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THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

Acquisition activity increases

There was a flat performance by AIM in January. The junior market fell back from its high and ended 0.3% ahead. The FTSE 100 index fell by nearly 1%, but the FTSE Fledgling index rose by 1.6%. Renalytix AI, which supplies a tool for managing kidney disease, was the best performer in the AIM 100 index, with a 92% increase, while fuel-cell systems developer Proton Motor rose by 50%.

Acquisition activity is in full swing on AIM. Healthcare and industrial products supplier Scapa agreed a 210p a share cash bid from Schweitzer-Maudit International Inc, which values the target at £402.9m. The bid is less than 50% of the share price three years ago, prior to the withdrawal of an important contract, although it is double the placing price at which money was raised in May 2020.

A recommended bid for AFH Financial values the IFA at £224.5m, while The Property Franchise Group is making an agreed cash and shares bid for AIM-quoted rival Hunters Property that values the property lettings company at £24.2m. CIP Merchant Capital has rejected a potential 50p a share cash bid by Corporation Financière Européenne.

The flow of new AIM companies continues with Supreme and Cornish Metals (see page 2). Cambridge-based DNA gene therapies and vaccines services provider 4basebio UK Societas is being introduced to AIM on 5 February. The expected market capitalisation is £14.5m.

Huge move to AIM

South Africa-based telecoms and IT company Huge Group plans to obtain a secondary quotation on AIM. The Johannesburg Securities Exchange (JSE)-listed company is also quoted on the A2X exchange, which is a South African trading facility. Huge is currently valued at more than R1bn.

Huge provides telecoms services and equipment, as well as payment facilitation services and accounting software. Last year, revenues grew 14% to R433m and operating profit was R135m. In the six months to August 2020, revenues fell by 5% to R231.3m and there was a decline in underlying profit to R51.8m, despite lower operating costs. The decline in revenues was in the core telecoms business. Huge has paid dividends in the past, but it is not currently paying any due to Covid-19 uncertainties.

Huge is making an all-share bid for Adapt IT, which values the JSE-listed software company at R800m. The deal is designed to increase the recurring revenues of the group. Huge says that the offer will go ahead whatever the level of acceptances, although ideally it would like to obtain 100% acceptances.

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Supreme flotation

Consumer goods manufacturer and supplier Supreme joined AIM on 1 February. Supreme distributes branded batteries, lighting and other household consumer goods, as well as its own brands of vaping and sports nutrition products. Supreme raised £7.5m at 134p a share, while chief executive Sandy Chadha and other shareholders sold shares worth £60m. Sandy Chadha retains a 56.8% stake. The market capitalisation is £156.1m.

Manchester-based Supreme had been planning an AIM flotation in May 2018, but it decided to postpone the float. At that time, it wanted to raise £10m and the valuation was expected to be between £100m and £150m. In the year to March 2017, revenues were £70.7m.

The business has continued to grow rapidly since then and the sports nutrition and household consumer goods products have been added to the range. In the year to March 2020, Supreme generated EBITDA of £16.2m on revenues of £92.3m. Despite the Covid-19 lockdown, interim revenues and profit improved. In the six months to September 2020, revenues were £56.3m and EBITDA was £8.4m.

The customer base includes B&M, Poundland, Sports Direct, SPAR, Asda and Halfords. Brands distributed by Supreme include Duracell, Energizer, Panasonic and Eveready. Vaping and sports nutrition are growing sectors. Supreme owns the 88Vape brand and it is one of the largest producers of vaping e-liquids in the UK. Last year, the company sold 45 million bottles of e-liquid, which is 30% of the UK market.

Management plans to pay 50% of annual earnings in dividends with an interim dividend planned for the period to September 2021.

Jarvis platform

AIM-quoted stockbroker Jarvis Investment Management is replacing The Share Centre as preferred broker for auctions on trading platform Asset Match. The service will be provided through the shareDeal active platform and investors that have dealt via The Share Centre can transfer their accounts. Some companies that were previously quoted on AIM and the Aquis Stock Exchange have found a new home on Asset Match. Tri-Star Resources recently moved from AIM and other former AIM-quoted companies on the electronic trading facility include Intechnology, property investor Safeland, airline Fastjet, recruitment firm Rethink, pallets manufacturer RM2 International, Peel Hotels and oil company Cabot Energy.

Cornish Metals drilling cash

In February, Canada-based Cornish Metals Inc plans to add an AIM quotation to its current TSX Venture Exchange listing. At 9 cents a share, the company is currently valued at $12m. There are plans to raise £5m in a placing to help finance the development of the United Downs copper-tin project. Ossiko Gold Royalties currently has a 31.6% stake in Cornish Metals.

Cornish Metals owns 100% of the South Crofty mine, which has produced tin for centuries. There has not been any production since 1998, but there is a mining licence until 2071. The United Downs underground project came as part of the South Crofty acquisition. The cash raised in the placing will be used to pay for an 8,000 metre drilling programme.

United Downs is near to four former copper and tin mines and last year a new high-grade zone of copper-tin mineralisation was identified. The initial drilling will be completed in the next 18 months and a maiden resource calculated. That will be followed by a second phase of 30,000 metres of infill drilling that will lead to a feasibility study. There is planning permission for the construction of a processing plant at the South Crofty mine site.

Other interests include an agreement with Cornish Lithium which provides it with a 25% free carried interest in the first lithium project on its mining leases up to a completed bankable feasibility study, after which it will have to contribute its share of costs. There is a similar deal for subsequent projects, but the free carried interest is 10%.

Cornish Metals still has a 100% interest in the Nickel King project in Saskatchewan and is interested in the Sleitat tin-silver property in Alaska. It also has royalties in the non-producing Cantung (1%) and Mactung (4%) tungsten properties in Canada.

New Year broker moves

ADVISER CHANGES - JANUARY 2021					
COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
CoroGold	Tennyson	Mirabaud	Cenkos	Cenkos	04/01/21
European Metals Holdings	WH Ireland/Shard	Shard/Beaumont Cornish	WH Ireland	Beaumont Cornish	04/01/21
Maestrano	Arden	Arden	Arden	Grant Thornton	04/01/21
Block Energy	Tennyson	Mirabaud	Spark	Spark	05/01/21
Equatorial Palm Oil	Brandon Hill	Brandon Hill/Mirabaud	Spark	Spark	05/01/21
Chaarat Gold	Panmure Gordon/ Canaccord Genuity/finnCap	SP Angel/Canaccord Genuity/finnCap	Canaccord Genuity	Canaccord Genuity	07/01/21
Pires Investments	Tennyson/Peterhouse	Mirabaud/Peterhouse	Cairn	Cairn	07/01/21
Plutus PowerGen	Pello/ Allenby/Turner Pope	Allenby/Turner Pope	Allenby	Allenby	08/01/21
Randall & Quilter	Barclays/Numis	Numis/Shore	Numis	Numis	08/01/21
GCM Resources	WH Ireland	Strand Hanson	WH Ireland	Strand Hanson	11/01/21
Kape Technologies	Stifel Nicolaus/Shore	Shore/N+1 Singer	Shore	Shore	11/01/21
Circassia	N+1 Singer	finnCap/Peel Hunt/ Shore	N+1 Singer	Peel Hunt	12/01/21
Finsbury Food	Panmure Gordon	Cenkos	Panmure Gordon	Cenkos	12/01/21
OptiBiotix Health	Cenkos	finnCap	Cairn	Cairn	12/01/21
Advance Energy	Tennyson/Optiva	Optiva/Novum	Strand Hanson	Strand Hanson	13/01/21
Bango	Liberum	finnCap	Liberum	finnCap	13/01/21
Breedon Group	HSBC/Numis	Numis/Cenkos	Numis	Cenkos	13/01/21
Lekoil	Tennyson/SP Angel	Mirabaud/SP Angel	SP Angel	SP Angel	13/01/21
Blue Star Capital	Stanford	Cairn	Cairn	Cairn	14/01/21
Ridgecrest	Peterhouse/Allenby	Allenby	Allenby	Allenby	20/01/01
Live Company Group	Monecor	Shard	Beaumont Cornish	Beaumont Cornish	22/01/21
Sound Energy	SP Angel	Turner Pope	Cenkos	Cenkos	22/01/01
ECR Minerals	Novum/SI Capital	SI Capital	WH Ireland	WH Ireland	25/01/21
Kibo Energy	Hybridan	ETX Capital	RFC Ambrian	RFC Ambrian	25/01/21
Polarean Imaging	Stifel Nicolaus	SP Angel	Stifel Nicolaus	SP Angel	25/01/21
Volex	HSBC/N+1 Singer	Panmure Gordon/ N+1 Singer	N+1 Singer	N+1 Singer	25/01/21
600 Group	Cenkos	WH Ireland	Cenkos	Spark	26/01/21
Alpha Financial Markets	Investec/Berenberg	Investec/Berenberg	Investec	Grant Thornton	26/01/21
Hurricane Energy	Investec/Stifel Nicolaus	Stifel Nicolaus	Stifel Nicolaus	Stifel Nicolaus	27/01/21
Panthera Resources	Allenby	RFC Ambrian	Allenby	RFC Ambrian	29/01/21

Autins improves operating efficiency and diversifies its customer base

Acoustic materials *www.autins.com*

Acoustic and thermal insulation material manufacturer **Autins Group** was hit by the Covid-19 lockdown in the second half of the year to September 2020. The largest customer significantly reduced orders during the period, partly due to their own problems.

The patented Neptune material is winning new contracts and it is particularly suited to electric vehicles. This electric vehicle market should grow by at least 25% a year by 2030 – and some growth estimates are much higher. Autins is winning 50% of bids involving Neptune.

Full-year revenues fell from £26.9m to £21.5m and there was a small rise in the loss from £1.54m to £1.76m. Gross margins were maintained at 28% even though volumes declined.

Neptune is winning new contracts

Germany improved its profit contribution. Net debt fell to £1.9m due to a reduction in working capital.

Sales of Covid-19 related protective equipment helped to offset some of the decline in the interim revenues. That added £1.2m to second-half revenues, but it is not expeed to generate significant revenues this year. Total second-half revenues would have fallen by 50% without that contribution. Other business had recovered to at least three-quarters of previous levels by the end of the period, although this recovery stalled in November. Now

AUTINS GROUP (AUTG)			19p
12 MONTH CHANGE %	-9.5	MARKET CAP £M	7.5

that the EU deal has been achieved the outlook is more positive.

Diversifying the customer base away from the automotive sector is important. That continued last year. Non-automotive revenues increased from £2m to £3.1m. Even though that was due to the protective equipment sales the percentage of non-automotive revenues would still have risen if these revenues were excluded. Other markets include flooring and office pods. German flooring sales are expected to double this year, and this could make them higher than automotive sales in the country.

Ilika gears up for mass production

Battery technology *www.ilika.com*

This will be an important year for battery technology developer **Ilika** as it gears up for volume manufacture of its Stereax solid-state batteries. The full benefits of the planned capital investment will show through in 2022.

Stereax batteries are designed for wireless sensors and medical devices. It was initially expected that Ilika would choose contract manufacturing, but management has decided it was better to establish its own manufacturing facility. This will speed up the product launch and lead to improved operating margins.

ILIKA (IKA)			222p
12 MONTH CHANGE %	+469.2	MARKET CAP £M	307.7

Tooling is being procured and should be commissioned by the autumn. There will then be three or four months of product qualification ahead of ramping up production at the beginning of 2022.

The Stereax pilot line is back up and running after a period when it was closed during the initial Covid-19 lockdown. That is why interim revenues declined from £1.5m to £1.3m and full-year revenues are also set to be lower. Production is limited, so it will be difficult to improve short-term revenues. The new facility will have 70 times the capacity of the pilot line.

In March 2020, Ilika raised £15 million at 40p a share and £12.4m was left at the end of October 2020 so there is plenty of cash in the bank to invest in the manufacturing equipment and facility.

In the longer term, the larger Goliath battery is being developed for electric vehicles. There is a production deal with the UK Battery Industrialisation Centre, a publicly funded battery development facility in Coventry.

Wynnstay dividend track record intact as it rebuilds profitability

Agricultural products *www.wynnstayplc.co.uk*

WYNNSTAY (WYN)			377.5p
12 MONTH CHANGE %	+34.8	MARKET CAP £M	75.7

Wynnstay has managed to maintain its record of increasing the dividend each year it has been quoted on AIM. The total dividend for 2019-20 is 14.6p a share, up from 14p a share the previous year. Management is confident that the new UK Agricultural Bill will provide opportunities for the agricultural products supplier and retailer.

In the year to October 2020, revenues declined from £490.6m to £431.4m, but a better measure is gross profit which slipped from £62m to £60.8m. Underlying pre-tax profit improved from £8m to £8.37m, although that is still well below the 2017-18 figure of £9.5m. The latest profit figure excludes £1.19m of restructuring costs. The dividend is covered 2.3 times by earnings. Net cash, excluding leases, was £14.7m at the end of October 2020.

Farm prices are improving

The agricultural division made a lower profit contribution. Feed volumes were maintained, but there were lower grain trading volumes. Fertiliser volumes were at record levels but there was pressure on margins. The seed plant is moving to a new site.

The contribution from specialist agricultural merchanting improved. This was due to better second-half sales of bagged feed and animal health products. Two outlets were closed and there has been investment in online trading. Wynnstay has developed a team of animal health advisers to help grow sales to farmers.

The UK's trade agreement with the EU provides assurance for farmers. The existing support payments will be maintained and in the future farmers will be incentivised for their environmental management. This is likely to mean that farms will become larger and small landholdings will not be profitable.

Shore forecasts flat pre-tax profit this year and further growth in the dividend. Farm produce prices are improving, and further recovery could provide an opportunity for an upgrade. The strong balance sheet will enable acquisitions to be made. NAV is 492p a share.

Integration benefits to come for Accrol

Tissue products *www.accrol.co.uk*

ACCROL (ACRL)			59p
12 MONTH CHANGE %	+51.3	MARKET CAP £M	183.7

Toilet tissue manufacturer **Accrol** reported strong interims thanks to improved efficiency. There was no contribution from LTC, which was acquired in November. That should further accelerate the profit improvement of the company. LTC added new customers including the Co-Op and Aldi. The enlarged group has 30% of the private label market and 16% of the total tissue market. Accrol has been growing faster than the market.

In the six months to October 2020, revenues slipped from £64.5m to £62.3m but that reflects panic buying in the last two months of the previous year that reduced this year's figure.

Accrol acquired LTC for £35m and the deal is earnings enhancing. The integration has gone better than expected and there should be at least £1m of annual cost savings. Net debt is forecast to be £20.9m at the end of April 2021 and the strong cash generation of the business means that it could fall below £9m by April 2022. This will provide financial room for making further acquisitions that could broaden the product range.

An initial contribution from LTC should increase full-year revenues from £135m to £154m and pre-tax profit could nearly double to £9.2m. There is scope for further improvement in margins. The profit could double again to £18.5m in 2021-22, thanks to a 12-month contribution from LTC. Accrol intends to pay a final dividend of 0.5p a share this year.

Hargreaves exits coal and builds base for future prosperity

Transport *www.hsgplc.co.uk*

HARGREAVES SERVICES (HSP)			279p
12 MONTH CHANGE %	-11.4	MARKET CAP £M	90.1

Hargreaves Services reported a dip in profit in the first half, but the work done on the operations this year gives the company a strong base from which to grow in the future. The sale of the remaining stocks of coking coal for £24m to Hargreaves' 49%-owned German associate company HRMS means that there is no direct exposure to coal.

In the six months to November 2020, revenues declined from £124.7m to £92m, while underlying pre-tax profit more than halved to £1.1m. The interim dividend is 2.7p a share. There was a slump in revenues from the earthworks business that has been refocused on specialist services.

Industrial services revenues were lower, but margins improved and profit was maintained. The transport business is focused on industrial and clinical waste and the coal-based operations are no longer contributing. In January, the land business received £4.2m for the sale of the first residential phase at Blindwells, Edinburgh.

N+1 Singer forecasts an improvement in underlying 2019-20 pre-tax profit from £4.9m to £7m and a further jump to £10m in 2021-22. There may still be a small amount of net debt, before IFRS16 leases, at the end of May 2021, but there should be net cash one year later.

A 29% discount to NAV

This year's normal dividend is expected to be at least 8p a share. There will be an additional dividend of 12p a share funded by cash coming from HRMS. The additional dividend should be paid for the next three or four years.

The shares are trading on 14 times prospective earnings, falling to less than eleven the following year. The yield is 7.2%, or 2.9% excluding the additional dividend. At the end of May 2021, NAV is expected to be 394p a share, which means that the shares are trading on a 29% discount to NAV.

Van Elle set to return to profit

Ground engineering *www.van-elle.co.uk*

VAN ELLE (VANL)			40.2p
12 MONTH CHANGE %	-29.2	MARKET CAP £M	42.9

Ground engineering and piling contractor **Van Elle** had a weak first quarter, but activity picked up in September and October, enabling a profit in the second quarter. However, there was still a first-half loss, and trading remains mixed. The focus is organic growth.

In the six months to October 2020, revenues fell by 21% to £38m due to the original lockdown and delayed rail work, but there should be a recovery in the second half. Cost reductions are coming through and they are helping to stem the loss. This puts Van Elle in a stronger position for the next financial year.

The general piling and specialist piling divisions performed relatively well. Ground engineering services was the only division that lost money because of the lack of housebuilding activity at the beginning of the period. The current group order book is worth £23.6m.

Net cash was £4.5m at the end of October 2020. There is an undrawn facility of up to £11m. This means that capital equipment can be acquired when necessary.

Peel Hunt forecasts a 2020-21 loss of £1.3m and then a pre-tax profit of £3.5m the following year. That puts the shares on 15 times prospective 2021-22 earnings. There could be a return to dividend payments next year. Average rig utilisation was 39% in the first half. If this utilisation rate can be improved, then it will make a substantial contribution to improving profitability.

Vector Capital lending pays dividends

Small business finance provider *www.vectorcapital.co.uk*

Dividend

AIM new entrant Vector Capital is expected to pay a final dividend of 1.4p a share for 2020. That would equate to a full-year dividend of 2.4p a share, which would be twice covered by pro forma earnings. The dividend is forecast to rise to 2.6p for 2021, which should still be twice covered by earnings.

Vector was paying dividends prior to flotation. The net flotation proceeds of £2.58m will be used to help accelerate the growth of the finance provider.

Business

Vector provides commercial loans to small businesses. They are secured on property owned by the borrower. Loan to value can be 60%, but the current average is 44.2%. The core customer base is UK residential developers. The loans generally last for 12 months and the typical interest rate is 11%-12%, although development projects are generally charged a higher rate. There are also arrangement fees for loans.

The Vector management has been running the business for two decades. Chief executive Agam Jain and his family are still majority shareholders. Investment in IT and other infrastructure provides capacity that will cover growth for many years. The medium-term loan book target is £100m.

Total lending was £36.4m at the end of December 2020 with an average advance of £570,000. There is a pipeline of £3.44m0worth of loans at an advanced stage or undergoing due diligence.

Vector has two sources of bank funding. Aldermore offers a facility of up to £10m and Shawbrook provides up to £15m. The interest rate on the loans is 6.5%. Vector was using £14.8m of these two facilities at the end of 2020, so there are spare facilities for additional loans. There is also a £3m loan from Vector Holdings Ltd – which may be reduced this year – along with the cash raised when Vector joined AIM. The bank funders will not fund 100% of an individual loan, so Vector requires cash from other sources to make each loan.

VECTOR CAPITAL (VCAP)	
Price (p)	40.5
Market cap £m	17
Historical yield	N/A
Prospective yield	5.9%

There should not be a significant increase in overheads over the next couple of years, although there will be additional costs from being quoted. Admin expenses are forecast to rise from £547,000 in 2020 to £856,000 in 2021, but that should represent a step change rather than a trend.

Estimated NAV was £21.5m at the end of 2020, which is higher than the market capitalisation. There is little in the way of fixed assets, so the main assets are the loan book and cash.

In 2020, revenues are estimated at £4.32m and pre-tax profit is expected to be £2.43m, up from £1.97m in 2019. This year revenues are forecast to rise to £5m and pre-tax profit to improve to £2.57m.

The medium-term progress of the business will be determined by the strength of the residential development market and competition from rival lenders.

Dividend news

Franchised lettings company **Belvoir** has confirmed that it will pay a catch-up dividend of 1.3p a share alongside the final dividend, which is expected to be 3.8p a share. Along with the interim and the previous catch-up payment, the total dividend for 2020 will be 10.5p. The underlying dividend is 7.2p a share, which is the same as for 2018. Net debt has fallen from £6.9m to £3.7m after having repaid government support cash. Last year's trading was better than expected and earnings per share are set to grow by 19% to 16.2p. Financial services income was boosted by increased mortgage demand in the second half.

Sigma Capital is paying a dividend of 2p a share for the nine months to September 2020, the same as for the previous 12 months. In the year to September 2020, the residential rental property developer and manager generated revenues of £8m and pre-tax profit was £3.6m. Recurring income covers operating expenses and disposal gains contributed £1.1m to profit. NAV was 68.3p a share. The PRS REIT share price has recovered since September and Sigma's stake will have increased in value. There was £25.8m in the bank at the end of September, although some of that cash is being invested in the new London joint venture.

Azerbaijan-based **Anglo Asian Mining** has announced a special dividend of 1.5 cents a share. The shares go ex-dividend on 11 February and the cash will be paid on 11 March. The payment reflects the strong cash generation from the Gedabek mine thanks to high gold prices. Gedabek produced 67,249 gold equivalent ounces in 2020. The dividend payment might have been higher prior to the conflict over Nagorno Karabakh, which has led to the restoration of three contract areas to the company. These will require significant investment to develop.

Expert view: Registrars

How Avenir holds down costs and boosts service

By Samiul Siddique

Keeping costs in check is always important – and as companies look to chart a course beyond the pandemic, that is likely to be as critical as ever in 2021. At Avenir, our belief has always been that we can use the latest technology to produce a registry platform that works as fairly as possible for issuers, investors – and indeed ourselves as the service provider. We thought we would take the opportunity to highlight just three of the ways our solution has been structured to maximise efficiency and value at every turn.

Avoiding spikes in CREST traffic fees

From the outset as we looked to deliver something different as registrars. we realised that a key part of this strategy should be transparency of pricing. We wanted to ensure that our exchange traded clients could start each year with confidence over how our fees would contribute to their overall cost of maintaining a market listing.

Smart use of technology gives Avenir an edge

So, whilst there are a series of fixed costs that we can't escape from, our smart use of technology gives Avenir an edge. By automating as many stages of the registry management process as possible, we're not only removing the risk of human error, but are delivering efficiency gains at the same time, too. By harnessing the benefits of a straight-through process here, we're able to absorb the CREST traffic fees, rather than being obliged to pass those back to a client. Typically, this will only be a modest sum, but when companies see bursts of trading activity – something that is often common amongst rumour-hungry small-cap investors – it can provide an unnecessary and unexpected bill for the issuer but is something Avenir clients can confidently avoid.

Making it easier to keep in touch with investors

Ensuring that investor details are maintained in an accurate and timely manner presents challenges. Recording investments, divestments and the impact of corporate actions isn't a problem but ensuring investors can easily advise of mundane events such as change of address helps improve the whole IR experience – and means it's easier to find those security holders when the need arises.

To account for this, Avenir has created an Investor Portal, allowing accredited investors secure access into their holdings. This makes it as simple as possible for holders of securities to manage the administrative aspects of their investments. Available 24/7 and offered automatically on all issuances, investors can undertake a wide range of functions on a self-service basis, including:

Managing shareholder details such as registered address updates, transferring shares to other individuals or entities, arranging dividend payments to nominated bank accounts, making proxy appointments and provide voting instructions and managing how they receive further correspondence from the issuer.

As with all Avenir technology, the Investor Portal has been designed to work in a highly intuitive fashion. This ensures users have a seamless experience and are incentivised to keep details up to date whilst minimising the administrative burden faced by the registrar and company secretary. Reuniting securities holders with 'lost' or dormant assets at a later date can also be an expensive task for the registered keeper.

QR codes to validate securities certificates

Each securities certificate produced by Avenir Registrars now includes a QR code. These black and white pixelated grids have surged in popularity of late, not only as smartphone cameras now come complete with the necessary decoding software but also as the COVID pandemic has accelerated the adoption of contactless technologies. By adding the QR code to each certificate, its validity can be checked by anyone with a smartphone in a matter of seconds – something that would otherwise require a phone call to the registrar.

Confirming whether a certificate has been issued as a duplicate or updated to account for a transaction or scrip issue can now be done in a matter of seconds from anywhere in the world, rather than always having to resort to more time consuming, manual processes – which often result in having to make a call to a premium rate phone number.

To find out more about the registry services which can be delivered by Avenir for listed and privately held companies alike, visit the website at www.avenir-registrars.co.uk or e-mail info@avenir-registrars.co.uk

SAMIUL SIDDIQUE is Head of Capital Markets, Avenir Registrars.

Success of AIM new entrants in 2020

Measured on numbers of new admissions last year was a poor one, but in terms of their performance it has been a good year.

There may not have been many new admissions to AIM last year, but the overall performance of the companies that did brave the market is impressive. Twenty new companies joined AIM in 2020, which is well below the levels there were in the past. Even so, the quality has been good.

There were five new entrants in the first half. with none at all in April and May. A further five that joined AIM in the third quarter with the other ten companies floating in the fourth quarter.

The table includes the new companies joining AIM last year. That includes Barkby, which moved from NEX (which has changed its ownership and name to Aquis Stock Exchange), plus Trident Royalties, Revolution Bars and online retailer N Brown, which transferred from the Main Market.

Most of the new companies have outperformed AIM so it is not just a case of the share prices going up with the market. Nine of the companies have share prices that have risen by more than 40% since flotation. SourceBio International and Abingdon Health floated on the back of demand for boratory and testing services due to Covid-19, but there is a range of different companies that have joined AIM.

Early 2020

The two companies that floated at around the time that Covid-19 was starting to come on to the radar have both done well. Eyewear designer and supplier Inspecs has not been immune to the pandemic. Revenues fell by a quarter during 2020 and profit has halved. However, revenues are set to recover and contributions from acquisitions are expected to quadruple earnings per share in 2021.

> Most of the new companies have outperformed AIM during the same period

There are four out of the 20 companies where the share price has fallen from the issue price and two of those are modest declines. That includes Revolution Bars, which switched from the Main Market and as a bar operator it has had a tough time in the past year. Various Eateries operates restaurants and Barkby operates pubs and coffee shops, so those businesses have also suffered.

Gemfields was also hit by Covid-19 because restrictions stopped gemstone mining and there were limited stocks of gemstones to auction. There are plans to resume mining in the first quarter of 2021.

Business restructuring firm FRP Advisory continued to grow in the period since it floated, and revenues were 14% ahead in the six months to October 2020, including 9% organic growth.

Government support is helping many businesses to survive but there will inevitably be more companies that wii fall into financial difficulties. So FRP is likely to have much higher demand for its asvisory services over the next couple of years.

Best performer

The best performer is Verici DX, which was spun out of Renalytix AI – itself spun out of EKF Diagnostics – which is one of the best performers since it floated in November 2018. In the three months since Verici Dx floated the share price has risen by 287.5%. There has been limited trading in the shares with less than £1m-worth of shares traded in December.

Renalytix AI transferred the rights to FractalDx technology into Verici Dx and since then the licence agreement with Mount Sinai in the US, which originally developed the technology, has been extended to include analysis of gene expression in a liquid biopsy to predict kidney graft damage and rejection.

Management believes that quoted company status will help Verici Dx to have a higher profile and be taken more seriously by partners and customers. The cash raised will fund validation studies for Clarava, which is a pre-transplant test for risk of kidney rejection, and Tuteva, which is a post-transplant diagnostic, as well as further development and working capital. The initial validation studies should be completed by the end of 2021. There is enough cash to last into 2022.

Mobile payments and messaging services company Fonix Mobile has been quoted for more than three months and there has been an upward trend in the share price. It is set to announce a maiden interim dividend in March.

In the six months to December 2020, total payment value increased by 18% to £123m, while gross profit was 21% higher at £5.8m. That is more than 50% of the forecast for the full year, so there is potential for an upgrade if the momentum continues.

Best performer is transplant tests developer Verici DX, which was spun out of Renalytix AI

Even though the share price has risen by 51%, the rating is still much lower than rival AIM-quoted mobile payments company Boku.

Reversals

None of the reversals into existing companies are included in the table but some of those have made substantial gains. Contract research and drugs developer Open Orphan completed the reverse takeover of AIM-quoted hVIVO at the beginning of 2020. That proved well timed because hVIVO had plenty of spare capacity and Covid-19 led to significant demand for that capacity.

At one stage the Open Orphan share price had more than quadrupled and it is still 265% higher than the reversal price.

Another example is Invinity Energy Services, which reversed into RedT Energy. The reversal price was 82.5p and the share price has more than doubled since then. Invinity is developing vanadium flow batteries for stationary energy shortage. It was able to raise £22.5m at 175p a share at the end of 2020. The investor focus on alternative energy companies has undoubtedly helped the share price.

Invinity is receiving international orders for its batteries and the cash will help to ramp up production. That should also help to reduce the cost of manufacturing the batteries. Vanadium flow batteries last longer, do not degrade as quickly as lithium-ion batteries and they are non-flammable. The components are recyclable. There has already been £40m invested in developing the technology.

The one exception to the reversals is Helium One, which reversed into AIM-quoted shell Attis Oil and Gas. However, Attis is deemed to have left AIM before Helium One joined the junior market so it is in the table. Helium One is the second-best performer of the new admissions in the table. The cash raised will finance further exploration of a potential helium resource in southern Tanzania.

NEW ENTRANTS TO AIM IN 2020

COMPANY	CODE	ISSUE PRICE (P)	CURRENT PRICE (P)	CHANGE %	DATE
Barkby*	BARK	30	21	-30	07/01/20
Gemfields***	GEM	11.7	7.375	-37	14/02/20
Inspecs	SPEC	195	343	+75.9	27/02/20
FRP Advisory	FRP	80	103	+28.8	06/03/20
Trident Royalties**	TRR	20	35.5	+77.5	02/06/20
Elixirr International	ELIX	217	305	+40.6	09/07/20
Revolution Bars**	RBG	20	19	-5	27/07/20
AEX Gold Inc	AEXG	45	51	+13.3	31/07/20
Kooth	KOO	200	287	+43.5	02/09/20
Various Eateries	VARE	73	69.5	-4.8	25/09/20
Calnex Solutions	CLX	48	112	+133.3	05/10/20
Fonix Mobile	FNX	90	136	+51.1	12/10/20
SourceBio International	SBI	162	220	+35.8	29/10/20
Verici DX	VRCI	20	77.5	+287.5	03/11/20
Kistos	KIST	100	150	+50	25/11/20
Helium One Global	HE1	2.84	6.75	+137.7	04/12/20
Intuitive Investments	IIG	20	25.5	+27.5	14/12/20
Abingdon Health	ABDX	96	102	+6.3	15/12/20
N Brown**	BWNG	58.2	62	+6.5	23/12/20
Vector Capital	VCAP	38	40.5	+6.6	29/12/20

Notes: *Transfer from Aquis, **Transfer from Main Market, ***Introduction

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Consumer	29.1	15.9
Healthcare	14.9	10.7
Industrials	14.3	16.7
Technology	11.8	11.8
Financials	8.6	11.7
Basic materials	6.8	14.7
Energy	8.2	11.6
Property	3.4	2.9
Telecoms	1.9	2.2
Utilities	1.1	1.3

KEY AIM STATISTICS

Total number of AIM	819
Number of nominated advisers	25
Number of market makers	47
Total market cap for all AIM	£131.1bn
Total of new money raised	£121.4bn
Total raised by new issues	£45.9bn
Total raised by secondary issues	£75.5bn
Share turnover value (Dec 2020)	£83bn
Number of bargains (Dec 2020)	17.1m
Shares traded (Dec 2020)	947.1bn
Transfers to the official list	193

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	1160.67	+22.1
FTSE AIM 50	5836.25	+20.1
FTSE AIM 100	6432.61	+20.4
FTSE Fledgling	10810.2	+10.3
FTSE Small Cap	6230.36	+5.3
FTSE All-Share	3641.93	-11.3
FTSE 100	6407.46	-13.2

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	95
£5m-£10m	87
£10m-£25m	137
£25m-£50m	138
£50m-£100m	116
£100m-£250m	126
£250m+	120

TOP 5 RISERS OVER 30 DAYS

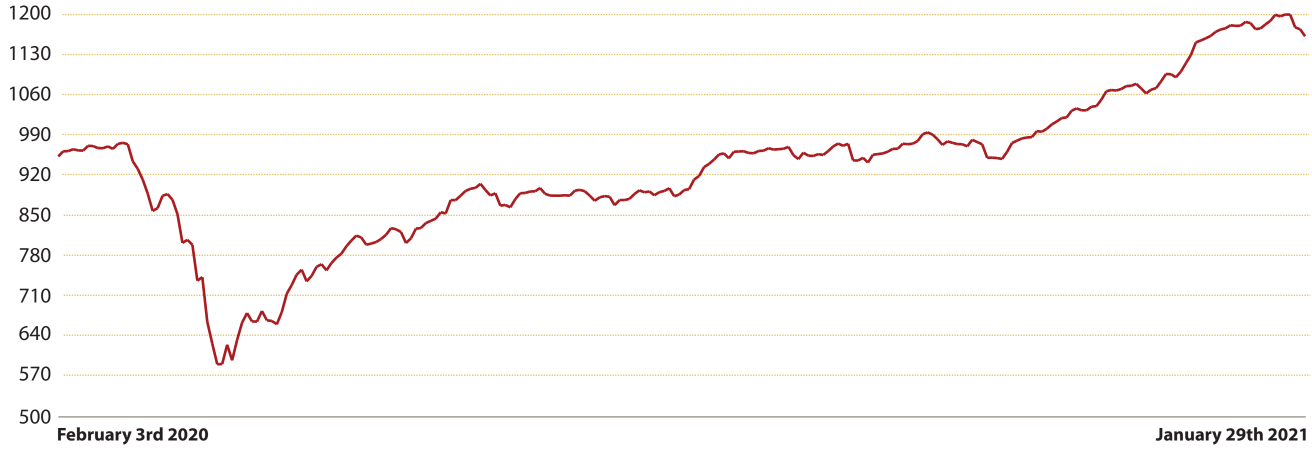
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Marechale Capital	Financials	3.45	+229
IDE Group	Technology	2.25	+190
Xtract Resources	Mining	5.05	+185
Zephyr Energy	Mining	2.125	+143
Oriole Resources	Mining	1.05	+136

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Asiamet Resources	Mining	2.16	-60.4
Verditek	Cleantech	4.3	-51.7
Sabien Technology	Cleantech	0.115	-39.5
Alba Mineral Resources	Mining	0.35	-35.8
Greatland Gold	Mining	24.5	-33.6

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



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