

ASX RELEASE | Schrole Group Limited (ASX:SCL)

March 2019 Quarter Cash Flow and Summary of Activities

Highlights:

- **ISS-Schrole Advantage continues strong momentum of sales and renewals**
- **Advantage Annual Recurring Revenue (ARR) now over A\$3.5m**
- **Over 4,400 paying school candidates now on the platform**
- **Schrole ETAS business continuing to exceed expectations**
- **Successfully received firm commitments from wholesale and institutional investors for \$1.25m placement to drive near-term sales growth and strategic initiatives**
- **Schrole Cover new client and sector wins including North Metropolitan Health Service (Security Service)**

Tuesday, 30th April 2019: Australian education technology company Schrole Group (ASX: SCL) ("Schrole" or the "Company") is pleased to provide its March 2019 quarterly cash flow and activities summary. Set out below are the key milestones achieved by the Company during and following the March 2019 quarter.

ISS-Schrole Advantage

Continued strong sales of the Advantage platform post-launch

Since the announcement of the deal with International Schools Services, Inc ("ISS") over a year ago, Schrole has formalised the Alliance agreement with ISS, launched the Advantage platform and now has approximately 360 schools actively engaged on the Advantage platform.



The Company is seeing strengthening in retention of these international school clients, in combination with new sales. The total Annual Recurring Revenue from schools utilising the Alliance platform is now over A\$3.5m, based on current active annual subscription contracts. The Company is committed to significantly growing this number over the coming months and years.

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 4,400 teachers have signed up for this service, an average of over 20 new teachers per day, generating sales to date of over A\$470,000.

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 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.

Schrole Cover

Schrole Cover is a cloud-based software-as-a-service platform (SaaS) for the fast filling of casual staffing positions. Schrole Cover continues its expansion into schools in Western Australia in addition to new industries.



Schrole has had recent success in further expanding its footprint into the hospital and school sectors in Western Australia. Schrole recently secured the North Metropolitan Health Service (Security Service) with a contract value of approximately \$30,000 over five years.

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.



ETAS again delivered a record quarter over the past 2 years to perform above expectations and budget. A resurgence in the iron ore and mining sectors has meant stronger demand from ETAS's tier one clients. Training courses are fully booked through till the end of May 2019, with strong bookings and inquiries also extending well beyond this date.

Financial highlights

The Company had receipts of approximately A\$0.87m from customers for the March 2019 quarter and a cash balance of approximately A\$1.50m as at 31 March 2019. Please refer to the attached Appendix 4C Filing for further details.

Corporate

The Company recently received firm commitments for \$1.25m via a placement to wholesale and sophisticated investors. The placement was well supported by a number of institutional investors, including small-cap funds.

These funds will be used to drive near-term sales growth and to increase in-house software development capability to support the rollout of strategic initiatives. Schrole is now well funded with a strong balance sheet to deliver on commercial outcomes and continue the sales growth of its technology platforms.

This placement was arranged by Schrole's new corporate advisers, Altor Capital and Henslow. Schrole will be working closely with its new corporate advisers to further increase awareness of the Company in capital markets.

The board would like to thank the support of existing shareholders and welcome the new sophisticated and institutional shareholders to the register.

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 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	874	874
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(249)	(249)
(c) advertising and marketing	(32)	(32)
(d) leased assets	-	-
(e) staff costs	(408)	(408)
(f) administration and corporate cost	(154)	(154)
1.3 Dividends received	-	-
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid	(1)	(1)
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	30	30

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	(180)	(180)
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	(190)	(190)

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	(13)	(13)
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	(13)	(13)

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	1,671	1,671
4.2	Net cash from / (used in) operating activities (item 1.9 above)	30	30
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(190)	(190)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(13)	(13)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,498	1,498

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	1,498	1,498
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)	1,498	1,498

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	(161)
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.		

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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	(675)
9.6 Administration and corporate costs	(255)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,768)

*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)

Date: 30 April 2019

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.