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Schrole Group Limited

ABN 27 164 440 859

Annual Report
31 December 2020

Corporate Directory

Directors	Stuart Carmichael Robert Graham Shaun Hardcastle James King Guy Perkins
Company secretary	Benjamin Donovan
Registered office	Ground Floor, 142 Hasler Road Osborne Park WA 6017 AUSTRALIA Telephone: +61 8 9230 7000
Principal place of business	Ground Floor, 142 Hasler Road Osborne Park WA 6017 AUSTRALIA Telephone: +61 8 9230 7000
Share register	Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 AUSTRALIA Telephone: +61 1300 554 474
Auditor	BDO 38 Station Street Subiaco WA 6008 AUSTRALIA Telephone: +61 8 6382 4600
Solicitors	HWL Ebsworth Level 20, 240 St Georges Terrace Perth WA 6000 AUSTRALIA Telephone: +61 8 6559 6643
Bankers	National Australia Bank Level 14, 100 St Georges Terrace Perth WA 6000 AUSTRALIA Telephone: +61 8 9226 7003
Stock exchange listing	Schrole Group Limited shares are listed on the Australian Securities Exchange (ASX code: SCL)
Website	www.schrole.edu.au
Corporate Governance Statement	www.schrole.edu.au/wp-content/uploads/2020/09/SCL-Corporate-Governance-Statement-1.pdf

Directors' Report

Your Directors present their report, together with the financial statements of Schrole Group Ltd ("the Company") and controlled entities ("the Group") for the financial year ended 31 December 2020.

Directors

The names and the particulars of the Directors of the Company during or since the end of the financial year are:

Name	Role	Appointed
Stuart Carmichael	Non-Executive Chairman	5 October 2017
Robert Graham	Managing Director	5 October 2017
Shaun Hardcastle	Non-Executive Director	5 October 2017
James King	Non-Executive Director	29 November 2019
Guy Perkins	Non-Executive Director	27 October 2020

Principal Activities

The principal continuing activities of the Group during the year was the provision of software solutions primarily to the education sector and provision of training services.

Dividends

There were no dividends paid or recommended during the financial year ended 31 December 2020 (2019: Nil).

Review of operations

Schrole Group Ltd reported a loss for the year ended 31 December 2020 of \$2,177,382 (2019: \$1,969,565 loss).

The net assets of the Group as at 31 December 2020 was \$2,189,108 (2019 net deficit: \$709,968).

The Group's cash and cash equivalents as at 31 December was \$5,107,987 (2019: \$2,005,189).

Significant changes in the state of affairs

There were two significant changes in the state of affairs in the year ended 31 December 2020:

- A strategic investment by Faria Education Ltd ('Faria'), via a convertible note. On 13 May 2020, Schrole announced that Faria would invest AUD \$2.9 million in Schrole via a convertible note, which was approved by shareholders at an EGM on 2 July 2020, converting into a 19.99% strategic stake.
- On 8 July 2020, Schrole announced that it had agreed to terminate its agreement in June 2022 with International Schools Services, Inc ('ISS') for sales of ISS-Schrole Advantage Platform ('Advantage'). The decision was made to enable Schrole to focus on its evolution into a traditional SaaS business.

Highlights during the year

Annual Recurring Revenue (ARR), calculated as the current value of active annual software licences, increased to \$4.7m million compared to \$4.6 million in 2019. Full year revenues in 2020 improved by 8% to \$6.14m compared to 2019, driven by increased revenues for ISS-Schrole Advantage more than offsetting the reduced

revenues in Schrole Develop due to the impact of COVID-19 on training schedules. Total Advantage revenues increased by 12% to \$4.4 million in 2020 and overall software revenues increased by 9.3% to \$4.7 million.

During 2020, cash receipts from customers totalled \$5,252,147. Net cash used in operating activities was \$1,000,810. Schrole received government funding including COVID-19 pandemic relief funding totalling \$496,421.

On 13 May 2020, the Company announced a capital raising and share placement totalling approximately \$5 million. The placement was undertaken to sophisticated and professional investors raising \$2.12 million (before costs) at 1.06 cents. At the same time, the Company announced that Faria Education Ltd. would invest \$2.9 million via Convertible Notes. At a shareholders meeting on 2 July 2020, approval was given for the issuance of the Convertible Notes. On 1 September 2020, the Company announced that Faria had converted its Convertible Notes into 273,113,208 shares.

At the end of the period, the Company held cash of \$5,107,987.

Full year invoiced sales declined by 9% to \$5.37 million compared to 2019 representing the impact of COVID-19 on sales including continued economic disruption, travel restrictions and school closures globally as many schools transitioned to online and blended learning. As a significant proportion of the company's business is based on a subscription model, both invoiced sales and revenue (AASB15) are reported regularly.

Schrole's training activities undertaken by its wholly owned subsidiary ETAS (WA) Pty Ltd experienced a decrease in revenue in the year ended 31 December 2020 to \$979,138 from \$1,308,191 in 2019, due to subdued training activities resulting from COVID-19 mid-year, before recovering towards the end of the year to more normalised activity.

The improved net cash position from operating activities supported a year end cash balance in excess of \$5.1 million. The company benefitted from a strong emphasis on cost control and increased focus on collections.

Faria

Technical work continues with the Faria team to provide auto provisioning of Schrole Connect school accounts for Managebac school users, along with the development of integration guides. The full integration between Managebac and Schrole along with continued cooperation between the Faria and Schrole sales teams is expected to be in place from July 2021.

ISS Agreement Termination

As a result of the revised agreement, Schrole's share of distributions from Advantage sales was higher during 2020. Part of the improvement in net cashflow from operating activities was attributable to the change in arrangement with ISS which resulted in Schrole earning a greater share of revenue.

Development

Schrole's development team is continuing to work on a major new software release which is on track for first stage release in mid-2021. The new software represents a significant strategic opportunity with a well-defined transition to a comprehensive HR platform that will ultimately integrate functionality from Schrole's current suite of SaaS applications with newly developed functionality for staff onboarding and management.

Significant events after the reporting period

Cancellation of performance shares and performance rights

The Series B performance shares and Tranche B performance rights vested during the year as the company achieved sales revenue (invoiced sales) of \$7,000,000 over a 12-month period in accordance with the milestone. As such, 27 August 2020, the Company issued an aggregate of 93,000,000 Shares on conversion of the Series B Performance Shares (Conversion Shares) to the holders of the Series B performance shares (Recipients). Through no admission of liability on behalf of the Company or the Recipients and following discussions with the Recipients, the Company entered into deeds of cancellation with each of the Recipients, pursuant to which the parties agreed that, subject to shareholder approval, the 93,000,000 Conversion Shares would be cancelled. It was resolved at a General Meeting on 12 February 2021 that the 93,000,000 Conversion Shares be cancelled and accordingly, the Conversion Shares are due to be cancelled on 26 February 2021. The Company entered into deeds of cancellation with each of the holders of the Tranche B performance rights, pursuant to which the parties have agreed that the 5,070,000 Tranche B performance rights will be cancelled. The Tranche B performance rights were cancelled on 16 February 2021.

COVID Update

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has had a negative impact on revenues for the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Environmental regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Future Developments, Prospects and Business Strategies

The principal continuing activities of the Group is the provision of software solutions primarily to the education sector and provision of training services. The Group's future developments, prospects and business strategies are to continue to expand and develop these solutions and services.

Information on Directors

Mr Stuart Carmichael		Non-Executive Chairman
Qualifications	B.Com, CA	
Experience	Mr Carmichael is a Chartered Accountant with over 20 years of experience in the provision of corporate advisory services both within Australia and internationally. Mr Carmichael is a principal and director of Ventnor Capital Pty Ltd and Ventnor Securities Pty Ltd which specialises in the provision of corporate and financial advice to small cap ASX listed companies including capital raisings, initial public offerings, corporate restructures and mergers and acquisitions.	
Interests in shares and options at the date of this report	500,000 ordinary shares	
Special responsibilities	None	
Directorships held in other listed entities (last 3 years)	Non-Executive Chairman of K-TIG Limited (ASX:KTG), Non-executive director of De.mem Limited (ASX: DEM), Osteopore Limited (ASX:OSX), ClearVue Technologies Limited (ASX:CPV) and Swick Mining Services Limited (ASX:SWK).	

Mr Robert Graham		Managing Director
Qualifications	M.Ed	
Experience	Mr Graham is the founder and Managing Director of Schrole. Prior to forming Schrole he ran the franchise of Search Associates for Australia and New Zealand. He took over ETAS (Schrole Develop) in 2007 after 20 years working as a teacher and principal in international schools in Germany, Singapore, Norway, Belgium and Hong Kong. He subsequently founded Schrole in 2013 .	
Interests in shares and options at the date of this report	216,868,605 ordinary shares (including 90,000,000 escrowed at 31 December 2020, which were subsequently cancelled on 12 February 2021) and 145,000,000 performance shares	
Special responsibilities	None	
Directorships held in other listed entities (last 3 years)	None	

Mr Shaun Hardcastle		Non-Executive Director
Qualifications	LLB, B.A	
Experience	Mr Hardcastle is a corporate lawyer with experience on a broad range of cross-border and domestic transactions including equity capital markets, mergers & acquisitions, project finance and corporate governance. He is a Partner of HWL Ebsworth Lawyers which predominantly advises on equity capital markets, re-compliance transactions and takeovers across a variety of industries. He has worked both domestically and internationally for top-tier law firms, and spent time as corporate counsel for a major international oil and gas company. Mr Hardcastle holds a Bachelor of Laws, and is a member of the Australian Institute of Company Directors and the Association of International Petroleum Negotiators.	
Interests in shares and options at the date of this report	None	
Special responsibilities	Chairman, Remuneration and Nomination Committee	
Directorships held in other listed entities (last 3 years)	Non-executive director of Hawkstone Mining Limited (ASX: HWK) and non-executive director of RareX Ltd (REE).	

Mr James King		Non-Executive Director
Qualifications	B.Com, FAICD	
Experience	Mr King has over 31 years' experience as a Director and a Senior Executive in major multinational corporations in Australia and internationally. He was previously with Foster's Group Limited as Managing Director Carlton & United Breweries and Managing Director Foster's Asia. Prior to joining Foster's, he spent six years in Hong Kong as President of Kraft Foods (Asia Pacific). Previously he was a Director of ASX listed JB Hi-Fi Ltd, Trust Company Ltd, Navitas Ltd, Pacific Brands Ltd and Tattersalls Ltd. He also served as a member of the Council of Xavier College and Chairman of Juvenile Diabetes Research Foundation (Victoria).	
Interests in shares and options at the date of this report	4,500,000 ordinary shares	
Special responsibilities	Chairman, Audit and Risk Committee	
Directorships held in other listed entities (last 3 years)	Lovisa Holdings Limited (ASX: LOV)	

Mr Guy Perkins		Non-Executive Director
Qualifications		
Experience	Mr Perkins brings a breadth of highly relevant experience to the Schrole board, having held roles at several startup, and ultimately very successful, Software as a Service (SaaS) companies. In 2015 Mr Perkins was founding Director/strategic sales and business development of Spookfish Pty Ltd, a geospatial and 3D imagery business that was listed on the ASX prior to being acquired by US-based Eagleview Technologies in 2018 with a valuation of AU\$122m. Prior to Spookfish, Mr Perkins held the role of Chief Operating Officer at NearMap Ltd (ASX:NEA), which currently has a market capitalisation in excess of \$1.2 billion. Mr Perkins is currently a non-Executive Director of Soar.	
Interests in shares and options at the date of this report	None	
Special responsibilities	None	
Directorships held in other listed entities (last 3 years)	Spookfish Limited (ASX:SFI)	

Information on Key Management

Mr Peter Liddell		Chief Operating Officer
Qualifications	B.Com	
Experience	Mr Liddell brings more than 20 years' experience in marketing and digital development to the Schrole team. He has overseen the implementation of a new CRM platform, along with process improvement and expansion of the sales and marketing teams. More recently, Peter has supported the implementation of an Agile development methodology for the software development team and has been instrumental in implementing user oriented development processes to prioritise system enhancements. He has also overseen the deployment of a revitalised user interface for the Advantage platform.	

Ms Stephanie Syme		Chief Financial Officer
Qualifications	B.Bus (Acc), CA, GAICD, GIA (Cert)	
Experience	Ms Syme has over 25 years of diverse experience in finance and corporate services with a particular focus on working with organisations experiencing growth or significant change. With experience across a range of industries, Stephanie's focus is on enabling organisations and their people to learn and grow, delivering great outcomes for their stakeholders.	

Benjamin Donovan	Company Secretary
Qualifications	B.Comm (Hons), ACG (CS)
Experience	Mr Donovan is a member of the Governance Institute of Australia and provides corporate advisory, IPO and consultancy services to a number of companies. Mr Donovan is currently a company secretary of several ASX listed and public unlisted companies and has gained experience across resources, agritech, biotech, media and technology industries.

Meetings of Directors

The number of formal meetings of Directors held during the period and the number of meetings attended by each director was as follows:

Name	Appointed	Resigned	Full Board		Audit & Risk Committee		Remuneration & Nominations	
			Held	Attended	Held	Attended	Held	Attended
Stuart Carmichael	05-Oct-17	-	6	6	2	2	0	0
Robert Graham	05-Oct-17	-	6	6	2	2	0	0
Shaun Hardcastle	05-Oct-17	-	6	6	2	2	0	0
James King	29-Nov-19	-	6	6	2	2	0	0
Guy Perkins	27-Oct-20	-	2	2	0	0	0	0

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Options

During the year, a total of 203,666,666 options exercisable at between \$0.02 and \$0.04 lapsed. As at the date of this report, all unexercised options previously issued had expired.

Performance Shares

Performance Shares	Number of Performance Shares	Expiry date	Vesting Condition
Series B	93,000,000	10-Oct-20	Sales revenue over 12-month period
Series C	150,000,000	10-Oct-21	EBITDA over 12-month period

Pursuant to the acquisition of Schrole Operations Ltd by Schrole Group Ltd and the related capital raising, on 5 October 2017 Schrole Group Ltd issued a total of 290,000,000 Series A, Series B and Series C performance shares to existing performance shareholders of Schrole Operations Ltd, in consideration for the cancellation of those existing performance shares:

- Series B performance shares: on 27 August 2020, the Company issued an aggregate of 93,000,000 Shares on conversion of the Series B Performance Shares (Conversion Shares) to the holders of the Series B performance shares (Recipients). Through no admission of liability on behalf of the Company or the Recipients and following discussions with the Recipients, the Company entered into deeds of cancellation with each of the Recipients, pursuant to which the parties agreed that, subject to shareholder approval, the 93,000,000 Conversion Shares would be cancelled. It was resolved at a General Meeting on 12 February 2021 that the 93,000,000 Conversion Shares be cancelled and accordingly, the Conversion Shares are due to be cancelled on 26 February 2021.

- b. Series C performance shares will convert into an equal number of ordinary shares once the company achieves EBITDA of \$3,000,000 over any 12-month period prior to 48 months of admission onto the ASX.

Performance Rights

Pursuant to the Company's Employee Securities Incentive Plan, on 3 July 2018 Schrole Group issued a total of 45,200,000 performance rights to current employees of the Company and its wholly-owned subsidiaries as follows:

Performance Rights	Number of Rights Issued	Number of Rights Vested	Number of Rights on Issue at 31 December 2020	Exercise Price	Expiry date	Vesting Condition	Valuation \$
Tranche A	9,040,000	9,040,000	3,160,000	Nil	03-Jul-23	Software licences	\$153,680
Tranche B ¹	13,560,000	5,070,000	5,070,000	Nil	03-Jul-23	Sales revenue over 12-month period	\$86,190
Tranche C	22,600,000	Nil	8,450,000	Nil	03-Jul-23	EBITDA over 12-month period	Nil

¹ cancelled subsequent to year end.

The terms of the performance rights are as follows:

- a. Tranche A performance rights vesting once the company achieves 215 school subscriptions to Schrole Connect or 198 subscription licences to Schrole Cover within 18 months of admission onto the ASX. On 27 September 2018, the Tranche A performance rights vested following satisfaction of this milestone. On 12 November 2018 the Company issued 4,320,000 ordinary shares on the exercise of the same number of Tranche A performance rights, with the remainder yet to convert to ordinary share capital.
- b. Tranche B performance rights vesting once the company achieves sales revenue of \$7,000,000 over any 12-month period prior to 36 months of admission onto the ASX. The Company has entered into deeds of cancellation with each of the holders of the Tranche B performance rights, pursuant to which the parties have agreed that the 5,070,000 Tranche B performance rights will be cancelled. The Tranche B performance rights were cancelled on 16 February 2021.
- c. Tranche C performance rights vesting once the company achieves EBITDA of \$3,000,000 over any 12-month period prior to 48 months of admission onto the ASX.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Share-based compensation
5. Additional information
6. Additional disclosures relating to key management personnel

1. Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

During the year, the Company established a separate Remuneration and Nomination Committee, which operates in accordance with the Remuneration and Nomination Charter.

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

Non-executive Director remuneration

The Board policy is to remunerate Non-executive Directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive Directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to Non-executive Directors.

The maximum aggregate amount of fees that can be paid to Non-executive Directors is presently limited to an aggregate of \$500,000 per annum and any change is subject to approval by shareholders at the General Meeting. Fees for Non-executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. These Non-executive Directors fees cover main Board activities only. Non-executive Directors may receive additional remuneration for other services provided to the Group.

Executive remuneration

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, equity-based compensation, as well as employer contributions to superannuation funds.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Company.

A portion of cash bonus and incentive payments are dependent on defined targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Directors assess performance of the Group with regard to the achievement of both operational and financial targets with a current focus on product development and launch, revenue, cashflow and share price. Executives are issued cash bonuses and/or performance rights to encourage the alignment of personal and shareholder interests. The Directors have the discretion to determine whether or not to issue bonuses.

Options and performance rights issued to Directors and executives may be subject to market-based price hurdles and vesting conditions and the exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Board believes this policy will be effective in increasing shareholder wealth. Key management personnel are also entitled to participate in the employee securities incentive arrangements.

Performance rights vest on the achievement of operational and financial milestones, providing those executives holding performance rights an incentive to meet the operational and financial milestones prior to the expiry date of the performance rights.

On the resignation of Directors and executives, any vested options and rights issued as remuneration are retained by the relevant party.

The Board may exercise discretion in relation to approving incentives such as options and rights. The policy is designed to reward key management personnel for performance that results in long-term growth in shareholder value.

Voting and comments made at the Company's 2019 Annual General Meeting ('AGM')

The remuneration report for the year ended 31 December 2019 was approved by shareholders at the AGM. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

2. Details of remuneration

Details of key management personnel of the Company and their remuneration are set out in the following tables.

Name	Role	Appointed	Resigned
Non-Executive			
Stuart Carmichael	Non-Executive Chairman	5 October 2017	-
Shaun Hardcastle	Non-Executive Director	5 October 2017	-
James King	Non-Executive Director	29 November 2019	-
Guy Perkins	Non-Executive Director	27 October 2020	-
Brett Tucker ¹	Company Secretary	2 March 2020	1 November 2020
Benjamin Donovan ¹	Company Secretary	30 October 2020	-
Executive			
Robert Graham	Managing Director, CEO	11 September 2015	-
Peter Liddell	Chief Operating Officer	9 March 2020	-
Stephanie Syme	Chief Financial Officer	3 June 2020	-
Michael Kirkwood	General Manager	11 September 2015	21 February 2020
Nick Allan	CFO & Company Secretary	29 July 2016	3 March 2020

¹ Not employed or remunerated by the Company, therefore not included in following remuneration tables

In recognition of the challenges and uncertainty relating to the COVID-19 pandemic, key management personnel sacrificed salary for several months during the year. For executives, shares were issued in lieu of this salary.

Amounts of remuneration

2020

	Short term benefits			Post-employment benefits	Long term benefits	Share-based payments	Total	Performance-based remuneration
	Salaries, fees & commissions	Cash bonuses	Other	Superannuation	Long service leave	Equity-settled shares		
	\$	\$	\$	\$	\$	\$	\$	%
Directors:								
Stuart Carmichael	41,349	-	24,000	3,928	-	-	69,277	0%
Robert Graham	265,419	64,240	-	25,215	14,771	10,424	380,069	17%
Shaun Hardcastle	36,000	-	24,375	-	-	-	60,375	0%
James King	33,752	-	-	3,206	-	-	36,958	0%
Guy Perkins ¹	5,564	-	-	529	-	-	6,093	0%
Key Management:								
Michael Kirkwood ²	77,201	18,914	53,970	12,978	-	-	163,063	12%
Nick Allan ³	31,028	18,914	13,448	4,744	-	-	68,134	28%
Peter Liddell ⁴	169,398	-	-	18,788	-	35,023	223,209	13%
Stephanie Syme ⁵	74,411	-	-	7,069	-	5,686	87,166	0%
	734,122	102,068	115,793	76,457	14,771	51,133	1,094,344	

¹ Represents remuneration from 27 October to 31 December 2020

² Represents remuneration from 1 January to 21 February 2020

³ Represents remuneration from 1 January to 3 March 2020

⁴ Represents remuneration from 1 January to 31 December 2020

⁵ Represents remuneration from 3 June to 31 December 2020

2019

	Short term benefits			Post-employment benefits	Long term benefits	Share-based payments	Total	Performance-based remuneration
	Salaries, fees & commissions	Cash bonuses	Other	Superannuation	Long service leave	Equity-settled shares		
	\$	\$	\$	\$	\$	\$	\$	%
Directors:								
Stuart Carmichael	43,836	-	-	4,164	-	-	48,000	0%
Robert Graham	267,000	-	6,653	25,365	-	-	299,018	0%
Shaun Hardcastle	36,000	-	-	-	-	-	36,000	0%
Craig Read-Smith ¹	30,397	-	-	2,603	-	-	33,000	0%
James King	2,740	-	-	260	-	-	3,000	0%
Key Management:								
Michael Kirkwood	172,730	17,273	9,453	22,914	-	-	222,370	8%
Nick Allan	172,730	17,273	15,067	22,914	-	-	227,984	8%
	725,432	34,546	31,173	78,221	-	-	869,372	

¹ Represents remuneration from 1 January to 29 November 2019

3. Service agreements

The current directors of Schrole Group Ltd entered into contracts to be paid as follows:

- Mr Carmichael as Non-Executive Director and Chairman - \$4,000 per month
- Mr Graham as Managing Director – \$275,000 per annum excluding superannuation
- Mr Hardcastle, Mr King and Mr Perkins as Non-Executive Directors - \$3,000 per month

At the date of this report the Company has three key executives appointed, being Robert Graham as Managing Director and CEO, Peter Liddell as Chief Operating Officer (appointed 9 March 2020) and Stephanie Syme (appointed 3 June 2020). The terms of their Executive Employment Agreements with Schrole Operations Ltd are summarised in the following table:

Name	Remuneration
Robert Graham	<ul style="list-style-type: none"> ▪ Executive salary of \$275,000 excluding superannuation ▪ Bonus of up to 35% of annual salary based upon company achieving revenue and capital management targets ▪ Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies
Peter Liddell	<ul style="list-style-type: none"> ▪ Executive salary of \$175,494 excluding superannuation ▪ Bonus of 20% of annual salary based upon company achieving revenue and operational targets ▪ Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies
Stephanie Syme	<ul style="list-style-type: none"> ▪ Executive salary of \$175,000 prorated for 0.8FTE excluding superannuation ▪ Bonus of 20% of annual salary based upon company achieving revenue and operational targets ▪ Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies

4. Share based compensation

Shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2020 are included in the table below:

	Date	Shares	Issue Price	Issued in lieu of bonus	Issued in lieu of salary
Peter Liddell	03-Mar-20	1,576,167	0.0180	1,576,167	
Robert Graham	03-Aug-20	983,355	0.0106		983,355
Peter Liddell	03-Aug-20	627,541	0.0106		627,541
Stephanie Syme	03-Aug-20	536,378	0.0106		536,378

Options

There were no options issued to directors or other key management personnel as part of compensation during the year ended 31 December 2020.

Performance shares

On 27 August 2020, the Company issued an aggregate of 93,000,000 Conversion Shares on conversion of the Series B Performance Shares (Conversion Shares) to the Recipients. This included 90,000,000 Conversion Shares to Robert Graham. It was resolved at a General Meeting on 12 February 2021 that the 93,000,000 Conversion Shares, including the 90,000,000 issued to Robert Graham, be cancelled and accordingly, the Conversion Shares are due to be cancelled on 26 February 2021.

Performance rights

The Company has entered into deeds of cancellation with each of the holders of the Tranche B performance rights, pursuant to which the parties have agreed that the 5,070,000 Tranche B performance rights will be cancelled. This includes 1,320,000 performance rights previously on issue to Peter Liddell. The Tranche B performance rights were cancelled on 16 February 2021.

5. Additional information

The earnings of the Group for the three years to 31 December 2020 are summarised below:

	2020	2019	2018
	\$	\$	\$
Sales revenue	5,675,337	5,604,360	2,621,796
EBITDA	(1,033,235)	(1,187,366)	(3,512,012)
Net profit/(loss)	(2,177,382)	(1,969,565)	(3,765,309)
Share price at financial year end (\$)	0.018	0.023	0.020
Total dividends declared (cents per share)	0.000	0.000	0.000
Basic earnings per share (cents per share)	(0.2)	(0.3)	(0.6)

Employee Securities Incentive Plan (Plan)

The Group has established and maintains Schrole Group Employee Securities Incentive Plan (Plan) to provide ongoing incentives to Eligible Participants of the Company. Eligible Participants include:

- a Director (whether executive or non-executive) of any Group Company;
- a full or part time employee of any Group Company;
- a casual employee or contractor of a Group Company; or
- a prospective participant, being a person to whom the Offer was made but who can only accept the Offer if arrangement has been entered into that will resulting in the person becoming an Eligible Participant.

The Board adopted the Plan to allow Eligible Participants to be granted interests in securities in respect of the Company.

The purpose of the Plan is to assist in the reward and motivation of Eligible Participants and link the reward of Eligible Participants to performance and the creation of Shareholder value. It is designed to align the interest of Eligible Participants more closely to the interests of Shareholders by providing an opportunity for Eligible Participants to receive shares. It provides the Eligible Participants with the opportunity to share in any future growth in value of the Company and provides greater incentives for Eligible Participants to focus on the Company's longer-term goals.

During the year, the following issues occurred:

- 3 March 2020 – issue of 2,859,501 shares in relation to bonuses
- 3 August 2020 – issue of 7,697,489 shares in lieu of salary sacrificed in recognition of the challenges and uncertainty relating to the COVID-19 pandemic.

6. Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Held in escrow at the end of the year
Directors:						
Stuart Carmichael	500,000	-	-	-	500,000	-
Robert Graham ¹	125,885,250	983,355	90,000,000	-	216,868,605	90,000,000
Shaun Hardcastle	-	-	-	-	-	-
James King ²	4,500,000	-	-	754,717	5,254,717	-
Guy Perkins	-	-	-	-	-	-
Key Management:						
Peter Liddell	-	2,203,708	880,000	-	3,083,708	-
Stephanie Syme ³	-	536,378	-	560,000	1,096,378	-
	130,885,250	3,723,441	90,880,000	1,314,717	226,803,408	90,000,000

¹ 90,000,000 Series B Performance shares exercised, held in escrow and cancelled subsequent to year end

² Purchase as part of capital raising

³ Other change during the year was an on market purchase

Options Holding

The number of options in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable	Vested and unexercisable
Directors:							
Stuart Carmichael ¹	6,000,000	-	-	(6,000,000)	-	-	-
Robert Graham ¹	2,975,312	-	-	(2,975,312)	-	-	-
Shaun Hardcastle ¹	4,000,000	-	-	(4,000,000)	-	-	-
James King	-	-	-	-	-	-	-
Guy Perkins	-	-	-	-	-	-	-
Key Management:							
Peter Liddell	-	-	-	-	-	-	-
Stephanie Syme	-	-	-	-	-	-	-
	12,975,312	-	-	(12,975,312)	-	-	-

¹ Change in the year was options lapsing upon reaching expiry date without becoming exercisable

Performance share holdings

The number of performance shares in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration during the year	Other changes during the year	Balance at the end of the year
Directors:				
Stuart Carmichael	-	-	-	-
Robert Graham	235,000,000	(90,000,000)	-	145,000,000
Shaun Hardcastle	-	-	-	-
James King	-	-	-	-
Guy Perkins	-	-	-	-
Key Management:				
Peter Liddell	-	-	-	-
Stephanie Syme	-	-	-	-
	235,000,000	(90,000,000)	-	145,000,000

¹ 90,000,000 Series B Performance shares exercised, held in escrow and cancelled subsequent to year end

Performance right holdings

The number of performance rights in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable	Vested and unexercisable
Directors:							
Stuart Carmichael	-	-	-	-	-	-	-
Robert Graham	-	-	-	-	-	-	-
Shaun Hardcastle	-	-	-	-	-	-	-
James King	-	-	-	-	-	-	-
Guy Perkins	-	-	-	-	-	-	-
Key Management:							
Peter Liddell ¹	880,000	1,320,000	(880,000)	-	1,320,000	-	1,320,000
Stephanie Syme	-	-	-	-	-	-	-
	880,000	1,320,000	(880,000)	-	1,320,000	-	1,320,000

¹ Tranche B Performance rights vested but not exercisable, cancelled subsequent to year end

Other transactions with key management personnel and their related parties

There were no loans made to or repaid by key management personnel during the year.

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group acquired the following services from entities that are controlled by members of the Group's key management personnel:

Entity	Nature of transactions	Key Management Personnel	Total Transactions		Payable Balance	
			2020	2019	2020	2019
			\$	\$	\$	\$
Bellanhouse Legal	Legal advice	Shaun Hardcastle	-	14,683	-	2,615
HWL Ebsworth	Legal advice	Shaun Hardcastle	75,637	2,308	1,404	2,538
Ventnor Capital	Company secretarial and accounting services	Stuart Carmichael	48,439	-	3,333	-

This concludes the remuneration report, which has been audited.

Proceedings on behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnity and insurance of officers

The company has indemnified the directors, executives and company secretary of the company for costs incurred, in their capacity as a director, executive or company secretary, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Non-audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of BDO Audit (WA) Pty Ltd

There are no officers of the company who are former partners of BDO Audit (WA) Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

BDO (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read "Stuart Carmichael", with a horizontal line extending to the right.

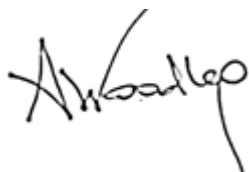
Stuart Carmichael
Non-Executive Chairman
25 February 2021

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF SCHROLE GROUP LTD

As lead auditor of Schrole Group Ltd for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Schrole Group Ltd and the entities it controlled during the period.



Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth, 25 February 2021

Schrole Group Ltd
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020

	Notes	2020 \$	2019 \$
Revenue	3	6,144,602	5,684,245
Expenses			
Alliance fees	4	(2,342,286)	(2,727,381)
Employee benefits expense	4	(2,814,162)	(2,092,581)
Depreciation & amortisation expense	4	(1,144,147)	(782,199)
Travel expense		(84,954)	(260,571)
Share-based payments	20	(219,254)	-
Finance costs	4	(53,036)	(49,456)
Other expenses	4	(1,664,145)	(1,741,622)
		<u>(8,321,984)</u>	<u>(7,653,810)</u>
Loss before income tax expense		<u>(2,177,382)</u>	<u>(1,969,565)</u>
Income tax benefit/(expense)	5	-	-
Loss after income tax expense for the period attributable to the owners of Schrole Group Ltd		<u>(2,177,382)</u>	<u>(1,969,565)</u>
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period attributable to the owners of Schrole Group Ltd		<u><u>(2,177,382)</u></u>	<u><u>(1,969,565)</u></u>
Basic earnings / (loss) per share (cents per share)	6	(0.2)	(0.3)
Diluted earnings / (loss) per share (cents per share)	6	(0.2)	(0.3)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Schrole Group Ltd
Consolidated Statement of Financial Position
As at Year Ended 31 December 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	7	5,107,987	2,005,189
Trade receivables	11	561,510	474,162
Other receivables	12	195,005	179,841
Total current assets		5,864,502	2,659,192
Non-current assets			
Property, plant and equipment	13	89,211	115,439
Right-of-use assets	14	285,259	104,545
Intangible assets	15	502,644	1,074,798
Other		-	1,462
Total non-current assets		877,114	1,296,244
Total assets		6,741,616	3,955,436
Liabilities			
Current liabilities			
Trade and other payables	16	1,209,076	1,239,942
Deferred revenue	17	2,718,447	3,009,493
Provision for employee benefits		239,847	197,819
Financial liabilities	18	148,336	193,751
Other		1,000	1,000
Total current liabilities		4,316,706	4,642,005
Non-current liabilities			
Provision for employee benefits		22,847	23,399
Financial liabilities	18	212,955	-
Total non-current liabilities		235,802	23,399
Total liabilities		4,552,508	4,665,404
Net assets / (deficiency)		2,189,108	(709,968)
Equity			
Issued capital	19	19,805,751	14,785,563
Reserves	21	(1,141,400)	959,223
Accumulated losses		(16,475,243)	(16,454,754)
Total equity		2,189,108	(709,968)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Schrole Group Ltd
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2020

	Issued capital	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 January 2019	12,820,563	959,223	(14,485,189)	(705,403)
Loss after income tax expense for the period	-	-	(1,969,565)	(1,969,565)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(1,969,565)	(1,969,565)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	1,965,000	-	-	1,965,000
Balance at 31 December 2019	14,785,563	959,223	(16,454,754)	(709,968)
	Issued capital	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 January 2020	14,785,563	959,223	(16,454,754)	(709,968)
Loss after income tax expense for the period	-	-	(2,177,382)	(2,177,382)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(2,177,382)	(2,177,382)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares (net of costs)	2,088,890			2,088,890
Exercise of options	106,667			106,667
Performance shares issued		-		-
Performance rights vested		86,190		86,190
Performance rights exercised	29,920	(29,920)		-
Conversion of convertible note (net of costs)	2,794,711			2,794,711
Return options reserve to earnings		(2,156,893)	2,156,893	-
Balance at 31 December 2020	19,805,751	(1,141,400)	(16,475,243)	2,189,108

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Schrole Group Ltd
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		5,252,147	6,088,446
Payments to suppliers and employees		(6,752,513)	(6,949,530)
		(1,500,366)	(861,085)
Government grants		496,421	-
Interest received		3,134	1,806
Net cash (used in) operating activities	8	(1,000,811)	(859,279)
Cash flows from investing activities			
Payments for property, plant and equipment		(27,382)	(159,795)
Payments for software development costs		(381,666)	(642,284)
Net cash (used in) investing activities		(409,048)	(802,079)
Cash flows from financing activities			
Receipts from shares issued		2,125,926	1,965,000
Receipts from convertible notes		2,895,000	-
Share/convertible note issue transaction costs		(264,463)	-
Net drawdown/(repayment) of other financing facilities		(30,576)	30,576
Interest paid		(6,106)	-
Finance lease costs		(109,519)	-
Net cash from financing activities		4,610,262	1,995,576
Net increase/(decrease) in cash and cash equivalents		3,200,403	334,219
Cash and cash equivalents at the beginning of the period		2,005,189	1,670,970
Effects of exchange rate changes on cash and cash equivalents		(97,605)	-
Cash and cash equivalents at the end of the period	7	5,107,987	2,005,189

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Schrole Group Ltd

Notes to the Financial Statements

These consolidated financial statements cover Schrole Group Ltd (**Company**) and its controlled entities as a consolidated entity (also referred to as a **Group**). Schrole Group Ltd is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity. The financial statements are presented in Australian dollars, which is Schrole Group's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2021. The directors have the power to amend and reissue the financial statements.

The principal accounting policies adopted by the Group in the preparation and presentation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Note 1. Summary of Significant Accounting Policies

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Company has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Schrole Group Limited as at 31 December 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments for the years ended 31 December 2019 and 31 December 2020 are Software and Training.

Foreign currency translation

The financial statements are presented in Australian dollars, which Schrole Group's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

Revenue is recognised depicting the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue relating to the provision of services reflects the identification of the contract (either written, verbal or implied) that relates to the provision of those services, the identification of the separate performance obligations within the respective contract, the determination of the transaction price, and the recognition of revenue when each performance obligation is satisfied.

Software licence fees

Revenue from software licence fees is recognised over the term of the licence, with such recognition reflecting the progressive satisfaction of the separate performance obligations within the respective licence. These performance obligations include the provision of the software licence platform for the relevant products and, in some cases, the opportunity to attend recruitment fairs that take place during the term of the licence.

Training fees

Revenue from delivery of training services is recognised upon delivery of the respective training course.

Interest revenue

Interest revenue is brought to account on an accruals basis using the effective interest rate method and, if not received at the end of the reporting period, is reflected in the statement of financial position as a receivable.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them, and that the grants will be received.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Schrole Group and its wholly-owned subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after

the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks with original maturity of three months or less.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each asset over their expected useful lives as follows:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	15% to 67%
Leasehold Improvements	7% to 28%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering:

- Development costs can be reliably measured
- The project is technically and commercially feasible
- The Group intends to and has sufficient resources to complete the project
- The Group has the ability to use or sell the software.

Amortisation of capitalised development costs begins when development is complete and the asset is available for use. Amortisation occurs over the period of expected future benefit, which will normally be the useful life of the asset. Amortisation is recorded in other expenses and is currently amortised on a straight-line basis between 1 to 5 years. The average depreciation rate at year end is 2.5 years. During the period of development, the asset is tested for impairment annually.

Intangible assets with a finite useful life are reviewed for impairment whenever there is an indication that the assets may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each year end.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

On 13 May 2020, the Company issued convertible notes to Faria Education Ltd ("Faria") for \$2,895,000 consideration. On 1 September 2020, Faria converted the notes to 273, 113, 208 ordinary shares at a deemed price of 1.06 cents.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable it will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

Liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The Group operates an employee share and option plan.

Share-based payments to employees are measured at the fair value of the instruments issued and expensed over the vesting periods. The fair value of performance right options is determined using the satisfaction of certain performance criteria (Performance Milestones). The number of shares option and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value is determined using either a Black Scholes or Monte Carlo simulation model depending on the type of share-based payment.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to member of the parent entity, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (if any).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Goods and services tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Officer ("ATO"). In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Going concern

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

The ability of the Group to continue as a going concern is dependent on the Group either achieving expected rates of renewals and securing forecast new sales of software subscription contracts and there being continued strong demand for its training services or securing additional funding through the issue of debt and/or equity.

The World Health Organisation announced that the new coronavirus disease (COVID-19) had become a pandemic on 11 March 2020. The Group has developed policies and procedures to address the health and wellbeing of employees. The timing, extent of the impact and recovery from COVID-19 on our employees, customers and suppliers is unknown. At the date of this report, it is uncertain what the effect will be on the Group as the group is currently still ascertaining the impact of COVID-19 on its operating and financing activities.

For the year ended 31 December 2020, the Group incurred a net loss of \$2,177,382 and experienced net cash outflows from operations of \$1,000,811. During the year, the Group completed a capital raising with net proceeds of \$4,756,463. This has contributed to net assets of \$2,189,108 and a cash balance of \$5,107,987 as at 31 December 2020.

Management considers that there are sufficient funds available to continue to meet the Group's working capital requirements and support planned technical and product development and cross selling initiatives, to underpin the Group's future growth.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 11, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. The company reviews intangible assets for impairment once a year or more frequently if events or changes in circumstances indicate that there is impairment.

Share based payments

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Capitalisation of costs

The Group's accounting policy for capitalised development expenditure is set out in Note 1. The application of this policy necessarily requires management to make certain estimates and assumptions as to the future events and circumstances of the Company. Any such estimate and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is concluded that the expenditures relate to aspects of the asset no longer utilised, or it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

Control of ISS-Schrole Advantage Pty Ltd

There is a significant judgement in considering the 'relevant activities' of ISS-Schrole Advantage Pty Ltd pursuant to AASB 10 in determining where control of that entity rests. Management has assessed the key relevant activities as being the 100% ownership of the Advantage software platform by the Group and the responsibility of the Group for the ongoing development and maintenance of the software platform. On this basis management has determined that the Company controls ISS-Schrole Advantage Pty Ltd pursuant to AASB 10.

Performance rights

The value of the 45,200,000 Performance Rights issued to employees pursuant to the Employee Securities Incentive Scheme has been assessed at \$0.017 per Performance Right which reflects the market value of the underlying ordinary shares at grant date. Management have assessed the probability of achieving the respective performance milestone of each tranche of Performance Rights, based on its understanding of the entity and its market, and have determined the milestones for Tranche A and Tranche B have been met, whilst the probability of achieving the milestone for Tranche C to be 0%. Refer to note 20 for further details on the Performance Rights milestones.

Performance Shares

The value of the 290,000,000 Performance Shares issued under the reverse takeover transaction has been assessed at \$0.02 per share which reflects the market value of the underlying ordinary shares at grant date. Management have assessed the probability of achieving the respective performance milestone of each tranche of Performance Shares, based on its understanding of the entity and its market, and have determined

the milestones for Series A and Series B have been met, whilst the probability of achieving the milestone for Series C to be 0%. Refer to note 20 for further details on the Performance Share milestones.

Note 3. Revenue and Other Income

	2020 \$	2019 \$
Sales revenue		
Software licences	4,696,199	4,295,441
Training services	979,138	1,308,919
	<u>5,675,337</u>	<u>5,604,360</u>
Other revenue		
Interest	3,134	1,806
Other revenue	466,131	78,079
	<u>469,265</u>	<u>79,885</u>
	<u>6,144,602</u>	<u>5,684,245</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Software \$	Training \$	Total \$
2020			
Geographical regions			
International	4,470,449	8,691	4,479,140
Domestic	225,750	970,447	1,196,197
	<u>4,696,199</u>	<u>979,138</u>	<u>5,675,337</u>
Timing of revenue recognition			
Goods transferred at a point in time	83,752	979,138	1,062,890
Services transferred over time	4,612,447	-	4,612,447
	<u>4,696,199</u>	<u>979,138</u>	<u>5,675,337</u>

Note 4. Profit / (Loss) for the year

	2020 \$	2019 \$
Profits/(Loss) before income tax from continuing operations includes the following specific expenses:		
Alliance and Partner Fees		
Alliance fees - ISS	2,294,882	2,680,018
Other partner fees	47,404	47,363
	<u>2,342,286</u>	<u>2,727,381</u>

Alliance fees represents the fees payable to International Schools Services Inc ("ISS"), pursuant to the Alliance Agreement entered into between the Company and ISS dated 31 August 2018 ("Alliance Agreement") and amended 30 June 2020 ("the Amendment").

Pursuant to the Alliance Agreement, products and services are sold to the parties' international school clients through ISS-Schrole Advantage Pty Ltd ("ISS-Schrole Advantage"), a wholly-owned subsidiary of the Company. The Company retains control of the development and maintenance of the core Advantage software platform for ISS-Schrole Advantage and retains ownership of the intellectual software associated with the Advantage software platform. ISS provides recruitment fair and support services to ISS-Schrole Advantage clients.

Up to 30 June 2020, the Alliance Fees were attributable to ISS based on a sharing of the net revenue of ISS-Schrole Advantage Pty Ltd on a 50:50 basis between Schrole and ISS, subject to a transitional arrangement aimed at maintaining each party's revenue base from international schools prior to the commencement of the Alliance Agreement. In accordance with the Amendment, effective from 1 July 2020, the transitional arrangement is removed and all net revenues are shared on a 50:50 basis between Schrole and ISS until the arrangement terminates on 30 June 2021.

	2020 \$	2019 \$
<i>Depreciation and amortisation</i>		
Developed software	957,405	594,414
Right to use asset	134,196	156,817
Property, plant and equipment	52,546	30,968
	<u>1,144,147</u>	<u>782,199</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	42,978	49,456
Interest and finance charges paid/payable on lease liabilities	10,058	-
	<u>53,036</u>	<u>49,456</u>
<i>Employee benefits expense</i>		
Employee benefits excluding superannuation	2,583,018	1,880,631
Defined contribution superannuation expense	231,144	211,950
	<u>2,814,162</u>	<u>2,092,581</u>
<i>Other expenses</i>		
Sales, marketing & commissions	59,904	119,377
Consulting fees	359,793	29,500
IT expenses	339,849	216,825
Other expenses	904,599	1,375,920
	<u>1,664,145</u>	<u>1,741,622</u>

Note 5. Income Tax

The financial accounts for the year ended 31 December 2020 comprise the results of Schrole Group Ltd. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 27.5%.

	2020 \$	2019 \$
<i>(a) Income tax expense</i>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Income tax expense / (benefit) on operating loss at 27.5% (2019: 27.5%)	(598,780)	(541,630)
Non-deductible items		
Non-deductible expenses	475,665	179,542
- entertainment	-	1,218
- expensed R&D costs	-	-
- depreciation on R&D assets	256,411	178,324
- share based payments	219,254	-
Temporary differences not recognised	123,115	362,088
Prior period deferred tax asset written off	-	-
Income tax (expense) / benefit	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%
Balance of franking account at year end	-	-

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 31 December 2020, because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

Note 6. Earnings per share

	2020	2019
	\$	\$
Profit/(loss) after income tax attributable to the owners of Schrole Group Ltd	(2,177,382)	(1,969,565)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,136,480,850	761,382,559
Adjustments for calculation of diluted earnings per share:		
In-the-money options	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,136,480,850	761,382,559
	Cents	Cents
Basic earnings per share	(0.2)	(0.3)
Diluted earnings per share	(0.2)	(0.3)

Note 7. Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank	5,107,987	2,005,189
Total cash and cash equivalents in the statement of cash flows	5,107,987	2,005,189

Note 8. Cash Flow Information

	2020 \$	2019 \$
Profit / (Loss) after income tax	(2,177,382)	(1,969,565)
Non-cash flows in loss after tax		
Depreciation	1,144,147	782,199
Net (gain)/ loss on disposal of non-current assets	40,289	-
Share based payment expense	219,254	-
Unrealised currency gains/losses	155,277	-
Changes in assets and liabilities		
Increase / (decrease) in deferred revenue	(291,046)	464,859
Decrease / (increase) in receivables	(102,512)	128,875
(Decrease) / increase in payables	(30,866)	21,751
(Decrease) / increase in other payables	42,028	(287,398)
Cash flow (used in) operating activities	<u>(1,000,811)</u>	<u>(859,279)</u>

Note 9. Non- cash Investing and Financing Activities

	2020 \$	2019 \$
Additions to the right-of-use assets	354,115	261,362
Disposals of right-of-use assets	39,205	-
Shares issued under employee share plan	219,254	-
	<u>612,574</u>	<u>261,362</u>

Note 10. Changes in Liabilities Arising from Financing Activities

	Lease liability \$	Convertible notes \$	Premium funding facility \$	Total \$
Balance at 1 January 2019	41,504	-	-	41,504
Net cash used in financing activities	-	-	(32,191)	(32,191)
Acquisition of leases	121,348			121,348
Establishment of facility			62,767	62,767
Balance at 31 December 2019	<u>162,852</u>	<u>-</u>	<u>30,576</u>	<u>193,428</u>
Net cash from/(used in) financing activities	(109,519)	-	(30,576)	(140,095)
Acquisition of leases	354,116			354,116
Disposal of leases	(46,158)			(46,158)
Issue of convertible notes		2,895,000		2,895,000
Conversion of convertible notes to shares		(2,895,000)		(2,895,000)
Balance at 31 December 2020	<u>361,291</u>	<u>-</u>	<u>-</u>	<u>361,291</u>

Note 11. Trade Receivables

	2020	2019
	\$	\$
Trade receivables	567,580	499,029
Less allowance for expected credit loss	(6,070)	(24,867)
	<u>561,510</u>	<u>474,162</u>

Movements in the allowance for expected credit losses are as follows:

	2020	2019
	\$	\$
Opening balance	24,867	65,651
Additional provisions recognised	6,117	-
Receivables written off during the year as uncollectable	-	-
Unused amounts reversed	(24,914)	(40,784)
Closing balance	<u>6,070</u>	<u>24,867</u>

Allowance for expected credit losses

The Group has recognised a loss of \$6,117 in profit or loss in respect of the expected credit losses for the year ended 31 December 2020.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

2020	Expected credit loss rate %	Carrying amount \$	Allowance for expected credit losses \$
Not overdue	0.4%	147,334	630
0 to 3 months overdue	0.5%	290,756	1,500
3 to 6 months overdue	0.9%	47,679	444
Over 6 months overdue	4.3%	81,811	3,496
		<u>567,580</u>	<u>6,070</u>

2019	Expected credit loss rate %	Carrying amount \$	Allowance for expected credit losses \$
Not overdue	0.4%	129,539	554
0 to 3 months overdue	0.5%	255,639	1,319
3 to 6 months overdue	16.7%	41,920	7,000
Over 6 months overdue	22.2%	71,930	15,995
		<u>499,029</u>	<u>24,867</u>

Trade receivables are generally due for settlement within 30 days. Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk can be found in Note 23.

Note 12. Other Receivables

	2020 \$	2019 \$
GST receivable	42,871	75,591
Term deposit	60,000	60,000
Prepayments	35,331	38,883
Other	56,803	5,367
	<u>195,005</u>	<u>179,841</u>

Note 13. Property, Plant and Equipment

	2020 \$	2019 \$
Leasehold improvements - at cost	269,859	305,886
Less: Accumulated depreciation	(225,163)	(255,477)
	<u>44,696</u>	<u>50,409</u>
Plant and equipment - at cost	180,971	280,025
Less: Accumulated depreciation	(136,456)	(214,995)
	<u>44,515</u>	<u>65,030</u>
	<u>89,211</u>	<u>115,439</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 January 2019	58,143	68,160	126,303
Additions	-	20,104	20,104
Disposals	-	-	-
Depreciation expense	(7,734)	(23,234)	(30,968)
Balance at 31 December 2019	<u>50,409</u>	<u>65,030</u>	<u>115,439</u>
Additions	-	27,402	27,402
Disposals	-	(5,175)	(5,175)
Depreciation expense	(5,713)	(42,742)	(48,455)
Balance at 31 December 2020	<u>44,696</u>	<u>44,515</u>	<u>89,211</u>

Note 14. Right-of-use Assets

	2020	2019
	\$	\$
Land and buildings - right-of-use	354,115	627,269
Less: Accumulated depreciation	(68,856)	(522,724)
	<u>285,259</u>	<u>104,545</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	\$
Balance at 1 January 2019	-
Additions	261,362
Disposals	-
Depreciation expense	(156,817)
Balance at 31 December 2019	<u>104,545</u>
Additions	354,115
Disposals	(39,205)
Depreciation expense	(134,196)
Balance at 31 December 2020	<u>285,259</u>

The Group leases land and buildings for its office under a three year agreement, with an escalation clause of 4% per year. On renewal, the terms of the leases are renegotiated.

The Group leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 15. Intangible Assets

	2020	2019
	\$	\$
Developed software acquired	284,569	284,569
Additional development	2,822,715	2,462,465
R&D offset	(362,227)	(362,227)
	<u>2,745,057</u>	<u>2,384,807</u>
Less: Accumulated depreciation	(2,244,933)	(1,312,529)
	<u>500,124</u>	<u>1,072,278</u>
Trademark acquired	2,520	2,520
	<u>502,644</u>	<u>1,074,798</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Software	Trademark	Total
	\$	\$	\$
Balance at 1 January 2019	1,024,408	2,520	1,026,928
Additions	642,284	-	642,284
Write offs	-	-	-
Amortisation expense	(594,414)	-	(594,414)
Balance at 31 December 2019	1,072,278	2,520	1,074,798
Additions	385,251	-	385,251
Write offs	-	-	-
Amortisation expense	(957,405)	-	(957,405)
Balance at 31 December 2020	500,124	2,520	502,644

Note 16. Trade and Other Payables

	2020	2019
	\$	\$
Trade payables	126,678	189,481
Provisions and accruals	883,005	863,557
Other	199,393	186,904
	1,209,076	1,239,942

The balance of provisions and accruals includes \$579,379 (2019: \$708,823) in respect of accrued service fees payable to ISS pursuant to the Alliance Agreement. Refer to Note 4 for further information.

Note 17. Deferred Revenue

	2020	2019
	\$	\$
Deferred revenue	2,718,447	3,009,493

Revenue from software service contract subscriptions is recognised when the performance obligations associated with the software service contract are satisfied, which has been assessed as being satisfied over the duration of the contract. The deferred revenue balance represents that portion of software service subscription income for which the associated performance obligations have not been satisfied as at the reporting date.

The decrease in the deferred revenue balance as at 31 December 2020 compared with the prior year reflects 9% lower invoiced sales compared to the prior year representing the impact of COVID-19.

Note 18. Financial Liabilities

	2020	2019
	\$	\$
Current Liabilities		
Lease liability - 142 Hasler Road, Osborne Park	148,336	163,175
Premium funding facility	-	30,576
	<u>148,336</u>	<u>193,751</u>
Non-Current Liabilities		
Lease liability - 142 Hasler Road, Osborne Park	<u>212,955</u>	<u>-</u>

Note 19. Issued Capital

	2020 Shares	2019 Shares	2020 \$	2019 \$
Ordinary shares - fully paid	1,473,183,763	889,620,231	19,805,751	14,785,563

Movements in ordinary share capital

Details	Note	Date	Shares	\$
Balance		31/12/2018	631,370,231	12,820,563
Issue of shares - private placement		03/05/2019	156,250,000	1,250,000
Share issue transaction costs				(75,000)
Issue of shares - private placement		26/09/2019	100,000,000	800,000
Share issue transaction costs				(50,000)
Exercise of options		10/12/2019	2,000,000	40,000
Balance		31/12/2019	889,620,231	14,785,563
Issue of shares - employee incentive	16a	03/03/2020	2,859,501	51,471
Conversion of performance rights	16b	20/04/2020	880,000	14,960
Issue of shares - placement	16c	21/05/2020	133,249,243	1,412,442
Share issue transaction costs				(100,741)
Issue of shares - placement	16d	10/07/2020	66,750,757	707,558
Share issue transaction costs				(63,433)
Issue of shares - employee incentive	16e	03/08/2020	7,697,489	81,593
Conversion of performance rights	16f	11/08/2020	680,000	14,960
Issue of Series B performance shares	16g	27/08/2020	93,000,000	-
Redemption of convertible note	16h	01/09/2020	273,113,208	2,895,000
Convertible note issue transaction costs				(100,289)
Exercise of options	16i	01/09/2020	5,333,334	106,667
Balance		31/12/2020	1,473,183,763	19,805,751

16a Fully paid ordinary shares to employees under incentive scheme in lieu of salary

16b Conversion of Tranche A Performance Rights

16c Placement of fully paid ordinary shares to sophisticated and professional investors at \$0.0106 per share

16d Placement of fully paid ordinary shares to sophisticated and professional investors at \$0.0106 per share

16e Fully paid ordinary shares to employees under incentive scheme in lieu of salary

16f Conversion of Tranche A Performance Rights

16g Issue of shares on achievement of milestone, shares subsequently cancelled in February 2021

16h Election by Faria to convert notes to equity

16i Exercise of options granted 5 October 2017 on achieving exercise price

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 20. Share Based Payments

Performance shares

Performance Shares	Number of Performance Shares	Expiry date	Vesting Condition
Series B	93,000,000	10-Oct-20	Sales revenue over 12-month period
Series C	150,000,000	10-Oct-21	EBITDA over 12-month period

Pursuant to the acquisition of Schrole Operations Ltd by Schrole Group Ltd and the related capital raising, on 5 October 2017 Schrole Group Ltd issued a total of 290,000,000 Series A, Series B and Series C performance shares to existing performance shareholders of Schrole Operations Ltd, in consideration for the cancellation of those existing performance shares:

- Series A performance shares that convert into an equal number of ordinary shares once the company achieves 215 school subscriptions to Schrole Connect or 198 subscription licences to Schrole Cover within 18 months of admission onto the ASX. On 27 September 2018, following satisfaction of this milestone, the 47,000,000 Series A performance shares on issue converted to the same number of ordinary shares;
- Series B performance shares will convert into an equal number of ordinary shares once the company achieves sales revenue of \$7,000,000 over any 12-month period prior to 36 months of admission onto the ASX. On 27 August 2020, following satisfaction of this milestone, the Company issued an aggregate of 93,000,000 Shares on conversion of the Series B Performance Shares (Conversion Shares) to the holders of the Series B performance shares (Recipients). Through no admission of liability on behalf of the Company or the Recipients and following discussions with the Recipients, the Company entered into deeds of cancellation with each of the Recipients, pursuant to which the parties agreed that, subject to shareholder approval, the 93,000,000 Conversion Shares would be cancelled. It was resolved at a General Meeting on 12 February 2021 that the 93,000,000 Conversion Shares be cancelled and accordingly, the Conversion Shares are due to be cancelled on 26 February 2021.
- Series C performance shares will convert into an equal number of ordinary shares once the company achieves EBITDA of \$3,000,000 over any 12-month period prior to 48 months of admission onto the ASX. As at 31 December 2020, management assessed the number of performance shares that are expected to vest as nil for Series C performance shares. Management will re-assess the number of performance shares expected to vest in subsequent financial years.

Options

Pursuant to the acquisition of Schrole Operations Ltd by Schrole Group Ltd and the related capital raising, on 5 October 2017 Schrole Group Ltd issued a total of 197,000,000 options to certain original ordinary shareholders of Schrole Operations Ltd, original convertible noteholders of Schrole Operations Ltd and advisers. In addition, on 5 October 2017 Schrole Group Ltd issued a total of 14,000,000 options to the incoming non-executive directors of Schrole Group Ltd. All options had an expiry date of 5 October 2020.

On 10 December 2019, 2,000,000 options with an exercise price of \$0.02 were exercised. On 1 September 2020, 5,333,334 options with an exercise price of \$0.02 were exercised.

During the year, a total of 203,666,666 options exercisable at between \$0.02 and \$0.04 lapsed.

As at the date of this report, all unexercised options previously issued had expired.

Performance Rights

Pursuant to the Company's Employee Securities Incentive Plan, on 3 July 2018 Schrole Group issued a total of 45,200,000 performance rights to current employees of the Company and its wholly-owned subsidiaries as follows:

Performance Rights	Number of Rights Issued	Number of Rights Vested	Number of Rights on Issue at 31 December 2020	Exercise Price	Expiry date	Vesting Condition	Valuation \$
Tranche A	9,040,000	9,040,000	3,160,000	Nil	03-Jul-23	Software licences	\$153,680
Tranche B ¹	13,560,000	5,070,000	5,070,000	Nil	03-Jul-23	Sales revenue over 12-month period	\$86,190
Tranche C	22,600,000	Nil	8,450,000	Nil	03-Jul-23	EBITDA over 12-month period	Nil

¹ cancelled subsequent to year end.

The terms of the performance rights are as follows:

- Tranche A performance rights vesting once the company achieves 215 school subscriptions to Schrole Connect or 198 subscription licences to Schrole Cover within 18 months of admission onto the ASX. On 27 September 2018, the Tranche A performance rights vested following satisfaction of this milestone. Accordingly, \$153,680 share based payment expense was recorded for the year to 31 December 2018 in relation to the issue of the Tranche A performance rights. On 12 November 2018 the Company issued 4,320,000 ordinary shares on the exercise of the same number of Tranche A performance rights, with the remainder yet to convert to ordinary share capital.
- Tranche B performance rights vesting once the company achieves sales revenue of \$7,000,000 over any 12-month period prior to 36 months of admission onto the ASX. During the year ended 31 December 2020, the Tranche B performance rights vested following satisfaction of the milestone. Accordingly, \$86,190 share based payment expense was recorded in relation to the issue of the Tranche B performance rights. Subsequent to year end, the Company has entered into deeds of cancellation with each of the holders of the Tranche B performance rights, pursuant to which the parties have agreed that the 5,070,000 Tranche B performance rights will be cancelled. The Tranche B performance rights were cancelled on 16 February 2021.
- Tranche C performance rights vesting once the company achieves EBITDA of \$3,000,000 over any 12-month period prior to 48 months of admission onto the ASX. As at the date of issue, management assessed the number of performance shares that are expected to vest as 0% for Tranche C performance rights. Management will re-assess the number of performance rights expected to vest in subsequent financial years.

Note 21. Reserves

		2020 \$	2019 \$
Acquisition reserve	18a	(1,387,793)	(1,387,793)
Options reserve	18b	-	2,156,893
Share based payment reserve	18c	246,393	190,123
		<u>(1,141,400)</u>	<u>959,223</u>

a) Acquisition Reserve

This reserve has arisen on the common controlled group restructure on 31 October 2015 whereby the group acquired 100% of the issued shares of Schrole Pty Ltd.

b) Options Reserve

	Date	No.	\$
Balance	31/12/2018	211,000,000	2,156,893
Exercise of options	10/12/2019	(2,000,000)	-
Balance	31/12/2019	<u>209,000,000</u>	<u>2,156,893</u>
Exercise of options	01/09/2020	(5,333,334)	-
Expiry of options	05/10/2020	(203,666,666)	-
Return reserve to retained earnings	31/12/2020	-	(2,156,893)
Balance	31/12/2020	<u>-</u>	<u>-</u>

The options reserve is used to recognise the fair value of options issued for services provided.

c) Share based payment reserve

	Date	No.	\$
Balance	31/12/2018	285,680,722	190,123
Balance	31/12/2019	<u>285,680,722</u>	<u>190,123</u>
Conversion of Tranche A performance right	20/04/2020	(880,000)	(14,960)
Partial vesting of Tranche B performance right	30/06/2020	-	64,643
Conversion of performance rights	11/08/2020	(680,000)	(14,960)
Vesting of remainder of Tranche B performance rights	30/09/2020	-	21,547
Balance	31/12/2020	<u>284,120,722</u>	<u>246,393</u>

	2020 \$	2019 \$
Expenses arising from share based payments		
Employee benefits	<u>219,254</u>	<u>-</u>
	<u>219,254</u>	<u>-</u>

The share based payment reserve is used to record the value of the share based payments through issue of performance shares. Further detail on share based payment is provided in note 20.

Note 22. Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments for the years ended 31 December 2019 and 31 December 2020 are Software and Training:

2020	Software	Training	Unallocated	Total
	\$	\$	\$	\$
Segment income				
Sales revenue	4,696,199	979,138	-	5,675,337
Other revenue	100,000	204,831	164,434	469,265
	<u>4,796,199</u>	<u>1,183,969</u>	<u>164,434</u>	<u>6,144,602</u>
Segment expenses				
Alliance fees	2,342,286	-	-	2,342,286
Employee benefits expense	968,275	557,681	1,288,206	2,814,162
Depreciation	930,622	13,942	199,583	1,144,147
Travel expenses	46,787	31,183	6,984	84,954
Share-based payments	105,081	40,601	73,572	219,254
Finance costs	36,514	3,150	13,372	53,036
Other expenses	896,210	225,560	542,375	1,664,145
	<u>5,325,775</u>	<u>872,116</u>	<u>2,124,092</u>	<u>8,321,984</u>
Loss before income tax	(529,577)	311,853	(1,959,658)	(2,177,382)
Segment assets and liabilities				
Cash	1,011,363	330,538	3,766,086	5,107,987
Trade and other receivables	444,122	117,388	194,805	756,315
Plant and equipment	3,410	85,802	-	89,212
Right-of-use assets	-	-	285,259	285,259
Intangibles	502,644	-	-	502,644
Trade and other creditors	(709,787)	(88,460)	(758,312)	(1,556,559)
Borrowings	(2,651,893)	(501,010)	2,875,601	(277,302)
Deferred revenue	(2,718,448)	-	-	(2,718,448)
Net assets	(4,118,589)	(55,742)	6,363,439	2,189,108

2019	Software	Training	Unallocated	Total
	\$	\$	\$	\$
Segment income				
Sales revenue	4,295,441	1,308,919	-	5,604,360
Other revenue	54,310	23,784	1,791	79,885
	4,349,751	1,332,703	1,791	5,684,245
Segment expenses				
Alliance fees	2,727,381	-	-	2,727,381
Employee benefits expense	419,378	507,942	1,165,262	2,092,582
Depreciation	610,328	15,054	156,817	782,199
Travel expenses	151,027	43,178	66,366	260,571
Share-based payments	-	-	-	-
Finance costs	36,728	3,155	9,573	49,456
Other expenses	475,182	568,079	698,360	1,741,621
	4,420,024	1,137,408	2,096,378	7,653,810
Loss before income tax	(70,273)	195,295	(2,094,587)	(1,969,565)
Segment assets and liabilities				
Cash	1,899,126	30,421	75,642	2,005,189
Trade and other receivables	330,526	161,985	161,493	654,004
Plant and equipment	36,442	38,954	104,545	179,941
Right-of-use assets	-	-	-	-
Intangibles	1,074,798	-	-	1,074,798
Trade and other creditors	(959,773)	(97,783)	(404,604)	(1,462,160)
Borrowings	-	-	(152,247)	(152,247)
Deferred revenue	(3,009,493)	-	-	(3,009,493)
Net assets	(628,374)	133,577	(215,171)	(709,968)

Note 23. Financial Instruments

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, other debtors and accounts payable.

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are market risk (including fair value and interest rate risk) and cash flow interest rate risk, credit risk and liquidity risk.

(a) Interest Rate Risk

From time to time the Group has significant interest-bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances.

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

	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	2020 Total \$	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	2019 Total \$
Financial assets								
- Within one year								
Cash and cash equivalents	5,107,987	-	-	5,107,987	2,005,189	-	-	2,005,189
Trade and other receivables	-	-	756,515	756,515	-	-	654,003	654,003
Total financial assets	5,107,987	-	756,515	5,864,502	2,005,189	-	654,003	2,659,192
Financial liabilities								
- Within one year								
Lease liability	-	-	106,832	106,832	-	-	121,671	121,671
Premium funding facility	-	-	-	-	-	30,576	-	30,576
Trade and other payables	-	-	1,209,076	1,209,076	-	-	1,239,942	1,239,942
Other liabilities	-	-	1,000	1,000	-	-	1,000	1,000
	-	-	1,316,908	1,316,908	-	30,576	1,362,613	1,393,189
- More than one year								
Lease liability	-	-	212,955	212,955	-	-	-	-
	-	-	212,955	212,955	-	-	-	-
Total financial liabilities	-	-	1,529,862	1,529,862	-	30,576	1,362,613	1,393,189
Weighted average interest rate	0.1%				0.1%			
Net financial assets	5,107,987	-	(773,347)	4,334,640	2,005,189	(30,576)	(708,610)	1,266,003

Sensitivity Analysis

The following table illustrates sensitivities to the Consolidated Entity's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Movement in profit \$	Movement in equity \$
Year ended 31 December 2020		
+/- 1% interest rate	56,188	56,188
Year ended 31 December 2019		
+/- 1% interest rate	15,848	15,848

(b) Credit Risk

The maximum exposure to credit risk is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2020 \$	2019 \$
Cash and cash equivalents - AA Rated	8	<u>5,107,987</u>	<u>2,005,189</u>

Credit risk related to trade and other receivables is managed by the Group in accordance with approved Board policy. The Group has assessed that there is no material impairment of the carrying value of trade and other receivables as at the reporting date.

	2020 \$	2019 \$
Total 30 since issue	290,756	255,639
Total 60 since issue	47,679	41,920
Total 90+ since issue	<u>81,812</u>	<u>71,931</u>
	<u>420,247</u>	<u>369,490</u>

The Group is satisfied that, based on prior recoveries, all amounts that have not been provided for are recoverable.

(c) **Liquidity Risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place. The financial liabilities of the Group bank borrowings, trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date. The tables below include both interest and principal cash flows and therefore these totals may differ from their carrying amount in the statement of financial position.

2020	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows
	\$	\$	\$	\$	\$	\$
Financial liabilities at amortised cost:						
Lease liability	42,732	75,326	219,450			337,508
Premium funding facility						-
Trade and other payables	1,209,076					1,209,076
Other liabilities			1,000			1,000
	<u>1,251,808</u>	<u>75,326</u>	<u>220,450</u>	<u>-</u>	<u>-</u>	<u>1,547,584</u>

2019	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows
	\$	\$	\$	\$	\$	\$
Financial liabilities at amortised cost:						
Lease liability	90,827	30,844				121,671
Premium funding facility	30,576					30,576
Trade and other payables	1,239,942					1,239,942
Other liabilities	1,000					1,000
	1,362,345	30,844	-	-	-	1,393,189

(d) Net fair Value of financial assets and liabilities

Fair value estimation

Due to the nature of the receivables and payables the carrying value approximates fair value.

(e) Financial arrangements

The company had no other financial arrangements in place at 31 December 2020 based on the information available to the current board.

(f) Currency risk

The currency risk is the risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The company is exposed to foreign exchange risk as a result of its ISS-Schrole Advantage software licences and Verify background checking product being priced in US dollars.

The Group's exposure to foreign currency risk with respect to the AUD/USD exchange rate was as follows:

	Value of USD expressed in AUD	
	2020	2019
	\$	\$
Net assets	2,207,032	1,453,190
Net profit	1,812,942	1,694,059

Had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss for the year would have been \$181,294 higher/\$181,294 lower (2019: \$169,406 higher/\$169,406 lower), and the effect on equity would have been \$220,703 higher/\$220,703 lower (2019: \$145,319 higher/\$145,319 lower).

The Company's policy is not to enter into any currency hedging transactions.

Note 24. Parent Entity Financial Information

The following information has been extracted from the books and records of the legal parent Schrole Group Ltd and has been prepared in accordance with Australian Accounting Standards and the accounting policies as outlined in note 1.

(a) Financial Position of Schrole Group Ltd

	2020 \$	2019 \$
Assets		
Current assets	1,945,592	22,639
Non-current assets	-	-
Total assets	<u>1,945,592</u>	<u>22,639</u>
Liabilities		
Current liabilities	8,048	15,863
Non-current liabilities	-	-
Total liabilities	<u>8,048</u>	<u>15,863</u>
Net assets	<u>1,937,544</u>	<u>6,776</u>
Equity		
Issued capital	19,273,157	14,304,440
Reserves	142,971	2,192,123
Accumulated losses	(17,478,584)	(16,489,787)
Total equity	<u>1,937,544</u>	<u>6,776</u>

(b) Statement of profit or loss and other comprehensive income

	2020 \$	2019 \$
Loss for the year	(988,797)	(2,064,052)
Other comprehensive income	-	-
Total comprehensive loss	<u>(988,797)</u>	<u>(2,064,052)</u>

(c) Guarantees entered into by Schrole Group Ltd for the debts of its subsidiary

There are no guarantees entered into by Schrole Group Ltd.

(d) Contingent liabilities of Schrole Group Ltd

There were no known contingent liabilities as at 31 December 2020 (2019: Nil).

(e) Commitments by Schrole Group Ltd

There were no known commitments as at 31 December 2020 (2019: Nil).

Note 25. Controlled Entities

Name of entity	Place of business / country of incorporation	Ownership interest held		Principal activities
		2020	2019	
Schrole Operations Pty Ltd (ACN 43 131 115 878)	Australia	100%	100%	Administrative services
Schrole Pty Ltd (ACN 164 785 488)	Australia	100%	100%	Software and training services to international and domestic schools
ETAS (WA) Pty Ltd (ACN 065 673 896)	Australia	100%	100%	Training services to domestic and international businesses
ISS-Schrole Advantage Pty Ltd (ACN 626 113 095)	Australia	100%	100%	Software and services to international and domestic schools

Note 26. Key management personnel disclosures

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

	2020 \$	2019 \$
Short term employee benefits	951,983	791,151
Post employment benefits	76,457	78,221
Long term benefits	14,771	-
Share based payments	51,133	-
	<u>1,094,344</u>	<u>869,372</u>

Note 27. Related party transactions

Parent entity

Schrole Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 25.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties

The Group acquired the following services from entities that are controlled by members of the group's key management personnel:

Entity	Nature of transactions	Key Management Personnel	Total Transactions		Payable Balance	
			2020	2019	2020	2019
			\$	\$	\$	\$
Bellanhouse Legal	Legal advice	Shaun Hardcastle	-	14,683	-	2,615
HWL Ebsworth	Legal advice	Shaun Hardcastle	75,637	2,308	1,404	2,538
Ventnor Capital	Company secretarial and accounting services	Stuart Carmichael	48,439	-	3,333	-

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 28. Auditor's Remuneration

	2020	2019
	\$	\$
Remuneration of the auditor of the Group (BDO) and associated entities:		
Audit services	86,126	47,777
Non-audit services	39,462	17,260
	<u>125,588</u>	<u>65,037</u>

Note 29. Events Subsequent to Reporting Date

Cancellation of performance shares and performance rights

The Series B performance shares and Tranche B performance rights vested during the year as the company achieved sales revenue (invoiced sales) of \$7,000,000 over a 12-month period in accordance with the milestone. As such, 27 August 2020, the Company issued an aggregate of 93,000,000 Shares on conversion of the Series B Performance Shares (Conversion Shares) to the holders of the Series B performance shares (Recipients). Through no admission of liability on behalf of the Company or the Recipients and following discussions with the Recipients, the Company entered into deeds of cancellation with each of the Recipients, pursuant to which the parties agreed that, subject to shareholder approval, the 93,000,000 Conversion Shares would be cancelled. It was resolved at a General Meeting on 12 February 2021 that the 93,000,000 Conversion Shares be cancelled and accordingly, the Conversion Shares are due to be cancelled on 26 February 2021. The Company entered into deeds of cancellation with each of the holders of the Tranche B performance rights, pursuant to which the parties have agreed that the 5,070,000 Tranche B performance rights will be cancelled. The Tranche B performance rights were cancelled on 16 February 2021.

COVID Update

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has had a negative impact on revenues for the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Note 30. Contingent Liabilities

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 31 December 2020.

Directors' Declaration

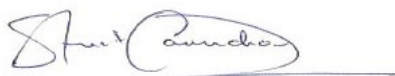
In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Stuart Carmichael
Non-Executive Chairman
25 February 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Schrole Group Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Schrole Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

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

Revenue Recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group generates revenue from the provision of software as a service and training. Revenue recognition was assessed as a key audit matter due to:</p> <ul style="list-style-type: none">• The significance of revenue to understanding the financial results for users;• The complexity involved in applying AASB15 requirements; and• The extent of deferred revenue held by the group and the assessment of its release in line with relevant revenue recognition principles.	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none">• Assessing the Group's revenue recognition policy's for compliance with Australian Accounting Standards, in particular the requirements of AASB 15 Revenue From Contracts With Customers;• Selecting a sample of sales transactions around year end to ensure that they have been recognised in the correct accounting period;• Analytical review procedures on all significant revenue streams on a disaggregated basis and against expected trends and prior year;• Selecting a sample of receipts and invoices from the deferred revenue schedule and recalculating the appropriate deferred portion of licence sales revenue; and• Assessing the adequacy of the related disclosures in Note 1, Note 3 and Note 17 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 18 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Schrole Group Ltd, for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink. The signature starts with the letters 'BDO' in a stylized, blocky font. Below this, there is a large, fluid, cursive signature that appears to read 'Ashleigh Woodley'.

Ashleigh Woodley

Director

Perth, 25 February 2021

Corporate Governance Statement

This Corporate Governance Statement is current as at 25 February 2021 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations 4th Edition (Recommendations). The Recommendations are not mandatory, however the Recommendations that have not been followed have been identified and reasons for not following them provided, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation.

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices. The Company's Corporate Governance Policies are contained within the Corporate Governance Plan and copies of the policies are available on the Company's website at <https://schrole.edu.au/investors/>.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

A listed entity should disclose:

- *the respective roles and responsibilities of its Board and management; and*
- *those matters expressly reserved to the Board and those delegated to management.*

Disclosure:

Roles of the Board & Management

The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution.

The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In addition to matters it is expressly required by law to approve, the Board has reserved the following matters to itself:

- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Appointment, and where necessary, the replacement, of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Approving the Company's remuneration framework;
- Monitoring the timeliness and effectiveness of reporting to Shareholders;

- Reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the company has sufficient clarity to be actively monitored;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving decisions affecting the Company's capital, including determining the Company's dividend policy and declaring dividends;
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:
 - Statement of Values;
 - Corporate Code of Conduct;
 - Continuous Disclosure Policy;
 - Diversity Policy;
 - Performance Evaluation;
 - Risk Management;
 - Trading Policy;
 - Social Media Policy;
 - Whistleblower Policy;
 - Anti-Bribery and Corruption Policy; and
 - Shareholder Communication Strategy.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director responsibility for the management and operation of the Company. The Managing Director is responsible for the day-to-day operations, financial performance and administration of the Company within the powers authorised to him from time-to-time by the Board. The Managing Director may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter, a copy of which is contained within the Company Policies section on the Company's website <https://schrole.edu.au/investors/>.

Independent Advice

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

Board Committees

The Board considers that the Company is of a sufficient size, to justify the formation of separate committees including audit and risk, and remuneration or nomination committees. Further details of each committee are discussed below.

Recommendation 1.2

A listed entity should:

- a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and*
- b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

Disclosure:

The Board has adopted a Remuneration and Nomination Committee Charter with the Committee being responsible for undertaking comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

A copy of the Remuneration and Nomination Committee Charter can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Disclosure:

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Disclosure:

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Recommendation 1.5

A listed entity should:

- a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- b) disclose that policy or a summary of it; and*
- c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:*
 - 1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
 - 2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

Disclosure:

The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- Women employees in the Company 46%
- Women in senior management positions 33%
- Women on the Board 0%

The Company has a policy of appointing the most suitably qualified person to each position in the Company. Where there is a vacancy in the Company, the most suitable party will be employed.

The Company's Diversity Policy can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 1.6

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and*
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Disclosure:

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparing the performance of the Board against the requirements of its Charter;
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;
- reviewing the Board's interaction with management;
- reviewing the nature and timing of information provided to the Board by management;
- reviewing management's performance in assisting the Board to meet its objectives; and
- identifying any necessary or desirable improvements to the Board Charter.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

The Non-Executive Directors are responsible for conducting an annual performance appraisal of the Chairman. These reviews will be carried out in accordance with the Company's Performance Evaluation Policy which can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

During the reporting period the Board undertook a performance evaluation of the Board, its committees and individual directors.

Recommendation 1.7

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of its senior executives; and*
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Disclosure:

The Board conducts an annual performance assessment of the Managing Director against agreed key performance indicators.

The Managing Director conducts an annual performance assessment of senior executives against agreed key performance indicators.

During the year, Formal appraisals of all senior executives have been conducted.

Principle 2: Structure the board to add value

Recommendation 2.1

The board of a listed entity should:

- a) *have a nomination committee which:*
 - 3) *has at least three members, a majority of whom are independent directors; and*
 - 4) *is chaired by an independent director, and disclose:*
 - 5) *the charter of the committee;*
 - 6) *the members of the committee; and*
 - 7) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

Disclosure:

The Company has adopted a Remuneration and Nomination Committee Charter with a Committee consisting of 3 members being Mr Hardcastle, Mr Perkins and Mr Carmichael all of whom are deemed to be independent. Mr Hardcastle is the Chairman of the Committee. The Committee has a charter setting out the criteria and responsibilities for the selection of new Directors.

The number of times the committee met is outlined in the Annual Report.

Copies of the Remuneration and Nomination Committee Charter and Annual Report can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Disclosure:

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern the Group. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

Given the current size and stage of development of the Company, the Board has not yet established a formal Board Skills Matrix.

The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director's relevant skills and experience are available in the Director's Report.

A copy of the Board Charter can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

The Director's Report is contained within the Annual Report which can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 2.3

A listed entity should disclose:

- a) *the names of the directors considered by the board to be independent directors;*
- b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion should be disclosed; and*
- c) *the length of service of each director.*

Disclosure:

At the date of this report the Board was comprised of the following members:

Name	Status	Appointed	Independent
Stuart Carmichael	Non-Executive Chairman	5 October 2017	Yes
Robert Graham	Managing Director	5 October 2017	No
Shaun Hardcastle	Non-Executive Director	5 October 2017	Yes
James King	Non-Executive Director	29 November 2019	Yes
Guy Perkins	Non-Executive Director	27 October 2020	Yes

The Company has adopted a definition of 'independence' for Directors that is consistent with the Recommendations, a copy of which is annexed to the Company's Board Charter at Annexure A.

A copy of the Board Charter can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

The Board comprises a majority of non-executive directors, all of whom are considered independent.

Robert Graham is the Managing Director

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Disclosure:

The Chair of the Company is Mr Stuart Carmichael and the Managing Director is Mr Robert Graham. Mr Carmichael is deemed as independent.

Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Disclosure:

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Act ethically and responsibly

Recommendation 3.1

A listed entity should articulate and disclose its values

Disclosure:

The Company expects Directors, Officers and Employees to practice honesty, integrity and observe high standards of business and personal ethics and comply with all applicable laws and regulations in fulfilling their duties and responsibilities.

The Board has approved a Statement of Values and charges the Directors with the responsibility of inculcating those values across the Company.

Further details of the Company's values are set out in the Statement of Values which can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 3.2

A listed entity should:

- a) have a code of conduct for its directors, senior executives and employees; and*
- b) disclose that code or a summary of it.*

Disclosure:

The Company has a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

All employees and Directors are expected to:

- behave honestly and with integrity and report other employees who are behaving dishonestly;
- carry out their work with integrity and to a high standard and in particular, commit to the Company's policy of producing quality goods and services;
- operate within the law at all times;
- act in the best interests of the Company;
- follow the policies of the Company; and
- act in an appropriate business-like manner when representing the Company in public forums.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary, or in their absence, the Chairman. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

The Company's Code of Conduct can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 3.3

A listed entity should:

- a) have and disclose a whistleblower policy; and*
- b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.*

Disclosure:

The Company has adopted a Whistleblower Policy which aims to encourage reporting of violations (or suspected violations) of the Company's Code of Conduct, or material legal or regulatory obligations, and to provide effective protection from victimisation, retaliation or dismissal to those reporting by implementing systems for confidentiality, anonymity and report handling.

Everyone working for the Company receives training on the Whistleblower Policy and are expected to understand and comply with it. Complaints made under the Whistleblower Policy which are regarded as serious and warrant investigation by the Responsible Officer are investigated as set out in the Policy. The Board is informed of material breaches or incidents reported under the Whistleblower Policy and the Board periodically reviews and makes changes to the Policy.

A copy of the Whistleblower Policy can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 3.4

A listed entity should:

- a) have and disclose an anti-bribery and corruption policy; and*
- b) ensure that the board or a committee of the board is informed of any material breaches of that policy.*

Disclosure:

The Company has an Anti-Bribery & Anti-Corruption Policy that applies to its employees, Directors, contractors, consultants, third parties and other persons associated with the Company's business operations.

All Company policies are aimed at conducting business that is fair, honest, and transparent, with integrity and in compliance with the law in all jurisdictions in which it operates. Acknowledging the potential for reputational damage if the Company is, or is alleged to be, involved in bribery or corruption, the Policy :

- addresses what may be deemed as forms of bribery and corruption;
- encourages a robust culture of integrity, transparency and compliance, which is critical to long term success and value preservation in the business;
- aims to safeguard and make transparent relationships with external parties in the context of receiving and giving hospitality, gifts and other financial benefits for legitimate purposes consistent with normal business practice; and

- prohibits bribes and improper payments, and places appropriate controls on gifts and donations.

Employees are trained in the policy and are responsible for reporting actual or suspected breaches of the Policy. All safeguards in terms of confidentiality, anonymity, ongoing support and protection in that Policy will apply in these circumstances. Any material breaches of the Anti-Bribery & Anti-Corruption Policy are reported to the Board. The Board periodically reviews and makes changes to the Policy.

A copy of the Anti-Bribery and Corruption Policy can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

The board of a listed entity should:

a) have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not the chair of the board, and disclose:

(3) the charter of the committee;

(4) the relevant qualifications and experience of the members of the committee; and

(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Disclosure:

The Board has established an Audit and Risk Committee that is structured in accordance with Recommendation 4.1 where possible.

As at the date of this report, Mr Perkins, Mr Hardcastle and Mr King are members of the Audit Committee with Mr King as Chairman of the Committee. All are considered independent.

The Company has adopted an Audit and Risk Committee Charter which sets out the responsibilities and role of the Committee and how it reports to the Board.

Details of each of the Director's qualifications are set out in the Directors' Report. The Chairman of the Audit and Risk Committee has formal qualifications in the area of accounting, while the other members either have formal qualifications or have industry knowledge and experience and consider themselves to be financially literate. Further, the Company's Audit and Risk Committee Charter provides that the Board meet with the external auditor without management present, as required.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit and Risk Committee (or its

equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Group through the engagement period.

The external auditors attend the Company's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the lead engagement partner responsible for the audit not perform in that role for more than five years.

The Audit and Risk Committee met twice during the year.

A copy of the Audit and Risk Committee Charter can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Disclosure:

The Board, before it approves the entity's financial statements for a financial period, receives from its Managing Director and CFO a declaration provided in accordance with Section 295A of the Corporations Act that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Disclosure:

The Audit and Risk Committee reviews and makes recommendations to the Board for the approval of all financial reports.

Where a report does not require an audit or review by an external auditor, the report is prepared by the CFO and then reviewed by the Managing Director. Once the Managing Director has reviewed and is happy with the report content, it is circulated internally to any appropriate member before being circulated to the full board for comment and approval prior to lodging with the ASX.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.

Disclosure:

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. All key announcements at the discretion of the Managing Director are to be circulated to and reviewed by all members of the Board.

The Chairman, the Board, Managing Director and the Company Secretary are responsible for ensuring that:

- a) company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
- b) company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

A copy of the Continuous Disclosure Policy can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

Disclosure:

Any announcement is first prepared by the appropriate department of the Company and forwarded to the Managing Director for review. If needed, the Company Secretary will also review the announcement before it is then sent to the full board for comment and approval prior to lodging with the ASX.

Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst a presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Disclosure:

The Company lodges all presentations with the ASX prior to any meeting with analysts. From time to time the Company will provide a Company Update which is lodged on the ASX platform ahead of the commencement of trading hours where possible.

Principle 6: Respect the rights of security holders**Recommendation 6.1**

A listed entity should provide information about itself and its governance to investors via its website.

Disclosure:

The Company keeps investors informed through its website, <https://schrole.edu.au>, which contains information on the Company, the Board and the corporate governance policies and procedures of the Company. Through its website, investors can access copies of the Company's annual, half-yearly and quarterly reports.

The Company has adopted a Shareholder Communications Policy for promoting effective communication with shareholders.

The Shareholder Communications Policy encourages shareholder participation and engagement with the Company. This policy also facilitates communication directly between shareholders and the Company, with any shareholder queries coordinated through the Company Secretary.

A copy of the Shareholder Communications Policy can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investor.

Disclosure:

The Company recognises the value of providing current and relevant information to its shareholders. The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Company respects the rights of its shareholders. To facilitate the effective exercise of those rights, the Company is committed to:

- communicating effectively with shareholders through releases to the market via the ASX, the Company's website, information posted or emailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "[For Investors](#)" page of the Company's website.

Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

Disclosure:

The Shareholder Communications Policy encourages all shareholders to attend meetings of members and allows time for shareholder questions at these meetings. The time and place of each general meeting is decided with Shareholder preferences in mind, to encourage maximum attendance by Shareholders.

A copy of the Shareholder Communications Policy can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

Disclosure:

Decisions on all substantive resolutions at general meetings of the Company are decided by a poll to ensure the true will of Shareholders is ascertained (rather than by a show of hands, which is inconsistent with the "one security one vote" principle in the ASX Listing Rules).

Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Disclosure:

Shareholders may elect to, and are encouraged to, receive communications from the Company and the Company's securities registry electronically. The contact details for the registry are accessible from the "[For Investors](#)" page of the Company's website.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

Principle 7: Recognise and manage risk**Recommendation 7.1**

The board of a listed entity should:

a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

a) if it does not have a risk committee or committees that satisfy a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Disclosure:

The Board is committed to the identification, assessment and management of risk throughout Schrole Group's business activities.

To this extent, the Company has adopted a Risk Management Policy and has established an Audit and Risk Committee.

As at the date of this report, Mr Perkins, Mr Hardcastle and Mr King are members of the Audit and Risk Committee with Mr King as Chairman of the Committee. All are considered independent.

Copies of the Risk Management Policy and Audit and Risk Committee Charter can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Details of the meeting of the Committee are set out in the Annual Report. Prior to the establishment of the Audit and Risk Committee members, the full board acted as the risk committee.

A copy of the Company's Annual Report can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 7.2

The board or a committee of the board should:

- a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and*
- b) disclose, in relation to each reporting period, whether such a review has taken place.*

Disclosure:

Schrole Group's Risk Management Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving the Company's strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

Schrole Group believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, Schrole Group is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

Schrole Group accepts that risk is a part of doing business. Therefore, the Company's Risk Management Policy is not designed to promote risk avoidance. Rather Schrole Group's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring the Company does not enter into unnecessary risks or enter into risks unknowingly.

Schrole Group assesses its risks on a residual basis; that is, it evaluates the level of risk remaining and considers all the mitigation practices and controls. Depending on the materiality of the risks, Schrole Group applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage Schrole Group's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any significant material exposure to environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board reviews the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of Schrole Group's management of its material business risks on an informal basis at each Board meeting. It is proposed to formalise this process in the coming year.

A copy of the Risk Management Policy can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 7.3

A listed entity should disclose:

- a) if it has an internal audit function, how the function is structured and what role it performs; or*
- b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

Disclosure:

The Company does not have an internal audit function. Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all of the benefits of an independent internal audit function in relation to the management of material business risks which are reviewed and amended by the Audit and Risk Committee as needed, the expense of an independent internal auditor is not considered to be appropriate.

Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk

management and internal compliance and control framework. Schrole Group has established policies for the oversight and management of material business risks which are reviewed and amended by the Audit and Risk Committee as needed.

The Board reviews on an annual basis the requirement for an internal audit function. The Committee and the Board may also seek recommendations from appropriate Senior Executives where strategic changes to risk management and internal control processes are required.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Disclosure:

The Company is a technology company and as such has exposure to a number of risks outlined below.

The Board has identified a range of specific risks that have the potential to have an adverse impact on the Company's business. These include:

- i. technology risks;
 - The Company regularly reviews the technology used to ensure it is fit for purpose, has appropriate levels of security and sufficient back up plans in place.
- ii. competition risks;
 - The Company monitors the market for new opportunities and potential threats to existing products, customers and markets.
- iii. intellectual property risks; and
 - The Company considers its product development to ensure its intellectual property is protected (including by patents and trademarks) on a robust and timely basis and is not compromised by its sales and marketing activities; and
- iv. privacy and data breach risks
 - The Company regularly reviews the technology used to ensure it is fit for purpose, has appropriate levels of security and sufficient back up plans in place.

As part of its risk management strategy, the Company maintains business interruption, cyber, public and product liability policies amongst its insurances.

The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The board of a listed entity should:

- a) *have a remuneration committee which:*
 - 1) *has at least three members, a majority of whom are independent directors; and*
 - 2) *is chaired by an independent director,*
- and disclose:*

- 3) *the charter of the committee;*
 - 4) *the members of the committee; and*
 - 5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

Disclosure:

The Company has a remuneration committee. As at the date of this report, Mr Perkins, Mr Hardcastle and Mr Carmichael are members of the Remuneration and Nomination Committee with Mr Hardcastle as Chairman of the Committee. All are considered independent.

Details of the meeting of the Committee are set out in the Annual Report. During the course of the year, the full board acted as the remuneration committee, prior to the establishment of the committee members.

Copies of the Annual Report and Remuneration and Nomination Committee Charter can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Disclosure:

Schrole Group has adopted a Remuneration and Nomination Committee Charter which was designed to recognise the competitive environment within which Schrole Group operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in Schrole Group's performance. The overriding objective of the Remuneration and Nomination Committee Charter is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of Schrole Group.

The key principles are to:

- review and approve the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensure that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- fairly and responsibly reward executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development; and
- review and approve equity based plans and other incentive schemes to foster a partnership between employees and other security holders.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review following recommendations from the Remuneration Committee.

A copy of the Remuneration and Nomination Committee Charter can be found on the corporate governance page on the Company's website at <https://schrole.edu.au/investors/>.

Schrole Group's executive remuneration policies and structures and details of remuneration paid to directors and key management personnel (where applicable) are set out in the Remuneration Report.

The Remuneration Report is contained in the Company's 2020 Annual Report which can be found on the "[For Investors](#)" page of the Company's website.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options.

Executive directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

- a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- b) disclose that policy or a summary of it.*

Disclosure:

The Company prohibits Directors and employees from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

Securities Trading Policy

The Company has also established a policy concerning trading in the Company's securities by Directors, senior executives and employees.

The policy includes blackout periods where no trading in Group securities shall take place between:

- 1) up to and including two (2) weeks prior to, and 24 hours after the announcement of the annual results;
- 1) up to and including two (2) weeks prior to, and 24 hours after the announcement of the half year results;

- 2) up to and including two (2) weeks prior to, and 24 hours after the announcement of the quarterly reports; and
- 3) any other period determined by the Chair in consultation with the Company Secretary to be a Black-out Period from time to time.

If Directors including the Managing Director wish to trade securities outside the blackout period, they must obtain approval from the Chairman and Company Secretary. Employees must obtain the approval of the Company Secretary.

All related party share dealings involving the purchase of new shares or equity is subject to shareholder approval prior to the shares being issued.

A copy of the Trading Policy can be found on the "[For Investors](#)" page of the Company's website.

Additional ASX Information as at 18 February 2021

The shareholder information set out below was applicable as at 18 February 2021.

As at 18 February 2021 there were 1,469 holders of Ordinary Fully Paid Shares.

Voting Rights

The voting rights of the ordinary shares are as follows:

- a) at meetings of members each member entitled to vote may vote in person or by proxy or attorney;
- b) on a show of hands each person present who is a member has one vote; and
- c) on a poll each person present in person or by proxy or by attorney has one vote for each ordinary share held.

There are no voting rights attached to any of the options and performance shares that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

Twenty Largest Shareholders

	Name	A/C designation	Holding	%IC
1	FARIA UK HOLDCO III LIMITED		273,113,208	18.54
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		171,791,469	11.66
3	ENERLY PTY LTD	STRONADA	107,346,882	7.29
4	ENERLY PTY LTD	<STRONADA A/C>	100,000,000	6.79
5	SANDHURST TRUSTEES LTD	<CYAN C3G FUND A/C>	83,271,698	5.65
6	TORONGA PTY LTD		43,122,446	2.93
7	BNP PARIBAS NOMINEES PTY LTD	<IB AU NOMS RETAILCLIENT DRP>	38,846,247	2.64
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		25,365,653	1.72
9	ALTOR CAPITAL MANAGEMENT PTY LTD	<ALTOR ALPHA FUND A/C>	24,500,000	1.66
10	CAPITAL H MANAGEMENT PTY LTD	<CAPITAL H A/C>	17,000,000	1.15
11	MORVEN ANN SMITH	ROSSDHU FAMILY	15,820,889	1.07
12	CITICORP NOMINEES PTY LIMITED		13,619,022	0.92
13	MR SHANE HOEHOCK WEE	<WEE FAMILY A/C>	10,000,000	0.68
14	BOND STREET CUSTODIANS LIMITED	<IANLAU - D74169 A/C>	9,521,723	0.65
15	XCEL CAPITAL PTY LTD		9,150,001	0.62
16	MR SIMON ROBERT MILLER		8,988,811	0.61
17	MONTICONE INVESTMENTS PTY LTD	<MONTICONE SUPER FUND A/C>	8,000,000	0.54
18	M CONWAY INVESTMENTS PTY LTD	<CONWAY FAMILY A/C>	7,773,585	0.53
19	IAN SYLVESTER	IAN C SYLVESTER REVOCABLE	7,053,100	0.48
20	TRONCELL PTY LTD	<KIBBLE SUPER FUND A/C>	7,000,000	0.48
Total			981,284,734	66.61
Balance of register			491,899,029	33.39
Grand total			1,473,183,763	100

Substantial Holders

Substantial shareholders disclosed to the Company as at 18 February 2021 are:

Holder Name	Holding	% of Issued Capital
FARIA UK HOLDCO III LIMITED	273,113,208	18.54
ENERLY PTY LTD <STRONADA>	207,346,882	14.08
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	171,791,469	11.66
SANDHURST TRUSTEED LTD <CYAN C3G FUND>	83,271,698	5.65

Distribution of Equity Securities

Ordinary Fully Paid Shares

Range	Securities	%	No. of holders
100,001 and Over	1,453,010,209	98.63	641
10,001 to 100,000	19,295,101	1.31	354
5,001 to 10,000	263,092	0.02	38
1,001 to 5,000	538,148	0.04	217
1 to 1,000	77,213	0.01	219
Total	1,473,183,763	100	1,469

Unmarketable Parcels – 563 Holders holding 2,936,242

Restricted Securities

As at 18 February 2021 there are no securities subject to escrow.

Unquoted Securities

As at 18 February 2021 the following unquoted securities are on issue:

i. Performance shares

- 150,000,000 Class C Performance Shares.

Holders with more than 20%

Holder Name	Holding	% of Issued Capital
ENERLY PTY LTD <STRONADA A/C>	145,000,000	96.67%

Conversion Terms

EBITDA of \$3m over 12 months before 4 Oct 2022

ii. Performance Rights

- 3,160,000 Class A Performance Rights
- 13,560,000 Class B Performance Rights
- 22,6000,000 Class C Performance Rights

Vesting Terms

Class A Performance Rights are convertible to fully paid ordinary shares on election by the holder.

Class B Performance Rights vest and are convertible to fully paid ordinary shares upon Schrole achieving total annual sales revenue of \$7 million over any 12 month period prior to 12 October 2020.

Class C Performance Rights vest and are convertible to fully paid ordinary shares upon Schrole achieving accumulated earnings before interest, taxes, depreciation and amortisation of \$3 million over any 12 month period prior to 12 October 2021.

On-market Buyback

There is currently no on-market buyback program.