



**ASX RELEASE | Schrole Group Limited (ASX:SCL)**  
**September Quarter Cash Flow and Summary of Activities**

**Highlights:**

- **ISS-Schrole Advantage:**
  - Successful launch of new platform in September 2018
  - Secures sales to 167 international schools and over 1,300 Premium teacher candidates since launch
  - Total amount invoiced over A\$1.8m since launch (with this income shared between ISS and Schrole under the Alliance Agreement)
  - Number of international schools utilising the Advantage platform is now 320 – a year-on-year increase of more than 166% compared with the number of schools that were utilising the now-superseded Schrole Connect platform in October 2017
  - Further ISS renewals being received on a daily basis and well on the way to reaching initial target of 380 international school clients
- **Schrole Verify:**
  - Continued sales to international school clients and active marketing set to commence across the enlarged ISS-Schrole Advantage client base
- **Schrole Cover:**
  - Licences total 166 - a year-on-year increase of over 45%
  - Continued expansion of fast fill relief staffing platform with new sales to Perth Children's Hospital and Fremantle Hospital
- **Schrole ETAS:**
  - Recent sales strongest in more than two years

**Wednesday, 31 October 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 September 2018.

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

## **ISS-Schrole Advantage**

### ***ISS-Schrole Advantage platform launched***



Following the execution of the Alliance Agreement between Schrole and International Schools Services, Inc ("ISS") as announced on 3 September 2018, the new ISS-Schrole Advantage software platform has been launched to the international schools market (as announced on 27 September 2018).

ISS-Schrole Advantage is an advanced cloud-based solution for international school staff recruitment. The platform represents a major upgrade on the previous Schrole Connect platform and is transforming international school clients' experience in recruiting teachers and other staff.

All ISS-Schrole Advantage services are being sold to clients through ISS-Schrole Advantage Pty Ltd, a wholly owned subsidiary of Schrole. Under the terms of the Alliance Agreement with ISS, the net revenue of ISS-Schrole Advantage Pty Ltd 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.

### ***Strong sales of the Advantage platform post-launch***

ISS-Schrole Advantage has now signed up 129 existing ISS/Schrole international school clients onto the platform under renewal contracts, with a total invoiced value since 12 September 2018 for these renewals of over A\$1.4m.

In addition, 38 new schools with a total invoice value of over A\$320,000 have been signed up to the Advantage platform since launch. This takes the total amount invoiced to schools for the Advantage services since launch to over A\$1.7m.

As at 31 October 2018, the number of international schools utilising the Advantage platform stands at 320 - a year-on-year increase of more than 166% compared with the number of schools that were utilising the now-superseded Schrole Connect platform in October 2017. With further ISS renewals being received on a daily basis, the Alliance is well on the way to its expected initial 380 international school clients.

More than 80% of these schools have opted for the Premier subscription package, which allows those schools to attend ISS-run international school recruitment fairs and which attracts a significant price premium.

### ***Active adoption of Advantage by teacher candidates***

Schrole has also seen a highly active take-up of the Premium Candidate package by teachers. More than 1,300 teachers have signed up for this service, an average of over 40 new teachers per day, generating sales to date of over A\$140,000.

## **Schrole Verify**

During the quarter, Schrole continued sales of the Schrole Verify background checking product to a number of leading international schools, including Zurich International School.

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.

Further sales opportunities for Verify are being pursued following the launch of ISS-Schrole Advantage which has dramatically increased the number of international school clients available for cross-selling by Schrole.

*\* ISS-Schrole Advantage sales have been converted to AUD terms at a rate of AUD/USD = 0.71*

## 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 in addition to new industries, through active business development in sectors including hospitals and aged care.



Schrole continues to see strong sales growth in Schrole Cover with a total number of active licences as at 31 October 2018 of 166 - a year-on-year increase of over 45%.

As announced on 25<sup>th</sup> October 2018, Schrole has confirmed the appeal and potential of its Schrole Cover fast-fill relief staffing platform in the health sector by signing up two new Western Australian hospital clients – Perth Children’s Hospital and Fremantle Hospital – to join Schrole’s existing hospital client, Sir Charles Gairdner Hospital.

The total value of these two new contracts is approximately A\$30,000. Schrole is actively pursuing its pipeline of opportunities with other hospitals and healthcare providers across Australia on the back of this contract success.

## 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 ETAS is now generating strong momentum in the provision of training services, recently achieving its strongest sales for more than two years. This has been underpinned in particular by Schrole’s major public and private sector clients seeking to upgrade their training qualifications - including WA state and Australian federal government agencies and several large Western Australian iron ore mining producers.

## Financial highlights

The Company had receipts of approximately A\$1.13m from customers for the period and a cash balance of approximately A\$1.68m as at 30 September 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 launch of ISS-Schrole Advantage in September 2018 was a pivotal event for both Schrole and ISS, representing the culmination of more than six months dedicated collaboration by both organisations. The new Advantage platform puts us at the forefront of a fundamental reshaping of the international school recruitment market.*

*“Feedback on the new Advantage platform and service offering from both international schools and teacher candidates has been enormously encouraging. The Advantage market acceptance is being*

*demonstrated by the strong renewal school sales and Premium candidate sales, as well as the substantial number and value of new school clients that have now joined Advantage since launch.*

*“The strategic value of the Alliance with ISS is clearly seen by the strong sales traction we’re achieving, and in particular through the high proportion of schools opting for the Premier subscription.*

*“The continuing sales in Verify and sales growth in Cover and ETAS are indicative of the vibrant opportunities for future sales growth that presently exist for all of Schrole’s business units.”*

## About Schrole

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

- **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.

## About International Schools Services (ISS)

As a nonprofit organization, International Schools Services (ISS) works with more than 500 international schools and thousands of educators each year across its suite of services, creating the largest global footprint in international education support. Since its inception in 1955, ISS has launched and managed more than 100 international schools; placed approximately 50,000 educators; developed ground-breaking learning programs, such as the World Language Initiative and Level 5 Creativity & Innovation Hubs; processed about 15,000 school supply orders annually; and stewarded over 75 school foundations each year. With its headquarters in Princeton, NJ, USA and locations in China and the Middle East, ISS currently owns or operates nearly 20 international schools around the world and promotes innovation and best practices for global education through its core services that include founding and managing student-centered, future-oriented schools; recruiting world-class educators; providing cutting-edge professional learning opportunities; sourcing essential school supplies; and stewarding school foundations. ISS staff has extensive experience in all aspects of international education, with most senior leaders having served as Heads of Schools across a variety of continents. To learn more, please visit: [www.iss.edu](http://www.iss.edu)

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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 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,131	1,984
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(144)	(394)
(c) advertising and marketing	(31)	(257)
(d) leased assets	-	-
(e) staff costs	(565)	(1,560)
(f) administration and corporate cost	(92)	(512)
1.3 Dividends received	-	-
1.4 Interest received	4	16
1.5 Interest and other costs of finance paid	(5)	(15)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>298</b>	<b>(738)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(22)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	(164)	(456)
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	<b>Net cash from / (used in) investing activities</b>	<b>(169)</b>	<b>(478)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(149)	(204)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(149)</b>	<b>(204)</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 quarter/year to date	1,700	3,100
4.2	Net cash from / (used in) operating activities (item 1.9 above)	298	(738)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(169)	(478)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(149)	(204)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>1,680</b>	<b>1,680</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	-	-
5.2	Call deposits	1,680	1,700
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,680</b>	<b>1,700</b>

**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. <b>Financing facilities available</b> <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	-	-
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.		

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(67)
9.3 Advertising and marketing	(58)
9.4 Leased assets	-
9.5 Staff costs	(639)
9.6 Administration and corporate costs	(151)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(915)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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

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

Sign here:   
(Company secretary)

31 October 2018  
Date: .....

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.