

27 February 2023

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 2022

Please find attached Frugl Group Limited's Appendix 4D and interim financial report for the half-year ended 31 December 2022.

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 2022.

The interim financial report for the half-year ended 31 December 2022 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 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Total Revenue and Other Income from Ordinary Activities:	725,785
Previous Corresponding Half-Year:	413,267
Percentage Change:	76%
Net Loss Attributed to Members:	(879,611)
Previous Corresponding Half-Year:	(965,281)
Percentage Change:	(9%)
Net Comprehensive Loss Attributed to Members:	(879,611)
Previous Corresponding Half-Year:	(965,281)
Percentage Change:	(9%)

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:	\$0.001

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

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frugl

ACN 096 870 978

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 December 2022

www.fruglgroup.com

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Kit Weng Yip
Mr Sean Smith
Mr Mathew Walker

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

COMPANY SECRETARY

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), FGLOA (Options)

AUDITORS

HLB Mann Judd
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Perth WA 6000

LAWYERS

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

SHARE REGISTRY

Automic Group
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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 2022 and the auditor's review report thereon. The interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

DIRECTORS

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

- | | |
|--------------------|---|
| - Mr Kit Weng Yip | Non-Executive Chairman (appointed 10 February 2023) |
| - Mr Jonathon Wild | Non-Executive Chairman (retired 10 February 2023) |
| - 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 2022 of \$879,611 (31 December 2021: \$965,281).

REVIEW OF OPERATIONS

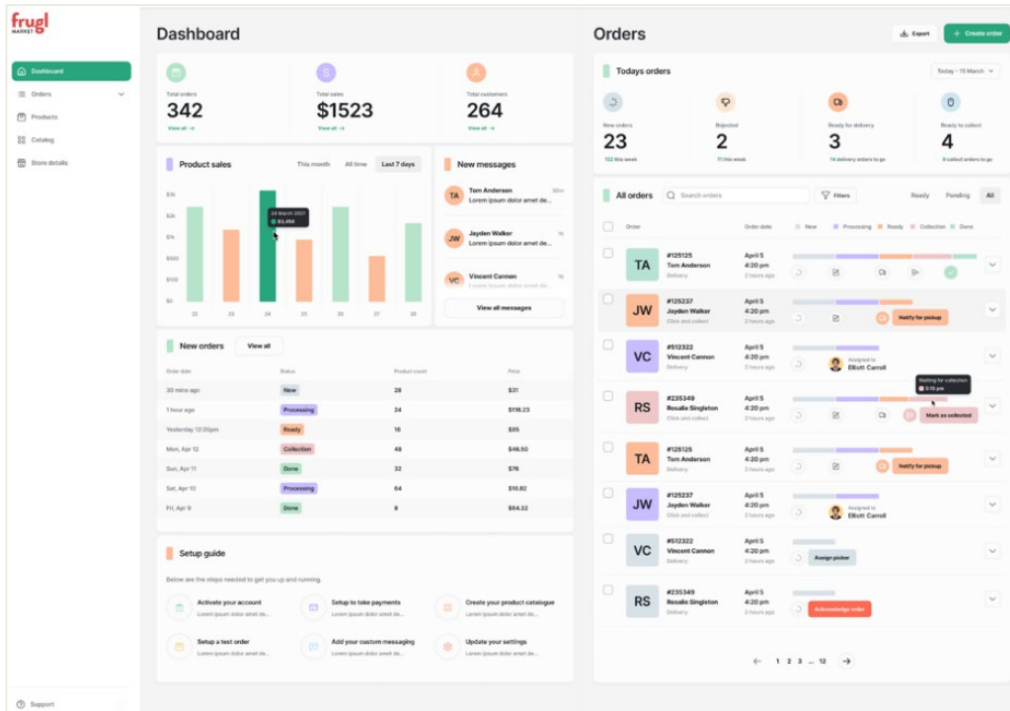
Company Overview

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

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

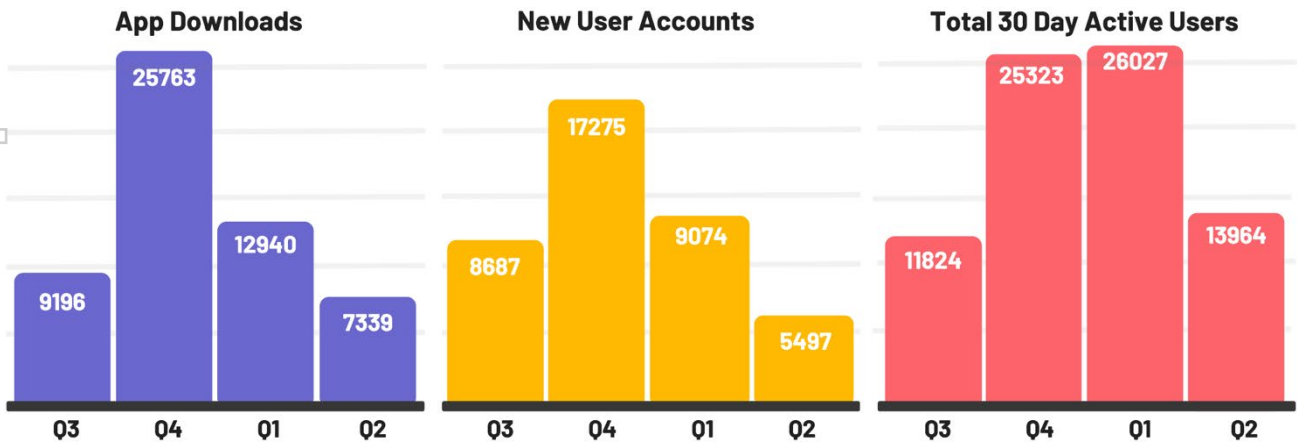
Frugl Grocery & Frugl Market Development

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.



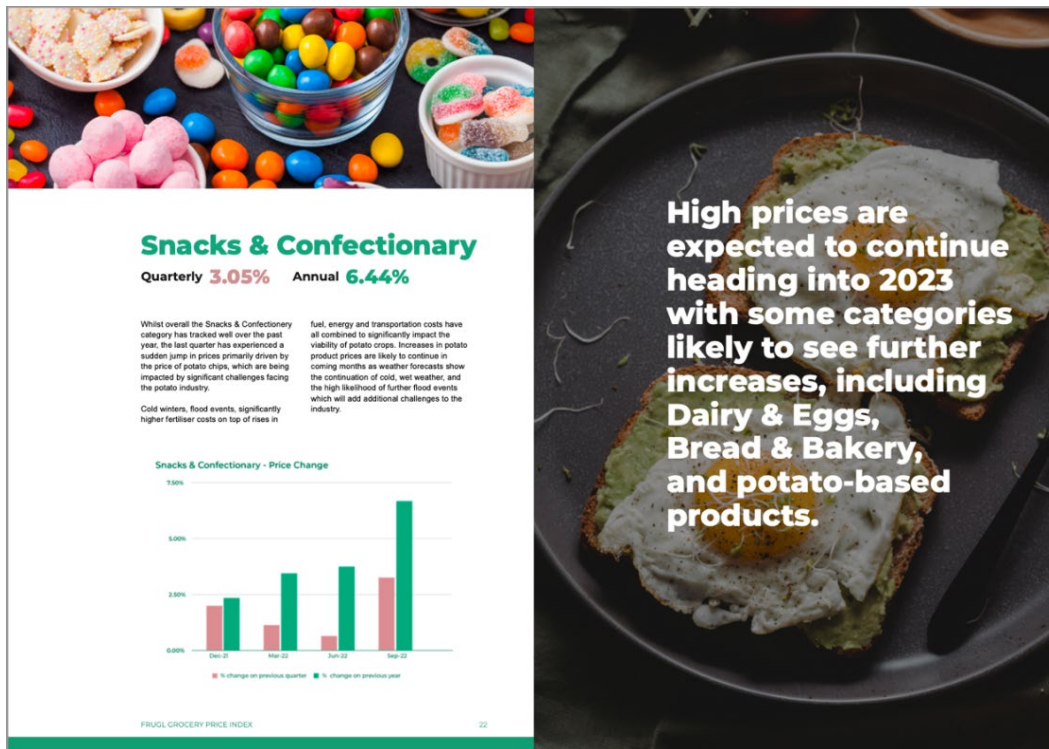
Frugl Grocery User Numbers

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 first quarterly **Frugl GPI** report was released in July, 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.



The second quarterly **Frugl GPI** report was released in October, 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.



FRUGL GROCERY PRICE INDEX (GPI)

All Grocery - Price Change



1.92%
Quarterly

9.49%
Annual

The September quarter has seen modest price rises which were not unexpected with ongoing global events including the Russian invasion of Ukraine continuing to increase the prices of most input costs for the grocery sector.

A recovery of fresh Fruit & Vegetables following the flood events earlier in the year has alleviated some of the household grocery price pain, however any gains in this area have been offset by general rises across all other categories.

The outlook for prices continues to be negative with further increases likely as the full impact of long term high input prices flows through to consumers. Concerns remain over future adverse weather events and their potential impact on fresh Fruit & Vegetable supply and prices, as flooding continues as a very real threat to many growing regions on the East coast of Australia in particular.

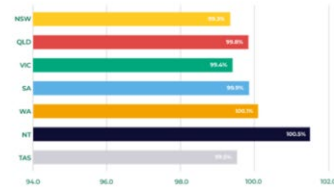
FRUGL GROCERY PRICE INDEX

4

PRODUCT TRENDS & STATE DIFFERENCES

Basket Price per State - Q1 2023

Indexed against national average (100)



The above chart takes the total price of the basket of products for each state and indexes them against the national average (index=100). It shows very little price variation by state, with the largest variation being the Northern Territory as per previous periods (Note: indexed prices are for state capital cities only).

Although on the whole, price changes are similar across states, there are some notable variations for particular products, particularly in the Fruit & Vegetable category:

Green beans have seen a significant quarterly price reduction of 30-40% in most states, although significantly less in WA.

- Butternut pumpkin has reduced in price by over 20% in NSW and WA.
- The highest price drop for broccoli was in QLD, at over 60%.
- Hass avocados have increased in price following historical lows in the last 6 months, with the largest quarterly increase seen in Victoria, and the lowest in WA.
- Kale has had a minor reduction in price in WA, with significant increases in most other states.

FRUGL GROCERY PRICE INDEX

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FRUGL GPI PUBLISHED MEDIA HIGHLIGHTS – October 2022

Television & Radio

TODAY Show Sydney (TV), Nine Melbourne (TV), Nine Perth (TV), Nine Brisbane (TV), Nine Adelaide (TV), Nine Hobart (TV), Nine Darwin (TV), Nine Gold Coast (TV), Nine Sunshine Coast (TV), Nine Bunbury (TV), Nine Mackay (TV), Nine Cairns (TV), Nine Central Qld (TV), Nine Wide Bay (TV), Nine Townsville (TV), Nine Toowoomba (TV), Nine Mt Gambier (TV), Nine Renmark (TV), NBN Gold Coast (TV), 7XS West Coast Radio Tas (radio interview), Triple M Esperance (radio), FIVEaa (radio interview), KIIS 101.1 (radio), 612 ABC Brisbane (radio interview), 4CA 846 AM (radio), Triple M Darling Downs (radio), Triple M Fraser Coast 103.5 (radio), Triple M Riverina 1152 (radio), The Coffs Coast 105.5 (radio), The Mid North Coasts 106.7 (radio), Gold 104.3 (radio),

Newspapers

The Australian (online), Sydney Morning Herald (print & online), The Age (print & online), WA Today (online), News.com.au (online), The Herald Sun (print & online), The Mercury (print & online), Sunday Territorian (online), The Daily Telegraph (print & online), Geelong Advertiser (print & online), Courier Mail (print & online), Townsville Bulletin (online), Cairns Post (print & online), Gold Coast Bulletin (print & online), The Advertiser (print & online), The Toowoomba (online), Sound Telegraph (print), The Chronicle (print), Brisbane Times (online), NT News (print), Perth Now (online), Countryman (online), North West Telegraph (online), Midwest Times (online), The West Australian (online), Bunbury Herald (online), Kimberly Echo (online), The New Daily (online & email),

Lifestyle

9Now TODAY (online), Investing.com.au (online), Australian Impressions (online), Savings.com.au (online), Starts At 60 (online), Australian Financial News (online), The Indiansun (online), Sydney Today (online), WeSydney (online – Chinese language)

Media activity continues to be the key driver of user growth on the **Frugl Grocery** app. It is anticipated the **Frugl GPI** will continue to drive media attention in the period ahead to support further user growth.

FINANCIAL PERFORMANCE

The total net loss for the half-year ended 31 December 2022 was \$879,611 (2021: loss \$965,281).

The Group had negative cash flows from operating activities for the half-year amounting to \$529,559 (2021: \$910,838), and had negative working capital of \$1,119,155 (30 June 2022: \$830,825) and net liabilities of \$1,115,037 as at 31 December 2022 (30 June 2022: \$824,379).

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 11 January 2023, the Group announced that it has received firm commitments for a placement of \$1,725,000 (**Placement**) before costs. The Group will issue a total of 431,250,000 fully paid ordinary shares (**Shares**) at \$0.004 per share, with 1-for-2 free attaching unlisted options exercisable at \$0.01 on or before 31 December 2025 (**Options**). The Placement will take place in two tranches:

- Tranche 1 to raise approximately \$158,910 via the issue of 39,727,440 Shares utilising the Company's existing placement capacity under ASX Listing Rule 7.1 (**Tranche 1**); and
- Tranche 2 to raise approximately \$1,566,090 via the issue of 391,522,560 Shares subject to shareholder approval to be sought at a General Meeting of the Company expected to be held on 24 February 2023 (**Tranche 2**).

On 16 January 2023, the Group announced that it has raised approximately \$158,910 via the issue of 39,727,440 Tranche 1 Placement Shares.

On 10 February 2023, the Group appointed Mr Kit Weng Yip as a Non-Executive Chairman of the Company. Mr Yip was appointed to replace Mr Jon Wild who chose to leave the Board to pursue other commercial interests.

On 24 February 2023, the Group announced that it has raised approximately \$1,566,090 via the issue of 391,522,560 Tranche 2 Placement Shares.

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

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 Mathew Walker

Director

Perth, Western Australia this 27th day of February 2023

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 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
27 February 2023

N G Neill
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Frugl Group Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Frugl Group Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year financial report of Frugl Group Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 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 half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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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 2022 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
27 February 2023

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 2022 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 Mathew Walker

Director

Perth, Western Australia this 27th day of February 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Continuing operations			
Revenue from contracts with customers		92,720	58,177
Other income		341	1,069
R&D tax rebate		612,724	354,021
Government grant and subsidies		20,000	-
Total revenue and other income		725,785	413,267
Research and development costs, materials and consultants		(202,215)	(168,477)
Directors' fees, salaries, superannuation and consulting costs		(261,881)	(251,640)
Depreciation and amortisation expenses		(2,327)	-
Employee expenses		(558,252)	(461,777)
Marketing and investor relations expenses		(130,560)	(133,325)
Corporate fees	8	(60,000)	(60,000)
Share-based payments	4	(12,124)	(52,000)
Public company costs, fees, share registry, shareholder costs		(48,082)	(64,153)
Occupancy costs		(50,598)	(45,181)
Legal fees		(50,529)	(18,669)
Accounting and audit fees		(43,373)	(43,149)
Insurances		(27,919)	(20,890)
Interest expenses		(52,933)	(5,180)
Other expenses from ordinary activities		(104,603)	(54,107)
Total expenses		(1,605,396)	(1,378,548)
Loss before income tax expense		(879,611)	(965,281)
Income tax expense		-	-
Loss after income tax expense		(879,611)	(965,281)
Loss after income tax expense for the half-year attributable to the owners of the Company		(879,611)	(965,281)
Other comprehensive income, net of tax:		-	-
Total comprehensive loss for the half-year		(879,611)	(965,281)
Loss per share from continuing operations			
Basic and diluted loss per share (cents per share)		(0.004)	(0.005)

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.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents		-	73,807
Trade and other receivables		80,527	82,397
Other assets		79,250	63,960
Total current assets		159,777	220,164
Non-Current assets			
Property, plant and equipment		4,118	6,446
Total non-current assets		4,118	6,446
Total assets		163,895	226,610
Liabilities			
Current liabilities			
Trade and other payables		484,370	294,391
Borrowings	3	737,248	700,000
Employee entitlements		57,314	56,598
Total current liabilities		1,278,932	1,050,989
Total liabilities		1,278,932	1,050,989
Net liabilities		(1,115,037)	(824,379)
Equity			
Issued capital	4	35,858,754	35,269,801
Reserves	5	52,000	52,000
Accumulated losses		(37,025,791)	(36,146,180)
Net deficiency		(1,115,037)	(824,379)

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 2022

	Issued 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 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
Balance at 1 July 2022	35,269,801	52,000	(36,146,180)	(824,379)
Loss for the half-year	-	-	(879,611)	(879,611)
Other comprehensive income for the half-year	-	-	-	-
Total comprehensive loss for the half-year	-	-	(879,611)	(879,611)
Shares issued during the half-year	634,098	-	-	634,098
Share issue costs	(45,145)	-	-	(45,145)
Balance at 31 December 2022	35,858,754	52,000	(37,025,791)	(1,115,037)

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 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,262,159)	(1,314,276)
Receipts from customers		104,973	53,215
Government grants		20,000	-
Interest received		341	936
Interest paid		(5,438)	(4,734)
Receipt of R&D tax rebate		612,724	354,021
Net cash used by operating activities		(529,559)	(910,838)
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	4.1	621,974	825,000
Payments of share issue costs		(48,877)	(49,500)
Proceeds from borrowings		516,616	-
Repayments of borrowings		(633,961)	-
Net cash generated by financing activities		455,752	775,500
Net (decrease) in cash and cash equivalents		(73,807)	(145,495)
Cash and cash equivalents at the beginning of the half-year		73,807	253,416
Cash and cash equivalents at the end of the half-year		-	107,921

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 2022

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 2022 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 2022 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 2022.

2.2. ADOPTION OF NEW AND REVISED STANDARDS

STANDARDS AND INTERPRETATIONS APPLICABLE TO 31 DECEMBER 2022

In the half-year ended 31 December 2022, 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 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 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 2022. 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 2022

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 2022 the Group incurred a net loss of \$879,611 (2021: \$965,281), a net cash outflow from operating activities amounting to \$529,559 (2021: \$910,838) and had net current liabilities of \$1,115,037 (30 June 2022: \$830,825).

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 30 August 2022, the terms of the binding loan facility agreement ("**Facility**") with Mr Mathew Walker 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 11 January 2023, the Group announced that it has received firm commitments for a placement of \$1,725,000 (**Placement**) before costs. On 16 January 2023, the Group announced that it has raised approximately \$158,910 via the issue of 39,727,440 Tranche 1 Placement Shares;
- On 24 February 2023, the Group announced that it has raised approximately \$1,566,090 via the issue of 391,522,560 Tranche 2 Placement Shares; and
- The Group's ability to reduce operational expenditure as and when required including, but not limited to, reviewing all expenditure for deferral or elimination.

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

Should the Group not be successful in obtaining adequate funding, adequately reducing operational expenditure as required, or 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 FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

3. BORROWINGS

	2022 \$	2021 \$
Balance at beginning of period	700,000	195,600
Loan from Director(cash) ⁽ⁱ⁾	516,616	-
Loan from Director (expenses paid on behalf of the Company)	107,097	-
Interest and borrowing cost capitalised	47,496	27,558
Repayments made ⁽ⁱⁱ⁾	(633,961)	(223,158)
Balance at end of period	737,248	-

- (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.

- (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.

4. ISSUED CAPITAL

	As at 31 Dec 2022 \$	As at 30 Jun 2022 \$
264,849,607 fully paid ordinary shares (30 June 2022: 201,550,000)	35,858,754	35,269,801

4.1. FULLY PAID ORDINARY SHARES

	Half-year to 31 Dec 2022		Year to 30 Jun 2022	
	No.	\$	No.	\$
Opening balance	201,550,000	35,269,801	163,500,000	34,063,301
Issued for cash - placements	62,197,412	621,974	38,050,000	1,256,000
Issued to supplier	1,102,195	12,124	-	-
Share issue costs	-	(45,145)	-	(49,500)
Closing balance	264,849,607	35,858,754	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 Company in proportion to the number of shares held.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

5. RESERVES

	Half- year to 31 Dec 2022 \$	Year to 30 Jun 2022 \$
Option reserve opening balance	52,000	1,329,473
Options issued during the period	-	52,000
Options lapsed during the period	-	(1,329,473)
Option reserve closing balance	52,000	52,000

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.

6. 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.

6.1. 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 2022		Year to 30 Jun 2022	
	Number of options	\$	Number of options	\$
Opening balance	29,500,000	52,000	49,298,883	1,329,473
Granted during the period	-	-	29,500,000	52,000
Lapsed during the period	-	-	(49,298,883)	(1,329,473)
Closing balance	29,500,000	52,000	29,500,000	52,000
Exercisable at end of period	29,500,000	52,000	29,500,000	52,000

6.2. RECOGNISED SHARE-BASED PAYMENTS

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

	31 Dec 2022 \$	31 Dec 2021 \$
Options issued to directors ⁽ⁱ⁾	-	36,000
Options issued to employees	-	16,000
Shares issued to supplier	12,124	-
	12,124	52,000

(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 2022

7. COMMITMENTS & CONTINGENT LIABILITIES

7.1. COMMITMENTS

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

7.2. CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 31 December 2022.

8. 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 2022, there was no amount outstanding to Cicero Group.

On 18 July 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 \$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.

NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

9. EVENTS AFTER THE REPORTING DATE

On 11 January 2023, the Group announced that it has received firm commitments for a placement of \$1,725,000 (**Placement**) before costs. The Group will issue a total of 431,250,000 fully paid ordinary shares (**Shares**) at \$0.004 per share, with 1-for-2 free attaching unlisted options exercisable at \$0.01 on or before 31 December 2025 (**Options**). The Placement will take place in two tranches:

- Tranche 1 to raise approximately \$158,910 via the issue of 39,727,440 Shares utilising the Company's existing placement capacity under ASX Listing Rule 7.1 (**Tranche 1**); and
- Tranche 2 to raise approximately \$1,566,090 via the issue of 391,522,560 Shares subject to shareholder approval to be sought at a General Meeting of the Company expected to be held in February 2023 (**Tranche 2**).

On 16 January 2023, the Group announced that it has raised approximately \$158,910 via the issue of 39,727,440 Tranche 1 Placement Shares.

On 10 February 2023, the Group appointed Mr Kit Weng Yip as a Non-Executive Chairman of the Company. Mr Yip was appointed to replace Mr Jon Wild who chose to leave the Board to pursue other commercial interests.

On 24 February 2023, the Group announced that it has raised approximately \$1,566,090 via the issue of 391,522,560 Tranche 2 Placement Shares.

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

10. 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.

11. COMPARATIVES

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

12. DIVIDENDS

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