



ASX RELEASE | Schrole Group Limited (ASX:SCL)

Quarterly Cash Flow and Summary of Activities

Highlights

- Successful capital raising and ASX listing
- Continued strong sales growth in Schrole Cover and Schrole Connect, taking the number of active licences using Schrole platforms to over 260 – an increase of over 28% since 30 September 2017
- Expansion of Schrole Cover into key growth markets in the east coast of Australia with initial school license sales in New South Wales and Victoria
- Agreement with Sentral to support continued expansion of Cover into Australia’s east coast schools market
- Awarding of Sir Charles Gairdner Hospital tender to Schrole Cover and successful deployment
- Schrole Cover contract with a large WA engineering company which will use the platform for casual workforce placement and as a productivity enhancer
- Schrole Connect successfully signs seven schools operated by the Qatar Foundation, a non-profit education organisation associated with the Qatari royal family. Other new schools were also signed up in Vietnam, Madagascar, India and the Netherlands
- Launch of new Schrole Verify product and formation of partnership with First Advantage
- Schrole Develop continues expansion in resources sector with strong training partnership with multinational mining company
- Key strategic hires and building of Schrole’s in-house software development capability

Wednesday, 31 January 2018: Australian education and technology company **Schrole Group Limited (ASX:SCL)** (“Schrole” or “the Company”) is pleased to release its quarterly cash flow and activities summary for the three months ending 31 December 2017. Set out below are the key milestones achieved by the Company in the quarter.

Completion of Acquisition and Capital Raising

Following the successful reverse takeover of Schrole Operations Ltd by the Company and a successful \$6 million prospectus capital raising, Schrole shares commenced trading on the Australian Securities Exchange (“ASX”) under the ticker code “SCL”. At listing the Company had an implied market capitalisation of \$11.7 million based on the \$0.02 per share offer price. Alto Capital was the Lead Manager to the offer and Xcel Capital was Co-Lead.

Schrole Cover

Schrole Cover, a cloud-based Software-as-a-Service (SaaS) platform for the fast filling of casual staffing positions, continued its expansion into schools in Western Australia with initial sales in New South Wales and Victor, as well as other sectors including hospitals, the leisure industry and aged care. The number of Schrole Cover licenses has increased from 102 as at 30 September 2017 to 122 as at 31 December 2017.

Agreement with Sentral

As announced on 21 November 2017, Schrole signed a binding term sheet with Sentral Pty Ltd (“Sentral”). The agreement covers the integration of Schrole Cover into Sentral’s web-based software solution, which manages school administration, student information and related functions. Schrole Cover will be white labelled as “Casual Cover”.

Sentral is an Australian-based education services company focussed on providing integrated student management and information solutions for schools. Sentral’s school administration software is specifically designed for school environments and used by over 1,900 schools across Australia.

The agreement with Sentral continues Schrole’s expansion into Australia’s east coast market which began earlier this year with contracts in New South Wales and Victoria.

Sir Charles Gairdner Hospital tender awarded to Schrole

As announced on 11 October 2017, Schrole was awarded a tender to provide a staff messaging system based on a white-labelled version of Schrole Cover to Sir Charles Gairdner Hospital in Perth. The system has been successfully deployed by Sir Charles Gairdner Hospital and feedback from users is extremely positive.

Schrole Cover in other sectors

As announced on 17 October 2017, Schrole has entered into a contract with a large West Australian engineering company who will use the Schrole Cover platform for casual workforce placement and as a productivity enhancer. Schrole Cover will enable additional flexibility without the need for additional full-time employees or a third-party labour hire company.

Schrole Cover is now also being utilised in the aged care industry with the first client signing on in Melbourne, Victoria, as well as in the leisure industry in an aquatic centre in Western Australia.

Schrole Connect

Schrole Connect, an online SaaS recruitment platform, continued to be well received in the International Schools sector. The number of licenses has grown from 103 as at 30 September 2017 to 141 as at 31 December 2017. Schrole Connect Business Development staff have attended conferences and conducted sales visits in India, Asia, Europe and the Middle East in the last three months, with confirmed sales and extensive sales leads arising directly from these visits.

A highlight of this sales period is the successful signing of seven schools operated by Qatar Foundation, a non-profit education organisation chaired by Sheikha Moza bint Nasser of the Qatari royal family. Other new schools were also signed up in Vietnam, Madagascar, India, the Netherlands and several African nations, further confirming the global application of the Schrole Connect platform which has current school users now in 42 countries.

Schrole Verify

As announced on 29 November 2017, the Company launched a new product - **Schrole Verify** - and the formation of a partnership with First Advantage.

Schrole Verify will provide a comprehensive solution for schools and candidates to complete international background checks, in accordance with the unique requirements of the International School and education sectors. The Schrole Verify background screening package is being developed

in partnership with First Advantage, a leading global provider of background screening solutions headquartered in Atlanta, Georgia.

Development of Schrole Verify is proceeding according to plan and the Company expects sales to commence on schedule in Q1 2018.

Schrole Develop

Schrole Develop, the Company's training and consulting division, increased the number of enrolments for the new TAE40116 Certificate of Training & Assessment courses in the last quarter of 2017 through subsidiary ETAS Group. ETAS Group has continued expanding into the resources sector with a strong partnership with a large multinational mining company regarding an On-the-Job Training (OJT) program across mine sites in Western Australia. The course development of the extended four-day program is completed and has been successfully launched with clients in the quarter, with positive feedback having been received from course attendees.

Key Staff Appointments

The Company has made two strategic hires, recruiting an IT Software Development Manager and a Digital Marketing Manager.

Schrole's Development Manager, Daniel Foster, has focused on further advancing the Company's core product suite and building Schrole's in-house software development capability to further accelerate the development timetable.

As Digital Marketing Manager, Peter Liddell has focused on developing the Schrole brand with particular focus on the user experience of the Company's technology platforms and evolving the effectiveness of Schrole's products for its customers.

Schrole Managing Director Rob Graham: "We are delighted with the progress Schrole has made over the last three months. We have successfully listed on the ASX, expanded our operations, won business, implemented our products into new industries, entered into key strategic relationships with partners, launched the new Schrole Verify product and extended the Company's capabilities via strategic hires. We look forward to Schrole's sustained growth and will continue to focus on developing and improving our cutting-edge educational technology."

About Schrole Group Ltd

Schrole is an Australian educational technology company providing schools worldwide with innovative talent management solutions and consulting services to address staffing and recruitment challenges.

Schrole is run by and for education professionals. Founded and managed by former principal Rob Graham, Schrole is passionate about helping schools secure the best teachers and save time on administrative processes, so they can focus on the important job of teaching the next generation. Schrole's innovative solutions are currently being used by over 250 international and domestic schools in more than 40 countries worldwide.

Schrole has three business units: Schrole Connect, an online Software-as-a-Service (SaaS) platform for efficient and effective recruitment of international school teachers; Schrole Cover, a cloud-based

SaaS platform for the fast filling of casual staffing positions; and Schrole Develop, a training and consulting organisation that provides Australian-accredited leadership training and strategic consulting services to schools.

To learn more please visit: www.schrolegroup.com

Ends

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

SCHROLE GROUP LTD (ASX: SCL)

ABN

27 164 440 859

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows (See note 1a below)	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	442	1,427
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(256)	(451)
(c) advertising and marketing	(218)	(258)
(d) leased assets	-	-
(e) staff costs	(626)	(1,729)
(f) administration and corporate cost (see note 1b below)	(1,450)	(1,663)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	6
1.5 Interest and other costs of finance paid	(17)	(82)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,120)	(2,750)

Note 1a: Under the accounting standard applicable to business acquisitions, AASB 3 Business Combinations, the acquisition of Schrole Operations Ltd ("SOL") by SCL on 5 October 2017 is required be accounted for as a reverse acquisition of SCL by SOL. Under this scenario, SOL is deemed be the acquirer and SCL is deemed to be the subsidiary.

Applying the reverse acquisition method of accounting, following the acquisition, the Consolidated Statement of Cash Flows is required to represent the continuation of the financial statements of SOL and its controlled entities.

As a result of the reverse acquisition methodology outlined above, the Consolidated Statement of Cash Flows shown represents the cash flows of SOL and its controlled entities for the applicable periods, including the cash flows of SCL from the date of acquisition.

Note 1b: Administration and corporate costs includes \$1,003,000 in one-off costs associated with the acquisition of SOL by SCL.

Consolidated statement of cash flows (See note 1a below)	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(29)	(31)
(b) businesses (see item 10)	(400)	(400)
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(92)	(97)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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)	-	-
2.6 Net cash from / (used in) investing activities	(521)	(528)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	6,660	6,660
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	736
3.6 Repayment of borrowings	(919)	(1,067)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	5,741	6,329

Consolidated statement of cash flows (See note 1a below)	Current quarter \$A'000	Year to date (12 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	0	49
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,120)	(2,750)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(521)	(528)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	5,741	6,329
4.5 Effect of movement in exchange rates on cash held	0	0
4.6 Cash and cash equivalents at end of quarter	3,100	3,100

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	-	-
5.2 Call deposits	3,100	0
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,100	0

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(137)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	(260)
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

6.1 Directors' fees, salaries, wages and superannuation
6.2 Repayment of loan to Enerly Pty Ltd (a related party of Mr Robert Graham) as disclosed in the Prospectus dated 18 August 2017

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	225	225
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

ANZ Business Loan, interest rate of 5.1% variable, secured via General Security Agreement and Corporate Guarantee and Indemnity provided by ETAS (WA) Pty Ltd, a wholly-owned subsidiary of SCL.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(219)
9.3 Advertising and marketing	(157)
9.4 Leased assets	-
9.5 Staff costs	(555)
9.6 Administration and corporate costs	(189)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	(1,120)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Schrole Operations Ltd	
10.2 Place of incorporation or registration	Western Australia	
10.3 Consideration for acquisition or disposal	As detailed in the Prospectus dated 18 August 2017	
10.4 Total net assets	As detailed in the Prospectus dated 18 August 2017	
10.5 Nature of business	Development and sale of education recruitment software	

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

31 January 2018

Sign here:  Date:

(Company secretary)

Print name: Nick Allan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.