

ASX RELEASE (ASX: SCL)

## Schrole continues ARR growth and approaches cash-flow breakeven

### *Quarterly Activities Report for June 2024*

#### Q2 FY24 Key highlights

- **ARR at the end of June reached AUD4.4m** up from \$4.2m at the end of March 2024
- **Cash receipts of \$1.4 million**, up 8% compared to Q2 FY23 (PCP)
- **Net cash from operating activities** up 75% to (\$50,000) from (\$203,000) in the PCP
- **Net cash** of \$0.84 million and no debt

25 July 2024: Schrole Group Ltd (**ASX: SCL**) ("**Schrole**" or the "**Company**"), provider of global Human Resources (HR) Software-as-a-Service (SaaS) and accredited training, provides its quarterly activities and cash flow report for the quarter ended 30 June 2024 (Q2 FY24).

Commenting on Q2 FY24, Managing Director, Rob Graham, said:

*"The Company's HR Software business continued to perform well with ARR reaching AUD4.4m at the end of June representing 4.7% growth on the prior quarter (Q1 FY24). The growth in ARR is underpinned by new international sales of US\$0.23m, representing an 8% improvement on PCP.*

*Sales and cash receipts showed solid growth despite the June quarter traditionally being a slower period, as schools in the Northern hemisphere finish their academic year.*

*In the training business, revenue increased by 38%, reflecting uptake of newly released Work Health and Safety (WHS) training courses delivered to our resource-industry customers.*

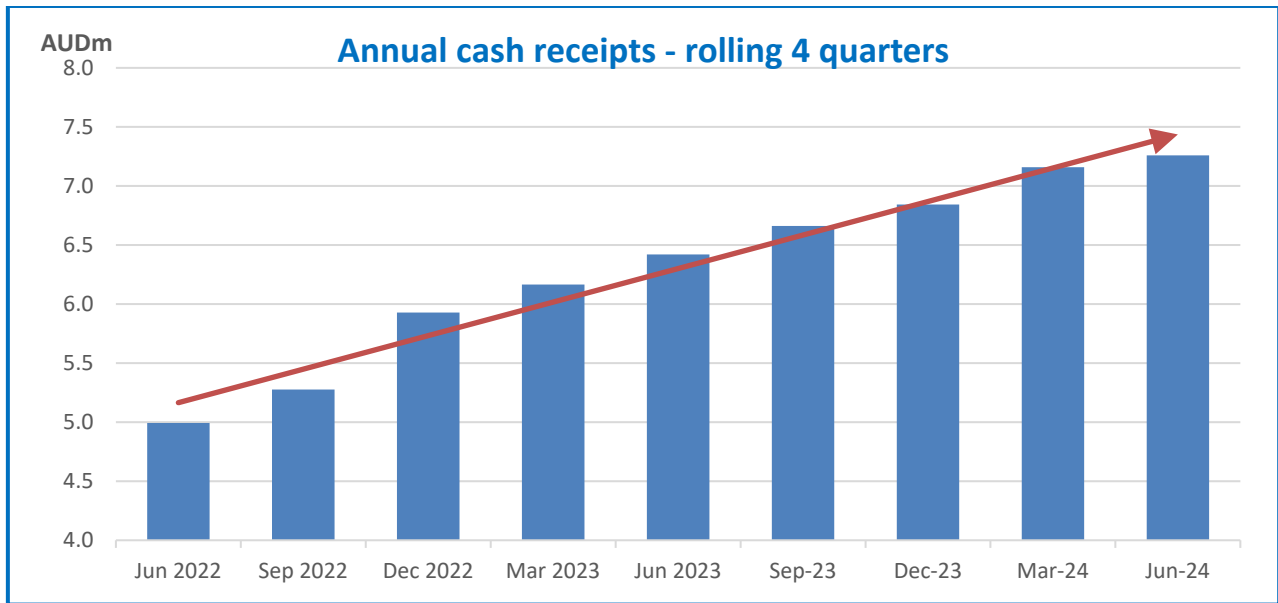
*The FY23 restructure and right sizing of the business to support our change in focus from development to sales, continues to deliver positive impacts. Free cash-flow is approaching break-even with lower outflow over the period of AUD334,000 (compared to outflow of AUD719,000 for Q2 FY23)."*

#### Total cash receipts continue to grow

In the June 2024 quarter, total customer receipts increased by 8% (over PCP) to \$1.4m. The HR Software business generated customer receipts of \$0.85m and the Training business generated \$0.56m.

This growth in total cash receipts, compared to the PCP, reflects a sustained upward trajectory for Schrole.

**CHART 1: Total cash receipts**

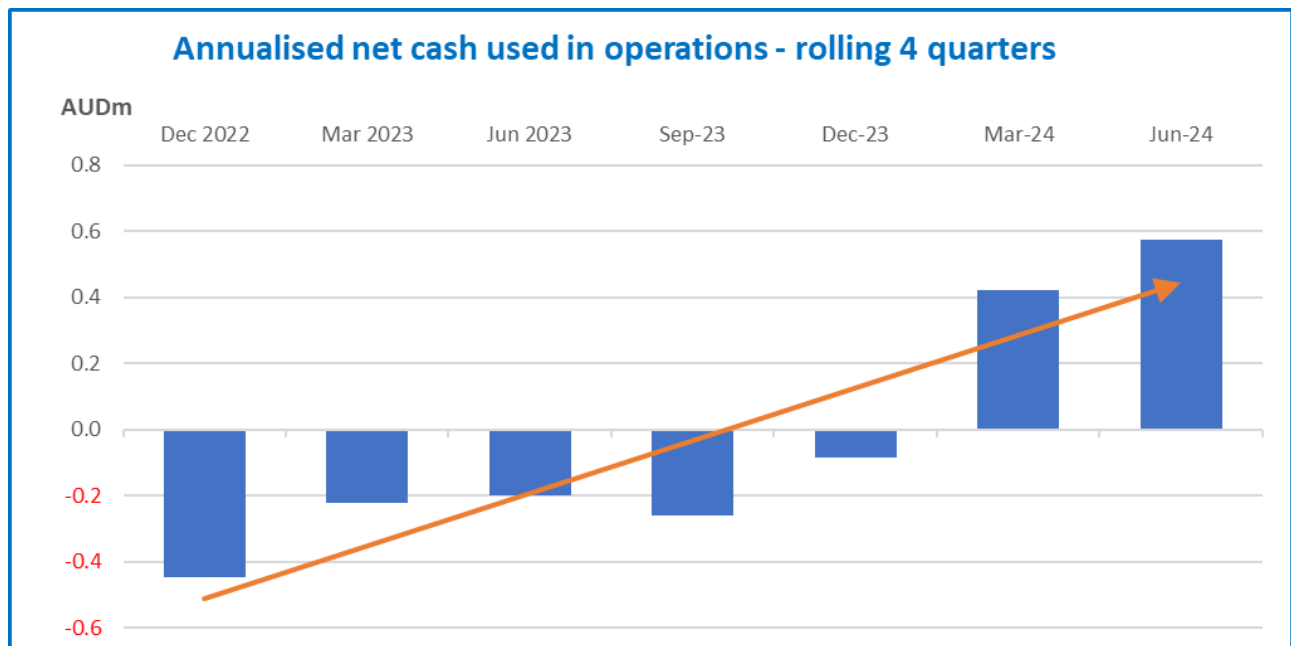


## Operating cash-flow breakeven

Schrole is making significant strides toward achieving sustained operating cash-flow breakeven, driven by increased high-margin software sales and lower costs.

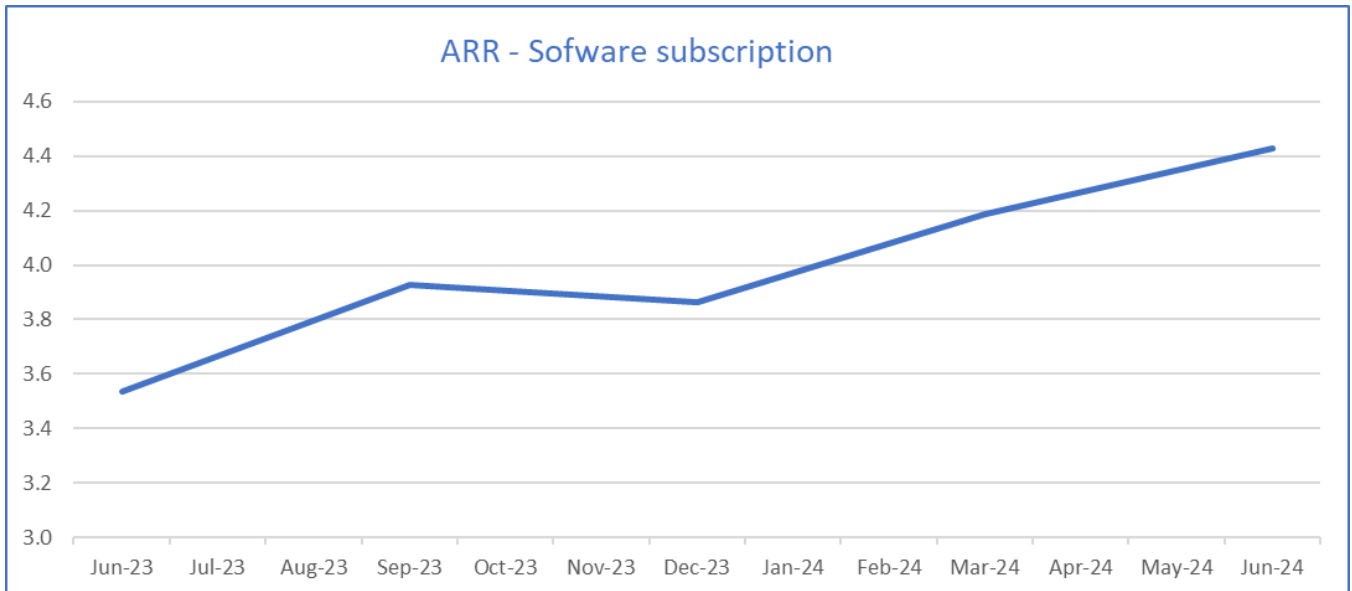
Operating cash-flow for the period was (\$0.05m), a significant improvement from Q2 FY23 when operating cash-flow was (\$0.2m).

**CHART 2: Annualised Net Cash Used in Operations**



## Business Unit Performance - Software

Annualised Recurring Revenue from Schrole's HR SaaS products increased to \$4.4m at the end of June, up 4.7% over the \$4.2m of ARR recorded in March 2024.



The increase in ARR was driven by an increase in subscription (SaaS) sales of USD 197,410 in the quarter, an 18% improvement on the PCP (USD 166,498). Encouragingly, this included sales across all core markets (Asia, MENA and Europe), with 91% of international subscription sales including both Schrole Connect and Schrole Engage, confirming the demand for our full-cycle product suite.

Customer contract renewal rates remained consistent with PCP in Q2 at 69%, with Net Revenue Retention at 81%. Given approximately ~80% of subscription customers hold contracts that are eligible for renewal in H2, there is ample scope for renewal rates to improve in FY24.

## Business Unit Performance - Accredited Training

The Training business recorded revenue of \$0.7m for the quarter up 38% on Q2 FY23. In addition to the new WHS Training courses, there is significant interest in further advanced WHS courses, which are expected to be released in Q3 2024. We also expect pricing increases implemented in early Q3 to positively impact training revenue across the second half of the year.

## Appendix 4C

The summary of cash outflows for Q2 FY24 is:

	\$'000
Payments for product manufacturing and operating costs	\$347
Payments for advertising and marketing	\$30
Payments for staff costs	\$953

Payments for administration and corporate costs	\$161
Interest and other costs of finance paid	\$1
Payments to acquire property, plant, and equipment	\$6
Payments to acquire non-current assets	\$249
Repayment of borrowings	\$46

For the purpose of Section 6 of the Appendix 4C, related party payments of \$138,318 were made in the quarter in relation to Directors fees.

### Proposed Scheme of Arrangement with TES Aus Global

On 17 June 2024, Schrole announced that it had entered into a Scheme Implementation Deed with TES Aus Global Pty Limited, a subsidiary of TES Global Limited (TES) under which it is proposed TES will acquire 100% of Schrole for 48.52 cents per Schrole share by way of a scheme of arrangement (Scheme).

The Schrole Board unanimously recommends that Schrole shareholders vote in favour of the Scheme, and each Director intends to vote all of the Schrole shares controlled or held by, or on behalf of, them, in favour of the Scheme, in the absence of a superior proposal and subject to an Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Schrole shareholders.

The Schrole Board believes the Scheme provides:

- **Significant premium for control:** a premium of 203% to the closing price of Schrole shares on 14 June 2024 of 16.0 cents, being the last price prior to the announcement of this Scheme; and a premium of 160% to the 30-day volume weighted average price of 18.7 cents up to 14 June 2024.
- **Certainty of value:** The Scheme provides certainty of value to Schrole shareholders and the opportunity to sell 100% of their shareholdings for cash.
- **Limited conditionality:** The Scheme is subject to limited customary conditions including Court approval, Schrole shareholder approval, prescribed occurrences and no material adverse change. It is not subject to financing.

Schrole shareholders **do not need to take any action** at this stage.

Subject to Court approval, a Scheme Booklet is expected to be provided to Schrole shareholders in or around early August 2024.

The Scheme Booklet will contain information relating to the Scheme, the reasons for the Schrole Board's unanimous recommendation, details of the Scheme meeting as well as an Independent Expert's Report providing an assessment as to whether the Scheme is in the best interests of Schrole shareholders. Schrole shareholders will then have the opportunity to vote on the Scheme at a Court-convened Scheme meeting, which is currently expected to be held in or around September 2024.

When considering the Schrole Board's recommendations and the Independent Expert's opinion, Schrole shareholders should carefully read the Scheme Booklet in its entirety and take into account the matters set out in the Scheme booklet, including the reasons to vote for and against the Scheme.

As mentioned above, the Scheme is subject to a number of conditions. Accordingly, the certainty of and timing for the completion of the Scheme cannot be confirmed at this time and any guidance on the timetable should



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be treated as indicative at this stage.

Schrole will keep shareholders and the market informed in accordance with its continuous disclosure obligations.

ENDS

*This release was authorised by the Board of Directors.*

**For further information please contact:**

#### **Investors**

##### **Rob Graham**

Managing Director Schrole Group Ltd

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#### **About Schrole**

Schrole provides global Human Resources Software-as-a-Service (SaaS) targeting teachers and educational organisations. Schrole is scaling globally and targeting new growth markets.

**Schrole HR is a complete Human Resources SaaS solution, combining recruitment, background checks, onboarding, relief teacher management, and professional development.**

- **Schrole Connect** is education's most advanced recruitment and applicant tracking app.
- **Schrole Events**, part of the Connect module, provides 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 4C

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

**Name of entity**

SCHROLE GROUP LTD (ASX: SCL)

**ABN**

27 164 440 859

**Quarter ended ("current quarter")**

30 June 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,416	3,022
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(347)	(658)
(c) advertising and marketing	(30)	(61)
(d) leased assets	-	-
(e) staff costs	(953)	(1,870)
(f) administration and corporate costs	(161)	(372)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	26	26
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(50)</b>	<b>85</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(6)	(6)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(249)	(473)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(255)</b>	<b>(479)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(46)	(92)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(46)</b>	<b>(92)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,194	1,290
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(50)	86
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(255)	(479)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(46)	(92)
4.5	Effect of movement in exchange rates on cash held	(4)	35
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>840</b>	<b>840</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	840	1,193
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>840</b>	<b>1,193</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	138
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		



<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(50)
8.2	Cash and cash equivalents at quarter end (item 4.6)	840
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	840
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	16.8
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: NA		
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: NA		
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: NA		
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25/07/2024

Authorised by the Board of Schrole Group Ltd  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.