ASX RELEASE (ASX: SCL)

Appendix 4E and Annual Report - Update

29 February 2024: Schrole Group Ltd (**ASX: SCL**) **("Schrole" or the "Company")**, provides a revised Annual Report to Shareholders following the identification and correction of an error identified in the previously lodged Annual Report on 28 February 2024.

The following correction to the previously provided Annual Report is made:

1. Addition of Director Information for Colm O'Brien on page 7.

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

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,** 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.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 4E
Preliminary Final Report to the Australian Securities Exchange

1. Company Details

Name of Entity: **Schrole Group Ltd**
ABN: **27 164 440 859**
Reporting period: for the year ended 31 December 2023
Previous period: for the year ended 31 December 2022

2. Results for Announcement to the Market

The current year financial results represent the consolidated entity comprising Schrole Group Ltd ('Schrole Group', 'Company') and its wholly owned subsidiaries for the year ended 31 December 2023.

	2023	2022	
	$	$	%
Sales revenue			
- Software	4,070,679	3,386,265	20%
- Training	2,050,488	2,352,114	-13%
Total sales revenue	6,121,167	5,738,379	7%
Other revenue	318,843	105,673	202%
Total revenue	6,440,010	5,844,052	10%
EBITDA	(1,229,614)	(1,124,097)	-9%
Net profit/(loss)	(2,149,661)	(1,806,075)	-19%
Cash and cash equivalents	1,290,499	2,821,783	-54%
Net current assets / (deficiency)	(1,770,757)	173,015	-1123%
Net assets / (deficiency)	505,048	2,361,614	-79%
Net cash (used in) operating activities	(84,926)	(447,464)	81%

- Strong financial performance for FY23 with a 10% improvement in revenue to $6.40m, 9% decline in EBITDA to $1.20m loss, 19% decline in net loss to $2.15m which includes circa $0.40m in one off restructuring costs in relation to recent cost savings initiatives during the period. After adjusting for the one-off restructuring cost of $0.40m the net loss would be $1.75m, a 3% improvement on FY22 and 81% improvement in cash used in operating activities compared to the prior year, demonstrating the company is moving towards positive operating cashflow positions.
- Software revenues of $4.07m are 20% up on prior as a result of sales of the expanded product suite, onboarding new customers, including several high profile international school groups, and moderate customer retention.
- Training revenues of $2.05m are 13% down on 2022 as a result of delay in consulting work in Guinea however strong demand remained for both in-house courses and onsite training.

- Closing cash position of $1.30 million is lower than 2022's balance of $2.80 million which was supported by a $2.50 million capital raise from 2021. This is a solid result given there were no additional capital raises during the year, and the Company increased investment in product development, sales and marketing resources during the year. The Company remains free of debt.
- Net current assets decreased as a result of investing in product development and additional sales and marketing resources during the year.
- Schrole is well placed to harness the investment in its Schrole HR platform and leverage its relationships with an expanding number of international schools in 2024, by directly selling a broader range of services at improved margins, while carefully managing operating cashflow to create a profitable base for sustained growth.

Please refer to the attached Annual Report to Shareholders for further commentary.

3. Net Tangible Assets

	2023 Cents	2022 Cents
Net tangible assets/(deficit) per ordinary security	(4.2)	1.4

The net tangible assets per ordinary security is calculated based on 35,955,048 ordinary shares on issue as at 31 December 2023 (31 December 2022: 35,419,384).

4. Audit Qualification or Review

Details of audit/review dispute or qualification (if any):

An unqualified opinion relating to the financial statements has been issued by the Company's Auditor and is included in the Annual Report to shareholders.

5. Attachments

Details of attachments (if any):

For the year ended 31 December 2023:

- Annual Report to Shareholders for the year ended 31 December 2023
- Corporate Governance Statement
- Appendix 4G

6. Signed

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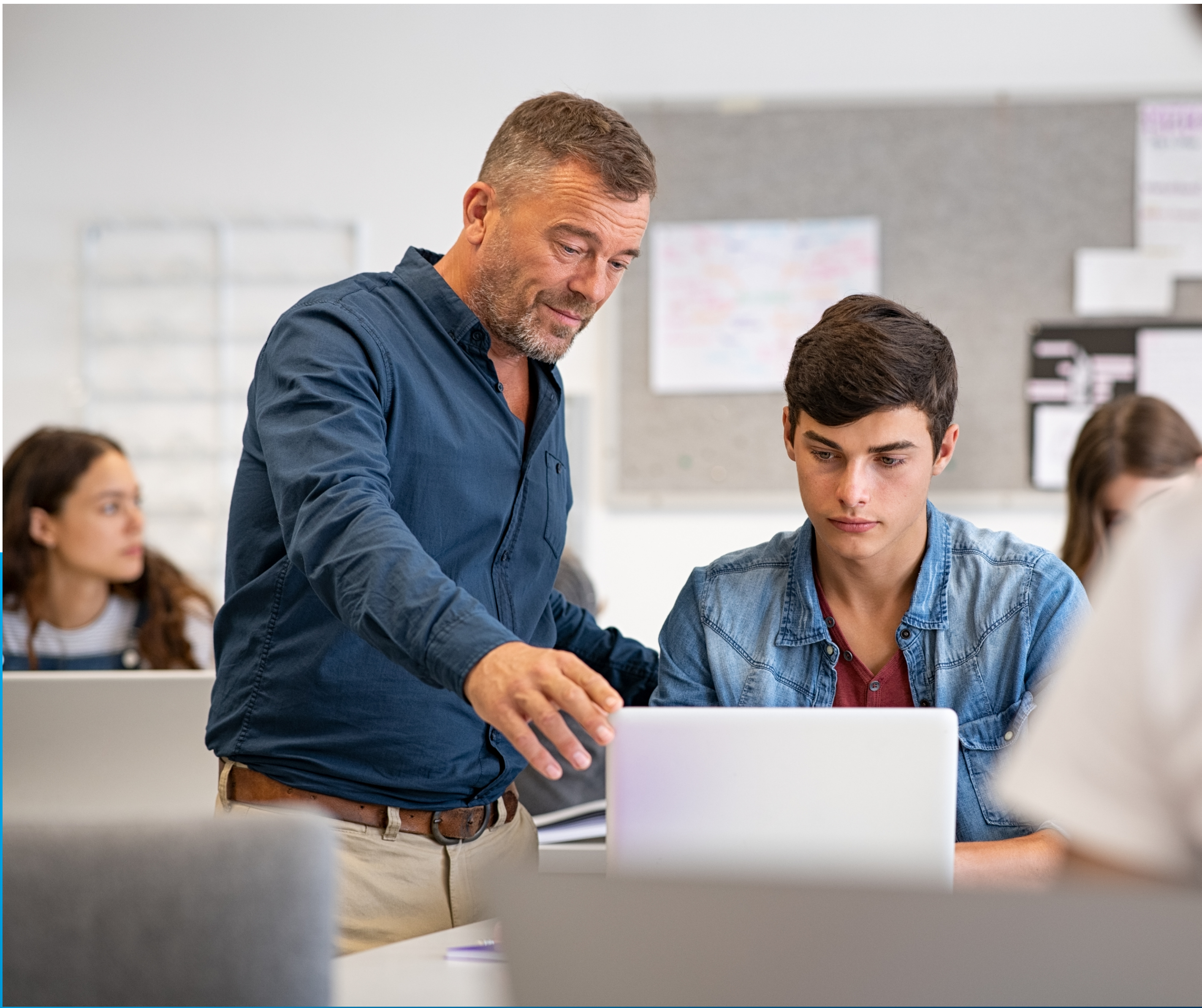
Rob Graham
Managing Director
Date: 28 February 2024



Schrole Group Ltd

ABN 27 164 440 859

2023

ANNUAL REPORT

We're with you

Corporate Directory

Directors	Matt Adams Robert Graham Guy Perkins Colm O'Brien Caroline Brokvam
Company secretary	Jack Rosagro
Registered office	First Floor, 142 Hasler Road Osborne Park WA 6017 AUSTRALIA Telephone: +61 8 9230 7000
Principal place of business	First Floor, 142 Hasler Road Osborne Park WA 6017 AUSTRALIA Telephone: +61 8 9230 7000
Share register	Automic Group Level 5, 191 St George Terrace Perth WA 6000 AUSTRALIA Telephone: +61 1300 288 664
Auditor	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2, 5 Spring Street Perth WA 6000 AUSTRALIA Telephone: +61 8 6382 4600
Solicitors	Hamilton Locke Level 48, 152 - 158 St Georges Terrace Perth WA 6000 AUSTRALIA Telephone: +61 8 6311 9160
Bankers	National Australia Bank Level 14, 100 St Georges Terrace Perth WA 6000 AUSTRALIA Telephone: 13 22 65
Stock exchange listing	Schrole Group Ltd shares are listed on the Australian Securities Exchange (ASX code: SCL)
Website	www.schrole.edu.au
Corporate Governance Statement	https://legal.schrole.edu.au/

Letter from the Managing Director

Dear Shareholder,

Over the past twelve months, we have undertaken critical decisions to reshape our business into a more focused and agile entity, placing a primary emphasis on marketing and selling our HR suite of products. Our significant investment in developing the full suite of products has enabled us to transition from primarily a recruitment platform to providing a holistic range of HR solutions, encompassing recruitment, cover, onboarding, contract management, background checking, and professional development.

Our ongoing focus on customer retention and engagement has yielded positive results, shaping our success into 2024. We have seen increased adoption of Schrole Engage and Schrole Verify throughout the year, with expectations for continued growth into the next year.

We have also undertaken initiatives to reshape and reduce our cost base which have resulted in annualised savings of over $2 million, positioning us for a successful 2024 where our focus will be on achieving cash break-even and moving towards profitability. This milestone will mark a significant achievement for a Software-as-a-Service company and create a solid platform to grow from.

Schrole continues to provide a vibrant environment for schools and teachers to engage with, as evidenced by our data. In 2023 alone, we received over 135,000 job applications, showcasing the vibrant talent and trust our candidates place in Schrole. With over 6,000 job postings and 1.65 million views on our job listings, our thriving community engages with Schrole on a daily basis.

We are pleased to announce the appointment of Matt Adams as our non-executive Chairman of the Board. With over 25 years of experience in financial advisory, specializing in restructuring, governance, risk, and transactional matters, Mr. Adams brings valuable expertise to our team. Additionally, Dr. Caroline Brokvam has joined our board as a non-executive director. With over 20 years of experience in diverse and community-minded international schools, Dr. Brokvam's insights further enhance our board and strengthen our global industry knowledge.

Both directors have made significant contributions to Schrole's success since joining, and we are grateful for their counsel.

During the year we also welcomed Diana Shepherd as Chief Financial Officer and Mark Oelofse as Chief Commercial Officer, both of whom have led significant changes across our operating business and sales strategy.

We thank you for your ongoing support and commitment. We will continue to provide updates on Schrole's progress throughout the year as we strive to elevate the standard of education worldwide through our HR solutions.

Warm regards,

Robert Graham
Managing Director, Schrole

Schrole

Directors' Report

Your Directors present their report, together with the financial statements of Schrole Group Ltd ("the Company") and controlled entities ("the Group") for the financial year ended 31 December 2023.

Directors

The names and the particulars of the Directors of the Company during or since the end of the financial year are:

Name	Role	Appointed	Resigned
James King	Non-Executive Chairman	29 November 2019	20 June 2023
Matt John Adams	Non-Executive Chairman	20 June 2023	
	Non-Executive Director	30 May 2023	
Robert Graham	Managing Director	5 October 2017	
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	

Principal Activities

The principal continuing activities of the Group during the year was the provision of software solutions primarily to the education sector, and the provision of training services.

Dividends

There were no dividends paid or recommended during the financial year ended 31 December 2023 (2022: Nil).

Review of operations

Schrole Group Ltd reported the following results for the year ended 31 December 2023.

	2023	2022
	$	$
Net profit/(loss)	(2,149,661)	(1,806,075)
Net assets/(deficiency)	505,048	2,361,614
Cash and cash equivalents	1,290,499	2,821,783

Significant changes in the state of affairs

There were no significant changes in the state of affairs in the year ended 31 December 2023.

Highlights during the year

During the year the Company made strategic decisions to right size the business for future growth. The total annualised savings identified and implemented during second and third quarters of 2023 totals approximately $2.3 million. The full benefit of these savings will be seen in FY24.

New software sales of 113 contracts and 197 licences including 77 Engage licences 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. In 2023 Schrole entered the seventeenth years of its partnership with Rio Tinto. Schrole has continued to build on the on-the-job training (OJT) programs for Rio Tinto in Western Australian throughout 2023 and into 2024, creating and delivering contextualised courses that meet the evolving needs of the workforce at Rio Tinto's Pilbara and metropolitan locations.

This has generated positive financial results for the Company for 2023 with total revenue up 10.2% to $6,440,010, cash receipts up 15% to $6,842,710, moving closer to cash breakeven with net operating cash outflow improving by 119% to $84,926, and net profit/loss decreased by 21% to $2,149,661 loss compared to 2022. Annual recurring revenues for the software business at 31 December 2023 of $4,075,827 (USD2,709,422) compared to $3,455,519 (USD2,387,531) at 31 December 2022. This will continue to improve with the unwind of the ISS alliance, the accounting for which has significantly affected revenues.

Schrole also increased its invoiced sales to $6,713,858 in 2023, which is up $476,975 (7.6%) on the prior year. The improvement in sales came from both the software and training businesses. Software invoiced sales of $4,407,517 for 2023 reflects a $499,714 (12.8%), improvement compared to 2022 as a result of sales of the expanded product suite, onboarding new customers, including several high-profile international school groups, and retention of the majority of customers at the end of the ISS alliance. Invoiced sales for training decrease to $2,306,341 in 2023, as a result of the deferral of the consulting work in Guinea.

Schrole has performed well across its key business metrics in 2023. The average contract value and average product per customer increased 29% and 90% respectively from 2022.

The Company's cash position at the close of 2023 of $1,290,499 is lower than 2022's balance of $2,821,783 which was affected by the significant one off internal changes such as redundancies. Our focus on cash burn enabled us to not undertake capital raises during the year, and the Company increased investment in product development, sales and marketing resources during the year. In addition, the Company remains free of debt.

The closing net asset position of $505,048 at the end of 2023 is lower than the previous corresponding period $2,361,614 which, as noted above, benefitted from the December 2021 capital raise.

Schrole is well placed to harness the investment in its Schrole HR platform and leverage its relationships with an expanding number of international schools in 2024, by directly selling a broader range of services at improved margins, while carefully managing operating cashflow to create a profitable base for sustained growth.

Business risks

The material business risks faced by the Company are:

- Technology. Relying on third-party vendors for software, hardware, or services can introduce risks to our business. Our development processes are constantly assessing the potential vulnerabilities, prioritizing urgent items for correction, and placing remaining issues into the pipeline for resolution. This commitment to regular enhancements helps us protect against degradation to our software.
- Competition. Risk of new technologies and/or competitors impacting Schrole's ability to deliver on our strategic priorities and financial performance. Measures in place to mitigate this risk management to for monitor and respond to competitor and market activity used to help inform business decision making, development of strong relationships with customers and continual investment in product innovation and development to provide products that meet customer needs.
- Intellectual property risks. Our intellectual property is a key factor that contributes to our competitive advantage. We have implemented a variety of legal measures, such as non-disclosure agreements, customer/user terms and condition agreements, software licensing, and employment agreements, to ensure that any confidential information is kept secure. Additionally, we take great care to ensure that certain details of our data and code remain undisclosed in public scenarios.

- Environmental, social and governance risk. Schrole Group recognises the critical importance of addressing environmental, social, and governance (ESG) risks as integral components of our business strategy. We are committed to transparently identifying, assessing, and mitigating these risks to uphold our responsibility to stakeholders, protect the environment, promote social equity, and ensure sustainable long-term value creation.

- Foreign Exchange risk. We are at risk of AUD/USD exposure since most of our issued invoices in USD currency. To mitigate the risk of the significant change in exchange rates management is monitoring the foreign exchange rates movement and exchange USD to AUD on a competitive spot rate. Significant events after the reporting period
- Privacy and data breach risk. We have security measures in place to protect against unauthorised access, data security breaches and system disruptions, which could lead to customer churn and reputational damage. These measures include multi-factor authentication, staff and customer security awareness programs, security assessments, continuous monitoring and limited access to production/customer environments. We are confident that these measures will reduce the risk of security breaches and protect our customers' data.
- Key personnel risks. Schrole has a number of key management personnel including subject matter experts in our target market. The ability to retain and attract these and other suitable qualified personnel, could adversely affect successful delivery of Schrole's business strategy. Risk mitigation measures include offering competitive remuneration packages with short and long term incentives, and succession planning for key roles.

Subsequent event

There have been no significant events after reporting date.

Environmental regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Future Developments, Prospects and Business Strategies

The principal continuing activities of the Group is the provision of software solutions primarily to the education sector and provision of training services. The Group's future developments, prospects and business strategies are to continue to expand and develop these solutions and services.

Information on Directors

Matt John Adams	Non-Executive Chairman
Qualifications	B.Com, Grad Dip (Applied Finance and Valuation), FINSIA
Experience	Mr Adams is an experienced financial advisory professional specialising in restructuring, governance, risk and transactional matters. His experience spans many industries and geographical jurisdictions including the technology sector.
Interests in shares and options at the date of this report	14,406 ordinary shares
Special responsibilities	None
Directorships held in other listed entities (last 3 years)	Tomizone Limited (ASX:TOM), Good Spirits Hospitality Limited (ASX:NZX)

Mr Robert Graham	Managing Director
Qualifications	M.Ed
Experience	Mr Graham is the founder and Managing Director of Schrole. Prior to forming Schrole he ran the franchise of Search Associates for Australia and New Zealand. He took over ETAS (Schrole Develop) in 2007 after 20 years working as a teacher and principal in international schools in Germany, Singapore, Norway, Belgium and Hong Kong. He subsequently founded Schrole in 2013.
Interests in shares and options at the date of this report	3,632,371 ordinary shares
Special responsibilities	None
Directorships held in other listed entities (last 3 years)	None

Mr Guy Perkins	Non-Executive Director
Qualifications	B.Eng
Experience	Mr Perkins brings a breadth of highly relevant experience to the Schrole board, having held roles at several startup, and ultimately very successful, Software as a Service (SaaS) companies. In 2015 Mr Perkins was founding Director/strategic sales and business development of Spookfish Pty Ltd, a geospatial and 3D imagery business that was listed on the ASX prior to being acquired by US-based Eagleview Technologies in 2018 with a valuation of AU$122m. Prior to Spookfish, Mr Perkins held the role of Chief Operating Officer at NearMap Ltd (ASX:NEA), which currently has a market capitalisation in excess of $1.2 billion. Mr Perkins is currently a Non-Executive Director of Soar.
Interests in shares and options at the date of this report	190,000 ordinary shares 120,000 options
Special responsibilities	Chair, Remuneration and Nomination Committee
Directorships held in other listed entities (last 3 years)	Non-Executive Director of My Foodie Box (ASX:MBX). Formerly Managing Director of Connexion Telematics (ASX:CXZ).

Mr Colm O'Brien	Non-Executive Director
Qualifications	Bachelor of Law
Experience	Mr O'Brien has over 20 years' experience at executive and director level, including 10 years' as CEO Aspermont Limited (ASX:ASP), where he developed a digitally led global resources media business. Mr O'Brien has also worked in financial services and tier one management consultancy. Mr O'Brien is a founding director of specialised management consultancy, Carrington Partners, through which he has extensive experience in business growth and transformation, and directly in SaaS companies. He is also a Non-Executive Director of Sports Entertainment Group (ASX:SEG) and iCetana (ASX:ICE)
Interests in shares and options at the date of this report	20,000 ordinary shares 120,000 options
Special responsibilities	Chair, Audit and Risk Committee
Directorships held in other listed entities (last 3 years)	Non-Executive Director of Sports Entertainment Group (ASX:SEG) and iCetana (ASX:ICE)

Ms Caroline Brokvam	Non-Executive Director
Qualifications	B.A (hons), Dip. Ed., PhD.
Experience	Dr Brokvam is the Principal of International School of Western Australia and has over 20 years' experience in diverse and community-minded international schools. Most recently she was the Director of the American School of Antananarivo, an International Baccalaureate World School in Madagascar, and has previously held administrative and teaching posts at International School Stavanger, International School Manila and Copenhagen International School.
Interests in shares and options at the date of this report	50,000 ordinary shares
Special responsibilities	None
Directorships held in other listed entities (last 3 years)	None

Information on Key Management

Mr Mark Oelofse	Chief Commercial Officer
Qualifications	National Technical Certificate - Electrical Engineering
Experience	Mark has over 30 Years of Global experience, Specializing in Commercial team management and direct sales across new business development, customer retentions and major global market expansion. Mark has represented global IT companies like, Microsoft, Sun Microsystems / Oracle, Tibco Software and Software AG across multiple geographies

Mrs Diana Shepherd	Chief Financial Officer
Qualifications	MPA, MBA, CPA, B.Com
Experience	Diana has over 25 years of experience in finance and accounting, Diana is passionate about delivering high-quality financial services and insights to support the growth and sustainability of the business. Diana successfully led and implemented various projects and initiatives to enhance the efficiency, accuracy and compliance of the financial operations and systems.

Mr Aaron Collyer	Chief Technology Officer
Qualifications	DipBM, DipIT
Experience	Aaron is a seasoned software development professional with over two decades of experience in the field. He possesses a unique combination of technical acumen and a customer-centric approach, which has enabled him to successfully lead the growth and process improvements of the software team at Schrole. His efforts have positioned the team for scalability, and his team's focus on continuously delivering incremental customer value through Schrole's product offering aligns with the company's commercial strategy, driving ongoing business success.

Mr Jack Rosagro	Company Secretary
Qualifications	B.Com, FGIA
Experience	Jack is a Fellow Member of Governance Institute of Australia and has 18 years' experience in capital markets, share registry, and governance. He is currently the company secretary for several listed and unlisted public companies across a range of industries, including mineral exploration, technology, and biotechnology.

Meetings of Directors

The number of formal meetings of Directors held during the period and the number of meetings attended by each director was as follows:

Name	Appointed	Resigned	Full Board		Audit & Risk Committee		Remuneration & Nominations Committee	
			Held	Attended	Held	Attended	Held	Attended
James King	29-Nov-19	20 June 2023	4	4	Conducted by the Board as a whole, as part of full Board meetings		Conducted by the Board as a whole, as part of full Board meetings	
Matt John Adams	30-May-23	-	6	6				
Robert Graham	5-Oct-17	-	8	8				
Guy Perkins	27-Oct-20	-	8	8				
Colm O'Brien	20-Oct-21	-	8	7				
Caroline Brokvam	30-May-23	-	6	6				
Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.								

Options

As at the date of this report the Company had options on issue as follows:

Option Series	Number of Options	Exercise Price	Grant Date	Expiry Date	Number of Options Vested & Exercisable	Valuation per Option at Grant Date	Value Granted
Director Options (Class C)	240,000	$3.00	31-May-21	31-Dec-24	240,000	$0.2426	$58,221
Director Options (Class C-1)	120,000	$3.00	24-May-22	31-Dec-24	120,000	$0.0806	$9,674
Total	**360,000**				**360,000**		**$67,895**

Performance Rights

As at the date of this report the Company had performance rights on issue as follows:

Performance Rights	Number of Rights Issued	Number of Rights Vested	Number of Rights on Issue at the end of the year	Exercise Price	Expiry Date	Vesting Condition	Valuation per right $
Tranche F	270,087	270,087	20,603	Nil	28-Aug-24	Service condition	$0.9094
Tranche G	494,956	494,956	133,903	Nil	27-Aug-25	Revenue over 12 month period	$0.3550
Class C	528,000	Nil	528,000	Nil	31-Dec-24	Revenue over 12 month period	$0.6500
Class F	300,000	Nil	300,000	Nil	31-Dec-24	Share price - 30 day VWAP > $3.00	$0.4150
Total	**1,593,043**	**765,043**	**982,506**				

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Share-based compensation
5. Additional information
6. Additional disclosures relating to key management personnel

1. Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

Non-executive Director remuneration

The Board policy is to remunerate Non-executive Directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive Directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to Non-executive Directors.

The maximum aggregate amount of fees that can be paid to Non-executive Directors is presently limited to an aggregate of $500,000 per annum and any change is subject to approval by shareholders at the General Meeting. Fees for Non-executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. These Non-executive Directors fees cover main Board activities only. Non-executive Directors may receive additional remuneration for other services provided to the Group.

Executive remuneration

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, equity-based compensation, as well as employer contributions to superannuation funds.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Company.

A portion of cash bonus and incentive payments are dependent on defined targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Directors assess performance of the Group with regard to the achievement of both operational and financial targets with a current focus on product development and launch, revenue, cashflow and share price. Executives are issued cash bonuses and/or performance rights to encourage the alignment of personal and shareholder interests. The Directors have the discretion to determine whether or not to issue bonuses.

Options and performance rights issued to Directors and executives may be subject to market-based price hurdles and vesting conditions and the exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Board believes this policy will be effective in increasing shareholder wealth. Key management personnel are also entitled to participate in the employee securities incentive arrangements.

Performance rights vest on the achievement of operational and financial milestones, providing those executives holding performance rights an incentive to meet the operational and financial milestones prior to the expiry date of the performance rights.

On the resignation of Directors and executives, any vested options and rights issued as remuneration are retained by the relevant party.

The Board may exercise discretion in relation to approving incentives such as options and rights. The policy is designed to reward key management personnel for performance that results in long-term growth in shareholder value.

Structure of the short term incentive plan

Metrics are aligned with the Company's growth ambitions and are as follows:

- Managing Director (maximum opportunity – 40% of fixed remuneration) – condition hasn't met in the year ended 31 December 2023
    - Metric:
        - Invoiced sales/revenue 100% weighting
- Other Executives (maximum opportunity – 30% of fixed remuneration) – condition hasn't met in the year ended 31 December 2023
    - Metrics:
        - Invoiced sales/revenue 30% weighting
        - Renewal rates and new customers 30% weighting
        - Gross margin 40% weighting

Structure of the long term incentive plan

The Managing Director's long term incentive plan is set out below:

Class	Performance Rights	Vesting Condition	Expiry Date
Class C	528,000	If the Revenue for the 2023FY reaches $10,000,000-$12,000,000, vesting as follows: · Revenue of $10,000,000 resulting in 75% vesting (396,000); · Revenue of between $10,000,001 and 11,999,999 resulting in a pro rata proportion of Performance Rights vesting; and · Revenue of $12,000,000 resulting in 100% vesting (528,000).	31-Dec-24
Class F	300,000	The 30-day VWAP at any time after the date of issue exceeds $3.00.	31-Dec-24

Executives participate at the board's discretion in the long term incentive plan comprising tranches of performance rights which are subject to vesting conditions aligned with those of the Managing Director's long term incentive plan.

Voting and comments made at the Company's 2023 Annual General Meeting ('AGM')

Resolutions were held by poll in accordance with recommendation 6.4 for the 4th edition of the ASX Corporate Governance Council Principles and Recommendations.

All resolutions that were put to the meeting were passed. Resolution 6 – Spill Resolution was withdrawn as less than 25% of the votes cast on Resolution 1 were voted against adoption of the Remuneration Report.

Following actions taken since the First Strike on the 2021 Remuneration Report include:

- Inclusion of further clarifying detail in this Annual Report to better explain how prior years were treated.
- Streamlining the remuneration process to ensure all short- and long-term bonus structures for FY23 are further aligned to longer term growth strategy.
- Ensuring adequate financial gateways are achieved for KMP to access short term incentives, noting that for FY22 bonus amounts were paid at reduced pro rata amounts to performance for KMP, and no bonus was payable to the Managing Director.
- No further performance options or incentives have been issued to Directors since, other than those approved for Mr O'Brien as a new Director at that AGM.
- The Board will also continue to ensure future incentives and remuneration policy frameworks are in accordance with 4th Edition of the Corporate Governance Principles, Principle 8, Renumerate fairly and responsibly.

2. Details of remuneration

Details of key management personnel of the Company and their remuneration are set out in the following tables.

Name	Role	Appointed	Resigned
Non-Executive			
James King	Non-Executive Chairman	29 November 2019	20 June 2023
Matt John Adams	Non-Executive Chairman	20 June 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	
Executive			
Robert Graham	Managing Director, CEO	5 October 2017	
Mark Oelofse	Chief Commercial Officer	4 April 2023	
Diana Shepherd	Chief Financial Officer	15 May 2023	
Aaron Collyer	Chief Technology Officer	26 April 2022	
Peter Liddell	Chief Operating Officer	9 March 2020	14 August 2023
Stephanie Syme	Chief Financial Officer	3 June 2020	1 June 2023

Amounts of remuneration

Voluntary information disclosure: remuneration received

The amounts disclosed in the tables below as key management personnel (KMPs) remuneration for 2022 and 2023 reflect the actual benefits received by each during the reporting period. The remuneration values disclosed below have been determined as follows:

Short term benefits
This is base salaries received and any cash payments for short term incentives awarded for achievement of agreed milestones. Incentives are directly linked to the performance of the Group and are dependent on defined milestones being met. See notes under tables below for further information relating to short term incentives.

Post-employment benefits
This is superannuation paid in accordance with the Superannuation Guarantee (Administration) Act 1992.

Long term benefits
This is long service leave accrued in accordance with the Long Service Leave Act 1958.

Share based payments
This is securities issued for short term incentives awarded to each KMP FY 2023 and long term incentives awarded for achievement of agreed milestones. Incentives are directly linked to the performance of the Group and are dependent on defined milestones being met.

2023

	Short term benefits		Post-employment benefits	Long term benefits	Share-based payments	Total		Share-based payments	Total
	Salaries, fees & commissions	Cash bonuses	Superannuation	Long service leave	Equity-settled shares	(relating to 2023)	Cash bonuses (relating to prior year)	Equity-settled shares (relating to prior year)	(settled in 2023 for current and prior year)
	$	$	$	$	$	$	$		$
Directors:									
James King	21,719	-	2,281	-	-	24,000	-	-	24,000
Matt Adams	25,193	-	-	-	-	25,193	-	-	25,193
Robert Graham	347,310	-	25,906	-	-	373,216	-	-	373,216
Guy Perkins	28,763	-	3,082	-	-	31,845	-	-	31,845
Colm O'Brien	35,100	-	-	-	-	35,100	-	-	35,100
Caroline Brokvam	21,580	-	2,374	-	-	23,954	-	-	23,954
Key Management:									
Mark Oelofse	128,293	-	13,862	-	-	142,155	-	-	142,155
Diana Shepherd	116,538	-	12,695	-	-	129,233	-	-	129,233
Aaron Collyer [1,2]	211,282	-	22,703	-	-	233,985	-	18,644	252,629
Peter Liddell[2]	196,448	-	18,187	-	-	214,635	-	-	214,635
Stephanie Syme [1,2]	94,654	-	9,938	-	-	104,592	-	23,319	127,911
	1,226,881	**-**	**111,027**	**-**	**-**	**1,337,908**	**-**	**41,963**	**1,379,871**

[1] Equity settled shares includes short term incentives awarded in 2022 for the year ended 31 December 2022, and achievement of long term incentive milestone

[2] Stephanie Syme resigned on the 1 June, Peter Liddell's employment ended on the 14 August and Aaron Collyer's employment ended on the 12 January 2024

2022

	Short term benefits		Post-employment benefits	Long term benefits	Share-based payments	Total		Share-based payments	Total
	Salaries, fees & commissions	Cash bonuses	Superannuation	Long service leave	Equity-settled shares	(relating to 2022)	Cash bonuses (relating to prior year)	Equity-settled shares (relating to prior year)	(settled in 2022 for current and prior year)
	$	$	$	$	$	$	$		$
Directors:									
James King	39,151	-	-	-	-	39,151	-	-	39,151
Robert Graham [1]	307,763	-	25,400	4,952	130,000	468,115	59,361	-	527,476
Guy Perkins	32,728	-	-	-	-	32,728	-	-	32,728
Colm O'Brien	36,000	-	-	-	-	36,000	-	-	36,000
Stuart Carmichael [2]	23,604	-	-	-	-	23,604	-	-	23,604
Key Management:									
Peter Liddell [3]	197,040	-	20,204	-	51,684	268,928	-	25,345	294,273
Stephanie Syme [3]	196,957	-	20,196	-	51,684	268,837	-	23,589	292,426
Aaron Collyer [3]	186,683	-	19,171	-	20,535	226,389	-	11,283	237,672
	1,019,926	**-**	**84,971**	**4,952**	**253,903**	**1,324,601**	**59,361**	**60,217**	**1,444,179**

[1] Bonuses for R Graham are directly linked to the performance of the Group and dependent on defined milestones being met. In 2022, the cash bonus paid related to mutually agreed revenue and operational KPIs being met in respect of performance during 2021. The minimum possible value awarded was Nil and the maximum was 40% of base salary per the Executive Services Agreement, with 50% being achieved totaling $59,361. In respect of performance during 2022, nil bonus has been awarded as mutually agreed revenue and operational KPIs were not met.

[2] Represents remuneration from 1 January to 24 May 2022

[3] Equity settled shares includes short term incentives awarded in 2022 for the year ended 31 December 2021 and for the year ended 31 December 2022, and achievement of long term incentive milestone

The amounts disclosed in the tables above are not the same as the remuneration expensed in relation to each key management personnel in accordance with the accounting standards. The directors believe that the remuneration received is more relevant to users for the following reasons:

- The statutory remuneration shows benefits before they are actually received by the KMPs.

- Where performance rights do not vest because a market-based performance condition is not satisfied (e.g. an increase in the company's share price), the company must still recognise the full amount of expenses even though KMPs will never receive any benefits.
- Share-based payment awards are treated differently under the accounting standards depending on whether the performance conditions are market conditions (no reversal of expense) or nonmarket conditions (reversal of expense where shares fail to vest), even though the benefit received by KMPs is the same (nil where equity instruments fail to vest).

The information in this section has been audited together with the rest of the remuneration report.

Share based payments

The figures included in the statutory table below for the pro rata vesting of share-based payments were not actually provided to the key management personnel during the year. These amounts are calculated in accordance with accounting standards and are the amortised fair values of equity and equity-related instruments that have been granted to the executives. For information on awards that were allocated and vested during the year refer to Note 20 to the financial statements.

2023 statutory table

	Short term benefits		Post-employment benefits	Long term benefits	Share-based payments		Share-based payments		
	Salaries, fees & commissions	Cash bonuses	Superannuation	Long service leave	Equity-settled shares	Total	Pro rata vesting	Total	Performance-based remuneration
	$	$	$	$	$	$	$	$	%
Directors:									
James King	21,719	-	2,281	-	-	24,000	-	24,000	-
Matt Adams	25,193	-	-	-	-	25,193	-	25,193	-
Robert Graham [1]	347,310	-	25,906	-	-	373,216	120,943	494,159	24%
Guy Perkins	28,763	-	3,082	-	-	31,845	-	31,845	-
Colm O'Brien	35,100	-	-	-	-	35,100	9,253	44,353	21%
Caroline Brokvam	21,580	-	2,374	-	-	23,954	-	23,954	-
Key Management:									
Mark Oelofse	128,293	-	13,862	-	-	142,155	-	142,155	-
Diana Shepherd	116,538	-	12,695	-	-	129,233	-	129,233	-
Aaron Collyer [2]	211,282	-	22,703	-	-	233,985	-	233,985	-
Peter Liddell [2]	196,449	-	18,188	-	-	214,636	-	214,636	-
Stephanie Syme [2]	94,654	-	9,938	-	-	104,592	-	104,592	-
	1,226,882	**-**	**111,028**	**-**	**-**	**1,337,910**	**130,196**	**1,468,106**	

1 Pro rata vesting of equity settled share based payments (Class B to F performance rights and options), the issue of which is dependant on achievement of future performance milestones

[2] Stephanie Syme resigned on the 1 June, Peter Liddell's employment ended on the 14 August and Aaron Collyer's employment ended on the 12 January 2024

2022 statutory table

	Short term benefits		Post-employment benefits	Long term benefits	Share-based payments		Share-based payments		
	Salaries, fees & commissions	Cash bonuses [1]	Superannuation	Long service leave	Equity-settled shares	Total	Pro rata vesting [4]	Total	Performance-based remuneration
	$	$	$	$	$	$	$	$	%
Directors:									
James King	39,151	-	4,024	-	-	43,175	35,291	78,466	0%
Robert Graham [1]	307,763	59,361	25,400	4,952	130,000	527,476	(169,782)	357,694	36%
Guy Perkins	32,728	-	3,354	-	-	36,082	35,291	71,373	0%
Colm O'Brien	36,000	-	-	-	-	36,000	14,201	50,201	0%
Stuart Carmichael [2]	23,604	-	2,360	-	-	25,964	(49,407)	(23,443)	0%
Key Management:									
Peter Liddell [3]	197,040	-	20,204	-	77,029	294,273	-	294,273	26%
Stephanie Syme [3]	196,957	-	20,196	-	75,273	292,426	-	292,426	26%
Aaron Collyer [3]	186,683	-	19,171	-	31,818	237,672	-	237,672	13%
	1,019,926	**59,361**	**94,709**	**4,952**	**314,120**	**1,493,068**	**(134,406)**	**1,358,662**	

[1] Cash bonus awarded and paid in 2022 for the year ended 31 December 2021

[2] Represents remuneration from 1 January to 24 May 2022

[3] Equity settled shares includes short term incentives awarded in 2022 for the year ended 31 December 2021 and for the year ended 31 December 2022, and achievement of long term incentive milestone

[4] Pro rata vesting of equity settled share based payments (Class B to F performance rights and options), the issue of which is dependant on achievement of future performance milestones

3. Service agreements

The current directors of Schrole Group Ltd entered into contracts to be paid as follows:

- Mr Adams and Mr King as Non-Executive Director and Chairman - $48,000 per annum, paid by monthly invoice or paid in fortnightly instalments via payroll
- Mr Graham as Managing Director – $321,439 per annum excluding superannuation. Upon termination, in accordance with relevant legislations and in the event of a Change in Control, the Executive will receive a bonus payment comprising of a lump sum gross payment of 12 months' Base Salary
- Mr Perkins and Mr O'Brien as Non-Executive Directors - $36,000 per annum, paid in fortnightly instalments via payroll or by monthly invoice

At the date of this report the Company has four key executives appointed, being Robert Graham as Managing Director and CCO, Mark Oelofse as Chief Commercial Officer, Diana Shepherd as Chief Financial Officer and Aaron Collyer as Chief Technology Officer. Upon termination there is no specific termination benefits in agreement other than the current legislative termination benefits. The terms of their Executive Employment Agreements with Schrole Operations Pty Ltd are summarised in the following table:

Name	Remuneration
Robert Graham	▪ Executive salary of $321,439 excluding superannuation ▪ Bonus of up to 40% of annual salary based upon company achieving revenue and capital ▪ Reimbursement of reasonable business expenses incurred in the ordinary course of the
Aaron Collyer	▪ Executive salary of $216,600 excluding superannuation ▪ Bonus of up to 30% of annual salary based upon company achieving revenue and operational ▪ Reimbursement of reasonable business expenses incurred in the ordinary course of the
Mark Oelofs	▪ Executive salary of $216,600 excluding superannuation ▪ Bonus of up to 30% of annual salary based upon company achieving revenue and operational ▪ Reimbursement of reasonable business expenses incurred in the ordinary course of the
Diana Shepherd	▪ Executive salary of $216,600 excluding superannuation ▪ Bonus of up to 30% of annual salary based upon company achieving revenue and operational ▪ Reimbursement of reasonable business expenses incurred in the ordinary course of the

4. Share based compensation

Shares

During the year ended 31 December 2023 there was no shares issued to directors and other key management personnel as part of compensation.

Options

Pursuant to a resolution at the 31 May 2021 Annual General Meeting, approval was granted to issue 54,000,000 options to the Company's Non-Executive Directors. The Options would vest following the Holder's continuous engagement as a Director with the Company for a period 12 months from the 31 May 2021 Annual General Meeting.

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.

Option Series	Number of Options	Exercise Price	Grant Date	Expiry Date	Number of Options Vested & Exercisable	Valuation per Option at Grant Date	Value Granted
Director Options (Class C)	240,000	$3.00	31-May-21	31-Dec-24	240,000	$0.2426	$58,221
Director Options (Class C-1)	120,000	$3.00	24-May-22	31-Dec-24	120,000	$0.0806	$9,674
Total	**360,000**				**360,000**		**$67,895**

Performance rights

Performance Rights	Grant date	Vesting and exercise date	Expiry date	Number of Rights Issued	Exercise Price	Vesting Condition	Vested %
Class C	31-May-21	31-Dec-23	31-Dec-24	528,000	Nil	Revenue over 12 month period	100%
Class F	31-May-21	31-Dec-23	31-Dec-24	300,000	Nil	Share price - 30 day VWAP > $3.00	100%

- In the event that Robert Graham is no longer employed by the Company, any unconverted and unvested performance rights will automatically lapse and be forfeited, unless the Board otherwise determines in its discretion.

The values of the performance rights have been estimated using the Black-Scholes option pricing model and a barrier up-and-in trinomial option pricing model with a Parisian barrier adjustment. Additional details regarding the performance rights are included in the audited remuneration report below and in Note 20 to the financial statements.

On 2 May 2023, 65,688 Tranche G performance rights were converted into ordinary shares to Stephanie Syme, on the 20 October 2023, 52,519 Tranche G performance rights were converted into ordinary shares to Aaron Collyer, on 27 November 2023, 234,943 Tranche G performance rights were converted into ordinary shares to employees which relates to the short-term incentive bonus to the year ended 31 December 2022.

5. Additional information

The earnings of the Group for the five years since listing to 31 December 2023 are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
Total revenue	6,440,010	5,844,052	5,473,769	6,144,602	5,684,245
EBITDA	(1,229,614)	(1,124,097)	(2,035,304)	(1,033,235)	(1,187,366)
Net profit/(loss)	(2,149,661)	(1,806,075)	(2,438,844)	(2,177,382)	(1,969,565)
Share price at financial year end ($)	$0.20	$0.40	$0.50	$0.90	$1.15
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(5.98)	(5.44)	(8.45)	(10.00)	(15.00)

6. Additional disclosures relating to key management personnel

Performance based remuneration granted and forfeited during the year

The percentage of short term incentives awarded, together with the value of performance rights granted and exercised during the year, is set out below:

2023

Performance based remuneration granted and forfeited during the year

	Short term incentives			Short term incentives (performance rights)	
	Total opportunity	Awarded	Forfeited	Value granted	Value exercised
	$	%	%	$	$
Robert Graham	128,575	0%	0%	-	-
Mark Oelofse[1]	48,735	0%	0%	-	-
Diana Shepherd[1]	37,905	0%	0%	-	-
Peter Liddell[2]	64,980	0%	0%	-	-
Stephanie Syme[2]	64,980	0%	0%	-	-
Aaron Collyer[3]	64,980	0%	0%	-	-

Notes:

[1] Mark Oelofse has started on 4 April 2023 as Chief Commercial officer, Diana Shepherd has started on the 15 May 2023 as Chief Financial Officer

[2] Stephanie Syme resigned on 1 June 2023 Peter Liddell's employment ended on 14 August 2023

[3] Aaron Collyer's employment ended on 12 January 2024

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration during the year	Exercised during the year	Cancelled during the year	Other changes during the year	Balance at the end of the year	Held in escrow at the end of the year
Directors:							
James King	165,094	-	-	-	-	165,094	-
Matt John Adams [1]	-	-	-	-	14,406	14,406	-
Robert Graham	3,597,371	-	-	-	35,000	3,632,371	-
Guy Perkins	160,000	-	-	-	30,000	190,000	-
Colm O'Brien	20,000	-	-	-	-	20,000	-
Caroline Brokvam [1]	-	-	-	-	*50,000*	50,000	-
Key Management:							
Peter Liddell	373,308	-	-	-	-	373,308	-
Stephanie Syme	325,690	-	-	-	-	325,690	-
Aaron Collyer	27,528	-	-	-	-	27,528	-
Mark Oelofse	-	-	-	-	21,402	21,402	-
Diana Shepherd	-	-	-	-	-	-	-
	4,668,991	**-**	**-**	**-**	**150,808**	**4,819,799**	**-**

[1] Appointed on 30 May 2023

Options Holding

The number of options in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable	Vested and unexercisable
Directors:							
James King	360,000	-	-	-	360,000	120,000	240,000
Matt Adams	-	-	-	-	-	-	-
Robert Graham	-	-	-	-	-	-	-
Guy Perkins	360,000	-	-	(240,000)	120,000	120,000	-
Colm O'Brien [1]	360,000		-	-	360,000	120,000	240,000
Caroline Brokvam	-	-	-	-	-	-	-
Key Management:							
Peter Liddell	-	-	-	-	-	-	-
Stephanie Syme	-	-	-	-	-	-	-
Aaron Collyer	-	-	-	-	-	-	-
Mark Oelofse	-	-	-	-	-	-	-
Diana Shepherd	-	-	-	-	-	-	-
	1,080,000	**-**	**-**	**(240,000)**	**840,000**	**360,000**	**480,000**

[1] Granted in accordance with 24 May 2022 Annual General Meeting resolution, vested

Performance right holdings

The number of performance rights in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration during the year	Exercised during the year	Forefeited during the year	Balance at the end of the year	Vested and exercisable	Vested and unexercisable	Maximum value yet to vest $
Directors:								
James King	-	-	-	-	-	-	-	-
Matt Adams								
Robert Graham	*1,356,000*	-	-	-	1,356,000	-	-	498,927
Guy Perkins	-	-	-	-	-	-	-	-
Colm O'Brien	-	-	-	-	-	-	-	-
Caroline Brokvam	-	-	-	-	-	-	-	-
Key Management:								
Peter Liddell	-	-	-	-	-	-	-	-
Stephanie Syme	-	65,688	(65,688)	-	-	-	-	-
Aaron Collyer	-	52,519	(52,519)	-	-	-	-	-
Mark Oelofse	-	-	-	-	-	-	-	-
Diana Shepherd	-	-	-	-	-	-	-	-
	1,356,000	**118,207**	**(118,207)**	**-**	**1,356,000**	**-**	**-**	**498,927**

Other transactions with key management personnel and their related parties

There were no loans made to or repaid by key management personnel during the year.

There were no purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions during the year ended 31 December 2023

This concludes the remuneration report, which has been audited.

Proceedings on behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnity and insurance of officers

The company has indemnified the directors, executives and company secretary of the company for costs incurred, in their capacity as a director, executive or company secretary, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to ensure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of BDO Audit (WA) Pty Ltd

There are no officers of the company who are former partners of BDO Audit (WA) Pty Ltd.

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 immediately after this directors' report.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Matt Adams
Non-Executive Chairman
28 February 2024

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

As lead auditor of Schrole Group Limited for the year ended 31 December 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Schrole Group Limited and the entities it controlled during the period.

Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth

28 February 2024

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Schrole Group Ltd
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2023

	Notes	2023 $	2022 $
Revenue	3	6,440,010	5,844,052
Expenses			
Partner fees	4	(129,996)	(90,019)
Employee benefits expense	4	(4,717,741)	(3,875,355)
Depreciation & amortisation expense	4	(920,047)	(681,978)
Share-based payments	20,21	(293,099)	(359,715)
Finance costs	4	(56,395)	(49,271)
Other expenses	4	(2,472,393)	(2,593,789)
		(8,589,671)	(7,650,127)
Loss before income tax expense		(2,149,661)	(1,806,075)
Income tax benefit/(expense)	5	-	-
Loss after income tax expense for the period attributable to the owners of Schrole Group Ltd		(2,149,661)	(1,806,075)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period attributable to the owners of Schrole Group Ltd		(2,149,661)	(1,806,075)
Basic earnings / (loss) per share (cents per share)	6	(5.98)	(5.44)
Diluted earnings / (loss) per share (cents per share)	6	(5.98)	(5.44)

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 Year Ended 31 December 2023

	Notes	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	7	1,290,499	2,821,783
Trade receivables	11	357,330	549,522
Other receivables	12	391,485	544,492
Total current assets		2,039,314	3,915,797
Non-current assets			
Property, plant and equipment	13	133,704	137,234
Right-of-use assets	14	169,848	371,089
Intangible assets	15	1,998,482	1,867,946
Total non-current assets		2,302,034	2,376,269
Total assets		4,341,348	6,292,066
Liabilities			
Current liabilities			
Trade and other payables	16	345,922	637,561
Contract Liability	17	2,700,323	2,442,974
Provision for employee benefits		610,841	420,276
Lease liabilities	18	152,985	241,971
Total current liabilities		3,810,071	3,742,782
Non-current liabilities			
Provision for employee benefits		26,229	30,493
Lease liabilities		-	157,177
Total non-current liabilities		26,229	187,670
Total liabilities		3,836,300	3,930,452
Net assets		505,048	2,361,614
Equity			
Issued capital	19	23,800,578	23,601,805
Reserves	21	(684,174)	(778,499)
Accumulated losses		(22,611,357)	(20,461,692)
Total equity		505,048	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 Year Ended 31 December 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	-	-	(1,806,075)	(1,806,075)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(1,806,075)	(1,806,075)
Transactions with owners in their capacity as owners:				
Issue of shares (net of costs)	112,491	-	-	112,491
Partial vesting of options	-	84,783	-	84,783
Cancellation of options	-	(49,407)	-	(49,407)
Performance rights vested	-	276,325	-	276,325
Performance rights exercised	306,582	(258,068)	-	48,514
Return reserve for lapsed rights to earnings	-	(62,397)	62,397	-
Balance at 31 December 2022	23,601,805	(778,499)	(20,461,692)	2,361,614

	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	-	-	(2,149,661)	(2,149,661)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(2,149,661)	(2,149,661)
Transactions with owners in their capacity as owners:				
Costs from prior period share issue	-	-	-	-
Issue of shares to advisors	70,600	-	-	70,600
Partial vesting of options	-	9,253	-	9,253
Performance rights to be issued (Tranche H)	-	108,680	-	108,680
Partial vesting performance rights	-	120,943	-	120,943
Performance rights exercised	128,174	(144,551)	-	(16,377)
Balance at 31 December 2023	23,800,578	(684,174)	(22,611,357)	505,048

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Schrole Group Ltd
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2023

	2023 $	2022 $
Cash flows from operating activities		
Receipts from customers	6,842,710	5,929,379
Payments to suppliers and employees	(7,428,376)	(6,645,915)
	(585,666)	(716,536)
Government grants	493,450	262,150
Interest received	7,290	6,922
Net cash (used in) operating activities	(84,926)	(447,464)
Cash flows from investing activities		
Payments for property, plant and equipment	(13,259)	(158,816)
Payments for software development costs	(1,155,094)	(1,272,836)
Net cash (used in) investing activities	(1,168,353)	(1,431,652)
Cash flows from financing activities		
Receipts from shares issued	-	-
Share issue transaction costs	(697)	(60,300)
Interest paid	-	-
Finance lease costs	(198,665)	(199,412)
Net cash (used in) financing activities	(199,362)	(259,712)
Net increase/(decrease) in cash and cash equivalents	(1,452,641)	(2,138,828)
Cash and cash equivalents at the beginning of the period	2,821,783	4,964,008
Effects of exchange rate changes on cash and cash equivalents	(78,643)	(3,397)
Cash and cash equivalents at the end of the period	1,290,499	2,821,783

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

These consolidated financial statements cover Schrole Group Ltd (**Company**) and its controlled entities as a consolidated entity (also referred to as a **Group**). Schrole Group Ltd is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity. The financial statements are presented in Australian dollars, which is Schrole Group's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2024. The directors have the power to amend and reissue the financial statements.

The principal accounting policies adopted by the Group in the preparation and presentation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Note 1. Summary of Significant Accounting Policies

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Schrole Group Ltd as at 31 December 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary, together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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 for the years ended 31 December 2022 and 31 December 2023 are Software and Training.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

Revenue is recognised depicting the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue relating to the provision of services reflects the identification of the contract (either written, verbal or implied) that relates to the provision of those services, the identification of the separate performance obligations within the respective contract, the determination of the transaction price, and the recognition of revenue when each performance obligation is satisfied.

Software licence fees

Revenue from software licence fees is recognised over the term of the licence, with such recognition reflecting the progressive satisfaction of the separate performance obligations within the respective licence. These performance obligations include the provision of the software licence platform for the relevant products and, in some cases, the opportunity to attend virtual recruitment events that take place during the term of the licence.

Training fees

Revenue from delivery of training services is recognised upon delivery of the respective training course, with such recognition reflecting the progressive satisfaction of the separate performance obligations within the respective training course. These performance obligations include the delivery of individual units or modules over the course of the enrolment.

Interest revenue

Interest revenue is brought to account on an accruals basis using the effective interest rate method and, if not received at the end of the reporting period, is reflected in the statement of financial position as a receivable.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them, and that the grants will be received.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amounts of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Schrole Group and its wholly-owned subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits available on demand with banks with original maturity of three months or less.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each asset over their expected useful lives as follows:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	20%
Leasehold Improvements	7%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering:

- Development costs can be reliably measured
- The project is technically and commercially feasible
- The Group intends to and has sufficient resources to complete the project
- The Group has the ability to use or sell the software.

Amortisation of capitalised development costs begins when development is complete and the asset is available for use. Amortisation occurs over the period of expected future benefit, which will normally be the useful life of the asset.

Amortisation is recorded in other expenses and is currently amortised on a straight-line basis between 3 and 4 years. The average amortisation rate at year end is 3 years. During the period of development, the asset is tested for impairment annually.

Intangible assets with a finite useful life are reviewed for impairment whenever there is an indication that the assets may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each year end.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in any of the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable it will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
Liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The Group operates an employee securities incentive plan.

Share-based payments to employees are measured at the fair value of the instruments issued and expensed over the vesting periods. The fair value of performance rights and options is determined using the satisfaction of certain performance criteria (Performance Milestones). The number of options and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value is determined using either a Black Scholes or Monte Carlo simulation model depending on the type of share-based payment.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to members of the parent entity, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (if any).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Goods and services tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

Management considers that there are sufficient funds available to continue to meet the Group's working capital requirements and support planned technical and product development and cross selling initiatives, to underpin the Group's future growth.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 11, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Impairment
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. The Company reviews intangible assets for impairment once a year or more frequently if events or changes in circumstances indicate that there is impairment.

Share based payments
Share-based payments are measured using the Black-Scholes method (for options issued) and a Monte Carlo simulation model (for performance rights with market conditions). The determination of the share-based payment expense requires the use of management estimates and judgements including inputs to the valuation models and assumptions on the likely number of instruments likely to vest. For performance rights with non-market based milestones, management has assessed the probability of achieving the respective performance milestone of each tranche of performance rights, based on its understanding of the entity and its market. It has been determined the milestones for Class A have been met, whilst the probability of achieving the milestones for Class B and Class C to be 0%. Refer note 21 for details.

Capitalisation of costs
The Group's accounting policy for capitalised development expenditure is set out in Note 1. The application of this policy necessarily requires management to make certain estimates and assumptions as to the future events and circumstances of the Company. Any such estimate and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is concluded that the expenditures relate to aspects of the asset no longer utilised, or it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

Note 3. Revenue and Other Income

(i) Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2023 $	2022 $
Sales revenue		
Software	4,070,679	3,386,265
Training services	2,050,488	2,352,114
	6,121,167	5,738,379
Other revenue		
Interest	9,594	6,771
Other revenue	309,248	98,902
	318,843	105,673
	6,440,010	5,844,052

2023	**Software** **$**	**Training Services** **$**	**Total** **$**
Geographical regions			
International	3,828,551	-	3,828,551
Domestic	242,128	2,050,488	2,292,617
	4,070,679	2,050,488	6,121,167
Timing of revenue recognition			
Goods transferred at a point in time	454,138	2,050,488	2,504,626
Services transferred over time	3,616,541	-	3,616,541
	4,070,679	2,050,488	6,121,167

2022	**Software** **$**	**Training** **$**	**Total** **$**
Geographical regions			
International	3,144,980	513,292	3,658,272
Domestic	241,285	1,838,822	2,080,107
	3,386,265	2,352,114	5,738,379
Timing of revenue recognition			
Goods transferred at a point in time	293,062	2,315,381	2,608,443
Services transferred over time	3,093,203	36,733	3,129,936
	3,386,265	2,352,114	5,738,379

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligation that were satisfied in a prior year:

Revenue recognised that was included in the contract liability balance at the beginning of the period	**2023** **$**	**2022** **$**
Software	2,360,554	1,865,406
Training	82,420	102,854
Revenue recognised from performance obligations satisfied in previous periods	**2023** **$**	**2022** **$**
Software	-	-
Training	-	-

Liabilities related to contracts with customers
The group has recognised the following liabilities related to contracts with customers:

	2023 **$**	**2022** **$**
Contract liability - software	2,626,633	2,360,554
Contract liability - training	73,690	82,420
	2,700,323	2,442,974

Contract liabilities for software have increased by $266,079 primarily due to strong renewal rates and increasing contract values.

Note 4. Profit / (Loss) for the year

Profits/(Loss) before income tax from continuing operations includes the following specific expenses:	**2023** **$**	**2022** **$**
Partner Fees		
Other partner fees	129,996	90,019
	129,996	90,019

	2023 $	2022 $
Depreciation and amortisation		
Developed software	693,728	480,164
Right to use asset	201,241	174,638
Property, plant and equipment	25,078	27,176
	920,047	681,978

	2023 $	2022 $
Finance costs		
Interest and finance charges paid/payable on borrowings	47,381	36,748
Interest and finance charges paid/payable on lease liabilities	9,015	12,523
	56,395	49,271

Employee benefits expense		
Employee benefits excluding superannuation	4,221,077	3,445,934
Defined contribution superannuation expense	496,664	429,421
	4,717,741	3,875,355

Other expenses		
Sales, marketing & commissions	309,407	408,960
Consulting fees	635,349	586,281
IT expenses	311,501	462,671
Other expenses	1,216,135	1,135,877
	2,472,393	2,593,789

Note 5. Income Tax

The financial accounts for the year ended 31 December 2023 comprise the results of Schrole Group Ltd with unrecognised deferred tax liabilities. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 27.5%.

	2023 $	2022 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Income tax expense / (benefit) on operating loss at 27.5% (2022: 27.5%)	(591,157)	(496,671)
Non-deductible items		
- expensed R&D costs	-	37,506
- depreciation on R&D assets	190,775	132,045
- share based payments	80,602	98,922
Temporary differences not recognised	319,780	228,198
Prior period deferred tax asset written off	-	-
Income tax (expense) / benefit	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%
Balance of franking account at year end	-	-

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 31 December 2023, because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable. Net deferred tax liability has not been recognised.

Note 6. Earnings per share

	2023 $	2022 $
Profit/(loss) after income tax attributable to the owners of Schrole Group Ltd	(2,149,661)	(1,806,075)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	35,955,048	33,212,822
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	35,955,048	33,212,822
	Cents	**Cents**
Basic earnings per share	(5.98)	(5.44)
Diluted earnings per share	(5.98)	(5.44)

Note 7. Cash and Cash Equivalents

	2023 $	2022 $
Cash at bank	1,290,499	2,821,783
Total cash and cash equivalents in the statement of cash flows	1,290,499	2,821,783

Note 8. Cash Flow Information

	2023 $	2022 $
Profit / (Loss) after income tax	(2,149,661)	(1,806,075)
Non-cash flows in loss after tax		
Depreciation	920,047	681,978
Net (gain) / loss on disposal of non-current assets	-	(35,620)
Share based payment expense	222,499	359,715
Consultants settled via equity	70,600	124,635
Doubtful debts expense	2,153	(7,476)
Unrealised currency (gains)/losses	171,344	36,005
Changes in assets and liabilities		
Increase / (decrease) in contract liabilities	257,349	474,714
(Increase) / decrease in receivables	345,200	(330,450)
Increase / (decrease) in payables	(101,747)	47,388
(Decrease) / increase in other payables and provisions	(2,848)	(140,051)
Add back increase in receivables for non-operating activities	180,138	133,858
Add back decrease / (increase) in other payables for non-operating activities	-	13,915
Cash flow (used in) operating activities	(84,926)	(447,465)

Note 9. Non- cash Investing and Financing Activities

	2023 $	2022 $
Additions to the right-of-use assets	-	475,111
Disposals of right-of-use assets	-	(117,715)
Bonds for right-of use assets	181,019	227,299
R&D incentive refund accrued for capitalised assets	(36,638)	36,638
Capital raising costs accrued	-	(13,915)
	144,381	607,418

Note 10. Changes in Liabilities Arising from Financing Activities

	Lease liability
	$
Balance at 1 January 2022	276,785
Net cash from/(used in) financing activities	(199,412)
Acquisition of leases	475,111
Disposal of lease	(153,336)
Other	-
Balance at 31 December 2022	399,148
Net cash from/(used in) financing activities	(198,665)
Acquisition of leases	-
Disposal of lease	(47,498)
Other	-
Balance at 31 December 2023	152,985

Note 11. Trade Receivables

	2023	2022
	$	$
Trade receivables	366,437	655,998
Less allowance for expected credit loss	(9,107)	(106,476)
	357,330	549,522

Movements in the allowance for expected credit losses are as follows:

	2023	2022
	$	$
Opening balance	106,476	14,913
Additional provisions recognised	9,107	106,476
Receivables written off during the year as uncollectable	-	-
Unused amounts reversed	(106,476)	(14,913)
Closing balance	9,107	106,476

Allowance for expected credit losses

The Group has recognised a loss of $6,117 in profit or loss in respect of the expected credit losses for the year ended 31 December 2023. The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

2023	Expected credit loss rate	Carrying amount	Allowance for expected credit losses
	%	$	$
Not overdue	2.2%	132,245	2,909
0 to 3 months overdue	2.6%	212,742	5,531
3 to 6 months overdue	3.1%	21,450	667
Over 6 months overdue	0.0%	-	-
		366,437	9,107

2022	Expected credit loss rate	Carrying amount	Allowance for expected credit losses
	%	$	$
Not overdue	7.3%	300,903	21,997
0 to 3 months overdue	10.2%	209,924	21,384
3 to 6 months overdue	23.0%	85,904	19,768
Over 6 months overdue	73.1%	59,266	43,326
		655,998	106,476

Trade receivables are generally due for settlement within 60 days. Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk can be found in Note 23.

Note 12. Other Receivables

	2023	2022
	$	$
GST receivable	19,078	41,326
Term deposit	60,000	60,000
Prepayments	114,560	120,163
Accrued income	-	59,328
Other	197,847	263,675
	391,485	544,492

Other is security deposits relating to 142 Hasler Road, Osborne Park.

Note 13. Property, Plant and Equipment

	2023 $	2022 $
Leasehold improvements - at cost	268,988	268,988
Less: Accumulated depreciation (L)	(237,372)	(234,129)
	31,616	34,859
Plant and equipment - at cost	232,439	210,891
Less: Accumulated depreciation (P)	(130,351)	(108,516)
	102,088	102,375
	133,704	137,234

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 January 2022	38,807	88,438	127,245
Additions	-	37,166	37,166
Disposals	-	-	-
Depreciation expense	(3,948)	(23,229)	(27,177)
Balance at 31 December 2022	34,859	102,375	137,234
Additions	-	21,548	21,548
Disposals	-	-	-
Depreciation expense	(3,243)	(21,835)	(25,078)
Balance at 31 December 2023	31,616	102,088	133,704

Note 14. Right-of-use Assets

	2023 $	2022 $
Land and buildings - right-of-use	475,111	475,111
Less: Accumulated depreciation	(305,263)	(104,022)
	169,848	371,089

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	$
Balance at 1 January 2022	188,331
Additions	475,111
Disposals	(117,715)
Depreciation expense	(174,638)
Balance at 31 December 2022	371,089
Additions	-
Disposals	-
Depreciation expense	(201,241)
Balance at 31 December 2023	169,848

The Group leases land and buildings for one office under a five year agreement, with an escalation clause of 2.75% per year, and another office under a two year agreement, with an escalation clause of 4% per year. On renewal, the terms of the leases are renegotiated.

The Group leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 15. Intangible Assets

	2023 $	2022 $
Developed software in use	4,567,108	3,874,245
Less: Accumulated depreciation	(3,681,101)	(2,987,373)
Software in development	1,109,955	978,554
	1,995,962	1,865,426
Trademark acquired	2,520	2,520
	1,998,482	1,867,946

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Software in development $	Software in use $	Trademark $	Total $
Balance at 1 January 2022	255,681	819,672	2,520	1,077,873
Additions	1,270,237	-	-	1,270,237
Disposals	-	-	-	-
Placed in use	(584,002)	584,002	-	-
Depreciation expense	-	(480,164)	-	(480,164)
Balance at 31 December 2022	941,916	923,510	2,520	1,867,946
Additions	1,055,600	112,615	-	1,168,215
Disposals	-	-	-	-
Placed in use	(887,561)	887,561	-	-
R&D Grant claim - addition	-	(343,950)	-	(343,950)
Depreciation expense	-	(693,728)	-	(693,728)
Balance at 31 December 2023	1,109,955	886,007	2,520	1,998,482

(i) Impairment assessment

Heading 1The Group is required to test, on an annual basis, whether our individual assets have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The (pre-tax) discount rate used to measure the CGU's value in use was 11.4%.

Software segment

1. Schrole HR by providing a complete a complete software-as-a-service solution that automates HR management using 4 fully integrated products:
   - Connect – recruitment solution.
   - Events – complements Connect with virtual events connecting hiring schools and potential new hires.
   - Engage – manage all onboarding activities in one, central place.
   - Verify – background checking.

- The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a three-year period to 31 December 2026. Other major assumptions are as follows:

2023	Schrole HR %
Discount rate	11.4
Growth rate*	15

*The revenue growth rate assumption applies only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for three years.

Discount rates are based on the Group's beta adjusted to reflect management's assessment of specific risks related to the cash generating unit. Growth rates beyond the first three years are based on economic data pertaining to the region concerned.

Wage inflation has been based on the company internal policy on yearly wage increases.

The recoverable amount of CGUs that hold a material proportion of the Group’s overall asset balance include and all exceeds its carrying amount as it shows below:

2023	Schrole HR $
Recoverable amount	3,758,778
Carrying amount	2,138,698
Exceeds	1,620,080

If any one of the following changes were made to the above key assumptions, the carrying amount is still be exceeded by its recoverable amount.

2023	Schrole HR %
Discount rate	increase from 11.4% to 12.6%
Growth rate*	reduction from 15% to 0%

Note 16. Trade and Other Payables

	2023 $	2022 $
Trade payables	118,005	220,494
Provisions and accruals	228,137	192,892
Other	(220)	224,175
	345,922	637,561

Note 17. Contract liability

	2023 $	2022 $
Contract Liability	2,700,323	2,442,974

Revenue from software subscriptions and training courses is recognised when the performance obligations associated with the contract are satisfied, which has been assessed as being satisfied over the duration of the contract. The deferred revenue balance represents that portion of software subscription and training course revenue for which the associated performance obligations have not been satisfied as at the reporting date.

Note 18. Lease Liabilities

	2023 $	2022 $
Current Liabilities		
Lease liability - 142 Hasler Road, Osborne Park	129,764	218,750
Lease liability - 18A Baden Street, Osborne Park	23,221	23,221
	152,985	241,971
Non-Current Liabilities		
Lease liability - 142 Hasler Road, Osborne Park	-	135,758
Lease liability - 18A Baden Street, Osborne Park	-	21,419
	-	157,177

Note 19. Issued Capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	35,955,048	35,419,384	23,800,578	23,601,805

Movements in ordinary share capital

Details	**Note**	**Date**	**Shares**	**$**
Balance		31/12/2021	1,729,276,990	23,182,732
Share issue transaction costs			-	(12,144)
Issue of shares to advisors		19/01/2022	10,136,250	124,635
Capital consolidation	19a	6/06/2022	(1,704,625,288)	-
Conversion of performance rights			631,432	306,582
Balance		31/12/2022	35,419,384	23,601,805
Issue of shares to advisors	19b	19/04/2023	174,611	70,600
Conversion of performance rights (Tranche G)		19/04/2023	73,591	26,125
Conversion of performance rights (Tranche G)		20/10/2023	52,519	18,644
Conversion of performance rights (Tranche G)		23/11/2023	234,943	83,405
Balance			35,955,048	23,800,578

19a Consolidation of the issued capital of the Company on the basis of one security for every fifty securities held

19b Issue of shares to advisors as compensation for services delivered

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 20. Share Based Payments

Ordinary Shares

On 18 April 2023, 174,610 ordinary shares, valued at $74,104.48 were issued to advisors as part payment for advisory services.

Options

As at the date of this report the Company had options on issue as follows:

Option Series	Number of Options	Exercise Price	Grant Date	Expiry Date	Number of Options Vested & Exercisable	Valuation per Option at Grant Date	Value Granted
Director Options (Class C)	240,000	$3.00	31-May-21	31-Dec-24	240,000	$0.2426	$58,221
Director Options (Class C-1)	120,000	$3.00	24-May-22	31-Dec-24	120,000	$0.0806	$9,674
Total	**360,000**				**360,000**		**$67,895**

Performance Rights

Pursuant to a resolution of the Board on 27 February 2023, 491,270 Tranche G performance rights were issued to employees under the Company's short term incentive scheme in relation to achievement of milestones for the year ended 31 December 2022. These vested on 27 August 2023. Subsequently, on exercise of 133,903 Tranche G performance rights, the Company issued 361,053 ordinary shares to employees.

Pursuant to a resolution of the Board, on 13 February 2024, 581,176 Tranche H performance rights valued at $108,680 will be issued to employees in lieu of bonus in relation to the year ended 31 December 2023. These are deemed share based payments as at 31 December 2022, with the performance rights to be issued in 2023.

As at the date of this report the Company had performance rights on issue as follows:

Performance Rights	Number of Rights Issued	Number of Rights Vested	Number of Rights on Issue at the end of the year	Exercise Price	Expiry Date	Vesting Condition	Valuation per right $
Tranche F	270,087	270,087	20,603	Nil	28-Aug-24	Service condition	$0.9094
Tranche G	494,956	494,956	133,903	Nil	27-Aug-25	Revenue over 12 month period	$0.3550
Class C	528,000	Nil	528,000	Nil	31-Dec-24	Revenue over 12 month period	$0.6500
Class F	300,000	Nil	300,000	Nil	31-Dec-24	Share price - 30 day VWAP > $3.00	$0.4150
Total	**1,593,043**	**765,043**	**982,506**				

Note 21. Reserves

a) Acquisition Reserve

		2023 $	2022 $
Acquisition reserve	21a	(1,387,793)	(1,387,793)
Options reserve	21b	192,850	183,597
Share based payment reserve	21c	510,768	425,697
		(684,174)	(778,499)

This reserve has arisen on the common controlled group restructure on 31 October 2015 whereby the group acquired 100% of the issued shares of Schrole Pty Ltd.

Schrole

b) Options Reserve	**Date**	**No.**	**$**
Balance	31/12/2020	-	-
Granting of options	31/05/2021	54,000,000	-
Partial vesting of options	30/06/2021	-	21,174
Partial vesting of options	31/12/2021	-	127,047
Balance	31/12/2021	54,000,000	148,221
Cancellation of options	25/05/2022	(18,000,000)	(49,407)
Capital consolidation	6/06/2022	(35,280,000)	-
Granting of options	10/06/2022	360,000	-
Partial vesting of options	30/06/2022	-	72,959
Partial vesting of options	31/12/2022	-	11,824
Balance	31/12/2021	1,080,000	183,597
Partial vesting of options	31/12/2023	-	9,253
Options expired	31/12/2023	(720,000)	-
Balance	31/12/2023	360,000	192,850

The options reserve is used to recognise the fair value of options issued for services provided.

c) Share based payment reserve	**Date**	**No.**	**$**
Balance	1/01/2022	264,731,727	469,837
Granting of Tranche F performance rights	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	30/06/2022	-	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
Balance	31/12/2022	5,557,891	425,697
Issue shares to advisors	19/04/2023	174,611	
Conversion of performance rights	19/04/2023	73,591	(26,125)
Conversion of performance rights	20/10/2023	52,519	(18,644)
Conversion of performance rights	23/11/2023	234,943	(83,405)
Share issue transaction cost			(16,378)
Partial vesting of Classes A to F performance rights	31/12/2023		120,943
Award of Tranche H performance rights	31/12/2023	581,176	108,680
Balance	31/12/2023	6,674,732	510,768

	2023	2022
	$	$
Expenses arising from share based payments		
Employee benefits	101,556	324,339
Non-executive director benefits	120,943	44,629
Issue share to advisors	70,600	-
	293,099	368,968
Comprising:		
Options	9,253	44,629
Performance shares	70,600	-
Performance rights	213,246	324,339
	293,099	368,968

The share based payment reserve is used to record the value of the share based payments through issue of performance shares. Further detail on share based payments is provided in note 20.

Note 22. 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 for the years ended 31 December 2022 and 31 December 2023 are Software and Training:

2023	**Software**	**Training**	**Unallocated**	**Total**
	$	**$**	**$**	**$**
Segment income				
Sales revenue	4,070,679	2,208,947	-	6,279,626
Other revenue	5,147	113,215	42,021	160,384
	4,075,827	2,322,163	42,021	6,440,010
Segment expenses				
Partner fees	129,996	-	-	129,996
Employee benefits exper	2,027,836	810,184	1,879,721	4,717,741
Depreciation	681,012	-	239,034	920,047
Share-based payments	78,745	23,168	191,185	293,099
Finance costs	77,946	2,498	67,188	147,632
Other expenses	705,668	322,736	1,352,753	2,381,156
	3,701,203	1,158,586	3,729,881	8,589,671
Profit/(loss) before	**374,623**	**1,163,577**	**(3,687,860)**	**(2,149,661)**
Segment assets and				
Cash	1,009,503	92,992	188,005	1,290,499
Trade and other receival	229,808	177,380	341,627	748,814
Plant and equipment	-	-	133,704	133,704
Right-of-use assets	-	-	169,848	169,848
Intangibles	1,885,078	-	113,404	1,998,482
Trade and other creditor	(235,677)	(55,780)	(691,534)	(982,992)
Borrowings	-	-	(152,985)	(152,985)
Contract Liability	(2,626,633)	(73,690)	-	(2,700,323)
Net assets/(liabilities)	**262,078**	**140,901**	**102,069**	**505,048**

Note: Other expenses includes marketing, travel, consulting and listing fees

2022	Software	Training	Unallocated	Total
	$	$	$	$
Segment income				
Sales revenue	3,386,265	2,352,114	-	5,738,379
Other revenue	69,254	-	36,419	105,673
	3,455,519	2,352,114	36,419	5,844,052
Segment expenses				
Partner fees	90,019	-	-	90,019
Employee benefits exper	1,620,098	758,271	1,496,986	3,875,355
Depreciation	480,164	-	201,814	681,978
Share-based payments	148,946	25,604	185,165	359,715
Finance costs	27,961	727	20,583	49,271
Other expenses	621,524	329,929	1,642,337	2,593,790
	2,988,712	1,114,531	3,546,885	7,650,128
Profit/(loss) before	**466,807**	**1,237,583**	**(3,510,466)**	**(1,806,076)**
Segment assets and liabilities				
Cash	353,364	119,291	2,349,128	2,821,783
Trade and other receival	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 creditor	(399,085)	(131,286)	(557,959)	(1,088,330)
Borrowings	-	-	(399,148)	(399,148)
Contract Liability	(2,360,554)	(82,420)	-	(2,442,974)
Net assets/(liabilities)	**(41,391)**	**55,881**	**2,347,124**	**2,361,614**

Note 23. Financial Instruments

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, other debtors and accounts payable.

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are market risk (including fair value and interest rate risk) and cash flow interest rate risk, credit risk and liquidity risk.

(a) Interest Rate Risk

From time to time the Group has significant interest-bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below:

	Floating interest rate	Fixed interest rate	Non-interest bearing	2023 Total	Floating interest rate	Fixed interest rate	Non-interest bearing	2022 Total
	$	$	$	$	$	$	$	$
Financial assets								
- Within one year								
Cash and cash equivalents	1,290,499	-	-	1,290,499	2,821,783	-	-	2,821,783
Trade and other receivables	-	-	748,814	748,814	-	-	1,094,014	1,094,014
Total financial assets	**1,290,499**	**-**	**748,814**	**2,039,314**	**2,821,783**	**-**	**1,094,014**	**3,915,797**
Financial liabilities								
- Within one year								
Lease liability	-	-	152,985	152,985	-	-	212,150	212,150
Trade and other payables	-	-	956,763	345,922	-	-	884,745	884,745
	-	-	1,109,748	498,907	-	-	1,096,895	1,096,895
- More than one year								
Lease liability	-	-	-	-	-	-	64,635	64,635
	-	-	-	-	-	-	64,635	64,635
Total financial liabilities	**-**	**-**	**1,109,748**	**498,907**	**-**	**-**	**1,161,530**	**1,161,530**
Weighted average interest rate	*0.1%*				*0.1%*			
Net financial assets	**1,290,499**	**-**	**(360,934)**	**1,540,407**	**2,821,783**	**-**	**(67,516)**	**2,754,267**

Sensitivity Analysis

There is no material sensitivity to the interest rate due to immaterial impact.

(b) Credit Risk

The maximum exposure to credit risk is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2023	2022
		$	$
Cash and cash equivalents - AA Rated	7	1,290,499	2,821,783

Credit risk related to trade and other receivables is managed by the Group in accordance with approved Board policy. The Group has assessed that there is no material impairment of the carrying value of trade and other receivables as at the reporting date.

	2023	2022
	$	$
Total 30 since issue	212,742	90,978
Total 60 since issue	21,450	46,122
Total 90+ since issue	-	8,383
	234,192	145,483

The Group is satisfied that, based on prior recoveries, all amounts that have not been provided for are recoverable.

(c) Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place. The financial liabilities of the Group are trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date. The tables below include both interest and principal cash flows and therefore these totals may differ from their carrying amount in the statement of financial position.

2023	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows
	$	$	$	$	$	$
Financial liabilities at amortised cost:						
Lease liability	86,413	66,572	-	-	-	**152,985**
Trade and other	345,922	-	-	-	-	**345,922**
	432,335	**66,572**	**-**	**-**	**-**	**498,907**

2022	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows
	$	$	$	$	$	$
Financial liabilities at amortised cost:						
Lease liability	116,736	92,339	161,986	-	-	**371,061**
Trade and other	637,561	-	-	-	-	**637,561**
	754,297	**92,339**	**161,986**	**-**	**-**	**1,008,622**

(d) Net fair Value of financial assets and liabilities

Fair value estimation

Due to the nature of the receivables and payables the carrying value approximates fair value.

(e) Financial arrangements

The company had no other financial arrangements in place at 31 December 2023 based on the information available to the current board.

(f) Currency risk

The currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The company is exposed to foreign exchange risk as a result of its sales to the international school sector being priced in US dollars.

The Group's exposure to foreign currency risk with respect to the AUD/USD exchange rate was as follows:

		Value of USD expressed in AUD	
		2023	**2022**
		$	**$**
Cash		1,009,502	987,460
Trade receivables		294,117	477,635
Trade payables		(17,295)	(21,910)
Net assets		1,286,324	1,443,185
Foreign exchange gains/(losses) in the statement of profit and loss		(57,831)	(38,399)
	Net loss if +10%	(63,614)	(42,239)
	Net loss if -10%	(52,048)	(34,559)

Had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss for the year would have been $5,783 higher/lower (2021: $3,840 higher/lower), and the effect on equity would have been (2021: $3,840 higher/lower).

The Company's policy is not to enter into any currency hedging transactions.

Note 24. Parent Entity Financial Information

The following information has been extracted from the books and records of the legal parent Schrole Group Ltd and has been prepared in accordance with Australian Accounting Standards and the accounting policies as outlined in note 1.

(a) Financial Position of Schrole Group Ltd

	2023 $	2022 $
Assets		
Current assets	30,074	1,235,191
Non-current assets	-	-
Total assets	**30,074**	**1,235,191**
Liabilities		
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Net assets	**30,074**	**1,235,191**
Equity		
Issued capital	23,319,456	23,120,682
Reserves	703,619	609,294
Accumulated losses	(23,993,001)	(22,494,785)
Total equity	**30,074**	**1,235,191**

(b) Statement of profit or loss and other comprehensive income

	2023 $	2022 $
Loss for the year	(227)	(28,604)
Other comprehensive income	-	-
Total comprehensive loss	**(227)**	**(28,604)**

(c) Guarantees entered into by Schrole Group Ltd for the debts of its subsidiary

There are no guarantees entered into by Schrole Group Ltd.

(d) Contingent liabilities of Schrole Group Ltd

There were no known contingent liabilities as at 31 December 2023 (2022: Nil).

(e) Commitments by Schrole Group Ltd

There were no known commitments as at 31 December 2023 (2022: Nil).

Note 25. Ownership interest

Name of entity	Place of business / country of incorporation	Ownership interest held		Principal activities
		2023	2022	
Schrole Operations Pty Ltd (ACN 131 115 878)	Australia	100%	100%	Administrative services
Schrole Pty Ltd (ACN 164 785 488)	Australia	100%	100%	Software and training services to international and domestic schools
ETAS (WA) Pty Ltd (ACN 065 673 896)	Australia	100%	100%	Training services to domestic and international businesses
ISS-Schrole Advantage Pty Ltd (ACN 626 113 095)	Australia	100%	100%	Dormant

Note 26. Key management personnel disclosures

The aggregate compensation made to Directors and other key management personnel of the Group is set out below:

	2023 $	2022 $
Short term employee benefits	1,226,881	1,079,287
Post employment benefits	111,027	94,709
Long term benefits	-	4,952
Share based payments - Equity-settled shares	-	314,120
Share based payments - Pro rata vesting	130,196	(134,406)
	1,468,104	1,358,662

Note 27. Related party transactions

Parent entity
Schrole Group Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the Directors' Report.

Transactions with related parties
The Group didn’t acquire any services from entities that are controlled by members of the group’s key management personnel.

Schrole

Note 28. Auditor's Remuneration

	2023 $	2022 $
Remuneration of the auditor of the Group (BDO) and associated entities:		
Audit services	108,633	98,095
Non-audit services	43,347	60,553
	151,980	158,648

Note 29. Events Subsequent to Reporting Date

There have been no significant events after reporting date.

Note 30. Contingent Liabilities

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 31 December 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 comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Matt Adams
Non-Executive Chairman
28 February 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of Schrole Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Schrole Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Revenue Recognition

Key audit matter	*How the matter was addressed in our audit*

The group generates revenue from the provision of software licence fees and training fees. Refer to Note 1, Note 3 and Note 17 of the financial report for the accounting policy and related disclosures.
 	
Revenue recognition was identified as a key audit matter due to the significance of revenue to the financial report.
	Our audit procedures included but were not limited to:
	• Assessing the Group's revenue recognition policies for compliance with Australian Accounting Standards, in particular the requirements of AASB 15 *Revenue from Contracts with Customers*.
	• Reviewing a sample of revenue to ensure recognised in line with satisfaction of performance obligations.
	• Performing analytical review procedures on software revenue streams.
	• For contract liabilities we tested a sample of balances at year end, including:
	  ◦ agreeing the amounts recorded to contract, invoice and payment, where appropriate
	  ◦ reperforming the recognition of revenue based on the satisfaction of performance obligations and
	  ◦ recalculating the amount of the contract liability balance at year end.
	• Assessing the adequacy of the related disclosures in Note 1, Note 3 and Note 17 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 21 of the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Schrole Group Limited, for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Ashleigh Woodley

Director

Perth, 28 February 2024

Additional ASX Information as at 26 February 2024

The shareholder information set out below was applicable as at 26 February 2024.

As at 26 February 2024 there were 1,138 holders of Ordinary Fully Paid Shares.

Voting Rights

The voting rights of the ordinary shares are as follows:

a) at meetings of members each member entitled to vote may vote in person or by proxy or attorney;

b) on a show of hands each person present who is a member has one vote; and

c) on a poll each person present in person or by proxy or by attorney has one vote for each ordinary share held.

There are no voting rights attached to any of the options or performance securities that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

Twenty Largest Shareholders (as at 26 February 2024)

Rank	Name	A/C Designation	Shares	%
1	TORONGA PTY LTD		7,681,979	21.37%
2	FARIA UK HOLDCO III LIMITED		5,462,264	15.19%
3	ENERLY PTY LTD	<STRONADA A/C>	2,396,729	6.67%
4	SANDHURST TRUSTEES LTD	<CYAN C3G FUND A/C>	1,665,433	4.63%
5	BNP PARIBAS NOMINEES PTY LTD	<IB AU NOMS RETAILCLIENT>	1,516,042	4.22%
6	BOND STREET CUSTODIANS LIMITED	<IANLAU - D74169 A/C>	1,235,642	3.44%
7	MR JOEL DAVID HARRISON		765,454	2.13%
8	DMX CAPITAL PARTNERS LIMITED		519,075	1.44%
9	BNP PARIBAS NOMS PTY LTD		449,607	1.25%
10	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		417,188	1.16%
11	ROBERT & KAREN BORSATO PTY LIMITED	<BORSATO FAMILY A/C>	400,000	1.11%
11	GRASSCASTLE CAPITAL NO 1 PTY LTD		400,000	1.11%
12	BNP PARIBAS NOMS (NZ) LTD		300,000	0.83%
12	YARRAWONGA HOLDINGS PTY LTD	<YARRAWONGA NO 2 A/C>	300,000	0.83%
12	PITHER INVESTMENTS PTY LTD	<PITHER INVESTMENTS A/C>	300,000	0.83%
13	MORVEN ANN SMITH	<ROSSDHU FAMILY A/C>	286,417	0.80%
14	MR GUY PERKINS		240,000	0.67%
15	MR PERRY JULIAN ROSENZWEIG		237,090	0.66%
16	WIDE WORLD PTY LTD	<OPEN ROAD SUPER FUND A/C>	236,445	0.66%
17	PATERSON ROAD INVESTMENTS PTY LTD	<PATERSON ROAD INVESTMENT A/C>	220,000	0.61%
18	NATIONAL NOMINEES LIMITED		202,000	0.56%
19	YARRAWONGA HOLDINGS PTY LIMITED	<YARRAWONGA SUPER FUND A/C>	195,767	0.54%
20	MOSTYN FAMILY FOUNDATION PTY LTD	<MOSTYN FAMILY FOUNDATION A/C>	192,535	0.54%
	Total		**25,619,667**	**71.25%**
	Total issued capital		**35,955,048**	**100.00%**

Substantial Holders

Substantial shareholders disclosed to the Company as at 26 February 2024 are:

Rank	Name	Shares	%
1	TORONGA PTY LTD	7,681,979	21.37%
2	FARIA UK HOLDCO III LIMITED	5,462,264	15.19%
3	ROBERT GRAHAM	3,632,371	10.11%

Distribution of Equity Securities

Ordinary Fully Paid Shares

Range	Holders	Total Units	% Issued Share Capital
1 to 1000	578	95,580	0.27%
1,001 to 5,000	218	552,132	1.54%
5,001 to 10,000	102	805,315	2.24%
10,001 to 100,000	200	6,433,429	17.89%
100,001 and over	40	28,068,592	78.07%
Totals	**1,138**	**35,955,048**	**100.00%**
Unmarketable Parcels	720	343,469	0.96%

Restricted Securities

As at 26 February 2024 there are no securities subject to escrow.

Unquoted Securities

As at 26 February 2024 the following unquoted securities are on issue:

- 20,603 Tranche F Performance Rights - issued as a bonus to employees under the ESIP.
- 133,903 Tranche G Performance Rights - issued as a bonus to employees under the ESIP.
- 828,000 Managing Director Performance Rights issued to the Managing Director as follows:

Class	Performance Rights	Vesting Condition	Expiry Date
Class C	528,000	If the Revenue for the 2023FY reaches $10,000,000-$12,000,000, vesting as follows: • Revenue of $10,000,000 resulting in 75% vesting (396,000); • Revenue of between $10,000,001 and 11,999,999 resulting in a pro rata proportion of Performance Rights vesting; and • Revenue of $12,000,000 resulting in 100% vesting (528,000).	31 December 2024
Class F	300,000	The 30-day VWAP at any time after the date of issue exceeds $3.00.	31 December 2024

On-market Buyback

There is currently no on-market buyback program.