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THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

New AIM admissions dry up

AIM continues to decline and the flow of new admissions appears to have come to a halt in the short term. After the decline was stopped in March, there has been a further 2% fall during April, which means that AIM has fallen by 16% so far this year.

The FTSE AIM 100 fell by 3.5% in April. Delayed figures from Learning Technologies Group knocked one-fifth off the share price. Hutchmed (China) is the third biggest company on AIM, and it fell by 16%. Eurasia Mining was the worst performer slumping by one-third as its decline continues following the Russian invasion of Ukraine.

The most recent new company to join AIM was CleanTech Lithium on 17 March, although Anglesey Mining did switch from the Main Market in early April, and there are no more on the horizon. The lithium explorer is on course to report an upgraded JORC resource for Laguna Verde in Chile.

Plastic waste recycling technology developer Recycling Technologies Group pulled its AIM flotation after its chief executive stepped down due to personal reasons. It had apparently raised the money it was seeking but the late change meant that the company decided to undertake a smaller private fundraising before having another attempt at floating on AIM. Nanotechnlogy company Carbon Air Group and supercapacitors developer Superdialectrics both announced plans in February to join AIM, but they have gone quiet.

finnCap's sustainable expansion

Broker finnCap is taking a 50% stake in Energise, a net zero and sustainability consultancy. The consideration is £2.1m in cash and shares. This includes a cash subscription of £1.5m for new shares in Energise, so that it can finance further growth. Energise was formed in 2008 and it has around 180 clients ranging from large to small companies. This is part of an increasing focus on ESG by the broker.

Energise provides regulatory compliance, best practice and emission reduction consultancy. These services can be offered to the existing finnCap client base and there could be cross-selling of finnCap services to the Energise customer base. Energise will retain its management team.

In the year to September 2021, Energise generated revenues of £1.1m. In the six months to 2022, interim revenues were 90% higher and the business was operating at around breakeven. finnCap has an option to acquire the other 50% of Energise for 12 months after the approval of the Energise accounts for the year to September 2025. The cost will be between six and eight times normalised EBITDA.

In this issue

Calnex maiden acquisition

Telecoms network test and measurement instruments supplier Calnex Solutions has made its first acquisition since joining AIM at 48p a share in October 2020. An initial £2.5m payment has been made for iTrinegy, which develops software defined test networks technology. There could be up to £1m more payable depending on performance.

Stevenage-based iTrinegy has a customer base covering government, technology, financial, gaming and defence sectors. The NE-ONE software can be used to recreate real world conditions and verify the performance of applications before they are deployed. Calnex believes it can help to grow sales in the US. In the year to September 2021, iTrinegy generated revenues of £1.4m and achieved gross margins of around 80%. Calnex has gross margins of 75%.

Calnex has received two Queen's awards for enterprise relating to its contribution to innovation and international trade. It previously won the Queen's award in 2015 for its contribution to international trade. iTrinegy was awarded the Queen's award for export achievement in 2021.

Trading in the existing business has been strong over the past 18 months and Calnex has managed to cope with component shortages. The share price has risen to 173p, making Calnex one of the better performing new AIM admissions of the past two years. Cenkos forecasts an improvement in pre-tax profit from £5.1m to £5.6m in the year to March 2022. These figures are due to be announced on 24 May. A contribution from iTrinegy should help pre-tax profit rise to £7m in 2022-23. That still puts the shares on 28 times prospective 2022-23 earnings.

Arden deal completed

Legal and professional services provider Ince has completed its merger with AIM broker Arden Partners. The deal went ahead even though Arden was not allowed to continue as a nominated adviser - it was removed from the register on 29 April. Arden's nominated adviser clients had to find a replacement. Arden chief executive Donald Brown is joining the Ince board. Last autumn, Ince offered seven shares for every 12 Arden shares in a bid recommended by the board of the broker. At that time Ince shares were trading at 53p each. The share price has fallen to 22p. Ince issued 18.5 million shares to acquire Arden, which values the broker at £4.1m. Arden had net assets of £5.76m at the end of October 2021.

Gateley secures funds for expansion

Legal services provider Gateley has secured a new revolving credit facility of £30m and acquired Smithers Purslow for an initial £12.15m, of which 44% was in cash and the rest in shares. This is the largest acquisition made by Gateley. The £30m bank facility lasts until April 2025 and this replaces a £8m overdraft facility. There is plenty of scope to fund more acquisitions.

Smithers Purslow is a chartered surveying practice with a focus on the property insurance claims market and it has ten offices in the UK. Gateley already has a strong property-focused business and the latest deal fits well with the previous acquisitions of Gateley Vinden and Tozer Gallagher.

Compound organic growth in Smithers Purslow revenues and EBITDA has been at least 20% a year over the past five years. In the year to September 2021, revenues reached £11.7m and underlying pre-tax profit was £2.5m. The profit figure is adjusted for the difference in the salaries of key directors after the acquisition. Smithers Purslow could end up costing up to £20m. It is expected to be earnings enhancing in the year to April 2023.

Gateley reported organic growth of 23% in the six months to October 2021. That partly reflects the weak comparative figures as well as underlying growth. All four divisions grew revenues with only the property division performance enhanced by a contribution from an acquisition. Utilisation levels improved from 79% to 84%.

Underlying interim pre-tax profit increased from £7.5m to £8.5m. There is normally a second half weighting to the figures. The interim dividend was one-fifth higher at 3p a share. Net cash was £8.8m at the end of October 2021. That was before the January acquisition of patent and trademark adviser Adamson Jones for £2.5m, of which 50% was in cash.

Arden clients find new nominated advisers

ADVISER CHANGES - APRIL 2022

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
Falanx Group	WH Ireland	Stifel Nicolaus	WH Ireland	Stifel Nicolaus	4/1/2022
Savannah Resources	RBC Capital / finnCap / WH Ireland	finnCap / WH Ireland	SP Angel	SP Angel	4/1/2022
SysGroup	Zeus	Shore	Zeus	Shore	4/4/2022
Caledonia Mining Corp	Liberum / WH Ireland	WH Ireland	WH Ireland	WH Ireland	4/6/2022
Vector Capital	WH Ireland	Allenby	WH Ireland	Allenby	4/6/2022
Restore	Investec / Canaccord Genuity / Citigroup	Peel Hunt	Investec	Peel Hunt	4/13/2022
AssetCo	Panmure Gordon	Arden	Arden	Arden	4/20/2022
Lords Group Trading	Berenberg / Cenkos	Cenkos	Cenkos	Cenkos	4/21/2022
7Digital	Arden	Arden	Strand Hanson	Arden	4/27/2022
Anexo	Arden / WH Ireland	Arden / Panmure Gordon	WH Ireland	Arden	4/27/2022
AssetCo	Numis /Panmure Gordon	Panmure Gordon	Numis	Arden	4/27/2022
CyanConnode	Shore	Arden	Shore	Arden	4/27/2022
Dekel Agri-Vision	WH Ireland / Optiva	Arden / Optiva	WH Ireland	Arden	4/27/2022
Ethernity Networks	Arden / Peterhouse / Allenby	Arden / Peterhouse	Allenby	Arden	4/27/2022
First Property	Allenby	Arden	Allenby	Arden	4/27/2022
Glantus	Arden / Cenkos	Arden	Cenkos	Arden	4/27/2022
iEnergizer	Arden	Arden	Strand Hanson	Arden	4/27/2022
Indus Gas	Arden	Arden	Strand Hanson	Arden	4/27/2022
Livermore Investments	Arden	Arden	Strand Hanson	Arden	4/27/2022
Ondine Biomedical	Arden	Arden	Strand Hanson	Arden	4/27/2022
Serinus Energy	Arden / Shore	Arden / Shore	Shore	Arden	4/27/2022
Sutton Harbour	Arden	Arden	Strand Hanson	Arden	4/27/2022
Arrow Exploration	Canaccord Genuity / Auctus	Arden / Auctus	Canaccord Genuity	Arden	4/28/2022
Aukett Swanke	Arden	Arden	Strand Hanson	Arden	4/28/2022
Cordel	Arden	Arden	Strand Hanson	Arden	4/28/2022
Deltex Medical	Allenby / Turner Pope	Arden / Turner Pope	Allenby	Arden	4/28/2022
KCR Residential REIT	Arden	Arden	Cairn	Arden	4/28/2022
Open Orphan	Liberum / finnCap	Arden / finnCap	Liberum	Arden	4/28/2022
Plant Health Care	Cenkos	Arden / Cenkos	Cenkos	Arden	4/28/2022

Gaming Realms expands geographically as new markets continue to open up

Mobile gaming content *www.gamingrealms.com*

Mobile gaming content provider **Gaming Realms** continues to move into new markets and gain new licensing partners. The company has 53 games, predominantly under the Slingo brand, and added 35 licensing partners during last year. Revenues are growing rapidly and more of the additional revenues are going to fall through to profit.

In 2021, revenues were 29% higher at £14.7m, even though there was a small drop in social publishing revenues. US revenues were 142% ahead as more states open up to online gaming. Michigan and Pennsylvania were added in 2021 taking the number of states where Gaming Realms content is available to four. Licence partners also launched in Italy, Romania and the Netherlands.

Cash more than doubled

The cost base rose by 6% and this enabled underlying pre-tax profit to jump from £500,000 to £2.6m. Cash more than doubled from £2.11m to £4.41m. This was achieved even though capitalised development costs increased from £2.44m to £3.44m. There was nearly £1m of deferred consideration received during the year.

There is a convertible loan worth £3.5m at the end of 2021, although £500,000 has subsequently been converted. This is repayable on 14 December 2022, if it is not converted.

More recently, Gaming Realms has gained an iGaming supplier licence in Ontario and the first content was launched in April. Management expects Ontario to be one of its bigger markets. It has also launched games in Quebec with state-owned Loto-Quebec and in Spain through Rank and Gamesys.

There has been a 43% increase in licence revenues in the first quarter of 2022, which is better than management expectations. Pre-tax profit could reach £4.8m this year and continue to increase significantly in subsequent years. The shares are trading on 18 times prospective 2022 earnings.

GAMING REALMS (GMR)			30.5p
12 MONTH CHANGE %	-30.7	MARKET CAP £M	89.1

Bidstack set to gain momentum

In-game advertising *www.bidstack.com*

In-game advertising technology developer **Bidstack** has disappointed the market because it has taken longer than hoped for revenues to build up but there should be additional momentum in 2022. The loss, though, will probably be similar to 2021 and the cash pile will be getting low.

In 2021, revenues grew from £1.7m to £2.6m, while the loss increased from £7m to £8m. Average employee numbers jumped from 49 to 73. The recruitment was focused on sales and business development. The advertiser network has doubled to 70 and there are 58 games available for advertising. They can choose to advertise by game or genre.

The growth expectations for this year are underpinned by the two-year agreement with digital entertainment and media platform operator Azerion. This is a worldwide deal. There are minimum revenue guarantees of $30m (£21m) for the period between March 2022 and March 2024. There could be higher revenues generated if trading goes well.

According to research by Admix, 93% of media buyers surveyed said that they intended to use in-game advertising by 2025. This provides an enormous potential market.

Losses are expected for at least the next two years. Last July, Bidstack raised £10.9m at 2p a share and net cash was £7.1m at the end of 2021. Net cash is forecast to decline to £800,000 by the end of 2022. It seems likely that more cash will need to be raised before any cash is generated by operations unless trading is better than expected.

BIDSTACK (BIDS)			3.15p
12 MONTH CHANGE %	-40.7	MARKET CAP £M	29.3

1Spatial reaping the rewards of investment in location master data management platform

Location data management *www.1spatial.com*

Geospatial data management services provider **1Spatial** nearly doubled its underlying pre-tax profit last year. A strong order book, including a UK government contract worth £8m over five years, means that there is a solid platform for further growth, particularly in the US.

The company's location master data management platform is used to help with safety and sustainability. It is important that there is accurate information on the location of infrastructure assets. This service can help to improve response times for emergency services and plan for electric vehicles.

In the year to January 2022, revenues were 10% ahead at £27m. The fastest growth was in the US where revenues increased by 37%.

Pre-tax profit of £2.7m is forecast

There was a swing from loss to a reported profit during the year. However, underlying pre-tax profit improved from £900,000 to £1.7m. Recurring revenues are becoming increasingly important, and they could be 47% of total revenues by 2023-24.

Investment in the company's platform is paying off. A new validation as a service (VaaS) product will mean that the company's services can be afforded by smaller organisations. In the US, there is a $7.5m addressable market at the state level for data used by 911 emergency services. The new VaaS product means that the technology is affordable for cities and counties in each state and that could increase the value of the market to more than $100m.

1SPATIAL (SPA)			42.5p
12 MONTH CHANGE %	-5.6	MARKET CAP £M	47

Liberum forecasts a 2022-23 pre-tax profit of £2.7m on revenues of £29.8m. This reflects the operational gearing of the business. Having passed breakeven more of the additional revenues fall to profit. Next year, an expected 8% rise in revenues is forecast to increase pre-tax profit to £3.3m.

The share price is not much higher than five years ago, but the company has made enormous progress over the period. The shares are trading on 17 times prospective earnings, falling to 14 the following year.

Disposal enables laser focus for 600 Group

Industrial laser systems *www.600group.com*

600 Group has completed the sale of its machine tools business for $21m. This will enable the company to concentrate on the industrial laser systems operations. That is a faster growing market. The order book is 70% ahead of the same point in the previous financial year.

In 2020, the global industrial lasers market was valued at $5.1bn and in 2021 it is estimated to have recovered to the pre-Covid level of $5.6bn. The market is being propelled by legislation and the requirement for traceability of parts and products. The

600 GROUP (SIXH)			15.5p
12 MONTH CHANGE %	+37.8	MARKET CAP £M	18.2

600 Group business operates from two sites in the US, and it sells under the TYKMA Electrox and Control Micro Systems brands. It has a wide range of customers, and the largest sectors are industrial, automotive, pharmaceutical and medical.

In the Cenkos initiation note on 600 Group published last November, the industrial lasers division was expected to increase revenues from $21.3m to $31.5m in the year to March 2022 – there was $15.2m generated in the first half. The interim operating profit increased from $200,000 to $1.8m.

The disposal was at just below the September 2021 net asset value of $21.6m. At the end of September 2021, net debt was $14m. The inflow of cash will provide funding to expand the industrial laser business.

The group is a small player in a fragmented market and could become an attractive target for a larger rival.

City Pub Company prepares for margin squeeze but profit still set to grow

Pubs operator *www.citypubcompany.com*

CITY PUB GROUP (CPC)			95p
12 MONTH CHANGE %	-24	MARKET CAP £M	100.5

Overall trading of the 41 pubs owned by **City Pub Group** is nearly back to 2019 levels. There are some laggards that are more dependent on commuters, but trading is still recovering. The pubs were closed for most of the first half of last year and that led to an interim loss. The profit in the second half was enough to cover that loss and achieve a full year pre-tax profit of £900,000. There was a 37% increase in full year revenues to £35.4m.

Since the balance sheet date, City Pub Group has sold six pubs for £17.1m thereby reducing net debt to £2m. There is a £35m bank facility, which can fund refurbishment of existing sites and fund acquisitions when valuations become more attractive.

Net assets are £92.1m

A three-year supply agreement with major beer suppliers will help offset some of the potential cost increases. Energy and food costs are rising. Management has decided not to put up prices to fully cover cost increases. They feel it would be counterproductive and potentially put off customers if prices were too high. That will hit margins. This means that expectations have been downgraded. Peel Hunt has cut its 2022 pre-tax profit forecast from £6.7m to £6m. A dividend is promised this year.

City Pub Group has increased its stake in Mosaic, which owns ten pubs (eight freehold and two leasehold), from 25% to 36% and it plans to buy the other 64% by the middle of 2023. That should help to improve 2023 pre-tax profit to £8.5m.

The company's pubs are predominantly freehold. Net assets were £92.1m at the end of 2021 – even if intangibles are not included net tangible assets were £89.8m.

Sanderson Design beats expectations but remains cautious

Luxury interior furnishings *www.sandersondesigngroup.com*

SANDERSON DESIGN GROUP (SDG)			167p
12 MONTH CHANGE %	+31	MARKET CAP £M	118.5

Sanderson Design Group reported better than expected full year figures, helped by additional licensing revenues with more to come from new Asian partners. There was sales growth in all the main global regions in which the interior design and furnishings business operates.

In the year to January 2022, revenues improved from £93.8m to £112.2m and that led to a further recovery in underlying pre-tax profit from £7m to £12.5m. Licensing income increased by two-fifths to £5.2m and that is 100% gross margin. Margins improved in the rest of the business. The contract business remains subdued, and it is taking longer than expected to recover.

A final dividend of 2.75p a share was announced and that takes the total for the year to 3.5p a share. Net cash was £19.1m at the end of January 2022.

The Morris and Sanderson brands grew fastest, and they are the two brands where revenues are higher than in 2019-20. Scion was the only brand where revenues continued to decline. Clarke and Clarke did well in the US.

Manufacturing revenues are well above the 2019-20 levels with a higher proportion of digital printing business. Wallpaper producer Anstey has increased production capacity.

Management is cautious about cost pressures and the potential knock-on effect on demand. Investec forecasts a 2022-23 pre-tax profit of £12.3m on a 5% increase in revenues. An increase in the dividend to 4.3p a share is expected. That will be covered 3.2 times covered by forecast earnings. The shares are trading on just over 12 times prospective earnings and the forecast yield is 2.6%.

Brickability builds strong distribution base

Bricks and construction products distributor *www.brickabilitygroupplc.com*

Dividend

BRICKABILITY (BRCK)	
Price (p)	93
Market cap £m	277.6
Historical yield	2.1%
Prospective yield	2.3%

Brickability paid total dividends of 1.95p a share in its first year as an AIM-quoted company and that was maintained in the year to March 2021. The latest interim was raised from 0.87p a share to 0.96p a share.

The total dividend for the year is expected to be 2.1p a share. That is covered 4.6 times by forecast earnings. A further increase in dividend to 2.3p a share is expected for 2022-23.

Business

Brickability joined AIM in August 2019 when it raised £56.7m at 65p a share. Bridgend-based Brickability supplies bricks and other construction materials, and the core UK-focused customer base is national and local housebuilders and general builders.

There are three divisions. The first distributes facing bricks and paving. Brickability supplies bricks from UK and European manufacturers. The heating, plumbing and joinery division supplies towel rails, radiators, windows, doors and flooring, while the roofs division supplies concrete and clay roofing tiles.

Brickability was acquisitive prior to flotation, and it has made 14 acquisitions since joining AIM. The June 2021 acquisition of Taylor Maxwell is the largest and earned Brickability the AIM transaction of the year award. Management was keen to acquire the business prior to flotation and it significantly increased the scale of the business.

The enterprise value for Taylor Maxwell was £63 million and the EV/EBITDA just under six. This purchase was partly funded by a £55m placing at 95p a share. Taylor Maxwell has 16 depots and three showrooms. Timber merchanting is the largest revenue generator, although the profit contribution is similar to the brick merchanting part of the business.

Last November, Brickability paid an initial £3.3m for HBS NE, which takes the group into the renewable energy products market. HBS NE supplies and maintains solar, battery storage and electric vehicle charging. Housebuilders, Brickability's core client base, are required to install EV charging points in new homes. Even before cross-selling, the deal is earnings enhancing. There could be deferred consideration of up to £2.2m.

There have already been two forecast upgrades this year. Cenkos expects pre-tax profit to jump from £15m to £34.1m, while earnings should increase from 5.6p a share to 9.6p a share. The shares are trading on a prospective multiple of less than ten.

Demand for building products remains strong and management has shown that it can supplement organic growth with earnings enhancing acquisitions.

Dividend news

Churchill China is growing its share of the hospitality market. Sales of plates and other products to the hospitality sector are above levels in 2019. Churchill has taken on more than 200 additional staff in the past year and these staff need to be trained so short-term margins will be hit. In 2021, pre-tax profit bounced back from £800,000 to £6m as revenues recovered from £36.4m to £60.8m. The total dividend is 24p a share. There is £19m in the bank and that will enable further capital investment as well as increasing dividends. The 2022 dividend could be more than 31p a share, which would be twice covered by forecast earnings.

Self-storage sites operator **Lok'nStore** increased interim revenues from £10.2m to £13.4m and pre-tax profit jumped from £4.1m to £6.6m. Increased occupancy and high demand has enabled price rises well ahead of inflation. A property revaluation helped the underlying NAV rise by 48% to 843p a share. finnCap believes that the underlying NAV could be 864p a share at the end of July 2022. The interim dividend was raised by 16% to 5p a share. A total dividend of 17p a share is forecast for this year and a 2p a share annual increase is likely for the next couple of years at least.

Property bridging loans provider **Vector Capital** is paying a total dividend of 2.5p a share for 2021, which is down from 2.6p a share. The ex-dividend date for the final dividend of 1.5p a share is 19 May. The loan book grew by 27% in 2021 and there is still scope for growth with the current loan facilities of £35m. Significant cost rises will not be required. Pre-tax profit is forecast to improve from £2.8m to £2.9m and the dividend could rise to 2.6p a share.

Expert view: Registrars

IPO activity for the year so far – down, but not out?

By Samiul Siddique

As part of our horizon scanning, at Avenir we produce a monthly "intention to float" monitor, looking at those companies who are expressing an intention to list on any of the London exchanges. We make no assumption that this is a wholly comprehensive analysis, but it allows us to show how trends are changing year on year – and given that 2021 is being heralded as a bumper year for IPO activity, it provides a helpful analysis of just how much slower 2022 is proving to be.

There's no doubting that the macroeconomic backdrop for companies globally – be they listed or privately held - is a tough one right now. Geopolitical issues, supply chain challenges, rising interest rates and rampant inflation are all creating something of a perfect storm, with many asking the question whether this all means a recession is looming.

Volatility is also up, although it is worth noting this is very much a two-way street. Facebook parent Meta saw its shares jump higher last month off the back of better than expected user numbers, whilst fellow FAANG Netflix was on the receiving end of investor ire as quarterly earnings showed subscribers switching off.

Whilst the free-money bandwagon may be coming to an end, it does seem at least that this is giving the market the scope to start applying more of those traditional fundamental factors when looking to put a valuation on equities.

Year to date

So, what has happened to date in 2022? Our monitoring shows intention to float activity is down almost 50% when compared against the first four months of 2021 which, given the underlying narrative, may be considered by many to be giving a rather positive outlook.

Ultimately however, throughout last year there was no shortage of comment suggesting that some companies were being listed with overblown valuations, whilst in some instances hints were made that the entities should not have even been placed onto public markets. Those entities with a robust business proposition and realistic valuation arguably still have every prospect of seeing a successful listing.

> Those with a robust business and realistic valuation arguably still have every prospect of a successful listing

Indeed, private equity firm Bridgepoint Group has once again flagged the idea that it is readying Burger King UK for a £600m IPO after the fast food giant close on tripled pre-tax earnings between 2020 and 2021.

And at the very end of April, news broke from across the Atlantic that the famous piano maker Steinway was readying for a return to public ownership after a nine year stint in private hands. Suggestions here are that the company – which sits squarely in the luxury goods sector and because of this is highly exposed to macroeconomic sentiment – will have no trouble in achieving a valuation in excess of $1 billion.

Momentum

So, whilst some momentum may have ebbed from the market over the last twelve months, the evidence appears to be that there's still a healthy enough stream of new equity issuances being seen.

The proverbial elephant in the room is perhaps the question of volatility, something which neither the wider market nor anyone involved in underwriting new issuances will welcome. But with the era of free money consigned to history, it would be no surprise to find that investors become rather more selective in their approach, either.

Can we expect those companies positioned as disruptors but clocking up significant losses year on year to still receive a warm welcome? Possibly not, but quality companies should still be able to receive quality valuations.

Avenir Registrars provides corporate registry services for both private and publicly traded companies in debt, equity and other securities issuances. Assisting issuers through a security's entire life cycle, Avenir now works on behalf of companies domiciled in the UK, the Eurozone and as far afield as Canada and Singapore.

SAMIUL SIDDIQUE, head of Capital Markets, Avenir Registrars (www.avenir-registrars.co.uk).

Smaller companies still optimistic about their own prospects

The latest Quoted Companies Alliance Small & Mid-cap Sentiment Index research undertaken by YouGov shows a decline in general economic confidence, but companies still believe that their revenues could grow by one-fifth over the coming year.

Small and mid-cap companies are cautious about the economy but less so about their own futures. The Quoted Companies Alliance (QCA) has published the 28th edition of its Small & Mid-cap Sentiment Index. The companies may be wary of the overall state of the economy but their mean expectation for turnover growth is 19.7% up from 19% in the previous survey. That may be more to do with inflation than additional growth in volumes, though. Even so, it would be an impressive rate of growth.

One year ago, the mean expected turnover growth was 20.9%, which was the highest it has ever been in this survey. The latest figure is the second highest.

Fewer companies are considering raising money. The figure has fallen from 50% to 43%. That is not an unusually low figure. Those that do want to raise money are more keen on issuing shares with the figure rising from 39% to 48%. Bank debt is less favoured with 42% considering this, down from 52%.

The companies seem to believe that it is easier to secure money via share issues than through bank debt. That has been the general trend in the survey. The previous survey was the first time that companies thought that bank debt was easier to raise.

Optimism

One year ago, there was a bounce in economic optimism to the highest ever levels as the end of the Covid-19 pandemic was thought to be in sight. The figure for companies was 68.6 – 50 is neutral and 100 very optimistic – and it fell in the next survey.

Economic optimism for the next 12-month period has fallen further in the latest period with companies edging down from 53.9 to 46.5 and advisers declining from 53.9 to 48.1. That is back to the levels in 2019 before the Covid-19 pandemic.

However, the companies are still relatively optimistic about their own prospects. This figure has declined from 73.1 to 68.5. Advisers, though, seem to be more wary and their figure has fallen from 60 to 51 – still slightly optimistic but only just.

Companies are predicting an average increase in full-time employees of 10.9% over the next 12 months, down from 11.7%, although advisers are not as positive. The previous survey's adviser expectation of a 5.1% increase in small company employment has slumped to 1.1%.

Companies are predicting an average increase in full-time employees of 10.9% over the next 12 months

Survey

The survey was conducted between 22 March and 14 April by YouGov and there were 128 participants – 107 were small and mid-cap UK quoted companies and the others were advisers. In the previous survey, there were 118 small and mid-cap companies surveyed, along with 24 advisers.

It is noticeable that the make-up of the companies has changed in terms of market capitalisation. In the previous survey there were 47 companies valued between £100m and £499m with 67 companies valued at more than £100m. In this survey there were 46 companies valued at more than £100m, including 33 between £100m and £499m. The number of companies valued at more than £1bn fell from 13 to five.

There were 26 companies valued at less than £25m in the latest research, up from 22 previously, while those between £25m and £49m increased from ten to 21. The majority of the companies surveyed were valued at below £100m, compared with 43% previously.

Smaller company share prices have generally fallen over the past six months, but they are not necessarily the same companies responding. The views of larger companies may be different from those that are small.

The mix of advisers has also changed with the number of corporate financiers surveyed moving from two to five. The number of institutional investors surveyed rose from one to three. They are likely to have a different perspective to people advising companies.

The survey can be found at www.theqca.com.

AIM trading holds up without ASOS

March was the first full month of trading on AIM without ASOS. Trading volumes held up well despite the loss of one of the most traded shares on the junior market.

Online fashion retailer ASOS moved to the Main Market during February. That meant that, although ASOS no longer dominated trading in the same way as it did in the past, AIM lost a significant contribution to its trading volumes.

The table shows that the level of trading on AIM during March was down on one year earlier. However, that was around the peak of trading on the junior market and the trend has been downwards since then. AIM trading volumes are well above the levels in the years prior to 2021.

Rival online retailer boohoo and fuel cell companies ITM Power and Ceres Power remain the most traded companies. Uranium investor Yellow Cake was the number three in terms of value. Pharma services supplier Clinigen was the fifth most traded company in terms of value, although not in the top 25 in terms of number of trades, with a value of £236.25m. Clinigen left AIM during April following the completion of the 925p a share bid by Triley Bidco, which valued the company at £1.2bn.

ASOS trading had become less significant for AIM, but it was still normally in the top ten most traded shares. Some of the decline in value traded can be put down to the declining share price. The share price rose in early 2021, but the number of trades fell sharply in March. The average value per trade was higher than in the previous two March trading periods, though. The share price was near to its peak in March 2018.

Main Market

There were 83,850 trades in ASOS shares on the Main Market during March and these were valued at £229.5m. There was an average of nearly £10m in trades each day. Although the number of trades compares favourably with previous months on AIM, the value is lower. ASOS would have been the fourth most traded company on AIM and the sixth in terms of value traded.

One of the arguments for moving from AIM to the Main Market is that it can improve liquidity. This does not appear to be the case for ASOS, although it is still early days. March tends to be less active. The interims are reported during April and that tends to generate more trading.

AIM valuation

The market capitalisation of AIM has held up at £125.7bn despite the decline in smaller company share prices and the loss of ASOS and robotic software company Blue Prism, which was taken over by a US rival, in recent months.

New companies joining AIM have been thin on the ground in the past couple of months. There have been some companies that have performed well so far this year, though.

Unsurprisingly, oil and gas shares are the best performers among larger AIM companies. The best performer is Alaska-focused explorer Pantheon Resources. The company announced that it has upgraded the resource at the Theta West project by 61% to 17.8 billion barrels of oil in place, while the recoverable resource of 1.78 billion barrels.

Second best performer is North Sea focused company Serica Energy, which averaged net production of 22,200 barrels of oil equivalent (boe) per day during 2021. Gas is more than 85% of production. This production generated £157.6m in cash flow from operations. Serica's remaining 2P reserves are estimated to be 62.2 million boe.

Total cash could increase to £600m this year. Serica wants shareholders to approve the repurchase of up to 10% of share capital.

TRADING VOLUMES ON AIM DURING MARCH

	TRADE VALUE (£M) AIM	NUMBER OF TRADES AIM	TRADE VALUE (£M) ASOS	NUMBER OF TRADES ASOS
2022	7,612.70	1,740,670	Nil	Nil
2021	10,379.20	2,080,524	324.23	57,978
2020	6,273.40	1,431,104	426.5	105,904
2019	5,414.80	866,241	487.15	96,155
2018	5,941.40	940,483	517.16	86,736

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Consumer	24.7	16.5
Industrials	16.5	16.7
Health Care	13.8	10.8
Technology	11.7	12.3
Energy	9.8	11.3
Financials	9.5	11.6
Basic materials	7.8	15
Property	3.8	2.7
Telecoms	1.5	1.8
Utilities	1	0.9

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	1022.26	-20.4
FTSE AIM 50	5647.48	-18.9
FTSE AIM 100	4878.17	-23.5
FTSE Fledgling	13026.67	+4.7
FTSE Small Cap	6846.45	-3.9
FTSE All-Share	4185.12	+5.1
FTSE 100	7544.55	+8.3

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	72
£5m-£10m	102
£10m-£25m	145
£25m-£50m	132
£50m-£100m	125
£100m-£250m	151
£250m+	117

KEY AIM STATISTICS

Total number of AIM	844
Number of nominated advisers	27
Number of market makers	21
Total market cap for all AIM	£125.7bn
Total of new money raised	£130.9bn
Total raised by new issues	£47.8bn
Total raised by secondary issues	£83bn
Share turnover value (Mar 2022)	£22.3bn
Number of bargains (Mar 2022)	4.76m
Shares traded (Mar 2022)	181bn
Transfers to the official list	195

TOP 5 RISERS OVER 30 DAYS

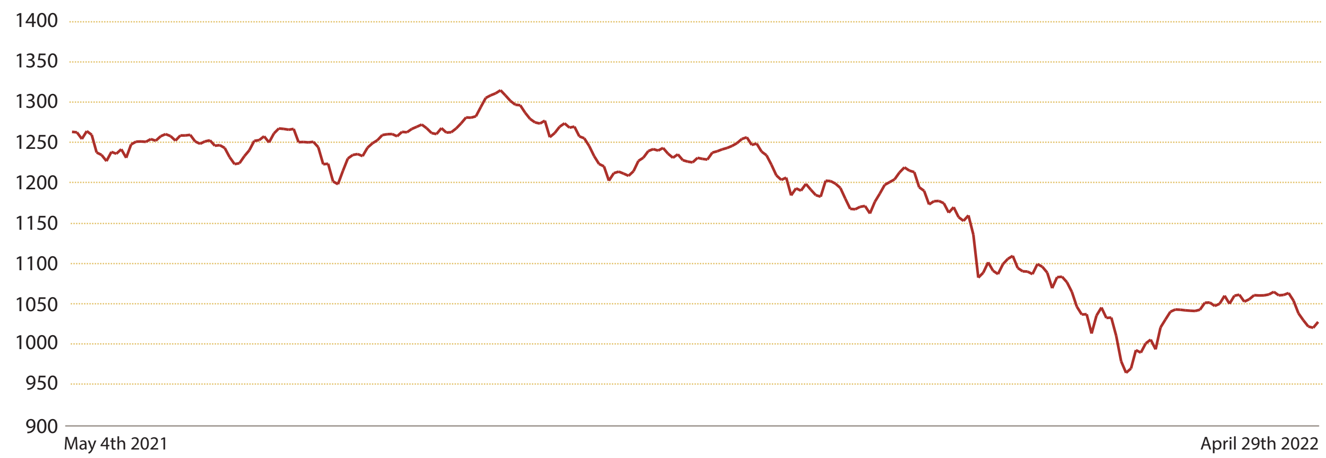
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Borders & Southern	Oil and gas	3.645	+141
LoopUp	Technology	12.75	+108
Sareum	Healthcare	220	;+83.3
Live Company Group	Leisure	11.25	+82.9
Osirium Technologies	Technology	12	+81.1

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Sensyne Health	Healthcare	1.55	-86.2
Empyrean Energy	Oil and gas	2.4	-76.2
Bion	Shell	0.4	-75.8
Vast Resources	Mining	0.34	-53.1
i(x) Net Zero	Cleantech	38.5	-47.6

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



Data: Hubinvest Please note - All share prices are the closing prices on the 30 April 2022, 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 accessed via http://www.hubinvest.com/AimJournalDownload.htm.

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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