APPENDIX 4E – 30 JUNE 2023

Preliminary final report for the year ended 30 June 2023 as required by ASX listing rule 4.3A

DETAILS OF REPORTING PERIOD

Name of entity	Frugl Group Limited
ACN	096 870 978
Reporting Year	Year ended 30 June 2023
Previous Corresponding	Year ended 30 June 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to year ended 30 June 2023)	$	Up/Down	Movement %
Revenues from ordinary activities	805,983	UP	62%
Loss from continuing operations after tax	(2,280,652)	UP	17%
Net loss for the year attributable to members	(2,280,652)	UP	17%

For further explanation of the statutory figures provided above refer to the accompanying unaudited preliminary financial report for the year ended. For a review of the operations and activities for the year ended 30 June 2023, please refer to the Review of Operations contained in the unaudited preliminary financial report.

DIVIDEND INFORMATION

No dividends have been declared or paid during or since the end of the year to 30 June 2023 (2022: Nil).

	30 June 2023	30 June 2022
Net tangible (liabilities)/ assets per security	0.0254	(0.0234)

AUDIT

The financial statements have been audited and an unmodified opinion has been issued.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME WITH NOTES TO THE STATEMENT

Consolidated Statement of Profit or Loss and Other Comprehensive Income and Notes to the consolidated financial statements.

STATEMENT OF FINANCIAL POSITION WITH NOTES TO THE STATEMENT

Consolidated Statement of Financial Position and Notes to the consolidated financial statements.

STATEMENT OF CASH FLOWS WITH NOTES TO THE STATEMENT

Consolidated Statement of Cash Flows and Notes to the consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY WITH NOTES TO THE STATEMENT

Consolidated Statement of Changes in Equity and Notes to the consolidated financial statements.

DETAILS OF ASSOCIATES AND JOINT VENTURES

Not applicable.

ATTACHMENTS

Accompanying this Appendix 4E is the full final audited Annual Report of Frugl Group Limited for the year ended 30 June 2023. This Appendix 4E should be read in conjunction with the Annual Report, which is lodged contemporaneously with this document. All documents comprise the information required by Listing Rule 4.3A.

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

frugl

ACN 096 870 978

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2023

TABLE OF CONTENT

CORPORATE DIRECTORY

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr Sonu Cheema

REGISTERED OFFICE

Suite 9, 330 Churchill Avenue
Subiaco WA 6008
AUSTRALIA

PRINCIPAL PLACE OF BUSINESS

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AUSTRALIA

POSTAL ADDRESS

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Perth WA 6000

ASX Codes: FGL (Shares), FGLOA (Options)

AUDITORS

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130 Stirling Street
Perth WA 6000

LAWYERS

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

SHARE REGISTRY

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DIRECTORS' REPORT

The directors of Frugl Group Limited (**ASX: FGL**) (**Company** or **Frugl**) submit herewith the annual financial report of the Company and its controlled entities (**Group**) for the financial year ended 30 June 2023.

DIRECTORS

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

MR KENNY WOO

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

(Appointed Non-Executive Director on 1 May 2023 and appointed Managing Director and Chief Executive Officer on 1 August 2023)

Mr Woo is an experienced entrepreneur with a proven track record of multiple start-up's and exits. For 10 years he served as the Founder and Managing Director of Easy Plastic Sdn Bhd and Facilipack Industries, an integrated manufacturer of disposable food packaging specializing in the extrusion, injection molding and thermoforming process. Currently he serves as a Director of Farm Square Co., Ltd a revolutionary indoor farming business in Bangkok selling zero mile pesticide and chemical free organic vegetables. He is a graduate of Curtin University of Technology with a Bachelor of Commerce in Accounting & Finance. The appointment of Mr Woo further strengthens the Company's contact network in south-east Asia as it seeks to explore commercialisation opportunities for the Company's proprietary technology in the region.

Mr Woo has not been a director of any other ASX listed entity in the last three years.

MR KIT WENG YIP

NON-EXECUTIVE CHAIRMAN *(Appointed 10 February 2023)*

Mr Yip has extensive experience in investment banking and corporate finance. Among his previous senior roles he has served as Executive Director of Nomura Securities Malaysia, Deputy Group Managing Director and Head of Investment Banking of Affin Hwang Investment Bank and Director of RHB Investment Bank in Malaysia. He currently serves as Independent Non-Executive Director of both Esente Capital Berhad, PCA Capital Markets Sdn Bhd, Privasia Technology Berhad(Listed on the ACE Market of the Bursa Securities Malaysia Berhad) and Euro Holdings Berhad (Listed on the Main Market of Bursa Malaysia Securities He is a graduate of the University of Western Australia, a Fellow of CPA Australia, a Member of the Malaysian Institute of Accountants and Malaysian Institute of Taxation.

Mr Yip has an extensive contact network throughout south-east Asia and will be invaluable in the Company's ambitions to expand and commercialise its platform in the region. Mr Yip is currently serving as a Divisional Councilor for CPA Australia Malaysia Division since January 2021 and was elected Deputy President for Calender year 2023.

Mr Yip has not been a director of any other ASX listed entity in the last three years.

MS KULTHIRATH PAKAWACHKRILERS

NON-EXECUTIVE DIRECTOR *(Appointed 23 March 2023)*

Ms Pakawachkrilers has extensive experience in e-Commerce, business development and digital marketing in south-east Asia. She currently serves as President of the Thai e-Commerce Association and is CEO and Co-Founder of the Thailand e-Business Centre. She is also a member of The Federation of Thai Industries and The Thai Chamber of Commerce.

Ms Pakawachkrilers has not been a director of any other listed ASX entity in the last three years.

DIRECTORS' REPORT (CONTINUED)

MR MATHEW WALKER
NON-EXECUTIVE DIRECTOR *(Resigned 1 May 2023)*

MR JONATHON WILD
NON-EXECUTIVE CHAIRMAN *(Resigned 10 February 2023)*

MR SEAN SMITH
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER *(Resigned 23 March 2023)*

MR SONU CHEEMA
COMPANY SECRETARY *(Appointed 2 August 2023)*
Sonu Cheema is a director of the accounting firm Nexia Perth. He holds a Bachelor of Commerce and is a member of Certified Public Accountant (Australia). Sonu is a Director and Company Secretary of listed, unlisted, and private companies across a broad range of industries. His focus is on financial reporting, management accounting and corporate services where he has gained over 12 years experience.

DIRECTORS' SHAREHOLDINGS

The following table sets out the current directors' relevant interests in shares and options of Frugl Group Limited at the date of this report and the relevant changes since 30 June 2023:

Directors	Ordinary Shares		Options over Ordinary Shares	
	At Date of Report	Net increase/ (decrease)	At Date of Report	Net increase/ (decrease)
Mr Kit Weng Yip	-	-	-	-
Mr Kenny Woo	150,000,000	-	75,000,000	-
Ms Kulthirath Pakawachkrilers	-	-	-	-

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Information about the remuneration of key management personnel is set out in the remuneration report on pages 4 - 9. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Share-based compensation
D. Directors' equity holdings
E. Relationship between the remuneration policy and company performance

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A. PRINCIPLES USED TO DETERMINE NATURE & AMOUNT OF REMUNERATION

The whole Board form the Remuneration Committee. The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component with the flexibility to offer specific long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to manage the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.
- The directors and executives who receive the superannuation guarantee contribution, as required by the government, received 10.5% of base salary for the year ended 30 June 2023 and do not receive any other retirement benefits.
- The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews the remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required, which during the year none was required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is presently limited to $250,000. Fees for non-executive directors are not linked to the performance of the Group.
- In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Group and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles. No external remuneration consultant was used during the year.

REMUNERATION REPORT (AUDITED) (CONTINUED)

- All remuneration paid to Directors and Executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and directors and executive performance. Currently, this is facilitated through the issue of options to the directors and executives to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth. The Group currently has no performance-based remuneration component built into director and executive remuneration packages.

NON-EXECUTIVE DIRECTORS

The remuneration of Non-Executive directors consists of directors' fees, payable in advance. Remuneration of Non-Executive directors is based on fees approved by the Board of directors and is set at levels to reflect market conditions and encourage the continued services of the directors. Non-Executive directors do not receive retirement benefits but are able to participate in share-based incentive programmes in accordance with Company policy.

The Group's Non-Executive directors are eligible to receive fees for their services in addition to their role and the reimbursement of reasonable expenses.

OTHER BENEFITS

No other benefits were paid to Non-Executive directors during the year.

SERVICE CONTRACTS

The Group has entered into services agreements with its executive Director and key management personnel (KMP). The Group has also entered into Non-Executive Director appointment letters outlining the policies and terms of the appointment including compensation to the office of Director. The principal terms of the executive service agreements during the financial year are set out below:

MR KIT WENG YIP
NON-EXECUTIVE CHAIRMAN
The Group entered into a consultancy agreement with Mr Wend in respect of his appointment as a Non-Executive Chairman of the Group. Mr Weng is paid a fee of $60,000 per annum for his services as Non-Executive Chairman and is reimbursed for all reasonable expenses incurred in performing his duties. Payments for Mr Weng's services are made to a related consulting entity.

The agreement was entered with Mr Weng on 10 February 2023:
(a) by providing the Group with written notice allowing reasonable time for the Group to plan for the departure; or
(b) in accordance with the law or the Company's constitution.
(c) The agreement was entered at the appointment of Mr Weng.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

MR KENNY WOO

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Group entered into an employment agreement with Mr Kenny Woo in respect of his role as Executive Managing Director of the Group. Mr Woo is paid a salary of $240,000 per annum (excluding superannuation) for his services as Executive Managing Director.

The executive agreement was entered with Mr Woo on 1 August 2023:

(a) by either party without cause with 3 months' written notice or if the Group elects to with payment in lieu of notice;
(b) by the Group, at any time with written notice and without payment (other than entitlements accrued to the date of termination) as a result of any occurrence which gives the Group a right of summary dismissal at common law; or
(c) by Mr Woo immediately, by giving notice, if the Group is in breach of a material term of this agreement.
(d) The agreement was entered on appointment of Mr Woo.

MS KULTHIRATH PAKAWACHKRILLERS

NON-EXECUTIVE DIRECTOR

The Group entered into a consultancy agreement with Ms Kulthirath Pakawachrillers in respect of her appointment as a Non-Executive Director of the Group. Ms Pakawachrillers is paid a fee of $48,000 per annum for her services as Non-Executive Director and is reimbursed for all reasonable expenses incurred in performing her duties. Payments for Ms Pakawachrillers services are made to a related entity.

The agreement was terminated with the resignation of Ms Kulthirath Pakawachrillers on 23 March 2023:

(a) by providing the Group with written notice allowing reasonable time for the Group to plan for the departure; or
(b) in accordance with the law or the Group's constitution.
(c) The agreement was entered on appointment of Ms Kulthirath Pakawachrillers.

MR JONATHON WILD

NON-EXECUTIVE CHAIRMAN

The Group entered into a consultancy agreement with Mr Jon Wild in respect of his appointment as a Non-Executive Chairman of the Group. Mr Wild is paid a fee of $96,000 per annum for his services as Non-Executive Chairman and is reimbursed for all reasonable expenses incurred in performing his duties. Payments for Mr Wild's services are made to Wild Consulting, a related entity.

The agreement was terminated with the resignation of Mr Jonathon Wild on 10 February 2023:

(d) by providing the Group with written notice allowing reasonable time for the Group to plan for the departure; or
(e) in accordance with the law or the Company's constitution.
(f) The agreement was terminated with the resignation of Mr Wild.

REMUNERATION REPORT (AUDITED) (CONTINUED)

MR SEAN SMITH

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Group entered into an employment agreement with Mr Sean Smith in respect of his role as Managing Director and Chief Executive Officer of the Group. Mr Smith is paid a salary of $286,000 per annum (excluding superannuation) for his services as Managing Director and Chief Executive Officer.

The agreement was terminated with the resignation of Mr Sean Smith on 23 March 2023:

(e) by either party without cause with 3 months' written notice or if the Group elects to with payment in lieu of notice;
(f) by the Group, at any time with written notice and without payment (other than entitlements accrued to the date of termination) as a result of any occurrence which gives the Group a right of summary dismissal at common law; or
(g) by Mr Smith immediately, by giving notice, if the Group is in breach of a material term of this agreement.
(h) The agreement was terminated with the resignation of Mr Smith.

MATHEW WALKER

NON-EXECUTIVE DIRECTOR

The Group entered into a consultancy agreement with Mr Mathew Walker in respect of his appointment as a Non-Executive Director of the Group. Mr Walker is paid a fee of $120,000 per annum for his services as Non-Executive Director and is reimbursed for all reasonable expenses incurred in performing his duties. Payments for Mr Walker's services are made to Great Southern Flour Mills Pty Ltd, a related entity.

The agreement was terminated with the resignation of Mr Matthew Walker on 1 May 2023:

(d) by providing the Group with written notice allowing reasonable time for the Group to plan for the departure; or
(e) in accordance with the law or the Group's constitution.
(f) The agreement was terminated with the resignation of Mr Walker.

B. DETAILS OF REMUNERATION

Details of remuneration of key management personnel of Frugl Group Limited are set out below.

The key management personnel of Frugl Group Limited are the directors as listed above.

The Group does not have any other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

REMUNERATION REPORT (AUDITED) (CONTINUED)

The table below shows the 2023 figures for remuneration received by the Group's key management personnel:

Directors	Short-term Employee Benefits			Share-based Payments	Post-employment	Total	Performance Related
	Salary & Fees $	Superannuation $	Other Benefits $	$	Prescribed Benefits $	$	%
2023							
Kit Weng Yip	20,000	-	-	-	-	20,000	0%
Kenny Woo	6,000	-	-	-	-	6,000	0%
Kulthirath Pakawachkrilers	12,000	-	-	-	-	12,000	0%
Jonathon Wild(i)	-	-	-	-	-	-	0%
Sean Smith	260,836	28,153	-	-	-	288,989	0%
Mathew Walker(ii)	60,000	-	-	-	-	60,000	0%
	358,836	28,153	-	-	-	386,989	

The table below shows the 2022 figures for remuneration received by the Group's key management personnel:

Directors	Short-term Employee Benefits			Share-based Payments	Post-employment	Total	Performance Related
	Salary & Fees $	Superannuation $	Other Benefits $	$	Prescribed Benefits %	$	%
2022							
Jonathon Wild(i)	96,000	-	-	12,000	-	108,000	11%
Sean Smith	279,500	27,950	-	24,000	-	331,450	7%
Mathew Walker(ii)	120,000	-	-	-	-	120,000	0%
	495,500	27,950	-	36,000	-	559,450	

(i) Director fees for Jonathon Wild were paid to Wild Consulting Pty Ltd, a related entity of Mr Wild.
(ii) Director fees for Mathew Walker were paid to Great Southern Flour Mills Pty Ltd, a related entity of Mr Walker.

RELATED PARTY TRANSACTIONS

The Group entered into a mandate with Cicero Group Pty Ltd (**CGC**), a company related to Mr Walker for corporate administration services including financial reporting, company secretarial services, rent and administrative operations. CGC provided services to the amount of $120,000 (2022: $120,000). As at 30 June 2023 and 30 June 2022 no amounts were outstanding.

Other than the above, no KMP has entered into a transaction with the Company.

C. SHARE-BASED COMPENSATION

Options can be issued to directors and executives as part of their remuneration. The options are based on performance criteria.

During the 2022 financial year, 6,000,000 and 3,000,000 options exercisable at $0.10 on or before 20 July 2024 were issued to Mr Sean Smith and Mr Jonathon Wild, respectively.

All options issued fully vested as no conditions were attached. No further options have been granted to directors since.

REMUNERATION REPORT (AUDITED) (CONTINUED)

D. DIRECTORS' EQUITY HOLDINGS

(i) Fully paid ordinary shares of Frugl Group Limited:

The following fully paid ordinary shares were held directly, indirectly or beneficially by key management personnel and their related parties during the years ended 30 June 2023 and 30 June 2022:

Directors	Balance at 1 July No.	Granted as remuneration No.	Acquired No.	Net other change* No.	Balance at 30 June No.
2023					
Kit Weng Yip	-	-	-	-	-
Kenny Woo	-	-	-	150,000,000	150,000,000
Kulthirath Pakawachkrilers	-	-	-	-	-
Jonathon Wild	7,500,000	-	5,651,653	(13,151,653)	-
Sean Smith	165,000	-	-	(165,000)	-
Mathew Walker	40,000,000	-	88,750,000	(128,750,000)	-
2022					
Jonathon Wild	5,000,000	-	2,500,000	-	7,500,000
Sean Smith	165,000	-	-	-	165,000
Mathew Walker	25,000,000	-	15,000,000	-	40,000,000

* *On resignation or appointment.*

(ii) Share options of Frugl Group Limited:

The following options were held directly, indirectly or beneficially by key management personnel and their related parties during the years ended 30 June 2023 and 30 June 2022:

Directors	Balance at 1 July No.	Granted as remuneration No.	Options Exercised/Issued No.	Net other change * No.	Balance at 30 June No.
2023					
Kit Weng Yip	-	-	-	-	-
Kenny Woo	-	-	-	75,000,000	75,000,00
Kulthirath Pakawachkrilers	-	-	-	-	-
Jonathon Wild	3,000,000	-	-	(3,000,000)	-
Sean Smith	6,000,000	-	-	(6,000,000)	-
Mathew Walker	34,750,000	-	-	(34,750,000)	-
2022					
Jonathon Wild	3,000,000	-	-	-	3,000,000
Sean Smith	6,000,000	-	-	-	6,000,000
Mathew Walker	4,000,000	-	30,750,000	-	34,750,000

* *On resignation or appointment.*

REMUNERATION REPORT (AUDITED) (CONTINUED)

E. RELATIONSHIP BETWEEN THE REMUNERATION AND COMPANY PERFORMANCE

Per the Group's remuneration policy, directors' remuneration can be linked to either short term or long-term performance conditions. The Board feels that other than the short-term incentives for the Group's Managing Director and Chief Executive Officer, Mr Kenny Woo, currently the terms and conditions of options and shares currently on issue to the directors are a sufficient incentive to align the goals of the directors with those of the shareholders to maximise shareholder wealth, and as such, has not set any performance conditions for the directors of the Group. The Board will continue to monitor this policy to ensure that it is appropriate for the Group in future years.

The table below sets out summary information about the Group's earnings and movement in shareholder wealth for the five years to 30 June 2023:

	30 June 2023	30 June 2022	30 June 2021	30 June 2020 (i)	30 June 2019(i)
Revenues from contracts with customers	162,257	142,827	27,286	5,772	10,887
Loss from ordinary activities after tax attributable to members	(2,280,652)	(2,242,698)	(1,230,250)	(1,365,594)	(3,182,653)
Net loss for the period attributable to members	(2,280,652)	(2,242,698)	(1,230,250)	(1,365,594)	(3,182,653)
Share price at start of year ($)	0.044	0.044	0.026	0.05	0.15
Share price at end of year ($)	0.011	0.011	0.044	0.026	0.05
Basic & diluted loss per share	(0.005)	(0.012)	(0.011)	(0.02)	(0.08)

(i) *Post-consolidation basis*

ADOPTION OF REMUNERATION REPORT BY SHAREHOLDERS

The remuneration report for the financial year ended 30 June 2022 was put to the shareholders of the Company at the Annual General Meeting (**AGM**) held on 19 November 2022. 99.17% of votes were in favour of the resolution and the resolution was passed without amendment via a poll conducted at the meeting. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

- - END OF REMUNERATION REPORT - -

DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 17.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year ended 30 June 2023 and the number of meetings attended by each Director. During the period, 5 Board meetings were held. There is no separate nomination, remuneration or audit committee.

Board of Directors			
Board Member	**Eligible to Attend**	**Attended**	**Circular Resolutions Passed**
Kit Weng Yip	1	1	5
Kenny Woo	-	-	1
Kulthirath Pakawachkrilers	-	-	1
Jonathon Wild	-	1	1
Sean Smith	1	1	4
Mathew Walker	1	1	4

OPTIONS

As at 30 June 2023 and at the date of this report, 279,500,000 options over ordinary shares in the Group were on issue.

Type	Expiry Date	Exercise Price	Number on issue
Listed options (FGLOA)	20 July 2024	$0.10	29,500,000
Listed options (FGLOA)	31 December 2025	$0.01	250,000,000

PRINCIPAL ACTIVITIES

The principal activities of the Group are the development, marketing and customer support of its grocery comparison and data analytics products and services.

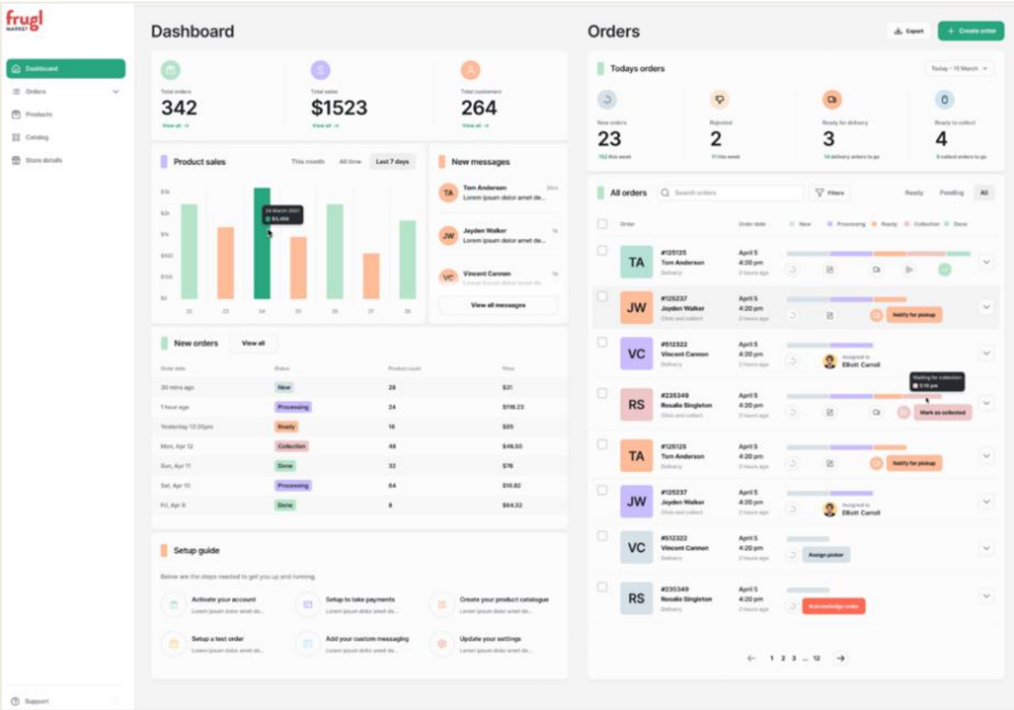
Frugl gathers product and pricing data from a range of retailers before further organising and enriching it via automated processing and advanced machine learning techniques. The data is then made available to shoppers via the Frugl Grocery mobile comparison and wellness app. Data collected from users 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.

DIRECTORS' REPORT (CONTINUED)

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

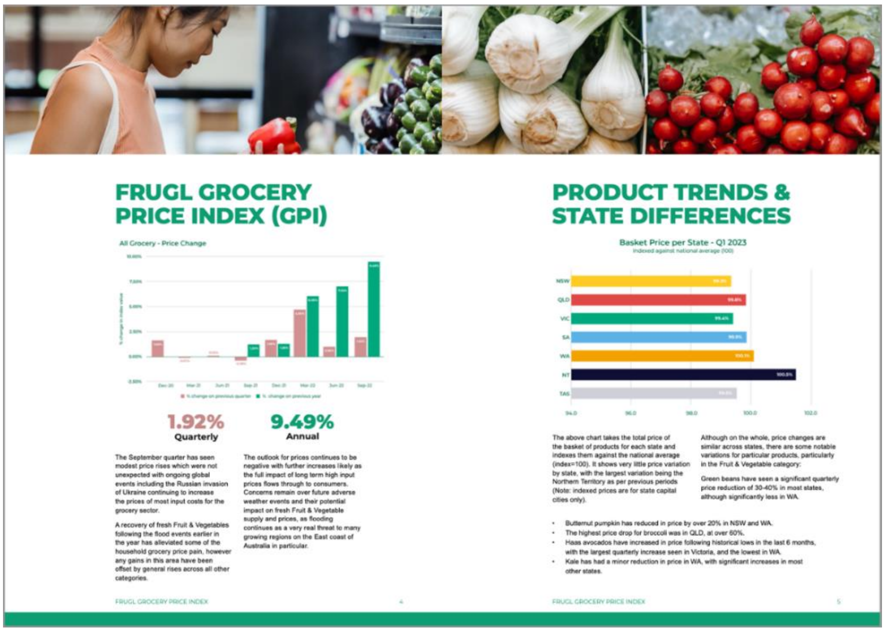
A reduction in marketing investment over the most recent quarter saw reductions in downloads and user account growth, with growth largely returning to organic levels. Active users have continued to use the Frugl Grocery App over the most recent quarter, albeit at reduced levels compared to the previous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

Frugl Grocery Price Index (Frugl GPI)

The **Frugl GPI** report was released in July 2022, offering the public and grocery industry independent insights into grocery inflation at a total grocery, grocery category and demographic household level. The report generated strong media interest, with Frugl featuring across television, radio, print newspapers and in online articles.

Subsequent **Frugl GPI** report was released in October 2022, 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". This report also generated strong media interest with Frugl featuring across television, radio, print newspapers and lifestyle publications.

DIRECTORS' REPORT (CONTINUED)



Frugl Signs an Agreement for the development of Integrated Retail Grocery Marketplace

During the year, Frugl has 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.

Established in 2008, 1004 Gourmet is a distinguished purveyor and distributor of a comprehensive range of Asian groceries and culinary essentials, strategically headquartered in Dubai, UAE.

1004 Gourmet boasts an expanding retail presence across Dubai and Abu Dhabi, and diligently serves a vast wholesale market through its dedicated HoReCa (Hotels, Restaurants, and Catering) division. This dual approach has firmly positioned 1004 Gourmet as the premier destination for Asian grocery commodities for both consumers and businesses in the UAE.

Under the terms of the Agreement, Frugl has agreed to design and build an integrated retail grocery web store and mobile app with an initial timeline of 6 months. The Company does not consider the fees payable to Frugl under the Agreement to be financially material (please refer to the Schedule to this announcement for further details). Frugl will seek to develop its relationship with 1004 Gourmet with a view to expanding the scope of the services.

Frugl Partners with Trienpont International Co LTD for International Expansion

During the year, Frugl has completed a strategic review and which resulted in the signing of a Memorandum of Understanding with Trienpont International Co LTD ("**Trienpont**") to enable collaboration on joint projects in Australia and South East Asia.

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.

Frugl and Trienpont will work together in good faith to identify potential projects and clients in the APAC and EMEA markets that may benefit from their combined expertise in Data Analysis, Digital Transformation, Software Development, Cloud Migrations, and Technical Consulting.

DIRECTORS' REPORT (CONTINUED)

CHANGES TO SECURITIES

During the June 2023 quarter, the Company successfully completed a placement of $1,529,699 (Placement) before costs. The Company issued a total of 191,212,401 fully paid ordinary shares (Shares) at $0.008 per share. Proceeds from the Placement will primarily support the commercialisation of the Frugl Market Analytics Retail Platform, expansion of the Frugl Market platform into Asia and general working capital.

On 28 September 2022, the Company completed an Entitlement Offer that was strongly supported by eligible shareholders, who applied for 53,142,466 new fully paid ordinary shares ("FPO Shares"), raising approximately $531,425 (before costs), pursuant to their entitlements. In addition, the Company also received oversubscriptions from existing eligible shareholders for 9,054,946 FPO Shares, raising approximately $90,549 (before costs).

On 24 February 2023, the Company completed another placement, amounting to $1,725,000 before costs. This placement will issue 431,250,000 fully paid ordinary shares at a price of $0.004 per share. Moreover, this placement Included a 1-for-2 free attaching unlisted options exercisable at $0.01 on or before 31st December 2025. The placement was been divided into two tranches: Tranche 1 raised $158,910 by issuing 39,727,440 shares, and Tranche 2 raised $1,566,090 by issuing 391,522,560 shares.

Concurrently, Mr. Mathew Walker, a former director of the Company, has received shareholder approval to convert $275,000 of outstanding debt owed to him into 68,750,000 fully paid ordinary shares, as resolved in the General Meeting held on 24th February 2023.

FINANCIAL REVIEW

For the year ended 30 June 2023 the Group incurred a net loss of $2,280,652 (2022: $2,242,698), a net operating cash outflow of $2,051,147 (2022: $1,916,969), has net current assets of $996,792 (2022: net current liabilities $830,825) and net assets of $998,621 (2022: net liabilities of $824,379).

RISK MANAGEMENT

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The key risks that the Board has currently identified are:

- Technology Risk
- Intellectual Property Rights
- Competition Risk
- Reliance on Key Personnel Risk

The Group believes that it is crucial for all Board members to be part of the process of managing risks through governance and oversight, and as such the Board has not established a separate risk management committee.

Furthermore, the Board has a number of mechanisms in place to ensure management's objectives and activities are aligned to the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of Board approved operating plans and Board monitoring of the progress against budgets.

DIRECTORS' REPORT (CONTINUED)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group plans to release a fully operating version of the Frugl data comparison software for browser and phone-based users. This technology is expected to produce vast amounts of high-quality data that is valuable to large grocery retailers.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's activities to date have not been subject to any particular and significant environmental regulation under Laws of either the Commonwealth of Australia or a State or Territory of Australia.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

INDEMNITIES AND INSURANCE OF DIRECTORS AND OFFICERS

During the reporting period and up to the date of this report, the Group has paid premiums insuring all the directors of Frugl Group Limited against costs incurred in defending conduct involving a breach of duty and/or a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The Group has agreed to indemnify all directors and executive officers of the Group against liabilities to another person (other than the Group or a related body corporate) that may arise from their position as directors of the Group, except where the liability has arisen as a result of a wilful breach of duty in relation to the Group. The agreement stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses. The Group has paid a total of $41,741 in insurance premiums, relating to Director and Officer insurance, during the financial year (2022: $25,673).

INDEMNITIES OF AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Group.

DIVIDENDS

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

NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Group and/or Group are important. No non-audit services were provided by the Group's current auditors, HLB Mann Judd during the year.

DIRECTORS' REPORT (CONTINUED)

COMPLIANCE

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the corporate governance of the Group. The Board guides and monitors the business affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable. The Corporate Governance policies and practices of the Group are reviewed annually in accordance with the standards required of the Group by the Directors, the ASX, ASIC and other relevant stakeholders, to ensure that the highest appropriate governance standards are maintained, commensurate with the size and operations of the Group.

The ASX Corporate Governance Council released the fourth edition of its Corporate Governance Principles and Recommendations on 27 February 2019 to take effect for the first full financial year commencing on or after 1 July 2020. The Group's Corporate Governance Statement, and associated policy documents complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations as appropriate, having regard to the size of the Group and the nature of its enterprise. The Corporate Governance Statement can be found on the Group's web site:
www.fruglgroup.com.au

INDEPENDENT PROFESSIONAL ADVICE

Directors of the Group are expected to exercise considered and independent judgement on matters before them and may need to seek independent professional advice. A director with prior written approval from the Chairman may, at the Group's expense obtain independent professional advice to properly discharge his responsibilities.

BOARD COMPOSITION

The Board consists of one Executive and two Non-Executive Directors. Details of their skills, experience and expertise and the year of office held by each director have been included in the Directors' Report. The number of Board meetings and the attendance of the directors are set out in the Directors' Report.

The Board will decide on the choice of any new director upon the creation of any new Board position and if any casual vacancy arises. Decisions to appoint new directors will be minuted. The Board considers that due to the size and complexity of the Group's affairs it does not merit the establishment of a separate nomination committee. Until the situation changes the Board of the Group will carry out any necessary nomination committee functions.

SHARE TRADING POLICY

Directors, officers and employees are prohibited from dealing in the Group shares when they possess inside information. The Board is to be notified promptly of any trading of shares in the Group by any director or officer of the Group.

This Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

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

Kit Weng Yip
Chairman
Perth, Western Australia this 31st day of August 2023.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Frugl Group Limited for the year ended 30 June 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**N G Neill**
31 August 2023	**Partner**

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DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in Note 2 and giving a true and fair view of the financial position of the Group as at 30 June 2023 and its performance for the year ended on that date;

(c) the audited remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Act and Regulations 2001; and

(d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* for the year ended 30 June 2023.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

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

Kit Weng Yip
Chairman
Perth, Western Australia this 31st day of August 2023.

INDEPENDENT AUDITOR'S REPORT

To the Members of Frugl Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Frugl Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.15 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the or Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Apart from the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there were no other key audit matters to be communicated in our report.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Frugl Group Limited for the year ended 30 June 2023 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
31 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2023

	Notes	2023 $	2022 $
Revenue from contracts with customers	3.1	162,257	142,827
Other income		6,002	1,144
R+D Tax Rebate		612,724	354,021
Government grant and subsidies		25,000	-
		805,983	**497,992**
Research and development costs, materials and consultants		(871,308)	(346,781)
Directors' fees, salaries, superannuation and consulting expenses		(386,989)	(514,828)
Depreciation and amortisation expenses		(4,617)	-
Public company costs, fees, share registry, shareholder expenses		(187,733)	(93,523)
Occupancy expenses		(77,069)	(91,552)
Employee expenses		(780,593)	(1,012,385)
Legal fees		(71,095)	(22,639)
Accounting and audit fees		(68,328)	(63,961)
Insurances		(55,838)	(41,741)
Interest expenses		(75,339)	(11,682)
Corporate fees		(206,326)	(132,422)
Share-based payments	11.3.1	(12,124)	(52,000)
Marketing and investor relations expenses		(143,292)	(257,811)
Other expenses from ordinary activities		(145,984)	(99,365)
Loss before income tax expense		**(3,086,635)**	**(2,242,698)**
Income tax expense		**-**	**-**
Loss after income tax expense		(2,280,652)	(2,242,698)
Loss after income tax expense for the year attributable to the owners of the Company		**(2,280,652)**	**(2,242,698)**
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		**(2,280,652)**	**(2,242,698)**
Loss per share from continuing operations			
Basic and diluted loss per share (cents per share)	4.1	(0.005)	(0.012)

The 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 financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	Notes	2023 $	2022 $
Current assets			
Cash and cash equivalents	16	1,298,006	73,807
Trade and other receivables	6	39,440	82,397
Other assets		80,736	63,960
Total current assets		1,418,182	220,164
Non-current assets			
Plant and equipment		1,829	6,446
Total non-current assets		1,829	6,446
Total assets		**1,420,011**	**226,610**
Liabilities			
Current liabilities			
Trade and other payables	7	396,301	294,391
Borrowings	8	-	700,000
Employee entitlements		25,089	56,598
Total current liabilities		421,390	1,050,989
Total liabilities		**421,390**	**1,050,989**
Net assets/(liabilities)		**998,621**	**(824,379)**
Equity			
Issued capital	9	39,373,453	35,269,801
Reserves	10	52,000	52,000
Accumulated losses		(38,426,832)	(36,146,180)
Total equity/(deficit)		**998,621**	**(824,379)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2023

	Share Capital $	Option Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2021	**34,063,301**	**1,329,473**	**(35,232,955)**	**159,819**
Loss for the year	-	-	(2,242,698)	**(2,242,698)**
Other comprehensive income for the year	-	-	-	**-**
Total comprehensive loss for the year	**-**	**-**	**(2,242,698)**	**(2,242,698)**
Options lapsed during the year	-	(1,329,473)	1,329,473	**-**
Shares/Options issued during the year	1,256,000	52,000	-	**1,308,000**
Share issue costs	(49,500)	-	-	**(49,500)**
Balance at 30 June 2022	**35,269,801**	**52,000**	**(36,146,180)**	**(824,379)**
Balance at 1 July 2022	**35,269,801**	**52,000**	**(36,146,180)**	**(824,379)**
Loss for the year	-	-	(2,280,652)	**(2,280,652)**
Other comprehensive income for the year	-	-	-	**-**
Total comprehensive loss for the year	**-**	**-**	**(2,280,652)**	**(2,280,652)**
Shares/Options issued during the year	4,163,797	-	-	**4,163,797**
Share issue costs	(60,145)	-	-	**(60,145)**
Balance at 30 June 2023	**39,373,453**	**52,000**	**(38,426,832)**	**998,621**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2023

	Notes	2023 $	2022 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,877,951)	(2,388,684)
Receipts from customers		212,339	125,155
Government grants		25,000	-
Interest received		5,725	1,011
Interest paid		(28,984)	(8,472)
R&D Tax Rebate		612,724	354,021
Net cash used in operating activities	16	(2,051,147)	(1,916,969)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(10,157)
Net cash used in investing activities		-	(10,157)
Cash flows from financing activities			
Proceeds from issues of shares	9.1	3,876,673	1,256,000
Payments of share issue costs	9.1	(60,145)	(49,500)
Proceeds from borrowings	8	641,026	541,017
Repayments of borrowings	8	(1,182,250)	-
Net cash generated by financing activities		3,275,304	1,747,517
Net increase/(decrease) in cash and cash equivalents		**1,224,157**	**(179,609)**
Cash and cash equivalents at the beginning of the year		73,807	253,416
Effect pf exchange rate changes on cash		**42**	**-**
Cash and cash equivalents at the end of the year	16	**1,298,006**	**73,807**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

1. GENERAL INFORMATION

Frugl Group Limited (**the Company**) is a limited company incorporated in Australia. The principal activities in the course of the financial year was the development, marketing and customer support of its grocery comparison and data analytics products and services.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group and its controlled entities (**collectively the Group**).

The financial statements were authorised for issue by the directors on 29th August 2023.

2.1. BASIS OF PREPARATION

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

2.1.1. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the *Corporations Act 2001* (Cth).

2.1.2. Historical cost convention

The financial report has been prepared on the accruals basis and under the historical cost convention.

2.2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

2.2.1. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2.2.2. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or put through profit and loss or through other comprehensive income depending on the election adopted.

2.2.3. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.3. TAXATION

2.3.1. Income tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.
Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.3.2. Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

2.4. RESEARCH & DEVELOPMENT EXPENDITURE

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following has been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent to initial recognition, capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit, which will normally be the useful life of the asset. During the period of development, the asset is tested for impairment annually.

2.5. TRADE AND OTHER RECEIVABLES

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days.

Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

The Group determines expected credit losses based on the Group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.6. EMPLOYEE BENEFITS

2.6.1. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled wholly within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers' compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

2.6.2. Other long-term benefits

The Group's obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Group's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

2.6.3. Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

2.6.4. Equity-settled compensation

The Group operates an employee share option plan. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

2.7. SHARE-BASED PAYMENTS TRANSACTIONS

Under AASB 2 *Share-Based Payment*, the Group must recognise the fair value of options granted to directors, employees and consultants as compensation as an expense on a pro-rata basis over the vesting period in profit or loss with a corresponding adjustment to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.8. BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.9. PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results, and that outflow can be reliably measured.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

2.10. CONTINGENT LIABILITIES

Contingent liabilities are not recognised but are disclosed in the consolidated financial statements, unless the possibility of settlement is remote, in which case no disclosure is made. If settlement becomes probable and the amount can be reliably estimated, a provision is recognised.

The amount disclosed as a contingent liability is the best estimate of the settlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.11. EARNINGS PER SHARE

2.11.1. Basic earnings/loss per share

Basic earnings/loss per share is determined by dividing net profit or loss after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

2.11.2. Diluted earnings/loss per share

Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. When the Group makes a loss, the number of shares is not adjusted by the potential ordinary shares as the impact would be to reduce the loss per share.

2.12. REVENUE AND OTHER INCOME

The Group is in the business of sale and distribution and marketing of its grocery comparison products and services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the Customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group's revenue accounting policy is detailed below:

Revenue from sale, distribution and marketing of grocery comparison products

Revenue from sale, distribution and marketing of grocery comparison products is recognised over time over the life of the service contract as the Groups service obligations under the contract are satisfied.

2.12.1. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The Group's income from the Australian Government's Research & Development (**R&D**) Tax Incentive and the Australian Government's COVID-19 stimulus packages is accounted for as a government grant.

2.12.2. Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.13. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operations of the business are regularly reviewed by the Group's Managing Director to determine if segment reporting is required.

The Group operates in one industry and develops a single technology.

The Group solely operates within the geographical location of Australia on the basis that NextGen Networks Limited, incorporated in New Zealand, is 100% dormant.

2.14. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2.14.1. Key Estimate - Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. Refer Note 5 Income Tax.

2.14.2. Key Estimate – R&D Tax Incentive

Where the Group receives the Australian Government's R&D Tax Incentive, the Group accounts for the amount refundable on accrual basis. In determining the amount of the R&D provision at year end, there is an estimation process utilising a conservative approach. Any changes to the estimation are recorded in the subsequent financial year.

2.14.3. Share-Based Payments

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted using a Black-Scholes option pricing model.

2.14.4. Identifying performance obligations

The Group provides users access to its software application Frugl (**App**), which users can download from the Apple App Store or Google Play Store (**Application Stores**) and subscribe to the platform on a month-by-month basis. The subscription is a promise from the Group to the user that they will be allowed access to the App for the month. Granting and supporting the access to the App is the sole performance obligation for the Group.

The timing of revenue recognition for the Group focuses on the successful subscription to the App by the user. Once the user has accepted the terms and conditions of the App and successfully subscribes, revenue is recognised.

2.15. GOING CONCERN

The 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.

For the year ended 30 June 2023 the Group incurred a net loss of $2,280,652 (2022: $2,242,698), has net current assets of $996,792 (2022: net current liabilities $830,825), a net cash outflow from operating activities amounting to $2,051,147 (2022: $1,916,969) and had cash available of $1,298,006.

The Directors have reviewed the business outlook, cash flow forecasts and recent capital raising on 17 May 2023 and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group 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:

- Research and development expenditure projects are undertaken to which the Group will seek to apply for the R&D tax incentive rebate (R&D Rebate) at 43.5%; 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, until the Group has sufficient funds to meet its liabilities as and when they fall due.

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, adequately reducing operational expenditure as required, or obtaining further defer debt facilities, 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.16. ADOPTION OF NEW AND REVISED STANDARDS

2.16.1. Standards and Interpretations applicable to 30 June 2023

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for the year reporting periods beginning on or after 1 July 2022.

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 Company and therefore no material change is necessary to Group accounting policies.

2.16.2. Standards and Interpretations in issue not yet adopted applicable to 30 June 2023

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the 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 in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. REVENUE

3.1. REVENUE FROM CONTRACTS WITH CUSTOMERS: CONTINUING OPERATIONS

	2023 $	2022 $
Revenue from sale, distribution and marketing of grocery comparison products	162,257	142,827
	162,257	142,827

Revenue from contracts with customers is generated wholly within the geographical location of Australia and is recognised at the point in time the product is delivered to the customer.

4. LOSS PER SHARE

4.1. BASIC LOSS PER SHARE

	2023 Cents Per Share	2022 Cents Per Share
Loss per share	(0.005)	(0.012)

The profit/ (loss) and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2023 $	2022 $
Loss for the year - from continuing operations	(2,280,652)	(2,242,698)
	No.	No.
Weighted average number of ordinary shares for the purposes of basic loss per share	491,339,859	189,872,740

4.2. DILUTED LOSS PER SHARE

There are no potential ordinary shares that are considered dilutive, as a result no dilutive loss per share has been disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. INCOME TAX

5.1. INCOME TAX RECOGNISED IN PROFIT OR LOSS

	2023 $	2022 $
Current tax	-	-
Deferred tax	-	-
	-	-

The income tax expense for the year can be reconciled to the accounting (loss) as follows:

	2023 $	2022 $
Loss before tax	(2,280,652)	(2,242,698)
Income tax (benefit) calculated at 25% (2022: 25%)	(570,163)	(560,675)
Effect of expenses not deductible and income in determining taxable profit or loss	(90,554)	(59,514)
Current year deferred taxes not booked		
Other deductible/other non-deductible and non-assessable items	85,014	(36,096)
Effect of current year tax losses not recognised as deferred tax assets	575,703	656,285
Income tax expense in consolidated statement of comprehensive income	-	-

The tax rate used for the 2023 year of 25% (2022: 25%) is the corporate tax rate of payable by small business entities on taxable profits under Australian law.

5.2. TAX LOSSES

Deferred tax assets on the unused revenue tax losses of $15,864,964 (2022: $13,561,431) have not been recognised as the future recovery of these losses is subject to the Group satisfying the requirements imposed by the regulatory authorities, including the application of the available fraction rules. The benefit of deferred tax assets not brought to account will only be brought to account if:

(a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised.
(b) The conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely affect the Group in realising the benefit.

5.3. DEFERRED TAX ASSETS

Deferred tax assets recognised directly in equity	37,322	54,427
Revenue income tax losses not brought to account at 25% (2022: 25%)	3,966,241	3,390,359
Other temporary differences	176,520	59,365
Unrecognised deferred tax assets relating to the above temporary differences	4,180,083	3,504,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. CURRENT TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
Trade debtors	27,005	65,505
Provision for expected credit loss	-	(1,100)
Other receivables	12,435	17,992
	39,440	82,397

Trade receivable are non-interest bearing and generally on terms of 14-60 days.

Other than those receivables fully provided for, all receivables are considered fully recoverable.

6.1. FAIR VALUE AND CREDIT RISK

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

7. TRADE AND OTHER PAYABLES

	2023 $	2022 $
Current		
Unsecured trade creditors	137,419	252,391
Revenue received in advance	20,591	22,000
Sundry creditors and accruals	238,291	20,000
	396,301	294,391

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.

8. BORROWINGS

	2023 $	2022 $
Balance at beginning of period	700,000	-
Loan from Director (cash)[i]	641,026	541,071
Loan from Director (expenses paid on behalf of the Company)	20,493	158,929
Interest and borrowing cost capitalised	62,422	-
Repayments made[ii]	(1,182,250)	-
Repayments made (securities issued)	(241,691)	
Balance at end of period	-	700,000

(i) 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. The remaining balance of the facility was paid in cash.

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 30 June 2023, the Company has not made any drawn down from this facility.

(ii) The loan in the previous financial period bears an interest rate of 1.25% per month and is secured against the Company's 2020 Financial Year Research and Development Offset Rebate. The Loan was issued by Rocking Horse Nominees Pty Ltd, and was repaid during the period following the receipt of the Rebate.

9. ISSUED CAPITAL

	2023 $	2022 $
956,062,008 fully paid ordinary shares (2022: 201,550,000)	39,373,453	35,269,801

9.1. FULLY PAID ORDINARY SHARES

	2023		2022	
	No.	$	No.	$
Balance at beginning of year	201,550,000	35,269,801	163,500,000	34,063,301
Issued for cash - placements	684,659,813	3,876,673	38,050,000	1,256,000
Issued to supplier	69,852,195	287,124	-	-
Share issue costs	-	(60,145)	-	(49,500)
Balance at end of year	956,062,008	39,373,453	201,550,000	35,269,801

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 Group in proportion to the number of shares held. Ordinary shares have no par value.

10. RESERVES

	2023 $	2022 $
Option reserve at beginning of year	52,000	1,329,473
Options issued during the year (Note 11)	-	52,000
Options lapsed during the year	-	(1,329,473)
Option reserve at end of year	52,000	52,000

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. 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.

11.1. MOVEMENTS IN SHARE OPTIONS DURING THE YEAR

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

	2023		2022	
	Number of options	$	Number of options	$
Balance at beginning of the year	29,500,000	52,000	49,298,883	1,329,473
Granted during the year[i]	250,000,000	-	29,500,000	52,000
Lapsed during the year	-	-	(49,298,883)	(1,329,473)
Balance at end of the year	279,500,000	52,000	29,500,000	52,000
Exercisable at end of the year	279,500,000	52,000	29,500,000	52,000

(i) During the year, 250,000,000 free attaching options were issued as part of a capital raising. The options are exercisable at $0.01 on or before 31 December 2025.

11.2. SHARE OPTIONS EXERCISED DURING THE YEAR

During the year no options were converted into shares (2022: Nil).

11.3. SHARE BASED PAYMENTS

Share-based payments made during the year ended 30 June 2023 are summarised below.

11.3.1. Recognised Share-Based Payment Expense

	2023 $	2022 $
Options issued to directors[i]	-	36,000[i]
Options issued to employees	-	16,000
Shares issued to supplier	12,124	-
	12,124	52,000

(ii) On 2 December 2021 the Company issued 9,000,000 Options to Directors, following shareholder approval on 19 November 2021. The options had no vesting conditions and vested immediately on issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. FINANCIAL INSTRUMENTS

12.1. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2022.

The Group is not subject to any externally imposed capital requirements.

12.2. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Board of directors provides services to business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include interest rate risk, liquidity risk and credit risk.

The Group seeks to minimise the effects of these risks by making use of credit risk policies and future cash requirements. These are approved by the Board of directors and are reviewed on a regular basis.

The totals for each category of financial instruments, measured in accordance with *AASB 9 Financial Instruments*, as detailed in the accounting policies to these financial statements below.

12.3. INTEREST RATE RISK

The Group is exposed to interest rate risk on its cash reserves held with the NAB or other acceptable Australian Banking entities. The risk of interest rate movements is managed by the Group by maintaining an appropriate mix between short term deposits and at call deposits.

The Group is not subject to any other interest rate risk as none of its other financial assets or liabilities is subject to variable interest rates.

The Group's exposure to interest rate on financial assets subject to variable interest rates is detailed in the interest rate risk sensitivity analysis section of this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12.3. INTEREST RATE RISK (CONTINUED)

12.3.1. Interest rate sensitivity analysis

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Financial assets

	Weighted average effective interest rate	2023 $	2022 $
Cash and cash equivalents	0.5%	1,298,006	73,807
Trade and other receivables	N/A	39,440	82,397
Other assets	0.25%	80,736	63,960
		1,418,182	220,164

Financial liabilities

	Weighted average effective interest rate	2023 $	2022 $
Trade and other payables	N/A	396,301	294,391
Borrowings	12%	-	700,000
		396,301	994,391

12.4. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations with financial liabilities. Ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and identifying when further capital raising initiatives are required as disclosed in Note 2.1.3. The Group presently has no significant source of operating income and it is reliant on equity contributions and cooperation of creditors and lenders to continue as a going concern.

The Group is not materially exposed to liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12.5. CREDIT RISK

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. In respect of financing activities, the Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group's bank has an "AA-" long term issuer rating by Standards & Poors (S&P).

13. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2.2. Details of subsidiary companies are as follows:

Entity	Incorporation	2023 Ownership	2022 Ownership
Frugle Operations Pty Ltd	Australia	100%	100%
Premium Pipe Services Pty Ltd	Australia	100%	100%
NexGen Networks Limited	New Zealand	100%	100%
Family Insights IP Pty Ltd	Australia	100%	100%

14. KEY MANAGEMENT PERSONNEL DISCLOSURES

14.1. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to key management personnel of the Group is set out below:

	2023 $	2022 $
Short-term employee benefits	466,125	495,500
Post-employment benefits	28,153	27,950
Share-based payments	-	36,000
	494,278	559,450

The compensation of each member of the key management personnel of the Group is set out in the Remuneration Report on pages 4 to 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party of the Group is Frugl Group Limited. Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

15.1. LOANS TO KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

On 18 July 2022 and subsequently amended on 30 August 2022, the Group entered into a binding loan facility agreement ("Facility") with Mathew Walker, a Company director, available on call. The facility has a principal amount of $2,000,000, 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 by 30 June 2023. This facility was withdrawn and settled during the financial year ending 30 June 2023 with no outstanding monies due to Mathew Walker.

15.2. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Key management personnel related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with key management personnel related parties are set out below.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2023 $	2022 $
(Loss) for the year	(2,280,652)	(2,242,698)
Non-cash items		
Depreciation and amortisation	4,617	3,969
Other expenses (non-cash)	115,376	159,991
Share-based payments	12,124	52,000
	(2,148,535)	(2,026,738)
Movements in working capital		
(Increase)/ decrease in trade and other receivables	42,957	(47,089)
(Decrease) in trade and other payables (incl. provisions)	70,401	156,858
(Increase)/decrease in other assets	(15,970)	-
Net cash used in operating activities	(2,051,147)	(1,916,969)

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,298,006	73,807

Non-cash financing activities

During the year, the Company settled its borrowings of $241,691 by issuing shares. These shares have been valued at their fair market value at the date of issue and have been used to settle the borrowings accordingly. For more details on the nature and terms of these borrowings, please refer to Note 8.

17. COMMITMENTS

The Company has an agreement with Cicero Group Pty Ltd (CGC), a company related to Mr Walker, for corporate administration services including financial reporting, company secretarial services, and administrative operations. The charges for these services is $10,000 per month (exc. GST) with one month termination notice.

Other commitments

	2023 Corporate Fees	2022 Corporate Fees
Monthly amount	10,000	10,000
Within 12 months	-	120,000
Total	10,000	120,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. REMUNERATION OF AUDITORS

The auditor of Frugl Group Limited is HLB Mann Judd.

	2023 $	2022 $
Audit and review of the financial statements – HLB Mann Judd	44,561	32,812

19. 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 mobile application. The financial information presented in the consolidated statement of 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.

20. EVENTS AFTER THE REPORTING PERIOD

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

	2023 $	2022 $
Statement of financial position		
Assets		
Current assets		
Cash and cash equivalents	1,258,980	69,533
Trade and other receivables	14,003	11,417
Total current assets	1,272,983	80,950
Total assets	**1,272,983**	**80,950**
Liabilities		
Current liabilities		
Trade and other payables	221,788	54,632
Employee entitlements	20,053	27,342
Total current liabilities	241,841	81,974
Non-current liabilities		
Borrowings	-	700,000
Total non-current liabilities	-	700,000
Total liabilities	**241,841**	**781,974**
Net assets/ (liabilities)	**1,031,142**	**(701,024)**
Equity		
Issued capital	39,373,453	35,269,801
Reserves	52,000	52,000
Accumulated losses	(38,394,311)	(36,022,825)
Total equity/ (deficit)	**1,031,142**	**(701,024)**
Statement of profit or loss and other comprehensive income		
Net loss and comprehensive loss	**(2,371,486)**	**(781,750)**

ADDITIONAL SHAREHOLDERS' INFORMATION

Frugl Group Limited's issued capital is as follows:

ORDINARY FULLY PAID SHARES

At the date of this report there are 956,062,008 Ordinary fully paid shares in the Group.

	Number of shares
Balance at the beginning of the year	201,550,000
Movements of shares during the year and to the date of this report	754,512,008
Total number of shares at the date of this report	956,062,008

SHARES UNDER OPTION

At the date of this report there are 279,500,000 unissued ordinary shares in respect of which options are outstanding.

The balance is comprised of the following:

Number of options	Expiry date	Exercise price (cents)	Listed/Unlisted
29,500,000	20 July 2024	$0.10	Listed
250,000,000	31 December 2025	$0.01	Unlisted

No person entitled to exercise any option referred to above has had, by virtue of the option, a right to participate in any share issue of any other body corporate.

RANGE OF SHARES AS AT 26 AUGUST 2023

Range	Total Holders	Units	% Issued Capital
1 - 1,000	45	10,388	0.00%
1,001 - 5,000	33	81,728	0.01%
5,001 - 10,000	14	118,934	0.01%
10,001 - 100,000	189	11,084,264	1.16%
100,001 - > 100,001	166	944,766,694	98.82%
Total	**447**	**956,062,008**	**100.00%**

ADDITIONAL SHAREHOLDERS' INFORMATION

UNMARKETABLE PARCELS AS AT 26 AUGUST 2023

	Minimum parcel size	Holders	Units
$500.00 parcel at $0.015	33,333	127	950,163

TOP 20 HOLDERS OF ORDINARY SHARES AS AT 26 AUGUST 2023

#	HOLDER NAME	Units	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	300,140,476	31.39%
2	GREAT SOUTHERN FLOUR MILLS PTY LTD	128,750,000	13.47%
3	MS ALICIA LI SHIA LEW <PERSONAL NABTRADE A/C>	50,000,000	5.23%
4	THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	47,021,988	4.92%
5	OCEAN WIND DEVELOPMENTS LIMITED	46,874,038	4.90%
6	TRUE GAIN ENTERPRISES LIMITED	46,369,007	4.85%
7	RICKTAKE DEVELOPMENT LIMITED	45,412,944	4.75%
8	STATION NOMINEES PTY LTD <STATION SUPER FUND A/C>	41,500,000	4.34%
9	SHARP ALLY INTERNATIONAL LIMITED	32,556,412	3.41%
10	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	25,000,000	2.61%
11	AZURE GLOBAL GROUP LIMITED	20,000,000	2.09%
12	MR WAI LEONG SIEW	16,164,740	1.69%
13	MR JONATHAN MARK WILD	12,500,000	1.31%
14	PROFESSIONAL PAYMENT SERVICES PTY LTD	11,850,000	1.24%
15	MR ROBERT GREGORY LOOBY <FAMILY ACCOUNT>	9,650,000	1.01%
15	MS LOW BEE LING	9,233,610	0.97%
16	MR HEE SIANG LAU	8,063,967	0.84%
17	STANDARD PASTORAL COMPANY PTY LTD	5,750,000	0.60%
18	MR MARCUS TAN	5,347,300	0.56%
19	TERRITORY TRADING GROUP PTY LTD	5,251,941	0.55%
Total of Top 20 Holders of ORDINARY SHARES		**867,436,423**	**90.73%**

ADDITIONAL SHAREHOLDERS' INFORMATION

TOP 20 HOLDERS OF QUOTED OPTIONS AS AT 26 AUGUST 2023

#	HOLDER NAME	Units	%
1	MR SEAN PAUL SMITH	6,000,000	20.34%
2	ALISTAIR MCCALL	4,000,000	13.56%
3	MR JONATHAN MARK WILD	3,000,000	10.17%
3	MR ROBERT GREGORY LOOBY <FAMILY ACCOUNT>	3,000,000	10.17%
4	MR PRADEEP RAGHAVAN	2,700,000	9.15%
5	STATION NOMINEES PTY LTD <STATION SUPER FUND A/C>	1,280,000	4.34%
6	MR JIE WANG	1,210,000	4.10%
7	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	1,136,091	3.85%
8	MRS HETAL SANGHAVI	1,000,000	3.39%
9	RIMOYNE PTY LTD	880,000	2.98%
10	MR ARJUNAN SUNDARAMOORTHY	504,000	1.71%
11	MRS KAVEENAR SAMUELL	458,786	1.56%
12	BEACHCOVE CAPITAL PTE LTD	400,000	1.36%
13	GAZUMP RESOURCES PTY LTD	391,123	1.33%
14	MR MARIO DI LALLO & MRS ALISON VALERIE DI LALLO <M & A SUPER FUND A/C>	300,000	1.02%
14	MR PAUL SIMON DONGRAY <THE DONGRAY FAMILY NO 2 A/C>	300,000	1.02%
15	CHAMPAGNE CAPITAL PTY LTD <OYSTER SUPER FUND A/C>	200,000	0.68%
15	MR ALEXANDER LEWIT	200,000	0.68%
15	CELTIC CAPITAL PTY LTD <CELTIC CAPITAL NO 3 A/C>	200,000	0.68%
15	MR MD AKRAM UDDIN	200,000	0.68%
16	MR KANAK SHRIKRISHNA SAHASRABUDHE	100,000	0.34%
16	NIKICHAY CONSULTING PTY LTD <NIKICHAY FAMILY A/C>	100,000	0.34%
16	MS MARIA SUZANNE MORALES	100,000	0.34%
16	MS PAYAL SRIVASTAVA	100,000	0.34%
16	MR IAN PRENTICE & MRS TRACEY GAY PRENTICE <I&T PRENTICE (2005) S/F A/C>	100,000	0.34%
16	MR GAURAV DANI	100,000	0.34%
16	MR PRADEEP RAGHAVAN	100,000	0.34%
16	JAINSON FAMILY PTY LTD <JAINSON FAMILY A/C>	100,000	0.34%
16	MR SHAISHAV PATEL	100,000	0.34%
16	SPENTIAL SMSF PTY LTD <SPENTIAL SMSF A/C>	100,000	0.34%
16	JAYVEE INVESTMENTS PTY LTD <JAYVEE SP - PEN A/C>	100,000	0.34%
17	MR KAPLESHKUMAR NATVARLAL SHAH	60,000	0.20%
17	MRS SHILPA SARAF	60,000	0.20%
18	NAVDEEP KAUR GILL	50,000	0.17%
18	SIMERAN KAUR CHEEMA	50,000	0.17%
18	MR HARPREET SINGH CHEEMA	50,000	0.17%
18	SATPAL SINGH GILL	50,000	0.17%
19	MS ANNABELLE SHAMIR	40,000	0.14%
19	MISS CHUNG MAN LAU	40,000	0.14%
19	EVERBLU CAPITAL PTY LTD	40,000	0.14%
19	MS ANGELA MARIA GIUSTI	40,000	0.14%
19	10 BAY STREET PTY LIMITED	40,000	0.14%
19	MS BOZENA RAWICKA	40,000	0.14%

ADDITIONAL SHAREHOLDERS' INFORMATION

#	HOLDER NAME	Units	%
19	MR JOHN RAWICKI	40,000	0.14%
19	MR ALVIN BLUMENTHAL	40,000	0.14%
19	RAT CONSULTING PTY LTD	40,000	0.14%
19	MR YOGENDRA BHANDARI	40,000	0.14%
19	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	40,000	0.14%
19	JKR SUPER PTY LTD <JPR SUPER FUND A/C>	40,000	0.14%
19	SUBURBAN HOLDINGS PTY LTD <THE SUBURBAN SUPER FUND A/C>	40,000	0.14%
19	KAVYA GLOBAL NETWORK AUSTRALIA PTY LTD	40,000	0.14%
19	SABRELINE PTY LTD <JPR INVESTMENT A/C>	40,000	0.14%
19	MR ANTONIO SACCO	40,000	0.14%
19	MR NICHOLAS JAMES KELSO	40,000	0.14%
19	LANDPATH PTY LTD	40,000	0.14%
Total of Top 20 Holders of QUOTED OPTIONS		**29,500,000**	**100%**