

Globe International Limited

ABN 65 007 066 033

Appendix 4D

Half-Year Report for the period ended 31 December 2021

Lodged with the ASX under Listing Rule 4.2A

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This interim financial report includes the consolidated financial statements of the consolidated entity consisting of Globe International Limited and its subsidiaries. Unless otherwise noted, all financial information relates to the consolidated group.

Globe International Limited

ABN 65 007 066 033

Appendix 4D

Half-Year Report - 31 December 2021

Results for Announcement to the Market

Consolidated Entity

	Half-year 2021 \$'000	Half-year 2020 \$'000	Movement \$'000	Movement %
Net sales	142,874	124,819	18,055	14.5
Revenue from ordinary activities	142,957	124,863	18,094	14.5
Earnings before interest and tax (EBIT)	18,193	21,023	(2,830)	(13.5)
<i>EBIT as a percentage of net sales</i>	12.7%	16.8%	(4.1 points)	(24.4)
Net profit after tax attributable to members (NPAT)	12,447	15,260	(2,813)	(18.4)
<i>NPAT as a percentage of net sales</i>	8.7%	12.2%	(3.5 points)	(28.9)

Dividends	Amount per security	Franked portion of dividend	Franked amount per security
Interim dividend	16 cents	100%	16 cents

Record date for determining entitlements to the dividend

11 March 2022

NTA Backing	Current Period 31 December 2021	Previous Period 30 June 2021
Net tangible asset backing per ordinary security	\$1.81	\$1.69

Explanation of Result

Please refer to attached Company Announcement for a review and explanation of the financial results.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

Your directors present their report on the consolidated entity of Globe International Limited ("the Company") and its controlled entities (collectively "the consolidated entity") as at the end of, or during, the half-year ended 31 December 2021.

DIRECTORS

The following persons were directors of the Company during the whole of the half-year period:

William Crothers
Peter Hill
Stephen Hill

REVIEW OF OPERATIONS

The consolidated entity reported solid sales growth for the half-year and strong profitability despite challenging operating conditions. The key business metrics for the half-year were as follows:

- Reported net sales for the half-year of \$142.9 million were 15% higher than the prior comparative period (pcp).
- Earnings before interest and tax (EBIT) were \$18.2 million, representing 12.7% of net sales. This was lower than the 16.8% return on sales that was achieved in pcp.
- Net profit after tax (NPAT) was \$12.5 million, compared to \$15.3 million reported in the pcp.
- Cash-flows used in operations were \$12.7 million, driven by a change in business mix and inventory build.
- The fully franked interim dividend of 16 cents per ordinary share is 33% higher than the interim dividend paid in the 2021 financial year.

The demand for the consolidated entity's key brands held up well during Q1 and continued into Q2, with the exception of the hardgoods market which softened towards the end of the calendar year. Despite this strong demand for its products, the consolidated entity's profits were negatively impacted by surging logistics costs on top of significant shipping delays which resulted in cancelled orders. These unprecedented logistics conditions were most pronounced in the USA, where shipping costs during the peak Summer period were 5-10 times historical levels, and extended shipping windows of 8-12 weeks occurred. As a result of these conditions, there was a significant one-off build in inventories during the second quarter, which will be addressed in the next half-year. In addition to these factors, margins were also negatively impacted by inflationary pressures and a shift in sales mix. The fact that the business has been able to deliver a 12.7% EBIT return on net sales, despite the combined impact of these multiple factors, is reflective of the more diverse and robust business model.

Net Sales grew by 15% during the half-year, driven by the consolidated entity's four main brand pillars of FXD, Impala, Salty Crew and Globe. Together, these brands comprise all the consolidated entity's core product categories of apparel, footwear, workwear and hardgoods. Regionally, North America continued to be the most significant contributor to the growth in sales, experiencing a 32% increase in sales on the back of the 141% growth in the 2021 financial year. European sales also grew solidly by 24%, while the more established Australian business was relatively flat on the prior corresponding half-year with sales growth of just 1%.

The \$18.2 million EBIT reported for the half-year generated a return of 12.7% on net sales, compared to 16.8% in the previous corresponding half-year. The reduction in profitability was greater than anticipated due to the excessive and sustained shipping delays and increase in freight costs during the half-year. Other factors that impacted profitability were sales mix and upward pressure on the cost base, both of which were largely anticipated. Steps have been taken to improve underlying margins in the second half of the 2022 financial year and beyond.

The consolidated entity's reported cash position, net of working capital funding, was \$10.3 million at 31 December 2021, compared to \$36.1 million at the start of the half-year. Cash utilization was driven by a \$19.0 million increase in working capital, tax payments and capital expenditure. The increase in working capital was driven by a \$16.3 million increase in inventories over the half-year due to an increase in months stock on hand, part of which is due to excess inventory. The inventory excess was caused by extended shipping delays that resulted in a cancellation of sales orders and a softening of demand in the hardgoods market. Management have plans to work through this excess inventory in a sustainable and controlled manner over the coming months. Capital expenditure during the half year was \$12.9 million, or \$4.2 million net of related borrowings. This included the acquisition of a property close to the Australian headquarters which will provide additional warehouse space, as well as fit-out costs for the office and warehouse at the new North American headquarters.

Looking ahead, in the second half of the financial year the consolidated entity plans to address the underlying gross profit margin erosion by increasing wholesale and retail prices and negating the impact of higher freight costs. Meanwhile, it will embark on sales programs in some parts of the business to move through categories with excess stock. From a sales perspective, the downturn in the hardgoods market will have an impact on overall sales growth, although it is expected that other brands and categories will hold up well to largely fill that gap. Any more detailed outlooks are not possible to provide, other than to say full-year sales are expected to hold up fairly well compared to the 2021 financial year, while profits and profitability will be lower.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

There are no matters to report subsequent to the end of the half-year.

DIVIDENDS

During the half-year, the Company paid a franked final dividend of 20 cents per share, in respect of the 2021 financial year. This dividend, amounting to \$8.3 million, was paid to shareholders on 16 September 2021. The payment of this dividend took total dividends paid in respect of the 2021 financial year to 32 cents, amounting to \$13.8 million paid to shareholders.

In respect of the half-year ended 31 December 2021, the Directors have determined that an interim dividend of 16 cents per share will be paid to shareholders on 25 March 2022. This dividend, amounting to \$6.6 million will be fully franked (2021: \$5.0 million franked) and paid out of the Company's profit reserves.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2021.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors pursuant to section 306(3) of the *Corporations Act 2001*.



.....
William Crothers
Chairman

Melbourne
24 February 2022



Auditor's Independence Declaration

As lead auditor for the review of Globe International Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Globe International Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'S.P.A.', with a stylized flourish at the end.

Jon Roberts
Partner
PricewaterhouseCoopers

Melbourne
24 February 2022

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Income statement

For the half-year ended 31 December 2021

	Notes	Half-year	
		2021 \$'000	2020 \$'000
Revenue from contracts with customers		142,957	124,863
Profit from the sale of the Dwindle trademarks	3	-	515
Changes in inventories of finished goods and work in progress		16,793	10,796
Inventories purchased		(90,809)	(70,552)
Variable selling expenses		(16,229)	(13,914)
Employee benefits expense		(15,506)	(16,190)
Other sales, distribution and administrative expenses		(17,446)	(12,806)
Depreciation and amortisation expense		(1,567)	(1,689)
Finance costs		(398)	(154)
Profit before related income tax expense		17,795	20,869
Income tax (expense) / benefit		(5,348)	(5,609)
Profit for the half-year attributable to members of Globe International Limited		12,447	15,260

Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (EPS):

Basic EPS (cents)	30.02	36.80
Diluted EPS (cents)	30.02	36.80

The above income statement should be read in conjunction with the accompanying notes.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Statement of comprehensive income

For the half-year ended 31 December 2021

	Half-year	
	2021	2020
	\$'000	\$'000
Profit for the half-year attributable to members of Globe International Limited	12,447	15,260
Other comprehensive income / (expense)		
Changes in fair value of cash flow hedges	43	(1,903)
Exchange differences on translation of foreign operations	1,009	(1,985)
Income tax relating to components of other comprehensive income	(370)	897
Other comprehensive income for the half-year, net of tax	682	(2,991)
Total comprehensive income for the half-year	13,129	12,269

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Balance sheet

As at 31 December 2021

ASSETS	Notes	Dec 2021 \$'000	June 2021 \$'000
Current assets			
Cash and cash equivalents		13,334	36,077
Trade and other receivables		25,577	32,534
Inventories		64,401	48,065
Prepayments		3,975	2,681
Derivative financial instruments		789	748
Current tax assets		942	-
Total current assets		<u>109,018</u>	<u>120,105</u>
Non-current assets			
Property, plant and equipment	5	13,556	1,119
Right-of-use assets		15,552	11,313
Other assets		2,510	1,828
Deferred tax assets		3,690	3,599
Total non-current assets		<u>35,308</u>	<u>17,859</u>
Total assets		<u>144,326</u>	<u>137,964</u>
LIABILITIES			
Current liabilities			
Trade and other payables		38,878	47,418
Current lease liability		2,164	1,778
Borrowings	6	3,528	-
Current tax liabilities		-	6,160
Provisions		2,706	2,536
Total current liabilities		<u>47,276</u>	<u>57,892</u>
Non-current liabilities			
Non-current lease liability		13,743	9,805
Borrowings	6	8,209	-
Provisions		94	99
Total non-current liabilities		<u>22,046</u>	<u>9,904</u>
Total liabilities		<u>69,322</u>	<u>67,796</u>
NET ASSETS		<u>75,004</u>	<u>70,168</u>
Equity			
Contributed equity		144,223	144,223
Treasury Shares		(487)	(487)
Reserves		(5,423)	(6,105)
Retained profits/(losses)		(63,309)	(67,463)
Total equity		<u>75,004</u>	<u>70,168</u>

The above balance sheet should be read in conjunction with the accompanying notes.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Statement of changes in equity

As at 31 December 2021

	Contributed equity \$'000	Treasury Shares \$'000	Share based payment reserve \$'000	Cash-flow hedge reserve \$'000	Foreign Currency Translation reserve \$'000	Retained profits / (losses) \$'000	Total Equity \$'000
Balance at 1 July 2020	144,223	(487)	323	(83)	(5,924)	(93,271)	44,781
Profit for the year	-	-	-	-	-	15,260	15,260
Other comprehensive income	-	-	-	(1,337)	(1,654)	-	(2,991)
Total comprehensive income for the year	-	-	-	(1,337)	(1,654)	15,260	12,269
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	-	-	(2,488)	(2,488)
Balance at 31 December 2020	144,223	(487)	323	(1,420)	(7,578)	(80,499)	54,562
Balance at 1 July 2021	144,223	(487)	323	526	(6,954)	(67,463)	70,168
Profit for the year	-	-	-	-	-	12,447	12,447
Other comprehensive income	-	-	-	29	653	-	682
Total comprehensive income for the year	-	-	-	29	653	12,447	13,129
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	-	-	(8,293)	(8,293)
Balance at 31 December 2021	144,223	(487)	323	555	(6,301)	(63,309)	75,004

The above statement of changes in equity should be read in conjunction with the accompanying notes.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Statement of cash flows

For the half-year ended 31 December 2021

	Half-year	
	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	155,138	121,500
Payments to suppliers and employees (inclusive of goods and services tax)	(154,880)	(103,171)
Interest and other costs of finance paid	(398)	(154)
Income taxes received / (paid)	(12,559)	(332)
Net cash inflow / (outflow) from operating activities	(12,699)	17,843
Cash flows from investing activities		
Payment for property, plant and equipment	(12,963)	(877)
Net proceeds from the sale of Dwindle trademarks	-	625
Net cash inflow / (outflow) from investing activities	(12,963)	(252)
Cash flows from financing activities		
Dividends paid	(8,293)	(2,488)
Principal payments for leases	(1,038)	(1,721)
Draw-down of borrowings	11,737	-
Net cash inflow / (outflow) from financing activities	2,406	(4,209)
Net increase / (decrease) in cash held	(23,256)	13,382
Cash and cash equivalents at the beginning of the half-year	36,077	25,997
Effect of exchange rates on cash holding in foreign currencies - gain / (loss)	513	(1,156)
Cash at the end of the reporting period	13,334	38,223

The above statement of cash flows should be read in conjunction with the accompanying notes.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all of the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Globe International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Listing Rules of the ASX.

The interim report is presented in Australian dollars and is rounded to the nearest thousand dollars (\$1,000) or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investment Commission Corporations Instrument 2016/191.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Where necessary, comparative information has been adjusted to conform to changes in presentation in the current period.

There are no new or amended accounting standards that are not yet effective that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Fair value of financial instruments

Classification and measurement

Financial assets and liabilities, excluding derivatives, are measured at amortised cost less, in the case of trade receivables, expected lifetime losses recognised from initial recognition of the receivables.

Forward exchange contracts, which are entered into in the normal course of business to hedge certain foreign exchange exposures are classified as derivative financial instruments. They are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value through other comprehensive income to the extent that they are effective based on quoted market prices at the end of the reporting period. The quoted market price used is the current bid price.

The consolidated entity does not hold any “financial assets at fair value through profit and loss”.

Other investments, presented as other assets, are initially recognised at fair value plus transaction costs. These assets are subsequently measured at cost less impairment losses, as the fair value cannot be reliably measured.

The fair value of the consolidated entity’s financial assets and liabilities is materially equal to their carrying value, with the exception of other assets, for which the fair value cannot be reliably measured.

Impairment

Financial assets are measured at amortised cost, with the value of impairment determined using an expected credit loss model. In the case of other investment assets, a significant or prolonged decline in the future benefit to be recovered from the asset is considered as an indicator that the asset is impaired. Impairment losses on other investments and financial assets are recognised directly in the income statement.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2021

NOTE 2. SEGMENT INFORMATION

(a) Description of Segments

Operating segments are determined in accordance with AASB 8 *Operating Segments*. To identify the operating segments of the business, management has considered the business from both a product and geographic perspective, as well as considering the way information is reported internally to management and the board of directors, and particularly to the CEO who is the chief operating decision maker. Ultimately, there are many ways that the business is broken down for internal reporting, depending on the user and the purpose of the report. From a product perspective, information may be reported by brand (Globe, FXD, Impala etc), by product category (footwear, apparel, hardgoods) or by market (action sports, streetwear or workwear). None of these bases for reporting is more predominantly used than the other. The only consistent break-down of the business from a management reporting perspective is by region. Accordingly, management has determined that there are three operating segments based on the geographical location of each of the regional offices. Each regional office is headed by a President or Vice President who reports directly to the CEO. These operating segments are Australasia, North America and Europe.

Segment revenues, expenses and results within each region are based on the location of the divisional office that generated the sale or expense, rather than the location of the end customer or underlying activity.

Segment Revenues

Segment revenue includes all sales of goods and receipts from licensing income but excludes interest income. There are no inter-segment revenues.

Segment Result

Earnings before interest, and tax, (EBIT) is the basis for the segment result in the current financial year as this is the most common measure used by the CEO and the board of directors to measure the performance of the operating segments.

Segment result excludes the following items as these costs are excluded by management when assessing the performance of the operating segments:

- Central corporate costs;
- Investments in new brands and new technologies for new products;
- Trademark protection costs where these costs (a) relate to a global brand; and (b) are significant.

These costs are "unallocated" in the segment report. All other costs are predominantly allocated to the segments based on the location of the expenditure, or based on a reasonable allocation of costs where the costs are centrally incurred. Global proprietary brand development costs, including marketing creation and product design and development, are incurred centrally. To determine segment profitability, these costs are allocated by one third to each of the operating segments for management and segment reporting purposes. Where applicable, when internal allocations are modified in order to report segment performance to the CEO and board of directors, prior year figures are represented within the segment report to ensure comparability to the current period.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2021

NOTE 2. SEGMENT INFORMATION (continued)

(b) Segment Results

Half-year ended 31 Dec 2021	Australasia \$'000	North America \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
Segment Revenue	66,303	55,107	21,547	-	142,957
Segment Result (EBIT)	14,517	5,674	1,581	(3,579)	18,193
					Net Interest (expense) / Income (398)
					Operating profit before tax 17,795
					Income tax (expense) / benefit (5,348)
					Net profit after tax 12,447

Half-year ended 31 Dec 2020	Australasia \$'000	North America \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
Segment Revenue	65,681	41,872	17,310	-	124,863
Segment Result (EBIT)	15,407	8,227	2,911	(5,522)	21,023
					Net Interest (expense) / Income (154)
					Operating profit before tax 20,869
					Income tax (expense) / benefit (5,609)
					Net profit after tax 15,260

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2021

NOTE 3. PROFIT ON SALE OF DWINDLE TRADEMARKS

During the 2019 financial year, the consolidated entity sold its suite of US based Dwindle brands to Highline Industries Corporation. The transaction included the sale of the brands, working capital, domain names, social media accounts and the personnel attached to the Dwindle business. The transaction included deferred consideration which was paid in full during November 2020, after having been partially provided against as at 30 June 2020. The impact of this transaction on the current and prior half-year profit and loss is included below:

	Half-year	
	2021 \$'000	2020 \$'000
Consideration received in cash	-	-
Deferred consideration (paid November 2020)	-	-
Total consideration	-	-
Less: carrying value of net assets sold	-	-
Less: transaction costs	-	29
Preliminary profit on sale	-	29
Movement in provision for deferred settlement	-	486
Recognised profit on sale, before tax	-	515

NOTE 4. SIGNIFICANT ITEMS

	Notes	Half-year	
		2021 \$'000	2020 \$'000
Earnings before interest and tax (EBIT) for the half-year includes the following significant and one-off items:			
Profit from sale of Dwindle trademarks	3	-	515
Legal costs associated with trademark legal case		-	200
Income from global Government stimulus packages		-	898
Net impact of significant items on EBIT		-	1,613

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2021

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

Reconciliations of the carrying values of each class of property, plant and equipment at the beginning and end of the current and previous periods, for the consolidated entity, are as follows:

	Land \$'000	Buildings \$'000	Leasehold Imp'ments \$'000	Motor Vehicles \$'000	Plant & Equipm't \$'000	Office Equipm't, Furniture & Fittings \$'000	Total Consolidated Entity \$'000
Carrying value at 1 July 2020	-	-	662	2	127	511	1,302
Additions	-	-	199	105	149	217	670
Depreciation	-	-	(437)	(7)	(70)	(269)	(783)
Foreign currency translation gain / (loss) from overseas subsidiaries	-	-	(40)	-	(10)	(20)	(70)
Carrying value at 30 June 2021	-	-	384	100	196	439	1,119
<i>Cost</i>	-	-	4,756	207	527	2,025	7,515
<i>Accumulated depreciation</i>	-	-	(4,372)	(107)	(331)	(1,586)	(6,396)
Carrying value at 30 June 2021 / 1 July 2021	-	-	384	100	196	439	1,119
Additions (Refer Note 1)	9,583	2,133	468	-	506	177	12,867
Depreciation	-	-	(288)	(9)	(41)	(112)	(450)
Foreign currency translation gain / (loss) from overseas subsidiaries	-	-	9	-	7	4	20
Carrying value at 31 Dec 2021	9,583	2,133	573	91	668	508	13,556
<i>Cost</i>	9,583	2,133	5,348	211	1,052	2,225	20,552
<i>Accumulated depreciation</i>	-	-	(4,775)	(120)	(384)	(1,717)	(6,996)
Carrying value at 31 Dec 2021	9,583	2,133	573	91	668	508	13,556

Note 1 – The value of capitalised additions is \$0.1 million lower than the value of payment for property, plant and equipment in the statement of cash flows during the half-year. This relates to net timing differences on deposits made for capital expenditure.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2021

NOTE 6. BORROWINGS

As at the reporting date, the consolidated entity had access to the following current borrowing facilities:

	Notes	Dec 2021 \$'000	Jun 2021 \$'000
(1) Secured receivables financing facilities			
- amount used (non-recourse North American facility)		8,704	584
- amount unused (non-recourse North American facility)		232	4,302
- amount used (full-recourse Australian facility)		-	-
- amount unused (full-recourse Australian facility)		5,991	7,803
		<u>14,927</u>	<u>12,689</u>
(2) Secured inventory financing facilities			
- amount used		-	-
- amount unused		6,930	2,660
		<u>6,930</u>	<u>2,660</u>
(3) Secured multi-option facilities			
- amount used	(i)	3,020	-
- amount unused		2,455	5,475
		<u>5,475</u>	<u>5,475</u>
TOTAL WORKING CAPITAL FINANCING FACILITIES			
- amount used – non-recourse		8,704	584
- amount used - recourse		3,020	-
- amount unused		15,608	20,240
		<u>27,332</u>	<u>20,824</u>
(4) Bank guarantee facilities			
- amount used		444	912
- amount unused		196	196
		<u>640</u>	<u>1,108</u>
(5) Property Loan			
- Current portion	(i)	508	-
- Non-current portion	(ii)	8,209	-
		<u>8,717</u>	<u>-</u>
REPORTED BORROWINGS			
(i) Current		3,528	-
(ii) Non-current		8,209	-
		<u>11,737</u>	<u>-</u>

In addition to these current working capital facilities, the consolidated entity also entered into a long-term loan to fund the acquisition of the property during the half-year.

Full details of these facilities can be found in the 2021 Financial Statements, except for any new or amended facilities, for which the details are included below:

North American facilities

During the half-year, the North American combined inventory and trade receivables facilities cap was increased to \$17.9 million. Previously the inventory facility was capped at \$2.7 million and there was no cap on the trade receivables facility, it was limited only by eligible debtors (Jun 2021: \$4.9 million). The new cap applies to the combined facilities, the only condition being that the total inventory facility must at all times be lower than the maximum trade receivables facility. This change in value did not affect the terms of the facilities.

Property Loan

In November 2021, the Australian entity entered into an \$8.8 million, 5-year loan with its working capital financier to fund the property acquisition of \$11.7 million. The loan is on a notional term of 15 years with a residual value of \$6.2 million after 5 years. There are no additional covenants associated with term loan. The loan is fully secured by a mortgage on the property as well as a first ranking charge on the assets of the Australian Deed of Cross Guarantee Group.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2021

NOTE 7. DIVIDENDS

During the half-year, the Company paid a franked final dividend of 20 cents per share, in respect of the 2021 financial year. This dividend, amounting to \$8.3 million, was paid to shareholders on 16 September 2021. The payment of this dividend took total dividends paid in respect of the 2021 financial year to 32 cents, amounting to \$13.8 million paid to shareholders.

In respect of the half-year ended 31 December 2021, the Directors have determined that an interim dividend of 16 cents per share will be paid to shareholders paid on 25 March 2022. This dividend, amounting to \$6.6 million will be fully franked (2021: \$5.0 million fully franked) and paid out of the Company's profit reserves.

NOTE 8. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no matters to report subsequent to the end of the half-year.

NOTE 9. CONTINGENCIES

There are no contingent assets or liabilities.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 17 are in accordance with the *Corporations Act 2001*, including;
 - (i) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that Globe International Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors pursuant to section 303(5) of the *Corporations Act 2001*.



.....
William Crothers
Chairman

Melbourne
24 February 2022



Independent auditor's review report to the members of Globe International Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Globe International Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the balance sheet as at 31 December 2021, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, summary of significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Globe International Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that



the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

S.P.A

Jon Roberts
Partner

Melbourne
24 February 2022

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