

AIM JOURNAL

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM set to decline in 2024

AIM continues to struggle, and a post-General Election bounce back looks increasingly unlikely. There was a small decline of less than 1% during the month, although the FTSE 100 index rose 2.1%, so this was a significant underperformance. AIM has fallen by more than 4% since the beginning of 2024 and there are no signs that this can be clawed back in December.

There has been a string of poor trading statements as delays in government spending following the General Election and poor consumer confidence have hampered the performances of some companies. Strix says that the kettle controls market has weakened, particularly in higher margin UK and German markets.

Churchill China did not experience the normal seasonal uplift in the fourth quarter and the hospitality customer base will be hit by higher National Insurance costs. Solid State was hit by delays to defence orders. This has led to sharp downgrades in profit forecasts.

There are also more companies set to leave AIM in the coming weeks. Most of these are at the smaller end of the market and they lack liquidity. Despite brokers' talking about having pipelines of potential flotations there are still few new admissions. Video services outsourcer Winking Studios and investment company Selkirk Group both went to a premium after flotation, though.

Loungers recommends bid

Fortress Investment is taking advantage of the depressed share prices of pubs and bars operators to bid for Loungers. The 310p/share offer is at a significant premium to the previous market price and is higher than the peak share price in 2021. So, it is not a total surprise that the board has recommended the bid, however, broker Singer does not believe that it fully reflects the value of the business and argues that 375p/share would be a fairer value. Irrevocable acceptances are 41.9%, so Fortress Investment is in a strong position.

Loungers owns the Lounge, Cosy Club

and Brightside brands and management is aiming for a total of 292 sites by next March. Interim figures show that Loungers is trading well with like-for-like growth in revenues of 4.7% and in the third quarter the rate of growth is still 4%. That is much better than the market. Interim pre-tax profit recovered 51% to £5.95m, while net debt was £12.2m.

The bid values Loungers at £338.3m. It was forecast to make a 2024-25 pre-tax profit of £18m, up from £13.9m last year, rising to £23.8m in 2025-26. The bid values Loungers at 25 times prospective earnings, falling to 19 next year.

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**THE SMALL CAP AWARDS
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general news

Volex eyes up TT Electronics

Electrical and power accessories supplier Volex wants to acquire fully listed TT Electronics. In fact, it has made more than one offer. The first offer was 129p/share and the latest is 62.9p/share in cash and 0.233 of a Volex share, which was valued at 139.6p/share when it was announced, although the Volex share price has fallen since then.

TT Electronics does not want to enter discussions, and management has rejected the approach saying it fundamentally undervalues the business. TT Electronics also revealed that it has also rejected an all-share offer from another party.

Volex points to the fact that the TT Electronics share price had declined by nearly two-thirds since the beginning of 2018, although the announcement of the potential offer has perked up the shares. In 2023, pre-tax profit improved from

£40.4m to £43m. However, a decline to £26.4m is forecast for 2024 before a recovery to £40m in 2025 through an improvement in margins.

Volex has a good acquisition track record. The Murat Ticaret acquisition took it into the off-highway sector in 2023. Productivity has been improved and the utilisation of sites has been optimised. This was the largest of the twelve acquisitions in the past five years.

Volex reported interim revenues 30% higher at \$518.2m – organic growth was 10% - and underlying pre-tax profit was 12% ahead at \$37.5m. The interim dividend is 7% higher at 1.5p/share. The strongest organic growth was in the electric vehicles division, although all divisions grew. A full year pre-tax profit of \$83m is forecast with a further improvement to \$93.7m anticipated next year.

Firering lime resource

Firering Strategic Minerals unveiled a maiden JORC compliant mineral resource estimate for the firm's quicklime project in Zambia. This shows a near-doubling of the resource tonnes compared with the 2017 estimate. There is 145.2Mt at 95.7% CaCO₃, including 11.8Mt in the measured category. This could provide more than 50 years of production. There is growing demand from copper and industrial clients for the quicklime. Firering had previously secured an 18-month unsecured bridge loan of up to £1m, which has an interest charge of 15%, so that it can acquire a further 6.7% stake in the project. Management is applying for a loan from a Zambian bank to increase the stake in the project to 45% and repay the bridging loan.

Benchmark sells salmon genetics business

Aquaculture company Benchmark has been trying to unlock the value of its assets and decided to sell its genetics business to Novo Holdings for an enterprise value of £230m. There could be additional contingent consideration of up to £30m based on trading in the three years to September 2027. The sale should be completed in the first quarter of 2025 after shareholder approval is obtained, and this brings an end to the strategic review.

Salmon eggs production for fish farmers is the core area of the genetics business. The loss-making tilapia operations have already been sold. The genetics business generated EBITDA of £14.4m in

2022-23 on revenues of £65.8m. Revenues have declined this year. Benchmark will report figures for the year to September 2024 on 12 December.

There had been approaches to acquire the whole company and individual business areas. Management decided that accepting the Novo Holdings offer was the best choice to realise the potential of the group and focus on the other operations.

Benchmark has two remaining divisions: advanced nutrition and health. Advanced nutrition's core shrimp market – three-quarters of 2022-23 division revenues - has been tough, but it is expected to recover. The health division

produces sea lice treatments Salmosan Vet, Ectosan Vet and CleanTreat and it has moved into profit. The business model is evolving from the capital intensive hiring out vessels to administer the treatments to customers arranging this for themselves.

Last year, the two businesses generated EBITDA of £24.4m on revenues of £104m. The group structure will be rationalised after the disposal and management believes that there should be significant cost savings.

Cash will be returned to shareholders and used to repay the green bond, currently £57.6m, and other debt. Benchmark plans to stay on AIM and Euronext.



advisers

Aquis Exchange agrees SIX Exchange offer

Aquis Exchange is recommending a bid from rival exchange trading business SIX Exchange. The offer is 727p/share in cash, which values the company at £225m. The company joined AIM in June 2018 at 269p/share.

There had been several previous proposals from SIX and these approaches were rejected. The combined business will have greater pan-European scale and be able to expand internationally.

SIX is particularly interested in the Aquis technology which has been developed over the years.

It also mentions that there is potential to develop the Aquis Stock Exchange into a pan-European market.

■ **Peel Hunt** moved from a loss of £773,000 to a pre-tax profit of £1.23m in the six months to September 2024. Revenues improved from £42.7m to £53.8m with growth coming from investment banking fees and execution services. Retainer income

declined. Net cash was £6m at the end of September 2024.

Management expects uncertainty to continue to hamper the market in the short-term. Sentiment has weakened following the Budget, but Peel Hunt is positive about economic fundamentals and forecasts. Peel Hunt is increasingly exposed to larger Main Market companies, and it has four FTSE 100 and 42 FTSE 250 companies as clients. The firm was nominated adviser and broker to AIM newcomer of the year AOTI Inc.

■ **Broker and mergers adviser Cavendish Financial** returned to profit in the six months to September 2024 and is paying an interim dividend of 0.3p/share. It reported a recovery in interim revenues from £19.5m to £27.7m, although Cenkos was not included in all the comparative period. An underlying loss of £3.56m was turned into a £1.85m pre-tax profit.

There was a rise in retainer income from £3.9m to £6m, while

transactions revenues jumped from £8m to £18.9m – generated via more than 50 deals. Even on a pro forma basis, investment banking revenues were 49% ahead. Pro forma share trading income improved slightly. Cash increased to £17.2m by the end of September 2024 and it improved further to £23.3m by early November.

Cavendish believes that AIM will still be an attractive home for investment as part of inheritance tax planning, despite the halving of IHT relief to 50%. The broker does not think that the capital gains tax rate rise will have much impact on trading activity.

■ **Market maker Winterflood** continued to lose money in the first quarter of the Close Brothers Group financial year. In the three months to October 2024, there was an operating loss of £700,000, down from £2.5m in the first quarter of the previous financial year. Trading levels in AIM and other smaller companies remain subdued.

ADVISER CHANGES - NOVEMBER 2024

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
Victorian Plumbing	Canaccord Genuity / Barclays	Barclays / Deutsche Numis	Houlihan Lokey	Houlihan Lokey	11/1/2024
GCM Resources	Allenby / Axis	Zeus / Axis	Allenby	Zeus	11/5/2024
Tekmar Group	Cavendish	Singer / Berenberg	Cavendish	Singer	11/5/2024
Marlowe	Cavendish	Cavendish / Investec	Cavendish	Cavendish	11/6/2024
Team 17	Peel Hunt / Jefferies	Peel Hunt / Jefferies	Peel Hunt	Houlihan Lokey	11/6/2024
Anexo	Shore	Zeus	Shore	Zeus	11/7/2024
Orchard Funding	Allenby	Panmure Liberum	Allenby	Panmure Liberum	11/7/2024
Tracsis	Berenberg	Cavendish / Berenberg	Berenberg	Cavendish	11/8/2024
Mortgage Advice Bureau	Keefe, Bruyette &	Deutsche Numis / Woods / Peel Hunt	Keefe, Bruyette & Peel Hunt	Deutsche Numis & Woods	11/12/2024
Directa Plus	Singer	Cavendish / Singer	Singer	Cavendish	11/19/2024
Elixir International	Cavendish	Cavendish / Investec	Cavendish	Cavendish	11/25/2024
Panthera Resources	VSA / Allenby / Novum	Allenby / Novum	Allenby	Allenby	11/26/2024
Atome	Stifel Nicolaus / SP Angel	SP Angel	Beaumont Cornish	Beaumont Cornish	11/28/2024



company news

Renew Holdings sells remaining building subsidiary and diversifies energy operations

Engineering services

www.renewholdings.com

Engineering services provider **Renew Holdings** managed to beat the recent upgraded expectations for the year to September 2024. Growth has come from acquisitions, but organic growth was 17%, up from 10% the previous year. It will be difficult to repeat that rate of organic growth, but whatever is achieved will be supplemented by the latest acquisitions. The sale of the building activities means that management can concentrate on the core business, although there will be a loss of profit contribution.

Full year revenues improved from £922m to £1.07bn, while underlying pre-tax profit increased from £62.7m to £69.9m. The total dividend was raised from 18p/share to 19p/share.

The focus on maintenance work

Renew has entered onshore wind market

means that Renew has not been subject to the delays that other businesses have since the General Election. There has been success in winning business in the water sector through AMP8 water frameworks.

The focus of recent acquisitions has been the energy division. Previously, this was dominated by nuclear work, but two buys have diversified the operations. Excalon took Renew into the electricity distribution services business and provides a base from which to move into the transmission market. The purchase of Full Circle adds services

RENEW HOLDINGS (RNWH)		1040p
12 MONTH CHANGE %	+28.4	MARKET CAP £m 823

to the onshore wind market. This is a business with higher margins than most of the other group operations and it enables Renew to expand in Europe from its Netherlands base.

Net cash was £25.7m at the end of September 2024, but since then Full Circle has been acquired for £50.5m. Strong cash generation means that there could be net cash by next September.

The order book is worth £889m. Peel Hunt forecasts a 2024-25 pre-tax profit of £74.8m, which is a prospective multiple of 15. That is after an initial period of higher National Insurance costs.

Kinovo puts problems behind it

Electrical and buildings maintenance

www.kinovopl.com

Electricals work grew strongly for **Kinovo** in the six months to September 2024, offsetting reductions elsewhere. Interim revenues were slightly lower at £29.6m, but full year revenues are set to grow as delayed contracts start to contribute in the second half.

Adjusted pre-tax profit rose 10% to £2.9m. This was achieved despite delays in a £12m 18-month decarbonisation contract with Hackney. This work has just started to scale up.

Management believes that the compliance requirements of the new Building Safety Act will provide

KINOVO (KINO)		61p
12 MONTH CHANGE %	+24.5	MARKET CAP £m 38.6

opportunities for growth. This would help to increase building services work, but electrical services will remain the generator of more than 50% of group revenues.

The cash outflows for the guarantees related to the DCB disposal are broadly at an end. They have been masking the underlying cash generative ability of the business. Kinovo should end March 2025 with net cash and then the cash pile will build up. Capital investment requirements are minimal.

Canaccord Genuity upgraded its full year pre-tax profit forecast by 3% to £6.8m. That is due to higher margin work with forecast revenues maintained at £71m. Much of the expected second half revenues are underpinned by contract work.

Three-year visible revenues total £175.2m and that is before any contribution from framework deals. National Insurance cost increases had already been adjusted for in the 2025-26 figures and the pre-tax profit estimate has been edged back up to £6.9m. The shares are trading on less than eight times prospective earnings. The outlook is positive for Kinovo.



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company news

Quantum Blockchain Technologies develops AI efficiency enhancement for Bitcoin mining

Cryptocurrency mining technology

www.quantumblockchaintechnologies.co.uk

Quantum Blockchain Technologies is developing an artificial intelligence model for improving the efficiency of Bitcoin mining. This is part of a range of potential developments, and it is the nearest to generating income. Method C as it is called has been successfully implemented onto Bitcoin mining hardware and used in real-time.

Method C can predict how likely an input to the core Bitcoin mining algorithm is to produce a winning Hash. It stops a potentially unsuccessful calculation and begins another one, thereby increasing efficiency. At a lower level of mining difficulty, more than 50 out of 100 inputs have been shown to be not worth calculating. That means that

AI improves Bitcoin mining efficiency

the Bitcoin mining rate is doubled without increasing energy costs. This means that there is a greater chance that a winning hash will be calculated. The effectiveness has also been shown at higher levels of mining difficulty.

Measurements of the efficiency of Method C are underway and there should be more news about this soon. This will benchmark the performance against existing mining devices.

A software-only version of Method C is being developed and this can be used by pools of Bitcoin miners.

QUANTUM BLOCKCHAIN TECHNOLOGIES (QBT) 0.8p	
12 MONTH CHANGE %	-56.2
MARKET CAP £M	10.3

The model would be that Quantum Blockchain Technologies would generate a fee based on the increased revenues achieved. The technology will be demonstrated to potential partners once patents are filed.

There is still some cash that can be recovered from litigation related to a former business, but Quantum Blockchain Technologies should be judged on the potential for its Bitcoin mining technology. The signs are positive, but there is still some way to go before the technology is commercialised and starts to generate income.

Iomart makes largest ever acquisition

Cloud services

www.iomart.com

Cloud-based services provider **Iomart** made its largest ever acquisition after the end of the first half. The £57m purchase of Atech broadens the range of services provided and deepens the relationship with Microsoft.

Iomart has been struggling to stem a decline in profit and the business has been restructured with cost savings achieved. Self-managed infrastructure revenues are in decline as smaller clients are lost and cloud-managed services are where the growth will come from.

Atech provides fully managed and security services for mid-market business and enterprise customers. It also provides professional services.

IOMART (IOM) 89p	
12 MONTH CHANGE %	-43.7
MARKET CAP £M	100.2

Core sectors are financial services, insurance and energy. Atech achieved Microsoft Azure Expert MSP accreditation in September, which puts it in a strong position in the UK. There will be cross-selling opportunities.

In the six months to September 2024, the existing Iomart business reported flat revenues of £62m, with a like-for-like decline when acquisitions are excluded, and a slump in pre-tax profit from £7.6m to £4.3m. The dividend has been reduced from

1.94p/share to 1.3p/share due to the lower earnings. Net debt was £29.8m, but it is expected to rise to £79m in March 2025 following the payment for Atech.

Atech is being integrated and it will make a six-month contribution in the second half. Full year revenues are expected to be £143m, up from £127m last year. Pre-tax profit is forecast to fall from £15m to £10.4m with the cost of VMWare cloud services software increasing after its acquisition by Broadcom. A full year contribution from Atech could help to improve pre-tax profit to £12.5m in 2025-26. The share price has recovered from its 2024 low.

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company news

Focusrite bolsters its market position but there are no immediate signs of recovery

Audio equipment

www.focusriteplc.com

Audio equipment supplier **Focusrite** continues to be hampered by destocking and declining markets with content creation product revenues 19% lower, although audio reproduction revenues were 15% ahead.

In the year to August 2024, group revenues were 11% lower and adjusted pre-tax profit slumped from £28m to £13.4m. That excludes a £5.4m write down of Sequential intangible assets. Higher freight rates and stock write-downs hit margins. The total dividend has been maintained at 6.6p/shares, which is nearly three times covered by earnings. Net debt was £12.5m at the end of August.

New products helped to offset declines in some brands in the content creation division. Direct

US tariffs could hit sales

to consumer sales are growing and have reached 7% of division revenues. ADAM Audio was the most successful brand in the division with a 23% increase in revenues to £22.6m.

Audio reproduction growth was predominantly organic with a decline in North America more than offset by sales elsewhere. There were two small immersive audio technology companies acquired during the period. TiMax has been involved in the market for two decades and panLab software has been bought to combine with TiMax technology. Live events demand was strong, but the outlook is less positive.

FOCUSRITE (TUNE)		270p
12 MONTH CHANGE %	-40	MARKET CAP £m
		158.3

At this stage, it is difficult to expect much profit improvement this year. US tariffs could hit sales, although Focusrite has negotiated the problem previously and not all production comes from China. Focusrite and Novation are the brands most exposed to China, while manufacturing in the UK and Germany has been expanded.

The next financial period will be 18 months to February 2026. Cash generation will reduce net debt if there are no more acquisitions. Focusrite has strong positions in its main markets and is in a good place to benefit from an upturn when it happens.

Sosandar model evolves with high street openings

Womenswear retailer

www.sosandar-ir.com

Womenswear retailer **Sosandar** was adapting its model in the first half as discounting was curtailed and the first high street stores opened. In the six months to September 2024, revenues slumped from £22.2m to £16.2m with a few weeks contribution from the new shops. The lack of discounting helped gross margins and there was a reduction in marketing spending. The pre-tax loss was reduced from £1.35m to £659,000.

There was a cash outflow during the period, but there was £6.95m in the bank. This is plenty of cash for the company's requirements and

SOSANDAR (SOS)		9.1p
12 MONTH CHANGE %	-36.1	MARKET CAP £m
		22.6

there is no need for any fundraising even if trading does not go to plan.

There are four stores open, including one launched since September. The new stores will provide additional promotion for Sosandar products, and it means that other marketing spending will not need to be as high as previously.

Gross margin continues to improve, and it has reached 64% in the past couple of months,

compared with 62.2% in the first half. A licensing agreement with NEXT for a Sosandar homeware range will not contribute until next year.

There are excellent prospects for Sosandar if it can make a success of the retail stores. The initial signs are positive. A swing from a loss of £300,000 to a pre-tax profit of £1m is forecast for this year. A further improvement to £1.5m is anticipated for next year. Sosandar needs to reassure investors that these forecasts are attainable to convince them there is significant upside in the share price.



dividends

Cake Box franchise model paying off

Cakes supplier

www.eggfreecake.co.uk

Dividend

Egg-free celebration cakes supplier **Cake Box** has been a consistent dividend payer since joining AIM in June 2018 at 108p a share. The initial total dividend was 3.6p/share and the following year it was increased to 4.8p/share, although the final dividend was delayed because of Covid lockdowns.

Each year, the dividend has been raised with the total reaching 9p/share in 2023-24. There was a 17% increase in the latest interim dividend to 3.4p/share. The total dividend is forecast to be 9.9p/share with a further rise to 10.8p/share anticipated next year.

This year's forecast dividend would be covered 1.2 times by earnings, which is similar to the year before.

Business

Cake Box was founded in 2008, and it added seven shops in the first half, taking the total to 232. The franchise model means that there is limited capital investment required other than in distribution centres and IT. Seven more stores have been opened since September. Cake Box has plenty of potential sites for stores in suitable locations. The opening programme will accelerate in the second half. An existing franchisee intends to open a store in Paris.

Loyalty programme Cake Club has been launched and has signed up 63,000 people. This helped the subscription database to increase by two-fifths to 517,000 over the six-month period.

Cake Box weathered a tough period in 2022, when there were problems with accounts and distributable reserves, but it is back on the growth path. The franchise business model

CAKE BOX (CBOX)	
Price (p)	200
Market cap £m	80
Historical yield	4.5%
Prospective yield	5%

has proved to be durable, and economies of scale are improving the return. This is despite the consumer market remaining tough.

In the first half franchise stores sales increased 8% to £39m. A price increase offset volume declines and like-for-like growth was 2%. Online sales grew even faster than those of the retail sites and they account for nearly one-quarter of the total. This reflects the success of the co-funded £2m central marketing campaign.

In the six months to September 2024, Cake Box revenues rose 4% to £18.7m, while pre-tax profit improved from £2.4m to £2.79m. Net cash was £5.6m, after spending £686,000 on a site for the extension to the Bradford distribution centre.

New cakes are being developed, including a collaboration with Nutella for five new products as part of its 60th birthday celebrations. Cake Box can sell cakes under the Nutella brand without paying royalties.

The second half has started strongly with store sales 9.9% higher and like-for-like sales 4% ahead. New Year's Eve tends to be the strongest trading day of the year.

Full year pre-tax profit is forecast to increase 10% to £6.6m, with a further rise to £7.2m next year. The shares are trading on just over 16 times this year's prospective earnings. Chief executive Sukh Chamdal still owns 25.5% of the company.

Dividend news

Vaping and consumer products supplier **Supreme** managed to replace reduced sales of disposable vapes with growth from other products, including the recently acquired Clearly Drinks, in the first half. Interim revenues were 8% ahead at £113m, while pre-tax profit improved from £12.6m to £15.4m. The interim dividend was raised by one-fifth to 1.8p/share. Disposable vapes will be outlawed next year and Supreme is already adapting, although it will hit revenues. In the year to March 2025, pre-tax profit could improve from £32.3m to £34m and the total dividend should be at least 4.8p/share. Net cash could be £3.7m by the end of March 2024. Supreme is paying £10.2m for Typhoo Tea, which was in administration.

Rail optimisation software and services provider **Tracsis** had a tough year because of political uncertainty, but strong recurring revenues helped to offset that. One-off revenues the previous year meant that full year revenues were 1% lower at £81m. Underlying pre-tax profit fell from £14.1m to £10.4m. Total dividend is 2.4p/share. The business has been rationalised so that management can focus on core operations and further acquisitions. There is £19.8m in cash that can be spent on acquisitions that will enhance earnings. Stifel Nicolaus forecasts an improvement in 2024-25 pre-tax profit to £13.4m and total dividend of 2.6p/share.

Telecoms enterprise software provider **Cerillion** continues to go from strength to strength. In the year to September 2024, revenues improved from £39.2m to £43.8m, while pre-tax profit increased from £16.8m to £19.8m. The total dividend is 13.2p/share, which is nearly four times covered by earnings. Last year's order intake was £38.1m and there is a significant pipeline of potential deals, although the timing of successful bids is uncertain. Currently, a modest improvement in profit and an increased dividend of 14.5p/share is forecast for this year. Net cash could reach £34.7m.

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expert views

Expert view: Registrars

Did the Mansion House speech hold subtle clues for market evolution?

By Hardeep Tamana

The annual Mansion House speech – and the accompanying release of a raft of associated policy documents – took place in mid-November. It seemed to provide little in the way of genuine innovation and instead was largely a re-work of ideas from the past.

However, a few more notable insights were offered over the planned roll out of the PISCES private market framework. One eye-catching line here was the mandate that

2) Is it a bid to provide a lower cost option?

Removing the CSD from the equation can significantly reduce costs for shareholders, who otherwise face paying custody fees, although it does present a different set of risks for parties involved in the transaction. Settling direct to register rather than via a CSD is a process already in use by the Channel Islands-based TISE Exchange.

times and improving market quality as a result. London following would be no bad thing.

4) Does it align with a broader move to use distributed ledgers?

Again possible – the Mansion House speech saw news of the Digital Gilt Instrument resurfacing. This will use distributed ledger technology (DLT) and is said to be demonstrating the government's commitment to innovation in the financial services sector.

With the new US administration set to take a very accommodative line when it comes to crypto (so by proxy the blockchain in general) innovation here has never been more important for a financial hub to remain current.

Will we see other products migrate in this direction? Regardless, there remains a significant lack of mention of the future digitisation pathway for all UK listed company shares. This will undoubtedly have a bearing on what technology gets applied to shares on PISCES venues.

By drilling into the subtext of the Mansion House speech and its accompanying documents, there is some sign of innovation. Anything that brings down the cost of maintaining a listing is to be welcomed, especially in an environment where issuers are increasingly questioning the value they are deriving. Avenir Registrars is well placed to adapt to many of these possible changes, with our proprietary registry system already capable of handling direct settlement.

The removal of stamp duty for shares listed on PISCES would permit digitisation of stock transfers

transactions in these issuers' stocks won't have to be settled through a Central Securities Depository (CSD), such as CREST. This led the team at Avenir Registrars to ponder why such a carve out had been made – and what it might mean for the future.

1) Was it done to align with existing private markets?

Possibly – the narrative may be that PISCES is a world first, but the reality is different with other private markets well established both at home and abroad. Nasdaq Private Markets, Dubai's ARENA, TISE Private Markets out of the Channel Islands (who recently opened an office in London) plus home grown examples like JP Jenkins and Asset Match already operate in this space.

Those operating in the UK don't obligate issuers to settle in CREST – even if many elect to do so. By way of an example from International venues, neither TISE nor Nasdaq obligate the use of the CSD, either.

Indeed, the platform used here was developed by our sister company, Avenir Technology. However, direct on register settlement requires a cash settlement provider and this remains an obstacle that would need to be overcome. That said, direct on register settlement is certainly viable under the proposals, especially given the removal of stamp duty for shares to be listed on PISCES would permit digitisation of stock transfers forms, too.

3) OK, so this seems quite a progressive development?

Yes, and especially if there's a move to use direct, on-register settlement, then the benefits could be vast and the solutions to support this are already available. Our technology can already handle many settlement formats including the common Free of Payment and Delivery versus Payment protocols, either with or without a Central Counter Party (CCP) clearing house. Other jurisdictions are making progress here, reducing settlement

HARDEEP TAMANA, Managing Director, Avenir Registrars (www.avenir-registrars.co.uk).



feature

AIM's evolution over more than two decades

The number of AIM companies has fallen back to the level it was in October 2002. However, AIM has made significant progress over 22 years, and it is not the same market as it was then.

To some people AIM has appeared to be going backwards in recent years, but this is not the full story. Admittedly, at the end of October 2024, there were 693 companies

outsourced video services provider Winking Studios have joined AIM in November, but that will not offset the number of departures. Brokers talk about having a pipeline of

by Volvere. There were 79 trades in Volvere shares in October 2024, so it is not one of the more liquid companies.

Airline and tour operator Jet2 was the most traded share in October 2024. There were 36,244 trades during the month – just short of the daily average for AIM. The value of those trades was £206.75m, which is nearly as much as the total value of trades during October 2002. There were more trades in Jet2 than there were in the top 25 most traded companies 22 years ago. Jet2 was known as Dart Group in 2002, and it was still on the Main Market until August 2005 when it was valued at £85m.

There are 260 companies that had at least 1,000 trades during October 2024. That is well over one-third of the AIM companies. That means that they average more than 40 trades each day and there are other companies just below that level.

The average size of an AIM company in 2002 was £13.3m and this has increased to £101m

on AIM, which is more than 1,000 lower than at its peak 15 years earlier. AIM initially reached 693 companies during October 2002 and there were 697 at the end of that month. So, in terms of number of companies there is a similarity and both periods were poorly performing ones for the junior market. However, there is very little else that is comparable.

There is concern about the drop in number of companies quoted on AIM with a lack of new admissions to replace the companies that are leaving at a steady pace. This imbalance is set to continue at least in the short-term with takeovers and many companies, such as US online gambling company Webis, rare books dealer Scholium and cloud-based software provider i-nexus Global, asking for shareholder approval to cancel their AIM quotations. All these companies have suffered from poor liquidity and need to cut their expenses.

Shell company Selkirk Group and

companies that are keen to float but there are limited signs of this happening in the next few months.

Liquidity

There are still plenty of small companies on AIM that do not have significant liquidity, but there are also plenty that do. In fact, liquidity is much better than in 2002.

The average number of daily trades so far this year is 36,946, which is 20 times the 1,847 average daily trades in the first ten

Jet2 has a market value of more than £3bn, which is nearly one-third of the value of AIM at the end of October 2002

months of 2002. The most traded share in October 2002 was NMT Group, which was developing needless injections technology, with 822 trades. The value of those trades was £1.42m. NMT ended up as a cash shell and it was acquired

Size

More than four-fifths of companies were capitalised at less than £25m at the end of October 2002, and this has fallen to just over 50%. The percentage of AIM market



feature

capitalisation they account for has fallen from 56.1% to 4.2%.

That shows the difference in the make-up of the market. The average size of an AIM company in

The average number of daily trades so far this year is 36,946

2002 was £13.3m. This average has increased to £101m.

There was only one company valued at more than £250m in October 2002, compared with 77 at the moment. This is after a number of large companies, such as Smart Metering Services, have been taken over.

The largest company on AIM in October 2002 was property and transport business Peel Holdings, which was valued at £801m, nearly five times the next largest company which was Channel Islands-based retailer CI Traders. Peel Holdings made the switch from the Main Market in January 2000, when it was valued at £512m. The shares were tightly held and there were only 20 deals in October 2002. Peel Holdings left AIM in 2004 with minority shareholders offered 1240p/share, which valued it at £1.3bn.

London Security was the third largest company and is the only company in the top ten by market capitalisation at that time that is still on AIM. Most of the others, such as CI Traders and restaurants operator ASK Central, have been taken over. The security services provider was valued at £156.8m and it is currently valued at £441m, making it the 37th largest AIM company. Again, this is a tightly held share with three trades in October 2024, which is the same number as 22 years earlier.

Jet2 is the largest company on AIM with a market value of more than £3bn, which is nearly one-third of the value of the whole of AIM at the end of October 2002.

New admissions

The one area where there is a glaring negative is new companies coming to the market. There were

139 new admissions in the first ten months of 2002, and the total fell to 16 by this October. The amount raised so far this year is £300m, which is not that much lower than the £410.8m in the same period of

There were 139 admissions in the first ten months of 2002, and this has fallen to 16 so far this year

2002. However, £200m of the cash raised was by building materials supplier SigmaRoc as part of the reverse takeover of CRH lime assets.

Out of the 17 companies joining in October 2002 there were three readmissions and seven moved

from the Main Market. Only one of those seven companies raised money. There were also two companies that moved from Ofex, now Aquis Stock Exchange. This was a time when there was a steady flow of companies coming from the Main Market and the flow the other way had already slowed.

There are currently few companies coming from the Main Market, although there could be companies in the new transition category that could end up moving to AIM.

The cost of joining AIM means that it is not viable for the smallest companies to float. That is why they tend to be larger businesses that raise more money. Although GenIP, which was spun out of AIM-quoted Tekcapital, was only capitalised at £6.83m after it raised £1.75m.

AIM'S EVOLUTION OVER 22 YEARS		
	OCTOBER 2002	OCTOBER 2024
Number of companies	697	693
Value of AIM	£9.3bn	£70bn
Companies worth > £250m	1	77
Percentage of companies valued > £25m	17.8	49.4
Percentage of AIM market cap represented	43.9	95.8
Percentage of companies valued > £50m	5.6	35.5
Percentage of AIM market cap represented	64.6	90.8
Average daily bargains*	1,847	36,946
Average daily trading value*	£14.6m	£190.7m
Company with most monthly trades	NMT Group (822)	Jet2 (36,244)
Number of new admissions*	139	16
Amount raised by new admissions*	£410.8m	£300m
Amount raised by existing companies*	£452m	£1.18bn

* Year to date



statistics

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION		
SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Consumer	21.3	16.7
Industrials	23.4	17.7
Technology	12.4	12.7
Health Care	11.4	10.7
Financials	10.6	9.7
Basic materials	9	15.7
Energy	5.7	10.7
Telecoms	2.9	1.9
Utilities	1.8	0.6
Property	1.6	1.9

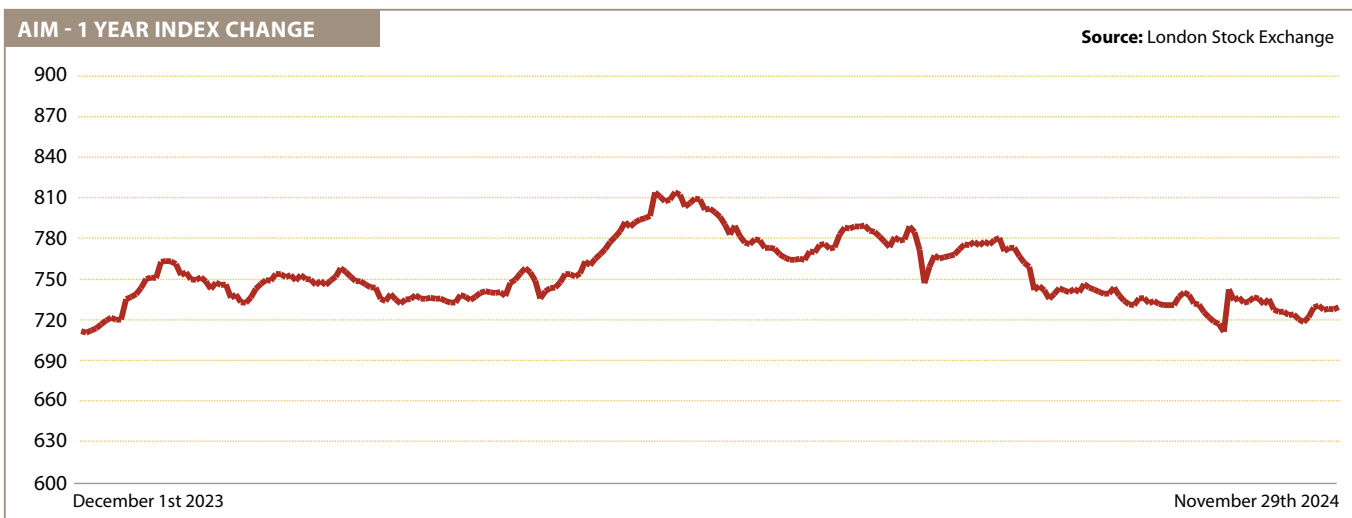
KEY AIM STATISTICS	
Total number of AIM	693
Number of nominated advisers	23
Number of market makers	20
Total market cap for all AIM	£70bn
Total of new money raised	£135.6bn
Total raised by new issues	£48.2bn
Total raised by secondary issues	£87.4bn
Share turnover value (Oct 2024)	£40.6bn
Number of bargains (Oct 2024)	7.87m
Shares traded (Oct 2024)	1.25bn
Transfers to the official list	205

FTSE INDICES		
INDEX	PRICE	ONE-YEAR CHANGES % CHANGE
FTSE AIM All-Share	732.49	+2.4
FTSE AIM 50	3996.62	+7
FTSE AIM 100	3563.85	+4
FTSE Fledgling	11130.5	+5.9
FTSE Small Cap	6824.77	+12.5
FTSE All-Share	4524.88	+11.8
FTSE 100	8287.3	+11.6

COMPANIES BY MARKET CAP	
MARKET CAP	NO.
Under £5m	139
£5m-£10m	86
£10m-£25m	126
£25m-£50m	96
£50m-£100m	74
£100m-£250m	95
£250m+	77

TOP 5 RISERS OVER 30 DAYS			
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
TomCo Energy	Oil and gas	0.07	+155
Aquis Exchange	Financials	700	+111
Quadrise	Oil and gas	3.3	+90.2
OptiBiotix Health	Healthcare	18.5	+74.1
Oracle Power	Mining	0.032	+73

TOP 5 FALLERS OVER 30 DAYS			
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Proton Motor Power Systems	Cleantech	0.155	-79.3
Webis	Leisure	0.15	-75
Hummingbird Resources	Mining	1.82	-72.9
Victoria	Household goods	43.05	-56.7
OPG Powr Ventures	Energy	4.3	-55.9



Data: Hubinvest Please note - All share prices are the closing prices on the 29th November 2024, and we cannot accept responsibility for their accuracy.



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AIM Journal

AIM Journal is a monthly publication that focuses on the Alternative Investment Market (AIM) of the London Stock Exchange and the companies and advisers involved in the junior market.

Each month the publication includes information about AIM-quoted company news, changes to the brokers and nominated advisers, AIM statistics and general

articles concerning AIM.

AIM Journal has been published for nearly a decade. There is no other publication of its type with a pure AIM focus and a sponsorship model, making it free to readers.

The pdf-based publication has an email database of company directors and advisers and an email with a link to the latest edition is sent out each month when the AIM Journal is published.

The AIM Journal can also be downloaded from the website www.AimJournal.info/archive.

The readership via the email is predominantly a professional one. One-quarter of readers are company directors, one-fifth solicitors and accountants, one-fifth brokers and 15% PRs. The rest of the readership is made up of investors, journalists and other individuals.

AIM

The Alternative Investment Market (AIM) was launched on 19 June 1995 with ten companies that had a total market value of £82.2m at the end of the first day's trading. The total amount of money raised by new and existing companies in the remainder of 1995 was £96.5m.

More than 3,800 companies have joined AIM since then, although it should be remembered that some

of these are the same companies readmitted after a reverse takeover. These companies have raised more than £134bn either when they join AIM or while they are trading on the junior market.

In 1995, there were 29,099 trades with a total value of £270.2m. These days it is unusual if there are not that many trades in a single day, although their total value tends to be less than £270m.

Companies in the FTSE 100 that started on AIM include online gaming operator GVC, engineer Melrose Industries and student accommodation developer Unite Group. Healthcare properties investor Primary Health Properties, self-storage firm Big Yellow, animal genetics provider Genus, and online gaming technology developer Playtech are FTSE 250 index constituents.

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