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The London Stock Exchange's growth market AIM is celebrating 30 years as the UK's pre-eminent platform to fuel the growth ambitions of entrepreneurs from around the world. Criticaleye's **Jacob Ambrose Willson** reflects on its achievements and what CEOs and investors need to ensure the future success of AIM



When AIM first opened its doors on 19th June 1995, ten companies took the leap—collectively raising £82.2 million. Fast forward 30 years and AIM has evolved into Europe’s largest and most active market for growth-stage businesses, channelling investment into the innovative ventures and enterprises that drive the UK economy forward.

Approximately 4,000 firms have traded on AIM during the three decades of its existence, and while the current issuer base has receded from its pre-global financial crisis high of around 1,700, AIM companies still contributed £35.7 billion to the UK’s GDP in 2023, directly supported over 410,000 jobs and generated £5.4 billion in tax revenues for the UK government, according to a [Grant Thornton report](#) commissioned by the London Stock Exchange.

“When it was set up, the intention was always to create a bespoke and

tailored market framework for smaller, growing businesses at an earlier stage of their growth cycle than typical for the Main Market,” explains **Marcus Stuttard**, Head of AIM and UK Primary Markets at the London Stock Exchange.

Now, as AIM celebrates its 30th anniversary against a backdrop of a stubbornly challenging macroeconomic picture and a shrinking funding landscape across the UK’s capital markets, there is renewed emphasis on ensuring that AIM can continue to fulfil its role in helping to progress businesses with the potential for fast growth.

A Tailored Market

Not all global exchanges have an independent small-cap market, but London’s AIM offers many advantages, not least allowing for different – and less onerous – rules for junior companies, but also through the development

of an entire ecosystem of nominated advisors [Nomads], brokers, analysts and law and accountancy firms dedicated to supporting younger companies. Then there’s the investor pool.

“With the investor base, we’ve got everything from domestic UK retail investors through to some of the world’s largest global investors, which typically don’t invest in growth markets,” says **Marcus**. “We also have smaller micro-cap investors as well as tax incentivised investors, such as VCTs [Venture Capital Trusts]. There’s a really good mix of both companies and investors, which has given AIM that very broad base that I think is unparalleled for growth markets globally.”

This is a point that resonates with **Andrew Belshaw**, CEO of Gamma Communications, which recently graduated on to the Main Market having been listed on AIM since 2014. The company focuses on >





providing B2Bcommunications services and enjoyed fantastic organic and acquisition-fuelled growth during its 11-year stint on AIM, seeing annual revenue jump from £173 million in 2014 to £580 million in 2024. In similar vein, its employee base grew from 500 to 2,200 in the same time period.

Following its IPO, Gamma was able to attract a strong group of shareholders and funds which retain their holding in the business to this day. “It’s that stability of ownership and that level of support from your holders that means you can go out and execute your strategy over a very long time horizon,” says **Andrew**.

Gamma also developed into a stock market darling during its time on AIM, helped by a significant spike in its share price during the Covid-19 period. Despite receding in 2022, the firm’s current market cap sits at over £1 billion – which means that following its move on to the Main Market, Gamma has officially joined the FTSE 250 index.

In many ways, Gamma’s growth journey exemplifies why AIM was created. “On AIM, you’ve got a Nomad looking after you,” **Andrew** says. “You’ve got a Board of experienced public company veterans who can help you with the governance. So, it means you can focus on actually running the business.

“If you’re privately held, and you think ‘ultimately, I want to be Main Market’, it’s a good middle ground to getting used to being in the public domain. AIM gives you time to get your governance where it needs to be for a Main Market company, and then you can move up seamlessly. AIM’s been a great home and we’re not finished growing yet,” he adds.

AIM FACTS AND FIGURES:

AIM companies in 2023:

- Contributed £35.7 billion to UK GDP
- Supported over 410,000 jobs
- Contributed £5.4 billion in corporation tax to the Exchequer

AIM companies since inception have:

- Raised £49 billion at admission
- Raised a further £88 billion in follow-on raises

Source: [Grant Thornton Economic Impact of AIM report](#)

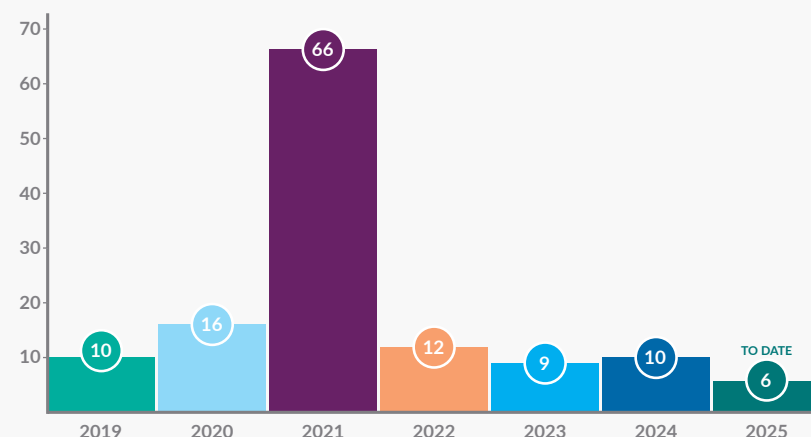
Marnie has plenty of experience of the junior market. Along with her Chair role, she is a NED of Finsbury Food Group, which delisted from AIM at the end of 2023, and she spent seven years as CEO of the AIM stalwart Nichols. For all of the positives, she notes that the governance requirements for Boards, specifically around audit, risk and remuneration, have ramped up, stating that she doesn’t see too much of a difference between the requirements at Marks Electrical and her role at the Main Market company Applied Nutrition, where she is Chair of the Remuneration Committee. “Ultimately, the rigour that the shareholders are expecting are equal,” she comments.

A Changing Investor Landscape

A fundamental reason for AIM’s success over the years has been its multilayered mix of institutional and retail investors. **Neil Austin**, CEO of Xeros, which listed on AIM 11 years ago, acknowledges how the investor base supported the business since it raised £27 million on IPO, an impressive amount given the business was a research and development play born at Leeds University. >

A similar point is made by **Marnie Millard**, who is currently Chair of Marks Electrical, which listed on AIM in 2021. “It’s much better, from a Board and a non-exec perspective, to be part of an AIM-listed business, because whilst you have the governance, it is lighter touch compared to Main Market. Therefore, you concentrate more on the business itself, the strategy and the growth.”

New Issues on AIM: 2019 to 2025



Source: [London Stock Exchange](#)



Neil says: “AIM was fabulous for Xeros at that point, in terms of helping it to get going. I’m speaking second hand here [Neil joined as CEO in August 2022] but through that journey of the next five or six years, Xeros was able to continuously look to the capital markets and the AIM investor community to be able to continue to support the business.”

However, **Neil** testifies that during his own tenure as CEO, conversations with investors have become more challenging. The business, which remains pre-revenue, did manage to complete a £5.5 million fundraise in 2024, but the environment had changed and there was less interest than expected.

“We got what we needed in the fundraise, but it felt very different,” he says. “Institutions just didn’t have the funds anymore - many were suffering

from quite significant outflows. When that happens, the majority of people will inevitably pull back on the higher risk investments. And by its very nature, a pre-revenue business is always going to be higher risk, but it’s a real issue for businesses like ours.”

Weakening investor risk appetite and steady outflows, plus weak IPO volumes in recent years, have put pressure on company share prices across the market and, more broadly, reduced the size of the ecosystem on London’s junior exchange. Reflecting on Finsbury Food’s delisting from AIM, **Marnie** says: “The team continued to drive value for the shareholders with its performance, [but] the reason it ended up coming off the market was that sentiment was really negative for the sector, not necessarily for the company. And then you get into a

situation where you just can’t activate, in our case, the M&A activity to take the business forward, and you get stuck.”

Much of this shareholder reticence can be attributed to higher inflation and interest rates, combined with geopolitical uncertainty. **Marcus** comments: “Some of those headwinds and the outflows do tend to have a disproportionate impact on smaller companies compared to larger companies. We also know some of those factors have been particularly felt in the UK.

“One of the reasons for that is we’ve seen two decades of the de-equitisation of UK pension funds, so the overall investment into UK equities by our domestic investors has fallen over the years. This is being addressed and tackled as part of the broader UK reform package.” >



The capital markets reform agenda mentioned here has so far focused on a broad range of issues – not just pensions capital – that impact all quoted businesses, from regulatory changes (listing rules for the Main Market were rewritten last year) to reviews of corporate governance and equity research. But, perhaps most impactful is the reallocation of pensions capital towards UK equities, crystallised

in the 2023 signing of the Mansion House Compact—an agreement by 11 large pension providers to invest five percent of their fund assets into unlisted equities by 2030.

While these changes to pensions capital intend to reverse the flow of capital away from AIM, the reform agenda continues to gather pace with a broad cross-section of stakeholders involved in other exciting developments, including the creation of PISCES, an entirely new secondary market framework designed to facilitate the intermittent trading of shares in private companies.

PISCES EXPLAINED

Named PISCES (Private Intermittent Securities and Capital Exchange System), this innovative framework will enable private companies to intermittently trade their shares using public market infrastructure. One of the common issues it aims to tackle is prime public market candidates being acquired before the business becomes IPO-ready, as founders and early-stage investors typically seek quick liquidity. This is one of the big frustrations for the exchange, according to **Marcus**.

“What PISCES does is it opens a new liquidity option,” he says. “This will enable companies to continue to grow and scale for longer, and some of those will then go on to join AIM and the Main Market. It’s all about making that whole funding and liquidity continuum in the UK as seamless as possible. We’re not short of scaling innovative businesses, we just need to make sure that they have access to capital right the way through their growth journey.”

Looking Forward

As AIM marks its 30th anniversary, it remains an indispensable pillar within the UK’s funding ecosystem, helping to progress the most ambitious and innovative businesses on a national and international scale. However, there is a clear need to address the challenges facing the market – from general illiquidity to regulatory burden and prohibitive administrative costs. The London Stock Exchange is facing these head-on, as evidenced by its call to stakeholder action in the shape of a discussion paper published in April, titled *Shaping the Future of AIM*.

“I think we’ve got really strong foundations,” **Marcus** reaffirms. “We’ve got a market that’s been through a number of business cycles [and remains] one of the most mature and deep growth markets, certainly in Europe, if not the world. I think we’ve got an incredible community of companies, investors and intermediaries, all backing the market. And with the reform agenda, we know

what some of the headwinds are [and] we are working on the solutions.”

It will take time for the various elements of the reform agenda to feed through to the market, but if they can collectively have the desired effect, AIM will continue to play a central role in developing the brightest and best organisations from ideas into major corporate beasts delivering value to the UK economy and beyond.

And, in the short term, IPO numbers on AIM seem to be recovering in the first half of 2025 despite the market turmoil originating from the US – in an encouraging sign for all stakeholders across the UK capital markets. “This year already, we’ve had six IPOs on AIM, including [accountancy firm] MHA, which raised nearly £100 million, and the recent £1.14 billion capital raise by Rosebank Industries. So, I think there are lots of reasons to be very positive,” **Marcus** concludes. ■

Featuring commentary from:

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