

29 January 2021

Australian Securities Exchange (ASX)
Level 40, Central Park
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Perth WA 6000

FRUGL GROUP Q2 COMPANY UPDATE

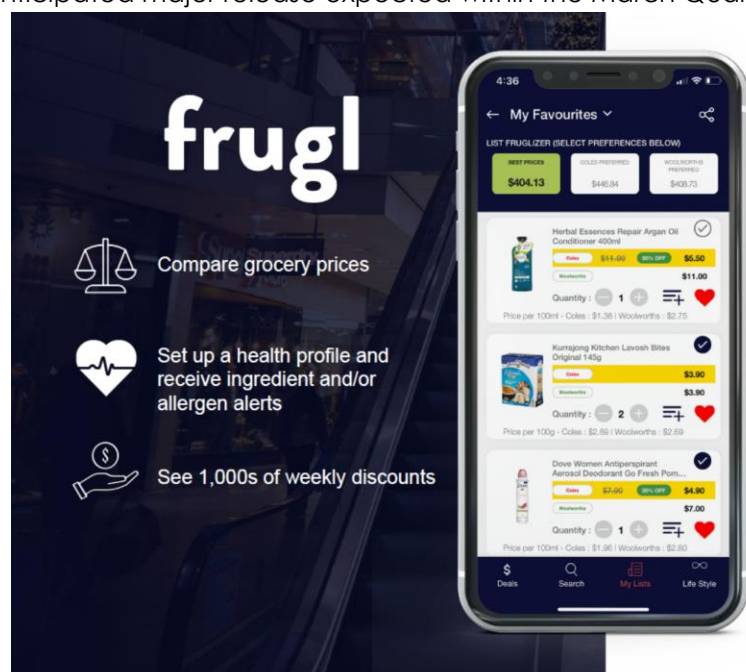
Frugl Group Limited (ASX:FGL)(Company) is pleased to provide the market with an update on Company operations, including the development and commercialisation activities for Frugl Groceries, the Company's grocery comparison and wellness mobile application (**frugl** or the **App**).

Q2 Release Highlights

- Announced a partnership with Student Edge for the ongoing promotion of Frugl's price comparison App Frugl Groceries (the **App**).
- Successfully completed the second tranche of a share placement that commenced in Q1 that saw the Company issue 36,750,000 shares to **raise \$1,102,500** in addition to the **\$742,500 raised in Tranche 1**.
- Following the launch of **Version 2.0** of the App in Q1, the Company has seen an 11% increase in users of the App.

APP Development

The release during the September Quarter of version 2.0 of the Frugl Grocery app has seen an 11% increase in the number of users of the App. The Company is focused on maintaining the rate of growth of the App and has embarked on the development of another major app update including performance enhancements and added filtering and dietary features, with an anticipated major release expected within the March Quarter.



Frugl Grocery

Lower Prices &
Healthier Options

Frugl aggregates grocery product pricing and promotions data to provide shoppers with the lowest prices as well as health & nutritional information across Australia's leading supermarkets to help shoppers make informed decisions for their families well-being.



FRUGL PARTNERS WITH STUDENT EDGE

On 12 October 2020, the Company announced a partnership with Student Edge to promote the Frugl Grocery mobile app to its 1,100,000 users. Under the terms of the partnership, Student Edge agreed to actively promote the Frugl Grocery mobile app to its membership utilising direct email campaigns, targeted display advertising and social amplification via its social media channels. During November the Company engaged in a test marketing campaign over a 5 week period with Student Edge, driving 1,228 incremental app downloads and over 230 product reviews.

Frugl Revenue Model Summary

Revenue Model	Solutions	Dependencies	Customer Targets	Market Potential
1. Retail Intelligence (Product, Price, Range & Promotion analysis)	InFocus Analytics (IA) <ul style="list-style-type: none"> High quality retail intelligence 19+ months of historical data Online platform delivery (SaaS) 	<ul style="list-style-type: none"> Ongoing retail data acquisition Data warehouse solution Analytics expertise & client management 	<ul style="list-style-type: none"> Grocery retailers (product, range & promotional planning) Over 2,000 grocery suppliers Associated retail verticals (liquor, pet supplies, supplements, pharmacy etc) 	AU data analytics market > \$1B *Gartner Report
2. Customer Behavioural Intelligence and Shopper Panel Research	InFocus Analytics (IA) <ul style="list-style-type: none"> Customer behavioural intelligence added as additional service Frugl Research Panel <ul style="list-style-type: none"> Rewards-based membership 	<ul style="list-style-type: none"> Frugl app user growth to drive profile & behavioural data Establishment of Rewards Program to support panel development Customer research expertise 	<ul style="list-style-type: none"> Grocery retailers (Marketing) Over 2,000 grocery suppliers Market research agencies Associated retail verticals (liquor, pet supplies, supplements, pharmacy etc) 	AU market research industry > \$3.1B *IbisWorld Industry Report
3. In-app Merchandising & Advertising	Frugl Grocery Mobile App <ul style="list-style-type: none"> In-app merchandising & advertising space created at key points in the user journey 	<ul style="list-style-type: none"> In-app merchandising space created at key points in the user journey Frugl app user growth 	<ul style="list-style-type: none"> Grocery retailers (Marketing) Over 2000 grocery suppliers Non-grocery advertisers Media agencies 	AU digital ad spend \$8.8B *IAB Australia
4. Data Enrichment & Online Advertising	Data Exchange for Ad Platforms <ul style="list-style-type: none"> Frugl segment and behavioural data to enrich audience profiles Audience profiles utilised for targeted digital ad campaigns 	<ul style="list-style-type: none"> Frugl app user growth Collated segment profile data Collated behavioural data sets 	<ul style="list-style-type: none"> Digital Media agencies Data Management Platforms Data Exchanges Direct digital advertisers 	AU data spend in 2019 \$485 Million *OnAudience.com
5. E-commerce Capability	Frugl Grocery Mobile App <ul style="list-style-type: none"> Inclusion of transactional capability to Frugl app 	<ul style="list-style-type: none"> Audience growth and app use Development of transactional capability within Frugl app 	<ul style="list-style-type: none"> Grocery retailers Over 2000 grocery suppliers Associated retail verticals 	2021 AU Food & Personal Care ecommerce estimate = \$7.7B (USD) *Statistica.com

Frugl Revenue Model (Refer ASX release dated 27 January 2021)

Corporate update

During the quarter the Company completed a placement of 36,750,000 fully paid ordinary shares at a price of \$0.03 per share to raise \$1,102,500 before costs. The placement price was a 3.6% discount to the 15-day Volume Weighted Average Price (VWAP) of the shares as at 18 September 2020, when the initial announcement of the placement was made. The Placement was well supported by new and existing strategic and sophisticated investors, with the continued support of strategic investors. Funds raised will be primarily used for the marketing, research and development, and business development of the Frugl grocery comparison app.

At the Company's Annual General Meeting held at the Company's offices on 30 November 2020, shareholders approved the appointment of HLB Mann Judd as the Company's auditor to replace Pitcher Partners Pty Ltd, who offered their resignation during the quarter.

Appendix 4C

Outflows of \$431k from corporate and administrative activities during the December quarter (refer Item 1.2(f) of the Appendix 4C) predominantly comprised of corporate & legal fees, accounting, company secretarial, marketing & IR, KMP remuneration, research and development advisory fees, tax advisory, insurances and working capital. Pursuant to section 1.2(a)(c), the operational

expenditure of \$333k incurred by the Company relates to the ongoing development of the Company's grocery comparison App, staff costs and the cost of delivering services to customers.

The Company notes that the amount of \$174k disclosed in the Appendix 4C under Section 6 includes accrued payments and payments to related parties and their associates and salaries and wages to members of the Board of Directors. The Company engages 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 Frugl Group Limited.

- ENDS -

For further information, please contact:

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frugl is a price comparison platform that allows families to compare the cost of goods between different supermarket retailers in their local areas, whilst 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.

fruglgroup.com | frugl.com.au | infocusanalytics.com

The **frugl Corporate Video** can be viewed at <https://vimeo.com/367911850>

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 2020

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	2	2
1.2 Payments for		
(a) research and development	(246)	(434)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(87)	(97)
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(431)	(688)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	525	592
1.8 Other (provide details if material)	(56)	(70)
1.9 Net cash from / (used in) operating activities	(295)	(699)
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)	935	1,725
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	-	-
3.5	Proceeds from borrowings	-	33
3.6	Repayment of borrowings	(256)	(256)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	679	1,502

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	732	313
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(295)	(699)
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)	679	1,502
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,116	1,116

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	1,056	672
5.2	Call deposits	60	60
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,116	732

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	174
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p> <p>Section 6.1: \$173,574 for the payment of current Director fees and remuneration including superannuation to Messrs Smith.</p>		

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	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(295)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,116
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,116
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.78
<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:29/01/21.....

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.