



Growth Barometer

30 years of AIM

August 2025

octopus investments
A brighter way

What is the Growth Barometer?

Introducing the Growth Barometer, our latest report tracking the growth being achieved by companies listed on the Alternative Investment Market (AIM).

As AIM celebrates its 30-year anniversary, it is a perfect moment to recognise this dynamic and evolving market, which has long been a hub for innovative, fast-growing smaller companies. The Growth Barometer, compiled by the Quoted Companies team at Octopus Investments, provides a fresh lens on AIM's growth landscape, highlighting businesses driving the future of UK equity growth beyond the mainstream markets.

Barometer (n.) something that can show how a particular situation is developing, or how people's opinions on a particular matter are changing.

Headlines



The FTSE AIM Index is forecast to deliver stronger earnings per share growth against other major indices, including the Nasdaq Composite Index, over the next two years.



Yet, despite this superior growth outlook, AIM shares are trading at a significant valuation discount, creating what we believe to be a potentially attractive buying opportunity for suitable investors.



AIM-ing for the stars – which companies do we believe are outshining their peers and delivering on growth?

Key investment risks

Both forecasts and past performance are not a reliable indicator of future results.

Investments in listed companies can fall as well as rise. You may not get back the full amount you invest.

The shares of small and mid-cap companies should be considered higher risk than those of larger companies listed on main markets such as the FTSE 100. Their share price

can rise or fall faster than those of companies listed on a main market, and their shares may also be harder to sell.

Business Relief investments are high risk. The value of an investment, and any income from it, can fall as well as rise. You may not get back the full amount you invest.

Tax treatment depends on individual circumstances and tax rules may change in the future.

Glossary of key terms

Business Relief (BR) - Investments that qualify for BR can be passed on with relief from inheritance tax upon the death of the investor, provided the shares have been owned for at least two years at that time.

Compound Annual Growth Rate (CAGR) - A measure of an investment's mean growth rate over time.

Earnings Per Share (EPS) - How much profit a company makes for each share. It's calculated by dividing net profit by the average number of shares in issue and helps compare profitability across companies.

EV/EBITDA - A ratio that compares a company's Enterprise Value (EV) to its Earnings Before Interest, Taxes, Depreciation & Amortisation (EBITDA). It is a popular valuation multiple used to determine the fair market value of a company.

FTSE 100 - An index consisting of the shares of the 100 biggest companies by market capitalisation on the London Stock Exchange (LSE).

FTSE AIM All Share - An index consisting of all companies quoted on AIM and listed by market capitalisation.

FTSE AIM50 index - The index incorporates the largest 50 companies (by capitalisation) on AIM.

Gross Value Add (GVA) - The measure of the value of goods and services produced in an area, industry or sector of an economy.

Growth equities - Stocks of companies anticipated to grow earnings faster than the market average.

Initial Public Offering (IPO) - An IPO is the first time a business raises finance publicly.

M&A - Mergers and Acquisitions.

Nasdaq Composite index - An index that includes almost all stocks listed on the Nasdaq stock exchange.

Price/earnings (P/E) multiple - A key measure of value which compares a company's ability to generate earnings with the price of its shares.

UK blue chip - A UK publicly traded and well-established company with a long-standing reputation for stability, sound financials and proven management.



AIM at 30: The most successful growth market in the world

Launched in 1995, AIM was designed to create a supportive environment for smaller, high-growth companies by offering a market with lower regulatory hurdles compared to the main market on the London Stock Exchange (LSE). Over the past three decades, AIM has raised over £135 billion for more than 4,000 companies¹, many of which have scaled to become well-known household names such as Domino's Pizza, ASOS, Fevertree Drinks, Jet2 and Hotel Chocolat.

A recent report by Grant Thornton has highlighted that in 2023 alone, AIM quoted companies contributed £35.7 billion in GVA to the UK economy and directly supported more than 410,000 jobs, highlighting the market's significant economic impact. In addition, AIM companies have a total overseas turnover of almost £18 billion and have consistently generated four times as much of their revenue from exports as compared to private company counterparts. In 2023, they were also 49% more productive based on the value each employee added to the UK economy².

The focus of this report though is growth. Compared to the FTSE 100, AIM has a greater exposure to higher growth sectors of the UK economy with healthcare and technology companies accounting for over 30% of AIM by value in 2023. At Octopus Investments, we've long championed AIM and UK smaller companies and today are the largest investor in AIM-listed companies in the UK³.



Global sales

Aggregate overseas
turnover for AIM companies

2019 **£12.7bn**

2023 **£17.6bn**

4x

The revenue from exports
as compared to private
company counterparts.

AIM's company productivity in 2023

£87,100

of GVA to UK GDP
per employee

£58,327

National UK
average

The economic impact of AIM companies, Grant Thornton, 2023

¹ Celebrating 30 years of AIM, LSE, 31 December 2024

² The economic impact of AIM companies, Grant Thornton, September 2024

³ Largest investors on AIM, LSEG, January 2025

AIM valuations in context: understanding the bigger picture

In recent years, as financial markets adapted to the higher interest rate environment, global smaller companies have suffered a period of negative capital flows, and as a result, underperformance. This has inevitably impacted AIM. With interest rates expected to continue to be cut globally over the coming periods, we would expect sentiment, and capital flows, to improve for smaller companies, benefitting AIM.

Further to this, AIM has faced several structural issues. This has included the cost creep associated with being a publicly listed company and changes to Business Relief. This is one of the key tax reliefs that had been extended to investors in AIM when the market was launched 30 years ago, which will be halved from April 2026.

With the current low valuation environment, AIM, and wider public equity markets, have seen a significant reduction in new issues and IPOs. Further to this, an increase in recent M&A activity, driven by the valuation disconnect between private and public companies, has seen an increasing number of public companies acquired by trade as well as private equity, both from within the UK and increasingly from overseas. Whilst frustrating from a public market investor perspective, this serves as a reminder of the significant discount currently on offer within UK growth equities.

The Government has recognised some of these challenges and has recently renewed its commitment to supporting this important growth

market. The Mansion House Accord, a new voluntary initiative, was signed in May 2025 by 17 of the UK's largest workplace pension providers. It aims to help plug the growth funding gap and channel more long-term domestic capital into UK high-growth businesses, including those listed on AIM. This should encourage capital flows back to this market, and redress some of the significant valuation disconnect currently on offer.

Arguably, the Chancellor's recent Mansion House speech in July was a missed opportunity to go

further. There is still a need for the Government to make a stronger statement of support for publicly quoted companies, including those listed on AIM, which deliver significant economic benefits and generate more vital tax revenue than many heavily indebted private equity firms.

In this context, and in celebration of its 30th year, it therefore feels like a timely moment to re-assess AIM, exploring key indicators of growth across this market and reflect on some of the attractive dynamics currently in play.



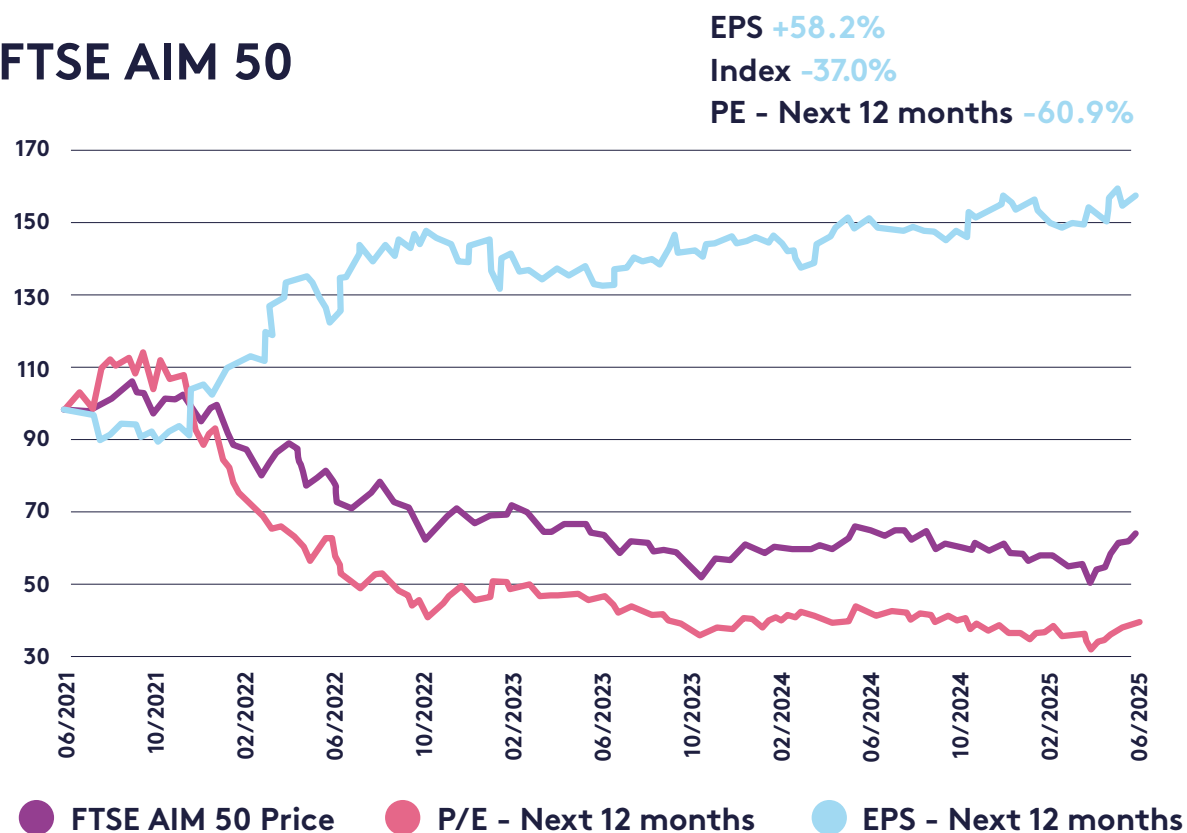
Delivering strong earnings growth

AIM companies continue to deliver exceptional growth, despite recent share price weakness across much of the index.

The chart on the right shows this disconnect clearly, with share prices having decoupled from the strong operational performance and profit growth that has been delivered by many companies over recent years. The blue line in the diagram plots the EPS (earnings per share or profitability) progression of the FTSE AIM50 index, the fifty largest UK companies trading on AIM, since the market peak in late 2021. Over this period, we have seen profits and earnings progress by nearly 60%. Despite this, the FTSE AIM50 index has fallen in value by 37% resulting in a price to earning (P/E) valuation multiple decline of over 60% over the period.

In our view, a significant store of value has therefore emerged during the recent interest rate cycle. This provides investors with what we believe to be the most compelling buying opportunity of AIM listed companies since the Financial Crisis in 2008.

FTSE AIM 50



FactSet Estimates/Octopus Investments, July 2025

Past performance is not a reliable indicator of future results.

The FTSE AIM Index remains a growth-focused market. Current consensus forecasts, as seen on the right, indicate that AIM is expected to deliver stronger EPS growth than the leading global growth index, the Nasdaq Composite Index, and far in excess of UK blue-chips as represented by the FTSE 100.

Despite this superior growth outlook, AIM continues to trade at a significant valuation discount. The prospective P/E multiple for AIM is currently only 12.18x, less than half the multiple currently being attributed to Nasdaq on 26.34x and comparable to the FTSE 100 index on 11.9x.

On an EV/EBITDA basis again AIM stands out as cheap. Nasdaq is trading on 16.5x, the FTSE 100 is on 8x, whilst the FTSE AIM All Share is on only 6.08x.

	2 Yr Earnings Per Share CAGR to 2026	Prospective Price to Earnings Valuation Multiple to 2026e	Prospective EV/EBITDA Valuation Multiple to 2026e
Nasdaq Composite Index	19.45%	26.34x	16.50x
FTSE AIM All Share	21.73%	12.18x	6.08x
FTSE AIM 50	15.43%	10.54x	5.33x
FTSE 100	4.55%	11.9x	8.00x

FactSet Estimates/Octopus Investments, July 2025

Forecast compound performance is not a reliable indicator of future results.

Home to profitable and diverse businesses

AIM is home to a range of highly profitable companies. An analysis of the ten largest AIM-listed companies in 2025 reveals not only strong earnings growth, but also AIM's ability to support companies spanning sectors as diverse as leisure & travel, health technology, mining, and data analytics.

Leading the list by profitability is Jet2 plc, the well-established international airline business with a market capitalisation of almost £4 billion and a forecast profit of £435m.

Whilst some of the other most profitable companies for 2025 are showing faster rates of profit growth, many of these are driven by, at least in part, commodity price strength and are therefore inherently more cyclical in nature.

2025 Top 10 Most Profitable	Market Cap (£m)	Net Profit (£m)	2025 Yield
Jet2 PLC	£3,826.30	435.59	0.98
HUTCHMED (China) Limited	£1,922.68	271.05	-
Burford Capital Limited	£1,875.14	246.79	1.06
Pan African Resources PLC	£903.05	185.98	4.82
Greatland Resources Limited	£2,206.34	146.20	-
Serica Energy PLC	£598.97	102.92	9.47
SigmaRoc Plc	£1,204.04	101.10	-
Thor Explorations Ltd.	£269.52	97.82	9.25
GlobalData Plc	£1,217.87	76.22	1.17
Yellow Cake Plc	£1,164.52	68.68	-

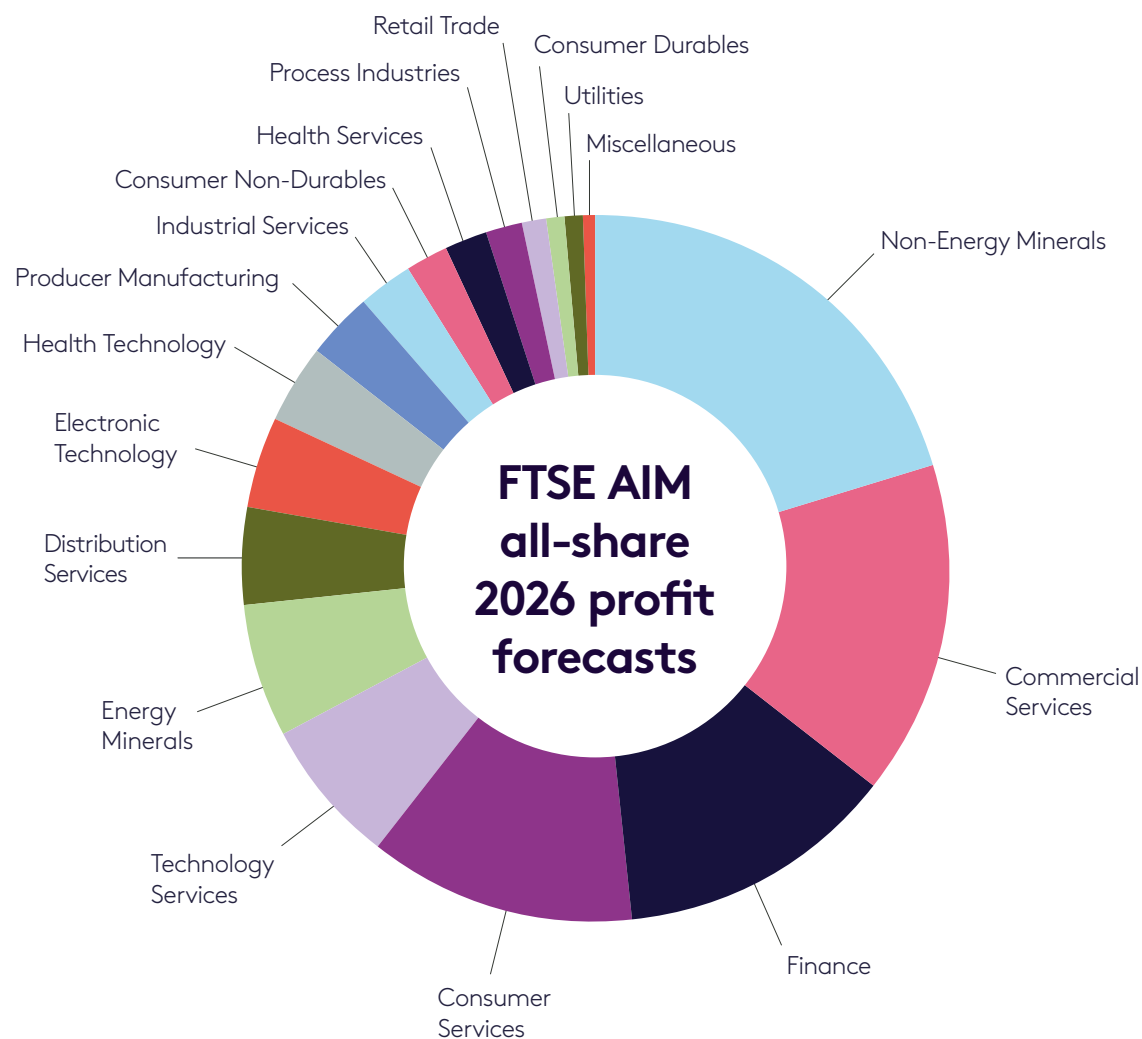
FactSet Estimates/Octopus Investments, July 2025. The historic five-year share price for these companies can be found on page 14.



The highest profit generators powering AIM

Looking more broadly across the index, an analysis of AIM's sector composition shows where profits are forecast to be generated, and as seen in the chart to the right, non-energy minerals is leading the way. This sector, which includes precious metals and construction materials, is expected to generate the largest share of total AIM profits this year at 20.47%.

AIM, however, generates profits from across the UK and global economy. Key profit generating sectors elsewhere in the index include commercial services, finance, consumer services and electronic technology.



FactSet Consolidated Data to 29 June 2025

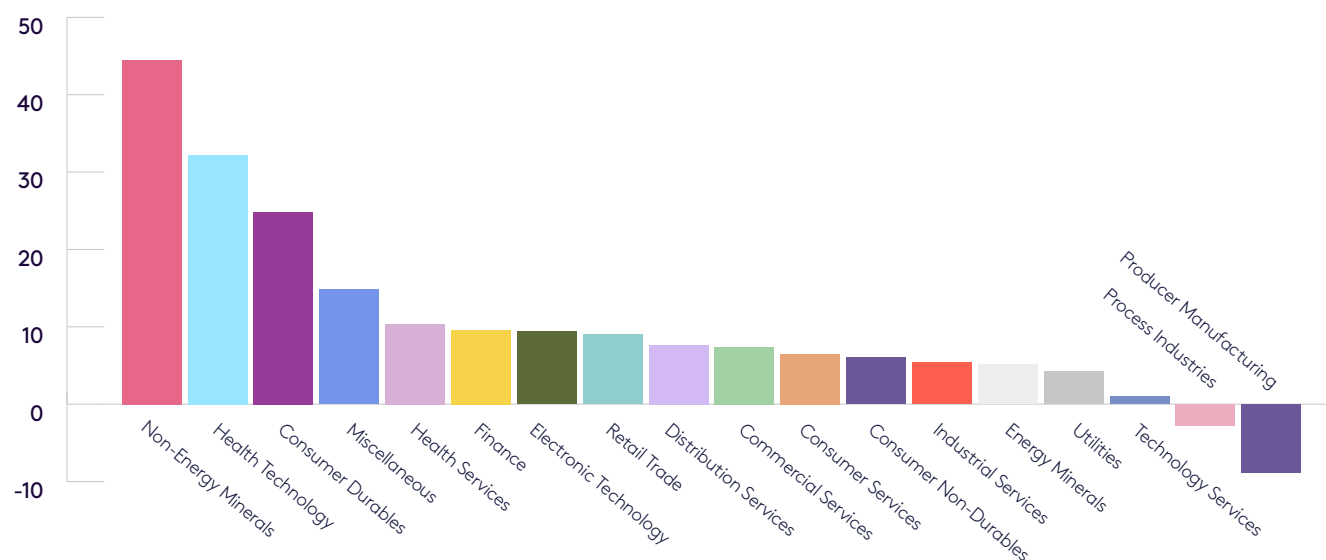
Which sectors are driving profit growth on AIM?

The non-energy minerals sector is also expected to deliver the strongest Compound Annual Growth Rate (CAGR) of all the sectors on AIM, with a two-year CAGR to 2026 of 45%. This earnings growth is underpinned by several of the most profitable companies, as highlighted in the table on page 7.

Elsewhere, the index is expected to generate high levels of growth from several other sectors including health technology, with an expected CAGR of 32%, and consumer durables, with an expected CAGR of c. 25%.

While health technology does not yet appear in the top four sectors by total profit contribution today, it has historically been an important sector for AIM. For example, several global leading medical technology companies have used AIM to scale, including Cambridge-based antibody specialist Abcam plc, which moved on to Nasdaq in late 2022. The same is true for Guildford-headquartered contract research organisation Ergomed plc, which left AIM following a private equity bid in late 2023.

2024-2026 CAGR



FactSet Consolidated Data to 29 June 2025

Forecast compound performance is not a reliable indicator of future results.



AIM-ing for the stars

We believe the two AIM listed health tech companies detailed below, and currently held within our portfolios, are examples of possible 'shining stars' - delivering solid historic growth and having exciting potential.

Investors should remember that investing in smaller companies is higher risk, and their share price can rise and fall more quickly than larger enterprises. Investing in these companies will not be suitable for everyone, so we always recommend seeking professional financial advice.





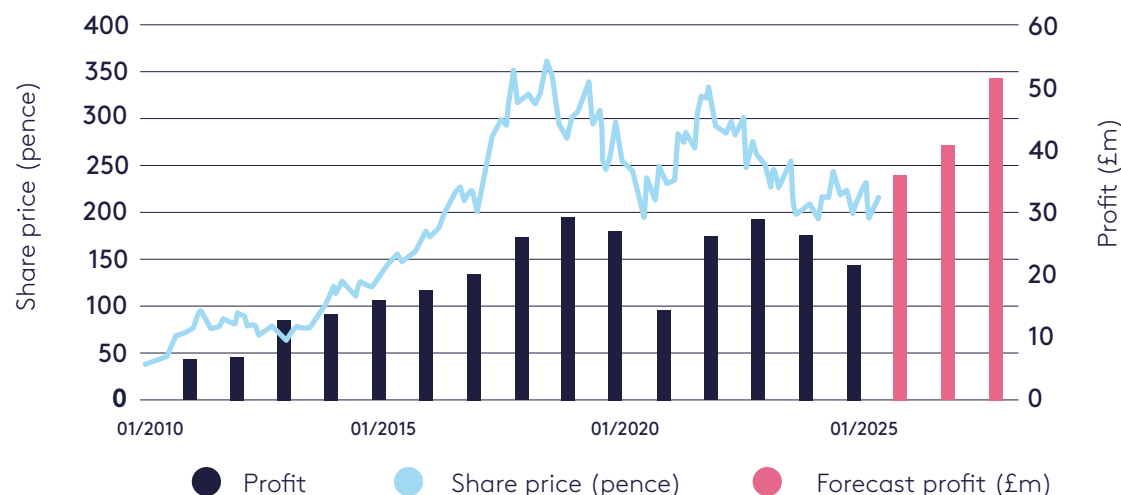
Advanced Medical Solutions

Advanced Medical Solutions

Sector – Healthcare Equipment

Market Cap - £535 million

A world leader in innovative tissue-healing technologies, producing a wide range of surgical products including tissue adhesives, sutures and internal sealants. Founded in 1991, the group is headquartered in Cheshire, UK, employing over 1,600 people in 24 locations globally. The recent acquisition of Peters Surgical in March 2024 has delivered a step change in the scale of the group, with profitability expected to surpass £50m by end of financial year December 2027.



FactSet Estimates, Octopus Investments, 15 July 2025

Discrete 1-year performance % return to 31 July 2025

	2025	2024	2023	2022	2021
Advanced Medical Solutions	-17.89	-1.20	-11.07	-0.36	46.35

FactSet, 31 July 2025

These companies are for illustrative purposes only and are not an investment recommendation. Past performance is not a reliable indicator of future results.



Animalcare

Sector – Healthcare Services

Market Cap - £200 million

Founded in 1972, Animalcare is headquartered in York, UK. The group operates across more than 14 countries, providing veterinary pharmaceuticals and services focused on improving animal health and well-being across the companion animal, production animal and equine markets. Over recent periods, the business has been re-focusing the portfolio through select acquisitions and non-core disposals and is expected to double profits in the three years to December 2027 as the group continues to scale.



FactSet Estimates, Octopus Investments. 15 July 2025

Discrete 1-year performance % return to 31 July 2025

	2025	2024	2023	2022	2021
Animalcare	-3.89	65.50	-38.93	-11.95	92.73

FactSet, 31 July 2025

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Final word

"The share prices of companies listed on AIM have suffered a difficult few years driven by negative fund flows. What this has masked is the exceptional earnings growth that AIM companies have continued to deliver, which this Barometer has demonstrated.

"Once sentiment towards the UK improves, we believe this progress will be reflected in share prices offering investors the potential for significant upside from today's depressed market levels."

Richard Power

Head of Octopus Quoted Companies Team
Octopus Investments



Discrete 1-year performance return to 31 July 2025

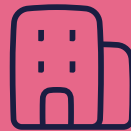
	2025	2024	2023	2022	2021
Jet2	14.58	26.33	22.57	-26.17	91.96
Hutchmed	-8.83	34.38	6.95	-64.92	48.75
Burford Cap	-12.31	3.78	19.98	11.94	46.55
Pan African Resources	76.67	114.29	-30.00	17.65	-32.00
Greatland Resources	70.42	1.43	-44.88	-29.44	33.33
Serica	27.27	-44.77	-36.94	142.95	33.33
Sigmaroc	57.53	21.67	-3.23	-36.08	136.59
Thor Explorations	180.77	-31.58	52.00	-24.24	17.86
GlobalData	-33.95	31.90	22.56	-42.67	8.41
Yellow Cake	-12.03	28.94	15.51	33.10	28.31
NASDAQ Composite TR	17.30%	23.84%	10.48%	-2.83%	29.83%
FTSE AIM TR	-1.30%	4.90%	-15.56%	-25.47%	42.60%
FTSE AIM 50	-2.45%	8.28%	-17.46%	-22.60%	37.72%
FTSE 100 TR	13.24%	12.99%	7.76%	9.56%	23.26%

Past performance is not a reliable indicator of future results.

Lipper, 31 July 2025. Returns are based on published dealing prices, single price mid to mid with net income reinvested, net of fees, in sterling.



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