

ASX RELEASE | Schrole Group Ltd (ASX: SCL) September Quarter 2021 – strong growth momentum and outlook

Highlights

- **Strong 28% cash receipts growth** in September Quarter (Q3) vs June Quarter (Q2)
- **Increased customer numbers by 9% in Q3 vs Q2**
- **Increased software margins to 34% in Q3 vs 26% in Q2**
- **Cross/upsell potential of expanded Schrole HR SaaS**, with the successful release of two new products Connect 3.0 and Events 1.0 in the quarter
- **Expanded sales team in place**, targeting new global growth segments
- **Encouraging October sales establishing positive base for December Quarter** with significant sales pipeline and upside from global Covid-19 recovery to come

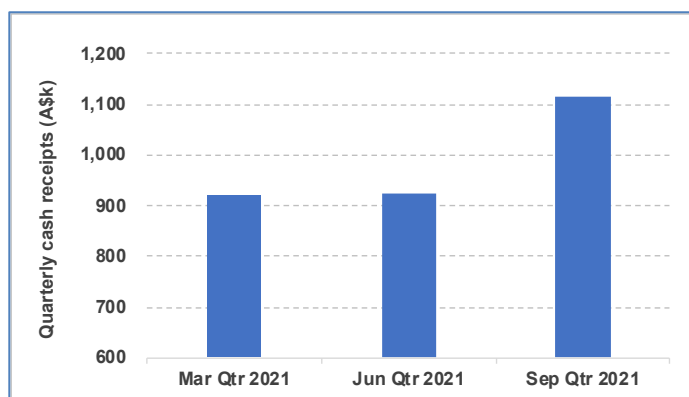
28 October 2021: Schrole Group (ASX: SCL) (“Schrole” or the “Company”), is pleased to report strong September Quarter 2021 results, with a positive growth outlook.

Strong growth in cash receipts and growth drivers

Schrole is pleased to report encouraging growth in cash receipts and key shareholder value drivers such as customer numbers, software margins and average contract value.

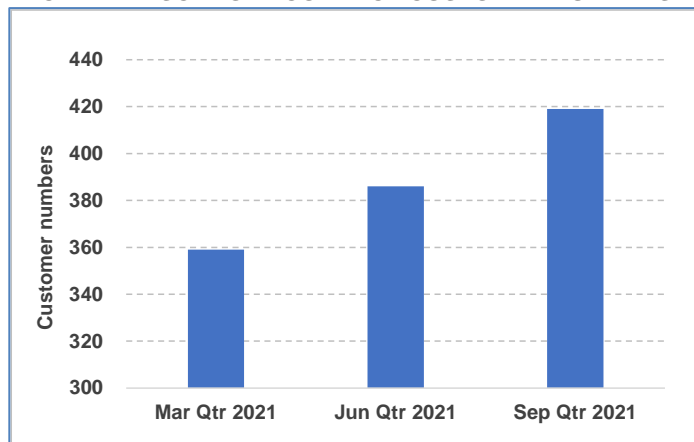
Cash receipts increased by +28% in September Quarter 2021 to \$1.181m vs June Quarter \$924k, as the Company benefits from both a global Covid-19 re-opening and growing sales momentum coming into the December Quarter recruiting season. Chart 1.

CHART 1: QUARTERLY CASH RECEIPTS



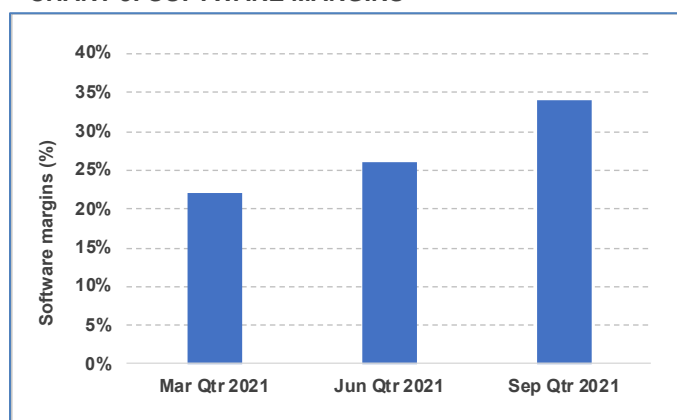
Customer numbers for Schrole Connect, the Company's flagship product, increased by 9% from 386 in June Quarter to 419 in September Quarter, with 91% contract renewals. Chart 2.

CHART 2: SCHROLE CONNECT CUSTOMER NUMBERS



Software margins increased to 34% in Q3, from 26% in Q2, with further growth expected as sales increase on a relatively fixed cost base and payments to former sales distribution partner ISS have ceased. Chart 3.

CHART 3: SOFTWARE MARGINS



Expanded Schrole HR SaaS suite

The Company is achieving the key milestone of expanding its product offering to enable cross/upsell, revenue growth and revenue generation across the full calendar year.

"Schrole HR" is the Company's full SaaS product suite, comprising 6 Human Resources SaaS offerings, including Schrole Connect, Verify, Engage, Cover, Develop and Events (see below for further details).

During September Quarter 2021, the Company released:

- Schrole Events 1.0, the Company's online recruitment events solution, providing interactive and regionalised online recruitment events for Schrole's 400 highly engaged international schools and 140,000 international teacher customers. See ASX release, "*Release of Schrole Events 1.0*", dated 21 September 2021.
- Schrole Connect 3.0, the Company's flagship recruitment SaaS module, released with new functionality and enhanced existing features. See ASX release, "*Schrole Connect 3.0 released*", dated 15 July 2021.

The benefits of Schrole HR include:

- Creates significant cross and upsell revenue growth opportunities, as evidenced by the Company's recently upgraded contract with the UAE school group (see ASX release, *New Contract with UAE school group*, dated 5 July 2021).
- Enables continuous sales through the full calendar year, to diversify sales generations away from the historical focus of peak selling in the December Quarter. Historically, approximately 30-50% of full year revenue is generated in the December Quarter

Expanded Sales Strategy with Multiple Growth Options

The Company's key focus is driving sales revenue growth by offering customers a complete solution to their HR requirements.

As outlined in its June Quarter 2021 ASX release, Schrole is focused on growing revenue through a three-pronged growth strategy, comprising:

- direct sales,
- cross/upsell opportunities and
- Faria co-marketing.

The expanded direct sales team is in place and are seeing strong engagement with customers now that they have returned from the northern hemisphere summer break. This is generating strong sales pipeline growth and sales conversions late in the quarter and continuing into October 2021.

The Company is pursuing multiple growth options including:

- targeting expansion in new geographies, previously restricted due to the ISS sales distribution contract
- cross/upselling the expanded product range to existing customers
- continued investment in development of new products to solve problems that schools have.

Strong Outlook

The Company is pleased to report its strong growth outlook.

Strong October 2021 performance augurs well for December Quarter and the full-year result. Historically, December Quarter is the peak revenue generation period, generating between ~30-50% of total full-year cash receipts.

The Company sees upside from global Covid-19 recovery, as international travel and commerce resumes.

New product releases have grown the sales pipeline. For example, the first Schrole Events online recruitment event was held on 27 October 2021 with strong school and candidate registrations.

The sales pipeline is growing, with several high-profile schools and school groups, not previously customers, undergoing free product trials or in contract negotiations.

The Company is optimistic of its outlook and expects second quarter calendar year 2022 to support new market entry into selected high growth segments.

Comment

Managing Director, Rob Graham, said,

"I am pleased to report positive momentum across our business in the September Quarter 2021.

Not only have we grown cash receipts, but we have also grown key leading indicators of shareholder value such as software margin, average contract value and customer numbers.

I am excited by the contribution and potential of our expanded sales team, who can drive revenue growth through cross/upsell, new geographies and penetrating new strategic target markets.

We have a very promising outlook for Calendar Year 2022 based on the trends emerging from Q3 2021 and Q4 2021 to date."

Appendix 4C

The attached Appendix 4C provides details of the cashflows for the quarter ended 30 September 2021.

The summary of expenditure for the quarter is:

	\$'000
Payments for product manufacturing and operating costs	\$378
Payments for advertising and marketing	\$32
Payments for staff costs	\$1,132
Payments for administration and corporate costs	\$365
Interest and other costs of finance paid	\$3
Payments to acquire property, plant and equipment	\$5
Payments to acquire non-current assets	\$204
Repayment of borrowings	\$38

During the quarter, the following payments were made to related parties of the entity and their associates as disclosed in item 6.1 of the Appendix 4C, comprising:

- Payments to Ventnor Capital, a related party of Chairman Stuart Carmichael, for company secretarial services on arms-length terms totalling \$17,669 (inc GST);
- Non-executive Director and Chairman fees totalling \$32,455; and
- Salary and bonus payments to Managing Director Robert Graham totalling \$129,150.



About Schrole

Schrole is a global provider of SaaS solutions for teachers and educational organisations.

The Company's mission is to become the world's leading 2-sided online marketplace for teachers and educational institutions.

- **Schrole HR** will be progressively released from 1 July 2021, providing a range of integrated modules to optimise Human Resources processes and provide online professional development for teachers and educational organisations. Schrole HR will integrate Schrole's current and new product offerings, to provide a full suite of 6 Human Resources Software-as-a-Service (SaaS) offerings, comprising Schrole Connect, Verify, Engage, Cover, Develop and Events.
- **Schrole Connect** is an online SaaS platform that enables international schools to streamline teacher recruitment and candidate management activities. Significant enhancements include interview scheduling and calendar integration, DocuSign integration and customisable email management.
- **Schrole Verify** provides background screening in the international schools sector.
- **Schrole Engage** is due for first release in 2H2021 and will provide contract management and onboarding software for schools.
- **Schrole Cover** is a cloud-based software platform that engages relief staff at the touch of a button
- **Schrole Develop** provides accredited professional development solutions contextualised to client needs.
- **Schrole Events** is due for first release in 2H2021 and will provide regionalised online recruitment events including candidate to school SmartMatching and video interviews.

This release was authorized by the Company's Board of Directors.

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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.