

About AIM Advisers

AIM Advisers helps small and medium-sized, growth-oriented U.S. companies complete IPOs on the Alternative Investment Market (AIM) of the London Stock Exchange. AIM Advisers also provides a range of services to the 49 U.S.-based companies that are already listed on AIM.

IPO Activity – 2015

Highlights

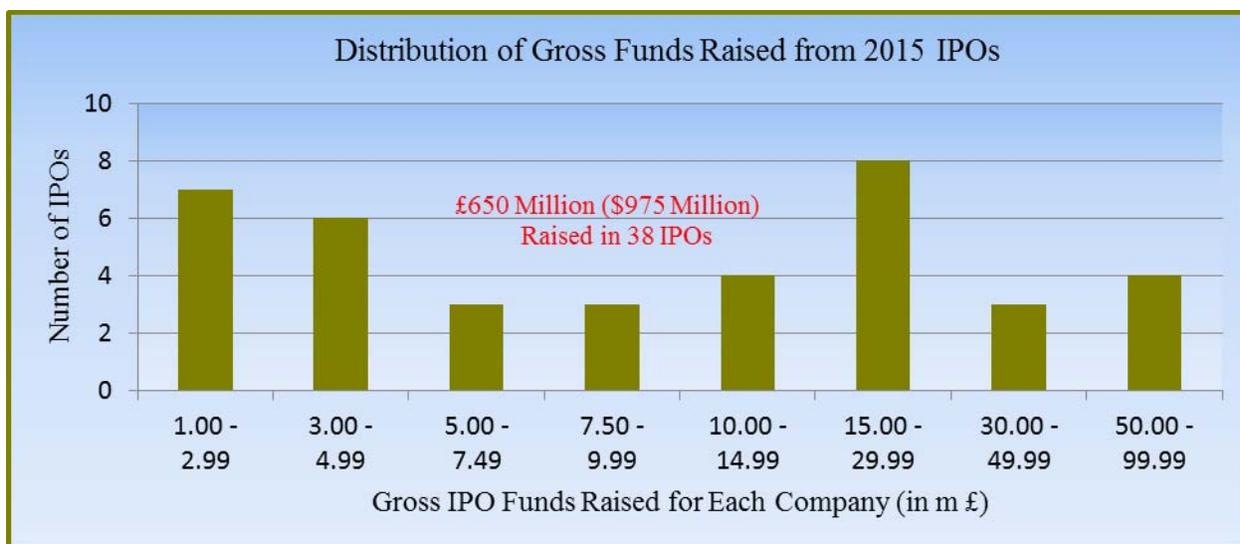
- 38 companies completed IPOs on AIM during 2015, a 54% decrease from 2014
 - Two are U.S. biopharma companies, one raised \$100 million, the 2nd largest IPO
- £650 million (\$975 million) raised for IPOs during 2015, a 77% decrease from 2014
 - The 2013/14 AIM IPO bull market needed a breather to digest the new entrants
 - £5 billion (\$7.5 billion) raised in secondary offerings during 2015, most since 2010
 - UK equities' markets, and others, faced political and macroeconomic headwinds
- Average IPO raised £17.1 million (\$25.7 million), median £9.8 million (\$14.7 million)
 - At a cost of 9.3% and 11.9%, respectively, of gross funds raised
- 71% of IPOs raised between £3 million and £50 million (\$5 million and \$75 million)
- Average opening MC of £55 million (\$83 million), median £28 million (\$42 million)
- 82% of MCs between £10 million and £250 million (\$15 million and \$375 million)
- IPO dilution of existing shareholders amounted to 29%
- Average post-IPO free float of 39%
- Average and median share price return of 16% and 5% since IPO (median date 6/3/15)
 - FTSE AIM All-Share Index rose 5% during 2015 but fell 5% from 6/3 - 12/31/15
- 22 of the 38 companies generated revenues > £2 million (range £2 million - £1.1 billion)
 - Median trailing pre-money revenue multiple of 1.54
 - Those w/o significant revenues; investing companies, healthcare and mining/O&G
- 10 of the 38 companies earned profits > £1 million (range £2 million - £13 million)
 - Median trailing pre-money P/E ratio and EBITDA multiple of 14.85 and 10.26
- Industry and geographic dispersion and financial profile of the 38 companies - pages 5 - 7
- Detailed descriptions and insights into the 38 companies - pages 8 - 10

	Number of IPOs	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2011	45	560	12
2012	45	695	15
2013	62	1,025	17
2014	82	2,818	34
2015	38	650	17
Total	272	5,748	21

The table on the previous page shows that after a two year bull market for AIM IPOs, 2015 was a year for the market to digest all of the new entrants. This is evidenced by the fact that £4.9 billion (\$7.4 billion) was raised during 2015 for secondary offerings, the most since 2010. UK equities' markets also faced four major political and macroeconomic headwinds during 2015; the UK General Election, a resumption of the Greek debt crisis, the continuing collapse of the energy and commodity sectors and general market volatility triggered by China and other emerging markets and the U.S. Federal Reserve. The two political headwinds have been ameliorated; the UK General Election was definitive and positive for business and Greece has taken a more reasonable and realistic position with the EU, however, the two macroeconomic headwinds will likely linger throughout 2016.

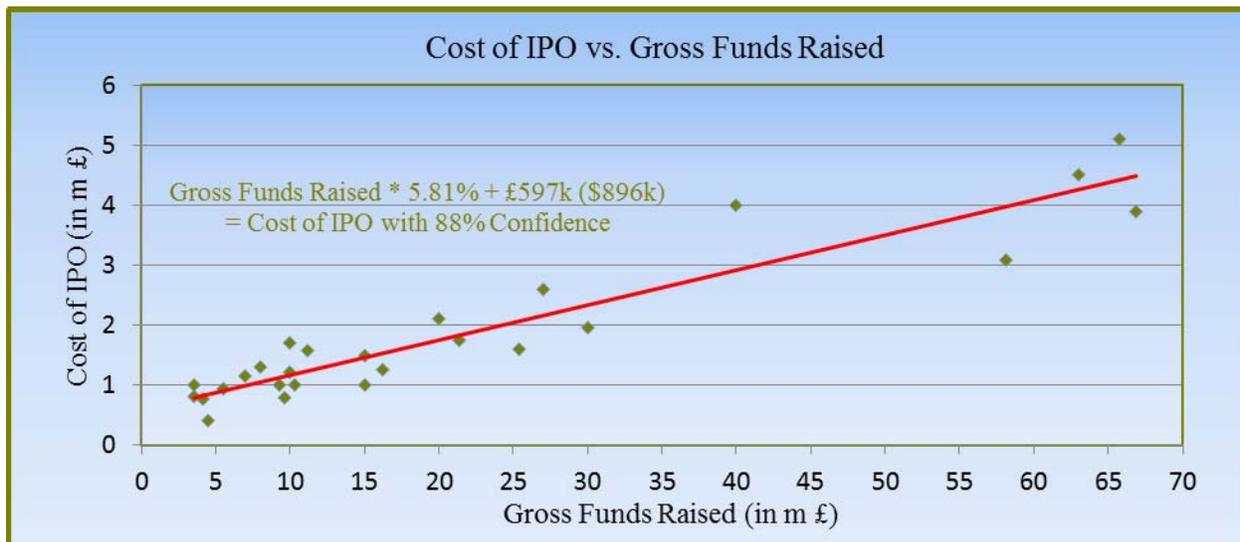
From a sectoral perspective, financials accounted for 24% of AIM IPOs with four of the nine being Investing Companies with TMT mandates. Healthcare accounted for 16% with five of the six coming from the biotech sub sector and none of the six generating revenue (two of the six are U.S. companies and one raised \$100 million, the 2nd largest IPO). Consumer services also accounted for 16% and it's interesting to note the technology component; three of the six engage with consumers exclusively online. Six industrial companies completed IPOs on AIM for a 16% share. Pure play technology companies accounted for 13%. Consumer goods' businesses accounted for 11% where two of the four were focused online. Finally, the basic materials (i.e. mining) and oil and gas sectors accounted for an aggregate of 4% of AIM IPOs during 2015 after accounting for an aggregate of 11%, 21%, 33% and 51% during 2014, 2013, 2012 and 2011.

The chart below provides the distribution of gross funds raised from AIM IPOs during 2015. While there was a spike in IPOs raising between £15 million and £30 million (\$23 million and \$45 million), this year did not have enough activity to convey the fact that the sweet spot for AIM IPOs is between £3 million and £50 million (\$5 million and \$75 million).



Of the aggregate gross funds raised, 80% was for the companies and 20% was for selling shareholders, which were present in 10 of the IPOs, with eight selling a meaningful equity stake. While the average amount of gross capital raised was £17.1 million (\$25.7 million), the median was only £9.8 million (\$14.7 million).

The equation in the chart below can be used to predict the cost of an AIM IPO with 88% confidence. The 26 data points represent the gross funds raised and associated costs for the non-Investing Company IPOs that raised at least £3 million (\$5 million). Since these 26 companies raised an average of £21.55 million (\$32.33 million), the expected cost would be £1.85 million (\$2.78 million) or 8.6% of the gross funds raised.



The average and median offering costs for all 38 AIM IPOs amounted to 14.7% and 10.7%, respectively, of the gross funds raised, however, the average, in particular, is skewed by a handful of relatively small IPOs where the fixed costs dominate.

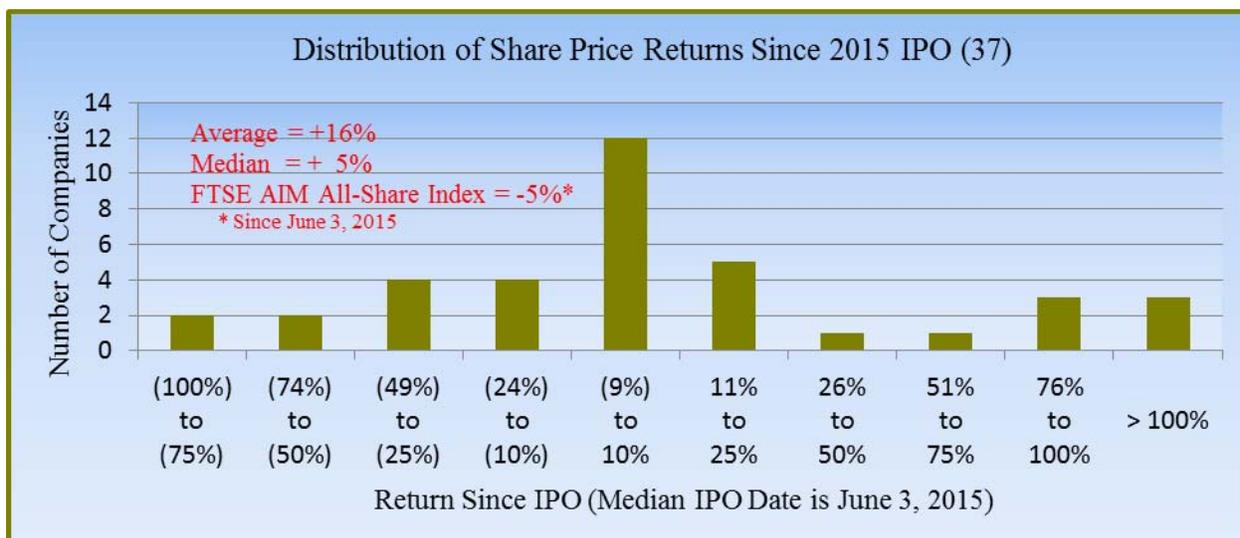
The chart below provides the distribution of opening market capitalizations. The average company's opening market capitalization was £55 million (\$83 million) whereas the median was £28 million (\$42 million). The sweet spot for market capitalizations on AIM is between £10 million and £250 million (\$15 million and \$375 million).



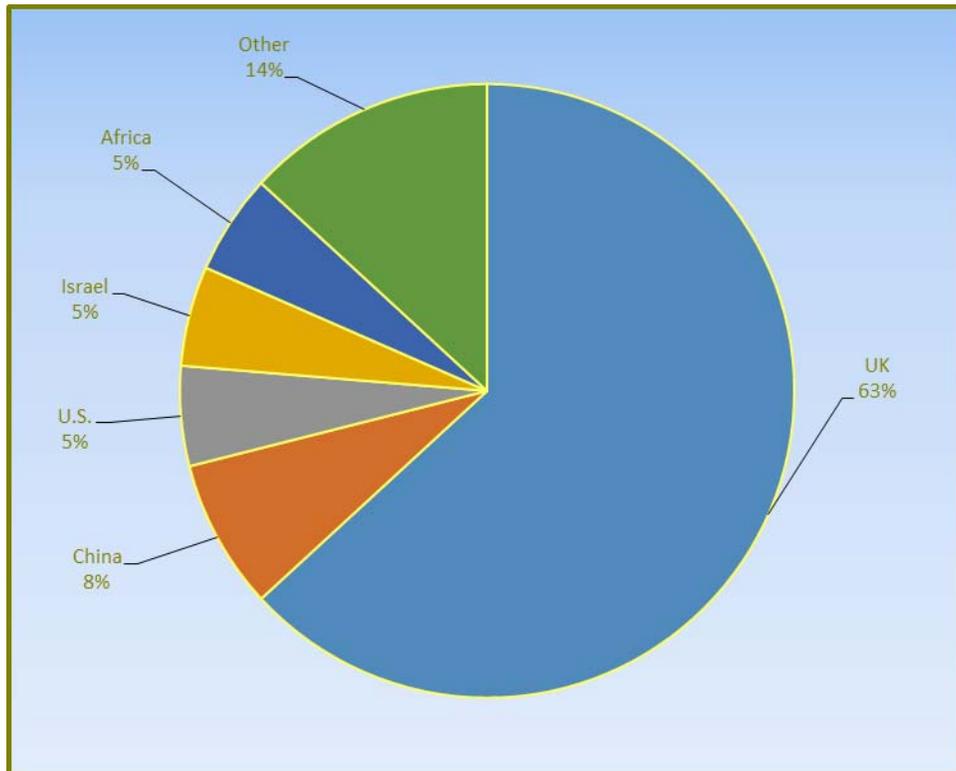
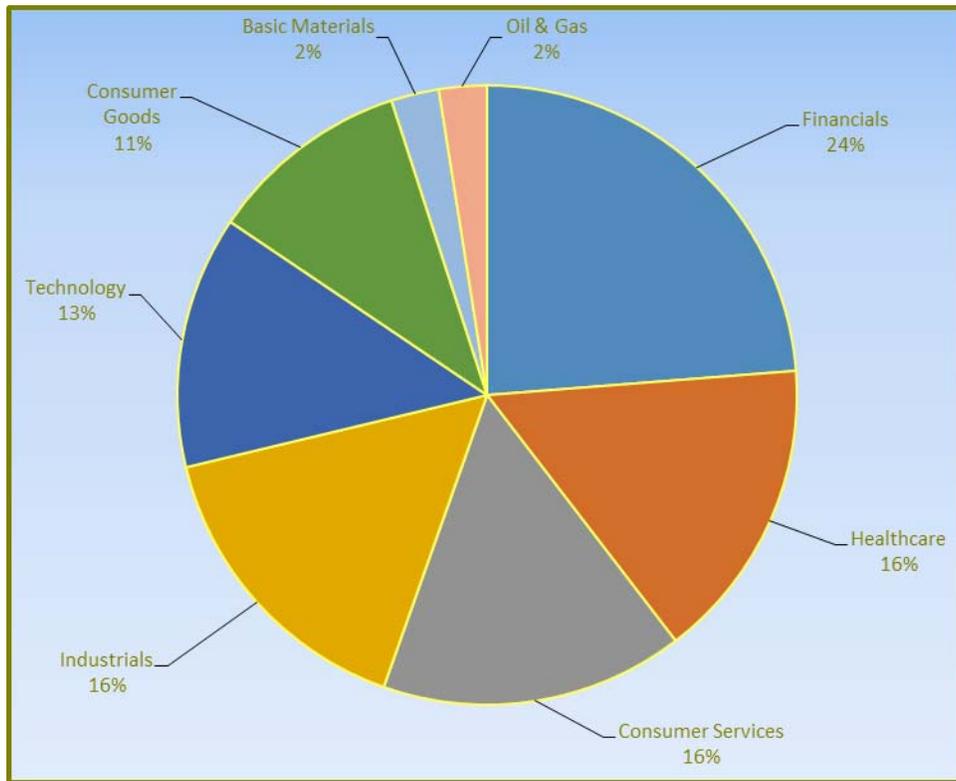
The chart below illustrates the IPO dilution of existing shareholders over the last five years. As expected, dilution decreased coming into the two year bull market for AIM IPOs in 2013 and increased coming out of the bull market in 2015. This is due to the fact that favorable market conditions place companies in stronger negotiating positions with respect to pre-money valuations and vice versa.



The final chart in this section provides the distribution of share price returns since each company completed its AIM IPO during 2015 through the end of the year. It should be noted that the median IPO date is June 3, 2015, therefore, the average and median returns of +16% and +5%, respectively, only represent, on average, the last 211 days of 2015. As a point-of-reference, the FTSE AIM All-Share Index rose 5% during 2015 but fell 5% from June 3, 2015 through December 31, 2015; therefore, the relative performance of the 37 companies that completed their IPOs on AIM during 2015 and remained listed through yearend has been quite strong. The average and median post-IPO free float for all 38 companies was 39% and 32%, respectively.



Industry and Geographic Dispersion and Revenue and Profitability Profile



Revenue and Profitability*	UK (24)	China (3)	U.S. (2)	Israel (2)	Africa (2)	Other (5)	Totals (38)
Financials (9)	1 SR & SP 2 SR 5 Neither	1 Neither					1 SR & SP 2 SR 6 Neither
Healthcare (6)	3 Neither		2 Neither			1 Neither	6 Neither
Consumer Services (6)	2 SR & SP 1 SR			1 SR & SP		2 SR & SP	5 SR & SP 1 SR
Industrials (6)	2 SR & SP 2 SR 1 Neither	1 SR & SP					3 SR & SP 2 SR 1 Neither
Technology (5)	2 SR			1 SR		1 SR 1 Neither	4 SR 1 Neither
Consumer Goods (4)	3 SR	1 SR & SP					1 SR & SP 3 SR
Basic Materials (1)					1 Neither		1 Neither
Oil & Gas (1)					1 Neither		1 Neither
Totals (38)	5 SR & SP 10 SR 9 Neither	2 SR & SP 1 Neither	2 Neither	1 SR & SP 1 SR	2 Neither	2 SR & SP 1 SR 2 Neither	10 SR & SP 12 SR 16 Neither
* Significant Revenues (SR) and Significant Profitability (SP) are defined as > £2 million and > £1 million, respectively.							

AIM-listed companies are organized into 90 sub sectors, which feed into 40 sectors, which feed into 10 super sectors. During 2015, only two super sectors, Telecommunications and Utilities, were not represented with IPOs. The first pie chart on the previous page illustrates the relative number of AIM IPOs in each of the eight represented super sectors. Since the classifications can be deceptive, the table at the end of this newsletter on pages 8 - 10 provides some detailed descriptions and insights into the individual companies.

From a sectoral perspective, financials accounted for 24% of AIM IPOs with four of the nine being Investing Companies with TMT mandates. Healthcare accounted for 16% with five of the six coming from the biotech sub sector and none of the six generating revenue (two of the six are U.S. companies and one raised \$100 million, the 2nd largest IPO). Consumer services also accounted for 16% and it's interesting to note the technology component; three of the six engage with consumers exclusively online. Six industrial companies completed IPOs on AIM for a 16% share. Pure play technology companies accounted for 13%. Consumer goods' businesses accounted for 11% where two of the four were focused online. Finally, the basic materials (i.e. mining) and oil and gas sectors accounted for an aggregate of 4% of AIM IPOs during 2015 after accounting for an aggregate of 11%, 21%, 33% and 51% during 2014, 2013, 2012 and 2011.

The second pie chart on the previous page shows the main country of operation for the companies that completed IPOs on AIM during 2015. Unsurprisingly, the UK is the main place

of operation for more AIM-listed companies than any other country. Approximately 61% of the 1,044 companies listed on AIM are based in the UK. During the depths of the global financial crisis in Europe, UK companies only accounted for 31% of AIM IPOs from 2010 - 2012. The healing process that began in Europe in 2013, and took firm hold in the UK, triggered the start of a two year bull market for AIM IPOs with UK company participation bouncing back to expected levels, capturing 53%, 63% and 63% of AIM IPOs during 2013, 2014 and 2015, respectively.

Of the 38 companies that completed AIM IPOs during 2015, 22 (58%) generated significant revenues (i.e. > £2 million or \$3 million) during their most recent financial year with the range being £2 million - £1.1 billion (\$3 million - \$1.7 billion). The average trailing pre-money revenue multiple was 4.70, although this is heavily skewed by one company at 63.50 and would otherwise be 1.82, and the median was 1.54. Of the 22 companies that generated significant revenues, 10 (45%) earned significant profits (i.e. > £1 million or \$2 million), with the range being £2 million - £13 million (\$3 million - \$20 million). The average trailing pre-money P/E ratio and EBITDA multiple for the 10 companies that earned significant profits was 16.14 and 10.45, respectively, and the medians were 14.85 and 10.26.

Of the 24 UK companies that completed AIM IPOs during 2015, 15 (63%) generated significant revenues during their most recent financial year. Of these 15 companies, five (33%) earned significant profits. The comparative metrics for 2014 were 56% and 69%, respectively, indicating that investors during 2015 wanted to see a little more commercial traction but are apparently willing to wait for significant profits. Of the 14 companies from outside the UK that completed AIM IPOs during 2015, seven (50%) generated significant revenues. Of these seven companies, five (71%) earned significant profits. The comparative metrics for 2014 were 60% and 44%, respectively, leading to the opposite conclusion reached above for the UK companies.

A not insignificant number of companies (5 of 38) completed their AIM IPOs during 2015 via the 'fast track route to AIM', wherein their securities were traded on an AIM Designated Market (ADM) for at least the previous 18 months. The ADM for four of the five companies was the UKLA Official List (i.e. the London Stock Exchange's Main Market) and the other company used the Australian Securities Exchange (ASX) and remains dual listed. The fast track route to AIM had been rare; used by only five of the 234 AIM IPOs from 2011 - 2014. Companies utilizing the fast track route do not have to produce the typical AIM Admission Document but rather a brief, but detailed, pre-admission announcement. The 10 ADMs are the top tier markets of the ASX, Deutsche Börse Group, Johannesburg Stock Exchange, NASDAQ, NYSE, NYSE Euronext, NASDAQ OMX Stockholm, Swiss Exchange, TMX Group and UKLA Official List.

Two of the 38 AIM IPOs during 2015 were the result of operating companies being acquired by Main Market-listed Investing Companies and simultaneously raising fresh capital on AIM. The Investing Companies then delisted from the MM and the operating companies emerged on AIM.

Only one company that completed its IPO on AIM during 2015 migrated to AIM from the UK's ICAP Securities & Derivatives Exchange (ISDX). From 2011 - 2014, 21 of the 234 companies that completed IPOs on AIM were previously listed on the ISDX.

One final point to note during 2015 is that one company simultaneously completed its IPO on AIM and the Enterprise Securities Market of the Irish Stock Exchange (ESM).

<p>Financials (9)</p>	<p>One is an Investing Company that intends to identify, acquire and invest in Chinese-based SMEs with technology and/or IP in the education sector that can be leveraged through the company's existing contacts at local and international higher education institutions for the provision of online vocational training video courses for industrial workers, one is an Investing Company that intends to invest in UK and Chinese businesses or projects that are seeking to expand and/or establish themselves internationally in the media and entertainment sectors, primarily theatre production and the music industry, one is an Investing Company that intends to buy, fix and sell businesses in the European Telecommunications, Media and Technology (TMT) sector that are focused on network-based communications and/or entertainment, one is one of the UK's leading providers and administrators of Self-Invested Personal Pensions (SIPPs) and Small Self-Administered Schemes (SSASs), one provides finance to the UK clients of insurance brokers and professional firms in order to help them spread the cost of insurance premiums and professional fees, one is a Central London-focused residential REIT that intends to acquire, develop and manage residential property assets by acquiring Special Purpose Vehicles (SPVs) with historic capital gains, providing an exit for the vendors of SPVs and attractive yields for the company's investors, one is an Investing Company that was established to acquire and operate companies in the media sector with a focus on the UK, the U.S. and (to a lesser extent) Europe, one is an Investing Company focused on investing in UK companies and platforms which provide specialist financing and alternative asset management services to the SME and professional services sectors; financing trade and securing specialist funding throughout the supply chain to help fuel growth in these sectors and one is a UK-based hybrid estate agency that uses a combination of local property experts, technology and customer facing software for the buying, selling and letting of residential property at a fraction of the cost of traditional estate agents</p>
<p>Healthcare (6)</p>	<p>One is a UK-based drug discovery and development company focused on improving the characteristics of existing drug classes to create highly differentiated, best-in-class new drugs in the areas of cancer and infectious disease where their oncology-related drug programs encompass immuno-oncology and their anti-infective drug programs have the potential to produce one of the first new chemical classes of antibiotics in a generation, one is a U.S.-based, clinical stage biopharmaceutical company specializing in the development of novel antibiotics designed to be effective against serious and life-threatening infections caused by multidrug-resistant bacteria, one is a U.S.-based pharmaceutical company that uses its proprietary computational drug discovery platform to generate multiple, chemically-diverse, novel drug candidates for each of its drug programs by accurately modeling molecular interactions, developing sophisticated optimization algorithms and the computer integration of synthetic and medicinal chemistry knowledge, resulting in the design of novel potential therapeutics for medical conditions in anticoagulation, diabetic macular</p>

	<p>edema and oncology, one is a UK-based clinical stage drug development company focused on the treatment of cancer and neurological conditions where its core technology is a patent-protected method of stabilizing natural and synthetic versions of the naturally occurring compound sulforaphane, a known anti-cancer agent derived from broccoli and other brassica vegetables, one is a Finland-based clinical stage drug discovery and development company focused on acute organ traumas, cancer immunotherapy and vascular damage where its lead candidate has been developed to treat acute respiratory distress syndrome, a rare, severe, life threatening medical condition characterized by widespread inflammation in the lungs and one is a spin out from the University of Sheffield, UK that has two late stage drug candidates targeting diseases of cortisol deficiency; one for Congenital Adrenal Hyperplasia (CAH) in adults and the other for Adrenal Insufficiency, including CAH, in children</p>
<p>Consumer Services (6)</p>	<p>One is a leading UK automotive dealership and leasing group, one is a UK-focused, real money, bingo-led online gaming operator, one owns and operates five luxury beachfront hotels and a beachfront restaurant in Barbados, one has developed a proprietary, artificial intelligence based software platform that enables the automation and optimization of online advertising campaigns, one is the leading retailer of gasoline and premium food and hot beverages along motorways in the Republic of Ireland with a growing presence in the UK and one was a Main Market-listed Investing Company that joined AIM simultaneous with the acquisition of a digital media and analytics agency that creates multi-channel campaigns across pay-per-click, natural search, display advertising and other paid media, underpinned by proprietary analytics; however, their overall strategy is to build a network of digital companies spanning the marketing services, technology and e-commerce sectors across the UK, the U.S. and Europe wherein each company will benefit from access to the deeper resources of a strong platform of digital marketing services, technology and e-commerce businesses in key revenue/growth sectors; for example, digital strategy, analytics and insight, media planning and buying, content and creative, customer relationship management, e-commerce and user experience</p>
<p>Industrials (6)</p>	<p>One provides assistance and travel service products, such as insurance policies, via a B2B2C business model worldwide, one is the UK's leading provider of façade access and fall arrest equipment services, lightning protection and electrical testing, high-level cleaning and specialist electrical and mechanical services, one provides gas heating appliance installation and maintenance services to residential and commercial properties and general building services, such as domestic and commercial plumbing, electrical work and general repairs across London and South East England, one is a China-based provider of air filtration and clean air technology products to the industrial, commercial and residential markets, one is a mid-sized, UK commercial law firm and one is an education group operating an online independent secondary school in the UK with a 10-year track record, 42 teachers and 516 students</p>

<p>Technology (5)</p>	<p>One is a software developer and operator of its own online brokerage that has developed a simplified trading platform for themselves and other online brokers in Europe, with expansion plans focused on Japan, China and the U.S., to provide individuals with the ability to trade binary options, one is a leading provider of satellite broadband services to consumer and business users in the UK and Europe where they intend to continue to grow the subscriber base organically and through acquisition by consolidating a fragmented market across Europe where 20 million homes and businesses are not expected to be able to access broadband speeds of more than 2 Mbps for the foreseeable future via fixed line broadband networks, falling into what is called the ‘digital divide’, one designs, develops and commercializes mobile social media applications focused solely on Myanmar; incorporating Burmese customs, characters and language to drive user acquisition through locally relevant products, acquire relevant consumer data (and allow advertisers to data mine the Burmese script content) and monetize its digital properties through the sale of advertising and digital goods, one is a UK-based designer and manufacturer of a broad range of customized radio frequency, microwave and millimeter-wave components and subsystems used in mobile wireless communication equipment, point-to-point communication systems and related defense sectors and one is a Switzerland-based security software company with a range of products for mobile devices, PCs and communications networks</p>
<p>Consumer Goods (4)</p>	<p>One is a leading Chinese producer and processor of frozen seafood, seaweed-based foods and marine snack foods for the domestic market and for export to Japan, South Korea and the U.S., one is one of the largest UK-based online retailers of musical instruments and music equipment, selling third-party and own-branded products to customers ranging from beginners to musical enthusiasts and professionals in the UK and Continental Europe through its internally-developed ecommerce platform, with multilingual, multicurrency functionality presented on custom-designed websites in 19 countries, one is one of the largest retailers of fishing tackle in the UK, catering to all types of anglers - coarse, carp, game and sea fishing - operating online and from a chain of seven retail outlets in the North of England which are designed to be ‘destination’ stores with a comprehensive range of products, knowledgeable and enthusiastic staff and an offering that includes own-branded products and one is a UK-based company that develops, produces and supplies hobby and toy products through an international network of specialist and multiple product retailers</p>
<p>Basic Materials (1)</p>	<p>This company is focused on the discovery and development of high-quality iron ore projects in Africa, initially focusing on Gabon</p>
<p>Oil & Gas (1)</p>	<p>This company is an explorer for, and proposed producer of, unconventional gas, principally coal bed methane, in Botswana where the vision is to augment the energy needs of southern African which is experiencing an energy deficit due primarily to rapid population and economic growth</p>