

ASX RELEASE (ASX: SCL)

## Schrole's strategic pivot delivers strong growth in Q3; Consistent improvement in cash receipts and operating cashflow

*Quarterly Activities Report for September 2022*

### Key highlights (Q3 FY22 vs Q3 FY21)

- **Cash receipts**, up 24% to \$1.46 million
- **Receipts from customers** year-to-date (YTD) up 18% to \$3.58 million
- **Net operating cash outflow improved**, reducing 58% to \$(0.3) million
- **Solid cash position** with \$2.6 million cash at bank and no debt
- **Software integration with Eteach complete and in market**, providing access to 2 million educators in the UK

20 October 2022: Schrole Group Ltd (**ASX: SCL**) ("**Schrole**" or the "**Company**"), provider of accredited training and global Human Resources (HR) Software-as-a-Service (SaaS), is pleased to provide its quarterly activities and cash flow report for the quarter ended 30 September 2022 (Q3 FY22).

Commenting on Q3 FY22, Managing Director, Rob Graham, said:

*"Strategic decisions taken over the last 18 months are now positively impacting our financial results. As we finalise our exit from the ISS alliance and continue to enhance our capabilities as an HR SaaS platform for teaching and education, our competitive advantage will continue to improve. This quarter we achieved 24% growth in cash receipts to \$1.46 million, while also improving our quarterly operating cash flows by 58% as the business moves closer to cash breakeven."*

*"Schrole's growth in cash receipts across our full suite of services that cover the lifecycle of teachers in schools lies at the heart of our bolstered cashflows. We continue to invest in our sales and marketing activities to grow the Company and with \$2.6 million cash and no debt we have the ability to continue to harness increased opportunities to up-sell and cross-sell services. Our Schrole Events platform is delivering excellent results and our integration with Eteach already has first revenues."*

*"We expect to accelerate this momentum in the final quarter of this financial year due to the seasonality of our business that sees stronger results in the second half of the year."*

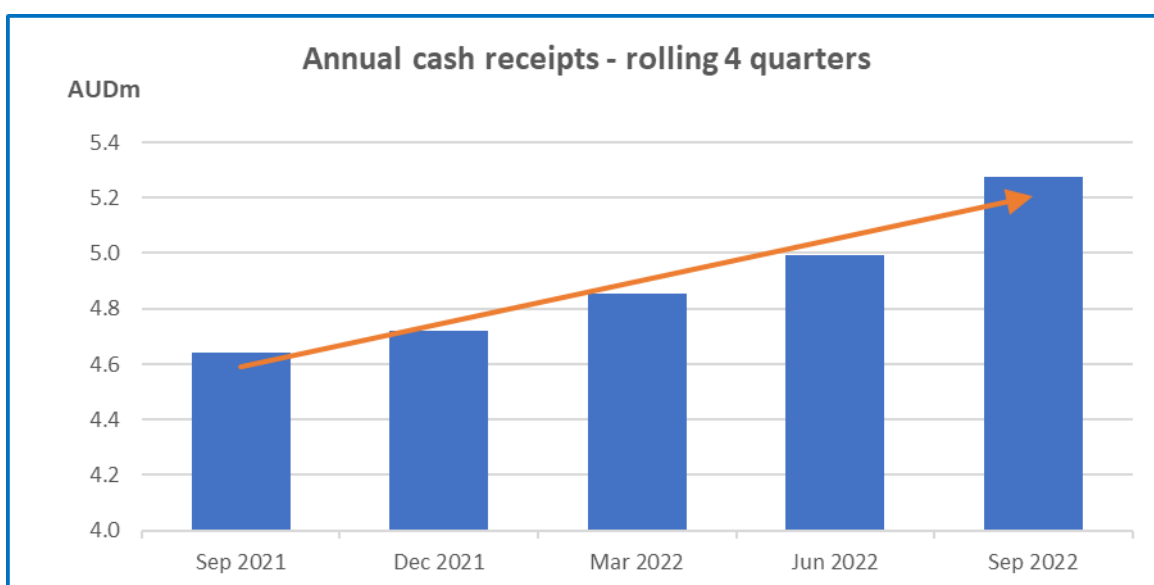
## Direct sales drive higher cash receipts

Schrole's strategic pivot and increase in its own direct sales model not only saw continued strong cash receipts growth, but also an acceleration of that growth. Q3 FY22 cash receipts increased to \$1.46 million, up 24% compared to the prior corresponding period (PCP).

The trend of the Company's quarterly cash receipts has continued to increase over the past year, with:

- +5.1% growth in Q4 FY21 (vs PCP)
- +14.5% growth in Q1 FY22 (vs PCP)
- +14.9% growth in Q2 FY22.

**CHART 1: INCREASED QUARTERLY CASH RECEIPTS GROWTH**

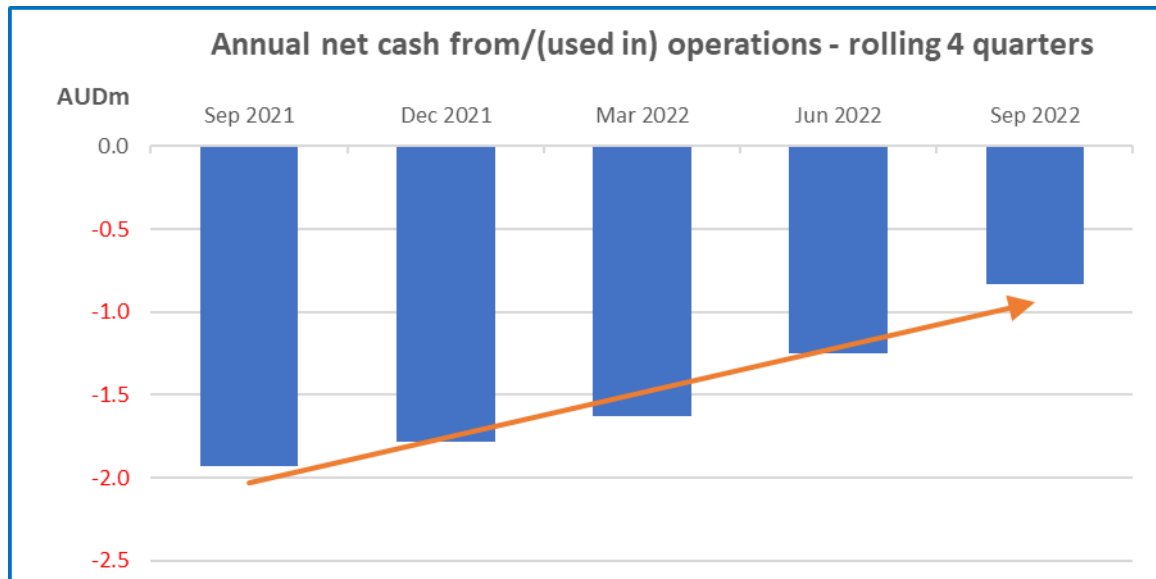


The further transition and consolidation towards Schrole's direct sales model is expected to underpin further increased momentum in cash receipts growth in coming months.

## Net operating cash flow continues to improve and move closer to cash breakeven

Q3 FY22 net operating cash outflow reduced to \$(0.3) million, a 58% reduction on the Q3 FY21 outflow of \$(0.73) million, largely due to growth in cash receipts and the Company's move to a direct sales model, which has led to reduced cash payments to former sales distribution partner, ISS.

CHART 2: MOVING CLOSER TO CASH BREAKEVEN



### Improvements in year-to-date cashflow

The year-to-date, nine-month period to 30 September 2022, saw an improvement in year-to-date cashflow through a combination of rising cash receipts from customers and a contraction of cash outflows, including:

- Receipts from customers of \$3.6 million, up by \$554,000 compared to PCP - an 18% increase
- Payments for product manufacturing and operating costs reduced to \$700,000, compared to \$1.57 million in the PCP.

Cash receipts are not only higher from the Company's recent direct sales model transition, but software receipts are up 15% compared to PCP and Schrole Develop receipts are up 25% compared to PCP.

The \$900,000 in savings reflects the Company's exit from the ISS partnership model, and these savings come despite the inclusion of new costs as a result of the Bangkok event.

Schrole is delivering on the investment in its growth through sales and marketing. The Company has invested an additional \$570,000 in its sales team and \$228,000 in marketing initiatives year-to-date compared to PCP. This spend caters to the demand that Schrole is seeing in the education sector for its suite of human resources Software-as-a-service (SaaS) products.

### Eteach reseller agreement

Schrole's strategic reseller agreement with UK-based Eteach, which provides access to two million UK educators, is live and operational. This agreement expands Schrole's access to UK trained educators, and enables schools to easily advertise roles on Eteach's job board from the Schrole Connect system through direct API integration.

## Expansion of Schrole Events

Schrole expanded its partnership with Dulwich International College (Dulwich Group) through an online recruitment event held in September. More than 600 people attended, and the event supported strong candidate acquisition using the Schrole Connect recruitment software.

Schrole is progressing with its Qatar Foundation event to be held in January 2023. This bespoke event will assist the Qatar Foundation to recruit using Schrole Connect.

## Appendix 4C

The summary of expenditure for Q3 FY22 is:

	\$'000
Payments for product manufacturing and operating costs	\$332
Payments for advertising and marketing	\$56
Payments for staff costs	\$1,102
Payments for administration and corporate costs	\$442
Interest and other costs of finance paid	\$4
Payments to acquire property, plant, and equipment	\$8
Payments to acquire non-current assets	\$275
Repayment of borrowings	\$55

For the purpose of Section 6 of the Appendix 4C, related party payments of \$120,815 were made in the quarter in relation to Directors fees.

ENDS

*This release was authorised by the Board of Directors.*

**For further information please contact:**

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### 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.
- **Schrole Events**, part of the Connect module, provides regionalised online events.
- **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 first *released in February 2022* to provide onboarding software for schools and now also provides contract management.

<https://schrole.edu.au/>

### 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")**

30 September 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,464	3,579
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(332)	(701)
(c) advertising and marketing	(56)	(296)
(d) leased assets	-	-
(e) staff costs	(1,102)	(3,066)
(f) administration and corporate costs	(442)	(802)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid	(4)	(9)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	162	183
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(308)</b>	<b>(1,109)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(8)	(144)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(275)	(912)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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>(283)</b>	<b>(1,056)</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)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(55)	(143)
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>(55)</b>	<b>(203)</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	3,265	4,964
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(308)	(1,109)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(283)	(1,056)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(55)	(203)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	17	40
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,636</b>	<b>2,636</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	2,636	2,636
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>2,636</b>	<b>2,636</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
(121)
-

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)	(308)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,636
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	2,636
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: 20 October 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.