

ASX RELEASE (ASX: SCL)

## Record Cash Receipts and Strategic Initiatives move Schrole Closer to Break-even

*Quarterly Activities Report for Quarter ending December 2023*

### Key highlights

- **Record cash receipts in Q4 FY23** up 8% to \$2.53 million
- **Receipts from customers for FY23** up 15% to \$6.8 million
- **Net operating cash from operating activities in Q4 FY23** up 27% to \$837,000 compared to \$660,000 in **Q4 FY22**
- **Net operating cash outflow for FY23 improved**, reduced by 81% to (\$85,000) for **FY23** from (\$447,000) in **FY22**
- **Solid cash position** with approximately \$1.3 million cash at bank and no debt

15 January 2024: 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 2023 (Q4 FY23).

Commenting on Q4 FY23, Managing Director, Rob Graham, said:

*"Finishing the year on such a strong note is very satisfying. The decisions we implemented from July through to December to right size Schrole have reshaped our business into a more focused and agile entity, with a primary emphasis on effectively marketing and selling our HR suite of products. We invested heavily in developing a full suite of product offerings last year and now have pivoted to maximising the sales opportunities these present. The collaborative efforts between our development and commercial teams will continue to produce new features that not only enhance customer value but also contribute to an increase in our contract value.*

*Our dedicated focus on customer retention and renewals is producing results that will continue to shape our success in 2024. By prioritising retention of customer contracts, we position ourselves for growth without the challenges of replacing lost customers.*

*Looking ahead to 2024, I am optimistic about the prospects of a strong year as we work towards achieving our goals of [achieving] an operating cashflow breakeven position and delivering significant value to both our clients and shareholders. The commitment to sustained growth and excellence remains at the forefront of our endeavours."*

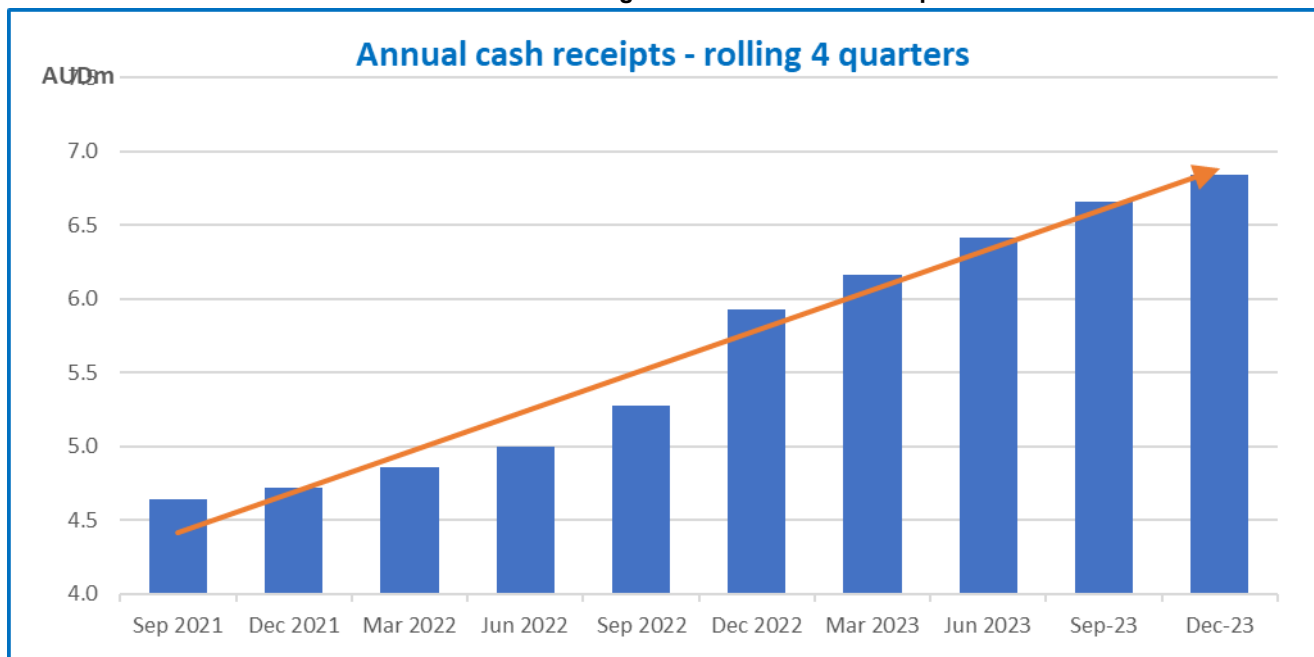
## Record quarterly receipts from customers

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

In the December 2023 quarter, total customer receipts increased 8% to a record \$2.53 million.

Total cash receipts of \$6.8 million were achieved for FY23, an increase of \$943,000, or 15% from the previous year.

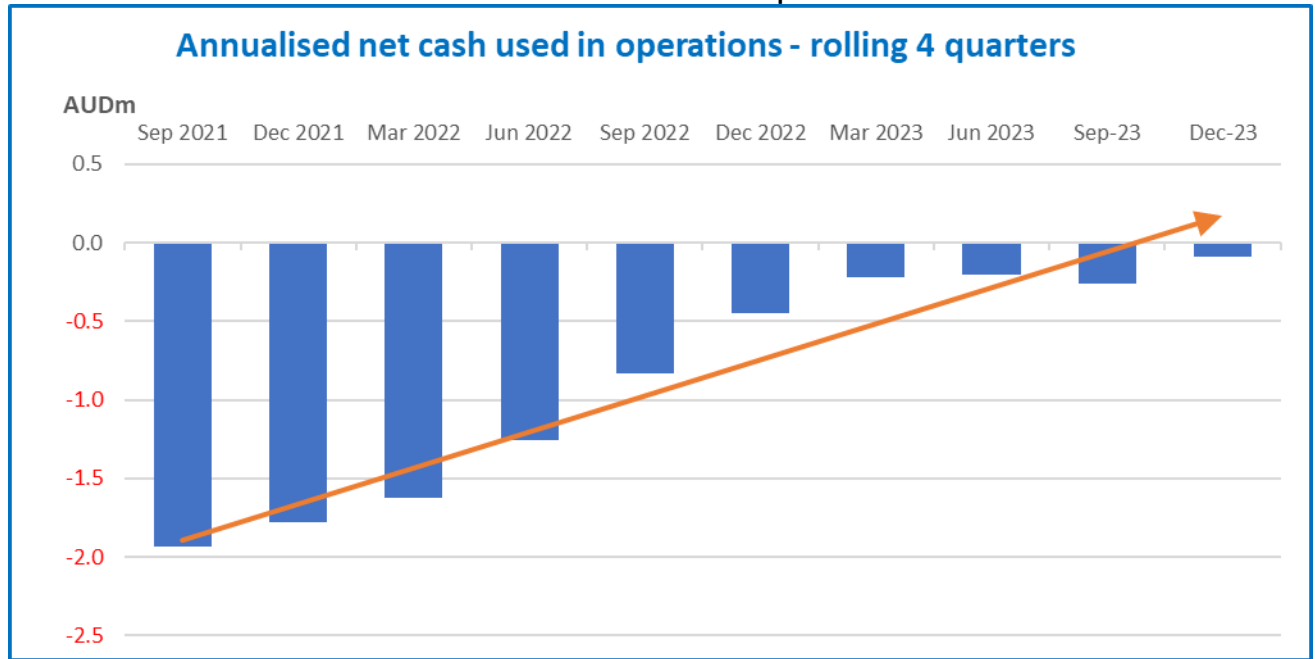
CHART 1: Strong momentum in cash receipts



The December quarter is a seasonally strong quarter for Schrole receipts, and the strong momentum 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

CHART 2: Net Cash Used in Operations



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 \$85,000 for FY 2023, which is an 81% or \$362,000 improvement on the \$447,000 reported for the same period last year.

The Company continues to see the benefits of the cost cutting activities implemented since July 2023. The total annualised savings identified and implemented from July 2023 to December 2023 is approximately \$2.3 million, and after the one-off redundancy costs, these benefits will be seen in full during FY24.

The combination of reducing costs and building cash receipts from customers has improved the net cash from operating activities in the December 2023 quarter to \$837,000 up from \$661,000 in the PCP.

### Invoiced sales increase 8% year-on-year

The Company increased its invoiced sales for FY23 to \$6.7 million, which is up \$500,000, or 8% higher, compared to FY22. Schrole Develop's invoiced sales were steady at \$2.3 million year-on-year. Schrole HR software invoiced sales of \$4.4 million for FY23 reflect a \$500,000 or 13% improvement on FY22. New software sales of 113 contracts and 197 licences including 77 Engage represent the best result in the company's history [in a single calendar year].

Renewals continued to improve in H2 2023 with Customer Retention at 82% and Net Revenue Retention (NRR) at 89% compared to Customer Retention of 64% and NRR of 68% for H2 2022. Full year results for 2023 were 79% for Customer Retention and NRR of 83% compared to Customer Retention of 60% and NRR of 63% for FY2022.

## Performance Metrics

	Mar Qtr, 2023	June Qtr, 2023	Sept Qtr, 2023	Dec Qtr, 2023
<b>Contracted Customers</b>	517	521	522	532
<b>Average Products per Customer</b>	2	1.9	2.0	2.8
<b>Average Contract Value</b>	<b>\$11,727</b>	<b>\$11,006</b>	<b>\$12,431</b>	<b>\$14,218</b>

Schrole has performed well across its key business metrics in Q4 FY23. The average contract value increased 29% from Q4 FY22. Calculations for the average products per customer have been updated to include Events and Verify which previously had not been included.

## Schrole Events

Schrole Events continue to provide the most tangible demonstration of the company's two-sided revenue model. Candidates pay a fee to have access to these events. Total candidate fees for 2023 were \$700,000, a 22% increase on FY2022.

Schrole Events to date have included online events for Schrole and for groups including Education in Motion and Inspired. In addition, Schrole ran a highly successful in person event in Bangkok with 52 schools and over 250 candidates attending. Sales associated with the event were \$190,000.

Schrole Events provide opportunities for schools and candidates to connect with each other in a more formal setting, and conduct interviews.

## Schrole Verify

Schrole's background checking app, Schrole Verify, was upgraded to a client-driven automated background verification service in December 2022. Schrole's schools and candidates can now conduct their own background screenings directly from the Schrole HR system. The Verify upgrade streamlines the process for schools and significantly increases the addressable market for background verifications. Schools and candidates have now increased the usage of this system to order checks. A total of \$180,000 in orders were taken in 2023, a 59% increase on FY 2022.

## Appendix 4C

The summary of cash outflows for Q4 FY23 is:

	<b>\$'000</b>
Payments for product manufacturing and operating costs	\$454
Payments for advertising and marketing	\$54
Payments for staff costs	\$1,203
Payments for administration and corporate costs	\$201
Interest and other costs of finance paid	\$2
Payments to acquire property, plant, and equipment	-
Payments to acquire non-current assets	\$245
Repayment of borrowings	\$45

For the purpose of Section 6 of the Appendix 4C, related party payments of \$137,292 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

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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 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,531	6,843
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(454)	(1,484)
(c) advertising and marketing	(54)	(196)
(d) leased assets	-	-
(e) staff costs	(1,203)	(4,807)
(f) administration and corporate costs	(201)	(932)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	9
1.5 Interest and other costs of finance paid	(2)	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	218	494
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>837</b>	<b>(85)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(14)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(245)	(1,154)

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (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>(245)</b>	<b>(1,168)</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	(1)	(1)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(45)	(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>(46)</b>	<b>(200)</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	798	2,822
4.2	Net cash from / (used in) operating activities (item 1.9 above)	837	(85)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(245)	(1,168)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(46)	(200)



## Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(54)	(79)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,290</b>	<b>1,290</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	1,290	798
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,290</b>	<b>798</b>

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	137
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

7.	Financing facilities <i>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.</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	<b>Total financing facilities</b>	<b>-</b>	<b>-</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>-</b>
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.		
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## Quarterly cash flow report for entities subject to Listing Rule 4.7B

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	837
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,290
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,290
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<p><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></p>		
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	
<p><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></p>		

## 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: 16/01/2024

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,

**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

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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.