



3 October 2024

ACN: 096 870 978

T: 08 9465 1091

E: info@fruglgroup.com.au

Level 2, 100 James Street
Northbridge WA 6003

www.fruglgroup.com.au

Directors

Kit Weng Yip, Chairman

Kenny Woo, Managing Director

Kulthirath Pakawachkriker,
Director

Steve Samuel, Company
Secretary

FRUGL TO ACQUIRE PRODIGY9

DEEPENING FRUGL'S DIGITAL ANALYTICS AND SOFTWARE ENGINEERING CAPABILITIES WITH AN END-TO-END CONSULTANCY

Frugl Group Limited (ASX: FGL) ("**Frugl**" or the "**Company**") is pleased to announce that it has agreed to acquire Prodigy9 Co., Ltd ("**Prodigy9**"), a Thailand-based software engineering consultancy specialising in the development of data analytics platforms, predominantly in the retail sector ("**Acquisition**").

Highlights:

- Prodigy9 deepens Frugl's expertise in digital data analytics and software engineering
- Expands Frugl from being an external 'tool' to also offering end-to-end consulting services, resulting in a higher value service offering
- Prodigy9 to continue to operate as its own brand within the Frugl Group, complementing Frugl, InFocus Analytics, and Trienpont
- Secondary capabilities acquired through Trienpont and Prodigy9 include cybersecurity, AI applications, web and app development, team augmentation, SaaS development and other revenue streams complementary to data analytics
- Prodigy9's client base includes some of Thailand's largest corporate groups within insurance, consumer electronics, transportation, and fin-tech
- Attractive acquisition terms: acquiring Prodigy9 for 10 million Frugl shares plus performance-based incentives linked to revenue and profitability milestones

Chief Executive Officer, Ken Tovich, commented:

"I am excited to announce this second acquisition by Frugl in the software engineering sector – this time of an end-to-end consultancy specialising in developing data analytics solutions.

"Immediately, Frugl will acquire an established business with proven data analytics capabilities working with clients across a broad range of sectors as their trusted technology partner.

"Looking forward, integrating the service offerings of InFocus Analytics, Trienpont, and Prodigy9 together will enable Frugl to offer a true end-to-end consulting service encompassing both data analytics technologies and the engineering capabilities to scope and deliver new entire software solutions for clients."

Prodigy9

Prodigy9 is a software engineering consultancy based in Bangkok. It specialises in developing data analytics platforms for the retail, consumer goods, and fin-tech sectors.

Prodigy9's founder, Chakrit Wichian, has built a client base spanning the top echelons of the Thai corporate spectrum, including engagements with leading insurance, consumer electronics, transportation, and fin-tech companies.

Additionally, Prodigy9 has specific technical expertise in the "Golang" programming language, a sought-after capability in the fin-tech sector, this is further to other key differentiating capabilities broadly relating to data handling and analytics.

The Company intends to operate Prodigy9 as a separate brand within its portfolio, taking advantage of the significant brand that Chakrit has developed in Thailand. Frugl will continue to operate under the InFocus Analytics and Trienpont trading names in other regions.

Unlike Trienpont, which focuses on outsourcing and 'tools'-based engagements, Prodigy9 offers its clients an end-to-end consultancy solution serving as a technology partner capable of designing, developing, and maintaining integrated software solutions.

Prodigy9's revenues for FY2023 total THB 29.3 million (AUD 1.3 million), with the Company operating at a modest net loss. With the immediate cost synergies Frugl has planned through sharing resources between InFocus Analytics and Trienpont, Frugl management is confident that Prodigy9 can be cash flow positive within the near term, contributing significantly to the consolidated group's future achievement of the same feat.

Secondary Capabilities

With both Trienpont and Prodigy9 within the Frugl portfolio, the Company has significant secondary capabilities beyond data analytics that provide alternate diversified revenue streams. These include software and platform engineering in cybersecurity, artificial intelligence and machine learning applications, web and app development, team augmentation, and SaaS development.

These capabilities are applicable to a wide range of sectors beyond retail including fin-tech, insurance, transportation among others. As part of the Company's strategic vision, Frugl will continue to explore how it can apply and adapt those capabilities into new products, new services, and new markets.

Expected Completion

Completion of the acquisition of Prodigy9 will be subject to shareholder approval, which will be sought at the upcoming Annual General Meeting of Frugl, to be held in mid-November. A Notice of Meeting will provide further information on the Annual General Meeting within the coming days.

Subject to this shareholder approval, the Company will issue to Prodigy9's vendors 10 million fully paid ordinary shares in the capital of the Company (**Frugl Shares**) and a further 33.75 million Performance Rights. The Performance Rights will convert into Frugl Shares on the achievement of performance milestones based on audited revenue and audited net profit of Prodigy9 in any of FY25 to FY27.

A summary of the terms of the Prodigy9 acquisition, including the terms of the Performance Rights, is annexed at Annexure A.

Management Changes at Frugl

Separately, the Company notes that Vincent Trienpont, the founder of Trienpont International has given notice to Frugl of his intention to resign as the Chief Executive Officer of Trienpont, effective 31 October 2024.

Although not related to the Company's acquisition of Prodigy9, the Company will take the opportunity to review its management team structure across its Thailand based software development companies to ensure cost efficiency and performance. The Company thanks Vincent for his dedication to the Company to date. Vincent continues to be subject to escrow restrictions on his securities issued on Frugl's acquisition of Trienpont.

- ENDS -

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

For further information, please contact:

Frugl Group Limited

e: info@fruglgroup.com.au

p: +61 8 9465 1091

Reign Advisory Pty Ltd

e: FGL@reignadvisory.com

p: +61 2 9174 5388

Forward looking statements

This announcement contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and our management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by law. These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements.

For personal use only

Annexure A: Summary of Binding Term Sheet

For personal use only

Consideration	<p>(a) Subject to the terms and conditions of the agreement between the Company, Prodigy9 and the shareholders of Prodigy9 (Prodigy9 Vendors) (the Acquisition Agreement), the Company agrees to issue to the Prodigy9 Vendors:</p> <p style="margin-left: 20px;">(i) an aggregate of 10,000,000 Frugl Shares at a deemed issue price of \$0.08 per Frugl Share (Consideration Shares); and</p> <p style="margin-left: 20px;">(ii) an aggregate of 33,750,000 Performance Rights, (Consideration Securities).</p> <p>(b) The Consideration Securities shall be issued to the Prodigy9 Vendors in their respective proportions.</p> <p>(c) The number of Consideration Securities as calculated shall be rounded up to the nearest whole number, and the number of Consideration Securities to be issued to each Prodigy9 Vendor shall be determined by multiplying the total number of Consideration Securities to be issued by the Prodigy9 Vendor's respective proportion (rounded up to the nearest whole number).</p> <p>The Performance Rights will vest as follows:</p> <p>(a) Tranche A Performance Rights: 7,500,000 Performance Rights will vest upon Prodigy9 achieving a minimum of THB 30,000,000 in audited revenue in any of FY25, FY26 and FY27;</p> <p>(b) Tranche B Performance Rights: 12,500,000 Performance Rights will vest upon Prodigy9 achieving a minimum of THB 50,000,000 in audited revenue in any of FY25, FY26 and FY27; and</p> <p>(c) Tranche C Performance Rights: 13,750,000 Performance Rights will vest upon Prodigy9 achieving a minimum of THB 25,000,000 in audited net profit in any of FY25, FY26 and FY27,</p> <p>(each, a Vesting Condition).</p> <p>All calculations for the purposes of satisfying the Vesting Conditions will be based on the relevant accounting standards and will exclude:</p> <p style="margin-left: 20px;">(a) one off or extraordinary revenue items;</p> <p style="margin-left: 20px;">(b) revenue received in the form of government grants, allowances, rebates or other hand-outs; and</p> <p style="margin-left: 20px;">(c) revenue or profit that has been "manufactured" to achieve the relevant Vesting Condition.</p> <p>FY means the financial year of Prodigy9 ended 30 June.</p>
Conditions Precedent	<p>Settlement of the Acquisition (Settlement), will be subject to the satisfaction or waiver of the following conditions precedent:</p> <p>(a) Services Agreement: entry by Prodigy9 into the Services Agreement (defined below) with Mr Chakrit on terms satisfactory to the Company;</p> <p>(b) Loan extinguishment: Prodigy9 procuring the cancellation of all existing shareholder loans;</p> <p>(c) Consents and approvals: the parties obtaining, in a form reasonably satisfactory to the Company, all third-party consents or waivers which are, in the opinion of the Company, necessary to complete the Acquisition; and</p> <p>(d) Shareholder approval: the parties obtaining all necessary board, shareholder, regulatory and third-party approvals including those pursuant to the ASX Listing Rules, the Corporations Act 2001 (Cth) ("Corporations Act") and any other law to allow the parties to lawfully complete the matters set out in the Acquisition Agreement, including but not limited to the Company obtaining shareholder approval to the issue of the Consideration Securities,</p> <p>(together the Conditions Precedent).</p>

<p>Satisfaction of Conditions Precedent</p>	<p>(a) The Conditions Precedents are for the benefit of the Company and may only be waived by the Company.</p> <p>(b) If the Conditions Precedent are not satisfied (or waived by the party with the benefit of the Condition Precedent) on or before 5.00pm (WST) by 31 December 2024 (or such other date agreed by the parties in writing), or become incapable of being satisfied and are not waived (End Date), then:</p> <p>(i) any party may terminate the Acquisition Agreement by notice in writing to the other parties, in which case, the agreement constituted by the Acquisition Agreement will be at an end and the parties will be released from their obligations under the Acquisition Agreement (other than in respect of any breaches that occurred prior to termination and any provisions which expressly continue to exist beyond termination); and</p> <p>(ii) each party must promptly return all documents obtained from another party in connection with the Acquisition and must destroy any copies of or notes relating to, those documents (other than as required to be retained for statutory record keeping purposes).</p> <p>(a) Each party must:</p> <p>(i) use reasonable endeavours to obtain the satisfaction of the Conditions Precedent;</p> <p>(ii) keep the other parties informed as to the status of satisfaction of the Conditions Precedent; and</p> <p>(iii) notify the other parties as soon as a Condition Precedent has been satisfied or becomes incapable of being satisfied.</p> <p>(b) The parties will use their best efforts to ensure that the Conditions Precedent are satisfied before the End Date.</p>
<p>Services Agreement</p>	<p>(a) Mr Chakrit agrees to remain engaged as Chief Executive Officer of Prodigy9 for a period of at least 2 years from Settlement, pursuant to the terms of a service agreement to be agreed and entered into prior to Settlement (Services Agreement).</p> <p>(b) In consideration for the services provided by Mr Chakrit, the Company will procure that Prodigy9 pays Mr Chakrit the following fees under the Services Agreement:</p> <p>(i) 250,000 THB per month for the first 6 months following settlement of the Acquisition (Initial Period) and 200,000 THB per month following completion of the Initial Period; and</p> <p>(ii) 10% of Prodigy9's net profit, as confirmed by the Company's auditors, up to a maximum of THB 150,000 per month, calculated quarterly.</p> <p>(c) Mr Chakrit agrees to enter into a fresh binding agreement with Prodigy9 to reflect the variations to his employment agreement as set out in this clause.</p>
<p>Escrow</p>	<p>(a) In respect of the Consideration Securities to be issued to Mr Chakrit, Mr Chakrit agrees to enter into a voluntary restriction agreement with the Company (Restriction Agreement) pursuant to which the Consideration Securities issued to him will be subject to escrow for a period of 12 months from the date of issue (Escrow Period).</p> <p>(b) In the event that Mr Chakrit remains Chief Executive Officer of Prodigy9 following expiry of the Escrow Period, the Company will issue Mr Chakrit 437,500 Shares at a deemed issue price of \$0.08 per Share (Additional Chatrik Shares).</p> <p>(c) For the avoidance of doubt, if clause (a) below applies, Mr Chakrit forfeits any right to receive the Additional Chatrik Shares.</p>
<p>Buy-Back and Cancellation of Consideration Securities</p>	<p>(a) In the event that Mr Chakrit terminates his employment with Prodigy9 prior to expiry of the Escrow Period, Mr Chakrit agrees that the Company may:</p> <p>(i) elect to convene a general meeting of its shareholders to put a resolution to its shareholders for the approval of a selective share buy-back of the Consideration Shares issued to Mr Chakrit (Chakrit Shares) to be bought back and</p>

	<p>cancelled under Part 2J.1 Division 2 of the Corporations Act for nil consideration (Buy-Back); and</p> <p>(ii) cancel any Performance Rights issued to Mr Chakrit (Chakrit Performance Rights) for nil consideration (Cancellation).</p> <p>(b) For the purposes of this clause:</p> <p>(i) Mr Chakrit appoints the Company to be its attorney until the Chakrit Shares are registered in the name of the Company in the event a Selective Share Buy-Back is implemented, and until the Chakrit Performance Rights have been cancelled if the Cancellation is implemented (Power of Attorney Period).</p> <p>(ii) Throughout the Power of Attorney Period, the Company may, in the name of Mr Chakrit, do all things necessary or expedient to:</p> <p>(A) execute a buy-back agreement on usual and customary terms for the transfer of the Chakrit Shares to the Company;</p> <p>(B) execute a cancellation deed on usual and customary terms for the cancellation of the Chakrit Performance Rights;</p> <p>(C) cancel the Chakrit Performance Rights; and</p> <p>(D) transfer the Chakrit Shares to the Company (including but not limited to the completion of an instrument of transfer of the Chakrit Shares to Frugl and execution on behalf of Mr Chakrit).</p> <p>(iii) The power detailed in clause (ii) is the only power conferred during the Power of Attorney Period.</p> <p>(iv) The exercise of any power pursuant to this clause is subject to the Corporations Act, including section 257H.</p> <p>(c) Mr Chakrit agrees to execute all documentation required to give effect to this clause, including documentation required to give effect to the Selective Share Buy-Back and Cancellation (if applicable).</p>
<p>Non-Compete</p>	<p>(a) During the Restricted Period, Mr Chakrit must not engage or be involved in (either directly or indirectly and whether as a partner, joint venturer, financier or shareholder in, or employee of or consultant to, any entity or otherwise) any Protected Business.</p> <p>(b) During the Restricted Period, Mr Chakrit must not approach, (either solely or jointly with any other person and in any capacity whatsoever) any person whom Mr Chakrit is aware is a customer of or client of Prodigy9 at Settlement for the purpose of persuading that person to cease doing business with the Company or reduce the amount of business that the customer or client would normally do with the Company.</p> <p>(c) During the period of 12 months from Settlement, Mr Chakrit must not approach or solicit, any person whom Mr Chakrit is aware is an agent or employee of the Company for the purpose of recruiting that person.</p> <p>(d) Mr Chakrit acknowledges that all the prohibitions and restrictions contained in this clause are reasonable in the circumstances and necessary to protect the goodwill of the Business as at the Settlement Date.</p> <p>In this clause:</p> <p>(a) Business means the business carried on by Prodigy9 at the Settlement Date.</p> <p>(b) Protected Business means any business that:</p> <p>(i) is the same or substantially the same as the Business; or</p> <p>(ii) competes in the Restricted Area with the Business.</p> <p>(c) Restricted Period means the period from Settlement up to the later of the expiration of:</p> <p>(i) 2 years from the Settlement Date (defined below), or if held by a court of competent jurisdiction to be unenforceable;</p>

(ii) 1 year from the Settlement Date (defined below), or if held by a court of competent jurisdiction to be unenforceable; and

(iii) six months from the Settlement Date (defined below).

(d) **Restricted Area** means:

(i) Southeast Asia, or if held by a court of competent jurisdiction to be unenforceable;

(ii) Thailand, or if held by a court of competent jurisdiction to be unenforceable; or

(iii) 760/244 Vilette City Pattanakarn 38 Suan Luang, Bangkok, Thailand 10250.

The obligations under this clause contain obligations separate and independent from the other obligations of the Parties and remain in existence for the Restriction Period, regardless of any termination of this Agreement.