

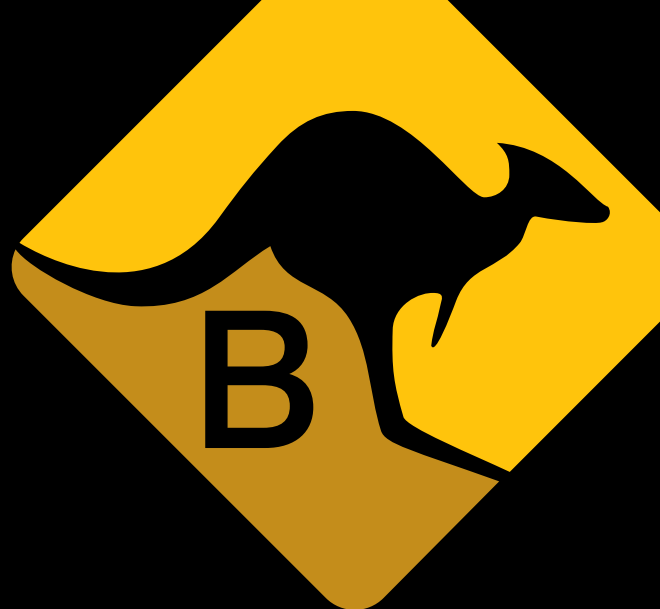


Broo Ltd

(ASX: BEE) ('Broo Ltd' or 'the Company')

Announcement

7 August 2019



BROO SIGNS SUPPLY AGREEMENT IN QLD WITH TWO MILLION LITRE MINIMUM ANNUAL SALES TARGET

Broo Ltd (ASX: BEE) ('Broo' or 'the Company') is pleased to announce that it has entered into a binding heads of agreement with a Queensland independent wholesale network, the East End Hotel Group ('East End').

The agreement provides East End with exclusive Queensland distribution rights over Broo Premium Lager 4.2 ABV 330ml packaged bottles, a new Broo product that has been developed in collaboration with East End.

The exclusive distribution rights granted to East End under the agreement are subject to them meeting the minimum annual sales target of 2M litres of Broo Product during the initial 12 month term from August 2019. The agreement may be extended for further terms of 12 months by mutual agreement.

The agreement is subject to standard termination provisions including insolvency, and fundamental breach of supply conditions clauses. The agreement may be terminated by either party if a fundamental breach of supply conditions occurs and is not remedied within 14 days of notice of breach.

The East End distribution network comprises established wholesale and retail operations that collectively rank as one of Queensland's largest independent wholesalers. Over the past 6 months East End has grown to be one of Broo's most valued trading partners, with proven distribution capabilities of Broo's existing products.

The popularity of low and mid-strength beers has grown markedly. Mid-strength and low-strength beers now account for more than one-quarter of all Australian beer sales at 26.5% of total sales volume. Queensland accounts for \$2.3 billion in on and off premise retail sales of domestically produced beer, dominated by 4.2 ABV and 3.5 ABV products.

ACIL Allen Consulting, Economic Contribution of the Australian Brewing Industry 2017-18 from Producers to Consumers, April 2019.

The Company's executive director, Kent Grogan, said "The agreement with East End is a resounding endorsement for the strength of our brand and the quality of our product range.

The Company anticipates that the brand and product exposure as a result of this agreement will accelerate Broo's sales growth through our existing channels to market."

Please contact Company secretary Justyn Stedwell at justyn@stedwell.com.au for additional information.



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