

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 2021

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	516	958
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,061)	(2,183)
(c) advertising and marketing	(74)	(112)
(d) leased assets		
(e) staff costs	(135)	(290)
(f) administration and corporate costs	(318)	(1,513)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(173)	(182)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	54	297
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,191)	(3,025)
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		

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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	50	60
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets	(1)	(2)
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	49	58

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		2,986
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	(30)	(308)
3.5 Proceeds from borrowings	855	855
3.6 Repayment of borrowings	(86)	(449)
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	739	3,084

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	583	63
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,191)	(3,025)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	49	58

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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)	739	3,084
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	180	180

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	180	583
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)	180	583

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	183
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 historical accrued balances payable to Kent Grogan the company's CEO.

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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	3,199	2,874
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		325
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>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. \$855K was drawn down against this facility on 31 March 2021. \$2,000K Debtor Finance Facility is approved by Moneytech with 90% of approved invoice value available for funding. Interest is calculated at 7.49% per annum. No funds have been drawn down on this facility at 31 March 2021. On 31 March 2021, the group had approximately \$200K of approved invoices providing potential borrowings up to \$180K under this facility. <p>The remainder of the loan facilities are held with the National Australia Bank. This is secured over the assets of the Mildura Pub and Brewery. Interest is payable at 5% per annum.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,191)
8.2	Cash and cash equivalents at quarter end (item 4.6)	180
8.3	Unused finance facilities available at quarter end (item 7.5)	325
8.4	Total available funding (item 8.2 + item 8.3)	505
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	.42
	<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>	

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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, during the quarter the Group prepaid \$855K for a production order under its agreement with CUB for stock to be received in the current quarter. In addition, as at 31 March the Group had inventory valued in excess of \$500K

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: The Company has sufficient funds to facilitate current operations.

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 full pre-payment of contract brewing production, inventory on hand and reduction of operational costs.

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: 30/04/2021

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.