

1. Name of Entity

Schrole Group Ltd (ABN 27 164 440 859)

Reporting Period

Previous Corresponding Reporting Period

Half-year ended 30 June 2022

Half-year ended 30 June 2021

2. Results for Announcement to Market

Financial results	Up / Down	Change %	2022 \$	2021 \$
Revenue from ordinary activities	Down	9	2,471,589	2,718,772
(Loss) after tax from ordinary activities attributable to members	Down	66	(1,176,251)	(706,755)
(Loss) attributable to members	Down	66	(1,176,251)	(706,755)

Final and interim dividends

Record date for determining entitlements to the dividend

Brief explanation of any of the figures reported above

No dividends or distributions are payable.

N/A

Refer to the review of operations in the Directors' Report which forms part of the attached Interim Financial Report for further explanation regarding the above results.

3. Net Tangible Asset Backing per Ordinary Share

Cents

Net tangible asset backing per ordinary share – current reporting period

4.4

Net tangible asset backing per ordinary share – previous reporting period

7.6*

** restated to reflect June 2022 capital consolidation*

4. Control Gained Over Entities

Details of entities over which control has been gained or lost

N/A

5. Dividends Paid and Payable

Details of dividends or distribution payments

No dividends or distributions are payable.

6. Dividend Reinvestment Plans

Details of dividend or distribution reinvestment plans

N/A

7. Details of Associates

Details of associates and joint venture entities

N/A

8. Foreign Entities

Foreign entities to disclose which accounting standards are used in compiling the report	N/A
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9. Review Opinion

Details of any audit dispute or qualification	There are no audit disputes or qualifications to the review opinion.
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James King
Non-Executive Chairman
25 August 2022



Schrole Group Ltd

ABN 27 164 440 859

Interim Financial Report for the
half year ended 30 June 2022

Schrole
We're with you

Directors' Report

Your Directors present their report, together with the interim financial report of Schrole Group Ltd ("the Company") and controlled entities ("the Group", "Schrole") for the half year ended 30 June 2022.

Directors

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

Name	Role	Appointed	Resigned
James King	Non-Executive Chairman	29 November 2019	
Robert Graham	Managing Director	5 October 2017	
Guy Perkins	Non-Executive Director	27 October 2020	
Colm O'Brien	Non-Executive Director	20 October 2021	
Stuart Carmichael	Non-Executive Chairman	5 October 2017	24 May 2022

Principal Activities

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

Review of Operations

Schrole Group Ltd reports revenues of \$2,471,589 (2021: \$2,718,772) and an operating loss of \$1,176,251 (2021: \$706,755 loss) for the half year ended 30 June 2022, with the higher training revenues overshadowed by the impact on software revenues of the change in the nature of the International Schools Services ("ISS") agreement. Previously the Company recorded 100% of Connect renewal revenues and distributed more than 50% of this to ISS. During the transition period, which includes this reporting period, the Company records 50% of these revenues with no distribution to ISS, resulting in improved margins. The operating loss for the period reflects the Company's continued investment in expanding marketing, sales and account management resources to deliver growth.

Annual Recurring Revenue (ARR) for the software business, calculated as the current value of active annual software licences, decreased to \$3.4 million (USD2.5m) compared to \$4.0 million (USD3.0m) at 31 December 2021, primarily due to accounting for the change in arrangement with ISS described above.

Schrole Develop, the Company's registered training organisation, continues to see post pandemic recovery in the domestic business with high demand for courses from existing and new customers, delivering strong margins. There is also growing exposure in the international schools market with the launch of the short course series – a further growth opportunity within the complete Schrole HR solution.

The Group's cash and cash equivalents as at 30 June 2022 were \$3,264,922 (31 Dec 2021: \$4,964,008). The decline in balance during the half year reflects the use of funds from the Q4 2021 capital raising to:

- continue investment in delivering high quality enhancements and upgrades to the Schrole HR product suite,
- expand the marketing effort; and
- expand the sales and account management team to enable strong customer renewal rates, sales of an expanded product suite to existing customers to grow contract values and make sales to new customers.

The net assets of the Group as at 30 June 2022 were \$3,008,044 (31 Dec 2021: \$3,694,983) with the reduction reflecting the investment of cash into growing the value of the software assets and expanding sales and marketing as described above.

Schrole is successfully moving towards realising its ambition of being a complete HR Software as a Service (“SaaS”) solution for teachers and educational organisations. The first release of Schrole Engage in February 2022 means that all Schrole HR modules are now in market, significantly expanding cross-sell and up-sell opportunities and providing greater opportunity to move away from the more seasonal recruitment cycles that are reflected in the Company’s operating cashflows. First revenues have been received from Schrole Engage with these and revenues from other products expected to grow as Schrole continues to invest in delivering high quality enhancements and upgrades to the Schrole HR product suite to provide greater value to existing and new customers.

The inaugural international school recruitment event season delivered on the new Schrole Events platform proved successful with 337 schools and 7,120 attendees attending the nine regional events, resulting in over 10,000 job applications being made. The integration of Schrole Events into Schrole Connect and the broader Schrole HR platform is a clear competitive advantage. This is evidenced not only by strong attendances during the recruitment season but also by the number of enquiries from large school groups about hosting bespoke events within Schrole HR. At the date of this report, two bespoke events have been confirmed with Dulwich Group and Qatar Foundation for a combined value of more than \$124,000. For Qatar Foundation this is a 198% increase in the contract value from \$58,000 to \$115,000. For Dulwich Group, this increases the contract value from \$45,000 to \$110,000. Subsequently, Schrole Connect memberships have been purchased by additional Dulwich Group schools, growing the contract value to \$160,000 in total, which is an increase of over 350%. The introduction of more schools to the Schrole community and the delivery of bespoke events in partnership with these groups also attracts more candidate subscriptions, resulting in additional revenue generating opportunities. The contract expansions demonstrate that there is a demand for the Company to work closely with its customers to offer increasingly sophisticated solutions to meet their individual needs. Within its existing customer base, the Company has identified at least 15 other comparably large school groups who are well suited to Schrole’s sophisticated suite of HR solutions. This validates the Company’s decision to target large school groups as part of its strategy.

With the completion of the alliance with ISS, which saw growth in customer numbers for the duration and evolved to see higher margin share for Schrole in the last two years, Schrole continues to explore strategic distribution partnerships. Schrole has entered into a re-seller agreement with UK based jobs board Eteach, providing Schrole customers with access to approximately 2 million UK candidates directly from the Schrole Connect platform for an additional charge. This positions Schrole for further growth with international schools customers utilising a UK curriculum. These schools represent 53% of the international schools market of more than 13,000 schools.

Significant Events After the Reporting Period

There were no material events subsequent to the reporting date.

Dividends

There were no dividends paid, recommended or declared during the half-year.

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 at on page 18.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read "J. King". The signature is fluid and cursive, with the first letter 'J' being particularly large and stylized.

James King
Non-Executive Chairman
25 August 2022

Schrole Group Ltd
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 30 June 2022

	Notes	30 Jun 2022 \$	30 Jun 2021 \$
Revenue		2,471,589	2,718,772
Expenses			
Partner fees		(37,699)	(565,245)
Employee benefits expense		(1,958,639)	(1,644,569)
Depreciation & amortisation expense		(293,977)	(151,193)
Share-based payments		(252,802)	(385,973)
Finance costs		41,532	44,746
Other expenses		(1,146,255)	(723,293)
		<u>(3,647,840)</u>	<u>(3,425,527)</u>
Loss before income tax expense		<u>(1,176,251)</u>	<u>(706,755)</u>
Income tax benefit/(expense)		-	-
attributable to the owners of Schrole Group Ltd		<u>(1,176,251)</u>	<u>(706,755)</u>
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period attributable to the owners of Schrole Group Ltd		<u><u>(1,176,251)</u></u>	<u><u>(706,755)</u></u>
Basic earnings / (loss) per share (cents per share)	11	(3.38)	(2.50)
Diluted earnings / (loss) per share (cents per share)	11	(3.38)	(2.50)

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

Schrole Group Ltd
Consolidated Statement of Financial Position
As at 30 June 2022

	Notes	30 Jun 2022 \$	31 Dec 2021 \$
Assets			
Current assets			
Cash and cash equivalents		3,264,922	4,964,008
Trade receivables	3	506,539	318,752
Other receivables	4	542,577	444,812
Total current assets		4,314,038	5,727,572
Non-current assets			
Property, plant and equipment		129,367	127,245
Right-of-use assets	5	446,610	188,331
Intangible assets	6	1,487,786	1,077,873
Total non-current assets		2,063,763	1,393,449
Total assets		6,377,801	7,121,021
Liabilities			
Current liabilities			
Trade and other payables	7	727,116	884,745
Deferred revenue		1,827,129	1,968,260
Provision for employee benefits		316,078	252,791
Lease liabilities	8	228,683	212,150
Total current liabilities		3,099,006	3,317,946
Non-current liabilities			
Provision for employee benefits		16,185	43,457
Lease liabilities	8	254,566	64,635
Total non-current liabilities		270,751	108,092
Total liabilities		3,369,757	3,426,038
Net assets		3,008,044	3,694,983
Equity			
Issued capital	9	23,295,223	23,182,732
Reserves	10	(392,914)	(769,735)
Accumulated losses		(19,894,265)	(18,718,014)
Total equity		3,008,044	3,694,983

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

Schrole Group Ltd
Consolidated Statement of Changes in Equity
For the Half Year Ended 30 June 2022

	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	-	-	(706,755)	(706,755)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(706,755)	(706,755)
<i>Transactions with owners in their capacity as owners:</i>				
Return reserve for cancelled rights to earnings		(86,190)		(86,190)
Return reserve for lapsed rights to earnings		(109,884)	109,884	-
Options issued		21,174		21,174
Performance rights vested		450,991		450,991
Performance rights exercised	147,054	(147,054)		-
Balance at 30 June 2021	19,952,805	(1,012,363)	(17,072,114)	1,868,328

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2022	23,182,732	(769,735)	(18,718,014)	3,694,983
Loss after income tax expense for the period	-	-	(1,176,251)	(1,176,251)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(1,176,251)	(1,176,251)
<i>Transactions with owners in their capacity as owners:</i>				
Costs from prior period share issue	(12,144)			(12,144)
Issue of shares to advisors	124,635			124,635
Options cancelled		(84,698)		(84,698)
Options issued		108,250		108,250
Performance rights to be issued		123,520		123,520
Performance rights vested		229,749		229,749
Balance at 30 June 2022	23,295,223	(392,914)	(19,894,265)	3,008,044

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

Schrole Group Ltd
Consolidated Statement of Cash Flow
For the Half Year Ended 30 June 2022

	30 Jun 2022	30 Jun 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	2,115,047	1,843,641
Payments to suppliers and employees	(2,932,822)	(3,172,960)
	(817,775)	(1,329,319)
Government grants	20,894	7,200
Interest received	1,050	571
Net cash (used in) operating activities	(795,831)	(1,321,548)
Cash flows from investing activities		
Payments for property, plant and equipment	(136,376)	(15,799)
Payments for software development costs	(636,861)	(498,628)
Proceeds from disposal of property, plant and equipment	-	800
Net cash (used in) investing activities	(773,237)	(513,627)
Cash flows from financing activities		
Share/convertible note issue transaction costs	(60,300)	-
Interest paid	(4,943)	(6,146)
Finance lease costs	(87,145)	(36,587)
Net cash from financing activities	(152,388)	(42,733)
Net increase/(decrease) in cash and cash equivalents	(1,721,456)	(1,877,908)
Cash and cash equivalents at the beginning of the period	4,964,007	5,107,987
Effects of exchange rate changes on cash and cash equivalents	22,371	46,115
Cash and cash equivalents at the end of the period	3,264,922	3,276,194

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

Schrole Group Ltd

Notes to the Consolidated Financial Statements

Note 1. Reporting Entity

The interim financial report (**Report**) of Schrole Group Ltd (**Company**) and its controlled entities (**Group or Consolidated Entity**) for the half year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 25 August 2022.

Schrole Group Ltd is a listed public company, trading on the Australia Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The Group's principal place of business and registered office is located at First Floor, 142 Hasler Road, Osborne Park WA 6017.

Note 2. Basis of Preparation

This Report for the half-year ended 30 June 2022 has been prepared in accordance with the Corporations Act 2001, AASB 134 *Interim Financial Reporting* and other applicable accounting standards, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by Schrole Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The Report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those adopted and disclosed in the Company's 2021 Annual Report for the year ended 31 December 2021, unless otherwise stated.

This Report has been prepared on a going concern basis, based on the Group's expected future financial performance and in particular the cash flow and profitability benefits that are expected to arise for the Group.

For the period ended 30 June 2022, the Group incurred a net loss of \$1,176,251 and experienced net cash outflows from operations of \$795,831. As at 30 June 2022, the Group had net assets of \$3,008,044 and cash balance of \$3,264,922.

The ability of the Group to continue as a going concern is dependent on the Group either achieving expected rates of renewals and securing forecast new sales of software subscription contracts and there being continued strong demand for its training services. The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, the realisation of assets, settlement of liabilities through the normal course of business including the presumption that sufficient funds

will be available to finance the operations of the Group. As at the date of this report, management believes 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.

New, Revised or Amended Accounting Standards and Interpretations Applicable

In the half-year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 January 2022. There was no material impact on the financial statements.

New, Revised or Amended Accounting Standards and Interpretations Not Yet Mandatory

Any new and revised Standards and Interpretations issued but not yet mandatory, have not been early adopted by the Group for the half-year reporting period 30 June 2022. There are no new or amended Accounting Standards and Interpretations that are relevant to the Group.

Note 3. Trade Receivables

	30 Jun 2022	31 Dec 2021
	\$	\$
Trade receivables	506,539	333,665
Less allowance for expected credit loss	-	(14,913)
	<u>506,539</u>	<u>318,752</u>

Note 4. Other Receivables

	30 Jun 2022	31 Dec 2021
	\$	\$
GST receivable	30,329	27,789
Term deposit	60,000	60,000
Prepayments	53,548	79,539
R&D tax incentive	220,680	220,681
Other	178,020	56,803
	<u>542,577</u>	<u>444,812</u>

Note 5. Right-of-use Assets

	30 Jun 2022	31 Dec 2021
	\$	\$
Land and buildings - right-of-use	473,391	397,036
Less: Accumulated depreciation	(26,781)	(208,705)
	<u>446,610</u>	<u>188,331</u>

During the period Schrole entered into new agreements relating to office premises at 142 Hasler Road, Osborne Park. These agreements reassign existing leases for each floor from one tenant to the other, enabling an exchange in occupancy between the ground floor and first floor tenancies. The effective date of the new agreements was 1 June 2022.

Note 6. Intangible Assets

	30 Jun 2022	31 Dec 2021
	\$	\$
Developed software in use	3,874,245	3,290,243
Less: Accumulated depreciation	(2,734,157)	(2,507,209)
Software in development	345,178	292,319
	<u>1,485,266</u>	<u>1,075,353</u>
Trademark acquired	2,520	2,520
	<u>1,487,786</u>	<u>1,077,873</u>

Note 7. Trade and Other Payables

	30 Jun 2022	31 Dec 2021
	\$	\$
Trade payables	265,625	173,106
Provisions and accruals	270,536	527,378
Other	190,955	184,261
	<u>727,116</u>	<u>884,745</u>

Note 8. Financial Liabilities

	30 Jun 2022	31 Dec 2021
	\$	\$
Current Liabilities		
Lease liability - 142 Hasler Road, Osborne Park	217,408	189,823
Lease liability - 18A Baden Street, Osborne Park	11,275	22,327
	<u>228,683</u>	<u>212,150</u>
Non-Current Liabilities		
Lease liability - 142 Hasler Road, Osborne Park	254,566	64,635

Lease liabilities have been measured at amounts equal to the net present value of remaining lease payments over the remaining term of the lease, discounted at the Group's incremental borrowing rate (2022: 4%). The discount rate used in calculating the carrying amount of lease liabilities considers the circumstances applicable over the underlying leased assets, in particular the lease value, the term and economic environment.

Right of use assets were measured at amounts equal to the carrying value of their respective lease liabilities on the adoption date, adjusted for incentives, accruals and prepayments relating to the contractual agreement. Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. There are no onerous lease contracts that would require adjustment to the right of use assets on the adoption date.

Note 9. Issued Capital

	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	34,787,952	1,729,276,990	23,295,223	23,182,732
<i>Movements in ordinary share capital</i>				
Details	Note	Date	Shares	\$
Balance		31/12/2020	1,473,183,763	19,805,751
Cancellation of Series B performance shares		26/02/2021	(93,000,000)	-
Conversion of performance rights		21/04/2021	1,820,000	27,300
Conversion of performance rights		21/04/2021	7,983,567	119,754
Issue of performance shares		11/06/2021	20,000,000	240,000
Conversion of performance rights		15/07/2021	4,325,754	56,235
Conversion of performance rights		15/07/2021	10,000,000	130,000
Issue of shares to advisor		13/10/2021	2,160,000	21,600
Conversion of performance rights		13/10/2021	6,666,666	66,667
Conversion of performance rights		09/11/2021	10,000,000	130,000
Conversion of performance rights		09/11/2021	6,666,666	60,000
Conversion of performance rights		09/11/2021	1,570,574	17,276
Issue of shares - placement		29/11/2021	250,000,000	2,500,000
Issue of shares - placement		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
Share issue transaction costs				(12,144)
Issue of shares to advisors	9a	19/01/2022	10,136,250	124,635
Capital consolidation	9b	06/06/2022	(1,704,625,288)	-
Balance		30/06/2022	34,787,952	23,295,223

Notes:

9a Issue of shares to advisors as compensation for services delivered

9b Consolidation of the issued capital of the Company on the basis of one security for every fifty securities held

Note 10. Reserves

	Note	30 Jun 2022	31 Dec 2021
		\$	\$
Acquisition reserve		(1,387,793)	(1,387,793)
Options reserve	10a	171,773	148,221
Share based payment reserve	10b	823,106	469,837
		(392,914)	(769,735)

a) Options Reserve

	Date	No.	\$
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
Cancellation of options	25/05/2022	(18,000,000)	(84,698)
Balance	06/06/2022	36,000,000	63,523
Capital consolidation	06/06/2022	720,000	-
Partial vesting of options	30/06/2022	360,000	108,250
Balance	30/06/2022	1,080,000	171,773

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 would vest following the Holder's continuous engagement as a Director with the Company for a period 12 months from the 31 May 2021 Annual General Meeting. 18,000,000 options held by Mr Carmichael were cancelled following his resignation on 24 May 2022. The remainder of the options vested on 31 May 2022.

Pursuant to a resolution at the 24 May 2022 Annual General Meeting, approval was granted for the Company to undertake a consolidation of its capital on a 1 for 50 basis, with the number of options consolidated in the same ratio and the exercise price amended in inverse proportion to that ratio.

Pursuant to a further resolution at the 24 May 2022 Annual General Meeting, approval was granted to issue 360,000 options (post consolidation) to Mr Colm O'Brien in recognition of his appointment as a Non-Executive Director of the Company. The Options will vest following the Holder's continuous engagement as a Director with the Company for a period 12 months from the date the options were issued on 10 June 2022. The values of the options have been estimated using the Black-Scholes valuation model with the following key inputs:

- Valuation date: 10 June 2022
- Volatility: 110%
- Risk free interest rate 2.530%
- Annualised dividend yield Nil.

The total of the fair value of the securities will be allocated over the applicable vesting periods, with an expense of \$23,552 recognised for the half year ended 30 June 2022.

b) Share based payment reserve

	Date	No.	\$
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	21/04/2021	-	(86,190)
Partial vesting of Classes A to F performance rights	11/06/2021	-	211,955
Transfer balance of reserve to retained earnings for Series A to C performance	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
Performance rights to be issued under employee short term incentive scheme	28/02/2022	13,504,342	123,520
Balance	06/06/2022	278,236,069	593,357
Capital consolidation	06/06/2022	5,564,721	-
Partial vesting of Classes A to F performance rights	30/06/2022		229,749
Balance	30/06/2022	5,564,721	823,106

Pursuant to a resolution at the 24 May 2022 Annual General Meeting, approval was granted for the Company to undertake a consolidation of its capital on a 1 for 50 basis, with the number of performance rights consolidated in the same ratio and any market based vesting conditions amended in inverse proportion to that ratio.

During the period 13,504,342 performance rights were offered to employees under the Company's short term incentive scheme. These will vest on 28 August 2022, subject to holders meeting a service condition.

	30 Jun 2022	30 Jun 2021
	\$	\$
Expenses arising from share based payments		
Options	23,552	21,174
Performance rights	229,250	211,954
Employee benefits	-	152,845
	<u>252,802</u>	<u>385,973</u>

Note 11. Earnings per Share

	30 Jun 2022 \$	30 Jun 2021 \$
Profit/(loss) after income tax attributable to the owners of Schrole Group Ltd	(1,176,251)	(706,755)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	34,766,984	28,265,250
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	34,766,984	28,265,250
	Cents	Cents
Basic earnings per share	(3.38)	(2.50)
Diluted earnings per share	(3.38)	(2.50)

Pursuant to a resolution at the 24 May 2022 Annual General Meeting, approval was granted for the Company to undertake a consolidation of its capital on a 1 for 50 basis. Prior year comparatives have been retrospectively adjusted on the same basis.

Note 12. Dividends

The Company did not pay or propose any dividends in the half year to 30 June 2022.

Note 13. Related Party Transactions

During the half-year ended 30 June 2022, the Group acquired the following services from entities that are controlled by members of the Group's key management personnel as below. There are no other material changes to the Group's related party transactions to those disclosed in the 31 December 2021 Annual Report.

Entity	Nature of transactions	Key Management Personnel	Transactions \$	Payable Balance \$
Ventnor Capital	Company secretarial services	Stuart Carmichael	49,941	-

** amounts up to the effective date of Mr Carmichael's resignation of 24 May 2022

Note 14. 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 are Software and Training:

30 June 2022

	Software	Training	Unallocated	Total
	\$	\$	\$	\$
Segment income				
Sales revenue	1,550,114	900,581	-	2,450,695
Other revenue	-	8,639	12,255	20,894
	<u>1,550,114</u>	<u>909,220</u>	<u>12,255</u>	<u>2,471,589</u>
Segment expenses				
Partner fees	(37,699)	-	-	(37,699)
Employee benefits expense	(925,874)	(256,283)	(776,482)	(1,958,639)
Depreciation and amortisation	(226,947)	-	(67,030)	(293,977)
Share-based payments	-	-	(252,802)	(252,802)
Finance costs	2,162	(774)	40,144	41,532
Other expenses	(175,546)	(134,973)	(835,736)	(1,146,255)
	<u>(1,363,904)</u>	<u>(392,030)</u>	<u>(1,891,906)</u>	<u>(3,647,840)</u>
Profit/(loss) before income tax	<u>186,210</u>	<u>517,190</u>	<u>(1,879,651)</u>	<u>(1,176,251)</u>
Segment assets and liabilities				
Cash	144,753	136,657	2,983,512	3,264,922
Trade and other receivables	617,688	126,966	304,462	1,049,116
Plant and equipment	-	-	129,367	129,367
Right-of-use assets	-	-	446,610	446,610
Intangibles	1,487,786	-	-	1,487,786
Trade and other creditors	(469,282)	(96,889)	(493,208)	(1,059,379)
Lease liabilities	-	-	(483,249)	(483,249)
Deferred revenue	(1,746,315)	(80,814)	-	(1,827,129)
Net assets/(liabilities)	<u>34,630</u>	<u>85,920</u>	<u>2,887,494</u>	<u>3,008,044</u>

30 June 2021	Software	Training	Unallocated	Total
	\$	\$	\$	\$
Segment income				
Sales revenue	2,125,304	584,684	-	2,709,988
Other revenue	525	1,059	7,200	8,784
	<u>2,125,829</u>	<u>585,743</u>	<u>7,200</u>	<u>2,718,772</u>
Segment expenses				
Partner fees	(565,245)	-	-	(565,245)
Employee benefits expense	(557,012)	(459,238)	(628,319)	(1,644,569)
Depreciation and amortisation	(67,415)	(1,113)	(82,665)	(151,193)
Share-based payments	(97,832)	(54,195)	(233,946)	(385,973)
Finance costs	(12,787)	(1,738)	59,271	44,746
Other expenses	(140,529)	(46,247)	(536,517)	(723,293)
	<u>(1,440,820)</u>	<u>(562,531)</u>	<u>(1,422,176)</u>	<u>(3,425,527)</u>
Profit/(loss) before income tax	<u>685,009</u>	<u>23,212</u>	<u>(1,414,976)</u>	<u>(706,755)</u>
Segment assets and liabilities				
Cash	180,506	18,557	3,077,130	3,276,193
Trade and other receivables	547,654	205,022	173,625	926,301
Plant and equipment	-	-	130,502	130,502
Right-of-use assets	-	-	258,566	258,566
Intangibles	906,865	-	-	906,865
Trade and other creditors	(553,003)	(145,711)	(448,484)	(1,147,198)
Lease liabilities	-	-	(357,430)	(357,430)
Deferred revenue	(2,000,577)	(124,894)	-	(2,125,471)
Net assets/(liabilities)	<u>(918,555)</u>	<u>(47,026)</u>	<u>2,833,909</u>	<u>1,868,328</u>

Note 15. Significant Events After the Reporting Period

There were no material events subsequent to the reporting date.

Note 16. Contingent Assets or Liabilities

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 30 June 2022.

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 give a true and fair view of the Company's financial position as at 30 June 2022 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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read "J. King".

James King
Non-Executive Chairman
25 August 2022

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

As lead auditor for the review of Schrole Group Limited for the half-year ended 30 June 2022, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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 August 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Schrole Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Schrole Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.



Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley', is written over the BDO logo.

Ashleigh Woodley

Director

Perth, 25 August 2022