FEBRUARY 2025

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

QCA launches AIM commission

As AIM heads towards its thirtieth year, the QCA has created a commission to provide a chance for interested parties to voice their views on AIM and how it can be revitalised. The commission comprises seven AIM and smaller company directors. A report will be published by the time of the QCA annual conference on 5 June, and this should lead to a set of recommendations for regulators and government.

The performance of AIM was flat in January, although it fell 1.5% from the high on 6 January. In contrast, the FTSE 100 index was 6% ahead during the month.

There have been warnings from some of the more solid companies, such as engineering services provider Renew Holdings, as contracts and work has been delayed. Also, there have been forecast downgrades as analysts take account of higher National Insurance costs.

More companies are leaving AIM, including many of the larger companies setting their sights on switching to the Main Market. GlobalData is the latest to announce the proposed move to the Main Market. Serica Energy, Gamma Communications and Brooks Macdonald have revealed the same ambition. Creightons intends to go the other way.

RC Fornax defence opportunity

Engineering consultancy RC Fornax joined AIM on 5 February after raising £5.2m at 32.5p/share. Existing shareholders raised a further £1m. RC Fornax was set up in 2020 and is focused on the UK defence sector and it would like to move into new territories.

RC Fornax can supply experienced engineers and project professionals with speed and flexibility. It can call on 3,000 specialist engineers to provide services. Individuals or teams can be provided. Management wants to grow annual revenues to more than £100m. In 2023-24 revenues were £6.5m. Partnerships and acquisitions will help with this growth.

The business is profitable and cash generative. Revenues, which are mainly based on achievement of milestones, have quadrupled in the two years since August 2022 and pre-tax profit has risen from £354,000 to £797,000. This has enabled RC Fornax to pay dividends of more than £1m in the past three years, while still having cash of £612,000 at the end of August 2024.

After expenses RC Fornax will have £3.7m of additional cash and it intends to use £2.2m to invest in an engineering team to work on Project FAS-G to create an AI tool to automate creation of Statements of Work, which can be a barrier to efficient outsourcing. There will also be money to expand sales and marketing activity and invest in facilities.

In this issue

Good Energy agrees bid

Energy supplier and energy efficiency services provider Good Energy has reached agreement with Dubai-based Esyasoft and is recommending a 490p/share bid. That is higher than the share price had ever previously been and values Good Energy at £99.4m. Major shareholder and former potential bidder Ecotricity has committed to accepting the bid – its 26.7% stake could have scuppered the deal.

Esyasoft is expert in smart grid technology. Products include the Smart Grid Suite, which is a cloud-based integration platform that manages workflow and communications between utilities and meters, and an energy mobility business. It is keen on acquiring Good Energy because of its continuing transformation into an energy-as-a-service business, through the acquisition of solar installation businesses. There is potential to roll out some of its operations outside of the UK. The financial backing of a larger company will help Good Energy grow faster.

One of the attractions to the bidder is the 49.9% stake in Zapmap, which collects data on electric vehicle chargers and provides updated information to drivers. Zapmap recently entered a strategic partnership with energy saving company Hive. This will enable Hive customers to charge their electric vehicles. They will receive charging credit of £20 for Zap-Pay-enabled chargers. The Hive app and Zapmap platform could be brought together. Good Energy has invested a further £1.85m in ZapMap via convertible loan notes with an interest rate of 12%. If converted that would make Good Energy the majority shareholder. This takes total investment in ZapMap to £9.35m.

CRH sells stake

Building materials supplier CRH has sold its 15% stake in SigmaRoc, which it acquired in a share placing at 47.5p/share in late 2023. That was part of the deal for the sale of its European lime assets to SigmaRoc. The investment totalled £81.5m and 14 months later the disposal, which was at 67p/share, raised £115m. SigmaRoc chief executive Max Vermoken purchased 32,632 shares. Chairman David Barrett acquired 142,000 shares. In December he bought 85,000 shares at 70.6p each. The CRH share sale followed a year-end trading statement revealing that SigmaRoc earnings were ahead of expectations. Panmure Liberum estimates 2024 earnings of 8.1p/share rising to 9p/share in 2025. Year-end net debt was £510m.

Cornish Metals gains government backing

Cornish Metals Inc raised £56m at 8p/share to move closer to reopening the South Crofty tin mine in Cornwall. This includes a £28.6m investment by the National Wealth Fund, which is an offshoot of the UK government. A retail offer of up to £3m raised a further £1.37m. Further finance will be required for mining to commence, but this money will enable significant progress towards that target.

Vision Blue Resources subscribed for enough shares to increase its 25.95% shareholding to 28.9%. Debt owed by Cornish Metals has been set off against part of the subscription for shares. The directors subscribed for £128,000 of shares.

Around one-quarter of the cash will be spent on activities that include dewatering, and a similar amount will be spent on land purchases and on the site. Nearly one-third of the money will go towards funding long lead time equipment purchases. This will move the project to a final investment decision in early 2026.

The 2024 PEA is based on production of up to 5,000 tonnes/year and a long-term tin price of $31.000t. Total tin production is expected to be 49,310 tonnes over a 14 year mine life. All-in sustainable costs of $13,661/t are estimated. The NPV8 is $201m. According to SP Angel a 10% rise in the tin price would increase the NPV8 to $263m. There is potential to extend the mine life. Recent drilling identified a new mineralised structure beneath existing mineralisation, plus new high grade tin zones.

Mine dewatering and shaft refurbishment should be finished by September. There could also be additional exploration drilling. A feasibility study is then likely to be undertaken. The UK government backing suggests that Cornish Metals is in a strong position to reopen South Crofty. The mine is expected to create 320 direct jobs and another 1,000 indirect jobs.

Brooks Macdonald maintains funds level

Wealth management services provider **Brooks Macdonald** maintained funds under management at £17.9bn in the second quarter to December 2024. Brooks Macdonald intends to move from AIM to the Main Market during March.

Even excluding the international business that is currently being sold, funds under management were flat at £15.7bn. There have been outflows offset by positive performance. Management believes that net inflows should return in the second half.

Singer has trimmed its 2024-25 earnings forecast by 1% to 142.7p/share, down from 161p/share last year. Brooks Macdonald was one of the broker's key picks for 2025.

Aberforth Partners has taken a 5.44% stake. Three directors bought shares at 1660p each following the trading statement. Brooks Macdonald has commenced its share buyback programme of up to £10m.

■ There were mixed fortunes among AIM-quoted fund managers. **Impax Asset Management** reports assets under management falling 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 larger mandate for the Sustainable & Responsible Equity Fund will be withdrawn in February. There are £5.2bn of assets under management in the fund. There was also a negative market performance in the quarter. The rate of outflows elsewhere is slowing.

Polar Capital increased its assets under management by 9% to £23.8bn in the quarter to December 2024. There was a funds inflow even after a fund closure, while most of the gain was through performance. Net performance fees reached £8.3m in the nine months to December 2024.

Premier Miton maintained its assets under management at £10.7bn in the quarter to December 2024. Outflows in October ahead of the UK Budget, were partly offset by slightly positive flows in November and December. The absolute return funds did the best in the quarter.

■ Corporate finance adviser **Marechale Capital** says that investee company Weardale Lithium has been awarded planning permission from Durham County Council for the development of a lithium extraction project. Weardale Lithium will locate the facility at a former cement works near Stanhope in North East England which could become a hub for businesses involved in the UK's energy transition. Marechale Capital owns 8% of Weardale Lithium and the investment is valued in the books at £3m.

■ Cavendish Financial has changed its name to **Cavendish**. Non-executive chair Lisa Gordon bought 550,000 shares at 8.85p each. That nearly doubles her stake taking it to 0.29%.

■ **Oberon Investments Group** is holding a general meeting to gain approval for a capital reduction to create distributable reserves.

ADVISER CHANGES - JANUARY 2025

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
Elixirr International	Peel Hunt / Cavendish	Cavendish	Cavendish	Cavendish	1/6/2025
Active Enegy	Zeus	Allenby / Zeus	Zeus	Allenby	1/7/2025
Afentra	Stifel Nicolaus / Tennyson	Peel Hunt / Tennyson	Stifel Nicolaus	Peel Hunt	1/9/2025
Arecor Therapeutics	Singer / WG Partners	Panmure Liberum / WG Partners	Singer	Panmure Liberum	1/9/2025
Synergia Energy	SP Angel / Novum	Panmure Liberum / Novum	Stand Hanson	Strand Hanson	1/10/2025
FRP Advisory	Berenberg / Cavendish	Investec / Cavendish	Cavendish	Cavendish	1/14/2025
Fevertree Drinks	Jefferies / Investec / Morgan Stanley	Investec / Morgan Stanley	Investec	Investec	1/20/2025
Volex	Jefferies / Peel Hunt	Peel Hunt	Peel Hunt	Peel Hunt	1/27/2025
ActiveOps	Canaccord Genuity / Investec	Investec	Investec	Investec	1/28/2025
Van Elle	Dowgate / Peel Hunt	Peel Hunt	Peel Hunt	Peel Hunt	1/29/2025
Virgin Wines UK	Cavendish	Panmure Liberum	Cavendish	Panmure Liberum	1/29/2025
Ashtead Technology	Peel Hunt / Deutsche Numis	Deutsche Numis	Deutsche Numis	Deutsche Numis	1/30/2025
Mycelx Technologies	Cavendish	Canaccord Genuity	Cavendish	Canaccord Genuity	1/30/2025
Electric Guitar	Allenby	Global Investment Strategy / Allenby / Axis	Allenby	Allenby	1/31/2025

Smaller company finance provider Time Finance gains momentum and sets three-year strategy

Finance provider *www.timefinance.com*

TIME FINANCE (TIME)			60p
12 MONTH CHANGE %	+55.8	MARKET CAP £M	54.9

Small business finance provider **Time Finance** has set out its strategy for the next three years, which involves continued organic growth and potential acquisitions. The plan is to increase the gross loan book to more than £300m by May 2028. More than 90% of this lending will be from invoice finance and hard asset lending. This should enable continued improvement in margins and return on equity.

The gross loan book is worth £209.4m. This is not quite double the level when the previous three-year strategy was announced, which was the target, but it could still achieve that by May 2025. Time Finance has exited some non-core lending products and reduced focus on others and that has slowed overall loan book growth. Both the invoice financing and hard asset lending books have already more than doubled.

Gross loans are £209.4m

The available finance totals £233m and Time Finance is currently using £140.8m. That means the current facilities should be enough to achieve the next three-year target.

In the six months to November 2024, revenues were 16% ahead at £18.2m and pre-tax profit improved from £2.7m to £3.9m. Margins are rising as efficiency improves and there is more to come from the investment in systems and technology. Net bad debt write-offs remain low at 1% of the loan book. Tight controls on the quality of lending mean that management believes that the write-offs should remain low despite the planned expansion.

Net tangible assets are £41.5m and the market capitalisation of the company is higher than this for the first time in years. Lower interest rates will not have a significant effect on net interest compression because of the way the funding is set up. Cavendish forecasts a rise in pre-tax profit from £6m to £7.5m. The prospective multiple is less than ten.

Knights debt level holds back valuation

Legal services *www.knightsplc.com*

KNIGHTS GROUP HOLDING (KGH)			115.5p
12 MONTH CHANGE %	-11.2	MARKET CAP £M	99.3

Legal services provider **Knights Group Holdings** is growing organically as well as through acquisition. It is also generating cash from operations. Yet, the share price remains in the doldrums, probably due to the high level of debt.

Knights is focused on the regional market outside of London and offers a wide range of services, such as insolvency, property and employment. It is focusing on higher margin business and reducing lower margin activity. The company floated on AIM in June 2018 at 145p/share and although the price did go to a premium it is trading below that level.

Interim revenues were 5% higher at £79.4m with organic growth of nearly 1%. Underlying pre-tax profit was 26% ahead at £14.6m. The interim dividend was raised from 1.61p/share to 1.76p/share. Net debt was £50.1m at the end of October 2024.

A full year pre-tax profit of £28.8m is forecast. The shares are trading on less than five times forecast earnings, which is below the expected rate of earnings growth for the next couple of years. The forecast yield is 4%.

Net debt could be £67m at the end of the year. That is not going to stop management making more acquisitions. Without acquisitions debt would reduce. A continuation of the downward trend in interest rates would help to provide a more attractive background to the business and its borrowings. Chairman David Wilson made initial purchases of nearly 41,000 shares at an average price of just over 122p each.

Velocity Composites builds up US revenue but still has capacity to grow

Composite aerospace components *www.velocity-composites.com*

Despite the problems of Boeing, the US operations of **Velocity Composites** are building up revenues and there is another contract for engine fan case kits set to come on stream this year. There is a significant pipeline of potential business that could make the company highly profitable.

The company produces components made from composite materials, which combine a matrix and a reinforcement that provides them with superior properties to other types of components. They reduce weight, are stronger and have better corrosion resistance than metal components. Velocity Composites is the only company offering outsourced supply to aerostructure manufacturers.

Existing capacity is £70m/year

Aerospace spending on composite materials is $6.5bn/year. The use of composites is set to increase substantially as aerospace companies seek to reduce costs and weight.

In the year to October 2024, revenues rose from £16.4m to £23m. The loss was reduced from £3m to £1.3m. Net cash was £692,000 and it appears that Velocity Composites has enough cash to finance its expected growth.

The prospects for demand from Boeing and Airbus are becoming more positive. The A350 building programme is likely to increase. The

VELOCITY COMPOSITES (VEL)			31.5p
12 MONTH CHANGE %	-11.3	MARKET CAP £M	16.9

main business is in the commercial sector and there is more to go for in defence aerospace. There is potential new business in the UK and Europe, as well as the US.

Canaccord Genuity forecasts breakeven on revenues of £27m in the year to October 2025. There could be a £500,000 pre-tax profit next year as revenues continue to grow. The existing facilities have capacity to generate annual revenues of £70m. Management has a five-year target for revenues of £100m and it plans to make EBITDA margins of 10%. The 2025-26 forecast suggests an EBITDA margin of 7.5%.

React progresses in tough facilities services market

Cleaning services *www.reactsc.co.uk*

Cleaning services provider **React** grew full year revenues by 6% to £20.7m. The growth was dampened by the ending of a rail contract because the client wanted to spend less, and margins were going to be reduced. Pre-tax profit improved from £1.8m to £2.1m.

React has had to be flexible because some clients are finding trading tough. This is particularly true of retailers, and some have asked for less frequent cleaning. That means that the progress made by React in the past year has been impressive.

Adding services, such as window cleaning, has enabled React to increase the size of contracts as they are

REACT (REAT)			78p
12 MONTH CHANGE %	+17.7	MARKET CAP £M	18.4

renewed with more services provided. After the year end React bought drainage and plumbing services provider 24hr Aquaflow Services for £5m plus contingent payments of up to £2.4m. This was partly funded by an oversubscribed £1.1m placing at 81p/share.

React is already wining drainage work with the latest 12-month contract with a facilities management business covering a landmark site in Central London.

The LaddersFree window cleaning business did not have up-to-date IT systems and investment in digitisation will make cross-selling more efficient.

Increases in national insurance and the national living wage will add to costs. Singer has trimmed expectations for the year to September 2025, but pre-tax profit is expected to rise to £2.8m, helped by an initial contribution from Aquaflow. The shares are trading on nine times prospective earnings and that could fall to eight the following year if targets are met. These estimates appear conservative with potential for them to be beaten if the economy improves.

Hargreaves Services highlights underlying value of its German and renewable energy assets

Infrastructure services and land *www.hsgplc.co.uk*

HARGREAVES SERVICES (HSP)			638p
12 MONTH CHANGE %	+34	MARKET CAP £M	210.5

Interim figures from **Hargreaves Services** show good progress with the services business and highlight the potential value of assets. The sale of renewable projects will unlock some of this value and longer-term the German joint venture HRMS is likely to be sold.

In the six months to November 2024, revenues were 14% ahead at £125.3m. HRMS made a small profit contribution, compared with a £1.9m loss in the corresponding period. Pre-tax profit nearly doubled to £5.3m. That was despite a higher loss in the property business. The dividend was raised 3% to 18.5p/share. The shares go ex-dividend on 20 March.

HRMS book value is £70m

Net cash is £15.7m. Seven renewable assets with a book value of £4.1m are being sold and they could raise more than £12m. The timing is uncertain, and it may not happen before May.

Services margins are being maintained as additional earthmoving contracts are won. Property income can be lumpy. There was a jump in interim revenues from £700,000 to £4.1m. However, there could be a delay to a land sale that will mean it will not be in the second half.

HRMS continues to pay £7m in annual dividends to the group to underpin the additional shareholder dividend. The recycling business more than halved its interim loss and higher utilisation rates will move it back into profit. The HRMS stake is likely to be sold in the next seven years. Book value is £70m.

A full year pre-tax profit of £16.6m is forecast with an improvement to £20.3m next year. Net cash could be £18m at the end of May 2025, rising to £26m one year later. Forecast net assets are £200m, which does not include the potential uplift in asset values.

Watkin Jones recovery could take some time

Residential developments *www.watkinjonesplc.com*

WATKIN JONES (WJG)			32.4p
12 MONTH CHANGE %	-34.5	MARKET CAP £M	83.2

Student accommodation and build-to-rent housing developer Watkin Jones is still waiting for a substantial upturn in demand from institutional investors. The full year pre-tax profit was better than expected, but profitability is still much lower than in the past and there is no dividend.

The 2023-24 pre-tax profit was £9.2m on a reduction in revenues, following the previous year's loss. There were two schemes sold in the period and another six were completed. Net cash rose to £83.4m despite a £16m cash outflow for cladding remediation, which has already been provided for in the accounts. There is also a £50m HSBC bank facility.

The new Refresh refurbishment business generated initial revenues, and this could be a bigger opportunity than originally anticipated. Revenues of £10.9m generated a gross profit of £1.5m. There is plenty of opportunity given the level of outdated housing stock.

There is a solid pipeline of projects. The build-to-rent pipeline is 3,477 apartments and there is a 4,856 room student accommodation pipeline. The company's latest deal is a development partnership with a private investment group to construct a 260-unit Aparthotel in Southwark. This nine-storey scheme will be built on a brownfield site in New Kent Road and provide flexible residential properties. This should generate £36m in revenues up until 2027.

Institutional investment should recover further when interest rates fall. Delays in 2023-24 will hamper progress in 2024-25, but there should be further recovery helped by the Refresh business. Even so, profit may not be as high as last year. Net tangible assets are worth 46.7p/share.

Fonix plans to payout three-quarters of earnings

Mobile payments and messaging www.fonix.com

Dividend

Cloud-based mobile payments and messaging services technology provider Fonix paid a total dividend of 5.23p/share in its first year on AIM. This rose to 6.5p/share in 2021-22 and then 7.25p/share in 2022-23. Last year, the total dividend was 8.3p/share.

The latest dividend of 3p/share is a special dividend. There will still be an interim and a final this year. This has led Cavendish to raise its 2024-25 dividend forecast from 8.8p/share to 11.8p/share. The policy is to pay at least 75% of adjusted earnings in dividends. Next year's dividend forecast is 9.3p/share, which assumes no special dividend.

Business

Fonix was founded in 2006, and clients are involved in sectors such as media, gaming, charity and ticketing. It provides frictionless payments by mobile for apps and online. Interactive services enable audience engagement and monetisation. There is also an identity validation service. The core UK addressable market for phone-paid services is £600m and there are opportunities in the wider ecommerce market.

Fonix has already secured a 30% plus market share for UK phone-paid services and it is building up its share in Ireland. The newest market is Portugal, and it has a strategic partnership with leading telecom firm NOS and contracts with other major mobile operators. There are discussions with other European mobile network and broadcast businesses.

Once clients chose Fonix it can be costly to switch to a rival. This provides a strong recurring revenue base.

FONIX (FNX)	
Price (p)	217.5
Market cap £m	215.5
Historical yield	3.8%
Prospective yield	5.4%

Fonix is also adding to the products it offers. PayFlex is a tool that makes it easier to recover failed mobile payments. DonationPortal has been developed to enable charities to have custom-branded donation pages, GiftAid processing and real-time analytics to improve efficiency.

A trading update for the six months to December 2024 showed gross profit increasing by 6.5% to £9.8m. Total payment volume was £150m, down from £158m because there was less activity by gaming companies and charities, where Fonix receives fixed fees, and a reduction in lower margin business. There is likely to be a stronger second-half weighting this year. Interactive services have recently been launched with News UK.

Floating as Fonix Mobile, the company was the third best performing new admission in 2020 with a 142% gain from the placing price of 90p.

There was rapid growth in pre-tax profit from £9.7m in the year to June 2022 to £14m last year. The business is highly cash generative. Even after the additional dividend, net cash should be £10m at the end of June 2025.

Cavendish estimates 2024-25 pre-tax profit of £14.3m, rising to £14.9m next year. The shares are trading on 20 times prospective earnings. There is potential upside from Portugal and other newer markets.

Dividend news

Information management software provider **IDOX** grew revenues by one-fifth to £87.6m, while pre-tax profit edged up from £15.8m to £16.1m. There was a dip in margins due to work on the General Election, but the trend is upward. The dividend was raised from 0.6p/share to 0.7p/share. Net debt was £9.9m at the end of October 2024. Geospatial data operations grew strongly with a full contribution from Emapsite and this is an area where acquisitions are likely. A flat pre-tax profit of £16.1m is forecast for 2024-25, but acquisitions would change this, and the dividend is expected to be 0.8p/share.

Civil engineering services provider **Nexus Infrastructure** is still losing money, but the cash pile enables the payment of dividends of 3p/share. In the year to September 2024, revenues fell by 36% to £56.7m and it made a £700,000 underlying loss. However, it is already winning new business with housebuilders, such as Vistry. The order book grew to £51.6m at the end of September 2024. A further £15.9m of orders have been won since then. The acquisition of Coleman Construction & Utilities takes the company into the water and rail sectors. Progressive Research forecasts a recovery in 2024-15 revenues to £67.1m, but a small loss.

Building components manufacturer **Alumasc** is maintaining margins and has managed to generate organic growth in a period where the construction market contracted. New product development and improving efficiency help to improve the figures. Interim revenues rose by one-fifth to £57.4m with organic growth of 8%. Pre-tax profit was 19% ahead at £7.5m. Exports grew 43% as demand from the Chek Lap Kok project in Hong Kong started to build. The interim dividend was raised by 1% to 3.5p/share. The total dividend for the year to June 2025 is forecast at 11p/share, which would be covered 2.7 times by estimated earnings.

Expert view: Registrars

The Saba Saga highlights investor engagement

By Jai Baker

Despite already being into the second month of 2025, the hangover of activism from 2024 continues to ring loudly in the Investment Trust world with the much-publicised requisition of general meetings across many of these vehicles by US investor Saba Capital. They are seeking to gain representation on the boards of directors, driven by the discount to the reported NAVs and of the perceived underperformance of many trusts.

Activism

So, what has given rise to the increased focus on activism - and are Investment Trusts the only target?

The simple truth is, LSE listed companies appear to be undervalued versus contemporaries in other countries and Investment Trusts are an obvious target given their focus on investments in the very same discounted companies.

A section 793 exercise allows issuers to request that nominees disclose ultimate holder details

It is also likely that insufficient investor engagement has driven the activist cohort to seek representation on the boards of some Trusts so they have greater visibility, and input into, the investment decisions as they happen.

That lack of engagement was laid bare in mid-January when a number of trusts were left in something of a quandary as they tried to connect with investors. Regulatory filings pushing the need to vote against the Saba proposals were being posted with a degree of regularity, suggesting that Saba's plan relied on inertia from a large part of the investor base, which would allow them to achieve their desired outcome. It's a situation that all issuers would be wise to learn from - and ensure their own IR protocols are in order.

Engagement

There are three obvious starting points around engagement in better shareholder communications that a company can focus on outside of the day-to-day BAU drive to deliver shareholder value:

1. Undertaking a section 793 exercise. The 2006 Companies Act allows issuers to request that nominees disclose ultimate holder details by using s.793. There are concerns that this can be an expensive process, but by using digital tools, the cost of execution can be far lower. Avenir Registrars frequently completes these requests for clients at a fraction of the prices charged and in a far shorter time frame than legacy market participants can deliver.

2. Regular reporting outside the standard corporate timetable will deliver better visibility of the investment portfolio and its successes, or indeed, highlight any issues at a much earlier stage allowing investors the opportunity to make informed investment choices. Quarterly updates in tandem with interim and final results will provide that additional clarity. These updates can be easily delivered via digital only existing multi channels including website reporting, RNS alerts or email. The use of hard copy postal alerts should be phased out as part of the drive to digitising the engagement process so any perceived cost barriers should not prevent increased investor engagement.

3. Investor days or forums open to all investors, outside of the AGM, and delivered in an accessible form via any number of digital investor engagement platforms such as Investor Meet Company or Proactive Investor allows investors to not just hear from the board but, also engage with it.

Digitisation

As we sit on the cusp of UK dematerialisation and the wider application of digitalisation generally, all equity issuers should now seek to future proof their investor engagement practices and embrace digital frameworks.

With this in mind, Avenir regularly assists in developing such strategies, working in tandem with an issuer's services provider to meet the challenge.

A lack of investor engagement is a major bugbear for all investor groups and can create both inertia and a degree of animosity, especially if it is subsequently realised that better engagement could have delivered a more favourable outcome.

Simple and cost-effective steps can help investors remain better informed, which in turn delivers better trust and better outcomes for all stakeholders. It could also extinguish any planned activism before it begins - or help stamp it out in the event matters progress.

JAI BAKER, Head of Business Development, Avenir Registrars (www.avenir-registrars.co.uk).

Class of 2020's mixed share price performance

There were some impressive gains from a range of businesses, but there were also poor performers. The earlier in the year they joined the better chance of gains.

There were 17 new companies that joined AIM in 2020 and four of those floated by early March. AEX Gold Inc, now known as Amaroq Minerals, gained a dual quotation with its TSX listing in July, while the rest floated from September onwards. Those later ones were taking advantage of the outperformance of AIM after March 2020.

The 17 companies exclude readmissions and moves from the Main Market. There is always good and bad among AIM new admissions and 2020 is no different. Seven of the share prices are higher and ten have fallen. The fallers include two companies that left AIM and launched tender offers. Another, healthcare investment company Intuitive Investments Group, switched to the Specialist Funds Segment in August 2023.

As a group these shares have performed better than the 72 new admissions in 2021, where the majority of the share prices have fallen by at least one-quarter and less than one-fifth of the share prices are currently higher. Many of these companies floated because sectors such as healthcare and video games had got a short-term boost from Covid and related lockdowns. They were also taking advantage of a period when AIM was still performing strongly.

Healthcare

All four healthcare companies that arrived in 2020 have declined in value or have left AIM. SourceBio International, which had previously spent time on the Main Market, raised cash to invest in laboratories to process Covid tests when it returned to the quoted arena. Abingdon Healthcare was a supplier of Covid tests. Business tailed off and there were also disputes concerning contracts. SourceBio International decided to return to leave the public markets again and gave investors a chance to cash in via a tender offer.

Verici Dx has developed a pre-transplant prognostic test Clarava. This has shown to be effective in identifying patients that are likely to reject a transplant, and a licence and commercialisation deal was done with Thermo Fisher. There is also a post-transplant test called Tutivia and Local Coverage Determination has been delayed until the first half of 2025. R&D spending has been reduced to conserve cash.

The better performing company is mental health-focused Kooth, where the share price has been hit by the ending of a contract in Pennsylvania. It has been building up business in the US.

Investment company Intuitive Investments Group was also focused on healthcare when it initially floated. The current portfolio, though, is dominated by a £299m investment in Hui10, which is a company providing lottery payments technology in China.

Other fallers

Some of the companies that are among the losers initially did well. The most obvious is Helium One Global, which is included even though it did merge with former AIM company Attis Oil and Gas. A placing at 2.84p a share raised £6m for the helium explorer.

The share price immediately went to a premium and the share price continued its upward trend. However, delays and disappointments mean that the share price has slumped from a peak of 28p in August 2021.

Lack of liquidity was a problem with property bridging finance provider Vector Capital. It offered an attractive yield but trading in the shares was limited with one shareholder owning more than 75%. They decided to tender for the rest of the shares and leave AIM.

> Consultancy Elixirr International was the best performing 2020 new admission with a 231.8% increase

Gemstones miner Gemfields and spectacles manufacturer Inspecs have both been hit by problems in their operations. Restaurants operator Various Eateries has been hampered by the weak consumer market.

Risers

There are some impressive risers with three companies with more than doubled share prices. Consultancy Elixirr International was the best performer with a 231.8% increase. There have been significant share sales by directors over the years, but this has not held back the share price. Acquisitions have increased the company's presence in the US, and it has also gown organically.

In July 2022, Amaroq Minerals, which means Arctic Wolf in Greenland, changed its name from

AEX Gold to reflect the broader scope of its exploration activities. The company focuses on South Greenland. The first gold has been produced at the Nalunaq mine and positive exploration news pushed up the share price by 146.7%. The third best performer was Fonix (see page 7).

Business advisory firm FRP Advisory was the last AIM flotation prior to the initial Covid lockdown. The focus is the top end of the middle market for business advisory services. Business restructuring is a strong area. Additional costs from the latest UK Budget could put further pressure on companies and generate more work. FRP Advisory has used the AIM quote to help pay for acquisitions to enhance long-term earnings.

Telecoms testing equipment supplier Calnex Solutions is another company that was doing well before a slump in demand hit the business. Even though the share price has fallen by more than three-fifths since it reached its high in early 2023, it is still above the original placing price.

Oil and gas producer Kistos is another company that is well below its high in 2022, when it benefited from the sharp rise in the oil price. The current share price is less than one-fifth of its peak.

All four healthcare shares that joined AIM in 2020 have declined in price

Switches

Roadside Real Estate was the first company to join AIM in 2020 having switched from the Aquis Stock Exchange. At that time, it had a range of businesses and investments. The company is focusing on its property assets and this, along with gains on the Cambridge Sleep Sciences investment, has helped the share price to recover after a significant slump.

There were two companies that switched from the Main Market in 2020. Both Trident Royalties and N Brown have either been taken over or the deal is being completed. Trident Royalties was bought at a premium. The 49p/share bid from ASX listed Deterra Royalties was a 145% increase on fundraising price of 20p.

Retailer N Brown is being acquired at 40p/share a price by Joshua Alliance whose family already owned 53.4%. The price was initially 57p.

AIM NEW ADMISSIONS IN 2020

FLOTATION DATE	COMPANY	CODE	SECTOR	ISSUE PRICE (P)	CURRENT PRICE (P)	% CHANGE
1/7/2020	Roadside Real Estate (Barkby)	ROAD	Property	30	30.2	+0.7
2/14/2020	Gemfields	GEM	Mining	11.1	5.65	-49.1
2/27/2020	Inspecs	SPEC	Consumer	195	42.25	-78.3
3/6/2020	FRP Advisory	FRP	Financials	80	135	+68.8
7/9/2020	Elixirr International	ELIX	Consultancy	217	720	+231.8
7/31/2020	Amaroq Minerals (AEX Gold Inc)	AMRQ	Mining	45	111	+146.7
9/2/2020	Kooth	KOO	Healthcare	200	159	-20.5
9/25/2020	Various Eateries	VARE	Restaurants	73	15.5	-78.8
10/5/2020	Calnex Solutions	CLX	Technology	48	65.5	+36.5
10/12/2020	Fonix Mobile	FNX	Technology	90	217.5	+141.7
10/29/2020	SourceBio International	SBI	Healthcare	162	115*	-29
11/3/2020	Verici Dx	VRCI	Healthcare	20	3.75	-81.2
11/25/2020	Kistos	KIST	Oil and gas	100	130	+30
12/4/2020	Helium One Global	HE1	Resources	2.84	0.902	-68.2
12/14/2020	Intuitive Investments Group	IIG	Investments	200 (20)**	123	-38.5
12/15/2020	Abingdon Health	ABDX	Healthcare	96	8	-91.7
12/29/2020	Vector Capital	VCAP	Financials	38	33*	-13.2

Prices at 31 January 2025. *Tender offer / cancelled. **10-for-one consolidation.

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Industrials	23	18.4
Consumer	21.6	16.6
Technology	12.6	13
Health Care	11.2	10.9
Financials	10.7	10.1
Basic materials	9.1	15.8
Energy	5.6	10.7
Telecoms	2.9	1.9
Utilities	1.7	0.6
Property	1.6	1.8

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	718.13	-4.8
FTSE AIM 50	3885.63	-3.8
FTSE AIM 100	3455.85	-5.5
FTSE Fledgling	11473.2	+5.9
FTSE Small Cap	6848.97	+9.3
FTSE All-Share	4710.58	+13.2
FTSE 100	8673.96	+13.9

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	131
£5m-£10m	90
£10m-£25m	128
£25m-£50m	94
£50m-£100m	76
£100m-£250m	92
£250m+	74

KEY AIM STATISTICS

Total number of AIM	685
Number of nominated advisers	23
Number of market makers	20
Total market cap for all AIM	£69bn
Total of new money raised	£136.3bn
Total raised by new issues	£48.5bn
Total raised by secondary issues	£87.7bn
Share turnover value (Dec 2024)	£46.4bn
Number of bargains (Dec 2024)	9.34m
Shares traded (Dec 2024)	1.51bn
Transfers to the official list	205

TOP 5 RISERS OVER 30 DAYS

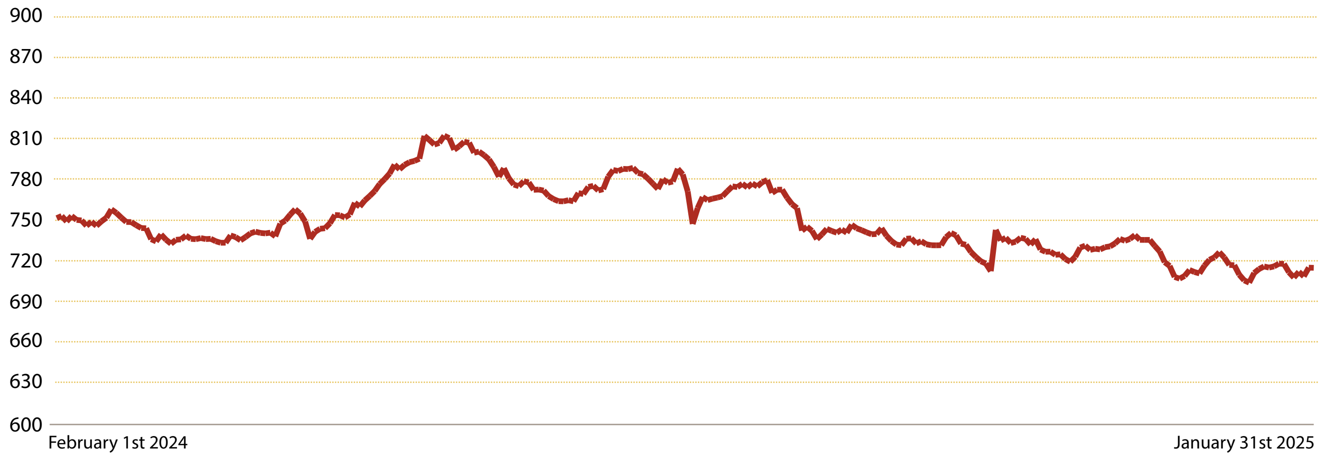
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Fiinu	Financials	7.875	+1480
Trellus Health	Healthcare	2.6	+395
Immupharma	Healthcare	5.2	+332
Marechale Capital	Financials	3.55	+145
Blue Star Capital	Media	8.25	+238

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Thruvision	Technology	2.5	-68.8
Jaywing	Media	0.5	-66.7
Enteq	Oil services	1.3	-60.6
Oxford BioDynamics	Healthcare	0.608	-59.5
IG Design	Consumer	62	-59.3

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



Data: Hubinvest Please note - All share prices are the closing prices on the 31st January 2025, 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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