

23 February 2022

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

APPENDIX 4D AND INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Please find attached the Frugl Group Limited's Appendix 4D and interim financial report for the half-year ended 31 December 2021.

The interim financial report does not include all the notes of the type normally included in an annual financial report and accordingly the interim financial report should be read in conjunction with the annual financial report for the year ended 30 June 2021.

The interim financial report for the half-year ended 31 December 2021 incorporates a review of operations during the half-year.

- ENDS -

By Order of the Board:

Steve Samuel
Company Secretary

Frugl Group Limited
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APPENDIX 4D

for the half-year ended 31 December 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Total Revenue and Other Income from Ordinary Activities:	413,267
Previous Corresponding Half-Year:	847,438
Percentage Change:	(51%)
Net Loss Attributed to Members:	(965,281)
Previous Corresponding Half-Year:	(219,067)
Percentage Change:	341%
Net Comprehensive Loss Attributed to Members:	(965,281)
Previous Corresponding Half-Year:	(219,067)
Percentage Change:	341%

There is no proposal to pay a dividend.

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

Net Tangible Liabilities Per Security:	\$0.001
Previous Corresponding Half-Year:	\$0.002

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

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frugl

ACN 096 870 978

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 December 2021

www.fruglgroup.com

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Jonathon Wild
Mr Sean Smith
Mr Mathew Walker

Non-Executive Chairman
Managing Director and Chief Executive Officer
Non-Executive Director

COMPANY SECRETARIES

Mr Sonu Cheema
Mr Steve Samuel

REGISTERED OFFICE

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AUSTRALIA

PRINCIPAL PLACE OF BUSINESS

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EXCHANGE

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Perth WA 6000

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

AUDITORS

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PERTH WA 6000

LAWYERS

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Perth WA 6000
AUSTRALIA

SHARE REGISTRY

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DIRECTORS' REPORT

The directors present their report together with the interim financial report of Frugl Group Limited (**ASX: FGL**) (Company or Frugl) and its controlled entities (**Group**) for the half-year ended 31 December 2021 and the auditor's review report thereon. The interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

DIRECTORS

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

- Mr Jonathon Wild (Non-Executive Chairman)
- Mr Sean Smith (Managing Director and Chief Executive Officer)
- Mr Mathew Walker (Non-Executive Director)

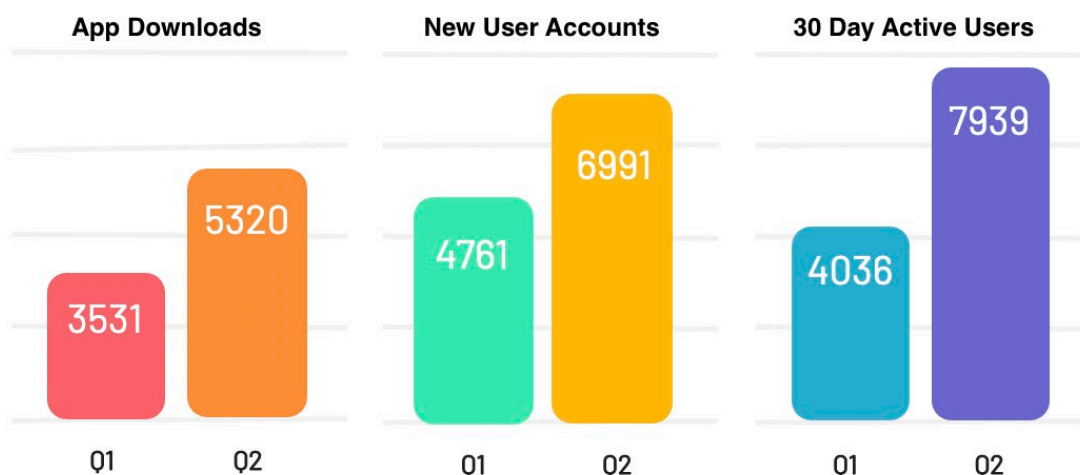
OPERATING RESULTS

The Group has incurred a net loss after tax for the half-year ended 31 December 2021 of \$965,281 (31 December 2020: \$219,067).

REVIEW OF OPERATIONS

FRUGL EXPERIENCES GROWTH ACROSS KEY APP METRICS

The Company achieved quarter on quarter growth across key app metrics, including new users and 30 day active users. New User Account creation has shown 47% growth on the previous quarter with over 6,900 accounts created, whilst active users have experienced an average quarterly increase of 96%, showing a strong response to marketing activity which commenced late in the September quarter.



FRUGL GROCERY APP V3.0 DEVELOPMENT

The Company undertook major development activity on its Frugl Grocery mobile app which was released in January 2022. Key deliverables included:

- Major UX redesign & front-end performance improvements
- Capacity to support multiple additional retailers
- Addition of Social Logins to increase account creation
- Major List functional enhancements

The release sets the foundation for commercialisation of the Frugl Grocery app beyond the current retail analytics revenue stream and will be supported with increased marketing investment to grow the user-base and opportunities for participating retailers.

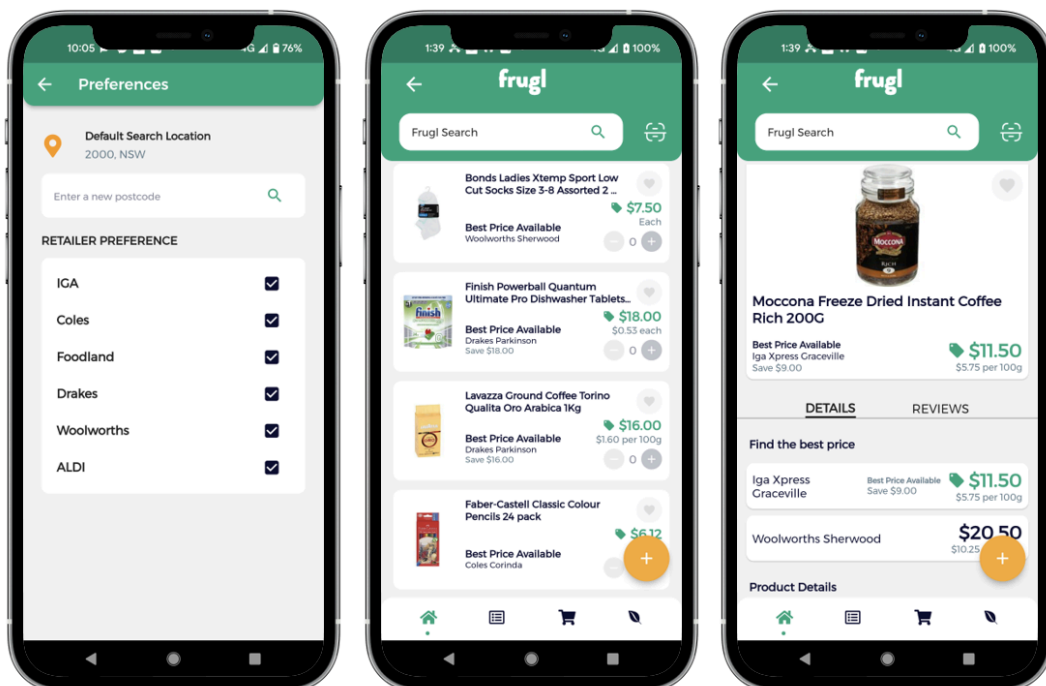
FRUGL GROCERY APP V3.0 KEY FEATURES

New User Interface and major performance improvements

A refreshed user interface and mobile app utilising leading edge technologies including Flutter and Augmented Reality libraries has delivered substantial performance improvements and better user experience.

Additional retailer capability

Frugl Grocery has the capability to add unlimited retailers to the platform to enhance shopping options for users. Retailers may be within the grocery category, or any complementary categories the Company decides will add value to its users. Since release the Company has commenced adding products from additional grocery retailers Drakes, IGA, Foodland and Aldi, to add to products from Woolworths and Coles, and will be seeking to add new products and categories in the future.



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Addition of Social Login feature

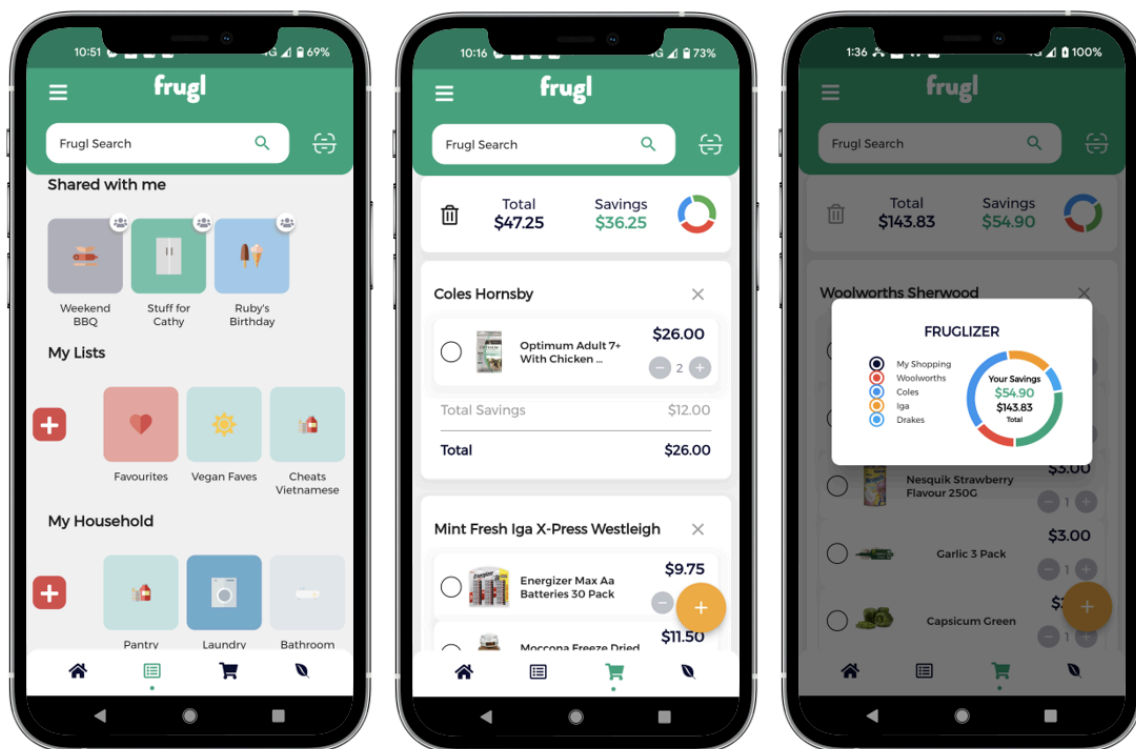
Changes to the Frugl Grocery login process, including the addition of Social Logins utilising the most popular social platforms such as Facebook, Google and Apple, have also been implemented to increase user data security, improve user sign-in and retention rates, and to make the onboarding process simpler and faster.

List Enhancements & Shopping Note

Substantial enhancements to lists and list sharing have been enabled to help users get the most from their shopping list experience. Enhancements include:

- Shareable collaborative lists with multiple users
- Custom and Saved Shared lists from external sources
- Collaborative Family Lists for households

In addition, Frugl Grocery adds a new feature, the Shopping Note, which allows users to split their current shopping list into specific retailers, add product quantities and mark off products as they add them to their baskets. The Shopping Note is a foundational feature that is a precursor to the transactional shopping basket, in development for future release.



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FRUGL ENGAGES THRIVE PR+ FOR PUBLIC RELATIONS AND MARKETING

In August the Company engaged public relations and digital agency **Thrive PR+** to develop PR and digital strategies to drive Frugl Grocery app downloads and to grow awareness of the Frugl company offering amongst consumers, business development targets and investors.

Highlights of marketing activity included multiple television appearances on Sunrise, TODAY Show and 7 News, as well as regular article features on publications including Yahoo! News, The New Daily, RetailBiz, 9Honey, Pedestrian.TV and Canstar.



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COMMERCIAL PROGRESS

The Company experienced quarterly revenue growth and continued to progress its commercialisation strategy throughout the quarter, solidifying its relationship with Metcash and Pet Circle for ongoing price intelligence services. The Company is in numerous business development discussions with retailers, consultants, suppliers and government agencies.

Frugl Revenue Model Summary

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

Commercial Timeline

	2021 Jan - Jun	2021 Jul - Dec	2022 Jan - Jun	2022 Jul - Dec
Data Acquisition & Enrichment Acquisition of large retail data sets for analysis, enrichment and commercial product creation.	Retail data acquisition optimisation and automation (2x major retailers, full product inventory).	Catalogue data acquisition activity expanded to multiple grocery retailers nationwide.	Expansion of commercial data & intelligence services to include shopper behavioural data.	Addition of retailer-supplied product data to grocery product data lake.
InFocus Analytics (B2B) Development and commercialisation of retail intelligence platform utilising SaaS model alongside custom solution development.	Development of retail intelligence & visualisation platform. Commercial contract for ongoing data services signed: Metcash.	Inclusion of customer behavioural data into InFocus Analytics for new and existing customers. Commercial contract for ongoing data services signed: PetCircle.	Intelligence as a Service (IaaS) customer portal v1.0 launch. Enhancements to Machine Learning (ML) product matching capabilities.	Additional analytics catalogue features, business subscriptions, custom services and Self Service capabilities added to IaaS platform.
Frugl Grocery Mobile App (B2C) The development of a unique grocery comparison and wellness mobile app to drive audience growth, app usage, and behavioural data collection.	Version 2.1 (major update) of Frugl Grocery launches with substantial feature and performance improvements.	Frugl PR & marketing relations activity to accelerate brand recognition & user growth. Soft beta release of Version 3.0 to Android platform for user testing.	Version 3.0 of Frugl Grocery launches with new UX and multiple retailers. Addition of transactional capabilities planning for later in period.	Increasing commercial focus on transactional and advertising revenue. Retailer & Supplier Market platform (Frugl Grocery self-service for brands).

FINANCIAL UPDATE

On 22 February 2022, the Group announced that it has received applications from existing shareholders for \$431,000 under the Share Purchase Plan ("SPP") which closed on 18 February 2022. Having raised less than the maximum subscription of \$1,080,000 under the SPP, the Group may place the shortfall of up to \$649,000 pursuant to the Group's capacity under ASX Listing Rules 7.1 or 7.1A. The Group may elect to place the shortfall any time during the period of 3 months following the closure of the Offer at a price of \$0.02 per fully paid ordinary share. Funds raised will be used for marketing of the Frugl Grocery App, commercialisation of the InFocus Analytics platform and general working capital.

FINANCIAL PERFORMANCE

The total net loss for the half-year ended 31 December 2021 was \$965,281 (2020: loss \$219,067).

The Group had negative cash flows from operating activities for the half-year amounting to \$910,838 (2020: \$648,557), and had working capital of \$14,484 (30 June 2021: \$159,819) and net assets of \$22,038 as at 31 December 2021 (30 June 2021: \$159,819).

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 22 February 2022, the Group announced that it has received applications from existing shareholders for \$431,000 under the Share Purchase Plan ("SPP") which closed on 18 February 2022. Having raised less than the maximum subscription of \$1,080,000 under the SPP, the Group may place the shortfall of up to \$649,000 pursuant to the Group's capacity under ASX Listing Rules 7.1 or 7.1A. The Group may elect to place the shortfall any time during the period of 3 months following the closure of the Offer at a price of \$0.02 per fully paid ordinary share. Funds raised will be used for marketing of the Frugl Grocery App, commercialisation of the InFocus Analytics platform and general working capital.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 10 of this report.

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



Mr Jonathon Wild

Chairman

Perth, Western Australia this 23rd day of February 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Frugl Group Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
23 February 2022



N G Neill
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Frugl Group Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Frugl Group Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2021, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Material uncertainty related to going concern.

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

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the interim ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
23 February 2022

Norman Neill

N G Neill
Partner

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DIRECTORS' DECLARATION

1. In the opinion of the Directors of Frugl Group Limited (**Company**):
 - a. the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - i. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - ii. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year then ended.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made in accordance with a resolution of the directors.



Mr Jonathon Wild

Chairman

Perth, Western Australia this 23rd day of February 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Continuing operations			
Revenue from contracts with customers		58,177	1,911
Other income		1,069	14,167
R&D tax rebate		354,021	438,162
Government grant and subsidies		-	169,236
Fair value gain on contingent consideration		-	223,962
Total revenue and other income		413,267	847,438
Research and development costs, materials and consultants		(168,477)	(107,690)
Directors' fees, salaries, superannuation and consulting costs		(251,640)	(268,525)
Employee expenses		(461,777)	(266,769)
Marketing and investor relations expenses		(133,325)	(110,822)
Corporate fees	7	(60,000)	(100,295)
Share-based payments	5.3	(52,000)	(86,204)
Public company costs, fees, share registry, shareholder costs		(64,153)	(24,812)
Occupancy costs		(45,181)	(17,623)
Legal fees		(18,669)	(121,823)
Accounting and audit fees		(43,149)	(26,306)
Insurances		(20,890)	(9,779)
Interest expenses		(5,180)	(28,164)
Other expenses from ordinary activities		(54,107)	(284,836)
Total expenses		(1,378,540)	(1,453,648)
Loss before income tax expense		(965,281)	(606,210)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(965,281)	(606,210)
Gain on deconsolidation of subsidiary		-	387,143
Loss after income tax expense for the half-year attributable to the owners of the Company		(965,281)	(219,067)
Other comprehensive income, net of tax:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		-	-
Total comprehensive loss for the half-year		(965,281)	(219,067)
Loss for the half-year attributable to Owners of the Company:			
Owners of the Company			
- from continuing operations		(965,281)	(606,210)
- from discontinued operations		-	387,143
		(965,281)	(219,067)
Total comprehensive loss for the half-year is attributable to:			
Owners of the Company			
- from continuing operations		(965,281)	(606,210)
- from discontinued operations		-	387,143
		(965,281)	(219,067)
Loss per share from continuing operations			
Basic and diluted loss per share (cents per share)		(0.005)	(0.005)
Profit per share from discontinued operations			
Basic and diluted profit per share (cents per share)		-	0.003

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 interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	31 Dec 2021 \$	30 Jun 2021 \$
Assets			
Current assets			
Cash and cash equivalents		107,921	253,416
Trade and other receivables		45,257	36,572
Other assets		79,032	63,960
Total current assets		232,210	353,948
Non-Current assets			
Property, plant, and equipment		7,554	-
Total non-current assets		7,554	353,948
Total assets		239,764	353,948
Liabilities			
Current liabilities			
Trade and other payables		159,432	131,173
Employee entitlements		58,294	62,956
Total current liabilities		217,726	194,129
Total liabilities		217,726	194,129
Net assets		22,038	159,819
Equity			
Issued capital	3	34,838,801	34,063,301
Reserves	4	1,381,473	1,329,473
Accumulated losses		(36,198,236)	(35,232,955)
Total equity		22,038	159,819

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2021

	Share Capital \$	Option Reserve \$	Accumulated Losses \$	Non-controlling interests \$	Total \$
Balance at 1 July 2020	32,244,951	1,230,000	(34,002,705)	(39,637)	(567,391)
Loss for the half-year	-	-	(219,067)	-	(219,067)
Other comprehensive income for the half-year	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	(219,067)	-	(219,067)
Disposal of subsidiary	-	-	-	39,637	39,637
Shares issued during the half-year	1,860,000	-	-	-	1,860,000
Options issued during the half-year	-	86,204	-	-	86,204
Share issue costs	(141,650)	-	-	-	(141,650)
Balance at 31 December 2020	33,963,301	1,316,204	(34,221,772)	-	1,057,733
Balance at 1 July 2021	34,063,301	1,329,473	(35,232,955)	-	159,819
Loss for the half-year	-	-	(965,281)	-	(965,281)
Other comprehensive income for the half-year	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	(965,281)	-	(965,281)
Shares issued during the half-year	825,000	-	-	-	825,000
Options issued during the half-year	-	52,000	-	-	52,000
Share issue costs	(49,500)	-	-	-	(49,500)
Balance at 31 December 2021	34,838,801	1,381,473	(36,198,236)	-	22,038

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,314,276)	(1,252,945)
Receipts from customers		53,215	1,911
Government grants		-	169,236
Interest received		936	85
Interest paid		(4,734)	(5,006)
Receipt of R&D tax rebate		354,021	438,162
Net cash used by operating activities		(910,838)	(648,557)
Cash flows from investing activities			
Payments for property, plant and equipment		(10,157)	-
Net cash used by investing activities		(10,157)	-
Cash flows from financing activities			
Proceeds from issues of shares	3.1	825,000	1,845,000
Payments of share issue costs		(49,500)	(135,583)
Repayments of borrowings		-	(223,158)
Net cash generated by financing activities		775,500	1,486,259
Net (decrease) / increase in cash and cash equivalents		(145,495)	837,702
Cash and cash equivalents at the beginning of the half-year		253,416	270,675
Cash and cash equivalents at the end of the half-year		107,921	1,108,377

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

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NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

1. REPORTING ENTITY

Frugl Group Limited (**Company**) is a company limited by shares, incorporated and domiciled in Australia. The interim financial report as at and for the half-year ended 31 December 2021 covers the consolidated group of Frugl Group Limited and its controlled entities, together referred to as '**the Group**'. The Group is a for-profit entity.

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

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

This interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial statements. Accordingly, this interim financial report is to be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any public announcements made by Frugl Group Limited during the interim reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX listing rules.

The same accounting policies and methods of computation have generally been applied in these half-year financial statements as compared with the most recent annual financial statements, except for the adoption of new standards and interpretation effective as of 1 July 2020.

2.2. ADOPTION OF NEW AND REVISED STANDARDS

STANDARDS AND INTERPRETATIONS APPLICABLE TO 31 DECEMBER 2021

In the half-year ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 July 2021.

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

STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

2.3. GOING CONCERN

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

During the half-year ended 31 December 2021 the Group incurred a net loss of \$965,281 (2020: \$219,067), a net operating cash outflow of \$910,838 (2020: \$648,557), and has total current liabilities of \$217,726 (31 December 2020: \$199,284) and net assets of \$22,038 (31 December 2020: \$1,057,733).

The Directors have reviewed the business outlook, cash flow forecasts and immediate capital requirements and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the 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:

- On 22 February 2022, the Group announced that it has received applications from existing shareholders for \$431,000 under the Share Purchase Plan ("SPP") which closed on 18 February 2022. Having raised less than the maximum subscription of \$1,080,000 under the SPP, the Group may place the shortfall of up to \$649,000 pursuant to the Group's capacity under ASX Listing Rules 7.1 or 7.1A. The Group may elect to place the shortfall any time during the period of 3 months following the closure of the Offer at a price of \$0.02 per fully paid ordinary share; 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, the Group's ability to effectively manage their expenditures and cash flows from operations.

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

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

3. ISSUED CAPITAL

	As at 31 Dec 2021 \$	As at 30 Jun 2021 \$
180,000,000 fully paid ordinary shares (30 June 2021: 163,500,000)	34,838,801	34,063,301

3.1. FULLY PAID ORDINARY SHARES

	Half-year to 31 Dec 2021		Year to 30 Jun 2021	
	No.	\$	No.	\$
Opening balance	163,500,000	34,063,301	99,000,000	32,244,951
Issued for cash - placements ⁽ⁱ⁾	16,500,000	825,000	61,500,000	1,845,000
Issued to supplier	-	-	3,000,000	115,000
Share issue costs	-	(49,500)	-	(141,650)
Closing balance	180,000,000	34,838,801	163,500,000	34,063,301

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

4. RESERVES

	Half- year to 31 Dec 2021 \$	Year to 30 Jun 2021 \$
Option reserve opening balance	1,329,473	1,230,000
Options issued during the period	52,000	99,473
Option reserve closing balance	1,381,473	1,329,473

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

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

5. 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.

5.1. MOVEMENTS IN SHARE OPTIONS DURING THE PERIOD

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

	Half-year to 31 Dec 2021		Year to 30 Jun 2021	
	Number of options	\$	Number of options	\$
Opening balance	49,298,883	1,329,473	34,048,883	1,230,000
Granted during the period	29,500,000	52,000	15,250,000	99,473
Lapsed during the period	(23,048,883)	-	-	-
Closing balance	55,750,000	1,381,473	49,298,883	1,329,473
Exercisable at end of period	55,750,000	1,381,473	49,298,883	1,329,473

5.2. OPTIONS GRANTED DURING THE HALF-YEAR

The Group granted the following options during the half-year ended 31 December 2021:

Number of Options Issued	Grant Date	Expiry Date	Exercise Price	Total Value	Recipient
9,000,000	19 Nov 2021	20 July 2024	\$0.10	36,000 ⁽ⁱ⁾	Directors
4,000,000	19 Nov 2021	20 July 2024	\$0.10	16,000 ⁽ⁱ⁾	Employees
16,500,000	19 July 2021	20 July 2024	\$0.10	Nil ⁽ⁱⁱ⁾	Placement Participants

(i) The fair value of the options at grant date was determined using the closing market price, on that date.

(ii) Options free attaching to placement.

5.3. RECOGNISED SHARE-BASED PAYMENT EXPENSE

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

	31 Dec 2021 \$	31 Dec 2020 \$
Options issued to directors ⁽ⁱ⁾	36,000	32,224
Options issued to employees	16,000	30,846
Options issued to adviser	-	23,134
	52,000	86,204

(i) 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 FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

6. COMMITMENTS & CONTINGENT LIABILITIES

6.1 COMMITMENTS

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

6.2. CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 31 December 2021.

7. RELATED PARTY TRANSACTIONS

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

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

The Company is engaged in a contract with Cicero Group Pty Ltd (**Cicero Group**), of which Mr Mathew Walker is a shareholder, for the provision of Company Secretary and Administration services to the amount of \$10,000 (exc. GST) a month with a 3-month termination period. During the half-year a total of \$60,000 (exc. GST) was paid. As at 31 December 2021, there was no amount outstanding to Cicero Group.

8. EVENTS AFTER THE REPORTING DATE

On 22 February 2022, the Group announced that it has received applications from existing shareholders for \$431,000 under the Share Purchase Plan ("SPP") which closed on 18 February 2022. Having raised less than the maximum subscription of \$1,080,000 under the SPP, the Group may place the shortfall of up to \$649,000 pursuant to the Group's capacity under ASX Listing Rules 7.1 or 7.1A. The Group may elect to place the shortfall any time during the period of 3 months following the closure of the Offer at a price of \$0.02 per fully paid ordinary share. Funds raised will be used for marketing of the Frugl Grocery App, commercialisation of the InFocus Analytics platform and general working capital.

9. SEGMENT INFORMATION

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

10. COMPARATIVES

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

11. DIVIDENDS

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

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