



ASX Announcement

ASX code: SP1

October 13, 2016

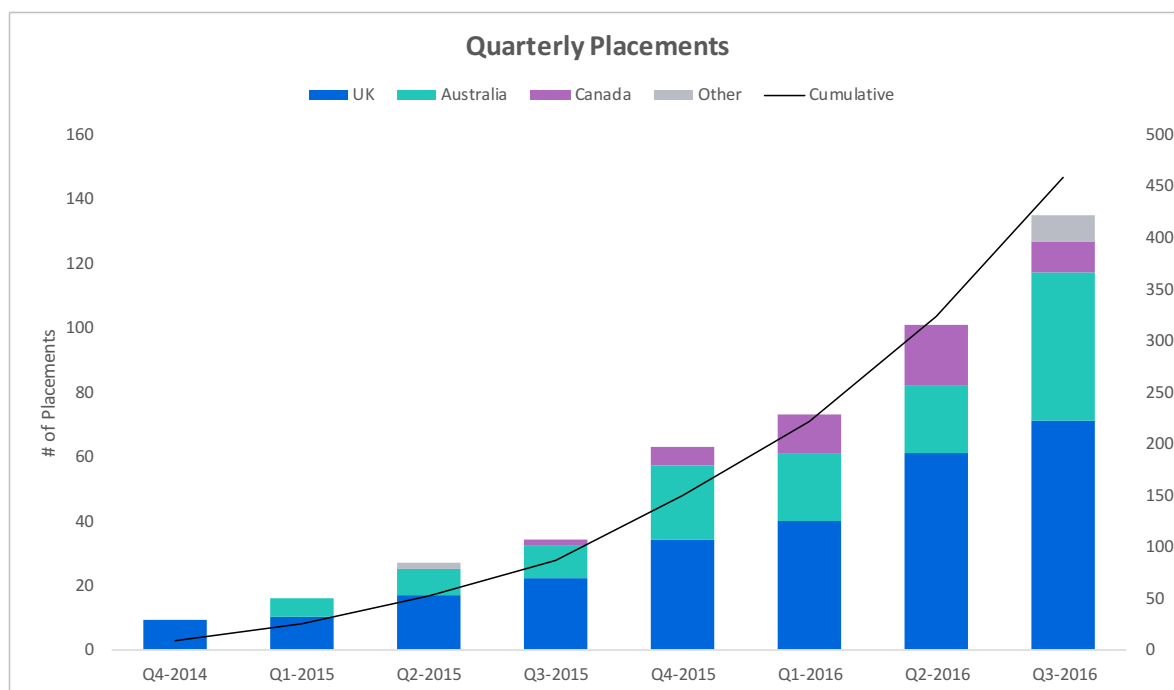
Strong Q3 Growth, Forecast Exceeded

The Board of Search Party Group Ltd (ASX:SP1) (Search Party or the Company) is pleased to provide the following business update on Q3 performance.

Highlights

- 135 placements for the quarter, up 34% on Q2 and exceeding guidance of 126
- 8 placements made outside of core markets (USA, Channel Islands, Portugal)
- Gross Revenue of \$460k up 47% on Q2
- Guidance for Q4 maintained at 177 placements (+32%), pipeline strong

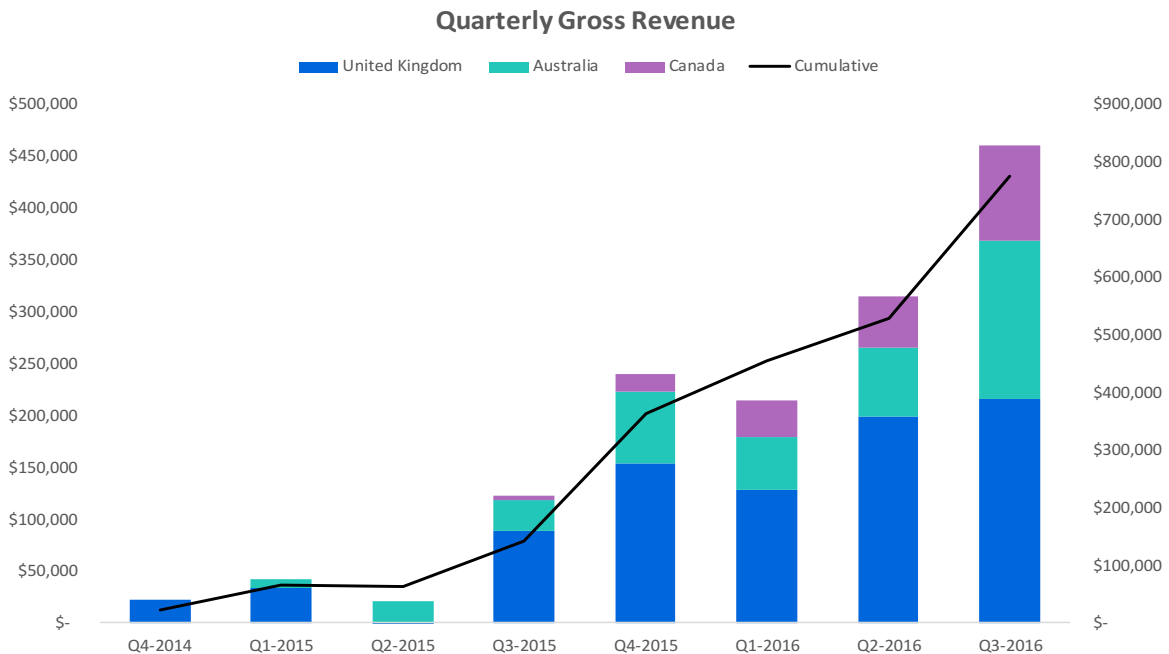
Ben Hutt, Managing Director, said, "Beating our placement forecast in this quarter underpinned by excellent growth in our key metrics matters, particularly given the seasonally weak nature of July and August in the Northern Hemisphere. This is our strongest quarter to date and we expect growth to not just continue, but now accelerate. What matters is that we achieved this growth on a flat, disciplined marketing spend over the last two years. We are now positioned for the first time since launch to accelerate our product and marketing expenditure and move towards our goal of being the dominant global recruitment marketplace.



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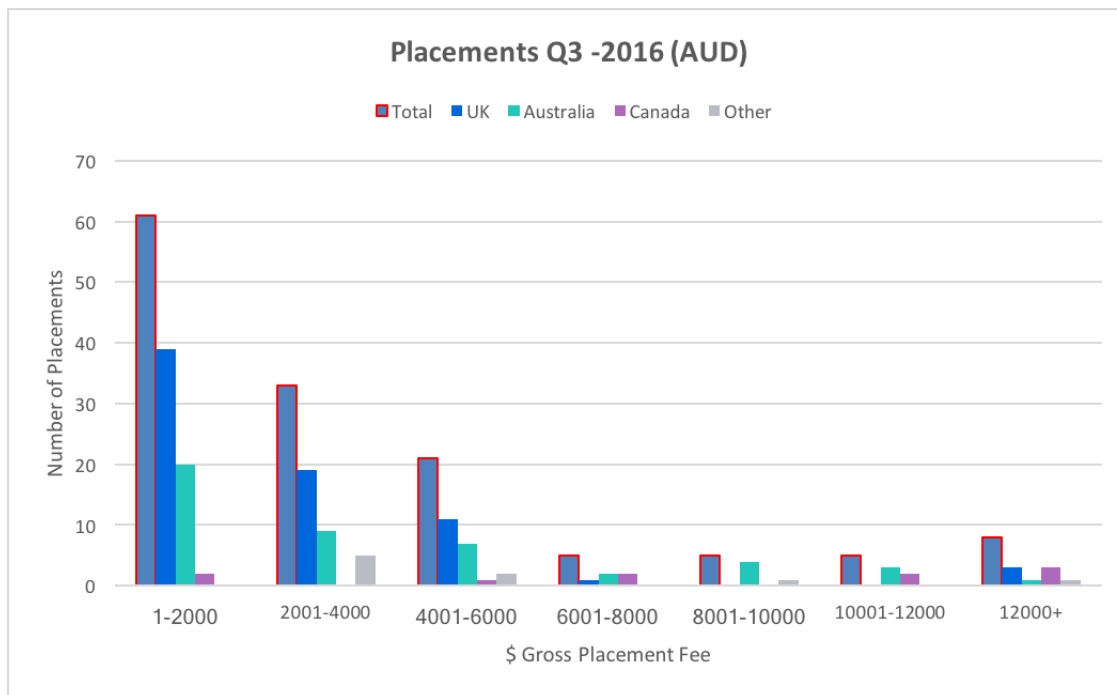


*Search Party earns ~20% of this Gross Revenue as a transaction fee Net Revenue

Mr Hutt said; "Our simple goal is to maximise the number of placements processed though the platform by connecting employers, recruiters and ultimately candidates across the globe. Based on our current positive progress and momentum, we now believe it is reasonable to target 150 placements per month (PPM) by end Q1 2017, 250 PPM by mid 2017, 500 PPM by end 2017 and 5,000 – 10,000 PPM within the next 2 – 3 years."

"We are also starting to see positive participation for contract jobs as well as permanent jobs which is accelerating volume growth (will reduce average fee over time)."

Chart 3 (next page below) illustrates the range of recruiter fees on placements in the 3rd quarter, and summary metrics across other measures are provided as an **appendix** to this announcement.



Assuming ongoing participation of contract roles (which account for a portion of the low-end fees), we expect (at a higher volume) that average fees will settle at around \$750 per placement. At 10,000 placements per month this would imply annual gross revenue of \$450m and annual net revenue of \$90m and would make us a very valuable business. Around middle of next year, assuming we are on target, we will consider whether to continue our growth organically off our prevailing capital base or raise additional capital to accelerate our push to the 5,000/10,000 monthly placement mark.

Mr Hutt concluded by saying, “tech start-ups sometimes present immediate “hockey stick” numbers via unsustainable marketing spend hiding a flawed business model. We haven’t done that. We’ve learnt and fine-tuned in a very disciplined and sustainable way. Our growth and positive repeat customer retention have come only from improvements in our platform. Like all marketplace businesses, we will continue to learn, adapt and improve our strategies, but our results and trajectory continue to reinforce our belief in the strong value we bring to employers, recruiters and candidates. This gives us the potential to create significant value for us as a business and for our shareholders.”

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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For further Information, please contact:

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Appendix: Summary of key operating metrics for this quarter

Users signed up	Total 30 June'16	Total 31 Sept'16	Qtrly Growth %
Employers	5,960	7,378	23.8%
Recruiters	1,284	1,550	20.7%

Quarterly activity metrics (core markets only)	Q2 CY'16	Q3 CY'16	Qtr on Qtr Growth %
Jobs Posted	1,119	1,615	+44.3%
Value of fees posted / offered	\$3.52m	\$5.91m	68%
Number of jobs with a fee agreed	836	874	+4.5%
Value of jobs with fee agreed	\$2.53m	\$3.95m	+56.4%
Average fee agreed (\$)	\$3,026	\$4,519	50%
Interviews confirmed	664	828	24.7%
Placements confirmed	101	135	+34%
Gross Revenue (recruitment fees billed)*	\$314k	\$460k	+47%
Net Revenue	\$63k	\$92k	+47%

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