



**Broo Ltd**

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

## Market Update

### 3<sup>rd</sup> Quarter FY19

## Australian Market

- **Domestic wholesale increase 86%\***
- **Retail Revenues increase 20%\***
- **Consolidated Revenue increase 40%\***

\*comparison to Q2FY19

The Company is pleased to release another quarter of strong growth, continuing the trend set by previous quarters that have driven increased domestic sales and distribution, expected to continue in the current quarter.

The Board and Management review of corporate and operational costs have led to significant reductions across all entities. With further reductions to follow in conjunction with release of new product lines and continued sales growth the Company is confident of becoming profitable next financial year prior to the first instalment of Chinese distribution fees.





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The Company has proven the capability for both Broo and Australia Draught to compete with Australia's largest selling brands. This was established in focused regions without support from marketing campaigns. Vital to the growth of our mainstream brands is scale of efficiencies.

To date QLD has been the strongest performing state. QLD, being a predominantly mid strength market provides a great platform for the first release of **Australia Draught MID Strength** which the Company will be launching this quarter through established distribution channels. **Australia Draught MID Strength** will be packaged in our iconic proprietary 375ML bottle. Broo is one of the few Independent Brewers in Australia that offers a bottle packaged in this size. The launch will be strengthened by an aggressively priced On Premise campaign.

The Company has developed further brand innovations specific to emerging high margin categories, announcements to follow this quarter.





## China Market

Broo Ltd exclusive distribution partner for Broo Premium Lager products in China, Beijing Jihua Information Consultant Ltd ("Jihua") is bound by a 'Take or Pay' agreement for a 7 year period with Jihua paying a fixed rate per litre. Based on the distribution arrangement, the aggregate distribution revenue payable to Broo is tabled below;

Year	Period Due	Amount Payable
		\$ A'000
Year 3*	December 21, 2020	\$19.610
Year 4	June 21, 2021	\$ 8.400
	December 21, 2021	\$ 8.400
Year 5	June 21, 2022	\$11.200
	December 21, 2022	\$11.200
Year 6	June 21, 2023	\$14.010
	December 21, 2023	\$14.010
Year 7	June 21, 2024	\$16.810
	December 21, 2024	\$16.810

(\*Year 3 is inclusive of Year 1 and Year 2 deferred payment agreement)



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The Company expects that it will continue to have negative operating cash flows in the short term. Negative net operating cash flows are expected to significantly decrease in the current and future quarters.

The Board and management carefully monitor the Company's cash flow and are satisfied that additional short-term funding will be secured to continue to fund operating activities. The Board is currently considering various funding options and will update the market accordingly.

The Company confirms that it is in compliance with Listing Rule 3.1 and that there is no further information that should be given to ASX about its financial condition in accordance with that rule.

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 currently focused on the production, marketing and sales of its beer products



**BROO Limited**

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

BROO LTD

**ABN**

78 060 793 099

**Quarter ended ("current quarter")**

31MARCH 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date ( 9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,392	3,027
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(284)	(1,017)
(c) advertising and marketing	(12)	(55)
(d) leased assets		
(e) staff costs	(473)	(1,467)
(f) administration and corporate costs	(653)	(1,659)
1.3 Dividends received (see note 3)		
1.4 Interest received		1
1.5 Interest and other costs of finance paid	(15)	(263)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(45)</b>	<b>(1,433)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(15)	(91)
(b) businesses (see item 10)		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date ( 9 months) \$A'000</b>
(c) investments		
(d) intellectual property		(2)
(e) other non-current assets		
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
<b>2.3 Cash flows from loans to other entities</b>		
<b>2.4 Dividends received (see note 3)</b>		
<b>2.5 Other (provide details if material)</b>		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(15)</b>	<b>(93)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		1,400
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		(115)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(77)	(228)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(77)</b>	<b>1,057</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	306	638
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(45)	(1,433)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(15)	(93)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date ( 9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(77)	1,057
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>169</b>	<b>169</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>	
5.1	Bank balances	169	306
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>169</b>	<b>306</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
14
0

Director fees and salaries

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,845	1,845
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

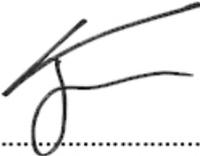
9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	210
9.3 Advertising and marketing	20
9.4 Leased assets	
9.5 Staff costs	185
9.6 Administration and corporate costs	235
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>650</b>

10. <b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

### 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.

Sign here:

  
.....  
Director

Date: ..30 April 2019

Print name: Kent Grogan

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.