

ASX RELEASE | Schrole Group Limited (ASX:SCL)

Q4 FY19 cash flow and summary of activities

Highlights:

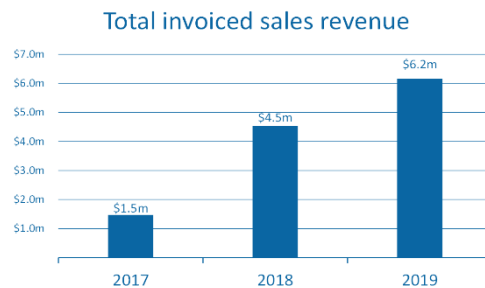
- **FY19 cash receipts increased by 40% to \$6.0m compared to FY18;**
- **Annual Recurring Revenue increased by 17% as at end Q4 FY19 compared to prior year;**
- **Strong school and teacher engagement with record number of job applications in FY19;**
- **Strong demand for Schrole Verify, representing a new global standard for background screening for all school employees, to underpin strong growth in FY20; and**
- **ETAS revenue increased by 70% to \$1.3m in FY19, with strong pipeline in place for FY20.**

Friday, 31 January 2020: 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 31 December 2019.

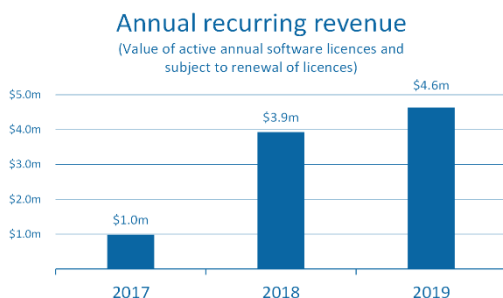
Schrole Group Managing Director, Mr Rob Graham said: *"Pleasingly the final quarter of FY19 represented a continued period of strong growth across all key business areas. The increased school and teacher engagement during the peak recruitment period was particularly encouraging.*

"We have been delighted with the interest in our Schrole Verify solution from our customers. Globally schools are increasingly compelled to undertake reference checks not only for their teachers but also for their non-teaching staff and we are confident that the Verify platform will see strong customer take up during FY20."

Total revenue (invoiced sales) in FY19 increased by 36% to \$6.2m from \$4.5m in FY18. During Q4 FY19, total revenue (invoiced sales) increased by 7% over Q4FY18 to \$2.1m.

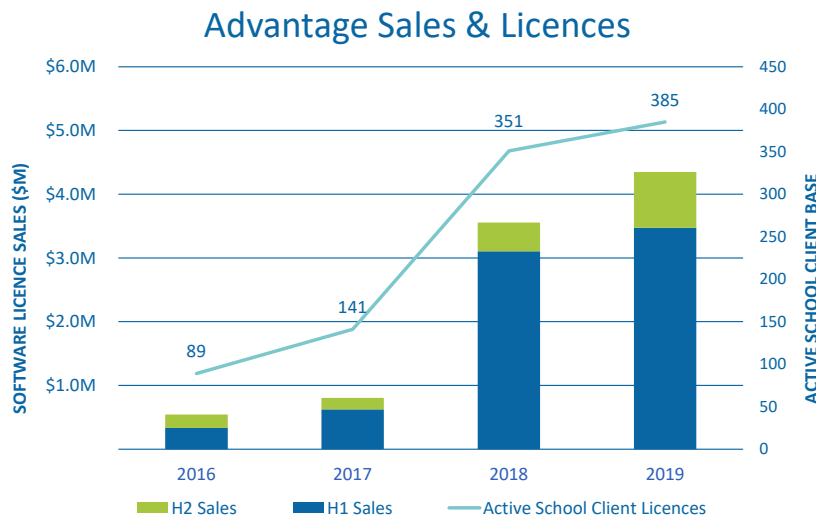


Annual Recurring Revenue, calculated as the current value of active annual software licences, increased by 17% to \$4.6m as at 31 December 2019 compared with the prior year.



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

ISS-Schrole Advantage
Continued strong sales and renewals



Revenues for Advantage are generated by school licences and candidate subscriptions. Total revenues increased by 12% to \$3.47m during 2H FY19. There are now 385 schools that are actively engaged on the platform and pleasingly the rate of renewals exceeded 80% during the second half of FY19.

School groups represent a major market opportunity for Schrole. There over 70 international school groups that consist of ten or more schools, representing over 2,000 schools. The school group functionality that was launched on the Advantage platform in December 2019 allows these school groups to manage their staff recruitment activities across multiple school locations and across different countries. During FY20, it is anticipated that this functionality will represent a clear differentiator for Schrole as the Company seeks to sign up these school groups to the Advantage platform.

Strong school and teacher engagement

There were more than 6,200 Premium candidates signed up on the Advantage system at the end of Q4 FY19. During Q4 FY19, an additional 2,936 teachers signed up, generating revenue of over A\$320,000 during the period. During the peak teacher recruitment period being Q4 FY19, conversion (measured by percentage of visitors to the site who subsequently made an application) was 14.8% compared to 7% in Q3 FY19, representing significantly improved teacher engagement.

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.

Schrole Verify

Schrole Verify (background screening solution), which was launched in September 2019, has received a positive response from customers and the company will accelerate the marketing for this product during 1H FY20. The demand for Schrole Verify is increasing as schools are increasingly compelled to undertake



reference checks for their existing and prospective teachers as well as for non-teaching 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.



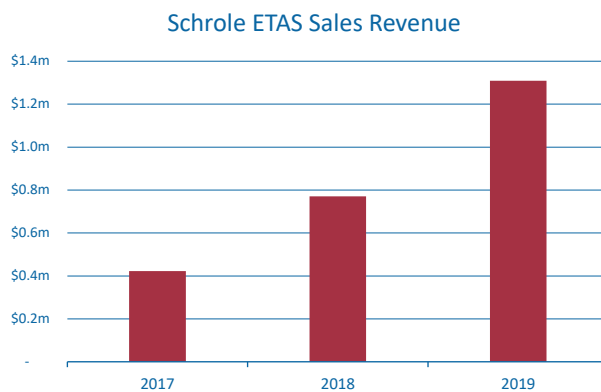
Schrole has seen continued sales growth in Schrole Cover, with the total number of active licences growing to 186 as at 31 December, representing a year-on-year increase of 16%.

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.



There was strong revenue growth during FY19 in Schrole ETAS, underpinned by regulatory requirements as well as a strong mining sector.

During Q4 FY19, the division generated sales of A\$310,000, representing an increase of 35% compared to Q4 FY18. The

outlook for the ETAS business remains positive, with a strong pipeline of forward bookings for training courses in FY20, together with further training consultancy opportunities for overseas clients that ETAS is currently pursuing.

-Ends-

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")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,130	5,994
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,539)	(3,606)
(c) advertising and marketing	(96)	(281)
(d) leased assets		
(e) staff costs	(557)	(2,117)
(f) administration and corporate cost	(221)	(968)
1.3 Dividends received		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(1)	(6)
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	(282)	(982)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(20)
(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	(163)	(642)
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	(164)	(662)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,050
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options	40	40
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(125)
3.5 Proceeds from borrowings	-	48
3.6 Repayment of borrowings	(17)	(35)
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	23	1,978

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	2,428	1,671
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(282)	(982)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(164)	(662)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	23	1,978

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	Cash and cash equivalents at end of quarter	2,005	2,005

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	2,005	2,428
5.2	Call deposits		
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)	2,005	2,428

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
(99)

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. 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	(1,280)
9.3 Advertising and marketing	(31)
9.4 Leased assets	-
9.5 Staff costs	(552)
9.6 Administration and corporate costs	(286)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(2,149)

*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:  Date: .. 31 January 2020

(Company secretary)

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.