

Aspermont Limited^{*5a,11}

Rating: 0.09 AUD
Target Price: BUY

Current price: 0.02 AUD
17/11/2021 / ASX / 23:59
Currency: AUD

Key Data:

ASX: ASP
WKN: AU000000ASP3
Number of shares: 2.42b
Marketcap³: 48.41
³ in m / in m AUD
Free float: 76%

Primary listing: ASX
Secondary listing: Frankfurt

Accounting Standard:
IFRS

FY End: 30/09/

Analysts:

Julien Desrosiers
Desrosiers@gbc-ag.de

Felix Haugg
Haugg@gbc-ag.de

* Catalogue of possible conflicts of interest on page 6

Date (time) Completion:
19/11/2021 (05.58 pm)

Date (time) first transmission:
22/11/2021 (08:00 am)

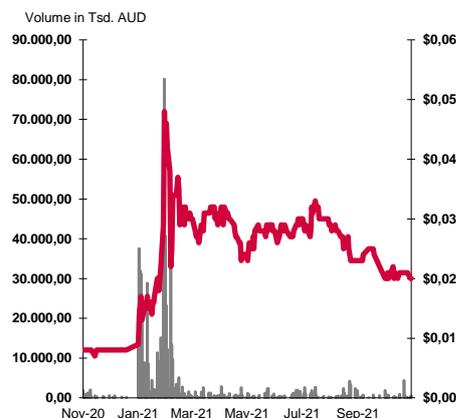
Validity of the price target: until
max. 31/12/2022

Company Profile

Sector: B2B Media
Focus: Mining, Energy, Agriculture, Technology

Headquarters: Perth, Australia

Management: Alex Kent (Managing Director), Ajit Patel (COO), Nishil Khimasia (CFO), Matt Smith (CCO), Ian Hart (CSO)



Aspermont Limited is the global leader in business-to-business (B2B) media for the resources sector. The company publishes subscription-based content services for the mining, energy, agriculture, and technology sectors. Aspermont provides services to customers all over the world. Aspermont Limited is also a global leader in business-to-business marketing.

The company's brands have served the mining industry for over 185 years and have an over 560 years of combined brand heritage, resulting in a 7,5M board and management executives contacts. The company's centralized and scalable structure allows their top tier executive team to aim at an aggressive new growth phase

On November 3rd, Aspermont Limited reported their Q4-2021 results

| Revenue (in AUD \$'m) | Q4-2020 | Q4-2021 | QoQ Growth % |
|----------------------------|--------------|--------------|---------------|
| XaaS | 1.6 | 1.9 | +20.0% |
| Data | 0.1 | 0.4 | +162.0% |
| Services | 1.7 | 2.0 | +17.0% |
| Total | 3.5 | 4.3 | +24.0% |
| Gross Profit | 2.0 | 2.8 | +39.0% |
| Gross Profit Margin | 58.0% | 65.0% | +12.0% |

**** Last research by GBC:**

Date: publication/target price in AUD/rating

10/08/2021: RS / 0.09 / BUY

** The research studies indicated above may be viewed at www.gbc-ag.de, or requested at GBC AG, Halderstr. 27, D86150 Augsburg

Financial calendar

12/2021: FY2021 Annual report

Q4 2021 UPDATE

Impressive revenue growth and notable raise in gross profit

Aspermont's performance demonstrates the company's ability to grow at a fast rate. When compared to Q4-2020, the company's revenues increased in all sectors in Q4-2021. Currently, we can only look at partial numbers due to Australian stock market regulatory laws.

These figures show a clear increase in all revenue sectors. Their XaaS and service sectors grew by 20% and 17%, respectively, and now account for over 85% of total revenue. Their new data sector grew at a rate of 162%. Because this division is less developed, faster growth is expected. Nonetheless, it demonstrates how much potential management saw in this opportunity.

The increase in revenue did not result in a proportional increase in gross profits margin. The quarter-on-quarter increase was only 12%, half of the total revenue increase of 24%. This is unsurprising, as we believe Aspermont needed to invest more money to maintain its current level of growth and develop the new Data sector, as evidenced by their Q4-2021 OPEX increase. Direct OPEX costs increased by 33%, owing to investments in new businesses and increased operational capacity to support long-term growth. All new investments are adequately funded by internal cash flow.

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Source: Aspermont; GBC-AG

However, reaching a gross margin of 65% is a significant achievement. We believe that the key to their new development strategy was to generate higher margins and use the extra cash flow to fuel growth. This appears to be working for the company at the moment, and we are eagerly awaiting the full Q4-2021 and FY-2021 results, which should be released very soon, to confirm our position.

In the fourth quarter, Aspermont experienced two significant events. The company announced the establishment of a new fintech joint venture as well as the launch of their first-generation capital raising platform. Aspermont's current product offering in the mining sector will be enhanced by the new partnership with Spark Plus and IPC. Spark Plus is a corporate advisory firm that specializes in Asian roadshows for Asian companies. IPC is a Sydney-based licensed securities dealer. Across Asia and Australia, they provide Wealth Management and Corporate Advisory services to wholesale and sophisticated investors.

The importance of the capital raising sector cannot be overstated. This is a fiercely competitive industry that is undergoing a complete transformation. Traditional banks and institutions continue to dominate the market, but new entrants are gaining traction.

Number of Brokered Equity Financings Led/Co-Led from May 2020 to September 2021 for the Canadian mining sector.

| | # of Deals |
|----------------------------|--|
| Canaccord Genuity | 63 |
| Haywood Securities | 42 |
| BMO Capital Markets | 40 |
| Cormark Securities | 40 |
| RedCloud Securities | 32 (+CAD\$1.4 billion raised since January 2020) |
| Research Capital | 30 |
| Stifel, Nicolaus & Company | 26 |
| Sprott Capital Partners | 26 |
| Eight Capital | 24 |
| Cantor Fitzgerald | 23 |

Source: Redcloudfs, GBC-AG

We believe that Aspermont unique position in the mining sector can pave the way for important financing activities and the timing of the company could not be better as the commodities have now entered in a super cycle. The association with both Spark Plus, and IPC could generate substantial cash flow within the next few years.

We believe the gross profits to be very healthy and the growth to be in line with our expectations. We therefore confirm our buy rating with a 0.09 AUD target price.

ANNEX

I.

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The recommendations/ classifications/ ratings are linked to the following expectations:

| | |
|------|---|
| BUY | The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $\geq + 10\%$. |
| HOLD | The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $> - 10\%$ and $< + 10\%$. |
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The analysts responsible for this analysis are:

Julien Desrosiers, Financial Analyst

Felix Haugg, B.A., Financial Analyst

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GBC AG
Halderstraße 27
D 86150 Augsburg
Tel.: 0821/24 11 33-0
Fax.: 0821/24 11 33-30
Internet: <http://www.gbc-ag.de>

E-Mail: compliance@gbc-ag.de