



ASX RELEASE | Schrole Group Limited (ASX:SCL)

June Quarter Cash Flow and Summary of Activities

Transformational Period for Schrole as First Sales Received for ISS-Schrole Advantage Platform

Highlights:

- Schrole enters into transformational alliance with ISS to provide comprehensive recruitment services to international schools
- ISS to utilise the ISS-Schrole Advantage product across +250 aligned schools, creating a combined client base of more than 380 international schools and 72,000 teachers
- Alliance to result in dramatic increase in number of schools serviced by Schrole products, places the Company among the market leaders in international school recruitment
- Updated ISS-Schrole Advantage platform to launch in September 2018
- First sales for the 2018/19 school year already received for ISS-Schrole Advantage, demonstrating immediate interest in the product, with substantial price increases achieved
- First sales from Schrole Verify background screening product, signifying revenue generation across the Company's entire suite of products
- Number of Schrole Connect licences at 160 (year-on-year 58% increase) and number of Schrole Cover licences at 156 (year-on year 81% increase) as at 31 July 2018

Tuesday, 31 July 2018: Australian education technology company Schrole Group (ASX: SCL) ("Schrole" or the "Company") is pleased to provide its quarterly cash flow and activities summary for the period ending 30 June 2018, a transformational period for the Company.

Set out below are the key milestones achieved by the Company during the June Quarter.

Schrole Connect / ISS-Schrole Advantage

ISS-Schrole Advantage Alliance

During the period, Schrole entered into a strategic alliance with International Schools Services (ISS) to provide its technology-based recruitment services to the globally-significant international school market (see ASX Announcement dated 5th April, 2018).

Through the alliance, both parties will develop and market the ISS-Schrole Advantage product, an upgraded version of the Schrole Connect Software-as-a-Service platform, to pair compatible teachers with schools and schools with teachers.

The ISS-Schrole Advantage product is anticipated to formally launch in September 2018 with over 380 registered schools and 72,000 teachers. Key metrics of the Advantage platform are provided below:



ISS is a widely recognised, US-based not-for-profit organisation that provides a range of services (including comprehensive recruitment solutions) to international schools and educators, globally.

The Company believes that this alliance will place Schrole among the world leaders in international school recruitment services and represents a substantial increase in schools serviced with Schrole products.

Under the binding term sheet between ISS and Schrole, all ISS-Schrole Advantage services will be sold to clients through a new wholly-owned subsidiary of Schrole, the net revenue of which will be shared 50:50 by Schrole and ISS, subject to a transitional arrangement aimed at maintaining each party's current revenue base at a minimum.

Schrole anticipates the ISS-Schrole Advantage product to launch in September 2018.

Continued sales success including first sales of the Advantage Platform

Schrole has continued its sales of the Connect platform with the number of active licenses increasing to 160 as at 31 July 2018, representing a year-on-year increase of over 58%.

Schrole has moved to rapidly capitalise upon the Schrole-ISS strategic alliance, achieving first new client sales for the new Advantage product (see ASX Announcement 26th June 2018). These sales have occurred prior to the launch of the ISS-Schrole Advantage, demonstrating an immediate interest from schools to be migrated to the enhanced product offering from its commencement.

Substantial price increases achieved reflecting enhanced offering of Advantage Platform

Since the completion of the quarter, Schrole has advised the market that its average price for license renewals represents an approximate 50% increase on the average price charged from the previous year (see ASX Announcement 25th July 2018).

Of the schools that have renewed since 1 July 2018, over 40% have opted for the ISS-Schrole Advantage Premium platform. This is the higher margin edition of the technology, which packages product licenses with attendance at international school recruitment fairs. The ability to offer

recruitment fair attendance to schools is a key feature of the expanded service offering that the ISS-Schrole Alliance provides and which Schrole did not previously offer.

Schrole Verify

During the quarter, Schrole also reported first sales of the Schrole Verify background checking product (see ASX Announcement 22nd May), having been awarded a contract with American School of Doha as the preferred pre-employment screening provider for their 2018 teaching placements.

Schrole Verify is one of the most comprehensive background checking software packages developed specifically for international schools. It utilises over 300 global data sources, including INTERPOL and the FBI, which have traditionally been inaccessible or prohibitively expensive for most international schools. The Verify clearance process incorporates a qualification check, employment history check and a press and social media review.

The software is well placed to be incorporated into the international schools market, with international schools increasingly required to conduct background checks for all staff. The International Task Force on Child Protection (ITFCP) has recommended background screening for all adults working with children and this recommendation has been publicly endorsed by key international school accreditation organisations.

The sales opportunities for Verify will be greatly enhanced following the launch of ISS-Schrole Advantage which will more than double the number of international school clients.

Schrole Cover

Schrole Cover, a cloud-based software-as-a-service platform for the fast filling of casual staffing positions, continued its expansion into schools in Western Australia as well as active business development activity in other sectors including hospitals and aged care. The number of Schrole Cover licenses has increased to 156 as at 31 July 2018, representing a year-on-year increase of over 81%.

Following the successful sale and deployment of Schrole Cover in Sir Charles Gairdner Hospital (as announced in on 11 October 2017), Schrole is in active discussions with a number of other large Western Australian healthcare providers.

Schrole ETAS

Schrole Develop, the Company's consulting and training division (the latter trading as Schrole ETAS), continued to achieve solid enrolments for the new TAE40116 Certificate of Training & Assessment as well as increased bookings for its On-the-Job Training programs at remote sites of a major multinational mining company in Western Australia. The course development of the extended four-day program is continuing to receive positive feedback from course attendees.

Schrole is also engaged in discussions with its major international school group client, Qatar Foundation, to provide accredited professional development training services that would be delivered by Schrole ETAS.

Financial highlights

The Company had receipts of approximately \$438,000 from customers for the period and a cash balance of approximately \$1.7m as at 30 June 2018.

Please refer to the attached Appendix 4C Filing for further details.

Commenting on the successful quarter, Schrole Group Managing Director Mr Rob Graham said:

“The June quarter was a very active one for Schrole Group, with the company taking significant strides to increase its market position and enlarge its revenue generation opportunities from the education sector, particularly the international schools market.

“Our alliance with ISS has enabled us to fast-track our growth in the international schools sector and will add hundreds of new international school clients, dramatically improving our market position. The enhanced product offering of the ISS-Schrole alliance has been heavily taken up by Schrole’s clients and provides validation of the strategic benefits that accrue from the alliance.

“It is also very pleasing to see each of the Schrole businesses now delivering revenue for the company with first sales of our Schrole Verify during the quarter. Our focus in the coming quarter is to successfully launch the ISS-Schrole Advantage platform and to continue our aggressive sales focus for all products.”

About Schrole

Schrole delivers innovative, technology-based solutions for the education sector. The company has four revenue generating business units:

- **Schrole Connect to be renamed ISS-Schrole Advantage** for the international school market – an online Software-as-a-Service platform that enables international schools to streamline teacher recruitment and candidate management activities;
- **Schrole Verify** – a new global standard for background screening in the international schools sector;
- **Schrole Cover** – a cloud-based software platform that engages your preferred relief staff at the touch of a button; and
- **Schrole ETAS** – Schrole Education and Training Advisory Service provides accredited training solutions customised to the contexts in which our clients operate.

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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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	438	853
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(64)	(250)
(c) advertising and marketing	(81)	(226)
(d) leased assets	-	-
(e) staff costs	(501)	(995)
(f) administration and corporate cost	(223)	(422)
1.3 Dividends received	-	-
1.4 Interest received	5	12
1.5 Interest and other costs of finance paid	(5)	(10)
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	(431)	(1,038)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(12)	(17)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	(157)	(292)
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	(169)	(309)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	-	-
3.6	Repayment of borrowings	(26)	(53)
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	(26)	(53)

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	2,326	3,100
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(431)	(1,038)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(169)	(309)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(26)	(53)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,700	1,700

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	1,700	2,326
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)	1,700	2,326

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	(27)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
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

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	180	180
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	(104)
9.3 Advertising and marketing	(95)
9.4 Leased assets	-
9.5 Staff costs	(495)
9.6 Administration and corporate costs	(190)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	(884)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.

Sign here:  Date: 31 July 2018
(Company secretary)

Print name: Nick Allan
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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.