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AIM JOURNAL

Blue Prism approach

AIM companies continue to attract attention from bidders. This month it is one of the biggest, Blue Prism. The robotic software provider is in discussions with potential private equity buyers TPG Capital and Vista Equity Partners, although there is no guarantee that there will be a realistic offer.

One shareholder, Coast Capital, which owns just under 3%, is not in favour of a takeover because it believes that Blue Prism is significantly undervalued compared with its American counterparts. The investor is supportive of the current management team and strategy.

Prior to the bid talks Blue Prism's valuation had fallen to £800m and it has subsequently increased to £1.2bn. Even so, the share price is still less than 50% of its high in 2018. Blue Prism was valued at £48.5m when it floated on AIM in 2016. Annualised recurring revenues were £162m at the end of April 2021. Blue Prism continues to lose money, while building up its revenues. In 2020, Blue Prism said that it was considering a US listing, which could boost the valuation of the company.

VSA plans Aquis float

AIM broker VSA Capital Group plans to join the Aquis Stock Exchange in September. It was previously quoted on AIM, although it cancelled the quotation in April 2013.

The VSA business had been acquired by AIM-quoted Third Quad Capital in 2010 and the holding company was renamed VSA Capital Group after it sold its technology division. VSA Capital Group was valued at around £1m when it left AIM and it subsequently distributed shares in VSA Capital to shareholders. The holding company reacquired VSA Capital last March.

In the year to March 2021, VSA Capital increased revenues from £2.14m to £2.98m and pre-tax profit jumped from £278,000 to £746,000. However, that was down to an increased gain on sales of investments from £107,00 to £637,000. Directors' remuneration increased from £259,000 to £698,000. VSA Capital is the main operating subsidiary of VSA Capital Group, which did not have any revenues in 2020-21, although it did make gains on investments. Net assets were £4m at the end of March 2021.

London-based VSA provides corporate finance and broking services and has an office in Shanghai. The focus is natural resources, alternative energy, technology and leisure. As well as the London markets, clients are quoted on the Australian Stock Exchange, Johannesburg Stock Exchange, Toronto Stock Exchange and TSX Venture Exchange. VSA is also an Aquis corporate adviser, and it believes this market will be important to its future growth.

In this issue

Likewise consolidation plan

Floorcoverings distributor Likewise switched from The International Stock Exchange to AIM in August as part of its continuing strategy to be a consolidator of the floorcoverings sector. Likewise raised £9.1m after expenses via a placing at 25p a share and the share price has risen to 33p since trading commenced. The cash will fund further acquisitions – there have been six since 2018.

The management of Solihull-based Likewise have predominantly come from fully listed floorcoverings distributor Headlam which had a similar strategy and has become the main sectorplayer. Likewise chief executive Tony Brewer joined Headlam in 1991 and became chief executive in 2000. He left Headlam in 2016.

Likewise has been loss-making although it did become profitable late last year and this continued after the weaker winter months. The plan is to be a national distributor with revenues of more than £200m and an operating margin of more than 5%. The 2020 revenues were £47.3m. Brewer believes there are suitable acquisitions available.

Likewise offers a wide range of floorcoverings including carpet, laminate, mats, artificial grass, underlay and vinyl. Carpet generates 36% of revenues. Residential accounts for the mostrrevenues, while commercial contributes 20%. Customers include retailers, independent flooring specialists and floorcovering installers. The products Likewise distributes come from the UK, continental Europe, Turkey, India and east Asia. There are 79 suppliers in 19 countries. The Netherlands and Belgium are the source of 49% of products. The UK floorcoverings market is expected to be worth £2.2bn by 2024.

Anexo bid off

DBAY Advisors has decided not to bid for credit hire and legal services firm Anexo, where trading is slightly better than expected. The potential 150p a share cash bid was backed by the senior management, but the independent directors did not believe that the offer was high enough. DBAY Advisors will retain its 29.9% stake in Anexo. Vehicle hire numbers are better than expected and cash collection is good. Arden has edged up its 2021 pre-tax profit forecast by around 5% to £21.5m, up from £16.1m in 2020. That is equivalent to ten times the proposed offer price. This does not factor in any contribution from VW emissions compensation litigation, although it does include the associated costs.

Flotation employment gains highlighted

The QCA and Hardman have published research that outlines how obtaining a quotation could help a company to create jobs. Companies that floated with a market value of less than £500m increased employee numbers by between 20% and 34% in the first year and a further 11% to 22% in year two. There are indications that this growth continues in the longer term, with average employee numbers of the new admissions doubling over four years.

The data is based on companies that floated on the London Stock Exchange – Main Market or AIM - in each calendar year between 2016 and 2019 and their market value on the first day. Some sectors were eliminated from the calculation. These covered investment companies, property companies and other financial businesses. Only companies registered in the UK, Isle of Man, Guernsey and Jersey were included. Employee data is taken from the annual accounts and if the figures were not available the companies were excluded. There are a total of 112 companies that had suitable data.

There are some caveats, though. It is not possible to discern where the jobs have been created. Additional employees may have been taken on but not in the UK. When calculating percentage changes each company has an equal weight in the result.

The sectors with the greatest increases in employment in the first year are pharmaceuticals and software, although their growth in numbers was not as prominent in the second year. There were 13 software companies in the calculation, which was the largest number of companies in any sector.

Providing access to funding appears to be an important factor in growing employee numbers, but it should be remembered that it tends to be fast-growing businesses that want to float, so they are likely to be taking on more people.

Marechale Capital plans expansion

Corporate finance adviser Marechale Capital plans to employ more staff and take greater stakes in some of the clients it advises. Marechale does employ outside expertise, but the company has been dependent on chief executive Patrick Booth-Clibborn. Currently, the main expertise has been in leisure and alternative energy and additional executives could broaden the sector expertise.

Leisure and hospitality clients have been raising cash to shore up their balance sheets in the past year. The outlook for these clients is brighter. For example, Devon luxury hotel operator Burgh Island was fully booked during the summer and into early autumn.

In the year to April 2021, revenues dipped from £477,000 to £400,000 but there was a swing from a loss of £38,000 to a pre-tax profit of £246,000. That was due to £411,000 of gains, which were down to unrealised gains on investments in clients where Marechale took shares or warrants as part of its fees. This helped to increase NAV from £159,000 to £686,000.

There was also a share issue during the year raising £250,000 at 1.25p a share. The additional cash enables Marechale to take more of its fees in shares and warrants. There was £233,000 in cash at the end of April.

Marechale says that four of its long-standing clients are seeking to float or considering a trade sale over the next 18 months. One of those companies is Future Biogas, which originally planned to raise £35m and join AIM in June. The biogas projects developer and operator plans to develop and own 25 new biogas plants by 2028. There had been some profit-taking of quoted alternative energy companies and there was also a rush of new AIM admissions, so the flotation did not go ahead as planned. Management still wants to raise money to finance the initial stages of its growth plans.

■ AIB Group has completed the acquisition of Dublin-based broker and wealth management services provider Goodbody and is merging it with its existing investment banking operations. The deal was announced in March and recently obtained regulatory approval. AIB is paying €138m for Goodbody, which was owned by Kerry-based financial services company Fexco and its own staff. Goodbody generated 2020 revenues of €71m and managed assets of €8bn. Goodbody's AIM clients include Yew Grove REIT and FD Technologies.

ADVISER CHANGES - AUGUST 2021

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
Coro Energy	WH Ireland	Tennyson	Cenkos	Cenkos	8/2/2021
Property Franchise Group	Canaccord Genuity	Cenkos	Canaccord Genuity	Cenkos	8/3/2021
AEX Gold Inc	Panmure Gordon / Stifel Nicolaus	Stifel Nicolaus	Stifel Nicolaus	Stifel Nicolaus	8/5/2021
Fulham Shore	Singer	Allenby	Singer	Allenby	8/5/2021
Cornerstone FS	Peterhouse	Pello / Peterhouse	Spark	Spark	8/9/2021
Aferian	Investec	finnCap	Investec	finnCap	8/12/2021
Marechale Capital	Cairn	Novum	Cairn	Cairn	8/23/2021
Feedback	Panmure Gordon	Stanford / Peterhouse	Panmure Gordon	Allenby	8/25/2021
ValiRx	Cenkos	Peterhouse	Cairn	Cairn	8/25/2021
Itaconix	finnCap	Singer	finnCap	Singer	8/26/2021

Improving equipment utilisation levels set to return Van Elle to profit

Piling services *www.van-elle.co.uk*

VAN ELLE (VANL)			44.5p
12 MONTH CHANGE %	+15.6	MARKET CAP £M	47.5

Van Elle had been cutting costs and restructuring its piling business before Covid-19 lockdowns happened, which delayed the benefits of the restructuring. However, demand is improving and that will show through in this year's figures, where the company should return to profit.

Nottinghamshire-based Van Elle provides piling and foundations services. In April, Van Elle acquired ScrewFast Foundations, a specialist helical piling and modular foundations fabricator and installer. This adds expertise in highways and modular foundations.

In the year to April 2021, revenues were flat at £84.4m, which was a good outcome because revenues were sharply lower in the first quarter due to lockdown. The underlying loss was one-third higher at £1.2m. The cold winter also held back progress and there was weak demand in the rail sector. Excluding leases, net cash was £3.7m at the end of April 2021.

Van Elle raised £6.67m at 25p a share during April 2020 and that strengthened the balance sheet. To put that in perspective, Van Elle floated in October 2016 at a placing price of 100p.

Improving utilisation levels is key

Improving utilisation levels of the company's equipment is important in ensuring that profitability improves. They were 39% in the first half and 51% for the full year. Excluding rail, they were 58%. That shows the progress that Van Elle is making. There will not be 100% utilisation and 75% would be quite high. Even if that level is not achieved, profit should improve sharply with a few additional percentage points of utilisation.

A full year pre-tax profit of £2.6m is forecast, rising to £4.6m next year. The shares are trading on 12 times prospective 2022-23 earnings, with potential for further recovery the following year. Van Elle plans to pay a dividend if trading goes to plan. There was a total dividend of 2p a share in 2018-19.

Altus Strategies makes royalty acquisition

Mining *www.altus-strategies.com*

ALTUS STRATEGIES (ALS)			76.5p
12 MONTH CHANGE %	+15	MARKET CAP £M	161.5

Acquiring a royalty interest in a mine in Chile is an important move in the development of **Altus Strategies**. It provides near-term income for the company, which has previously focused on developing mining projects. There could be further royalty deals.

Altus together with its 50/50 joint venture partner EMX Royalty is buying a 43% interest in SLM California, which owns a 1.944% net smelter royalty in the producing Caserones copper-molybdenum mine in Chile, for $68.2m. The open pit mine is operated by JX Nippon Mining & Metals of Japan. The acquisition is partly funded by a $29m acquisition facility provided by La Mancha, which owns 35.1% of Altus Strategies. This is a short-term bridging loan, and it will be refinanced in around six months.

Altus has an effective royalty interest of 0.418% in Caserones at a cost of $34.1m. That can generate $3.2m after tax, depending on the copper price. There will be interest costs on the investment, but the cash inflow is still significant.

Altus reported an interim loss of £2.3m. There was £10.8m in cash at the end of June 2021, after raising £7.5m. Excluding that cash raising, there was a cash outflow of nearly £2.7m.

There is still upside from the portfolio of more than 30 exploration projects. A parallel gold zone has been confirmed at the Tabakorole joint-venture project in southern Mali and an upgraded mineral resource estimate is expected at the end of September.

Shortage of software coders is training opportunity for Northcoders

Software training | *www.northcodersgroup.com*

NORTHCODERS (CODE)			181.5p
12 MONTH CHANGE %	N/A	MARKET CAP £M	12.6

Manchester-based **Northcoders** provides software coding training both for corporate clients and for individual apprenticeships. There is a shortage of trained software coders in the UK and Northcoders already has a strong foothold in northern England. There is scope to grow in existing locations and move into new ones. Northcoders raised £2.6m after expenses when it joined AIM in July. The placing price was 180p.

When Covid-19 lockdowns happened Northcoders switched from face to face to online training. Revenues declined and the business lost money last year, but it has recovered in 2021. There is currently a mix of the two forms of training with some attendance at the company's offices combined with online training. The coding courses provide an understanding of the fundamentals of programming, as well as back-end and front-end programming. The final phase of the training enables the students to use the skills gained as part of a project.

Contracted revenues are £2.7m

There are training hubs in Manchester and Leeds plus one being opened in Birmingham. Applications are running at 162% of number in the same period in 2019. Contracted revenues are £2.7m. There is potential to broaden the training to include cyber security and other software training.

WH Ireland believes that Northcoders will make a small profit in 2021 and this could increase to £800,000 on more than doubled revenues of £6.5m in 2022. The full benefits of the cash raised in the flotation will show through in 2023 when pre-tax profit could quadruple to £3.2m. The shares are trading on 19 times prospective 2022 earnings, but this will then fall significantly if forecasts can be achieved. There is demand for software training and the hybrid of class-based and online training could make it easier to grow rapidly.

Empresaria interims spark upgrade

Staffing | *www.empresaria.com*

EMPRESARIA (EMR)			89.5p
12 MONTH CHANGE %	+118.3	MARKET CAP £M	44.3

International staffing company **Empresaria** had a strong first half, with a two-thirds increase in pre-tax profit to £4m. This led to forecast upgrades.

The international spread of operations, with 75% of net fee income from outside the UK, has proved a bonus in the tough trading conditions of recent years. For example, the US healthcare business has used services offered by the company's operations in India.

Net fee income in the first quarter was 19% lower than the same period in 2020, while in the second quarter there was a 30% increase on the prior year. That meant that first half net fee income was flat at £28.4m. Profit improved thanks to lower overheads. Net debt was £16.5m at the end of June 2021.

Healthcare performed particularly well because of additional Covid-related demand, although that is unlikely to continue because vaccination programmes are past peak levels in the company's main markets. Aviation remains weak and it will not recover in the short term.

Underlying full-year pre-tax profit is expected to improve from £5.2m to £6.8m. As recently as May, analysts had expected flat profit this year, which shows how quickly profit can improve when revenues rise. The shares are trading on 14 times prospective 2021 earnings with more recovery to come. If profit could return to 2019 levels the multiple would be ten – and that was not peak profit. Demand is returning to pre-pandemic levels and there are skills shortages in some of Empresaria's markets. Investment in IT should improve efficiency.

CentralNic organic growth accelerates as move into online marketing pays off

Internet services *www.centralnicgroup.com*

CENTRALNIC (CNIC)			103p
12 MONTH CHANGE %	+12.6	MARKET CAP £M	258.7

Internet domain name registry and services provider **CentralNic** grew through the Covid-19 pandemic, but that growth is accelerating as lockdowns ease. There was organic growth of 20% in the first half, compared with 9% at the interim stage in 2020.

Interim revenues were 57% ahead at $174.7m,wi th the rest of the growth coming from acquisitions. Underlying operating profit improved from $2.8m to $4.7m. The acquisition of Team Internet, the business that forms the base of the online marketing division, has been a major reason for the accelerating growth. Wando Internet Solutions was added to the division in February 2011. The revenues of the online division nearly doubled from $48.5m to $96.4m.

Organic growth was 20%

The rest of the businesses are being combined into one division called online presence, covering registry, web addresses and websites, and they are also growing organically. Pro forma revenues growth was 11% in the first half.

CentralNic has been highly acquisitive and that is set to continue. If there were no more acquisitions the debt would fall over the next few years. Net debt is set to decline from $85m to $77.7m this year and could fall to $63.7m at the end of 2022. The debt is mainly in the form of traded bonds, which could be refinanced given the improved cash generation and growth in profit. There is even a possibility of a dividend in the future.

Zeus forecasts flat full-year earnings of 10.4 cents a share due to the shares issued to finance acquisitions. Next year there could be an increase to 11.8 cents a share, with potential for upgrades if organic growth continues at near to current rates. The shares are trading on 14 times prospective 2021 earnings, falling to 12 in 2022. Given the recurring revenues and cash generation that is a modest rating.

Shield Therapeutics launches Accrufer in US

Iron deficiency treatments *www.shieldtherapeutics.com*

SHIELD THERAPEUTICS (STX)			45p
12 MONTH CHANGE %	-63.7	MARKET CAP £M	97.1

Shield Therapeutics has launched its Accrufer oral iron deficiency treatment in the US. It will take time to build up awareness of Accrufer and generate significant revenues, though. The 2022 revenues will provide a real indication of how the decision to sell directly in the US is faring. Accrufer could gain regulatory approval in China next year and launch in 2023.

In the first half of 2021, revenues fell from £8.92m to £480,000. That reflects the timing of milestone payments. Product sales from Accrufer in Europe more than doubled to £480,000. The cost base will increase significantly in the second half to reflect the team taken on to launch Accrufer in the US.

Net cash was £22.6m at the end of June 2021 and that is expected to decline to £7.4m by the end of this year. There is expected to be a further cash outflow in 2022 but Shield should still have cash in the bank. If Shield can achieve the level of revenues forecast for 2023 then it will be highly cash generative.

Revenues are expected to be more than £70m in 2023 and that could generate a profit of approaching £40m. However, the share price reflects the investor caution about forecasts. It is difficult to predict how quickly Accrufer can build its revenues. As an oral treatment, Accrufer is more convenient than the existing treatment. If Shield can show progress in the US, then the share price will recover.

Inspired return to dividends and profit growth

Energy and environmental services *www.inspiredplc.co.uk*

Dividend

Inspired did not pay a final dividend in 2019, although it did pay an interim of 0.22p a share, which was the same as the total dividend for 2020. A maiden dividend of 0.11p a share was paid for 2012 and the dividend had increased consistently up until 2018 when the total was 0.65p.

The latest interim dividend is 20% higher at 0.12p a share – the ex-dividend date is 14 October - and the policy is to pay a dividend that is three times covered by earnings. That suggests a total dividend of around 0.34p a share for 2021.

It will be many years before dividends return to past levels, but they should increase from the present base as profit grows.

Business

Inspired has been acquisitive in its decade on AIM, but it has strong organic growth prospects. The business has been reorganised into three divisions. Inspired Energy provides assurance and optimisation services that help corporate clients mange energy and utility costs and reduce their carbon footprint. Inspired Software supplies the software that the group uses to provide its services and it is also sold to third parties.

The third division is Inspired ESG, which is still at an early stage of development. It offers services to investors and companies, so that they can make the required environmental and social disclosures. The existing customer base provides opportunities for this division. There are mandatory requirements for ESG disclosures coming into force in 2022. This will provide additional demand for Inspired's services.

INSPIRED (INSE)	
Price (p)	20.8
Market cap £m	202.6
Historical yield	1.1%
Prospective yield	1.6%

The latest interims were in line with expectations. Increasing energy consumption by clients in the second quarter is fuelling the recovery in performance. In the six months to June 2021, revenues improved from £24.9m to £32.6m, with organic growth of 19%, while underlying pre-tax profit rose from £5.08m to £6m. The first quarter of 2020 had been the strongest period in the company's history and then business slumped when the Covid-19 lockdown happened. Last year's figures are adjusted for the disposal of the SME-focused business.

The business is cash generative, although delayed payments meant there was a first half cash outflow due to higher trade receivables at the end of June. This should unwind during the second half. Net debt was £30.2m at the end of June 2021. Capitalised spending on software increased from £1.53m to £2.24m.

Trading in the second half of 2020 was relatively weak so there should be a major improvement in the second half of this year. Peel Hunt forecasts a rise in full-year pre-tax profit from £6.9m to £15.3m. The prospective multiple is 16 and that could fall to 14 in 2022. This does assume no more lockdowns, although there is scope for upgrades, particularly if the ESG business gains momentum.

Dividend news

Growing demand from the hospitality sector during the second quarter is accelerating the recovery of ceramics manufacturer **Churchill China** and enabling it to return to paying dividends. The interim dividend is 6.7p a share and the full-year dividend is expected to be 20p a share. Churchill did particularly well in Europe, where its market share grew to 5%. Management continues to invest in improving manufacturing efficiency. Interim revenues improved from £18.9m to £23.9m, which is three-quarters of the level in the first half of 2019. Pre-tax profit doubled to £1m and Investec believes that full- year pre-tax profit could be £5.6m, which is 50% of the level in 2019.

CPP Group is paying a 5p a share interim dividend and it is expected to increase the full-year dividend from 25p a share to 30p a share. The personal protection and insurance products provider improved interim revenues from continuing operations by 10% to £66.4m despite Covid-19 restrictions in the important Indian market. Adverse foreign exchange movements hampered progress. There was a small improvement in underlying pre-tax profit to £800,000. Cost cutting will help to improve profitability. There are 12.3 million customers, with 10 million of them in India. Cash was £19.6m at the end of June 2021.

Interim figures from plastic packaging manufacturer **Robinson** led to a sharp downgrading of the 2021 pre-tax profit forecast. Even so, an interim dividend of 2.5p a share was announced, and the total 2021 dividend is expected to be maintained at 5.5p a share. Raw material prices have soared, and volumes have not grown as fast as expected. Interim revenues were 19% higher at £21.2m – there was modest like-for-like growth excluding the acquisition of Denmark-based blow moulded containers manufacturer Schela. Full-year pre-tax profit is forecast to fall from £2.6m to £1.7m.

Expert view: Registrars

CSDR in Ireland reaches final stretch - will the UK follow the roadmap?

By Hardeep Tamana

Policymakers in Ireland will in the coming months start making fundamental choices that not only have the potential to benefit shareholders but could also drastically reduce the costs associated with trading securities and at the same time boost government receipts by streamlining the collection of stamp duty.

This unique opportunity has arisen as the implementation of CSDR – Central Securities Depository Regulation – reaches its penultimate stage. The process has been a drawn out one which started back in 2014, but from January 1st 2023 all new securities issued by EU based issuers and listed on a stock exchange or similar trading venue can only be held in an electronic form. By 1st January 2025, all such exchange traded securities must be held electronically.

Policymakers in the UK will be watching these developments closely

Digitising

It is estimated that there are currently about 500,000 unique holders of physical share certificates in Ireland. The process of digitising – or dematerialising – these certificates isn't an overtly cumbersome one, but to effect this efficiently, it is the corporate registrars who need the ability to respond.

Updating processes for the 21st century would bring many benefits.

1) Elimination of physical share certificates, removing the risk of loss or damage

2) Simpler transfers with online stock transfer processes

3) Lower transaction costs – no physical certificate to be exchanged and reissued on every buy or sell order

4) Easier collection of stamp duties. This process can be automated and collected as part of the transaction, rather than requiring a physical exchange and stamping of documents with the Treasury.

Registrars already maintain records of holders so converting to an electronic process would deliver continuity with minimal disruption and ongoing issuances would be purely electronic.

It is however important that ongoing processing fees are also tackled, otherwise the true advantages of digitisation wouldn't be realised.

Embracing change

The current situation seems to be that all sides are ready to embrace this opportunity for change, something which should pave the way for a fully automated electronic system. Book entry register holdings will be accessible to authorised market participants and transfers should also be fully automated, something which would also facilitate the online payment of stamp duty.

Registrars and HMRC will be required to invest to ensure their systems can accommodate this approach, but the long-term functional benefits and cost savings would be significant.

Brokers already charge significant additional fees to cover administration costs when dealing with paper certificates. The cost of recovering stamp duties could fall by more than 90%, whilst the time taken to collect the owed taxes would drop from several months to become a near instant action.

Policymakers in the UK will be watching these developments closely, too. CSDR is a pan-European initiative which predates Brexit and despite the legislative timetable being the same - for now - the UK has already scaled back from some commitments in terms of what it wants to achieve from reform here.

There's the potential for further delays or policy divergence to emerge, but given the efficiency savings for brokers, securities holders and revenue collectors, pushing back the automation aspects would come at a real economic cost.

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

Another AIM issuer migrates to Avenir

We're delighted to announce that the digital media company Catenae Innovation is the latest AIM-quoted issuer to migrate its registry function to Avenir Registrars. The company has been in focus in recent months after it was invited to take part in the development of the UK Government's Digital Identity Policy and has also developed a secure, blockchain technology to provide proof of an individual's COVID-19 status.

AIM dividend payments bouncing back

AIM dividends were cut and cancelled last year, but the percentage reduction in payments was not as high as the Main Market and the recovery is stronger.

Financial administration services provider Link Group believes that AIM dividends could recover this year to a level greater than the amount paid out by AIM companies in 2016 and get near to the 2018 level. It could take until 2023 to beat the peak levels in 2019, though.

Link has published the latest issue of the AIM Dividend Monitor. It expects 32% growth in dividend payments to more than £1bn in 2021. That represents second-half growth of 24%. The underlying growth of AIM dividends is double that of the Main Market.

Last autumn, Link thought that dividend payments could nearly halve in 2020. In the end, they were nearer to the best-case scenario of a one-third fall to £873m. The final figure of £814m, was still much higher than the total for 2015.

In the first half of 2021, there were special dividends of £125.5m, which is more than any previous full-year. This includes a £94m payment by India-based business process outsourcer iEnergizer.

Taking the period from April 2020 to March 2021, Link estimates that AIM dividends fell by 40.4%, compared with a 41.6% dip in Main Market dividends. That was partly due to the slump in dividends from Main Market banks. Less than one-quarter of the companies on AIM pay dividends, compared with around 50% of Main Market companies, which is down from three-quarters previously.

Two-thirds of AIM companies cut or cancelled dividends in 2020, but many of these are back to paying dividends nearer the level they were two years ago. Excluding special dividends, second-quarter 2021 dividends increased by 57%. Some of these dividends may have been a way of catching up with payments that were not made in 2020.

The rise in share prices means that the expected AIM yield has dropped from 1.1% to 0.8% over the past year. That is well below the Main Market dividend yield of 3.2%, although it is better than a savings account or the 10-year gilts yield. If non-paying companies are excluded the AIM yield is 1.3%.

DIVIDENDS BY SECTOR IN 2020 (%)

SECTOR	AIM	MAIN MARKET
Resources	9	13
Consumer discretionary	8	6
Consumer basics	7	24
Financials	28	12
Healthcare	8	12
Industrials	24	6
Oil and gas	6	17
Information technology	8	1
Telecoms	2	4
Utilities	0	5

The underlying growth of AIM dividends is double that of the Main Market

Top ten

Four of the top ten AIM payers in 2015 are still in the top ten, while three others still pay significant dividends. NewRiver REIT and Redde have moved to the Main Market and Juridica Investments was wound up and cash returned to shareholders.

Last year, the top ten AIM dividend payers accounted for one-third of the cash distributed in AIM dividends, which is the highest figure in the past decade. The top five companies generally account for more than one-third of Main

Market dividends and four of those cut or cancelled dividends last year. Banks were stopped from paying dividends and they previously accounted for 14%.

The biggest AIM payer in 2019 was Diversified Gas & Oil (now Diversified Energy), which moved to the Main Market. That reduced the amount paid in dividends by £58.6m, which was more than 4% of the money paid in dividends in 2019. The secon- highest payer in 2019 was oil and gas company Bowleven, which paid a 15p a share special dividend costing £49.1m. It has not paid a dividend before or since. These two account for 8% of 2019 dividends

Five of the companies in the top ten payers were in the 2019 and 2020 lists, including the top four payers in 2020 – Secure Income REIT, fund manager Polar Capital, Highland Gold Mining and floorcoverings supplier James Halstead. These four companies have been in the top ten since 2016.

Some companies did not cut dividends and have even increased them. Feed, fuels and food distribution company NWF increased its full-year dividend from 6.9p a share to 7.2p a share, even though group pre-tax profit was 10% lower at £11.9m. The cold winter and home working meant that the performance of the fuels division was better than expected. The 6.2p a share final dividend will be paid on 10 December and the shares go ex-dividend on 4 November.

Sectors

The share of dividends from each sector varies from AIM to the Main Market. Resources and oil and gas companies are more mature on the Main Market so they account for around 30% of dividends, compared with 15% on AIM, where the companies are usually at an earlier stage and may not have any cash generative assets. This is despite the fact that BP and Shell had slashed dividends.

> Link estimates that AIM dividends fell by 40.4% in the period from April 2020 to March 2021

Consumer companies on the Main Market pay the most in dividends. On AIM, the largest consumer companies, online fashion retailers ASOS and boohoo do not pay any dividends.

Utilities companies did pay £300,000 in dividends last year, even though that was too low to register in the table. There has been £800,000 paid by AIM-quoted utilities in the first half of 2021.

Not all sectors paid higher dividends in the first half of 2021 than in the corresponding six months. Retailers paid £7m in dividends in the first half of 2020 and none this year. More surprisingly, healthcare dividends were lower. Oil and gas dividends were lower because of the absence of Diversified Energy.

Industrial goods, IT and financials were the main sub-sectors behind the increase in dividends. The industrials sector accounts for nearly one-quarter of all AIM cash payments.

New admissions

New AIM admissions have gained momentum this year and many of them plan to pay dividends. Bathroom products retailer Victorian Plumbing plans to pay one-fifth of earnings in dividends, while builders' merchant Lords Group Trading will pay a dividend that is covered three times by earnings.

Grocery and frozen food wholesaler Kitwave offered a 4.5% yield on the placing price of 150p a share when it joined AIM during May. Interim and final dividends are planned, and the ongoing dividend will be between 40% and 50% of annual post-tax profit. The current share price is 154.5ps so that yield has hardly changed.

There are other flotations that are not going to pay a dividend this year but may pay one when the business has matured.

AIM Dividend Monitor can be downloaded at [AIM Dividend Monitor 2021 (linkgroup.eu)].

AIM DIVIDEND PAYMENTS (£M)

	2014	2015	2016	2017	2018	2019	2020	2021E	H1 2020	H1 2021
Regular	582.9	700	825	944.5	1121.6	1243	753.5	918.9	918.9	918.9
Special	46.2	21.6	157	25.9	17.7	86.1	60.5	157.6	157.6	157.6
Total	633.3	728.6	990.1	970.5	1139.2	1329.1	814	1076.5	1076.5	1076.5

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Consumer	28.9	16.5
Healthcare	16	10.9
Industrials	15.5	16.6
Technology	11.1	12.3
Financials	9.1	11.9
Energy	7.1	11.1
Basic materials	5.7	14.5
Property	3.5	2.9
Telecoms	2	2
Utilities	1	1.3

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	1292.99	+34.1
FTSE AIM 50	6988.07	+30.1
FTSE AIM 100	6446	+31.7
FTSE Fledgling	13242.71	+53.3
FTSE Small Cap	7627.46	+49.2
FTSE All-Share	4109.96	+23
FTSE 100	7119.7	+19.4

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	66
£5m-£10m	96
£10m-£25m	129
£25m-£50m	131
£50m-£100m	116
£100m-£250m	168
£250m+	131

KEY AIM STATISTICS

Total number of AIM	837
Number of nominated advisers	27
Number of market makers	47
Total market cap for all AIM	£147.1bn
Total of new money raised	£126.3bn
Total raised by new issues	£46.7bn
Total raised by secondary issues	£79.6bn
Share turnover value (Jul 2021)	£62.3bn
Number of bargains (Jul 2021)	12.7m
Shares traded (July 2021)	671.9bn
Transfers to the official list	193

TOP 5 RISERS OVER 30 DAYS

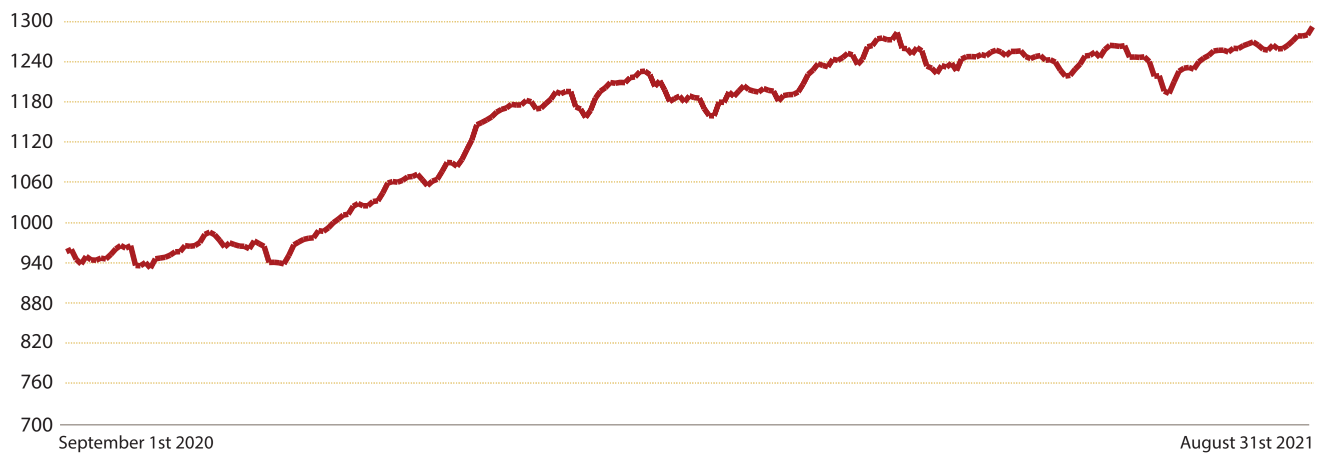
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
PipeHawk	Technology	11.5	+91.7
Cora Gold	Mining	19	+81
Tintra	Leisure	70	+68.7
ThinkSmart	Financials	100	+63.9
Saietta	Cleantech	227.5	+59.6

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Helium One Global	Resources	9	-67.5
Best of the Best	Leisure	685	-56.6
Salt Lake Potash	Mining	4.15	-41.5
Challenger Energy	Oil and gas	1.1	-40.5
Reabold Resources	Oil and gas	0.265	-39.8

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



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