



ASX Announcement
ASX code: SP1
September 28, 2016

Business update and \$4m underwritten bonus options issue

The Board of Search Party Group Ltd (ASX:SP1) is pleased to provide the following business update on product development, business activity and additional funding.

Highlights

- JobAdvisor successfully launched in the UK 13th September as scheduled.
- Development and release of new site and significant in-platform developments including fully integrated communications between employers and recruiters delayed by one month and now scheduled for 2nd October.
- Extensive user experience review completed. Redesign complete and build underway. Release planned to be staged over next 6 months, enhancements designed to reduce friction and enable current momentum and efficiency improvements to continue.
- Customer activity increasing in the USA, Europe, Japan, all being supported by teams in UK, Australia and Canada.
- Discussions commenced to appoint external advisors to support global growth initiatives focusing on operational and strategic capital partners.
- Additional funding to support continued platform development and marketing plans has been agreed by the Board, to be provided by a 1 for 9.68 issue of bonus unlisted options (39,993,857 in total representing 10.3% of existing shares on issue) to all eligible shareholders, underwritten up to the full \$4 million.
- The record date will be 1 December 2016. The option entitles the holder to exercise the option for one fully paid ordinary share at an exercise price of 10 cents at any time prior to 5.00 pm on 28 February 2017.
- Pre-commitments and underwriting of the Bonus Options from major shareholders up to the full \$4 million confirmed at the same price as the capital raising completed earlier in the year of 10c per share and a premium to the closing share price on 27 September 2016 of 5.5c per share.

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- This \$4m in new capital, together with the expected \$1.3m R&D refund takes the expected cash position end-September to more than \$8m. An additional R&D grant of similar size is also expected to be available in the 2017 financial year assuming continuation of the programme in its current form.

Product Development

A major product release of our core marketplace platform which has been in development for several months, is now scheduled for release 2nd October, about one month later than had originally been planned. This release includes many key improvements, of which the most significant is the first version of an integrated online communication capability directly between employers and recruiters. This should be a significant step towards a more “hands-free” engagement with our participants, and is designed to enable the business to generate a greater volume of placements with less intermediation by the sales teams.

Ben Hutt CEO said, “As with any marketplace, significant scale can only be achieved when the user experience is phenomenal for all parties. This release, we believe, will be a major step forward in simplifying the user experience and is consistent with potential improvements we have identified both post and pre listing. In addition to further simplifying the hiring process key objectives include bringing to the surface more of the sophisticated data science capability and related insights we have available and preparing the platform for mobile friendly use. As with all marketplaces we are building additional clarity every day as to what is required to generate the best user experience and value for employers, recruiters and candidates.”

Hutt said, “By continuing to deliver on our two key objectives (growth and efficiency), the Board supports maintaining our focus on these refinements over the next six months to position the company to scale in a more cost-effective and low-touch manner. Achievement of this would then position us better for a formal and full-scale launch into the US and Asia. In this respect we have commenced discussions with a view to appointing external advisors to assist us in identifying and securing strategic operational and capital partners to progress our global rollout in the first half of next year.”

International Activity

In September, the first job placements in the USA have occurred and there are currently employers actively hiring through Search Party in several other geographies including Japan, India, Malta, Italy, Croatia and Portugal. This activity is significant because we believe it validates the company’s ability to service new geographies without necessarily

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having a physical presence in a country. This is a key characteristic of global marketplaces such as Airbnb or eBay, where the “product” can cross borders because the value proposition to both buyers and sellers is so strong.

At present, the US roles are being supported out of the Canadian office, while European customer care is run out of UK, and Asia out of the Australian offices. For now, there are no immediate plans to expand staff into other countries.

“As explained in our prospectus, we have, to date, maintained our focus on our current core markets of Australia, UK and Canada,” Ben Hutt explained. “Even so, about 12% of our website traffic comes from outside these core markets and we are excited to dip our toe into the US market now that we have a small but significant candidate pool of professional candidates in the US up and running.”

Funding

Management believe that we should use our best endeavors to maintain our momentum and accelerate our pace of platform development and therefore seek a small level of additional funding whilst we work with our chosen advisors on a broader global rollout plan.

After consultation with potential underwriters, the Company has secured the support of entities associated with the Chairman Trevor Loewensohn for an underwriting of the full \$4 million. Underwrite fees will be on market terms.

The offer of bonus options (**Bonus Options**) will be made available on a pro-rata basis as follows:

- 39,993,857 unlisted Bonus Options exercisable at 10c per share issued at no cost on a 1:9.68 basis to all eligible shareholders as at 5.00 pm on 1 December 2016 (record date).
- The Options issue is not extended to persons with registered addresses outside of Australia and New Zealand.
- The Bonus Option entitles the holder to exercise the Bonus Option for one fully paid ordinary share in SP1 at an exercise price of 10 cents at any time prior to 5.00 pm on 28 February 2017.
- The offer of Bonus Options is fully underwritten up to \$4 million by an entity associated with the Chairman, Trevor Loewensohn and supported by pre-commitments to take up pro-rata allocation from the two largest shareholders being those entities associated with the Chairman Trevor Loewensohn and marketplace



expert and consultant to the company Joshua Rogers. Accordingly, the amount of funds that will be raised by the Company is \$4 million (less associated costs and expenses). The net proceeds raised from the exercise of the Bonus Options are intended to be applied to support further systems development and marketing plans and meet associated operational expenses.

- A disclosure document for the offer of the Bonus Options will be made available when the options are offered.

The 10 cent exercise price is the same as the issue price pursuant to the recent raising and a premium to the closing share price on 27 September 2016 of 5.5 cents.

Mr Hutt said, “The business has continued to perform in line with our prospectus objectives although some costs have come in higher than we had expected given the delays in finalising the listing as well as the delay in completion of our imminent platform release. We believe that the best approach for the company is to maintain current levels of operating expenditure to capitalise on our momentum and expedite some new developments to support the business and its global expansion.”

Mr Hutt said “Obviously we will continuously monitor the effectiveness of our expenditure and scale up and down as appropriate. We can also confirm we expect to receive \$1.3m in R&D in the near future (for the 2016 financial year) and assuming the program remains intact and our R & D related spend continues as planned, we would expect full participation in the R&D scheme in the 2017 financial year which should realise a similar amount for the company.”

Mr Hutt concluded by saying, “we recognise that our aspiration to become the dominant global recruitment marketplace is a bold endeavour, but successful and energetic pursuit of this goal has the potential to generate a very substantial prize. We sincerely appreciate the ongoing support of the business from our major shareholders and their assistance in executing our plans in pursuit of this goal.”

About Search Party

Search Party Group Ltd (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, London and Toronto. It also owns employer branding site, JobAdvisor. For more information, visit thesearchparty.com and jobadvisor.org.



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