



BROO Limited

ACN 060 793 099

Level 14
333 Collins Street
Melbourne Victoria 3000

Telephone (03) 9863 9779
www.broo.com.au



19 February 2024

ASX Announcement

Appendix 4C and Quarterly Activities Reports

Broo Limited (ASX: BEE) (**Broo** or the **Company**) advises that it has lodged the Quarterly Cashflow Report (Appendix 4C) for the quarter ended 31 December 2023 (as attached to this announcement).

In addition, the Company provides the following Quarterly Activities Reports for the quarters ended 31 March, 30 June, 30 September and 31 December 2023.

Quarterly Activities Report for the Quarter ended 31 December 2023

During the quarter, the Company appointed Mr Peter Pan as Executive Chair and Mr Michael Chen as Executive Director. Mr Scott Chen and Mr James Li resigned from the Board.

The Company lodged its outstanding financial accounts including the Quarterly Cashflow Reports (Appendix 4C) for the quarters ended March, June and September 2023. It also lodged the audited financial accounts and annual report for the period ended 30 June 2023.

With the new Board appointed, Broo prioritised finalising the outstanding financial accounts for lodgement with the ASX, finalising the group restructure, as well as reactivating its beer operations.

The main focus for the Board is to reactivate its existing beer operations and identify other beverage business opportunities to broaden its product offering and increase profitability. The Board will look to implement a complete funding plan to strengthen its balance sheet and improve its business model to deliver sustained growth for the overall business.

In this regard, the Board has:

- engaged in discussions with potential new suppliers, including independent brewers, with a focus on negotiating favourable supply arrangement terms with greater flexibility to facilitate recommencement of beer production under the Company's existing brand 'Australia Draught';
- developed a business strategy for the creation of a new beer brand, 'Evo', aimed at a younger demographic target market; and
- engaged in discussions with new domestic distribution channels for the Company's beer products, with a new marketing strategy to be implemented.

The Board is confident that it will have a robust business strategy focused on the reactivation of its existing beer operations, subject to an adequate recapitalisation plan.

Operationally, the Company has a new and improved focus on maximising efficiencies and minimising costs to ensure reduction in company overhead expenditure as it finalises its new



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business strategy. Once the group restructure is completed, the Company will have an optimised corporate framework from which to execute its strategy.

In addition, the Board has engaged in active discussions with all stakeholders including employees and creditors to ensure its financial obligations are met. The Company has now successfully negotiated settlement arrangement with several creditors.

Subsequent to the quarter end, as announced to the ASX on 7 February 2024, the Company has successfully raised \$600,000 via a convertible note from an entity associated with Mr Michael Chen, a director of the Company.

Quarterly Activities Report for the Quarter ended 30 September 2023

During the quarter, Mr Jiawei Chen resigned from the Board and Mr James Li was appointed to the Board as Non-Executive Director. The Company lodged its audited financial accounts and annual report for the full year ended 30 June 2022. There was no revenue received from the beer operations.

Quarterly Activities Report for the Quarter ended 30 June 2023

The Company appointed Mr Jiawei Chen as Non-Executive Chair. The Board continued with its strategic review. There was no revenue received from beer operations.

Quarterly Activities Report for the Quarter ended 31 March 2023

During the quarter, the Company continued its efforts on the restructure, following the appointment of the voluntary administrators for a number of the Company's subsidiaries (as announced to ASX on 24 June 2022). The Company's operations were impacted due to the ongoing restructure and received no revenue from its beer operations pending a recapitalisation plan.

As announced to the ASX on 11 January 2023, despite the Company's efforts to engage with Development Victoria (**DV**) in obtaining an extension in relation to its land at 2 Liberator Drive Mitchell Park, Victoria 3355 (**Ballarat Property**), DV exercised its call option to call back the Ballarat Property.

There were multiple Board changes during the quarter as Mr Jason Scher, Mr George Karafotias and Mr Kobe Li resigned from the Board. The Board appointed Mr Scott Chen to the Board as Non-Executive Director.

-ENDS

This announcement was approved by the Board of Broo Limited.



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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

BROO LTD

ABN

78 060 793 099

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(30)	(30)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(87)	(87)
(f) administration and corporate costs	(118)	(181)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(235)	(298)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities		
(h) businesses		
(i) property, plant and equipment		
(j) investments		
(k) intellectual property		
(l) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of: (a) entities (b) businesses (c) property, plant and equipment (d) investments (e) intellectual property (f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities		
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	235	235
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	235	235
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14	77
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(235)	(298)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	235	
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	25	14

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	25	14
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	25	14

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	869	869
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	869	869
7.5	Unused financing facilities available at quarter end		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>The balance of Duke 61 Investment Trust loan (for working capital) at the quarter end is \$205k, interest rate is 15% per annum.</p> <p>The balance of previous Director Mr.Chen Jiawei loan (for working capital) at the quarter end is \$200k and interest free.</p> <p>The balance of Director loan from Michael Chen at the quarter end is \$235k.</p> <p>Subsequent to the quarter end, the Company announced on 7 February 2024 of the entering of a \$600,000 (\$235K has already issued before 31 December 2023) convertible agreement between the Company's director Michael Chen and the Company.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(235)
8.2	Cash and cash equivalents at quarter end (item 4.6)	14
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	14
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.06
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: No, the company has been looking at various cost saving programs across the businesses to improve cashflow.</p> <p>8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?</p> <p>Answer: Yes. The Company has initiated discussions around funding proposals to support working capital for the business. The Company will make appropriate disclosure to the ASX once the outcome is finalised.</p>	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. The Company expects to be able to continue its operations and to meet its business objectives with cost reductions and additional funding expected to be injected into the Company.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 19 February 2024

Authorised by:Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.