



31 August 2020

ASX Announcement



Broo Ltd (ASX: BEE) ("Broo" or "Company") is pleased to advise the market on the Company's Preliminary Annual Financial Report and provide a Market Update.

Market Update

2020 has been a challenging trading environment due to the COVID-19 pandemic restrictions imposed by both the state and federal governments. The Company supports these measures and has closed hospitality venues in line with government initiatives. Measures have also been introduced to production and wholesale operations ensuring compliance with business COVID safe plans and continuance of trade.

COVID-19 restrictions have significantly impacted the Company's hospitality operations. Whilst the company Increased wholesale sales consolidated operations resulted in a total revenue reduction from the same period last year.

The Company had an overall net loss reduction to prior years and the Board will continue to review and rationalise costs across the group where possible with a view to move the operations to profitability at the earliest opportunity.

The Board is confident in the strategies implemented to see the Company in a strong position as we emerge from COVID-19 complexities.

Cash Flow Management

Broo is actively managing its cash flow and has implemented several positive steps to ensure long term sustainability of the Company.

The Company has taken the following steps:

- Successfully raised capital to fund production and future sales expansion.
- Adjusting cost base to reflect the current trading environment.
- Outsourcing production and supply of mainstay brands to CUB.
- Increase sales and distribution of higher margin products.
- Launch of Rights Issue.





Rights Issue

The Board has reviewed several funding options and considers the rights issue to be the most beneficial for the Company and its shareholders. The Board would encourage existing shareholders to carefully consider the proposal.

Today, the Company has lodged the prospectus for a non-renounceable pro-rata rights issue with ASX. The Rights Issue is a non-renounceable pro-rata offer whereby Eligible Shareholders have the option to subscribe for 1 New Share in the Company for every 5 Shares held by Eligible Shareholders registered at 7pm (AEST) on the Record Date at an issue price of \$0.018 per New Share, together with 1 free attaching Option exercisable at \$0.03 on or before 31 October 2020 (New Options) for every 2 New Shares subscribed for, to raise up to \$2,809,225 (before costs). Any fractional Entitlements under the Rights Issue offer will be rounded up to the nearest whole number.

Contract Brewing Agreement with Carlton & United Breweries (CUB)

Broo is delighted to be working with Carlton & United Breweries (CUB) under the new contract brewing agreement announced to the market on August 12, 2020.

Carlton & United Breweries have a long and proud history in Australia and stand as Australia's largest beer producer. CUB is an industry innovation leader embracing best practice for quality assurance and environmentally friendly and sustainable brewing technology.

CUB production and supply of Broo Premium Lager and Australia Draught enables the Company to fulfill existing sales demand from our current distribution networks and accelerate Broo's plans for rapid sales expansion.

The Company owned and operated iconic Mildura Brewery continues to produce beer under its existing sales arrangements. This facility will shift focus to increasing production of premium craft offerings and on-premise keg production.

The Ballarat project is receiving renewed emphasis this current financial year, with a plan to secure the various development approvals.

Broo Limited is looking forward to improving the revenue and margin together with a simplified business operation. The entire team at Broo Limited is excited about the future prospects.

Justyn Stedwell
Company Secretary
On behalf of the Board of Directors
Broo Ltd

Further Information

For further information, please contact the Company on + 61 (3) 5984 2222.

About Broo Ltd

Broo Ltd is a unique Australian beer company that distinguishes itself from competitors through strong brands, company ethos, unique marketing platform and quality beer products. The Company is primarily focused on the production, marketing and sale of two beer products, Broo Premium Lager and Australia Draught.

