

## ASX RELEASE | Schrole Group Limited (ASX:SCL)

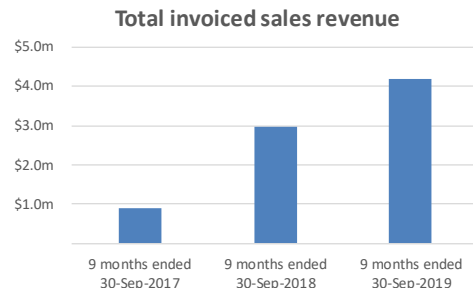
### September 2019 Quarter Cash Flow and Summary of Activities

#### Highlights:

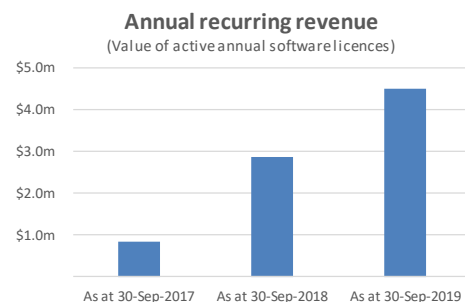
- Revenue achieved in Q3 FY19 of \$2.3m, representing 33% growth on Q3 FY18
- Increase in Annual Recurring Revenue of 58% as at 30 September 2019 over the prior year
- Positive momentum ahead of peak teacher recruitment period
- Successful launch of Schrole Verify, representing a new global standard for background screening for teachers and the first module to leverage the Advantage platform

**Thursday, 31<sup>st</sup> October 2019:** Schrole Group (ASX: SCL) ('Schrole' or the 'Company'), an Australian education technology company, is pleased to provide an update on its activities for the quarter ended 30 September 2019.

The period reflected a record quarter of revenues for the Company, with total revenue (invoiced sales) in Q3 increasing by 33% over Q3 2018 to \$2.3m. Total revenue in the nine months to 30 September 2019 increased by 41% to \$4.2m from \$3.0m in the previous corresponding period.



The Company's Annual Recurring Revenue, calculated as the current value of active annual software licences, increased by 58% to \$4.5m as at 30 September 2019 compared with the prior year.



Further information regarding the activities in the Company's major business units is set out below.

## ISS-Schrole Advantage

### ***Strong renewals and sales as major recruitment season commences***

Schrole now has 374 schools actively engaged on the platform and is continuing to experience positive retention rates from existing international school clients, as well as strong new business growth. Total invoiced sales of the Advantage platform for the September 2019 quarter were over A\$1.8m, representing a year-on-year increase of over 26%.

Pleasingly the rate of Advantage licence renewals was in excess of 87% during the period, illustrating the quality of the Advantage recruitment platform as well as the calibre of the candidate database.



With the 2019/2020 marketing campaign underway there is a high level of customer interest in the platform, with strong sales ahead of budget in the quarter and a solid sales pipeline as at the quarter end.

### ***Continued growth in candidate database of teachers from across the globe***

There were more than 6,000 Premium candidates in the Advantage system at the quarter end, with an additional 1,400 teachers signed up in the September quarter generating revenue of over A\$150,000.

All ISS-Schrole Advantage services are 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 on a 50:50 basis by Schrole and ISS, subject to a transitional arrangement aimed at maintaining each party's prior revenue base at minimum.

### ***Ongoing development of the Advantage platform***

Schrole's in-house software development team has continued work on improving the Advantage platform to retain its best-in-class status in international school recruitment. A key current focus is the development of functionality to support the recruitment activities of international school groups.

School groups are a major market opportunity for Schrole - there over more than 70 international school groups that consist of ten or more schools, representing over 2,000 schools. The school group functionality under development by Schrole will allow these groups to manage their staff recruitment activities across multiple school locations and countries in a coordinated and coherent way, and will represent a clear differentiator for Schrole in seeking to sign up these groups onto the Advantage platform.

## **Schrole Verify**

Schrole Verify, a background screening solution, launched in September for school candidates, and has received an encouraging reception from those clients in ordering background checks. Further platform development is underway which will facilitate a streamlined process of background checks to be initiated by schools on behalf of current and potential staff members.



## **Schrole Cover**

Schrole Cover, a cloud-based software-as-a-service platform (SaaS) for the fast filling of casual staffing positions, continued its expansion into schools in Western Australia with further sales to new schools, as well as confirmed renewals of key hospital clients during the quarter.

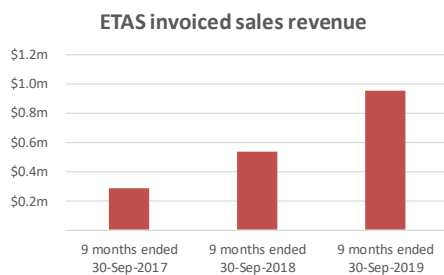


Schrole has seen continued sales growth in Schrole Cover, with the total number of active licences growing to 185 as at 30 September 2019, representing a year-on-year increase of 16%.

## **Schrole ETAS**

Schrole ETAS is the consulting and training division of the Company, providing nationally recognised training qualifications in training,





leadership and management to major multinational mining companies and government agencies in Western Australia.

The strong recent revenue growth in Schrole ETAS accelerated during the third quarter, with the division generating sales for the September quarter of over A\$360,000, showing an increase of 97% compared to Q3

FY18. The outlook for the Schrole ETAS business remains strong, with solid forward bookings for training courses, together with further training consultancy opportunities for overseas clients that ETAS is currently pursuing.

## Corporate

In August 2019, Schrole completed a share placement, raising \$800,000 via a placement to wholesale and sophisticated investors. The placement was well supported by existing wholesale investors and pleasingly several new institutional investors joined the register, including Capital H Management who are now a substantial holder of Schrole.

The funds will be used to strengthen Schrole's in-house software development capability to support the rollout of several strategic initiatives including new revenue generating products to complement the existing ISS-Schrole Advantage Platform.

On 26<sup>th</sup> September 2019, the Company advised that 233,304,055 shares were released from escrow.

Schrole Group Managing Director, Mr Rob Graham said: *"The strong growth achieved during the third quarter was particularly pleasing because it was achieved across all business units. In addition, this positive momentum ensures the Company is well placed to capitalise on the peak teacher recruitment period of September to December."*

*"The customer response to the launch of Schrole Verify has been very encouraging and we look forward to promoting this new module to both existing and prospective customers," he said.*

## 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.

**For further information please contact:**

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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 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,995	3,864
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(687)	(2,067)
(c) advertising and marketing	(69)	(184)
(d) leased assets	-	-
(e) staff costs	(477)	(1,560)
(f) administration and corporate cost	(365)	(748)
1.3 Dividends received	-	-
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid	(1)	(5)
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>396</b>	<b>(700)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(19)
(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	(127)	(479)
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(132)</b>	<b>(498)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	800	2,050
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	(50)	(125)
3.5	Proceeds from borrowings	48	48
3.6	Repayment of borrowings	-	(18)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>798</b>	<b>1,955</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	1,366	1,671
4.2	Net cash from / (used in) operating activities (item 1.9 above)	396	(700)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(132)	(498)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	798	1,955

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>2,428</b>	<b>2,428</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	2,428	2,428
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>2,428</b>	<b>2,428</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter  
\$A'000**

(110)

6.1 Directors' fees, salaries, wages and superannuation

**7. Payments to related entities of the entity and their associates**

- 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

**Current quarter  
\$A'000**

-

-

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	(1,409)
9.3 Advertising and marketing	(101)
9.4 Leased assets	-
9.5 Staff costs	(475)
9.6 Administration and corporate costs	(246)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(2,231)</b>

\*Total estimated cash outflows are expected to be offset by receipts from customers during the next quarter

10. <b>Acquisitions and disposals of business entities</b> <b>(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)

Date: 31 October 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.