



ASX Announcement

27 July 2021

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Directors

Jon Wild, Chairman

Mathew Walker, Corporate Director

Sean Smith Managing Director & CEO

Andrew Bickley, Company Secretary

Capital Structure

ASX Code: FGL

180,000,000 Ordinary Shares

26,250,000 Unquoted options exercisable at \$0.15 on or before 30 June 2022

16,500,000 Unquoted options exercisable at \$0.10 on or before 20 July 2024

Overview

Frugl is a retail intelligence ecosystem that acquires publicly available grocery data, organises it, enriches it, and utilises it to power two independent retail platforms: Frugl Groceries and InFocus Analytics.

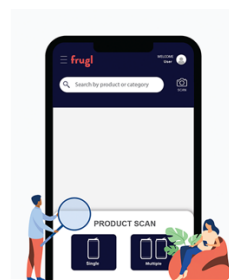
With management drawn from major Australian and International retail organisations, Frugl combines extensive retail experience, proven expertise in data analytics and strategy, and enterprise scale retail data sets for commercialisation.

FRUGL GROUP Q4 COMPANY UPDATE

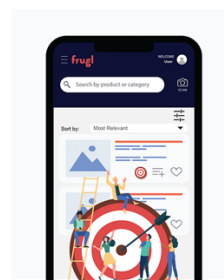
- f FRUGL RELEASES MAJOR UPDATE OF GROCERY COMPARISON APP INCLUDING SEVERAL KEY NEW FEATURES**
- f COMMERCIALISATION OF INFOCUS ANALYTICS PLATFORM COMMENCES**
- f MARKETING AND USER GROWTH INITIATIVES TO COMMENCE WITHIN THE CURRENT QUARTER**
- f COMPLETION OF SHARE PLACEMENT PROVIDES WORKING CAPITAL THROUGH 2021**

Frugl Group Limited (ASX: FGL) ("Frugl" or the "Company") is pleased to provide the market with an update on the Company's fourth quarter operations, inclusive of a commercial partnership with a major retailer and the ongoing development of the Company's Frugl Groceries Application (App).

Frugl Groceries App – Release of Version 2.1



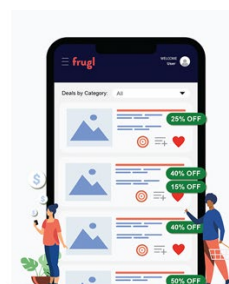
Search for products by name, by category or by scan



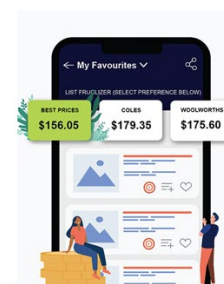
Refine your search with filters and 'find more like this' with targeted sorting



Add products to favourites so you can see when they're on special in Deals



View weekly grocery specials in Deals. Your favourite items display first



Compare prices and fruglize your list to get the cheapest total cost across retailers



You can even share your list with friends, family and more!

On 12 May, the Company announced a major update of Frugl Groceries, the Company's grocery comparison and wellness mobile application, providing users with significant improvements to general App performance and numerous key new features including search and filter options on ingredients and dietary requirements, country of origin information and a new feature that enables users to focus on specific search results through the Bullseye feature.

Frugl Groceries App – Marketing & User Growth

The Company is finalising a marketing and user growth plan to drive active user numbers within the Frugl Groceries App, which will in turn grow shopping user data collation and shopper panel development for future commercialisation. The Company has engaged in discussions with marketing and public relations agencies and will aim to finalise its marketing partner of choice within the current quarter with marketing activity to follow immediately utilising funds from the Company's recent capital raising.

The June quarter ended with 3,200 30-day active users from over 30,000 downloads since the App's initial launch. Further improvements in App performance and additional marketing activity will aim to further grow the active user base with the goal of surpassing 15,000 active users by the end of the 2022 financial year, creating for Frugl Australia's largest grocery-specific research panel.

Commercialisation Activities

The Company has been progressing its commercialisation strategy throughout the quarter and has been working towards milestones for the second half of the 2020-21 financial year.

The Company has established a commercial relationship with Metcash with positive feedback received on the provision of services and the support provided. Both Parties are looking to agree on further value that Frugl can provide to Metcash through the provision of data analytics services which will fuel existing customer revenue growth in the coming quarters.

The Company has also delivered on a number of individual standalone contracts at commercial rates that have further enhanced the Company's confidence in its capacity to deliver consistently in a commercial environment and will contribute towards new customer and total revenue growth in the coming quarters.

Commercial Timeline					
	2019 Jul - Dec	2020 Jan - Jun	2020 Jul - Dec	2021 Jan - Jun	2021 Jul - Dec
<u>Data Acquisition & Enrichment</u> Acquisition of large retail data sets for analysis, enrichment and commercial product creation.	Retail data acquisition commences (2x major retailers, full product inventory).	Acquisition of promotional data (catalogues) across major and 2nd tier retailers commences.	Business development accelerates, first commercial project commences.	Commercial contracts for ongoing data services to commence.	Expansion of commercial data & intelligence services to include shopper behavioural data.
<u>InFocus Analytics (B2B)</u> Development and commercialisation of retail intelligence platform utilising SaaS model alongside custom solution development.	Development of cloud-based Snowflake data warehouse and automated ETL processing.	Development of retail intelligence & visualisation platform (InFocus Analytics).	Utilisation of InFocus Analytics for business development activity.	Commercial contracts for InFocus Analytics SaaS product to commence.	Inclusion of customer behavioural data into InFocus Analytics for new and existing customers.
<u>Frugl Grocery Mobile App (B2C)</u> The development of a unique grocery comparison and wellness mobile app to drive audience growth, app usage, and behavioural data collection.	Development commences for Frugl Grocery mobile app for iOS and Android platforms	Version 1.0 of Frugl Grocery launches on Apple and Android, beta testing commences	Version 2.0 of Frugl Grocery launches following beta test phase	Version 3.0 of Frugl Grocery to launch with substantial feature and performance improvements	Frugl marketing activity to accelerate user growth and behavioural data collection, to unlock additional revenue models.

Frugl's ongoing commercialisation timeline

Corporate Update

During the quarter the Company's quoted series of options (FGLO) lapsed.

Subsequent to the end of the quarter, the Company completed a placement 16,500,000 fully paid ordinary shares with free attaching options exercisable at \$0.10 on or before 20 July 2021 (Share Placement). The Share Placement was offered at a 1.25% discount to the 15-day volume weighted average price of FGL shares on Friday 9 July 2021 and raised \$825,000 before costs. The Share Placement was well supported by new and existing strategic and sophisticated investors. Funds raised

will be primarily used for the marketing and commercialisation of the Frugl Groceries App and data analytics business InFocus Analytics.

Appendix 4C

Outflows of \$113k from corporate and administrative activities during the June quarter (refer Items 1.2 (f) of the Appendix 4C) predominantly comprised of corporate & legal fees, accounting, company secretarial, marketing & IR, KMP remuneration, research and development advisory fees, tax advisory, insurances and working capital. Pursuant to section 1.2(a), the operational expenditure of \$240k incurred by the Company relates to the ongoing development of the Company's grocery comparison App, staff costs and the cost of delivering services to customers. The Company notes that the amount of \$97k disclosed in the Appendix 4C under Section 6 includes accrued payments and payments to related parties and their associates and salaries and wages to members of the Board of Directors. The Company engages Cicero Group Pty Ltd for accounting, administrative and company secretarial services at \$10,000 per month (exclusive of GST). Mr Mathew Walker is a shareholder in Cicero Group Pty Ltd.

This announcement has been authorised by the Board of Frugl Group Limited.

For, and on behalf of, the Board of the Company

Jon Wild

Chairman

Frugl Group Limited

APPENDIX 4C

QUARTERLY CASH FLOW REPORT FOR ENTITIES SUBJECT TO LISTING RULE 4.7B

Name of entity		
Frugl Group Limited		
ABN	Quarter ended	(“current quarter”)
80 096 870 978	30 June 2021	

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	19	21
1.2 Payments for		
(a) research and development	(240)	(916)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	(118)
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(113)	(961)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(2)	(8)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	592
1.8 Other (provide details if material)	(42)	(132)
1.9 Net cash from / (used in) operating activities	(378)	(1,520)

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	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(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)	-	1,725
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	-	33
3.6 Repayment of borrowings	-	(256)
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	-	1,502

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	673	313
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(378)	(1,520)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	1,502
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	295	295

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	235	613
5.2 Call deposits	60	60
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)	295	673

(a)

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	97
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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.

Section 6.1: \$47,346 for the payment of current Director fees and remuneration including superannuation to Messrs Smith.

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(378)
8.2 Cash and cash equivalents at quarter end (item 4.6)	295
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	295
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.78

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.

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: No, increased in revenue and reduction in administration and corporate costs during the June quarter have resulted in lower operating costs. This is expected to remain lower on the next Q.

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, on 14 July the Company announced that it has received firm commitments to raise \$825,000 through a placement to sophisticated and professional investors. Any further capital raising initiatives will be progressed as and when required.

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, as per the response in question 2, the Company will initiate appropriate measures to secure funding by way of capital raising as and when required.

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.

(b)

1.2 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:27 July 2021.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

1.3 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.