Aspermont

Information for Industry

ABN: 66 000 375 048

APPENDIX 4E
PRELIMINARY FINAL RESULTS
(UNAUDITED)

For the financial year ended
30 September 2020

Results for the year ended 30 September 2020
(all comparisons to the year ended 30 September 2020)

Key Financial Information			A$'000
Revenue continuing operations	Down	7%	15,204
Net loss after tax arising from continuing operations	Up	87%	(970)
Net loss after tax attributable to equity holders of the parent entity	Up	87%	(970)
EBITDA	Up	139%	424
Normalised EBITDA (1)	Up	156%	1,178
Net Cash & Cash Equivalents	Up	338%	3,182

(1) Normalised EBITDA reconciliation is provided within the operational highlights report below

Dividends/Distributions

	Amount per security	Franked amount per security
Final dividend	n/a	n/a
Interim dividend	n/a	n/a

Additional dividend/distribution information:

n/a

Dividend/distribution reinvestment plans

The Aspermont dividend re-investment plan is currently suspended.

Net Tangible Assets (NTA)

			Cents/Share
Net tangible asset backing per ordinary share	Up	21%	(0.29)
Net tangible asset backing per ordinary share (weighted)	Up	17%	(0.30)

Material Interest in entities which are not controlled entities: None

A brief explanation of the results has been provided in the Operational report attached.
Additional Appendix 4E disclosure requirements can be found in the Directors' Report and the Financial Report for the year ended the 30 September 2020 which is being audited by Elderton Audit PTY Ltd.

Recent History

Aspermont is the leading media services provider to the global resource industries. Over the last 5 years the company has completed a comprehensive operational, digital, and financial turnaround. The company has transitioned from 185 years as a print publisher into a digital media and marketing business with 3 new business models.

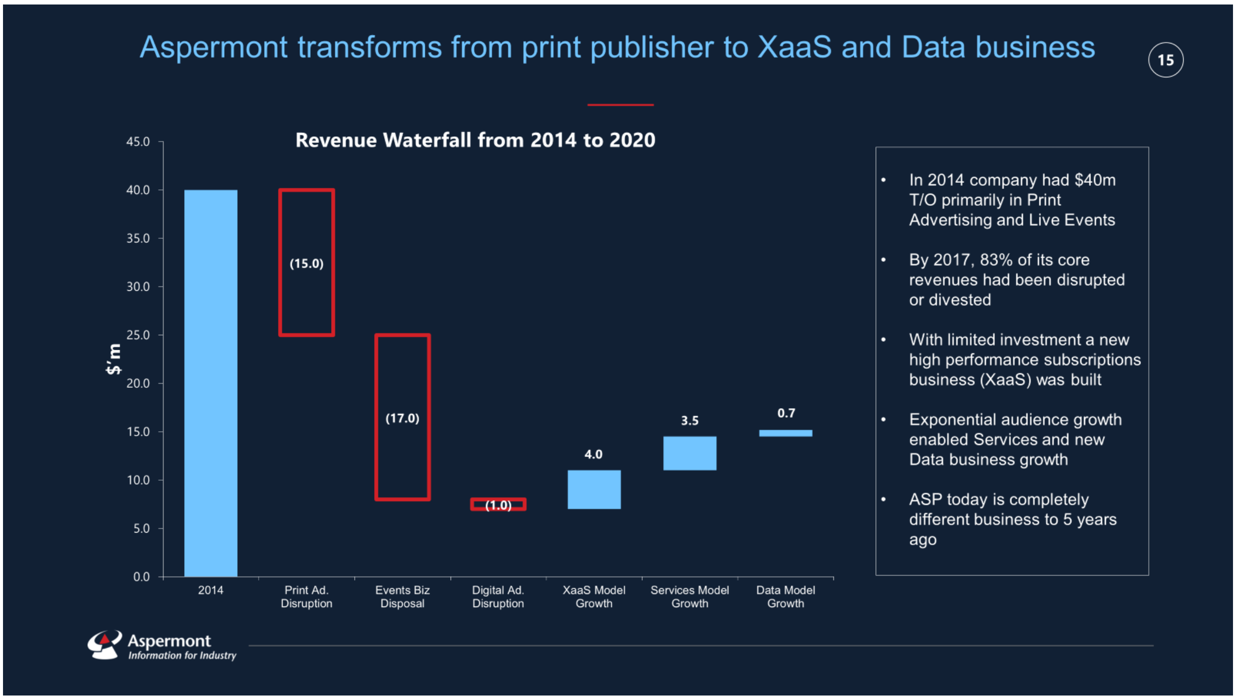
1. XaaS[1] ('Anything-as-a-Service')
2. Services
3. Data

Timeframe:

- In 2014 Aspermont was a Print Publisher and Live Events business with a $40m turnover.
- By 2017, 83% ($33.2m) of traditional revenues had been disrupted or divested.
- A new technology platform (Horizon) was developed over 2015-2017 to support a high growth digital subscriptions business (**XaaS**).
- By 2018 the XaaS model was established, enabling Aspermont to build a range of new client products (**Services**).
- New product divisions such as Research, Events, Content Agency, and Content Marketing were launched, and are growing rapidly.
- By 2017 Aspermont's legacy advertising division, (still the largest product in the Service business) had returned to growth with digital display growth more than offsetting the decline in print advertising [2].
- Aspermont's digital audiences have grown extremely rapidly year on year since 2015 providing the opportunity to develop a new lead generation business (**Data**).

As of today, Aspermont 's business model has changed to such an extent that the company bears little resemblance to the one it was 5 years ago.

[1] In Aspermont's recent presentation and reports we have referenced our SaaS model. XaaS is simply a terminology update for the group as the model is now referred to in this way by the market
[2] To this day this remains an achievement of Aspermont's that almost no other traditional print publishers; that have survived the internet age, have matched



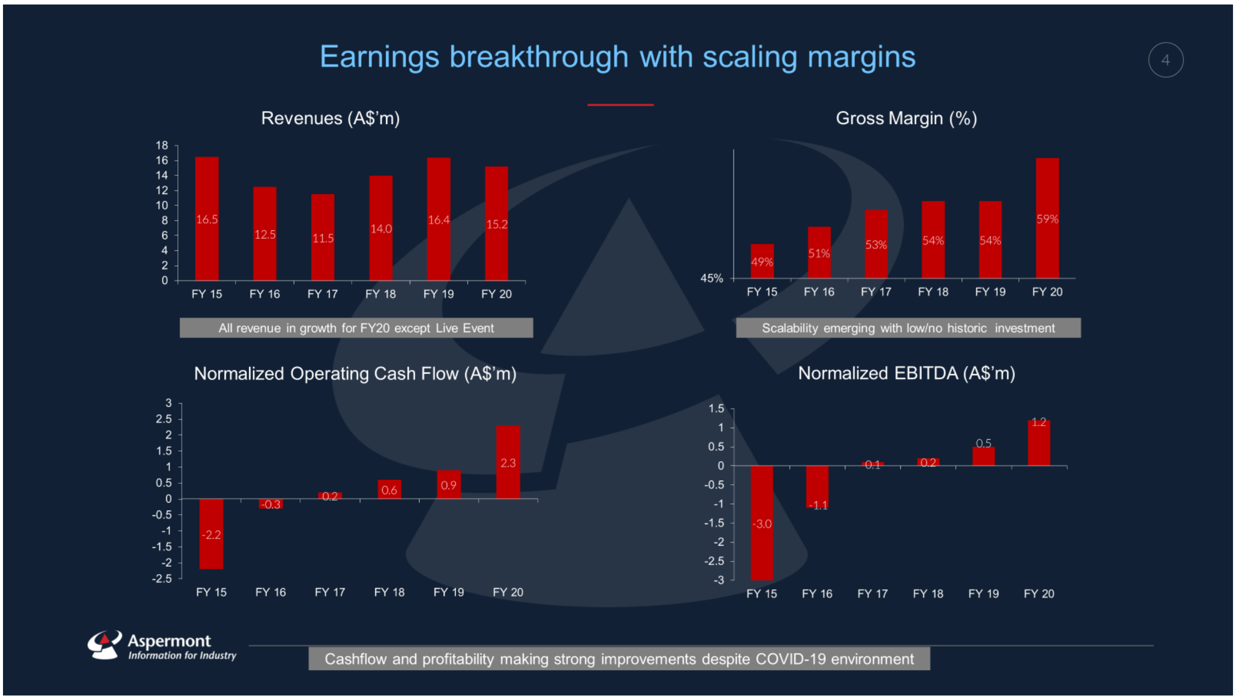
The above slide shows the transformation of Aspermont from print publisher to XaaS, Services and Data business.

Overview

FY20 has been a year of great achievement for Aspermont despite the disruptions caused by COVID-19. The business has delivered a breakthrough in earnings to confirm both the resilience and capability of our operational team and our robust business models. Aspermont achieved several key milestones in audience development this year whilst also launching new products and divisions.

At the Half Year stage, we stated that our developed technology and operational structure had given Aspermont a new agility. Faced with massive disruptions from COVID-19, we told investors that 'we adapt with speed, and that's what sets us apart'. Comparing Aspermont's FY20 performance to our peers in the global media market underlines why we had confidence in that statement.

Over the last 12 months, despite COVID-19 causing the shutdown of live Events, our overall business has reported strong growth in profitability, free cash flow and in all other revenue streams.



Performance Vs Guidance

Our guidance for FY20 had been for:

1. Continued top-line performance,
2. Improving bottom line and cashflow performance
3. Margin expansions (gross and net)
4. Continued growth in all audience and XaaS and metrics

The COVID-19 pandemic obliged us to remove that guidance, as announced on April 15th, and then we updated our prognosis in the Half Year report for:

1. Single digit growth for Media, as opposed to double digit
2. Single digit growth for subscriptions, as opposed to double digit
3. Low to no revenue for the Events division
4. Bolstered cashflow position through the initiation of various, defensive, measures

The directors are pleased to announce that despite the difficulties faced through COVID-19, all guidance has been met, except total revenue where COVID-19 directly impacted the Live Events business.

Aspermont reported a net cash figure of $0.4m at the Half Year stage which has subsequently increased to over $4m at the time of writing in late November.

In the context of COVID-19 and its impacts on the global media market[3], Aspermont has delivered a strong set of results and is well positioned to deliver top line growth with improved profitability in FY21.

Key Financial Highlights

Period Ended 30 September	2020	2019	Improvement
Media (1)	*$7.6m*	*$7.2m*	*+6%*
Subscriptions	*$6.7m*	*$6.4m*	*+5%*
Events	*$1.0m*	*$2.8m*	*-65%*
Total Revenue	**$15.2m**	**$16.4m**	**-7%**
Gross Margins	59%	54%	+7%
Normalised EBITDA	**$1.2m**	**$0.5m**	**+140%**
Normalised Cash Flow from Operating Activities	$2.3m	$0.9m	+156%

Notes:
- Media' revenues are a catchall aggregate for: Display Advertising, Content Marketing, Content Agency & Lead Generation
- Refer to Appendix 1 for full reconciliation of normalized figures

Actual Results

- Subscription revenue proves robust at 5% despite COVID-19 related payment delays affecting revenue recognition figures. On a Subscriptions cash collected basis the growth was at 7%
- Media revenue benefited from the launch of new products and services to grow 6%, despite client marketing spend contractions due to economic conditions
- An initial $0.7m of new revenue was generated from Lead Generation (**Data**) and Content Agency divisions (both of which are included in the overall Media revenue number).
- Events revenue was severely impacted by postponements and saw a 65% decline.
- Gross Margins, EBITDA and Operating cashflow were impacted by COVID-19 related Event postponements.
- Despite COVID-19 all bottom-line indicators and margins saw strong growth

[3] https://www.nytimes.com/2020/04/10/business/media/news-media-coronavirus-jobs.html

COVID Impact on live Events and FY results

- Live Events from March onwards had to be postponed due to restrictions over large public gatherings
- Consequently, pre-booked revenue has been shifted out of this financial year and into FY21
- A new suite of virtual events and exhibitions (our VEE division) was launched, as announced to the market with the launch of Investor Outreach and Future Of Mining 365
- Revenues generated from the new VEE division will be recognized in FY21
- The postponement of Events revenue negatively impacted results for FY20

Key Audience Metrics

Aspermont audiences have grown extremely rapidly over the past 4 years. It took the company 15 years to achieve 1 million Digital Users but only 4 years to more than treble that audience at a 33% CAGR. This is highly significant as it enables Aspermont to develop a new business model in Data that we will refer to later in this report.

For the last 17 consecutive quarters Aspermont has delivered consistent growth across all key XaaS metrics.

Key Subscriptions (XaaS) Metrics	As at June 2016	As at Sept 2020	Compound Annual Growth Rate
Number of Subscriptions [1]	7,158	7,849	2%
Average Revenue Per Unit (ARPU)	$623	$1,071	14%
Annual Contract Value (ACV)	$4.5m	$8.4m	16%
Monthly Active Users	115k	277k	23%
Digital Users	1.1m	3.7m	33%
Renewal Rate (Volume)	73%	85%	4%
Net Retention Rate (NRR)	82%	101%	5%
Unit Economics	18:1	32:1	36%
Lifetime Years	3.7	6.7	15%
Lifetime Value (LTV)	$16.5m	$56.2m	33%

Notes:

(1) Aspermont does not present the number of Paid Members per subscription, for competitive reasons. While 'Number of Subscriptions' orders shows low growth the actual number of Paid Members shows double digit growth due to our successful ABM strategies. The increased member per subscription ratio also drive ARPU.

Three of these metrics prominently highlight the growing demand for the company's subscriptions products and are significant for Aspermont's future growth.

1. **14% CAGR in ARPU** (Average Revenue Per Unit)
   a. ARPU growth confirms that clients value Aspermont's products and services and find it beneficial to increase the capacity of those that they subscribe to.
   b. ARPU growth also demonstrates pricing power for those products and services related to the client benefits they provide.
   c. Increasing ARPU confirms stability in client base and the likelihood of retention.

2. **100%+ NRR** (Net Retention Rate)
   a. A net retention rate above 100% means that growth from the existing customer base more than offsets any losses from churn.
   b. Aspermont's current 101% net retention rate shows strong organic growth. The company would have still grown revenue by 1% had it not signed up any new customers and lost 15% (i.e. due to its 85% renewal rate).
   c. The company expects NRR to continue to trend higher going forward, as it has done consistently over the last 4 years

3. **33% CAGR in Digital Users**
   a. The growing user base confirms increasing demand for Aspermont's products and services, but also determines the amount of data that can be collected.
   b. As Aspermont monetizes its Data, having a larger user base will allow it to attract more clients and increase the quality and reach of its services
   c. Larger audiences also enable the company to analyze user trends and demands to optimize existing product design and inform new product generation.

Over the last few years Aspermont's:

• Pricing has almost doubled and exceeds $1k per unit	$623 to $1,071
• ACV has almost doubled and exceeds $8m	$4.5m to $8.4m
• Digital Users have more than trebled	1.1m to 3.7m
• The LTV of subscriptions has more than trebled	$16m to $56m
• Renewals rates continue to increase;	73% to 85%
• NRR has gathered momentum and now exceeds 100%	82% to 101%

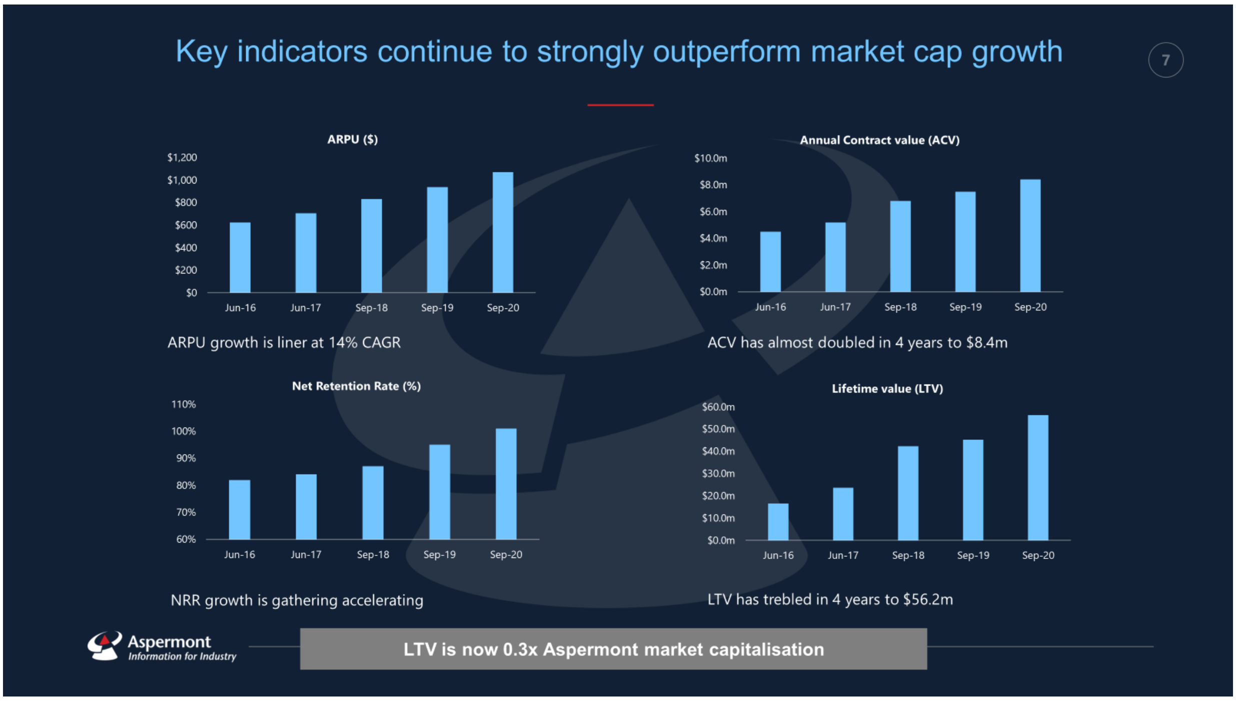
All things combined make Aspermont's subscriptions business a high performing asset which has not yet been recognised by the market as shown by the company's current valuation.

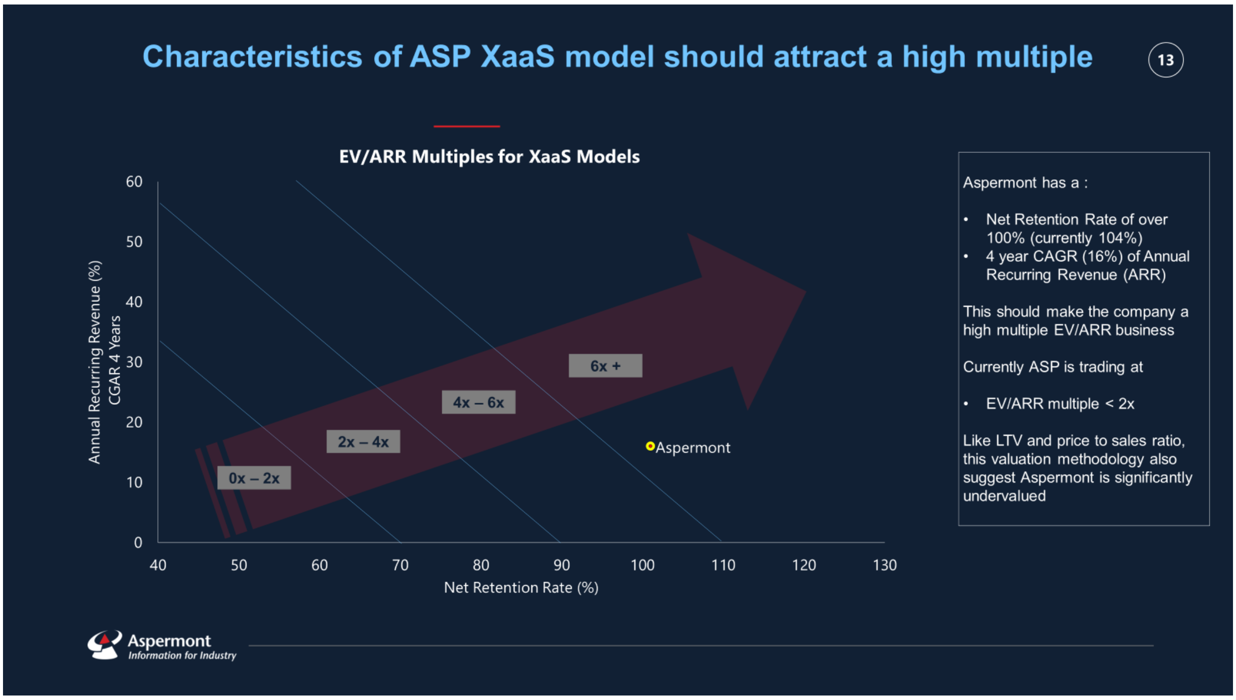
Valuation

Aspermont's A$ 13.7m market capitalisation in October meant the company had a:

- 0.94x Price to Sales Ratio
- 0.3x Lifetime Value of Subscriptions
- 1.5x Value of Recurring Subscriptions Revenue

Comparing Aspermont to other companies with similar business models suggests heavy discounting in terms of its current valuation, particularly its PS ratio given Aspermont last few years of high growth.





Lifetime Value (LTV) and EV/ARR[4] multiples are common ways to value specific XaaS revenues. On both yardsticks the value of Aspermont's subscriptions by themselves should exceed $50m.

All indicators show Aspermont to be significantly undervalued on the core metrics alone but with a profitable outcome in FY20 we hope that shareholders will benefit from greater investor understanding of Aspermont's value proposition and further increases in profitability being reported.

Business Model Evolution – The Rise of Data

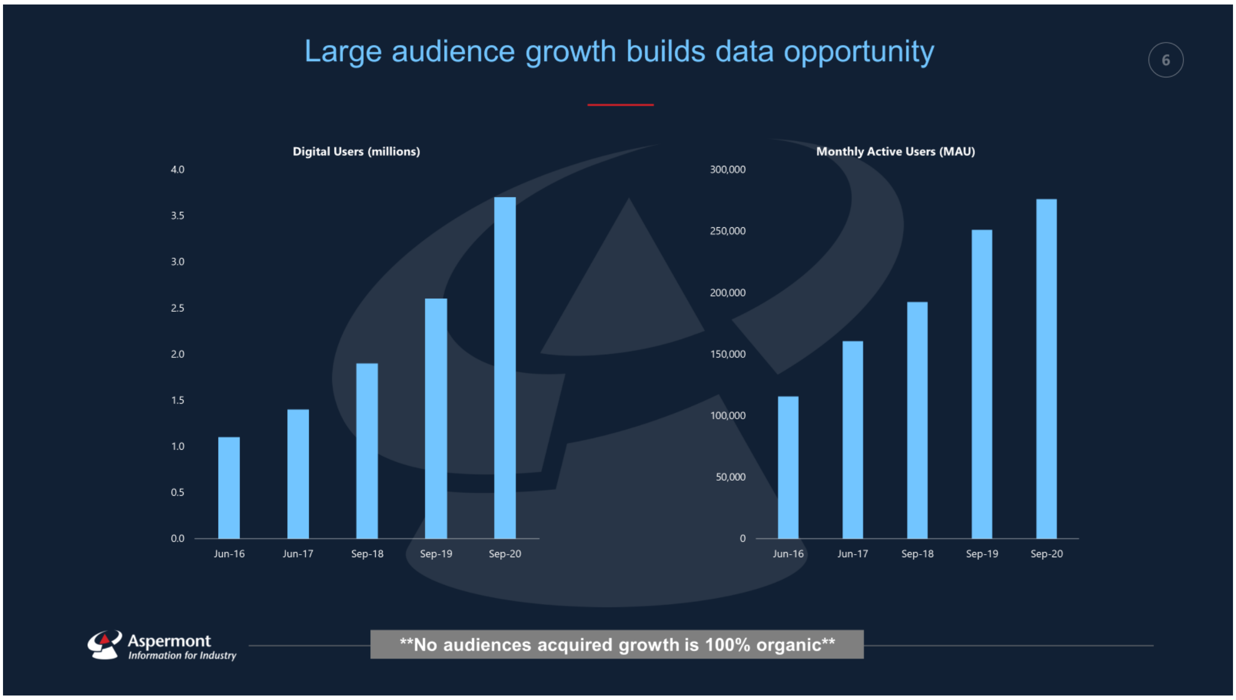
Aspermont's current management team started in 2015 when revenues were derived from Print Advertising and Live Events.

By 2017 the primary income model was shifting to subscriptions with a high growth rate underpinned by the **XaaS** model.

By 2019 Aspermont had developed a full multi-media, multi-platform, product suite capable of building bespoke end to end marketing solutions for its clients

Today, with the rapid growth in audiences delivered through the paid content (subscriptions) model the business is embarking on a new and very exciting opportunity in **Data**.

[4] ARR = Annual Recurring Revenue. At Aspermont this is the same as ACV (or Annual Contract Value) which we report quarterly. This is because of the 12-month nature of all our subscriptions.



The launch of Aspermont's lead generation business in late 2019 foreshadows what we anticipate will be an increasingly rapid growth in Data revenues for the business. All new virtual exhibitions and events products will be founded on data propositions for our client base and the company looks forward to reporting on the evolution of an exciting new business to our investors over the coming years.

Financial Position

Aspermont has no debt, a solid quick ratio of 1.1 and a cash balance of more than $4m at late November. This has grown from a cash balance of $0.4m in March which is in line with our stated defensive cashflow strategy due to COVID-19.

Aspermont, in common with all media companies, was severely impacted by COVID-19, particularly the Live Events business, and we experienced client spend contractions in both Media and Subscriptions. Despite these challenges, the company has continued to grow in all income areas, other than Live Events, and has made strong improvements in profitability and free cash flow.

Aspermont will continue to be defensive for the first half of FY21 as we carefully navigate the ongoing impacts of COVID-19 but we are now well positioned for a surge in new investment, to drive higher growth, in the second half of the year, if conditions permit.

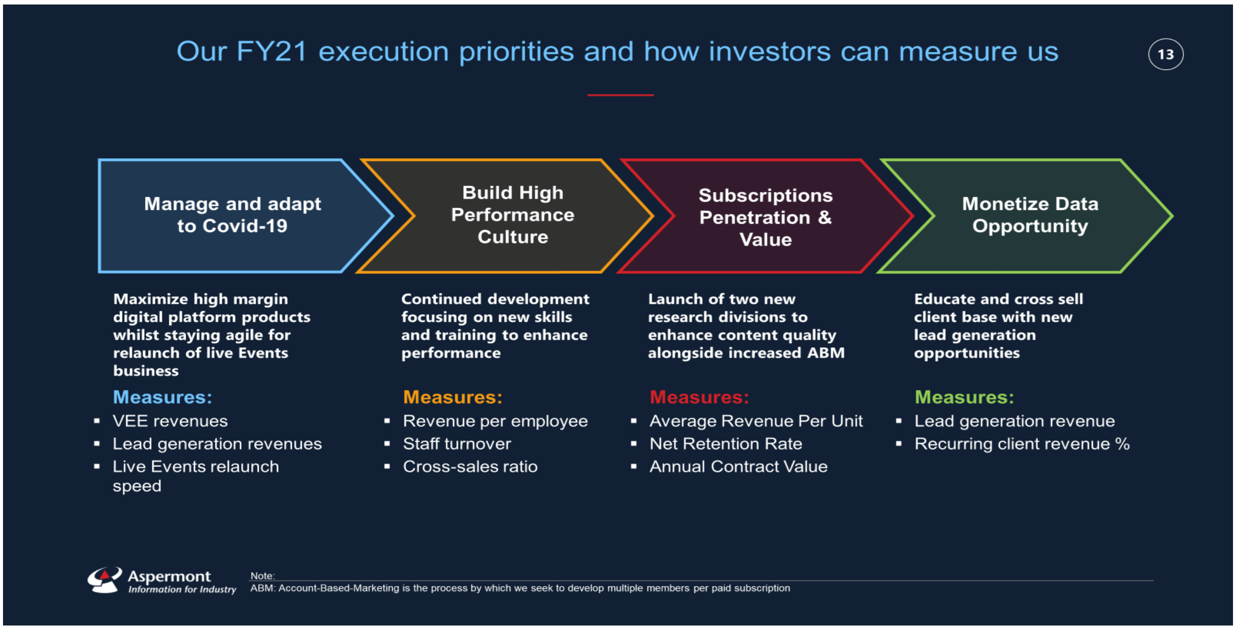
FY21 Execution Priorities

Aspermont has demonstrated extreme agility and rapid responses in an uncertain environment, and this will be the key to our success in FY21. Aspermont now has the scalable infrastructure in place to facilitate further and continuing optimisation to improve our efficiency and effectiveness.

FY20 saw significant upgrades in staff quality, capabilities, and skill sets. People will continue to be a core focus for our business both in FY21 and beyond.

We expect to deliver positive progress in product expansion, package pricing and market penetration through our ABM (account-based marketing) programmes. At some point in FY21 we intend to increase investment to build our content model to upscale subscriptions (geographically and by language)

We have identified major audience and data opportunities within our business, and in FY21 we will focus on marketing new products and solutions to our expanding customer base to build additional and recurring revenue streams through data.



Outlook

Aspermont has a proven business model and an innovative management team which has demonstrated resilience in the abnormal market conditions presented by COVID-19.

The business models in XaaS, Services and Data are all robust and scalable.

Our technological versatility is enabled by the Horizon platform and our fluid organisational structure which encourage agility and rapid response to changing market conditions.

Subscriptions have been the bedrock of Aspermont's business from 2015, delivering growth over 17 consecutive quarters. As we allocate more investment to our content models, we should see an acceleration in our growth rates.

Our unit economies are attractive, we have a relatively stable fixed cost base, have no debt, and have a growing net cash position.

Until the relaxation of business restrictions as Covid-19 is overcome, we remain cautious in our investment approach and will continue to focus on bottom line and margin strengthening investments to position ourselves to benefit from the inevitable global economic recovery.

Aspermont has the people, the brands, the audiences, and the technologies in place to achieve further strong improvements in FY21 regardless of the environment.

In FY21 we expect:

1. A return to overall revenue growth
2. Continuing expansion in margins and profitability
3. Further growth in audience and in all other key XaaS metrics
4. High growth in our new data products

Appendix 1:

1. Normalised EBITDA

The reconciliation of statutory earnings to EBITDA is as follows:

Year Ended	30 Sept 2020 $000	30 Sept 2019 $000
Reported income/(loss) from continuing operations before income tax expense	**(873)**	**(7,466)**
Net interest	82	103
Depreciation and amortisation	1,437	1,061
Other (share-based payments & provisions, foreign exchange, other income)	(222)	278
Write-down of Loan receivable	-	4,944
Reported EBITDA	**424**	**(1,080)**
Exceptional one-off charges (2)	38	384
New business establishment costs (3)	716	1,157
Normalised EBITDA (1)	**1,178**	**461**

2. Normalised Cash Flow from Operations Reconciliation

Year Ended	30 Sept 2020 $000	30 Sept 2019 $000
Cash flows from operating activities		
Cash receipts from customers	16,758	18,772
Cash outflows to suppliers and employees	(14,254)	(19,123)
Interest received / (paid)	(23)	(42)
Cash inflow/(outflow) from Operating activities	**2,481**	**(393)**
Exceptional cash outflows (2), (3)	776	1,295
Exceptional other income	(966)	
Normalised Cash inflow/(outflow) from operating activities (1)	**2,291**	**902**

Notes for Normalised EBITDA and Normalised Cash Flow from Operations reconciliations:

(1) Based on unaudited management accounts
(2) One-off expenses relating business restructuring. We have referenced the evolution of our sales approach from transactional to solution-based selling. These expenses reflect upskilling costs in our commercial teams as part of that process.
(3) Expenditure in relation to the establishment of new business lines. In previous years, the Company has launched new business such as in Live Events and Research. In the last 12 months the business has launched Content Works, Lead Generation and Virtual Events, as previously announced. Establishment costs normalised in this year relate to these new divisions.