JULY 2024

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

AIM pre-election decline

AIM recovered 0.6% on the day after the UK General Election was won by the Labour party in a landslide, but it is still much lower than at the time of the announcement of the election. The FTSE AIM All Share index has fallen by 4% since 21 May, the day before the announcement. The UK-focused FTSE AIM UK 50 index has done slightly better with a 3.3% decline. The jury is out on whether there will be a second half recovery for AIM.

The AIM sectors that have moved ahead in the past six weeks are real estate, consumer products, technology and automobiles and parts, which was the best performer on the day after the election.

All the other sectors declined with media the worst performer with a 18.9% fall. That may have more to do with the profit warning from market research firm YouGov, which led to the share price nearly halving. There was also a poor trading statement from marketing services provider Next 15 Group. These are two of the largest companies in the sector.

Energy slipped 10.5%. This is a sector that includes oil and gas and renewables companies. Negativity concerning oil and gas may be offsetting any positivity for renewables following the change of government.

More AIM departures

AIM companies are still choosing to leave AIM because of a lack of liquidity and difficulties raising cash. They are planning matched bargains facilities instead.

Pubs and bars operator Nightcap joined AIM during Covid lockdowns and planned to take advantage of opportunities to acquire sites. Management has decided to cancel the AIM quotation because of the weak share price, which was trading well below the 10p/share flotation price even before the announcement, and the difficulty in raising funds to carry out its strategy. Trading is expected to continue to be tough for the rest of the year. The quotation is likely to be cancelled on 29 July. A matched bargain facility will be provided by Asset Match.

Renewables investment company i(X) Net Zero also plans to cancel its AIM quotation. The share price has slumped since joining AIM and the capitalisation is a small fraction of NAV of $122.2m. There were $81.1m of unrealised gains in 2023, mainly due to a rise in valuation for WasteFuel after an investment by BP. Investor sentiment has turned against unprofitable, cash hungry renewables companies. More cash is likely to be required by i(X) Net Zero. There are plans for a matched bargain facility though JP Jenkins.

In this issue

Melrose founders' new vehicle

Founders and management of one of the three former AIM companies that are constituents of the FTSE 100 index are launching a new investment vehicle on AIM. Rosebank Industries has been set up by former Melrose Industries management. Any acquisition could be worth more than £2bn in debt and shares.

Jersey-based Rosebank Industries is raising £50m at 250p/share and is set to join AIM on 11 July. Melrose Industries chairman Justin Dowley has the same role at the new company, although he is stepping down from Melrose Industries next year.

The Rosebank Industries plan is to identify underperforming industrial and manufacturing companies, acquire them and improve their performance. They are then likely to be sold to help finance other opportunities. The initial cash will finance the search for an acquisition and due diligence.

Targets will be assessed in the UK, Europe and North America. The focus will be more than doubling the value of the acquired business over a three-to-five-year period.

Chief executive Simon Peckham and non-executive director Christopher Miller founded Melrose Industries in October 2003 and it was initially valued at £13m. In December 2005, it moved to the Main Market at a valuation of £340m. That followed an acquisition in May. In the past two decades acquisitions included FKI and GKN. Melrose Industries is focusing on aerospace and is currently valued at £7.3bn. That is after spinning off automotive parts business Dowlais and dividend payments. Rosebank Industries is likely to move to the Main Market after its first acquisition.

Trident offer

Mining royalties investor Trident Royalties is recommending a 49p/share cash offer from Deterra Royalties, That values Trident at £144m. The board says that some early investors, who invested at 20p/share in 2020, were keen to liquidate their shareholding. That would be much more difficult if it were through selling shares on the market. Trident has been losing money, but the royalty portfolio is maturing, and it is set to move into profit, so this seems a well-timed bid. Deterra is taking advantage of a depressed share price. It is building up its own royalty portfolio and Trident's 21 investments will provide additional geographic diversification and more exposure to battery and precious metals.

US-based AOTI chooses AIM for flotation

US-based medical devices developer AOTI Inc raised £19.5m at 132p when it joined AIM on 18 June, although expenses used up £5.96m of that money. That valued the company at £140.4m. Existing shareholders sold 11.8 million shares in the placing. The share price has stabilised at 136p following limited trading. This is a business that is already generating revenues

AOTI Inc has developed products that help to heal chronic wounds by focusing oxygen on them. An at-home therapy device delivers oxygen topically into the wounds, including diabetic foot ulcers and pressure ulcers. The acquisition of NEXA in November 2022 brought a negative pressure wound therapy device. A regulatory submission has been made to enable home use in the US.

Diabetes levels are increasing, and this is the core market. The oxygen therapy device reduces the recurrence of diabetic foot ulcers versus standard care. It reduces amputations by 71% and hospitalisations by 88%. Revenues are generated from a limited number of states in the US. The estimated global market for the company's technology is $12bn.

Revenues are growing at an annual rate of 38% and reached $43.9m in 2023. The majority of revenues come from equipment rentals, while $15.2m are from product sales. Veterans' Administration accounts for $31m of revenues with Medicaid most of the rest. Aoti is loss making.

Net debt was $11m at the end of 2023, so there should be pro forma net cash even though debt increased to $14.5m by June. There are plans to pay off the debt by the end of the year.

Management intends to expand its sales team in the US, as well as moving into new territories. There will also be investment in further trials to provide further evidence of the efficacy of the wound care technology.

Peel Hunt loss increases, but signs of recovery

Peel Hunt managed to improve full year revenues by 4% to £85.8m. However, costs rose faster than income and the loss increased.

In the year to March 2024, investment banking revenues jumped from £23.4m to £32.6m, but execution services and research revenues declined. Investment banking retainers were maintained during the year and fees were boosted by merger deals. There were 18 new corporate client wins during the year, taking the total number to 150.

Although lower market trading volumes hit execution services revenues, Peel Hunt increased its share of London Stock Exchange volume from 13.3% to 14.9%.

The full year loss increased from £1.5m to £3.3m. Net cash is £22.9m, which means that the capital base is well above the minimum regulatory requirements. Costs are being reduced and there is a focus on reducing debt, which was £15m, so interest charges reduce.

RetailBook, which helps companies to raise cash from private investors, raised £2.5m from new external investors and will operate separately from the group. Peel Hunt still owns more than 50% and it plans to reduce this to below 50% before the end of the year.

Peel Hunt says there are signs of improving activity in execution services and institutional trading. Bid activity remains strong and first quarter revenues are ahead of last year.

■ The new Panmure Liberum brand has been unveiled and the broker has launched new service lines in debt advisory and private capital. Debt advisory will work with the investment banking business and help clients to access debt funds. The Cambridge-based private capital business Panmure Liberum Cambridge Capital will focus on life sciences and healthcare companies. The combined firm has more than 220 quoted corporate clients and has raised more than £9.9bn for clients over the past five years.
Rich Ricci has become chief executive of Panmure Liberum with Bidhi Bhoma as deputy chief executive. Dru Danford is head of investment banking and Simon French is head of research. Markets are made in more than 720 stocks and research published on more than 570 companies.

■ WH Ireland has agreed the sale of its capital markets division to Zeus Capital for up to £5m. There is an initial payment of £1 with deferred payments of up to £4.99m within 30 days of the first anniversary of the disposal. The deferred consideration is based on retainer and transaction revenues during the period. The deal should be completed in July. WH Ireland will focus on the wealth management business, which has assets under management of £1.2bn.

ADVISER CHANGES - JUNE 2024

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
Team 17	Jefferies / Peel Hunt	Berenberg / Peel Hunt	Houlihan Lokey	Houlihan Lokey	6/3/2024
Kibo Energy	Global Investment Strategy / Hybridan	Shard / Global Investment Strategy / Hybridan	Beaumont Cornish	Beaumont Cornish	6/7/2024
Safestay	Shore	Librum/ Shore	Shore	Liberum	6/7/2024
Aurrigo International	Canaccord Genuity	Singer / Canaccord Genuity	Canaccord Genuity	Singer	6/10/2024
Avacta	Peel Hunt	Stifel Nicolaus / Peel Hunt	Peel Hunt	Stifel Nicolaus	6/11/2024
Global Petroleum	CMC / SI Capital	CMC / SI Capital / Panmure Gordon	Spark	Panmure Gordon	6/14/2024
Power Metal Resources	Tamesis / SP Angel	Tamesis / SP Angel / SI Capital	SP Angel	SP Angel	6/17/2024
Hardide	Cavendish	Cavendish / Allenby	Cavendish	Cavendish	6/18/2024
Public Policy Holding	Canaccord Genuity / Stifel Niclaus / Zeus	Stifel Niclaus / Zeus	Stifel Nicolaus	Stifel Nicolaus	6/21/2024
Scancell	Panmure Liberum / WG Partners	Panmure Liberum / WG Partners	Panmure Liberum	Stifel Nicolaus	6/21/2024
Europa Oil & Gas	Tennyson	Tennyson	Grant Thornton	Strand Hanson	6/24/2024

Potential for second half improvement as wet weather knocks interim profit at Wynnstay

Agricultural products *www.wynnstayplc.co.uk*

Wet weather and weaker farmer sentiment knocked pre-tax profit at **Wynnstay**, although it is expected to have a better second half.

In the six months to April 2024, revenues fell by one-fifth to £328.5m, but most of the decline was due to lower commodity prices. Pre-tax profit decreased 11% to £4.8m. The record of raising the dividend continues with a 2% increase in the interim to 5.6p/share.

Net cash was £18.5m at the end of April 2024, which is a point in the year when Wynnstay has previously moved into a net debt position before moving back to net cash at the end of October. The lower commodity prices reduced inventory values.

Net cash was £18.5m

The weak milk price meant that feed volumes fell by more than 2%. There are signs of an improvement in the milk price. Wet weather hit spring plantings and demand for fertiliser. Some of the lost sales could come through in the second half, but the UK harvest is likely to be lower this year. GrainLink could not repeat its record performance of last year as margins fell back to normal levels.

Specialist agricultural merchanting revenues fell by 5%, but that was mainly due to deflation. Operating profit dipped 4% to £3.3m.

WYNNSTAY GROUP (WYN)			382.5p
12 MONTH CHANGE %	-19	MARKET CAP £M	82.1

The benefits of the initial rise in commodity prices meant that pre-tax profit peaked in 2021-22. It is going to be a long time before that level of profit is attained again. This year pre-tax profit should recover from £9.2m to £11.5m. That puts the shares on ten times prospective earnings.

The balance sheet is strong enough to cope with any delays in recovery. Net assets are 591p/share, and the forecast yield is 4.6%. The shares are an attractive recovery play at this level.

Plant Health Care recommends Indian offer

Crop improvement products *www.planthealthcare.com*

Plant Health Care has been quoted on AIM since July 2004 and it has been a long process in commercialising the sustainable treatments to improve crop yields. The company is getting to a position when it can be profitable and India-based PI Industries has launched a 9p/share bid. That values the natural crop enhancement products company at £32.8m. The original flotation price was 52p.

The Plant Response Elicitor technology platform developed by Plant Health Care can be used to design and create peptides to target responses in specific crops. There has been $30m invested in development in the past decade. The company is still gaining regulatory approvals for its products in various countries.

PLANT HEALTH CARE (PHC)			8.625p
12 MONTH CHANGE %	-4.7	MARKET CAP £M	29.5

PI is involved in all areas of the agricultural inputs sector in India, and it would be able to provide the finance and distribution to grow the Plant Health Care operations. PI wants to expand into areas such as the US and Brazil where Plant Health Care is already active.

House broker Cavendish forecast a further loss this year and a move into profit in 2025, on revenues of $23m, which is more than double the 2023 figure that was hit by destocking. The cash outflow would also be stemmed. That forecast 2025 pre-tax profit of $3.5m, values the bid at less than 12 times 2025 earnings. The company has not always met expectations, but the positive trend is undeniable, and it could become highly profitable in the coming years, so it is sad to see it snapped up at this point.

Growing funds under management more than offsets Paradigm dip at Tatton Asset Management

Discretionary fund management services *www.tattonassetmanagement.com*

There is no sign of a slowdown in the rate of growth in assets under management and influence at **Tatton Asset Management**. They rose 27% to £17.6bn in the year to March 2024 and the figure had reached £18.6bn during June mainly due to further net inflows of £900m.

The managed portfolio service market is growing strongly, and Tatton Asset Management has a strong market position. Last year, the number of IFA firms involved with Tatton Asset Management increased 12% to 975. An improvement in market conditions on top of the continued organic growth should provide further significant growth in funds this year. The five-year target is £30bn of assets under management/influence.

The 5 year AUM target is £30bn

Group revenues rose 14% to £36.8m, even though the Paradigm mortgage services division reported a dip in revenues from £6.4m to £5.9m. That reflects the lower mortgage completion volumes. There was a one-quarter decline in Paradigm operating profit to £1.8m. Underlying group operating profit was 13% ahead at £18.5m, indicating the underlying strength of the core business.

There was £3.3m spent on share buybacks, as well as £10.8m on dividends. Even so, cash was still £24.8m at the end of March 2024.

TATTON ASSET MANAGEMENT (TAM)			676p
12 MONTH CHANGE %	+51.7	MARKET CAP £M	404.6

The total dividend was raised from 14.5p/share to 16p/share.

After the figures Equity Developments raised its 2024-25 revenues forecast from £18.7m to £19.5m, while the pre-tax profit estimate was increased from £18.3m to £21m, up from £15.5m last year. That indicates the operational gearing of the business with costs rising less quickly than income. An increase in the dividend to 16p/share will be covered 1.6 times by forecast earnings. The shares are trading on 26 times prospective earnings, which reflects the enormous potential for the business.

The Property Franchise Group continues buying spree

Residential property services franchisor *www.thepropertyfranchisegroup.co.uk*

The integration of Belvoir is progressing, and **TPFG** management is confident enough to acquire two more brands. Fine & Country and The Guild of Property Professionals are being bought for £20m, of which £5m is deferred. This deal should be earnings enhancing.

Fine & Country is at the premium end of the market, and it has 193 brand licensees in the UK, plus 65 internationally, which provides additional growth potential for the group.

The Guild of Property Professionals has a member network of 778 outlets and provides marketing, compliance and training services. They pay a monthly subscription fee with 73% recurring revenues.

THE PROPERTY FRANCHISE GROUP (TPFG)			437p
12 MONTH CHANGE %	+53.3	MARKET CAP £M	272.4

Lettings revenues are 9% ahead this year and there are signs of recovery in the sales market. Longer-term, there should be increasing growth from the financial business. Finance director David Raggett will step down next year.

Net cash was £5.1m at the end of 2024, but recent cash outflows to fund acquisitions mean that net debt could be more than £10m by the end of this year. It may more than halve next year if there are no more acquisitions.

Singer forecasts a jump in 2024 pre-tax profit from £11.2m to £22m. Of course, the Belvoir merger is behind much of that growth, and earnings are likely to be flat. However, the benefits of the merger will come through in 2025 and earnings are likely to rise from 28.2p/share to 35.5p/share. That means the 2025 prospective multiple is less than 13 even after a strong share price performance this year. The forecast yield is 3.4%.

Divisional mix helps Volex to continue to grow in a tough global consumer market

Power cables and components *www.volex.com*

There was a mixed performance from the divisions of electrical accessories and power cables manufacturer **Volex**, but strong improvements in the better performers meant that organic growth was 6.9% in the year to March 2024. There has been destocking in some areas, but this appears to be coming to an end.

Off-highway achieved organic growth of 39.9% even before the initial contribution from Turkey-based Murat Ticaret. The overall revenues of the division increased from $22m to $163m. This is before any significant cross-selling benefit and investment in North America.

The complex Industrial technology division grew organically by 31.9% as demand

Gross margins improved

increased from data centres – forecast annual growth for the sector is 7%. The 15.3% organic growth in the medical division was helped by improved component availability. This is a market with forecast annual growth of 6%.

In contrast, electric vehicles and consumer divisions were the hardest hit by destocking and their revenues fell. Consumer remains the generator of the highest revenues in the group. Electric vehicles is the fastest growing of Volex's main markets with expected annual growth of 10% as demand for charging infrastructure rises. Volex is broadening the customer base and

VOLEX (VLX)			322p
12 MONTH CHANGE %	+13.6	MARKET CAP £M	581.5

adding to the product range.

Annual underlying pre-tax profit increased from $59m to $77m on 26% higher revenues of $913m. The change in business mix meant that gross margins improved slightly.

HSBC forecasts an improvement in underlying pre-tax profit to $81m this year with modest earnings growth of 4% because of the full year effect of the share issue to pay for Murat Ticaret. There could be a rise in net debt from $154m to $169m by the end of March 2025 due to further investment in capacity, but it should start to fall after that.

Inspiration Healthcare hit by delayed Middle East order

Medical devices *www.inspirationhealthcaregroup.com*

Respiratory and other medical devices supplier **Inspiration Healthcare** has been hit by delayed orders, including a major contract in the Middle East, and that has put pressure on the balance sheet. This meant that the founder Neil Campbell has stepped down as chief executive, whilst remaining as a non-exec, and a highly dilutive fundraising was launched to provide financial stability for the company.

Inspiration Healthcare designs and manufacturers medical devices. The main focus is neonatal and infusion therapy equipment. It raised £2.5m through a placing at 14p/share and

INSPIRATION HEALTHCARE (IHC)			17.5p
12 MONTH CHANGE %	-67.9	MARKET CAP £M	11.9

a retail offer generated a further £500,000. That will enable further drawdowns from the £10m HSBC facility.

There was a decline in full year revenues from £41.2m to £37.6m and the company fell into loss. There was a £4.1m impairment charge relating to the costs of developing a neonatal warming/cooling product, plus restructuring charges. Net debt was £6m at the end of January 2024 and it rose to £9.5m prior to the share issue.

A £700,000 loss is forecast for 2024-25, but that assumes a recovery in the second half. There is no guarantee of that. The closure of the Hailsham facility will generate annual savings of £500,000.

Mennen Medical has increased its stake from 5.22% to 6.21%. Israel-based Mennen Medical is part of Redworth Capital Group and is a developer of medical technologies, including static and wearable monitors. It is also developing a new monitoring product for babies. There is a subsidiary in the UK and Inspiration Healthcare could be an attractive takeover target.

Eckoh focuses on growing North American income

Secure payments technology *www.eckoh.com*

Dividend

ECKOH (ECK)	
Price (p)	42
Market cap £m	122
Historical yield	2%
Prospective yield	2.1%

Eckoh has been paying dividends since 2011. It pays one dividend each year. The maiden dividend was 0.1p/share. That was doubled the following year, and it was steadily increased up until 2018-19 when it reached 0.61p/share. The following year the dividend was maintained at 0.61p/share despite the Covid disruption and it was the same the following year.

The dividend rose to 0.67p/share in 2022-22, then 0.74p/share the following year. The latest dividend is 0.82p/share and the ex-dividend date is 19 September.

Singer forecasts 0.88p/share for this year, which would be covered more than 2.8 times by forecast earnings.

Business

Eckoh provides secure payments technology to contact centres. The core cloud-based services are growing in importance. The Eckoh technology is designed to be compatible with other platforms with new ones added as they become required by clients. Eckoh enables customer payment details to be used securely through any payment gateway.

Management is focusing on the potential for growth in the North American market, although there are also opportunities in other markets. There are also prospects for selling more services to existing clients.

The key is growth in annualised recurring revenues. They rose 1% to £30.8m last year. North American growth was 6%. Many newer contracts are for five years. The increasing focus on cloud business has slowed growth in overall revenues. North American deals closed nearer the end of the financial period will come though in this year's revenues. Investment in AI is helping Eckoh to win business. The new 4.0.1 version of the PCI data security standard has been published.

In the year to March 2024, revenues dipped from £38.8m to £372m, but pre-tax profit improved from £7.7m to £8.5m. There was growth in core revenues, but £3m of income was lost from non-core UK clients. There should be growth in the UK in the next couple of years.

The SaaS-based cloud revenues are helping to improve margins. Eckoh has a strong market position, and it is in a good position to benefit from increasing outsourcing of contract centre operations.

Singer forecasts an improvement in 2024-25 pre-tax profit to £9.2m, with a further improvement to £10.1m the following year. The latter forecast was added after the results and assumes organic growth of 6% and continuing improvement in operating margins.

The shares are trading on 17 times prospective earnings, falling to less than 16 next year. Cash generated from operations could mean net cash of £14.6m at the end of March 2026. This is despite plans to increase research and development spending.

That assumes no acquisitions. Management believes that there is an opportunity to acquire businesses with complementary products, additional customers or involved in new countries.

Dividend news

Grocery distributor **Kitwave** reported further growth in revenues in the first half, but pre-tax profit declined 14% to £8.4m. There were additional costs and the weather held back foodservice revenues, which are higher margin. Acquisitions pushed up net debt to £48.1m. The interim dividend was raised 2.7% to 3.85p/share. Canaccord Genuity is maintaining its full year forecasts that show an improvement in 2023-24 pre-tax profit from £27.5m to £29m. The net debt could fall to £34m. A total dividend of 11.3p/share is expected. The new southwest distribution centre will open in the next few weeks and replace three existing sites two of which are freeholds that can be sold to reduce debt.

Duke Capital says some of its investee companies have not been paying the expected amounts to the company because of tough trading conditions. This has also led to a decline in their valuations in the balance sheet. NAV has fallen 39.8p/share. Total cash revenues were £30.3m in the year to March 2024, helped by three exits from investments. However, the fourth quarter recurring cash revenues fell to £5.8m, from £6.3m in the previous quarter. The quarterly dividend should still be maintained at 0.75p/share and remains covered by cash generated. A reduction in interest rates would reduce Duke Capital's costs and improve the outlook for the investee companies.

Pawnbroker **Ramsdens** reported interims showing the anticipated progress. Precious metals revenues were strong, although margins dipped. Pre-owned jewellery sales offset weaker watch sales. The contribution from each main division was higher. Interim revenues were 12% ahead at £43.8m, while pre-tax profit improved from £3.68m to £3.99m. The dividend was raised by 9% to 3.6p/share. Panmure Liberum increased its revenue expectations because of the growth in precious metals income but maintained the 2023-24 pre-tax profit forecast of £10.5m. The full year dividend is expected to be 11p/share.

Expert view: Registrars

Avenir at 10 years

By Amrit Tamana

Ten years ago, in early 2014, the three founders of Avenir Registrars - Stuart Turner, Martyn Bain and Hardeep Tamana - embarked on a journey to address the difficulties they saw in the securities registration industry. They had collectively experienced inefficiencies and complexities inherent in the then prevailing financial markets infrastructure.

> Avenir set about transforming the industry by leveraging state-of-art technology

It was apparent that the securities registration industry, at that time, had not caught up with the technological changes sweeping the world; it had become possible to bank online, yet similar functionality in registry was nowhere to be seen. Avenir set about transforming the industry by leveraging state-of-art technology to eliminate the need for cumbersome, paper-based systems, launching dynamic technologies that permitted both issuers and holders to access their securities online with ease.

The vision was to bring meaningful changes to outdated processes and transform the registry industry into an efficient powerhouse for issuers. Within its first year, Avenir Registrars built a self-sustaining client base and even provided corporate actions support to assist in managing a major cross border takeover of a listed entity at that time.

Avenir has always demonstrated versatility in supporting both domestic and international issuers, as well as cross-border transactions. In turn, development of fully automated processes further reduced the resourcing, time and effort required to manage securities issuance processes.

For example, Avenir also bundled self-service portals into its offering, permitting issuers and holders alike to remotely view and interact with the register and also to vote during securities holder meetings. These early steps enhanced the user experience, providing greater transparency and accessibility to all parties, illustrating how modern technology can benefit the securities registry industry.

Avenir has also committed to delivering fixed and transparent pricing. The approach removed the uncertainty that is typically associated with registry services, allowing clients to better understand and manage costs in advance. Additionally, Avenir's technology offers the flexibility to deliver tailored products that meet the specific needs of various companies, ensuring that their services can scale and adapt as their clients grow.

> Avenir is one of only eight securities registrars in the UK and the only independent registrar in Ireland

Over the past decade, Avenir has grown from strength to strength. It is one of only eight securities registrars in the UK and in 2020 the company re-shaped its Irish business, becoming the only independent registrar in the Republic of Ireland. Avenir also successfully provides CREST transfer agency services to Guernsey, Jersey & Isle of Man based companies. This span and growth is a testament to Avenir's commitment to diversification, widening its agenda for innovation and digitisation, which remain at the core of its achievements and future aspirations.

Innovation

Innovation and digitisation are central to Avenir's success and will continue to drive the company forward. To this end, Avenir recently assisted an AIM listed issuer to become the first UK issuer to operate on a fully digital share register.

Avenir's story is one of identifying pain points in the industry and addressing these with technological solutions, ensuring that the complexities of securities registration do not hinder the growth and success of companies.

By making processes more efficient, transparent, and user-friendly, Avenir has positioned itself as a leader in the industry, consistently delivering on its promise to revolutionise securities registration.

As Avenir continues to evolve, its commitment to leveraging technology for better outcomes remains unwavering. The company's ongoing journey of innovation promises further advancements, ensuring that Avenir remains at the forefront of the registry industry, continually setting new benchmarks for efficiency and service excellence.

The journey that began ten years ago with a vision to overhaul and modernise the registry industry is far from over. Avenir Registrars remains committed to continuing along its path of innovation and setting new standards in the industry.

AMRIT TAMANA, Chief Operating Officer, Avenir Registrars (www.avenir-registrars.co.uk).

AIM companies seek opportunities in Zimbabwe

Ariana Resources has acquired a project in Zimbabwe. Why is this African country garnering more interest given its patchy economic history?

It's shady and tranquil now, leafy and cool, with uncluttered roads, the manicured grass around the exclusive golf course dappled with the shadows of jacarandas. But, back in November 2017 it was a different story.

> The Zimbabwean economy can be a wild ride

Borrowdale Brooke, the wealthiest neighbourhood in Harare, and by extension the wealthiest in all of Zimbabwe, was then the scene of a small but crucial gunbattle that changed the course of the country's history.

Up the Brooke's heights rumbled armoured cars and tanks, and in the night-time the air was alive with small arms fire, and the occasional thud of heavier weapons. On the other side of the hill, just beyond the Brooke's walls, President Mugabe's palace was under fire and soon to be his palace no more.

Of course, events elsewhere in the country, including at the border in Mutare, were also significant in the toppling of the Mugabe regime in 2017. But it was at the Brooke that the decisive blow was struck.

After all, the Brooke is home to the most influential people in Zimbabwe, and if a show of force is to be made anywhere, it's at the Brooke that it becomes most effective. That November, the Brooke's residents looked on, duly noted that they themselves were not in immediate danger and were duly impressed.

The first step in Zimbabwe's turnaround had begun.

Now, nearly seven years later, and after several bumps and hiccups, it seems at last as if real progress is being made.

The black, white and Chinese residents of the Brooke who make up a significant portion of Zimbabwe's business community are in a cautiously optimistic frame of mind. The broadest context for this optimism lies at the top of politics.

President Mnangagwa, the man known as 'the Crocodile' who seized power from Mugabe in 2017, has stated publicly that once his second five-year term as President expires, he will retire. Now, Zimbabwean politics can be a wild ride, but as a statement of intent, it's not a bad start. It suggests the next transfer of power - only the second meaningful transfer to have taken place since Independence in 1980 – might well be peaceful.

Economy

So that's reassuring. But what about the economy, which famously became one of the biggest basket-cases the world had ever seen after President Mugabe began his farm seizures in the early 2000s? At the height of those seizures, in 2008, Zimbabwe's GDP shrank to less than US$5bn, according to figures from the World Bank [https://data.worldbank.org/country/Zimbabwe]. Then, after the seizure programme was largely complete, came a recovery, and GDP rose to over US$17bn in 2017. And after Mnangagwa took over, it almost doubled again to US$34bn, before dropping back in 2023 to slightly less than US$27bn.

So, the Zimbabwean economy can be a wild ride, as the residents of the Brooke know only too well.

But many now are prospering. Services remains the biggest sector of the economy, although the biggest gains in percentage terms can often be found in mining. Plenty of the Brooke's residents made significant money on a Chinese lithium deal last year, as the resources sector continues to thrive.

> Record high gold prices and renewed stability in Zimbabwe are offset by a lingering political risk discount

Challenges

Yes, there are challenges. Seasoned investors watching from London will remember back in the day, when African Consolidated Resources discovered one of the biggest alluvial diamond fields anywhere in the world in Zimbabwe's Eastern Highlands, only to have the asset promptly sequestrated by government entities that were subsequently associated with coercion and murder as they sought to secure control of the asset.

That was back in the early part of the first decade of this century. But fast forward twenty odd years or so, and the government, or entities associated with it, remains mired in accusations of corruption and sharp practice.

In June 2024, US watchdog and self-described "investigative and policy organization" The Sentry alleged that corruption in Zimbabwean mining deals ran into the levels of billions of dollars, involving the country's sovereign wealth fund and its Central Intelligence Organization, otherwise known as the CIO. The Sentry alleged that companies that acted as front organizations for the CIO included Terrestrial Mining, Whitelime Mining and Chimanimani Logistics.

So far, so shocking. On the other hand, you have to have some mechanism to get your government corruption done. President Putin has Gazprom, President Biden has Hunter and his Ukrainian connections, and the UK has its own scandals in relation to the procurement of PPI for Covid. Who will cast the first stone?

And so, the residents of the Brooke will look at those charges against the CIO, and nod their heads in a sorrowful, cynical and world-weary way. At least now it's accountants that are coming after their assets rather than armed "war-veterans" singing Marxist liberation songs. In such small nuances is progress measured.

The bigger worries for the Brooke residents these days are the spurious tax audits the Zimbabwean government - perennially short of money despite the corruption - can initiate without warning on any successful business. In the wild west days of post-Soviet Russia, a visit from the tax police was known to spell real trouble, and although it's not always make or break in Zimbabwe, it is a headache that any straight-laced businessman or woman can do without.

But, having said all that, the crucial factor is that once again there is now the feeling that there is money to be made in Zimbabwe.

Second to Harare, Victoria Falls is beginning to boom not only as a tourist destination but also as a business hub. It even has its own, discrete, stock exchange - https://www.vfex.exchange/, on which AIM stalwart Caledonia Mining has a secondary listing. True, this exchange doesn't have that many constituents, but the general feeling is that Victoria Falls is likely to be treated as a special economic zone, something akin to the way Shenzen was back in the days before and after the handover of Hong Kong to China in 1997.

Big money is going to Vic Falls, as they call it, and high-end consumer goods are following. In Zimbabwe it's not uncommon to talk of Vic Falls as a "boomtown", and there is a significant amount of residential, tourist and business construction activity going on there.

Meanwhile, in London, the companies with exposure to Zimbabwe have been turning in a mixed performance. Shares in Caledonia Mining are well down from the heights they hit in 2020, when Covid drove gold investors wild, but on the other hand at the current 810p or so, they are just about double where they were when Mnangagwa took power.

Shares in Premier African Minerals, another long-standing Zimbabwe stalwart, however, are now worth less than a quarter of what they were worth at the beginning of July 2017, as the company's struggles with production schedules and negative sentiment towards the lithium price have impacted performance.

Ariana Resources chief executive Kerim Sener has spoken of aspirations to develop a multi-million ounces resource

New entrants

The general recovery in Zimbabwe's poise has also attracted new entrants. Over the past few years Galileo Resources has gradually and steadily increased its exposure to Zimbabwe, focusing particularly on lithium and gold, while Kavango Resources has also moved in on old gold mines in the south-west of the country. Drilling on one of these projects got underway in June.

Long-standing AIM success-story Ariana Resources recently completed its merger with Rockover Holding, a company which controls a 1.34 million ounce gold resource in Zimbabwe, and Ariana's chief executive Kerim Sener has spoken of aspirations to develop a multi-million ounces resource.

In a similar vein, Caledonia's recent acquisition of the Bilboes gold project from a consortium that included Baker Steel boosted its resource base significantly and looks set to triple production to more than 200,000 ounces a year.

Against a backdrop of record high gold prices and renewed stability in Zimbabwe, but with a lingering political risk discount taking the edge off valuations, it's not hard to see why small to mid-tier mining companies are making such moves.

Whether really big names like Anglo American, will go back to old projects like Bindura, which was once the largest nickel smelting operation in sub-Saharan Africa, remains to be seen. But there is a clear direction of travel being set out here.

And while residents of the Brooke may generally get first dibs, AIM investors are still well in line to take the second bite at any cherries going round.

Alastair Ford (Alastair@sofabarconsulting.com)

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Consumer	26	16.7
Industrials	20	17.4
Technology	12.2	12.7
Health Care	10.6	10.4
Financials	10.4	10.7
Basic materials	8.4	16.2
Energy	6.6	10.9
Telecoms	2.2	1.8
Property	1.8	1.9
Utilities	1.6	0.7

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	764.38	+1.4
FTSE AIM 50	4159.9	+3.7
FTSE AIM 100	3677.98	+0.9
FTSE Fledgling	11992.09	+13.1
FTSE Small Cap	6727.92	+10.4
FTSE All-Share	4451.92	+8.7
FTSE 100	8164.12	+8.4

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	139
£5m-£10m	82
£10m-£25m	140
£25m-£50m	94
£50m-£100m	90
£100m-£250m	94
£250m+	83

KEY AIM STATISTICS

Total number of AIM	722
Number of nominated advisers	25
Number of market makers	20
Total market cap for all AIM	£79.3bn
Total of new money raised	£134.8bn
Total raised by new issues	£48.1bn
Total raised by secondary issues	£86.6bn
Share turnover value (May 2024)	£20.4bn
Number of bargains (May 2024)	4m
Shares traded (May 2024)	501.8bn
Transfers to the official list	204

TOP 5 RISERS OVER 30 DAYS

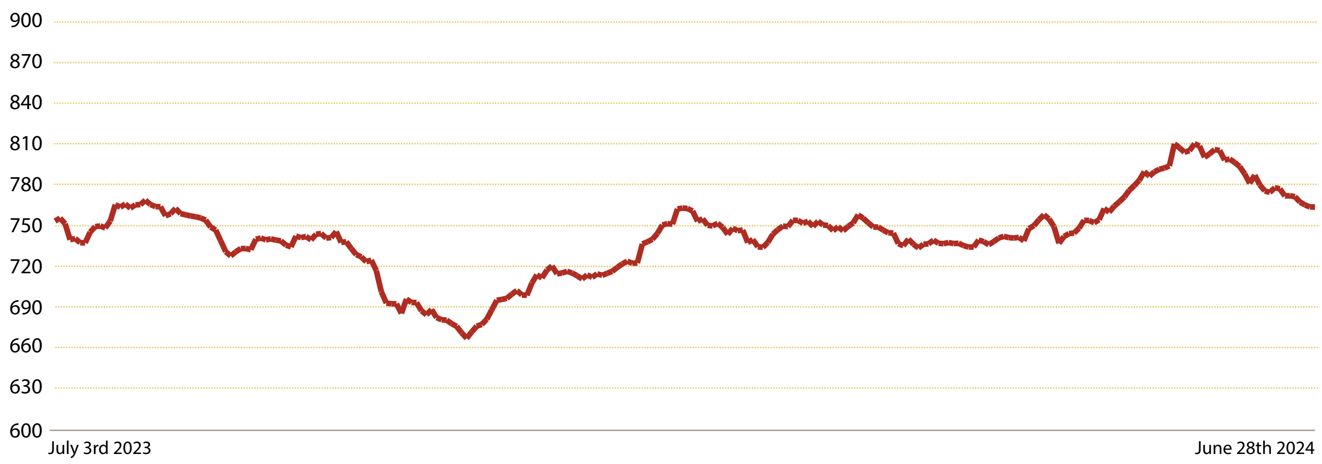
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Longboat Energy	Oil and gas	20.5	+173
Cap-XX	Technology	0.209	+159
SIMEC Atlantis Energy	Cleantech	1.9	+126
Mosman Oil & Gas	Oil and gas	0.0465	+114
Clontarf Energy	Oil and gas	0.0975	+86.7

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
R&Q Insurance Holdings	Financials	0.075	-95.8
Beacon Energy	Oil and gas	0.0065	-88.7
Active Energy	Cleantech	0.055	-73.8
Getech	Resources	2.85	-66.1
Kibo Energy	Resources	0.012	-65.7

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



Data: Hubinvest Please note - All share prices are the closing prices on the 28th June 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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