COMPANY ANNOUNCEMENT

GLOBE INTERNATIONAL LIMITED
RESULTS FOR THE YEAR ENDED 30 JUNE 2013

MELBOURNE, 26 August 2013: Globe International Limited (Globe) today announced its results for the financial year ended 30 June 2013. A proactive company restructure undertaken and a series of "one off" factors that occurred in June 2013 have impacted the financial result for the company.

Financial Performance

The consolidated entity reported a net loss after tax of $6.0 M for the financial year ended 30 June 2013 after impairing intangibles of $0.8 M (after tax), compared with the net profit of $0.1 M reported in the previous financial year. Earnings before interest tax, depreciation and amortisation[1] (EBITDA) was a loss of $4.7 M.

Total group sales for the year increased to $83.8 M, 2% above the prior year.

The EBITDA loss of $4.7 M for the year was largely due to one off costs totalling $4.25 M comprising;

- Restructuring costs of $1.35 M in Dwindle Distribution, the company's core skateboard division
- Impact of delayed shipments of $1.5 M
- Increased doubtful debt provisions of $0.7 M
- One off new brand set up costs of $0.7 M

The consolidated entity had approximately a break even EBITDA result for the full financial year when excluding the restructure costs and additional non-recurring expenses that are not expected to be incurred in FY14.

The increase in revenues was largely due to a strong year for the company's flagship brand Globe which was up 10% for the year. In addition, new clothing brands in Australia added in recent years as part of a strategic overhaul of the business grew 29%. This growth was partially offset by Dwindle Distribution which struggled in FY13 with revenues dropping 15%.

Regionally, the European division grew revenue by 16% as a result of growth in all Globe brand categories of footwear, apparel, socks and skate hardgoods. The Australian division posted revenue growth of 7% through Globe apparel and hardgoods, new workwear brand FXD and Obey clothing. Despite Globe brand growth of 14% in North America, revenues for the North American division were down 6% due to the decline in Dwindle revenues.

Strategies, Future Developments and Outlook

In anticipation of market changes, over the past few years Globe International has undergone a strategic review to provide the right growth platform for a radically transformed market place for its products. The company has been adjusting its brand and product category mix to have a more balanced portfolio of products. The company now operates more evenly across the boardsports, streetwear, fashion and workwear markets. New brands have been launched, brands closed down and certain territorial rights acquired for third party brands, to ensure we have a relevant and well balanced mix of brands to grow revenues and improve profitability.

Key Changes that have taken place as part of the strategic review:

- The company has invested and successfully developed and grown in the apparel, hardgoods and sock categories for the cornerstone Globe brand.
- Globe International recently acquired the Stussy clothing and Vision Streetwear license for Australia and New Zealand following the conclusion of a non-compete hold back from operating streetwear brands. These are in addition to the distribution rights previously acquired for the Obey and Neff brands.
- FXD, a new proprietary workwear brand was launched in the past year and has brought fresh perspective to the workwear market. FXD has far exceeded expectations in its launch year.

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[1]*Amotisation includes impairment of Intangible Assets*

- Following on from Globe apparel success in Australia and Europe, in North America significant investment has been made in Globe apparel which is now placed in globally influential clothing accounts.
- Following a strategic refocus for Globe in Asian regions, new distribution initiatives have been launched across key Asian territories. Sales in the last year more than doubled over the prior year.
- The Dwindle division now has a reduced cost base and brand mix. Furthermore part of the Dwindle revamp included the creation of the retro cruiser brand Dusters which has grown quickly to be the second largest Dwindle brand and strategically broadened the Dwindle customer base.
- The European Division which has been principally focused on Globe and achieved solid growth via the Globe product category expansion now has the platform to add additional brands. The company is currently reviewing options for additional brands that would be complimentary for that division.

Following these proactive changes, the revised brand platform is expected to deliver an improved operating result in the coming year, assuming that market conditions do no deteriorate significantly during this period.

Chief Executive Officer Matt Hill said, "Our growth engines are now in place with a revamped operational and brand platform in North America, and branded investments such as Globe apparel, FXD and the new Stussy license".

Financial Position

At 30 June 2013, the Group had available cash reserves of $6.4 M (June 2012: $10.2 M), and available financing facilities of $3.7 M (June 2012: $3.0 M). The reduction of $3.8 M in cash reserves during the year is largely due to the EBITDA loss of $4.7 M, capital expenditure of $0.7 M and the dividend of $1.0 M paid in October 2012, offset by a decrease of $2.2 M in net working capital balances and translation gains of $0.4 M on cash balances.

Mr. Hill said, "After a year of significant one off restructure and branded investment costs we remain financially stable with solid cash holdings and no net debt".

Dividend

The Directors have resolved that no final dividend will be paid.

Investors, Media and Analysts

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