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26.05.2021 – GBC Managementinterview with Alex Kent, Managing Director of Aspermont Limited.

Company: Aspermont Limited.*^{5a,5b,6a,7,11}

ISIN: AU000000ASP3

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*Catalogue of possible conflicts of interest on page 5

Aspermont is the leading media services provider to the global resource industries. Aspermont has invested 20 years in building a commercial model for B2B media that is founded on providing high value content to a global subscriber base. Aspermont is scaling this B2B model to serve new sectors and new countries and in new languages to maintain global leadership.

GBC AG: Hello Mr. Kent, can you give me a brief overview of your company, your business model and your strategy.

Alex Kent: Sure and thank you for the opportunity.

Aspermont is the leading media services provider to the global resource industries. We are a 5-year-old media-tech firm, but our brands have a 185-year history in the resource sector. Over the last few years, Aspermont has undertaken a comprehensive review at all levels of our business-corporate, operational, and technological. We have built a Tier 1 management team with extensive C suite experience and a strong track record of performance and this has made the difference in consolidating our leading position as a B2B media distributor for the mining and energy industries today.

We, at Aspermont, are building a disruptive solution for B2B media that can be scaled by geography and by sector. We have comprehensively proved the efficacy of our model in one sector: mining. We are currently experimenting, expanding, and refining our pilot model before it is ready to be cloned in other B2B sectors around the world.

Three business models underpin our solution: XaaS, Data and Services.

Our XaaS model uses content to drive premium paying subscription audiences.

As those audiences expand, we commercialize the accrued behavioral data with client consent.

Clients, such as service suppliers, can work with us to access Aspermont's industry-leading global database by signing up to a range of marketing services, such as content creation, advertising, and sponsorships.

The XaaS model supports our other two models, Data and Services, and our strategies focus on building the 'Depth' and 'Breadth' of these models.

For XaaS, we achieve depth, through the pricing of subscriptions, as clients add more premium content services, adopt new content formats, or add more members to their account. Our 'Breadth' strategies focus on increasing the number of subscriptions we have, and we achieve this through an overall expansion in our global coverage. Put simply, by hiring more journalists in more countries, who write in more languages and cover more market segments, we can consistently broaden our global customer base. Over the last few years, we have focused primarily on depth strategies, but both aspects provide significant long-term organic growth opportunities. Over time, we will clone our solution to several other sectors, and I believe that the progress of our business expansion will be measured in quantum leaps.

Today our model has been proven fit for purpose and our expansion phase is getting under way. We start with less than 10% penetration of our Total Addressable Market in subscriptions for mining, so there is plenty of upside in that one sector alone.

GBC AG: Aspermont has a long history with Mining Journal being published for 185 years. How do you plan to monetize your deep data base and how do you plan more growth?

Alex Kent: Our database has over 7 million customer contacts which can be monetised in many ways. Our initial focus is to develop B2B lead generation services for our clients. Two years ago, we hired a new key executive, Matt Smith, with a deep understanding and track record for development of these types of commercial models. Our progress over the last 18 months in this area has been excellent, but we are still only at an early stage in addressing these opportunities.

GBC AG: How will customers access your database? Will there be a subscription model comparable to Netflix or will customers have to pay per each item?

Alex Kent: Aspermont pioneered paywall content as far back as the year 2000, when we launched MiningNews.net. From that point, we have been continuously testing, trialling and optimising paywall technologies to suit different business environments.

Our existing model may look like Netflix – in that multiple users can access a central subscription. However, as we charge each individual user for their unique set of subscriptions, our pricing model is different. We offer content services with volume licensing, but we also have some high-value exclusive content that we charge on a per user basis, so we have a blended approach.

Netflix and others like the New York Times have similar 'Breadth' models and have long-term growth opportunities to expand subscriptions, but the big difference is that Aspermont can expand globally and, at the same time, can develop significant depth in pricing which other service providers can not. If you look at our client base and consider that our ARPU, whilst growing strongly and consistently every year for the last five years, is still only around \$1k, the scope of the mid term opportunity becomes clear.

We intend to introduce new types of subscription products and platforms over the next few years. For example, given the size of our global audience, real time analysis of behavioural data alone could offer us many highly-valuable opportunities.

GBC AG: Will you expand into other national markets to develop your database and audiences?

Alex Kent: Currently, in the global mining sector, we have roughly 4 million engaged digital users with 22% of our audience base being in Australia but only 7% is in Asia. That gives you an idea of the scale of our potential audience on just one continent. Importantly, our digital platform enables us to develop our services on all continents simultaneously.

Right now, we are at an early stage in evaluating the optimal way to use AI in translation software to support our multi-lingual content growth strategies. Our audience development progress in new markets could really surge as we translate and digitise our historical content. Through our titles, we have in aggregate some 560 years of historical content that is currently being digitalised in its native English language. Through translation of that content into all the key world languages, we will create a significant asset.

GBC AG: You successfully made a \$3 million placement to a German investor in March this year. What investments do you plan with this money?

Alex Kent: Aspermont is in a strong financial position. We entered the pandemic in March 2020 with a net cash position of \$0.3m and over the last 12 months of the pandemic period, we built our cash reserves up to \$7.4m including the recent placement. I became Managing Director in March 2015 and assembled a new management team over the next 5 years and paid off all debt, so that our business could invest from its own cash flow. We have grown significantly across our key areas to achieve a business turnaround and will now invest our own free cash flow to grow our existing business models and deliver accelerated growth.

We are heading into an exciting growth phase. We are expanding our content services geographically, about to start using software to develop multilingual content; we are digitalising our archives and soon we will develop a new data warehouse that will help us visualise a 360-degree view of our customer. Separately, and by investment in new products and services, we are looking to build a 'marketing agency' model for our clients. These are just some of the investment areas we are addressing for now.

Most importantly, our business is built by our own people. Their experience and the innovative applications of their experience to our company builds our collective knowledge capital, or IP if you like. We will focus on investing in our people and their development, and through our successful expansion we will attract new executives on our journey as required.

GBC AG: Your company has completed an important turnaround during the past few years. Can you explain how the use of technology will enable your next growth phase?

Alex Kent: Persuading Ajit Patel to join Aspermont in 2014 and getting him to design and implement a digital platform and infrastructure was my first objective as MD. We called this Project Horizon, and its successful implementation completely transformed our business capabilities and laid the foundations for the XaaS model which has performed so strongly for the last 19 consecutive quarters.

Ajit and his team are now addressing our Customer Data Platform (CDP). Project Horizon transformed Aspermont's publishing capabilities and enabled us to accelerate the launch of competitive commercial models for the digital media world. Our new CDP project will provide a greater change to our organisation than anything we have done before. We are currently the media-tech leaders for the mining and energy industries, but our new development phase will catapult us to the next level.

I can assure you that the CDP project will require announcements as we progress, because the scale of this new project is so material to the company.

GBC AG: Despite the Corona virus pandemic, you announced great results for the first half of the current fiscal year to September 2021. Can you give us some guidance on the outlook and your expectations for Aspermont going forward?

Alex Kent: We have just delivered excellent financial results for Aspermont in the hardest business conditions in 10 years. Our recent guidance is that subscription growth has strong momentum, and our half year report confirms that our profit margins are growing. Aspermont has a strong financial position, and we are determined to remain cash flow positive. We intend to prioritise our organic growth opportunities and finance accelerated growth from our positive cash flow.

Aspermont has consistently reported positive earnings growth in recent years and FY21 will be no different. We have laid out more detailed guidance in our half year report and we expect to over deliver on guidance for all items this year, with momentum into the next fiscal year.

GBC AG: Please tell us about your new Virtual Event & Exhibition segment (VEE) which you are introducing in challenging times.

Alex Kent: Prior to the pandemic, we were working to develop virtual event and exhibition models, but the arrival of COVID and the suspension of live events obliged us to accelerate their formal launch. Unlike most events companies who currently offer 1–3-day virtual events, we decided our initial launch should be of a 365-day sponsored exhibition platform where we can add new content all the time over a year. As we increase virtual exhibition audience sizes, we can generate targeted marketing and sales leads for our clients all year round. So we are using these new platforms to drive our data business.

So far, our new VEE business has exceeded expectations, as we noted in our recent announcement, and we continue to see real forward momentum. It won't be long before we release our version 2 platforms and I'm excited to see how well they will enhance our performance.

GBC AG: The topic of sustainability/ESG is becoming increasingly important for investors. How do you take this into account in your company and your investments?

Alex Kent: ESG/sustainability is a big issue for all the global mining, energy, and agriculture industries to address. We play an active role in leading and showcasing discussion on these key issues through our publications and platforms. We recently launched the 'Digging for climate change' website [1][2] as a new forum for mining industry companies, investors and those outside the mining industry to discuss and collaborate on new solutions. It has only just been launched, but we have already attracted some fantastic high-profile partners. With respect to our own day to day activities, we aim to continually shrink our carbon footprint, by co-sharing office space, removal of staff car parking, flexible home working, reducing work travel requirements etc. and we intend to introduce new policies to keep us up to speed with global initiatives.

Many years ago, we instituted 'paid for' only circulation of print magazines as we increasingly became digital publishers. Unlike the standard B2B media model of widespread 'controlled circulation', we only send printed material to subscribers who pay a premium for this product. Print will be a medium forever, albeit at a reduced level of overall importance. We can primarily meet customer demand with digital products, which reduce waste. I should note that all our print products are available digitally, in e-reader format and mobile

apps, so we give ESG conscious users alternative ways to enjoy the print format without necessarily having to hold a traditional print magazine in their hands.

[1] <https://www.diggingforclimatechange.com/about-us>

[2] <https://www.youtube.com/watch?v=K92UCw4d9D4>

GBC AG: Finally, can you share your longer-term outlook? Where will Aspermont be in 3 to 5 years time?

Alex Kent: Each of our XaaS, Data and Services models have breadth and depth strategies and these all have decades ahead of potential organic growth, so we are going to be on this journey for a long time. Over the next few years, our successful B2B media disruption model will be cloned to new sectors globally. Aspermont topline growth should soon accelerate as COVID moves from centre stage and will likely compound annually at above 20% going forward. As a business, we will be increasingly profitable – which in many respects is unusual for a XaaS and Data business. Our focus will be to develop new products with assured profit margins; so, the next 3 to 5 years should be an exciting time for our shareholders.

GBC AG: Mr. Kent, thank you very much for the interview.

ANNEX

I.

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