

### 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 47 U.S.-based companies that are already listed on AIM.

## IPO Activity – 2016

### Highlights

- 42 companies completed IPOs on AIM during 2016, an 11% increase from 2015
  - 18 included meaningful liquidity events for selling shareholders
- £1.1 billion (\$1.4 billion) was raised for AIM IPOs during 2016, up 75% from 2015
  - Selling shareholders raised £424 million (\$530 million), a record 37% of the total
- Average IPO raised £27.1 million (\$33.9 million), median £10.8 million (\$13.5 million)
  - At a cost of 7.6% and 12.2%, respectively, of gross funds raised
- 69% of AIM IPOs raised between £7.5 and £100 million (\$9 and \$125 million)
- Average opening MC of £65 million (\$81 million), median £39 million (\$49 million)
- 88% of MCs between £10 million and £250 million (\$13 million and \$313 million)
- IPO dilution of existing shareholders amounted to 26%
- Average post-IPO free float of 37%
- Average and median share price return of 37% and 21% since IPO (median date 6/9/16)
  - FTSE AIM All-Share Index rose 14% during 2016 and 13% from 6/9 - 12/31/16
- 28 of the 42 companies generated revenues > £2 million (range £3 million - £314 million)
  - Median trailing pre-money revenue multiple of 2.43
- 14 of the 42 companies earned profits > £1 million (range £1 million - £27 million)
  - Median trailing pre-money P/E ratio and EBITDA multiple of 16.80 and 9.48
- Industry and geographic dispersion and financial profile of the 42 companies - pages 5 - 7
- Detailed descriptions and insights into the 42 companies - pages 8 - 11

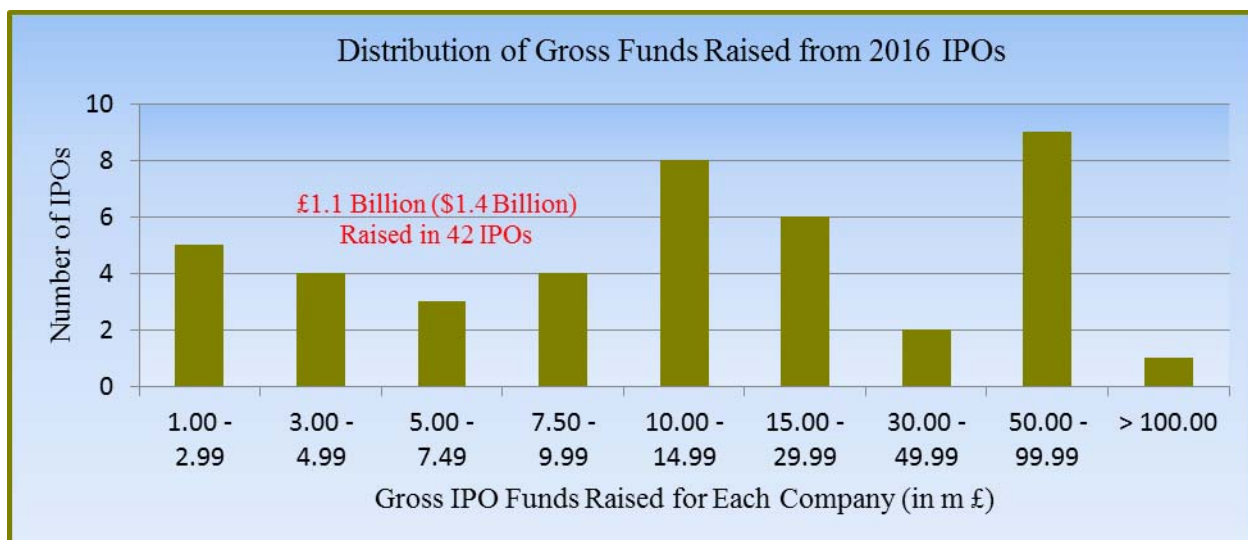
	Number of IPOs	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2015	38	650	17
2016	42	1,137	27
<b>Total</b>	<b>80</b>	<b>1,787</b>	<b>22</b>

Since the London Stock Exchange launched AIM in 1995, an aggregate of £100 billion (\$125 billion) has been raised for growth-oriented SMEs; £42 billion (\$52 billion) for IPOs and £58 billion (\$73 billion) for Secondary Offerings.

The table on the previous page shows that while the number of AIM IPOs only increased slightly, the gross funds raised surged by 75%. Of particular note during 2016 is the fact that 18 of the 42 IPOs included meaningful liquidity events for selling shareholders who raised £424 million (\$530 million), accounting for a record 37% of the total.

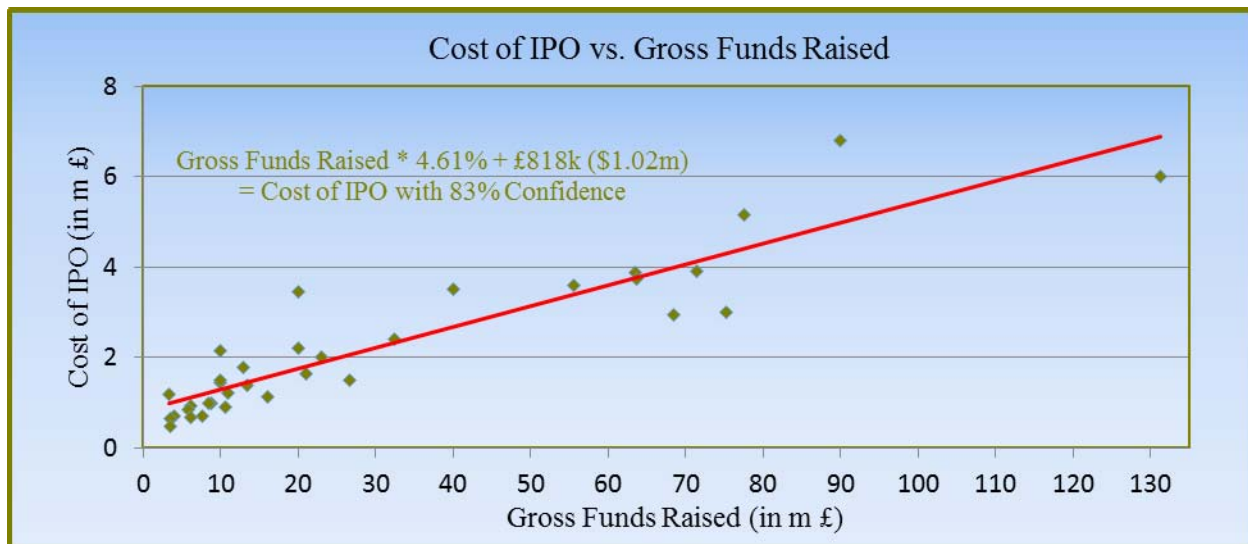
From a sectoral perspective, pure play technology companies accounted for 19% of AIM IPOs. Financials accounted for 17% with three of the seven being Investing Companies; one intends to invest in industrial real estate, one has a portfolio of investments in consumer and enterprise technology, hardware and healthcare which it intends to expand and one intends to invest in the consumer and leisure sectors. Healthcare accounted for 14% with four of the six AIM IPOs coming from the biotech sub sector and, of particular note, only the U.S. company generated significant revenue. Five consumer goods' businesses completed IPOs on AIM for a 12% share as was the case for the consumer services sector. Industrials accounted for 9% of AIM IPOs. Basic materials (i.e. mining and chemicals) accounted for 7% with all three businesses being from outside the UK. Finally, oil and gas and utilities each accounted for 5% of AIM IPOs during 2016.

The chart below provides the distribution of gross funds raised for AIM IPOs during 2016. The sweet spot, accounting for 69% of the AIM IPOs, is between £7.5 million and £100 million (\$9 million and \$125 million).



Of the aggregate gross funds raised, 63% was for the companies and 37% was for selling shareholders, which were present in 21 of the 42 IPOs, with 18 selling a meaningful equity stake. This is the highest relative level of selling shareholder activity ever recorded on AIM. While the average amount of gross capital raised was £27.1 million (\$33.9 million), the median was only £10.8 million (\$13.5 million).

The equation in the chart below can be used to predict the cost of an AIM IPO with 83% confidence. The 34 data points represent the gross funds raised and associated costs for the non-Investing Company IPOs that raised at least £3 million (\$4 million). Since these 34 companies raised an average of £30.34 million (\$37.93 million), the expected cost would be £2.22 million (\$2.78 million) or 7.3% of the gross funds raised.



The average and median offering costs for all 42 AIM IPOs amounted to 15.9% and 10.6%, 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.

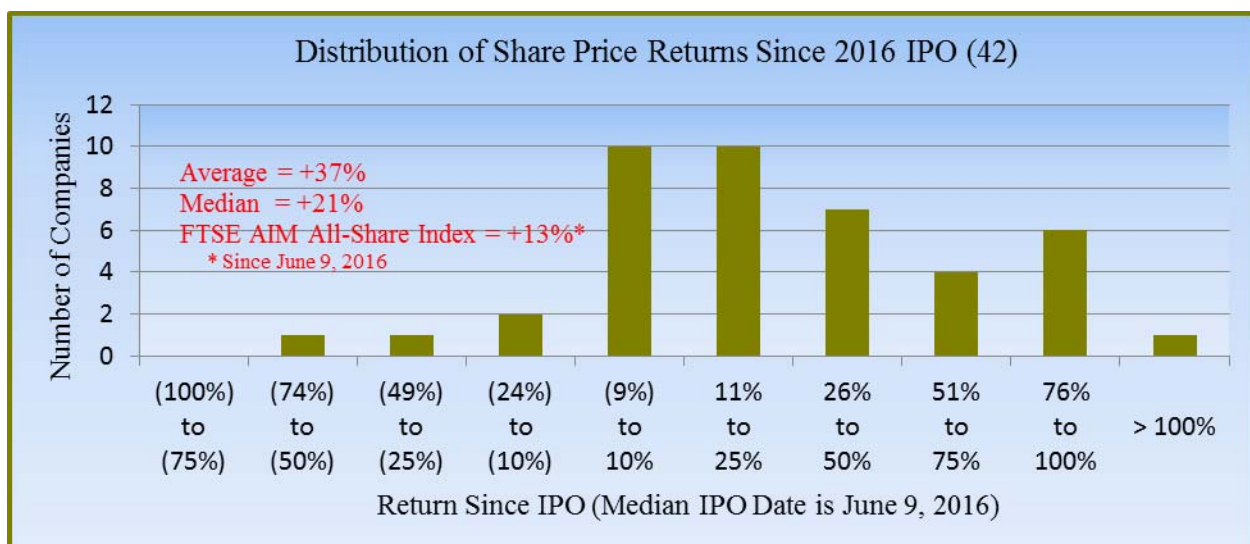
The chart below provides the distribution of opening market capitalizations. The average company's opening market capitalization was £65 million (\$81 million) whereas the median was £39 million (\$49 million). The sweet spot, accounting for 88% of 2016 AIM IPO opening market capitalizations, is between £10 million and £250 million (\$13 million and \$313 million).



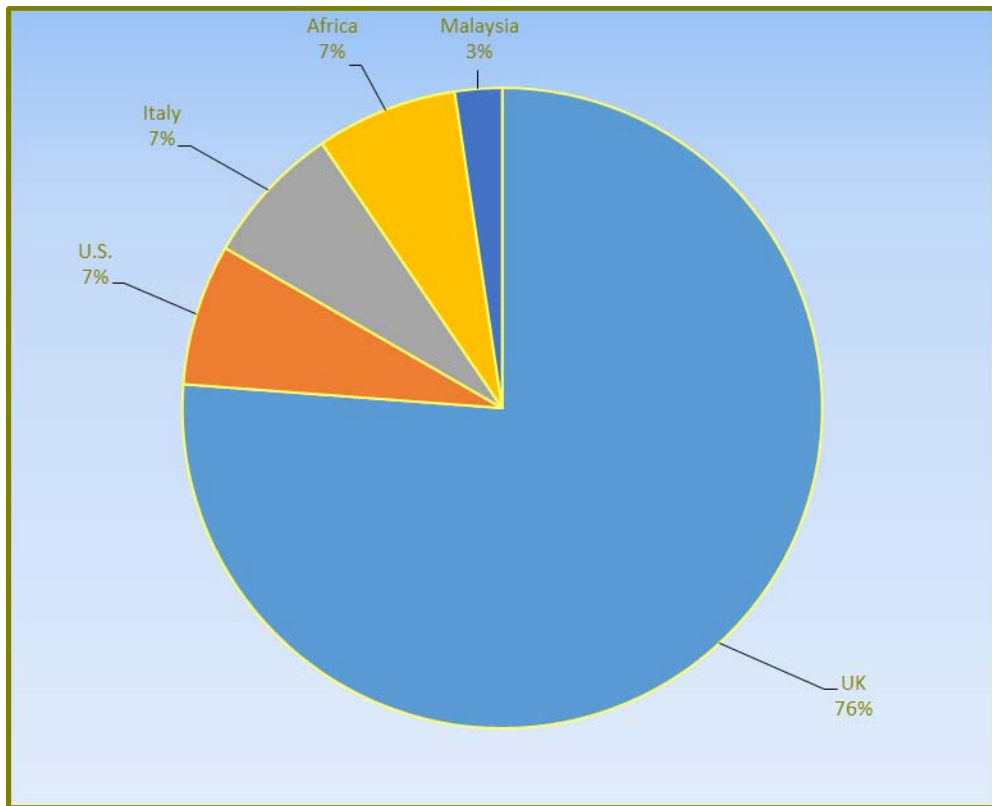
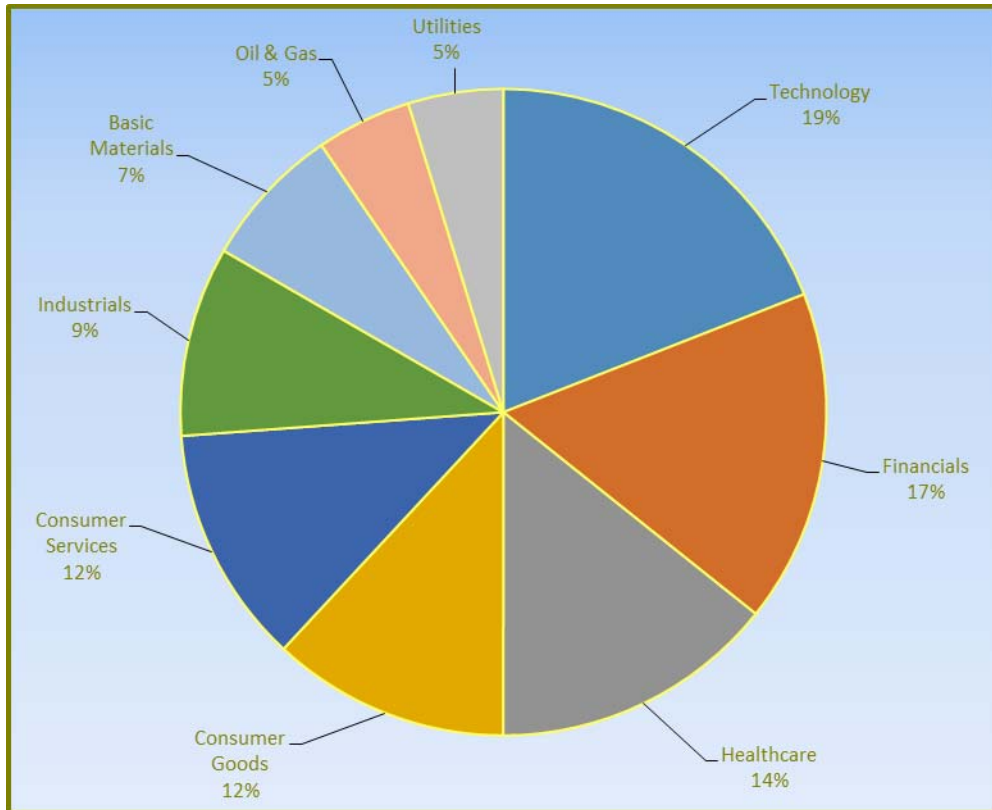
The chart below illustrates the IPO dilution of existing shareholders over the last six years. As expected, dilution decreased coming into the two-year bull market for AIM IPOs that began in 2013 and steadily increased through 2015 as IPO activity slowed to allow the market to digest all of the new entrants. Since AIM IPO activity picked up during 2016, dilution again decreased, which may be a precursor for the start of another bull market. Dilution decreases because favorable market conditions place companies in stronger valuation negotiating positions.



The final chart in this section provides the distribution of share price returns since each company completed its AIM IPO during 2016. It should be noted that the median IPO date is June 9, 2016, therefore, the average and median returns of +37% and +21%, respectively, only represent, on average, the last 206 days of 2016. As a point-of-reference, the FTSE AIM All-Share Index rose by 14% during 2016 and by 13% from June 9, 2016 through the end of the year; therefore, the relative performance of the 42 AIM IPOs has been quite strong as well. The average post-IPO free float was 37%.



**Industry and Geographic Dispersion and Revenue and Profitability Profile**





<b>Revenue and Profitability*</b>	UK (32)	U.S. (3)	Italy (3)	Africa (3)	Malaysia (1)	<b>Totals (42)</b>
Technology (8)	1 SR & SP 3 SR 3 Neither	1 SR				1 SR & SP 4 SR 3 Neither
Financials (7)	2 SR & SP 3 SR 2 Neither					2 SR & SP 3 SR 2 Neither
Healthcare (6)	5 Neither	1 SR				1 SR 5 Neither
Consumer Goods (5)	5 SR & SP					5 SR & SP
Consumer Services (5)	2 SR & SP 2 SR		1 SR & SP			3 SR & SP 2 SR
Industrials (4)	2 SR & SP	1 SR & SP	1 SR			3 SR & SP 1 SR
Basic Materials (3)			1 Neither	2 Neither		3 Neither
Oil & Gas (2)	1 Neither			1 SR		1 SR 1 Neither
Utilities (2)	1 SR				1 SR	2 SR
<b>Totals (42)</b>	12 SR & SP 9 SR 11 Neither	1 SR & SP 2 SR	1 SR & SP 1 SR 1 Neither	1 SR 2 Neither	1 SR	14 SR & SP 14 SR 14 Neither
* Significant Revenues (SR) and Significant Profitability (SP) are defined as > £2 million and > £1 million.						

AIM-listed companies are organized into 90 sub sectors, which feed into 40 sectors, which feed into 10 super sectors. During 2016, only one super sector, Telecommunications, was not represented with an IPO. The first pie chart on the previous page illustrates the relative number of AIM IPOs in each of the nine represented super sectors. Since the classifications can be deceptive, the table at the end of this newsletter on pages 8 - 11 provides some detailed descriptions and insights into the individual companies.

Pure play technology companies accounted for 19% of AIM IPOs. Financials accounted for 17% with three of the seven being Investing Companies; one intends to invest in industrial real estate, one has a portfolio of investments in consumer and enterprise technology, hardware and healthcare which it intends to expand and one intends to invest in the consumer and leisure sectors. Healthcare accounted for 14% with four of the six AIM IPOs coming from the biotech sub sector and, of particular note, only the U.S. company generated significant revenue. Five consumer goods' businesses completed IPOs on AIM for a 12% share as was the case for the consumer services sector. Industrials accounted for 9% of AIM IPOs. Basic materials (i.e. mining and chemicals) accounted for 7% with all three businesses being from outside the UK. Finally, oil and gas and utilities each accounted for 5% of AIM IPOs during 2016.

The second pie chart two pages back shows the main country of operation for the companies that completed IPOs on AIM during 2016. Unsurprisingly, the UK is the main place of operation for more AIM-listed companies than any other country. Approximately 65% of the 1,000 companies currently 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%, 63% and 76% of AIM IPOs from 2013 - 2016.

Of the 42 companies that completed AIM IPOs during 2016, 28 (67%) generated significant revenues (i.e. > £2 million or \$3 million) during their most recent financial year with the range being £3 million - £314 million (\$4 million - \$393 million). The average trailing pre-money revenue multiple was 3.31 and the median was 2.43. Of the 28 companies that generated significant revenues, 14 (50%) earned significant profits (i.e. > £1 million or \$1 million), with the range being £1 million - £27 million (\$1 million - \$34 million). The average trailing pre-money P/E ratio and EBITDA multiple for the 14 companies that earned significant profits was 24.56 and 10.36, respectively, and the medians were 16.80 and 9.48.

Of the 32 UK companies that completed AIM IPOs during 2016, 21 (66%) generated significant revenues during their most recent financial year. Of these 21 companies, 12 (57%) earned significant profits. The comparative metrics for 2015 were 63% and 33%, respectively, indicating that investors during 2016 wanted to see a little more commercial traction and a majority of those companies earning significant profits.

Of the 10 companies from outside the UK that completed AIM IPOs during 2016, seven (70%) generated significant revenues. Of these seven companies, two (29%) earned significant profits. The comparative metrics for 2015 were 50% and 71%, respectively, indicating that investors wanted to see more commercial traction but are apparently willing to wait longer for significant profits, although, there aren't enough data points to draw firm conclusions.

The historically significant number of companies that completed their AIM IPOs during 2015 via the 'fast track route to AIM' (5 of 38), wherein their securities were traded on an AIM Designated Market (ADM) for at least the previous 18 months, did not continue during 2016 as only one company utilized the fast track route via 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 the UKLA Official List (i.e. the London Stock Exchange's Main Market).

No company that completed its IPO on AIM during 2016 migrated to AIM from the UK's ICAP Securities & Derivatives Exchange (ISDX). From 2011 - 2015, 22 of the 272 companies that completed IPOs on AIM were previously listed on the ISDX.

A couple of final points to note during 2016 are that one company simultaneously completed its IPO on AIM and the Enterprise Securities Market of the Irish Stock Exchange (ESM) and two companies dual listed on AIM from the TSX Venture Exchange (Toronto).

<p>Technology (8)</p>	<p>One is a London-headquartered provider of carrier-grade, enterprise billing and CRM software, supporting fixed wire, mobile, broadband and TV communications service providers with customers in Europe (22), the Americas (35), Asia Pacific (12) and the Middle East and Africa (6) with half of its staff based in India, one is a UK supplier of enterprise-grade robotic process automation software via a virtual workforce powered by software robots that are trained to automate routine, back-office, clerical tasks (i.e. manual, rules-based, administrative processes), creating a more agile, cost effective and accurate back-office, one is a UK cybersecurity software provider that protects critical IT assets, infrastructures and devices by preventing targeted cyberattacks from directly accessing privileged accounts, removing unnecessary access and powers of privileged account users, deterring legitimate privileged account users from abusing their roles and containing the effects of a breach if one does happen, one is a UK firm that has developed software to track and assess physical literacy in schools and performance in sports for both participants and organizations where their growing data repository regarding age, socioeconomic status, disability, ethnicity, post codes, personal activity and progression could be of interest to a variety of government departments, including the National Health Service, education bodies, insurance companies and commercial sports organizations, one is a U.S./UK software-as-a-service (SaaS) provider of remote meetings to over 2,000 enterprise customers, including Alcatel-Lucent, Cable &amp; Wireless, Travelex, National Geographic, Planet Hollywood, Subaru, LateRooms.com and Kleinwort Benson, one is an Edinburgh-based SaaS provider of accounting software solutions and mobile applications designed specifically for UK micro-businesses (defined as sole traders and companies with fewer than 10 employees) and their accountants, one provides consultancy-led cyber security services and one enables consumers to upload unstructured video content to its proprietary, cloud-based analytics platform which is then used by consumer brands and market research agencies for consumer intelligence, training and service improvement, conferences and education and archiving and evidence</p>
<p>Financials (7)</p>	<p>One is a UK property investment, development and management company, one is a UK financial planning and discretionary wealth management group, one is an Investing Company that intends to invest in UK-based industrial and logistics properties, one is a UK, non-standard, consumer finance company that provides secured and unsecured loans delivered directly to customers' homes with repayments collected in person during weekly follow-up visits, one is an Investing Company initiated by a venture capital firm's existing portfolio of consumer and enterprise technology, hardware and healthcare investments across the UK, Ireland and Europe which it intends to expand, one in an Investing Company that intends to acquire controlling stakes in one or more quoted or unquoted businesses in the consumer and leisure sectors and subsequently develop them and one is a UK retail asset management group across a range of investment strategies, which include multi-asset, equity and absolute return funds</p>



<p>Healthcare (6)</p>	<p>One is a UK specialty pharmaceutical company with an approved treatment for iron deficiency anemia in patients with inflammatory bowel disease and a late-stage treatment for iron deficiency anemia and systemic phosphate accumulation (hyperphosphatemia) related to chronic kidney disease, one is a U.S.-based developer and supplier of cell engineering technology to biotechnology and pharmaceutical firms engaged in cell therapy, drug discovery and development, biomanufacturing, gene editing and immuno-oncology that has developed a proprietary, high performance, flow electroporation platform which enables rapid, consistent, large scale, commercial and clinical grade cell engineering via an established regulatory path, one is a UK-based early cancer detection company, with significant operations in the U.S., that has pioneered the development of autoantibody (an antibody raised in response to an abnormal host molecule) tests that have the potential to detect cancer up to four years earlier than other methods and can be applied to a very wide range of solid tumor types (lung, liver and ovarian in particular), one is a UK specialty biopharmaceutical company focused on rare and specialty diseases that selectively acquires clinical-stage product candidates with demonstrated clinically meaningful data from large pharmaceutical companies and jointly develops these product candidates to subsequent key value inflection points or to commercialization, one is a biotech focused on the discovery and development of novel biomarkers for use within the biotechnology and pharmaceutical industries across a number of therapeutic areas and indications, including oncology, autoimmune disease, immunotherapy and metabolic and neurodegenerative conditions where their proprietary technology can increase the success rate of drug trials and reduce the overall cost of drug development and one is a medical device company focused on the emerging field of surgical endoscopy with an electrosurgical platform that combines bipolar radiofrequency for precise localized cutting and microwave for controlled coagulation through a single accessory port, making it possible to conduct endoscopic surgery by enabling miniature endoscopic devices to cut, coagulate and ablate with precision</p>
<p>Consumer Goods (5)</p>	<p>One is a UK developer and constructor of multi-occupancy properties focused on student housing with plans to expand into privately rented housing, one is a UK manufacturer of premium chocolate and cocoa-related products that also owns a cocoa plantation in Saint Lucia that is the source of rare cocoa used in the company's super premium range with all products sold directly to consumers online and through a network of 84 stores in the UK and overseas, one is a UK manufacturer of company branded and private label toilet rolls, kitchen rolls, facial tissues and other tissue products, one is a UK designer, manufacturer and supplier of acoustic and thermal insulation solutions, primarily to the automotive sector, producing and supplying over two million parts per month and one is a UK-based specialist supplier of close-out and own brand color cosmetics sold to high street retailers and independent beauty shops across the UK, Europe, Australia and the U.S.</p>

<p>Consumer Services (5)</p>	<p>One designs and sells company branded lifestyle clothing, accessories and homewares from 94 stores across the UK and Ireland, sells wholesale to major UK retailers and has a growing international presence in North America and Germany through wholesaling, with an ecommerce platform that is tailored for the domestic and each international market, one is a London-headquartered (327 employees; 186 in the UK, 101 in the U.S., 21 in Portugal and 19 in France) multiplatform media and ecommerce business with a global content distribution network comprising magazines, online, mobile apps, mobile web and a physical presence via live events, all which seek to inspire and enable people to experience the best of a city, serving as a guide for food, drink, music, theatre, art, style, travel and entertainment with operations in 65 cities across 14 countries and a presence in a further 42 cities across 25 countries and territories through international licensing arrangements, one owns and operates 15 Lebanese and Eastern Mediterranean restaurants in the Greater London area and Manchester, one is the largest independent advocacy, public relations and integrated communications agency in Italy with operations across Western Europe and plans to continue expanding via acquisition in the UK, France and Poland and then on to Latin America, the U.S. and Asia and one is an international multi-brand franchisor with a combined network of over 350 franchisees in 12 countries, but predominantly in the UK, with plans to increase its portfolio of franchise brands through acquisitions</p>
<p>Industrials (4)</p>	<p>One is an Italian company that designs, builds, transforms, owns and/or operates high efficiency Combined Heating Plants with annexed District Heating distribution networks, providing heat to communities of up to 50,000 people and producing electricity that is sold to wholesalers and fed into the national power grid, one is a specialist audiovisual and document solutions distributor with operations in the UK, Ireland, France, Germany and Australasia that sells large format displays, projectors, digital signage and printers to audiovisual integrators and IT resellers serving the corporate, education, retail, residential and hospitality sectors, one is the UK's largest geotechnical contractor offering a wide range of ground engineering techniques and services such as site investigation, driven, bored, drilled and augered piling and ground stabilization services and the development, manufacturing and installation of precast concrete products for use in specialist foundation applications to customers in a variety of UK construction end markets and one is a U.S./UK franchise network that provides micro-filtration of cooking oil and the vacuum-based cleaning of deep fryers to over 5,000 national and independent commercial kitchen operators and owners</p>
<p>Basic Materials (3)</p>	<p>One is an Italian producer and supplier of graphene-based products that has created a range of graphene products, in powder, paste and liquid form that are used by its customers in a wide range of applications including bicycle tires and wheels, mobile decontamination units for tackling environmental emergencies and sportswear; ski jackets, ski suits, technical underwear and a polo shirt, one holds two rare earth deposit prospecting licenses in the</p>

	southern part of Malawi and plans to secure additional rare earth element and other mineral opportunities in Malawi and elsewhere in Africa and one is a uranium development company that also has gold, soda ash and lithium exploration projects in Mauritania and Sweden
Oil & Gas (2)	One is an exploration and production company with production in Egypt and development assets in the Gulf of Suez, the Nile Delta and Cameroon and the other operates a UK-based onshore oil and gas business with majority interests in two production oil fields in southern England with development and exploration upside
Utilities (2)	One supplies gas and electricity to SMEs in the UK and the other is a Malaysian company that generates power from biogas captured through the treatment of Palm Oil Mill Effluent which is positioning itself, through its subsidiaries and associated companies, to be an independent power producer via the construction, operation and ownership of biogas power plants that will provide electricity to the Malaysian National Grid and also provides its expertise as an engineering, procurement, construction and commissioning contractor to palm oil mill owners in the construction and management of biogas power plants at the mill owners' sites