



For release

11 September 2024

Dunedin Enterprise Investment Trust PLC

Half year ended 30 June 2024

Dunedin Enterprise Investment Trust PLC, the private equity investment trust which specialises in investing in UK mid-market buyouts, announces its results for the half year ended 30 June 2024.

Financial Highlights:

- Net asset value total return: 2.1%
- Net asset value per share at 30 June 2024: 627.6p, after 10p dividend (624.8p at 31/12/23)
- Share price total return: 1.8%
- Share price at 30 June 2024: 502.5p (510.5p at 31/12/23)
- Total net assets: £34.5m (of which 74% cash)
- Interim dividend 23p per share payable 4 October 2024
- £204m returned to shareholders since 2012

Comparative Total Return Performance (%)

Periods to 30 June 2024	Net asset value (per share)	Share price	FTSE Small Cap (ex Inv Cos) Index
Six months	2.1	1.8	8.9
One year	4.7	-8.5	18.4
Three years	49.1	77.0	0.8
Five years	87.9	66.0	45.6
Ten years	165.5	194.1	90.3

For further information please contact:

Graeme Murray
Dunedin LLP
07813 138367

Chairman's Statement

The total return in the half year to 30 June 2024 was 2.1% in terms of net asset value per share which increased from 624.8p to 627.6p in the half year. This is stated after allowing for a final dividend of 10.0p (paid in January 2024), relating to the year ended 31 December 2023.

The share price total return was 1.8% during the period under review. The price of 502.5p at 30 June 2024 represented a discount of 19.9% to the net asset value of 627.6p per share.

Since a managed wind-down was approved by shareholders in 2016 we have distributed £147m to shareholders and delivered a

NAV total return per share of 166.2% and, in terms of share price, 288.5%. This compares favourably with returns of 82.1% and 86.1% in the FTSE Small Cap and the FTSE All-Share indices respectively.

Portfolio

Unrealised valuation increases totalling £0.7m were offset by value decreases of £0.3m. The valuation uplift was principally generated from EV (£0.6m). The valuation reduction was at FRA (£0.3m).

Following the half year end Dunedin Buyout Fund III LP entered into a legally binding agreement for the realisation of its investment in EV. Proceeds from the sale will amount to £2.6m and the transaction is expected to complete by the end of 2024.

Further details are provided in the Manager's Review.

Cash, Commitments & Liquidity

At 30 June 2024 the Company held cash and near cash equivalents totalling £25.5m out of total net assets of £34.5m. At that date there were outstanding commitments to limited partnership funds of £6.9m, consisting of £6.2m to Dunedin-managed funds and £0.7m to Realza.

Dividends

A dividend of 10.0p per share relating to the year ended 31 December 2023 was paid to shareholders in January 2024, amounting to £0.6m. An interim dividend of 23.0p per share relating to the year ended 31 December 2024 is to be paid to shareholders on 4 October 2024.

Outlook

In my Chairman's Statement in the Annual Report for the year ended 31 December 2023 I set out the Board's thinking on the optimum way of returning cash to shareholders and mentioned that one of the options open to us was to place the Company into a members' voluntary liquidation. With the sale of EV, which is likely to complete by the end of the year, we will only be left with four underlying investments, none of which is likely to be realised in the immediate future. We have therefore decided, after consulting our advisers, that we should proceed with a members' voluntary liquidation. We intend to send to shareholders proposals for such a liquidation following completion of the EV realisation.

Duncan Budge

11 September 2024

Manager's Review

Results for the six months to 30 June 2024

In the six months to 30 June 2024, the net asset value per share total return was 2.1%, after taking account of dividends paid for 2023 of 10.0p per share (paid in January 2024). This compares with an increase in the FTSE Small Cap Index (ex Inv. Cos) over the same period of 8.9%.

Net asset and cash movements in the half year to 30 June 2024

The movement in net asset value is summarised in the table below: -

	£'m
Net asset value at 31 December 2023	34.4
Unrealised value increases	0.7
Unrealised value decreases	(0.3)
Realised loss over opening valuation	(0.1)
Dividends paid to shareholders	(0.6)
Other movements	0.4
<u>Net asset value at 30 June 2024</u>	<u>34.5</u>

Cash movements in the half year to 30 June 2024 can be summarised as follows: -

	£'m
Cash & near cash balances at	
31 December 2023	26.5
Investments made	(0.7)
Dividends paid to shareholders	(0.6)
Operating activities	0.3
<u>Cash & near cash balances at 30 June 2024</u>	<u>25.5</u>

Portfolio composition and movements

Dunedin Enterprise holds investments in unquoted companies through:-

- Dunedin managed funds, and
- Third party managed funds.

The portfolio movements can be analysed as shown in the table below:-

	Valuation at 31-12- 23	Additions in half year	Disposals in half year	Realised movement	Unrealised movement	Valuation at 30-6-24 1
	£'m	£'m	£'m	£'m	£'m	£'m
Dunedin managed	4.3	0.7	-	(0.1)	0.3	5.2
Third party managed	3.2	-	-	-	0.1	3.3
Investment portfolio	7.5	0.7	-	(0.1)	0.4	8.5
AAA rated money market funds (excluding cash on deposit)	17.2	2.9	-	-	-	20.1
Total	24.7	3.6	-	(0.1)	0.4	28.6

*1 - in addition the Company held net current assets of £5.9m

Realisations

There were no significant realisations in the half year.

Following the half year end on 4 August 2024 Dunedin Buyout Fund III LP entered into a legally binding agreement for the realisation of its investment in EV, a provider of high-performance video cameras and quantitative visual analytics to the global energy industry. Proceeds from the sale, net of carried interest, will amount to £2.6m, consisting entirely of capital. The transaction is subject to regulatory approval and is expected to complete in Q4 2024.

Investment activity

A further £0.2m was drawn down by Dunedin and third-party managed funds to meet management fees and ongoing expenses.

Unrealised movements in valuations

Unrealised valuation increases in the half year amounted to £0.7m. As noted above a legally binding agreement for the sale of EV was entered into in August 2024. EV has been valued at the expected proceeds from the sale contributing £0.6m of the total uplift.

The unrealised valuation decrease at FRA in the half year was £0.3m. Trading at FRA has not progressed as quickly as expected with maintainable EBITDA reducing by 7% in the half year. However, trading and the outlook for the remainder of the year are positive.

The portfolio continues to be valued in accordance with the International Private Equity Venture Capital valuation guidelines (www.privateequityvaluation.com).

Dunedin LLP

11 September 2024

Current Investments

by value at 30 June 2024

Company name	Approx. percentage of equity %	Cost of investment £'000	Directors Valuation *2 £'000	Percentage of net assets %
EV	9.5	8,321	3,254	9.4
Realza	8.9	4,066	3,248	9.4
FRA	5.2	1,997	3,159	9.2
Thredd	1.5	1,994	-	-
		16,378	9,661	28.0

Total return of current investments

at 30 June 2024

Company name	Original cost of investment £'000	Gross realised to date* ¹ £'000	Directors Valuation * ² £'000	Total return £'000
EV	8,321	-	3,254	3,254
Realza	11,545	14,551	3,248	17,799
FRA	6,619	5,505	3,159	8,664
Thredd	8,220	18,203	-	18,203
	34,705	38,259	9,661	47,920

*¹ - dividends and capital

*² - valuations stated before carried interest

Top Investments

EV

EV is a UK headquartered, global market leader in the provision of high performance, harsh environment, video cameras and quantitative visual analytics to the global energy industry.

It offers a highly specialist service, providing skilled engineers to operate its market leading cameras in the most difficult down-hole conditions. The high-resolution video images produced by EVs cameras allow oil and gas well operators to identify, quantify and solve problems rapidly. EV has offices in Dubai, Perth, Kuala Lumpur, Calgary, Aberdeen, Houston and Norwich. It has a further presence in seventeen worldwide locations across Europe, Canada, USA, South America, West Africa, the Middle East, Asia and Australasia. The business employs more than 100 staff.

Percentage of equity held	9.5%
Cost of Investment	£8.3m
Directors' valuation	£3.3m
Percentage of net assets	9.4%

Realza

Realza Capital FCR is a Spanish private equity fund making investments in Spain and Portugal. The fund is limited to investing 15% of commitments in Portugal. Dunedin Enterprise's investment is held via Dunedin Fund of Funds LP.

The fund invests in companies with leading market positions and attractive growth prospects either through organic growth or through merger & acquisition activity. Realza seeks to invest in companies with an enterprise value normally ranging from €20m to €100m. The fund's typical equity investment ranges from €10m to €25m.

Realza has two investments remaining: -

- a producer of premium tomatoes; and
- a producer of cannabis for medicinal and pharmaceutical use.

Percentage of equity held	8.9%
Cost of Investment	£4.1m
Directors' valuation	£3.2m
Percentage of net assets	9.4%

FRA

FRA is an international consultancy that provides forensic accounting, data analytics and e-discovery expertise, helping businesses respond to regulatory investigations in an increasingly regulated global environment.

FRA works on some of the largest and most complex regulatory investigations globally. Its clients are typically blue-chip

It also runs data centres near each office location as well as in Montreal.

Percentage of equity held	5.2%
Cost of Investment	£2.0m
Directors' valuation	£3.2m
Percentage of net assets	9.2%

Thredd

Thredd is a UK headquartered payments processing business providing customers with leading edge payment processing and ancillary services. Customers include new emerging fintech or challenger banks, offering a significantly differentiated proposition for their clients; as well as specialist payment firms serving the travel, insurance and foreign exchange markets. It offers a best in class, scalable payment processing platform with flexibility, innovative features and an accelerated speed to market for new market entrants. It has over 100 clients, including many UK fintech and challenger banks, and is seeing significant growth opportunities from emerging overseas challenger banks as they seek to disrupt their own domestic banking markets.

Percentage of equity held	1.5%
Cost of Investment	£2.0m
Directors' valuation	£-m
Percentage of net assets	-%

Statement of Comprehensive Income for the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 (unaudited)			Six months ended 30 June 2023 (unaudited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	3	628	-	628	171	-	171
Gain on investments	-	287	287	287	-	430	430
Total Income		628	287	915	171	430	601
Expenses							
Investment management fees		(19)	(57)	(76)	(7)	(22)	(29)
Other expenses		(134)	-	(134)	(172)	(11)	(183)
Profit before finance costs and tax		475	230	705	(8)	397	389
Finance costs		-	-	-	-	-	-
Profit before tax		475	230	705	(8)	397	389
Taxation		-	-	-	-	-	-
Profit for the period		475	230	705	(8)	397	389
Earnings per ordinary share (basic & diluted)	6	8.63p	4.18p	12.81p	(0.14)p	7.20p	7.06p
							3.

The Total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All income is attributable to the equity shareholders of Dunedin Enterprise Investment Trust PLC.

Statement of Changes in Equity
for the six months ended 30 June 2024

Six months ended 30 June 2024 (unaudited)

	Share capital £'000	Capital redemption reserve £'000	Capital reserve realised £'000	Capital reserve - unrealised £'000	Special Distributable Reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2023	1,376	3,149	25,522	(8,706)	9,584	3,465	29,865	34,390
Profit/(loss) for the period	-	-	(119)	348	-	475	704	704
Dividends paid	-	-	-	-	-	(550)	(550)	(550)
At 30 June 2024	1,376	3,149	25,403	(8,358)	9,584	3,390	30,019	34,544

Six months ended 30 June 2023 (unaudited)

	Share capital £'000	Capital redemption reserve £'000	Capital reserve realised £'000	Capital reserve - unrealised £'000	Special Distributable Reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2022	1,376	3,149	33,947	(18,220)	9,594	4,672	29,993	34,518
Profit/(loss) for the period	-	-	548	(141)	(11)	(8)	388	388
Dividends paid	-	-	-	-	-	(1,376)	(1,376)	(1,376)
At 30 June 2023	1,376	3,149	34,495	(18,361)	9,583	3,288	29,005	33,530

Year ended 31 December 2023 (audited)

	Share capital £'000	Capital redemption reserve £'000	Capital reserve realised £'000	Capital reserve - unrealised £'000	Special Distributable Reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2022	1,376	3,149	33,947	(18,220)	9,594	4,672	29,993	34,518
Profit/(loss) for the year	-	-	(8,425)	9,514	(10)	169	1,248	1,248
Dividends paid	-	-	-	-	-	(1,376)	(1,376)	(1,376)
At 31 December 2023	1,376	3,149	25,522	(8,706)	9,584	3,465	29,865	34,390

Balance Sheet
As at 30 June 2024

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Non-current assets			
Investments held at fair value	28,586	18,194	24,685

Current assets

£'000 11 11 11

Other receivables	606	5,205	445
Cash and cash equivalents	5,373	10,152	9,331
	5,979	15,357	9,776
Total assets	34,565	33,551	34,461
Current liabilities			
Other liabilities	(21)	(21)	(71)
Net assets	34,544	33,530	34,390
Capital and reserves			
Share capital	1,376	1,376	1,376
Capital redemption reserve	3,149	3,149	3,149
Capital reserve - realised	25,403	34,495	25,522
Capital reserve - unrealised	(8,358)	(18,361)	(8,706)
Special distributable reserve	9,584	9,583	9,584
Revenue reserve	3,390	3,288	3,465
Total equity	34,544	33,530	34,390

Net asset value per ordinary share (basic and diluted) 627.6p 609.2p 624.8p

Cash Flow Statement

for the six months ended 30 June 2024

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Operating activities			
Profit before tax	705	389	1,248
Adjustments for:			
(Gains) on investments	(287)	(430)	(1,052)
(Increase)/decrease in debtors	(162)	804	909
(Decrease)/increase in creditors	(50)	(102)	(50)
Net cash from operating activities	206	661	1,055
Cash flows from investing activities			
Purchase of investments	(686)	(177)	(340)
Drawn from subsidiary	-	(24)	(347)
Purchase of 'AAA' rated money market funds	(2,968)	(123)	(15,848)
Sale of investments	40	113	15,109
Sale of 'AAA' rated money market funds	-	10,300	10,300
Net cash used in investing activities	(3,614)	10,089	8,874
Cash flows from financing activities			
Dividends paid	(550)	(1,376)	(1,376)
Net cash used in financing activities	(550)	(1,376)	(1,376)
Net increase in cash and cash equivalents	(3,958)	9,374	8,553
Cash and cash equivalents at the start of the period	9,331	778	778
Cash and cash equivalents at the end of the period	5,373	10,152	9,331

Statement of Principal Risks and Uncertainties

The Directors have an ongoing process for identifying, evaluating and managing principal risks, emerging risks and uncertainties of the Company. The principal risks faced by the Company related to the Company's investment activities and these are set out below:-

- war in Ukraine
- investment and liquidity risk
- portfolio concentration risk
- financial risk
- economic risk
- credit risk
- currency risk
- internal control risk

Information on each of these risks, and an explanation of how they are managed, is on page 13 of the Company's Annual Report for the year ended 31 December 2023.

The Company's principal risks, emerging risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the remaining six months of the Company's financial year.

On behalf of the Board

Duncan Budge

Chairman

Statement of the Directors' Responsibilities in respect of the half-yearly financial report

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable International Financial Reporting Standards, and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the half-yearly report includes a fair review of the development and performance of the Company and important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown on this page is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

On behalf of the Board

Duncan Budge

Chairman

Notes to the Accounts

1. Unaudited Interim Report

The comparative financial information contained in this report for the year ended 31 December 2023 does not constitute the Company's statutory accounts but is derived from those accounts. Statutory accounts for the year ended 31 December 2023 have been delivered to the Registrar of Companies. The auditor has reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial statements for the six months ended 30 June 2023 and 30 June 2024 have not been audited.

2. Basis of Preparation

These condensed set of financial statements for the six months ended 30 June 2024 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (FCA) and IAS 34 *'Interim Financial Reporting'*. They do not include all the information required by International Financial Reporting Standards (IFRS) in full annual financial statements and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2023.

In May 2016 shareholders approved a change in the investment policy of the Company. The Company's new investment objective is to conduct an orderly realisation of its relatively illiquid assets, to be effected in a manner that seeks to achieve a balance between maximising the value of its assets and progressively returning cash to shareholders. As it is likely this process will ultimately lead to the liquidation of the Company, these financial statements have not been prepared on a going concern basis. No adjustments were necessary to the investment valuations or other assets and liabilities included in the financial statement as a consequence of the change in the basis of preparation.

3. Income

	Six months to 30 June 2024 £'000	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
AAA rated money market funds	493	123	279
Deposit interest	135	48	350
	628	171	629

4. Dividends

	Six months to 30 June 2024 £'000	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
Dividends paid in the period	550	1,376	1,376

5. Investments

All investments are designated fair value through profit or loss at initial recognition, therefore all gains and losses that arise on investments are designated at fair value through profit or loss. Given the nature of the Company's investments the fair value gains recognised in these financial statements are not considered to be readily convertible to cash in full at the balance sheet date and therefore the movement in these fair values are treated as unrealised.

Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	At 30 June 2024 £'000	At 30 June 2023 £'000	At 31 December 2023 £'000
Level 1			
'AAA' rated money market funds OEICs	20,135	1,443	17,167
Level 2	-	-	-
Level 3			
Unlisted investments	8,451	16,752	7,518
	28,586	18,194	24,685

The Company recognises transfers between the levels of the fair value hierarchy as of the end of the reporting period during which the transfer occurred. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the six months ended 30 June 2024.

Level 3 fair values

Details of the determination of Level 3 fair value measurements and the movements in Level 3 fair values during the six months ended 30 June 2024 are set out below:-

	Level 3 £'000
Book cost at 31 December 2023	16,225
Unrealised depreciation	(8,707)
Valuation at 31 December 2023	7,518
Purchases at cost	686
Sales - proceeds	(40)
Sales - realised gain on sales	(61)
Decrease in unrealised appreciation	348
Valuation at 30 June 2024	8,451
Book cost at 30 June 2024	16,809
Closing unrealised appreciation	(8,358)

Details of the determination of Level 3 fair value measurements and the movements in Level 3 fair values during the six months ended 30 June 2023 are set out below:-

	Level 3 £'000
Book cost at 31 December 2022	35,088
Unrealised depreciation	(18,220)
Valuation at 31 December 2022	16,868
Purchases at cost	201
Sales - proceeds	(113)
Sales - realised gain on sales	(63)
Decrease in unrealised appreciation	(141)
Valuation at 30 June 2023	16,752
Book cost at 30 June 2023	35,113
Closing unrealised appreciation	(18,361)

Details of the determination of Level 3 fair value measurements and the movements in Level 3 fair values during the year ended 31 December 2023 are set out below:-

	Level 3 £'000
Book cost at 31 December 2022	35,088
Unrealised depreciation	(18,220)
Valuation at 31 December 2022	16,868
Purchases at cost	687
Sales - proceeds	(10,519)
Sales - realised gain on sales	(9,032)
Decrease in unrealised appreciation	9,514
Valuation at 31 December 2023	7,518
Book cost at 31 December 2023	16,225
Closing unrealised depreciation	(8,707)

Valuation of investments

Unquoted investments are fair valued by the Directors in accordance with the following rules, which are consistent with the International Private Equity and Venture Capital Valuation Guidelines:

- Investments are only valued at cost for a limited period after the date of acquisition, otherwise investments are valued on one of the other basis detailed below. Generally the earnings multiple basis of valuation will be used.
- When valuing on an earnings basis, the maintainable earnings of a company are multiplied by an appropriate multiple.
- When valuing on a revenue basis, the maintainable revenue of a company is multiplied by an appropriate multiple.
- An investment may be valued by reference to the value of its net assets. This is appropriate for businesses whose value derives mainly from the underlying value of its assets rather than its earnings.
- When investments have obtained an exit (either by listing or trade sale) after the valuation date but before finalisation of the relevant accounts (interim or final), the valuation is based on the exit valuation.

- Accrued interest on loans to portfolio companies is included in valuations where there is an expectation that the interest will be received.

IFRS 13 requires disclosure, by class of financial instrument, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. On that basis the Board believe that the impact of changing one or more of the inputs to reasonably possible alternative assumptions would not change the fair value significantly.

The Directors consider the carrying value of financial instruments in the financial statements to represent their fair value.

6. Earnings per share

	Six months to 30 June 2024 £'000	Six months to 30 June 2023 £'000	Year to 31 December 2023 £'000
Revenue return per ordinary share (p)	8.63	(0.14)	3.08
Capital return per ordinary share (p)	4.18	7.20	19.59
Earnings per ordinary share (p)	12.81	7.06	22.67
Weighted average number of shares	5,504,274	5,504,274	5,504,274

The earnings per share figures are based on the weighted average numbers of shares set out above. Earnings per share is based on the revenue profit in the period as shown in the consolidated income statement.

7. Related party transactions

There have been no material changes to the related party transactions described in the last annual report.

ENDS



This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IR FLFFLATIILIS