

1. Name of Entity

Schrole Group Ltd (ABN 27 164 440 859)

Reporting Period

Previous Corresponding Reporting Period

Half-year ended 30 June 2023

Half-year ended 30 June 2022

2. Results for Announcement to Market

Financial results	Up / Down	Change %	2023 \$	2022 \$
Revenue from ordinary activities	Up	21	2,993,916	2,471,589
(Loss) after tax from ordinary activities attributable to members	Down	7.4	(1,263,674)	(1,176,251)
(Loss) attributable to members	Down	7.4	(1,263,674)	(1,176,251)
Final and interim dividends	No dividends or distributions are payable.			
Record date for determining entitlements to the dividend	N/A			
Brief explanation of any of the figures reported above	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	(2.6)
Net tangible asset backing per ordinary share – previous reporting period	4.4

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

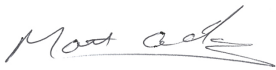
N/A

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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Matt Adams
Non-Executive Chairman
28 August 2023



Schrole Group Ltd

ABN 27 164 440 859

Interim Financial Report for the
half year ended 30 June 2023

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 2023.

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	20 June 2023
Robert Graham	Managing Director	5 October 2017	
Matt John Adams	Non-Executive Director	30 May 2023	
Guy Perkins	Non-Executive Director	27 October 2020	
Colm O'Brien	Non-Executive Director	20 October 2021	
Caroline Brokvam	Non-Executive Director	30 May 2023	

Note: Matt John Adams was appointed as Non-Executive Chairman on the 20 June 2023 on resignation of James King

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 \$2,993,916 (2022: \$2,471,589) and an operating loss of \$1,263,674 (2022: \$1,176,251 loss) for the half year ended 30 June 2023. The operating loss for the period reflects the Company's continued investment in expanding marketing, sales and account management resources to deliver growth. The Group has appointed a new Chief Financial Officer who is continued to be deemed as a Key Management Personnel.

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 school's 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 2023 were \$1,363,027 (31 Dec 2022: \$2,821,783). 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 2023 were \$1,221,390 (31 Dec 2022: \$2,361,614) 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 has invested significantly over the past six months to improve and update its full product suite while building out its sales pipeline, which places it well for further growth in its key target markets.

The team implemented sales initiatives which resulted in increased new sales, cross-selling and upselling opportunities, leading to higher revenue growth in both software and training divisions. Alongside these initiatives, Schrole undertook a strategic review of its operations which is expected to save the Company around \$1 million per annum. As a result, our performance metrics have continued to improve, and we are continuing our progress towards operating cash breakeven. We have been able to increase sales by improving our technology suite for our SaaS platform, which has opened new markets through enhanced services and developed more courses for the mining and international schools' sectors.

Our new leadership across our Board and executive team has the experience, networks, and knowledge to ensure that we are gaining more market share through our targeted international school groups.

The second half of FY23 and into FY24 will see Schrole evolve into a stronger, more resilient SaaS model. This is already reflected in the improved sales and renewal rates across the Group heading into the second half of the year.

The Company will continue to focus on improving its SaaS retention rates in both B2B and B2C market segments, which will help diversify the business's revenue streams as well as boost growth and margins. This will particularly take hold as we invest more in our HR SaaS products and improve functionality and customer experience through additional uses of AI that have so far worked very well.

The investment in Schrole's full HR talent management solution and market expansion initiatives implemented over the past six months has helped bolster cash flows and increase revenue, bringing the Company towards cash breakeven. The quarterly trend in net cash is improving as the Company brings in more cash receipts from customers and streamlines costs.

During Q2 FY23, in a wide-ranging strategic review of operations, Schrole's Chief Financial Officer (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 cost efficiencies are to be implemented in Q3 FY23, allowing the company to focus on its next phase of growth.

Schrole's total revenue has increased across the business's software and training units. Software revenues for 1H23 were at \$1.90 million and \$1.06 million in training. This is an increase over the prior corresponding period (PCP) of 22.8% and 16.5%, respectively. The growth in software comes from an increase in onboarding new customers and existing clients utilising more parts of the full HR SaaS platform. Schrole's training service revenue increased due to a rise in mining and education clients taking the Company's courses.

Schrole's key performance metrics have increased across two of the three measures over the half year. Average contract value (on a rolling 12-month basis) increased 8% to \$11,222 from \$10,391 in 1H22, and average products per customer were up 3.5% to 1.46 from 1.41 in the PCP. Contracted customers decreased 1.3% to 521 from 528 in the PCP reflecting a slight fall off after exiting the ISS agreement. The improved performance in contract value and products per customer resulted from the team implementing its cross-selling and upselling initiatives.

Schrole Develop has created and delivered tailored training and development programs for global mining companies over 1H23, including Rio Tinto and Roy Hill in the Western Australian resources market. Roy Hill has had more than 50 people take part in Schrole Develop training courses in order to support the roll out of their on-the-job trainer and assessors.

During 1H23, Schrole Develop delivered 28 on-the-job (OJT) training courses to 220 staff at Rio Tinto's facilities in Western Australia for a total of \$377,700. Schrole has also agreed to provide Rio Tinto with 47 OJT training courses over H2 FY23, which has invoiced about \$655,500 in H2 FY23. These OJT courses are consistent with course delivery in the prior corresponding period, and the orders contain the standard business and termination clauses. The Company also continues to engage with Rio Tinto on Schrole Develop's recommended actions to support the training of the proposed workforce for its Simandou iron ore project and improve literacy standards in Guinea.

Training services within the mining sector is a segment which Schrole believes has potential to grow strongly. Working with leading miners provides examples of the work the Company is capable of. Schrole is currently pursuing opportunities in Work Health and Safety, and recently added the WHS Statutory Supervisor Course to its course list as this is a government mandated course for all supervisors in the mining industry.

Schrole is also building its professional development services for the international schools' market and is beginning to offer bespoke short courses to international schools. There are also plans for a professional development store for both schools and teachers.

Schrole has created a strengthened Board and Executive Team to grow its market share of the international schools' market, particularly across Southeast Asia and the Middle East.

Over 1H23, Diana Shepherd was appointed as CFO and the Company created a newly specialised role for Mark Oelofse as Chief Commercial Officer (CCO). Ms Shepherd is based in Perth and has more than 23 years of finance and accounting experience across Australia and Europe. Mr Oelofse is based in Western Australia and has more than 25 years' experience developing and implementing commercial strategies for sales teams across North America, EMEA, and Australia. Mr Oelofse has taken over responsibility for all revenue generating areas of the business and is aligning the key go to market strategy of the company across all areas.

Schrole's also appointed Matt Adams as Chairman and Dr Caroline Brokvam to its Board over the half year. Mr Adams has over 25 years' experience in the industry as a financial advisory professional, specialising in governance, risk, restructuring and transactional matters. Dr Brokvam has over 20 years' experience in the international schools' sector at various leading international schools and is currently the Principal of the International School of Western Australia.

Schrole has made good progress over the past six months creating a more bespoke and holistic HR SaaS platform by bolstering capabilities and introducing artificial intelligence (AI) tools.

Schrole has started to build AI features in its HR SaaS platform to improve user experience. The Company has already put in AI functions into its recruitment platform, Schrole Connect, that auto-populate draft job ad descriptions and create better, more targeted job adverts to find the best educators.

Schrole also upgraded its background checking platform, Schrole Verify, to handle bulk orders and social media checks within the app. Customers can now complete more regular checks regarding identity, social media, criminal, education, references, and employment, instead of previously having to complete these bulk checks manually through Schrole's account management team.

Schrole is experiencing an increased use of Schrole Cover, its staff relief platform, in overseas markets, compared to its usual use in Western Australian schools. Due to this, the Company will start redeveloping the app in 2024 by rolling it into the main SaaS platform.

All of these improvements to Schrole's HR SaaS platform over 1H23, with more to come, further reduce operational costs for the business, open new markets, and create a better user experience for customers and streamline back-office operations.

Schrole has seen an increase in sales across its software contract and training divisions of the business, along with improving software renewal rates since April 2023 when it bolstered its sales initiatives.

Software contract sales continued to build momentum in 2H23, with July 2023 being the highest monthly total since 2019. This included a USD45,000 event for Education in Motion.

Schrole Develop, the training division, continues to outperform with sales from 1 January 2023 to 31 July 2023 reaching \$1,272,988, a 26% increase on the \$1,009,213 PCP.

In addition, Schrole's software unit improved its renewal rate by 10% over the FY22 PCP, with further campaigns planned in the second half to lift this rate even more.

Significant Events After the Reporting Period

There were no material events subsequent to the reporting date.

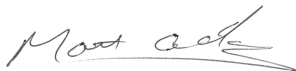
Dividends

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 19.

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

A handwritten signature in black ink, appearing to read "Matt Adams", with a horizontal line underneath.

Matt Adams
Non-Executive Chairman
28 August 2023

Schrole Group Ltd
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 30 June 2023

	Notes	30 Jun 2023 \$	30 Jun 2022 \$
Revenue		2,993,916	2,471,589
Expenses			
Partner fees		(20,576)	(37,699)
Employee benefits expense		(2,346,386)	(1,958,639)
Depreciation & amortisation expense		(459,280)	(293,977)
Share-based payments		(52,850)	(252,802)
Finance costs		(56,295)	41,532
Other expenses		(1,322,203)	(1,146,255)
		<u>(4,257,590)</u>	<u>(3,647,840)</u>
Loss before income tax expense		<u>(1,263,674)</u>	<u>(1,176,251)</u>
Income tax benefit/(expense)		-	-
Loss after income tax expense for the period attributable to the owners of Schrole Group Ltd		<u>(1,263,674)</u>	<u>(1,176,251)</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>(1,263,674)</u>	<u>(1,176,251)</u>
Basic earnings / (loss) per share (cents per share)	11	(3.55)	(3.38)
Diluted earnings / (loss) per share (cents per share)	11	(3.55)	(3.38)

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 2023

	Notes	30 Jun 2023 \$	31-Dec-22 \$
Assets			
Current assets			
Cash and cash equivalents		1,363,027	2,821,783
Trade receivables	3	381,071	549,522
Other receivables	4	412,100	544,492
Total current assets		2,156,198	3,915,797
Non-current assets			
Property, plant and equipment		138,223	137,234
Right-of-use assets	5	270,767	371,089
Intangible assets	6	2,116,241	1,867,946
Total non-current assets		2,525,230	2,376,269
Total assets		4,681,428	6,292,066
Liabilities			
Current liabilities			
Trade and other payables	7	867,374	637,561
Deferred revenue		1,926,753	2,442,974
Provision for employee benefits		366,099	420,276
Lease liabilities	8	196,051	241,971
Total current liabilities		3,356,277	3,742,782
Non-current liabilities			
Provision for employee benefits		37,188	30,493
Lease liabilities	8	66,573	157,177
Total non-current liabilities		103,761	187,670
Total liabilities		3,460,038	3,930,452
Net assets		1,221,390	2,361,614
Equity			
Issued capital	9	23,672,405	23,601,805
Reserves	10	(725,649)	(778,499)
Accumulated losses		(21,725,366)	(20,461,692)
Total equity		1,221,390	2,361,614

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 2023

	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

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2023	23,601,805	(778,499)	(20,461,692)	2,361,614
Loss after income tax expense for the period	-	-	(1,263,674)	(1,263,674)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(1,263,674)	(1,263,674)
<i>Transactions with owners in their capacity as owners:</i>				
Costs from prior period share issue				-
Issue of shares to advisors	70,600			70,600
Options cancelled				-
Options issued				-
Partial vesting performance rights		52,850		52,850
Balance at 30 June 2023	23,672,405	(725,649)	(21,725,366)	1,221,390

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 2023

	30 Jun 2023	30-Jun-22
	\$	\$
Cash flows from operating activities		
Receipts from customers	2,606,309	2,115,047
Payments to suppliers and employees	(3,409,378)	(2,932,822)
	(803,069)	(817,775)
Government grants	230,827	20,894
Interest received	4,580	1,050
Net cash (used in) operating activities	(567,663)	(795,831)
Cash flows from investing activities		
Payments for property, plant and equipment	(10,637)	(136,376)
Payments for software development costs	(727,780)	(636,861)
Net cash (used in) investing activities	(738,417)	(773,237)
Cash flows from financing activities		
Share/convertible note issue transaction costs	-	(60,300)
Interest paid	(6,193)	(4,943)
Finance lease costs	(110,543)	(87,145)
Net cash (used in) financing activities	(116,736)	(152,388)
Net increase/(decrease) in cash and cash equivalents	(1,422,817)	(1,721,456)
Cash and cash equivalents at the beginning of the period	2,821,783	4,964,007
Effects of exchange rate changes on cash and cash equivalents	(35,941)	22,371
Cash and cash equivalents at the end of the period	1,363,026	3,264,922

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 2023 was authorised for issue in accordance with a resolution of the Directors on 28 August 2023.

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 2023 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 2022 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 2022 Annual Report for the year ended 31 December 2022, unless otherwise stated.

Going concern

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 2023, the Group incurred a net loss of \$1,263,674 (2022: \$1,176,251) and experienced net cash outflows from operations of \$567,663 (2022: \$795,831). As at 30 June 2023, the Group had net assets of \$1,221,390 (2022: \$3,008,044) and cash balance of \$1,363,026 (2022: \$3,264,922).

The ability of the Group to continue as a going concern is dependent on the Group achieving expected rates of renewals, securing forecast new sales of software subscription contracts, there being continued strong demand for its training services and on the ability to secure additional funding should it be necessary to continue to fund its operational and marketing activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As at the date of this report, management believe there are sufficient funds to meet the entity's working capital requirements and support planned technical and product development and cross selling initiatives, to underpin the Group's future growth.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- Future capital raises. Schrole has had a success track record of raising funds since its listing in 2017.
- Continued focus on maintaining the strong sales trajectory, maintaining high renewal rate, and strong cost control.
- Implementation of further cost savings

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

New, Revised or Amended Accounting Standards and Interpretations Applicable

In the half-year ended 30 June 2023, 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 2023. 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 2023. There are no new or amended Accounting Standards and Interpretations that are relevant to the Group.

Note 3. Trade Receivables

	30 Jun 2023	31 Dec 2022
	\$	\$
Trade receivables	381,071	655,998
Less allowance for expected credit loss	-	(106,476)
	<u>381,071</u>	<u>549,522</u>

Note 4. Other Receivables

	30 Jun 2023	31 Dec 2022
	\$	\$
GST receivable	40,427	41,326
Term deposit	60,000	60,000
Prepayments	85,294	120,163
Accrued income	-	59,328
Other	226,379	263,675
	<u>412,100</u>	<u>544,492</u>

Note 5. Right-of-use Assets

	30 Jun 2023	31 Dec 2022
	\$	\$
Land and buildings - right-of-use	475,111	475,111
Less: Accumulated depreciation	(204,344)	(104,022)
	<u>270,767</u>	<u>371,089</u>

During the period Schrole lease agreement relating to office premise at Ground Floor,142 Hasler Road, Osborne Park has ended as of 31 May 2023.

Note 6. Intangible Assets

	30 Jun 2023	31 Dec 2022
	\$	\$
Developed software in use	4,744,078	3,874,245
Less: Accumulated depreciation	(3,334,031)	(2,987,373)
Software in development	703,674	978,554
	<u>2,113,721</u>	<u>1,865,426</u>
Trademark acquired	2,520	2,520
	<u>2,116,241</u>	<u>1,867,946</u>

Note 7. Trade and Other Payables

	30 Jun 2023	31 Dec 2022
	\$	\$
Trade payables	304,662	220,494
Provisions and accruals	277,337	192,892
Other	285,375	224,175
	<u>867,374</u>	<u>637,561</u>

Note 8. Financial Liabilities

	30 Jun 2023 \$	31 Dec 2022 \$
Current Liabilities		
Lease liability - 142 Hasler Road, Osborne Park	173,740	218,750
Lease liability - 18A Baden Street, Osborne Park	22,311	23,221
	<u>196,051</u>	<u>241,971</u>
Non-Current Liabilities		
Lease liability - 142 Hasler Road, Osborne Park	54,846	135,758
Lease liability - 18A Baden Street, Osborne Park	11,727	21,419
	<u>66,573</u>	<u>157,177</u>

Note 9. Issued Capital

	30 Jun 2023 Shares	31 Dec 2022 Shares	30 Jun 2023 \$	31 Dec 2022 \$
Ordinary shares - fully paid	<u>35,593,995</u>	<u>35,419,384</u>	<u>23,672,405</u>	<u>23,601,805</u>

Movements in ordinary share capital

Details	Note	Date	Shares	\$
Balance		31/12/2022	<u>35,419,384</u>	<u>23,601,805</u>
Issue of shares to advisors	9	19/04/2023	<u>174,611</u>	<u>70,600</u>
Balance		30/06/2023	<u>35,593,995</u>	<u>23,672,405</u>

Notes:

9 Issue of shares to advisors as compensation for services delivered valued based on service agreements

Note 10. Reserves

	Note	30 Jun 2022 \$	31 Dec 2022 \$
Acquisition reserve		(1,387,793)	(1,387,793)
Options reserve	10a	192,850	183,597
Share based payment reserve	10b	<u>469,293</u>	<u>425,697</u>
		<u>(725,650)</u>	<u>(778,499)</u>

Options

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.

<i>b) Share based payment reserve</i>	Date	No.	\$
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
Capital consolidation	6/06/2022	(272,671,348)	-
Partial vesting of Classes A to F performance rights	31/12/2021	-	229,749
Conversion of performance rights	26/08/2022	(200,000)	(130,000)
Conversion of performance rights	26/08/2022	(20,665)	(11,545)
Conversion of performance rights	13/09/2022	(8,106)	(3,405)
Conversion of performance rights	13/09/2022	(19,845)	(8,335)
Conversion of performance rights	13/09/2022	(249,484)	(104,783)
Partial vesting of Classes D to F performance rights	31/12/2022	-	60,969
Revised partial vesting of Class B performance rights	31/12/2022	-	(330,000)
Transfer balance of reserve to retained earnings for Tranches D and E performance rights		-	(62,397)
Award of Tranche G performance rights	31/12/2022	491,270	192,087
Partial vesting of Classes D to F performance rights	30/06/2023	-	59,975
Performance rights to be issued (Tranche G)	18/04/2023		(16,379)
Balance	30/06/2022	5,557,891	469,293

The total of the fair value of the securities will be allocated over the applicable vesting periods, with an expense of \$9,253 recognised for the half year ended 30 June 2023.

During the period 491,270 performance rights were offered to employees under the Company's short term incentive scheme. These will vest on 27 August 2023, subject to holders meeting a service condition. Vesting condition has been waived for 73,591 performance rights which have been exercised on the 2 May 2023 but not issued.

	30 Jun 2023	30 Jun 2022
Expenses arising from share based payments		
Options	9,253	23,552
Performance rights	43,597	229,250
Advisory expenses (i)	70,600	-
	<u>123,450</u>	<u>252,802</u>

Note:

(i) Issue of shares to advisors as compensation for services delivered value based on service agreements. The expenses are within the line item "Other expenses" in Statement of profit and loss

Note 11. Earnings per Share

	30 Jun 2023 \$	30 Jun 2022 \$
Profit/(loss) after income tax attributable to the owners of Schrole Group Ltd	<u>(1,263,674)</u>	<u>(1,176,251)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>35,593,995</u>	<u>34,766,984</u>
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	<u>35,593,995</u>	<u>34,766,984</u>
	Cents	Cents
Basic earnings per share	(3.55)	(3.38)
Diluted earnings per share	(3.55)	(3.38)

Note 12. Dividends

The Company did not pay or propose any dividends in the half year to 30 June 2023.

Note 13. Related Party Transactions

During the half-year ended 30 June 2023, there is no material changes to the Group's related party transactions to those disclosed in the 31 December 2022 Annual Report.

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 2023	Software	Training	Unallocated	Total
	\$	\$	\$	\$
Segment income				
Sales revenue	1,902,486	1,058,893	-	2,961,379
Other revenue	1,463	752	30,322	32,537
	<u>1,903,949</u>	<u>1,059,645</u>	<u>30,322</u>	<u>2,993,916</u>
Segment expenses				
Partner fees	(206,483)	(128,520)	-	(335,003)
Employee benefits expense	(1,002,213)	(412,411)	(931,762)	(2,346,386)
Depreciation and amortisation	(346,658)	-	(112,622)	(459,280)
Share-based payments	-	-	(52,850)	(52,850)
Finance costs	(12,919)	(1,807)	(48,316)	(63,042)
Other expenses	(206,033)	(42,739)	(752,257)	(1,001,029)
	<u>(1,774,306)</u>	<u>(585,477)</u>	<u>(1,897,807)</u>	<u>(4,257,590)</u>
Profit/(loss) before income tax	129,643	474,168	(1,867,485)	(1,263,674)
Segment assets and liabilities				
Cash	7,571	80,463	1,274,993	1,363,027
Trade and other receivables	343,438	122,838	283,651	749,927
Plant and equipment	-	-	138,223	138,223
Right-of-use assets	-	-	270,766	270,766
Intangibles	1,990,121	-	126,120	2,116,241
Trade and other creditors	(343,785)	(120,170)	(763,462)	(1,227,417)
Lease liabilities	-	-	(262,624)	(262,624)
Deferred revenue	(1,858,463)	(68,290)	-	(1,926,753)
Net assets/(liabilities)	138,882	14,841	1,067,667	1,221,390

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
	1,550,114	909,220	12,255	2,471,589
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)
	(1,363,904)	(392,030)	(1,891,906)	(3,647,840)
Profit/(loss) before income tax	186,210	517,190	(1,879,651)	(1,176,251)

31 December 2022
Segment assets and liabilities

Cash	353,364	119,291	2,349,128	2,821,783
Trade and other receivables	522,938	150,296	420,780	1,094,014
Plant and equipment	-	-	137,234	137,234
Right-of-use assets	-	-	371,089	371,089
Intangibles	1,841,946	-	26,000	1,867,946
Trade and other creditors	(399,085)	(131,286)	(557,959)	(1,088,330)
Lease liabilities	-	-	(399,148)	(399,148)
Deferred revenue	(2,360,554)	(82,420)	-	(2,442,974)
Net assets/(liabilities)	(41,391)	55,881	2,347,124	2,361,614

Note 15. Significant Events After the Reporting Period

There were no material events subsequent to the reporting date.

Note 16. Contingent Assets or Liabilities

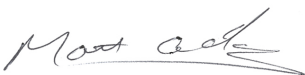
The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 30 June 2023.

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 2023 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 'Matt Adams', with a horizontal line underneath.

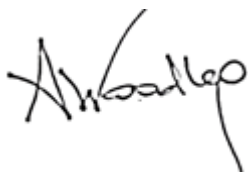
Matt Adams
Non-Executive Chairman
28 August 2023

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

As lead auditor for the review of Schrole Group Ltd for the half-year ended 30 June 2023, 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 Ltd and the entities it controlled during the period.



Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth, 28 August 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Schrole Group Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Schrole Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 2023 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.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 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 2023 and its 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



Ashleigh Woodley

Director

Perth

28 August 2023