



ASX RELEASE | Schrole Group Limited (ASX:SCL)

December 2018 Quarter Cash Flow and Summary of Activities

Highlights:

- **Schrole Group:**
 - **Achieved total cash receipts of A\$2.3m**, resulting in a positive net operating cash flow of A\$281,000 in the December 2018 quarter
 - **Robust cash position of A\$1.7m**
- **ISS-Schrole Advantage:**
 - **Total sales to 244 international schools and over 3,400 Premium teacher candidates** since launch, in addition to the 116 currently active Schrole Connect schools migrated to the Advantage platform
 - **Total amount invoiced over A\$2.9m** since launch (with this income shared between ISS and Schrole under the Alliance Agreement)
 - **Number of international schools utilising the Advantage platform is now 360 – a year-on-year increase of over 165%** compared with the number of schools that were utilising the now-superseded Schrole Connect platform in January 2018
 - Following successful launch of new software platform in September 2018, first and second scheduled platform post-launch updates successfully deployed in November 2018 and January 2019
- **Schrole Verify:**
 - Continued sales of background checking services to international school clients and active marketing across the enlarged ISS-Schrole Advantage client base, with integration of Schrole Verify product into the Advantage software platform scheduled for upcoming release.
- **Schrole Cover:**
 - **Licences total 171 - a year-on-year increase of over 40%**
 - Continued expansion of fast fill relief staffing platform with new sales to Perth Children's Hospital and Fremantle Hospital
- **Schrole ETAS:**
 - **Recent sales continue to be strongest in over two years assisted by the growing activity in the resources sector, with average monthly income for the December 2018 quarter more that 160% higher than for the quarter ended 31 March 2017**

Thursday, 31 January 2019: Australian education technology company Schrole Group (ASX: SCL) ("Schrole" or the "Company") is pleased to provide its December 2018 quarterly cash flow and activities summary for the period ending 31 January 2019.

Set out below are the key milestones achieved by the Company during and following the December 2018 quarter

ISS-Schrole Advantage



During the quarter, Schrole maintained its sales and development focus for its flagship ISS-Schrole Advantage product, an advanced cloud-based solution for international school staff recruitment.

Continued strong sales of the Advantage platform post-launch

Advantage has achieved sales to 244 international schools and over 3,400 Premium teacher candidates since launch, taking the total number of international schools utilising the Advantage platform to 360.

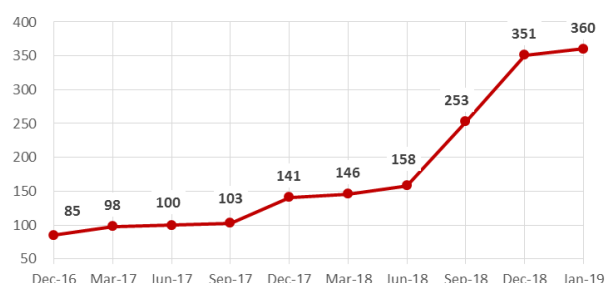
Of these sales, 189 represent existing ISS/Schrole international school clients that have been signed up onto the platform under renewal contracts, with a total invoiced value since 12 September 2018 for these renewals of over A\$1.9m.

In addition, 55 new schools with a total invoice value of over A\$580,000 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\$2.5m.

A further 116 currently active Schrole Connect schools have been migrated to the Advantage platform under existing contracts, for whom contract renewal will progressively fall due over the next nine months.

As at 31 January 2019, the number of international schools utilising the Advantage platform stands at 360 - a year-on-year increase of more than 165% compared with the number of schools that were utilising the now-superseded Schrole Connect platform in January 2018. More than 85% of these schools have opted for the Premier subscription package which attracts a significant price premium and allows those schools to attend ISS-run international school recruitment fairs.

Schrole Connect / Schrole-ISS Advantage
International School Clients



All ISS-Schrole Advantage services are being sold to clients through ISS-Schrole Advantage Pty Ltd, a wholly owned subsidiary of Schrole, pursuant to an Alliance Agreement with International Schools Services, Inc. (ISS). Under the Alliance Agreement, 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.

Active adoption of Advantage by teacher candidates

Schrole has also seen a continued highly active take-up of the Premium Candidate package by teachers, that allows those teachers to search for vacancies and attend recruitment fairs. More than 3,400 teachers have signed up for this service, an average of over 28 new teachers per day, generating sales to date of over A\$360,000.

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

ISS-Schrole Advantage platform – further releases launched

Following the successful launch of the new ISS-Schrole Advantage software platform into the international schools market (as announced on 27 September 2018), Schrole commenced work on the next scheduled software release for this product.

Schrole has adopted an agile software development methodology for the Advantage platform, with the intention of releasing scheduled platform enhancements to the market up to every six to eight weeks. The agile methodology enables Schrole to continually improve the functionality of Advantage and respond rapidly to customer feedback and feature requests.

Since the initial platform launch, Schrole has released additional updates in November 2018 and January 2019. These updates include support for international school recruitment fairs, a candidate-school conversations module, enhanced dashboard notifications for candidates and additional administrative functionality.

Upcoming releases will feature an updated user interface for international schools (based on feedback received from an international school focus group) and full integration of the Schrole Verify background checking product into the Advantage platform.

Schrole's ongoing software development is being undertaken entirely by its highly capable in-house development team.

Schrole Verify

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

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 Schrole 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. These opportunities will be enhanced through the full integration of the Schrole Verify background checking product into the Advantage platform, planned for 2Q 2019. Revenue from Schrole Verify does not form part of the Alliance net revenue sharing arrangement with ISS, with 100% of revenues from Schrole Verify accruing to Schrole.

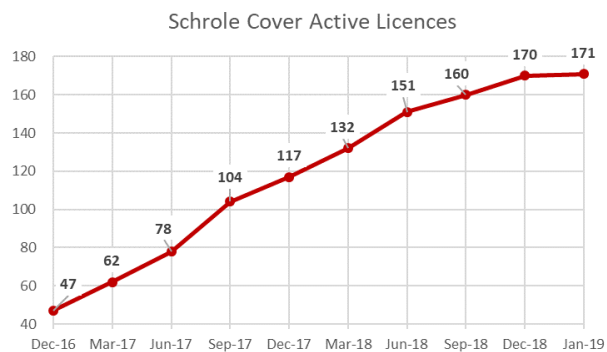
Schrole Cover



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 January 2019 of 171 - a year-on-year increase of over 40%.

As announced on 25th 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**.



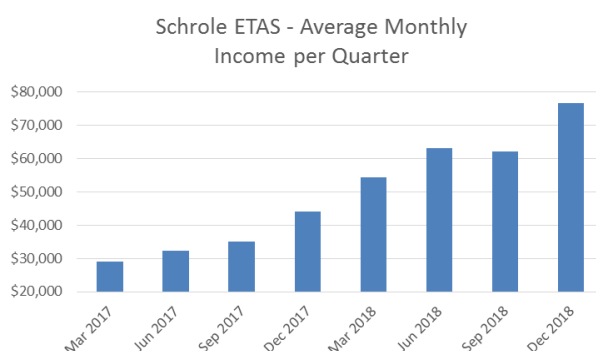
The total value of these two new contracts is approximately A\$30,000. Schrole is actively pursuing its pipeline of opportunities with other hospitals and healthcare providers across Australia on the back of this contract success.

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\$2.31m from customers for the December 2018 quarter and a cash balance of approximately A\$1.67m as at 31 December 2018.

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

Corporate

The Company advises that it has reviewed the annual remuneration payable to Rob Graham, Managing Director, and increased his annual base remuneration component to \$267,000 exclusive of statutory superannuation effective January 2019.

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

“Schrole has continued to build on the foundations of the ISS-Schrole Advantage alliance, following the launch of the new software platform in September 2018. The successful deployment of two further scheduled software releases since the launch demonstrates Schrole’s capability to continually improve its software platforms for the benefit of its customers.

“Customer feedback on the new platform has been very positive, and Schrole is seeing record numbers of active candidates and vacancies through the new system.

“The successful international school recruitment fairs hosted by ISS provide further proof of the strategic value of the Alliance. With over 85% of schools opting to attend recruitment fairs, they remain an important part of the recruitment landscape.

The strong sales performance of Schrole ETAS has been particularly pleasing, and reflects the growing demand for training services in WA mining companies and government departments.

“Looking forward, we’re excited by the outlook for all of Schrole’s business units, off the back of strong demand for our products and services, ongoing client-focused technological innovation and outstanding service levels.”

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.

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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 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		2,310	4,294
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(1,215)	(1,609)
(c) advertising and marketing		(97)	(354)
(d) leased assets		-	-
(e) staff costs		(567)	(2,127)
(f) administration and corporate cost		(151)	(663)
1.3 Dividends received		-	-
1.4 Interest received		2	18
1.5 Interest and other costs of finance paid		(1)	(16)
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		281	(457)

2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(8)	(30)
(b) businesses (see item 10)		-	-
(c) investments		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	(268)	(724)
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	(276)	(754)

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	(14)	(218)
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	(14)	(218)

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	1,680	3,100
4.2	Net cash from / (used in) operating activities (item 1.9 above)	281	(457)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(276)	(754)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14)	(218)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,671	1,671

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	1,671	1,680
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)	1,671	1,680

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	-	-
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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(780)
9.3 Advertising and marketing	(58)
9.4 Leased assets	-
9.5 Staff costs	(660)
9.6 Administration and corporate costs	(641)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(2,139)

*Total estimated cash outflows will be offset by receipts from customers during the next quarter

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

- 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 January 2019
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.