



A&M INSIGHTS

Executive Share Incentives on AIM IPO's

Analysis and Trends from 2017

In 2017, 33 U.K. based companies listing on AIM had disclosed details on their share incentive plans for management and employees.

A&M Taxand has carried out an analysis of these share incentive arrangements at both the executive level and across all employees. We have produced a comprehensive report showing the key trends and variables of share incentive plans.

In addition to the full report, a high-level summary of these findings is presented in this document.

Selection of key findings

The report focuses on the share incentive plan trends of U.K. companies listing on AIM for the first time. We found that:

- 52% of executive share incentive awards on IPO were unapproved options
- Approximately half of the unapproved options were 'market value' options and half, 'nil cost' options (Performance Share Plan)
- Where disclosed, the median market value (based on the listing price) of shares award to CEO's was £571,764
- 10% of ordinary share capital was the maximum allocated to potential share schemes for 75% of companies
- Approximately 27% of companies implemented an all employee scheme (SAYE or SIP) in addition to an executive incentive plan
- 15% of companies made no share incentive awards on IPO

Overview

Most companies listing on AIM are continuing to offer share-based remuneration due to the clear benefits of the goal alignment that share incentive plans bring between employees, the Board and Shareholders.

Share incentives on IPO made to the CEO

Newly listed AIM companies heavily incentivised management on admission. For example, the median value of award was £571,764 for the CEO on admission and £322,200 for the CFO respectively.

£571,764

Median value of award made to CEO on admission (total MV)

Type of Executive Scheme

The results show significant diversity in plan selection for companies. Share options are by far the most popular choice and included schemes such as PSPs, CSOPs, EMIs and unapproved options.



Full report, which is available upon request, includes:

- Performance conditions attaching to the share incentive plans of AIM-listed companies
- The maximum value of share incentives that can be granted in any given period to an employee for AIM-listed companies
- The range of vesting periods of the share incentive plans of AIM-listed companies
- The percentage range of share capital set aside for share-based incentives

Reward and Employment Tax Solutions Team – How can we help?

Our team has significant experience in working with AIM companies and private companies looking to list on AIM. This includes:

- Advising AIM-listed companies before and after their IPO on their share incentive arrangements
- Providing independent advice (free from audit conflict) on tax, legal and regulatory issues surrounding share incentives in relation to an IPO
- Designing and implementing executive remuneration packages and all employee share plans

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