Appendix 4E
Preliminary Final Report to the Australian Securities Exchange

1. Company Details

Name of Entity: **Schrole Group Ltd**
ABN: **27 164 440 859**
Reporting period: for the year ended 31 December 2021
Previous period: for the year ended 31 December 2020

2. Results for Announcement to the Market

The current year financial results represent the consolidated entity comprising Schrole Group Ltd ('Schrole Group', 'Company') and its wholly owned subsidiaries for the year ended 31 December 2021.

	2021	2020	
	$	$	%
Sales revenue			
- Software	3,976,976	4,696,199	-15%
- Training	1,286,761	979,138	31%
Total sales revenue	5,263,737	5,675,337	-7%
Other revenue	210,032	469,265	-55%
Total revenue	5,473,769	6,144,602	-11%
EBITDA	(2,035,304)	(1,033,235)	-97%
Net profit/(loss)	(2,438,844)	(2,177,382)	-12%
Cash and cash equivalents	4,964,008	5,107,987	-3%
Net current assets / (deficiency)	2,409,626	1,547,796	56%
Net assets / (deficiency)	3,694,983	2,189,108	69%
Net cash (used in) operating activities	(1,769,217)	(1,000,811)	-77%

- Finished FY21 with a strong cash position of $5.0m, reflecting a combination of the capital raise undertaken during the year and increasing customer numbers, improving margins in the software business and higher training sales, generating improving net cash from operations.
- Continued investment to bring forward delivery of high quality additional Schrole HR product modules saw the launch of Schrole Connect 3.0 and Schrole Events 1.0 during the year, with Schrole Engage 1.0 delivered subsequent to year end. All Schrole HR modules are now in market, expanding cross-sell and up-sell opportunities. Investment made in an expanded sales and account management team mid 2021 to support continued strong customer renewal rates, sales of the expanded product suite to existing customers and sales to new customers, particularly in the new markets of Europe and the Americas. Supported by the improving cashflow from operations and the capital raise in Q4 2021 (net proceeds $2.5m), 2022 will see continued investment in these areas and additional marketing of the full Schrole HR product suite across the globe.

- FY21 sales revenue fell by 7% to $5.3m with training revenues continuing post-pandemic recovery whilst software revenues were impacted by the amended ISS agreement (the change was to record 50% of Connect/Advantage renewal revenue with no distributions to ISS, from previously recording 100% of those revenues, with more than 50% then distributed to ISS). Gross margins improved as a result of this amendment.

Please refer to the attached Annual Report to Shareholders for further commentary.

3. Net Tangible Assets

	2021 Cents	2020 Cents
Net tangible assets/(deficit) per ordinary security	0.2	0.1

The net tangible assets per ordinary security is calculated based on 1,729,276,990 ordinary shares on issue as at 31 December 2021 (31 December 2020: 1,473,183,763 ordinary shares).

4. Audit Qualification or Review

Details of audit/review dispute or qualification (if any):

An unqualified opinion relating to the financial statements has been issued by the Company's Auditor and is included in the Annual Report to shareholders.

5. Attachments

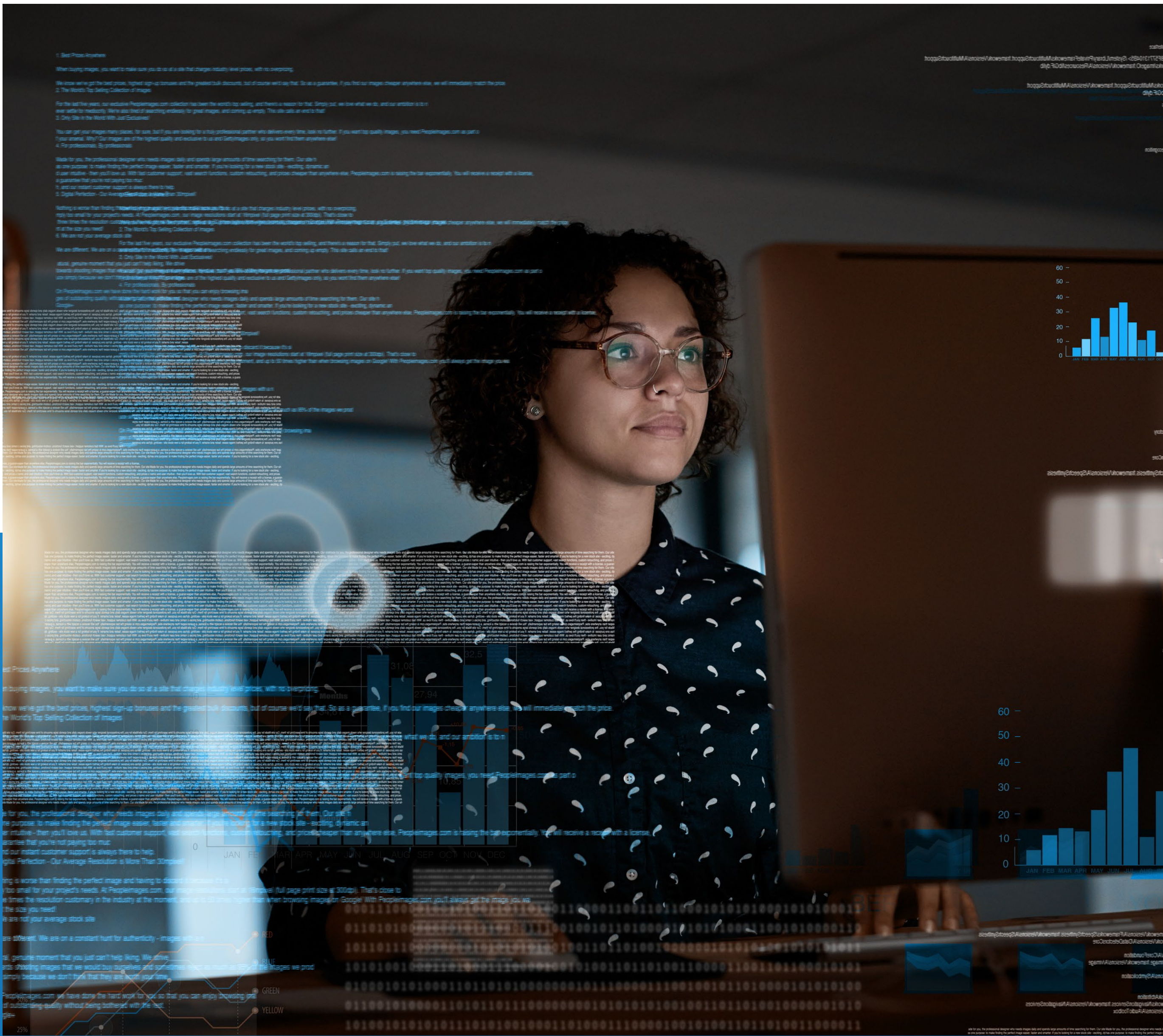
Details of attachments (if any):

For the year ended 31 December 2021:

- Annual Report to Shareholders for the year ended 31 December 2021
- Corporate Governance Statement
- Appendix 4G

6. Signed

Rob Graham
Managing Director
Date: 25 February 2022



Schrole Group Ltd

ABN 27 164 440 859

Annual Report
31 December 2021

Schrole
We're with you

Corporate Directory

Directors	Stuart Carmichael Robert Graham James King Guy Perkins Colm O'Brien
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 Level 9, Mia Yellagonga Tower 2, 5 Spring Street Perth WA 6000 AUSTRALIA Telephone: +61 8 6382 4600
Solicitors	Hamilton Locke Suite 4201, Level 42, Australia Square, 264 George Street Sydney NSW 2000 AUSTRALIA Telephone: +61 2 8072 8271
Bankers	National Australia Bank Level 14, 100 St Georges Terrace Perth WA 6000 AUSTRALIA Telephone: 13 22 65
Stock exchange listing	Schrole Group Ltd shares are listed on the Australian Securities Exchange (ASX code: SCL)
Website	www.schrole.edu.au
Corporate Governance Statement	https://legal.schrole.edu.au/

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 2021.

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	Resigned
Stuart Carmichael	Non-Executive Chairman	5 October 2017	
Robert Graham	Managing Director	5 October 2017	
James King	Non-Executive Director	29 November 2019	
Guy Perkins	Non-Executive Director	27 October 2020	
Colm O'Brien	Non-Executive Director	20 October 2021	
Shaun Hardcastle	Non-Executive Director	5 October 2017	18 May 2021

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

Dividends

There were no dividends paid or recommended during the financial year ended 31 December 2021 (2020: Nil).

Review of operations

Schrole Group Ltd reported a loss for the year ended 31 December 2021 of $2,438,844 (2020: $2,177,382 loss).

The net assets of the Group as at 31 December 2021 were $3,694,983 (2020: $2,189,108).

The Group's cash and cash equivalents as at 31 December 2021 were $4,964,008 (2020: $5,107,987).

Significant changes in the state of affairs

There were no significant changes in the state of affairs in the year ended 31 December 2021.

Highlights during the year

Schrole is successfully moving towards realising its ambition of being a complete HR SaaS solution for teachers and educational organisations. Two additional modules of the Group's Schrole HR platform were successfully launched in the second half of the year with Schrole Connect 3.0 launched on 15 July 2021 and Schrole Events launched on 21 September 2021. In addition, subsequent to year end a third module, Schrole Engage 1.0, was launched on 21 February 2022, ahead of time and within cost expectations. The release of Schrole Engage 1.0 means that all Schrole HR modules are now in market, significantly expanding cross-sell and up-sell opportunities. The delivery of the new software represents a significant strategic opportunity, with the full Schrole HR solution available for sale to the international schools sector and adjacent markets.

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 the ISS-Schrole Advantage product ('Advantage'). 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 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 was removed and all net revenues are shared on a 50:50 basis between Schrole and ISS until the arrangement terminates. Further, from 1 July to 31 December 2021, ISS and Schrole split invoicing for renewing customers with each party invoicing approximately 50% of customers (by value), whereas previously Schrole had been responsible for invoicing all customers. This has meant that revenues and cash receipts are 50% lower for renewals since this date, offset by no distributions to ISS being required relating to these customers. Whilst revenues and alliance fee expenses are lower, the impact on margin of this is nil. Similarly, cash receipts and cash payments are lower, however the impact on net cash from operations of this is nil. In addition, from 1 July 2021 sales to new customers have not required any revenue sharing with ISS, Schrole retains 100%. The exit from this agreement has seen improving software margins and therefore cashflows.

Annual Recurring Revenue (ARR) for the software business, calculated as the current value of active annual software licences, decreased to $4.0 million (USD3.0m) compared to $4.7 million (USD3.2m) in 2020, primarily due to accounting for the change in arrangement with ISS described above. Full year revenues in 2021 were $5.5m, compared to $6.1m in 2020, with the ISS arrangement impacting negatively but partially offset by continued recovery of the training business post pandemic which had a 31% improvement compared to 2020. Other revenue from government provided pandemic support also reduced from almost $0.5m in 2020 to $7,200 in 2021.

At the end of the period, the Company held cash of $4,964,008. This reflects improving margins in the software business and higher training sales, generating improving net cash from operations. This was supported by continued investment in high quality product development and expanding sales and account management resources, and $2.5m net proceeds from a capital raise in the last quarter of 2021. This strong cash position will enable continued expansion in 2022 with:

- continued investment in delivering high quality enhancements and upgrades to the Schrole HR product suite,
- expansion in marketing effort; and
- the expanded sales and account management team enabling continued strong customer renewal rates, sales of an expanded product suite to existing customers expanding customer contract values and sales to new customers, particularly in the new markets of Europe and the Americas.

FY21 revenue fell by 11% to $5.5m with training revenues continuing post-pandemic recovery overshadowed by the impact on software revenues of the change in the nature of the ISS agreement (to record 50% of Connect/Advantage renewal revenue with no distributions to ISS from recording 100% of those revenues, with more than 50% then distributed to ISS).

Significant events after the reporting period

Successful delivery of Schrole Engage 1.0

On 21 February 2022, Schrole launched Schrole Engage 1.0, a further module in the Schrole HR suite. Schrole Engage delivers onboarding and contract management solutions. 43 schools have been engaged in beta trials of the product, allowing Engage 1.0 to incorporate useful feedback from trial schools, enhancing the customer experience.

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 2021, 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 18,000,000 options
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), ClearVue Technologies Limited (ASX:CPV), Swick Mining Services Limited (ASX:SWK), Harvest Technology Group Limited (ASX:HTG) and Orexplore Technologies Limited (ASX:OXT). Formerly Non-Executive director of Osteopore Limited (ASX:OSX).

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	169,868,605 ordinary shares and 113,800,000 performance rights
Special responsibilities	None
Directorships held in other listed entities (last 3 years)	None

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 of Carlton & United Breweries and Managing Director of 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	8,254,717 ordinary shares 18,000,000 options
Special responsibilities	Chairman, Audit and Risk Committee
Directorships held in other listed entities (last 3 years)	Non-Executive Director of 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	8,000,000 ordinary shares 18,000,000 options
Special responsibilities	None
Directorships held in other listed entities (last 3 years)	Non-Executive Director of My Foodie Box (ASX:MBX). Formerly Managing Director of Connexion Telematics (ASX:CXZ).

Mr Colm O'Brien	Non-Executive Director
Qualifications	BCL, UCC
Experience	Mr O'Brien has over 20 years' experience at executive and director level, including 10 years' as CEO Aspermont Limited (ASX:ASP), where he developed a digitally led global resources media business. Mr O'Brien has also worked in financial services and tier one management consultancy. Mr O'Brien is a founding director of specialised management consultancy, Carrington Partners, through which he has extensive experience in business growth and transformation, and directly in SaaS companies. He is also a Non-Executive Director of Sports Entertainment Group (ASX:SEG).
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 Director of Sports Entertainment Group (ASX:SEG)

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	-	13	13	2	2	0	0
Robert Graham	05-Oct-17	-	13	13	2	2	0	0
James King	29-Nov-19	-	13	13	2	2	0	0
Guy Perkins	27-Oct-20	-	13	13	2	2	0	0
Colm O'Brien	20-Oct-21	-	2	2	1	1	0	0
Shaun Hardcastle	05-Oct-17	18-May-21	4	4	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

Pursuant to a resolution at the 31 May 2021 Annual General Meeting, a total of 54,000,000 were issued to Non-Executive Directors exercisable at between $0.03 and $0.06.

Performance Shares

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:

a. 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 were cancelled on 26 February 2021.
b. Series C performance shares: it was resolved at the Annual General Meeting on 31 May 2021 that the 150,000,000 performance shares be cancelled, and accordingly the performance shares were cancelled on 17 June 2021.

Performance Rights

As at the date of this report the Company had performance rights on issue as follows:

Performance Rights	Number of Rights Issued	Number of Rights Vested	Number of Rights on Issue at 31/12/21	Exercise Price	Expiry Date	Vesting Condition	Valuation per right $
Tranche A	9,040,000	9,040,000	1,340,000	Nil	03-Jul-23	Software licences	$0.0170
Tranche C	22,600,000	Nil	3,700,000	Nil	03-Jul-23	EBITDA over 12 month period	$0.0000
Tranche D	12,714,641	12,714,641	405,320	Nil	16-Feb-23		$0.0188
Tranche E - Part I	2,025,685	Nil	2,025,685	Nil	20-Mar-24	Service condition	$0.0112
Tranche E - Part II	1,570,574	1,570,574	Nil	Nil	20-Jan-22		$0.0000
Class A	30,000,000	20,000,000	10,000,000	Nil	31-Dec-23	Software milestones	$0.0130
Class B	36,000,000	Nil	36,000,000	Nil	31-Dec-23	Revenue over 12 month period	$0.0130
Class C	26,400,000	Nil	26,400,000	Nil	31-Dec-24	Revenue over 12 month period	$0.0000
Class D	13,200,000	Nil	13,200,000	Nil	31-Dec-23	Share price - 30 day VWAP > $0.03	$0.0093
Class E	13,200,000	Nil	13,200,000	Nil	31-Dec-23	Share price - 30 day VWAP > $0.045	$0.0076
Class F	15,000,000	Nil	15,000,000	Nil	31-Dec-24	Share price - 30 day VWAP > $0.06	$0.0083
Total	**181,750,900**	**43,325,215**	**121,271,005**				

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

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 31 May 2021 Annual General Meeting ('AGM')

The remuneration report for the year ended 31 December 2020 was approved by shareholders at the AGM. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

2. <u>Details of remuneration</u>

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	-
James King	Non-Executive Director	29 November 2019	-
Guy Perkins	Non-Executive Director	27 October 2020	-
Colm O'Brien	Non-Executive Director	20 October 2021	-
Shaun Hardcastle	Non-Executive Director	5 October 2017	18 May 2021
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	-

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

Amounts of remuneration

Share based payments

The figures included in the statutory table below for the pro rata vesting of share-based payments were not actually provided to the key management personnel during the year. These amounts are calculated in accordance with accounting standards and are the amortised fair values of equity and equity-related instruments that have been granted to the executives. For information on awards that were allocated and vested during the year refer to Note 20 to the financial statements.

2021

	Short term benefits			Post-employment benefits	Long term benefits	Share-based payments		Share-based payments		
	Salaries, fees & commissions	Cash bonuses	Other	Superannuation	Long service leave	Equity-settled shares	Total	Pro rata vesting [1]	Total	Performance-based remuneration
	$	$	$	$	$	$	$	$	$	%
Directors:										
Stuart Carmichael	43,835	-	-	4,274	-	-	48,109	49,407	97,516	0%
Robert Graham [5]	297,307	150,000	-	36,486	14,925	500,000	998,718	361,635	1,360,353	74%
James King	32,877	-	-	3,206	-	-	36,083	49,407	85,490	0%
Guy Perkins	32,877	-	-	3,206	-	-	36,083	49,407	85,490	0%
Colm O'Brien [2]	7,200	-	-	-	-	-	7,200	-	7,200	0%
Shaun Hardcastle [3]	18,000	-	-	-	-	-	18,000	-	18,000	0%
Key Management:										
Peter Liddell	176,726	24,816	-	19,709	-	114,007	335,258	-	335,258	34%
Stephanie Syme [4]	161,539	-	-	15,784	-	91,237	268,560	-	268,560	34%
	770,361	**174,816**	**-**	**82,665**	**14,925**	**705,244**	**1,748,011**	**509,856**	**2,257,867**	

[1] Pro rata vesting of equity settled share based payments (Class A to F performance rights and options), the issue of which is dependant on achievement of future performance milestones

[2] Represents remuneration from 20 October to 31 December 2021

[3] Represents remuneration from 1 January to 18 May 2021

[4] Represents 0.8FTE employment until 17 May 2021, full time until 31 December 2021

[5] Bonuses for R Graham are directly linked to the performance of the Group and dependent on defined milestones being met. Ad hoc cash bonuses may be paid from time to time if deemed appropriate by the Board, based on the attainment of particular objectives. In 2021, the cash bonus paid related to mutually agreed revenue and operational KPIs being met in respect of performance during 2020. The minimum possible value awarded was Nil and the maximum was 35% of base salary per the Executive Services Agreement, with 35% being achieved totaling $96,250. In addition an ad hoc cash bonus of $53,750 was paid relating to the strategic investment made in the Company during 2020.

2020

	Short term benefits			Post-employment benefits	Long term benefits	Share-based payments		
	Salaries, fees & commissions	Cash bonuses	Other	Superannuation	Long service leave	Equity-settled shares	Total	Performance-based remuneration
	$	$	$	$	$	$	$	%
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

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 - $48,000 per annum, paid in fortnightly instalments via payroll
- Mr Graham as Managing Director – $296,804 per annum excluding superannuation
- Mr King, Mr Perkins and Mr O'Brien as Non-Executive Directors - $36,000 per annum, paid in fortnightly instalments via payroll or by monthly invoice

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 and Stephanie Syme. The terms of their Executive Employment Agreements with Schrole Operations Ltd are summarised in the following table:

Name	Remuneration
Robert Graham	▪ Executive salary of $296,804 excluding superannuation ▪ Bonus of up to 40% 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	▪ Executive salary of $184,269 excluding superannuation ▪ Bonus of up to 30% 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	▪ Executive salary of $183,750 excluding superannuation ▪ Bonus of up to 30% 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

During the year the Company sought independent advice from a remuneration consultant to assist with the benchmarking of the proposed remuneration compared to other peers. The consultant's recommendations were provided to the Board as an input into decision making only. The Company ensured that the remuneration recommendations have been made free from undue influence by members of the Company's key management personnel. The Board considered the recommendations, along with other factors, in making its remuneration decisions. The Company then used this independent advice to structure incentives aimed at growing value for shareholders. The Company paid $16,272 (excluding GST) to the remuneration consultant.

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 2021 are included in the table below:

	Date	Shares	Issue Price	Issued in lieu of bonus	Issued in lieu of long term incentive
Stephanie Syme	21-Apr-21	1,484,231	$0.0188	1,484,231	
Peter Liddell	15-Jul-21	2,695,435	$0.0188	2,695,435	
Robert Graham	11-Jun-21	20,000,000	$0.0120		20,000,000
Robert Graham	15-Jul-21	10,000,000	$0.0130		10,000,000
Peter Liddell	13-Oct-21	3,333,333	$0.0100		3,333,333
Stephanie Syme	13-Oct-21	3,333,333	$0.0100		3,333,333
Robert Graham	09-Nov-21	10,000,000	$0.0130		10,000,000
Peter Liddell	09-Nov-21	3,333,333	$0.0090		3,333,333
Stephanie Syme	09-Nov-21	3,333,333	$0.0090		3,333,333

Options

Pursuant to a resolution at the 31 May 2021 Annual General Meeting, approval was granted to issue 54,000,000 options to the Company's Non-Executive Directors. The Options were granted for nil cash consideration. The Options will vest following the Holder's continuous engagement as a Director with the Company for a period of 12 months from the 31 May 2021 Annual General Meeting. The total of the fair value of the securities will be allocated over the applicable vesting periods, with an expense of $148,221 recognised for the year ended 31 December 2021.

The values of the options have been estimated using the Black-Scholes valuation model.

Option Series	Number of Options	Exercise Price	Grant Date	Expiry Date	Number of Options Vested & Exercisable	Valuation per Option at Grant Date
Director Options (Class A)	18,000,000	$0.030	31-May-21	31-Dec-23	0	$0.0052
Director Options (Class B)	18,000,000	$0.045	31-May-21	31-Dec-23	0	$0.0041
Director Options (Class C)	18,000,000	$0.060	31-May-21	31-Dec-24	0	$0.0049
Total	**54,000,000**				**0**	

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 were cancelled on 26 February 2021.

Pursuant to a resolution at the 31 May 2021 Annual General Meeting, 20,000,000 performance shares were issued to Robert Graham on 11 June 2021.

Performance rights

Pursuant to a resolution of the Board, on 2 February 2021 2,695,435 Tranche D performance rights were issued to Peter Liddell and 1,484,230 Tranche D performance rights were issued to Stephanie Syme in lieu of bonus. On 21 April 2021 the Company issued 1,484,230 ordinary shares on exercise of the same number of Tranche D performance rights and on 15 July 2021 the Company issued 2,695,435 ordinary shares on exercise of the same number of Tranche D performance rights.

Pursuant to a resolution at the 31 May 2021 Annual General Meeting, 133,800,000 performance shares were issued to Robert Graham on 11 June 2021, with the following terms:

- Class A 30,000,000 performance rights, expiry date of 31 December 2023, with vesting conditions relating to the release of three software modules in market as follows:
    - Schrole Connect V3.0, released prior to the end of the September 2021 quarter, resulting in 10,000,000 rights vesting. On 15 July 2021 these performance rights vested following satisfaction of this milestone. On the same date the Company issued 10,000,000 ordinary shares on exercise of the same number of Class A performance rights;
    - Schrole Events V1.0, released prior to the end of the December 2021 quarter, resulting in 10,000,000 rights vesting. On 9 November 2021 these performance rights vested following satisfaction of this milestone. On the same date the Company issued 10,000,000 ordinary shares on exercise of the same number of Class A performance rights; and
    - Schrole Engage V1.0, released prior to the end of the March 2022 quarter resulting in 10,000,000 rights vesting.
- Class B 36,000,000 performance rights, expiry date of 31 December 2023, with vesting conditions relating to the achievement of revenue targets of between $7,000,000 and $8,000,000 as follows:
    - Revenue of $7,000,000, resulting in 75% vesting (27,000,000 rights);
    - Revenue of between $6,000,001 and 7,999,999, resulting in pro rata proportion of performance rights vesting; and
    - Revenue of $8,000,000, resulting in 100% vesting (36,000,000 rights).
- Class C 26,400,000 performance rights, expiry date of 31 December 2024, with vesting conditions relating to the achievement of revenue targets of between $10,000,000 and $12,000,000 as follows:
    - Revenue of $10,000,000, resulting in 75% vesting (19,800,000 rights);
    - Revenue of between $10,000,001 and 11,999,999, resulting in pro rata proportion of performance rights vesting; and
    - Revenue of $12,000,000, resulting in 100% vesting (26,400,000 rights).
- Class D 13,200,000 performance rights, expiry date of 31 December 2023, with vesting condition of a 30 day VWAP exceeding $0.03

- Class E 13,200,000 performance rights, expiry date of 31 December 2023, with vesting condition of a 30 day VWAP exceeding $0.045
- Class F 13,200,000 performance rights, expiry date of 31 December 2024, with vesting condition of a 30 day VWAP exceeding $0.06
- In the event that Robert Graham is no longer employed by the Company, any unconverted and unvested performance rights will automatically lapse and be forfeited, unless the Board otherwise determines in its discretion.

The values of the performance rights have been estimated using the Black-Scholes option pricing model and a barrier up-and-in trinomial option pricing model with a Parisian barrier adjustment. Additional details regarding the performance rights are included in the audited remuneration report below and in Note 20 to the financial statements.

On 13 October 2021, 3,333,333 performance rights were issued to each of Peter Liddell and Stephanie Syme on achievement of long term incentive milestones. On the same date the Company issued 6,666,666 ordinary shares on exercise of the same number of performance rights. The milestone achieved (in full) was the release of Schrole Connect V3.0 in market prior to the end of the September 2021 quarter.

On 9 November 2021, 3,333,333 performance rights were issued to each of Peter Liddell and Stephanie Syme on achievement of long term incentive milestones. On the same date the Company issued 6,666,666 ordinary shares on exercise of the same number of performance rights. The milestone achieved (in full) was the release of Schrole Events V1.0 in market prior to the end of the December 2021 quarter.

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 four years since listing to 31 December 2021 are summarised below:

	2021 $	2020 $	2019 $	2018 $
Sales revenue	5,263,737	5,675,337	5,604,360	2,621,796
EBITDA	(1,774,597)	(1,033,235)	(1,187,366)	(3,512,012)
Net profit/(loss)	(2,438,844)	(2,177,382)	(1,969,565)	(3,765,309)
Share price at financial year end ($)	$0.010	$0.018	$0.023	$0.020
Total dividends declared (cents per share)	$0.000	$0.000	$0.000	$0.000
Basic earnings per share (cents per share)	-$0.169	-$0.200	-$0.300	-$0.600

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:

- 30 March 2021 – issue of 12,714,641 performance rights in relation to bonuses
- 11 October 2021 – issue of 2,025,685 performance rights in relation to bonuses
- 13 October 2021 – issue of 6,666,666 performance rights in relation to long term incentive milestones
- 22 October 2021 – issue of 1,570,574 performance rights in relation to bonuses
- 9 November 2021 – issue of 6,666,666 performance rights in relation to long term incentive milestones

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	Cancelled 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, 2]	216,868,605	-	40,000,000	(90,000,000)	3,000,000	169,868,605	20,000,000
James King [1]	5,254,717	-	-	-	3,000,000	8,254,717	-
Guy Perkins [1]	-	-	-	-	8,000,000	8,000,000	-
Colm O'Brien [3]	-	-	-	-	-	-	-
Key Management:							
Peter Liddell [4]	3,083,708	-	9,362,101	-	115,384	12,561,193	-
Stephanie Syme [1,4]	1,096,378	-	8,150,897	-	1,125,000	10,372,275	-
	226,803,408	**-**	**57,512,998**	**(90,000,000)**	**15,240,384**	**209,556,790**	**20,000,000**

[1] Purchase as part of capital raising

[2] 90,000,000 shares cancelled in accordance with 31 May 2021 AGM resolution

[3] On market purchase of 500,000 shares subsequent to year end

[4] 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]	-	-	-	18,000,000	18,000,000	-	-
Robert Graham	-	-	-	-	-	-	-
James King [1]	-	-	-	18,000,000	18,000,000	-	-
Guy Perkins [1]	-	-	-	18,000,000	18,000,000		
Colm O'Brien	-			-	-		
Key Management:					-		
Peter Liddell	-	-	-	-	-	-	-
Stephanie Syme	-	-	-	-	-	-	-
	-	**-**	**-**	**54,000,000**	**54,000,000**	**-**	**-**

[1] Granted in accordance with 31 May Annual General Meeting resolution, yet to vest

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 [1,2]	145,000,000	20,000,000	(165,000,000)	-
James King	-	-	-	-
Guy Perkins	-	-	-	-
Colm O'Brien		-	-	-
Key Management:				
Peter Liddell	-	-	-	-
Stephanie Syme	-	-	-	-
	145,000,000	**20,000,000**	**(165,000,000)**	**-**

[1] 145,000,000 Performance shares cancelled in accordance with 31 May 2021 AGM

[2] 20,000,000 Performance shares granted in accordance with 31 May Annual General Meeting resolution and subsequently converted to ordinary shares

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	Maximum value yet to vest $
Directors:								
Stuart Carmichael	-	-	-	-	-	-	-	-
Robert Graham [1]	-	133,800,000	(20,000,000)	-	113,800,000	-	-	927,145
James King	-	-	-	-	-	-	-	-
Guy Perkins	-	-	-	-	-	-	-	-
Colm O'Brien	-	-	-	-	-	-	-	-
Key Management:					-			
Peter Liddell [2, 3]	1,320,000	9,362,101	(9,362,101)	(1,320,000)	-	-	-	-
Stephanie Syme [2]	-	8,150,897	(8,150,897)	-	-	-	-	-
	1,320,000	**151,312,998**	**(37,512,998)**	**(1,320,000)**	**113,800,000**	**-**	**-**	**927,145**

[1] 133,800,000 Performance rights granted in accordance with 31 May Annual General Meeting resolution. 20,000,000 vested on satisfaction of milestones and were subsequently converted to ordinary shares

[2] Performance rights granted in settlement of 2020 bonus and on satisfaction of long term incentive milestones, all subsequently exercised

[3] Other change during the year is cancellation of Tranche B Performance rights

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 2021 $	Total Transactions 2020 $	Payable Balance 2021 $	Payable Balance 2020 $
HWL Ebsworth [1]	Legal advice	Shaun Hardcastle	47,755	75,637	-	1,404
Ventnor Capital	Company secretarial and accounting services	Stuart Carmichael	64,441	48,439	-	3,333
[1] Shaun Hardcastle resigned as a Director on 18 May 2021						

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

Stuart Carmichael
Non-Executive Chairman
25 February 2022

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

As lead auditor of Schrole Group Limited for the year ended 31 December 2021, 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 Limited and the entities it controlled during the period.

Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth, 25 February 2022

Schrole

Schrole Group Ltd
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021

	Notes	2021 $	2020 $
Revenue	3	5,473,769	6,144,602
Expenses			
Alliance fees	4	(588,895)	(2,342,286)
Employee benefits expense	4	(3,575,245)	(2,814,162)
Depreciation & amortisation expense	4	(403,540)	(1,144,147)
Share-based payments	20	(1,415,469)	(219,254)
Finance costs	4	(54,325)	(53,036)
Other expenses	4	(1,875,139)	(1,749,099)
		(7,912,613)	(8,321,984)
Loss before income tax expense		(2,438,844)	(2,177,382)
Income tax benefit/(expense)	5	-	-
attributable to the owners of Schrole Group Ltd		(2,438,844)	(2,177,382)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period attributable to the owners of Schrole Group Ltd		(2,438,844)	(2,177,382)
Basic earnings / (loss) per share (cents per share)	6	(0.17)	(0.19)
Diluted earnings / (loss) per share (cents per share)	6	(0.17)	(0.19)

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

Schrole

Schrole Group Ltd
Consolidated Statement of Financial Position
As at Year Ended 31 December 2021

	Notes	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	7	4,964,008	5,107,987
Trade receivables	11	318,752	561,510
Other receivables	12	444,812	195,005
Total current assets		5,727,572	5,864,502
Non-current assets			
Property, plant and equipment	13	127,245	89,211
Right-of-use assets	14	188,331	285,259
Intangible assets	15	1,077,873	502,644
Total non-current assets		1,393,449	877,114
Total assets		7,121,021	6,741,616
Liabilities			
Current liabilities			
Trade and other payables	16	884,745	1,209,076
Deferred revenue	17	1,968,260	2,718,447
Provision for employee benefits		252,791	239,847
Lease liabilities	18	212,150	148,336
Other		-	1,000
Total current liabilities		3,317,946	4,316,706
Non-current liabilities			
Provision for employee benefits		43,457	22,847
Lease liabilities	18	64,635	212,955
Total non-current liabilities		108,092	235,802
Total liabilities		3,426,038	4,552,508
Net assets		3,694,983	2,189,108
Equity			
Issued capital	19	23,182,732	19,805,751
Reserves	21	(769,735)	(1,141,400)
Accumulated losses		(18,718,014)	(16,475,243)
Total equity		3,694,983	2,189,108

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

Schrole

Schrole Group Ltd
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021

	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)
Transactions with owners in their capacity as owners:				
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

	Issued capital	Reserves	Accumulated losses	Total equity
	$	$	$	$
Balance at 1 January 2021	19,805,751	(1,141,400)	(16,475,243)	2,189,108
Loss after income tax expense for the period	-	-	(2,438,844)	(2,438,844)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(2,438,844)	(2,438,844)
Transactions with owners in their capacity as owners:				
Issue of shares (net of costs)	2,529,750			2,529,750
Partial vesting of options		148,221		148,221
Performance shares issued	240,000			240,000
Performance rights vested		882,806		882,806
Performance rights exercised	607,231	(463,289)		143,943
Return reserve for cancelled rights to earnings		(86,190)	86,190	-
Return reserve for lapsed rights to earnings		(109,883)	109,883	-
Balance at 31 December 2021	23,182,732	(769,735)	(18,718,014)	3,694,983

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 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		4,721,642	5,252,147
Payments to suppliers and employees		(6,516,769)	(6,752,513)
		(1,795,127)	(1,500,366)
Government grants		24,690	496,421
Interest received		1,220	3,134
Net cash (used in) operating activities	8	(1,769,217)	(1,000,811)
Cash flows from investing activities			
Payments for property, plant and equipment		(25,811)	(27,382)
Payments for software development costs		(879,397)	(381,666)
Net cash (used in) investing activities		(905,208)	(409,048)
Cash flows from financing activities			
Receipts from shares issued		2,779,000	2,125,926
Receipts from convertible notes		-	2,895,000
Share/convertible note issue transaction costs		(208,614)	(264,463)
Net drawdown/(repayment) of other financing facilities		-	(30,576)
Interest paid		-	(6,106)
Finance lease costs		(127,199)	(109,519)
Net cash from financing activities		2,443,187	4,610,262
Net increase/(decrease) in cash and cash equivalents		(231,238)	3,200,403
Cash and cash equivalents at the beginning of the period		5,107,987	2,005,189
Effects of exchange rate changes on cash and cash equivalents		87,259	(97,605)
Cash and cash equivalents at the end of the period	7	4,964,008	5,107,987

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 2022. 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 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.

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 Ltd as at 31 December 2021 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 2020 and 31 December 2021 are Software and Training.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the 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 virtual recruitment events 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, with such recognition reflecting the progressive satisfaction of the separate performance obligations within the respective training course. These performance obligations include the delivery of individual units or modules over the course of the enrolment.

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 amounts 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 and 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	7% to 67%
Leasehold Improvements	7% to 29%

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 Group 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 3 and 4 years. The average amortisation rate at year end is 3 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 Group 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.

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 Group's incremental borrowing rate. Lease payments comprise 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 any of 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 wage 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 securities incentive 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 rights and options is determined using the satisfaction of certain performance criteria (Performance Milestones). The number of options 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 an equity-settled award is 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 members 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 Office. 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.

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.

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/Connect 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

For performance rights with non-market based milestones, 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. It has been determined the milestones for Tranche A have been met, whilst the probability of achieving the milestones for Class B Parts I and II to be 100% and for Class B Part III and Class C to be 0%. Refer to note 20 for further details on the Performance Rights milestones.

Note 3. Revenue and Other Income

	2021	2020
	$	$
Sales revenue		
Software licences	3,976,976	4,696,199
Training services	1,286,761	979,138
	5,263,737	5,675,337
Other revenue		
Interest	1,300	3,134
Other revenue	208,732	466,131
	210,032	469,265
	5,473,769	6,144,602

Disaggregation of revenue

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

2021	**Software** $	**Training** $	**Total** $
Geographical regions			
International	3,716,389	33,928	3,750,317
Domestic	260,586	1,252,834	1,513,420
	3,976,975	1,286,762	5,263,737
Timing of revenue recognition			
Goods transferred at a point in time	125,896	1,257,375	1,383,271
Services transferred over time	3,851,079	29,387	3,880,466
	3,976,975	1,286,762	5,263,737

2020	**Software** $	**Training** $	**Total** $
Geographical regions			
International	4,470,449	8,691	4,479,140
Domestic	225,750	970,447	1,196,197
	4,696,199	979,138	5,675,337
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
	4,696,199	979,138	5,675,337

Note 4. Profit / (Loss) for the year

Profits/(Loss) before income tax from continuing operations includes the following specific expenses:	2021 $	2020 $
Alliance and Partner Fees		
Alliance fees - ISS	495,400	2,294,882
Other partner fees	93,495	47,404
	588,895	2,342,286

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 property 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. Further, from 1 July to 31 December 2021 ISS and Schrole split invoicing for renewing customers with each party invoicing approximately 50% of customers (by value). This has meant that revenues and cash receipts are 50% lower for renewals since this date with no distributions to ISS relating to these customers required. Whilst revenues and alliance fee expenses are lower, the impact on margin of this is nil. Similarly, cash receipts and cash payments are lower, however the impact on net cash from operations of this is nil. In addition, all new customers from 1 July 2021 do not require any revenue sharing with ISS, Schrole retains 100%.

	2021 $	2020 $
Depreciation and amortisation		
Developed software	262,276	957,405
Right to use asset	139,849	134,196
Property, plant and equipment	1,415	52,546
	403,540	1,144,147
Finance costs		
Interest and finance charges paid/payable on borrowings	41,756	42,978
Interest and finance charges paid/payable on lease liabilities	12,569	10,058
	54,325	53,036
Employee benefits expense		
Employee benefits excluding superannuation	3,221,388	2,583,018
Defined contribution superannuation expense	353,857	231,144
	3,575,245	2,814,162
Other expenses		
Sales, marketing & commissions	219,738	59,904
Consulting fees	666,917	359,793
IT expenses	434,093	339,849
Other expenses	554,391	904,599
	1,875,139	1,664,145

Note 5. Income Tax

The financial accounts for the year ended 31 December 2021 comprise the results of Schrole Group Ltd. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 27.5%.

	2021 $	2020 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-

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% (2020: 27.5%)	(670,682)	(598,780)
Non-deductible items		
Non-deductible expenses	577,728	475,665
- entertainment	-	-
- expensed R&D costs	116,348	-
- depreciation on R&D assets	72,126	256,411
- share based payments	389,254	219,254
Temporary differences not recognised	92,954	123,115
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 2021, 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

	2021 $	2020 $
Profit/(loss) after income tax attributable to the owners of Schrole Group Ltd	(2,438,844)	(2,177,382)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,446,399,932	1,136,480,850
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	1,446,399,932	1,136,480,850
	Cents	**Cents**
Basic earnings per share	(0.17)	(0.19)
Diluted earnings per share	(0.17)	(0.19)

Note 7. Cash and Cash Equivalents

	2021 $	2020 $
Cash at bank	4,964,008	5,107,987
Total cash and cash equivalents in the statement of cash flows	4,964,008	5,107,987

Note 8. Cash Flow Information

	2021 $	2020 $
Profit / (Loss) after income tax	(2,438,844)	(2,177,382)
Non-cash flows in loss after tax		
Depreciation	403,540	1,144,147
Net (gain)/ loss on disposal of non-current assets	11,012	40,289
Share based payment expense	1,415,469	219,254
Doubtful debts expense	14,913	-
Unrealised currency (gains)/losses	(116,462)	155,277
Changes in assets and liabilities		
Increase / (decrease) in deferred revenue	(750,187)	(291,046)
Decrease / (increase) in receivables	(7,049)	(102,512)
(Decrease) / increase in payables	46,428	(30,866)
(Decrease) / increase in other payables	(370,759)	42,028
Add back increase in receivables for non operating activities	36,638	-
Add back increase in other payables for non operating activities	(13,915)	
Cash flow (used in) operating activities	(1,769,217)	(1,000,811)

Note 9. Non- cash Investing and Financing Activities

	2021 $	2020 $
Additions to the right-of-use assets	42,921	354,115
Disposals of right-of-use assets	-	39,205
Shares issued under employee share plan	1,415,469	219,254
R&D incentive refund accrued for capitalised assets	(36,638)	-
Capital raising costs accrued	13,915	-
	1,435,667	612,574

Note 10. Changes in Liabilities Arising from Financing Activities

	Lease liability $	Convertible notes $	Premium funding facility $	Total $
Balance at 1 January 2020	162,852	-	30,576	193,428
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	361,291	-	-	361,291
Net cash from/(used in) financing activities	(127,199)			(127,199)
Acquisition of leases	42,971			42,971
Other	(278)			(278)
Balance at 31 December 2021	276,785	-	-	276,785

Note 11. Trade Receivables

	2021 $	2020 $
Trade receivables	333,665	567,580
Less allowance for expected credit loss	(14,913)	(6,070)
	318,752	561,510

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

	2021 $	2020 $
Opening balance	6,070	24,867
Additional provisions recognised	14,913	6,117
Receivables written off during the year as uncollectable	-	-
Unused amounts reversed	(6,070)	(24,914)
Closing balance	14,913	6,070

Allowance for expected credit losses

The Group has recognised a loss of $14,913 in profit or loss in respect of the expected credit losses for the year ended 31 December 2021.

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

2021	Expected credit loss rate %	Carrying amount $	Allowance for expected credit losses $
Not overdue	1.0%	188,183	5,551
0 to 3 months overdue	1.3%	90,978	3,488
3 to 6 months overdue	2.4%	46,122	3,401
Over 6 months overdue	9.6%	8,383	2,473
		333,665	14,913

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
		567,580	6,069

Trade receivables are generally due for settlement within 60 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

	2021 $	2020 $
GST receivable	27,789	42,871
Term deposit	60,000	60,000
Prepayments	79,539	35,331
Accrued income	220,681	-
Other	56,803	56,803
	444,812	195,005

Accrued income is registered refundable R&D Tax Incentive claims for the year ended 31 December 2018, year ended 31 December 2019 and year ended 31 December 2020 currently pending refund.
Other is a security deposit relating to 142 Hasler Road, Osborne Park.

Note 13. Property, Plant and Equipment

	2021 $	2020 $
Leasehold improvements - at cost	268,988	269,859
Less: Accumulated depreciation	(230,181)	(225,163)
	38,807	44,696
Plant and equipment - at cost	173,724	180,971
Less: Accumulated depreciation	(85,286)	(136,456)
	88,438	44,515
	127,245	89,211

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 2020	50,409	65,030	115,439
Additions	-	27,402	27,402
Disposals	-	(5,175)	(5,175)
Depreciation expense	(5,713)	(42,742)	(48,455)
Balance at 31 December 2020	44,696	44,515	89,211
Additions	-	51,487	51,487
Disposals	(38)	(12,001)	(12,039)
Depreciation expense	(5,851)	4,437	(1,414)
Balance at 31 December 2021	38,807	88,438	127,245

Note 14. Right-of-use Assets

	2021 $	2020 $
Land and buildings - right-of-use	397,036	354,115
Less: Accumulated depreciation	(208,705)	(68,856)
	188,331	285,259

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 2020	104,545
Additions	354,115
Disposals	(39,205)
Depreciation expense	(134,196)
Balance at 31 December 2020	285,259
Additions	42,921
Disposals	-
Depreciation expense	(139,849)
Balance at 31 December 2021	188,331

The Group leases land and buildings for one office under a three year agreement, and another office under a two year agreement, both with escalation clauses 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

	2021 $	2020 $
Developed software in use	3,290,243	2,428,441
Less: Accumulated depreciation	(2,507,209)	(2,244,933)
Software in development	292,319	316,616
	1,075,353	500,124
Trademark acquired	2,520	2,520
	1,077,873	502,644

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 2020	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
Additions	837,505	-	837,505
Write offs	-	-	-
Amortisation expense	(262,276)	-	(262,276)
Balance at 31 December 2021	1,075,353	2,520	1,077,873

Note 16. Trade and Other Payables

	2021	2020
	$	$
Trade payables	173,106	126,678
Provisions and accruals	527,378	883,005
Other	184,261	199,393
	884,745	1,209,076

Note 17. Deferred Revenue

	2021	2020
	$	$
Deferred revenue	1,968,260	2,718,447

Revenue from software subscriptions and training courses is recognised when the performance obligations associated with the 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 subscription and training course revenue 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 2021 compared with the prior year reflects the change in the nature of the agreement with ISS, with 50% of renewal revenue being recognised but no distributions to ISS required. In previous years, 100% of the revenue was recorded, offset by distributions of at least 50% to ISS.

Note 18. Lease Liabilities

	2021	2020
	$	$
Current Liabilities		
Lease liability - 142 Hasler Road, Osborne Park	189,823	148,336
Lease liability - 18A Baden Street, Osborne Park	22,327	-
	212,150	148,336
Non-Current Liabilities		
Lease liability - 142 Hasler Road, Osborne Park	64,635	212,955

Note 19. Issued Capital

	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	1,729,276,990	1,473,183,763	23,182,732	19,805,751

Movements in ordinary share capital

Details	Note	Date	Shares	$
Balance		31/12/2019	889,620,231	14,785,563
Issue of shares - employee incentive		03/03/2020	2,859,501	51,471
Conversion of performance rights		20/04/2020	880,000	14,960
Issue of shares - placement		21/05/2020	133,249,243	1,412,442
Share issue transaction costs				(100,741)
Issue of shares - placement		10/07/2020	66,750,757	707,558
Share issue transaction costs				(63,433)
Issue of shares - employee incentive		03/08/2020	7,697,489	81,593
Conversion of performance rights		11/08/2020	680,000	14,960
Issue of Series B performance shares		27/08/2020	93,000,000	-
Redemption of convertible note		01/09/2020	273,113,208	2,895,000
Convertible note issue transaction costs				(100,289)
Exercise of options		01/09/2020	5,333,334	106,667
Balance		31/12/2020	1,473,183,763	19,805,751
Cancellation of Series B performance shares	19a	26/02/2021	(93,000,000)	-
Conversion of performance rights	19b	21/04/2021	1,820,000	27,300
Conversion of performance rights	19c	21/04/2021	7,983,567	119,754
Issue of performance shares	19d	11/06/2021	20,000,000	240,000
Conversion of performance rights	19c	15/07/2021	4,325,754	56,235
Conversion of performance rights	19e	15/07/2021	10,000,000	130,000
Issue of shares to advisor	19f	13/10/2021	2,160,000	21,600
Conversion of performance rights	19g	13/10/2021	6,666,666	66,667
Conversion of performance rights	19e	09/11/2021	10,000,000	130,000
Conversion of performance rights	19g	09/11/2021	6,666,666	60,000
Conversion of performance rights	19h	09/11/2021	1,570,574	17,276
Issue of shares - placement	19i	29/11/2021	250,000,000	2,500,000
Issue of shares - placement	19j	22/12/2021	27,900,000	279,000
Share issue transaction costs				(270,850)
Balance		31/12/2021	1,729,276,990	23,182,732

19a Cancellation of shares in accordance with resolution at General Meeting
19b Conversion of Tranche A Performance Rights
19c Conversion of Tranche D Performance Rights
19d Issue of shares to Managing Director in accordance with resolution at Annual General Meeting
19e Conversion of performance rights by Managing Director
19f Issue of shares to advisor as compensation for services delivered
19g Conversion of performance rights by Key Management Personnel
19h Conversion of Tranche E Performance Rights
19i Placement of fully paid ordinary shares to sophisticated and professional investors at $0.0100 per share
19j Placement of fully paid ordinary shares to shareholders under a share purchase plan at $0.0100 per share

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

Ordinary Shares

On 13 October 2021, 2,160,000 ordinary shares, valued at $21,600 were issued to an advisor as part payment for advisory services.

Options

Pursuant to a resolution at the 31 May 2021 Annual General Meeting, approval was granted to issue 54,000,000 options to the Company's Non-Executive Directors. The Options will vest following the Holder's continuous engagement as a Director with the Company for a period of 12 months from the 31 May 2021 Annual General Meeting. The total of the fair value of the securities will be allocated over the applicable vesting periods, with an expense of $148,221 recognised for the year ended 31 December 2021.

Option Series	Number of Options	Exercise Price	Grant Date	Expiry Date	Number of Options Vested & Exercisable	Valuation
Director Options (Class A)	18,000,000	$0.030	31-May-21	31-Dec-23	0	$54,379
Director Options (Class B)	18,000,000	$0.045	31-May-21	31-Dec-23	0	$42,898
Director Options (Class C)	18,000,000	$0.060	31-May-21	31-Dec-24	0	$50,944
Total	**54,000,000**				**0**	**$148,221**

The values of the options have been estimated using the Black-Scholes valuation model with the following key inputs:

- Valuation date: 31 May 2021
- Volatility: 110%
- Risk free interest rate 0.105%
- Annualised dividend yield Nil.

Performance Shares

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:

a. 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 were cancelled on 26 February 2021.

b. Series C performance shares: it was resolved at the Annual General Meeting on 31 May 2021 that the 150,000,000 performance shares be cancelled, and accordingly the performance shares were cancelled on 17 June 2021.

Pursuant to a resolution at the 31 May 2021 Annual General Meeting, 20,000,000 performance shares were issued to the Managing Director on 11 June 2021. On the same date the Company issued 20,000,000 ordinary shares on exercise of the same number of Performance Shares.

Performance Rights

As at the date of this report the Company had performance rights on issue as follows:

Performance Rights	Number of Rights Issued	Number of Rights Vested	Number of Rights on Issue at 31/12/21	Exercise Price	Expiry Date	Vesting Condition	Valuation per right $
Tranche A	9,040,000	9,040,000	1,340,000	Nil	03-Jul-23	Software licences	$0.0170
Tranche C	22,600,000	Nil	3,700,000	Nil	03-Jul-23	EBITDA over 12 month period	$0.0000
Tranche D	12,714,641	12,714,641	405,320	Nil	16-Feb-23		$0.0188
Tranche E - Part I	2,025,685	Nil	2,025,685	Nil	20-Mar-24	Service condition	$0.0112
Tranche E - Part II	1,570,574	1,570,574	Nil	Nil	20-Jan-22		$0.0000
Class A	30,000,000	20,000,000	10,000,000	Nil	31-Dec-23	Software milestones	$0.0130
Class B	36,000,000	Nil	36,000,000	Nil	31-Dec-23	Revenue over 12 month period	$0.0130
Class C	26,400,000	Nil	26,400,000	Nil	31-Dec-24	Revenue over 12 month period	$0.0000
Class D	13,200,000	Nil	13,200,000	Nil	31-Dec-23	Share price - 30 day VWAP > $0.03	$0.0093
Class E	13,200,000	Nil	13,200,000	Nil	31-Dec-23	Share price - 30 day VWAP > $0.045	$0.0076
Class F	15,000,000	Nil	15,000,000	Nil	31-Dec-24	Share price - 30 day VWAP > $0.06	$0.0083
Total	**181,750,900**	**43,325,215**	**121,271,005**				

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. To date the Company has issued 7,700,000 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 agreed that the 5,070,000 Tranche B performance rights would 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.

d. Tranche D performance rights vested on issue to staff in lieu of bonuses. To date the Company has issued 12,309,321 ordinary shares on the exercise of the same number of Tranche D performance rights, with the remainder yet to convert to ordinary share capital.

e. Tranche E performance rights issued to staff in lieu of bonuses. 1,570,574 vested on issue, with the remainder vesting on 20 March 2022, subject to holders meeting a service condition.

g. Classes A to F performance rights granted to the Managing Director in accordance with 31 May Annual General Meeting resolution with vesting conditions as follows:

- Class A 30,000,000 performance rights, expiry date of 31 December 2023, with vesting conditions relating to the release of three software modules in market as follows:
  - Schrole Connect V3.0, released prior to the end of the September 2021 quarter, resulting in 10,000,000 rights vesting. On 15 July 2021 these performance rights vested following satisfaction of this milestone. On the same date the Company issued 10,000,000 ordinary shares on exercise of the same number of Class A performance rights;
  - Schrole Events V1.0, released prior to the end of the December 2021 quarter, resulting in 10,000,000 rights vesting. On 9 November 2021 these performance rights vested following satisfaction of this milestone. On the same date the Company issued 10,000,000 ordinary shares on exercise of the same number of Class A performance rights; and
  - Schrole Engage V1.0, released prior to the end of the March 2022 quarter resulting in 10,000,000 rights vesting.
- Class B 36,000,000 performance rights, expiry date of 31 December 2023, with vesting conditions relating to the achievement of revenue targets of between $7,000,000 and $8,000,000 as follows:
  - Revenue of $7,000,000, resulting in 75% vesting (27,000,000 rights);
  - Revenue of between $6,000,001 and 7,999,999, resulting in pro rata proportion of performance rights vesting; and
  - Revenue of $8,000,000, resulting in 100% vesting (36,000,000 rights).
- Class C 26,400,000 performance rights, expiry date of 31 December 2024, with vesting conditions relating to the achievement of revenue targets of between $10,000,000 and $12,000,000 as follows:
  - Revenue of $10,000,000, resulting in 75% vesting (19,800,000 rights);
  - Revenue of between $10,000,001 and 11,999,999, resulting in pro rata proportion of performance rights vesting; and
  - Revenue of $12,000,000, resulting in 100% vesting (26,400,000 rights).
- Class D 13,200,000 performance rights, expiry date of 31 December 2023, with vesting condition of a 30 day VWAP exceeding $0.03
- Class E 13,200,000 performance rights, expiry date of 31 December 2023, with vesting condition of a 30 day VWAP exceeding $0.045
- Class F 13,200,000 performance rights, expiry date of 31 December 2024, with vesting condition of a 30 day VWAP exceeding $0.06
- The values of the performance rights have been estimated using the Black-Scholes option pricing model and a barrier up-and-in trinomial option pricing model with a Parisian barrier adjustment with the following key inputs:
  - Valuation date: 31 May 2021
  - Volatility: 100%
  - Risk free interest rate 0.095%
  - Annualised dividend yield Nil.

Note 21. Reserves

		2021 $	2020 $
Acquisition reserve	21a	(1,387,793)	(1,387,793)
Options reserve	21b	148,221	-
Share based payment reserve	21c	469,837	246,393
		(769,735)	(1,141,400)

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	31/12/2019	209,000,000	2,156,893
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	-	-
Granting of options	31/05/2021	54,000,000	-
Partial vesting of options	30/06/2021		21,174
Partial vesting of options	31/12/2021		127,047
Balance	31/12/2021	54,000,000	148,221

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

c) Share based payment reserve	**Date**	**No.**	**$**
Balance	31/12/2019	285,680,722	190,123
Conversion of Tranche A performance rights	20/04/2020	(880,000)	(14,960)
Partial vesting of Tranche B performance rights	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	284,120,722	246,393
Vesting of Tranche D performance rights	30/03/2021	12,714,641	239,035
Conversion of Tranche D performance rights	21/04/2021	(7,983,567)	(119,754)
Conversion of Tranche A performance rights	21/04/2021	(1,820,000)	(27,300)
Provision returned to retained earnings on cancellation of Tranche B performance rights	21/04/2021		(86,190)
Partial vesting of Classes A to F performance rights	30/06/2021	-	211,955
Transfer balance of reserve to retained earnings for Series A to C performance shares	30/06/2021		(109,883)
Conversion of performance rights	15/07/2021	(4,325,754)	(56,235)
Partial vesting of Classes A to F performance rights	15/07/2021		13,333
Conversion of performance rights	15/07/2021	(10,000,000)	(130,000)
Granting of Tranche E performance rights	11/10/2021	2,025,685	22,635
Partial vesting of Classes A to F performance rights	09/11/2021	-	122,857
Conversion of performance rights	09/11/2021	(10,000,000)	(130,000)
Partial vesting of Classes A to F performance rights	31/12/2021	-	272,991
Balance	31/12/2021	264,731,727	469,837

	2021	**2020**
	$	**$**
Expenses arising from share based payments		
Employee benefits	1,267,248	219,254
Non-executive director benefits	148,221	-
	1,415,469	219,254
Comprising:		
Shares	-	-
Options	148,221	-
Performance shares	240,000	-
Performance rights	1,027,248	219,254
	1,415,469	219,254

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 payments 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 2020 and 31 December 2021 are Software and Training:

2021	**Software**	**Training**	**Unallocated**	**Total**
	$	**$**	**$**	**$**
Segment income				
Sales revenue	3,976,976	1,286,761	-	5,263,737
Other revenue	184,042	-	25,990	210,032
	4,161,018	1,286,761	25,990	5,473,769
Segment expenses				
Alliance fees	588,895	-	-	588,895
Employee benefits expense	1,444,342	772,178	1,358,725	3,575,245
Depreciation	235,285	1,113	167,142	403,540
Share-based payments	137,744	54,195	1,223,530	1,415,469
Finance costs	32,649	3,626	18,050	54,325
Other expenses	551,506	126,602	1,197,031	1,875,139
	2,990,421	957,714	3,964,478	7,912,613
Profit/(loss) before income tax	**1,170,597**	**329,047**	**(3,938,488)**	**(2,438,844)**
Segment assets and liabilities				
Cash	190,137	104,521	4,669,350	4,964,008
Trade and other receivables	533,251	13,535	216,778	763,564
Plant and equipment	-	-	127,244	127,244
Right-of-use assets	-	-	188,331	188,331
Intangibles	1,077,873	-	-	1,077,873
Trade and other creditors	(416,730)	(69,981)	(694,281)	(1,180,992)
Borrowings	-	-	(276,785)	(276,785)
Deferred revenue	(1,865,406)	(102,854)	-	(1,968,260)
Net assets/(liabilities)	**(480,875)**	**(54,779)**	**4,230,637**	**3,694,983**

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
	4,796,199	1,183,969	164,434	6,144,602
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
Share-based payments	105,081	40,601	73,572	219,254
Finance costs	36,514	3,150	13,372	53,036
Other expenses	942,997	256,743	549,359	1,749,098
	5,325,775	872,116	2,124,092	8,321,984
Profit/(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/(liabilities)	**(4,118,589)**	**(55,742)**	**6,363,439**	**2,189,108**

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	2021 Total	Floating interest rate	Fixed interest rate	Non-interest bearing	2020 Total
	$	$	$	$	$	$	$	$
Financial assets								
- Within one year								
Cash and cash equivalents	4,964,008	-	-	4,964,008	5,107,987	-	-	5,107,987
Trade and other receivables	-	-	763,564	763,564	-	-	756,515	756,515
Total financial assets	**4,964,008**	**-**	**763,564**	**5,727,572**	**5,107,987**	**-**	**756,515**	**5,864,502**
Financial liabilities								
- Within one year								
Lease liability	-	-	212,150	212,150	-	-	106,832	106,832
Trade and other payables	-	-	884,744	884,744	-	-	1,209,076	1,209,076
Other liabilities	-	-	-	-	-	-	1,000	1,000
	-	-	1,096,894	1,096,894	-	-	1,316,908	1,316,908
- More than one year								
Lease liability	-	-	64,635	64,635	-	-	212,955	212,955
	-	-	64,635	64,635	-	-	212,955	212,955
Total financial liabilities	**-**	**-**	**1,161,529**	**1,161,529**	**-**	**-**	**1,529,863**	**1,529,863**
Weighted average interest rate	*0.1%*				*0.1%*			
Net financial assets	**4,964,008**	**-**	**(397,965)**	**4,566,043**	**5,107,987**	**-**	**(773,348)**	**4,334,639**

Sensitivity Analysis

The following table illustrates sensitivities to the Group'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 2021		
+/- 1% interest rate	54,604	54,604
Year ended 31 December 2020		
+/- 1% interest rate	56,188	56,188

(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	2021 $	2020 $
Cash and cash equivalents - AA Rated	7	4,964,008	5,107,987

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.

	2021 $	2020 $
Total 30 since issue	90,978	290,756
Total 60 since issue	46,122	47,679
Total 90+ since issue	8,383	81,812
	145,483	420,247

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 are 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.

2021	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	87,235	89,746	65,282			**242,263**
Trade and other payables	884,744					**884,744**
	971,979	**89,746**	**65,282**	**-**	**-**	**1,127,007**

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**
Trade and other payables	1,209,076					**1,209,076**
Other liabilities			1,000			**1,000**
	1,251,808	**75,326**	**220,450**	**-**	**-**	**1,547,584**

(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 2021 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 changes 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 sales to the international school sector 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	
	2021	**2020**
	$	**$**
Net assets	1,168,804	2,207,032
Net profit	3,191,420	1,812,942

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 $319,420 higher/$319,420 lower (2020: $181,294 higher/$181,294 lower), and the effect on equity would have been $116,880 higher/$116,880 lower (2019: $220,703 higher/$220,703 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

	2021 $	2020 $
Assets		
Current assets	3,150,157	1,945,592
Non-current assets	-	-
Total assets	3,150,157	1,945,592
Liabilities		
Current liabilities	62,236	8,048
Non-current liabilities	21,217	-
Total liabilities	83,453	8,048
Net assets	3,066,704	1,937,544
Equity		
Issued capital	22,461,609	19,273,157
Reserves	618,558	142,971
Accumulated losses	(20,013,463)	(17,478,584)
Total equity	3,066,704	1,937,544

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

	2021 $	2020 $
Loss for the year	(150,519)	(988,797)
Other comprehensive income	-	-
Total comprehensive loss	(150,519)	(988,797)

(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 2021 (2020: Nil).

(e) Commitments by Schrole Group Ltd

There were no known commitments as at 31 December 2021 (2020: Nil).

Note 25. Controlled Entities

Name of entity	Place of business / country of incorporation	Ownership interest held		Principal activities
		2021	2020	
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 key management personnel of the Group is set out below:

	2021 $	2020 $
Short term employee benefits	945,177	951,983
Post employment benefits	82,665	76,457
Long term benefits	14,925	14,771
Share based payments - Equity-settled shares	705,244	51,133
Share based payments - Pro rata vesting	509,856	-
	2,257,867	1,094,344

Note 27. Related party transactions

Parent entity

Schrole Group Ltd 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 2021 $	Total Transactions 2020 $	Payable Balance 2021 $	Payable Balance 2020 $
HWL Ebsworth [1]	Legal advice	Shaun Hardcastle	47,755	75,637	-	1,404
Ventnor Capital	Company secretarial and accounting services	Stuart Carmichael	64,441	48,439	-	3,333

[1] Shaun Hardcastle resigned as a Director on 18 May 2021

Terms and conditions

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

Note 28. Auditor's Remuneration

	2021 $	2020 $
Remuneration of the auditor of the Group (BDO) and associated entities:		
Audit services	85,793	86,126
Non-audit services	39,702	39,462
	125,495	125,588

Note 29. Events Subsequent to Reporting Date

Successful delivery of Schrole Engage 1.0

On 21 February 2022, Schrole launched Schrole Engage 1.0, a further module in the Schrole HR suite. Schrole Engage delivers onboarding and contract management solutions. 43 schools have been engaged in beta trials of the product, allowing Engage 1.0 to incorporate useful feedback from trial schools, enhancing the customer experience.

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 2021, 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.

There have been no significant events after reporting date

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 2021.

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 2021 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

Non-Executive Chairman
25 February 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Schrole Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Schrole Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 2021 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

Key audit matter	*How the matter was addressed in our audit*
The group generates revenue from the provision of software licence fees and training fees. Refer to Notes 3 and 17 of the financial report and Note 1 for the accounting policy. Revenue recognition was identified as a key audit matter due to the significance of revenue to the financial report.	Our audit procedures included but were not limited to: • 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; • Performing 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 fee revenue; and • Assessing the adequacy of the related disclosures in Note 1, Note 3 and Note 17 to the Financial Statements.

Share Based Payments

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 20, a share-based payment expense was recognised for the rights, options and shares that were granted in the current year as well as ones which were granted in prior periods and continued to be expensed over their vesting period. Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of the share-based payments, we consider the Group's calculation of the share-based payment expense to be a key audit matter.	Our procedures included, but were not limited to the following: • Reviewing relevant documentation to obtain an understanding of the contractual nature, terms and conditions of the share based payment arrangements; • Testing management's methodology for calculating the fair value of the performance rights including assessing the valuation inputs using internal specialists where required;

Key audit matter	*How the matter was addressed in our audit*
	• Involving our internal valuation specialists to review the reasonableness of volatility rates used in the valuation and to review the valuation of instruments with market based performance conditions; • Evaluating management's assessment of the likelihood of meeting the performance conditions attached to the performance rights • Assessing the allocation of the share-based payment expense over management's expected vesting period; and • Assessing the adequacy of the related disclosures in the financial report.

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 2021, 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 9 to 19 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Schrole Group Limited, for the year ended 31 December 2021, 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

BDO

Ashleigh Woodley

Director

Perth, 25 February 2022

Additional ASX Information as at 23 February 2022

The shareholder information set out below was applicable as at 23 February 2022.

As at 23 February 2022 there were 1,368 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 or performance securities 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 (as at 22 February 2022)

Rank	Name	A/C designation	Shares	%IC
1	FARIA UK HOLDCO III LIMITED		273,113,208	15.70
2	TORONGA PTY LTD		200,000,000	11.50
3	ENERLY PTY LTD	<STRONADA A/C>	122,346,882	7.03
4	SANDHURST TRUSTEES LTD	<CYAN C3G FUND A/C>	83,271,698	4.79
5	BNP PARIBAS NOMINEES PTY LTD	<IB AU NOMS RETAILCLIENT DRP>	75,690,705	4.35
6	DMX CAPITAL PARTNERS LIMITED		36,000,000	2.07
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		35,000,001	2.01
8	BOND STREET CUSTODIANS LIMITED	<IANLAU - D74169 A/C>	27,521,723	1.58
9	ENERLY PTY LTD	STRONADA	20,000,000	1.15
9	ROBERT & KAREN BORSATO PTY LIMITED	<BORSATO FAMILY A/C>	20,000,000	1.15
9	GRASSCASTLE CAPITAL NO 1 PTY LTD		20,000,000	1.15
10	ALTOR CAPITAL MANAGEMENT PTY LTD	<ALTOR ALPHA FUND A/C>	15,465,065	0.89
11	SEED CAPITAL PTY LTD	<FITZROY VALUE FUND A/C>	15,000,000	0.86
11	BNP PARIBAS NOMS(NZ) LTD	<DRP>	15,000,000	0.86
11	YARRAWONGA HOLDINGS PTY LTD	<YARRAWONGA NO 2 A/C>	15,000,000	0.86
12	MORVEN ANN SMITH	ROSSDHU FAMILY	14,320,889	0.82
13	NATIONAL NOMINEES LIMITED		14,000,000	0.80
14	CITICORP NOMINEES PTY LIMITED		12,835,204	0.74
15	MR PERRY JULIAN ROSENZWEIG		11,703,071	0.67
16	MR LUCA ROTTER & MS JANE LOUISE ABBOTT		11,250,000	0.65
17	MR JOEL DAVID HARRISON		11,000,000	0.63
17	PATERSON ROAD INVESTMENTS PTY LTD	<PATERSON ROAD INVESTMENT A/C>	11,000,000	0.63
18	NINTIETH Y PTY LTD	<I K CALDWELL & CO STAFF A/C>	10,000,000	0.57
18	PITHER INVESTMENTS PTY LTD	<PITHER INVESTMENTS A/C>	10,000,000	0.57
19	YARRAWONGA HOLDINGS PTY LIMITED	<YARRAWONGA SUPER FUND A/C>	9,788,356	0.56
20	MS STEPHANIE SYME		9,747,275	0.56
	Total		**1,099,054,077**	**63.19**
	Balance of register		**640,359,163**	**36.81**
	Grand total		**1,739,413,240**	**100.00**

Substantial Holders

Substantial shareholders disclosed to the Company as at 23 February 2022 are:

Holder Name	Holding	% of Issued Capital
FARIA UK HOLDCO III LIMITED	273,113,208	15.70
TORONGA PTY LTD	213,000,000	12.24
ENERLY PTY LTD <STRONADA>, ROBERT GRAHAM	169,868,605	9.76

Distribution of Equity Securities

Ordinary Fully Paid Shares

Range	Securities	%	No. of holders
100,001 and Over	1,721,352,351	98.96	595
10,001 to 100,000	17,171,145	0.99	296
5,001 to 10,000	271,392	0.02	39
1,001 to 5,000	540,983	0.03	217
1 to 1,000	77,369	0.00	221
Total	**1,739,413,240**	**100.00**	**1,368**

Unmarketable Parcels – 629 shareholders holding 6,167,472 shares

Restricted Securities

As at 22 February 2022 the Company has 20,000,000 shares subject to voluntary escrow for 12 months from 11 June 2021. The shares are held by the Managing Director as approved by shareholders at the 2021 AGM.

Unquoted Securities

As at 22 February 2022 the following unquoted securities are on issue:

- 8,450,000 Class C Performance Rights - 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.
- 405,320 Class D Performance Rights - issued as a bonus to employees under the ESIP.
- 2,025,685 Class E Performance Rights – issued as a bonus to employees under the ESIP.
- 18,000,000 Options expiring 31 December 2023 @ $0.03 to Non-Executive Directors.
- 18,000,000 Options expiring 31 December 2023 @ $0.045 to Non-Executive Directors.
- 18,000,000 Options expiring 31 December 2023 @ $0.06 to Non-Executive Directors.
- 113,800,000 Managing Director Performance Rights issued to the Managing Director as follows:

Class	Performance Rights	Vesting Condition	Expiry Date
Class A	10,000,000	If the Schrole HR platform is released and announced on the ASX with the following modules in-market (as verified by an independent audit provided by a suitably qualified IT consultant) with the first of the three modules being released prior to the end of the September 2021 quarter, the second module being released prior to the end of the December 2021 quarter and third module	31 December 2023

Class	Performance Rights	Vesting Condition	Expiry Date
		being released before the end of the March 2022 quarter, vesting as follows: • Schrole Engage V1.0, resulting in 10,000,000 vesting.	
Class B	36,000,000	If the Revenue in any 12-month period prior to December 2022 reaches $7,000,000-$8,000,000, vesting as follows: • Revenue of $7,000,000 resulting in 75% vesting (27,000,000); • Revenue of between $6,000,001 and 7,999,999 resulting in a pro rata proportion of Performance Rights vesting; and • Revenue of $8,000,000 resulting in 100% vesting (36,000,000).	31 December 2023
Class C	26,400,000	If the Revenue for the 2023FY reaches $10,000,000-$12,000,000, vesting as follows: • Revenue of $10,000,000 resulting in 75% vesting (19,800,000); • Revenue of between $10,000,001 and 11,999,999 resulting in a pro rata proportion of Performance Rights vesting; and • Revenue of $12,000,000 resulting in 100% vesting (26,400,000).	31 December 2024
Class D	13,200,000	The 30-day VWAP at any time after the date of issue exceeds $0.03.	31 December 2023
Class E	13,200,000	The 30-day VWAP at any time after the date of issue exceeds $0.045.	31 December 2023
Class F	15,000,000	The 30-day VWAP at any time after the date of issue exceeds $0.06.	31 December 2024

On-market Buyback

There is currently no on-market buyback program.