

ASX RELEASE | Schrole Group Ltd (ASX: SCL) December Quarter 2021 – Increased Cash Receipts Growth

Highlights

- **Increased quarterly cash receipts growth rate of +44%**, from September to December Quarter to ~\$1.7m
- **Traction in new markets**
- **Positive December Quarter operating cashflow of +\$277,000**
- **Strong balance sheet**, with ~\$5m cash, with significant growth investments made
- **Increased Schrole HR SaaS customer numbers by 9%** in Q4 vs Q3
- **Increased software margins to 37%** in Q4 vs 34% in Q3
- **18% increase in Schrole Community** from ~167,000 at 31 December 2020 to ~198,000 at 31 December 2021
- **On track for release of Engage 1.0 in March Quarter 2022**, with 51 schools currently beta testing, completing release of expanded Schrole HR SaaS suite
- **Positive outlook driven by significant growth investments** in expanded HR SaaS suite and expanded sales team targeting new global markets

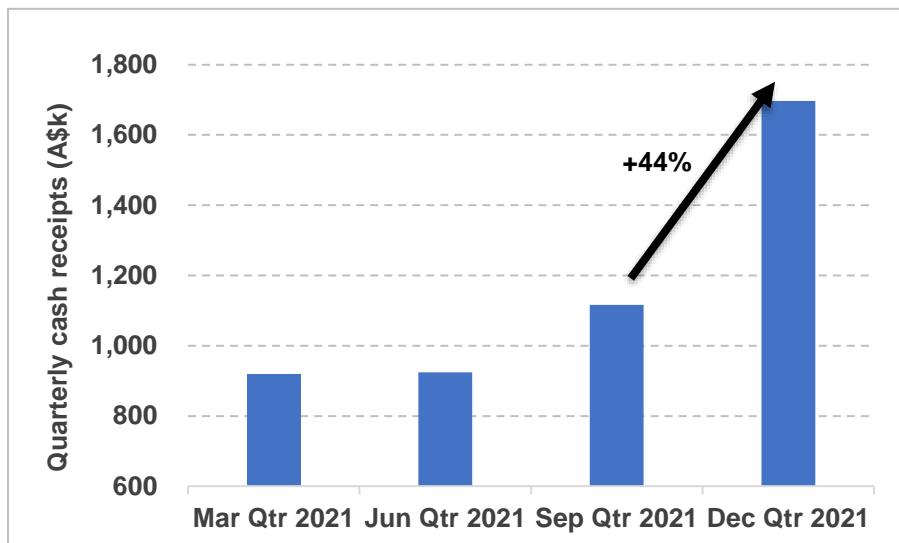
31 January 2022: Schrole Group (ASX: SCL) (“Schrole” or the “Company”), is pleased to report encouraging growth in December Quarter 2021, with strong momentum and a positive outlook.

Increased Cash Receipts Growth

Cash receipts increased by +44% in December Quarter 2021 to \$1.697m vs September Quarter \$1.181m. Chart 1.

December Quarter 2021 cash receipts increased +5% on prior corresponding period of December Quarter 2020. This is significant because from 1 July 2021, Schrole only reports 50% of the cash receipts from customer renewals, as opposed to 100% in 2020, due to the wind-down of the International Schools Services (ISS) alliance agreement (see below for further details).

CHART 1: INCREASED QUARTERLY CASH RECEIPTS GROWTH



Traction in New Markets

The Company has achieved traction in the new geographic markets of Europe and the Americas, with an encouraging contribution to December Quarter 2021 invoiced sales of \$350k and a strong pipeline indicating a positive growth outlook.

From 1 July 2021, Schrole has been able to directly market its full HR SaaS suite globally, as Schrole's sales distribution alliance with ISS winds down (see ASX Investor Presentation, "*New Sales and Marketing Opportunity*", dated 1 July 2021).

From 1 January 2022, the next stage of the wind down of this alliance commenced, with the cessation of shared invoicing of all renewing customers henceforth, allowing Schrole to retain 100% of the sales value of all renewing customers.

As the ISS agreement unwinds, Schrole's strategy has been to grow its direct sales teams, maintaining its Asia, Middle East and North Africa focus, while growing the new markets of Europe and the Americas.

The Company reports strong demand for Schrole HR SaaS, the Company's unique portfolio of SaaS offerings that allows customers to manage their full employee life cycle. This is complemented by the benefits of becoming part of Schrole Community, the Company's unique, global community of ~198,000 schools and educators.

Positive net operating cash flow

Schrole is pleased to announce positive operating cash flow of +\$277k in the December Quarter 2021, its highest positive cashflow quarter since September 2019.

This is a significant improvement on September Quarter 2021, which reported operating cash outflow of \$729k as the Company invested in growing its sales and account management team to generate global sales across its expanded HR SaaS suite.

Strong Balance Sheet

Schrole reports a cash balance of \$4.97m as at 31 December 2021.

This cash balance is after significant investments have already been made in Schrole HR SaaS product suite expansion and an expanded sales and account management team.

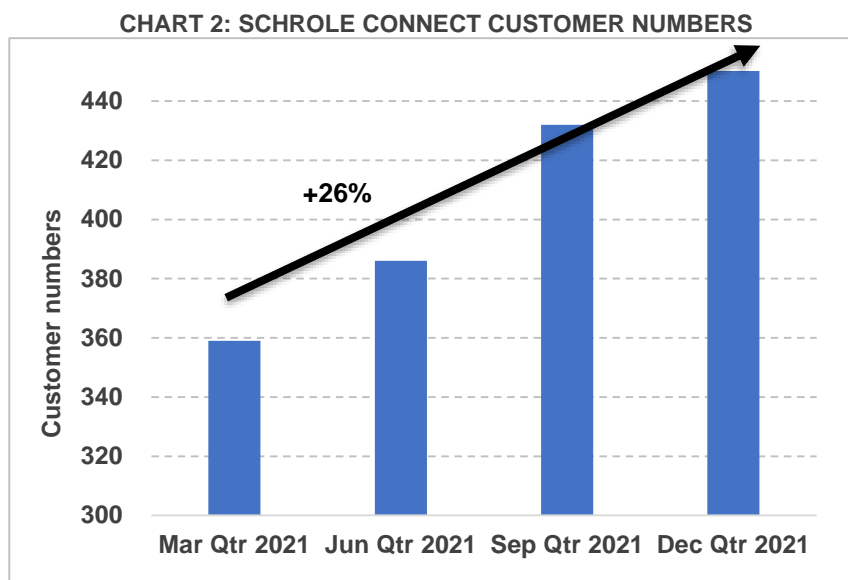
The Company would like to thank investors for their strong support of the following capital raisings at 1 cent per share in the December Quarter 2021:

- \$2.5m placement to institutional and sophisticated shareholders, including leading Australian funds manager Inspire Australian Equities Fund, which includes education as a specialist focus area for its fund. See ASX release, “*Schrole receives firm commitments for \$2.5m capital raising; announced Share Purchase Plan*”, dated 23 November 2021.
- \$279k Share Purchase Plan raising, including \$95k from Board and Senior Management. See ASX release, “*Share Purchase Plan Results*”, dated 22 December 2021.

Growing Customer Numbers

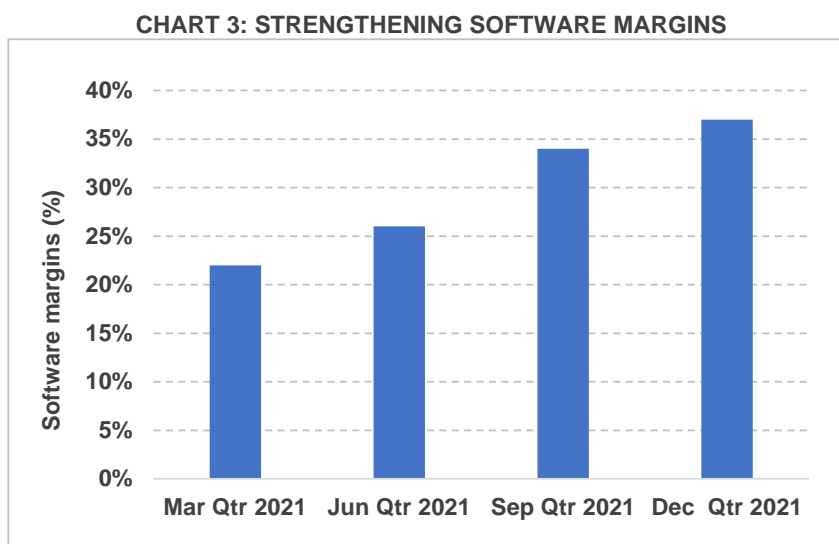
Customer numbers for Schrole Connect, the Company’s flagship product, increased by 4% from 432 in September Quarter 2021 to 451 in December Quarter 2021, and have increased by 26% since March Quarter 2021. Chart 2. This is significant because growing customer numbers increase future potential revenue opportunities across the expanded Schrole HR SaaS suite.

Schrole Community numbers have increased by 18.54% year on year from 167,791 in December 2020, to 198,901 in December 2021.



Improving Software Margins

Software margins increased to 37% in Q4, up from 34% in Q3. See Chart 3.



Expanded Schrole HR SaaS suite

The Company is on track to achieve its key milestone of expanding its Schrole HR SaaS product suite, enabling cross/upsell and sales generation across the full calendar year.

Schrole HR is the Company's full SaaS product suite, comprising 6 Human Resources SaaS offerings - Schrole Connect, Verify, Engage, Cover, Develop and Events (see below for further details).

During September Quarter 2021, the Company released:

- Schrole Events 1.0, the Company's online recruitment events solution, providing interactive and regionalised online recruitment events for Schrole's 451 international schools customers and ~158,000 international teacher customers. See ASX release, "*Release of Schrole Events 1.0*", dated 21 September 2021.
- Schrole Connect 3.0, the Company's flagship recruitment SaaS module, released with new functionality and enhanced existing features. See ASX release, "*Schrole Connect 3.0 released*", dated 15 July 2021.

During December Quarter 2021, the Company successfully hosted its inaugural Schrole Events online recruitment events. Schrole is delighted by the strong customer demand for Schrole Events, with over 1,700 participants registered and attending its inaugural events. A full pipeline of recruitment events has been scheduled through to April 2022. See ASX release, "*Inaugural Schrole Events*", dated 3 November 2021.

The Company is on track to release Schrole Engage 1.0 in March Quarter 2022, with 51 schools currently in beta testing. Schrole Engage is a significant SaaS product release, as it has the potential to increase customer lifetime value and provides further sales opportunities throughout the calendar year.

Positive Outlook

The Company is pleased to report its positive growth outlook.

New product releases have grown the sales pipeline. For example, the first Schrole Events online recruitment event was held on 27 October 2021 with strong school and candidate registrations.

The expanded sales and account management team is achieving traction, with first sales in new geographies, and expectations of further growth and continued strong renewals.

The sales pipeline is growing, with several high-profile schools and school groups, not previously customers, undergoing free product trials or in contract negotiations.

The Company is benefitting from the global environment as customers increasingly seek online solutions in a post-Covid world.

Schrole is optimistic of its growth outlook as it will be able to market its full HR product suite across a growing customer base in 2022.

Comment

Managing Director, Rob Graham, said,

"I am delighted with our increased growth in December Quarter 2021, showcasing the first results of our significant investment in our expanded SaaS product range and growing sales and account management team.

We are also growing our key leading indicators of shareholder value such as customer numbers, SaaS product range and software margin. As we increase customer numbers, we are also increasing our potential customer contract value, with increased opportunities for up-sell across our full Schrole HR SaaS suite.

I am excited by the early traction of our sales and account management team, who have generated sales in Europe and are working through a strong and growing customer pipeline. Our team is focusing on quality customer service, upselling and cross-selling to current clients and targeting new geographies and penetrating new strategic target markets.

We have a very promising outlook for Calendar Year 2022 based on the trends emerging from Q4 2021."

Appendix 4C

The attached Appendix 4C provides details of the cashflows for the quarter ended 31 December 2021.

The summary of expenditure for the quarter is:

	\$'000
Payments for product manufacturing and operating costs	\$221
Payments for advertising and marketing	\$49
Payments for staff costs	\$1,032
Payments for administration and corporate costs	\$134
Interest and other costs of finance paid	\$3
Payments to acquire property, plant and equipment	\$6
Payments to acquire non-current assets	\$177
Transaction costs related to issues of equity securities or convertible debt securities	\$209
Repayment of borrowings	\$40

During the quarter, the following payments were made to related parties of the entity and their associates as disclosed in item 6.1 of the Appendix 4C, comprising:

- Payments to Ventnor Capital, a related party of Chairman Stuart Carmichael, for company secretarial services on arms-length terms totalling \$22,468 (inc GST);
- Non-executive Director and Chairman fees totalling \$32,439; and
- Salary and bonus payments to Managing Director Robert Graham totalling \$116,592.

About Schrole

Schrole provides global Human Resources Software-as-a-Service (SaaS). Initially targeting teachers and educational organisations, Schrole is now scaling globally and targeting new growth markets.

Schrole HR SaaS is a complete Human Resources SaaS solution, combining recruitment, background checks, onboarding, relief teacher management, and professional development.

- **Schrole Connect** is education's most advanced recruitment and applicant tracking app. See ASX release dated 15 July 2021 for details of upgraded Schrole Connect 3.0.
- **Schrole Events**, part of the Connect module, provides regionalised online events. See ASX release 21 September 2021 for details of its inaugural release.
- **Schrole Cover** is a cloud-based software platform that engages relief staff at the touch of a button.
- **Schrole Verify** provides background screening in the international schools' sector.
- **Schrole Develop** provides accredited professional development solutions contextualised to client needs.
- **Schrole Engage** is due for first release in 1QCY2022 and will provide contract management and onboarding software for schools.

This release was authorized by the Company's Board of Directors.

For further information, please contact:

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Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of the Company, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

Appendix 4C

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

Name of entity

SCHROLE GROUP LTD (ASX: SCL)

ABN

27 164 440 859

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,697	4,722
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(221)	(1,791)
(c) advertising and marketing	(49)	(117)
(d) leased assets	-	-
(e) staff costs	(1,032)	(3,711)
(f) administration and corporate costs	(134)	(897)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3)	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	17	25
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	276	(1,780)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(6)	(27)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(177)	(879)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	1
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(183)	(905)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,779	2,779
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(209)	(209)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(40)	(116)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,530	2,454
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,345	5,108
4.2	Net cash from / (used in) operating activities (item 1.9 above)	276	(1,780)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(183)	(905)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,530	2,454

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(4)	87
4.6	Cash and cash equivalents at end of period	4,964	4,964

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,964	4,964
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,964	4,964

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
(171)
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

6.1 Directors' fees, salaries and superannuation and company secretarial fees paid to a firm that is related to a director.

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

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	276
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,964
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	5,240
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	18

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: NA

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: NA

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: NA

Compliance statement

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

Date: 31 January 2022

Authorised by the Board of Schrole Group Ltd
(Name of body or officer authorising release – see note 4)

Notes

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