



BROO Limited

ACN 060 793 099

20 Langtree Avenue,
Mildura, Victoria 3500
Australia

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29 April 2022

ASX Announcement

Quarterly Activities Statement – March 2022 Quarter

Highlights

- Receipt from Customers for the March quarter at \$630k. Net operating cashflow improved by circa 16%
- New Board of Directors appointed to conduct strategic review of the businesses within the Group
- Termination of the sale of Ballarat land as the Board assesses options to generate maximum return for shareholders

Operating Highlights

Cash receipts for the quarter were \$630k, slightly higher compared to the previous quarter. The Company spent \$619k on production of beers to ensure it has adequate level of stocks to sell. Net operating cashflow improved by circa 16%.

Corporate Update

The Company had a Board change subsequent to the end of the quarter with Mr Kobe Li and Mr George Karafotias appointed to the Board and Mr Kent Grogan and Mr Mathew Boyes stepped down from the Board.

The Board change was the first step as the Company initiates a comprehensive strategic review of all the businesses and assets within the Group. The Board is committed at cost reductions and improvement of efficiencies across all operations. The key focus area of the strategic review is to identify opportunities within the Group to maximum shareholder values.

As announced to the ASX on 22 April 2022, the sale of land contract with Bentley Property Group (**Bentley**) was terminated as the relevant approvals with Development Victoria were not obtained by Bentley following a number of extensions since the contract was originally signed. The Board is currently assessing its options regarding the Ballarat land as part of the Board strategic review and will update the market in due course.

Payment made to related parties as outlined under Section 6.1 of the Appendix 4C relate to the director fees and salaries paid during the quarter.

-ENDS

This announcement was approved by the Board of Broo Limited.



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For further information, please contact:

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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 MARCH 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	630	1,911
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(619)	(1,419)
(c) advertising and marketing	-	(614)
(d) leased assets		
(e) staff costs	(169)	(371)
(f) administration and corporate costs	(476)	(1,347)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(160)	(578)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	6	334
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(788)	(2,084)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	1,100	3,100
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(120)
3.5 Proceeds from borrowings	-	420
3.6 Repayment of borrowings	(172)	(1,233)
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	928	2,167

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	58	115
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(788)	(2,084)
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 (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	928	2,167
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	198	198

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	198	58
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)	198	58

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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	1,879	1,879
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,879	1,879
7.5 Unused financing facilities available at quarter end		-
7.6 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>\$1,879k which is secured against the Ballarat property. The loan is with Moneytech and is repayable in 24 monthly instalments. Interest is payable at 14% per annum.</p> <p>All BizCap loans from previous quarters have been paid off during this quarter.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(788)
8.2 Cash and cash equivalents at quarter end (item 4.6)	198
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	198
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.25
<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>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
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>Answer: No. The Company spent \$619k for the production run of beer stocks. The Company is also looking at various cost saving programs across the businesses to improve cashflow.</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>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:29 April 2022.....

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.