

ASX RELEASE (ASX: SCL)

Schrole moves to next stage of growth and approaches breakeven

Quarterly Activities Report for June 2023

Key highlights

- **Receipts from customers for Q2 FY23** up 24% to \$1.31 million compared to prior corresponding period (PCP)
- **Net operating cash outflow improved**, reducing by 39% to \$203,000 compared to PCP
- **Solid cash position** with \$1.36 million cash at bank and no debt
- **\$655,500 of H2 purchase orders received for on-the-job (OTJ) training with Rio Tinto** in Western Australia
- **Strengthening Board and executive team** with new appointments to boost sales
- **SaaS product development and AI investment** to drive further innovation and higher sales

24 July 2023: Schrole Group Ltd (**ASX: SCL**) ("**Schrole**" or the "**Company**"), provider of accredited training and global Human Resources (HR) Software-as-a-Service (SaaS), releases its quarterly activities and cash flow report for the quarter ended 30 June 2023 (Q2 FY23).

Commenting on Q2 FY23, Managing Director, Rob Graham, said:

"Schrole Group continues to improve its quarter-on-quarter performance and is nearing cash breakeven. Sales and cash receipts accelerated across the across the business despite the fact that the June quarter software sales are traditionally seasonally softer, as schools in the Northern hemisphere finish their academic years.

"The revamped Schrole Board and executive team is more confident than ever about the pathway to profitability. The appointment of Mr Adams and Dr Brokvam to the Board, along with the new CFO Ms Shepard and refocused CCO and CXO roles for the executive team, will help drive higher sales across key global markets in the international schools' sector. The team now has the specialisation required to accelerate Schrole beyond an early-stage company.

"The continued investment Schrole is making to further enhance its SaaS product suite and integrate AI to streamline HR services will improve Schrole's ability to service sophisticated group customers and access longer-term enterprise agreements. Schrole's innovative HR SaaS solutions will give schools their time back to focus on what is most important, improving education standards worldwide."

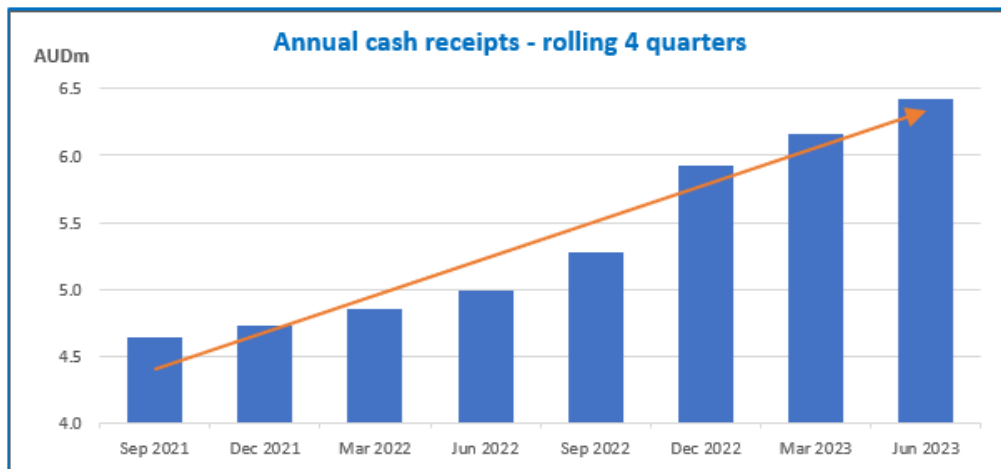
Total cash receipts continue to show strength

Total customer receipts, which include software receipts and training receipts, increased 24% to \$1.31 million, with software receipts at \$875,000 and training receipts at \$441,000 for the June 2023 quarter.

The June quarter is seasonally softer, as demand for Schrole products weakens due to northern hemisphere educators finishing their school year. The growth of total cash receipts from the prior corresponding period (PCP) shows that the trajectory continues upwards. The growth in training receipts is due to a solid quarter

domestically and for software receipts, it stems from higher renewals.

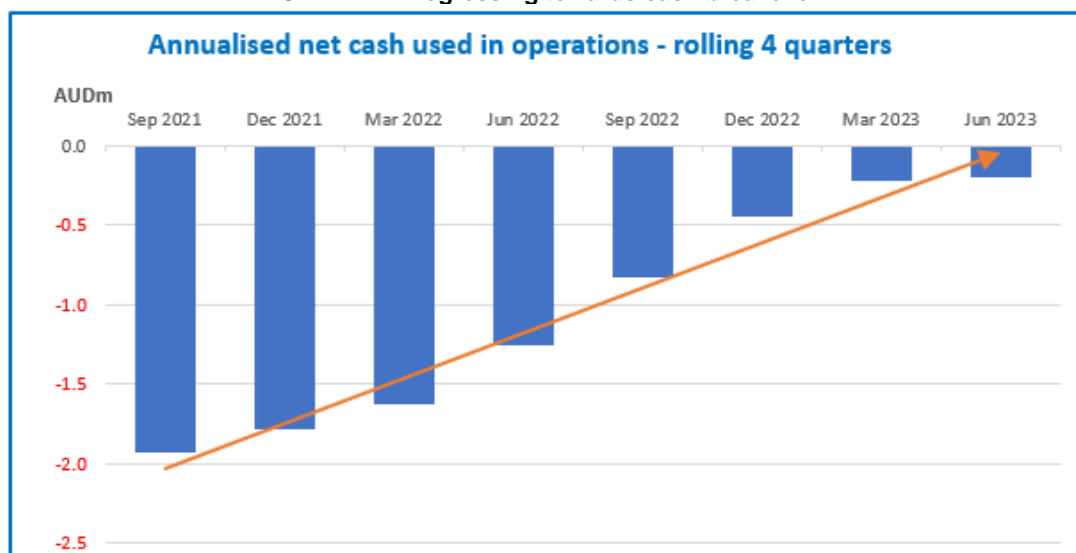
CHART 1: Total cash receipts rise over rolling 12-months



Progressing towards cash breakeven

Schrole is continuing to progress to being cash breakeven due to an increase in sales across both software and training. Net cash used in operating activities improved by \$129,000 compared to the PCP to \$203,000. The main factors involved in decreasing net operating cash outflow included focused cash management. In a strategic review of operations, the new CFO and the executive team, supported by the board, identified \$1 million per annum in savings through completed projects and the ability to reduce costs across the business. These savings will be implemented through Q3 allowing the company to continue to focus on the next phase of growth.

CHART 2: Progressing towards cash breakeven



Performance metrics

Schrole's contracted customers have stabilised since the exit from the ISS-Schrole Alliance, while average

products per customer and average contract value continue to demonstrate incremental improvement. Leading indicators of performance in the software business, including website visitation, candidate acquisition, and average number of applicants per vacancy, continue to improve at historically high rates.

TABLE 1: Key Performance Indicators (Rolling 5 quarters)

	Jun Qtr, 2022	Sept Qtr, 2022	Dec Qtr, 2022	Mar Qtr, 2023	Jun Qtr, 2023
	<-- Period affected by ISS-Schrole Alliance termination -->			Schrole	
Contracted Customers	528	519	520	517	521
Average Products Per Customer	1.41	1.42	1.42	1.45	1.46
Average Contract Value	\$ 9,475	\$ 9,582	\$ 11,035	\$ 11,708	\$ 11,989

Delivering training solutions for Rio Tinto in Western Australia

As announced on 2 May 2023, Schrole received purchase orders from Rio Tinto for On Job Training (OJT) programs in Western Australia for about \$655,500, over the July to December 2023 period (H2 FY23).

Schrole Develop, the business unit that creates accredited training solutions to meet specific client needs, will provide 47 courses across Rio Tinto's facilities in Western Australia. This is consistent with course delivery in the prior corresponding period. These orders, containing the standard business and termination clauses, will be invoiced in H2 FY23.

In a recent \$196,000 new business win, Schrole Develop has been engaged by Talison Lithium to deliver Certificate IV in Leadership and Management commencing in H2 FY23. This win further diversifies the company's training revenues within the Western Australian resources market.

As Schrole progresses into a full HR suite, increasing focus is being placed on the delivery of professional development into the key target market of international schools. Schrole Develop is beginning to offer bespoke short courses to the international school market, and this will be enhanced by the future implementation of a professional development store for both schools and teachers

Board and executive changes to drive global growth

Schrole has expanded its Board and executive team to facilitate the Company's next phase of growth in the international school market.

Firstly, Ms Diana Shephard was appointed Chief Financial Officer (CFO) in May 2023. Based in Perth, Ms Shephard has over 23 years of finance and accounting experience across Australia and Europe. She joined Schrole from SGX-listed ConfortDelGro's Swan Taxis Group, where she was Group Financial Controller. She has also worked in senior finance roles for Soudal Pty Ltd, PwC, Deloitte, and Sitel.

Schrole also appointed Mr Matt Adams as chairman in June 2023, to replace the retiring Mr James King. Mr Adams specialises in governance, risk, restructuring and transactional matters. He has spent more than 25 years in the industry as a financial advisory professional. Mr Adams is on the Board of several other listed companies.

Dr Caroline Brokvam also joined the Board in June 2023. She has more than 20 years' experience in the international schools' sector and is currently Principal of the International School of Western Australia. Dr



Brokvam held teaching and administrative roles at various leading international schools.

The executive team has also seen Mr Peter Liddell move from Chief Operating Officer (COO) to Chief Experience Officer (CXO). In the role of CXO, Mr Liddell will now have a core focus on enhancing customer experience for Schrole's full-suite HR SaaS platform and increasing net revenue retention rates for the business. The Chief Commercial Officer (CCO), Mark Oelofse, is focusing on growing sales across the full-suite HR SaaS platform in the international schools' market.

Schrole's new Board and specialist roles in the executive team signifies that the business is evolving beyond a start-up and heading towards its next stage of development as a leading HR services provider for international schools.

Artificial intelligence and future functionality

Schrole recently deployed its first implementation of artificial intelligence (AI) into its HR SaaS platform. The first AI feature allows customers to auto-populate draft job ad descriptions within Schrole Connect, helping to improve the standard of ads for educators and improve fulfillment rates. Over coming months and years, further AI functions will be introduced incrementally to enhance customer experience and further streamline back-office operations.

Schrole Cover, the staff relief platform, is set to be redeveloped by having the app rolled into the main SaaS platform. Schrole Cover has mainly been used by schools in Western Australia and the Company is now seeing a greater use of the product in key overseas markets.

Schrole Verify, the background checking platform, has also been upgraded to handle bulk orders and social media checks within the app. Before the upgrade, schools had to go through Schrole's account management team for both the handling of bulk background checks, which were done manually, and to complete social media screenings for candidates. Schools will now be able to complete more regular checks regarding identity, social media, criminal, education, references, and employment. Schrole believes that the in-app upgrades move Verify to a more client-driven platform, increasing the addressable market for background checks and improving operational costs for the Company. The Verify upgrade helps international schools ensure the safeguarding and protection of children in school by meeting requirements from the International Task Force on Child Protection (ITFCP).

Appendix 4C

The summary of cash outflows for Q2 FY23 is:

	\$'000
Payments for product manufacturing and operating costs	\$296
Payments for advertising and marketing	\$58
Payments for staff costs	\$1,034
Payments for administration and corporate costs	\$151
Interest and other costs of finance paid	\$3
Payments to acquire property, plant, and equipment	\$8
Payments to acquire non-current assets	\$341
Repayment of borrowings	\$53

For the purpose of Section 6 of the Appendix 4C, related party payments of \$110,000 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:

Investors

Rob Graham

Managing Director Schrole Group Ltd
Investors@schrole.edu.au

Howard Marks

Automic Markets
+61 402 438 019
howard.marks@automicgroup.com.au

Media

Tristan Everett

Automic Markets
+61 403 789 096
tristan.everett@automicgroup.com.au



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 industry-leading online recruitment events.
- **Schrole Cover** is a cloud-based software platform that engages relief staff at the touch of a button.
- **Schrole Verify** provides background screening to 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.com/>

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 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		1,316	2,606
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(296)	(608)
(c) advertising and marketing		(58)	(122)
(d) leased assets		-	-
(e) staff costs		(1,034)	(2,189)
(f) administration and corporate costs		(151)	(491)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		2	5
1.5 Interest and other costs of finance paid		(3)	(6)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		21	231
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(203)	(574)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(8)	(11)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		(341)	(669)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(58)	(58)
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(407)	(738)

3.	Cash flows from financing activities		
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(53)	(111)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(53)	(111)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,082	2,822
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(203)	(574)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(407)	(738)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(53)	(111)
4.5	Effect of movement in exchange rates on cash held	(56)	(36)
4.6	Cash and cash equivalents at end of period	1,363	1,363

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	1,363	2,082
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,363	2,082

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	110
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	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	Total financing facilities	-	-
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)	(203)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,363
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,363
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	7
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	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	
8.6.2	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	
8.6.3	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	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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: 24 July 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.