# Globe International Limited
ABN 65 007 066 033

# Appendix 4D
## Half-Year Report for the period ended 31 December 2020

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 2020

### Results for Announcement to the Market

**Consolidated Entity**

| | Half-year 2020 $'000 | Half-year 2019 $'000 | Movement $'000 | Movement % |
|---|---|---|---|---|
| **Net sales** | 124,819 | 77,848 | 46,971 | 60.3% |
| **Revenue** from ordinary activities | 124,863 | 77,960 | 46,903 | 60.2% |
| **Earnings** before interest and tax (EBIT) | 21,023 | 4,219 | 16,804 | 398.3% |
| **Net profit** after tax attributable to members (NPAT) | 15,260 | 3,884 | 11,376 | 292.9% |

| Dividends | Amount per security | Franked portion of dividend | Franked amount per security |
|---|---|---|---|
| Interim dividend | 12 cents | 100% | 12 cents |

**Record date** for determining entitlements to the dividend 12 March 2021

| NTA Backing | Current Period 31 December 2020 | Previous Period 30 June 2020 |
|---|---|---|
| Net tangible asset backing per ordinary security | $1.32 | $1.07 |

**Explanation of Result**

Please refer to attached media release for a review and explanation of the financial results.

Your directors present their report on the consolidated entity of Globe International Limited ("the Company") and its controlled entities (collectively "the Group") as at the end of, or during, the half-year ended 31 December 2020.

## 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 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 60% growth in net sales was fuelled by the consolidated entity'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 consolidated entity'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. The consolidated entity was able to capitalize on the opportunities created by the strength of its brands by remaining agile and adapting quickly to the numerous sourcing, operational and selling challenges presented by the pandemic. This was achieved while working closely with its manufacturing partners and it global retail customers, as well as expanding on how it digitally reaches and communicates with its end consumers digitally.

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 consolidated entity has received stimulus payments from the Government in each of its 3 key operating jurisdictions (Australia, USA and France). While the total value of stimulus recognized in the first half of FY21 was not significant to the result, representing less than 1% of net 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 consolidated entity's brands and products.

The substantial growth in net sales, profits and cashflows during the first half of the 2021 financial year supports the significant increase in the interim dividend. It is very difficult to predict what will happen in the second half of the financial year, as the world continues to react to the evolving pandemic. As it stands today, sales growth is expected 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, working capital is expected to increase substantially over the second half of the year as both inventories and receivables are forecast to grow to facilitate sales growth. In summary, the full year result is expected to be well ahead of the prior year with regards to sales, profits and returns to shareholders.

## 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 an unfranked final dividend of 6 cents per share, in respect of the 2020 financial year. This dividend, amounting to $2.5 million, was paid to shareholders on 18 September 2020. The payment of this dividend took total dividends paid in respect of the 2020 financial year to 11 cents, amounting to $4.6 million paid to shareholders.

In respect of the half-year ended 31 December 2020, the Directors have determined that an interim dividend of 12 cents per share will be paid to shareholders on 26 March 2021. This dividend, amounting to $5.0 million will be fully franked (2020: $2.1 million unfranked) 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 2020.

## 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
25 February 2021

## *Auditor's Independence Declaration*

As lead auditor for the review of Globe International Limited for the half-year ended 31 December 2020, 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.

Jon Roberts
Partner
PricewaterhouseCoopers

Melbourne
25 February 2021

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# GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

**Income statement**

**For the half-year ended 31 December 2020**

| | Notes | Half-year 2020 $'000 | Half-year 2019 $'000 |
|---|---|---|---|
| **Revenue from contracts with customers** | | **124,863** | **77,960** |
| Profit from the sale of the Dwindle trademarks | 3 | 515 | 3,745 |
| Changes in inventories of finished goods and work in progress | | 10,796 | (2,945) |
| Inventories purchased | | (70,552) | (39,376) |
| Variable selling expenses | | (11,100) | (6,221) |
| Employee benefits expense | | (16,190) | (11,232) |
| Other sales, distribution and administrative expenses | | (15,620) | (15,635) |
| Depreciation and amortisation expense | | (1,689) | (2,074) |
| Finance costs | | (154) | (466) |
| Profit before related income tax expense | | 20,869 | 3,756 |
| Income tax (expense) / benefit | | (5,609) | 128 |
| **Profit for the half-year attributable to members of Globe International Limited** | | **15,260** | **3,884** |

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

| | 2020 | 2019 |
|---|---|---|
| Basic EPS (cents) | 36.80 | 9.37 |
| Diluted EPS (cents) | 36.80 | 9.37 |

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 2020**

| | Half-year 2020 $'000 | Half-year 2019 $'000 |
|---|---|---|
| **Profit for the half-year attributable to members of Globe International Limited** | **15,260** | **3,884** |
| **Other comprehensive income / (expense)** | | |
| Changes in fair value of cash flow hedges | (1,903) | (651) |
| Exchange differences on translation of foreign operations | (1,985) | (194) |
| Income tax relating to components of other comprehensive income | 897 | 206 |
| Other comprehensive income for the half-year, net of tax | (2,991) | (639) |
| **Total comprehensive income for the half-year** | **12,269** | **3,245** |

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 2020**

| **ASSETS** | **Dec 2020 $'000** | **June 2020 $'000** |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 38,223 | 25,997 |
| Trade and other receivables | 24,290 | 17,152 |
| Inventories | 31,756 | 20,550 |
| Prepayments | 2,799 | 2,050 |
| Current tax assets | - | 157 |
| **Total current assets** | 97,068 | 65,906 |
| | | |
| **Non-current assets** | | |
| Property, plant and equipment | 1,256 | 1,302 |
| Right-of-use assets | 3,152 | 8,084 |
| Intangible assets | - | 217 |
| Other assets | 1,784 | 2,002 |
| Deferred tax assets | 3,746 | 3,932 |
| **Total non-current assets** | 9,938 | 15,537 |
| | | |
| **Total assets** | **107,006** | **81,443** |
| | | |
| **LIABILITIES** | | |
| | | |
| **Current liabilities** | | |
| Trade and other payables | 38,965 | 23,729 |
| Current lease liability | 2,382 | 2,452 |
| Derivatives financial instruments | 2,021 | 118 |
| Current tax liabilities | 4,152 | - |
| Provisions | 1,513 | 1,394 |
| **Total current liabilities** | 49,033 | 27,693 |
| | | |
| **Non-current liabilities** | | |
| Non-current lease liability | 1,264 | 6,736 |
| Provisions | 850 | 777 |
| Other liabilities | 1,297 | 1,456 |
| **Total non-current liabilities** | 3,411 | 8,969 |
| | | |
| **Total liabilities** | **52,444** | **36,662** |
| | | |
| **NET ASSETS** | **54,562** | **44,781** |
| | | |
| **Equity** | | |
| Contributed equity | 144,223 | 144,223 |
| Treasury Shares | (487) | (487) |
| Reserves | (8,675) | (5,684) |
| Retained profits/(losses) | (80,499) | (93,271) |
| **Total equity** | **54,562** | **44,781** |

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 2020**

| | 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 2019** | 144,223 | (487) | 323 | 202 | (6,039) | (93,690) | **44,532** |
| Adoption of AASB 16 *leases* | - | - | - | - | - | (706) | **(706)** |
| Profit for the year | - | - | - | - | - | 3,884 | **3,884** |
| Other comprehensive income | - | - | - | (456) | (183) | - | **(639)** |
| Total comprehensive income for the year | - | - | - | (456) | (183) | 3,884 | **3,245** |
| *Transactions with owners in their capacity as owners:* | | | | | | | |
| Dividends paid | - | - | - | - | - | (2,902) | **(2,902)** |
| **Balance at 31 December 2019** | 144,223 | (487) | 323 | (254) | (6,222) | (93,414) | **44,169** |
| **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** |
| *Transactions with owners in their capacity as owners:* | | | | | | | |
| Dividends paid | - | - | - | - | - | (2,488) | **(2,488)** |
| **Balance at 31 December 2020** | 144,223 | (487) | 323 | (1,420) | (7,578) | (80,499) | **54,562** |

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 2020**

| | Half-year | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| **Cash flows from operating activities** | | |
| Receipts from customers (inclusive of goods and services tax) | 121,500 | 85,955 |
| Payments to suppliers and employees (inclusive of goods and services tax) | (103,171) | (80,255) |
| Interest received | - | 4 |
| Interest and other costs of finance paid | (154) | (466) |
| Income taxes received / (paid) | (332) | 219 |
| **Net cash inflow / (outflow) from operating activities** | **17,843** | **5,457** |
| **Cash flows from investing activities** | | |
| Payment for property, plant and equipment | (877) | (218) |
| Net proceeds from the sale of Dwindle trademarks | 625 | 3,413 |
| **Net cash inflow / (outflow) from investing activities** | **(252)** | **3,195** |
| **Cash flows from financing activities** | | |
| Dividends paid | (2,488) | (2,902) |
| Principal payments for leases | (1,721) | (1,429) |
| Repayment of borrowings | - | (244) |
| **Net cash inflow / (outflow) from financing activities** | **(4,209)** | **(4,575)** |
| **Net increase / (decrease) in cash held** | **13,382** | **4,077** |
| Cash and cash equivalents at the beginning of the half-year | 25,997 | 9,495 |
| Effect of exchange rates on cash holding in foreign currencies - gain / (loss) | (1,156) | (93) |
| **Cash at the end of the reporting period** | **38,223** | **13,479** |

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

## 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 2020 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 2020 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.

## 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. 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, Almost, Stussy 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. These operating segments are Australasia, North America and Europe. Management and the Board monitor the performance of each of these segments separately and consistently.

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 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. Globe 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.

**NOTE 2. SEGMENT INFORMATION (continued)**

**(b) Segment Results**

| 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** |

| Half-year ended 31 Dec 2019 | Australasia $'000 | North America $'000 | Europe $'000 | Unallocated $'000 | Total $'000 |
|---|---|---|---|---|---|
| Segment Revenue | **42,354** | **22,961** | **12,641** | **-** | **77,956** |
| Segment Result (EBIT) | 4,950 | 2,923 | (30) | (3,624) | 4,219 |
| | | | Net Interest (expense) / Income | | (463) |
| | | | **Operating profit before tax** | | **3,756** |
| | | | Income tax (expense) / benefit | | 128 |
| | | | **Net profit after tax** | | **3,884** |

### NOTE 3. PROFIT ON SALE OF DWINDLE TRADEMARKS

In the prior financial year, the consolidated entity sold its suite of US based Dwindle brands to Highline Industries Corporation. This divestment was part of the consolidated entity's ongoing strategic overhaul to reduce the number of smaller brands and move towards having fewer brands in each product category. Following this change the company has a much better balance of apparel, footwear and skateboard hardgoods brands proportionate to the revenue of each product category. The consolidated entity remains fully committed to the skateboard market and the boardsports distribution channel through its remaining brands, including Globe and the retained distribution rights for Dwindle in Australia, New Zealand, the UK and Spain. Meanwhile the Dwindle brands and personnel have found a suitable home at the hardgoods-focused Highline Industries. 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. A portion of this deferred consideration was provided against as at 30 June 2020. The details of the sale of the business, as recognised in the current and previous financial periods, are included below:

| | Half-year | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| Consideration received in cash | - | 6,449 |
| Deferred consideration (paid November 2020) | - | 662 |
| Total consideration | - | 7,111 |
| *Less:* carrying value of net assets sold | - | (1,405) |
| *Less:* transaction costs | 29 | (1,631) |
| Preliminary profit on sale | 29 | 4,075 |
| Movement in provision for deferred settlement | 486 | (330) |
| **Recognised profit on sale, before tax** | **515** | **3,745** |

### NOTE 4. SIGNIFICANT ITEMS

| | | Half-year | |
|---|---|---|---|
| | **Notes** | **2020** | **2019** |
| | | **$'000** | **$'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 | 3,745 |
| Legal costs associated with trademark legal case | | 200 | (1,942) |
| Income from global Government stimulus packages | | 898 | - |
| Net impact of significant items on EBIT | | 1,613 | 1,803 |

### NOTE 5. DIVIDENDS

During the half-year, the Company paid an unfranked final dividend of 6 cents per share, in respect of the 2020 financial year. This dividend, amounting to $2.5 million, was paid to shareholders on 18 September 2020. The payment of this dividend took total dividends paid in respect of the 2020 financial year to 11 cents, amounting to $4.6 million paid to shareholders.

In respect of the half-year ended 31 December 2020, the Directors have determined that an interim dividend of 12 cents per share will be paid to shareholders paid on 26 March 2021. This dividend, amounting to $5.0 million will be fully franked (2020: $2.1 million unfranked) and paid out of the Company's profit reserves.

### NOTE 6. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

### NOTE 7. COMMITMENTS AND CONTINGENCIES

The consolidated entity has committed capital expenditure of $10.5m in the next six months in relation to a building purchase. The building will provide warehouse space for the Australian business, replacing current rental arrangements.

There are no contingent assets or liabilities.

## Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 6 to 14 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 2020 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
25 February 2021

# 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 2020, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the income statement 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 2020 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### *Responsibility 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 responsibility 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 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB

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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

Jon Roberts
Partner

Melbourne
25 February 2021

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