

ASX RELEASE (ASX: SCL)

## Record customer receipts moves Schrole closer to cash break-even

### Quarterly Activities Report for December 2022

#### Key highlights

- **Record cash receipts in Q4 FY22** up 38% to \$2.35 million
- **Receipts from customers for FY22** up 26% to \$5.9 million
- **Net operating cash from operating activities** up 138% to \$660,000 in **Q4 FY22** from \$277,000 in **Q4 FY21**
- **Net operating cash outflow improved**, reducing by 120% to \$447,000 for **FY22** from \$1.8 million in **FY21**
- **Solid cash position** with \$2.82 million cash at bank and no debt
- **Further engagement with Rio Tinto** in Western Australia and Guinea

19 January 2023: Schrole Group Ltd (**ASX: SCL**) ("**Schrole**" or the "**Company**"), provider of accredited training and global Human Resources (HR) Software-as-a-Service (SaaS), provides its quarterly activities and cash flow report for the quarter ended 31 December 2022 (Q4 FY22).

Commenting on Q4 FY22, Managing Director, Rob Graham, said:

*"This was our strongest quarter ever. Schrole is now seeing the benefit of implementing our strategy of moving to a direct sales model after exiting our alliance with International School Services (ISS). This has helped Schrole move closer to cash break-even through an increase in customer receipts. In addition, Schrole was able to both reduce its costs and invest more into building out the business, which provides the foundation for Schrole to accelerate growth in FY23.*

*"We continued to upgrade our Schrole HR platform and recently released a new version of Schrole Verify. Our increased focus on expanding our markets with our investment in marketing and our expanded direct sales teams has had positive results. Our bespoke events for key school groups including Education in Motion (Dulwich), Qatar Foundation and Inspired Education has deepened our engagement with sophisticated group operations and increased our understanding of how to serve high value, enterprise level customers.*

*"Our training division has had an outstanding year and we have continued to grow the revenue from our courses as well as opportunities with Rio Tinto in Guinea.*

*"The December quarter is traditionally Schrole's strongest due to the seasonality of our business. However, as our quarterly results show over the past few years, there is increased momentum. The growth in our business shows that there is an increasing need for holistic HR solutions and training programs that help optimize leading education institutions across the world."*

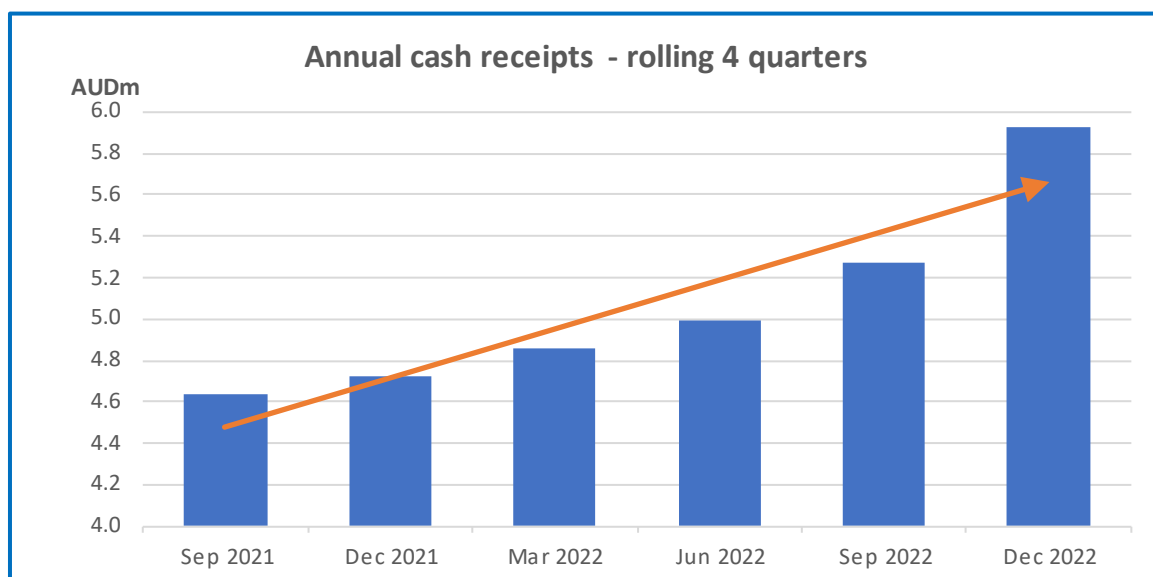
## Record quarterly receipts from customers

Schrole's cash receipts continue to grow across both training and software.

In the December 2022 quarter, total customer receipts increased 38% to a record \$2.35 million, with software receipts 12% higher and training receipts more than double the prior corresponding period.

Total cash receipts of \$5.9 million were achieved for FY22, an increase of \$1.2 million, or 26% from the previous year and split between software (\$3.8 million and 14% higher than in 2021) and training (\$2.1 million and 54% higher than in 2021). The growth in software receipts is particularly encouraging, indicating that customers continue to choose Schrole as they transition out of the '2 for 1' arrangement offered with International Schools Services (ISS) in 2022.

**CHART 1: Strong momentum in cash receipts**



December quarter is a seasonally strong quarter for Schrole receipts, and the strong momentum demonstrated has resulted in an improving performance in the Group's annual cash receipts and operating cash flow.

## Net operating cash flow moves towards break-even

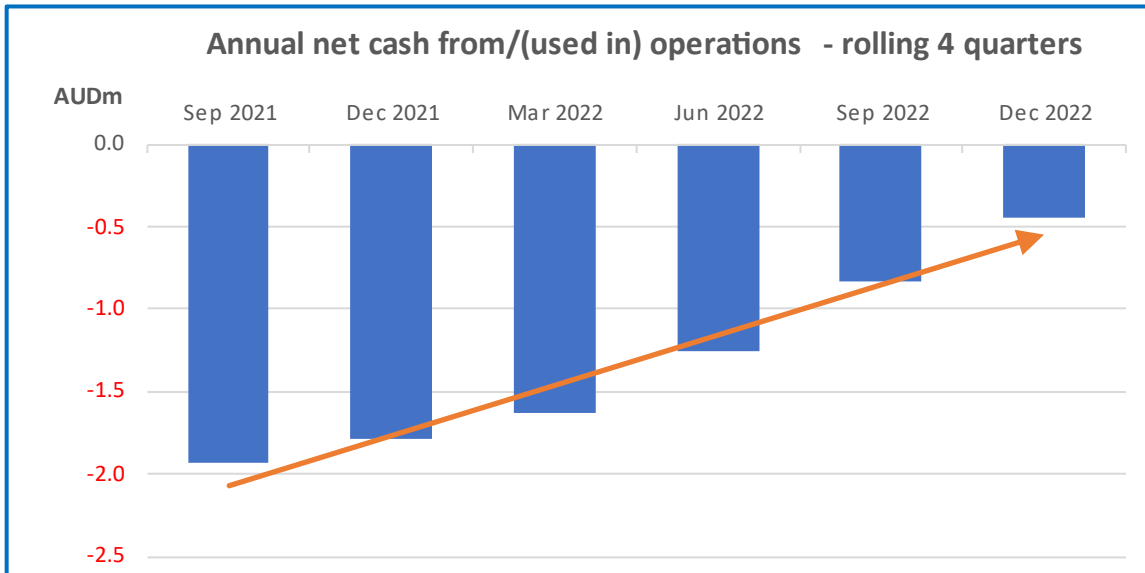
The increase in receipts from customers across software and training has resulted in Schrole moving closer to break-even for its net operating cash flow. Net cash used in operating activities was \$447,000 for FY 2022, which is a \$1.3 million improvement on the \$1.8 million reported for the same period last year.

The reduction in net operating cash outflow was also due to lower payments for product manufacturing and operating costs, saving \$800,000 compared to FY21. This was primarily due to the exit from the ISS alliance, which has allowed investment in expanding the direct sales team and new initiatives including delivering in-person and online Schrole events. Receipt of Government grants of \$262,000 also contributed.

Schrole has invested in additional software, sales and marketing resources during the year, which will drive higher growth in future periods, with the impact of this beginning to be seen in Q4. Schrole continues to

invest in ensuring compliance and continuous improvement as reflected in the higher corporate costs in FY22 compared to PCP.

**CHART 2: Net operating cash moving closer to break-even**



The combination of reducing costs and building cash receipts from customers has improved the net cash from operating activities in the December 2022 quarter to \$661,000, up from \$276,000 in the PCP.

### Invoiced sales increase 37% year-on-year

The Company increased its invoiced sales for FY22 to \$6.2 million, which is up \$1.67 million, or 37% higher, compared to FY21. The improvements in sales came from both software and training businesses. Schrole Develop's invoiced sales increased to \$2.3 million year-on-year, up \$938,000. This was from increases in both in-house courses, onsite training, and the consulting work in Guinea. Schrole HR software invoiced sales of \$3.9 million for FY22 reflect a \$754,000 or 24% improvement on FY21.

### Performance Metrics

The performance metrics at Q4 FY22:

- Contracted customers: down 5% to 520 from 550 in Q4 FY21
- Average contract value (rolling 12-months): up 15% to \$11,035 from \$9,565 in Q4 FY21
- Average products per customer: up 23% to 1.64 from 1.33 in Q4 FY21

Schrole has performed very well across its key business metrics in Q4 FY22. The average contract value and average product per customer increased 15% and 23% respectively from Q4 FY21. Contracted customers metrics were impacted by the exit from the ISS-Schrole Alliance, which was finalised at the end of the quarter. With the exit now complete, Schrole anticipates customer numbers to stabilise and grow over time as the Company introduces new products and schools to its platform and excellent suite of products.

## Schrole Events

Schrole Events continue to provide the most tangible demonstration of the health of the company's double-sided revenue model. Event registrations are a reflection on overall database health. Event attendance is an important driver of job applications and therefore a strong indicator of the likelihood to fill job vacancies. This in turn underpins Schrole Connect software renewal rates by schools.

At the half-way point of the 2022-23 recruitment season, these activities attracted more than 11,000 candidate registrations, including more than 4000 received for the Qatar Foundation event due to run in January 2023. This currently stands as a 32% increase on the full 2021-22 recruitment season.

## Schrole Verify upgrade

As announced on 15 December 2022 Schrole's background checking app, Schrole Verify, has upgraded to a client-driven automated background verification service. Schrole's clients can now conduct their own background screenings of candidates directly from the Schrole HR system, whereas previously, clients had to perform background checks manually through Schrole's account management team. The Verify upgrade streamlines the process for schools and significantly increases the addressable market for background verifications. Transactions utilising this new release are already occurring.

## Bespoke events for Inspired Education

As announced on 2 November 2022 Schrole is staging three bespoke online events for leading education provider, Inspired Education Group, from November 2022 to January 2023. The Company also provided six-month memberships of Schrole Connect for 24 of Inspired's European-based international schools to track applicants over the time of the events and post event. The combination of Schrole Events and Schrole Connect for Inspired shows that the Company can support complex recruitment needs of international school groups from initial events through recruitment procedures and into pre-work administration.

## Engagement with Rio Tinto

As announced on 31 October 2022 Schrole was engaged by Rio Tinto to assess capabilities and governance of selected universities and vocational education schools in Guinea to support Rio Tinto's Simandou iron ore project. Specialists from Schrole have travelled to Guinea and worked in partnership with local providers to conduct the project. A draft report was presented to Rio Tinto at the end of December 2022. The report recommends immediate and follow up actions to support the training of the proposed workforce for its Simandou iron ore project and improve literacy standards in Guinea.

Schrole is also continuing to engage with Rio Tinto in Western Australia, as both companies enter their 16<sup>th</sup> year of partnership. During the quarter, Schrole received \$330,000 worth of purchase orders to provide on-the-job training services at Rio Tinto sites in Western Australia. Schrole Develop will provide 25 courses to about 200 staff across Rio Tinto's facilities in Western Australia. This is an increase in course delivery of circa 27% compared to the equivalent training provided in the prior corresponding period.

## Appendix 4C

The summary of cash outflows for Q4 FY22 is:

	<b>\$'000</b>
Payments for product manufacturing and operating costs	\$279
Payments for advertising and marketing	\$126
Payments for staff costs	\$1,023
Payments for administration and corporate costs	\$341
Interest and other costs of finance paid	\$4
Payments to acquire property, plant, and equipment	\$14
Payments to acquire non-current assets	\$361
Repayment of borrowings	\$57

For the purpose of Section 6 of the Appendix 4C, related party payments of \$138,000 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) targeting teachers and educational organisations. Schrole is 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** provides onboarding and contract management software for schools.

<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")**

31 December 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Full year (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,350	5,929
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(279)	(979)
(c) advertising and marketing	(126)	(423)
(d) leased assets	-	-
(e) staff costs	(1,023)	(4,089)
(f) administration and corporate costs	(341)	(1,142)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	7
1.5 Interest and other costs of finance paid	(4)	(13)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	81	263
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>661</b>	<b>(447)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(14)	(159)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(361)	(1,273)

Consolidated statement of cash flows		Current quarter \$A'000	Full year (12 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>(375)</b>	<b>(1,432)</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	(57)	(199)
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>(57)</b>	<b>(259)</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	2,636	4,964
4.2	Net cash from / (used in) operating activities (item 1.9 above)	661	(447)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(375)	(1,432)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(57)	(259)



Consolidated statement of cash flows		Current quarter \$A'000	Full year (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(43)	(4)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,822</b>	<b>2,822</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	2,822	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>2,822</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
(138)
-

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.*

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	661
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,822
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	2,822
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	4

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: 19 January 2023

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.