GLOBE INTERNATIONAL LIMITED

ANNUAL GENERAL MEETING

THURSDAY, 26 OCTOBER 2017

CEO'S ADDRESS TO SHAREHOLDERS

Welcome everyone.

In the 2017 financial year, the Globe International group weathered the storm of a downturn in the skate hardgoods market – a major segment of our business. Despite the reduction in revenues, predominantly in Europe and North America, we saw apparel brands in Australia and North America grow through our ongoing commitment to launch and acquire new brands. In addition, stringent cost, margin and working capital initiatives resulted in an increase in net profit after tax for the full year and a significant improvement in cash generated from operations. This in turn resulted in an increase in dividends paid to shareholders with respect to the 2017 financial year.

Group revenues of $140.5 million were 7% down compared to the previous year, and earnings before interest tax depreciation and amortization (EBITDA) of $6.1 million declined 9%. Despite the reduction in revenue, net profit after tax (NPAT) of $5.1 million grew by 7% over the 2016 financial year. Cash generated from operations was $10.6 million which represented a $14 million improvement over the prior year. This facilitated a 33% increase in dividends with the company issuing interim and full year dividends totalling 8 cents per share being paid to shareholders with respect to the financial year ended 30 June 2017.

In all, it was a tougher year than 2016, but the company maintained stability, strengthened the balance sheet, and continued to make returns to shareholders. Furthermore we remained committed to funding and introducing new brands to provide further growth avenues for future years while making tough decisions, and restructuring in poor performing regions and brands.

Regionally, the Australian division continued its strong run, posting sales and profit growth over the previous year. The division saw sales grow primarily in its workwear and streetwear divisions. In North America and Europe sales declined as a result of the skateboard hardgoods market, although the rate of decline had slowed by the end of the financial year.

In North America, a major restructure of brands and operations was undertaken during the year including headcount reduction and changes to brand mix, leading to a reduction in operating expenses. These changes improved the financial model for North America, helped improve margins in the region and made way for a new apparel brand, Salty Crew.

Over the past few years we have continued to introduce new brands to add diversification and freshness to our brand portfolio. These brands have generated new energy in the business and contributed to the improvement of the company performance by leveraging off our core brand building competencies. Our strategy has been to broaden our brand mix beyond boardsports' distribution while still remaining steadfastly loyal to our boardsports roots and distribution channel with existing key brands. Thus far this has proven to be a solid strategy for navigating the changing nature of the markets in which we operate.

We expect certain headwinds to continue, but feel confident that we are well prepared to ride through those tough conditions. Markets have tightened and uncertain geo-political times make trade potentially more volatile. Nonetheless, we began the year in a good stable financial position, with certain key brands leading their respective markets. A great deal of work has been completed in the 2017 financial year both in terms of brand mix and cost base that makes us well poised for 2018.

Financial Year 2018

Looking forward we expect market conditions to continue to be tough and unpredictable in some areas of our business.

During the first quarter of trade of the new financial year, sales were roughly in line with the prior year, while profits were up moderately compared to the same time last year. This is a result of our efforts in the prior year to restructure and rationalize our cost base in regions and brands that were falling behind. We expect Europe and North American divisions to grow in revenue, while Australia is expected to be slightly down in revenues this year.

I would like to thank the staff and Board of Directors for their continued loyalty and support for our mission. It goes without saying that without them, their commitment and extraordinary efforts to push the company forward we would not be in the position we are in today.

While it is early days, present indicators for the group are to see moderate increases both in revenue and profits for the current year. This gives us the platform to, not only improve performance in the 2018 financial year, but to continue to build future growth programs for 2019 and beyond.