

**BLACKFINCH ADAPT AIM GROWTH PORTFOLIO**

# Investee Company Recommended Takeover



**The UK market continues to provide opportunities for value creation, fuelled by compelling valuations and an attractive merger and acquisitions (M&A) environment. The London Stock Exchange saw a barrage of takeover bids in 2024, in which the total value of activity has climbed to over £52bn.<sup>1</sup> According to leading investment bank, Peel Hunt, takeovers of London Stock Exchange-listed companies have seen an initial average premium of 40% to their last share price before the offer period, with the number at 45% when counting offers that were later updated. The story is similar for AIM, with M&A activity in AIM-listed companies having surged 30% year-on-year to the end of November 2024.<sup>2</sup>**

In August, Eckoh Group, a global provider of customer engagement data security solutions, announced that after a period of discussions, it had received a non-binding indicative offer for the company. This was subsequently confirmed in October, with Eckoh's board agreeing to a 54p cash offer from private equity firm Bridgepoint. Eckoh's share price jumped 25% on the day of the agreement.

Eckoh has consistently demonstrated strong fundamentals, with a robust market position in secure payment and authentication services. The company has a growing client base, well diversified by geography and industry vertical, earned through continued development of its award-winning patented technology. The sector is also benefitting from

regulatory tailwinds, such as developments of the Payment Card Industry Data Security Standards (PCI DSS). Its latest financial results showed a record level of contracted business at £52.6m, up 52% against the previous period, a strong recurring revenue model of 84%, and a balance sheet in a net cash position (as it has been for several years).

While the Blackfinch AIM Investment Team viewed the offer from Bridgepoint as falling below the intrinsic value of the company, it decided to sell out of the holding and use the funds to buy into two new investee companies which offered a higher return potential.

The proposed takeover of Eckoh is one of many recent transactions that highlights the ongoing opportunities in the UK market, particularly on AIM. As we look ahead to 2025, the investment case for AIM-listed companies appears increasingly favourable. With interest rates expected to continue falling, the cost of capital could ease, creating a more supportive environment for growth-focused businesses. These lower borrowing costs may encourage further M&A activity as companies continue to capitalise on attractive valuations and consolidate market positions. We look forward to seeing how AIM adapts and thrives in the new year.

<sup>1</sup>Source: London Stock Exchange. Data as of 30 November 2024.

<sup>2</sup>Source: London Stock Exchange. Data as of 30 November 2024.



Learn more about the Blackfinch Adapt AIM Portfolios  
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