



ASX Announcement

ASX code: SP1

January 4, 2017

Q4 Performance Update

The Board of Search Party Group Ltd (ASX:SP1) (“Search Party” or “The Company”), is pleased to provide an update on Quarter Four (Q4) performance.

Summary

- Major product releases completed leading to significant shift in user engagement and independence. Now more than ~80% customer hiring actions occurring without assistance, up from ~20% at end-September.
- Sales & Marketing strategy refined and operating budget reduced mid-November to steady state operating expenditure of ~\$750k per month.
- R&D grant of ~\$1.324m received as expected.
- Business focus remains on product and engineering, plus engagement of strategic operational, and capital growth partners is in progress.
- Positive performance in October and November across many metrics (e.g. record \$2.4m fees offered and \$1.4m unique fees accepted by recruiters in November), although change in sales and support processes, and delay in roll-out of the communications platform also impacted results for these months.
- December slowdown significantly more pronounced than expected. Overall 111 placements for the quarter, down 18% on Quarter Three (Q3) and below expectations.
- Gross Payment Volume billed in the quarter was \$369k, down 20% on Q3.

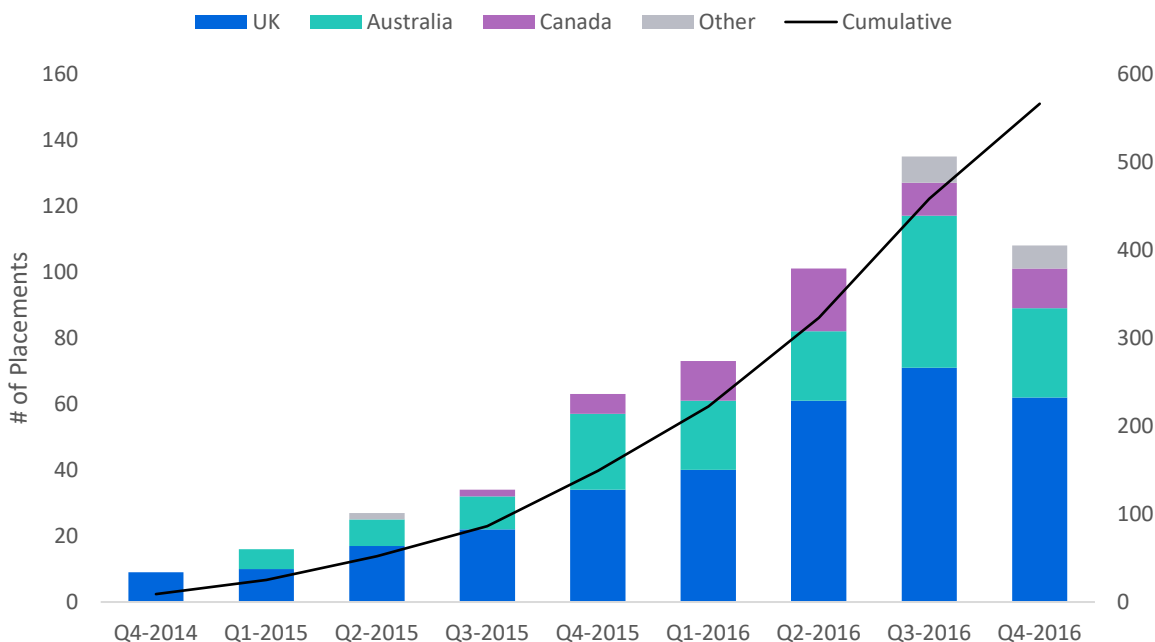
Ben Hutt, Managing Director said, “We achieved a lot in Q4 with significant product releases, a substantial increase in customer engagement on both sides, continuation of international and cross-border recruitment activity, plus records in some important metrics, particularly in October and November. The seasonal drop-off in activity in December was more pronounced than expected, with activity levels being approximately 25% of October/November from a new business perspective, and 50% October/November from a placements and revenue perspective. Changes in the sales and marketing approach along with expenditure contributed to this drop, together with the rollout of platform changes that enable customers to communicate through the platform and directly from their inboxes. As we are still building off a low base we expect quarterly volatility in our numbers. Our trajectory on a half yearly basis remains positive and on all metrics we have achieved good growth (see appendix).”

“2016 was a watershed year for Search Party and the business continues to grow. In the second half of 2016 we had more than \$7.3m in unique fees accepted between employers



and recruiters, up 60% on the first half. Placements were up 41% for the half and gross payment volume was up from \$529k to \$830k (57%). Whilst we expect average fees agreed between an employer and recruiters to vary over time we are pleased to see that this was up 27% to \$4,336 in this half demonstrating the increasing value both sides of the marketplace see from the service our platform facilitates. The most positive aspect of the development of our platform is that employers and recruiters from all over the world are connecting, communicating, and transacting through us, and we are increasingly producing hiring outcomes for customers that take less than a week, in some cases less than a day!"

Quarterly Placements



"We learned a lot last year and have adjusted accordingly. In parallel with our self-service online solution for small business (SME) hiring, we have begun to see engagement from larger SMEs (100-500 staff), mid-sized companies (500+) and large enterprises, to provide a more complete outsourced recruitment service (RPO), so we are evolving our sales and marketing approach to cater to this. The recent hire of Ben Evans, an RPO expert, is a significant catalyst to refining our sales approach and process globally. We are well underway in doing this."

"Our objective for 2016 in parallel with completion of the Applabs transaction and listing was to prove that we could grow, and that the platform could produce predictable results along with fast high quality hiring outcomes for companies of all sizes in all of our operating markets."

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We have done this and the focus is now on achieving scale and the continued evolution of our platform to meet customer needs and deliver an outstanding user experience for all parties.

As previously explained, we have commenced a process to engage with strategic operational and capital partners to assist in growing and enhancing the operating leverage of our marketplace platform. In Q4, we saw interest from established industry players in working with us and leveraging Search Party as a fulfillment channel for their customers. Achievement of these potential partnerships would significantly enhance our ability to scale our business, and executing on these operational and capital partnerships is a key focus for 2017. Mr Hutt concluded by saying, "In the first quarter of 2017 we will see lots of our long-term research and development through data science and machine learning surface in the platform. We expect these insights to support and enhance the delivery of positive outcomes for all the participants in our marketplace, and also showcase the diligent and thoughtful approach we have taken to solving complex problems that enable scale in complex multi-sided businesses like ours. Like all marketplace businesses, we will continue to learn, adapt and improve our strategies, but our results and broader trajectory continue to reinforce our belief in the strong value we bring to employers, recruiters and candidates and ultimately 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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Appendix: Summary of key operating metrics at end Q4 CY 2016

Users signed up	Total 31 Sep'16	Total 29 Dec'16	Qtrly Growth %	Year on Year Growth
Employers	7,378	8,227	12%	146%
Recruiters	1,550	1,901	23%	159%

Quarterly activity metrics (core markets only)	Q3 CY'16	Q4 CY'16	Qtr on Qtr Growth %
Jobs Posted	1,615	1,410	-13%
Value of fees posted / offered	\$5.91m	\$5.69m	-4%
Number of jobs with a fee agreed	874	814	-7%
Value of jobs with fee agreed	\$3.95m	\$3.38m	-14%
Average fee agreed (\$)	\$4,519	\$4,152	-8%
Interviews confirmed**	828	654	-21%
Placements confirmed	135	111	-18%
Gross Payment Volume (recruitment fees billed)*	\$460k	\$369k	-20%
Net Revenue	\$92k	\$74k	-20%

*Search Party earns ~20% of this gross payment volume as a transaction fee

**Interviews recently being confirmed using messaging so not all being logged in the platform

Half-year activity metrics (core markets only)	1H CY'16	2H CY'16	1H to 2H Growth
Jobs Posted	1,889	3,025	+60%
Value of fees posted / offered	\$6.64m	\$11.60m	+75%
Number of jobs with a fee agreed	1,400	1,688	+21%
Value of jobs with fee agreed	\$4.59m	\$7.33m	+60%
Average fee agreed (\$)	\$3,409	\$4,336	+27%
Interviews confirmed**	1,200	1,482	+24%
Placements confirmed	174	246	+41%
Gross Payment Volume (recruitment fees billed)*	\$529k	\$830k	+57%
Net Revenue	\$106k	\$166k	+57%

*Search Party earns ~20% of this gross payment volume as a transaction fee

**Interviews recently being confirmed using messaging so not all being logged in the platform