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THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET
AIM JOURNAL

Large AIM companies outperform

After an initial recovery, AIM ended March 3.1% lower, which was not much more of a drop than for the FTSE 100 index which was down 2.58%. However, the larger AIM companies did much better. The FTSE AIM UK 50 index fell by 1.07% over the month.

There were sharp recoveries in some larger companies, such as Fevertree Drinks and video games publisher Everplay, formerly Team 17, following full year results. On top of that, there has been bid interest for health products companies Advanced Medical Solutions and Niox Group.

There are new companies coming to AIM, but the pace is slower than the cancelations. Toiletries supplier Creightons moved from the Main Market to AIM on 31 March. Wellnex Life and One Health Group joined earlier in the month.

The steady flow of companies wanting to leave AIM continues. Brighton Pier says it costs up to £300,000/year to be quoted and lack of liquidity made raising cash difficult. Financial website operator ADVFN also plans to cancel its quotation. K3 Business Technology is talking with shareholders about leaving AIM after returning £29m via a tender offer.

A group of executives are thought to be putting together plans to relaunch AIM as the Global Growth Exchange. The strategy would require the London Stock Exchange to spin off AIM and bring in new investors, but it does not appear to want to do that.

Switch to AIM

Former Main Market shell Oneiro Energy has completed the acquisition of Switch Metals Cote d'Ivoire for 40.3 million shares and changed its name to Switch Metals when it joined AIM on 3 April. Switch Metals is developing battery and technology metals projects. There are two existing licences with three more being acquired, plus others being applied for. There is also a joint venture with Transland Resources.

The associated £2m fundraising was done at 7.5p/share – trading in the shares was suspended at 10.5p in June 2024. The share price closed the first day at 8p. The company initially floated in May 2023 and raised £1.2m at 5p/share. The directors have agreed to defer 50% of their salary up until the end of 2026 or when there is another fundraising.

The focus is the Issia, Tiassale and Bouake projects. Initial exploration will be in the Badinikro licence area of the Issia project. The strategy is to develop tantalum production from shallow coltan placer deposits at Issia, so this can generate cash to help finance further exploration. Longer-term, additional projects may be acquired.

In this issue

Quantum fraud protection

Quantum physics-based technology developer Quantum Base Holdings joined AIM on 4 April at a valuation of £14.8m. The company's first commercialised product range is Quantum Identities (Q-ID), which provide what the company claims are near unbreakable and non-replicable authenticity tags that are better than competitor technologies such as QR codes and holograms. This technology is based on the randomness and uniqueness of optical properties of quantum materials, such as quantum dots.

A RetailBook offer raised the full £1m available, taking the total raised to £4.8m at 23.1p/share. The cash will fund the hiring of staff and product development. On the first day of trading, the share price closed at 24p. It appears that initial selling attracted buyers later in the day.

Quantum Base was a spin-out from Lancaster University by chief scientific director Professor Robert Young and Phillip Speed, who, along with related parties, still owns 20.1%.

The Q-ID tags, which are inexpensive to produce, can be applied to products and authenticated via smartphone or app. The model is based on helping clients to design applications and then licencing the technology for that specific project. The anti-counterfeiting market is large.

There are currently no revenues and there was a reported loss of £2.43m in the six months to October 2024. The cash outflow from operating activities was £696,000. There are framework agreements with two security printers for licencing the technology and invoices valued at £16,000 have been issued. Management is in discussions with other potential customers.

First buy for Amcomri

Recent AIM admission Amcomri Group has made its first acquisition since flotation, and it is earnings enhancing. The engineering business has a buy, improve and build strategy, and bought EMC Elite Engineering Services, which provides mechanical and electrical engineering services, for £4m. This includes a three-year earn out to make sure that the vendors stay with the company. EMC has expertise in power generation turbo-alternators, multi-stage pumps, renewable energy storage systems and low and medium voltage systems. Amcomri already has a business in the high voltage engineering market. Cavendish has raised its 2025 earnings forecast by 4% to 5.2p/share and the 2026 figure by 11% to 6.7p/share.

Cake Box makes sweet purchase

Cakes retailer Cake Box is buying Indian sweets maker Ambala Foods from the executors of the founder for £22m. This includes the freehold of the Ambala factory, which has spare capacity outside of seasonal peaks. This deal is immediately earnings enhancing.

Ambala is a profitable business, although it underperformed after the death of the founder. A 7% price increase was imposed just ahead of Ambala's purchase. There are 22 stores, included three that are franchised. Cake Box has identified at least £1m of annual cost savings through the merger. This includes head office and distribution efficiencies.

Ambala has its own outlets, and the sweets could be sold via Cake Box stores. Existing Cake Box franchisees may be interested in opening new Ambala stores. There could be up to ten Ambala franchised stores opened each year. There is also scope for increasing online sales. Cake Box has been successful in increasing the online element of its income to 23% of the total. Ambala's online sales are less than 10% of revenues.

Cake Box raised £7m through a placing at 180p/share and a retail offer raised another £200,000. The rest of the purchase price will come from debt. This means that there could be net debt of £9.1m at the end of March 2025. Cake Box previously was in a net cash position.

Shore Capital expects Cake Box to report a £6.6m underlying pre-tax profit for 2024-25 and that could rise to £8.4m, which is 15% ahead of the previous estimate, in 2025-26. Earnings are expected to be 6% higher than originally forecast at 14p/share. As well as the contribution from Ambala, Cake Box is expected to open 22 stores each year. Net debt should reduce to £8.4m. This is after investment in a new warehouse in Bradford. The 2026-27 earnings estimate is raised by 15% to 16.4p/share.

Smaller companies remain pessimistic

A survey of smaller companies shows a sharp decline in expectations for the economy. YouGov has surveyed 128 small and mid-cap UK quoted companies for the Quoted Companies Alliance (QCA) Small and Mid-cap Sentiment Index for March 2025. This is the thirty third edition of the survey.

A figure below 50 indicates pessimism and the latest figure is 38 down from 42.8 six months ago. There have been lower figures in recent years, but this is a poor outlook.

The figure for business prospects is more hopeful. It is steady at 60. That is still a relatively low figure historically. The companies tend to be more optimistic about their own prospects.

There is also greater positivity about mean expected turnover change over 12 months. The anticipated growth rate has increased from 9.7% to 10.7%.

The National Insurance increase appears to have hit expected growth in employment over the next 12 months, though. The mean expected growth has fallen from 7.5% to 1.9%. This is the lowest level at any time in the survey other than at the beginning of Covid lockdowns when a 4.2% reduction was anticipated.

Raising cash is not easy, but the companies questioned are increasingly keen to raise money via a share issue. Last time, it was an all time low of 27% and it has jumped to 41%. There are 12% of companies preferring a private equity cash injection. That is the highest level ever.

The preference for bank debt has fallen from 50% to 36%. However, the companies still believe that it is the easiest way to raise money with a figure of 5.4, down from 6.1. On this scale 10 is the easiest and 0 is impossible.

The figure for the ease of raising cash on the public market has improved from the all-time low of 3.7 to 5. That is still the third lowest figure. Private equity is thought to be slightly more difficult to obtain than in the previous survey.

■ **Cavendish** has increased its public equity market share, and it remains the top broker and nominated adviser in terms of number of AIM companies. The private market M&A business is growing its revenues and has opened new offices in Birmingham and Manchester. Management is cautiously optimistic that market sentiment will improve as investors become increasingly aware of the undervaluation of UK smaller companies.

The broker reports that full year group revenues will be in line with expectations at around £55m, which is similar to the previous year on a like-for-like basis. This is because Cenkos was not included for 12 months in the previous year's reported figures. Net cash was £21m at the end of March 2025.

ADVISER CHANGES - MARCH 2025

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
Brickability	Cavendish	Peel Hunt	Cavendish	Peel Hunt	3/3/2025
Capital Metals	Hannam & Partners	Tavira Financial	Spark	Spark	3/5/2025
Creo Medical	Deutsche Numis	Deutsche Numis/ Cavendish	Deutsche Numis	Cavendish	3/6/2025
Naked Wines	Panmure Liberum / Investec	Investec / Jefferies	Investec	Investec	3/7/2025
Eden Research	Oberon / Cavendish	Cavendish	Cavendish	Cavendish	3/10/2025
Oxford Metrics	Panmure Liberum	Deutsche Numis	Panmure Liberum	Deutsche Numis	3/12/2025
Alumasc	Cavendish / Peel Hunt	Peel Hunt	Cavendish	Cavendish	3/21/2025
Savannah Resources	Canaccord Genuity / SP Angel	SP Angel	SP Angel	SP Angel	3/24/2025
Gelion	Oberon	Oberon / Cavendish	Strand Hanson	Cavendish	3/25/2025
Churchill China	Panmure Liberum / Investec	Investec	Investec	Investec	3/26/2025
Sylvania Platinum	Berenberg / Panmure Liberum	Panmure Liberum	Panmure Liberum	Panmure Liberum	3/27/2025
Ariana Resources	Fortified Securities / Zeus	Zeus	Beaumont Cornish	Beaumont Cornish	3/31/2025
Cornish Metals Inc	SP Angel / Hannam & Partners	Cavendish / Hannam & Partners	SP Angel	SP Angel	3/31/2025

Unappreciated value in Artisanal Spirits inventory of scotch whisky casks

Whisky supplier *www.artisanal-spirits.com*

ARTISANAL SPIRITS COMPANY (ART)			33.5p
12 MONTH CHANGE %	-23.9	MARKET CAP £M	23.6

Scotch whisky supplier **Artisanal Spirits Company** improved its EBITDA to £1.1m in 2024, which was slightly better than expected. While it continues to report a pre-tax loss, the company has reduced its cash outflow from operating activities, and it has highly valuable assets in the form of its casks of whisky.

Revenues were maintained at £23.6m and membership of the core Scotch Malt Whisky Society increased 4% with growth in Europe and Asia. There was a dip in membership in the Americas. Even so, the US is the major market for whisky and management is keen to increase US income, even with the threat from tariffs, helped by the acquisition of Single Cask Nation.

Casks are worth £102m

The underlying value is the investment in casks. The book value is £27.8m, but the independent valuation of the casks is £102m. That is the value of the whisky in casks, and it is worth even more when it is put in bottles and sold. This valuation can only be a rough estimate, but it shows the undervaluation of the company.

Net debt rose from £22.8m to £25.5m by the end of 2024. This is expected to reduce to £25m after further capital investment in the business. Currently, the focus is on reducing debt. Spending on casks will not be as high as in the past because there is already plenty of stock, although if there are good deals the company is likely to add to the inventory.

In current markets, the debt appears high to investors that are wary of unprofitable companies. However, it is not as worrying when the underlying value of the casks is taken into account. Gearing would be less than 30%. The valuation of the company may not change significantly in the short-term, but eventually investors will wake up to the attractions of the business.

Virgin Wines unveils new strategy

Wines retailer *www.virginwines.co.uk*

VIRGIN WINES UK (VINO)			47p
12 MONTH CHANGE %	+13.3	MARKET CAP £M	26.2

Online wines retailer Virgin Wines has set out its strategy and capital allocation policy for the next five years. The aim is to achieve annual revenues of at least £100m by the end of the period.

In the six months to December 2024, revenues were flat at £34.1m, despite an initial contribution from the Warehouse Wines brand. Pre-tax profit improved from £1.06m to £1.27m, thanks to reduced overheads and higher finance income. Cash generated from operating activities increased from £4.16m to £5.49m. Capital investment requirements have been modest.

Virgin Wines joined AIM in 2021 after its revenues had been boosted by Covid lockdowns. The number of active customers fell 15% over the past two years. Management plans to broaden the business so it appeals to a wider range of people, and it is developing an app to provide information and take orders. There will be substantial investment in new customer recruitment. That will increase costs, but as long as retention rates are good it will provide additional long-term income.

There was £23.7m in the bank at the end of 2024, but this is a high point for cash. There could still be £16m at the end of June 2025. The investment in the new strategy is expected to push the business into loss in 2025-26 and that will dent cash generation. Even so, there is more cash than the business requires, and spare cash will be used for share buybacks.

Michelmersh Brick holds onto market share and is ready for the construction upturn

Bricks manufacturer *www.mbhplc.co.uk*

Bricks manufacturer **Michelmersh Brick** has not been immune to the poorly performing construction sector, but it remains highly profitable, and it is in a good position to take advantage of an upturn. Construction activity has declined by 30% over the past two years. In December, UK brick stocks stabilised at 480 million.

Michelmersh Brick has a 7% share of the UK brick manufacturing market, and it is focused on higher margin products rather than standard bricks. It also has a business in Belgium that supplies bricks in Europe and the UK. Imports account for 18% of the total UK brick market.

In 2024, revenues dipped from £77.3m to £70.1m and that led to a drop in underlying pre-tax profit from £15.1m to £10.3m. That is before abortive acquisition costs. There was net cash of £6m at the end of 2024. The current dividend is 4.6p/share and this should steadily grow.

The multiple is less than 10

There was a price increase in the first quarter and management believes that this should stick and cover higher labour costs in the business. Cavendish forecasts a partial recovery in 2025 pre-tax profit to £12.9m. Cash could more than double to £13.7m by the end of 2025. This can be achieved without any significant improvement in the underlying market. Finance director Ryan Mahoney is taking over as chief executive when Peter Sharp when he retires later this year.

MICHELMERSH BRICK (MBH)			96.5p
12 MONTH CHANGE %	-3	MARKET CAP £M	90.4

Housing demand continues to outstrip supply, so new homes are required whether or not the UK government's targets are realistic. The shares are trading on less than ten times prospective earnings, while the forecast yield is 5%. Net tangible assets are 78.3p/share. There is valuable land in the accounts that could be worth more than book value.

AIREA set to double production capacity this year

Floorcoverings *www.aireaplc.com*

Floorcoverings manufacturer **AIREA**, whose brand is Burmatex, had a stronger second half of 2024 after it was hit by poor demand in the second quarter around the time of the General Election. The West Yorkshire-based company is capacity constrained, but that will change when the new facility is opened later this year.

Second half sales were 6% ahead and that enabled flat full year revenues of £21.2m. There was a small dip in international sales, but they were 12% ahead in the second half. Pre-tax profit fell from £1.4m to £100,000, although that is after £900,000 of non-recurring costs predominantly due to stock reduction and the new Dubai showroom. There was also a pension-related finance cost increase.

AIREA (AIEA)			27.5p
12 MONTH CHANGE %	-17.9	MARKET CAP £M	10.6

Net cash fell from £3.4m to £700,000 at the end of 2024. There is more spending on equipment required for the new facility. An investment property is in the books at £4.1m and this is on the market. There is no need to rush a sale because it provides rental income and there should be enough cash combined with a £1m overdraft to fund the remaining capital investment in the new facility.

Following the results, chairman Martin Toogood bought 50,000 shares at 27.7p each, while finance director Conleth Campbell acquired 40,000 shares at the same price. AIREA is developing new and sustainable products, and it has a strong reputation for service. The new facility will double capacity and enable further marketing in Europe and the Middle East. That will revitalise the business and return it to profit growth.

Judges Scientific blip does not detract from the long-term record of outperformance

Scientific instruments supplier *www.judges.uk*

Judges Scientific is one of the great AIM successes. The scientific instruments supplier has grown from scratch to become one of the top 25 AIM companies by market capitalisation. It floated as Judges Capital in 2003, although it did not commence its current strategy until 2005. Net assets were £1.52m at the end of 2004 and they have risen to £87.2m by the end of 2024.

Judges Scientific has grown through acquisitions, but it has also grown the businesses and earnings. There were 2.1 million shares 20 years ago and there are currently 6.6 million shares in issue. The share price has increased by 7,300% over two decades. The only company still quoted after 20 years that has a better performance is ticketing technology developer accesso Technology, which is 12,600% ahead.

A 7,300% price rise over 20 years

In 2024, revenues slipped from £136.1m to £133.6m. The organic revenue reduction was 8%. The lack of a Geotek coring contract held back revenues. These contracts can be lumpy. There will be one included this year. There were reductions in orders from China and the UK, but organic order intake was 7% above 2023 with growth in the second half offsetting a decline in the first half.

Pre-tax profit fell from £31.7m to £24.3m. Even after tax, interest and lease payments, £23.6m in cash was generated from operations. The dividend was raised by 10% to 104.5p/share continuing the record of increases.

JUDGES SCIENTIFIC (JDG)			7960p
12 MONTH CHANGE %	-22	MARKET CAP £M	528.9

Net debt rose to £51.7m due to acquisition payments. Shore Capital believes that without acquisitions the net debt could be wiped out by the end of 2027. A pre-tax profit of £33.8m is forecast for this year.

The prospective multiple is 22, falling to less than 19 next year. The track record is good, and it is set to continue to be that way.

Aeorema Communications US investment paying off

Marketing events *www.aeorema.com*

Events and marketing communications services provider **Aeorema Communications** has outperformed in a tough market. The investment made in building up its operations in North America is paying off. This increased costs in recent years and had held back profit. Three new global brands have been added to the company's clients.

In the six months to December 2024, revenues improved from £6.55m to £7.2m and that enabled the interim loss to be halved to £119,000. A reduced cost base also helped. There is currently £2.75m in the bank, which is much higher than at the end of 2024.

AEOREMA COMMUNICATIONS (AEO)			44.5p
12 MONTH CHANGE %	-22.6	MARKET CAP £M	4.3

There are already £3m of revenues for the third quarter. The second half is always stronger and is where the profit is made. That is why the year end will be changed to December, so that the end of the financial year does not coincide with the peak activity. Underlying pre-tax profit was £437,000 last year, and at least £550,000 is expected in the 12-month period to June 2025. That excludes restructuring charges.

The 3p/share dividend is likely to be maintained, so that provides a yield of 6.7%. The plan is to pay the dividend after the 12-month results. Share buy backs could help the share price, but showing a return to profit growth will be even more important. Average cash levels are around £2m, which is nearly 50% of the market capitalisation. That provides a strong base from which Aeorema Communications can continue to build up its activities.

Spectra Systems has authentic plans for growth

Banknote authentication and security *www.spsy.com*

Dividend

Despite a jump in profit in 2024, the dividend is maintained at 11.6 cents/share. The first dividend was 5 cents/share for 2016. There has been a dividend every year since then and this is the first time it has not been raised.

The dividend may be maintained in 2025 before returning to growth in 2026. Net cash was $8.6m at the end of 2024 and this could rise to $11.6m despite additional working capital requirements and an increase in restricted cash. A jump to $22.7m is forecast for the end of 2026 as some of that working capital requirement unwinds.

Business

US-based Spectra Systems has been trading for nearly three decades and it has been on AIM since 25 July 2011. The issue price was 75.3p and £14m was raised. There are two types of shares traded, but the restricted shares (SPSC) account for less than 2% of the total.

Spectra Systems develops technology for marking, tracking and authentication applications. The main expertise is in banknote authentication and many central banks are clients. The products include hardware and software. Growth in polymer banknotes is an opportunity for the business with Spectra Systems developing the Fusion polymer substrate and this will help it to gain market share.

The company acquired Cartor for £10.5m at the end of 2023. Cantor has facilities in the UK and France and generated a pre-tax profit of £1m on revenues of £16m in the year to September 2022. This purchase opened up new markets in postage stamps, vouchers, brand protection and other security documents. There is also an opportunity to supply materials to Cantor that had previously come from third parties. The two companies had already worked together on the expertise to produce Fusion substrates for qualification by central banks and polymer banknote printers.

SPECTRA SYSTEMS (SPSY)	
Price (p)	199
Market cap £m	96.2
Historical yield	4.4%
Prospective yield	4.4%

Last year's figures benefited from a full contribution from Cartor. There were also some initial revenues from a sensor manufacturing contract that will boost medium-term revenues. The contract is with an existing central bank customer and is worth $39.6m. Most of the revenues will be recognised between 2025 and 2027 with a residual $4.5m of manufacturing revenues after that period.

In 2024, revenues improved from $20.3m to $49.2m, while underlying pre-tax profit increased from $8.2m to $12.1m. This was slightly better than forecast. It appears that some revenues have come through earlier than expected.

Zeus forecasts a 2025 underlying pre-tax profit of $25m before a decline to $15m in 2026, although Allenby has a higher forecast for next year. The large contract masks the underlying progress in the business. The shares are trading on around eleven times 2026 prospective earnings. There are plenty of opportunities to grow the business in both core and newer markets.

Dividend news

Mortgage network and broker **Mortgage Advice Bureau** is seeing an initial improvement in the mortgage market and later this year there will be a boost from remortgaging of fixed-interest mortgages taken out in the autumn of 2022. Longer-term, the plan is to improve margins, while doubling revenues and market share, which is currently 8.4%. In 2024, revenues were 11% ahead at £266.5m, while pre-tax profit recovered from £23.2m to £32m. Net debt was £9.7m at the end of 2024. The total dividend edged up from 28.1p/share to 28.2p/share. The dividend policy is to pay 50% of post-tax earnings. Mortgage Advice Bureau is considering a move to the Main Market.

Central Asia Metals (CAML) continues to be highly cash generative, and it is paying an unchanged total dividend of 18p/share, which accounts for 63% of free cash flow. The standard policy is 30%-50% of free cash flow, but Central Asia Metals can afford to pay the enhanced amount and still increase cash from $67.6m to $81m by the end of 2025. Central Asia Metals is seeking a new project that is near to generating cash and a decision on the dividend level will be made if a project is secured.

Staffing firm **Gattaca** is not immune from the tough market conditions in the recruitment market, despite strong demand in energy and infrastructure sectors. It reduced costs in the six months to December 2024, but this could not offset the effect of a decline in net fee income and underlying pre-tax profit dipped from £1.2m to £1m. However, full year pre-tax profit could still edge up from £2.9m to £3m. An interim dividend of 1p/share was announced. This is the first interim since 2018. Last year, a final dividend of 2.5p/share was paid. A total dividend of at least 3p/share is forecast for this year.

Expert view: Registrars

What can an Investor Relations practitioner extract from a register - and how might they use it?

By Hardeep Tamana

In an age when companies have acute insights into the behaviour of customers, it is surprising that a similar level of knowledge isn't available when it comes to the shareholder register.

It's a theme we have covered over the last couple of columns so with that in mind, what information can an Investor Relations department hope to get from a share register, how easy is it to complete that process and how do you then maintain an accurate record going forward.

Available information

Whilst the company's largest shareholders are almost certainly well known to the business, the granularity that's readily available further down the register can probably be best described as somewhat lacking.

Whether that's because you have shareholders registered outside the CSD whose details are no longer up to date, or because investors have purchased via stockbrokers who are in turn holding via nominee or custodian positions, these datasets alone often aren't as helpful as some may assume.

At first pass, this can be best described as "lacking in granularity". Whilst the top five or ten shareholding entities are well known, in many instances this will include a number of nominee holders, typically well-known firms of stockbrokers, with more investors like this appearing as you work down the register.

Whilst issuers have tools at their disposal to require nominees to divulge the ultimate beneficial owner, there's a widely held belief that this is an expensive exercise to conduct (it doesn't have to be) and that the data is immediately out of date but, mitigating action can also be taken here.

The process

So, for a UK company, a section 793 notice can be issued which obliges the recipient to provide the company with details regarding the next level of investor or the ultimate beneficial holder. This information is then held within a register under s.808 as a record of ultimate ownership.

The s.793 can be issued in various forms and historically has relied on either postal or facsimile systems to be delivered but, digital processes have now significantly reduced that operational resource and the cost and risk associated with it.

Similarly, responses can now be delivered in agreed format utilising SRDII (the Shareholder Rights Directive II) standards to ensure consistency and compliance. By leveraging our technology-first approach, Avenir Registrars routinely completes these requests for its clients in a cost and time efficient manner. It's not as expensive as you may think.

Maintaining currency

Having been provided with a granular list of the underlying investors, the next challenge is ensuring it remains up to date. This can be achieved by taking the information obtained manually and using it to encourage shareholders to sign up to a relationship with the company in a digital format.

Given the purpose of this relationship is to share documents that are already in the public domain, there's no risk should the investor sell their holding in the stock and any communication would come with an unsubscribe option. And for any modern marketeer, having a validated list of contacts who have a legitimate interest in knowing about a business would be seen as something of a dream project.

> At Avenir Registrars we are committed to doing all we can to bring issuers and investors closer together

Digitisation

Digitisation could have been a silver bullet in terms of bringing companies and issuers closer together. However, based on the current trajectory, such an outcome now looks unlikely.

At Avenir Registrars we are committed to doing all we can to bring issuers and investors closer together. A more engaged shareholder, investor and stakeholder base lends itself to more actively traded stock and in turn better valuations. Against the current backdrop of lacklustre capital markets, progress here has never been more in demand.

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

AIM at 30: How the size of companies has changed

AIM is coming up to three decades old this June and there have been many changes over the years. This month the evolution of the make-up of the market in terms of the size of companies is analysed.

In June, AIM will be thirty years old. There have been many changes over the years with regulations having been tightened and that having the knock-on effect of raising the cost of joining AIM. In the beginning, most of the companies joining were much smaller than they are now because the costs are greater.

None of the original ten companies on AIM are still on the junior market. Investment company Athelney Trust is the only one that is still quoted, having moved to the Main Market. The initial AIM market capitalisation was £82m and two of the companies were valued at less than £1m each.

By the end of 1995 there were 121 companies on AIM and there was an annual increase for a further 12 years reaching 1,694 companies at the end of 2007. There are only two subsequent years when the total number of companies has been higher than the previous year.

It is well known that the number of companies on AIM has fallen sharply in recent years. Looking back to June 2005, there were nearly double the number of companies and it was nowhere near the peak.

Moving

One of the reasons that the London Stock Exchange wanted to replace the Unlisted Securities Market, which lasted less than two decades and became too similar to the Main Market as regulations changed, was to retain a market where companies could start and then move to the Main Market. This has happened, but there has been two way traffic.

At least 17 companies came from the USM and 82 switched from the London Stock Exchange's former matched bargains rule 4.2 in the early days of the junior market.

Companies moving from AIM to the Main Market, Specialist Funds Market, etc were valued at around £68bn in total. This does include building products supplier Tyman which moved to the Main Market then came back and subsequently returned to the Main Market. It also includes 27 other companies that returned to AIM after an initial move to the official list.

There have been more than 350 companies that switched from the Main Market to AIM – including the 28 that returned. That includes Jet2, GB Group, James Halstead and Johnson Service Group – which is contemplating going back – which are four of the top 20 AIM companies by size. Ten of the top 30 AIM companies came from the Main Market.

Some companies left AIM to go to Nasdaq, the New York Stock Exchange or other markets, or to concentrate on their existing listings on these other exchanges.

There are more than 4,000 admissions to AIM over three decades. However, that includes reversals and reintroductions. For example, a company that changes its jurisdiction from Jersey to the UK will be classed as a new admission.

> By this February, 82.8% of AIM's market value was accounted for by 23.7% of the companies

Size

In June 2005, two-thirds of the companies were valued at less than £25m. This has been coming down with 52.2% below that value in June 2015. The figure is currently just over 50% with the decline in share prices stemming the rate of reduction in the smallest companies.

> The average market capitalisation of AIM companies is currently £104.9m

There was only one company worth more than £1bn in June 2005 and four ten years later. There are currently seven and there were more before the decline in the market.

Unsurprisingly, the market capitalisation of AIM has always been dominated by the largest companies. Back in June 2005, the 6.5% of AIM companies valued at more than £100m made up 46.2% of the market capitalisation, by 2015 they had risen to 18.4% of companies and accounted for 72.8% of AIM's market capitalisation.

By this February, 82.8% of AIM's market value was accounted for by 23.7% of the companies on the market. The average market capitalisation of AIM companies is currently £104.9m, compared with £32.7m in June 2005. Back then, there were a lot of small shells on the market, which boosted numbers but sharply reduced the average value.

The current average market capitalisation remains high despite takeovers and departures of some of the larger companies. This, combined with falling share prices, has brought down the average company value over the past five years.

Three of the top 20 companies, GlobalData, Gamma Communications and Johnson Service Group, are getting set to move to the Main Market, while the takeover of Learning Technologies Group is getting near to completion. Those four companies account for more than £3.5bn of the value of AIM. Other larger companies could decide to switch to the Main Market now that the reduced level of IHT relief is not as great an incentive to stay.

The problem is that there is a lack of new companies to replace them and grow into substantial companies on AIM. Only 12 of the FTSE AIM 100 index have joined AIM since the beginning of 2020 and none of those companies is valued at more than £400m.

Sectors

There have been changes in the make-up of sectors over the years, but many of the categories are broadly the same. Mining and energy companies accounted for around 15% of companies 20 years ago. It was just over one-quarter in 2015, and it is a similar level now.

It is a different story in terms of value, The mining and energy companies made up 30% of the value of AIM, whereas it is currently 15.4%, That is an increase on 13.2% in June 2015.

The importance of the consumer sector has declined as ASOS moved to the Main Market and the boohoo share price slumped. Five years ago, consumer was 30% of the market and it is down to 18.7%.

Industrials have become much more significant. In June 2015, they were 14.2% of the market and they have risen to 27%. There are always going to be fashions in the market that lead to sectors becoming more important for a time – healthcare in 2020 for example. It is good to see that more of the market is accounted for by industrials rather than more speculative resources companies.

AIM DISTRIBUTION BY NUMBER OF COMPANIES

COMPANY SIZE (£M)	JUN 2005 (%)	JUN 2015 (%)	FEB 2025 (%)
More 1,000	0.1	0.4	1
500-1,000	0.7	1.4	2.7
250-500	0.6	4.1	6.7
100-250	5.1	12.9	13.3
50-100	9.6	12	12.5
25-50	15	15	12.1
10-25	22.2	20.2	19.1
5-10	16.7	12.4	12.7
2-5	15.3	11.3	10.3
0-2	12.4	8.2	9.4
Number of companies	1239	1069	669

AIM DISTRIBUTION BY MARKET CAPITALISATION

COMPANY SIZE (£M)	JUN 2005 (%)	JUN 2015 (%)	FEB 2025 (%)
More 1,000	2.6	10.7	22.5
500-1,000	13.4	13.4	17.5
250-500	6.8	19.8	22.7
100-250	23.4	28.9	20.1
50-100	20.5	12.5	8.5
25-50	16.3	7.8	4.4
10-25	11.3	4.8	2.9
5-10	3.6	1.3	0.9
2-5	1.6	0.5	0.3
0-2	0.4	0.1	0.1
AIM capitalisation (£bn)	40.5	74	70.2
Average company size (£m)	32.7	69.2	104.9

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Industrials	27	18.7
Consumer	18.7	16.3
Technology	11.2	13
Health Care	11	11.2
Financials	10.8	10.2
Basic materials	9.5	15.7
Energy	5.9	10.6
Telecoms	2.7	1.9
Property	1.6	1.8
Utilities	1.5	0.6

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	681.99	-8.24
FTSE AIM 50	3656.58	-8.42
FTSE AIM 100	3287.17	-8.79
FTSE Fledgling	11501.79	+4.68
FTSE Small Cap	6509.95	+1.89
FTSE All-Share	4623.62	+6.58
FTSE 100	8582.81	+7.92

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	132
£5m-£10m	85
£10m-£25m	128
£25m-£50m	81
£50m-£100m	84
£100m-£250m	89
£250m+	70

KEY AIM STATISTICS

Total number of AIM	669
Number of nominated advisers	23
Number of market makers	20
Total market cap for all AIM	£70.2bn
Total of new money raised	£136.5bn
Total raised by new issues	£48.5bn
Total raised by secondary issues	£88bn
Share turnover value (Feb 2025)	£7.7bn
Number of bargains (Feb 2025)	1.76m
Shares traded (Feb 2025)	234.3m
Transfers to the official list	209

TOP 5 RISERS OVER 30 DAYS

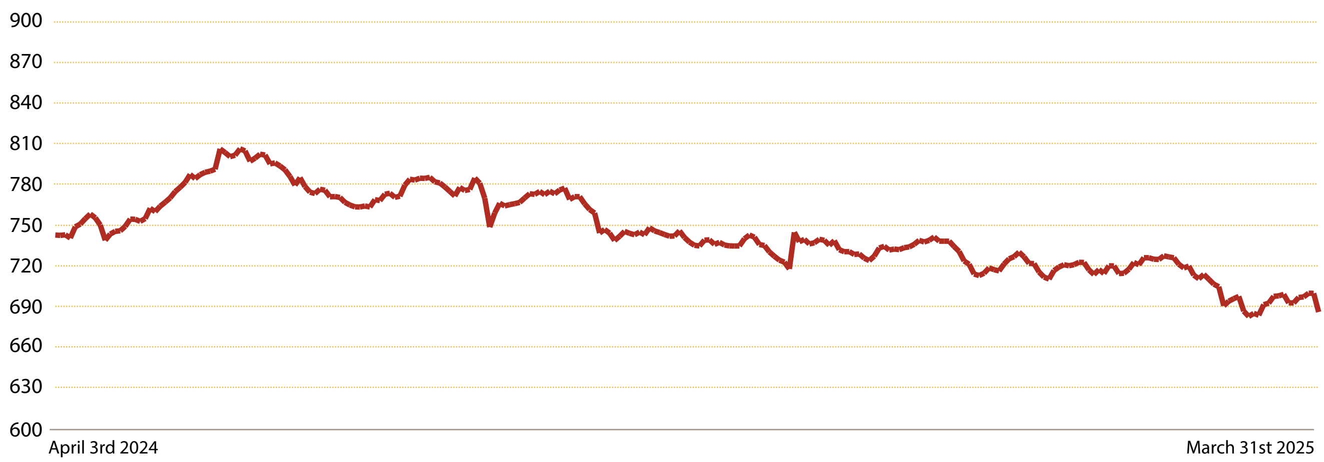
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Metals One	Mining	16.5	+267
Jersey Oil and Gas	Oil and gas	124.5	+126
Cora Gold	Mining	5.75	+94.9
European Metals Holdings	Mining	12	+92
Capital Metals	Mining	2.85	+83.9

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Savannah Energy	Oil and gas	7.25	-72.4
Celadon Pharmaceuticals	Healthcare	6.12	-67.8
Ethernity Networks	Technology	0.03	-62.5
ADVFN	Financials	5.25	-59.6
Synairgen	Healthcare	0.0025	-53.2

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



Data: Hubinvest Please note - All share prices are the closing prices on the 31st March 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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