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THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

finnCap merger talks

finnCap is in merger discussions with Panmure Gordon and this highlights the tough trading conditions for broking businesses this year. New admissions on AIM are few and far between and trading volumes have declined. The performance of AIM steadied in November, although this masks a sharp drop during the month and the subsequent recovery.

finnCap has received indicative non-binding merger proposals from Panmure Gordon. There would be a cash offer for finnCap with an option to receive part of the consideration in shares. At 18p, finnCap is currently capitalised at £32.6m. Panmure Gordon left AIM in 2017 after a 100p a share bid, having joined the junior market when it reversed into Durlacher in 2005.

Some of the poorer performers among the larger AIM companies had a good October. Sustainable investments fund manager Impax Asset Management was 27.6% ahead on the month, although the share price has still more than halved this year. Construction materials supplier SigmaRoc released a positive trading statement and that helped the share price rise by one-quarter.

There are still disappointing trading statements, though. Like-for-like revenues for eyewear supplier Inspecs fell 3% in the nine months to September 2022 due to currency movements. Weak consumer confidence is likely to continue in the fourth quarter, particularly in Germany and France. GB Group shares fell because bid talks ended.

Vertu BMW purchase

Motor dealer Vertu Motors has expanded its motorcycle operations through the acquisition of two BMW Motorrad outlets in Bradford and Rotherham for £4.2m, including £1.85m of freehold property. This takes Vertu motorcycle outlets to six – three BMW and three Honda.

The two sites had revenues of £20.5m and operating profit of £463,000 in the year to September 2021. The deal will not have much effect on the current year, but it could enhance earnings next year.

Vertu Motors reported interim figures in October. In the six months to August 2022, revenues increased from £1.92bn to £2bn. Underlying pre-tax profit declined from £51.8m to £28.2m, partly due to lower used vehicle profit. The previous year included government assistance. The interim dividend was raised from 0.65p a share to 0.7p a share. Net tangible assets are 72.1p a share and there is a £3m share buy back programme.

Energy costs remained stable, but the gas supply contract ends in October. Investment in solar generation should eventually contribute around 10% of group energy needs and LED lighting is being installed. Full year pre-tax profit is forecast to fall from £80.7m to £38.2m.

In this issue

QCA's new growth market plan

A new publication from the QCA offers suggestions to increase the attractiveness of public markets to companies, as well as encouraging investors. The report is called 'State of the small and mid-cap sector' and it suggests that a new UK listed growth market should be created.

Over the past two decades the number of quoted companies has declined by 36%, while delistings were greater in number than new admissions from 2009 to 2021. Four-fifths of quoted companies are capitalised at less than £1bn.

The QCA believes that choice and the removal of complexity are important when attracting companies to go public. The proposed UK listed growth market would operate alongside the premium listing and would be designed for growth companies. This would potentially overlap with AIM, although it appears it would be focused on larger growth companies.

There is also support in the report for prospectus reform and making it easier to raise money. This includes reducing the length of the offer period for rights issues and open offers from ten to seven business days. The QCA is keen that more smaller investors can become involved in fundraisings.

When it comes to the supply of money, the QCA is keen on it being easier for pension funds to invest in smaller companies. This will depend on the regulator's views on investment in illiquid shares. Reforming Solvency II, an EU directive that is part of UK law, could help unlock additional investment funds from insurers. There is an understanding that liquidity needs to be improved to attract investors. Greater access to research could help with this.

Science bid for TPG

Science Group is bidding 2.25p a share in cash for the shares it does not own in TP Group. That values the engineering and consultancy business at £17.5m. Science Group had already acquired 28% of the company and gained board representation and replaced previous management. The independent directors of TP Group have agreed to the bid. BDO has resigned as auditor of TP Group having been appointed in December 2020. That was under the former management team. The 2021 figures were late and showed a £19m loss after significant write-downs. There are still concerns about the resolution of legacy maritime contracts. Net debt was £1.6m and bank facilities will be renegotiated in the next few months.

Sondrel gears up for supply contracts

Semiconductors designer Sondrel is one of the few companies to join AIM in the past few months. It raised £20m via a placing at 55p a share - £2.5m of that cash went on expenses. This valued the company at £48.1m. The share price has risen to 58.5p.

In the past, Sondrel designed semiconductors for clients which then sourced them. The model has changed so that they contract directly with Sondrel to secure production. This means that Sondrel can offer everything in the process from concept to delivery. The cash raised will provide working capital for the customer supply management contracts.

There are currently more than £300m of revenue opportunities for designing and supplying semiconductors for clients. Not all this business will be won, and new contract wins could take a couple of years before supply revenues start to build up. The medium-term target revenues are in excess of £100m.

Sondrel has design centres in the UK, China, Morocco and India, plus a sales office in California. Siemens is a major shareholder and has the status of preferred supplier of electronic design automation software for a 36-month period.

There have been well-publicised global shortages of semiconductors, and this is expected to continue into next year. However, Sondrel has strong relationships with the manufacturers, which are investing in increasing capacity.

Recent revenues have been lower than in the past because of Covid-related delays in gaining and completing design work. In 2019, revenues were £15.2m, when a pre-tax profit of £1.16m was made, and they dropped to £8.12m in 2021 when Sondrel lost money. Interim revenues recovered from £3.67m to £7.95m and the loss was reduced. Additional engineers are being employed and this will hold back short-term profitability.

Small investors back in favour with companies

Small companies are increasingly appreciating the benefit of attracting small investors. They can be loyal and help with liquidity. Fund managers are tending to look at even larger companies than they might have done in the past making attracting smaller investors more important. Holding investor events can inform existing shareholders and attract new ones.

Hardman & Co, along with the Quoted Companies Alliance, has published Quoted company engagement with retail investors – a new world. In this publication it sets out three reasons why retail investors are becoming more important.

The first is that private investors are taking more control of their finances, including through Self Invested Pension Plans. The second factor is that private investors are not as worried about liquidity as fund managers, but they also help liquidity. This is particularly true in more recent times since the imploding of the Woodford funds, which has led to much tighter regulation making it more difficult for fund managers to invest in smaller companies.

The third factor is that there is a sense that small investors have not been treated fairly in comparison with institutions. New technology makes it easier to provide information and hold meetings for a wider range of investors. They can also watch recordings if they cannot view the live event. This is also good corporate governance.

Hardman has collected data concerning investor events from eight of the principal providers, which includes Hardman itself. There were events held between 2019 and June 2022 included in the data. These events sometimes include more than one company.

The number of retail events has more than doubled since before the Covid pandemic and the focus of the research is companies that are valued at between £25m and £500m. The market capitalisation is taken at the end of 2021, so these companies could have been much larger or smaller during the relevant period.

The data includes various bands of market capitalisation. There were 54.1% of companies valued at between £25m and £50m that held events, which was the highest percentage of any band. There were 47.4% between £25m and £500m.

Companies that held these investor events in 2021 but did not in 2019 improved their liquidity to a greater extent than those companies that did not hold events. The liquidity measure is based on the percentage of shares traded each year.

Those companies that did not hold an investor event in 2021 did achieve an improvement in liquidity from 51% in 2019 to 62.3% in 2021. However, those companies that held one event in 2021 improved their liquidity from 58.2% to 79.8% - this covers 161 companies. The 182 companies that held two or more events in 2021 improved their share liquidity from 51.2% to 74.6%.

ADVISER CHANGES - OCTOBER 2022

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
Cerillion	Singer / Liberum	Liberum	Liberum	Liberum	10/6/2022
Smartspace Software	Canaccord Genuity	Singer / Canaccord Genuity	Canaccord Genuity	Singer	10/11/2022
Scancell	Stifel Nicolaus / Panmure Gordon	Stifel Nicolaus / Panmure Gordon	Stifel Nicolaus	Panmure Gordon	10/13/2022
Deltic Energy	Canaccord Genuity / Stifel Nicolaus	Stifel Nicolaus / Allenby	Allenby	Allenby	10/18/2022
Oriole Resources	SP Angel	Shard	Grant Thornton	Grant Thornton	10/28/2022

Transense Technologies generates cash to fund surface acoustic wave potential

Sensors developer *www.transense.com*

Transense Technologies is generating cash and the regular cash calls that held back the share price are no longer required. The share price has risen since the full year results to June 2022 were published, helped by share buy backs, but the rating remains modest considering the potential for profit growth and cash generation.

In 2021-22, revenues improved from £1.77m to £2.63m, while Transense moved from loss to a £270,000 pre-tax profit. R&D tax credits meant that earnings were 5.36p a share. There was a small cash inflow after spending £300,000 on share buy backs and cash was £1.06m at the end of June 2022.

Royalties from iTrack licensee Bridgestone underpin the current valuation of Transense. They

Cash was £1.06m at the end of June 2022

contributed £1.56m to revenues, which is 88% higher than the previous year, and are 100% gross margin. Allenby reckons that the net present value of these royalties over the next eight years of the agreement is equivalent to 95p a share. This means that there is little value given to the Translogik tyre monitoring probes business and, more importantly, the potential for the surface acoustic wave (SAW) technology operations.

Management emphasises the potential for the SAW technology. The main areas are aerospace, electric drives and industrial

TRANSENSE TECHNOLOGIES (TRT)			92p
12 MONTH CHANGE %	-16.7	MARKET CAP £M	14.7

machinery. There are currently deals with GE and Maclaren. The cost base is increasing, and SAW will continue to lose money, but it has a pipeline of 22 potential clients, including three that have reached the development stage. Transense recently announced that it is evaluating licencing opportunities for its surface acoustic wave sensor technology in the aerospace sector with Meggitt. This could lead to a licence agreement before the end of 2023.

A significant improvement in pre-tax profit to £1.17m is expected this year. The shares are trading on eleven times prospective 2022-23 earnings, falling to eight next year.

Seeing Machines looks forward with Magna deal

Driver monitoring technology *www.seeingmachines.com*

Driving safety technology developer **Seeing Machines** has secured an exclusive collaboration deal with Magna International covering rear view mirror occupant monitoring applications in vehicles. Magna is paying $17.5m in cash ($10m immediately and $7.5m over two years) and investing $47.5m via a convertible note – the first tranche is $30m - which is convertible at 11p a share.

Magna is one of two main rear view mirror suppliers and the only real candidate for a partnership. Contracts with vehicle manufacturers

SEEING MACHINES (SEE)			6.7p
12 MONTH CHANGE %	-34.2	MARKET CAP £M	278.4

continue to be won and the significant prospective revenues are visible over the next few years even before any additional wins.

In the year to June 2022, Seeing Machines revenues improved from A$47.2m to A$54.4m, although there was a one-off licence in the previous period. Automotive royalty revenues grew from A$2.3m to $A5.5m, but there is much more to come in the next few years as contracts that have been announced build up as the vehicles go into production. Annual recurring revenues were 18% ahead at A$17.6m.

The cash outflow from operating activities was A$15.8m. There was A$58.8m in the bank at the end of June 2022 and the deal with Magna was completed after that date. This means that Seeing Machines has plenty of cash for its requirements and there is no need for any share issues in the medium-term. Seeing Machines could move into profit with its current funding. It will start to report in US dollars this year.

Harvest Minerals grows reputation of KP Fertil in local Brazilian market

Fertiliser supplier *www.harvestminerals.net*

Sales orders for fertiliser supplied by **Harvest Minerals** from its Arapua project in Brazil have more than doubled in the nine months to September 2022. The full year target of 150,000 tonnes has already been passed and there should be further growth next year. The company generated cash in the first half and that cash can be used to expand warehouse capacity and develop further projects in other parts of Brazil.

There have been changes to buying patterns with farmers ordering Harvest Minerals' KP Fertil earlier than previously, so third quarter orders were lower. Investment in new warehousing is required to significantly increase sales. Fertiliser needs to be stored during the rainy season, when the weather makes it difficult to extract material, so that orders can be fulfilled when they are required by farmers.

KP Fertil is organic and replaces imports

KP Fertil is organic, and it replaces imports. It is rich in potassium and phosphorus, as well as other nutrients. Test work has shown that it can improve crop yield and quality compared with rival fertilisers. Interim revenues of \$2.74m were based on invoiced sales of 35,014 tonnes, so there is a lot more to come in the second half as the rest of the orders are supplied.

HARVEST MINERALS (HMI)			6.25p
12 MONTH CHANGE %	+66.7	MARKET CAP £M	11.6

There was \$2.4m in the bank at the end of June 2022. Investment in capacity will enable further growth in sales. Harvest Minerals has an environmental licence that allows production of up to 400,000 tonnes a year, while storage capacity is 30,000 tonnes. There is no need to raise cash to make this investment. There is another potential phosphate project at Miriri further north in Brazil. The share price has more than halved since its peak in April.

Hargreaves Services boosted by German associate

Infrastructure services *www.hsgplc.co.uk*

Hargreaves Services continues to benefit from the strong trading of its German associate HRMS, and the services and land divisions are also performing well according to the chairman's statement at the AGM. HRMS has made a good start to the year, although there is uncertainty concerning the German market. There will be another trading statement in December.

Although HRMS is 49.9%-owned, Hargreaves is entitled to 86% of the economic benefit. HRMS supplies coal, minerals and associated services. It also owns the DK Recycling steel waste recycling business, as well as a carbon pulverisation plant, both of which are improving their performance.

HARGREAVES SERVICES (HSP)			370p
12 MONTH CHANGE %	-11.9	MARKET CAP £M	120.4

The industrial and earthworks services division has more than 50 framework and term contracts providing a solid base for this year. Hargreaves Land has sold 4.5 acres at Blindwells for £3.4m and a 20-acre plot could be sold by the end of May 2023.

In the year to May 2022, pre-tax profit improved from £21.2m to £32.7m. That included a £27.3m contribution from German associate HRMS, up from £13.6m in the previous year. Higher commodity prices and increased volumes of minerals traded continued to boost the HRMS performance. Singer is maintaining its 2022-23 pre-tax profit forecast at £25.3m, which reflects a conservative estimate for the HRMS contribution.

There is no bank debt and £19m of cash at the end of September 2022. Hargreaves Services is paying an additional annual divided of 12p a share from delayed distributions from HRMS. A total dividend of 21p a share is forecast for this year. That provides a yield of 5.7%.

Sanderson Design improves profitability despite international economic uncertainty

Interior furnishings *www.sandersondesigngroup.com*

SANDERSON DESIGN GROUP (SDG)			117.5p
12 MONTH CHANGE %	-33.4	MARKET CAP £M	83.4

Interior design and furnishings supplier **Sanderson Design Group** improved its interim profit, but trading was weaker in August. Morris & Co is the best performing brand with strong demand in the US.

In the six months to July 2022, revenues edged up by 0.7% to £57.9m, although the latest figure reflects the ending of business in Russia. Underlying pre-tax profit improved from £5.6m to £6.3m, helped by additional high margin licence fee income. The interim dividend is maintained at 0.75p a share.

Net cash was slightly lower than the same time last year at £15m. Higher inventories and a reduction in trade payables meant that there was a cash outflow from operations. Net assets of £83.2m, including £26.3m of intangible assets, are similar to the market capitalisation. Sanderson Design has a broad range of brands, including Clarke & Clarke, Harlequin and Zoffany.

> Morris & Co sales grew by 15.5%

Clarke & Clarke is the biggest revenue generator, but Morris & Co sales grew by 15.5% with North American revenues 54% higher. The US is a key market, and the New York showroom is being relocated. The Sanderson brand has recently launched its new range for this year.

External manufacturing sales were slightly lower, partly due to destocking, but more work was done for internal brands. New digital technology is being installed.

Trading showed signs of improvement in September and 2022-23 forecasts have been maintained. The next couple of months are important for the outcome, though. Investec expects flat full year pre-tax profit of £12.3m. It has trimmed forecasts for next year, partly due to potential increases in energy costs, suggesting another flat year of profit. The shares are trading on less than nine times prospective 2022-23 earnings.

Strix adds multifunctional taps to its range

Kettle controls *www.strixplc.com*

STRIX (KETL)			108p
12 MONTH CHANGE %	-63.1	MARKET CAP £M	236.2

Kettle controls and water appliances manufacturer **Strix** is building up the scale of its appliances and water operations, where growth was relatively modest in the first half, through the acquisition of Australia-based Billi, which supplies multifunctional taps. This broadens the product range and takes Strix into a market it was keen to enter. The deal will be earnings enhancing.

Billi is currently owned by Waterlogic, which is a former AIM company that was the subject of a buy out for 151p a share in 2016. Waterlogic is merging with Culligan and the ownership of Billi was causing concern to the competition authorities and that is why it is being sold. The deal is dependent on government approvals, which should be received by the beginning of 2023.

A placing has raised £13m at 115p. This will partly fund the £38m cost of Billi, which in 2022 could generate revenues of £43.7m and EBITDA of £10.2m. Revenues are growing in low double digits each year. The cash flow will help to reduce group debts.

Strix has maintained its strong market position in kettle controls, but it needs the other parts of the business to grow more rapidly to improve the momentum of the group. Interim revenues from kettle controls were 12% down, but the market was 15% lower.

Order books are improving, but that will not help Strix until next year. Full year pre-tax profit is likely to fall from £32.2m to slightly more than £27m. The disappointing trading has hit the share price, but the fall appears overdone with a prospective multiple of nine.

Shoe Zone returns to paying dividends

Footwear retailer *www.shoezone.com*

Dividend

Leicester-based Shoe Zone was a regular dividend payer from 2014 to 2019, including more than one special dividend. The last full year was 2017-18, when 11.5p a share was paid, plus a further 8p a share special dividend. This was followed by an unchanged interim dividend of 3.5p a share. An unchanged final dividend was announced in January 2020, but it was cancelled on 17 March 2020.

Shoe Zone returned to dividend payments earlier this year with an interim dividend of 2.5p a share. At the end of October, a second interim dividend of 3p a share was announced. Zeus forecasts a total 2021-22 dividend of 8p a share, although it expects 5.6p a share for 2022-23 –there could be another special dividend, though. The dividend cover is 2.2 times, rising to 2.4 times in 2022-23.

Business

Footwear retailer Shoe Zone has bucked the trend when it comes to retailers and profit forecasts have been upgraded five times in the past year. The store portfolio has been rationalised. There are 360 stores across the country, comprising 271 small high street stores, 45 Big Box stores on retail parks and 44 larger format high street stores. There is also an online retail site. The focus is school shoes and work footwear and the average retail price of a pair of shoes is £12.

Shoe Zone orders in bulk directly from factories to keep its prices down. The affordable prices appear to be helping Shoe Zone to perform better than its peers in the current weak retail market.

SHOE ZONE (SHOE)	
Price (p)	26.75
Market cap £m	36.5
Historical yield	NIL
Prospective yield	3%

Shoe Zone slumped into loss in the year to October 2020, but it still had net cash. There was a turnaround to a pre-tax profit of £8.4m in 2020-21. There were 36 weeks of trading in the stores during that period.

Four months ago, the 2021-22 pre-tax profit forecast was £8.5m. There have been three upgrades since then. Following the latest trading statement, the forecast pre-tax profit is £11m. Full year revenues should improve from £119.1m to £156.2m with higher store sales more than making up for a decline in online revenues.

Net cash is expected to be £24.4m at the end of October 2022 after paying back a £4.4m CBILS loan. That cash level could be maintained even after dividends payments.

The shares are trading on ten times estimated 2021-22 earnings, following a 93.1% share price rise over the past year. Zeus is cautious about the potential for the year to October 2023 and forecasts a pre-tax profit of £8.5m, which equates to 13 times prospective 2022-23 earnings. Weak sterling exchange rates, there was a £1m gain on foreign exchange in 2021-22, and higher wages are likely to increase costs. Freight rates are falling, though. Given that there were plenty of upgrades for 2021-22 there could be more this year if there is no significant deterioration in the economy.

Dividend news

Lok'nStore beat expectations in the year to July 2022 and this enabled the self-storage sites operator to increase its total dividend from 15p a share to 17.25p a share. Excluding a £5.7m disposal gain, underlying pre-tax profit jumped from £9.1m to £13.1m. That does include trebled non-recurring managed store fees of £1.5m, where timing is difficult to predict. NAV was 972p a share and it is forecast to rise to 1018p a share by the end of July 2023. Higher interest rates and the potential lack of one-off managed store fees means that profit is likely to decline this year, but the dividend is still forecast to increase to 19.25p a share.

Monoclonal antibodies developer **Bioventix** is paying a final dividend of 74p a share, plus a special dividend of 26p a share. That takes the total for the year to 152p a share. In the year to June 2022, revenues were 7% ahead at £11.7m, despite a drop in contribution of £1.2m from an expired licence, and pre-tax profit was 14% higher at £9.5m. This was better than expected. Net cash was £6.1m at the end of June 2022. There has been an 18% upgrade in 2022-23 pre-tax profit to £10.2m. A total dividend of 138p a share is forecast.

UK-focused oil and gas producer **Union Jack Oil** is paying a special dividend of 0.8p a share. The ex-dividend date is 17 November. This is the first ever dividend paid by the company. High oil prices have made the company cash generative and covering planned drilling costs and other capital investment over the next 12 months. Europa Oil & Gas has repaid the £1m loan facility provided by Union Jack Oil. Union Jack Oil is also planning share buy backs, but it wants to maintain a debt-free balance sheet.

Expert view: Registrars

Thinking of delisting? Consider it the start of a new chapter

By Samiul Siddique

In recent months, we have seen a growing number of companies making moves to exit public markets. The reasons are typically wide ranging, from costs of maintaining a listing through to the greater flexibility afforded to unlisted public and private companies when it comes to raising fresh capital in what are increasingly termed 'private markets'.

Given the mounting macroeconomic headwinds and the fact that the era of 'free money' is now a fading memory, the expectation would be that in the months ahead, more companies will make the decision that the public market environment isn't right for them. We provide a quick overview of how Avenir Registrars can help businesses and their advisers when this situation arises.

Our prices include both online access for the company as well as its holders

Once the decision to delist shares has been taken, a key consideration will be ensuring that any compliance and governance costs associated with the business are kept to a minimum. The key tests are the right pricing, service and knowledge that supports scaling to suit the needs of the company.

Right sized

Although an existing, legacy, registrar may be happy to continue offering their services, it's worth checking if they have the flexibility to deliver a 'right sized' product that fits the company's needs going forward, rather than continuing to pay for a 'full fat' over-engineered solution compared to what is required for a comparatively straightforward unlisted company.

Being able to support this is something we see as a core part of the Avenir Registrars proposition. Founded in 2014, our technology has been developed from the ground up, offering a truly scalable solution for issuers of any size, making for what we believe is the most user friendly, intuitive system available in the market today.

Pricing

Our transparent pricing structure offers absolute clarity over costs from the outset. We can maintain CREST enablement if that is a requirement, whilst the self-serve approach gives company directors the flexibility to interrogate the shareholder register themselves, with full cap-table snapshots, without the need for expensive manual interactions.

Our prices include both online access for the company as well as its holders – a feature that supports extensive e-communications choice, ensuring the process is as efficient as possible.

Avenir can also quickly scale to meet the changing demands of a business going forward, whether that is facilitating further fund raising through the existing security, or adding alternate instruments (such as debentures and debt securities) for which we support an array of corporate actions. An important feature we have embedded is ensuring services are tailored to meet the needs and capability of the company, maximising operational efficiency.

If there is a need to manage a return to public markets at some point in the future, our service can support this accordingly. Over the last five years, we have facilitated debt and equity issuances on over a dozen markets worldwide and the venues we facilitate trade on now cover a range of different formats, from the traditional national exchanges through to innovative challengers such as JP Jenkins, CrowdX and Archax, offering a public market 'lite' experience - at a fraction of the typical full market costs. So, if delisting is being contemplated, Avenir is well positioned to offer you the flexible support for your capital market issuance requirements in the future.

The process of switching registrar in CREST isn't an arduous one either. Avenir Registrars will provide you with a series of templates designed to streamline the process, which we have successfully completed with other new clients in as little as three weeks.

If you are considering options once delisted, don't hesitate, take the first steps to a bespoke, cost transparent register solution by contacting us.

For equity listings, bond issuance, register keeping and receiving agent duties, Avenir Registrars is perfectly positioned to help your business through this period of change and ensure that you are meeting your regulatory obligations in a cost-efficient way.

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

AIM Awards winners in 2022

The 2022 AIM Awards (www.aim-awards.co.uk) winners were announced at a dinner at Old Billingsgate in London in October.

COMPANY OF THE YEAR

This year: Next Fifteen Communications

Marketing services provider Next Fifteen Communications started out on Ofex (now Aquis Stock Exchange) when it was known as Text 100 before moving to the Main Market and then to AIM in March 2005. Historically, Next Fifteen focused on marketing and analytics services for the technology sector, which helped it to grow significantly, but it has diversified its client base over the years. Growth has come from acquisitions, as well as organic growth.

The Next Fifteen bid for M&C Saatchi was an extended affair and it has finally come to an end with M&C Saatchi shareholders rejecting the offer. This was the main reason behind the share price slump in recent months. The share price has fallen by one-third so far this year, although it has risen by 750% over the past ten years.

The current business continues to trade strongly. The latest interims show 31% organic revenue growth and acquisitions added to that growth. In the year to January 2023, Next Fifteen is expected to increase underlying pre-tax profit from £79.3m to £115m. The year-end has changed to January, but in the year to July 2013, pre-tax profit was £7.7m. Earnings have increased from 6.65p a share in 2012-13 to a forecast of 82.2p a share this year, showing that the acquisitions have been earnings enhancing.

ENTREPRENEUR OF THE YEAR

This year: Alan Foy, Smart Metering Systems

Smart meters installer and manager and battery storage sites operator Smart Metering Systems was best AIM newcomer in 2011 when Alan Foy was chief executive. He held the role from 2007 before stepping down last March and he is no longer on the board. He previously worked for Scottish Power.

He built up Smart Metering Systems from a business with revenues of £12.4m in 2010, when a majority were generated by smart meter installation, to £108.5m in 2021. Index-linked annualised recurring revenues from meter management are currently £93.1m. The investment in battery storage has yielded initial revenues with much more to come. Alan Foy was a major shareholder earlier this year although he transferred 3.79% of the company to Bank Julius Baer in security for a loan it made to him. At the end of January, he still held 900,000 shares.

AIM TRANSACTION OF THE YEAR

Mortgage Advice Bureau

Earlier this year, mortgage broker network operator Mortgage Advice Bureau acquired The Fluent Money Group for £73m. A placing raised £40m at 1050p a share to help finance the deal, but the acquisition will still be highly earnings enhancing in the first full year.

Fluent is a telephone advice broker for second and first charge mortgages and it generated revenues of £38.5m in the year to March 2022. The group had 2,160 advisers after the deal was completed.

Mortgage Advice Bureau has been growing market share over the past decade. Fluent can pass on leads to the network. Brokers are increasingly likely to join networks because of increased regulation and difficult trading conditions.

Peel Hunt believes that 2023 pre-tax profit for the enlarged group could jump from £28.9m to £49.1m. This should enable dividends to rise by more than 50% to 47.3p a share, which would be covered more than 1.3 times by forecast earnings.

BEST USE OF AIM

Marlowe

Safety and compliance services provider Marlowe was on the shortlist for this award in 2020 and it has made further progress since then. The company joined AIM as cash shell Shellshock. It changed its name to Marlowe in 2015 and in the following year acquired fire protection services provider Swift, which had 2014-15 revenues of £20.9m.

The group has been built up via acquisitions, but it has also generated organic growth. Last year, revenues were £315.9m and organic growth was 9%. Management has shown that it can grow earnings per share as well as profit, which is not always easy for acquisitive companies.

Revenues are 66% higher in the first four months of the current financial year. Organic growth is in high single digits. Cost savings from recent acquisitions are going to be better than expected. Run-rate revenues of £500m are targeted by March 2024.

BEST TECHNOLOGY

Neometals

It is unusual for a mining company to win best technology, but Neometals has its own lithium-ion battery recycling technology. There is a lithium-ion battery recycling joint venture with SMS Group called Primobius. Neometals also has a 70% stake in Reed Advanced Materials, which has developed the ELi lithium process. This reduces the requirement for reagents and is at semi-pilot testing stage.

Battery metals producer Neometals already had an ASX listing prior to joining AIM in February. There was A$50.8m in the bank at the end of September 2022, following a A$9.39m cash outflow in the latest quarter. The first recycling revenues have been booked by Primobius.

AIM GROWTH BUSINESS OF THE YEAR

This year: Eagle Eye Solutions

Digital coupons and loyalty technology provider Eagle Eye joined AIM in 2014 when it had minimal revenues. Since then, it has built up revenues and moved into profit in the year to June 2021. The client base has expanded outside of the UK into North America and Australasia. The latest client is in Indonesia.

In the year to June 2022 underlying pre-tax profit was £2.5m, on revenues of £31.7m, and it is expected to rise to £3.2m this year. Net cash was £2.7m at the end of June 2022, and this will continue to increase as the business grows.

BEST NEWCOMER

This year: Facilities by ADF

Facilities by ADF was the first AIM new admission of 2022 when it raised £15m at 50p a share. The company provides vehicles and services to the film and TV industry and the cash is financing the growth of the vehicle fleet. Clients include Netflix and Disney. Investment in content for streaming platforms is leading to increasing demand for services and visibility of work is good.

The latest interims showed revenues rising from £11.5m to £12.6m, although there was a reduction in profit because of higher post-flotation costs and shorter duration TV productions hitting margins. There will be more longer duration productions in the second half and full year pre-tax profit is expected to beat the 2021 figure of £7.7m. The order book is already filling up for next year.

DIVERSITY CHAMPION AWARD

Bango

Mobile payments platform developer Bango has THRIVE values (transparent, happy, reliable, innovative, victorious, expressive). New workers get a Bango buddy to help them settle in, as well as an allowance to spend on an ergonomic workspace. Neck and shoulder massages are available each week. Personnel can create their own clubs and Bango will contribute 50% of the cost. Bango won the best technology award in 2012.

AIM CORPORATE GOVERNANCE

This year: Pebble Group

Promotional products supplier Pebble Group publishes an annual ESG report, and this includes progress dashboards for specific ESG areas. Because it provides promotional products, Pebble Group has to be careful with its reputation and those of the clients it works with. Progress made in the past year includes a gender pay gap analysis and implementing a well-being plan for staff. It has also implemented a code of ethics for suppliers and established an internal product sustainability standard. Pebble Group was also on the shortlist for the investor relations award. Edison forecasts an improvement in pre-tax profit from £10m to £11.9m in 2022.

BEST INVESTOR COMMUNICATION

NWF

NWF previously won this award in 2011, but it has not been on the shortlist since 2016. The fuels, feed and food distribution company has a good record of providing investors with comprehensive information.

NWF continues to perform strongly with the feed division recovering, helped by higher milk prices, and food distribution trading better than expected. Fuel distribution volumes are lower than in the previous year as people delay refilling their tanks, although margins have improved. Pre-tax profit is expected to be £12m this year, down from the £20.9m achieved last year thanks to bumper fuel profit, but it could be better if trading remains as strong.

BEST PERFORMING SHARE

Tintra

Tintra has had many guises in the 16 years since it was introduced to AIM as Weather Lottery. It was subsequently called Boxhill Technologies and St James House. It became Tintra on 2 August 2021 right at the beginning of the relevant period for this award. There was a 310% increase in the 12 months to the end of July 2022, although much of that rise came in the last day of the period when a scaling up of the financial technology business was announced.

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Consumer	21.7	16.3
Industrials	18.9	16.8
Technology	13.5	12.5
Health Care	13.1	10.8
Financials	9.8	11.4
Energy	9.6	11.6
Basic materials	7.9	15.1
Property	2.1	2.5
Telecoms	1.6	1.7
Utilities	1.6	1

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	806.13	-34.1
FTSE AIM 50	4361.03	-34.2
FTSE AIM 100	3868.09	-35.4
FTSE Fledgling	11161.2	-16.9
FTSE Small Cap	5852.31	-21.1
FTSE All-Share	3876.48	-6.1
FTSE 100	7094.53	-2

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	108
£5m-£10m	102
£10m-£25m	154
£25m-£50m	130
£50m-£100m	122
£100m-£250m	117
£250m+	94

KEY AIM STATISTICS

Total number of AIM	827
Number of nominated advisers	27
Number of market makers	21
Total market cap for all AIM	£93bn
Total of new money raised	£131.9bn
Total raised by new issues	£47.8bn
Total raised by secondary issues	£84bn
Share turnover value (Sep 2022)	£54.3bn
Number of bargains (Sep 2022)	11.6m
Shares traded (Sep 2022)	470.1bn
Transfers to the official list	198

TOP 5 RISERS OVER 30 DAYS

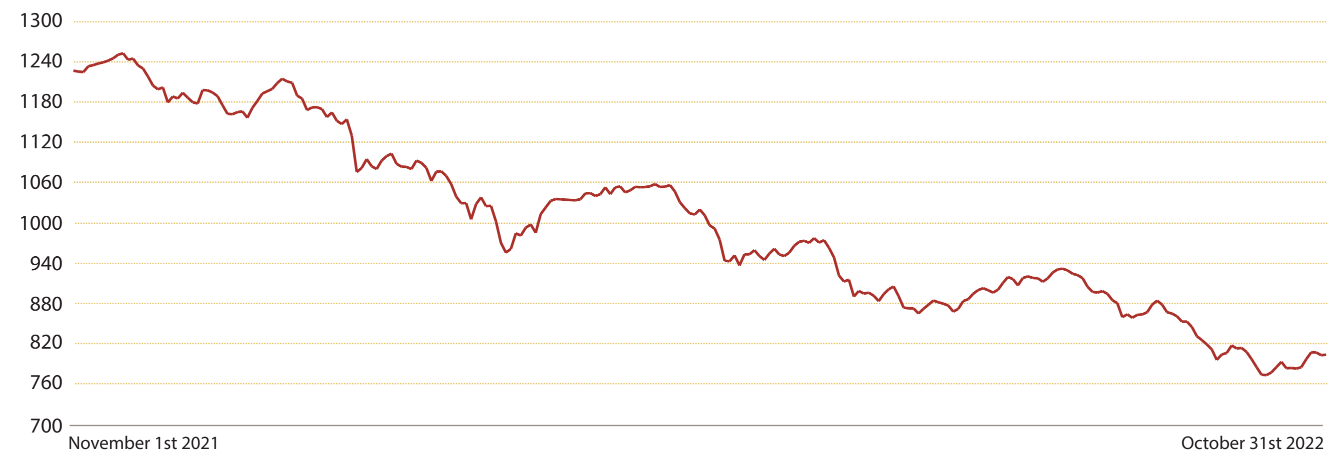
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
TTackwise Designs	Technology	21.5	+258
MobilityOne Ltd	Technology	13.75	+244
Quadrise Fuels International	Oil and gas	2.35	+97.5
ECR Minerals	Mining	1.1	+91.3
Ukrproduct	Food	3.25	+85.7

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Parsley Box	Food	2.3	-75.8
DeepVerge	Life science	2.25	-73.5
Craven House Capital	Financials	7.5c	-66.7
Inspecs	Healthcare	48	-64.4
Igas Energy	Oil and gas	25.3	-52.4

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



Data: Hubinvest Please note - All share prices are the closing prices on the 31st October 2022, 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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