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AIM JOURNAL

AIM rises by 5% in 2021

AIM underperformed the Main Market during 2021 but it is still significantly outperforming the FTSE 100 index since the beginning of 2020. The FTSE AIM All Share index rose by 5% in 2021, compared with a 14.3% increase for the FTSE 100 index and a FTSE SmallCap index rise of 20%.

AIM has risen by one-quarter since the beginning of 2020, while the FTSE 100 index is still 1% lower. The FTSE SmallCap index has risen in line with AIM. The total return for AIM over five years is 8.8% per annum.

The underperformance of some of the larger AIM companies has hit the performance of AIM in 2021. The share price of online retailer boohoo has fallen by nearly two-thirds, while the price of rival ASOS has halved. They had the two highest weightings in the FTSE AIM 100 index, which has underperformed AIM as a whole, at the beginning of 2021. They each had a weighting of just over 5.1% of the index, but boohoo is no longer in the top ten and ASOS has the eighth highest weighting of 2.41%.

Greatland Gold was one of the largest gainers among the large AIM companies in 2020, but the share price more than halved in 2021.

Saatchi indicative offer

Standard listed shell AdvancedAdvT has bought 12 million shares in advertising agency M&C Saatchi at 200p a share, which is a 9.8% stake. The purchase price is well above the share price of 167.5p prior to the announcement, and the shell has made a bid approach to the AIM company. Vin Murria runs AdvancedAdvT and has been a non-executive director at M&C Saatchi since March 2021. She has a 12.5% stake, which was acquired at a time when the market price was below 50p a share.

Trading in AdvancedAdvT shares has been suspended at 98p. M&C Saatchi says that the indicative offer was 1.86 AdvancedAdvT shares for each of the advertising agency's shares. That equates to 182.3p a share, which is below the cash price at which the initial stake was purchased. AdvancedAdvT had £129.2m in the bank at the end of June 2021. Even after the £24m spent on the stake there is still plenty left to invest in the business.

AdvancedAdvT wants to use M&C Saatchi to build a data analytics and digitally focused marketing business. The independent directors of M&C Saatchi are not convinced that the offer reflects the value of the business or by the proposed strategy.

In this issue

Main Market rule changes

Changes to market capitalisation requirements for the Main Market could boost demand for AIM and Aquis Stock Exchange. This is part of the Financial Conduct Authority (FCA) strategy to make the Main Market a more attractive venue for fast-growing companies, particularly in the technology sector.

The minimum capitalisation for the Main Market will be increased from £700,000 to £30m. Most of the small companies that float on the standard list are shells, which want to take advantage of the lighter regulations. These shells get longer to do a deal and do not initially raise enough money to float on AIM, although some move to the junior market after making an acquisition. Aquis is a more likely destination for these shells.

If those standard list shells make an acquisition they have to apply for readmission, but if the deal leaves them with a market capitalisation of less than £30m they may have to move to a different market. There were five readmissions valued at less than £30m in 2021.

There were five, mostly mining related, new companies valued at less than £30m when they joined the standard list last year, including African Pioneer, which had previously been quoted on Aquis / ISDX, and flexible power generator Mast Energy Developments, which was spun out of AIM-quoted Kibo Energy.

Fully listed companies will no longer require a free float of 25% and instead 10% will be sufficient. However, there will no longer be any flexibility. In the past some companies with a lower free float were allowed to join the Main Market. There were companies that moved from the Main Market to AIM because their free float had fallen below 25% and they wanted to retain a quotation. They will no longer need to do that.

ThinkSmart share swap

ThinkSmart Ltd plans to swap its remaining holding in Clearpay for 1.65 million shares in delayed payments services provider Afterpay ahead of the latter's takeover by credit provider Block, which was formerly known as Square Inc. Shareholder approval is required and a general meeting will be held on 14 January. The bid is 0.375 of a Block share for each Afterpay share. The Block share price has fallen by more than 50% to $141.58 since its peak last summer. That values ThinkSmart's Afterpay stake at $87.6m (£64.4m), although there is still a downwards trend. The ThinkSmart share price has fallen along with Block's share price and is valued at £52.2m. ThinkSmart also has £6.5m of other assets.

Demand rebounds for Facilities by ADF

Facilities by ADF is the first AIM new admission of 2022. The Wales-based company provides production facilities and services to the film and TV sector, and it raised £15m at 50p a share. Following a tough time for most of 2020, demand for the company's facilities has bounced back.

The company has a fleet of more than 500 vehicles and trailers. This includes artiste trailers, make-up units, generator units and transport vehicles. The number could increase to 700 by the end of 2023 and Facilities by ADF has made sure that it has ordered the new units early because of the long lead times. Management estimates that Facilities by ADF has one-fifth of the market for its services in the UK. There are three main competitors: Translux International, Movie Makers and On-Set Services. Facilities by ADF has the biggest market share in the high end TV market.

Netflix, the BBC, ITV, Disney and HBO are among the client base. Netflix accounted for 24% of revenues over three and a half years. Sky was 18.6% and the BBC 13.4%. US streaming sites are filming more productions in the UK. The provision of services is planned well ahead of filming. The existing fleet is almost fully booked for 2022 and booking lead times are seven months ahead of filming.

Revenues fell from £15.9m to £8m in 2020 because lockdowns affected TV and film production. There has been a sharp recovery in the first half of 2021 with revenues reaching £11.5m and the company has moved back into profit. The business is consistently cash generative. Net cash was £2.6m at the end of June 2021, although there are also lease liabilities of £10.8m.

There could be acquisitions on top of the investment in increasing capacity. There are services not currently offered, such as catering and storage, and there is also potential for geographic expansion.

WH Ireland continues acquisition search

Broker WH Ireland believes that its return to profit is sustainable, and trading is in line with expectations. The acquisition of Harpsden Wealth has helped the wealth management division to grow, and management says that it has a more focused approach to wealth management acquisitions. Smaller acquisition opportunities remain attractive.

In the year to September 2021, revenues increased by 38% to £17.5m, while underlying pre-tax profit jumped from £600,000 to £1.1m. The capital markets division is profitable, while wealth management continues to lose money. There was £8.4m of cash in the bank at the end of September 2021.

The capital markets division is one of the top three AIM nominated advisers. Revenues jumped from £6.5m to £9.7m. The number of corporate clients increased from 80 to 86 and retainers were raised from £1.6m to £1.8m.

The wealth management division increased assets under management from £1.7bn to £2.4bn. Discretionary assets rose by two-thirds to £1.2bn. The £250m of Harpsden assets are being transferred to the group's SEI (UK) platform.

Lisa Fox has been appointed as head of private growth capital. This follows the relaunch of the WH Ireland Investor Forum, a platform that enables high net worth clients to participate in private and quoted share offers. More than 300 people have signed up to the platform.

■ Broker **Numis Corporation** had a better than anticipated end to the year to September 2021. Revenues increased from £154.9m to £215.6m with investment banking revenues as high as total group revenues last year due to an increase in mergers and new admissions activity.

Pre-tax profit doubled to £74.2m, although that includes £8.7m of investment gains compared with £300,000 in the previous year. The tax charge was higher, so earnings were 84% ahead at 49.1p a share. Net cash was £134m at the end of September 2021. The final dividend is 8p a share, taking the total to 13.5p a share.

Since the year-end, Numis has floated offshore oil and wind power subsea services provider Ashtead Technology on AIM. Trading is still relatively strong, but revenues and profit are likely to fall in the current financial year. Edison forecasts a 2021-22 pre-tax profit of £44.3m on revenues of £181.4m. These figures are still higher than the 2018-19 results. The total dividend should be maintained, though, and the cash pile is expected to increase.

■ Houlihan Lokey, Inc has acquired nominated adviser GCA Altium and its name on the nominated adviser register has been changed to Houlihan Lokey UK. Clients include broker Arden Partners, bars operator Loungers, video games developer Team17 and recent new admission Victorian Plumbing, which is an online retailer of plumbing products.

ADVISER CHANGES - DECEMBER 2021

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
Proton Motor Power Systems	Allenby	Shore	Allenby	Shore	12/1/2021
Baron Oil	Allenby	Allenby / Turner Pope	Allenby	Allenby	12/6/2021
Lendinvest	Panmure Gordon / Berenberg	Berenberg	Berenberg	Berenberg	12/9/2021
Kooth	Stifel Nicolaus / Panmure Gordon	Panmure Gordon	Panmure Gordon	Panmure Gordon	12/13/2021
Quadrise Fuels International	Shore	Shore / Peel Hunt	Cenkos	Cenkos	12/15/2021
Lok'nStore	Peel Hunt / finnCap	finnCap	finnCap	finnCap	12/16/2021
Mirriad Advertising	Panmure Gordon	Canaccord Genuity	Panmure Gordon	Canaccord Genuity	12/24/2021
Kore Potash	SP Angel / Shore	Canaccord Genuity / Shore	SP Angel	Canaccord Genuity	12/31/2021

Trident Royalties increases cash inflows with latest gold offtake deal

Mining royalties *www.tridentroyalties.com*

Trident Royalties has significantly increased its short-term revenues through the acquisition of a portfolio of seven gold offtake agreements from Orion for $69.8m, including $9.75m of shares issued to Orion. Trident has raised £30.2m ($40m) at 36p a share via a placing and PrimaryBid offer. A $40m loan facility will help to finance the deal and pay off the previous $30m facility. This is the third deal done with Orion and by far the largest.

A mining royalty generates a percentage of revenue of the underlying mining asset. This will depend on the selling price of the commodity, but it does not expose the investor to the operating costs or any loss.

Offtake contracts provide a given percentage of production and profitability can be affected by the volatility of the gold price. The portfolio has the ability to generate the equivalent of a 1.33% net smelter royalty over a ten-year period. All seven mines involved in the offtake agreements are operating so there will be revenues immediately and they should grow up to 2024 and then start to fall.

Revenues could reach $18m in 2022

This means that nine assets will be generating revenues for Trident with another about to come on stream. Prior to the deal, Trident was expected to move into profit in 2022 and this acquisition will make it more profitable. Revenues could reach $18m in 2022, with $4.7m coming from the previously owned assets. Group revenues are expected to increase steadily up until 2026 as the growing royalties offset the lower offtake revenues. There will also be a one-off boost from the partial repurchase of the Thacker Pass royalty in the first year of operation.

This brings a dividend nearer and the first payment could be later in 2022. Management is considering quarterly dividends and might pay around 20% of free cash flow.

TRIDENT ROYALTIES (TRR)			36.5p
12 MONTH CHANGE %	-8.8	MARKET CAP £M	91.8

Savannah Energy doubles oil production

Oil and gas *www.savannah-energy.com*

Savannah Energy has revealed the details of the acquisition of the ExxonMobil and Petronas oil operations in Chad and Cameroon. Savannah Energy will pay up to $700m for these assets which should more than double the company's oil production in 2022. These are cash generative assets. finnCap estimates that if a $60/barrel Brent oil price is achieved then the assets could generate $120m of cash each year for the rest of the decade.

The deal was initially announced in June and the complexity of the transaction meant that it took more than six months to finalise. Savannah Energy has up to $400m of senior debt and a $32m junior loan facility. On top of this £48.7m ($65m) is being raised though a placing and subscription at 19.35p. Trading in the shares was suspended until 31 December 2021. The share price increased from 19.3p to 22.5p.

SAVANNAH ENERGY (SAVE)			22.5p
12 MONTH CHANGE %	+64.2	MARKET CAP £M	224.2

The acquisition includes a 75% indirect interest in the Doba oil project and around 70% of the Chad and Cameroon pipeline companies. The acquisition may not be completed for a few months, but it will be assumed to have happened on 1 January and any cash generated up until completion will be taken off the purchase price.

Earnings could double to 5p a share in 2022 and more than treble to 8p a share in 2023. Net debt could be reduced to $134m by the end of 2024. finnCap estimates pro forma risked NAV of 85p a share.

Bidstack secures deals guaranteeing $30m in revenues over two years

In-game advertising *www.bidstack.com*

BIDSTACK (BIDS)			4.875p
12 MONTH CHANGE %	-35.9	MARKET CAP £M	45.4

Shareholders in **Bidstack** have needed to be patient because revenues for its in-game digital advertising platform have taken a long time to build up and it has consumed cash. There are positive signs, but revenues will need to increase significantly for the company to reach profitability. Short-term revenues will be lower than expected, though.

Bidstack has signed a two-year agreement with Azerion, a pan-European digital entertainment and media platform that automates the sale and purchase of digital advertising. The deal will enable Azerion to offer advertising to clients in new areas. Azerion will be the sole external reseller for Bidstack.

Net cash is £7m

Another recent deal is with one of the world's leading gaming companies, which provides access to one of the company's sporting franchises. These latest deals mean that Bidstack has guaranteed minimum revenues of $30m for two years from 1 March 2022.

Last July, Bidstack raised £10.9m at 2p a share. The previous fundraising in June 2020 and generated £5.5m at 4p a share, while the year before £5m was raised at 12.5p a share. When Bidstack reversed into AIM shell Kin Group in 2018 it raised £3.5m at 6p a share. The share price had fallen below 2p prior to the trading statement and deal announcement, but it has subsequently more than doubled.

Net cash is expected to be £7m at the end of 2021. Although revenues are forecast to increase from £2.7m to £8.8m, a loss of more than £5m is still anticipated. So, there is still a long way to go. Net cash of £2.4m is forecast for the end of 2022. Unless there is a sharp decline in loss during the second half, more cash will be required. There is an enormous market for Bidstack to take advantage of and operating expenses are growing much more slowly than revenues.

Deepmatter's discounted cash call

Chemistry analytics *www.deepmatter.io*

DEEPMATTER (DMTR)			0.45p
12 MONTH CHANGE %	-77.5	MARKET CAP £M	4.15

Digital chemistry data company **Deepmatter Group** managed to secure £2.55m of funding ahead of the Christmas break, but it had to accept a significant discount to the market price, which was 1.05p prior to the announcement of the intention to raise money. The placing price is 0.1p a share. The huge discount to the market price was required to attract investors to the issue.

Existing shareholders are being given the chance to invest at the same price via a one-for-3.7 open offer that could raise up to £250,000 more. The shares went ex-open offer entitlement on 4 January and the open offer closes on 18 January.

Deepmatter has developed platforms that make it easier to discover and replicate chemical reactions. It is estimated that 50% of science is normally not reproducible. Discussions continue with South Korea-based drug discovery company Standigm Inc, for a deal that was originally expected to be secured in 2021. This means that last year's revenues will be lower than the company's previous expectations. The multi-year deal could be signed in 2022.

Deepmatter will use the time it has thanks to the additional cash to assess strategy and invest in the further development of the DigitalGlassware technology. Deepmatter continues to lose money and the cash outflow in the first half of 2021 was £1.9m after a tax rebate. There should be enough funds to last until the end of 2022, but more cash may need to be raised before that.

Blackbird bolsters balance sheet so that it can exploit opportunities

Video editing technology *www.blackbird.video*

BLACKBIRD (BIRD)			30.75p
12 MONTH CHANGE %	+56.7	MARKET CAP £M	113

Blackbird is in a strong position to take advantage of the investment it has ploughed into its cloud-based video editing technology following an £8m placing at 28p a share. There is more than two decades of development in the IP and Blackbird is attracting major customers in the media and other sectors. It remains loss making, but revenues should rise faster than costs.

The cash will be invested in building up the team and the development of further IP. There will also be money spent on market testing.

The media sector has been the core market for Blackbird's cloud-based editing technology. It has a contract with CBS Sports, while 80 US TV stations use the technology for digital news production. The US had been an untapped market, but it is becoming more important. Blackbird has also secured a multi-year video production services deal with FIFA.

Licensing is a new market

Licensing is a new market for Blackbird, and in September it secured its first licencing deal with a major video equipment manufacturer. The five-year licence agreement will enable the manufacturer to integrate the Blackbird technology into its live video broadcast equipment. This will generate a minimum of €2m over the licence period. It took 12 months to secure the licence, but the next licences should not take as long.

The potentially addressable market is much larger than the market currently being addressed. Content creation and enterprise use in sectors such as aerospace and defence could provide significant markets. Longer-term, data compression services are a potential market.

Interim revenues were £867,000 and further licence revenues could significantly increase ongoing revenues. There was £5.7m in cash at the end of June 2021, so the latest cash inflow means that Blackbird can finance all its medium-term requirements.

Invinity Energy Systems stored value

Battery storage *www.invinity.com*

INVINITY ENERGY SYSTEMS (IES)			92.5p
12 MONTH CHANGE %	+72.1	MARKET CAP £M	107.3

Battery storage technology developer **Invinity Energy Systems** is moving into a period when revenues will start to become significant. A placing and open offer at 100p a share raised £28.9m before expenses and this means that Invinity will be able to push ahead with its development and marketing plans.

Invinity was formed in April 2020 when Avalon Battery merged with AIM-quoted redT Energy. It uses proven vanadium redox flow battery technology to provide energy storage. The increasing energy production from renewable sources is leading to soaring demand for storing the energy for later use. Invinity's technology does not degrade in the way that lithium-ion batteries do. In 2020, global utility battery storage grew by more than one-third to 1,650MW and an additional 10,000MW is planned by the end of 2023.

Revenues of £4m are estimated for 2021 with a jump to £26.5m in 2022. Covid-19 restrictions and supply problems held back progress and delayed revenues, but there are 16MWh of projects underway in the UK and US. That will help to underpin the 2022 forecast revenues, which have been reduced from £33m.

There was £6.1m in the bank at the end of August 2021, which includes £5.7m of prepayments. Net cash of £14.9m is forecast for the end of 2022. There are further potential cash inflows. Every two shares in the placing received a warrant to subscribe for a share at 150p up until 15 September 2022 and another to subscribe for a share at 225p up until 16 December 2024.

FRP Advisory quarterly income promise

Business restructuring *www.frpadvisory.com*

Dividend

FRP Advisory paid a maiden dividend of 0.66p a share in April 2020, which reflects the limited time that it was quoted and was 70% of comprehensive income for two months. The 2020-21 total dividend was 4.1p a share and it was paid in three instalments.

Dividends are being paid quarterly and the ex-dividend date for the second quarterly dividend of 0.8p a share is 24 February. This year's total dividend is forecast to be 4.3p a share. The dividend is forecast to rise to 4.7p a share in 2022-23, which should be covered 1.6 times by earnings.

Business

FRP Advisory joined AIM on 6 March 2020 a few days before the Covid-19 lockdown. FRP raised £20m at 80p a share, while existing shareholders pocketed £60m. After an initial decline the share price has consistently traded at well above 80p.

FRP's core business is corporate restructuring and insolvency services, and it has a regional office network around the UK. Other services include corporate finance, forensic accounting and debt advisory. The company was formed in 2010, after the administration of former AIM-quoted accountancy firm Vantis, by chief executive Geoff Rowley and chief operating officer Jeremy French. They still own 3.9% and 3.1% respectively.

Since floating, FRP has made four acquisitions which have added to the restructuring and corporate finance divisions. Restructuring remains the biggest part of the group.

The firm has a 14% market share of administration appointments, although the total number declined in the period.

FRP ADVISORY (FRP)	
Price (p)	134
Market cap £m	325.9
Historical yield	3.1%
Prospective yield	3.2%

It is not dependent on any individual sector or on any one client. Work is generated by referrals from advisers, such as accountants and lawyers, creditors, such as banks and the Pension Protection Fund, and investors. FRP does not have an auditing business and it has a reputation for achieving good results in insolvencies.

There has been weak demand for the core restructuring business because of government assistance for businesses. There are signs of increasing numbers of insolvencies so demand should improve. Energy price rises and supply issues will make it tough for businesses. FRP has plenty of spare capacity if demand does increase. The fee earner utilisation rate fell to 60% in the first half. In contrast, corporate finance services have been prospering and there are still plenty of deals in the pipeline.

Interim revenues were £44.7m, which reflects organic growth of 8%, plus 17% growth from acquisitions. Underlying pre-tax profit was £10m, up from £8.8m. Even after acquisition and dividend payments, net cash was £9.2m at the end of September 2021 and it is expected to increase if there are no more acquisitions.

Pre-tax profit is forecast to edge up from £21.2m to £21.8m in 2021-22. The shares are trading on 18 times prospective earnings. An acceleration in insolvencies could bring that multiple down.

Dividend news

Caledonia Mining Corporation has raised its quarterly dividend to 14 cents a share and it is set to make further increases over the next two years. Total dividends of 60 cents a share are forecast for 2022. The company is the majority owner of the Blanket gold mine in Zimbabwe. Gold production of between 73,000 ounces and 80,000 ounces is being targeted for 2022. This follows the sinking of a new central shaft. A pre-tax profit of $62.1m is forecast for 2022. Cash should increase from $17.6m to $30.5m over the next year. At the end of 2021, Caledonia Mining raised $7.96m via a Victoria Falls Stock Exchange listing in Zimbabwe. Mark Learmonth has taken over from Steve Curtis as chief executive.

Another positive trading statement from concrete levelling equipment supplier **Somero Enterprises Inc** has led to a forecast upgrade. There was strong trading in North America, Europe and Australia. Three months after the previous upgrade the 2021 pre-tax profit estimate has been raised by 7% to $43.7m and the 2022 figure by 6% to $45.3m. This means that the 2021 dividend is expected to be 44.9 cents a share and the forecast 2022 dividend has been increased by one-fifth to 46.2 cents a share. At 550p, the 2022 forecast yield is 6.4%.

Property investor **Panther Securities** is paying an unchanged interim dividend of 6p a share. Panther has completed the sale of two properties raising £5.225m with the second yielding a profit of £325,000. Combined with other disposals, Panther Securities should be able to pay off its £11m revolving credit facility. There is also cash in the bank to take advantage of any property acquisition opportunities. The existing portfolio has been resilient during the Covid-19 pandemic and rent arrears have been reduced. Arrears are currently in line with past levels.

Expert view: Registrars

Market infrastructure evolution in 2022 and beyond

By Hardeep Tamana

Hardeep Tamana, Managing Director of Avenir Registrars, takes a look at the year ahead.

It is fair to say that for many of us working in capital market infrastructure, we have spent the last few years navigating a series of hurdles, each of which has arrived with a varying degree of unpredictability. We received clear – if perhaps unwelcome - warnings of events such as Brexit, which even today continues to yield a series of regulatory changes, challenges and opportunities.

Conversely, the global health pandemic that has dominated the agenda for the last two years was a true black swan event. Some postulated that it may happen, but only a tiny minority expected such a catastrophic turn of events on their watch.

So, as we look towards 2022, is this now an opportunity to return to something approaching business as usual, or will the already crowded agenda serve to hold back true innovation? At Avenir, our hopes are pinned very much on the former, but we wanted to use this opportunity to look ahead at some of the key points of contention which the industry will be squaring up to in the coming months.

CSDR

2022 has the potential to see marked changes to the way markets operate. In many cases this will be rather nuanced, but understanding, adapting, and adhering to any developments here will be critical.

One key point here is CSDR. The Central Securities Depository Regulation covers many aspects, and the overall process has been ongoing for some years. The first phase was deployed back in 2014 along with MiFID II and EMIR. There's been a lot of discussion over the mandatory buy-ins to the settlement discipline regime and whilst these could arguably improve market quality, onerous burdens on participants have seen EU regulators defer implementation and the UK – given its Brexit freedoms – abandon the clause altogether.

However, it is moving transferrable securities into book entry form that we will be watching most closely, as again the plans here - for digital records to become mandatory for new issues in 2023 and all existing traded securities to migrate by 2025 – have been disrupted as a consequence of Brexit.

Ireland remains on track to implement these changes and London will be watching closely as whilst the move is likely to be popular with both issuers and investors, some dealmakers could push back. Political posturing as to whether such moves are necessary has already been seen, and more divergence in process between the UK and EU could follow.

Prospectus reform

As London seeks to maintain its position as a multinational financial hub post-Brexit, the UK government has been consulting on a number of topics, including prospectus reform. By all accounts, some degree of change here is overdue and will offer issuers greater flexibility when looking to raise capital.

At Avenir we are mindful of the fact that this could have a fundamental impact on the security lifecycle, potentially resulting in the ability to bring offers to market faster than ever. Our technology-first approach has always looked to leverage the inherent benefits of securities digitisation and we are confident that as change materialises here, our processes and delivery will comfortably keep pace with any accelerated timelines.

Improving market quality

Wider market reform reaching beyond changes to prospectus rules is also anticipated in the coming years. How this plays out will be instrumental to both the quality of London's capital market as a whole and the post-Brexit growth of the venue in general.

We have already seen a significant increase in minimum market cap levels, with smaller issuers being routed to venues such as AIM – something that should add vibrancy to London's already unparalleled choice of markets.

Consistent narratives from the regulator, where there may be additional benefit in ensuring that markets are "effective" – something which is lacking from the current remit – whilst still mitigating against systemic risk also have the potential to help cement London's position.

However this plays out, migration between markets could well become even more popular. And whether that's on a domestic or cross-border basis, such transitions are well within scope for Avenir to assist with.

We can already see that 2022 will bring about some predictable – and arguably helpful – change for markets and investors alike. If you're an issuers or professional service provider wanting to learn more about how Avenir can support you, both this year and beyond, please contact info@avenir-registrars.co.uk.

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

AIM makes further progress in 2021

AIM had a good 2021, but not as good in performance terms as 2020. Companies remain able to raise significant amounts of cash.

AIM did not have such a good year in terms of performance, but there was still growth in 2021 and other aspects of the junior market have gone from strength to strength. New admissions and liquidity both increased during 2021 and the number of companies was higher at the end of the year for the first time since 2014.

While a 5% increase in AIM was well below the increase of the Main Market, whichever index is used, it is still a good performance given that AIM was one of the best performing global markets in 2020.

The poor performance of some larger companies hampered progress during the year. The FTSE AIM UK 50 index was 2.9% ahead and the FTSE AIM 100 index rose 2.1%. Online fashion retailer boohoo is the worst performer in the AIM 100 but is not eligible for the AIM 50 because it is registered in the Channel Islands, which probably accounts for much of the difference in performance.

Comparing the performance of AIM with the Main Market is complicated by the wide range of market capitalisations. For example, the FTSE Fledgling index has outperformed AIM during 2021. Yet even the largest company in that index would not make much of a dent on the top 200 AIM companies. So, the companies in the Fledgling index would not have a great influence on overall performance if they were combined with AIM. Around three-quarters of AIM's market capitalisation is accounted for by companies larger than the biggest company in the Fledgling index.

Even the FTSE SmallCap does not have a constituent that is as large as any of the top 30 plus companies on AIM. The top 30 AIM companies are worth £1bn or more and account for 37% of AIM.

> The top ten AIM 100 constituents have a weighting of 27.9% of the index

Not all companies are eligible to be included in an index, while others will only have a proportion of their market capitalisation included in the calculation. Hutchmed China and Abcam are the two largest companies on AIM, but only 50% of each of their market capitalisations is counted for their weightings in an index.

The index weightings of the top AIM companies have changed over the past year. ASOS and boohoo accounted for more than 10% of the AIM 100 one year ago. ASOS has fallen to 2.41% and boohoo is no longer in the top ten.

The top ten AIM 100 constituents have a weighting of 27.9% of the index, down from 33.3% at the end of 2020.

FTSE AIM 100 TOP WEIGHTINGS

COMPANY	% WEIGHTING
Fevertree Drinks	4.17
Keywords Studios	3.16
Hutchmed China	3.16
Abcam	3.02
ITM Power	2.54
RWS	2.47
YouGov	2.42
ASOS	2.41
Burford Capital	2.32
CVS Group	2.28

Fundraisings

In 2021, £8.73bn was raised by new and existing AIM companies, compared with £5.76bn in 2020. This was the highest total since 2007, when £16.2bn was raised at the peak of AIM in terms of number of companies. There were 1,694 companies on AIM at the end of 2007, compared with 852 at the end of 2021 – up from 819 in 2020. Over that period, the market value of AIM has increased from £97.6bn to £150bn.

Existing companies raised £6.87bn, which was even higher than the previous year, when £5.27bn was raised as companies replenished their balance sheets during lockdown. There is only one previous year when more has been raised by existing companies. That was in 2007 when £9.6bn was raised.

In June, £1.33bn was raised,

when Hutchmed China raised £387.3m. Recent fundraisings include identity services provider GB Group, which raised £305m, and ITM Power, which raised £250m.

There were 72 completely new companies joining the junior market during last year. Including moves from the Main Market and readmissions the total comes to 87. That is the highest number of admissions for seven years.

The amount of new money raised was £1.85b, which was the largest amount in any single year since 2014 when £2.6bn was raised and the sixth largest amount in any year. Less than £500m was raised in each of 2019 and 2020.

Higher profile new companies did not do well last year. Delivered meals company Parsley Box is the worst performing new AIM company and the Victorian Plumbing share price has more than halved. Virgin Wines managed to hang onto a small gain. The companies that performed well were less well known and many had limited liquidity.

Liquidity

Both the number of AIM trades and the value of those trades reached new peaks in 2021. There has been a downward trend in liquidity throughout the year, though.

> Both the number of AIM trades and the value of those trades reached new peaks in 2021

The highest value traded in a single month was in January when the figure was £11.2bn, which is more than 11% of the yearly total of £99.8bn. In the same month the number of trades peaked at 2.16 million, which is 10.6% of the 2021 total trades of 20.3 million.

There was an 11% year-on-year decline in the number of trades during December 2021. The number of trades in the previous two months were also lower than in the same month in 2020. That suggests that it will be difficult to beat the 2021 liquidity levels this year, particularly as there are tough comparatives at the beginning of the year.

BEST PERFORMING AIM NEW ADMISSIONS IN 2021

COMPANY	CODE	ACTIVITY	DATE JOINED	FLOAT PRICE (P)	CURRENT PRICE (P)	% CHANGE
Midatech Pharma	4BB	Healthcare	2/17/2021	118	615	421.2
Open Orphan	CUSN	Mining	2/16/2021	7	27	285.7
Netscientific	BEN	Mining	10/19/2021	10	32	220
4D Pharma	SOUC	Oil and gas	8/10/2021	6.5*	18	176.9
Synairgen	KIST	Oil and gas	5/17/2021	155	410	164.5

WORST PERFORMING AIM NEW ADMISSIONS IN 2021

COMPANY	CODE	ACTIVITY	DATE JOINED	PRICE (P)	CURRENT PRICE (P)	% CHANGE
Parsley Box	MEAL	Food	3/31/2021	200	33.5	-83.3
Victorian Plumbing	VIC	Retailer	6/22/2021	262	118.6	-54.7
In The Style	ITS	Retailer	3/15/2021	200	92	-54
Cornerstone FS	CSFS	Financial services	4/6/2021	61	29	-52.5
Spectral MD	SMD	Healthcare	6/22/2021	59	36.5	-38.1

Prices at 31 December 2021. * After eight for one consolidation ** Reverse takeover

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Consumer	21.2	16.7
Health Care	15.6	10.7
Industrials	16.1	16.5
Technology	12.3	12.8
Financials	9.4	11
Energy	8	11
Basic materials	6	14.7
Property	3.6	3
Telecoms	1.6	1.8
Utilities	0.8	1

KEY AIM STATISTICS

Total number of AIM	842
Number of nominated advisers	28
Number of market makers	21
Total market cap for all AIM	£144.8bn
Total of new money raised	£129.4bn
Total raised by new issues	£47.6bn
Total raised by secondary issues	£81.8bn
Share turnover value (Nov 2021)	£92.7bn
Number of bargains (Nov 2021)	18.9m
Shares traded (Nov 2021)	871.7bn
Transfers to the official list	194

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	1216.91	+5.2
FTSE AIM 50	6628.88	+2.9
FTSE AIM 100	6014.17	+2.1
FTSE Fledgling	13249.99	+24.6
FTSE Small Cap	7459.43	+20
FTSE All-Share	4208.02	+14.5
FTSE 100	7384.54	+14.3

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	71
£5m-£10m	94
£10m-£25m	143
£25m-£50m	129
£50m-£100m	114
£100m-£250m	159
£250m+	132

TOP 5 RISERS OVER 30 DAYS

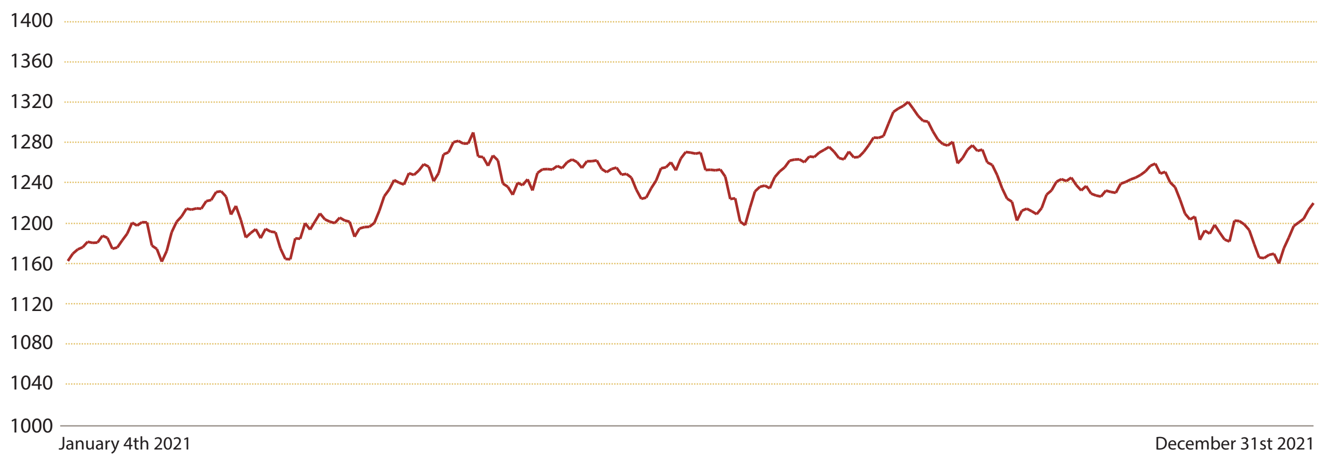
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Bidstack	Media	4.875	+160
Blue Star Capital	Leisure	0.4	+122
Nanosynth	Industrial	1.175	+92.6
Beowulf Mining	Mining	11.5	+87.8
Argos Resources	Oil and gas	1.25	+85.2

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
DeepMatter	Technology	0.45	-61.7
Actual Experience	Technology	25.5	-52.3
Jade Road Investments	Financials	7.5	-48.3
ThinkSmart	Financials	52.5	-48
RUA Life Sciences	Healthcare	75	-46.6

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



Data: Hubinvest Please note - All share prices are the closing prices on the 31st December 2021, 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 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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