

## ASX RELEASE | Schrole Group Ltd (ASX: SCL) March Quarter 2022 –Cash receipts growth momentum

### Highlights

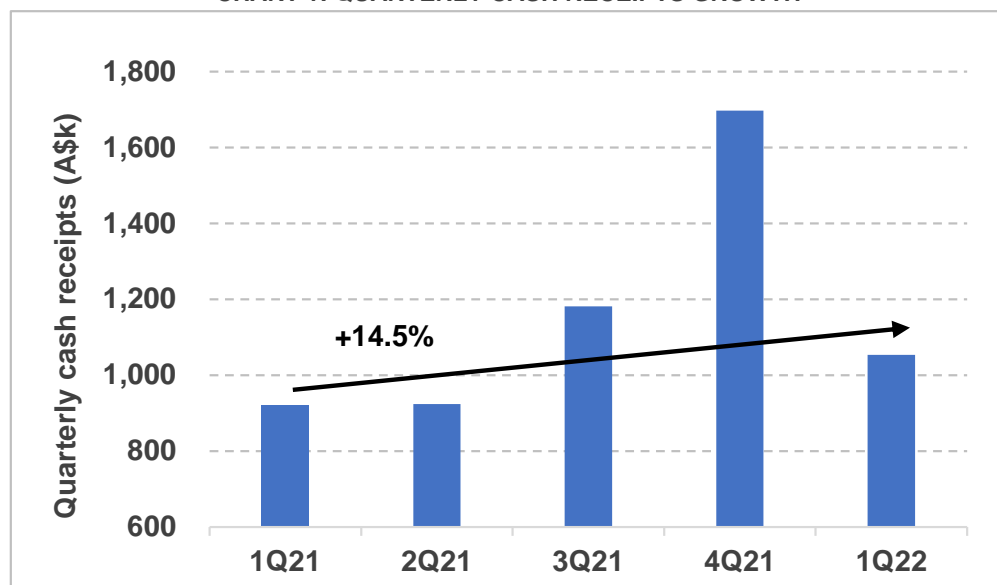
- **14.5% growth in March Quarter 2022 cash receipts** compared to March Quarter 2021 (prior corresponding period, or “PCP”)
- **18.5% improvement in March Quarter 2022 net operating cashflow** compared to PCP
- **Strong balance sheet**, with ~\$4m cash, with significant growth investments already made
- **Growth investments gaining traction** across multiple areas including **first revenues from Schrole Engage**
- **4% increase in Schrole Community** to a record 334,802 platform users, customers and referees
- **Positive outlook driven by significant growth investments** in expanded HR SaaS suite and expanded sales team targeting new global markets

29 April 2022: Schrole Group (ASX: SCL) (“Schrole” or the “Company”), is pleased to report growing cash receipts in March Quarter 2022 compared to PCP with the expanded sales & marketing team generating traction across multiple areas.

### Cash Receipts Growth Momentum

Cash receipts increased by **+14.5%** in March Quarter 2022 to \$1.053m vs PCP of March Quarter 2021 of \$920k (Chart 1), as the Company’s growth investments gain traction.

CHART 1: QUARTERLY CASH RECEIPTS GROWTH



## Improved net operating cash flow

Schrole is pleased to announce an 18.5% reduction in March Quarter 2022 operating cash outflow of -\$507k compared to \$622K in the PCP.

This reduced net operating cash outflow is the result of both increased cash receipts and \$391k less paid to the former sales distribution partner, International Schools Services (ISS), as the ISS sales distribution arrangement runs down and Schrole manages its own direct, global sales team.

## Strong Balance Sheet

Schrole reports a cash balance of ~\$4m as at 31 March 2022.

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

## Growth investments gaining traction

**Schrole's growth investments in an expanded sales team and increased HR SaaS product suite are gaining traction across multiple areas**, including improved cash receipts, operating cashflow, new market traction and expanded sales pipeline.

Recent growth investments include:

- **Completion of expanded Schrole HR SaaS suite**, ahead of time and within cost expectations. See ASX release, "*Schrole Engage 1.0 released*", dated 21 February 2022.
- **Strengthened sales, account management team**, growing from 2 to 11. See page 11 of Investor Presentation dated 15 March 2022.
- **Hiring new Commercial Director**. See ASX release, "*Appointment of Commercial Director*", dated 24 February 2022.
- **Appointment of new Chief Technology Officer (CTO)**. Schrole is pleased to announce the appointment of a new CTO, Mr Aaron Collyer. See below for details.
- **New Sales Strategy**, involving expanded sales teams on the ground in high growth target markets and a renewed focus on Australian domestic markets. See below.

The Company's growth investments have achieved traction across multiple areas, including:

- **First revenues from Schrole Engage**. See ASX release, "*First revenues from Schrole Engage*", dated 22 March 2022.
- **10% invoiced sales growth over PCP for all Schrole HR products**, from \$970,000 to \$1,068,000.
- **Schrole Events growth momentum**. The Company has been delighted by the strong customer demand for Schrole Events online recruitment events, providing interactive and regionalised online recruitment events for Schrole's international schools customers. See ASX release, "*Inaugural Schrole Events*", dated 3 November 2021. A total of 9 events were held over the recruitment period from October 2021 to February 2022. Over 330 schools attended the events, with more than 1100 school participants, and more than 4700 candidates. Over 9,000 job applications were completed within 3 days of the events. Schrole is actively engaging with Events participants to drive further cross and upsell.

## New CTO Appointment

As previously announced (see “About Schrole” below), Schrole has successfully delivered 3 new modules on time and to a high level of quality over the last 9 months, achieving first release of the full Schrole HR SaaS suite. We continue to invest in significant extra functionality and enhancements across all modules and are actively engaging with our customers to ensure that Schrole HR meets their needs.

Subsequent to the March Quarter 2022, Schrole appointed Mr Aaron Collyer as CTO, as the Company installs the settings to continue driving global growth.

Mr Collyer is leading the team that ensures Schrole HR maintains and enhances its leading position as a global Human Resources SaaS solution for the education industry, combining recruitment, background checks, onboarding, relief teacher management, and professional development.

Mr Collyer has over 20 years’ commercial and software development experience. He has worked across numerous technology roles including leading professional teams of user experience, design, operations, product and software development. Before Schrole, his role was Director of Operations at Triggerfish Martech, which is a specialist consultancy that helps drive growth of software businesses.

Rob Graham, Schrole Managing Director said,

*“I am pleased to announce the promotion of Aaron Collyer to Chief Technology Officer. Aaron has been working for Schrole for the last twelve months as Head of Software and has been instrumental in the implementation of our software development strategy.*

*With Aaron’s leadership, we have been able to rapidly build a high-performance software development team, who have collectively released key software modules throughout 2021 and 2022 - on time, on budget and to the highest quality. He and his expanded team represent an exciting competitive advantage for Schrole.*

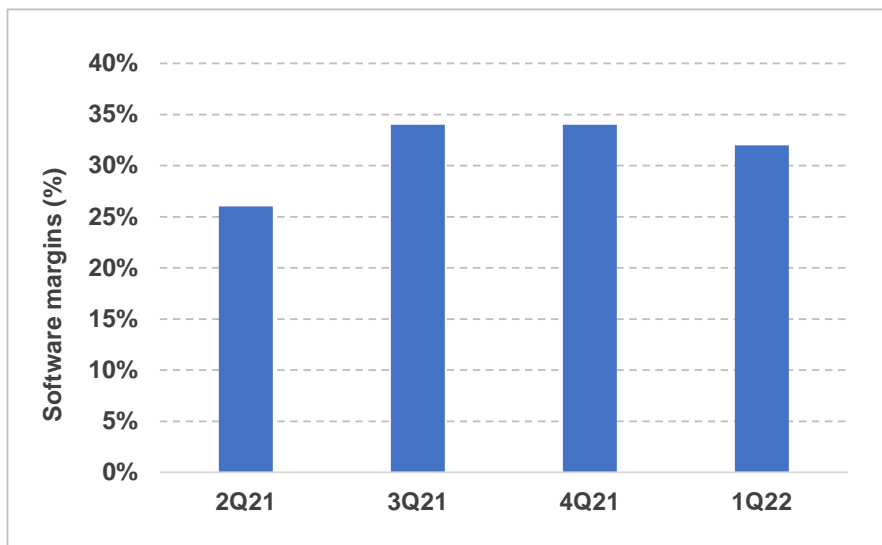
*With Aaron’s promotion, we are continuing to install the settings for global growth, as we sell our expanded HR SaaS suite into new markets and new geographies.”*

## Margin Expansion outlook

**The Company expects ongoing software margin growth as sales of the expanded product suite to both new and existing customers grow.**

Software margins stabilised in Q1 to 32% slightly down 34% in 4Q 2021, reflecting the increased investment in people and product and the focus on sales and account management

CHART 2: SOFTWARE MARGINS



From 1 July 2021, Schrole has been able to directly market its full HR SaaS suite globally, as Schrole's sales distribution alliance with ISS winds down (see ASX Investor Presentation, "*New Sales and Marketing Opportunity*", dated 1 July 2021) with 100% of new sales retained by Schrole. From 1 July 2022, 100% of all renewals are retained by Schrole.

## Customer Numbers

Following the release of the full Schrole HR SaaS product suite, Schrole now measures total invoiced customers across all its product modules and the number of products per customer (as opposed to focusing on a single product module).

As at the end of March Quarter 2022, the key customer metrics are:

- number of invoiced customers is 542.
- average number of products per customer is 1.43.

Schrole is focused on growing both these customer metrics.

Growing customer numbers increases future potential cross and upsell opportunities. Schrole has historically demonstrated strong and consistent growth in customer numbers.

Growing number of products per customer increases revenue, customer retention and customer lifetime value.

Schrole sees significant potential to increase the number of products per customer, with all its products within the Schrole HR SaaS suite.

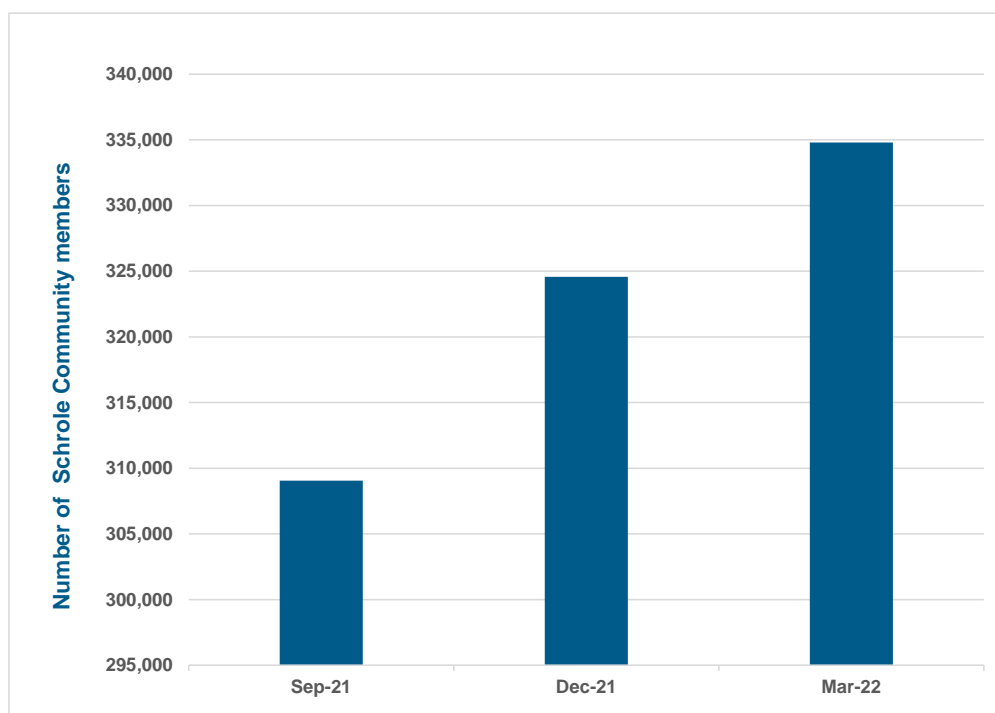
## Schrole Community Growth

**Schrole Community has increased to an all-time high of 334,803**, up 4% from ~324,565 at 31 December 2021. Chart 4.

Schrole Community is a leading indicator of future revenue growth potential, with the Company identifying numerous monetisation opportunities across its network. The Schrole Community network has historically been defined as comprising all platform users and customers, and has now been expanded to include referees.

Schrole is rolling out multiple strategies to engage with and monetise its extensive Schrole Community.

**CHART 4: SCHROLE COMMUNITY**



## Positive Outlook

**Schrole is pleased to report a positive outlook across its key growth drivers.**

The outlook for key growth drivers includes:

- Visible pathway to increasing Average Contract Value from ~AUD11k to ~AUD30k driven by margin expansion and new products.
- Ongoing software margin expansion.
- Continued customer growth.
- Continued products per customer growth.

Schrole's multiple growth strategies support its growth outlook, including:

- expansion in new geographies of Europe and the Americas.
- cross/upselling the expanded product range to new and existing customers.
- expanding target addressable markets. See ASX release, *Investor Presentation*, dated 14 March 2022.
- continued investment in development of new products to solve customer problems.

First revenues from Schrole Engage during the March Quarter 2022 are significant because it:

- demonstrates cross and upsell potential of the expanded Schrole HR SaaS Suite.
- Increases customer network effects and customer lifetime value.
- Enables sales generation across the full calendar year, reducing historical reliance on the second half of the calendar year.

## New Sales Strategy

**Schrole is actively driving global sales through an expanded sales team located in key target markets.**

As the ISS sales distribution arrangement runs down, Schrole is now able to sell directly worldwide without constraints. Accordingly, in March Quarter 2022, Schrole launched a new sales strategy which places sales staff on the ground in target geographies to optimise servicing of these high growth target markets. These sales teams will be in place in the United Arab Emirates and Thailand in Q3 2022, and will be able to conduct direct sales visits to current and future customers.

Furthermore, a domestic sales strategy is being developed to renew the Company's Australian focus, with Victoria and New South Wales sales launches planned for Q3 2022.

## Comment

Managing Director, Rob Graham, said,

*"I am proud of the efforts of the entire Schrole team in this quarter as our growth investments in an expanded sales team and increased HR SaaS product suite are gaining traction across multiple areas, including improved cash receipts, operating cashflow, new market traction and expanded sales pipeline."*

*As we increase customer numbers, we are also increasing our potential customer contract value, with increased opportunities for up-sell across our full Schrole HR SaaS suite and ongoing opportunities to increase our average contract value.*

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

*We have a very promising outlook for Calendar Year 2022 based on the March 2022 Quarter.*

## Appendix 4C

The attached Appendix 4C provides details of the cashflows for the quarter ended 31 March 2022.

The summary of expenditure for the quarter is:

	<b>\$'000</b>
Payments for product manufacturing and operating costs	\$190
Payments for advertising and marketing	\$128
Payments for staff costs	\$967
Payments for administration and corporate costs	\$235
Interest and other costs of finance paid	\$2
Payments to acquire property, plant and equipment	\$13
Payments to acquire non-current assets	\$299
Transaction costs related to issues of equity securities or convertible debt securities	\$60
Repayment of borrowings	\$41

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

- Payments to Ventnor Capital, a related party of Chairman Stuart Carmichael, for company secretarial services on arms-length terms totaling \$20,158 (inc GST);
- Non-executive Director and Chairman fees totaling \$42,355; and
- Remuneration to Managing Director Robert Graham totaling \$120,548.



## About Schrole

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

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

- **Schrole Connect** is education's most advanced recruitment and applicant tracking app. See *ASX release dated 15 July 2021* for details of upgraded Schrole Connect 3.0.
- **Schrole Events**, part of the Connect module, provides regionalised online events. See *ASX release 21 September 2021* for details of its inaugural release.
- **Schrole Cover** is a cloud-based software platform that engages relief staff at the touch of a button.
- **Schrole Verify** provides background screening in the international schools' sector.
- **Schrole Develop** provides accredited professional development solutions contextualised to client needs.
- **Schrole Engage** was released in February 2022 and provides onboarding software for schools.

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

### For further information, please contact:

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## Forward Looking Statements

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



## Appendix 4C

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

**Name of entity**

SCHROLE GROUP LTD (ASX: SCL)

**ABN**

27 164 440 859

**Quarter ended ("current quarter")**

31 March 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,053	1,053
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(190)	(190)
(c) advertising and marketing	(128)	(128)
(d) leased assets	-	-
(e) staff costs	(967)	(967)
(f) administration and corporate costs	(235)	(235)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1	1
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(468)</b>	<b>(468)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(13)	(13)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(299)	(299)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(312)</b>	<b>(312)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(60)	(60)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(41)	(41)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(101)</b>	<b>(101)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,964	4,964
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(468)	(468)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(312)	(312)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(101)	(101)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(26)	(26)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,057</b>	<b>4,057</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,057	4,057
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,057</b>	<b>4,057</b>

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

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

Current quarter \$A'000
(183)
-

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

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

**7. Financing facilities**

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

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

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

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

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(468)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,057
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	4,057
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	9

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

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

Answer: NA

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

Answer: NA

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

Answer: NA

## Compliance statement

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

Date: 29 April 2022

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

## Notes

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