

# AIM JOURNAL

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

## Poor summer for AIM

AIM did not just lag the Main Market in July it also underperformed most of the other major global markets. AIM declined by 1.2%, while the FTSE AIM UK 50 index fell 2.4%. The FTSE 100 was the best performing major index with a 4.2% gain over the month. The Nasdaq 100 was 2.4% higher and the Nikkei 225 gained 1.4%.

Two-thirds of the constituents of the AIM 50 had lower share prices at the end of July. There have been a raft of trading statements over the past month with some significant disappointments. However, even solid trading statements that are cautious about the outlook have been hit by significant share price falls.

For example, offshore services provider

Ashtead Technology grew first half revenues 23% to £99m, but that is a pro forma decline of 6%. Margins have improved thanks to operational synergies and a reduction in low margin equipment sales. Underlying 2025 pre-tax profit could be in line with expectations of around £49m. The share price still fell by one-quarter.

There continue to be bids for AIM companies. Laumann Group is making a recommended bid for Epwin of 120p/share in cash, which values the uPVC windows supplier at £167.3m. Laumann wants to expand the range of building products it offers in the UK, and there is minimal overlap between the companies.

## Gemfields sells Faberge

Gemstone miner Gemfields is selling the Faberge business to US-based investment company SMG Capital for \$50m, of which \$5m is payable in quarterly royalty payments at a rate of 8% of revenues. The luxury brand sells jewellery and objets d'art through boutiques and wholesalers as well as directly via its website (www.faberge.com). The disposal is part of a strategic review of Gemfields started at the end of 2024.

In 2007, Gemfields acquired the trademarks and licences of the Faberge brand. There were 214 million Gemfields shares issued, which at that time gave Faberge an estimated enterprise value of

\$142m. The idea behind the acquisition was to promote the group's coloured gemstones.

At the end of 2024, Faberge had a book value of \$50.3m and it is loss making. At the end of 2019, just before Gemfields returned to AIM, the book value was \$73.1m.

The disposal proceeds and the \$30m raised in the recent rights issue at 4.22p/share will be invested in the core gemstone mines. Production is being rebuilt at the Kagem mine in Zambia following its suspension in the first half of 2025. A new processing plant is planned at the Montepuez ruby mine in Mozambique.

### In this issue

**02 GENERAL NEWS**  
Fiinu Polish buy

**03 ADVISERS**  
Winterflood takeover

**04 NEWS**  
Brickability foundation

**06 NEWS**  
Filtronic orders

**07 DIVIDENDS**  
Arbuthnot dividend rise

**08 EXPERT VIEW**  
Mansion House speech deficiency

**09 FEATURE**  
Prospectus regulation changes

**11 STATISTICS**  
Market indices and statistics



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## general news

# Fiinu moves into Poland

Fintech company Fiinu is paying up to £12m for Poland-based foreign exchange brokerage Everfex. This is a reverse takeover, and it expands the range of fintech services provided by the group.

The initial payment of £8m will be satisfied by the issue of 80 million shares and the rest will depend on performance and be payable via up to 20 million shares at 20p each. Fiinu has also raised £801,000 at 10p/share.

Everfex focuses on small and medium-sized businesses. The operations were restructured in 2023, and it moved into profit in 2024. In 2024, Everfex handled more than \$1bn worth of foreign exchange transactions. Everfex made a pre-tax profit of more than £600,000 for the four months to April 2025. Management is being retained after the acquisition. The business

requires additional funding to fully take advantage of opportunities.

Fiinu has no revenues and is losing money. Poland is one of the faster growing economies in Europe and there is potential to expand Everfex in other European countries. Everfex could promote Fiinu's Plugin Overdraft product, as well as benefit from Fiinu's technology expertise. Longer-term, the group may seek a deposit taking licence in the UK. That will require more funding, though.

Fiinu had cash of £643,000 at the end of June 2025. At the beginning of 2025, a licence was signed with a UK bank for a white label version of its Plugin Overdraft product, and this boosted the share price making it easier to finance the current deal with a share issue. Everfex expects to continue with its current momentum.

# CPP's new legacy

CPP Group is selling its profitable assistance services business in India for £15.7m, of which £11.8m is payable on completion. The rest is dependent on performance. The tax charge could be £2m. The legacy business in Turkey has already been sold and will generate £6.1m. This will allow CPP to concentrate on the Blink InsurTech platform, which is focused on travel disruption and cybersecurity insurance. The disposal cash will accelerate investment in the technology and fund the restructuring of the group to cut costs. Blink has annual recurring revenues of £1.6m. CPP had net cash of £8.1m at the end of June 2025 prior to the disposals. The market reacted positively and CPP shares rose 42% in July.

# First Development Resources spin off

First Development Resources is a minerals exploration company spun out from AIM-quoted Power Metals Resources, and it has three prospective projects in Western Australia and one in Northern Territory. On admission, £2.3m was raised at 6.67p/share valuing the company at £7.06m. The share price has fallen back since then.

There was £1.9m left after expenses and pro forma net cash is £1.82m. Pro forma net assets are £5.22m, including intangible assets of £3.67m. The cash will help to fund the increased overheads as well as exploration drilling.

London-based First

Development Resources is focusing on the Wallal gold copper project in the Paterson province in Western Australia. A drilling contractor has been appointed. Infrastructure is being prepared for drilling to commence as soon as possible. The first phase of drilling should cost £315,000, and then there will be a second phase targeting the Border magnetic anomaly. The Wallal project is in the same area as the Havieron gold copper project being developed by Greatland Resources.

The Selta project in Northern Territory is probably the second most important to the company.

Selta could include base metals, lithium, rare earths and gold. Selta is less than 100km from the Arafura rare earths deposit, which has a JORC mineral resource of 56 million tonnes at an average grade of 2.6% total rare earth oxides. Nine target areas have been identified at Selta. The initial focus is four targets that have potential for rare earths and/or gold.

The company's assets are still at an early stage. Management believes that the projects are underexplored, and the cash raised could help to evaluate and identify their true potential. The progress of the share price will depend on exploration news.



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## advisers

# Close Brothers selling Winterflood

Close Brothers is selling market maker Winterflood to Nasdaq-listed Marex Group, which already has a market making division, for £103.9m in cash. The deal should complete in early 2026 once regulatory approvals are obtained.

Smaller company shares market maker Winterflood was always an outlier in Close Brothers, which can focus on its finance operations. It has already sold its asset management operations.

At the end of January 2025, Winterflood had a net asset value, including goodwill, of £113.1m. Tangible net assets were £88.6m. The business lost money last year and in the six months to January 2025.

Marex, which is based in Bishopsgate in London, joined Nasdaq in April 2024 and the share price has risen significantly. In 2024, group revenues increased 28% to \$1.59bn and underlying pre-tax profit was two-fifths higher at \$321.1m.

Marex is a market maker in energy, metals, environmental, financial and agricultural markets. The division generated 13% of group revenues

last year and the underlying pre-tax profit of \$65.6m was nearly double the \$33.3m made the previous year. Financial products generated \$35.6m of the division's revenues of \$153.9m. Winterflood will broaden the scope of the business, which was not as strong in equity markets.

The largest division is agency and execution with 44% of revenues. Clearing generated 29% of revenues, although it made more than 50% of pre-tax profit before central overheads, while hedging and investment solutions generated 10% of revenues.

■ Oberon Investments Group increased revenues by two-fifths to £9.36m in the year to March 2025 with all divisions growing. Corporate broking improved revenues in a tough period for the stockmarket by winning new mandates. Financial planning doubled revenues.

Investment management continues to be the highest generator of revenues. Assets under management grew by £234m because of new teams and fund performance. There

have been more inflows since March and there are talks with additional fund management teams. This will increase recurring fees.

The loss increased from £2.88m to £4.14m because of higher administrative expenses. This includes a £268,000 share of the loss of associate Logic Investment. During the period the stake was raised from 55.5% to 66.25%, before a sale of just over 11% for £320,000 cut the shareholding to 55.2% - providing a gain of £101,000. Oberon Investments does not exercise control over the business, and it is not consolidated. Further share sales are likely.

Net cash was £1.8m at the end of March 2025. Revenues continue to grow, and costs have been reduced. Management believes that monthly positive EBITDA could be achieved by next March.

■ Peterhouse Capital and Novum Securities are merging their capital markets businesses to form ALBR Capital. The deal is expected to complete at the end of September.

### ADVISER CHANGES - JULY 2025

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
<b>Pantheon Resources</b>	Oak Securities / Canaccord Genuity	Canaccord Genuity	Canaccord Genuity	Canaccord Genuity	7/7/2025
<b>Jubilee Metals</b>	Shard Capital / Zeus	Zeus / RBC Capital Markets	Spark	Spark	7/9/2025
<b>Science Group</b>	Panmure Liberum	Canaccord Genuity / Panmure Liberum	Panmure Liberum	Canaccord Genuity	7/14/2025
<b>Renalytix</b>	SP Angel / Oberon	Stifel Nicolaus	SP Angel	Stifel Nicolaus	7/16/2025
<b>Winking Studios</b>	Zeus/ SP Angel	SP Angel	Strand Hanson	Strand Hanson	7/25/2025
<b>Thruvision</b>	Allenby	Investec	Allenby	Investec	7/28/2025
<b>Capital Metals</b>	Hannam & Partners	Hannam & Partners	Strand Hanson	Spark	7/29/2025
<b>Metals Explorations</b>	Panmure Liberum / Hannam & Partners	Hannam & Partners	Strand Hanson	Strand Hanson	7/31/2025

August 2025 3



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## company news

# Brickability has solid base from which to take benefit from a construction sector recovery

*Building materials distributor*

[www.brickabilitygroupplc.com](http://www.brickabilitygroupplc.com)

Bricks and building materials distributor **Brickability** continues to make progress despite the weak construction market. The range of products and reduced dependence on the bricks market has helped. Brickability is in a good position to benefit from an upturn in the construction sector.

In the year to March 2025, revenues grew from £594.1m to £637.1m. The Topek and TSL cladding remediation businesses made a full contribution last year. Like-for-like revenues rose 0.7%. Underlying pre-tax profit improved from £35.3m to £37.8m. The total dividend was 3.5p/share. Net debt was £56.6m at the end of March 2025.

There are four division: bricks and building materials, importing, distribution and contracting. The

## The bricks market was weak

bricks and building materials division generates the majority of revenues, but it makes a similar profit contribution to the contracting division. Contracting revenues were boosted by acquisitions, but there was also like-for-like growth of 2%. Solar-related sales helped the distribution division to grow revenues.

The core bricks market was weak, and this affected the importing division, although there was an improvement in the second half. Roof tile revenues grew.

Pre-tax profit is forecast to reach £39.5m in the year to March 2026, with an acceleration of growth to £43.8m

BRICKABILITY (BRCK)			62.4p
12 MONTH CHANGE %	-13.8	MARKET CAP £m	201

next year. Earnings growth is likely to be modest this year. Even so, the prospective multiple is less than eight, while the forecast yield is nearly 6%.

The Hanover Catalyst Fund has built up a 4.19% shareholding in Brickability. The fund is managed by Hanover Investors and focuses on undervalued businesses. Hanover has bought AIM companies, including Hydro International and software company Escher, and turned around others, such as data erasure company Blancco Technology, which was eventually taken over. Hanover bought a stake in Tortilla Mexican Grill and sold it in March.

# Hargreaves Services still undervalued

*Support services and land*

[www.hsgplc.co.uk](http://www.hsgplc.co.uk)

Full year figures from **Hargreaves Services** were slightly ahead of expectations. The German associate HRMS made a positive contribution in the second half, but it is still some way off its peak profitability. There is a strong services order book.

In the year to May 2025, revenues improved from £211.1m to £264.4m. Although revenues from land sales were higher, there was a lower profit contribution. Higher contributions from the rest of the business more than offset that. Pre-tax profit rose from £16.9m to £17.6m. Net debt was £9.5m at the end of May 2025. The total dividend was 1p/share higher

HARGREAVES SERVICES (HSP)			746p
12 MONTH CHANGE %	+29.5	MARKET CAP £m	246.2

at 37p/share, partly funded by cash receipts from HRMS.

HRMS increased its profit contribution from £1.3m to £4.1m. This was achieved despite weak pig iron prices.

The earthmoving services business will continue to benefit from infrastructure and energy-related spending. HS2 continues to be the biggest contributor to revenues. There is visibility over more than two-thirds of expected revenues for this year.

Earthmoving revenues from current contracts will start to reduce, but there are new opportunities, such as the Lower Thames Crossing.

There is potential for gains from sales of renewable energy projects. These are not included in the current year forecast but could happen this year. There are land sales anticipated.

Cavendish forecasts a 2025-26 pre-tax profit of £21.2m, helped by a recovery in profitability from land sales and HRMS. Services are expected to make a slightly lower profit contribution. Cavendish estimates a valuation of 930p/share, which includes some additional value from renewables projects.



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## company news

# NWF restructure the fuels division to increase operating efficiency

*Fuels, feed and food distribution*

[www.nwf.co.uk](http://www.nwf.co.uk)

Last year, **NWF** benefited from an improved milk price generating higher feed volumes, while restructuring the other two divisions will help to further improve performance. The company continues its record of raising the dividend with a 4% increase to 8.4p/share.

In the year to May 2025, revenues dipped by 5% to £903.1m, due to lower commodity prices, while underlying pre-tax profit improved from £12.5m to £13.2m. Net cash fell to £6.7m after spending £9.9m on two fuel distribution acquisitions.

The fuels division is transitioning to a regional hub model so that resources, such as tankers, can be used more efficiently. This was

## Fuels has regional hubs

piloted in the North West area and has been rolled out over the rest of the country. Vehicle management and routing through Crewe enabled the tankers closest to the client to undertake deliveries and the miles per delivery were reduced from 14.5 to 13. That reduces costs. The 30 depots will be organised in four domestic and five commercial hubs. There will be investment to modernise the tanker fleet.

The new food distribution warehouse at Lymedale has taken longer than expected to gain new work. There have also been slower rates of turnover of pallets.

NWF (NWF)		169.5p
12 MONTH CHANGE %	-1.7	MARKET CAP £m
		84.1

Management has been changed and the cost base, which had been built up in anticipation of faster growth, reduced.

The feeds division is investing in capacity to supply moist feed, which customers had been buying from competitors. This market exceeds one million tonnes annually. Volumes have been higher than budget.

This year, pre-tax profit growth could be modest, although it will depend on how quickly the benefits of the restructurings come through. The shares are trading on nine times earnings, and the forecast yield is 5.2%.

# James Cropper implements new strategy

*Advanced materials and packaging*

[www.jamescropper.com](http://www.jamescropper.com)

Advanced materials and paper manufacturer **James Cropper** is starting to implement a revised strategy under new chief executive David Stirling. He has joined the company from Zotefoams.

In the year to March 2025, revenues fell from £103m to £99.3m, while pre-tax profit improved from £800,000 to £1.3m. There was a reduction in the operating loss of the paper and packaging division from £5.1m to £4.1m, although that was helped by the lower depreciation charge and a change in allocation of group costs. Net debt was £12.9m.

Advanced materials has customers in immature markets, such as battery

JAMES CROPPER (CRPR)		255p
12 MONTH CHANGE %	-5.6	MARKET CAP £m
		24.4

and electrolysis technology. They are developing at a rapid pace, but income can be volatile and the contribution declined last year. That masks a better second half. The majority of revenues currently come from the more mature composite markets. Last year there was a small increase in the division's revenues, although the division increased operating profit from £7.7m to £9m.

The company plans to deliver more sustained growth from advanced

materials by focusing on markets with the best potential where it can have a competitive edge.

There are also plans to improve margins and profit for paper and packaging by not chasing sales and becoming more efficient. The core markets are currently declining, but there is potential to pick up market share.

Shore forecasts a further recovery in pre-tax profit to £2.8m this year, then £4.1m next year. Net debt could fall to £12.2m by March 2026. The prospective 2025-26 multiple is ten, falling to seven next year. James Cropper has plenty of recovery potential.

August 2025 5

Avenir

REGISTRARS

TEN YEARS OF  
innovative technology



## company news

# Filtronic satellite technology orders boom as it invests in additional capacity

Communications technology

[www.filtronic.com](http://www.filtronic.com)

**Filtronic** had a strong order intake in the year to May 2025 with SpaceX dominating revenues. The level of revenues is not expected to be maintained this year, but Filtronic does have the habit of sparking upgrades throughout the year.

Full year revenues jumped from £25.4m to £56.3m, while underlying pre-tax profit soared from £3.4m to £15.1m. Margins were much higher than normal because of the product mix. There were additional hires, particularly in engineering, which increased the operating cost base.

SpaceX will still be an important contributor this year, but there will be a significant defence customer and some diversification of the client base. Growth is likely to continue to come from space and defence with

## SpaceX dominated revenues

the communications products less profitable and 5G delays continuing to hold back those revenues.

Capital spending was much higher last year because of the investment in new facilities. The new headquarters and manufacturing facility will be completed this summer and capital investment is likely to peak at £6.7m this year. Despite that, Cavendish expects the decline in net cash to be limited with a forecast of £11.2m, down from £12.3m, for the end of May 2026. Cash should then start to build up again. Filtronic will continue to

FILTRONIC (FTC)		149p
12 MONTH CHANGE %	+129	MARKET CAP £m
		326.4

invest 13% of revenues in research and development. Much of that spending is on Gallium Nitride (GaN) technology, which provides higher power density than Gallium Arsenide, which is the current technology.

Cavendish currently forecasts 2025-26 revenues of £54m and a drop in pre-tax profit to £8.3m. The full costs of last year's additional hires will hold back profit. Also, the EBITDA margins are likely to be around 20%, which is likely to be the ongoing figure. The new capacity provides plenty of scope for further growth.

# Distribution Finance loans record

Finance provider

[www.dfcapital-investors.com](http://www.dfcapital-investors.com)

Inventory finance provider **Distribution Finance Capital** achieved a record high figure for loan origination in the first half of 2025. It was 17% ahead year-on-year at £828m and the momentum is continuing.

Manchester-based Distribution Finance provides finance to manufacturers, including of motorhomes, caravans and industrial equipment, and the dealers in their products to fund inventories. There are 97 manufacturing partners and 1,491 dealer customers. The products are generally manufactured in the UK and Europe. An asset finance

DISTRIBUTION FINANCE CAPITAL (DFCH)		47p
12 MONTH CHANGE %	+44.6	MARKET CAP £m
		77

product was launched in the summer, and this provides further growth potential. It is likely to lose money this year but be profitable in 2026.

The loan book is worth £728m and there is no exposure to motor finance problems. Total arrears balances are 0.9% of the loan book. Interest rate swaps will help to protect the company from falling interest rates.

Despite the strong performance this year, the reported pre-tax profit

is expected to fall from £19.1m to £14.5m because of one-off receipts in 2024 relating to the closed RoyaleLife operations. There would still be underlying improvement at that level of profit. Net interest margin is expected to be 7.3%, down from 7.9% in 2024, and it could be maintained at near to that level.

A pre-tax profit rise to £18m is forecast for 2026. The shares are trading on eight times 2025 forecast earnings, falling to less than seven next year. Tangible net assets are forecast to be 71.4p/share at the end of 2025. A loan book of £1.3bn is the target for 2028.



## dividends

# Arbuthnot Banking continues dividend rises despite profit fall

Banking

[www.arbuthnotgroup.com](http://www.arbuthnotgroup.com)

## Dividend

Arbuthnot Banking has been a regular dividend payer over more than three decades and it has also paid special dividends. The dividend was reduced in 2008, but it was still 21p/share, and it has grown since then. The only anomaly was 2020 when the dividend fell from 36p/share to 21p/share, before rising to 38p/share in 2021. The 2024 ongoing dividend was 49p/share.

In 2016 there was a special dividend of 300p/share and last year there was a special dividend of 20p/share.

The interim dividend was raised by 10% to 22p/share. The forecast total dividend is 53p/share, rising to 57p/share in 2026.

## Business

Arbuthnot Banking operates a private and commercial bank operation, plus specialist finance providers and a wealth management business. It moved from the Main Market to AIM in June 2005. The bank operations are the most profitable, although truck and bus finance provider Asset Alliance has higher revenues, but it lost money in the first half.

Banking is relationship driven and there was an increase in deposit inflows in the first half and total deposits were £4.4bn at the end of June. Lending fell 8% to £1.4bn. Some of the bank's capital is used to provide funds for the finance subsidiaries.

Invoice-based finance provider Arbuthnot Commercial Asset Based Lending improved its profit contribution and the loan book was maintained at £231m. The weak economy suppressed activity but there are signs of improved demand.

Renaissance Asset Finance provides

ARBUTHNOT BANKING (ARBB)	
Price (p)	1020
Market cap £m	166.2
Historical yield	4.8%
Prospective yield	5.2%

finance for high value cars and business assets. This is focused on smaller businesses, but debt provisions remain low. Asset Alliance says trading in end of lease commercial vehicles has improved and the recently launched bus rental business is growing on the back of demand for low emission vehicles.

The wealth management division had assets under management and administration of £2.4bn at the end of June 2025 – an increase of 22% over 12 months. There has been a net inflow of £127m in the first six months of 2025.

In the six months to June 2025, group pre-tax profit slumped from £20.8m to £10.9m, despite lower than anticipated impairment charges for the period. Reduced interest rates hit income on surplus cash. Operating costs are rising because of competition for staff on top of higher NI costs.

Arbuthnot Banking estimates that a 0.25 percentage point move in interest rates is equivalent to £2.5m of net interest margin. Shore Capital already assumed a 0.25 percentage point cut in the interest rate in its 2025 pre-tax profit forecast of £25.9m down from £35.1m in 2024. That would mean the forecast dividend is covered 2.2 times by estimated earnings.

The prospective multiple is nine and the shares are trading well below the forecast tangible net asset value of 1515p/share.

## Dividend news

Celebration cakes supplier **Cake Box** has yet to see the benefits of the purchase of Indian sweets supplier Ambala, but it is still growing strongly. In the year to March 2025, revenues improved 13% to £42.8m, including a £840,000 contribution from Ambala, while underlying pre-tax profit was 17% better at £7.08m. Net debt was £9m, which is comfortable for a cash generative business. The total dividend was raised from 9p/share to 10.2p/share. This year a pre-tax profit of £8.6m is forecast, rising to £10m next year when Ambala will be making a more significant profit contribution. The 2025-26 dividend is expected to rise to 11p/share, with a cover of 1.3 times.

**Begbies Traynor** has launched a buyback of up to one million shares on the back of its full year results announcement. Pre-tax profit was 7% ahead at £23.5m and the total dividend was 4.3p/share. Net cash was £900,000 at the end of April 2025. Total future earn-out payments are £12.2m. Insolvencies and companies in critical financial distress remain relatively high, so demand for insolvency services is strong. Growth is offsetting the increases in costs. Pre-tax profit could rise to £24.9m this year without further acquisitions. The dividend may increase to 4.5p/share.

Electronics and battery products supplier **Solid State** was hit by contract delays in the year to March 2025. This led to a slump in pre-tax profit from £15.6m to £5m and the dividend was cut by two-fifths to 2.5p/share. The order book was worth £101.6m at the end of May 2025, including the delayed orders. Pre-tax profit could recover to £7.2m this year and the dividend may edge up to 2.6p/share. Solid State will benefit from increased defence spending, both in the UK and US. This should enable profitability to recover, although the timing of demand is uncertain.

August 2025 : 7



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## expert views

### Expert view: Registrars

# Hidden own-goal by the Government? What was missed in the Mansion House speech.

By Hardeep Tamana

Last month, Rachel Reeves addressed The City, updating it on the Government's growth plans for the collective wealth of the nation. The Mansion House speech always coincides with a flurry of related policy papers and decisions, of which the Leeds reforms very much took the lead.

Addressing attitudes to risk is without doubt a vital aspect, if we are to encourage more savers to shift from cash to equities and deservedly this grabbed the headlines, but to us at Avenir, it's what didn't make the cut for the speech that left us all a little confounded.

We have previously discussed the digitisation agenda in this column, expressing our concern that it was critical any reform here – which is admittedly long overdue – didn't come at the expense of choice. However, the conclusion reached by the Digitisation Taskforce, whose recommendations were released the same day as the Mansion House speech and have been accepted in full by the Government, create something of a quandary.

Moving away from paper-based share certificates finally brings us in line with our European and North American peers, but the removal of choice over how the register of members can now be maintained has the potential to put London at a significant disadvantage to other competing markets.

With all holdings having to be on the Central Securities Depository (CSD), a new layer of intermediation is being foisted upon many. Granted, this is nothing new for the typical retail shareholder who already owns stock via a nominee structure, but it's those larger shareholders, who have a fundamentally different relationship with the issuer, where the problem sits.

### More challenging Investor Relations

Moving these big investors into a nominee structure suddenly makes communicating with them a little less convenient. It's also harder to keep track of what's happening with their stock, especially if lock-up type agreements are in force. If push comes to shove, will the investor decide to jump ship and face the – potentially minor financial – consequences later?

### Costs go up

Adding a layer of intermediation means that there's another party involved in the process. And the reality is they aren't going to work for free. Astute brokers will no doubt be flocking to the market with propositions to onboard certificated retail shareholders and deliver a service, but at what cost today and indeed in the future?

### CSD monopoly

The move also raises questions over the consequences of having a single CSD provider, given their elevated and now critical position in the registry management process. They will have a significant amount of work to undertake to align systems with legal requirements and accommodate these new structures, which is again going to come at a price.

### Is London really open for business?

We have all heard the rallying cries of London being open for business as a capital market. Indeed, the Mansion House speech recapped a number of initiatives including prospectus reform and listings denominated in


foreign currencies, but with this new administrative burden, added costs and lack of choice, do the messages really add up? The government wants to implement the reforms here within a couple of years, so change will be relatively brisk. The threat cannot be underestimated.

### Is there a better solution?

At Avenir, we believe that the proposal accepted by the government provides the easiest legislative outcome, rather than the one which serves issuers, investors, and in turn the London market best. Modern registry systems already have the capability to offer more appropriate choice and better levels of control for issuers, whilst also catering to the broad range of needs seen from issuers. Whilst we are ready to admit that the saga of dematerialisation and digitisation has run for way too long already, this final chapter fails to serve London as well as it could.

### A footnote on tokenisation

Without doubt this is the topic of the day in terms of so many market infrastructure questions and indeed, the Mansion House speech acknowledged the potential it holds. Maybe, the digitisation agenda is but a formality as the UK catches up with peers and tokenisation holds the answer. Only time will tell, but we must hope that progress on this theme is a little more brisk.

 HARDEEP TAMANA, Managing Director, Avenir Registrars ([www.avenir-registrars.co.uk](http://www.avenir-registrars.co.uk)).



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## feature

# FCA announces prospectus changes to attract more companies to London

Updated regulations for prospectuses for new admissions and fundraisings have been unveiled to try and make it easier and less costly for companies to raise cash to grow. How much this will help is uncertain, particularly if the markets are weak.

Floating on the London stockmarket and raising cash has become more difficult over the decades. Hopefully, proposed changes to prospectus regulations will change that. The new regulations follow a number of engagement and consultation papers over two years. The rules will come into force in January 2026.

## Companies are only required to publish a prospectus when issuing shares that would exceed 75% of existing share capital

The Financial Conduct Authority (FCA) published policy statement PS25/9 following consultations over the past year. The UK financial regulator's idea behind the revised policy is to widen participation in capital markets.

International competitiveness was taken into account, and the UK should be an attractive market. There is a balance between keeping standards relatively high and keeping costs down.

Investors still require sufficient information to understand a company and how it is progressing, but it does not necessarily require the volume of information current regulations set out.

According to the document, a prospectus will only be required when there "is a clear information gap". This should make it more straightforward and reduce the costs of raising money.

Market effectiveness and integrity are the aim of the new rules. This means timely, appropriate and

accurate information for investors. This could help liquidity.

One of the key sentences is "we also note that investment is not and should not be risk-free". It is important that the FCA understands that there is always some risk in investing in shares. The regulator has spent too much time in recent years trying to make it difficult

for investors to buy shares, particularly those in smaller companies that require the growth capital from private investors.

It will be good if they do stick to this change in philosophy. It could help to boost the smaller end of the market, in particular. The paper argues that investors will be able to put their money into investments that "best fit their own objectives and risk appetite".

The rule changes should also make it easier for private investors to invest in corporate bonds, providing another source of important finance for growing companies.

Important changes include:

■ Companies will only have to publish a prospectus when issuing a number of shares that would exceed 75% of the existing share capital. The current level is more than 20%. This will substantially reduce the cost of some fundraisings.

■ The minimum period between publishing the prospectus and flotation has been cut from six to three working days. This could make listings quicker and improve participation of retail investors.

■ There are also changes to the summary in a prospectus. A company will be able to use more pages for the summary.

■ It will be clearer which statements in the prospectus will be subject to liability when it comes to forward looking statements.

■ Issuers will be required to notify the market for further issuances

■ Some companies issuing shares will be subject to new climate-related disclosures

The relaxation of rules on when a fundraising warrants a prospectus is going to be a major benefit to quoted companies. A level of 20% of the existing share capital was always too low and effectively piled additional costs on a company that required funding from investors.

A specific notification when the cash raised is part of a rescue financing was considered, but the FCA decided against that. It was concerned that it would make financial rescues more difficult.

It is estimated that the change could reduce regulatory costs by around

August 2025 9



## feature

£40m/year. That does assume that some companies will still issue a prospectus even if they do not pass the 75% of share capital threshold.

On top of that there are the costs of printing and sending out documents, which can be highly costly even for companies that do not have thousands of shareholders.

The European Commission is raising the threshold for a prospectus in the EU to 30% of existing share capital. The UK changes will be more attractive to companies.

### A prospectus will only be required when there “is a clear information gap”

A prospectus will still be valid for 12 months. Companies can publish a prospectus voluntarily even if the rules do not require it.

When it comes to the reduction in the minimum period when a new admission prospectus has to be made available to private investors the FCA believes that the internet and email mean that the shorter period should not hamper the timeliness of available information to investors. This change will provide more flexibility for companies.

Anything that simplifies the prospectus and makes it easier to read is good. It has become an increasingly unwieldy document in many cases.

#### Public Offer Platform

New rules for firms seeking to carry out the regulated activity of operating a Public Offer Platform (POP) are designed to support smaller and scale up businesses to raise cash to expand. It will make larger off-market fundraisings easier. This comes into effect on 19 January 2026 (see PS25/10).

Currently, the EU-based rules require a prospectus for any fundraising of more than €8m. The new regulations mean that off-market fundraisings of £5m or more that are offered to a

broad range of investors must be made via a POP. Any fundraising under £5m will be exempt.

#### Government plans

The UK government has a ten-year strategy to position the UK as the leading global hub for financial services. This includes attracting inward investment.

The government plans to set up a listings taskforce to help to support companies that wish to list in the UK.

This was announced by the Chancellor of the Exchequer Rachel Reeves in the recent Mansion House speech.

There will be a new service that launches in October, and this will provide assistance to companies contemplating a share quotation in London.

### The government plans to set up a listings taskforce to help to support companies that wish to list in the UK

There are also plans to boost investment by individuals so a proportion of the cash that they hold can be invested in growing the economy. Education and advice will help to attract investment in shares.

It does not have to be a large percentage of the cash holdings that are transferred to investment in shares to provide a significant benefit. The government estimates moving £2,000 from deposit accounts could make millions of people more than £9,000 better off over a period of two decades.

#### More to come

The FCA has not completed its task. The next thing for the regulator to tackle is guidance on takeover exemption, climate disclosures,

working capital statements and projected forward-looking statements.

The FCA argues that the new regulations will help to attract more companies to the London stockmarkets and could help to retain companies that might have decided to ditch a quotation.

The hope is that it will also encourage companies that list in the UK to move their headquarters here. Improving liquidity and thereby valuations of these companies in London will be important for this.

When it comes to AIM companies, the changes should be beneficial. Cutting the cost of raising funds will be particularly significant for smaller companies.

However, on their own the prospectus changes will not improve things for AIM. There needs to be more investor interest in AIM shares. That requires improved confidence in investing in AIM companies.

The last time that there was significant interest in AIM was around 2021. The problem is that many of

the flotations at that time have done poorly or even disappeared of their own volition or through going bust.

The memory of that time could prove a continuing hangover for the market and any new admissions, which continue to be thin on the ground even though brokers' say that there is a pipeline of potential new entrants.

Admittedly, there are signs that trading in AIM shares is recovering. The average number of daily trades has risen to above 44,000 so far this year. That is compared with 36,787 for the whole of 2024 and it is the best since 2022. Back in 2021, the average daily trades figure was 80,267.

The performance of AIM remains patchy and there is still some way to go before confidence improves significantly.



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## statistics

# Market Performance, Indices and Statistics

AIM SECTOR INFORMATION		
SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Industrials	24.3	18.9
Consumer	22.1	15.4
Basic materials	13.1	16.2
Technology	10.1	13.3
Health Care	10	10.7
Financials	9.9	9.7
Energy	6.3	10.7
Property	1.7	1.9
Utilities	1.5	0.4
Telecoms	1.1	1.7

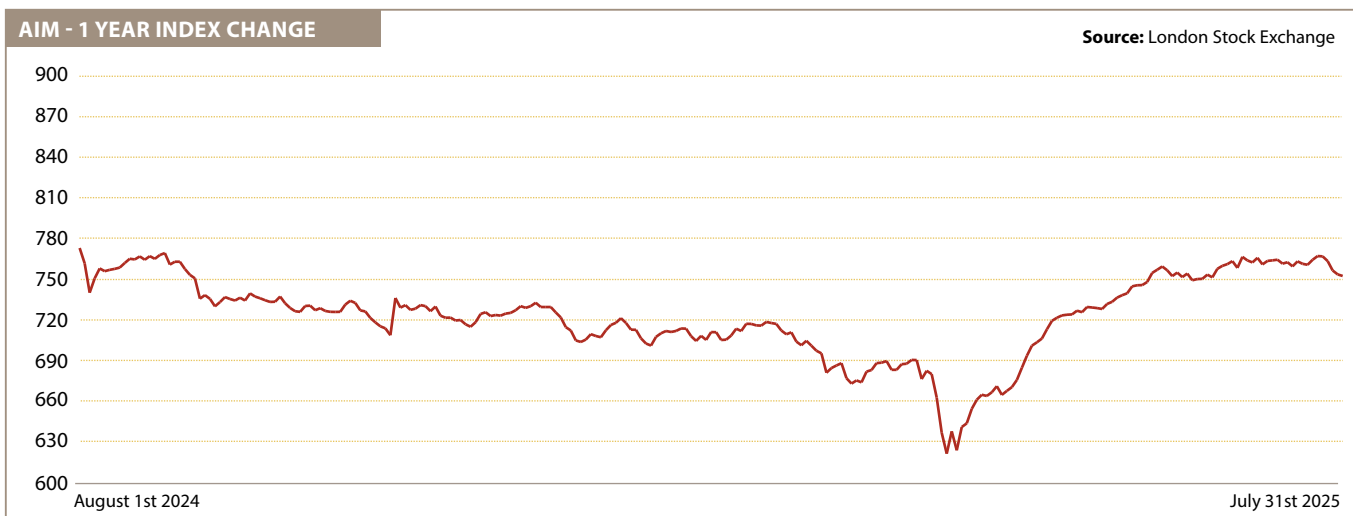
KEY AIM STATISTICS	
Total number of AIM	647
Number of nominated advisers	23
Number of market makers	20
Total market cap for all AIM	£68.4bn
Total of new money raised	£136.9bn
Total raised by new issues	£48.6bn
Total raised by secondary issues	£88.3bn
Share turnover value (Jun 2025)	£23.6bn
Number of bargains (Jun 2025)	5.52m
Shares traded (Jun 2025)	930.5m
Transfers to the official list	211

FTSE INDICES		
INDEX	PRICE	% CHANGE
FTSE AIM All-Share	761.5	-3.24
FTSE AIM 50	4092.75	-4.86
FTSE AIM 100	3659.34	-3.62
FTSE Fledgling	13272.41	+9.34
FTSE Small Cap	7214.26	+3.21
FTSE All-Share	4957.18	+8.04
FTSE 100	9132.81	+9.14

COMPANIES BY MARKET CAP	
MARKET CAP	NO.
Under £5m	106
£5m-£10m	95
£10m-£25m	124
£25m-£50m	80
£50m-£100m	83
£100m-£250m	92
£250m+	71

TOP 5 RISERS OVER 30 DAYS			
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Empyrean Energy	Oil and gas	0.115	+461
Mkango Resources	Mining	35	+146
Premier African Minerals	Mining	0.029	+127
Thruvision	Security	1.8	+100
Botswana Diamonds	Mining	0.36	+89.5

TOP 5 FALLERS OVER 30 DAYS			
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Metals One	Mining	5.5	-71.1
Active Energy Group	Cleantech	0.135	-55
Tiger Royalties	Technology	1.5	-54.5
Tap Global Group	Financials	1.05	-54.3
LifeSafe Holdings	Services	3.25	-51.9



**Data: Hubinvest** Please note - All share prices are the closing prices on the 31st July 2025, and we cannot accept responsibility for their accuracy.



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### AIM Journal

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

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

articles concerning AIM.

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

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

The AIM Journal can also be downloaded from the website [www.AimJournal.info/archive](http://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 4,000 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 £137bn either when they join AIM or while they are trading on the junior market.

In 1995, there were 29,099 trades. These days it is unusual if there are not that many trades in a single day.

More than 200 companies have moved to the Main Market. Companies in the FTSE 100

that started on AIM include online gaming operator Entain, previously GVC, insurer Hiscox, 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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