



Attention: Company Announcements  
Australian Securities Exchange Limited

22<sup>nd</sup> October 2020

Dear Sir/Madam,

**CHAIRMAN'S AND CEO'S ADDRESSES – 2020 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 ("Globe") AGM commencing at 1 pm.

The subject addresses have been authorized for release by the Board of Globe.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Gerhard Correa", written over a horizontal line.

Gerhard Correa  
Company Secretary  
Phone: (03) 8534 9982

**Media/investors contact:**

Jessica Moelands, CFO  
Phone (03) 8534 9932



## **GLOBE INTERNATIONAL LIMITED**

### **ANNUAL GENERAL MEETING**

**THURSDAY, 22 OCTOBER 2020**

#### **CHAIRMAN'S ADDRESS TO SHAREHOLDERS**

Fellow Shareholders and friends of Globe International, on behalf of the Directors, CEO, Matt Hill and Management, I welcome you to the 20<sup>th</sup> AGM of Globe International.

I joined the Board in May 2020 and I am pleased to report that my impression of the Company after a welcoming induction process remains very positive. The Board and Senior Management made some tough decisions to divest, acquire and develop particular brands several years ago and these decisions are starting to yield results.

I wish to acknowledge the work of my predecessor, Norman O'Bryan, for his 8 years as a Director with the last 2 being Chairman of the Board. Norman remains a strong supporter of Globe and we wish him well in his retirement and sincerely thank him for his service and leadership on the Board. Norman oversaw a period of reorganisation and regeneration at Globe and I am fortunate to be joining the Board at a time when the Dwindle sale is complete and the future strategy is clearer.

One of my first duties as Chairman was to review the CEO's employment contract which expired at the end of June 2020. I am pleased to advise the meeting that Matt Hill and the Board have agreed on a new 5 year employment arrangement.

Matt's experience and passion to lead the Company has been well demonstrated in these last 12 months as he and his team have shown maturity and entrepreneurship as they responded to "the unexpected". Globe has achieved solid sales and profit in this COVID-19 environment despite that fact that many of their customers "closed their doors" for many months. Globe's culture has built up good stakeholder relationships and these have been important as the business adjusted to new customer and consumer demands and all suppliers and staff worked together to ensure we met the demands from the suddenly changing external environment. We thank all our stakeholders for their support.

Globe is well poised to strengthen its Sales and Profits in all key areas and Matt, during his address, will give more detail as to how Globe performed in FY 2020 and also the opportunities ahead in FY 2021.

My congratulations to my fellow Directors, Matt, the Management Team and all staff at Globe for the successful completion of FY 2020 as the challenges of COVID 19 were never contemplated when the Budget was prepared in 2019! FY 2021 and beyond will inevitably bring new challenges but I believe the ingenuity and passion to succeed within the Board, the Management Team and Staff at Globe will enable us to deliver rewards for all stakeholders and remain committed to being a sustainable and environmentally responsible company.



**GLOBE INTERNATIONAL LIMITED**  
**ANNUAL GENERAL MEETING**  
**THURSDAY, 22 OCTOBER 2020**  
**CEO'S ADDRESS TO SHAREHOLDERS**

Hi Everyone,

Thanks William and to all the shareholders who have joined us today. It's obviously a less than ideal manner to be talking to you, and we're certainly missing the opportunity to meet shareholders face to face this year. However, we do appreciate the effort you've made to join in remotely. As always, we're glad that we have this opportunity to give you an update on the past financial year, to outline how the company is handling the pandemic, and to provide some insights to the extent we are able to give them, into the year ahead.

Overall, we were very satisfied with the performance of Globe International during the 2020 financial year, given the tumultuous turns and challenges of the past seven months. We've navigated a range of issues including the health and safety of our staff, temporary shutdowns of our account base and the ever moving targets of permissible global operations. All of this was done to ensure the company kept on functioning, supplying ongoing demand for our brands, and executing the long term strategies critical to future shareholder value.

Our global teams responded phenomenally through a period that was not just tough on the business, but also on their own personal lives. At some stage in the past seven months, our teams in each of our regions in Australia, North America and Europe have been severely impacted professionally and personally by the pandemic. Yet, in all cases, the teams pushed through, trying that extra bit harder to find appropriate work arounds to problems we'd never before encountered – all to keep the company prospering and to ensure the future of our brands for both staff and shareholders alike.

After taking an initial hit in the first few months of the pandemic, we bounced back well at an accelerating rate into the end of the financial year. The net effect was that sales for the year were only modestly down on the prior year and, while profits did take a hit as a consequence of the global shutdown in Q4, we maintained a stable financial position and entered the new financial year relatively unscathed. By the end of the financial year all of our staff had returned to full time work, either from the office or from home. And, we saw demand for our brands return in a very robust fashion.

We finished the 2020 financial year with sales of \$151.7M and EBIT of \$7.3M. This result was only modestly behind the prior year, and facilitated an extremely solid cash balance at year end, and a continuation of dividend returns for shareholders. We are proud to have maintained this consistency despite such adverse conditions around the World.

Probably the most pleasing aspect of the past financial year was, not only did we survive, but we also delivered on the key articulated strategies that we considered to be critical to our longer term future. These objectives included completing the strategic brand overhaul to reduce the number of smaller brands in our global operations. We achieved this through the divestment of the Dwindle brands and

the refocusing of this energy towards Globe branded skate hardgoods. This resulted in double digit growth for Globe skate hardgoods for the financial year. Beyond that, we wanted to turn our energy to our emerging brands and generate growth in FXD, Salty Crew and Impala. Despite the shutdown of many wholesale customers during the pandemic, these three brands grew in 2020. This growth was a result of strong demand on either side of the shutdown and, in some cases, strong direct to consumer activity online.

Additionally, in 2020 we needed to see strong international sales growth, which was achieved both in North America and Europe. As we look forward, this sets the scene for more balanced revenue growth and profit contribution from the three regional divisions. This means less specific reliance on the Australian operations to disproportionately carry the load, which has been the case for the past few years while we have been in a process of restructuring our brands and international operations.

The momentum we experienced at the tail end of 2020 has continued in to the first quarter of the 2021 financial year. We have seen all regions significantly grow their revenues and profits during the first quarter, and strong sales growth in all of our key strategic brands. Performance in the first quarter, from a sales and profitability perspective, has been well above the same quarter last year. This has been gratifying to all involved as we now see the results of our key strategies, to overhaul our brand mix and the North American operations, really starting to come to fruition in terms of financial results.

As we look forward, with so many uncertainties relating to the global impact of the pandemic and political and economic conditions, it is impossible at this stage to give an accurate outlook for the full 2021 financial year. However, based on the extremely strong first quarter trade in FY21, and continued strong trading conditions for our brands, at this stage we expect total group sales and profits to be ahead of last financial year. Growth is expected to come from all key brands and all three regions.

I would like to thank the Board, staff and my key management team for their efforts over the past seven months. It has been stressful and fatiguing for all, yet the team has pulled together well and in a single direction. I'm always so grateful to work with such competent, hardworking people who bring a positive, high energy attitude to even the most daunting tasks.

Globe International is in one of the strongest positions we have been in for many years. Our brand mix has been revamped and our financial position is strong. Our heritage Globe brand has been overhauled and we have much younger brands in FXD, Salty Crew and Impala that are leading their respective markets with significant headroom in potential revenues. We have established a well-functioning and performing direct to consumer infrastructure to reach customers during the pandemic who have been unable to access traditional accounts for our brands. Finally, we are in an extremely robust financial position with solid reserves of cash, and no debt. In short we are financially stable with leading brands within our markets that are in high demand.

Having said all of that, despite the positive momentum for the company, nothing is being taken for granted. We have no doubt that we will be thrown some more curve balls in the coming year. However, it should be comforting for staff and shareholders to know that, as a company, we face those obstacles from as good a starting point as we could possibly hope for. And that we, as a team, are in the right frame of mind to combat whatever these strange times may throw at us in the coming year.