

24 October 2019

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

COMPANY OPERATIONAL AND CORPORATE UPDATE

Family Insights Group Limited (ASX: FAM) (Company) is pleased to provide the market with an update on Company operations, planned corporate activities and a revision to the Independent Audit Report (**Auditor's Report**) and the Company's Financial Report lodged with the ASX on 30 September 2019 (**Financial Report**).

In this respect, the Company lodges with this announcement, a reissued Independent Audit Report (**Reissued Auditor's Report**) included in the Company's Amended Financial Report (**Amended Financial Report**), taking into account the additional matters set out in Note 2.1.3 Going Concern (described below) and Subsequent Events arising between 1 October 2019 to the date of the Amended Financial Report (see Note 23). For consistency, the Directors have also updated their Directors Report to include all further Subsequent Events arising between 1 October 2019 to the date of the Directors' Declaration.

Together, the beforementioned changes to the Directors' Report and Notes 2.1.3 and 23 represent the only changes between the Amended Financial Report and the previous Financial Report lodged with the ASX on 30 September 2019.

Company Operations

The Company has now completed development and testing of a limited-dataset Proof of Concept version of the Frugl consumer mobile application (**App**). Development is continuing on the full version of the App, with the initial public launch and beta test program of both iOS and Android versions scheduled for December ahead of an anticipated marketing launch early in the following quarter.

The Company intends to undertake a capital raising within the current quarter for working capital and to accelerate product development and marketing activities. Although a capital raising may be considered at any time, and noting that a minimum viable product for the App is intended to be available within the current quarter, the Board considers that

a capital raising following this product development may be more readily embraced by the financial community and therefore in the best interests of shareholders.

Planned Corporate Activities

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 as the Directors believe the Company will be able to pay its debts as and when they fall due.

In forming this view the Directors have taken into consideration the following:

- The Company needs to raise additional capital or enter into debt arrangements via any means available to it in the next 1-2 months (together the '**Funding**') inclusive of, but not limited to, placements, convertible notes, shareholder loans, research and development (**R&D**) loans (for previously incurred eligible expenditure) or rights issues, in order to fund the ongoing operational and R&D expenditure to further commercialise the Company's parental control platform Family Insights App and Frugl grocery comparison product;
- A binding loan facility agreement that was entered on 16 October 2019 with Mathew Walker, a Company director, for up to \$600,000, available on call, unsecured, interest free and repayable upon the earlier of, the completion of a capital raising of not less than \$1,000,000 (**Raise**), or 31 October 2020 (**Director loan**). If the Director Loan remains outstanding at 31 October 2020, the loan will roll on a quarterly basis until the Raise has been completed;
- The receipt of a signed letter from Cicero Corporate Services Pty Ltd (**CCS**), dated 4 October 2019, to defer the corporate administration fees accruing from their services from 1 October 2019 for financial reporting, company secretarial services, rental expense and administrative services (earlier amounts to 30 September 2019 having been paid in full) until the Company completes the Raise;
- The receipt of signed letters from non-executive directors Mathew Walker and Jonathon Wild, dated 1 October 2019 and 4 October 2019 respectively, to defer all accrued fees of service from 1 October 2019 (earlier amounts to 30 September 2019 having been paid in full) until the Company completes the Raise;
- The ongoing ability for the Company to apply for and receive an R&D tax incentive rebate (**R&D Rebate**) at 43.5% on the basis that the Company's expenditure from 1 July 2019 is fully eligible for the government R&D tax offset, having received the R&D Rebate for previously incurred eligible expenditure to 30 June 2019 on 6 September 2019 (Note 23); and
- The Company's ability to reduce operational expenditure as and when required including, but not limited to, reviewing all expenditure for deferral or elimination, until the Company has sufficient funds.

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It is noted that the Company has a solid history of obtaining support from investors, including in very difficult financial markets. During and post the year ended 30 June 2019, the Company has and had successfully completed the following capital raising and debt financing initiatives:

- The placement of the remaining shortfall securities (**Shortfall**) from the 11 May 2018 Entitlement Offer was managed by the broker and lead manager of the Entitlement Issue, CPS Capital Company Pty Ltd. The Company announced the closure of the Shortfall on 26 July 2018 with the successful placement of all 848,650,970 shares to raise gross proceeds of \$2,545,953; and
- On 22 October 2018, the Company's Research & Development Claim for a refundable offset under the Federal Government's Research Development Tax Incentive Scheme for the amount of \$1.2 million was received.
- The Company received a further \$846,972 on 6 September 2019 in R&D Rebates for the financial year ended 30 June 2019. Following receipt of the 2019 R&D Rebate, the Company repaid the Rocking Horse Loan.

For further information please refer to Note 2.1.3 of the Amended Financial Report.

- ENDS -

For further information, please contact:

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ABOUT FRUGL

Frugl is a data insights business utilising a price comparison platform that allows families to compare the cost of goods between different supermarket retailers in their local areas, whilst simultaneously analysing shopper behaviours in real time against the changing landscape of product merchandising and pricing changes across over 60,000 different products from major supermarket chains.

ABOUT FAMILY INSIGHTS

Family Insights offers parents a unique approach to ensuring the safe use of the internet by children and teenagers. By utilising Family Insights' world class secure VPN network, backed by the research insights of childhood development research organisation Telethon Kids Institute, Family Insights monitors mobile network patterns in real time and advises parents of potential threats as well as providing greater details and resources to parents on the threats identified.

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