



ASX Announcement

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Directors

Kit Weng Yip, Chairman

Kenny Woo, Managing Director

Kulthirath Pakawachkrilers,
Director

Steve Samuel, Company
Secretary

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 SECURES UP TO A\$2M FINANCING FACILITY

Frugl Group Limited (ASX: FGL) ("**Frugl**" or the "**Company**") is pleased to announce that it has signed a Convertible Securities and Share Placement Agreement (**Agreement**) with Obsidian Global Partners, LLC Inc (**Obsidian** or **the Investor**), being an unrelated party to the Company, for a financing facility of up to A\$2 million, through the issue of Convertible Notes (**Notes**), across multiple tranches.

Highlights:

- Obsidian commits up to A\$2 million in convertible notes for Frugl to support the expansion of InFocus Analytics and Trienpont into new products, new services and new markets.
- First A\$0.9 million tranche to be completed in the coming days, with up to a further A\$1.1 million drawable by the Company subject to the satisfaction of various conditions in respect of each tranche over the coming nine months.
- Initial conversion price of A\$0.9 million in Notes is fixed at A\$0.15 per Share, a material premium to the last traded price.

Chief Executive Officer, Ken Tovich, commented:

"We are pleased to have secured this financing facility with Obsidian. This funding comes at a pivotal point for Frugl as we look to grow our two core business units – InFocus Analytics, a data analytics and business intelligence operation, and Trienpoint, a digital solutions provider - into new products, new services, and new markets.

In the last month alone, we have been able to achieve significant improvements across these business units, executing contracts that result in recurring revenue for Trienpont and securing new engagements within InFocus Analytics, particularly through integrating its service offering with Trienpont's capabilities as new offerings (refer to ASX Release dated 21 May 2024).

This additional funding will be applied towards further fueling our growth."

The Company has entered into an Agreement with Obsidian, pursuant to which the Company will draw an initial A\$0.9 million (US\$0.6 million) from Obsidian over the coming days. The Company has the right, subject to meeting various conditions precedent, to draw up to a further A\$1.1 million (Tranche 2 of US\$60,000 and Tranche 3 of A\$1 million).

The first and second tranche of Notes will be issued by the Company pursuant to capacity available to it under ASX Listing Rule 7.1 without further shareholder approval being required. The "Facility Fee Shares" (397,990 Shares) and the "Placement Shares" (5,000,000 Shares) will also be issued under ASX Listing Rule 7.1 capacity. The Agreement provides for a general security to be granted against the Company's assets to Obsidian.

Although the facility is expressed in AUD terms (being A\$2 million) the Company has agreed that it will receive funds in USD and will hold those funds in USD, converting funds as and when needed into other currencies the Company operates in including Thai Baht and Australian Dollars.

The first tranche of Notes have an initial fixed conversion price of \$0.15 per Share, being a material premium to the last traded price of the Company's securities on ASX.

Further terms of the Agreement including the material terms of the Notes are set out in Annexure A.

An Appendix 3B will accompany this announcement.

Further announcements will be issued following the issue of Additional and Second Purchase.

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

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

Kit Weng Yip

Chairman

Frugl Group Limited

- ENDS -

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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.

Annexure A: Convertible Note Terms Summary

Facility Limit	A\$2 million.
Face Value	US\$1.12 per Note.
Aggregate issue price of first tranche	US\$0.6 million (AU\$0.9 million).
Note Currency	The Notes are being held by the Noteholder in USD such that the Company receives US\$0.6 million as the first tranche drawdown. The Notes are also repayable in USD. Where an amount is to be converted from AUD to USD per the terms of the Notes, the prevailing exchange rate published by the Reserve Bank of Australia at that time is to be applied.
Issue Date	3 June 2024
Maturity Date	18 months after issue date of the Notes.
Interest	No interest is payable on the Notes, except in the event of a default.
Facility Fee Shares	A facility fee of US\$13,200 plus A\$20,000 is payable in Shares, by dividing the fee by the 5 days VWAP for the 5 days on which Shares actually trade on ASX (Actual Trading Days) immediately prior to the date of the Agreement, rounded up to the nearest whole number.
Fixed Conversion Price	A\$0.15 for the Tranche 1 Notes 130% of the average daily VWAP over the 5 Actual Trading Days immediately prior to the issue date for the Tranche 2 Notes
Variable Conversion Price	The lesser of: a) 90% of the average of the lowest 5 daily VWAPs during the 20 Actual Trading Days prior to the Conversion Notice Date; and b) the Fixed Conversion Price.
Placement Shares	<p>The Company will issue to the Noteholder 5,000,000 Shares on the issue of the Notes, being the Placement Shares.</p> <p>In the event that the Noteholder wishes to reduce the number of Placement Shares outstanding by a set number of Shares, it may do so by:</p> <ul style="list-style-type: none"> a) providing the Company with written notice (Payment Notice) of its intention to do so; and b) paying the Company for the reduction, at a price equal to 90% of the average of the lowest 5 daily VWAPs during the 20 Actual Trading Days prior to the Payment Notice. <p>If the Noteholder converts the Notes into equity, the Noteholder may in its sole discretion apply the Placement Shares to offset the new Shares that would be required to be issued on such conversion.</p> <p>If any Placement Shares remain outstanding following full repayment of the Notes and termination of the Agreement, the Noteholder must either (at its election):</p> <ul style="list-style-type: none"> a) pay the Company an amount per Placement Share equal to 90% of the average of the lowest 5 daily VWAPs during the 20 Actual Trading Days immediately prior to the date upon which the Noteholder makes the payment; or b) sell the Placement Shares on market and pay the Company 95% of the net sale proceeds.

Redemption Amount	110% of the Amount Outstanding (being the Face Value plus any other amounts payable by the Company to the Noteholder) in respect of the Notes.
Early Redemption on raise	<p>The Noteholder may at any time, subsequent to entry into the Agreement:</p> <ul style="list-style-type: none"> a) where the Company raises funds in aggregate of less than A\$2,500,000 from any source (other than from the Noteholder), require the Company to apply up 20% of the proceeds of the funds raised (from the first A\$2,500,000 raised); and b) where the Company raises funds in aggregate of more than A\$2,500,000 from any source (other than from the Noteholder), require the Company to apply up 50% of the proceeds of the funds raised (from the funds raised in excess of A\$2,500,000), <p>to the redemption of outstanding Notes at the Redemption Amount.</p>
Conversion	<p>While there is an Amount Outstanding:</p> <ul style="list-style-type: none"> • The Notes may be converted by the Noteholder at any time before the Maturity Date by providing a conversion notice. • Each conversion notice must specify details including how many Notes the Noteholder elects to convert, whether the Noteholder is electing to convert the Notes at the Fixed Conversion Price, the Variable Conversion Price or the Conversion Price in the Event of Default, and the number of Shares that the Company must issue to the Noteholder in respect of the Conversion. <p>Shares will not be issued on conversion of any Notes if such conversion would cause any person to hold a relevant interest in more than 20% of the Shares on issue.</p>
Tranche 1 Note conditions	<p>In the case of the Tranche 1 Notes, the following must be complied with prior to their issue:</p> <ul style="list-style-type: none"> (a) a copy of resolutions approving the issue of the Notes duly passed by the Board of Directors of the Company; (b) evidence satisfactory to the Noteholder that the terms of the Notes are appropriate and equitable for the purposes of Listing Rule 6.1 and (if ASX review is required under ASX policy guidance) ASX does not consider otherwise; and (c) the Company has issued the Facility Fee Shares to the Noteholder; and (d) the Company has issued the Placement Shares to the Noteholder.
Tranche 2 Note conditions	<p>In the case of the Tranche 2 Notes, the following must be complied with prior to their issue:</p> <ul style="list-style-type: none"> (a) the Tranche 2 Notes are issued no more than 9 months after the Execution Date; (b) at the time of issue of the Tranche 2 Notes: <ul style="list-style-type: none"> (i) the Company's market capitalisation (as reported by IRESS) is at least A\$10,000,000; and (ii) the average daily trading volume of the Shares (as reported by IRESS) over the 20 trading days immediately prior to the relevant date is at least A\$12,000.

Tranche 3 Note conditions	<p>In the case of the Tranche 3 Notes, the following must be complied with prior to their issue:</p> <ul style="list-style-type: none"> (a) the Tranche 3 Notes are issued no more than 9 months after the Execution Date; (b) the Company has obtained Shareholder Approval to issue the Tranche 3 Notes; (c) the following are satisfied immediately prior to the purchase of the Tranche 3 Notes; <ul style="list-style-type: none"> (i) the Amount Outstanding immediately after the issue of the Tranche 3 Notes will not exceed 15% of the Company's market capitalisation (as reported by IRESS) immediately prior to the issue of the Tranche 3 Notes; (ii) the average daily trading volume of the Shares (as reported by IRESS) over the 20 Actual Trading Days immediately prior to the issue of the Tranche 3 Notes must be at least A\$40,000; and (iii) the Company's quarterly revenue figure for any quarter end is at least A\$500,000.
Limitations on Conversions at Variable Conversion Price	<p>The Noteholder may only give conversion notices specifying that a Conversion is to occur at the Variable Conversion Price when all of the following are satisfied:</p> <ul style="list-style-type: none"> a) any 20-day VWAP subsequent to the relevant issue date of the Notes is less than the Fixed Conversion Price of the relevant tranche of Notes to be converted; b) the conversion notice date is after the day which is 90 days after the initial issue of the relevant Notes to be converted; and c) there have been at least 19 clear Trading Days after the Noteholder last gave a conversion notice specifying that a Conversion is to occur at the Variable Conversion Price in respect to the Notes issued at a particular tranche (unless the Company agrees otherwise).
Security	<p>The Notes are secured by a standard General Security Agreement (Security Documents), on terms customary for agreements of this nature.</p>
Negative Covenants	<p>Whilst the Notes are outstanding, a number of negative covenants apply to the Company, which the Company considers to be broadly on terms customary for securities of this nature.</p> <p>In summary, these include the Company or a subsidiary company being restricted from the following without the Noteholder's written consent (not to be unreasonably withheld or delayed):</p> <ul style="list-style-type: none"> a) dispose all or part of its assets unless (i) such disposal is in the ordinary course of business and for fair market value; and (ii) where the value of the assets being disposed is greater than A\$500,000, at least 25% of the net cash proceeds of the disposal are, if required by the Noteholder, applied towards repayment; b) repay any indebtedness to any related entities of the Company; or (ii) make any payment in reduction of debt for any debt finance raised or debt securities issued by the Company after today (but excluding certain advance funding for R&D rebates (R&D Loan); c) issue or agree to issue any equity or equity-linked securities (including options) that have a variable

	<p>interest rate or any debt, equity or equity-linked securities that are convertible into, exchangeable or exercisable for, or include the right to receive Shares or other securities: (i) at a conversion, repayment, exercise or exchange rate or other price that is based on, and/or varies with, the trading prices of, or quotations for, the Shares; or (ii) at a conversion, repayment, exercise or exchange rate or other price that is subject to being reset at some future date after the initial issuance of such debt, equity or equity-linked security or upon the occurrence of specified or contingent events; but nothing in this clause prevents the Company from issuing fixed-rate instruments;</p> <p>d) except for R&D Loan security, grant any Security Interest over any of its assets that have an aggregate value exceeding A\$150,000, or allow a Security Interest to come into existence over any assets of any Group Company that have an aggregate value exceeding A\$150,000; or</p> <p>e) And other negative covenants customary for agreements of this nature.</p>
Representations and warranties	The Company has provided the Noteholder with customary representations and warranties.
Events of default	<p>The Agreement includes events of default which the Company considers to be broadly on terms customary for securities of this nature, including but not limited to, in summary:</p> <ul style="list-style-type: none"> (a) failing to pay an amount owed to the Noteholder; (b) a material breach or failure to comply with any material obligation under the transaction documents (and does not rectify such breach or failure within 10 Business Days of notice of such); (c) the occurrence of a Material Adverse Effect; (d) the occurrence of a change of control in respect of the Company. <p>In the event of an unremedied default, being an event of default that is (a) not capable of being remedied, or is capable of being remedied but has not been remedied within 10 Business Days of its occurrence; or (c) there have been two or more previous events of default, then the Noteholder may be entitled to action against the Company.</p> <p>If an Event of Default occurs, interest shall be payable on the Convertible Securities at a rate of 15% per annum, which interest shall accrue daily and shall be compounded monthly, from the date of the Event of Default until the Company discharges the Amount Outstanding in full or the Event of Default is no longer subsisting.</p>
Voting rights	The Notes do not confer any right to vote at meetings of members of the Company, except as required by law. The Noteholder will be permitted to attend (but not to vote) at any general meeting of its members.
Quotation	The Notes will not be quoted on ASX.
Transferability	The Notes are transferable, subject to the Noteholder first providing written notice of such transfer to the Company.
Legal Costs	The Company is required to make a non-refundable contribution of A\$15,000 towards the Noteholders' legal costs.
Governing law	The Agreement is governed by the laws applying in the State of Western Australia, Australia.