AIM Advisers, Inc.
Maximizing Present & Future Value

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<u>About AIM Advisers</u>
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.

U.S. Company Performance – Share Price and Liquidity – H1 2017

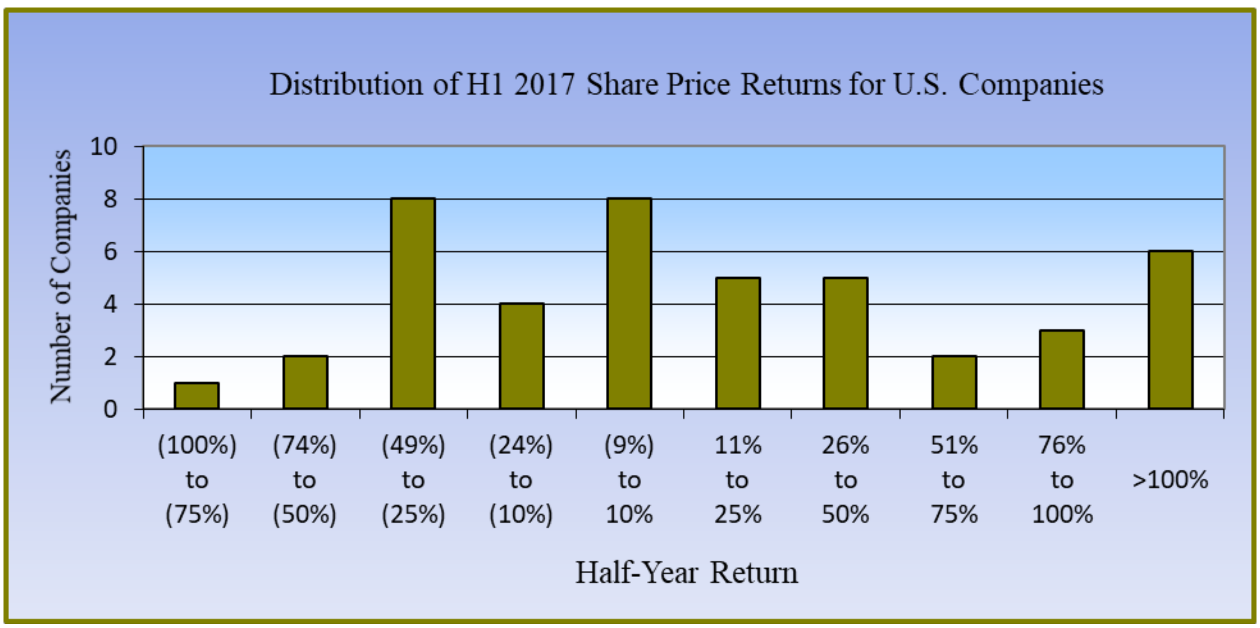
Highlights

- U.S. domiciled companies achieve a weighted return of 30%
- Foreign domiciled U.S. operating companies achieve a weighted return of 36%
- In aggregate, U.S. companies' weighted return 35% vs. FTSE AIM All-Share Index 14%
- Significant liquidity difference between U.S. and foreign domiciled U.S. companies

There were 12 U.S. domiciled and 35 foreign domiciled U.S. operating companies listed on AIM as of the end of 2016. During the first half of 2017, three companies delisted from AIM and five joined; one via reverse takeover and four via IPO. These eight companies are not included in the chart below since they were not listed on AIM for the entire half-year.

The IPOs raised $50 million, $40 million, $6 million and $77 million. The first three AIM IPOs only raised capital for the companies, however, the final AIM IPO raised $41 million for the company and $36 million for selling shareholders.

The reasons for the three delistings vary. One company recently dual listed on NASDAQ, therefore, they considered their AIM listing to be duplicative. Another company completed their IPO two years ago and successfully executed their buy-and-build strategy focused on providing revenue cycle management services to physicians and was acquired for 2x the IPO price. The final company was simply not successful enough after transferring from the LSE's Main Market to AIM 8½ years and was having difficulty raising additional growth capital, therefore, they accepted a buyout offer from a PE firm at a 20% premium to the price when they joined AIM.



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With reference to the chart above, while the median company returned 8% during the first half of 2017, the beta (risk/reward) on AIM is high since the market consists of SMEs. Eleven of the 44 companies lost at least 25% and 16 of 44 gained 26% or more. The smaller companies vastly outperformed the larger companies as evidenced by the fact that the return from one dollar invested in each of the 44 companies would have yielded the same 35% as an investment strategy weighted by market cap. Four of the six companies that returned >100% were smaller than the median market cap for all 44 companies. The three companies that produced the most eye-popping returns during the first half of 2017, at 293%, 346% and 418%, were all in the mining sector. AIM has always been a 'stock picker's market'.

The weighted returns in the table below were calculated using the average market capitalizations of the companies during the half-year, like how an index fund would calculate returns.

Index	Unweighted	Weighted
U.S. Domiciled Companies	58%	30%
Foreign Domiciled Companies	29%	36%
All U.S. Companies	35%	35%
FTSE AIM All-Share Index	N/A	14%

The weighted return contributions for all 44 companies were tightly packed at +/-1%, with six exceptions; five where weighted gains of 1%, 1%, 2%, 2% and 26% were achieved (absolute gains of 32%, 17%, 71%, 418% and 57%) and one where a weighted loss of 2% was recorded (absolute loss of 36%). Interestingly, the company that recorded the weighted loss of 2% surged 833% during 2015 (from a market cap of $48.6 million to $453.6 million with no new shares issued), representing the largest gain of any company on AIM that year. After a drop of 48% during 2016 and 36% during the first half of 2017, this company's market cap is now at a more sensible $142.5 million.

In terms of average monthly liquidity (see the table below), the foreign domiciled U.S. operating companies outperformed the U.S. domiciled companies and AIM as a whole on both measures. Since there were only 10 U.S. domiciled companies listed on AIM as of the end of the first half of 2017, it is difficult to draw conclusions with respect to this category. However, it is clear from the 39 foreign domiciled U.S. operating companies listed on AIM and the 963 that represent AIM as a whole that trading activity was skewed towards the smaller companies since the unweighted liquidity exceeded the weighted liquidity. The unweighted results represent the level of monthly liquidity that the average company can expect to achieve.

Average Monthly Liquidity	Foreign Domiciled U.S. Operating Companies	U.S. Domiciled Companies	Entire AIM Market
Weighted	6.76%	2.45%	5.93%
Unweighted	12.76%	1.85%	7.60%

The chart on the next page provides the monthly detail of the unweighted liquidity for each of the three categories in the table above. The spike in June for the foreign domiciled U.S. operating companies is the result of a significant resource upgrade for a small mining company which led to 464% of their closing market cap trading hands during the month. If this company is excluded, liquidity would have been right in the middle of the 8% - 14% range at 11%.

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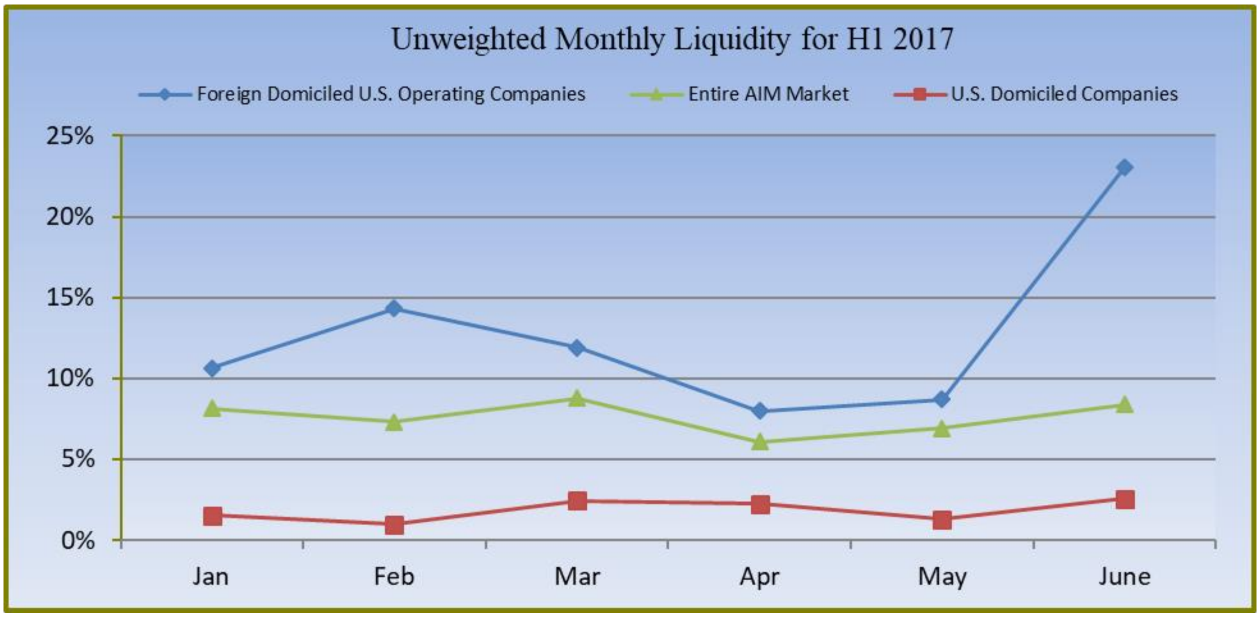
Liquidity on AIM has increased dramatically over the last several years due to the natural maturation of the market and for the following reasons. From August 5, 2013, AIM shares can be held in UK Individual Savings Accounts (ISAs), the U.S. equivalent of IRAs, which has provided a liquidity boost from retail investors. In addition, at the start of the 2014 tax year on April 6th, the annual ISA allowance was raised from £11,520 to £15,000 and now stands at £20,000. Finally, the 0.5% stamp duty (tax) on the purchase of AIM shares was abolished from April 28, 2014.

AIM shares can be one of the most tax-advantaged investments; avoiding capital gains tax, income tax, inheritance tax and stamp duty. The benefits for companies considering an AIM IPO, and for those already listed on AIM, are a reduction in the cost-of-capital and an increase in aftermarket liquidity; both positively impacting valuations.



From a U.S. perspective, the key takeaway from the chart above is that there is a liquidity advantage for U.S. companies that list on AIM via a UK holding company. The three main reasons being:

1. Shares can trade directly within CREST; no Depository or Depository Interests required
2. Articles of incorporation fully conform to UK law, providing comfort to UK investors
3. Institutional investors only allocate a portion of their investments to non-UK companies

Nevertheless, irrespective of where a company is domiciled, liquidity can be improved. The reasons for a lack of liquidity are often company specific and not obvious. Consequently, thoughtful and thorough investigation is needed to formulate actionable solutions. Several strategic decisions can be taken during the planning of the IPO to minimize the risk of lack of liquidity becoming a problem in the first instance; including, selection of the most appropriate AIM Nominated Adviser, AIM Nominated Broker(s), Financial PR/IR firm and Independent Equity Research firm.