

ASX RELEASE (ASX: SCL)

## Schrole improves sales and products with increased AI integration while expanding in key markets

### Key 1H23 highlights (compared to 1H22):

- **Revenue up 21%** to \$2.99 million
  - Software revenue up 23% to \$1.90 million
  - Training revenue up 17% to \$1.06 million
- **Total cash receipts increased 23%** to \$2.61 million
  - Software cash receipts increased 43% to \$1.04 million
  - Training cash receipts up 13% to \$1.57 million
- **Invoiced sales increased 21%** to \$2.95 million
  - Software invoiced sales up 22% to \$1.9 million
  - Training invoiced sales up 18% to \$1.1 million
- **Net operating cash outflow improved by 40%** to -\$574,000
- **Progressing towards operating cash breakeven** reflecting higher training and software sales, along with \$1 million per annum in cost reductions set for Q3 FY23
- **Average contract value** (on a rolling 12-month basis) increased 8% to \$11,222
- **Creating stronger partnerships** with international schools and global mining companies through Schrole Develop
- **Strengthened Board and executive team** to help expand further into the international schools' market
- **Building out new technology and AI to improve functionality and customer experience** of the full-suite HR SaaS platform
- **Increase in sales and renewals** across the Group heading into 2H23

28 August 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 half year results for the six months ended 30 June 2023 (1H23).

Commenting on Schrole’s half year results, Managing Director, Rob Graham, said:

*“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*

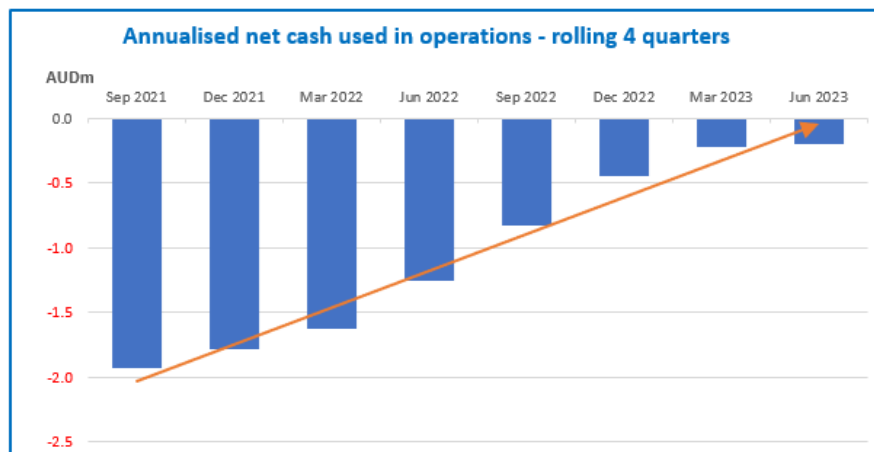
half of the year.

*“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.”*

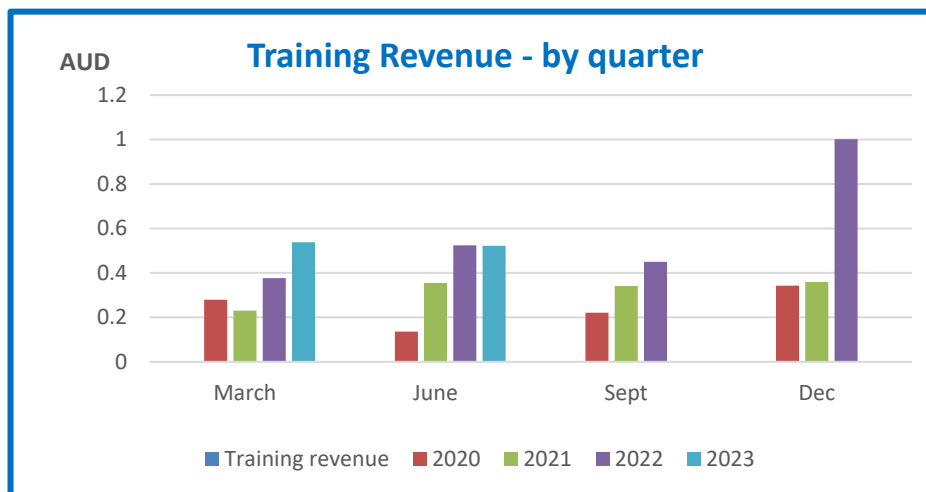
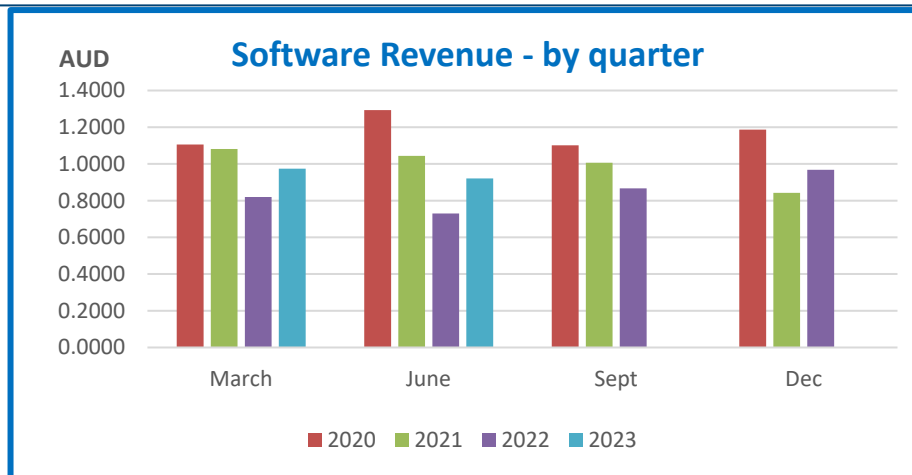
## Nearing cash breakeven and increased revenue and performance metrics

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.

## Building training portfolios

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.

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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.

### **New leadership team to expand market reach**

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.

### **Improving the technology of our product range**

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.



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## Strong sales and renewals across the Group heading into 2H23

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.

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*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](mailto:Investors@schrole.edu.au)

##### Howard Marks

Automic Markets  
+61 402 438 019  
[howard.marks@automicgroup.com.au](mailto:howard.marks@automicgroup.com.au)

#### Media

##### Tristan Everett

Automic Markets  
+61 403 789 096  
[tristan.everett@automicgroup.com.au](mailto: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.

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

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### **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.