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THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

Positive start to 2023

AIM has made a good start to 2023. There was a 4.4% increase in January, which is similar to the rise in the FTSE 100 index during the month. The FTSE AIM UK 50 index improved by 5%, which is slightly more than the FTSE AIM 100 index.

However, trading volumes remain low. The number of trades was more than one-third lower than the January 2022 level, but there was an improvement on the December figure. Online retailer boohoo is back at the head of the table of most traded AIM companies, although the value of trades in airline and tour operator Jet2 was higher.

A 37% gain for data analysis software supplier WANdisco made it the best performer among the larger AIM companies. It continues to win large contracts. They include a $6.6m data migration contract with a global telecoms services provider and a $9m data migration contract with an industrial and consumer goods company. These are one-off deals.

Fuel cell technology developer Ceres Power rose by more than one-third after revealing 2022 revenues of £21m and positive testing news concerning the 100kw electrolyser module, but the China joint venture has still not been finalised. The share price has risen to the highest level since last September.

Celsius' Philippines prospect

ASX-listed Celsius Resources raised £2.4m at 0.8p a share when it joined AIM on 30 January. That valued the minerals explorer at £14.8m. The share price opened at 0.88p on 30 January and ended the day at 0.9p. The following day it rose to 1p.

The main interest is the Makilala-Caigutan-Biyog (MCB) copper gold project in the Philippines. This is 320km north of Manila. The authorities are apparently fast-tracking the project permitting approvals and mine development. The cash will help to finance further development, but management needs to secure additional debt and/or an offtake agreement to generate the funding required to get the project to bankable feasibility. Celsius Resources owns 100% of the project, which provides flexibility when it comes to longer-term financing.

The JORC compliant mineral resource estimate for the MCB project is 338 million tonnes at 0.47% copper and 0.12g/t gold. That is equivalent to 1.6Mt of contained copper and 1.3 million ounces of gold.

The 95%-owned Opuwo cobalt copper project is in north west Namibia and there is already suitable infrastructure in the area. The July 2021 mineral resource estimate comprises 225.5Mt at 0.12% cobalt, 0.43% copper and 0.54% zinc. There are plans to update the scoping study.

In this issue

Finsbury Food buys Lees

Finsbury Food Group is acquiring Scotland-based Lees Foods, a manufacturer of meringues, teacakes and snowballs, for £5.7m. Finsbury Food makes cakes and artisan breads, as well as gluten free food products and it is acquiring Lees Foods on a cash free basis. At the end of 2021 Lees Foods had net cash of just over £2m.

The deal should be earnings enhancing in the current financial year to the end of June 2023. Longer-term, there should be some cost savings and potential to build on the relationships with supermarkets and other customers.

Lees Foods was quoted on AIM up until 26 June 2012 when a 230p a share management bid valued it at £5.6m. In 2011, the group made revenues of £20.3m and reported a pre-tax profit just short of £1m. There was £2m in the bank at the end of 2011.

The group included ice cream cones and wafers maker Waverley Bakery, which was acquired in 2003, and this was sold on 29 February 2016. There was a gain on disposal of £3.87m. In 2015, Waverley Bakery generated a pre-tax profit of £622,000 on revenues of £5.84m, while the continuing businesses made a pre-tax profit of £1.3m on revenues of £20.4m.

After the disposal there were dividends of £4.91m paid. There have also been other dividends in the past decade, although none were paid in 2020 and 2021.

Revenues in recent years have been hit by Covid restrictions. In 2021, Lees Foods made a pre-tax loss on revenues of £16.4m, while net assets were £7.2m. The unaudited 2022 revenues are estimated at £21.6m, with EBITDA of £900,000, compared with £340,000.

Impellam disposal

Staffing company Impellam is selling its UK specialist and international healthcare staffing businesses to human resources-focused investment fund Twenty20 Capital for £85m. Impellam will retain the £26.4m of cash held by these businesses. The brands include Blue Arrow. These businesses made an operating profit of £4.3m. The disposal should be completed in early March and Impellam intends to pay a special dividend of 77.7p a share, costing £35m, out of the sale proceeds. It has already paid dividends worth £50m in the past year. The continuing staffing operations include Lorien (IT), SRG (life sciences) and Comensura (managed services). Lord Ashcroft remains interested in selling his 62% stake.

Still no accounts from Revolution Beauty

Revolution Beauty Group has revealed the results of the independent investigation into its financials and that has uncovered serious issues with how the cosmetics business was previously run. New chief executive Bob Holt remains confident that the underlying business is strong. Net debt was £20m at the end of 2022.

Four board members and other senior management have resigned since shareholders were made aware of the problems last May. Co-founder and 15.8% shareholder Tom Allsworth is still on the board, but he is not involved in day-to-day management. The new management team is addressing the problems and updating internal processes.

There are concerns about the valuation of Medichem Manufacturing when it was acquired from Tom Allsworth and an independent valuation has been commissioned. It is suggested that sales had been boosted prior to the purchase.

There were also concerns about revenue recognition and some sales were only made to meet targets. Inventory provisioning policies were inadequate, and a new policy will be used with adjustments for previous years. The founders were making undisclosed loans to directors and managers.

The audit of the accounts for the year to February 2022 is continuing and there will be large adjustments and write-offs. Trading in the shares was suspended on 1 September 2022. A company is normally kicked off AIM when the shares are suspended for six months, but AIM is sometimes lenient and allows additional time. The annual report and subsequent interims will have to be published before trading recommences.

Online retailer boohoo, which has a commercial relationship with Revolution Beauty, has built up a 26.5% stake. It appears to have acquired Jupiter Fund Management's 8.43% stake since the suspension.

Winterflood trading volumes decline

Profitability has dived at market maker Winterflood because of lower trading volumes in AIM-quoted and other smaller companies. Analysts had been expecting an operating profit of £18m for this financial year, but in the first five months Winterfood has contributed £1.7m to Close Brothers profit. That was a lower profit than expected. This business is affected by market confidence and activity, so profitability could bounce back significantly when these improve.

Peel Hunt forecasts a full year operating profit of £11.9m – a two-fifths cut in forecasts. The 2023-24 operating profit forecast has been trimmed to £23.2m. That is based on revenues recovering from £89m to £114m. Peel Hunt's sum of the parts valuation for Close Brothers suggests a £136m/90p a share valuation for Winterflood.

■ Management led by chief executive Dan Daviau is bidding C$1.13bn for **Canaccord Genuity**, which is quoted on the TSX. The offer is C$11.25 a share, which is well above the market price prior to the bid. The share price was more than C$15 one year ago, which was the highest it had been for more than one decade. Recent interim results show capital markets revenues declining sharply - in line with UK rivals. Canaccord Genuity has been investing in wealth management businesses, including Adam & Co. The management team already owns 21.3% of the shares.

■ **Oberon Investments Group** is acquiring 63% of Logic Investments Ltd, which provides back office services to investment managers. Logic has funds under management and administration of more than £275m and Oberon Investments will merge its own back office operations with Logic. A placing raised £1.75m at 3.5p a share. Chairman Alex Hambro subscribed for 1.14 million of the shares, taking his stake to 1.64 million shares. The cash will be used to accelerate growth.

■ **Ince** has completed the sale of Arden Partners to Zeus. Zeus has taken on the brokerships and / or become nominated adviser to Andrews Sykes, Aukett Swanke, Cordel, CyanConnode, Echo Energy, Enwell Energy, KCR Residential REIT, Livermore Investments Group, Petro Matad, SIMEC Atlantis Energy Ltd and Tlou Energy.

ADVISER CHANGES - JANUARY 2023

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
Emmerson	Liberum / Shard	Liberum / Shard / Shore	Liberum	Shore	1/3/2023
Zoo Digital	Singer / Stifel Nicolaus	Stifel Nicolaus	Stifel Nicolaus	Stifel Nicolaus	1/5/2023
EKF Diagnostics	Investec / Cenkos	Cenkos	Cenkos	Cenkos	1/9/2023
FRP Advisory	Singer	Singer / Investec	Singer	Singer	1/9/2023
Katoro Gold	SI Capital	SI Capital	Beaumont Cornish	RFC Ambrian	1/10/2023
Challenger Energy	WH Ireland / Arden	Arden	WH Ireland	Strand Hanson	1/11/2023
Kibo Energy	Hybridan / Shard	Hybridan / Shard	Beaumont Cornish	RFC Ambrian	1/11/2023
Great Western Mining	SP Angel / Davy / Novum	Davy / Novum	Davy	Davy	1/17/2023
MyHealthChecked	Dowgate /	Oberon	Spark	Spark	1/18/2023
Distribution Finance Capital	Liberum / Investec	Investec	Investec	Investec	1/19/2023
Staffline	Zeus / Liberum	Liberum	Liberum	Liberum	1/19/2023
Mirriad Advertising	Baden Hill / Panmure Gordon	Panmure Gordon	Panmure Gordon	Panmure Gordon	1/20/2023
Light Science Technologies	Oberon / Turner Pope	Turner Pope	Strand Hanson	Stand Hanson	1/27/2023
Blancco Technology Group	Investec / Stifel Nicolaus	Peel Hunt / Investec	Investec	Peel Hunt	1/31/2023
Tissue Regenix	finnCap	Stifel Nicolaus	finnCap	Stifel Nicolaus	1/31/2023

Cambridge Cognition enhances voice-based technology with Canadian acquisition

Brain health *www.cambridgecognition.com*

Neuroscience technology developer **Cambridge Cognition** has bought Toronto-based Winterlight Labs Inc for £7m - £3m in cash and £4m in shares at 116p each. The existing business traded strongly in 2022 and broke even for the year.

Winterlight Labs develops machine-learning based voice assessment using free-speech inputs. This is used to detect cognitive impairment associated with dementia and mental illness. Cambridge Cognition has developed NeuroVocalix and the Winterlight Labs technology will enhance this. In 2022, the business made a £2.1m loss on revenues of £1m and it is expected to double revenues this year.

The enlarged group is even better positioned to win virtual clinical trials contracts. The market for speech-based biomarkers for all conditions is estimated to be growing at 66% a year and the market could be worth around $220m by 2026. Cambridge Cognition has secured a strategic partnership with digital screening tools provider Luca Healthcare to enter the market in China via a licensing agreement. There will be milestone payments and royalties. China is the second most active clinical trials market.

£9.5m of revenues are contracted for 2023

Cambridge Cognition increased revenues by one-quarter to £12.6m last year. A tax credit means that there will be a small post-tax profit. This includes an initial contribution from eClinicalHealth, which is trading as ClinPal and provides end to end virtual capability. The year-end order book was worth £17.6m and this has increased to £20.1m. This includes £9.5m of revenues contracted for this year.

CAMBRIDGE COGNITION (COG)			113p
12 MONTH CHANGE %	-7.8	MARKET CAP £M	39.1

The likely loss from Winterlight Labs means that Cambridge Cognition is going to move back into loss in 2023. Development costs are expensed, and investment remains at high levels. There is a strong balance sheet and even after the cash paid out for the acquisition, net cash is forecast at £4m by the end of 2023.

Medical imaging prospects for Kromek

Detection technology *www.kromek.com*

Detection technology developer **Kromek** grew its revenues by 44% to £6.8m in the six months to October 2022, even though R&D income declined. Demand from the medical imaging technology customer Spectrum Dynamics is behind the growth in advanced imaging sales to £3.4m, while detection products generated £3.2m.

Kromek is the only major independent supplier of CT/SPECT technology for the medical imaging market. The seven-year contract with Spectrum Dynamics could be the first of many. There is significant interest from medical imaging companies and some of the discussions are getting near to a stage when an agreement could be secured. Kromek has been awarded funding of £2.5m for two breast cancer screening technology projects. Detection products are being used in Ukraine and orders have also been won in the UK and US.

KROMEK (KMK)			9.65p
12 MONTH CHANGE %	-46.1	MARKET CAP £M	41.7

Kromek revenues tend to be second half weighted and full year revenues are forecast to improve from £12.1m to £18m, with 84% already contracted or shipped. Inflationary pressures and currency movements mean that the loss could increase. Net debt could be £8m by the end of April 2023. Management says that it has enough cash for its current requirements, but a further outflow is likely in 2023-24. If Kromek is successful in winning more long-term contracts there could be additional working capital requirements. If Kromek is going to achieve its potential it will require more cash. Positive contract news could help the share price to recover making it easier to raise cash in the future.

NWF feeds business moves back into profit and fuels makes add-on acquisition

Fuel, feeds, food distribution *www.nwf.co.uk*

NWF (NWF)			227p
12 MONTH CHANGE %	+6.1	MARKET CAP £M	112.2

All three divisions of **NWF** did better than expected in the first half and the second half has started well and recent purchase Sweetfuels will contribute. There could be further acquisitions for the fuels division.

In the six months to November 2022, revenues were 35% higher at £541.8m, while underlying pre-tax profit improved by 44% to £6.2m. The interim dividend is unchanged at 1p a share, although there will be an increase in the final dividend. NWF normally moves into a net debt position in the first half, but net cash was £1.2m at the end of November 2022.

There was a significant turnaround in the feeds division on the back of high milk prices. There was an operating profit of £2.1m, compared with a loss of £400,000 in the corresponding period. First half volumes fell 1.7% to 238,000 tonnes, which is slightly less than the market declined. Commodity prices are still volatile.

Commodity prices are still volatile

The food distribution division continues with utilisation rates of more than 90%, although improved efficiencies and the packing business helped operating profit increase from £1.5m to £2.1m. Further capacity could be added.

Although the fuels division did better than expected, operating profit fell from £3.6m to £2.6m. Profit per litre was still higher than normal. There was colder weather after period end. Oxfordshire-based Sweetfuels cost £10m, net of cash, and this business made a pre-tax profit of £1.2m in the year to August 2022. Sweetfuels sells 20 million litres of fuel each year. There is a bigger proportion of heating oil than for NWF, so profit per litre is higher.

Last year, rising oil prices meant that there was a bumper profit from fuels. That is why the 2022-23 pre-tax profit forecast declines from £20.9m to £12.3m, which is still higher than in 2020-21. The shares are trading on 12 times prospective earnings.

Wynnstay increases market share in animal feed

Agricultural supplies *www.wynnstayplc.co.uk*

WYNNSTAY GROUP (WYN)			534p
12 MONTH CHANGE %	-6.3	MARKET CAP £M	119.3

Agricultural products supplier and retailer **Wynnstay Group** beat expectations that had already been upgraded a number of times in the past year. These are record results, but the level of profit will not be sustained. There were more than £9m of one-off gains, mainly relating to the fertiliser blending operations.

In the year to October 2022, revenues were 42% ahead at £713m, while pre-tax profit almost doubled to £22.6m. The dividend has been raised for the nineteenth year in a row. The total dividend is 17p a share. High milk prices have boosted feed demand from farmers - with like-for-like growth of 6% - enabling Wynnstay to increase its market share.

The agricultural merchanting division improved its contribution to profit, although it was a more modest improvement than the rest of the business. Digital activities are being developed, but farmers still prefer to go to the depots.

Net cash is £18.2m. That is before the £1.4m spent on Cornwall-based feeds manufacturer Tamar Milling. Capital investment in the feed plant at Carmarthen and the potential redevelopment of the Calne feed plant mean that the cash pile is likely to reduce over the next two years.

Costs are starting to fall, but they remain relatively high. Shore forecasts a 2022-23 pre-tax profit of £12.2m, which is higher than the 2020-21 level. The shares are trading on less than 13 times prospective earnings and the forecast yield is 3.3%.

Sureserve set to use its cash pile for earnings enhancing acquisitions

Compliance and energy services *www.sureservegroup.co.uk*

Compliance and energy saving services provider **Sureserve** increased margins by more than expected last year. The shares are trading on a modest prospective multiple of ten, despite the potential growth for renewable energy-related services.

Full year revenues from continuing operations increased from £216.6m to £275.1m, while underlying pre-tax profit jumped from £11.3m to £16m. Operating margins improved from 5.7% to 6.1%. The order book improved by 18% to £593.5m. Gas meter installation business Providor made a lower profit because it increased its cost base last year ahead of the expected increase in demand.

These figures do not include non-core lift and fire businesses that are up for sale. Those businesses are profitable, although profit fell last year, and £3.46m was written off goodwill. The assets held for sale have a net book value of £7.1m and management believes that they could fetch more than that.

The prospective multiple is ten

There was net cash of £23.3m at the end of September 2022 and there could be more than £32m by the same time this year – that is more than one-fifth of the market capitalisation. The end of September is a strong period for cash, and it has fallen as normal during the winter. Even so, there are still no borrowings. There is a £5m overdraft and £15m loan facility and these could be increased if required.

Management is seeking acquisitions, but the prices of suitable purchases have been too high. This is a good sign because it shows that management is not buying anything for the sake of bulking up the business. There should be acquisitions of profitable businesses this year that will enhance earnings.

Sureserve has a mix of solid long-term compliance revenues with index-linked contracts and less predictable, but higher margin, energy services businesses. More than 90% of the current forecast 2022-23 revenues are covered by the order book, as well as approaching one-half of 2023-24 forecast revenues. This year pre-tax profit could reach £18m.

SURESERVE (SUR)			90.5p
12 MONTH CHANGE %	+1.1	MARKET CAP £M	150.4

Ilika secures US manufacturing partner

Battery technology *www.ilika.com*

Battery technology developer **Ilika** is finalising a manufacturing licence deal with US-based Cirtec Medical, which will enable a significant boost in production for the Stereax miniature battery. This is not an exclusive deal and similar deals can be made around the world.

There are already customers interested in the Stereax battery with initial orders from 18 medical companies. Once the full details of the deal are sorted out, Cirtec Medical can set up production of Stereax cells and it will pay a royalty to Ilika. There will be greater economies of scale and it will be easier to ramp up production as demand increases. Ilika will continue to make the cathodes for the battery.

ILIKA (IKA)			59p
12 MONTH CHANGE %	-58.6	MARKET CAP £M	93.2

The larger Goliath battery is on the way to reaching parity with equivalent lithium-ion batteries. Ilika has been awarded a UK government grant of £2.8m for taking a leading role on a 24-month Faraday Battery Challenge in collaboration with BMW and Williams. This will further the development of the Goliath battery for automotive use. It is designed to be cost-effective and recyclable.

In the six months to October 2022, revenues improved from £179,000 to £204,000, which all came from grants. Net cash outflow from operating activities increased from £2.19m to £3.84m. There is plenty of cash in the bank for Ilika's immediate requirements - net cash is £17.8m.

RBG Holdings refocuses on core activities

Legal services www.rbgholdings.co.uk

Dividend

Legal services provider RBG Group joined AIM on 8 May 2018 and there was a maiden dividend of 2.8p a share for that year. This increased to 3p a share in 2019, followed by a 3p a share interim in 2020 when a final dividend was not paid. The company moved back to paying two dividends in 2021 and they totalled 5p a share.

The latest interim was 2p a share. Singer forecasts a total of 3p a share for 2022, before recovering to 4.5p a share in 2023. The 2022 dividend estimate is nearly twice covered by forecast earnings and the cover would fall to 1.8 times this year.

Business

At the end of January, the board of RBG Group unexpectedly terminated the contract of chief executive Nicola Foulston because it has lost confidence in her strategy for the company. The disappointing performance of the LionFish litigation funding business appears to be a major factor in this move. Jon Divers has become acting chief executive with another two executive directors appointed.

LionFish lost two recent cases which will lead to a £4m write-off in 2022 and the business is loss making. That sparked downgrades in December. There is £3.3m of committed funding for cases.

The company is likely to exit the litigation finance business and concentrate on core businesses. It owns two high profile legal brands in Rosenblatt and Memery Crystal. The integration of the two firms is complete, but the brands remain separate. There is also sell-side corporate finance boutique Convex Capital.

RBG HOLDINGS (RBGP)	
Price (p)	58
Market cap £m	55.3
Historical yield	8.6%
Prospective yield	5.2%

Memery Crystal was acquired for £30m in April 2021 and it brought a specialisation in corporate transaction services for multinationals and smaller businesses. Rosenblatt is more focused on litigation work predominantly with high net worth individuals and entrepreneurs.

The LionFish problems have masked the good performance of the core businesses. Net debt is estimated at £16.8m and there could be cash released from an exit from litigation funding.

The underlying 2022 pre-tax profit is expected to be in line with expectations of £6.9m, down from £10.7m. A recovery to £10.1m is forecast for this year.

The flotation share price was 95p and £43m was raised through a combination of new and existing share sales. The market capitalisation was £76m. The share price peaked in July 2021, but there has been a downward trajectory since then – although the all-time low was in March 2020.

The shares are trading on just over seven times forecast 2023 earnings and the yield could be 7.8%. The strength of the core businesses warrants a better rating and extracting itself from LionFish would help RBG Holdings to be re-rated. There could be scope for acquisitions in the professional finance sector and a higher share price would help to fund them.

Dividend news

Legal services provider **Gateley** generated organic growth of 10% in the first half and this enabled the dividend to be raised by 10% to 3.3p a share. Consultancy revenues are becoming a bigger contributor. Corporate transaction volumes reduced, but the activity at the lower end of the market remains steady. In the six months to October 2022, revenues were 22% ahead at £76.1m, helped by contributions from the new patent activities, while pre-tax profit improved from £8.5m to £9.6m. Liberum has maintained its full year pre-tax profit forecast at £26.1m, up from £21.6m the previous year. The total dividend is expected to be 9.6p a share, which is covered 1.7 times by forecast earnings.

Piling contractor **Van Elle** reported interim pre-tax profit slightly higher than expected at £3.3m. Van Elle is back to paying interim dividends and a 0.4p a share payment was announced. It is on course to pay a full year total dividend of 1.2p a share. The residential market is weak, which will hold back progress, but infrastructure spending will underpin the rest of the business. The full year pre-tax profit forecast is maintained at £5.2m, although next year's figure has been trimmed to £6m. That could still merit a 1.7p a share dividend in 2023-24.

Residential rental and student accommodation properties developer **Watkin Jones** says that there are signs of improvement in the property investment market, but that will not show through until later this year. In 2021-22, group revenues were 5% lower, as was pre-tax profit at £48.8m, which included an £18m gain on the disposal of two student accommodation assets. The total dividend was reduced from 8.2p a share to 7.4p, which is still 50% of earnings. Net cash is £82.6m. A small improvement in profit this year could mean a total dividend of 7.6p a share.

Expert view: Registrars

The rise of investor activism – what it means for issuers

By Hardeep Tamana

Investor activism is surging. Increased use of technology is enabling mainstream stockbrokers to encourage their customers to exercise democratic rights when it comes to voting on company resolutions. This means that for the first time in decades, individual investors are readily able to help sculpt the companies they own a slice of in a way that meets their own objectives – something that has never been more important as boardrooms tackle big issues such as the move to net zero, the need for better employee diversity and the benefits of simply being good corporate citizens.

The enhanced communication pathways nevertheless have to overcome an infrastructure that dates to a distant past. The distinction between legal ownership of stock through custodian owned nominee companies and the beneficial holders issuers need to connect to, as ultimate owners, remains a formidable barrier to handle, despite some legislative efforts (SRD2 etc). Furthermore, intermediary institutions have to address streamlining of corporate actions communication channels, and this is a priority competing with other pressing pulls for most.

But what does handling this burden look like for issuers? And can a registrar help lessen the load?

There are two distinct questions here, the first revolving around the requirement to track nominee holdings back to beneficial owners, whilst the second points towards the collation of votes cast in a timely manner, especially for those submitted before the general meeting takes place.

Does a registrar need to make any special provision for shares held via a nominee?

Better tracking of nominee holders is likely only to happen with further enabling legislation. Registrars can make provisions for the maintenance of "shadow registers" but, whatever, enhancements they make require mechanisms to be in place at nominees to divulge records promptly. Many nominees now respond in good time but not all are geared up to be consistent and where the holder on their records are other nominees, the chain may grind down to a paperchase and furthermore where a holding is offshore, conflicting laws may cause further delays.

Of course, companies have the right to seize stock if the disclosures are not forthcoming but even this is a drawn out matter fraught with its own risks to issuers. The provisos aside, registrars are key in facilitating the processes and more automation will invariably improve efficiency. As for vote collation it remains surprising that voting mechanisms remain bound to old infrastructure. The need for registrars to offer better solutions remains pressing, especially when they have a direct connection to holders of certificates.

The whole issue of share certificates and paper communications remains a huge, missed opportunity. With net zero targets in place, it is a surprise that paper is not legislated away. In a day and age when virtually all shareholders have access to smartphones and willingly engage in e-commerce, the resistance to switch from paper driven processes is astounding.

There needs to be legislative change to make electronic processing the default; in that context the UK missing out implementation of Article 3 of CSDR is truly stunning. Alongside this, registrars systems need to facilitate electronic methods. At Avenir, we took a small step with QR codes on certificates in 2018 and we have much more in place to facilitate a drive to electronic records.

Does the issuer need to configure their systems/processes in a way to account for the votes of smaller shareholders?

The issuers rely on their registrars who are connected into the CREST system, but it again requires the registrars to be responsive and powered with vote recording technology to streamline the process. The voting also needs enhanced proactive communication from the issuer via the registrars to the various corporate actions departments to help prompt the desired responses.

What are the bottlenecks in terms of getting advance votes counted and communicated to the committee of the GM in good order?

This is largely contingent on the organisation of the registrars. They need to be able to channel data and without a doubt technology in use aids the process.

Avenir Registrars' digital-first approach to registry puts issuers at an advantage here, enabling us to execute these processes in a highly efficient manner. Issuers may have been able to "dodge a bullet" in recent years, but the evidence suggests this won't be sustained. Getting the right registry team alongside helps.

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

Mixed bag of AIM new admissions in 2022

There was a dearth of AIM new admissions in 2022, but some of them performed well in a market that fell sharply. Others, though, did badly.

There were 13 completely new admissions to AIM in 2022 and nine of those were in the first five months of the year. There were also four reverse takeovers, two moves from the Main Market and Kistos, which changed its holding company.

Despite the poor performance of AIM many of the new admissions have done well. There are seven out of the 13 new admissions have higher share prices. That includes the last three new companies.

> There are seven of the 13 AIM new admissions whose share price has risen

Minerals explorers Artemis Resources and Neometals were already listed on the ASX when they gained their AIM quotations. They are two of the poorly performing new admissions. It would be wrong to think that is purely down to them being in the mining sector, though.

In contrast, the Cleantech Lithium share price has doubled. It has two lithium mining projects in Chile – the Laguna Verde project and the Francisco Basin project. A scoping study confirmed that Laguna Verde could be a major project. The post-tax NPV8 is $1.84bn.

Autonomous vehicles developer Aurrigo International is the best performer although it has been on AIM for less than five months. The company remains loss making, whereas most of the other strong performers are profitable businesses or moving into profit.

Coventry-based Aurrigo International supplies electrical components and autonomous vehicles for automotive, aviation and transport sectors. The Auto-Dolly baggage transport system is the current focus. Sale of prototype and development vehicles will generate the main revenues from aviation customers for another two years.

Semiconductor designer EnSilica has been increasing the proportion of revenues from its design and supply operations and it has supply contracts set to commence over the next couple of years. A seven-year contract worth more than $30m is set to commence supply by the end of 2024. Profit is currently small and costs are being increased ahead of revenues. By the year to May 2025, pre-tax profit should have increased significantly.

Sondrel Holdings is another semiconductor designer and following its flotation in October it won a contract that could generate $20m over three-years with production starting at the beginning of 2024.

Cleantech investment company i(x) Net Zero raised money at a premium to its net asset value when it joined AIM, and it is the worst performing new admission. Chief investment officer Par Lindstrom has replaced Steve Oyer as chief executive.

At the end of June 2022, the value of the portfolio and cash was 59p a share. The company's net assets are slightly lower, but they are still around four times the share price. This suggests that there is scope for a recovery in the share price, particularly if there is positive news about the investments.

Flexible automotive connectors supplier Strip Tinning lost an important contract soon after its flotation. This contract for cell management systems for electric vehicles was going to be worth €2m a year once peak volumes were hit. The automotive sector remains weak. A glazing connectors contract was won for electric vehicles produced by BMW. Strip Tinning is in a good position to take advantage of an upturn in the automotive sector.

Clean Power Hydrogen had problems with the design and operation of its cryostat unit in the MFE 220 test unit. Scaling up the unit has been a challenge. This delayed deliveries of two initial MFE 220 units, which were planned for October. One customer has cancelled the order and is going with a rival electrolyser. A redesign of the unit should cure the issues.

Reversals

AssetCo is the only company involved in a reverse takeover and readmission where the share price has risen. AssetCo increased its asset management activities through the acquisition of River & Mercantile. Savannah Energy completed the acquisition of African oil and gas assets and then trading in the shares was suspended because of another potential purchase. That meant that the share price is unchanged.

The two reversals into shells were both done at relatively high share prices and the market prices had fallen below the placing and readmission prices prior to the completion of the deals.

Cannabis-based treatments developer Celadon Pharmaceuticals reversed into Summerway Capital, which was originally seeking a software acquisition. Some investors did not want to retain their shareholding in a different business. The share price has fallen two-thirds from the placing price at the time of the deal, but there are signs that the price has stabilised.

The company's Midlands facility has been registered with the UK Medicines and Healthcare products Regulatory Agency for manufacturing its active pharmaceutical ingredient. Celadon Pharmaceuticals has applied to the Home Office to update its existing licence, it can begin supplying customers. Further positive news could spark a share price recovery.

Online bank Fiinu, which has developed the Plugin Overdraft that provides customers with an overdraft facility without the requirement to switch banks, reversed into Immediate Acquisitions. Subsidiary Fiinu Bank gained its restricted banking licence when the company joined AIM. There is £35m-£40m required to fund the bank and a staged fundraising will commence before Easter.Active investor Chris Akers has taken a 3.32% stake.

Switching

Two companies switched from the Main Market to AIM, and the share prices did badly after the switch. In the case of Anglesey Mining, the share price had been falling for two years. Progress is being made with the Parys Mountain copper project in Wales and the Grangesberg iron project in Sweden.

Footwear retailer Unbound Group was the worst performer of all the admissions to AIM with a 92.2% decline. Electra Private Equity sold all but one of its core investments - Hotter Shoes, which is a footwear retailer focused on the over 55 years old age group, and became Unbound.

There was a steady flow of small share sales. That hit the share price. On top of that, trading has been tough and in the summer Unbound raised additional £3.4m at 15p a share for working capital. Trading at the end of 2022 was hit by weak pre-Christmas sales and Royal Mail strikes affecting deliveries.

> Autonomous vehicles developer Aurrigo International is the best performer having been on AIM for less than five months

AIM NEW ADMISSIONS IN 2022

COMPANY	CODE	ACTIVITY	FLOAT PRICE (P)	PRICE NOW (P)	% CHANGE	FLOAT DATE
Facilities by ADF	ADF	TV and film facilities	50	56	+12	5 January
Hercules Site Services	HERC	Construction services	50.5	55.5	+9.9	4 January
Artemis Resources	ARV	Minerals exploration	3.75	1.425	-62	7 February
i(x) Net Zero	IX.	Cleantech investment	76	13.75	-81.9	9 February
Clean Power Hydrogen	CPH2	Hydrogen production	45	25	-44.4	16 February
Strip Tinning	STG	Automotive parts	185	65	-64.9	16 February
Neometals	NMT	Minerals exploration	70	50.5	-27.9	28 February
Cleantech Lithium	CTL	Minerals exploration	30	60	+100	17 March
EnSilica	ENSI	Semiconductor design	50	95	+90	24 May
LifeSafe Holdings	LIFS	Fire safety products	75	42	-44	6 July
Aurrigo International	AURR	Autonomous vehicles	48	99.5	+107.3	15 September
Sondrel Holdings	SND	Semiconductor design	55	61.5	+11.8	21 October
Smarttech247	S247	Cybersecurity	29.66	32	+7.9	15 December

Share prices on 2 February 2023.

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Consumer	23.7	16.1
Industrials	19.6	16.9
Technology	14	12.7
Health Care	10.4	10.5
Financials	10.4	11.1
Energy	8.4	11.5
Basic materials	8.1	15.1
Property	1.9	2.6
Telecoms	1.7	1.2
Utilities	1.7	1

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	867.82	-20.7
FTSE AIM 50	4691.86	-19.7
FTSE AIM 100	4165.31	-21.1
FTSE Fledgling	11957.3	-8
FTSE Small Cap	6500.19	-9.1
FTSE All-Share	4255.72	+1.5
FTSE 100	7771.7	+4.1

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	111
£5m-£10m	100
£10m-£25m	154
£25m-£50m	122
£50m-£100m	114
£100m-£250m	115
£250m+	100

KEY AIM STATISTICS

Total number of AIM	816
Number of nominated advisers	27
Number of market makers	21
Total market cap for all AIM	£93.2bn
Total of new money raised	£132.5bn
Total raised by new issues	£47.9bn
Total raised by secondary issues	£84.6bn
Share turnover value (Dec 2022)	£66.6bn
Number of bargains (Dec 2022)	14.4m
Shares traded (Dec 2022)	646.3bn
Transfers to the official list	199

TOP 5 RISERS OVER 30 DAYS

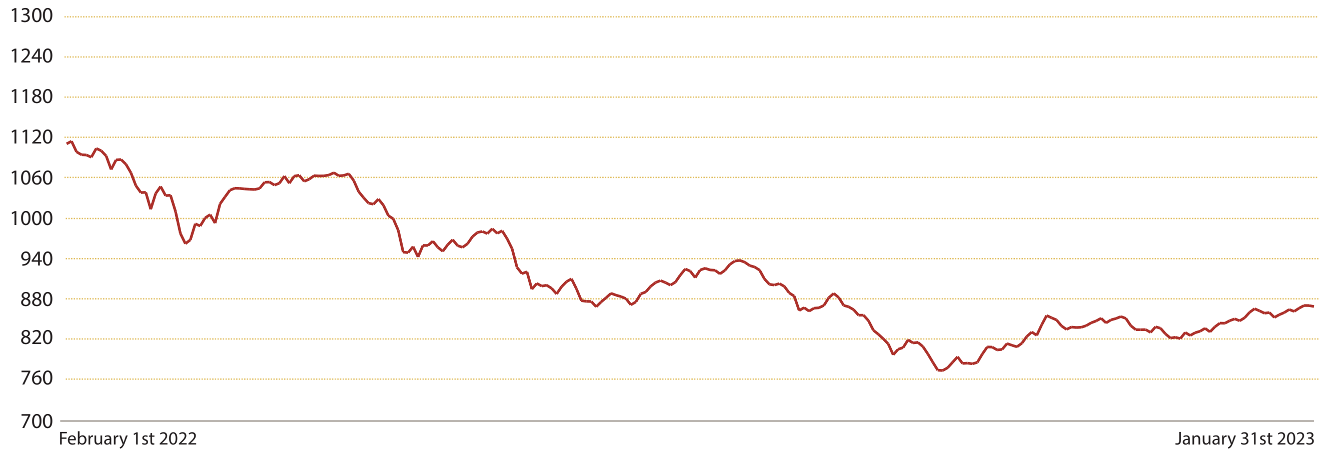
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Vast Resources	Mining	0.782	+405
Inspecs	Eyewear	108.5	+152
Ilika	Cleantech	59	+143
Craven House Capital	Financials	20.5	+141
Genedrive	Healthcare	24.25	+120

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Inland Homes	Housebuilding	10.25	-56.4
TPXimpact	Technology	25.5	-54.9
IOG	Oil and gas	7.7	-53.6
BlueRock Diamonds	Mining	2.25	-50
Unbound Group	Retail	3.9	-49.7

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



Data: Hubinvest Please note - All share prices are the closing prices on the 31st January 2023, 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.

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 £112bn 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 that started out on AIM include online gaming operator GVC, healthcare properties investor Primary Health Properties, self-storage firm Big Yellow, animal genetics provider Genus, online gaming technology developer Playtech and student accommodation developer Unite Group – all of which are FTSE 250 index constituents.

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