

27 February 2024

Australian Securities Exchange (**ASX**)
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

APPENDIX 4D AND INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Please find attached Frugl Group Limited's Appendix 4D and interim financial report for the half-year ended 31 December 2023.

The interim financial report does not include all the notes of the type normally included in an annual financial report and accordingly the interim financial report should be read in conjunction with the annual financial report for the year ended 30 June 2023.

The interim financial report for the half-year ended 31 December 2023 incorporates a review of operations during the half-year.

- ENDS -

By Order of the Board:

Kit Weng Yip
Chairman
Frugl Group Limited

APPENDIX 4D

for the half-year ended 31 December 2023

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Total Revenue and Other Income from Ordinary Activities:	644,142
Previous Corresponding Half-Year:	725,785
Percentage Change:	(11%)

Net Loss Attributed to Members:	(1,628,378)
Previous Corresponding Half-Year:	(879,611)
Percentage Change:	85%

Net Comprehensive Loss Attributed to Members:	(1,628,378)
Previous Corresponding Half-Year:	(879,611)
Percentage Change:	85%

There is no proposal to pay a dividend.

Please refer to Operating Results and Review of Operations within the Directors Report for an explanation of the results.

Net Tangible Liabilities Per Security:	\$0.002
Previous Corresponding Half-Year:	\$0.002

The Independent Auditor's Review Report includes an unmodified opinion drawing attention to Note 2.3 Going Concern in the interim financial report, which notes matters that indicate a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern.



ACN 096 870 978

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 December 2023**

TABLE OF CONTENTS

CORPORATE DIRECTORY	3
DIRECTORS' REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION	7
INDEPENDENT AUDITOR'S REVIEW REPORT	8
DIRECTORS' DECLARATION	10
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	11
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	12
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	13
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	14
NOTES TO THE FINANCIAL STATEMENTS	15

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Kit Weng Yip

Mr Kenny Woo

Ms Kulthirath Pakawachkrilers

Non-Executive Chairman

Managing Director

Non-Executive Director

COMPANY SECRETARY

Mr Steve Samuel

REGISTERED & PRINCIPAL OFFICE

Level 2, 98-100 James Street
Northbridge WA 6003

POSTAL ADDRESS

Level 2, 98-100 James Street
Northbridge WA 6003

CONTACT INFORMATION

+61 8 6489 1600 (Telephone)

info@fruglgroup.com.au

www.fruglgroup.com

EXCHANGE

Australian Securities Exchange (ASX)

Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

ASX Codes:

FGL (Shares) and FGLOA (Options)

AUDITORS

HLB Mann Judd

Level 4, 130 Stirling Street
Perth WA 6000

LAWYERS

Steinepreis Paganin

Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000
AUSTRALIA

SHARE REGISTRY

Automic Group

Level 2, 267 St Georges Terrace,
Perth WA 6000
AUSTRALIA

1300 288 664 (Telephone)

hello@automic.com.au

www.automic.com.au

DIRECTORS' REPORT

The directors present their report together with the interim financial report of Frugl Group Limited (**ASX: FGL**) (Company or Frugl) and its controlled entities (**Group**) for the half-year ended 31 December 2023 and the auditor's review report thereon. The interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

DIRECTORS

The names of the directors of the Company in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

- | | |
|---------------------------------|------------------------|
| – Mr Kit Weng Yip | Non-Executive Chairman |
| – Mr Kenny Woo | Managing Director |
| – Ms Kulthirath Pakawachkrilers | Non-Executive Director |

OPERATING RESULTS

The Group has incurred a net loss after tax for the half-year ended 31 December 2023 of \$1,628,378 (31 December 2022: \$879,611).

REVIEW OF OPERATIONS

Company Overview

Frugl gathers product and pricing data from a range of retailers before further organising and enriching it via automated processing and advanced machine learning techniques. The data is then made available to shoppers via the Frugl Grocery mobile comparison and wellness app. Data collected from users via their usage of the app, which the Company harvests to develop retail intelligence in the form of behavioural and shopper segment data, forms the basis of its data analytics platform.

The combined product, pricing and shopper data is then collated for use by the Company's InFocus Analytics retail intelligence platform for commercial use by retailers, suppliers and other associated businesses.

Commercialisation

Frugl finished the half-year with a revenue growth, with an increase of 128% in revenue from contracts with customers, totalling to \$211,098 (2022: \$92,720), as a result of an increase in customer numbers and one-off customers.

In September 2023, Frugl entered into an agreement with Metcash Trading Limited (Metcash) to extend its services for a further 1 year ending 31 August 2024. A further 1-year option is available to Metcash under the terms of the agreement. Frugl does not consider the fees payable under the Agreement to be financially material. Frugl will seek to develop its relationship with Metcash with a view to expanding the scope of the services.

In June 2023, Frugl signed a project agreement ("Agreement") with 1004 Gourmet General Trading L.L.C ("1004 Gourmet"), a prominent retailer in the United Arab Emirates ("UAE"), for the development of Integrated Retail Grocery Marketplace.

Corporate

On 1 August 2023, the Group announced that Mr Kenny Woo, a Non-Executive Director, assumed the position of Executive Managing Director effective from 1 August 2023.

In October 2023, Mr Sean Smith tendered his resignation as the Company's Chief Executive Officer, with Mr. Smith stepping down from his responsibilities in this role effective from 5 January 2024.

On 11 September 2023, the Company entered into a loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd (Lender) for the amount of \$305,012 (Loan) and bearing an interest rate of 16% 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 2023 financial year Research & Development Rebate. On 5 October 2023, the Loan was repaid in full (principal and interest).

On 17 November 2023, the Company entered into a loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd (Lender) for the amount of \$105,000 (Loan) and bearing 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.

CHANGES TO SECURITIES

On 9 November 2023, the Company issued 5,000,000 fully paid ordinary shares in the capital of the Company upon the exercise of Unlisted Options exercisable at \$0.01 on or before 31 December 2025.

On 23 November 2023, the Company successfully completed a private placement to a new sophisticated and professional investor raising \$225,850 before costs. The Company issued a total of 26,570,588 fully paid ordinary shares at \$0.0085 per share.

On 27 December 2023, the Company successfully completed a placement of \$436,999 before costs. The Company issued a total of 48,555,555 fully paid ordinary shares at \$0.009 per share.

FINANCIAL PERFORMANCE

The Group had negative cash flows from operating activities for the half-year amounting to \$1,442,696 (2022: \$529,559), and had working capital of \$20,004 (30 June 2023: \$1,098,362) and net assets of \$284,574 as at 31 December 2023 (30 June 2023: \$1,100,191).

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 9 January 2024, the Company entered into a loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd for the amount of \$213,400 (Loan) and bearing 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.

On 10 January 2024, the Group announced that it has entered into a binding heads of agreement to acquire 100% of the issued share capital of Trienpont International Co. Ltd (Trienpont), including Trienpont's business and assets, from the shareholders of Trienpont (the Acquisition).

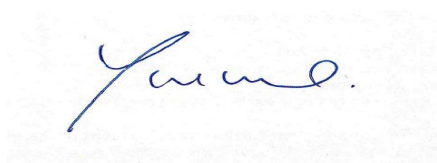
Trienpont is a South East Asian based technology business specialising in Digital Transformation, Software Development, Cloud Migrations & Integrations, and Technical Consulting and has existing clients in Australia, Asia, and Western Europe.

At the date of this report, accounting for the Acquisition is incomplete and is being provisionally accounted for.

INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 7 of this report.

This report is presented in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001 and is signed for and on behalf of the directors by:



Kit Weng Yip

Non-Executive Chairman

Perth, Western Australia this 27th day of February 2024

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Frugl Group Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
27 February 2024



N G Neill
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Frugl Group Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Frugl Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Frugl Group Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.3 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

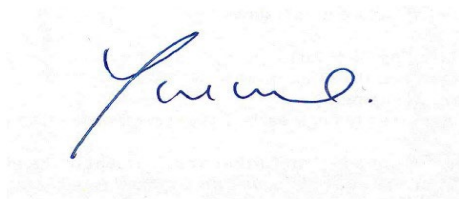
Perth, Western Australia
27 February 2024



N G Neill
Partner

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Frugl Group Limited (**Company**):
 - a. the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - i. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - ii. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half- year then ended.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made in accordance with a resolution of the directors.



Kit Weng Yip

Non-Executive Chairman

Perth, Western Australia this 27th day of February 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Continuing operations			
Revenue from contracts with customers		211,098	92,720
Other income		35,385	341
R&D tax rebate		397,659	612,724
Government grant and subsidies		-	20,000
Total revenue and other income		644,142	725,785
Research and development costs, materials and consultants		(1,217,514)	(202,215)
Employee expenses		(456,971)	(558,252)
Directors' fees, salaries, superannuation and consulting costs		(151,000)	(261,881)
Share-based payments	8.2	(99,911)	(12,124)
Legal fees		(55,960)	(50,529)
Depreciation and amortisation expenses		(55,256)	(2,327)
Public company costs, fees, share registry, shareholder costs		(50,319)	(48,082)
Accounting and audit fees		(44,469)	(43,373)
Insurances		(30,661)	(27,919)
Corporate fees		(18,000)	(60,000)
Interest expenses		(14,646)	(52,933)
Occupancy costs		(12,449)	(50,598)
Marketing and investor relations expenses		(1,679)	(130,560)
Other expenses from ordinary activities		(63,685)	(104,603)
Total expenses		(2,272,520)	(1,605,396)
Loss before income tax expense		(1,628,378)	(879,611)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of the Company		(1,628,378)	(879,611)
Other comprehensive income, net of tax:		-	-
Total comprehensive loss for the half-year		(1,628,378)	(879,611)
Loss per share from continuing operations			
Basic and diluted loss per share (cents per share)		(0.002)	(0.004)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Note	31 Dec 2023 \$	Restated 30 Jun 2023 ¹ \$
Assets			
Current assets			
Cash and cash equivalents		393,620	1,298,006
Trade and other receivables		130,172	39,440
Other assets		77,988	80,736
Total current assets		601,780	1,418,182
Non-Current assets			
Property, plant and equipment		129,280	1,829
Right- of-use assets	3	334,279	-
Total non-current assets		463,559	1,829
Total assets		1,065,339	1,420,011
Liabilities			
Current liabilities			
Trade and other payables	4	375,753	294,731
Borrowings	5	107,641	-
Finance lease liabilities		19,522	-
Employee entitlements		78,860	25,089
Total current liabilities		581,776	319,820
Non-current liabilities			
Finance lease liabilities		198,989	-
Total non-current liabilities		198,989	-
Total liabilities		780,765	319,820
Net assets		284,574	1,100,191
Equity			
Issued capital	6	40,136,303	39,373,453
Reserves	7	101,911	52,000
Accumulated losses		(39,953,640)	(38,325,262)
Net equity		284,574	1,100,191

¹ Balances at 30 June 2023 has been restated in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. Refer to Note 4.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2023

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2022	35,269,801	52,000	(36,146,180)	(824,379)
Loss for the half-year	-	-	(879,611)	(879,611)
Other comprehensive income for the half-year	-	-	-	-
Total comprehensive loss for the half-year	-	-	(879,611)	(879,611)
Shares issued during the half-year	634,098	-	-	634,098
Options issued during the half-year	-	-	-	-
Share issue costs	(45,145)	-	-	(45,145)
Balance at 31 December 2022	35,858,754	52,000	(37,025,791)	(1,115,037)
Balance at 1 July 2023 (restated)	39,373,453	52,000	(38,325,262)¹	1,100,191
Loss for the half-year	-	-	(1,628,378)	(1,628,378)
Other comprehensive income for the half-year	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,628,378)	(1,628,378)
Shares issued during the half-year	762,850	-	-	762,850
Options issued during the half-year	-	49,911	-	49,911
Share issue costs	-	-	-	-
Balance at 31 December 2023	40,136,303	101,911	(39,953,640)	284,574

¹ Balances at 1 July 2023 has been restated in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. Refer to Note 4.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(2,025,887)	(1,262,159)
Receipts from customers		188,549	104,973
Government grants		-	20,000
Interest received		4,608	341
Interest paid		(7,625)	(5,438)
Receipt of R&D tax rebate		397,659	612,724
Net cash used in operating activities		(1,442,696)	(529,559)
Cash flows from investing activities			
Payments for property, plant and equipment		(136,717)	-
Net cash used in investing activities		(136,717)	-
Cash flows from financing activities			
Proceeds from issues of shares	6.1	662,850	621,974
Payments of share issue costs		-	(48,877)
Proceeds from exercise of options		50,000	-
Proceeds from borrowings		410,012	516,616
Repayments of borrowings		(305,012)	(633,961)
Payments of borrowing costs		(4,389)	-
Payment for principal portion of lease liabilities		(146,667)	-
Net cash generated by financing activities		666,794	455,752
Net (decrease) in cash and cash equivalents		(912,619)	(73,807)
Cash and cash equivalents at the beginning of the half-year		1,298,006	73,807
Effect of exchange rate changes on cash		8,233	-
Cash and cash equivalents at the end of the half-year		393,620	-

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

1. REPORTING ENTITY

Frugl Group Limited (**Company**) is a company limited by shares, incorporated and domiciled in Australia. The interim financial report as at and for the half-year ended 31 December 2023 covers the consolidated group of Frugl Group Limited and its controlled entities, together referred to as '**the Group**'. The Group is a for-profit entity.

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

The interim financial report is a consolidated general-purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Accounting Standards IAS 34 *Interim Financial Reporting*. The interim financial report has been prepared under the historical cost convention.

This interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial statements. Accordingly, this interim financial report is to be read in conjunction with the annual financial statements for the year ended 30 June 2023 and any public announcements made by Frugl Group Limited during the interim reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX listing rules.

The same accounting policies and methods of computation have generally been applied in these half-year financial statements as compared with the most recent annual financial statements, except for the adoption of new standards and interpretation effective as of 1 July 2023.

2.2. ADOPTION OF NEW AND REVISED STANDARDS

STANDARDS AND INTERPRETATIONS APPLICABLE TO 31 DECEMBER 2023

In the half-year ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 July 2023.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore no material change is necessary to Group accounting policies.

STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue but not yet mandatory for the period ended 31 December 2023. As a result of this review the Directors have determined that there is no material impact of these Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

2.3. GOING CONCERN

The interim financial report has been prepared on the going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

During the half-year ended 31 December 2023 the Group incurred a net loss of \$1,628,378 (2022: \$879,611), a net cash outflow from operating activities amounting to \$1,442,696 (2022: \$529,559) and had net current assets of \$20,004 (30 June 2023: \$1,098,362).

The Directors have reviewed the business outlook, cash flow forecasts and immediate capital requirements and are of the opinion that the use of the going concern basis of accounting is appropriate. In forming this view the Directors have taken into consideration the following:

- On 1 June 2023, the Company entered into a binding loan facility agreement (Facility) with Mr Kenny Woo, a Company director, available on call. The facility has a principal amount of \$1,000,000, bears an interest rate of 8% per annum payable monthly in arrears, unsecured and repayable on 31 May 2024. As at 31 December 2023, the Company has not made any draw down from this facility;
- On 9 January 2024, the Company entered into a loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd for the amount of \$213,400 (Loan) that 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; and
- The Group's ability to reduce operational expenditure as and when required including, but not limited to, reviewing all expenditure for deferral or elimination.

The Directors have carefully assessed the uncertainties relating to the likelihood of securing additional funding and the Group's ability to effectively manage its expenditures and cash flows from operations.

Should the Group not be successful in obtaining adequate funding, or adequately reducing operational expenditure as required, there is a material uncertainty that may cast significant doubt as to the ability of the Group to continue as a going concern and whether it will be able to realise its assets and discharge its liabilities in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

3. RIGHT-OF-USE ASSETS

	As at 31 Dec 2023 \$	As at 30 Jun 2023 \$
Balance at beginning of period	-	-
Additions	396,120	-
Depreciation expensed	(51,125)	-
Interest expensed	(10,716)	-
Balance at end of period	334,279	-

4. TRADE AND OTHER PAYABLES

	As at 31 Dec 2023 \$	Restated As at 30 Jun 2023 \$
Current		
Unsecured trade creditors	261,136	137,419
Revenue received in advance	-	20,591
Sundry creditors and accruals	114,617	136,721 ¹
	375,753	294,731

¹Balance at 30 June 2023 has been restated to exclude an over accrual of \$101,570 made in error. A corresponding adjustment of \$101,570 was made to accumulated losses at 30 June 2023.

Trade and other payables are non-interest bearing. Due to the short-term nature of these payables their carrying amount is assumed to approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

5. BORROWINGS

	As at 31 Dec 2023 \$	As at 30 Jun 2023 \$
Balance at beginning of period	-	700,000
Loan from Radium Capital ⁽ⁱ⁾	410,012	-
Loan from Director(cash) ⁽ⁱⁱ⁾	-	641,026
Loan from Director (expenses paid on behalf of the Company)	-	20,493
Interest and borrowing cost capitalised	5,492	62,422
Repayments made	(307,863)	(1,182,250)
Repayments made (securities issued)	-	(241,691)
Balance at end of period	107,641	-

- (i) On 11 September 2023, the Company entered into a loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd (Lender) for the amount of \$305,012 (Loan) and bearing an interest rate of 16% 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 2023 financial year Research & Development Rebate. On 5 October 2023, the Loan was repaid in full (principal and interest).

On 17 November 2023, the Company entered into a loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd for the amount of \$105,000 (Loan) and bearing 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.

- (ii) On 18 July 2022, the Company formalised a binding loan facility agreement ("Facility") with Mathew Walker, a Company director, 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 and 30 June 2023.

On 30 August 2022, the terms of the Facility were amended, with the maturity of the Facility now on the earlier of the Company successfully completing a capital raising of no less than \$2,000,000 and 30 June 2023.

On 24 February 2023, the Group issued 68,750,000 Shares to Mr Walker, to convert the loan facility with Mr Walker into equity on the same terms as the Placement held on 11 January 2023. The remaining balance of the facility was paid in cash.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

6. ISSUED CAPITAL

1,041,688,151 fully paid ordinary shares
(30 June 2023: 956,062,008)

As at 31 Dec 2023 \$	As at 30 Jun 2023 \$
40,136,303	39,373,453

6.1. FULLY PAID ORDINARY SHARES

	Half-year to 31 Dec 2023		Year to 30 Jun 2023	
	No.	\$	No.	\$
Opening balance	956,062,008	39,373,453	201,550,000	35,269,801
Issued for cash - placements	75,126,143	662,850	684,659,813	3,876,673
Issued to supplier	5,500,000	50,000	69,852,195	287,124
Issued on exercise of options	5,000,000	50,000	-	-
Share issue costs	-	-	-	(60,145)
Closing balance	1,041,688,151	40,136,303	956,062,008	39,373,453

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

7. RESERVES

	Half- year to 31 Dec 2023 \$	Year to 30 Jun 2023 \$
Option reserve opening balance	52,000	52,000
Options issued during the period ⁽ⁱ⁾	49,911	-
Option reserve closing balance	101,911	52,000

(i) On 9 February 2024 the Company issued 9,000,000 Options to Directors (or their nominee), following shareholder approval on 15 November 2023. The options had no vesting conditions and vested immediately on issue.

The Option reserve arises on the grant of share options to executives, employees, consultants and advisors. Amounts are transferred out of reserves and into accumulated losses when options expire or lapse.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

8. SHARE OPTIONS

Each option issued converts into one ordinary share of Frugl Group Limited on exercise. Options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

8.1. MOVEMENTS IN SHARE OPTIONS DURING THE PERIOD

The following reconciles the share options outstanding at the beginning and end of the period:

	Half-year to 31 Dec 2023		Year to 30 Jun 2023	
	Number of options	\$	Number of options	\$
Opening balance	279,500,000	52,000	29,500,000	52,000
Granted during the period	-	-	250,000,000	-
Option Exercised	(5,000,000)	-	-	-
Closing balance	274,500,000	52,000	279,500,000	52,000
Exercisable at end of period	274,500,000	52,000	279,500,000	52,000

8.2. RECOGNISED SHARE-BASED PAYMENTS

Share-based payments made during the half-year are summarised below.

	31 Dec 2023 \$	31 Dec 2022 \$
Options issued to directors ⁽ⁱ⁾	49,911	-
Shares issued to supplier	50,000	12,124
	99,911	12,124

(i) On 9 February 2024 the Company issued 9,000,000 Options to Directors (or their nominee), following shareholder approval on 15 November 2023. The options had no vesting conditions and vested immediately on issue.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value of the shares issued was determined by using the closing market price and the fair value of the options issued was determined by using a Black and Scholes model.

The fair value of options issued to directors is as follows:

Number of options	Grant Date	Expiry Date	Exercise Price	Total Value	Recipients
9,000,000	15 Nov 2023	31 Dec 2025	\$0.01	\$49,911	Directors

Underlying share price	Expected volatility	Expected dividends	Risk free rate	Value per option
\$0.01	100%	Nil	4.11%	\$0.0055

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

9. COMMITMENTS & CONTINGENT LIABILITIES

9.1. COMMITMENTS

There has been no change in commitments since the last annual reporting date.

9.2. CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 31 December 2023.

10. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling entity of the Group is Frugl Group Limited.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

11. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 9 January 2024, the Company entered into a loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd for the amount of \$213,400 (Loan) and bearing 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.

On 10 January 2024, the Group announced that it has entered into a binding heads of agreement to acquire 100% of the issued share capital of Trienpont International Co. Ltd (Trienpont), including Trienpont's business and assets, from the shareholders of Trienpont (the Acquisition).

Trienpont is a South East Asian based technology business specialising in Digital Transformation, Software Development, Cloud Migrations & Integrations, and Technical Consulting and has existing clients in Australia, Asia, and Western Europe.

At the date of this report, accounting for the Acquisition is incomplete and is being provisionally accounted for.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

12. SEGMENT INFORMATION

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group operates primarily in development of the Frugl App. The financial information presented in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position is the same as that presented to the chief operating decision maker.

Unless stated otherwise, all amounts reported to the Board of directors as the chief operating decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

13. COMPARATIVES

Where necessary, prior half-year comparatives have been reclassified to be consistent with the current half-year's presentation.

14. DIVIDENDS

No dividends were paid or declared during the half-year and no recommendation for payment of dividends has been made.