

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")

30 SEP 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	654	654
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(236)	(236)
(c) advertising and marketing	(328)	(328)
(d) leased assets		
(e) staff costs	(77)	(77)
(f) administration and corporate costs	(418)	(418)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(176)	(176)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	199	199
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(382)	(382)
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 (3months) \$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	420	420
3.6	Repayment of borrowings	(118)	(118)
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	302	302

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	115	115
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(382)	(382)
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 (3months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	302	302
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	35	35

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	35	115
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)	35	115

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	129
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>		

The payments in 6.1 relate to payment of directors' fees. This amount includes payment of current fees and historical accrued balances payable to Kent Grogan the company's CEO.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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	3,251	3,009
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		242
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>Loan facilities include</p> <ul style="list-style-type: none"> \$1,950K Loan is held by Moneytech and secured against the Company's Ballarat site. The 24-month facility is repayable by monthly instalments. Interest is calculated at 14% per annum. The loan is fully drawn down. \$1,000K Trade Finance Facility with Moneytech. Interest is calculated at 7.89% per annum with 120-day terms on each transaction. \$758K was drawn down against this facility on 30 June 2021. This amount was repaid in full on October 11, 2021. During the current quarter the company borrowed a total \$420,000 from BizCap. The amount is repayable in 32 weekly instalments with interest and fees of \$142,800 payable over the course of the loans. 		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(302)
8.2	Cash and cash equivalents at quarter end (item 4.6)	35
8.3	Unused finance facilities available at quarter end (item 7.5)	242
8.4	Total available funding (item 8.2 + item 8.3)	277
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	.92
	<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?	
	Answer: Yes	

- 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: On 11 June 2021, the company announced that it had entered into an agreement to sell its Ballarat property for \$7.5million. The sale is conditional upon approval from Development Victoria. The board remain confident that this transaction will be approved.

During the quarter the company announced it has raised \$3.6m (before costs) via a secured convertible note financed from a group of sophisticated and professional investors. Under the terms of the convertible note subscription deed, the subscription monies will be advanced to the Company in 3 tranches. The first tranche of \$1m was advanced on 8 October 2021, a second tranche of \$1m was advanced on 15 October 2021 and the final tranche of \$1.6m will be advanced subject to the Company receiving shareholder approval for the issuance of such tranche of notes at its upcoming Annual General Meeting scheduled for late November 2021.

- 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: The Company expects to continue its operations and meet its business objectives due to funds raised, proceeds of sales and inventory on hand.

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: 29/10/21

Authorised by: Kent Grogan - CEO

(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.