

**VOLCOM, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**  
**(in thousands, except share and per share data)**

|  | Three Months Ended |            |
|--|--------------------|------------|
|  | March 31,          |            |
|  | 2009               | 2008       |
| Revenues:  |                    |            |
| Product revenues .....                             | \$ 67,944          | \$ 79,987  |
| Licensing revenues .....                           | 375                | 567        |
| Total revenues .....                               | 68,319             | 80,554     |
| Cost of goods sold .....                           | 33,937             | 38,379     |
| Gross profit .....                                 | 34,382             | 42,175     |
| Selling, general and administrative expenses ..... | 28,034             | 27,777     |
| Operating income .....                             | 6,348              | 14,398     |
| Other income:                                      |                    |            |
| Interest income, net .....                         | 33                 | 469        |
| Foreign currency gain (loss) .....                 | 118                | (156)      |
| Total other income .....                           | 151                | 313        |
| Income before provision for income taxes .....     | 6,499              | 14,711     |
| Provision for income taxes .....                   | 2,279              | 5,371      |
| Net income .....                                   | \$ 4,220           | \$ 9,340   |
| Net income per share:                              |                    |            |
| Basic .....  | \$ 0.17            | \$ 0.38    |
| Diluted .....                                      | \$ 0.17            | \$ 0.38    |
| Weighted average shares outstanding:               |                    |            |
| Basic .....  | 24,347,857         | 24,326,015 |
| Diluted .....                                      | 24,357,044         | 24,330,994 |

**VOLCOM, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
(in thousands)

|  | <u>March 31, 2009</u> | <u>December 31, 2008</u> |
|--|-----------------------|--------------------------|
| <b>Assets</b>  |                       |                          |
| Current assets:                                      |                       |                          |
| Cash and cash equivalents .....                      | \$ 59,947             | \$ 79,613                |
| Short-term investments .....                         | 24,944                | —                        |
| Accounts receivable — net of allowances .....        | 56,990                | 60,914                   |
| Inventories .....                                    | 22,290                | 27,086                   |
| Prepaid expenses and other current assets .....      | 2,111                 | 2,596                    |
| Income taxes receivable .....                        | 1,100                 | 3,309                    |
| Deferred income taxes .....                          | <u>5,029</u>          | <u>4,947</u>             |
| Total current assets .....                           | <u>172,411</u>        | <u>178,465</u>           |
| Property and equipment — net .....                   | 25,612                | 26,716                   |
| Investments in unconsolidated investees .....        | 330                   | 330                      |
| Deferred income taxes .....                          | 4,031                 | 4,028                    |
| Intangible assets — net .....                        | 10,770                | 10,578                   |
| Goodwill .....                                       | 618                   | 665                      |
| Other assets .....                                   | <u>770</u>            | <u>841</u>               |
| Total assets .....                                   | <u>\$ 214,542</u>     | <u>\$ 221,623</u>        |
| <b>Liabilities and Stockholders' Equity</b>          |                       |                          |
| Current liabilities:                                 |                       |                          |
| Accounts payable .....                               | \$ 9,955              | \$ 15,291                |
| Accrued expenses and other current liabilities ..... | 8,869                 | 12,027                   |
| Current portion of capital lease obligations .....   | <u>59</u>             | <u>71</u>                |
| Total current liabilities .....                      | <u>18,883</u>         | <u>27,389</u>            |
| Long-term capital lease obligations .....            | 16                    | 23                       |
| Other long-term liabilities .....                    | 357                   | 414                      |
| Income taxes payable – non-current .....             | 95                    | 94                       |
| Stockholders' equity:                                |                       |                          |
| Common stock .....                                   | 24                    | 24                       |
| Additional paid-in capital .....                     | 90,685                | 90,456                   |
| Retained earnings .....                              | 106,155               | 101,935                  |
| Accumulated other comprehensive (loss) income ..     | <u>(1,673)</u>        | <u>1,288</u>             |
| Total stockholders' equity .....                     | <u>195,191</u>        | <u>193,703</u>           |
| Total liabilities and stockholders' equity .....     | <u>\$ 214,542</u>     | <u>\$ 221,623</u>        |

**VOLCOM, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**(in thousands)**

|  | Three Months Ended<br>March 31, |                  |
|--|---------------------------------|------------------|
|  | 2009                            | 2008             |
| <b>Cash flows from operating activities:</b>   |                                 |                  |
| Net income.....  | \$ 4,220                        | \$ 9,340         |
| Adjustments to reconcile net income to net cash<br>provided by operating activities: |                                 |                  |
| Depreciation and amortization .....  | 1,765                           | 1,743            |
| Provision for doubtful accounts .....  | 1,113                           | 163              |
| Loss on disposal of property and equipment.....                                      | 4                               | 16               |
| Stock-based compensation.....  | 246                             | 247              |
| Deferred income taxes .....  | (78)                            | (79)             |
| Changes in operating assets and liabilities:   |                                 |                  |
| Accounts receivable.....   | (473)                           | (3,138)          |
| Inventories .....  | 4,135                           | 5,801            |
| Prepaid expenses and other current assets.....                                       | 392                             | (473)            |
| Income taxes receivable/payable.....   | 2,273                           | 4,632            |
| Other assets.....  | 37                              | 77               |
| Accounts payable .....   | (4,802)                         | (12,810)         |
| Accrued expenses.....  | (2,792)                         | 221              |
| Other long-term liabilities .....  | (30)                            | (112)            |
| Net cash provided by operating activities .....                                      | 6,010                           | 5,628            |
| <b>Cash flows from investing activities:</b>   |                                 |                  |
| Purchase of property and equipment.....  | (734)                           | (1,026)          |
| Business acquisitions, net of cash acquired.....                                     | (794)                           | (26,856)         |
| Purchase of intangible assets.....   | —                               | (300)            |
| Purchase of short-term investments .....   | (24,944)                        | (281)            |
| Purchase of additional shares in cost method investee.....                           | —                               | (32)             |
| Net cash used in investing activities .....  | (26,472)                        | (28,495)         |
| <b>Cash flows from financing activities:</b>   |                                 |                  |
| Principal payments capital lease obligations.....                                    | (18)                            | (46)             |
| Proceeds from government grants.....   | —                               | 463              |
| Net cash (used in) provided by financing activities ...                              | (18)                            | 417              |
| Effect of exchange rate changes on cash.....   | 814                             | 1,519            |
| <b>Net decrease in cash and cash equivalents .....</b>                               | <b>(19,666)</b>                 | <b>(20,931)</b>  |
| <b>Cash and cash equivalents — Beginning of period.....</b>                          | <b>79,613</b>                   | <b>92,962</b>    |
| <b>Cash and cash equivalents — End of period.....</b>                                | <b>\$ 59,947</b>                | <b>\$ 72,031</b> |

**VOLCOM, INC. AND SUBSIDIARIES**

**OPERATING SEGMENT INFORMATION (UNAUDITED)**  
**(in thousands)**

|                          | Three Months Ended |                  |
|--------------------------|--------------------|------------------|
|                          | <u>March 31,</u>   |                  |
|                          | <u>2009</u>        | <u>2008</u>      |
| Total revenues:          |                    |                  |
| United States .....      | \$ 42,420          | \$ 49,225        |
| Europe .....             | 21,678             | 25,154           |
| Electric .....           | 4,221              | 6,175            |
| Consolidated .....       | <u>\$ 68,319</u>   | <u>\$ 80,554</u> |
| Gross profit:            |                    |                  |
| United States .....      | \$ 20,275          | \$ 23,907        |
| Europe .....             | 11,807             | 14,669           |
| Electric .....           | 2,300              | 3,599            |
| Consolidated .....       | <u>\$ 34,382</u>   | <u>\$ 42,175</u> |
| Operating (loss) income: |                    |                  |
| United States .....      | \$ 1,471           | \$ 4,979         |
| Europe .....             | 5,792              | 9,038            |
| Electric .....           | (915)              | 381              |
| Consolidated .....       | <u>\$ 6,348</u>    | <u>\$ 14,398</u> |