Global Brands S.A.

Issue of Equity and Trading Update

RNS Number : 2321H
Global Brands S.A.
17 February 2010

17 February 2010

Global Brands S.A. (the "Company")

Issue of Equity and Trading Update

Issue of Equity

Global Brands SA, the Domino's Pizza Master Franchisee in Switzerland, is pleased to announce the completion of a Placing which has raised approximately CHF504,000 (£300,000) at a Placing price of £0.018. Following the Placing, 16,666,667 new ordinary shares of CHF0.02 each in the Company have been issued and allotted. The total number of shares in issue is 105,613,217. Accordingly, application has been made for the 16,666,667 new ordinary shares to be admitted to trading on AIM and it is expected that admission will take place on 23 February 2010.

Global Brands is the owner of the Master Franchise agreement for Domino's Pizza for the territories of Switzerland, Lichtenstein and Luxembourg. The Company currently operates 11 Domino's Pizza stores across Switzerland and is looking to develop other quick service restaurant brands into this market over time.

The funds raised by this placing will be used to drive the 2010 Strategic Plan focussing on new store openings, increased marketing and specific business projects including kiosks and menu diversification (see 2010 Strategic Plan below for more details).

Trading Update

Further to the announcement on 14 December 2009, the successful implementation of the Company's Five Point Plan has led to improved operations in the fourth quarter of 2009. This is reflected in the Company's trading performance for the fourth quarter of 2009 and for the first month of this year.

The tactical price reduction in the Eastern (German speaking) region of Switzerland was launched in August 2009. Average prices were reduced by about 24% compared to the same period in 2008.

The like-for-like average order count in this region increased by 16% in October (compared to October 2008), by 21% in November and by 18% in December. As a result, despite the price reduction, the average like-for-like turnover for this region grew 4% in the fourth quarter compared to Q4 2008.

Like-for-like sales in the Western region for the fourth quarter were down by on the same period in 2008 but have shown an improvement on a monthly basis.

As a result, across the Company, total like-for-like sales for the fourth quarter improved by 0.8% compared to Q4 2008. Total sales were down 2%, largely due to the closure of the two stores.

"We are very encouraged by this performance, particularly as the results were achieved with limited marketing", states CEO Bruce Vandenberg. "Moreover, despite the heavy snowfall across Switzerland in the second week of January 2010, which severely impacted deliveries, the trend continued to improve." Total order count was up 6.2% on January last year and total sales were up 2.7%. "This was achieved through focused marketing and improved store operations. The Eastern region performed particularly well over January with the order count sales up by 26% and sales up by 18%" said Vandenberg. On the cost side, labour costs in January were running slightly ahead of budget as a result of the lower price structure in the German region at 46.1% of turnover but food costs were controlled within budget at 23.6%

The Company intends announcing its audited results for the year ended 31 December 2009 before the end of March] 2010. At this stage, the indications are that the trading performance, excluding extraordinary items which include the investigation into the two ex-Directors, will be similar to the results for 2008. In addition, a full financial review undertaken in November/December 2009 identified a number of historic inaccuracies which resulted in under-reported costs in the region of CHF220k. Of these, CHF155k was attributable to 2008 and a further CHF64k attributable to the first half of 2009.

New Appointment

In January 2010, the Board appointed Andrew Moore as Financial Controller. Andrew has dual nationality status (Swiss & British) and brings a wealth of knowledge to the business, with a career in banking, fifteen years of which were spent with Credit Suisse in London and Zurich. Since then, Andrew has spent the last ten years in Private Equity business, often as CFO of start-ups. Andrew is a Certified European Financial Analyst, an Associate of the Chartered Institute of Taxation and a Fellow of the Institute of Chartered Accountants in England and Wales. Andrew holds a degree in Operational Research and Statistics and has a Diploma in Corporate Finance from the London Business School.

2010 Strategic Plan

The Company's strategy for 2010 is:

1. To open five new corporate stores. This will commence with the newly-acquired lease for the new store planned for Höngg, which is targeting for opening in April. Four further corporate stores will be opened later in the year. It is expected that two further stores will be opened in the Geneva area and two stores in the Zurich area.

2. To start implementing a sub-franchising strategy with a target to sub-franchise two corporate stores (Neuchatel and Winterthur) this year.

3. To diversify the menu with new pizzas and other items (such as oven-baked sandwiches and pasta) and to introduce new pizzas specific to the Swiss market

4. To open non-standard stores (for example kiosks) targeting high-volume public places and to intensify the use of the mobile unit.

5. To significantly grow the awareness and use of Domino's in Switzerland by selecting and working with a Marketing Communications agency with experience in the fast food market.

6. To continue to work closely with Domino's Pizza International

The Board estimates that it requires an additional CHF1.7m to implement this plan, of which CHF1.4m is for planned capital expenditure. The plan will be funded through the CHF504k new equity with the balance of the funding expected to come from the sale of the freehold store and asset financing.

Simon Bentley, Non-Executive Chairman commented: "2009 was a year of change. We have implemented some major management changes culminating in the recent appointments of Fyl Newington as Chief Operating Officer and Andrew Moore as Financial Controller. The operational team in Switzerland has been strengthened enormously and our key performance indicators are now all moving in the right direction. 2010 will be our growth year as we expand into a market where there is no other internationally supported franchise operation that competes directly with us. In terms of our five year plan, we intend growing to 50 stores with 20 Company-owned stores and 30 sub-franchisees. We intend consolidating the Swiss pizza delivery market and, potentially, acquire new master franchise rights in other products and territories".

For further information contact:

Global Brands S.A.

Simon Bentley, Non-Executive Chairman — Tel: (0) 20 7317 8022

www.globalbrands.ch

ZAI Corporate Finance Ltd

David Newton — Tel: (0) 20 7060 2200

www.zaicf.com

Alexander David Securities Ltd

Fiona Kinghorn — Tel: (0) 20 7448 9832

Bill Sharp — Tel: (0) 207448 9820