

ASX RELEASE | Schrole Group Limited (ASX:SCL)

Appendix 4E Preliminary Final Report and Summary of Activities

Thursday, 27 February 2020: Australian education and technology company Schrole Group Limited (ASX:SCL) (“Schrole” or “the Company”) is pleased to release its Appendix 4E Preliminary Final Report and Activities Summary for the year ended 31 December 2019.

FY19 Highlights (12 months to 31 December):

- **Achieved total invoiced sales for the year of \$6.1m, up 33% increase vs 2018**
- **116 new school sales on the ISS Schrole Advantage platform, up 136% vs 2018**
- **Over 6,200 paid premium teacher candidates up from 2,920, up 113% vs 2018**
- **Annual Recurring Revenue (ARR) increased to \$4.6 million, up 17% vs 2018**
- **Continued investment in the ISS Schrole Advantage platform to improve functionality**
- **Successful integration of Schrole Verify into the ISS Schrole Advantage platform**
- **Launch of group functionality for international school groups**
- **ETAS revenue increased to \$1.3 million, up 70% vs 2018**

Commenting on the FY19 results, Schrole Group Managing Director Mr Rob Graham said:

“2019 has been marked by strong growth delivered across all of our businesses operations. In particular, the ISS-Schrole Advantage alliance has continued to deliver growth into the international school market for Schrole’s flagship recruitment platform.

“The ongoing development of the ISS-Schrole Advantage platform has led to the release of additional functionality including the ability for teachers and schools to have private conversations, the ability for school groups to interact seamlessly with the schools in their groups, and importantly the successful Verify integration. These additional features solidify the platform’s position as the best in class for the international school sector. School group functionality and the ability to seamlessly order background checks from within the system provide new revenue streams leveraged against the ISS-Schrole Advantage platform.

“Pleasingly, premium candidate subscriptions have grown strongly in response to the increased number of schools recruiting through the platform.

“Schrole ETAS continued to outperform during the period and generated strong revenue growth. Importantly the company was re-registered as an accredited Registered Training Organisation (RTO) for a further 7 years. ETAS provides nationally accredited training services for leading multinational mining companies and government agencies.

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“We will continue to heavily invest in our technology and we will be focused on increasing our product offerings to further leverage our existing platforms. Our focus will be on continuing to add school groups and increasing the number of candidates using Schrole Verify for background checks. The requirement for background checking of staff continues to be an area of heightened focus for both teaching and non-teaching staff in international schools and Schrole is well positioned to address this need.”

“We remain confident in the significant revenue generating opportunities for all Schrole’s business units in 2020 and beyond .”

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 4E

Preliminary Final Report to the Australian Securities Exchange

1. Company Details

Name of Entity: Schrole Group Ltd

ABN: 27 164 440 859

Reporting period: for the year ended 31 December 2019

Previous period: for the year ended 31 December 2018

2. Results for Announcement to the Market

The current year financial results represent the consolidated entity comprising Schrole Group Ltd ('Schrole Group', 'Company') and its wholly owned subsidiaries for the year ended 31 December 2019.

	31/12/2019 \$	31/12/2018 \$	Change \$	Change %
Total revenue from ordinary activities (before deferred revenue adjustment)	6,149,104	4,615,054	1,534,050	33%
Software Licence Revenue (including deferred revenue adjustment)	4,172,969	1,847,249	2,325,720	126%
Training Revenue	1,308,919	770,416	538,503	70%
Background Checking Revenue	82,482	15,905	66,577	419%
Consulting & Executive Search Revenue	39,549	-	39,549	n/a
Other Revenue	80,326	60,320	20,006	33%
Total Revenue from Ordinary Activities	5,684,245	2,693,890	2,990,355	111%

The Company recorded a deferred revenue adjustment of approximately \$465,000 during the year, resulting in a deferred revenue liability of approximately \$3,009,000 as at the year end. This liability represents the proportion of the value of annual software licences sold to clients during the year that relates to services to be delivered after 31 December 2019, and reflects the substantial increase in invoiced software licence sales during the year of approximately \$4,638,000 compared with approximately \$3,768,000 in 2018. The deferred revenue liability of approximately \$3,009,000 as at 31 December 2019 will be recognized as revenue from ordinary activities in the year ended 31 December 2020.

Please refer to the attached Operating and Financial Review for further commentary.

3. Net Tangible Assets

	2019 Cents	2018 Cents
Net tangible assets / (deficit) per ordinary security	<u>(0.2)</u>	<u>(0.3)</u>

The net tangible assets per ordinary security is calculated based on 889,620,231 ordinary shares on issue as at 31 December 2019 (31 December 2018: 631,370,231 ordinary shares).

4. Audit Qualification or Review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited.

5. Attachments

Details of attachments (if any):

The Operating and Financial Review and Preliminary Financial Report of Schrole Group Ltd for the year ended 31 December 2019 is attached.

6. Signed



Rob Graham
Managing Director
Date: 27 February 2020

Schrole Group Ltd

Operating and Financial Review

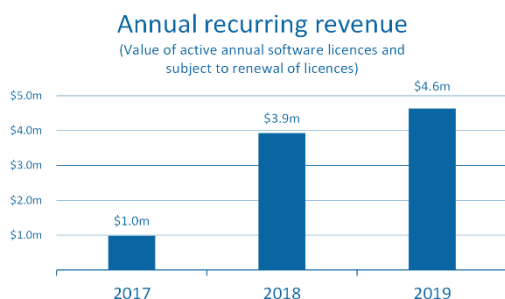
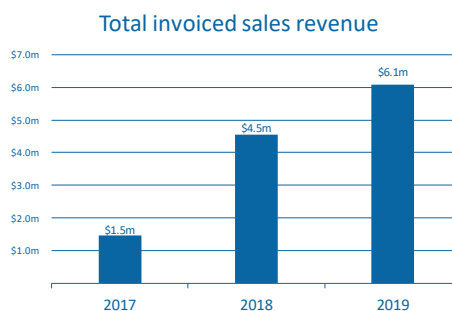
31 December 2019

1. Operating Review

The Company and its subsidiaries recorded a number of major achievements during the year ended 31 December 2019 as follows.

Total invoiced sales revenue in FY19 increased by 34% to \$6.1m from \$4.5m in FY18.

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

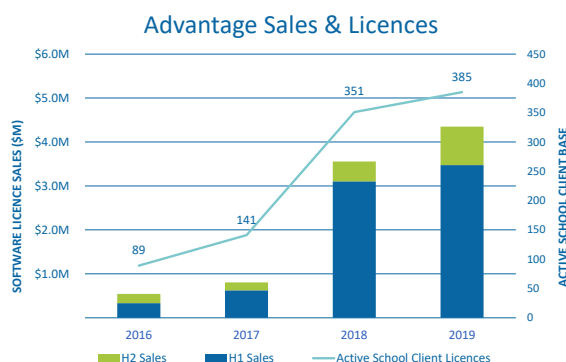
Continued strong sales and renewals

Revenues for Advantage are generated by school licences and candidate subscriptions. Total revenues increased by 24% to \$4.3m (before deferred revenue adjustments) during FY19. There are now 385 schools that are actively engaged on the platform and the rate of renewals exceeded 80% during the second half of FY19. Looking forward to FY20 a key focus will be continuing to improve the Company's approach to account management and to improve the rate of renewals.



Continued investment in the platform has led to the release of school group functionality, conversations and the integration of Schrole Verify.

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 FY19. This is an increase from 2,920 at the end of 2018 and represents a 113% increase.

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, was integrated into the ISS- Schrole Advantage platform in 2019. Integration with third party background checking providers continues and provides an end to end solution for candidates. The changes allowing for full automation will increase the capacity for the system to process orders. 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

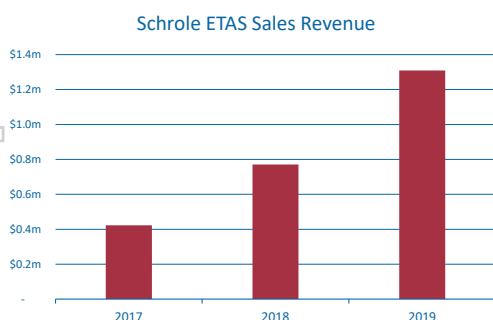
Schrole Cover, a cloud-based software-as-a-service platform (SaaS) for the fast filling of casual staffing positions, continued its expansion into schools in Western Australia with further sales to new schools, as well as confirmed renewals of key hospital clients during the last quarter of 2019.



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.



Schrole ETAS continued to enjoy strong revenue growth. The company generated \$1.3 million in revenue, a 70% increase over 2018.

Importantly the company was re-registered as an accredited Registered Training Organisation (RTO) for a further 7 years.

In 2020, the company will invest in a learning management system (LMS) to enable the delivery of flexible learning and online courses.

Operations and Staffing

The Company has progressively recruited a capable software development team, which is able to drive the ongoing platform development program with a high degree of timeliness and flexibility. In addition, key digital marketing and sales appointments have been made for the purpose of accelerating sales growth and further evolving the Company's sales and marketing strategy.

2. Financial Review

Profit or Loss

The following table shows the revenue from ordinary operating activities derived by Schrole Group in the year broken down by major activity.

	31/12/2019 \$	31/12/2018 \$	Change \$	Change %
Total revenue from ordinary activities (before deferred revenue adjustment)	6,149,104	4,615,054	1,534,050	33%
Software Licence Revenue (including deferred revenue adjustment)	4,172,969	1,847,249	2,325,720	126%
Training Revenue	1,308,919	770,416	538,503	70%
Background Checking Revenue	82,482	15,905	66,577	419%
Consulting & Executive Search Revenue	39,549	-	39,549	n/a
Other Revenue	80,326	60,320	20,006	33%
Total Revenue from Ordinary Activities	5,684,245	2,693,890	2,990,355	111%

In the year ended 31 December 2019 Schrole Group has achieved an increase in income from its ISS-Schrole Advantage, Schrole Connect and Schrole Cover software platforms to approximately \$4,173,000 from \$1,847,000 in the previous corresponding period, an increase of 126%.

Schrole Group recorded total software licence sales (before adjustment for deferred revenue) of approximately \$4,638,000 in the year ended 2019 compared with approximately \$3,768,000 in 2018.

As Schrole Group's software licences typically have a 12 month term, the Company is required to defer recognition of that element of software licence income that relates to subsequent financial periods. As a result of the substantially increased software licence sales during the year to approximately \$4,638,000 compared with approximately \$3,768,000 in 2018, Schrole Group has recorded an increase in deferred revenue of approximately \$465,000.

Schrole's training activities undertaken by its wholly owned subsidiary ETAS (WA) Pty Ltd experienced an increase in revenue in the year ended 31 December 2019 to approximately \$1,309,000 from \$770,000 in the previous corresponding period, due to increased demand for training services from ETAS's key clients being WA state and Australian federal government agencies and several large Western Australian iron ore mining producers.

The launch of Schrole Verify during 2019 generated revenue of approximately \$82,000 in the year ended 31 December 2019 compared with \$16,000 the previous year.

Financial Position

Net assets reflect those of the consolidated entity. The net asset deficit of approximately \$709,968 at 31 December 2019 is substantially due to a deferred revenue liability of approximately \$3,009,000 as at the year end.

This liability represents the proportion of the value of annual software licences sold to clients during the year that relates to services to be delivered after 31 December 2019, and reflects the substantial increase in invoiced software licence sales during the year of approximately \$4,638,000 compared with approximately \$3,768,000 in 2018. The deferred revenue liability of \$3,009,000 as at 31 December 2019 will be recognized as revenue from ordinary activities in the year ended 31 December 2020.

The consolidated group showed a cash position of approximately \$2,005,000 at the year end.

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Schrole Group Ltd

ABN 35 144 733 595

Preliminary Financial Report – 31 December 2019

Schrole Group Ltd
Preliminary Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

	Notes	Consolidated	
		2019 \$	2018 \$
Revenue		5,684,245	2,693,890
Expenses			
Alliance fees		(2,727,381)	(1,877,513)
Employee benefits expense		(2,092,581)	(2,257,879)
Depreciation & amortisation expense		(782,199)	(253,297)
Travel expense		(260,571)	(182,186)
Share-based payments		-	(153,680)
Finance costs		(49,456)	(42,387)
Other expenses		(1,741,622)	(1,692,257)
		<u>(7,653,810)</u>	<u>(6,459,199)</u>
Loss before income tax expense		<u>(1,969,565)</u>	<u>(3,765,309)</u>
Income tax benefit/(expense)		-	-
		<u>-</u>	<u>-</u>
Loss after income tax expense for the period attributable to the owners of Schrole Group Ltd		<u>(1,969,565)</u>	<u>(3,765,309)</u>
Other comprehensive income for the period, net of tax		-	-
		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the period attributable to the owners of Schrole Group Ltd		<u><u>(1,969,565)</u></u>	<u><u>(3,765,309)</u></u>
Basic earnings / (loss) per share (cents per share)	4	(0.3)	(0.6)
Diluted earnings / (loss) per share (cents per share)	4	(0.3)	(0.6)

The above Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Schrole Group Ltd
Preliminary Statement of Financial Position
As at Year Ended 31 December 2019

	Notes	Consolidated	
		2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents		2,005,189	1,670,970
Trade receivables		474,162	399,402
Other receivables		179,841	125,725
Total current assets		<u>2,659,192</u>	<u>2,196,098</u>
Non-current assets			
Property, plant and equipment		115,439	126,303
Property lease asset		104,545	-
Intangible assets		1,074,798	1,026,928
Other		1,462	1,663
Total non-current assets		<u>1,296,244</u>	<u>1,154,895</u>
Total assets		<u>3,955,436</u>	<u>3,350,992</u>
Liabilities			
Current liabilities			
Trade and other payables		1,239,942	1,235,686
Deferred revenue		3,009,493	2,544,634
Provision for employee benefits		197,819	173,636
Property lease financial liabilities		121,671	-
Other		31,576	19,921
Total current liabilities		<u>4,600,501</u>	<u>3,973,877</u>
Non-current liabilities			
Provision for employee benefits		23,399	11,167
Provision for lease make-good		41,504	41,504
Total non-current liabilities		<u>64,903</u>	<u>52,671</u>
Total liabilities		<u>4,665,404</u>	<u>4,026,547</u>
Net assets / (deficiency)		<u>(709,968)</u>	<u>(675,555)</u>
Equity			
Issued capital		14,785,563	12,820,563
Reserves		959,223	959,223
Accumulated losses		(16,454,754)	(14,455,341)
Total equity		<u>(709,968)</u>	<u>(675,555)</u>

The above Preliminary Statement of Financial Position should be read in conjunction with the accompanying notes.

Schrole Group Ltd
Preliminary Statement of Changes in Equity
For the Year Ended 31 December 2019

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2018	11,847,123	1,778,983	(10,690,032)	2,936,074
Loss after income tax expense for the period	-	-	(3,765,309)	(3,765,309)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(3,765,309)	(3,765,309)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	973,440	(973,440)	-	-
Issue of shares on conversion of Series A Performance Shares	900,000	(900,000)	-	-
Performance Rights Series A Conversion	73,440	(73,440)	-	-
Share based payments	-	153,680	-	153,680
Balance at 31 December 2018	<u>12,820,563</u>	<u>959,223</u>	<u>(14,455,341)</u>	<u>(675,555)</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2019	12,820,563	959,223	(14,485,189)	(705,403)
Loss after income tax expense for the period	-	-	(1,969,565)	(1,969,565)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(1,969,565)	(1,969,565)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	1,965,000	-	-	1,965,000
Balance at 31 December 2019	<u>14,785,563</u>	<u>959,223</u>	<u>(16,454,754)</u>	<u>(709,968)</u>

The above Preliminary Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Schrole Group Ltd
Preliminary Statement of Cash Flow
For the Year Ended 31 December 2019

	Notes	Consolidated	
		2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		6,088,445	4,474,374
Payments to suppliers and employees (inclusive of GST)		(6,918,954)	(4,918,312)
		<u>(830,509)</u>	<u>(443,938)</u>
Interest received		<u>1,806</u>	<u>17,876</u>
Net cash generated from/(used in) operating activities		<u>(828,703)</u>	<u>(426,062)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(159,795)	(30,326)
Payments for software development costs		(642,284)	(828,425)
R&D claim refund received		-	164,031
Net cash used in investing activities		<u>(802,078)</u>	<u>(694,720)</u>
Cash flows from financing activities			
Receipts from shares issued		1,965,000	-
Repayments of bank loans		-	(232,888)
Interest paid		-	(14,774)
Net cash from financing activities		<u>1,965,000</u>	<u>(247,662)</u>
Net increase/(decrease) in cash and cash equivalents		334,219	(1,368,445)
Cash and cash equivalents at the beginning of the period		<u>1,670,970</u>	<u>3,039,415</u>
Cash and cash equivalents at the end of the period		<u><u>2,005,189</u></u>	<u><u>1,670,970</u></u>

The above Preliminary Statement of Cash Flow should be read in conjunction with the accompanying notes.

Schrole Group Ltd

Notes to the Preliminary Financial Statements

Note 1. Significant accounting policies

The preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements have been prepared on an accruals basis and are based on historical costs.

Note 2. Equity – issued capital

	31 December 2019 Shares	31 December 2018 Shares	31 December 2019 \$	31 December 2018 \$
Ordinary shares - fully paid	<u>889,620,231</u>	<u>631,370,231</u>	<u>14,785,563</u>	<u>12,820,563</u>

Movements in ordinary share capital

Details	Note	Date	Shares	\$
Balance		31/12/2017	580,050,231	11,847,123
Conversion of Performance Shares		27/09/2018	47,000,000	900,000
Conversion of Performance Rights		12/11/2018	<u>4,320,000</u>	<u>73,440</u>
Balance		31/12/2018	<u>631,370,231</u>	<u>12,820,563</u>
Issue of shares - private placement		3/05/2019	156,250,000	1,250,000
Share issue transaction costs, net of tax		3/05/2019		(75,000)
Issue of shares - private placement		26/09/2019	100,000,000	800,000
Share issue transaction costs, net of tax		26/09/2019		(50,000)
Exercise of options		10/12/2019	2,000,000	40,000
Balance		31/12/2019	<u>889,620,231</u>	<u>14,785,563</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Performance shares

Performance Shares	Number of Performance Shares	Expiry date	Vesting Condition
Series B	93,000,000	10 October 2020	Sales revenue over 12-month period
Series C	150,000,000	10 October 2021	EBITDA over 12-month period

Pursuant to the acquisition of Schrole Operations Ltd by Schrole Group Ltd and the related capital raising, on 5 October 2017 Schrole Group Ltd issued a total of 290,000,000 Series A, Series B and Series C performance shares to existing performance shareholders of Schrole Operations Ltd, in consideration for the cancellation of those existing performance shares:

- a. Series A performance shares that convert into an equal number of ordinary shares once the company achieves 215 school subscriptions to Schrole Connect or 198 subscription licences to Schrole Cover within 18 months of admission onto the ASX. On 27 September 2018, following satisfaction of this milestone the 47,000,000 Series A performance shares on issue converted to the same number of ordinary shares;
- b. Series B performance shares will convert into an equal number of ordinary shares once the company achieves sales revenue of \$7,000,000 over any 12-month period prior to 36 months of admission onto the ASX.
- c. Series C performance shares will convert into an equal number of ordinary shares once the company achieves EBITDA of \$3,000,000 over any 12-month period prior to 48 months of admission onto the ASX.

Management has assessed the number of performance shares that are expected to vest as nil for the Series B and Series C performance shares. Management will re-assess the number of performance shares expected to vest in subsequent financial years.

Options

Pursuant to the acquisition of Schrole Operations Ltd by Schrole Group Ltd and the related capital raising, on 5 October 2017 Schrole Group Ltd issued a total of 197,000,000 options to certain original ordinary shareholders of Schrole Operations Ltd, original convertible noteholders of Schrole Operations Ltd and advisers. In addition, on 5 October 2017 Schrole Group Ltd issued a total of 14,000,000 options to the incoming non-executive directors of Schrole Group Ltd. On 10 December 2019, 2,000,000 options with an exercise price of \$0.02 were exercised.

Details of the options on issue as at the date of this report are as follows:

Note 3. Equity – issued capital cont'd

Option Series	Number of Options	Exercise Price	Expiry Date	Valuation \$
Schrole Noteholder Options	23,000,000	\$ 0.020	5/10/2020	\$ 276,000
Facilitator Options	25,000,000	\$ 0.020	5/10/2020	\$ 300,000
Adviser Options	50,000,000	\$ 0.030	5/10/2020	\$ 500,000
Shareholder Options	97,000,000	\$ 0.040	5/10/2020	\$ 776,000
Director Options (Tranche 1)	7,000,000	\$ 0.030	5/10/2022	\$ 70,000
Director Options (Tranche 2)	7,000,000	\$ 0.040	5/10/2022	\$ 56,000

The value of share-based payments using options was measured at the fair value of the equity instruments issued using the Black-Scholes pricing model applying the relevant expiry date, exercise price, a spot price of \$0.02 (the most recent price for the issue of ordinary shares), a raw risk free rate of between 1.39% and 1.56% and a volatility of 90%.

Performance Rights

Pursuant to the Company's Employee Securities Incentive Plan, on 3 July 2018 Schrole Group issued a total of 45,200,000 performance rights to current employees of the Company and its wholly-owned subsidiaries as follows:

Performance Rights	Number of Rights Issued	Number of Rights Vested	Number of Rights on Issue at 31/12/19	Exercise Price	Expiry date	Vesting Condition	Valuation \$
Tranche A	9,040,000	9,040,000	4,720,000	Nil	3 July 2023	Software licences	\$153,680
Tranche B	13,560,000	Nil	13,560,000	Nil	3 July 2023	Sales revenue over 12-month period	Nil
Tranche C	22,600,000	Nil	22,600,000	Nil	3 July 2023	EBITDA over 12-month period	Nil

The terms of the performance rights are as follows:

- a. Tranche A performance rights vesting once the company achieves 215 school subscriptions to Schrole Connect or 198 subscription licences to Schrole Cover within 18 months of admission onto the ASX. On 27 September 2018, the Tranche A performance rights vested following satisfaction of this milestone. On 12 November 2018 the Company issued 4,320,000 ordinary shares on the exercise of the same number of Tranche A performance rights, with the remainder yet to convert to ordinary share capital.
- b. Tranche B performance rights vesting once the company achieves sales revenue of \$7,000,000 over any 12-month period prior to 36 months of admission onto the ASX.
- c. Tranche C performance rights vesting once the company achieves EBITDA of \$3,000,000 over any 12-month period prior to 48 months of admission onto the ASX.

As at the date of issue, management assessed the number of performance shares that are expected to vest as 100% for the Tranche A performance rights and 0% for both the Tranche B and Tranche C performance rights. Accordingly, \$153,680 share based payment expense was recorded for the year to 31 December 2018 in relation to the issue of the Tranche A performance rights.

As at 31 December 2019, management has assessed the number of performance rights on issue that are expected to vest as 0% for both the Tranche B and Tranche C performance rights. Accordingly, nil share based payment expense was recorded for the year to 31 December 2019. Management will re-assess the number of performance rights expected to vest in subsequent financial years.

Note 3. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 4. Earnings per share

	2019 \$	2018 \$
Profit/(loss) after income tax attributable to the owners of Schrole Group Ltd	<u>(1,969,565)</u>	<u>(3,765,309)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>761,382,559</u>	<u>592,863,052</u>
Adjustments for calculation of diluted earnings per share:		
In-the-money options	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>761,382,559</u>	<u>592,863,052</u>
	Cents	Cents
Basic earnings per share	(0.3)	(0.6)
Diluted earnings per share	(0.3)	(0.6)

209,000,000 options have not been included in the 2019 weighted average number of shares as they were anti-dilutive (2018: 211,000,000).

Note 5. Interests in other entities

Name of entity	Place of business / country of incorporation	Ownership interest held	Principal activities
Schrole Operations Pty Ltd (ACN 43 131 115 878)	Australia	100%	Administrative services
Schrole Pty Ltd (ACN 164 785 488)	Australia	100%	Software and training services to domestic schools and organisations
ISS-Schrole Advantage Pty Ltd (ACN 78 626 113 095)	Australia	100%	Software and associated services to international schools
ETAS (WA) Pty Ltd (ACN 065 673 896)	Australia	100%	Training services to domestic and international businesses