



Attention: Company Announcements
Australian Securities Exchange Limited

27 October 2022

Dear Sir/Madam,

SUBJECT: CHAIRMAN'S AND CEO'S ADDRESSES – 2022 ANNUAL GENERAL MEETING ("AGM")

Attached please find copies of the Chairman's and CEO's addresses that will be made at today's Globe International Limited AGM, commencing at 1pm.

This release has been authorised by the Board of Globe International Limited.

Yours sincerely,

A handwritten signature in black ink, appearing to read "J Moelands".

Jessica Moelands
Company Secretary
Phone: (03) 8534 9932



GLOBE INTERNATIONAL LIMITED
ANNUAL GENERAL MEETING
THURSDAY 27 OCTOBER 2022

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Dear Shareholders,

2021-22 was a year of low (3%) sales growth as we consolidated the huge (75%) sales growth of the prior year and our management team adjusted the business for the new higher sales base and addressed the challenges of the impact of COVID on its Staff, suppliers, its customers and the consumer.

We are pleased to report an EBIT that represented 10% of the net sales of the Company (2021 – 12.5%) despite the added costs that were incurred as a result of COVID issues.

The Hardware Divisions of the Company in Roller Skates and Skate Boards suffered from a dampening of demand as their popularity waned in the post COVID environment. However, we continued to achieve overall Company sales growth of 3% as other divisions and brands showed strong growth. The strategic breadth of our Brand Portfolio and the regional spread of sales was pleasing and softened the impact of the hardware sales decreases. Salty Crew, FXD and Footwear brands continued to grow well.

All regional divisions contributed to the EBIT and management continue to aim for strong regional operations and to ensure all regions contribute to the Companies overall profitability.

Matt Hill and his management team have delivered their 2nd year in a row of double digit EBIT as a percentage of Net sales and I congratulate and all their team on their ability to achieve this result when they were subject to so many challenges and unforeseen obstacles due to COVID. COVID negatively impacted operations in so many ways - along the logistics route, on the health and daily workload of staff and on the buying decisions of customers and consumers.

In addition, due to our 2nd highest record EBIT of \$27.5m, the Directors have announced and paid a final dividend that takes full year dividends to 32 cent per share, which is at the same record level as the 2020-21 dividend. The Board continue to work with management to ensure the Company progresses in an entrepreneurial yet prudent manner to maximise rewards for shareholders.

Management continue to broaden their brand strategy and also push deeper into their marketplaces with their existing leading brands. This will create a stronger and more resilient Company.

Our culture is always improving as we strive to be more sustainable and continuously seek to reduce our impact on the environment as we strive to build a better Globe.

William Crothers
Chairman



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CEO'S ADDRESS TO SHAREHOLDERS

Thankyou William and Welcome Everyone,

After the extraordinary highs experienced throughout 2021, with record profits driven by all brands and a high proportion of online sales, we were prepared for some earnings normalization during the 2022 financial year. As it turned out, there was more negative pressure on profit margins than we had expected due mainly to continued global logistics issues and the macro-economic impact of rising interest rates and inflation. These conditions have continued into the current financial year and are expected to further dampen performance over the next eight months compared to the prior periods.

However, and impressively, our brands remained in terrific shape throughout the 2022 year. We're proud of the result, given the various challenges that were thrown at our global teams. Our team delivered a strong result due to the strength and diversity of our segment leading brands, which showed resilience even with the challenging macro conditions. This included major shipping delays that lead to an unplanned build of excess inventory, further covid lockdowns in key Australian markets, and inflation pushing up our cost of doing business. From the second quarter, we saw roller skate and skateboard hardgoods sales start to slow. Nonetheless, despite these obstacles Globe International managed to achieve sales of \$274.5 million, which were at a record level for the second year in a row and, we delivered \$27.5 million in EBIT. This enabled us to maintain 32 cents per share in dividends paid to shareholders, which was at the same level as the prior record year.

Our four pillar brands of Globe, FXD, Salty Crew and Impala all contributed to the bottom line in the 2022 financial year. Our apparel, footwear and new eyewear programs drove the revenue growth, while roller skate and skateboard sales declined, but remained significant as a proportion of overall group sales. Regionally, Australia was the standout division for profit contribution, while North America was responsible for the revenue growth for the group. The European division struggled more than the other divisions, as their reduced hardgoods revenues were not adequately offset by growth in the other product categories.

In the current year, we are seeing further reductions in skateboard and roller skate hardgoods sales as the market is oversupplied with inventory, while our apparel and footwear programs are still forecasting to grow, albeit at a slower rate in a much tougher environment.

We continued to invest in operations and brands throughout the year. Operationally, planned capital expenditure was undertaken to support the purchase of a warehouse facility close to the company's existing Port Melbourne headquarters, as well as the move to a new North American headquarters. These were one off capital expenditure projects and are expected to support the growth and efficiency of the two regional divisions in the coming years as we better adapt our business to our new level of revenue scale, brand and product mix as well as a greater level of direct-to-consumer online business. From a branded perspective we continued to develop new branded programs with the launch of Milkbar Bikes, the expansion of FXD footwear and the FXD brand into North America. We also launched the Salty Crew women's line and pushed on with the international expansion of Salty Crew and our Szade sustainable eyewear program. These are all exciting new opportunities

for the company to grow and diversify that were seeded in the 2022 financial year, for growth and prosperity for the company and shareholders in future years.

In conjunction with the easing of COVID global restrictions we were better able to re-focus our environmental and social responsibility programs. In the 2022 year we made excellent steps forward in our ongoing quest to improve our behaviours in the areas of sustainability, social responsibility, and staff wellbeing. This is a constant program of self-improvement and something we see as a never ending journey. We felt that in 2022 we moved the ball a lot further forward than was the case in the prior two COVID impacted years.

Looking ahead at the current 2023 financial year, in the first quarter we have experienced a significant downturn in market sentiment. Our customer base, like many businesses, are affected by issues such as excess inventory holdings, inflationary pressures, uncertainty around the broader economic conditions and the volatile geo-political situation currently swirling around in the World. In addition to this, the more recent strengthening of the US dollar against foreign currencies and in particular the Australian dollar and the Euro, has placed extreme downward pressure on profit margins for Globe International for this financial year. We are reacting to this as fast as possible but the negative short term immediate impacts are unavoidable, and will hinder the financial performance of the company, particularly in this first half of the 2023 financial year.

As such we expect a year ahead where sales will reduce modestly but that profits will be reduced drastically amidst eroded margins due to FX and inventory clearance. Similarly, we expect dividends to be reduced compared to the record highs of the prior two years in line with the reduction in profitability. So, in summary, we expect to remain financially stable, with positive cash generation and to maintain scale in revenues driven by our key pillar brands, but expect to see our profitability reduced in the 2023 financial year.

Despite the dour outlook for the short term, we remain confident in our brand mix and believe that our operational base can continue to develop and grow profitable brands. We have survived business and economic cycles for over 35 years and have done so by acting decisively and strongly when conditions have dampened, but also by not losing our confidence to chase new opportunities or fill holes we see in the market. As such, regardless of the challenging year ahead, we continue to look for opportunities for the long term, to strategically develop our brand mix, and to establish future growth engines for the company.

In recent history we have done this to great success with Impala, FXD and Salty Crew. In that vein, I am excited that we recently entered a new venture with It's Now Cool, a female fashion swimwear brand. Globe International has acquired 50% of the brand, and will assume 100% of the operational functions of the brand in all three major operating regions in North America, Australia and Europe. The brand has undergone solid growth in the last two years. Globe International, alongside the It's Now Cool brand founders who have joined the company, expects the combined impact of our operating platform and the outstanding brand potential, to provide a growth engine for the years to come in all regions. The addition of Its Now Cool also means further diversification in our brand portfolio, product category mix, consumers, and distribution channel.

While we are bracing for a brutal operating environment, we are confident our brands remain market leaders for their respective products and consumers, and we will continue to see those brands prosper. In addition, we plan to continue to invest in future branded programs, to ensure we can keep scale in our business, continue to evolve and are able to grow both sales and profit margins again in 2024. In short, our brands are still market leaders, and while we envisage a tough 2023 financial year as we react swiftly, responsibly and appropriately to the external conditions, we are confident we will emerge with a very robust business set to grow revenue, profits and dividends again by the end of the year.



I would like to thank our board, the management team, our global staff and shareholders for their ongoing support for the company and our brands. The 2022 financial year was challenging in many ways, but our teams across the world rose to the challenge very effectively, while maintaining health in our brands and delivering solid returns to shareholders. We look forward to displaying that level of tenacity in the upcoming difficult financial year, endeavouring to protect the business from external risks, and continuing to increase shareholder value in the Globe International company over the medium term.

Matt Hill
Chief Executive Officer