

ASX RELEASE | Schrole Group Limited (ASX:SCL)

Strategic investment via convertible note and share placement for binding commitments of \$5m

Highlights:

- Schrole received binding commitments for \$5m via a convertible note and placement;
- Faria Education Ltd. to invest AUD \$2.9 million in Schrole, via a convertible note, which subject to shareholder approval, will convert into a 19.99% strategic stake. The convertible notes convert to ordinary shares at a deemed price of 1.06 cents, representing a 21.8% discount to Schrole's 10-Day Volume Weighted Average Price;
- Placement to sophisticated and professional investors successfully raised \$2.12 million (before costs) at 1.06 cents;
- Funds to be used to support and accelerate planned technical and product development initiatives, cross selling initiatives and working capital to underpin this significant growth opportunity; and
- On completion, Schrole to be well capitalised to continue to execute its aggressive growth strategy.

Wednesday, 13 May 2020: Schrole Group (ASX: SCL) ('Schrole' or the 'Company'), an Australian education technology company, is pleased to announce the completion of a convertible note offering and a share placement with a number of institutional and sophisticated investors.

Schrole intends to progress a number of planned technical, product development and cross selling initiatives which are expected to significantly enhance user experience and drive growth in Schrole's Annual Recurring Revenue.

Faria Education Ltd ("Faria" or the "Noteholder") is a world-leader in online education systems and services and powers curriculum for more than 10,000 schools and districts and three million students.

Schrole Group Managing Director, Mr Rob Graham said: *"This capital raise represents the beginning of an exciting new chapter for the business and one that will enable Schrole to expand the sale of our software as a service platform to drive growth"*.

About the Share Placement, Convertible Note and General Meeting

Schrole will receive \$2,895,000 through the issue of 2,895,000 Convertible Notes, subject to shareholder approval, which are convertible into 273,113,208 Shares in the Company at a conversion price of \$0.0106 (1.06 cents). This number of Shares will provide the Noteholder with approximately 19.99% of the Shares on issue in the capital of the Company at the time of Conversion.

The Convertible Notes, which are to be issued subject to shareholder approval, will be convertible into Shares in the Company at the election of the Noteholder, or will convert automatically if Schrole's 60-day VWAP is equal or higher than 1.37c. The maturity of the Convertible Notes is 3 years from the date of issue, at which time any unconverted Convertible Notes will automatically convert into Shares at the conversion price.

Interest will accrue from the date that is six months after the execution of the Convertible Note Agreement and is payable on the face value of each Convertible Note at a rate of 8.0% per annum. Interest is payable in cash or as otherwise agreed. If interest is agreed to be paid in shares then the conversion price of \$0.0106 will be used. The Company will seek shareholder approval for the issue of shares to settle accrued interest if required. The Convertible Note deed is subject to industry standard events of default, upon which, the Noteholder would have the right to redeem the amount outstanding under the Convertible Notes.

The conversion Shares will be subject to a voluntary escrow and holding lock for a period of 12 months from the date of issue.

On conversion of the Convertible Notes, the Noteholder will also have the right to appoint one non-executive director to the board of Schrole.

Schrole will proceed with preparing a Notice of Meeting for shareholders to approve the Convertible Note investment. Shareholders will receive their Notice in due course for the General Meeting which is expected to be held around the end of June 2020 ('Meeting').

About the Placement

Schrole has received binding commitments from professional and sophisticated investors to raise \$2.12 million (before costs) through the issue of 200 million shares at \$0.0106 (1.06 cents) per share. The issue price represents a 21.8% discount to the 10-Day Volume Weighted Average Price.

134,003,960 Shares will be issued under Schrole's existing placement capacity under Listing Rule 7.1 (**First Tranche**) and the issue of the balance of 65,996,040 Shares (**Second Tranche**) is conditional upon Shareholder approval being obtained at the Meeting.

The First Tranche Shares are expected to be issued on Wednesday 20 May 2020 and the Second Tranche Shares are expected to be issued shortly after the Meeting.

The Shares issued under the Placement will rank equally with existing shares on issue in the Company.

Henslow Pty Ltd is the lead manager to the Placement.

-ENDS-

This announcement has been approved for release by the Schrole Board

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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