



ASX Announcement

30 January 2023

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Directors

Jon Wild, Chairman

Mathew Walker, Corporate
Director

Sean Smith, CEO

Steve Samuel, Company
Secretary

Issued Capital

ASX Code: FGL

304,577,047 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 Q2 COMPANY UPDATE

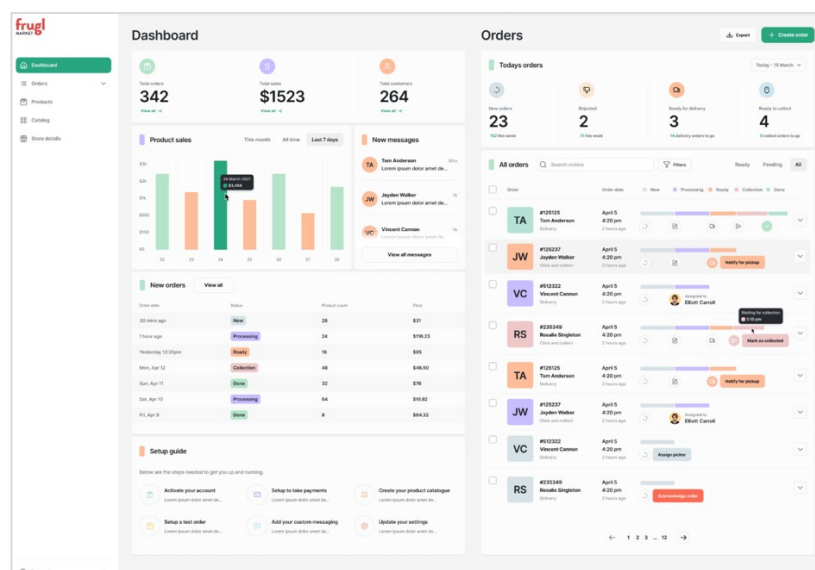
HIGHLIGHTS

- f DEVELOPMENT OF FRUGL GROCERY APP AND MARKET CONTINUES IN SUPPORT OF BUSINESS DEVELOPMENT AND COMMERCIALISATION ACTIVITIES**
- f QUARTERLY FRUGL GROCERY PRICE INDEX CONTINUES TO GENERATE SIGNIFICANT MEDIA ATTENTION**
- f SUBSEQUENT TO THE QUARTER THE COMPANY RECEIVED FIRM COMMITMENTS FOR A PLACEMENT OF \$1,750,000 BEFORE COSTS**

Frugl Group Limited (ASX: FGL) ("**Frugl**" or the "**Company**") is pleased to provide the market and shareholders an update on Company operations and the ongoing development of the Frugl Grocery App and Market.

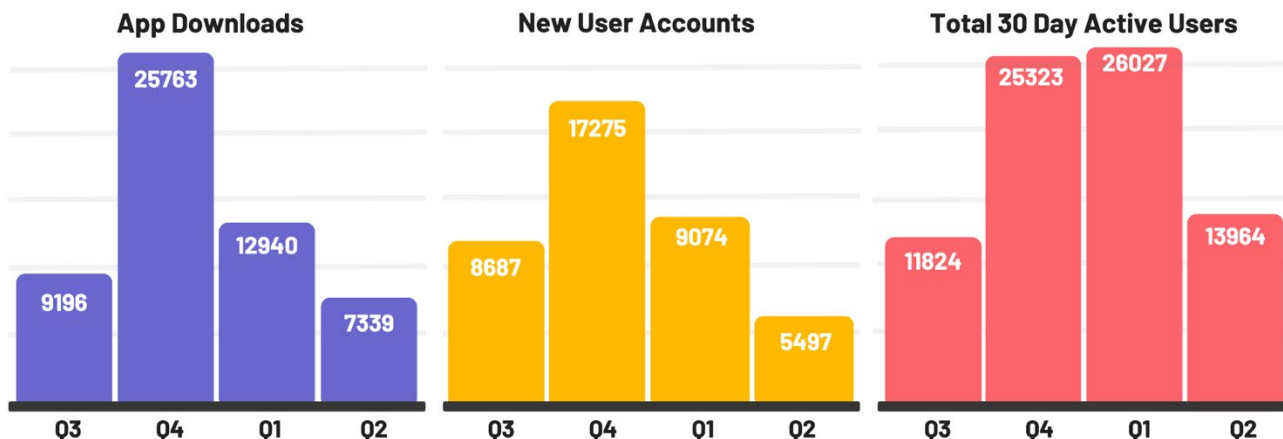
Frugl Grocery & Frugl Market Development

Development continued on Version 3.0 of the **Frugl Grocery** App and the **Frugl Market** platform. Improvements to the user interface, the addition of more retailer product data and substantial performance improvements have been the core development focus to the consumer app, whilst development has continued on the underlying transactional marketplace platform.



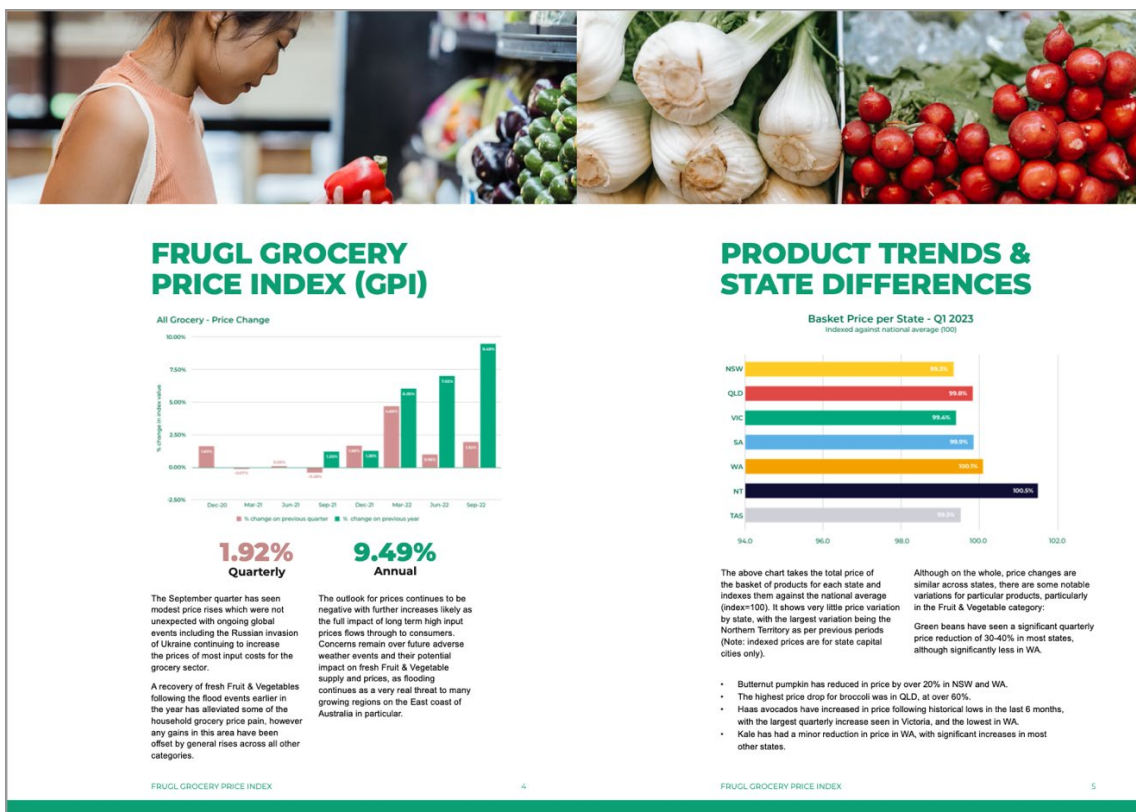
Frugl Grocery User Numbers

A reduction in marketing investment over the quarter saw reductions in downloads and user account growth, with growth largely returning to organic levels. Active users have continued to use the Frugl Grocery App over the quarter, albeit at reduced levels compared to the previous record quarters which were driven by unprecedented press surrounding multiple flood events and global inflationary concerns.



Frugl Grocery Price Index (Frugl GPI)

The second quarterly **Frugl GPI** report was released in October, which continued to offer independent insights into grocery inflation at a total grocery, grocery category and demographic household level, incorporating an additional persona, "Empty Nesters". The report generated strong media interest with Frugl featuring across television, radio, print newspapers and lifestyle publications.



FRUGL GPI PUBLISHED MEDIA HIGHLIGHTS– October 2022

Television & Radio

TODAY Show Sydney (TV), Nine Melbourne (TV), Nine Perth (TV), Nine Brisbane (TV), Nine Adelaide (TV), Nine Hobart (TV), Nine Darwin (TV), Nine Gold Coast (TV), Nine Sunshine Coast (TV), Nine Bunbury (TV), Nine Mackay (TV), Nine Cairns (TV), Nine Central Qld (TV), Nine Wide Bay (TV), Nine Townsville (TV), Nine Toowoomba (TV), Nine Mt Gambier (TV), Nine Renmark (TV), NBN Gold Coast (TV), 7XS West Coast Radio Tas (radio interview), Triple M Esperance (radio), FIVEaa (radio interview), KIIS 101.1 (radio), 612 ABC Brisbane (radio interview), 4CA 846 AM (radio), Triple M Darling Downs (radio), Triple M Fraser Coast 103.5 (radio), Triple M Riverina 1152 (radio), The Coffs Coast 105.5 (radio), The Mid North Coasts 106.7 (radio), Gold 104.3 (radio),

Newspapers

The Australian (online), Sydney Morning Herald (print & online), The Age (print & online), WA Today (online), News.com.au (online), The Herald Sun (print & online), The Mercury (print & online), Sunday Territorian (online), The Daily Telegraph (print & online), Geelong Advertiser (print & online), Courier Mail (print & online), Townsville Bulletin (online), Cairns Post (print & online), Gold Coast Bulletin (print & online), The Advertiser (print & online), The Toowoomba (online), Sound Telegraph (print), The Chronicle (print), Brisbane Times (online), NT News (print), Perth Now (online), Countryman (online), North West Telegraph (online), Midwest Times (online), The West Australian (online), Bunbury Herald (online), Kimberly Echo (online), The New Daily (online & email),

Lifestyle

9Now TODAY (online), Investing.com.au (online), Australian Impressions (online), Savings.com.au (online), Starts At 60 (online), Australian Financial News (online), The Indiansun (online), Sydney Today (online), WeSydney (online – Chinese language)

Media activity continues to be the key driver of user growth on the **Frugl Grocery** app. It is anticipated the **Frugl GPI** will continue to drive media attention in the quarters ahead to support further user growth.

Corporate

Subsequent to the quarter, following the completion of the major development work for the Frugl Grocery Mobile App, the Company has determined future maintenance and development is to be outsourced to more cost effective offshore contractors. As a result, the Company has given notice to six development focused employees. The operation of the Company business and service of existing clients remains unaffected by the termination of development focussed employees.

Subsequent to the quarter, the Company received firm commitments for a placement of \$1,725,000 (**Placement**) before costs. The Company will issue a total of 431,250,000 fully paid ordinary shares (**Shares**) at \$0.004 per share, with 1-for-2 free attaching unlisted options exercisable at \$0.01 on or before 31 December 2025 (**Options**). Proceeds from the Placement will primarily support the marketing of Frugl Grocery App, commercialisation of the Frugl Market Analytics Retail Platform, expansion of the Frugl Market platform into Southeast Asia, repayment of borrowings and general working capital.

On 16 January 2023, the Company completed the allotment of 39,727,440 Tranche 1 Placement Shares utilising the Company's existing placement capacity under ASX Listing Rule 7.1.

Appendix 4C

Outflows of \$126k from corporate and administrative activities during the December quarter (refer Items 1.2(f) of the Appendix 4C) predominantly comprised of corporate advisory, legal, tax consultant, audit, insurances and working capital. Pursuant to section 1.2(a), the operational expenditure of \$405k 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 \$38k 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 Frugi Group Limited.

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

Jon Wild

Chairman

Frugi 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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	31	105
1.2 Payments for		
(a) research and development	(405)	(769)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(22)	(114)
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(126)	(219)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	609	609
1.8 Other (provide details if material)	(90)	(122)
1.9 Net cash from / (used in) operating activities	(5)	(516)
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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	-	-

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	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(41)	(41)
3.5	Proceeds from borrowings	170	516
3.6	Repayment of borrowings	(605)	(605)
3.7	Transaction costs related to loans and borrowings	(29)	(29)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(50)*	(50)
3.10	Net cash from / (used in) financing activities	(555)	454

*Refund of overpayment from issues of equity securities in the previous quarter.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	575	77
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5)	(516)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(555)	454
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	15	15

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	-	515
5.2	Call deposits	60	60
5.3	Bank overdrafts	-	-
5.4	Other (Credit Card)	(45)	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	15	575

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	38
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	1,000	730
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,000	730
7.5	Unused financing facilities available at quarter end		270
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 \$2,000,000 or on 30 June 2023 (Director Loan).</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(5)*
8.2	Cash and cash equivalents at quarter end (item 4.6)	15
8.3	Unused finance facilities available at quarter end (item 7.5)	270
8.4	Total available funding (item 8.2 + item 8.3)	285
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	57
	<p><i>*Refer to section 8.6.1.</i></p> <p><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></p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer:</p> <p>No, as a result of the following:</p> <ul style="list-style-type: none"> The net operating cash flows for the quarter has included the 2022 Financial Year Research and Development Offset rebate amounting to \$588,967 which was received during the quarter. Subsequent to the quarter, following the completion of the major development work for the Frugl Grocery Mobile App, the Company has determined future maintenance and development is to be outsourced to more cost effective offshore contractors. As a result, the Company has given notice to six development focused employees. The operation of the Company business and service of existing clients remains unaffected by the termination of development focussed employees. 	

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.

Subsequent to the quarter, the Company has received firm commitments for a placement of \$1,725,000 (Placement) before costs.

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.

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:30 January 2023.....

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.