

ASX RELEASE (ASX: SCL)

Schrole transforms into a full-suite HR talent management solution

Key highlights (compared to FY21):

- **Revenue up 7%** to \$5.8 million.
- **Net operating cash outflow improved by 120%** to \$0.4 million.
- **Shift to a direct sales model** improves revenue and moves Schrole closer to cash breakeven.
- **Cash balance of \$2.8 million**, lower than FY21, but increased investment in resources with no capital raised during FY22, along with no debt.
- Average contract value (on a rolling 12-month basis) increased 15% to \$11,035 from \$9,565 in FY21.
- **Creating new and strengthened multi-year global partnerships** with international schools groups.
- **Investing in new products delivered including Schrole Engage and Schrole Verify** creating more sales opportunities to capture a greater market share heading into FY23 and beyond.

27 February 2023: Schrole Group Ltd (ASX: SCL) (“Schrole” or the “Company”), provider of accredited training and global Human Resources (HR) Software-as-a-Service (SaaS), releases its full year results for the year ended 31 December 2022 (FY22).

Commenting on Schrole’s full year results, Managing Director, Rob Graham, said:

“FY22 was a year of transformation for Schrole. We moved from a recruitment solution company to becoming a full suite of HR products and services provider through our advanced SaaS technology platform. Our platform helps educational institutions optimise their HR administration across recruitment, onboarding, background checking, relief staffing and professional development. We accelerated Schrole’s transformation by unwinding the ISS alliance and investment in our expanding product range.”

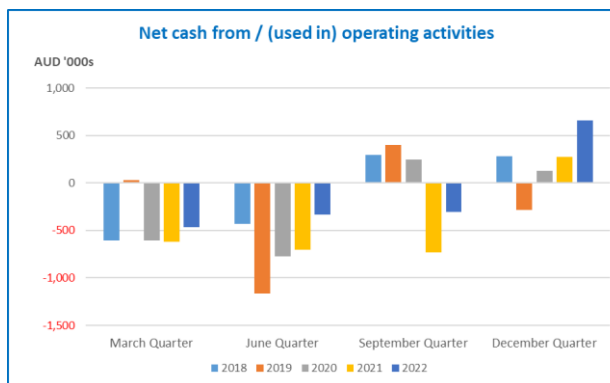
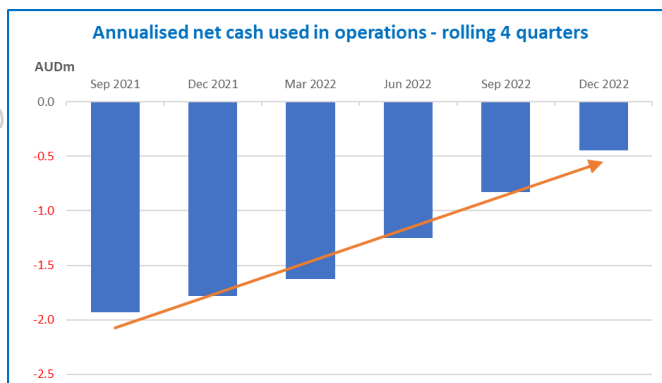
“Schrole’s new direct sales model has increased cash receipts and helped manage operating costs, moving it closer to cash breakeven. Net operating cashflows and revenues are trending upwards and our key performance metrics continue to perform well.”

“Delivery of our training courses through Schrole Develop gained pace through the year. We saw increased demand for our high-quality training from our mining company customers.”

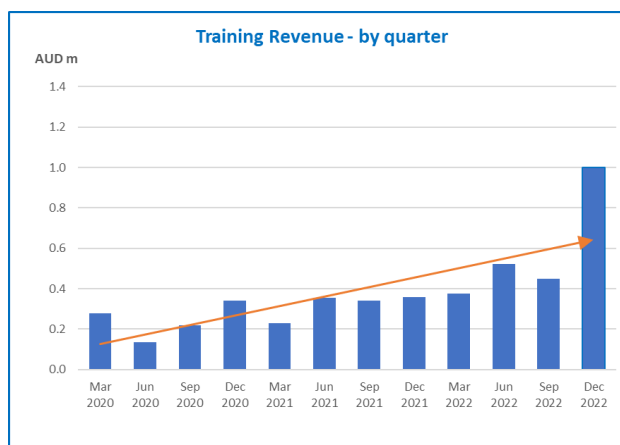
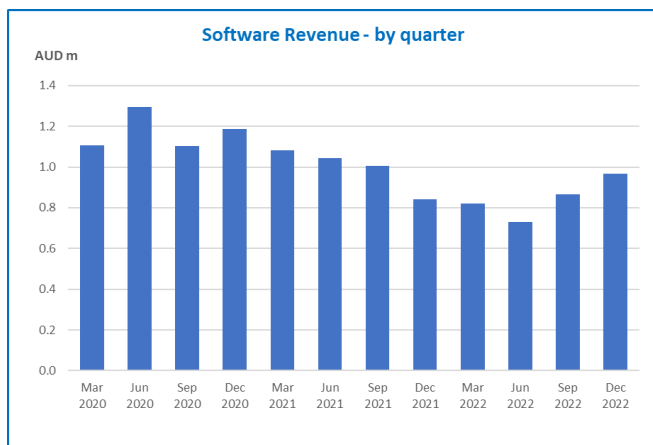
“International educators and groups are finding it harder to find staff and spending an increasing amount of time on HR. They lack reliable and trusted data for their HR processes. Schrole continues to expand its marketing and sales in key markets to help global educators and candidates connect, onboard and screen candidates in the most efficient manner. We believe that there is significant opportunity for Schrole as demand for finding the right teachers increases across the world and as governments and organisations seek to improve their educational standards.”

Improved financial position and performance metrics

The transition from a recruitment company to a full HR talent management solution has improved revenues and moved Schrole closer to cash breakeven. The Company reported improved cash receipts from customers which has also been achieved on a stable cost base over the year. Annualised net cash in operations has steadily increased each quarter during FY22, building on the improving quarterly trend that has been occurring since 2018.

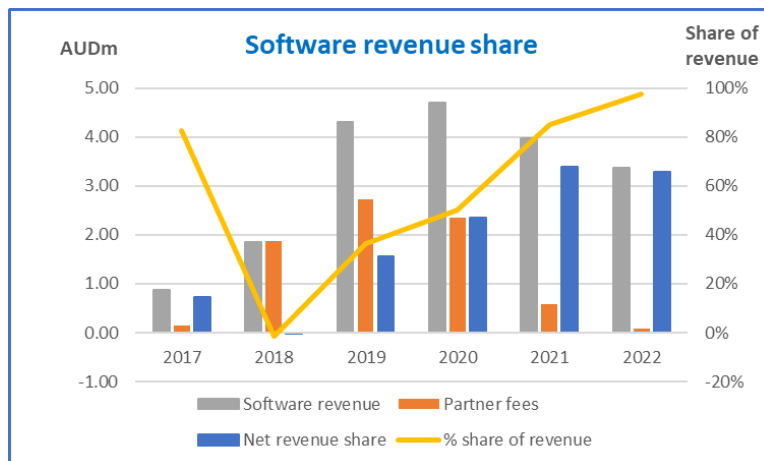


Both parts of Schrole’s business have experienced improving revenues. For software, the investment in expanding the Schrole HR product suite led to sales revenue of \$3.4 million for FY22. While lower than the \$3.9 million for FY21, in FY22 approximately \$0.75 million of revenue was not recorded by Schrole due to the remaining historic 50:50 share with ISS for Connect subscription renewals. Strong demand for Schrole’s training services resulted in higher revenue of \$2.35 million in FY22, up 83% on the prior year (\$1.29 million).



Schrole’s net share of software revenues improved with the move to a direct sales model after termination and subsequent unwinding of the alliance with former distribution partner ISS. As a result, partner fees were largely immaterial during FY22. As a SaaS solution, the incremental cost of additional software subscriptions is negligible, supporting higher margins as additional sales are made.

For personal use only



Some key metrics were affected by the exit of the ISS alliance, yet most continued to perform well over the course of FY22. Average contract value (on a rolling 12-month basis) increased 15% to \$11,035 from \$9,565 in FY21, and average products per customer was up 23% to 1.64 from 1.33 in FY21. Contracted customers reduced 5% to 520 from 550 in FY21, primarily due to the end of the ISS alliance, however the loss in customers was more than compensated for by the retention of 100% of revenue from the majority of customers who renewed their Schrole subscription. Schrole expects contracted customer numbers to improve as it promotes its enhanced suite of HR products to new and existing customers.

Continued growth and investment in expanding the Schrole HR product suite

Schrole has enhanced its HR SaaS platform over FY22 to create bolstered capabilities and more cross and upsell opportunities, increasing customer appeal and lifetime value per customer, furthering sales generation across the full calendar year.

Expansion of the HR SaaS product suite included the launch of Schrole Engage, which provides onboarding software for schools, streamlining the often-challenging process of data collection, verification, and review.

The Company also upgraded its candidate background checking software, Schrole Verify, from a largely manual to a fully automated and autonomous system that schools can now manage themselves. An integrated part of Schrole HR, it affords schools and educators further efficiencies, allowing a streamlined and less labour-intensive background checking process, and provides school leaders with increased confidence that they are hiring the right people during the recruitment phase.

Strengthening partnerships

Schrole has strong relationships with both new and existing clients, including international school groups and major mining companies. These are key sectors in which the Company looks to continue to grow market share, enabling cross and upsell opportunities. These partnerships allow for strong engagement with customers to ensure that product development for both software and training takes customer feedback into consideration.

Strong customer relationships saw Schrole use its Schrole HR software to deliver bespoke recruitment events during the year for prominent international school groups, Inspired Education, the Qatar Foundation, and Dulwich Group. In total, Schrole held 14 recruitment (online and in-person) events in FY22 (up from 9 in FY21) across its global markets.

In 2022, Schrole entered its 16th year of partnership with Rio Tinto. Schrole has continued to build on the

For personal use only

on-the-job training programs for Rio Tinto in Western Australia throughout FY22 and into FY23. The Company has created and delivered courses that meet the evolving needs of mining workers based at Rio Tinto's Pilbara and metropolitan locations. Schrole also works with Fortescue Metals Group employees and has created training programs for BHP.

Rio Tinto also engaged Schrole to assess educational institutions in Guinea to support the Simandou iron ore project. Schrole will recommend actions to support the training of the proposed workforce for this project and improve literacy standards in Guinea. This work builds on Schrole's previous collaboration with Rio Tinto in Mongolia where the Company trained more than 2,000 vocational teachers to Australian standards.

In FY23, Schrole will harness the investment in its platform and leverage its relationships with an expanding number of international schools and companies with advanced training needs by directly selling a broader range of services at improved margins, while carefully managing operating cashflow to create a profitable base for sustained growth.

ENDS

This release was authorised by the Board of Directors.

For further information please contact:

Investors

Rob Graham

Managing Director Schrole Group Ltd
Investors@schrole.edu.au

Howard Marks

Automic Markets
+61 402 438 019
howard.marks@automicgroup.com.au

Media

Tristan Everett

Automic Markets
+61 403 789 096
tristan.everett@automicgroup.com.au

About Schrole

Schrole provides global Human Resources Software-as-a-Service (SaaS) targeting teachers and educational organisations. Schrole is scaling globally and targeting new growth markets.

Schrole HR is a complete Human Resources SaaS solution, combining recruitment, background checks, onboarding, relief teacher management, and professional development.

- **Schrole Connect** is education's most advanced recruitment and applicant tracking app.
- **Schrole Events**, part of the Connect module, provides industry-leading online recruitment events.
- **Schrole Cover** is a cloud-based software platform that engages relief staff at the touch of a button.
- **Schrole Verify** provides background screening to the international schools' sector.
- **Schrole Develop** provides accredited professional development solutions contextualised to client needs.
- **Schrole Engage** provides onboarding and contract management software for schools.

<https://schrole.edu.au/>

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices, or potential growth of the Company, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

For personal use only