



ASX Announcement

27 July 2022

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#### Directors

Jon Wild, Chairman

Mathew Walker, Corporate Director

Sean Smith, CEO

Steve Samuel, Company Secretary

#### Issued Capital

ASX Code: FGL

202,652,195 Ordinary Shares

29,500,000 Listed options exercisable at \$0.10 on or before 20 July 2024

#### Overview

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

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

# FRUGL GROUP Q4 COMPANY UPDATE

## HIGHLIGHTS

- FRUGL GROCERY EXPERIENCES RECORD USER GROWTH OFF THE BACK OF INCREASING MEDIA & PRESS ACTIVITY**
- LAUNCH OF THE QUARTERLY FRUGL GROCERY PRICE INDEX GATHERS UNPRECEDENTED MEDIA ATTENTION**

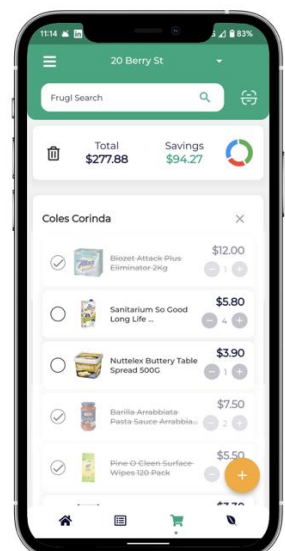
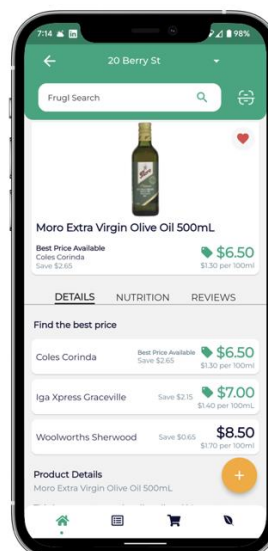
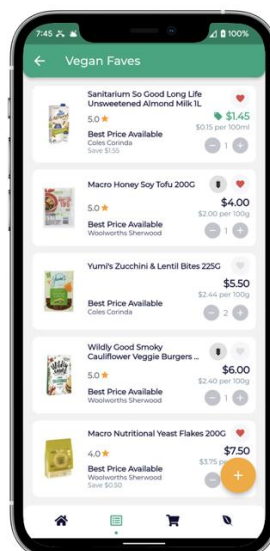
**Frugl Group Limited** (ASX: FGL) ("**Frugl**" or the "**Company**") is pleased to provide the market and shareholders an update on Company operations and user growth of Version 3.0 of the **Frugl Grocery** App on Apple and Android platforms.

## Frugl Grocery experiences record user growth

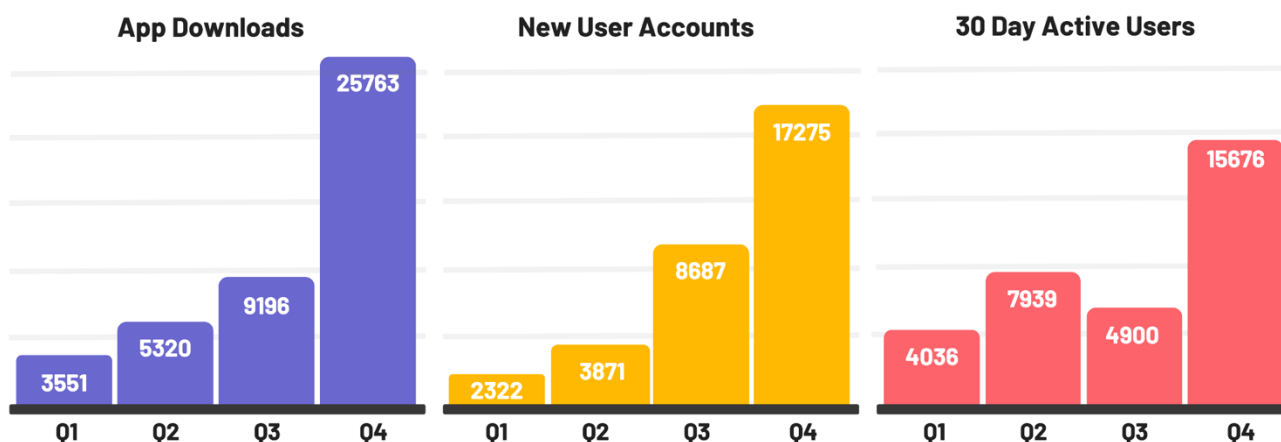
Version 3.0 of the **Frugl Grocery** app has experienced record user growth following its release commencing December 2021. The refreshed user interface, addition of more retailers and substantial performance improvements have underpinned stronger user take up and retention of the Company's leading grocery comparison app.

  
**631,635**  
PRODUCT SEARCHES

  
**5,525,836**  
PRODUCT VIEWS



The unprecedented growth in **Frugl Grocery** app users has been supported by increasing press activity and the acknowledgement of **Frugl's** role as an independent source of grocery insight and research. The substantial media activity across television, radio and online is helping to further establish the **Frugl** brand amongst shoppers, retail businesses, research organisations and journalists and plays an important role in the company's future growth.



## Launch of the Frugl Grocery Price Index (Frugl GPI)

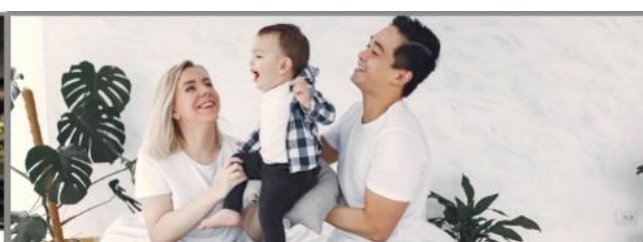
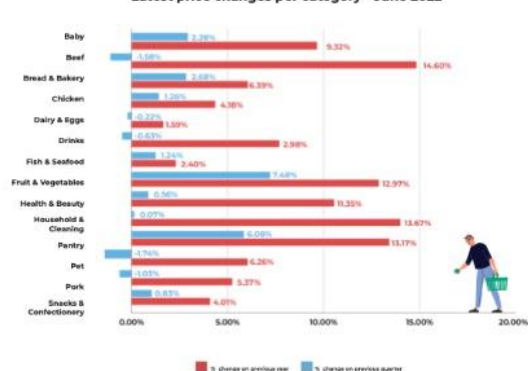
Pricing and household basket analysis was undertaken on over two years of grocery data in readiness for the launch of the first quarterly **Frugl GPI** report subsequent to the quarter end, offering the public and grocery industry independent insights into grocery inflation at a total grocery, grocery category and demographic household level.



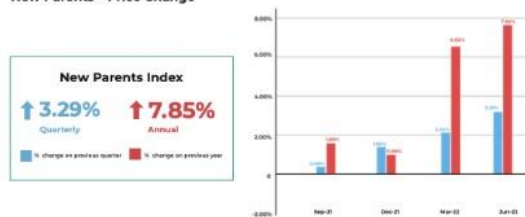
### Categories - Summary

Despite the steady headline GPI, there are some very interesting underlying trends in certain categories, where there have been some significant changes to certain category index values. Most significant quarterly increases were seen in the Fruit & Vegetables (7.48%) and Pantry categories (6.08%). There were a number of categories that experienced a quarterly price index decrease (over 1%), namely Pet (-1.74%), Beef (-1.58%) and Pork (-1.03%). The Beef movement is significant, as it reverses an ongoing trend over several prior quarters of price index increases. The same is true of the Pork and Pet categories, albeit to a lesser degree.

#### Latest price changes per category - June 2022



### New Parents - Price Change



The New Parents segment experienced a significant quarterly price increase of 3.29%. This was in part due to a steady rise in the price of nappies (Huggies), and pre-prepared infant food pouches. Fruit and vegetable price rises also had an impact, in this case an increase in the price of green beans.

### New Parents

This group of career-driven new parents live in the suburbs and have experienced a shift in their grocery needs since welcoming their baby. They have a renewed focus on nutrition and prefer organic or homegrown produce and are willing to pay more for quality brand names. While they have higher disposable incomes, they do feel the price pressures of expanding their family so look for cost saving measures where possible.

The initial launch on the 20th July 2022, in conjunction with major media partnerships, was timed to come out a week prior to the official CPI announcement and has in its first week since launch generated unprecedented media attention, summarised as follows:

## **FRUGL GPI PUBLISHED MEDIA**

### **Television & Radio**

Channel 9 Morning News (television, syndicated to 33 channels Australia-wide), SBS World News (television), TODAY Show (television), ABC Radio Sydney, Triple M Gold radio (plus 4 syndicated stations), KIIS FM Radio (plus 1 syndicated station), 2CC Canberra Radio, 5AA Radio, 4BC 1116 FM Radio (plus 4 syndicated stations), 4CA 846 AM radio,

### **Newspapers**

The Australian (online), Daily Telegraph (print & online), The Herald Sun (print & online), The West Australian (online), Perth Now (online), Albany Advertiser (online), Courier Mail (online), Sound Telegraph (online), Broome Advertiser (online), Gold Coast Bulletin (print & online), Cairns Post (print & online), Townsville Bulletin (print & online), The Mercury (print), The Chronicle (online), The Advertiser (online), Geelong Advertiser (print & online), NTNews.com.au (online), Channel 9 Online (online), Australian Chinese Daily (online Chinese language), Melbourne Today (online Chinese language), Sydney Today (2 stories, online Chinese language), Australia Impressions (online Chinese language)

### **Lifestyle**

Better Homes & Gardens (online & Pinterest), New Idea (online), That's Life (print magazine), 9Honey|Kitchen (online), Convenience World Magazine (online), 1688.com.au (online Chinese language), WeSydney (online Chinese language)

### **Finance & Trade**

Yahoo Finance Australia (online), Retail World Magazine (online), Savings.com.au (online), Beef Central (online)

As was demonstrated during the June quarter, media continues to be the key driver of user number growth on the **Frugl Grocery** app, with growing users key to the Company's pathway to expanded commercialisation activities. It is anticipated the **Frugl GPI** will continue to drive media attention in the quarters ahead to support further user growth.


## **Commercial Progress**

The Company experienced a small reduction in realised quarterly revenue from analytics services, however booked revenue for new and existing customers increased over the period with additional revenues to be realised from the following quarter. The Company continues business development discussions with major retailers, consultants, suppliers and government agencies and is confident that it will deliver future quarterly revenue growth.

In addition, the Company is in discussions with potential transactional partners for the **Frugl Grocery** app which will introduce new revenue streams for the Company heading into the next financial year.

## App usage growth to underpin future commercial models

Continued user growth alongside new app functionality including transactional capabilities will set the foundations for commercialisation of the **Frugl Grocery** app beyond the current retail analytics revenue stream. A substantial volume of user behaviour data has been collated since the Version 3.0 launch and will underpin future revenue streams including transactional revenue, advertising, customer research and shopper panel activation.

Frugl Revenue Model Summary				
Revenue Model	Solutions	Customer Targets	Enabled	Market Potential
<b>1. Retail Intelligence (Product, Price, Range &amp; Promotion)</b>	<b>InFocus Analytics (IA)</b> <ul style="list-style-type: none"> <li>High quality retail intelligence</li> <li>Online platform delivery (IaaS)</li> <li>Subscription or Project based revenue models</li> </ul>	<ul style="list-style-type: none"> <li>Grocery retailers (product, range &amp; promotional planning)</li> <li>Over 2,000 grocery suppliers</li> <li>Associated retail verticals (liquor, pet supplies, supplements, pharmacy)</li> </ul>		AU data analytics market > \$1B *Gartner
<b>2. E-commerce Capability</b>	<b>Frugl Grocery + Frugl Market</b> <ul style="list-style-type: none"> <li>In-app retailer transactions</li> <li>Service + Platform Fee revenue</li> <li>Transaction Commission revenue</li> </ul>	<ul style="list-style-type: none"> <li>Grocery retailers</li> <li>Over 2000 grocery suppliers</li> <li>Associated retail verticals</li> </ul>	Sep Qtr 2022	2022 Online Grocery ecommerce estimate = \$9.9B (USD) *IBISWorld
<b>3. Customer Behavioural Intelligence and Shopper Panel Research</b>	<b>InFocus Analytics (IA)</b> <ul style="list-style-type: none"> <li>Addition of Customer intelligence</li> <li>Additional Subscription revenue</li> </ul> <b>Frugl Research Panel</b> <ul style="list-style-type: none"> <li>Rewards-based membership</li> <li>Research Project revenue</li> </ul>	<ul style="list-style-type: none"> <li>Grocery retailers (Marketing)</li> <li>Over 2,000 grocery suppliers</li> <li>Market research agencies</li> <li>Associated retail verticals (liquor, pet supplies, supplements, pharmacy etc)</li> </ul>	Dec Qtr 2022	AU market research industry > \$3.1B *IbisWorld
<b>4. In-app Merchandising &amp; Advertising</b>	<b>Frugl Grocery Mobile App</b> <ul style="list-style-type: none"> <li>In-app merchandising &amp; advertising space created at key points in the user journey</li> <li>Advertising revenue</li> </ul>	<ul style="list-style-type: none"> <li>Grocery retailers (Marketing)</li> <li>Over 2000 grocery suppliers</li> <li>Non-grocery advertisers</li> <li>Media agencies</li> </ul>	Dec Qtr 2022	AU digital ad spend \$8.8B *IAB Australia
<b>5. Data Enrichment &amp; Online Advertising</b>	<b>Data Exchange (Ad Platforms)</b> <ul style="list-style-type: none"> <li>Frugl segment and behavioural data</li> <li>Audience profiles for digital ad campaigns</li> <li>Data exchange partner revenue</li> </ul>	<ul style="list-style-type: none"> <li>Digital Media agencies</li> <li>Data Management Platforms</li> <li>Data Exchanges</li> <li>Direct digital advertisers</li> </ul>	2023	AU data spend in 2019 \$485 Million *OnAudience.com

## Appendix 4C

Outflows of \$117k from corporate and administrative activities during the June quarter (refer Items 1.2(f) of the Appendix 4C) predominantly comprised of corporate advisory, accounting, company secretarial, insurances and working capital. Pursuant to section 1.2(a), the operational expenditure of \$388k incurred by the Company relates to the ongoing cost of maintaining the Company's grocery comparison App, staff costs and the cost of delivering services to customers. The Company notes that the amount of \$45k disclosed in the Appendix 4C under Section 6 includes payments to related parties and their associates and salaries and wages to members of the Board of Directors.

The Company engaged 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**

- ENDS -

**Forward looking statements**

This announcement contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and our management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by law. These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements.

## Appendix 4C

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

**Name of entity**

Frugl Group Limited

**ABN**

80 096 870 978

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

30 June 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	31	125
1.2 Payments for		
(a) research and development	(388)	(1,490)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(42)	(229)
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(117)	(511)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(3)	(8)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	315
1.8 Other (provide details if material)	(8)	(154)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(527)</b>	<b>(1,951)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(10)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(10)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,202
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	541	541
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>541</b>	<b>1,202</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	63	295
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(527)	(1,951)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(10)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	541	1,743
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>77</b>	<b>77</b>

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	17	3
5.2	Call deposits	60	60
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>77</b>	<b>63</b>

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	45
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>		

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	1,000	541
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	1,000	541
7.5	<b>Unused financing facilities available at quarter end</b>		459
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>A binding loan facility agreement ("Facility") with Mathew Walker, a Company director, is available on call. The facility has a principal amount of \$1,000,000, bears an interest rate of 1% per month payable monthly in arrears, secured against the Company's 2022 Financial Year Research and Development Offset Rebate and repayable on the earlier of the Company completing a capital raising of no less than \$1,000,000 or on 30 June 2023 (<b>Director Loan</b>).</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(527)
8.2	Cash and cash equivalents at quarter end (item 4.6)	77
8.3	Unused finance facilities available at quarter end (item 7.5)	459
8.4	Total available funding (item 8.2 + item 8.3)	536
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.02
	<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: No, research and development are expected to be lower in 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?	
	<p>Answer: Yes, the Company has successfully completed capital raisings in the prior years and has a track record of securing funding. Any further capital raising initiatives will be progressed as and when required.</p> <p>Also, the Company is in the process of preparing the R&amp;D tax rebate which is expected to be lodged in the September 2022 quarter.</p>	

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.*

## 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 2022.....

Authorised by: ..... By the Board.....  
(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.