

QUARTERLY UPDATE – Q1 FY25



ASX Announcement

31 October 2024

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Board and Management

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Chairman

Kenny Woo,
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Kulthirath Pakawachkrilers
Director

Ken Tovich
CEO

Sonny Didugu
Company Secretary

Frugl Group Limited (ASX: FGL) ("**Frugl**" or the "**Company**") is pleased to provide an update on its activities for the quarter ended 30 September 2024 (**Q1 FY25** or the **Quarter**) including the annexed Appendix 4C.

Highlights:

- Revenue growth and operational cost reductions continue following the acquisition and integration of Trienpont into Frugl's portfolio – reflecting a sharp turnaround over the last twelve months by the new board and management team
- Trienpont delivery on contracts secured earlier in 2024 reflects prior business development successes
- Focus this Quarter has been on internal business and operational improvements
- Acquisition of Prodigy9 to be completed within weeks of shareholder approval being sought at 2024 Annual General Meeting
- InFocus Analytics completed various ad-hoc data analytics projects during the Quarter including the use of AI technologies and generating intelligence to refine pricing strategies, tactics, and competitiveness
- Corporate re-naming and rebranding subject to 2024 AGM approval to InFocus Group Holdings Limited (ASX:IFG)

Chief Executive Officer, Ken Tovich commented:

"Our focus during Q1 FY25 has been directed towards internal business and operational improvements following strong business development activity from Trienpont earlier in 2024, resulting in near full utilisation of the current team.

"Our proposed acquisition of Prodigy9 will provide significant new secondary capabilities to Frugl whilst also markedly boosting our depth of expertise in creating new data analytics and business intelligence software and platform products. Prodigy9 also brings to the Company a true consultancy offering, enabling Frugl to work alongside its clients as an integrated advisory and development service.

"InFocus Analytics continues to be a quiet achiever for Frugl. Ad-hoc project-based engagements completed during the quarter showcase the value of InFocus' service offering, enabling retail sector clients to make efficient data-driven decisions for their operations."

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Continued revenue growth and operational cost control

Frugl is pleased to report Q1 FY25 cash receipts of \$448k representing sharp growth over the prior corresponding period (\$115k, Q1 FY24). The Company achieved this result on an even lower operating cost-base of \$828k compared to the prior corresponding period (\$935k, Q1 FY24) despite having integrated the Trienpont business into the Company's portfolio – materially expanding the Company's operational team.

These results highlight the marked turnaround achieved by the Company's new board and management team over the last twelve months.

Expenditure during the Quarter was principally related to operating the Company's three business units – Frugl, InFocus Analytics, and Trienpont. Additionally, the Company has expended \$119k in research and development expenses across a number of projects including cutting-edge AI and ML based initiatives and other IP-sensitive activities.

Focus on operational and business improvements

Having achieved significant business development success earlier in 2024, Frugl focused this Quarter on delivering against already-won projects at Trienpont and continuing to provide ongoing and ad-hoc services to InFocus Analytics' existing client base.

Frugl's Australian management team spent considerable time during the Quarter in Thailand working towards improving internal processes and operations to find cost savings and achieve efficiencies across the business as Trienpont completes its integration into Frugl.

Strategically, Frugl aims for Trienpont, Prodigy9 (subject to its acquisition pending shareholder approval) and InFocus Analytics to work as three separate brands providing integrated data analytics, business intelligence, and software engineering consultancy for small businesses through to large enterprise clients.

InFocus Analytics continues to be a quiet performer

InFocus Analytics services enable clients to make efficient data-driven decisions for their own business.

During the quarter, InFocus Analytics engaged with existing clients on a number of ad-hoc projects. These included delivering a bespoke solution for an Australian retailer analysing promotional activities in the market to refine their pricing strategies and tactics and employing Large Language Model (LLM) artificial intelligence technology to identify patterns and opportunities across extensive data sets aimed at optimising range selection and price competitiveness.

An Australian consumer goods distributor has also approached InFocus Analytics to explore their potential entry into adjacent market categories. Harnessing InFocus Analytics' intelligence capabilities, the Company can offer innovative, data-driven solutions to clients.

Frugl will continue to expand InFocus Analytics horizons – both in terms of its service offering and its geographic and sector focus on the Australian retail sector – through further integrations of the Trienpont and Prodigy9 capabilities into the core data analytics offering of InFocus Analytics.

Prodigy9 acquisition to deepen digital data analytics and engineering expertise

Frugl reported it had secured an agreement to acquire Prodigy9 – a Thailand-based software engineering consultancy firm specialising in the development of data analytics platforms - in October 2024. Completion of the acquisition remains subject to shareholder approval being sought on 8 November at the 2024 Annual General Meeting.

Acquiring Prodigy9 deepens Frugl's expertise in digital data analytics and software engineering. Prodigy9's founder, Chakrit Wichian, has built an impressive client base that spans the top echelons of the Thai corporate sector, including engagements with leading insurance, consumer electronics, transportation, and fin-tech companies.

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

With both Trienpont and Prodigy9 potentially under the Frugl portfolio, the Company will have significant secondary capabilities beyond data analytics, providing additional and 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.

Finally, these capabilities are applicable to a wide range of sectors beyond retail – such as fin-tech, insurance, transportation among others.

Management changes at corporate and operational level

Immediately following the Quarter, the Company announced that Vincent Trienpont had advised the Company of his intention to resign as Chief Executive Officer of Trienpont effective 31 October 2024. Frugl thanks Vincent for his dedication to the Company to date, including towards the successful acquisition of Trienpont by Frugl earlier this year.

Subsequently, in discussions with Trienpont's founding shareholders, the Company has agreed to release those parties from their voluntary escrow arrangements effective 8 November 2024. The total number of shares to be released is 29,333,333, which are all ordinary fully paid shares already quoted on ASX.

Although Vincent's resignation was not related to the proposed acquisition of Prodigy9, Frugl intends to use the opportunity to restructure its Thailand-based management and operational team, with a view towards actioning near-immediate cost synergies on the acquisition of Prodigy9 (subject to shareholder approval) and operating both entities in unison albeit across two brands.

Immediately following the Quarter, the Company also announced that Steve Samuel, the CFO and Company Secretary, had resigned effective 16 October 2024 due to personal reasons. Financial management of the Company was assumed by the Chief Executive Officer supported by the Company's finance teams in Australia and Thailand whilst the Company assesses the need for a CFO. Replacing Mr Samuel as Company Secretary was Sonny Didugu of Reign Advisory.

Name change & corporate rebranding

Subject to shareholder approval being sought at the 2024 Annual General Meeting, Frugl will change its name from Frugl Group Limited to InFocus Group Holdings Limited. This change reflects the Company's current focus on its data analytics, business intelligence, and software engineering activities over its legacy grocery app operations.

Should shareholders approve this change, the Company will also seek a change of its ASX ticker from ASX:FGL to ASX:IFG. Further information on this change will be provided to shareholders following approval at the 2024 AGM.

Corporate information

Payments during the quarter to related parties totalled \$52k, comprised solely of remuneration payments to the directors.

During the Quarter, the Company secured a short-term loan facility agreement with Radium Capital for a \$79k loan financed against R&D tax incentive scheme payments (see ASX Announcement 27 September 2024). Immediately following the Quarter, the Company received a \$731k payment from the ATO for FY24 R&D tax incentive scheme claims, which was applied against outstanding loans with Radium Capital. The Company considers ongoing facility agreements with Radium Capital to be an attractive way to provide financing to the Company for its ongoing R&D activities and for working capital purposes. Further information on the Company's borrowings is provided in the annexed Appendix 4C.

ASX release authorised by the Board of Frugl Group Limited.

For further information, please contact:

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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.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Frugl Group Limited

ABN

80 096 870 978

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	448	448
1.2 Payments for		
(a) research and development	(119)	(119)
(b) product manufacturing and operating costs	(71)	(71)
(c) advertising and marketing	(1)	(1)
(d) leased assets	-	-
(e) staff costs	(359)	(359)
(f) administration and corporate costs	(278)	(278)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received		
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (payment of PAYG withholding tax)	(23)	(23)
1.9 Net cash from / (used in) operating activities	(409)	(409)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(46)	(46)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(46)	(46)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(30)	(30)
3.5	Proceeds from borrowings	79	79
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(1)	(1)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	48	48

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	652	652
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(409)	(409)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(46)	(46)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	48	48
4.5	Effect of movement in exchange rates on cash held	(28)	(28)
4.6	Cash and cash equivalents at end of period	217	217

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	216	216
5.2	Call deposits	50	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	(49)	(49)
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	217	217

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	52
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,565	565
7.2	Credit standby arrangements	-	-
7.3	Other (Note Facility)	-	-
7.4	Total financing facilities	1,565	565
7.5	Unused financing facilities available at quarter end		1,000
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <ul style="list-style-type: none"> • A binding loan facility agreement ("Facility") with Kenny Woo, a Company director, is available on call. The facility has a principal amount of \$1,000,000, bears an interest rate of 9% per annum payable monthly in arrears, unsecured and repayable on 31 May 2025 (Director Loan). • During the quarter, the Company entered into a short-term loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd (Radium) for the amount of \$79,432 (Loan). The Loan bears an interest rate of 16% per annum. As part of the Loan Agreement, the total amount drawn down under the Loan will be repaid with, and following receipt of, the 2024 financial year Research & Development Rebate. • In the June quarter, the Company entered into a short-term loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd (Radium) for the amount of \$167,000 (Loan). The Loan bears an interest rate of 15% per annum. As part of the Loan Agreement, the total amount drawn down under the Loan will be repaid with, and following receipt of, the 2024 financial year Research & Development Rebate. • In the March quarter, the Company entered into a loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd (Radium) (Lender) for the amount of \$213,400 (Loan) and bears an interest rate of 15% per annum. As part of the Loan Agreement, the total amount drawn down under the Loan will be repaid with, and following receipt of, the 2024 financial year Research & Development Rebate. • In the December quarter, the Company entered into a loan facility agreement (Loan Agreement) with Radium Capital Pty Ltd (Radium) (Lender) for the amount of \$105,000 (Loan) and bears an interest rate of 15% per annum. As part of the Loan Agreement, the total amount drawn down under the Loan will be repaid with, and following receipt of, the 2024 financial year Research & Development Rebate. • During the quarter, the Company entered into a Convertible Securities and Share Placement Agreement with Obsidian Global Partners, LLC Inc, for a financing facility of up to A\$2 million (Note Facility), through the issue of Convertible Notes (Notes), across multiple tranches. First A\$0.9 million tranche has been completed during the quarter. The Company has the right, subject to meeting various conditions precedent, to draw up to a further A\$1.1 million (Tranche 2 of US\$60,000 and Tranche 3 of A\$1 million). For further information see ASX Announcement dated 31 May 2024 and 3 June 2024. 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(409)
8.2 Cash and cash equivalents at quarter end (item 4.6)	217
8.3 Unused finance facilities available at quarter end (item 7.5)	1,000
8.4 Total available funding (item 8.2 + item 8.3)	1,217
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.67
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An

entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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