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THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

AIM drops 6% in 2024

AIM declined by nearly 6% during 2024, although the FTSE AIM UK 50 index did slightly better with a 3.6% fall. There were times during the year when it appeared that there could be a recovery, but the second half was poor for the junior market. Only Brazil among the major markets performed worse than AIM in 2024.

The Main Market performance was better last year, although broadly flat in the second half. The FTSE All Share index was 5.6% higher in 2024. There was a 1.8% decline in AIM during December, while the FTSE AIM All Share was 1.3% lower, although the FTSE Fledgling index was 1.9% higher.

Companies continue to leave AIM predominantly either via takeover or choosing to depart. In December, there were five companies that left AIM. Four companies chose to leave, including one that will be wound up in the medium-term, and one was taken over. So far in 2025, Webis and Scholium have both left after gaining shareholder approval and there are more to follow.

Equals Group recommended an offer from a bid vehicle owned by a consortium comprising TowerBrook Funds, JC Flowers Funds and Railsr shareholders. The 140p/share cash offer values the multi-currency payments company at £283m. The bid vehicle will also acquire Railsr, which is a pan-European embedded finance platform.

DBAY bids for Alliance Pharma

Alliance Pharma is recommending a 62.5p/share bid by Aegros Bidco, which is owned by DBAY Affiliates and the ERES IV Fund. That values the healthcare brands owner at £349.7m. There is an alternative of one rollover share in the bid vehicle for each Alliance Pharma share.

The share price has not been at the level of the bid for more than 18 months and it is well below the all-time high of 119.6p reached during July 2022. Alliance Pharma stopped paying dividends after 2022 in favour of reducing debt. Net debt was £83.2m at the end of June 2024.

DBAY has been building up a stake in Alliance Pharma for more than two years and currently owns 27.9%. This shareholding includes the 71.17 million shares held by AIM quoted Logistics Development Group, which will receive shares in the bid vehicle. This will not affect the Logistics Development Group proposal to return £21m via a tender offer at 19p/share, following the realisation of an investment.

DBAY believes that it will be easier to make operational changes without the distraction of being quoted. There will also be additional financial backing to gain scale by making further acquisitions.

In this issue

Hutchmed builds cash pile

Cancer treatments developer Hutchmed (China) is selling a non-core 45% interest in Shanghai Hutchison Pharmaceuticals to GP Health Service Capital and Shanghai Pharmaceuticals Holding. The $608m raised will be reinvested in the drug development pipeline. There will be a gain on disposal of $477m, although the final sum is subject to withholding tax.

Shanghai Hutchison Pharmaceuticals manufactures and distributes own-brand prescription medicines. In 2023, net income was $47.4m. GP Health Service Capital will own 35%, while existing joint venture partner Shanghai Pharmaceuticals Holding will increase its stake to 60%. Hutchmed (China) retains 5% and is guaranteeing GP Health Service Capital minimum net annual profit growth of at least 5% over three years.

Hutchmed (China) can concentrate on developing cancer treatments and the Antibody Targeted-Therapy Conjugate (ATTC) platform. This platform uses antibodies to target small molecule inhibitors to the required site. This will improve safety and the accuracy of targeting.

Net cash of $695m is estimated for end-2024. A $10m milestone payment is due from Takeda Pharmaceutical relating to the Fruzaqla cancer treatment, there was a previous payment of $20m. R&D spending is likely to increase from 2026.

A new drug application has been accepted in China for savolitinib in combination with AstraZeneca's Tagrisso as a treatment for lung cancer. The Chinese authorities could reveal a decision within 18 months. There could be a market worth around $1bn in China. An FDA application will also be made.

Windward departing

Windward has recommended a 215p/share bid from an acquisition company formed by the FTV VIII fund. The offer values the marine tracking technology developer at £216m. The bidder wants to gain greater exposure to the maritime compliance market and believes it can help to accelerate growth for Windward and its recently launched AI platform. Windward joined AIM on 6 December at 155p/share. That was a time when AIM was just below its recent high. The share price slumped by nearly three-quarters before recovering over the past 18 months, although it was still trading below the placing price prior to the bid. Full year revenues of around $36m were expected for 2024 and they could reach $43m this year.

Pri0r1ty AI help for smaller companies

Listed shell Alteration Earth acquired Pri0r1ty AI, which has developed a platform to automate processes to help smaller businesses to grow, in return for 72 million shares in the enlarged group. The value of the deal was £9.72m and the company switched to AIM because it was still valued at less than £30m. The company name was changed to Pri0r1ty Intelligence. A placing and subscription raised £885,000 at 13.5p/share.

The acquired business had raised £1.06m to finance its development. The business provides AI tools to automate areas of operation for smaller companies. The main product is Pri0r1ty Advisor, which enables interactions to through Generative Pre-Trained Transformers (GPTs) that are built for each customer. Additional products will be launched in 2025.

In the four months to October 2024, the acquired company's revenues were £14,000, while costs were £293,000. So far, 20 customers have been signed up. The target is 100 customers by the end of 2025 and 200 by the end of 2026.

Estimated net cash at admission was £995,000, after paying the remaining flotation costs of £300,000. This cash will be spent on marketing and recruitment of additional staff. There is also £130,000 to be paid to Sports Media Ventures (36.4% owned by chief executive James Sheehan) and advisers Gneiss Energy and First Sentinel.

Pri0r1ty Intelligence chief executive James Sheehan has a broking background, as does Daniel Gee, who is a director of the operating subsidiary and has experience in fintech businesses. AIM-quoted investment company Primorus Investments was an initial investor in the shell and bought a stake in the acquired business. This leaves it with 11.7 million shares costing £630,460 and 1.8 million warrants exercisable at 0.3p each.

VSA Capital returns to profit

Broker VSA Capital increased interim revenues from £1.05m to £1.68m, which enabled a swing from a loss of £1.82m to a pre-tax profit of £298,000. In the first half of the previous year there was a loss on investments of £1.33m and this was reduced to £55,000. The £57m fundraising for AIM-quoted Invinity Energy Systems helped boost the revenues. The number of employees has reduced, helping to cut the cost base. Generating investor interest in smaller companies remains difficult and VSA Capital has marketed fundraisings outside of the UK.

NAV was 10.4p/share at the end of September 2024, although this does include intangible assets. Cash in the bank improved to £939,000, which is after the £405,000 investment by Drakewood Capital Management. This strategic partnership has not had time to make its mark. There are 29 retained clients, up from 27 12 months earlier. The deal pipeline is apparently improving, but the timing of any deals is uncertain.

VSA Capital has put the problems with Silverwood Bands behind it. Galin Ganchev has moved from Oberon Investments to become finance director of VSA Capital.

■ Broking and wealth management business **Oberon Investments** grew revenues by 74% to £4.8m in the six months to September 2024. The loss was reduced from £1.59m to £1.24m. There was £2.26m in the bank at the end of September 2024.

Corporate broking increased revenues by 124% to £1.54m. There are 21 retained clients and potential private capital fundraisings in 2025. That could depend on the state of the markets, though. The launch of the Oberon AIM VCT is expected in the summer of 2025. There are also plans to take on more experienced staff.

■ **Impax Asset Management** has lost the mandate from St James's Place for its Sustainable & Responsible Equity Fund. It will end in February. There are £5.2bn of assets under management and annualised revenues will be reduced by £12.7m, but this was lower margin business. In 2023-24, group revenues were £170.1m and underlying pre-tax profit was £49.4m. This year, revenues are expected to fall to £159m and profit is likely to be around £42.5m.

Assets under management fell 8% to £34.1bn in the quarter to December 2024. The ending of a smaller mandate with St James's Place was a factor and the loss of the larger mandate will hit the current quarter. There was also a negative market performance in the quarter. The rate of outflows from other funds is slowing.

The Sky Harbour Capital Management acquisition should complete in the coming weeks. That will add £1.3bn of fixed income assets under management.

■ Ongoing wealth management revenues at **WH Ireland** fell from £6.3m to £5.3m in the first half. The broking business was sold to Zeus during the six months to September 2024 and was a discontinued activity. The underlying loss was reduced from £1.81m to £1.32m and cost reductions are underway to help WH Ireland to reach breakeven. Assets under management declined from £1.2bn to £1.1bn.

ADVISER CHANGES - DECEMBER 2024

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
Kazera Global	Strand Hanson	Cavendish	Strand Hanson	Cavendish	12/2/2024
Aura Energy	Tamesis	SP Angel	SP Angel	SP Angel	12/13/2024
Sareum Holdings	Oberon / Hybridan	Hybridan	Strand Hanson	Strand Hanson	12/18/2024
Zoo Digital	Canaccord Genuity	Stifel Nicolaus / Singer	Canaccord Genuity	Stifel Nicolaus	12/18/2024
Ilika	Cavendish	Panmure Liberum / Berenberg	Cavendish	Panmure Liberum	12/19/2024
Landore Resources	Hannam & Partners / Strand Hanson	Novum / Strand Hanson	Strand Hanson	Strand Hanson	12/19/2024
Belluscura	Allenby / Dowgate	Dowgate	Spark	Spark	12/20/2024
Hutchison (China) Ltd	Cavendish / Panmure Liberum / HSBC	Panmure Liberum / HSBC	Panmure Liberum	Panmure Liberum	12/31/2024

Strip Tinning contract wins powered by electric vehicle battery cell connectors

Automotive connectors *www.striptinning.com*

Automotive connection systems supplier **Strip Tinning** says that the lifetime value of contract nominations has risen to £106m over the past year. That is mainly due to the major contract wins for the battery technology cell contact systems totalling £56.8m in the past year.

Birmingham-based Strip Tinning is a manufacturer of flexible electrical connectors for in-screen heating and antennae in cars and trucks, as well as connectors for batteries. The glazing connectors division is also winning new contracts, and lower margin business has been shed.

Total car registrations increased slightly in Europe last year. However, there was a decline in the second half. This year the car market is expected to be flat. Electric vehicles are set to gain a larger share though, which should be good news for Strip Tinning.

Profit is expected in 2027

A move to a new site has been delayed. The factory lease ends in September and is set to be extended as management concentrates on starting up production for the new contracts.

Trading in 2024 was in line with expectations of full year revenues of £9m. A £3.7m loss is forecast for 2024. Higher National Insurance costs may be offset by cost savings, but the loss is expected to increase on modest growth in revenues.

STRIP TINNING (STG)			38.5p
12 MONTH CHANGE %	-9.4	MARKET CAP £M	7

Although the 2026 forecast has been lowered, the recent contract wins show through in that year. Revenues of £16.4m are predicted and the loss could fall to £2.1m. Capex spending will be lower than previously expected over the next two years, so net debt will not rise as rapidly as thought, although it could be £9.3m by the end of 2026.

Strip Tinning is set to move into profit in 2027 with revenues potentially rising to £27.2m. There is 80% contract visibility for the forecast 2027 revenues, but they are not guaranteed.

Amcomri Group seeks to buy and build

Engineering *www.amcomrigroup.com*

Amcomri Group, which joined AIM before Christmas, is focused on a buy and build strategy in the engineering sector. The company raised £12m at 55p/share. The initial idea was to reverse into standard list shell Rockpool Acquisitions, but this was changed to an AIM flotation. Amcomri co-founder Paul McGowan is executive chairman of special situations investor Hilco Capital, although his focus is Amcomri Group. He owns 38.8% of the company.

Net debt was £12.6m at the end of June 2024. Oranmore provides a loan facility of up to £5m. The total owed was £2.6m including interest and £2.1m was converted into shares and the rest repaid in cash. The facility is still available. This will leave cash for acquisitions.

AMCOMRI GROUP (AMCO)			58p
12 MONTH CHANGE %	N/A	MARKET CAP £M	41.6

Adjusted 2023 pre-tax profit was £3m on revenues of £47.1m and the latest interim pre-tax profit figure is £2m on revenues of £27.3m.

Amcomri is seeking established businesses with specialist expertise, where performance can be enhanced. They should be cash generative with revenues of up to £15m. So far, there have been 16 acquisitions in niche and fragmented markets.

Revenues are split between embedded engineering and B2B manufacturing. The embedded engineering division provides technical and engineering services with complex requirements where safety and compliance are critical. The B2B manufacturing division focuses on niche markets, including gaskets and seals, printed tape and precision engineering. There is a broad customer base. The largest sector is process and power, generating 16% of revenues.

Kazera Global secures offtake agreement for heavy mineral sands production at Walviskop

Heavy mineral sands *www.kazeraglobal.com*

Heavy mineral sands project developer **Kazera Global** has obtained an offtake agreement for its project in South Africa. The resource includes ilmenite, rutile and other heavy mineral sands deposits. A shortage of titanium oxide is anticipated, so this a good time for Kazera Global to be starting production.

The 70%-owned subsidiary Whale Head Minerals secured an offtake agreement with Fujax South Africa for an initial 100,000 dry tonnes of heavy mineral sands from the Walviskop project. Fujax will pay 80% of the anticipated final sales price less certain costs at the mine gate. The balance of the net sales price will be paid within five days of the sale of the product. Initial monthly production will be 6,000t.

Production will be 6,000t/month

Fujax is making a prepayment of $600,000 in two tranches in December and January. That will finance required capital expenditure to build up production. So far, the development has been funded by the disposal proceeds from a project in Namibia.

During the summer, Kazera Global increased its stakes in Whale Head Minerals and diamond miner Deep Blue Minerals. It acquired an additional 10% stake in each of the companies taking its stake in Deep Blue Minerals to 74% and Whale Head Minerals to 70%.

KAZERA GLOBAL (KZG)			1.75p
12 MONTH CHANGE %	+184	MARKET CAP £M	17

Environmental authorisation has been obtained for the Perdevlei concession. The next step is securing the mining right for the high-grade heavy mineral sands deposit, which is near to the Walviskop site. This is a much larger resource than at Walviskop and is the key to the potential for Kazera Global.

According to research firm Optimo Capital, initial monthly production of 6,000t of heavy mineral sands could generate $300,000/month in profit. If Perdevlei comes into production then there could be 250,000t produced every year. There will also be revenues from diamond production by Deep Blue Minerals.

Seeing Machines deal provides entry to Japan

Driving safety technology *www.seeingmachines.com*

Mitsubishi Electric Mobility is investing £26.2m in driving safety technology developer **Seeing Machines** in return for a 15% stake. The issue price is 4.09p/share. The Mitsubishi Electric Mobility investment was at a 12% premium to the 30-day weighted average price.

The two companies will collaborate on opportunities in the design and manufacture of automotive technologies, particularly in Japan. This is a large potential market for Seeing Machines technology. Regulations are coming into force around the world to enhance road safety and this augurs well for continued growth in demand.

SEEING MACHINES (SEE)			4.55p
12 MONTH CHANGE %	-25.9	MARKET CAP £M	217.4

There will also be access to the Mitsubishi Electric Mobility distribution channel. The two companies will jointly access the aftermarket in North America, Europe and Japan. It will also help Australia-based Seeing Machines gain access to Japanese OEMs.

The cash raised will also help Seeing Machines to grow in other transport sectors. That will reduce dependence on the automotive market.

Mitsubishi Electric Mobility increased its stake to 19.9% by acquiring shares from Lombard Odier, which is left with 9.87%, and VS International Venture, which holds 3.84%.

Chair Kate Hill bought 200,000 shares at 4.8p each. Finance director Martin Ive has bought nearly 690,000 shares in various trades since the deal was announced. The share prices range from 4.13p to 5.2p. This shows confidence in the future of the business.

Seeing Machines should move into profit in the year to June 2026 with the latest deal making it appear more likely to achieve this target.

Inspired refinancing prevents breaches of loan covenants and improves long-term outlook

Energy optimisation *www.inspiredplc.co.uk*

Energy optimisation and assurance services provider **Inspired** improved its balance sheet via a placing raising £21.25m at 40p/share and a retail offer that raised £400,000. This puts Inspired in a strong position to improve revenues and profit.

The new shares issued in the placing come with warrants exercisable at 80p each. There is also an issue of £5m of 12% convertible loan notes, which are convertible at 80p/share. Gresham House Asset Management and Regent Gas are supporting the fundraising and buying all the convertible loan notes. Gresham House Asset Management is receiving a fee of 2.5% of the money raised in the placing and convertible issue.

Late last year Inspired won three large optimisation contracts with two starting in 2025. This is later than originally expected and increases working capital requirements. It meant that the 2024 pre-tax profit was downgraded by £5m to £12.3m.

Net debt should halve to £27.6m

Net debt of £58m is forecast for the end of 2024. Covenants for interest cover and leverage were recently changed, and this fundraising ensures no breach following the decline in expected profit. The cash was not received by the company until after the end of the year. The current revolving credit facility lasts until October 2026.

INSPIRED (INSE)			41.5p
12 MONTH CHANGE %	-37.4	MARKET CAP £M	43.8

Panmure Liberum expects net debt to more than halve to £27.6m at the end of 2025 with a further fall to £15m the following year. This shows the cash generative nature of the operations.

Pre-tax profit is expected to recover to £20.8m in 2025 thanks to higher margins and lower interest charges. There should be a modest improvement in earnings following the share issue. The shares are trading on just over four times prospective 2024 earnings. The forecast yield is 4.6%.

Pennant International accelerates software focus

Training services and software *www.pennantplc.co.uk*

Pennant International has completed its strategic review and it will be increasingly focusing on systems support software and services. The business has been moving this way in recent years and the progress will accelerate. This will help to make revenues less lumpy with more predictable recurring revenues becoming more important.

Investment will be put into the Auxilium software suite and developing SaaS income. Pennant International has strong relationships with the MoD and other government defence departments around the world and defence spending is increasing. The strategic review helps the company to focus on areas where the money is being spent, such as retrofits and upgrades.

PENNANT INTERNATIONAL (PEN)			28p
12 MONTH CHANGE %	-9.7	MARKET CAP £M	12.1

Auxilium provides software products involved in data analysis and optimisation, integration and technical manual publishing. This all comes as one platform, which makes it easier to implement.

The training division was historically dependent on equipment sales, and this will be transformed into a capital light model with a reduction in the annual cost base of £2m. Production will be outsourced and factories sold. There could be more cost reductions to come. This was a lumpy business with contracts being delayed.

Cavendish has reintroduced forecasts. Following a loss of £400,000 in 2024, an underlying pre-tax profit of £100,000 is forecast for 2025, despite a likely decline in revenues. A jump to £1m is estimated for 2026, but this is still some way off. Net debt was £2.7m at the end of 2024 and there should be net cash by the end of 2026. That is before the £2m-£3m of cash inflow anticipated from the sale of properties.

Dividend maintained as Redcentric rebuilds profit

Managed IT services *www.redcentriplc.com*

Dividend

Redcentric started paying dividends in 2014 with a 1p/share final dividend for the year to March 2014. The following two years there were total dividends of 3.5p/share before payments stopped in 2016. The total dividend was 1.4p/share in 2018-19 followed by 0.83p/share in 2019-20 because the final dividend was passed.

Since then, the total dividend has been maintained at 3.6p/share and with an unchanged interim dividend of 1.2p/share that is likely to be true again this year – and probably next year. There could be share buybacks.

The dividend has not been covered by earnings in recent years. The forecast dividend cover is 1.7 times, rising to 2.2 times next year.

Business

Redcentric was demerged from Redstone in April 2013 at an introduction price of 90p. It offers a range of managed IT services and operates seven datacentres. Recently, the company secured a wider range of managed services on the G-Cloud 14 framework, which provides additional local and central government opportunities. Recurring revenues are around 90% of total revenues.

There was a sharp drop in pre-tax profit from £14.8m to £5.1m in the year to March 2023 even though revenues rose from £93.3m to £141.7m, which came from acquisitions. There was a increase in energy and other datacentre costs.

The recovery in profitability has been slower than hoped and underlying pre-tax profit fell further to £4.2m in the year to March 2024. This year is set to be much better.

REDCENTRIC (RCN)	
Price (p)	125
Market cap £m	188
Historical yield	2.9%
Prospective yield	2.9%

In the six months to September 2024, revenues improved from £82m to £86.8m, while further cost savings and improved margins meant that pre-tax profit more than doubled from £2.9m to £6m. Net debt was £39.9m at the end of September 2024.

There are plans to report managed services and the datacentres businesses separately in the next accounts. That will provide a clearer indication of the progress of each business. Datacentres contributes around one-quarter of revenues and possibly slightly more profit. Investment should help to reduce energy consumption.

The interims sparked a downgrade by Cavendish, which decreased its 2024-25 pre-tax profit forecast from £15.4m to £13.9m on a 3% uptick in forecast revenues to £174.4m. Next year's pre-tax profit forecast has been cut from £19.1m to £17.5m, but this still reflects a further improvement in margins. These reductions are partly due to National Insurance cost increases.

Net debt of £38.2m is forecast for the end of March 2025, while a reduction in capital expenditure is expected to enable net debt to be around £25m one year later.

The shares are trading on 20 times current year earnings, falling to 16 in 2025-26. There is more potential for improving margins. A new chief executive will be appointed in the next few months.

Dividend news

Defence equipment and services supplier **Cohort** reported interim results ahead of expectations. Revenues were one-quarter higher at £118.2m and underlying earnings nearly doubled to 20p/share. The interim dividend is 10% higher at 5.25p/share. This year's total dividend is expected to be 15.5p/share. The order book was worth £541m at the end of September 2024, including more than £120m that should be recognised in the second half. The acquisition of EM Solutions should complete in February, so it will make a limited contribution to the full year figures. Full year pre-tax profit is expected to improve from £19.8m to £25.7m, before a further jump to £34.2m in 2025-26.

Vianet grew interim revenues 7% to £7.7m and it swung from a loss of £171,000 to a pre-tax profit of £18,000. This enabled a resumption of the interim dividend with a 0.3p/share payment. The hospitality division, which provides drinks flow measurement services, accounts for 55% of revenues and unattended retail, which includes the SmartVend platform, the rest. Full year pre-tax profit is expected to more than double from £1m to £2.2m. Reducing debt levels could enable management to finance acquisitions. The total dividend is forecast to rise from 0.8p/shares to 1.1p/share, which would be covered 5.6 times by estimated earnings.

MS International reported an improvement in interim pre-tax profit from £7.72m to £8.77m, helped by a swing from a derivative loss of £731,000 to a gain of £788,000. An increase in profit from the defence division, thanks to strong demand from the US navy, offset the dip in contribution from the forgings and petrol station superstructures divisions. Cash has declined to £27.8m due to investment in inventories. The interim dividend is two-thirds higher at 5p/share. Michael O'Connell has taken on the position of managing director and a strategic review should be complete by March.

Expert view: Registrars

Avenir Registrars looks ahead for 2025

By Hardeep Tamana

It's fair to say 2024 was year packed with volatility and uncertainty for all market participants. Elections around the world, an evolving geopolitical landscape and stubborn inflationary pressures were just a few of the highlights, but will 2025 offer any respite for issuers – or will it be a case of more of the same? Here's the Avenir Registrars' take on a range of fundamentals and how these might impact sentiment.

> M&A activity may well be on the up - but with few wins for UK plc

Market volatility

2025 looks set to be another year of skittish price action across many asset classes. We're seeing borrowing costs rise on both sides of the Atlantic, so the fiscal and monetary responses here have the potential to deliver exaggerated levels of volatility.

Driven by those inflationary policies of the second Trump presidency, will the Federal Reserve be forced into another round of QE, driving asset prices higher still – and will the Bank of England follow? It would certainly be a bold call for Threadneedle Street to jump first here, but the economic situation across the G7 is a long way from offering cause for cheer.

The growing rejection of globalisation will do nothing to lend further support here, either. These conditions make it tough for debt and equity securities issuers alike.

UK takeovers

The UK market remains deeply undervalued against its peers and there's no suggestion that will change any time soon.

The taxation changes made by the current government have done nothing to lend support here, with companies watching higher wage costs erode precious margins, whilst stubbornly high interest rates will dampen the desire for businesses to invest in themselves, too.

Such stagnant conditions offer little room for valuations to appreciate and combine that with the weak Pound, it makes London a fertile shopping ground for overseas investors. M&A activity may well be on the up - but with few wins for UK plc.

Regulation

Although the UK government will remain focussed on bigger societal issues, further developments in terms of PISCES and digitisation will both be closely followed.

However, do these risk getting dragged down by potential regulatory reform? On balance, probably not in the short term, as the process of effecting change here will likely be hugely protracted.

Getting the PISCES sandbox functioning could however provide the UK capital markets with something to latch onto, whilst the digitisation agenda continues to move forward, too. The key risk here is that we end up with a solution that suits the needs of the market operators better than the participants themselves.

At Avenir we have developed the technology to allow securities holders the choice as to how their securities are held – this is eminently possible to deliver market-wide but is the appetite to do so there?

The shape of capital markets

It seems fair to conclude that the London capital markets are now very much in a phase of evolution. This is no minor, post-pandemic blip in terms of glacial IPO rates – full-blown structural change is now being observed.

However, part of that is the realisation that modern technology and connected networks can enable the efficient and fair exchange of securities across what may have been considered non-traditional venues.

We 'are excited at the potential, private, matched bargain listing facilities bring in terms of reducing listing costs, enabling more growth companies to access secondary capital and driving a general renewal of markets.

Again, our technology is designed to fit issuers of all sizes, something that has driven growth for Avenir Registrars over the last decade. The advent of PISCES – so long as the execution is correct – canno't come quickly enough.

> The advent of PISCES – so long as the execution is correct – cannot come quickly enough

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

Another tough year for AIM

Last year, there was no let-up in the downward trend of AIM with a 6% fall in the main performance measure, compared to gains on the Main Market, and a reduction in companies on the market.

AIM has survived another trying year. There were 68 fewer companies on AIM at the end of 2024, leaving 685 still quoted with a continued decline likely this year. This is the lowest number since 2002. The market capitalisation slipped from £79bn to £69bn. That is a combination of the lower number of companies and a near-6% fall in the FTSE AIM All Share index.

The number of companies valued at more than £1bn has declined from eleven to six

There has not been a positive total return for AIM since 2021. The decline was 4% in 2024, following a 6.4% total return decline in 2023.

There was a lack of new companies to replace the ones that were leaving, while the momentum of companies choosing to leave the junior market appears set to continue for the time being. There were also some large companies that were taken over.

The number of trades fell from 9.89 million in 2023 to 9.34 million in 2024

There are 94 international companies on AIM, which is the lowest number since 2004. Ten years ago there were 219.

Telecoms and insurance sectors were the best performers, but they have a limited number of constituents with the latter dominated by Gamma Communications. The travel and leisure sector was 13.4% ahead year-on-year, while technology gained 5.5% and construction and building materials was 3.4% higher. All the other sectors declined. The media sector fell by one-quarter, while energy, which includes oil and renewable energy companies, was 22.7% lower.

Trading

The number of trades fell from 9.89 million in 2023 to 9.34 million in 2024, while the value of the trades declined from £50.2bn to £46.4bn.

There was some perceptible recovery in trading levels later in 2024, but December was lower with 33,554 averaged each of the 20 business days. That is not much lower than the average daily number of 34,452 in December 2023. The year-on-year average daily value traded did slump from £180m to £133.7m.

The amount raised by existing companies edged up from £1.54bn to £1.55bn. The money raised by new admissions jumped from an all time low of £57m to £583.6m, although much of that cash was raised by reversals into existing AIM companies.

AIM 50

The better performing AIM index is the FTSE AIM UK 50, which declined 3.6%. Four of the top ten companies in the AIM 50 index at the beginning of 2024 are no longer in the top ten.

Video games services provider Keywords Studios and Smart Metering Systems have been taken over. Keywords Studios was the worst performer in 2023 among the larger companies, and it attracted a bidder. The video games sector has been going through a poor trading period with disappointing sales of some new titles. The board recommended a 2450p/share bid from EQT Group, valuing Keywords Studios at £2.1bn, even though it was below the previously indicated level of 2550p/share due to delayed contracts. Utilities metering and energy storage developer Smart Metering Systems was the subject of an agreed 955p/share cash offer.

The other two companies that have dropped out are North Sea oil and gas producer Serica Energy and marketing services provider Next 15 Group, although both are still in the index.

The four companies replacing them are building materials supplier SigmaRoc, following the acquisition of lime assets from CRH, South Africa-based Pan African Resources, which was the best performer in the index in 2024, newly crowned AIM company of the year Renew Holdings and hotel linen and workwear services provider Johnson Service Group.

Airline and tour operator Jet2, which was AIM growth business of the year, remains the largest company on AIM with a market capitalisation of £3.4bn.

The average market capitalisation of the AIM 50 constituents has slipped from £419m to £368m. The dividend yield of the AIM 50 is 2.6%.

The top ten companies make up 45.6% of the index weighting so they dominate the performance of the index. Jet2 accounts for 10.5% of the index weighting and the share price rose 26.7% last year.

The number of AIM companies valued at more than £1bn has declined from eleven to six. Gamma Communications, which is set to move the Main Market this year, Burford Capital, Hutchmed (China), GlobalData and Yellow Cake are the other companies that remain above £1bn.

Mixer drinks supplier Fevertree Drinks and marketing services provider YouGov were hit by poor trading. YouGov had the sharpest share price slump of the companies previously valued at more than £1bn.

Veterinary company CVS Group was hit by a cyber attack and a Competition and Markets Authority investigation of the sector leading to a fall in the share price. The CMA investigation could continue to hold back the share price.

Airline and tour operator Jet2, which was AIM growth business of the year, is still the largest company

New admissions

Stripping out reversals and redomiciles, there were 15 new admissions to AIM in 2024, including four from the Main Market. That includes two standard list shells, Electric Guitar and Alteration Earth, which become AI platform developer Pri0r1ty Intelligence. The digital marketing business acquired by Electric Guitar was subsequently placed in administration and the holding company shares remain suspended.

The performance of the eleven completely new companies coming to AIM was relatively good. Considering the decline in AIM, the fact that seven of them were trading at a higher share price at the end of the year is impressive.

Rosebank Industries was the best performer with a more than trebled share price. Founders and management of Melrose Industries, one of the four former AIM companies that are constituents of the FTSE 100 index, have set up the investment vehicle to acquire an industrial business. This immediately proved attractive to investors.

Rosebank Industries is still seeking an acquisition target, as is the much smaller shell Selkirk Group, which has had a more modest rise since flotation.

Two of the new AIM companies are helium explorers and this is a sector that investors are keen to get involved with. Even though disappointing news from Helix Exploration near the end of the year led to a sharp fall, the share price subsequently recovered some of that decline. Pulsar Helium Inc started to gain momentum near the end of the year, although it has been on AIM for less than three months.

Healthcare services provider Optima Health was an introduction because it was demerged from Marlowe, so its start price was estimated, and the share price soon fell from that level. At the end of the first day of trading in September the share price had already dropped to 151p, so the price at the end of the year was not much lower than that.

AIM NEW ADMISSIONS IN 2024

CODE	COMPANY	SECTOR	ISSUE PRICE (P)	END 2024 PRICE (P)	% CHANGE
ROSE	Rosebank Industries	Shell	250	875	+250
SALT	MicroSalt	Reduced sodium salt	43	77	+79.1
HEX	Helix Exploration	Helium exploration	10	17.5	+75
WKS	Winking Studios	Video games services	15	26	+73.3
SELK	Selkirk Group	Shell	2.4	2.85	+18.8
PLSR	Pulsar Helium Inc	Helium exploration	25	27	+8
AMCO	Amcomri Group	Engineering	55	58	+5.5
EGT	European Green Transition	Mining	10	9.5	-5
AOTI	AOTI Inc	Medical technology	132	111	-15.9
OPT	Optima Health	Healthcare services	210	144	-31.4
GNIP	GenIP	AI-based services	39	26	-33.3

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Industrials	22.8	18.3
Consumer	21.5	16.6
Technology	12.5	12.9
Health Care	11.1	10.9
Financials	10.6	10
Basic materials	9	15.7
Energy	5.6	10.6
Telecoms	2.9	1.9
Utilities	1.6	0.6
Property	1.5	1.7

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	719.63	-5.8
FTSE AIM 50	3897.32	-3.6
FTSE AIM 100	3464.15	-6.5
FTSE Fledgling	11346.7	+3.6
FTSE Small Cap	6844.04	+6.5
FTSE All-Share	4467.8	+5.6
FTSE 100	8173.02	+5.7

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	137
£5m-£10m	83
£10m-£25m	133
£25m-£50m	95
£50m-£100m	74
£100m-£250m	91
£250m+	75

KEY AIM STATISTICS

Total number of AIM	688
Number of nominated advisers	23
Number of market makers	20
Total market cap for all AIM	£69.6bn
Total of new money raised	£135.8bn
Total raised by new issues	£48.2bn
Total raised by secondary issues	£87.5bn
Share turnover value (Nov 2024)	£43.7bn
Number of bargains (Nov 2024)	8.67m
Shares traded (Nov 2024)	1.38bn
Transfers to the official list	205

TOP 5 RISERS OVER 30 DAYS

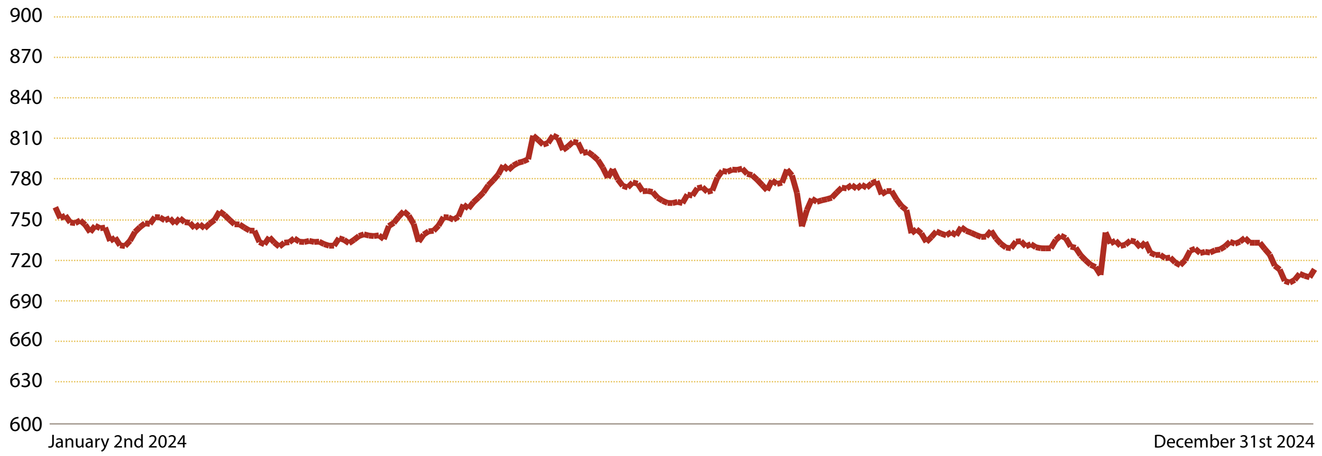
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Active Energy	Cleantech	0.185	+236
Gfinity	Media	0.075	+173
Surface Transforms	Automotive	0.46	+149
Quadrise	Cleantech	7.16	+117
PipeHawk	Electronics	2.7	+100

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Tribe Technology	Engineering	0.075	-96.1
Quiz	Retailer	0.6975	-87
SDX Energy	Oil and gas	0.4	-79.5
Webis	Leisure	0.055	-63.3
ValiRx	Healthcare	0.775	-53.7

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



Data: Hubinvest Please note - All share prices are the closing prices on the 31st December 2024, and we cannot accept responsibility for their accuracy.

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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