Broo Ltd Appendix 4D Half-year report

1. Company details

Name of entity: Broo Ltd ACN: 060 793 099

Reporting period: For the half-year ended 31 December 2023 Previous period: For the half-year ended 31 December 2022

2. Results for announcement to the market

				\$
Revenues from ordinary activities	down	100.0%	to	-
Loss from ordinary activities after tax attributable to the owners of Broo Ltd	up	81.9%	to	(164,205)
Loss for the half-year attributable to the owners of Broo Ltd	up	81.9%	to	(164,205)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$164,205 (31 December 2022: \$908,580).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.72)	(0.64)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

The below entities have liquidated: -

- Midura Brewery Pub (Broo) Pty Ltd finalised 17 May 2023
- Midura Brewery (Broo) Pty Ltd finalised 17 October 2023
- Australia Draught Pty Ltd finalised 12 December 2023
- Sorrento Brewery Pty Ltd liquidation in process

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

Broo Ltd Appendix 4D Half-year report
7. Dividend reinvestment plans
Not applicable.
8. Details of associates and joint venture entities
Not applicable.
9. Foreign entities
Details of origin of accounting standards used in compiling the report:
Not applicable.
10. Audit qualification or review
Details of audit/review dispute or qualification (if any):
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interi Report.
11. Attachments
Details of attachments (if any):
The Interim Report of Broo Ltd for the half-year ended 31 December 2023 is attached.

12. Signed

Executive Chairman

Ukehen	
Signed	Date: 29 February 2024
Michael Chen	

Broo Ltd

ACN 060 793 099

Interim Report - 31 December 2023

Broo Ltd Directors' report 31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Broo Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Broo Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

David Zhu (Executive Director) – appointed 15 October 2021 and resigned 17 October 2023
David Zhu (Non-Executive Director) –appointed 17 October 2023
Scott Chen (Non-Executive Director) –appointed 8 February 2023 and resigned 17 October 2023
Jiawei Chen (Chairman and Non-Executive Director) –appointed 31 May 2023 and resigned 29 September 2023
James LI (Non-Executive Director) –appointed 29 September 2023 and resigned 17 October 2023
Peter Yong Pan (Executive Chair)-appointed 17 October 2023 and resigned 1 February 2024
Michael Chen (Executive Director)-appointed 17 October 2023

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity is:

production packaged and draught beer Australia

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$ 164,205 (31 December 2022: \$908,580).

Business and operations update

In recent times, Broo Ltd has adeptly navigated significant financial and operational challenges. Confronted with a liquidity crisis and the burden of substantial debt, the company has embarked on a fundamental strategic overhaul. This pivotal transformation has been marked by leadership changes and a decisive shift towards streamlining operations and supply chain management, which are vital in overcoming these challenges. In a noteworthy development, Broo has been diligently reviewing supply planning with manufacturers, now approaching the final stages of securing ongoing product supply arrangements — a testament to the significant advancement in the company's operational strategies.

Additionally, in a bid to fortify its market presence, Broo Ltd has initiated a comprehensive revamp of its sales and marketing strategies, a crucial pivot considering the challenges faced within its industry network. In tune with evolving market dynamics and consumer trends, Broo Ltd takes pride in unveiling a new beer brand, meticulously crafted to capture the essence of life's vibrant energy. This initiative is strategically aimed at harnessing the company's inherent strengths while embracing cutting-edge brewing innovations. This approach is anticipated to rejuvenate the Broo brand, broaden its consumer appeal, and position Broo Ltd as a dynamic and adaptable contender in the brewing arena.

These concerted efforts mark a transformative phase for Broo Ltd, signifying a determined pursuit to solidify its standing in a fiercely competitive market, whilst adeptly navigating past obstacles. This narrative illustrates a journey of resilience, innovation, and strategic agility, positioning Broo Ltd for a promising and prosperous future in the brewing industry.

Refer to going concern section of note 1 of the financial statements, for further updates on the group's operations.

Significant changes in the state of affairs

The below entities have been liquidated, or in the process of being liquidated: -

- Midura Brewery (Broo) Pty Ltd- finalised 17 October 2023
- Australia Draught Pty Ltd- finalised 12 December 2023
- Sorrento Brewery Pty Ltd- liquidation in process.

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

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Broo Ltd Directors' report 31 December 2023

Matters subsequent to the end of the financial half-year

As of 31 December 2023, the Company has an outstanding excise duty of around \$1.3 million. Since September 2023, the company has discussed the payment plan with the Australian Taxation Office (ATO) to repay the outstanding excise duty of around \$1.3 million. The payment plan has not been finalised as at the date of signing of this interim financial report.

On 7 February 2024, the Company announced that it has raised \$0.6m (before costs) via a secured convertible note financing from Company director.

A total of 1.2 billion notes will be issued for \$0.6m. Each one (1) note is convertible into one (1) ordinary share in the Company at a conversion price of \$0.0005 per note.

The convertible notes have a term of 18 months, with interest of 10% per annum.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Western

Michael Chen Executive Chairman

29 February 2024



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the review of Broo Ltd for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Broo Ltd and controlled entities.

ROBIN KING HENG LI CA RCA DIRECTOR

- John !

CONNECT NATIONAL AUDIT PTY LTDAuthorised Audit Company No. 521888

Date: 29 February 2024

Broo Ltd Contents 31 December 2023

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General information

The financial statements cover Broo Ltd as a consolidated entity consisting of Broo Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Broo Ltd's functional and presentation currency.

Broo Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

L14, 333 Collins Street Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 February 2024.

Broo Ltd Statement of profit or loss and other comprehensive income For the half-year ended 31 December 2023

		Consoli	Consolidated	
	Note	Dec 2023 \$	Dec 2022 \$	
Revenue		-	-	
Other income	2	-	139,845	
Expenses Cost of sales Marketing Impairment of property, plant and equipment		- - -	- (474) -	
Occupancy Administration Impairment of intangible assets Finance costs	4	(95,952) - (68,253)	(512,217) (168,993) (366,741)	
Loss before income tax expense		(164,205)	(908,580)	
Income tax expense		<u> </u>		
Loss after income tax expense for the half-year attributable to the owners of Broo Ltd		(164,205)	(908,580)	
Other comprehensive income for the half-year, net of tax		<u>-</u>		
Total comprehensive loss for the half-year attributable to the owners of Broo Ltd		(164,205)	(908,580)	
		Cents	Cents	
Basic earnings per share Diluted earnings per share	11 11	(0.02) (0.02)	(0.10) (0.10)	

Broo Ltd Statement of financial position As at 31 December 2023

	Note	Consol Dec 2023 \$	idated Jun 2023 \$
Assets			
Current assets Cash and cash equivalents Trade and other receivables Other	3	13,903 56,907 166,651 237,461	76,674 56,769 189,248 322,691
Total current assets		237,461	322,691
Non-current assets Property, plant and equipment Intangibles Total non-current assets	4	500 500	- - -
Total assets		237,961	322,691
Liabilities			
Current liabilities Trade and other payables Borrowings Employee benefits Total current liabilities	5 6	2,670,822 4,258,842 157,292 7,086,956 7,086,956	2,826,347 3,805,000 157,292 6,788,639 6,788,639
Non-current liabilities Borrowings Employee benefits Total non-current liabilities		- - -	218,842
Total liabilities		7,086,956	7,007,481
Net liabilities		(6,848,995)	(6,684,790)
Equity Issued capital Reserves Accumulated losses Total deficiency in equity	7	22,941,835 744,610 (30,535,440) (6,848,995)	22,941,835 744,610 (30,371,235) (6,684,790)
rotal delicioney in equity		(0,040,000)	(0,004,190)

Broo Ltd Statement of changes in equity For the half-year ended 31 December 2023

	Reserves	Contribute d equity	Accumulated losses	Total deficiency in equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2022	524,253	22,941,835	(28,851,852)	(5,385,764)
Loss after income tax expense for the half-year Other comprehensive income for the half-year, net of tax			(908,580)	(908,580)
Total comprehensive loss for the half-year	-	-	(908,580)	(908,580)
Recognition of equity portion of convertible note	220,357			220,357
Balance at 31 December 2022	744,610	22,941,835	(29,760,432)	(6,073,987)
	Reserves	Contributed	Accumulated	Total deficiency in
Consolidated	Reserves	Contributed equity	Accumulated losses	
Consolidated Balance at 1 July 2023			losses	deficiency in
	\$	equity \$	losses \$	deficiency in equity \$
Balance at 1 July 2023 Loss after income tax expense for the half-year	\$	equity \$	losses \$ (30,371,235)	deficiency in equity \$ (6,684,790)
Balance at 1 July 2023 Loss after income tax expense for the half-year Other comprehensive income for the half-year, net of tax	\$	equity \$	losses \$ (30,371,235) (164,205)	deficiency in equity \$ (6,684,790) (164,205)

Broo Ltd Statement of cash flows For the half-year ended 31 December 2023

	Consoli Dec 2023 \$	dated Dec 2022 \$
Cash flows from operating activities Receipts from customers (inclusive of GST)	_	-
Payments to suppliers and employees (inclusive of GST)	(297,771)	(266,746)
Other revenue Interest and other finance costs paid		(98,376)
Net cash used in operating activities	(297,771)	(365,122)
Cash flows from investing activities Proceeds from disposal of property, plant and equipment		2,104,845
Net cash from investing activities	-	2,104,845
Cash flows from financing activities Proceeds from borrowings Repayment of borrowings Proceeds from convertible notes	235,000	205,000 (1,944,304)
Net cash from/(used in) financing activities	235,000	(1,739,304)
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the financial half-year	(62,771) 76,674	419 2,125
Cash and cash equivalents at the end of the financial half-year	13,903	2,544

Note 1. Material accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with IFRS Accounting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2023 annual financial report for the financial year ended 30 June 2023. The accounting policies are consistent with Australian Accounting Standards and with IFRS Accounting Standards.

Rounding off of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the half-year financial report are rounded off to the nearest dollar, unless otherwise indicated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The consolidated entity has incurred a net loss of \$164,205 for the half-year ended 31 December 2023 and has a working capital deficit of \$6,849,495 and had cash outflows from operating activities of \$297,771. These conditions indicate a significant or material uncertainty about the consolidated entity's ability to continue as a going concern.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business at the amounts stated in the financial report, based on the assumptions that the Group will be reinstated and the suspension of trading being lifted and have considered the following factors:

- On 8 May 2023, the Group has received a non-binding indicative offer regarding a proposed investment of \$2 million by external investors in which \$200,000 by way of an unsecured interest free loan and the balance of \$1.8 million through secured convertible notes:
- Since 17 October 2023, the board has changed, the company received a loan of \$235,000 from a new director Michael and another loan of \$365,000 will be drawn at the end of February, the details of loan are under negotiate;
- In December 2023, Duke61 financials agreed to extend the existing loan to the date of reinstatement;
- In December 2023, the investor agreed to extend \$3.6 million convertible notes to the date of reinstatement and exempt unpaid interests since June 2022, management is in the process of reviewing and negotiating the details and agreement of the proposed offer with the investors;
- As mentioned previously, the board has decided to create a new beer brand and plan on launching it onto the market in March 2024, the estimated revenue will be \$1.8 million annually;
- Overall, the management have prepared a 12-month cash flow forecast to February 2025 which shows the company will have a positive cash flow due to the upcoming beer brand launch and funding from reinstatement;
- Management is of the opinion that the Group will be to finalize the excise duty repayment plan with ATO upon reinstatement of the Company
- Meanwhile, the board continues to review costs and is seeking to remove all non-essential expenses; and
- The directors are of the opinion that the company will be able to access equity capital markets for any additional working capital requirements.

For the above reasons the board considers that the consolidated entity remains a going concern and the financial report has been prepared on this basis.

Note 2. Other income

	Consoli Dec 2023 \$	idated Dec 2022 \$
Net gain on disposal of property, plant and equipment	<u>-</u>	139,845
Other income		139,845
Note 3. Current assets - other		
	Consoli Dec 2023 \$	idated Jun 2023 \$
Prepayment Borrowing costs	12,500 154,151	- 189,248
	166,651	189,248
Note 4. Non-current assets - intangibles		
Note 4. Non-current assets - intangibles		
Note 4. Non-current assets - intangibles	Consoli Dec 2023 \$	idated Jun 2023 \$
Patents and trademarks - at cost	Dec 2023	Jun 2023
	Dec 2023	Jun 2023 \$
Patents and trademarks - at cost Less: Impairment	Dec 2023 \$ -	Jun 2023 \$ 168,993
Patents and trademarks - at cost Less: Impairment	Dec 2023 \$ - 500	Jun 2023 \$ 168,993 (168,993) -
Patents and trademarks - at cost Less: Impairment Add: Addition Reconciliations	Dec 2023 \$ - 500	Jun 2023 \$ 168,993 (168,993) -
Patents and trademarks - at cost Less: Impairment Add: Addition Reconciliations Reconciliations Reconciliations of the written down values at the beginning and end of the current financial has	Dec 2023 \$	Jun 2023 \$ 168,993 (168,993)

The consolidated entity's previous patents and trademarks have been impaired to zero in the last year due to the lack of revenue in the last financial half-year. The increase of \$500 was related to the renewal of trademark.

Note 5. Current liabilities - trade and other payables

	Consol	Consolidated		
	Dec 2023 \$	Jun 2023 \$		
Trade payables	576,116	543,478		
Excise payables	1,303,585	1,303,585		
BAS payable	212,673	197,979		
Other payables	578,447	781,305		
	2,670,822	2,826,347		
Note C. Comment lightlifting harmonings				

Note 6. Current liabilities - borrowings

	Consolidated		
De	c 2023 \$	Jun 2023 \$	
	,600,000 658,842	3,600,000 205,000	
4	,258,842	3,805,000	

Convertible notes

On 8 October 2021, the Company announced that it has raised \$3.6m (before costs) via a secured convertible note financing from a group of sophisticated and professional investors. Under the terms of the convertible note subscription deed, the subscription monies were advanced to the Company in 3 tranches. The first tranche of \$1m was advanced on 8 October 2021, a further tranche of \$1m was advanced on 15 October 2021 and a final tranche of \$1.6m was advanced in February, March and April 2022 over several transfers.

A total of 240 million notes will be issued for \$3.6m. Each one (1) note is convertible into one (1) ordinary share in the Company at a conversion price of \$0.015 per note.

The convertible notes have a term of 12 months, with interest free. As a condition of funding, the convertible notes are to be secured over the Company and its business and property assets.

In December 2023, the investor agreed to extend \$3.6 million convertible notes to the date of reinstatement and exempt unpaid interests since June 2022.

Other loans

On 11 July 2022, the company received a loan from Duke61 with total amount of \$405,000 and repaid \$200,000 on 20 December 2022. Interest is payable at 15% per annum.

On 7 November 2023, the company received a loan from current director with total amount of \$235,000 and the loan is interest free.

Note 7. Equity - reserves

	Consol	Consolidated	
	Dec 2023 \$	Jun 2023 \$	
Share-based payments reserve	453,744	453,744	
Convertible note reserve	290,866	290,866	
	744,610	744,610	

Note 7. Equity - reserves (continued)

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Convertible note reserve

The reserve is used to recognise the value of the equity portion of convertible notes.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share based payments	Convertible note \$	Total \$
Balance at 1 July 2023	453,744	290,866	744,610
Balance at 31 December 2023	453,744	290,866	744,610

Note 8. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Related party transactions

Parent entity

Broo Ltd is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	Dec 2023 \$	Dec 2022 \$
Payment for other expenses: Interest and borrowing costs paid and accrued to an entity related to Scott Chen	15,501	16,391

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consol	Consolidated	
	Dec 2023 \$	Jun 2023 \$	
Current payables: Accrued directors' fee and wages	367,251	453,111	

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

Unless stated otherwise, all transactions were made on normal commercial terms and conditions and at market rates.

Note 10. Events after the reporting period

Since September 2023, the company has discussed the payment plan with the Australian Taxation Office (ATO) to repay the outstanding excise duty of around \$1.3 million. The payment plan has not been finalised as at the date of signing of this report.

Note 10. Events after the reporting period (continued)

On 7 February 2024, the Company announced that it has raised \$0.6m (before costs) via a secured convertible note financing from Company director.

A total of 1.2 billion notes will be issued for \$0.6m. Each one (1) note is convertible into one (1) ordinary share in the Company at a conversion price of \$0.0005 per note.

The convertible notes have a term of 18 months, with interest of 10% per annum.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 11. Earnings per share

	Consolidated	
	Dec 2023 \$	Dec 2022 \$
Loss after income tax attributable to the owners of Broo Ltd	(164,205)	(908,580)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	952,079,631	952,079,631
Weighted average number of ordinary shares used in calculating diluted earnings per share	952,079,631	952,079,631
	Cents	Cents
Basic earnings per share Diluted earnings per share	(0.02) (0.02)	(0.10) (0.10)

Broo Ltd Directors' declaration 31 December 2023

In the directors' opinion:

- the attached financial statements comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001, other mandatory professional reporting requirements, and the accounting policies as described in Note 1;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the directors

Michael Chen
Executive Chairman

29 February 2024



Independent Auditor's Review Report

To the members of Broo Ltd

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of Broo Ltd and its controlled entities ("The Group").

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of the Group is not in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the company's financial position as at 31 December 2023 and
 of its performance for the Half-year ended on that date; and
- Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The Half-year Financial Report comprises:

- Statement of financial position as at 31 December 2023;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for the Half-year ended on that date;
- Notes 1 to 11 comprising a summary of material accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Broo Ltd (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the corporations Act 2001 which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to note 1 in the half year financial report which indicates that the consolidated entity incurred a net loss of \$209,428, had a working capital deficiency of \$6,894,717 and net asset deficiency of \$6,894,218 as at 31 December 2023 and had net cash outflows from operating activities of \$297,772 during the half year ended 31 December 2023. These conditions indicate a significant and material uncertainty about the Group's ability to continue as a going concern.



The financial report has been prepared on a going concern basis which assumes the realisation of assets and extinguishment of liabilities in the normal course of business at the amounts stated in the financial report, based on the assumptions that the Group will be reinstated and the suspension of trading being lifted and have considered the following factors:

- On 8 May 2023, the Company has received a non-binding indicative offer regarding a proposed investment of \$2 million by external investors for \$200,000 by way of an unsecured interest free loan and the balance of \$1.8 million through secured convertible notes;
- Since 17 October 2023, the board has changed, the Company received a loan of \$165,000 from a new director Michael and another loan of \$335,000 will be drawn at the end of December, the details of loan are under negotiate;
- In December 2023, Duke61 financials agreed to extend the existing loan to the date of reinstatement of the Company.
- In December 2023, the investor agreed to extend \$3.6 million convertible notes to the
 date of reinstatement of the Company and exempt unpaid interests since June 2022,
 management is in the process of reviewing and negotiating the details and agreement
 of the proposed offer with the investors;
- As mentioned in the directors' report, the board has decided to create a new beer brand and plan on launching it onto the market in March 2024, the estimated revenue will be \$1.8 million annually;
- Management has prepared a 12-month cash flow forecast to February 2025 which shows the company will have a positive cash flow due to the upcoming beer brand launch and future funding;
- Management are of the opinion that the Group will be able to finalize the excise duty repayment plan with ATO upon reinstatement of the Company;
- The board continues to review costs and is seeking to remove all non-essential expenses; and
- The directors are of the opinion that the Company will be able to access equity capital markets for any additional working capital requirements upon reinstatement of the Group

For the above reasons the board considers that the Group remains a going concern and the half-year financial report has been prepared on this basis. This half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be incurred should the Group not continue as a going concern.

However, should the above assumptions and factors not occur whether the company can continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amount stated in the half-year financial report is uncertain.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the half year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters Relating to the Electronic Presentation of the Audited Financial Report



This review report relates to the financial report of Broo Ltd for the half year ended 31 December 2023 included on Broo Ltd's web site. The directors are responsible for the integrity of the Broo Ltd's web site. We have not been engaged to report on the integrity of the Broo Ltd's web site. The review report refers only to the statements named below,. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report resented on this web site.

Responsibilities of the Directors for the Half-year Financial Report The Directors of the Company are responsible for:

- The preparation of the Half-year Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and Corporations Act 2001
- For such internal control as the Directors determine is necessary to enable the preparation
 of the Half-year Financial Report that is free from material misstatement, whether due to
 fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Broo Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Connect National Audit

CONNECT NATIONAL AUDIT PTY LTD

Authorised Audit Company No. 521888

ROBIN KING HENG LI CA RCA

DIRECTOR

Date: 29 February 2024