NOVEMBER 2024

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

AIM IHT relief halved

AIM bounced back on the afternoon of the Budget after the announcement of the partial retention of IHT relief for eligible AIM shares, which are deemed to be unlisted. It did not retain all this rise and ended up slightly lower on the month.

There were fears of a complete withdrawal of IHT relief from AIM, but the reduction to 50% of the normal inheritance tax rate, so effectively a 20% charge, is still likely to affect the flows of capital. Investment in IHT funds, as well as individual investments relating to the tax relief, has helped to increase the flow of cash into AIM.

The outflows that will happen because of the change are difficult to assess. The performance of the AIM investments will be more important. There is unlikely to be a rush out the door, but people will consider what alternatives there are.

The increase in capital gains tax rates could have a negative effect on the market over the coming months as shareholders seek to take gains made before the new rates come into force. The lower rate of CGT will rise from 10% to 18% and the higher rate from 20% to 24%. However, Investors' Relief will rise to 14% in April 2025 and then to 18% in April 2026. This is available to investors that have bought newly issued shares in an unlisted company.

Good bid approach

Energy supplier and energy efficiency services provider Good Energy received an unsolicited bid from Dubai-based Esyasoft Holding Ltd. There was no indication of the level of the bid.

Esyasoft has operations in the Netherlands, India and Azerbaijan. There is a small UK subsidiary Esyasoft UK Ltd, where it holds a 90% stake, which had net liabilities of £152,000 at the end of November 2023.

Esyasoft offers a range of products. They include the Smart Grid Suite, which is a cloud-based integration platform that manages workflow and communications between utilities and meters. Esyasoft also has an energy mobility business that helps to provide efficient energy infrastructure. Good Energy investee company Zapmap is the sort of business that would appeal to Esyasoft. Zapmap recently entered an electric vehicle charging partnership with energy saving company Hive. Feed-in tariff administration services could also be attractive.

Ecotricity owns 26% of Good Energy. It will have a big say in whether any bid is successful. Ecotricity is a potential buyer of the energy supply business of Good Energy and that could help to persuade it to back any offer.

In this issue

No North Sea surprises

Tax measures for the North Sea oil and gas industry laid out in the Budget were broadly in line with previous indications. This should provide some stability and help companies to secure backers for potential projects in the North Sea. However, some projects may not be as commercially viable as previously thought.

The Chancellor confirmed the changes to the Energy Profits Levy announced in July. The rate will increase by three percentage points to 38%, so the headline rate of taxation will be 78%. This tax regime will end on 31 March 2030 or earlier if the oil price falls below a set threshold – currently $74.21/barrel. The 29% investment allowance will be removed. The government will also consult on environmental rules and the longer-term tax regime. The latter will help companies to take long-term decisions on their projects.

Both consultations are likely to be important for the development of the Greater Buchan Area discovery, where NEO Energy is the operator. Serica Energy has a 30% interest and Jersey Oil & Gas has 20% having farmed-out the rest to the other two companies. This project is particularly significant for Jersey Oil & Gas, which is fully carried until first oil and expects a $20m payment on final investment decision.

Panmure Liberum believes that the Greater Buchan Area development could be marginal following the tax changes. NEO Energy has already slowed down activities and it may be put up for sale by its owner HitecVision, which could hamper progress. If the project does go ahead, it will not be producing oil until 2028 at the earliest.

Thor clean purchase

Thor Energy is purchasing 80.2% of hydrogen and helium explorer Go Exploration for 466.5 million shares – 70% of the shares are subject to a six-month lock-in. The underlying asset being acquired is a hydrogen and helium exploration licence in South Australia. There are two other exploration licences of this type in the area and one of the holders, Gold Hydrogen. has made two hydrogen and helium discoveries. Thor Energy is raising £1m at 0.75p/share to fund spending on the new asset and lithium exploration in the US. Along with existing cash, this should be enough for 12 months. The deal could be completed by the end of the year and early next year there should be a prospective resource estimate.

International plans for Winking Studios

Art outsourcing and video games developer Winking Studios Ltd is already quoted on the Catalist board of the Singapore Stock Exchange and it plans to join AIM in November as part of its plan to expand internationally. The share price has already risen by two-fifths this year. Acer has a 62.6% shareholding and is likely to be involved in the AIM fundraising that could raise more than $30m.

The Singapore-based company is already the fourth largest video game art outsourcing business in the world. It has partnerships with Sony, Nintendo and Microsoft, as well as providing services to the likes of Ubisoft, Electronic Arts and Tencent.

Revenues are expected to rise from $29.3m to $32.9m this year, however, pre-tax profit is forecast to halve to $700,000. There is visibility of $21.8m in revenues for 2025. The forecast for the year is $35.4m and a bounce back in pre-tax profit to $3.4m is anticipated.

A cash pile of $43m is forecast after the flotation. Winking Studios has made two acquisition this year and is seeking to add more businesses to build up its presence in North America and Europe. A UK-based regional hub will be established. It is also planning to broaden the range of services offered.

It has been a tough period for video games companies. Some of the newer game titles have not done as well as hoped. The share price performance of Ubisoft, which had more than halved from the beginning of 2023 at one point in October, is an indication of this.

Winking Studios has a strong track record and there may be signs of recovery in the market, but the overall outlook is still uncertain. Winking Studios has a relatively small share of a fragmented market and should benefit from higher levels of outsourcing as developers seek to control their cost base.

Aquis Exchange teams up with Cboe Global Markets

Aquis Exchange and Cboe Europe are assessing a joint bid to provide an EU consolidated tape of stock trades. The plan is to set up a joint venture called SimpliCT, which will be based in the Netherlands, to bid for the role of equity consolidated tape provider. More than 50% of EU equity trades go through or are reported through the two companies' platforms.

Chicago-based Cboe Global Markets owns the Chicago Board Options Exchange and Cboe Europe. It is capitalised at $22bn and is a powerful partner for Aquis Exchange, which brings its technology expertise to the bid. The selection process should start next June, and the final choice should be announced by the end of the year. The consolidated tape should be implemented in 2026.

The European Commission has decided to create a single entity to operate a real-time, trade consolidated tape. The European Securities and Market Authority will select the business to take on the role.

There is no guarantee that the joint venture will win the bid for the consolidated tape. There are likely to be plenty of competitors, but the joint venture will have a good chance of success.

The Aquis Exchange share price has been on a downward trend since late August. The company warned that it had lost a contract that would reduce 2024 revenues by £1m. Being a technology contract the reduction in pre-tax profit will be similar.

Panmure Liberum expects a fall in 2024 pre-tax profit from £5.2m to £4.9m, before a recovery to £5.8m next year. The new joint venture will not have any significant influence on these figures, although there could be some additional costs. Net cash should be £15m by the end of 2024. At 332p, the shares are trading on 19 times prospective 2024 earnings, falling to 16 in 2025.

■ **Cavendish Financial** was profitable in the six months to September 2024. Revenues were at least £27.5m, up from £19.5m on a like-for-like basis in the same period the previous year. There was cash of £17.2m at the end of September 2024.
Cavendish has strengthened its position as the number one broker on AIM and it is winning Main Market clients. There is a pipeline of potential flotations and mergers.

■ **Tatton Asset Management** had stronger than expected net inflows averaging £305m/month in the past six months. Assets under management or influence rose 13% to £19.9bn - Zeus had not expected it to reach that level until next year.

ADVISER CHANGES - OCTOBER 2024

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
1Spatial	Cavendish / Panmure Liberum	Panmure Liberum	Panmure Liberum	Panmure Liberum	10/8/2024
Reabold Resources	Cavendish	Cavendish	Cavendish	Strand Hanson	10/8/2024
Fiinu	Oberon / SP Angel	SP Angel / Panmure Liberum	Spark	Spark	10/11/2024
Litigation Capital Management	Cavendish / Canaccord Genuity	Canaccord Genuity / Investec	Cavendish	Canaccord Genuity	10/15/2024
YouGov	JP Morgan Cazenove / Morgan Stanley / Berenberg	Deutsche Numis / Berenberg	JP Morgan Cazenove	Deutsche Numis	10/15/2024
WH Ireland	Zeus	WH Ireland / Canaccord Genuity	Zeus	Canaccord Genuity	10/17/2024
Science Group	Canaccord Genuity / Panmure Liberum	Stifel Nicolaus / Panmure Liberum	Canaccord Genuity	Stifel Nicolaus	10/21/2024
Eckoh	Singer	Singer / Investec	Singer	Singer	10/24/2024
ITM Power	Berenberg / JP Morgan Cazenove	Investec	Berenberg	Investec	10/24/2024
Star Energy	Zeus	Investec / Canaccord Genuity	Zeus	Investec	10/28/2024

Aptamer adds contract research clients as it waits for lucrative commercial deal

Optimer binders *www.aptamergroup.com*

York-based **Aptamer Group** is gaining new business that will help to reduce losses. The real value in the business, though, will come when clients use its Optimer IP in a commercial product.

Aptamers are synthetic nucleic acid-based biological molecules and individual aptamers are chosen for their abilities to bind to a particular protein, cell or virus. The company's Optimer platform can produce optimised DNA or RNA aptamers. This platform has many applications across diagnostics, therapeutics and the consumer sector.

There is a major deal with Unilever for an Optimer developed as an active ingredient in deodorants and the partnership has been extended. There have been positive laboratory tests, and the next phase is an in-person effectiveness test.

There is a deal with Unilever

Aptamer is developing an Optimer-based lateral flow test for early diagnosis of Alzheimer's disease for a client. There is also an Optimer delivery product that could be used for precision medicines in fibrotic liver. The potential project pipeline is worth £4.3m.

Aptamer Group generates revenues from contract research services with longer-term potential for royalties and licence revenues when its IP is used commercially. In the year to June 2024, revenues halved from £1.75m to £860,000, but overheads have been cut so the loss was reduced from £8.3m to £3.14m.

APTAMER GROUP (APTA)			0.225p
12 MONTH CHANGE %	-82.4	MARKET CAP £M	4.3

There was £870,000 left in the balance sheet at the end of June 2024. In August, £2.6m was raised at 0.2p/share. The cash in the bank and the reduced cost base mean that management does not have to worry about cash for up to two years. It can concentrate on winning additional contracts. It will take longer for the more substantial income to be generated from commercial products, but there should be evidence of progress before any additional cash might be needed.

Feedback gains reimbursement for Bleepa

Medical imaging software *www.fbkmed.com*

Feedback imaging communications product Bleepa has gained eligibility for reimbursement through the Elective Recovery Fund (ERF), which means that integrated care bords can adopt Bleepa without any capital investment.

The pace of take up of Bleepa by integrated care boards has been disappointingly slow. The ERF reimbursement should help to accelerate interest. It will cost less than £50,000 to implement Bleepa with a client. The idea behind the ERF is to reduce waiting lists for elective care by enabling more appointments and treatments.

FEEDBACK (FDBK)			43.5p
12 MONTH CHANGE %	-43.9	MARKET CAP £M	5.8

In September, Feedback secured a collaboration with a provider of primary care IT services. There are no specific details, but this will help to market Bleepa across the UK. The partners will pilot a service combining software and Bleepa to streamline referrals between primary care, Community Diagnostic Centres and community care. If this is rolled out nationally, the total addressable market could be worth £150m.

This deal indicates that IT providers do not have comparable technology to Bleepa. It will take years for them to develop their own version. The deal does not appear to be exclusive.

Panmure Liberum forecasts revenues of £1m for the year to May 2024 and £2m for the following year. The loss is still set to be around £4m in each of these years. It will take much higher revenues to reach breakeven. The latest announcements augur well for the medium-term. Feedback moving into net debt by next May, so it is raising up to £6.2m from a placing and offer at 20p/share.

1Spatial increases recurring revenues and focuses on sales and marketing

Location services — *www.1spatial.com*

1Spatial is winning new business in the UK, Europe and the US and building up its recurring revenues. The location data services analysis business uses a rules-based engine to ensure accuracy so that utilities and other clients have suitable data. Growth will come from the 1Streetworks product in the UK and the NG9-1-1 product in the US.

The cloud-based 1Streetworks product automates traffic management plans and diversion routing. Information can be shared with other users, such as utilities and contractors. This can reduce the need for road closures. The first user was UK Power Networks. Following the interims, 1Spatial gained its second major client. Surrey County Council has signed a 12-month contract worth

1Streetworks wins new contract

£1m. This covers road works on traffic sensitive roads.

The US-focused NG9-1-1 software enables public safety services to comply with NENA standards. It can identify overlaps and incomplete data, as well as pinpointing problems between jurisdictions.

1Spatial has secured a five-year deal with the United States Forest Service worth $1.4m. The service provided will help in decisions concerning forest fire management and preservation of the environment. This is the first contract with the US Department of Agriculture.

1SPATIAL (SPA)			69p
12 MONTH CHANGE %	+45.3	MARKET CAP £M	76.7

In the first half, revenues were 5% higher at £16.2m, with all the growth coming from recurring revenues which reached £8.9m. The loss was reduced from £456,000 to £162,000. The business is second half weighted. Panmure Liberum forecasts an improvement in full year pre-tax profit from £2.1m to £2.2m. Net cash should be £1.1m at the end of January 2025.

The Business Growth Fund has trimmed its shareholding from 6.27% to 4.35%. Chief executive Claire Milverton bought 45,349 shares at 66p each, taking her stake to 0.7%. Finance director Stuart Ritchie bought 11,250 shares at 66.5p each.

EMV Capital builds funds under management

Technology investor — *www.emvcapital.com*

Technology and pharma investment adviser and manager **EMV Capital**, previously known as NetScientific, is building up its assets under management and so that it can earn enough income to cover its ongoing costs. The current valuation does not fully reflect the value of the fund management and advisory business and the portfolio of direct investments.

In the six months to June 2024, income edged up from £1.15m to £1.17m, which includes the consolidation of 88.5%-owned subsidiary ProAxis. The loss increased from £1.6m to £1.8m. There will be a second half contribution from Martlet

EMV CAPITAL (EMVC)			51.5p
12 MONTH CHANGE %	-4.6	MARKET CAP £M	12.3

Capital funds.

Total assets under management reached £106.7m following the addition of the Martlet Capital portfolio. There are £41m of direct investments, which includes £3.6m for the advisory business. The 3% stake in Nasdaq-listed PDS Biotechnology has increased in value since the balance sheet date. Net assets edged up from £17.1m to £18.5m. There is a small amount of cash on the balance sheet.

The loss is expected to continue in 2025 before an anticipated move into profit in 2026. This does not include gains on investments. Management is already assessing potential exits for some of the more mature investments.

Belfast-based ProAxis is a respiratory diagnostics company. It is being restructured and the focus is generating sales from services. Currently, merger and strategic opportunities are being assessed. The ProAxis stake is valued at £8m.

Disposals could boost NAV and fund new direct investments. Directors have bought shares following the interims. The shares are trading at a one-third discount to NAV.

Pulsar Helium raises funds to develop confirmed helium project in Minnesota

Helium explorer *www.pulsarhelium.com*

PULSAR HELIUM INC (PLSR)			27.5p
12 MONTH CHANGE %	N/A	MARKET CAP £M	34.8

Canada-based **Pulsar Helium Inc** is developing the Topaz helium project in northern Minnesota, close to the Canadian border. So far, an appraisal well has been drilled and this confirmed the presence of helium. The executive directors include Thomas Abraham-James who was the first boss of AIM-quoted Helium One Global and former chairman Neil Herbert.

A placing and subscription at 25p/share raised £3.875m, although £1m went on expenses. The cash will fund further exploration in Minnesota. Prior to the flotation, cornerstone investor, Jerome Keen from Oak Securities, invested £1.125m. Cash had fallen to $900,000 by the end of September following payment of the option over the Topaz project. There should be $5m in the bank after transaction costs.

There is $5m in cash

The company holds private mineral rights over 5,979 gross acres in Minnesota, which has passed legislation that should increase the certainty of developing the helium project. There is also significant carbon dioxide resource in the area.

The competent person's report for the acreage identifies a significant resource from the Jestream#1 well with potential upside from this area within the Topaz project. Unrisked contingent net recoverable helium is 5.9MMscf on a 2C basis. The unrisked prospective net recoverable helium for the whole project is 40.3MMscf. There are plans to deepen the Jetstream #1 well and additional seismic will be acquired.

There is also an exploration licence for the Tunu project in East Greenland, where there has been initial sampling.

Pulsar Helium Inc shares were already trading on TSX-V and the OTCQB Venture Market. The TSX-V listing was gained at C$0.30/unit (one share and one warrant) on 15 August 2023. The annual growth rate of the helium market is forecast to be 4.3% with increasing demand from the electronics sector.

Gattaca concentrates on recruitment sector strengths

Recruitment *www.gattacaplc.com*

GATTACA (GATC)			89p
12 MONTH CHANGE %	-23.3	MARKET CAP £M	28.1

Recruitment firm **Gattaca** did slightly better than expected in the year to July 2024, but this year trading is set to continue to be tough – although Gattaca is outperforming the market. The longer-term prospects are better with potential for a sharp improvement in profit when markets recover as Gattaca focuses on sectors where it has a strong position.

Net fee income fell 5% to £40.1m. An 8% increase in the number of contractors meant that contract revenues were 3% ahead, but permanent recruitment net fee income fell by one-third. The projects business grew 35%, but this is the smallest part of the group.

There are positive signs in the infrastructure, energy and technology contract markets, while defence and mobility are steady. The permanent markets for defence and technology remain weak.

Pre-tax profit declined from £3.7m to £2.9m with a lower level of bad debts and reduced costs helping to minimise the fall. The majority of the proposed cost savings have been achieved. The dividend was maintained at 2.5p/share.

Net cash was £22.8m. Once there is an upturn in demand the working capital requirements will increase. There should still be a significant cash surplus, though. Management is considering using some of the cash to make bolt-on acquisitions in core sectors. This could enhance earnings.

Panmure Liberum forecasts a 2024-25 pre-tax profit of £3m as income appears to be starting to stabilise, before a bounce back to £5m on net fee income growing to £45.4m next year. The shares are trading on 14 times prospective earnings, falling to nine the following year.

Sanderson Design cuts dividend as brand sales decline

Furnishing brands *www.sandersondesign.group*

Dividend

Ten years ago, Walker Greenbank was profiled on this page and the forecast dividend was 1.85p/share and it has risen since then. It is now known as Sanderson Design Group and it continues to pay dividends, but tough trading conditions mean that this year's dividend will be reduced.

Since returning to paying dividends post-Covid, the annual dividend has been 3.5p/share. The latest interim was reduced by one-third to 0.5p/share and the total 2024-25 dividend could be 2.4p, which would be covered 3.4 times by forecast earnings. There could be modest growth from that level next year.

Business

Sanderson Design owns a range of furnishing brands, as well as manufacturing operations. It moved from the Main Market to AIM in 2003. The brands include Sanderson, Morris & Co, Harlequin, Clarke & Clarke, Zoffany and Scion. They are each focused on different styles and price points. As well as sales of products the brands are a lucrative generator of licence income.

Clarke & Clarke is the largest generator of revenues, although they have fallen back like most of the other brands. In the latest interims, Sanderson was the only brand to edge up revenues. This was helped by strong international sales.

The UK remains the largest market for the company, but it declined by 14% in the first half. While European sales were also lower, North America bucked the trend with a 4% improvement.

External manufacturing revenues from fabrics and wallcoverings were slightly lower with higher revenues from supplying internal customers. Investment in digital facilities will make the operations more efficient.

SANDERSON DESIGN GROUP (SDG)	
Price (p)	68.5
Market cap £m	49.2
Historical yield	5.1%
Prospective yield	3.7%

In the six months to July 2024, group revenues were 11% lower at £50.5m, partly due to a drop in licence revenues from £6.9m to £4.1m. There was an exceptional deal in the previous period and underlying licence revenues improved. This is high margin business, so there is a much larger dip in profit. On top of that distribution costs increased due to higher patterning expenses. There was a three-quarters decline in pre-tax profit to £1.5m.

Net cash fell from £16.3m to £9.6m at the end of July 2024. There could be a further decline in the second half.

The core UK market remains weak with little sign of a significant recovery and there is also some uncertainty in the US. In the first eight months of the financial year, brand sales were 10% lower. Full year pre-tax profit is expected to fall from £12.2m to £7.6m - the forecast before the interims was £8m. A recovery in licence income partly offsets the continuing decline in brand sales. Next year sales could recover, although optimism has proved unwarranted in recent months.

The share price is around two-fifths of the level it was ten years ago. The prospective multiple is eight. That provides substantial recovery potential for the shares.

Dividend news

Disinfection products supplier **Tristel** beat expectations in the year to June 2024. Revenues improved from £36m to £41.9m, while pre-tax profit rose from £6.2m to £8.2m. Sales grew in nearly every market, with small dips in Australasia and China. A price increase in the UK, combined with higher volumes, helped hospital medical device decontamination sales jump 38%. Net cash is £8.8m. The total dividend was raised 29% to 13.52p/share. Management is hopeful that US FDA approval for Tristel's ophthalmology disinfectant will be received by the end of the year. Pre-tax profit is expected to reach £9.9m this year without a significant contribution from the US. The dividend could be 16.4p/share.

Bioventix is paying a final dividend of 87p/share, down from 90p/share last time, but the total dividend for 2023-24 has risen 2% to 155p/share. The company develops monoclonal antibodies for immunodiagnostics. In the year to June 2024, revenues improved 6% to £13.6m, but this was slightly lower than forecast. Even so, pre-tax profit was 5% higher at £10.6m. The 2024-25 pre-tax profit forecast has been trimmed by 4% to £11.6m. The dividend could rise to 160p/share, which would be covered nearly 1.1 times by forecast earnings. Net cash could be £6.2m at the end of June 2025.

In the six months to August 2024, motor dealer **Vertu Motors** improved interim revenues 3% to £2.49bn with growth in electric vehicle sales. The car market remains tough, but Vertu Motors is outperforming its rivals. Second hand vehicle sale prices are stabilising, and aftersales income was 10% ahead. The interim dividend was raised to 0.9p/share. At the end of October, a further nine dealerships were acquired. Prior to this, the 2024-25 pre-tax profit forecast was trimmed from £40.2m to £38m. A total dividend of2.6p/share is anticipated, up from 2.4p/share. Net tangible assets should reach 74.5p/share.

Expert view: Registrars

The budget and capital markets

By Hardeep Tamana

Last month's budget – the first to be delivered by a Labour chancellor in almost a decade and a half – had the opportunity to breathe some much-needed life back into London in a move that could have helped revive it as a vibrant capital markets venue. Whilst news of change to inheritance tax carve outs in the AIM market were of little surprise – and indeed didn't go as far as many had feared – the government seemingly fell some way short here in fostering competition or driving innovation.

At a time when private markets are proliferating, this budget offered an ideal opportunity to look holistically at how capital markets have evolved in recent years and what the capital market of the future may look like. Instead, we have seen action to row back what were arguably generous tax break on AIM along with a few more clues over the timing and shape of the PISCES market launch – but not much else.

Avenir's digital first structure leaves us well positioned to react to developments in the underlying market

What can be done?

This is however a new government with a raft of high profile, public-interest priorities to contend with. Perhaps they can be excused for not having the future of the City at the top of the agenda this time around, but legislation-driven reform here is overdue – and we certainly cannot afford to wait for another change in administration before progress is seen.

Three points where we believe reform could deliver quick gains for the City – and UK plc.

1. Create an equivalence with the Eurobond market and explicitly waive stamp duty on bond transactions. The once vibrant UK commercial debt market has dried up, with the bulk of transactions routing through the European Union where more favourable tax treatments prevail.

   Levelling the playing field here would come at zero cost to the Exchequer as this market no longer exists in any meaningful way, but would have the potential to generate jobs and boost GDP in the process. Given the EU's post-Brexit treatment of the UK as a third country, bringing this work back onshore would at least allow some of that oft talked about Brexit dividend to be realised.

2. Encouraging private markets. Whilst the budget touched on both the AIM market and the soon to be formed PISCES initiative from the London Stock Exchange, more could have been done here to foster growth amongst the rising number of private markets we have in London.

   Incorporating these growth markets into the same tax structure which AIM now operates under – no stamp duty on transactions and a degree of inheritance tax relief – would have sent a strong signal that the government understands the evolution of this market and the importance of fostering strong competition on equal terms here.

3. Action to mandate CSD interoperability to make markets more efficient. The Central Securities Depositories Regulations 2014, has been in place for over a decade now. Whilst this was initially a pan-EU initiative, Brexit left the UK able to break from key timelines here, but progress here has been painfully slow of late.

   The lack of competition in this vital part of the market's plumbing results in higher transaction costs. Anything to encourage investment here and in turn drive product innovation can only be a positive – something that could easily be folded into wider reforms for the City.

Digital first

Avenir's digital first structure leaves us well positioned to react to developments in the underlying market, meeting the needs of issuers and investors alike across multiple asset classes.

There's plenty of scope for reform here but without suitable incentives which are backed by appropriate legislation, it's going to be difficult to encourage the private sector to make the investments that are needed.

A holistic view is absolutely necessary, not least because with the City accounting for 25% of UK GDP, preserving its fortunes and retaining the support of the people who drive this sector will be instrumental in ensuring Labour's ambitious spending plans can be met without landing the working person with punitive tax hikes.

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

AIM Awards winners in 2024

In October, the 2024 AIM Awards (www.aim-awards.co.uk) winners were announced at the annual dinner at Old Billingsgate in London.

COMPANY OF THE YEAR

Renew Holdings

Engineering services provider Renew Holdings was on the company of the year shortlist in 2023, and its steady performance makes it a good and safe choice for this award. Over the past 15 years, the share price has risen by 2,890%.

Core markets are road, rail and nuclear infrastructure with the focus on regular support and maintenance spending rather than large one-off projects. Renew has combined organic growth with acquisitions and over the years has moved into new markets.

Renew recently moved into the electricity transmission sector. It is paying up to £26m for Excalon, which provides construction services for high voltage and extra high voltage infrastructure. The next five-year funding cycle for distribution network operators is worth £22.3bn and Renew can build market share in this new area.

The most recent acquisition takes Renew into providing repair and maintenance services for onshore wind turbines in the UK and Europe. It is paying £50.5m for Full Circle Group, which is based in the Netherlands. This provides a foothold in Europe for Renew, which is predominantly UK-based.

Renew confirmed that full year revenues and operating profit are ahead of expectations. It has also sold its remaining specialist construction business, which was dragging down group margins.

The 2023-24 operating profit will be slightly more than the £70.1m consensus forecast. Net cash will be higher than the previous consensus of £22.1m – that is before the latest acquisition. The full year results will be announced on 26 November.

ENTREPRENEUR OF THE YEAR

Sam Bazini and Eoin MacLeod of Warpaint London

Cosmetics supplier Warpaint London was founded by Sam Bazini and Eoin MacLeod in 1992, and it joined AIM nearly eight years ago. It was initially capitalised at £62.6m at a placing price of 97p. The two men shared £21m by selling shares in the placing and they have raised more than £37m in total from subsequent share sales. Even so, they each still own 20.5% of the company.

The share price has fallen back from a high of 632p, but Warpaint London is still valued at £424m. The share price has trebled since the end of 2022.

The business initially focused on close-out business where third-party stock is acquired and sold on. Over the years, the branded business has been built up and the close-out operations are down to 3% of revenues.

The focus is on affordable brands, but Warpaint London was still hit by weak consumer spending in 2018, which led to the share price slumping below the flotation price. Trading remained tough and the core brands were the focus. Management continued to win shelf space in retailers, such as Tesco, and build up sales internationally. This helped the business to recover and go from strength to strength.

In recent years, there have been consistent upgrades in forecasts. This has happened more than once this year. The full year pre-tax profit forecast was raised 5% to £24.5m after the recent interims.

BEST NEWCOMER

AOTI Inc

US-based AOTI was founded in 2006 and has operations in California, Galway, where there are manufacturing facilities, and Bournemouth, which came with the acquisition of NEXA, which has developed a negative pressure wound therapy device, in November 2022. The company has developed an at-home therapy device to deliver oxygen topically into chronic wounds, including diabetic foot ulcers and pressure ulcers. The estimated global market for the company's technology is $12bn. The company's TWO2 therapy has been shown to reduce the recurrence of diabetic foot ulcers six-fold versus standard care. That reduces amputations by 71% and hospitalisations by 88%. Revenues are growing at an annual rate of 38% and reached $43.9m in 2023. Veterans' Administration accounts for $31m of revenues with Medicaid most of the rest. AOTI Inc is forecast to make an underlying pre-tax profit of $3.3m this year, rising to $8.3m next year.

A placing on 18 June 2024, just before the end of the judging period, raised £19.5m at 132p/share. The share price is trading just below that level. The flotation expenses were nearly £6m. Existing shareholders sold 11.8 million shares in the placing.

BEST USE OF AIM

SigmaRoc

Building materials supplier SigmaRoc started out as a shell that was formerly a technology company. A succession of acquisitions over less than a decade has turned the company into one of the top 15 companies on AIM by market capitalisation and a major player in the northern Europe market.

Last year, SigmaRoc purchased the European lime assets of CRH for $1.1bn in cash and shares. That left CRH with a 15% stake in SigmaRoc. The acquisition was in three phases, but all the assets are currently contributing. These assets add nearly £200m to annualised EBITDA. There are €35m of cost savings identified and management it still targeting savings of up to €60m.

The nine-month figures show revenues 67% higher at £729m and full year revenues should be more than £1bn. That reflects the contribution of the former CRH businesses. On a pro forma basis, volumes fell 3% and revenues were 4% lower. EBITDA increased 88% to £165m, while margins improved 22.6%.

In industrial markets, demand from mining, chemicals and pulp and paper is resilient, although automotive demand is slowing. Agricultural demand is good.

Construction is two-fifths of the enlarged group in terms of revenues. Infrastructure remains a strong market, but residential is still weak. This is an area where there is potential for recovery.

Net debt is set to be £559m at the end of 2024. Strong cash generation means that this could fall to £476m by the end of 2025. Management says that any further investment will be funded by cash generated and not through further share issues.

AIM TRANSACTION OF THE YEAR

GlobalData

GlobalData provides business data information and analytics. Private Equity firm Inflexion acquired a 40% stake in GlobalData's healthcare division, which provides data on trends relating to drugs and trials, for gross cash of £451m. That valued a business that generated 50% of group EBITDA at three-quarters of the then market capitalisation of the group. The consumer and technology divisions remain wholly owned.

Net cash was £188.3m at the end of June 2024. Since then, Business Trade Media International has been bought for an enterprise value of £10m.

In September, chief executive Michael Danson sold 10 million shares at 225p each, while finance director Graham Lilley raised £562,500 from selling 250,000 shares – out of 285,000 share options exercised - at the same price. Michael Danson has been regularly selling shares, but he still owns more than 60% of GlobalData.

BEST TECHNOLOGY

Creo Medical

The surgical endoscopy products developer has taken time to build up sales, but there is an enormous market for it to tap. The revenues from gastrointestinal use of Speedboat and SpydrBlade medical equipment are expected to grow rapidly with newer products adding to the group revenues. The technology will be licensed for markets outside of the core Creo Medical focus.

Since the nomination, the company revealed it is selling a 51% stake in Creo Europe to Micro-Tech for €36.7m. This business was acquired in 2020 as a route to market in Europe. This deal will enhance the distribution and manufacturing capabilities of the group and provide funds to expand the core operations.

Creo Medical also raised £12m from a placing at 24p/share and a retail offer raised £89,000 – the offer was for up to £5m. This is anticipated to be enough cash to move the business towards profitability.

AIM GROWTH BUSINESS OF THE YEAR

Jet2

Airline and tour operator Jet2 is the largest company on AIM. It transferred from the Main Market in August 2005. It was then valued at £83m and the market capitalisation has increased to more than £3bn. There was a sharp decline in the share price from its peak at the time of Covid lockdowns, but it has recovered most of that loss. Canaccord Genuity upgraded its 2024-25 pre-tax profit forecast from £523m to £535.5m following the AGM trading update. There was strong late booking activity in the summer and the prices of holidays increased. Repeat package holidays customers account for more than three-fifths of numbers.

BEST INVESTOR COMMUNICATION

CVS Group

DIVERSITY CHAMPION AWARD

Kooth

AIM CORPORATE GOVERNANCE

System1

BRIAN WINTERFLOOD AWARD

George Luckraft

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Consumer	24	16.7
Industrials	22.6	17.7
Technology	12	12.8
Health Care	11.4	10.9
Financials	10.1	10
Basic materials	8.4	16.1
Energy	5.5	10.6
Telecoms	2.9	1.9
Utilities	1.7	0.6
Property	1.4	1.7

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	737.1	+7.8
FTSE AIM 50	4021.32	+13.8
FTSE AIM 100	3572.81	+9.8
FTSE Fledgling	11094.55	+12
FTSE Small Cap	6836.26	+18.6
FTSE All-Share	4431.83	+11.7
FTSE 100	8110.1	+10.5

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	136
£5m-£10m	82
£10m-£25m	134
£25m-£50m	90
£50m-£100m	81
£100m-£250m	96
£250m+	74

KEY AIM STATISTICS

Total number of AIM	695
Number of nominated advisers	23
Number of market makers	20
Total market cap for all AIM	£71.9bn
Total of new money raised	£135.2bn
Total raised by new issues	£48.2bn
Total raised by secondary issues	£87bn
Share turnover value (Sep 2024)	£36.2bn
Number of bargains (Sep 2024)	7m
Shares traded (Sep 2024)	1,080bn
Transfers to the official list	205

TOP 5 RISERS OVER 30 DAYS

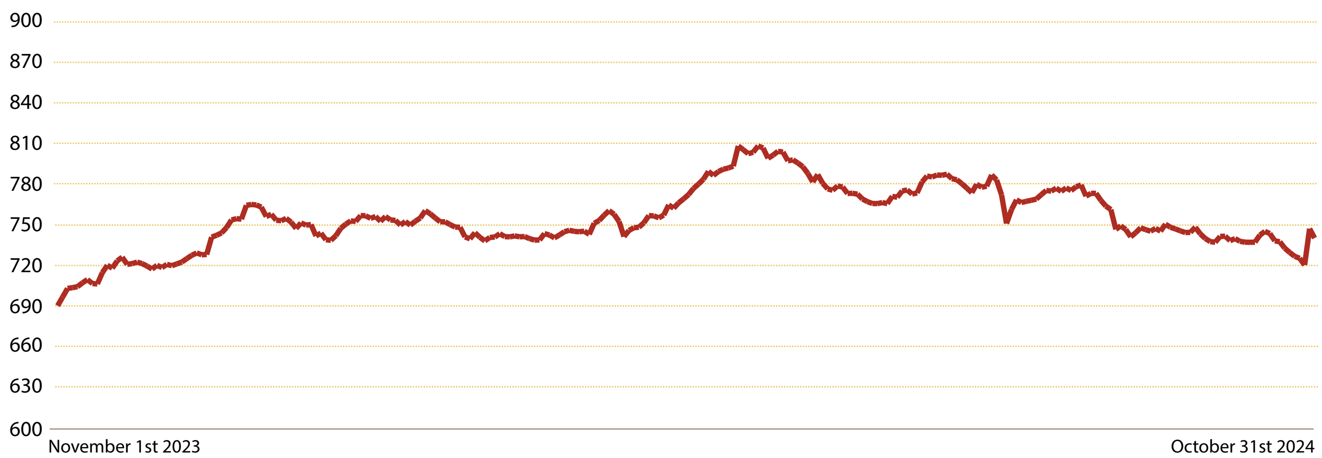
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
EnergyPathways	Mining	10.3	+506
CloudCoCo	Technology	0.325	+160
Seascape Energy Asia	Oil and gas	33.25	+118
Chariot Oil and Gas	Oil and gas	2.6	+80.1
Rome Resources	Mining	0.45	+76.5

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Emmerson	Mining	0.415	-74.1
Armadale Capital	Mining	0.075	-72.7
Oxford BioDynamics	Healthcare	1.14	-64.6
Inspirit Energy	Shell	0.0032	-62.4
Haydale Graphene Industries	Technology	0.13	-55.2

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



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

PUBLISHED BY:	Hubinvest Ltd,	**MOBILE / TEL:**	07729 478 474
ADDRESS:	1C Beaufort Road, Kingston-upon-Thames, Surrey. KT1 2TH.	**EDITOR:**	Andrew Hore
		PRODUCTION & DESIGN:	David Piddington

SPONSORSHIP & ADVERTISING hubinvest50@outlook.com.
or telephone 07729 478 474