

Globe International Limited

ABN 65 007 066 033

Appendix 4D

Half-Year Report for the period ended 31 December 2022

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 2022

Results for Announcement to the Market

Consolidated Entity

	Half-year 2022 \$'000	Half-year 2021 \$'000	Movement \$'000	Movement %
Revenue from contracts with customers (Net Sales)	120,452	142,874	(22,422)	(15.7%)
Earnings before interest and tax (EBIT)	894	18,193	(17,299)	(95.1%)
<i>EBIT as a percentage of revenue</i>	0.7%	12.7%	(12.0%) bps	
Net profit after tax attributable to members (NPAT)	(193)	12,447	(12,640)	(101.6%)
<i>NPAT as a percentage of net sales</i>	(0.2%)	8.7%	(8.9%) bps	

Dividends	Amount per security	Franked portion of dividend	Franked amount per security
Interim dividend	2 cents	100%	2 cents

Record date for determining entitlements to the dividend

10 March 2023

NTA Backing	Current Period 31 December 2022	Previous Period 30 June 2022
Net tangible asset backing per ordinary security	\$1.62	\$1.82

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 2022.

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 decline in sales and profitability as the downturn in the hardgoods market and general macro-economic conditions continued to have an impact on performance, but cash flows from operations were significantly higher than the prior corresponding half-year. The key business metrics for the half-year were as follows:

- Reported net sales for the half-year of \$120.5 million were 16% lower than the prior comparative period (pcp).
- Earnings before interest and tax (EBIT) were \$0.9 million, representing 0.7% of net sales. This was significantly lower than the 12.7% return on sales that was achieved in pcp.
- A net loss after tax of \$0.2 million was reported, compared to a net profit after tax of \$12.5 million in the pcp.
- Cash-flows generated from operations were \$4.7 million, which represented a \$17.4 million improvement on the \$12.7 million of cash used in operations in the pcp.
- Profitability is expected to improve in the second half of the financial year.
- The directors declared a fully franked interim dividend of 2 cents per ordinary share.

As foreshadowed at the AGM in October, the performance of the business in the first half of this financial year has been impacted by a range of factors that have driven down both sales and margins. Most significantly, the decline in the hardgoods market had a massive impact on both sales and profitability, as the consolidated entity dealt with its own inventory issues and its customers continued to work through theirs. Inflationary pressures also had an impact on both consumer demand and profit margins, while heightened freight costs and a strong USD also impacted gross profit margins. In the midst of these negative macro factors which had an inevitable impact on profitability in the short-term, the consolidated entity continued to invest in its existing core brands, seeing either stability or growth in non-hardgoods brands, including key brands Salty Crew and FXD. In addition, the consolidated entity acquired a 50% stake in emerging female fashion swimwear brand, It's Now Cool, which provides an exciting opportunity for growth in a new category for the business. So, despite the poor performance for the half-year, the business has a positive outlook.

The decline in net sales in the first half-year was due to the reduction in sales of hardgoods across the business, including skateboards, roller-skates and skate accessories. Regionally, Globe Europe was most significantly impacted by the downturn in the hardgoods market as it is the most hardgoods-reliant division, resulting in a 30.7% constant currency reduction in net sales in the half-year – a reorganization of this business unit is underway to drive sales and margin growth and operational improvements. While similarly impacted by the decline in hardgoods, net sales in North America and Australasia fell by half this amount, as both regions have more diversity in brand and category offerings.

The \$0.9 million EBIT reported for the half-year was significantly impacted by the decline in sales and gross profit margins. There were a range of factors that drove down gross profit margins, including the clearance of excess inventory, continued high freight and logistics costs and the strength of the US Dollar. As we look forward, we expect to see gross profit margins improve on the back of lower clearance sales, and a change in macro trends, with freight and logistics costs returning to pre-COVID levels, and some weakening in the USD over recent weeks. In addition to these factors, further steps are being taken internally with a focus on improving profit margins into FY24 and beyond.

As at 31 December 2022, the cash position, net of working capital borrowings, was \$3.1 million, compared to \$7.6 million at the end of the 2022 financial year. Cash utilization during the half-year was driven by non-operating factors (dividends, capital expenditure, leases and property loan payments), while cash generated from operations was \$4.7 million, driven by the \$4.5 million reduction in working capital. Net working capital at the end of the half-year is in a much better position than it was at the start of the half, largely due to inventory clearance activities. The remaining excess inventory as at 31 December 2022 is expected to be cleared in a more sustainable manner over the next half-year. Total working capital facilities utilized were \$13.5 million, which represented 39% of the total available facilities. It is expected that the utilization of these facilities will reduce over the remainder of the financial year.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

REVIEW OF OPERATIONS (continued)

Looking ahead to the second half of this financial year, the consolidated entity expects to see a softening in the decline in net sales, as it cycles past the hardgoods peak which occurred in the back end of the 2021 calendar year. With total hardgoods sales now significantly reduced, there is little scope for any further major hardgoods reductions and growth is anticipated in some other key brands. In addition, in the first 6 weeks of the year there has been an improvement in gross profit margins due to some normalization of the short-term and macro factors that have been driving margins down. This trend is expected to continue and, as such, the consolidated entity is forecasting improved profitability in the second half of this financial year, with the company to be profitable for the full 2023 financial year. In addition to these macro changes, the business has undertaken a detailed strategic review over the last 6 months and has identified a number of opportunities to refine its operations, brand and category mix to simplify the business. As the consolidated entity looks to the 2024 financial year and beyond, it expects these changes to enhance its ability to grow the business from its stable of global brands, all of which have potential for future growth. In addition, profitability will continue to improve with higher gross profit margins and lower costs.

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 16 cents per share, in respect of the 2022 financial year. This dividend, amounting to \$6.6 million, was paid to shareholders on 23 September 2022. The payment of this dividend took total dividends paid in respect of the 2022 financial year to 32 cents, amounting to \$13.2 million paid to shareholders.

In respect of the half-year ended 31 December 2022, the Directors have determined that an interim dividend of 2 cents per share will be paid to shareholders on 24 March 2023. This dividend, amounting to \$0.8 million will be fully franked (2022: \$6.6 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 2022.

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
23 February 2023



Auditor's Independence Declaration

As lead auditor for the review of Globe International Limited for the half-year ended 31 December 2022, 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 'J. Roberts' followed by a stylized flourish.

Jon Roberts
Partner
PricewaterhouseCoopers

Melbourne
23 February 2023

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Income statement

For the half-year ended 31 December 2022

	Notes	Half-year	
		2022 \$'000	2021 \$'000
Revenue from contracts with customers*		120,452	142,874
Other Income*		157	83
Changes in inventories of finished goods and work in progress		(6,587)	16,793
Inventories purchased		(60,480)	(90,809)
Variable selling expenses*		(8,918)	(11,459)
Employee benefits expense		(15,322)	(15,506)
Distribution costs*		(9,420)	(8,163)
Other expenses*		(17,189)	(14,053)
Depreciation and amortisation expense		(1,799)	(1,567)
Finance costs		(1,049)	(398)
Profit/(loss) before related income tax expense		(155)	17,795
Income tax (expense) / benefit		(38)	(5,348)
Profit/(loss) for the half-year attributable to members of Globe International Limited		(193)	12,447

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

Basic EPS (cents)	(0.47)	30.02
Diluted EPS (cents)	(0.47)	30.02

**Comparative figures have been restated to match current year classifications.*

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 2022

	Half-year	
	2022	2021
	\$'000	\$'000
Profit/(loss) for the half-year attributable to members of Globe International Limited	(193)	12,447
Other comprehensive income / (expense)		
Changes in fair value of cash flow hedges	(2,316)	43
Exchange differences on translation of foreign operations	1,101	1,009
Income tax benefit / (expense) relating to components of other comprehensive income	599	(370)
Other comprehensive income/(expense) for the half-year, net of tax	(616)	682
Total comprehensive income/(expense) for the half-year	(809)	13,129

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 2022

ASSETS	Notes	Dec 2022 \$'000	June 2022 \$'000
Current assets			
Cash and cash equivalents		10,299	14,861
Trade and other receivables		21,933	27,382
Inventories		59,561	66,477
Prepayments		3,318	3,175
Derivative financial instruments		-	1,762
Current tax assets		2,446	2,166
Total current assets		<u>97,557</u>	<u>115,823</u>
Non-current assets			
Property, plant and equipment	3	16,478	15,141
Right-of-use assets		14,277	14,942
Deposits for Property, plant and equipment		-	619
Intangible assets	4	950	-
Other assets		2,028	1,995
Deferred tax assets		4,193	2,710
Total non-current assets		<u>37,926</u>	<u>35,407</u>
Total assets		<u>135,483</u>	<u>151,230</u>
LIABILITIES			
Current liabilities			
Trade and other payables		32,777	41,052
Current lease liability		2,320	2,227
Borrowings	5	7,659	7,770
Derivative financial instruments		554	-
Provisions		2,810	2,814
Total current liabilities		<u>46,120</u>	<u>53,863</u>
Non-current liabilities			
Non-current lease liability		12,334	13,205
Borrowings	5	7,798	7,990
Provisions		108	106
Other liabilities		500	-
Total non-current liabilities		<u>20,740</u>	<u>21,301</u>
Total liabilities		<u>66,860</u>	<u>75,164</u>
NET ASSETS		<u>68,623</u>	<u>76,066</u>
Equity			
Contributed equity		144,223	144,223
Treasury Shares		(487)	(487)
Reserves		(4,537)	(3,921)
Retained profits/(losses)		(70,576)	(63,749)
Total equity		<u><u>68,623</u></u>	<u><u>76,066</u></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 2022

	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 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
Balance at 1 July 2022	144,223	(487)	323	1,237	(5,481)	(63,749)	76,066
Profit/(loss) for the year	-	-	-	-	-	(193)	(193)
Other comprehensive income/(expense)	-	-	-	(1,627)	1,011	-	(616)
Total comprehensive income/(expense) for the year	-	-	-	(1,627)	1,011	(193)	(809)
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	-	-	(6,634)	(6,634)
Balance at 31 December 2022	144,223	(487)	323	(390)	(4,470)	(70,576)	68,623

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 2022

	Half-year	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	131,027	155,138
Payments to suppliers and employees (inclusive of goods and services tax)	(124,158)	(154,880)
Interest and other costs of finance paid	(1,049)	(398)
Income taxes received / (paid)	(1,126)	(12,559)
Net cash inflow / (outflow) from operating activities	4,694	(12,699)
Cash flows from investing activities		
Payment for property, plant and equipment	(1,117)	(12,963)
Net cash inflow / (outflow) from investing activities	(1,117)	(12,963)
Cash flows from financing activities		
Dividends paid	(6,634)	(8,293)
Principal payments for leases	(1,114)	(1,038)
Proceeds from borrowings	-	11,737
Repayment of borrowings	(414)	-
Net cash inflow / (outflow) from financing activities	(8,162)	2,406
Net increase / (decrease) in cash held	(4,585)	(23,256)
Cash and cash equivalents at the beginning of the half-year	14,861	36,077
Effect of exchange rates on cash holding in foreign currencies - gain / (loss)	23	513
Cash at the end of the reporting period	10,299	13,334

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 2022

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 2022 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 2022 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 2022

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 sale of goods when control has been transferred to the customer and the customer has accepted the product. 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;
- 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 2022

NOTE 2. SEGMENT INFORMATION (continued)

(b) Segment Results

Half-year ended 31 Dec 2022	Australasia \$'000	North America \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
Segment Revenue	56,418	49,996	14,039	-	120,452
Segment Result (EBIT)	7,998	(1,790)	(2,231)	(3,084)	894
					Net Interest (expense) / Income (1,049)
					Operating profit before tax (155)
					Income tax (expense) / benefit (38)
					Net profit after tax (193)

Half-year ended 31 Dec 2021	Australasia \$'000	North America \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
Segment Revenue	66,303	55,024	21,547	-	142,874
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

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2022

NOTE 3. 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 2021	-	-	384	100	196	439	1,119
Additions (Note 1)	9,582	2,133	1,974	82	672	372	14,815
Depreciation	-	(51)	(460)	(19)	(129)	(268)	(927)
Foreign currency translation gain / (loss) from overseas subsidiaries	-	-	83	3	35	13	134
Carrying value at 30 June 2022	9,582	2,082	1,981	166	774	556	15,141
<i>Cost</i>	9,582	2,133	3,398	245	1,066	1,979	18,403
<i>Accumulated depreciation</i>	-	(51)	(1,417)	(79)	(292)	(1,423)	(3,262)
Carrying value at 30 June 2022 / 1 July 2022	9,582	2,082	1,981	166	774	556	15,141
Additions (Note 2)	-	1,439	90	-	80	127	1,736
Depreciation	-	(27)	(157)	(15)	(104)	(154)	(457)
Foreign currency translation gain / (loss) from overseas subsidiaries	-	-	37	1	12	8	58
Carrying value at 31 Dec 2022	9,582	3,494	1,951	152	762	537	16,478
<i>Cost</i>	9,582	3,573	3,542	247	1,160	2,136	20,240
<i>Accumulated depreciation</i>	-	(79)	(1,591)	(95)	(398)	(1,599)	(3,762)
Carrying value at 31 Dec 2022	9,582	3,494	1,951	152	762	537	16,478

Note 1 – Additions in the previous financial year related primarily to two major property additions: (1) the acquisition of a property in Australia to provide additional warehouse and retail space to supplement the needs of the Australian operations; and (2) the fit-out of a new, leased head office and warehouse, into which the North American operation relocated during the second half of the 2022 year.

Note 2 – Additions to buildings in the current half-year related to the building works undertaken to the Australian property, which became ready for use in the current half-year. The value of capitalised additions in the current year includes \$0.6 million that was paid in the prior financial year, and recorded as an other non-current asset as the end of the prior financial year.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2022

NOTE 4. INTANGIBLE ASSETS

	Goodwill \$'000	Trademarks \$'000	Other intangible assets \$'000	Total \$'000
At 1 July 2022				
Cost	65,345	36,847	437	102,629
Accumulated amortisation and impairment	(65,345)	(36,847)	(437)	(102,629)
Net book amount	-	-	-	-
<i>Period ended 31 December 2022</i>				
Trademarks acquired during the period	-	1,000	-	1,000
Amortisation charge	-	(50)	-	(50)
Closing net book amount	-	950	-	950
At 31 December 2022				
Cost	65,345	37,847	437	103,629
Accumulated amortisation and impairment	(65,345)	(36,897)	(437)	(102,679)
Net book amount	-	950	-	950

(a) Current year trademark acquisition

During the half-year, the consolidated entity acquired 50% of the It's Now Cool (INC) trademark, and became the Master Licensee of the INC brand globally. The carrying value of the trademark at the reporting date is the value of consideration paid or payable to acquire 50% of the trademark less current period amortisation expense, since the acquisition on 3 October 2022. The trademark is considered to have a finite life of 5 years. The trademark was acquired with deferred payment terms, which are recognised as current other payables and non-current other liabilities.

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2022

NOTE 5. BORROWINGS

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

		Dec 2022 \$'000	Jun 2022 \$'000
(1)	Secured receivables financing facilities		
	- amount used (non-recourse North American facility)	6,338	6,570
	- amount used (full-recourse Australian facility)	4,037	-
	- amount unused (non-recourse North American facility)	488	920
	- amount unused (full-recourse Australian facility)	4,131	9,700
		<u>14,994</u>	<u>17,190</u>
(2)	Secured inventory financing facilities		
	- amount used	-	-
	- amount unused	7,706	7,031
		<u>7,706</u>	<u>7,031</u>
(3)	Secured multi-option facilities		
	-amount used	3,145	7,295
	-amount unused	8,472	4,195
		<u>11,617</u>	<u>11,490</u>
	TOTAL CURRENT WORKING CAPITAL FINANCING FACILITIES		
	-amount used	13,519	13,865
	-amount unused	20,797	21,846
		<u>34,316</u>	<u>35,711</u>
(4)	Bank guarantee facilities		
	-amount used	445	440
	-amount unused	195	195
		<u>640</u>	<u>635</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 financial year.

(5)	Property Loan		
	-current portion	(ii) 477	475
	-non-current portion	(iii) 7,798	7,990
		<u>8,275</u>	<u>8,465</u>
	TOTAL REPORTED BORROWINGS		
	Current borrowings		
	(i) Working capital borrowings	7,182	7,295
	(ii) Property loan	477	475
	Total current borrowings	<u>7,659</u>	<u>7,770</u>
	Non-current borrowings		
	(iii) Property loan	7,798	7,990
		<u>7,798</u>	<u>7,990</u>
		<u>15,457</u>	<u>15,760</u>

GLOBE INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Notes to the accounts

For the half-year ended 31 December 2022

NOTE 6. DIVIDENDS

During the half-year, the Company paid a franked final dividend of 16 cents per share, in respect of the 2022 financial year. This dividend, amounting to \$6.6 million, was paid to shareholders on 23 September 2022. The payment of this dividend took total dividends paid in respect of the 2022 financial year to 32 cents, amounting to \$13.2 million paid to shareholders.

In respect of the half-year ended 31 December 2022, the Directors have determined that an interim dividend of 2 cents per share will be paid to shareholders paid on 24 March 2023. This dividend, amounting to \$0.8 million will be fully franked (2022: \$6.6 million fully franked) and paid out of the Company's profit reserves.

NOTE 7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

NOTE 8. 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 2022 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
23 February 2023



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 2022, the income statement, statement of comprehensive income, statement of changes in equity and the statement of cash flows for the half-year ended on that date, 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 2022 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 2022 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

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

Jon Roberts
Partner

Melbourne
23 February 2023

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