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THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

AIM makes further progress

AIM rose by 7.9% in the first half of 2021, but it is still underperforming the Main Market this year. The FTSE AIM UK 50 index is 3.2% ahead and the FTSE AIM 100 index is 3.9% higher. In the same period, there was an increase of 9.3% for the FTSE All-Share index and 8.9% for the FTSE 100. The FTSE Fledgling index has jumped by 22.1% so far this year and if investment companies are excluded the rise is 36.5%. The average market capitalisation of the companies in the Fledgling index is much smaller than for AIM.

Last year's most impressive AIM performers have lost some of their gains in 2021, none more so than Covid-19 test supplier Novacyt. It was the best performer in 2020, with an increase of 6,520%, but it is the fifth worst performer this year having dropped by 62.2%. A major contract with the UK government was not renewed and there is a dispute over products delivered, which may mean that some have to be replaced. A provision of £19.9 million has been-made but the dispute continues.

Theb best-performing share this year is US-focused oil and gas company Zephyr Energy, which has obtained approval to start drilling a well in the Paradox Basin, Utah.

Logistics cash pile

The Eddie Stobart businesses, in which AIM-quoted Logistics Development Group owns a 49% stake,are being sold to logistics company Culina, which is part of the Muller dairy products group, for an undisclosed figure. In the year to November 2020, the businesses generated EBITDA of £47.8m. Last year, Culina acquired food logistics business Fowler Welch from AIM-quoted leisure and travel business Jet2 for £99.5m. That business had made a post-tax profit of £4.4m in 2019-20.

The investment was valued at £35.8m in the Logistics Development Group balance sheet for 30 November 2020. In May, £6m was used to acquire 10.9% of Alpha Persei Ltd, whose asset is a £55m PIK loan used to help DBAY Advisors finance the purchase of the other 51% of the intermediate holding company that has sold the logistics businesses. DBAY also owns 27% of Logistics Development Group, which was already classed as an investment company with DBAY as its investment manager. The investing strategy focuses on opportunities in the transportation and logistics sector.

Logistics Development Group should receive a net cash inflow of at least £120m from the disposal and repayment of the PIK loan. That would leave it with cash of at least £127m.

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LungLife development cash

California-based LungLife AI has chosen AIM as the market to raise cash to progress the development of its artificial intelligence-enhanced diagnostics technology for lung cancer. The company is collaborating with hospitals operator and medical researcher Mount Sinai on the validation of the test. Mount Sinai has agreed to licence, on a non-exclusive basis, its relevant data and scan images for lung cancer in return for an option fee of $1.8m payable 30 days after the AIM flotation plus $4.1m in shares, equivalent to 9% of the enlarged share capital.

LungLife AI is raising £15.2m, after expenses, at 176p a share. That values the company at £44.8m. The cash will fund the validation study and the utility study for the LungLB test. These studies will be used in the application to the FDA. There will also be a post-surgical validation study. The company will also have to obtain a code and pricing for Medicare reimbursement for the test.

LungLB is a blood-based test intended to identify cancerous and benign lung nodules that have been seen through a CT scan. Cancerous tumour cells can be identified up to four years before cancerous nodules are formed and provide an early diagnosis.

The plan is to have a commercial test by 2023. Revenues will be generated from medical insurance and reimbursement for the LungLB tests and from fees for providing services to pharma companies conducting clinical trials in lung cancer. The cost of a test is likely to be less than one-tenth of the cost of a lung biopsy, which has an average cost of nearly $15,000. There were 2.2 million new cases of lung cancer diagnosed in the world during 2020.

Sigma purchase

The independent directors of residential rental property development and investment business Sigma Capital are recommending a 202.1p a share cash bid by property investor PineBridge Benson Elliott. This values the company at £188.4m and follows a private sale process where multiple parties took an interest. The Sigma executive directors will have a shareholding in Six Bidco, the company formed to make the acquisition. Sigma's NAV was 70.4p a share at the end of March 2021 and there was cash of £25.4m. The balance sheet benefited from the recovery in the share price of residential rental property investor PRS REIT, which is managed by Sigma. The PRS share price has risen further since March.

All Active Sentiance deal

All Active Asset Capital Ltd is acquiring a 75% stake in artificial intelligence-based data analysis business Sentiance NV and it is raising £150m at 80p a share, a premium to the suspension price of 53.5p a share, to provide working capital and acquire shares in AAQUA. The rights to the Sentiance stake are being acquired from former Aquis and AIM-quoted company MESH Holdings in return for issuing 500 million shares and setting off a €3.65m loan against the consideration for the purchase.

At the same time as completing the deal, All Active Asset intends to leave AIM and says that it wants to gain a quotation on another international market. However, that will not happen immediately, and management intends to arrange a matched bargain facility. If the shareholders do not vote for the AIM cancellation, then the deal will not go ahead.

Content platform operator AAQUA owns the rest of Sentiance and they have been working together on the core platform technology, including the Algorithm of You, which enables users to control the content that is recommended to them. All Active Asset will use €119m of the placing proceeds to fully take up the option to subscribe for 125,000 AAQUA shares at €1,000 each – it has already acquired €6m-worth of shares. AAQUA has previously conducted transactions at €1,920 a share.

Both Belgium-based Sentiance and Netherlands-based AAQUA are loss making. AAQUA is planning to launch its platform in conjunction with global brands in Asia later this year and follow up with launches in Europe and other parts of the world next year.

All Active Asset joined AIM in May 2013, although it was then known as All Asia Asset Capital, and it was capitalised at £6m. Trading in the shares was suspended on 29 April ahead of finalising the deal to acquire the stake in Sentiance.

Record revenues and profit for finnCap

There was a particularly strong second half performance by AIM broker finnCap. In the year to March 2021, total income was 84% higher at £47.6m with both the broking and private M&A operations significantly growing their revenues. Underlying pre-tax profit jumped from £1.6m to £9.6m.

There was £20.4m in the bank at the end of March 2021 and net cash was £18.9m. That was before £708,000 was received from the sale of part of the shareholding in PrimaryBid. finnCap is paying a second interim dividend of 1p a share, taking the total for the year to 1.5p a share, and it is promising a total dividend of no less than 1.6p a share for the current financial year. Progressive Research forecasts a dip in 2021-22 pre-tax profit to £8.1m, although this is based on a conservative revenue estimate of £44m.

■ **Arden Partners** swung from a loss of £1.53m to a profit of £940,000 at the interim stage. Revenues jumped from £2.31m to £5.03m. However, that was mainly due to a profit of £803,000 on trading in the equities division, compared with a £1.42m loss in the corresponding period, as well as a £260,000 fair value adjustment of warrants, compared with a £42,000 loss. The corporate finance division revenues edged up from £3.4m to £3.49m. The wealth division contributed £214,000, up from £34,000.

There was £900,000 of cash generated from operations, which is more than for the whole of last year. Arden continues to trade profitably and has already completed one flotation and three fundraisings in the second half.

■ **Tatton Asset Management** has a target of £15bn of assets under management in three years. Tatton is currently generating investment inflows of £100m each month and total assets under management have reached £9.5bn. Tatton is benefiting from the trend for IFAs to move funds to discretionary fund managers. Organic growth can be enhanced by acquisitions.

In the year to March 2021, revenues increased by 9% to £23.4m. Underlying earnings jumped 23% to 14.7p a share. The dividend was raised from 9.6p a share to 11p a share and double-digit dividend growth is expected for each of the next two years. Earnings of 16.1p a share are forecast for this year.

ADVISER CHANGES - JUNE 2021

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
IronRidge Resources	Liberum / SI Capital	SI Capital	SP Angel	SP Angel	01/06/21
Shoe Zone	Zeus	finnCap	Zeus	finnCap	01/06/21
MJ Hudson	Cenkos	Cenkos / Investec	Cenkos	Cenkos	02/06/21
Pathfinder Minerals	Strand Hanson	Novum / Strand Hanson	Strand Hanson	Strand Hanson	07/06/21
Base Resources	Canaccord Genuity / Berenberg	Berenberg	RFC Ambrian	RFC Ambrian	08/06/21
Condor Gold	Hannam / SP Angel	SP Angel	Beaumont Cornish	Beaumont Cornish	09/06/21
Altitude	Zeus	finnCap	Zeus	finnCap	15/06/21
Scancell	Stifel Nicolaus / Panmure Gordon	Panmure Gordon	Panmure Gordon	Panmure Gordon	15/06/21
EKF Diagnostics	Investec / N+1 Singer	N+1 Singer	N+1 Singer	N+1 Singer	16/06/21
Logistics Development Group	Investec	Cenkos	Strand Hanson	Cenkos	18/06/21
Water Intelligence	RBC / WH Ireland / Dowgate	WH Ireland / Dowgate	WH Ireland	WH Ireland	24/06/21
Tandem Group	Cenkos	Cairn	Cenkos	Cairn	28/06/21
Vast Resources	Shore / Axis	Axis	Beaumont Cornish	Beaumont Cornish	28/06/21
Corcel	WH Ireland	Monecor	WH Ireland	Beaumont Cornish	30/06/21

Silver Bullet Data Services expects 4D to fuel growth in digital marketing revenues

Digital marketing services *www.wearesilverbullet.com*

Digital marketing services and technology provider **Silver Bullet Data Services** raised £9.5m at 257p a share when it floated. This will be spent on further development of its 4D technology that helps brands to target advertising and it will become the main generator of growth in the next few years.

Silver Bullet started out in 2016 as a services business and has used its expertise to develop the 4D technology that provides information for the targeting of digital advertising. The services business has built up a multinational customer base, including Heineken, American Express and ITV, mainly via large media agencies. Global digital advertising spending, excluding search, was $199bn in 2019 and could reach $340bn in 2024.

4D has been developed as an alternative to cookies that remains in line with current and likely regulations. It can be used to target consumers by judging the context of content on a website to decide whether it is an appropriate place for an advert. Other factors, such as the weather and consumers location, can be used in the decision making.

4D is an alternative to cookies

The management team is experienced in the digital sector and more executives are being recruited, particularly in the US. This is a focus of expansion and how fast Silver Bullet grows will be dependent on the rate of take up of the 4D technology in the US. This is difficult to predict.

SILVER BULLET DATA SERVICES (SBDS)	322.5p		
12 MONTH CHANGE %	N/A	MARKET CAP £M	43.3

In 2018 revenues were £1.35m and they grew to £2.79m in 2020, with a small contribution from 4D. Silver Bullet has been consistently loss-making as it pours investment into the 4D technology. Pro-forma net cash is £11.6m.

4D revenues are expected to increase significantly in 2022. Broker Oberon believes that the business could reach near to cash breakeven in 2023 and start generating cash in 2024. By then 4D would have become more than two-thirds of total forecast revenues of £28.3m. The shares are valued at around eight times estimated 2024 net income.

Gear4Music begins buying musical instrument brands

Musical instruments retailer *www.gear4musicplc.com*

Musical instruments retailer **Gear4Music** performed strongly last year, but this year will be tougher. The Covid-19 lockdown provided a boost to demand and that will not be replicated this year, although trading will still be much better than the previous year.

In the year to March 2021, revenues improved from £120.3m to £157.5m, while underlying pre-tax profit jumped from £3.1m to £14.6m. Net cash was £2.73m. Guitars generate 35% of revenues with keyboards the next largest category with 22%.

GEAR4MUSIC (G4M)	1000p		
12 MONTH CHANGE %	+145	MARKET CAP £M	209.5

Gear4Music has already built up strong own-brand sales, and they contribute a much higher product margin – 47% - than branded sales. The company has started buying existing brands. Premier is a drums brand that was founded in 1922 and it was acquired for £1.69m. Management believes that it could achieve annual sales of more than £6m. Eden is a bass amp supplier that was previously owned by Marshall Amplification. It could generate annual sales of more than £2m. There are opportunities to use the brands for other products. Further acquisitions are likely.

New distribution hubs are being opened in Dublin and Barcelona. The five hubs will be able to handle inventory worth a total of £42m. Pre-tax profit is forecast to fall back to £7.5m even though current trading is better than expected. The shares are trading on 33 times prospective earnings.

Manolete Partners generates cash but growth in insolvency litigation cases slows

Insolvency litigation finance *www.manolete-partners.com*

Last year, insolvency litigation finance business **Manolete Partners** generated a significant amount of cash before working capital movements for the first time as an AIM company. This indicates the maturity of the business. There has been a decline in insolvencies due to government assistance for businesses and that will hold back growth in the short term, but longer-term prospects are positive.

Insolvency cases are the only form of litigation that can be acquired by a third party. Manolete has acquired up to 90% of its cases. There were 198 new cases added during the year, which reflects a slowdown in the second half. There were 245 live cases at the end of March 2021 with a total investment of £37.5m.

£9.05m in cash was generated

In the year to March 2021, revenues grew by 49% to £27.8m and the mix of revenues was different. Realised revenues jumped from £7.78m to £24.4m. There were 135 completed cases last year. There was one large, completed case last year, where gross proceeds of £15m are payable over ten years and the gross profit is £4.4m. The discounted revenues figure for the case included in the group revenues was £9.32m, while the discounted gross profit was £2.82m.

MANOLETE PARTNERS (MANO)			227.5p
12 MONTH CHANGE %	-55.4	MARKET CAP £M	99.1

Pre-tax profit was £6.99m, down from £9.46m, but cash generated was £9.05m compared with £441,000 the year before. The final dividend is 1p a share – the shares go ex-dividend on 9 September.

Manolete had drawn down £10m of its £20m HSBC debt facility and in June a new £25m revolving credit facility was secured which lasts until 1 July 2024. There was also £1.1m in cash at the end of March 2021.

Newly appointed chairman Lord Leigh of Hurley has bought 20,000 shares at 240p each. A pre-tax profit of £7m is forecast for 2021-22.

First Property expects NAV recovery

Property fund manager *www.fprop.com*

Property fund manager and investor **First Property** had a poor 2020-21, particularly in Poland. It was difficult to gain new tenants and rental income declined, partly because of the sale of another property in Poland.

First Property had to sharply reduce the valuation of its Gdynia property by £7m last year and that accounted for three-fifths of the reduction in group net assets. Management says that some of that valuation reduction should be reversed following a restructuring of the finance on the Gdynia property. However, it is currently 97% vacant and iss being re-leased.

FIRST PROPERTY (FPO)			30p
12 MONTH CHANGE %	-21.1	MARKET CAP £M	33.1

NAV fell 22% to 42.8p a share at the end of March 2021. There is no final dividend, although there was an interim of 0.45p a share. Thirdparty assets under management fell from £567m to £527m and they generated fee income of £2.9m, down from £3.13m. Performance fee income was £40,000, down from £415,000. Two-thirds of the assets are in the UK, with the rest in Poland and Romania.

Net debt has fallen by two-thirds to £18.9m. Loan to value is 45.3% and this is expected to fall to 28.2% by March 2022. There is £16.2m of cash in the bank. This provides flexibility for the company to acquire properties if suitableassets can be founbe.

NAV could improve to 48.8p next March, mainly down to a €9m credit relating to the restructuring of the Gdynia loan finance. Asmall profit is expected in 2021-22, following a sharp fall in rental income.

Wynnstay set for record figures as farmers' confidence improves

Feed and agricultural products supplier *www.wynnstayplc.co.uk*

Wynnstay has gained market share in the animal-feed market, and it has a three-year plan to increase capacity at its Carmarthen mill. This more than offset the weak arable performance due to last year's poor harvest and poor grass seed sales at the end of the interim period. Greater clarity over the government strategy for UK agriculture is making farmers more confident in their future.

In the six months to April 2021, revenues rose from £229.3m to £249.7m. Raw material prices have increased but Wynnstay has been able to pass them on and improve gross profit from £31.5m to £33.3m, which is the important measure. Underlying pre-tax profit improved from £4.5m to £5.5m. The interim dividend was raised by 9% to 5p a share – last year's interim was unchanged because of Covid-19 uncertainty. The full-year dividend is expected to be increased by 5.5% to 15.4p a share. Net cash was £4m at the end of April 2021.

Feed volumes were 8.5% ahead

Manufactured feed volumes were 8.5% ahead, which was better than the market. A £6m investment will increase feed production at Carmarthen to 300,000 tons a year. The agricultural division has broadened its geographic markets into north-east England through the acquisition of agricultural products supplier Armstrong Richardson and fertiliser manufacturer HELM.

WYNNSTAY GROUP (WYN)			489.5p
12 MONTH CHANGE %	+70.3	MARKET CAP £M	98.6

The comparatives for specialist agricultural merchanting were hit by the Covid-19 lockdown. Year-on-year revenues improved by 10%, helped by higher spending on farm hardware. The milk price remains strong, and this helps dairy farmers' confidence and their willingness to spend money.

Shore Capital has raised its 2020-21 pre-tax profit forecast from £8.3m to £9.6m, which is above the 2017-18 pre-tax profit peak. The shares are trading on less than 13 times prospective earnings.

Significant recovery potential for Driver

Construction dispute services *www.driver-group.com*

Stockholm-listed AB Traction has increased its stake in construction dispute and property services provider **Driver Group** from 17.32% to 18.27% following the company's interim announcement. AB Traction has been building the stake up over the past year or so, although this is the first change since last November. AB Traction previously built stakes in professional services companies Waterman and WYG and then sold them when a takeover was launched.

The Driver interims showed a 11% decline in revenues to £25m, while underlying pre-tax profit fell from £1.3m to £1m. The comparatives were tough, but gross margins were maintained at 25.6%. Europe and the Americas performed strongly due to more higher margin expert witness business being undertaken, particularly in the UK. Asia Pacific operations were hit by the loss of a team in Singapore, and it fell into loss. The Middle East remains difficult, and it also made a loss.

DRIVER (DRV)			61p
12 MONTH CHANGE %	+ 6.1	MARKET CAP £M	31.8

The expert witness business is being expanded outside of Europe. Driver is also broadening the range of its products to include forensic accounting services.

Net cash was £7.2m at the end of March 2021. A full-year pre-tax profit of £2m, down from £2.5m, is forecast, before a recovery to £3.2m in 2021-22. The prospective 2021-22 multiple is 13. Delays in construction work have also delayed the point at which Driver's services are likely to be required. This means that there should be plenty of additional demand to come through in the longterm and that means that profit could increase substantially,making the shares attractive even without any bid speculation.

Elixirr International continues to beat expectations

Asset management services *www.elixirr.com*

Dividend

Elixirr International joined AIM last July so the 2020 dividend of 2.2p a share is not for a full year, and it is in line with the post- flotation forecast, although profit was better than expected. A total dividend of 4.1p a share is forecast for this year, which would be covered 4.8 times by forecast earnings. The forecast 2022 dividend of 4.7p a share would be 4.7 times covered by estimated earnings.

Net cash was £17.5m at the end of 2020 and it is forecast to increase to £20.6m by the end of 2021. That shows that Elixirr could afford a higher dividend if it chose to pay one.

Business

Management consultancy Elixirr was the first new company to join AIM after the initial lockdown last year – Trident Royalties switched from the standard list. The placing price was 217p and £20m was raised before expenses. The share price has increased by 160% since then.

Elixirr was formed in 2009 by former Accenture consultants who wanted to build a more responsive and entrepreneurial rival to the bigger consultancies. There have been two acquisitions in the past year. Digital marketing firm Coast Digital enhanced the existing digital expertise of the group. Elixirr paid £3.8m in cash and shares for Coast Digital, which generated a 2019-20 pre-tax profit of £850,000. Reteam Group is a procurement and transformation consultancy and it brought expertise in identifying cost savings. Elixirr believes that the aftermath of the Covid-19 pandemic is likely to lead to companies seeking to reduce their costs. The maximum consideration for Reteam is £7m.

ELIXIRR INTERNATIONAL (ELIX)	
Price (p)	565
Market cap £m	261
Historical yield	0.4%
Prospective yield	0.7%

Finance director Nicholas Willott bought 3,268 shares at 578.2p each following the release of the annual results. However, he was among the existing shareholders selling shares at 500p each during May. He sold 40,000 of the 988,445 shares in the placing to enable institutions to buy shares. Part of the proceeds received by directors went to pay off loans that enabled them to buy shares in the original placing.

In 2020, revenues improved from £24.5m to £30.3m with the fastest rate of growth coming from the US, which contributes one-fifth of the total. There was an initial contribution from Coast Digital, but none from Reteam. There was improved utilisation of consultants. As well as £17.5m in the bank at the end of 2020 there were loans of £7.8m to partners to buy shares. That cash will help to finance more acquisitions.

There have been forecast upgrades since Elixirr floated one year ago. That is due to a combination of organic growth and acquisition contributions. First-quarter revenues were 60% higher. finnCap forecasts an improvement in pre-tax profit from £8.7m in 2020 to £12.2m in 2021. The shares are trading on 29 times prospective 2021 earnings, falling to 26 next year.

Dividend news

Argentex is paying an unchanged final dividend of 2p a share even though earnings per share fell in 2020-21. The corporate foreign exchange services provider stated it would pay a dividend equivalent to around 30% of earnings when it floated. A dividend of 2.4p a share is forecast for the year to March 2022, which would be around 30% of forecast earnings. Underlying pre-tax profit is expected to improve from £8.3m to £11.5m, following a strong first-quarter to the new financial year. The Amsterdam office is up and running and Argentex is applying for an Australian licence so that an office can be opened in Sydney.

Data analysis technology provider **D4T4 Solutions** reported a dip in full-year pre-tax profit from £5m to £4.4m. Even so, the total dividend edged up from 2.7p a share to 2.8p a share. The launch of the Celebrus fraud data platform broadens the market for the company's services and will generate significant recurring revenues in the long term. The fraud market is worth $18bn a year. However, the initial investment means that profit will fall further this year before recovering to £4.7m next year. Even so, the 2021-22 dividend is expected to increase to 3.1p a share.

Photonics company **Gooch & Housego** improved its first half performance and is back paying dividends. Interim revenues were flat at £58.5m, with 11% growth in life sciences offsetting the decline in the other divisions. Pre-tax profit improved by 84% to £4.9m. The interim dividend is 4.5p a share and a total dividend of around 12p a share is forecast for the full year. There should be growth in all three divisions in the second half, even with a weaker US dollar holding back the figures. Full-year pre-tax profit is expected to improve from £9.8m to £12.8m.

Expert view: Registrars

It's never too soon to start thinking about an IPO

By Danny Curran

It is perhaps too easy for prospective issuers to put off thinking about what would be needed to complete a successful IPO, working on the basis that a team of corporate advisers will be able to efficiently cover all this when/if the need arises. However, failing to be prepared can create unnecessary headaches when a listing process is officially underway, which can add to management workloads and increase the risk of timelines slipping – something that could prove crucial in achieving the best possible valuation.

Professional advisers are aware of this situation and at Avenir Registrars, we help clients by having all the necessary documentation available on a pro-forma basis, ensuring all is in place for a successful IPO. And we're not alone in having a structured approach – recent conversations with Shaun Zulafqar of law firm Shakespeare Martineau highlighted the IPO-ready service they have on offer, which again is designed to ensure the client can be handled with the utmost efficiency. It's an approach that dovetails well with the 'Avenir Way' and is one we were keen to understand in a bit more detail, so we asked Shaun about three key topics:

Realistically, how much time can an issuer save by being properly prepared in advance? What are the key points a company needs to consider when undertaking an IPO?

Whilst there are no specific time restrictions a company will want to ensure they are adequately prepared well in advance to ensure they maximise the opportunity to IPO as much as possible. We always recommend the issuer undertake an IPO readiness assessment at least 12 months before their planned listing to review areas such as capital market availability, corporate structure, historical figures and financial projections, the management team and the increased administration that comes along with being a public company. The issuer should consider acting and operating like a public company in advance of the IPO. Ensuring the issuer has adequate internal resources to manage the IPO project and daily activities of the company will be crucial. The correct management team can assist in enhancing the company's value proposition, however the issuer, will also need to build the right external team of brokers, lawyers, auditors and outsourced company secretarial and investor relations professionals.

How important is it to have the correct board composition in place prior to listing? How do you ensure the executive team are ready to lead a public company?

The composition of a board of directors is important from many perspectives. The board develops purpose, policies and is responsible for the strategic direction of the organisation. Guaranteeing the board and senior management team is functionally complete with the right skills and experience can go a long way to demonstrating value. Non-executive directors will provide a value add during the IPO process and beyond. The executives and non-executives should develop a succession plan pre or post IPO to demonstrate a level of maturity that will separate an issuer from its competitors. Issuers will also need to ensure the right level of skills and experience is available on each committee. Remuneration committees will need to consider the IPOs impact on existing share schemes whilst also ensuring that future remuneration structures align to investor expectation and adequately incentivise the senior management team to pursue long-term value creation. Post the IPO the audit committee will be responsible for the oversight and managing of risk while ensuring the integrity of the issuer's financial reports. Executive teams should prepare a skills matrix to identify gaps within the team and look to external advisors to provide the necessary director training where such gaps are identified.

What are the key considerations for a company in its first 12 months as a listed entity?

The board as a whole will need to build an appropriate corporate calendar for board & committee meetings, roadshows, investor presentations and half/full-year results. Issuers will need to look to mobilise the in-house or external investor relations team based on the corporate calendar. Thereafter managing investor expectations with high-quality news flow and reporting disclosures will remain a vital component of the issuer's life as a listed entity.

It is clear that proper planning in advance will help streamline the IPO process when an issuer is ready to come to market. Avenir – with the support of its panels of well-respected professional advisers - stands ready to help take your business to market when the time is right.

DANNY CURRAN is Business Development Manager at Avenir (www.avenir-registrars.co.uk).

AIM new admissions gain momentum

There have been more new AIM admissions in the first half of 2021 than for the whole of 2020.

Twenty five new companies joined AIM in the first half of 2021, while another three companies switched from the Main Market to AIM.

There has been around £409m raised by new admissions in the first six months, compared with £486.6m raised during the whole of 2020, including money raised through reversals into existing AIM companies. Last year's figure should be beaten in the next few weeks, but the amount of new money raised this year could still fall short of the £1.56bn raised in 2018.

These figures are for new money raised. For example, online plumbing products retailer Victorian Plumbing was valued at £850m when it joined AIM, which is the largest capitalisation of a new company. However, there was £11.6m of new money raised, while existing shareholders sold just over one-third of the shares in issue and raised £285.9m in the flotation. That sale of existing shares is not included in the AIM official figures.

Eighteen out of the 25 new companies are trading at a premium, while one is unchanged and the other six have fallen in price. Two out of the three companies that came from the Main Market have fallen in price, although not by much, while HSS Hire is 62% higher.

The best performer is DNA products manufacturer 4basebio UK Societas, which is one of the smallest companies to float this year. The admission price is an introduction price following the spin-out from a German business. The opening price was 147.5p and it ended the first day of trading at 337.5p, suggesting the introduction price was too conservative.

Two other companies have at least doubled so far this year. Bar operator Nightcap has risen by 130% and at one stage there was an increase of more than 250%. Cornish Metals Inc, which is also listed on the TSX-Venture Exchange, has doubled in price since it gained its secondary quote. Cornish Metals is resurrecting the South Crofty tin mining in Cornwall.

One of the better performers from the more recent new entrants is Trellus Health, which is a spin-out from EKF Diagnostics. Trellus is developing personalised care for people with chronic conditions with the initial focus being inflammatory bowel disease (IBD).

Cornerstone FS is the biggest faller, and it provides a cautionary tale for companies considering reversing into a shell that previously owned a company in a completely different sector. It was originally a shaving products company that raised £876,000 from 229 investors via Crowdcube. That business was sold, and the international payments operations reversed into the shell. There were some small trades on the first day of trading, including one valued at £9, as past investors took the chance to exit and this does not help the share price, which has continued on a downward trajectory.

PrimaryBid has been used to raise cash for new AIM admissions. Nightcap, delivered meals group Parsley Box and Scotch whisky firm Artisanal Spirits all used PrimaryBid as part of their flotations. Anaerobic digestion plants developer Future Biogas also launched an offer on PrimaryBid ahead of a potential AIM flotation.

The latest PrimaryBid offer is for Poolbeg Pharma, which was demerged from Open Orphan. Poolbeg's main asset is POLB 001, a phase II ready treatment for severe influenza. Poolbeg is expected to join AIM on 14 July.

The flow of prospective AIM new admissions does not appear likely to slow down. LungLife AI Inc is joining AIM early in July (see page 2).

Potential new admissions include software training provider Northcoders, beauty and personal care products supplier Revolution Beauty, Saietta, which is developing an axial flux motor technology and online building materials retailer CMO. Most of these companies have not given an indication about how much new money they want to raise.

There are also two Main Market companies – CML Microsystems and Sportech - making the switch.

> There has been around £409m raised by new admissions in the first six months of 2021

> Eighteen out of the 25 new companies are trading at a premium to their issue price

Fundraisings

Existing AIM companies have continued to raise additional cash. The £3.55bn raised in the first half of 2021 is more than the £3.35bn raised in the whole of 2019. It is not that far ahead of the £3.11bn raised in the first half of 2020, when companies were raising cash to shore up their balance sheets during the early days of the Covid-19 pandemic.

PrimaryBid has continued to be an additional source of funds for existing AIM companies. More recent PrimaryBid fundraisings for AIM companies include ones for Urban Logistics REIT, Draper Esprit, Sosandar and Futura Medical. PrimaryBid was also involved in the sale of existing shares in Best of the Best.

There are other companies raising money via crowdfunding and it is not always shares being offered. Cleantech company Verditek is raising up to £500,000 through a bond offering 7% interest, secured against the assets of the company. The offer is via Crowd for Angels and there is already a commitment for £250,000-worth of the two-year bond.

Verditek wants to expand its Milan facility so that it can satisfy international contracts for its lightweight, flexible solar panels. Verditek has discovered a stock shortfall of £300,000, which is being investigated by the police. There is still £1.7m in the bank.

AIM NEW ADMISSIONS IN 2021

COMPANY	ACTIVITY	FLOAT PRICE (P)	PRICE NOW (P)	% CHANGE	DATE
Nightcap	Bar operator	10	23	+130	13/01/21
HSS Hire *	Tool hire	11.85	19.25	+62.4	14/01/21
Supreme	Consumer products	134	194	+44.8	01/02/21
Cornish Metals Inc	Mining	7	14	+100	16/02/21
4Basebio UK Societas	Healthcare	118	457	+287.3	17/02/21
Virgin Wines UK	Retailer	197	232.5	+18	02/03/21
Team	Financial services	88	75	-14.8	08/03/21
tinyBuild Inc	Video games	169	239.5	+41.7	09/03/21
Amte Power	Battery technology	175	236	+34.9	12/03/21
Mothercare *	Retailer	14.3	13.925	-2.6	12/03/21
In The Style	Retailer	200	224	+12	15/03/21
ActiveOps	Software	168	204	+21.4	29/03/21
Parsley Box	Food	200	178.5	-10.8	31/03/21
Cornerstone FS	Financial services	61	42.5	-30.3	06/04/21
musicMagpie	Electronics recycling	193	191.5	-0.8	22/04/21
Emmerson *	Mining	5.75	5.65	-1.7	27/04/21
Glantus	Software	102	91	-10.8	11/05/21
Kitwave	Food wholesaler	150	168.75	+12.5	24/05/21
Dianomi	Digital marketing	273	330	+20.9	24/05/21
Trellus Health	Healthcare	40	69	+72.5	28/05/21
Belluscura	Healthcare	45	56.5	+25.6	28/05/21
Arecor Therapeutics	Healthcare	226	237.5	+5.1	03/06/21
Artisanal Spirits	Drinks	112	112	0	04/06/21
Spectral MD	Healthcare	59	59.5	+0.8	22/06/21
Thor Explorations	Mining	22	21	-4.5	22/06/21
Victorian Plumbing	Retailer	262	298	+13.7	22/06/21
itim	Software	154	156	+1.3	28/06/21
Silver Bullet Data	Digital marketing	257	322.5	+25.5	28/06/21

Note: * Transfer from Main Market. Prices at 30 June 2021

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Consumer	29.2	16.4
Health care	14.9	10.5
Industrials	15.2	16.7
Technology	11	11.9
Financials	10.2	12.9
Energy	7	11.6
Basic materials	6.2	14.5
Property	3.4	2.8
Telecoms	2	2.1
Utilities	1	1.3

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	1248.31	+41.3
FTSE AIM 50	6650.39	+36.7
FTSE AIM 100	6124.78	+35
FTSE Fledgling	12986.01	+59
FTSE Small Cap	7341.47	+46.5
FTSE All-Share	4014.74	+17.7
FTSE 100	7037.47	+14.1

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	63
£5m-£10m	80
£10m-£25m	136
£25m-£50m	134
£50m-£100m	114
£100m-£250m	162
£250m+	133

KEY AIM STATISTICS

Total number of AIM	822
Number of nominated advisers	27
Number of market makers	47
Total market cap for all AIM	£145.5bn
Total of new money raised	£124bn
Total raised by new issues	£46.2bn
Total raised by secondary issues	£77.8bn
Share turnover value (May 2021)	£47.5bn
Number of bargains (May 2021)	9.6m
Shares traded (May 2021)	561.2bn
Transfers to the official list	193

TOP 5 RISERS OVER 30 DAYS

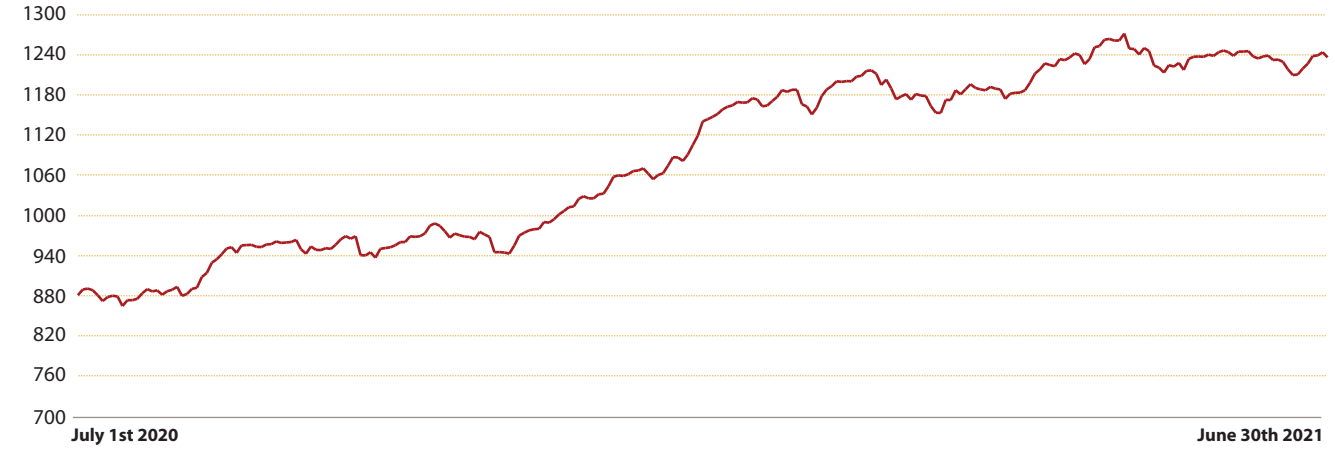
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Hurricane Energy	Oil and gas	3.6	+194
Sareum	Healthcare	5.75	+121
Prospex Energy	Oil and gas	2.7	+89.5
Tavistock Investments	Financials	4.6	+84
i3 Energy	Oil and gas	13.75	+83.3

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Kropz	Resources	5.5	-54.2
Catenae Innovation	Technology	0.925	-47.9
i-nexus Global	Software	7.85	-43.9
UK SPAC	Financials	0.2	-39.4
Bion	Cleantech	2.6	-35

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



Data: Hubinvest Please note - All share prices are the closing prices on the 30th June 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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