



ASX Announcement
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September 5th 2016

Post listing update and guidance

Search Party Group Ltd, Australia's global recruitment services marketplace, has completed its ASX listing process and is pleased to provide a business update and guidance for the rest of 2016.

Highlights

- Strong performance for first two months of Q3 in key metrics
- Positive pipeline and strong projected finish to calendar 2016

After a record 2nd quarter (to 30 June 2016), Search Party is on track to close 2016 on a high note. Ben Hutt, Search Party Managing Director and CEO said, "With the completion of the ASX listing, we can focus on our objective of building the dominant global recruitment marketplace that benefits everyone in the recruitment process - employers, recruiters and job seekers. Our business traction and growth trajectory mimic those of other successful global marketplaces at this stage of their development and this supports our belief in creating a profitable and very valuable investment for all our shareholders."

Hutt said, "We are delighted to see the business continue to grow strongly, particularly in July and August which are seasonally very weak months in the UK and Canada. It is a testament to the underlying momentum in the business that the number of roles and fees being offered and accepted is growing so well, even in this quiet period of the year."

"We now have recruiters working with employers all over the world. We're adding value to small and medium sized businesses (SMBs) as well as large companies, across a broad range of roles, reinforcing the global opportunity available to us."

In recent months, Search Party continues to see strong user growth. To date, over 1,400 recruiters and 6,800 employers have signed up to the platform. The company's marketing activities have centered in their countries of operation (Australia, Canada and the UK), but



pleasingly signups have originated from all over the world, again proving Search Party's global appeal.

Trevor Loewensohn (Chairman and a major shareholder of Search Party) said, "Many people are trying to 'disrupt' the vast recruitment space. It has been a hard nut to crack because hiring someone is a unique 'transaction'. Employing the right person for the right job is very human and complex, unlike online shopping, or taking a ride. We think that Search Party is a multi-billion dollar opportunity because of our unique focus on enabling and empowering all the key players in the recruitment and hiring process - the employers, recruiters and job seekers, to get the best outcomes."

"A significant point of difference which can not be underestimated is our firm belief that recruiters play an important and valuable role in recruitment. Unlike many disruptors we are not trying to cut them out of the process. Their industry though is worth hundreds of billions globally and the Search Party is well positioned as one of the few places where the entire recruitment process can be carried out online using a recruiter. We support them with cutting-edge technology, so that they can create a better outcome for both employers and the candidates they service as well as for themselves".

Loewensohn sees Search Party's momentum as a strong indicator of continuing growth. He said, "Like any marketplace it has taken a while to get what we feel is solid proof of concept and we are feeling very positive about where we are right now - our mission now is to scale effectively. My belief in the opportunity for the ~100 placements in Q2 2016 to become 100 placements a month and then 500, then 1,000, then 5,000+, grows daily. Even at these levels, this is a miniscule market share. Seek carries more than 150,000 job-ads every month in Australia (3 million globally) and this in itself is a tiny percentage of the global market. The fees we have already been earning on each placement (our 20% of the recruiter fee – or Gross Payment Volume) currently range from ~\$300 to as high as \$3,000 depending on the nature and location of the job. As we continue this with larger volume as we scale this should generate significant revenue and ultimately profitability. Average fees earned will vary from month to month depending on the mix of jobs and overall volume."



Performance Summary

After solid performance in July and August, Search Party is on track for another record quarter. Key achievements include:

- **Several all-time records** in important KPIs in August, despite Brexit and expected weak seasonality in the UK and Canada.
- **Gross payment volume, the value of payments through the platform**, of \$274k for the two months of July and August compared to \$314k last full quarter, an improvement of around 35% per month on average.
- **Q3 Quarterly guidance** of 126 placements expected (25% increase on Q2 2016). This would be 3.7 times Q3 2015.
- **Strong Q4 2016 outlook**, projected 40% growth on Q3 2016 to 177 placements.
- Ongoing **growth in repeat business** from a broad range of clients in all locations, leading to a reliable, annuity revenue stream from repeat or bulk hiring.
- Agreements in place with key partners to enable a **soft-launch/market testing in the USA** to commence imminently, building on the ~200 USA employers and ~30 recruiters who are already engaged and represent ~0.25 million US-based candidates.
- Several new **enterprise clients** signed including one of the “big four” banks in Australia, and a leading healthcare provider in the UK.
- Growth and expansion occurring with a consistent and disciplined approach to **operating expenses**.

Focus for the rest of 2016

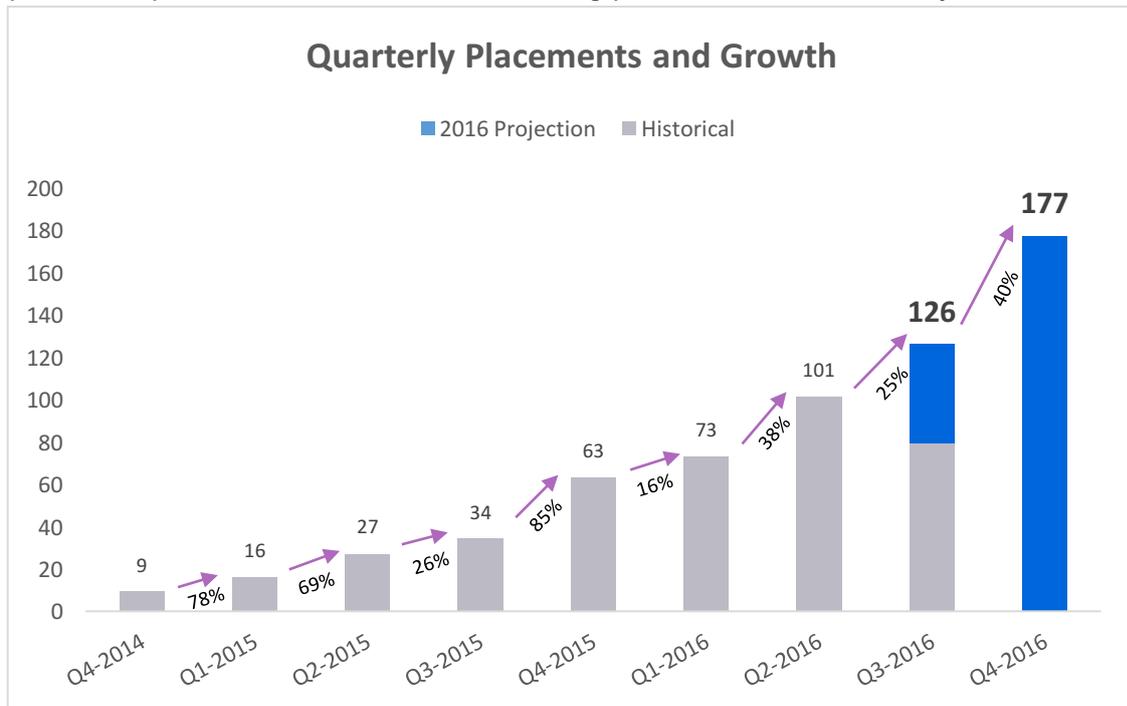
The company’s core objectives are to grow volume (sales & marketing and repeat business) and improve efficiency (product & engineering).

Search Party demonstrated it can grow its customer base even with small, flat, sales and marketing spend, as seen in recent quarters. Hutt explained, “Strong engagement and repeat business at increasingly large volumes of hires from customers in all markets means we on a path to predictable annuity revenue. Ultimately, consistent growth in customer base and repeat engagement drives network effects, which drive momentum and scale in marketplace businesses.”



Efficiency, on the other hand, is a function of technology and recruiter engagement. Whilst there has been a significant (3x) improvement in customer conversion year-to-date, a planned major product upgrade in late September is anticipated to have a major effect on customer success. The product update includes a new communication platform that will make engagement between employers to recruiters much more effective. Search Party has planned a series of product improvements for the next six months, all focused on delivering fast, efficient and effective recruitment and generating further growth.

Given the solid pipeline of roles and further supported by the planned launch of Jobadvisor in the UK as previously announced. the balance of 2016 is expected to grow significantly quarter on quarter across all metrics, including placements and ultimately revenue.



Over the next few months we will continue to refine and balance our focus between the three core disciplines of sales, marketing and product/engineering so as to optimise our growth and momentum whilst ensuring capital discipline. In parallel with this we will also apply increased focus to the development of strategic and operational partners to accelerate our growth, especially in the US which is the largest and most attractive target market.



SEARCH PARTY

About Search Party

Search Party (ASX:SP1) is a recruitment services marketplace that connects employers and recruiters to make hiring faster, easier and more effective. Search Party has offices in Sydney, Melbourne, London and Toronto. It also owns employer branding site, JobAdvisor. For more information, visit [thesearchparty.com](https://www.thesearchparty.com) and [jobadvisor.com.au](https://www.jobadvisor.com.au).

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