

COMPANY UPDATE

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SCHROLE GROUP LTD (ASX:SCL)



**One to keep an eye on:
A solid partnership that instills confidence, a
strong balance sheet, well capitalised, and cash
flow neutral - on the cusp of being profitable.**

About Schrole Group Ltd

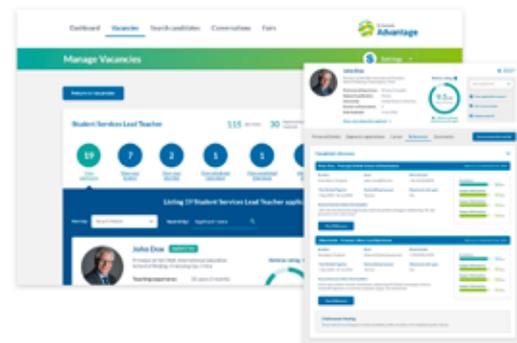
Schrole is an Australian company that delivers innovative, software-based recruitment platforms and training service solutions. The company has evolved through its depth of knowledge of the Australian and International education sector and is now diversifying its technology and service solutions for other sectors.

The company has four revenue generating business units:

- **ISS-Schrole Advantage** - International schools were impacted by border closures as a result of COVID-19 during the half-year. While the number of schools fell by 2.3% to 388 schools, overall engagement was high and the number of teacher candidates engaged on the platform continued to increase. As at 30 June 2020, the Company had 6,600 premium candidates (on a rolling twelve-month basis). School groups continue to represent a major growth opportunity for Schrole. There are 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 for these school groups to manage their staff recruitment activities across multiple school locations in different jurisdictions.
- **Schrole Verify** - Schrole Verify continues to receive a positive response from customers and the Company has continued to invest in marketing this product during the year. The demand for Schrole Verify continues to

increase globally as schools are increasingly compelled to undertake reference checks for their existing and prospective teachers as well as for non-teaching staff members. Throughout the half-year sales were made to schools in the Caribbean, Oman, Hong Kong and Cambodia.

- **Schrole Cover** - Schrole Cover, a cloud-based software as a Service platform 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 half-year. The Company has seen sales growth in Schrole Cover, with the total number of active licences growing to 301 as at 30 June 2020, representing a year on year increase of 65%.
- **Schrole ETAS/Develop** - 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. Sales during the half-year were impacted by reduced training activity as a result of COVID-19 and the transition to online. Schrole ETAS generated sales for the half-year of over \$415,545, representing a decline of 34% compared to the prior period. Pleasingly, under the new brand "Schrole Develop", the first sale was made in Q2 FY20 to an international school in China for the Diploma of Leadership and Management.



An exciting partnership

Schrole announced a partnership with Faria, representing a major milestone that is expected to transform the business. Faria is highly regarded in the global education sector with an extensive school network comprising over 3,000 international schools across 130 countries.

As part of the partnership, Faria invested \$2.9m in Schrole via a convertible note, which has converted into a 19.99% strategic stake. This was approved by Shareholders on 2 July 2020. Schrole also successfully completed a placement to sophisticated and professional investors raising \$2.12m.

"We are delighted to partner with Schrole to support our existing mutual international school customers with a global and best-in-class HR solution and we look forward to working with Schrole to deliver rapid product innovation in order to fully integrate the HR lifecycle from recruitment to onboarding and professional development."

Theodore King
Faria CEO

Positioned for global growth

- Strategic agreement with Faria Education Group (Faria) to underpin rapid global growth.
- Revision of International Schools Services (ISS) agreement to enable focus on SaaS business.
- Schrole now well capitalised to continue to execute the global growth strategy.
- Schrole is in a significantly strengthened strategic position.

"I'm delighted with the progress that has already been made to integrate our leading product ISS-Schrole Advantage. The Faria partnership will enable Schrole to expand the sale of our software as a service to international schools."

Rob Graham
Schrole Group Managing Director

Schrole and Faria have a highly complementary service offering and initial technical integrations have been completed incorporating a Single-Sign-On to allow users to move seamlessly from Faria into Schrole's ISS- Schrole Advantage and Verify services. Combined marketing activities will commence by October 2020. The partnership is expected to deliver significant growth for Schrole and represents a major milestone in the Company's history.

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