and repaying all outstanding borrowings under our credit facility. While we are encouraged by our progress, we are clearly not satisfied with these results. We intend to reduce expenses, improve our cash position and making targeted investments in our systems and procedures to serve customers better and to increase productivity."

Duerden continued, "We've made substantial progress on the disposal of our excess inventory in a responsible manner. Our U.S. distribution facilities have been consolidated down from seven locations to one, enabling us to provide our product to customers more effectively and efficiently. As we continue to streamline our cost base, we expect to reduce our operating losses through the balance of this year and return to profitability next year."

#### **Guidance**

The Company expects to generate between \$150 million and \$160 million in revenue during its fiscal third quarter, with a diluted loss per share between \$0.14 and \$0.06. This guidance excludes the effect of one-time and non-recurring charges.

#### **Conference Call Information**

A conference call to discuss second quarter fiscal 2009 financial results is scheduled for today (August 6, 2009) at 5:00 PM Eastern Time. A webcast of the call will take place simultaneously and can be accessed by clicking the 'Investor Relations' link under the Company section on [www.crocs.com](http://www.crocs.com) or at [www.earnings.com](http://www.earnings.com). To listen to the broadcast, your computer must have Windows Media Player installed. If you do not have Windows Media Player, go to [www.earnings.com](http://www.earnings.com) prior to the call, where you can download the software for free.

#### **About Crocs, Inc.**

*Crocs, Inc. is a designer, manufacturer and retailer of footwear for men, women and children under the Crocs™ brand.*

*All Crocs™ brand shoes feature Crocs' proprietary closed-cell resin, Croslite™, which represents a substantial innovation in footwear. The Croslite™ material enables Crocs to produce soft, comfortable, lightweight, superior-gripping, non-marking and odor-resistant shoes. These unique elements make Crocs™ footwear ideal for casual wear, as well as for professional and recreational uses such as boating, hiking, hospitality and gardening. The versatile use of the material has enabled Crocs to successfully market its products to a broad range of consumers.*

*Crocs™ shoes are sold in more than 120 countries and come in a wide array of colors and styles. Please visit [www.crocs.com](http://www.crocs.com) for additional information.*

#### **Forward-looking statements**

The matters regarding the future discussed in this news release include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks,

uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances, or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, the following: macroeconomic issues, including, but not limited to, the current global financial crisis; our ability to obtain adequate financing; our significant expansion in recent years; our ability to manage our future growth or decline effectively; changing fashion trends; our defense and the ultimate outcome of a pending class action lawsuit; our ability to accurately anticipate and respond to seasonal or quarterly fluctuations in our operating results; our management and information systems infrastructure; our ability to obtain and protect intellectual property rights; our reliance on third party manufacturing and logistics providers for the production and distribution of products; our limited manufacturing capacity and distribution channels; our reliance on a single source supply for certain raw materials; inherent risks associated with the manufacture, distribution and sale of our products overseas; our reliance on market acceptance of the small number of products we sell; our ability to develop and sell new products; our limited operating history; our ability to accurately forecast consumer demand for our products; our ability to maintain effective internal controls; our ability to attract, assimilate and retain management talent; retail environment; our ability to effectively market and maintain a positive brand image; the effect of competition in our industry; the effect of potential adverse currency exchange rate fluctuations; and other factors described in our annual report on Form 10-K under the heading "Risk Factors" and our subsequent filings with the Securities and Exchange Commission. Readers are encouraged to review that section and all other disclosures appearing in our filings with the Securities and Exchange Commission. We do not undertake any obligation to update publicly any forward-looking statements, including, without limitation, any estimate regarding revenues or earnings, whether as a result of the receipt of new information, future events, or otherwise.