COMPANY ANNOUNCEMENT

GLOBE INTERNATIONAL LIMITED

RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

MELBOURNE, 25 February 2021: Globe International Limited (the Group), designer, producer and distributor in the boardsports, street fashion, outdoor and workwear markets, today announced its financial results for the six months ended 31 December 2020. The Group reported a significant increase in both sales and profitability compared to the previous corresponding period (pcp) as it was able to leverage its brand strategies and capitalise on opportunities, despite the interruptions caused by the COVID-19 pandemic. The key statistics for the half-year were as follows:

- Net sales of $124.8 million grew by 60% compared to the pcp.
- Earnings before interest and tax (EBIT) of $21.0m (16.8% of net sales), eclipsed the $4.2 million reported in the prior period (5.4% of net sales).
- Net profit after tax (NPAT) of $15.3 million for the half-year was $11.4m or ~300% higher than the pcp.
- Cash generated from operations during the period was $17.8 million.
- The fully franked interim dividend of 12 cents per ordinary share is 140% higher than the 2020 interim dividend, which was 5 cents and was unfranked.

The 60% growth in net sales was fuelled by the Group's four key brand pillars – Impala, FXD, Globe and Salty Crew. Each of these brands had strong brand trajectory before the COVID-19 pandemic set-in and have continued to deliver impressive sales growth throughout the pandemic. The Group's three regional operating segments all experienced strong double-digit sales growth in the half-year, while North America was the stand-out from a growth perspective, with net sales almost double the previous corresponding half-year.

Chief Executive Officer Matt Hill said, "This time last year, just weeks prior to the onset of the pandemic, we advised the market that we had completed the restructure of our Globe brand and divested our stable of Dwindle brands. Moving forward, our focus was on our growth brands across the outdoor (Salty Crew), workwear (FXD) and boardsports (Impala and Globe) markets, all of which grew in the first half of FY20 and were poised for further growth. A year on from the pandemic, it is extremely pleasing to see that our brands are still at the top of their game. Our dedicated global team remained agile and adapted quickly to the numerous sourcing, operational and selling challenges that were presented by the pandemic. As a result, we have been able to capitalize on the opportunities created by the strength of our brands. We have done this by working closely with our global retail customers over the last 6 months, as well as expanding on how we digitally reach and communicate with our end consumers. And, all of this has been underpinned by the support provided by our manufacturing partners, who have been both flexible and reliable, in what has been an extremely difficult time."

Earnings before interest and tax (EBIT) of $21.0 million were almost 5 times the EBIT reported in the prior corresponding period, while profitability increased from 5.4% of net sales to 16.8% of net sales. The increase in profitability was driven by the combined impact of the increase in both sales and gross profit margins. Gross profit margins of 43.2% of net sales were 5.6 points higher than the prior corresponding period, driven by a shift towards online sales; a weaker USD; and the shift towards typically higher margin hardgoods products. However, these favorable margin impacts were partially offset by the increase in freight costs across the world, as well as US tariffs. Since the pandemic commenced, the Group has received stimulus payments from the Government's in each of its 3 key operating jurisdictions (Australia, USA and France). While the total value of the stimulus recognized in the first half of FY21 was not significant to the result (<1 % of total sales and just over 1% of total costs), the various stimulus programs were strategically significant to the Group, as they allowed a forward looking and confident stance in what was otherwise an environment of panic.

Net profit after tax (NPAT) of $15.3 million for the half-year is almost 4 times the NPAT in the prior corresponding half-year. The weighted average tax rate for the half year is 27%, with all regions returning to a tax payable position during the first half of the year. The go forward effective tax rate is expected to be between 29% and 31%.

Cash flows from operations were $17.8 million for the half-year, with just a $3.8 million increase (+31%) in working capital despite the 60% increase in net sales. Working capital remained unusually low as at 31 December 2020 as ongoing sales demands kept inventory levels down, while trade receivables were lower than usual - a good indication of the strength of the demand for the Group's brands and products.

The Directors have determined that a fully franked interim dividend of 12 cents per share will be paid to shareholders on 26 March 2021. The dividend is more than double the interim dividend paid in relation to the 2020 financial year and is the first dividend to be franked in a number of years.

Matt Hill said "Our company is in an historically strong position following the substantial growth in net sales, profits and cashflows during the first half of the 2021 financial year, which supports the significant increase in the interim dividend. As we look forward, it is very difficult to predict what will happen as the world continues to react to the evolving pandemic. As it stands today, we expect sales growth to continue to remain robust in the second half of the 2021 financial year, pending the continued reliable supply of products, primarily from China, and assuming there is no major deterioration in global economic conditions. Profitability is also expected to remain strong but will be lower in the second half of the financial year than it was in the first half, as investments are made to support and fuel the continued growth in sales; and gross profit margins will be a few points lower due to landed cost increases and sales mix. Finally, we expect working capital to increase substantially over the second half of the year as both inventories and receivables are forecast to grow to facilitate sales growth. While the coming months will no doubt provide a range of new challenges, we look forward to delivering a full year result that is well ahead of the prior year with regards to sales, profits and returns to shareholders."

Authorised for release by the Board of Globe International Limited.

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