



ASX Announcement

31 July 2024

ACN: 096 870 978

T: 08 6489 1600

F: 08 6489 1601

E: info@fruglgroup.com.au

Level 2, 100 James Street
Northbridge WA 6003

www.fruglgroup.com.au

Directors

Kit Weng Yip
Chairman

Kenny Woo
Managing Director

Kulthirath Pakawachkriels
Director

Steve Samuel
Company Secretary

JUNE 2024 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

HIGHLIGHTS

- f** Significant growth in quarterly receipts totalling \$482k, 630% growth compared to Q4 FY2023, 257% growth in full year receipts compared to FY2023
- f** The first time that Frugl's consolidated quarterly results have included revenue from Trienpont, following the formal closing of that acquisition in April 2024
- f** Frugl selected to present at AusTrade Trade Mission in Thailand showcasing Australian digital economy companies
- f** Frugl continues significant advancements in the Artificial Intelligence and Machine Learning domain with several new high profile engagements for the application of AI/ML technology for Trienpont clients.

Frugl Group Limited (ASX: FGL) ("Frugl" or the "Company"), is pleased to provide the market and shareholders an update on its activities for the June quarter, Q4 FY2024.

Chief Executive Officer, Ken Tovich, commented:

"We are pleased to see the turnaround of Frugl take shape. Financially, these results are some of our best to date. Our renewed focus on sector-agnostic data analytics and digital solutions, building upon the foundations of the Frugl grocery analytics platform will continue to fuel revenue growth for our shareholders."

"Acquiring Trienpont has brought significant new capability to Frugl to both improve its service offering to existing clients – predominantly in the Australian retail sector – as well as to broaden our horizons into new markets and new services."

Strong cash receipts result and first quarter consolidating Trienpont into Frugl

Frugl is pleased to report Q4 cash receipts of \$482k, representing a sharp 630% increase from the prior corresponding period (Q4 FY2023). This result takes full year cash receipts to \$757k, representing a 257% improvement over the last full year period (FY2023).

The Company attributes this result to a strong turnaround in the InFocus Analytics operation led by new Frugl management and the consolidation of Trienpont revenues into Frugl from 22 April 2024.

The acquisition of Trienpont International Co. LTD (**Trienpont**) was formally completed in April 2024. Trienpont is a digital solutions service provider based in Thailand. It has core capabilities in software development, team augmentation/external support, Artificial Intelligence and Machine Learning (AI & ML), and cybersecurity. Under Frugl's ownership, Trienpont is targeting new markets to further develop its brand and credibility as an ASX-listed company subsidiary.

This is the first quarter in which the Company presents its financial results on a consolidated basis, with such consolidation being on and from 22 April 2024.

Across Frugl's other business units, we continue to leverage our expertise in the retail data analytics sector (originally with the Frugl app) at both InFocus Analytics and Trienpont.

Artificial Intelligence and Machine Learning Capabilities

Trienpont has brought to the Company significant capabilities in the application of Artificial Intelligence (**AI**) and Machine Learning (**ML**) technologies. A significant number of engagements secured by Trienpont in the last quarter include the application of AI and ML technologies.

Engagements secured by Trienpont in this regard include the outsourcing of resources for Microsoft Azure Generative AI solutions for several government and private sector clients in Europe in partnership with MbarQ, an AI-focused consultancy owned by Belgian IT services conglomerate de Cronos Groep, and the development of an Online Travel Agency (OTA) platform applying AI technologies to a platform servicing United States veterans and military personnel. These engagements have been reported on by the Company in prior monthly updates.

Additionally, Trienpont was selected by the Thai-Australian Chamber of Commerce to present a workshop to its members on the application of AI technologies for businesses which was held in Bangkok last week on 24 July 2024.

Trienpont's capabilities in the AI and ML space are also being packaged by the Company as part of an expanded service offering to its existing retail data analytics clients at InFocus Analytics.

Trienpont Engagements Update

Over the last month (including post quarter end), Trienpont has secured new engagements totalling \$28,000 per month over the next three to six months. Additionally, Trienpont is currently negotiating one-off projects valued at approximately \$40,000. Excluding one-off projects, this takes the total new engagements secured by Trienpont in the last four months to over \$130k/month in recurring revenue representing a significant scale up of Trienpont's activities following its acquisition by Frugl.

Frugl will continue to evolve Trienpont into a leading digital solutions provider and expects it to be a strong contributor towards Frugl achieving cash flow positive in the coming period, and towards profitability on a consolidated basis.

Frugl selected to participate in AusTrade Thailand Trade Mission

Further to Trienpont's involvement as an AI authority with the Thai-Australian Chamber of Commerce, Frugl (through InFocus Analytics) has been selected along with twenty-two other Australian technology companies, to present at an AusTrade trade mission titled "Connecting Australia and Thailand to the digital economy". This trade mission will explore opportunities for Australia-Thailand business relations noting that Thailand is ASEAN's second largest economy.

Trienpont Office Expansion

Trienpont has recently moved to a new, 710m² premises located in Asoke, Bangkok's most central and well-established business district. The new premises represent a significant upgrade from the 200m² office they outgrew after moving from a co-working space in 2022.

The new office supports the expansion of Trienpont and the entry of InFocus Analytics into the South East Asian region, based in Bangkok alongside Trienpont.



Figure 1: Trienpont's staff at their new office premises in Asoke, Bangkok

InFocus Analytics continues to expand service offering with Trienpont integration

During the quarter, InFocus Analytics, Frugl's data analytics platform, secured additional engagements within the Australian retail sector to provide an even broader suite of data analytics and business intelligence tools. This expansion of our engagement reflects the additional technological capability now available to Frugl through its ownership of Trienpont.

Frugl will look to continue this success with further integration of its data analytics and digital solutions offerings.

Corporate and Appendix 4C Information

Early in the quarter, the Company entered into a loan facility agreement ("**Loan Agreement**") with Radium Capital Pty Ltd ("**Radium**") for the amount of \$167,000 ("**Loan**"). The Loan bears an interest rate of 15% per annum. As part of the Loan Agreement, the total amount drawn down under the Loan will be repaid with, and following receipt of, the 2024 financial year Research & Development Rebate.

The company also maintains an undrawn binding loan facility agreement ("**Facility**") with Kenny Woo, a Company director, which is available on call. The facility has a principal amount of \$1,000,000, bears an interest rate of 9% per annum payable monthly in arrears, unsecured and repayable on 31 May 2025 ("**Director Loan**").

During the quarter, the Company also entered into a \$2 million convertible note facility with Obsidian Global Partners (the "**Note Facility**"). The Company drew an initial \$0.9 million pursuant to the Note Facility, with up to an additional \$1.1 million drawable subject to certain conditions. The Note Facility is secured against Company assets.

During the quarter, the Company formally completed the acquisition of Trienpont International Co. Ltd ("**Trienpont**"), including Trienpont's business and assets, from the shareholders of Trienpont.

During the quarter, on 18 April 2024, the Company held its General Meeting of Shareholders. At the meeting shareholders approved the consolidation of the Company's issued capital:

- a) every 15 Shares into 1 Share; and
- b) every 15 Options into 1 Option.

Outflows of \$679k from corporate and administrative activities during the June quarter (refer Items 1.2(f) of the Appendix 4C) predominantly comprised of payments of fees to members of the Board of Directors (including the outstanding fees payable from last financial year of 30 June 2023), corporate advisory, legal, audit, insurances and working capital. Pursuant to section 1.2(a), the operational expenditure of \$206k incurred by the Company relates to the cost of delivering services to customers, the ongoing cost of maintaining the Company's grocery comparison App and staff costs.

The Company notes that the amount of \$138k disclosed in Appendix 4C under Section 6, payments to related parties and their associates, relates solely to the payments during the quarter of fees to members of the Board of Directors.

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 -

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 2024

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	482	757
1.2 Payments for		
(a) research and development	(206)	(2,221)
(b) product manufacturing and operating costs	(8)	(8)
(c) advertising and marketing	-	(102)
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(679)	(1,296)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	8
1.5 Interest and other costs of finance paid	(6)	(18)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	398
1.8 Other (payment of PAYG withholding tax)	(4)	(13)
1.9 Net cash from / (used in) operating activities	(419)	(2,495)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(65)	(257)
(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)	-	-
2.6	Net cash from / (used in) investing activities	(65)	(257)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	663
3.2	Proceeds from issue of convertible debt securities	900	900
3.3	Proceeds from exercise of options	-	88
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(15)	(15)
3.5	Proceeds from borrowings	167	875
3.6	Repayment of borrowings	(87)	(391)
3.7	Transaction costs related to loans and borrowings	(12)	(34)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	953	2,086

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	191	1,313
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(419)	(2,495)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(65)	(257)

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)	953	2,086
4.5	Effect of movement in exchange rates on cash held	(8)	13
4.6	Cash and cash equivalents at end of period	652	652

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	653	191
5.2	Call deposits	50	60
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	(51)	(60)
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	652	191

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	138
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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,485	485
7.2	Credit standby arrangements	-	-
7.3	Other (Note Facility)	2,000	900
7.4	Total financing facilities	3,485	1,385
7.5	Unused financing facilities available at quarter end		2,100
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> <ul style="list-style-type: none"> A binding loan facility agreement ("Facility") with Kenny Woo, a Company director, is available on call. The facility has a principal amount of \$1,000,000, bears an interest rate of 9% per annum payable monthly in arrears, unsecured and repayable on 31 May 2025 (Director Loan). During the quarter, the Company entered into a short-term loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd (Radium) for the amount of \$167,000 (Loan). The Loan bears an interest rate of 15% per annum. As part of the Loan Agreement, the total amount drawn down under the Loan will be repaid with, and following receipt of, the 2024 financial year Research & Development Rebate. In the March quarter, the Company entered into a loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd (Radium) (Lender) for the amount of \$213,400 (Loan) and bears an interest rate of 15% per annum. As part of the Loan Agreement, the total amount drawn down under the Loan will be repaid with, and following receipt of, the 2024 financial year Research & Development Rebate. In the December quarter, the Company entered into a loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd (Radium) (Lender) for the amount of \$105,000 (Loan) and bears an interest rate of 15% per annum. As part of the Loan Agreement, the total amount drawn down under the Loan will be repaid with, and following receipt of, the 2024 financial year Research & Development Rebate. During the quarter, the Company entered into a Convertible Securities and Share Placement Agreement with Obsidian Global Partners, LLC Inc, for a financing facility of up to A\$2 million (Note Facility), through the issue of Convertible Notes (Notes), across multiple tranches. First A\$0.9 million tranche has been completed during the quarter. 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). For further information see ASX Announcement dated 31 May 2024 and 3 June 2024. 		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(419)
8.2	Cash and cash equivalents at quarter end (item 4.6)	652
8.3	Unused finance facilities available at quarter end (item 7.5)	2,100
8.4	Total available funding (item 8.2 + item 8.3)	2,752
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.57
<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: N/A	
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: N/A	
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: N/A	
<i>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.</i>		

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:31 July 2024.....

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.