



BROO Limited

ACN 060 793 099

Level 14
333 Collins Street
Melbourne Victoria 3000

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



30 April 2024

ASX Announcement

Appendix 4C and Quarterly Activities Report

Broo Limited (ASX: BEE) (**Broo** or the **Company**) advises that it has lodged the Quarterly Cashflow Report (Appendix 4C) for the quarter ended 31 March 2024 (as attached to this announcement).

Operations Update

Manufacturing Agreement:

The Company is in the final stage of contractual discussions with a premier local manufacturer, which, once finalised will enable Broo to resume the production of Australia Draught beer. This is an important step for the Company to reactivate its beer business within the June 2024 quarter.

Distribution Partnerships:

The Company has selected Evermore Supplies Pty Ltd as its domestic distribution partner in Australia and Beijing Quantum Dynamic Trading Co., Limited and Leung Ma Kee (Hong Kong) Limited as its distribution partners in China market. These newly established channels are expected to significantly broaden and increase distribution of Broo's existing products including Australia Draught. These new distributions are expected to commence immediately once Broo resumes production.

The key terms of the distribution agreements are:

| | Evermore Supplies Pty Ltd | Beijing Quantum Dynamic Trading Co., Limited | Leung Ma Kee (Hong Kong) Limited |
|------------------------|---------------------------------------|---|---|
| Geographical Coverage | Australia, New South Wales | China | Hong Kong |
| Product Coverage | All ranges of Broo's products | All ranges of Broo's products | All ranges of Broo's products |
| Minimum Order Qty / \$ | AUD \$420,000 annum | USD\$ 2,400,000 annum | USD\$ 1,000,000 annum |
| Contract terms | 1 year, with automatic annual renewal | 2 years, with automatic annual renewal | 2 years, with automatic annual renewal |



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About Evermore Supplies Pty Ltd

Evermore Supplies has established itself as a market leader in New South Wales, renowned for its extensive array of wholesale food and packaging materials. With a product range that caters to the multicultural fabric of the region's suburbs, they have adeptly captured significant market share by meeting the nuanced demands of a diverse clientele. Their commitment to variety and cultural inclusivity has positioned them as a central supplier in the food service industry.

About Beijing Quantum Dynamic Trading Co., Limited

Beijing Quantum Dynamic Trading Co., Limited, established in 2020, has swiftly positioned itself at the forefront of health-conscious consumerism through its E-commerce prowess. Leveraging a robust network of over a thousand supermarkets, including prestigious alliances with Vanguard and Carrefour, the company is a pioneer in Ready-to-Drink coffee and tea market segments. Demonstrating a strong financial trajectory, its annual sales turnover has soared beyond the hundred-million-dollar threshold, evidencing its commercial success and market leadership.

About Leung Ma Kee (Hong Kong) Limited

Leung Ma Kee (Hong Kong) Limited, founded in 2016 in North Point, is a key player in the food and beverage industry. They specialize in producing high-quality products that meet rigorous health standards while maintaining affordability. Each year, they distribute over a thousand metric tons to a broad array of customers, including restaurants, hotels, and large retail chains.

Financial Update

The net operating cash outflow for the quarter was \$135k, which represented a reduction of ~42.6% compared to the previous quarter. The Board has been managing its cash cautiously and the majority of the expenses related to the settlement of liabilities with existing creditors. The Company continues its effort to raise capital from strategic investors to strengthen its balance sheet.

Corporate Update

During the quarter, the Company lodged all of the outstanding financial reports which included the audited full year accounts for FY23 and reviewed half year accounts for the period ended 31 December 2023.

On 7 February 2024, the Company announced a convertible note capital raising of \$600,000.

The Company's chair Peter Pan resigned during the quarter and subsequent to quarter end, the Company appointed Jason Zhang as the third director.



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This announcement was approved by the Board of Broo Limited.

For further information, please contact:

Mr Michael Chen
Executive Chair

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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 2024

| 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 | | |
| 1.2 Payments for | | |
| (a) research and development | | |
| (b) product manufacturing and operating costs | (35) | (65) |
| (c) advertising and marketing | | |
| (d) leased assets | | |
| (e) staff costs | | (87) |
| (f) administration and corporate costs | (100) | (281) |
| 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 | (135) | (433) |
| 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 (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) | 137 | 137 |
| 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 |
| 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 | 137 | 372 |

| | | | |
|-----------|--|-------|-------|
| 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) | (135) | (433) |
| 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) | 137 | 372 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 16 | 16 |

| 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 | 16 | 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) | 16 | 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> | | |

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

| 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 | 1,023 | 795 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | 1,023 | 795 |
| 7.5 Unused financing facilities available at quarter end | | 228 |
| 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>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 Director loan (for working capital) at the quarter end is \$218k and interest free.</p> <p>The company has successfully secured \$600,000 in funding through a convertible note agreement with Director Michael. This financing was achieved in tranches, with \$137,000 raised in the current quarter and \$235,000 obtained in the previous year under a Director Loan. An additional \$228,000 has been received in April to complete the funding arrangement.</p> | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (135) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 16 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 Total available funding (item 8.2 + item 8.3) | 16 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 0.12 |
| <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 has been 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?

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.

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: 30 April 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.