

For release 22 March 2024

## Dunedin Enterprise Investment Trust PLC (“the Company”)

### Year ended 31 December 2023

Dunedin Enterprise Investment Trust PLC, the private equity investment trust, announces its results for the year ended 31 December 2023.

#### Financial Highlights:

- Share price total return of 6.8% in the year to 31 December 2023
- Net asset value total return of 3.6% in the year to 31 December 2023
- Realisations of £10.5m in the year
- Interim dividend of 10.0p per share paid in January 2024
- Total of £146.5m has been returned to shareholders since the decision to wind-up the Trust in 2016 making a total of £203.5m since 2012

#### Comparative Total Return Performance

Year to 31 December 2023	Net Asset value	Share price	FTSE Small Cap (ex Inv Cos) Index
One year	3.6%	6.8%	10.4%
Three years	76.1%	85.1%	19.8%
Five years	90.1%	108.0%	43.3%
Ten years	155.9%	207.7%	76.6%

#### For further information please contact:

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## **Chairman's Statement**

### **Duncan Budge, Chairman**

The total return in the year to 31 December 2023 was 3.6% and 6.8% in terms of net asset value per share and share price respectively.

Your Company's net asset value per share decreased from 627.1p to 624.8p in the year. This is stated after allowing for dividends per share paid in the year of 25p, totalling £1.4m.

The share price of 510.5p at 31 December 2023 represented a discount of 18.3% to the net asset value of 624.8p per share.

The net asset value decreased over the year from £34.5m to £34.4m.

### **Portfolio**

During the year a total of £10.5m was realised from the investment portfolio.

The realisations of Premier Hytemp, the manufacturer and supplier of engineered metal products, and Weldex, the crawler crane hire business, generated proceeds of £5.0m and £4.6m respectively.

The earn-out from RED, the provider of SAP contract and permanent staff, generated proceeds of £4.6m.

A sale of the roll-over investment in Hawksford, the provider of investment related services, generated proceeds of £0.7m.

Unrealised valuation increases of £1.1m were offset by decreases of £1.3m. A valuation uplift was achieved at EV, offset by a reduction in the valuation of FRA. Further details are provided in the Manager's Review. The realisation of all investments in Dunedin Buyout Fund II, means that your Company only has two investments remaining: Dunedin Buyout Fund III and Realza with only five underlying portfolio companies.

### **Cash, Commitments & Liquidity**

The original investment periods of all limited partnership funds to which the Company has made a commitment have now ended. In future the Company is only required to meet drawdowns for follow-on investments, management fees and expenses during the remainder of the life of the funds.

At 31 December 2023 the Company held cash and near cash equivalents amounting to £26.5m. There are outstanding commitments to limited partnership funds of £7.6m at 31 December 2023, consisting of £6.9m to Dunedin Buyout Fund III and £0.7m to Realza.

### **Dividends**

An interim dividend of 10.0p was paid in January 2024. There is no final dividend being proposed.

### **Outlook / Future of the Company**

It may be instructive at this point to look back to 2011, when a new policy was approved by shareholders to distribute the proceeds of all realisations. Subsequently in 2016 this was taken a stage further with the Board recommending and the shareholders approving a policy of winding down the portfolio in an orderly manner in order to maximise returns for shareholders. Since 2012 we have distributed £203.5m to our shareholders, reducing the net asset value of the company to £34.4m at the end of 2023.

I am pleased that shareholders have benefited over this period from the Company's performance. The total return in net asset value per share since May 2016 has been 165.1% and, in terms of share price, 266.3%. This compares with increases of 59.5% and 60.7% in the FTSE Small Cap and the FTSE All-Share Indices.

We have always sought to achieve distributions to shareholders in the most efficient and cost-effective manner, initially by way of capital distributions to the extent allowed by our capital

reserve. Subsequently, we have done so by way of tender offers. The most recent tender offer executed in 2022 distributed £41m to shareholders.

We are now in a position where we have net assets of £34.4m, comprising primarily an investment portfolio of £7.5m and cash (or equivalents) amounting to £26.5m. We have outstanding commitments to funds in which we are investors of £7.6m. We are reviewing the optimum way of returning further value to our shareholders. One of the options open to us is to place the Company into a members' voluntary liquidation, as we flagged in November last year at the time of the sale of our investment in Premier Hytemp. We recognise that shareholders value the flexibility of maintaining the Company's listed status which would be lost once we enter the liquidation process. Our conclusion is that we should keep this option closely under review while seeking to sell as many of our remaining investments as possible. We have only five underlying portfolio company investments remaining.

At the forefront of our mind, when deciding whether to carry out further tenders, is that these tend to be relatively expensive to execute, particularly for smaller amounts of capital. Also, in our experience, many individual shareholders (who constitute either directly or indirectly a large proportion of our share register) tend not to participate in tenders. It may also be the case that those shareholders who hold their shares through ISAs or other vehicles may encounter problems with continuing to hold their shares in this way once the Company loses its listed status following the start of the liquidation process.

The Board continues to work closely with its advisers on the options available and the optimum timing. We will, of course, keep shareholders closely informed about our future plans once these become more certain.

**Duncan Budge**

Chairman

22 March 2024

## Manager's Review

The total net assets return for the year, after taking account of dividends and capital returned to shareholders, was 3.6%.

Following dividend payments totalling £1.4m, the Company's net asset value decreased from £34.5m to £34.4m over the year.

	<i>£m</i>
<b>Net asset value at 1 January 2023</b>	<b>34.5</b>
Unrealised value increases	1.1
Unrealised value decreases	(1.3)
Realised gain over opening valuation	0.7
Net income and capital movements	0.8
<b>Net asset value prior to shareholder distributions</b>	<b>35.8</b>
Dividends paid to shareholders	(1.4)
<b>Net asset value at 31 December 2023</b>	<b>34.4</b>

## Portfolio Composition

The investment portfolio can be analysed as shown in the table below.

	Valuation at 1 January 2023 £'m	Additions in year £'m	Disposals in year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 31 December 2023 <sup>1</sup> £'m
Dunedin managed	14.1	0.3	(10.5)	0.7	(0.3)	4.3
Third-party managed (Realza)	2.8	0.3	-	-	0.1	3.2
Investment portfolio	16.9	0.6	(10.5)	0.7	(0.2)	7.5
AAA rated money market funds	11.6	15.9	(10.3)	-	-	17.2
	28.5	16.5	(20.8)	0.7	(0.2)	24.7

<sup>1</sup> in addition the Company held net current assets of £9.7m

## Realisations

In the year to 31 December 2023 a total of £10.5m was realised from the investment portfolio.

In September 2023 Weldex, the crawler crane hire business, was realised. Proceeds generated from the sale amounted to £4.6m compared to a valuation of £6.6m at 31 December 2022.

In November 2023 Premier Hytemp, the manufacturer and supplier of engineered metal products, was realised in a secondary sale to Souter Investments. Proceeds generated from the realisation amounted to £5.0m, an uplift of £2.1m compared to the valuation at 31 December 2022.

In December 2023 the roll-over investment in Hawksford, the provider of corporate, private client and funds services, was realised. The investment was sold to Star Capital, the majority investor, generating proceeds of £0.7m compared to a valuation of £nil at 31 December 2022.

In addition, proceeds of £4.6m were received during the year from the RED earn-out. This compares to an effective valuation categorised as a debtor at 31 December 2022 of £4.0m.

## Valuation movements

In the year to 31 December 2023 valuation uplifts amounted to £1.1m. The majority of this uplift was generated from EV, the provider of high-performance video cameras and other visualisation

technology used in the oil and gas industry. The maintainable EBITDA has increased by 24% in the year. This performance follows a sustained increase in the oil price.

In addition, there was a release of the provision for carried interest in Dunedin Buyout Fund III LP amounting to £0.4m.

In the year to 31 December 2023 there was a valuation reduction of £1.3m. The valuation reduction was at FRA, the forensic accounting, data analytics and e-discovery business. In line with many professional service firms trading has not progressed as expected. With staffing levels maintained to accommodate future growth, maintainable EBITDA decreased in the year.

### **Cash and commitments**

The Company had outstanding commitments to limited partnership funds of £7.6m, consisting of £6.9m to Dunedin Buyout Fund III and £0.7m to Realza, the one remaining European fund.

The original investment periods of all funds to which the Company has made a commitment have now ended. In future the Company is only required to meet drawdowns for follow-on investments, management fees and expenses during the remainder of the life of the funds.

**Dunedin LLP**

22 March 2024

**Total return of investments  
at 31 December 2023**

<b>Company name</b>	<b>Original cost of investment £'000</b>	<b>Realised to date*1 £'000</b>	<b>Directors Valuation*2 £'000</b>	<b>Total return £'000</b>
Realza	11,545	14,551	3,208	17,759
FRA	6,035	5,504	2,854	8,358
EV	8,321	–	2,591	2,591
Thredd	8,220	18,203	–	18,203
	<b>34,121</b>	<b>38,258</b>	<b>8,653</b>	<b>46,911</b>

\*1 - dividends and capital

\*2 – excludes carried interest provision of £1.5m

## Income Statement

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	629	-	629	4,951	-	4,951
Gains on investments	-	1,052	1,052	-	4,514	4,514
<b>Total income</b>	<b>629</b>	<b>1,052</b>	<b>1,681</b>	<b>4,951</b>	<b>4,514</b>	<b>9,465</b>
<b>Expenses</b>						
Investment management fee	(13)	(40)	(53)	(35)	(105)	(140)
Other expenses	(370)	(10)	(380)	(380)	(13)	(393)
<b>Profit before finance costs and tax</b>	<b>246</b>	<b>1,002</b>	<b>1,248</b>	<b>4,536</b>	<b>4,396</b>	<b>8,932</b>
Finance costs	-	-	-	-	-	-
<b>Profit before tax</b>	<b>246</b>	<b>1,002</b>	<b>1,248</b>	<b>4,536</b>	<b>4,396</b>	<b>8,932</b>
Taxation	(77)	77	-	(37)	37	-
<b>Profit for the year</b>	<b>169</b>	<b>1,079</b>	<b>1,248</b>	<b>4,499</b>	<b>4,433</b>	<b>8,932</b>
Basic return per ordinary share (basic & diluted)	<b>3.08p</b>	<b>19.59p</b>	<b>22.67p</b>	36.46p	35.92p	72.38p

The total column of this statement represents the Income Statement of the Group, prepared in accordance with UK-adopted International Accounting Standards. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

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

**Statement of Changes in Equity  
for the year ended 31 December 2023**

**Year ended 31 December 2023**

	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 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

**Year ended 31 December 2022**

	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 2021	3,284	1,241	19,721	(8,378)	51,001	6,544	68,888	73,413
Profit for the year	–	–	14,276	(9,842)	–	4,499	8,933	8,933
Purchase and cancellation of shares	(1,908)	1,908	(50)	–	(41,407)	–	(41,457)	(41,457)
Dividends paid	–	–	–	–	–	(6,371)	(6,371)	(6,371)
At 31 December 2022	1,376	3,149	33,947	(18,220)	9,594	4,672	29,993	34,518



**Balance Sheet**  
**As at 31 December 2023**

	31 December 2023 £'000	31 December 2022 £'000
<b>Non-current assets</b>		
Investments held at fair value	24,685	28,487
<b>Current assets</b>		
Other receivables	445	5,375
Cash and cash equivalents	9,331	778
	9,776	6,153
<b>Current liabilities</b>		
Other liabilities	(71)	(122)
<b>Net assets</b>	34,390	34,518
<b>Capital and reserves</b>		
Share capital	1,376	1,376
Capital redemption reserve	3,149	3,149
Capital reserve – realised	25,522	33,947
Capital reserve – unrealised	(8,706)	(18,220)
Special distributable reserve	9,584	9,594
Revenue reserve	3,465	4,672
<b>Total equity</b>	34,390	34,518
Net asset value per ordinary share (basic and diluted)	624.8p	627.1p

**Cash Flow Statement**  
for the year ended 31 December 2023

	31 December 2023 £'000	31 December 2022 £'000
<b>Cash flows from operating activities</b>		
Profit before tax	1,248	8,932
Adjustments for:		
(Gains) on investments	(1,052)	(4,514)
Decrease / (increase) in debtors	909	(1,058)
(Decrease) / increase in creditors	(50)	34
<b>Net cash inflow from operating activities</b>	<b>1,055</b>	<b>3,394</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(340)	(430)
Drawdown from subsidiary	(347)	(75)
Purchase of 'AAA' rated money market funds	(15,848)	(28,422)
Sale of investments	15,109	30,007
Distribution from subsidiary	-	2,900
Sale of 'AAA' rated money market funds	10,300	28,615
<b>Net cash inflows from investing activities</b>	<b>8,874</b>	<b>32,595</b>
<b>Cash flows from financing activities</b>		
Tender offer	-	(41,456)
Dividends paid	(1,376)	(6,371)
<b>Net cash outflows from financing activities</b>	<b>(1,376)</b>	<b>(47,827)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>8,553</b>	<b>(11,838)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>778</b>	<b>12,616</b>
<b>Cash and cash equivalents at 31 December</b>	<b>9,331</b>	<b>778</b>

## **Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements**

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. As explained in note 2, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Responsibility statement of the Directors in respect of the annual financial report**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

We consider the annual report and financial statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

**Duncan Budge**

Chairman

22 March 2024

## Notes to the Accounts

### 1. Preliminary Results

The financial information contained in this report does not constitute the Company's statutory accounts for the years ended 31 December 2023 or 2022. The financial information for 2022 is derived from the statutory accounts for 2022 which 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 audit of the statutory accounts for the year ended 31 December 2023 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting.

### 2. Going Concern

The financial information for 2022 and 2023 has not been prepared on a going concern basis, since the Company's current objective is to conduct an orderly realisation of the investment portfolio and return cash to shareholders. Following the Director's assessment, no adjustments were deemed necessary to the investment valuations or other assets and liabilities included in the financial information as a consequence of the change in the basis of preparation.

### 3. Dividends

	Year to 31 December 2023 £'000	Year to 31 December 2022 £'000
Dividends paid in the year	1,376	6,371

A dividend of 10.0p per share for the year ended 31 December 2023 was paid to shareholders on 19 January 2024.

### 4. Earnings per share

	Year to 31 December 2023	Year to 31 December 2022
Revenue return per ordinary share (p)	3.08	36.46
Capital return per ordinary share (p)	19.59	35.92
Earnings per ordinary share (p)	22.67	72.38
Weighted average number of shares	5,504,274	12,342,190

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.

References to page numbers and notes in the disclosures below are to page numbers and notes to the annual report and accounts of the Company for the year ended 31 December 2023.

## 5. Principal Risks and Uncertainties (Strategic Report page 13)

The principal risks and uncertainties identified by the Board which might affect the Company's business model and future performance, and the steps taken with a view to their mitigation, are as follows:

**Investment and liquidity risk:** the Company's investments are in small and medium-sized unquoted companies, which by their nature entail a higher level of risk and lower liquidity than investments in large quoted companies. **Mitigation:** the Manager aims to limit the risk attaching to the portfolio as a whole by closely monitoring individual holdings, including the appointment of investor directors to the board of portfolio companies. The Board reviews the portfolio, including the schedule of projected exits, with the Manager on a regular basis with a view to ensuring that the orderly realisation process is progressing.

### *No change in overall risk in year*

**Portfolio concentration risk:** following the adoption of the Company's revised investment policy in May 2016 the portfolio will become more concentrated as investments are realised and cash is returned to shareholders. This will increase the proportionate impact of changes in the value of individual investments on the value of the Company as a whole. The Directors' valuation of the Company's investments represents their best assessment of the fair value of the investments as at the valuation date and the amounts eventually realised from such investments may be more or less than the Directors' valuation. **Mitigation:** the Directors and Manager keep the changing composition of the portfolio under review and focus closely on those holdings which represent the largest proportion of total value.

### *Increase in overall risk in year*

**Financial risk:** most of the Company's investments involve a medium to long term commitment and many are relatively illiquid. **Mitigation:** the Directors consider it appropriate to finance the Company's activities through borrowing on a short-term basis. Accordingly, the Board seeks to ensure that the availability of cash reserves and bank borrowings match the forecast cash flows of the Company both on a base and stress case basis given the level of undraw commitments to limited partnership funds.

### *No change in overall risk in year*

**Economic risk:** events such as economic recession or general fluctuations in stock markets and interest rates may affect the valuation of portfolio companies and their ability to access adequate financial resources, as well as affecting the Company's own share price and discount to net asset value. An economic risk is the conflicts in Ukraine and the Middle East. **Mitigation:** the Company invests in a diversified portfolio of investments spanning various sectors and maintains access to sufficient cash reserves to be able to provide additional funding to portfolio companies should this become necessary. The Manager and board of each portfolio company is keeping under review the impact of the conflicts in Ukraine and the Middle East and developing contingency plans/mitigating actions where appropriate.

### *No change in overall risk in year*

**Credit risk:** the Company holds a number of financial instruments and cash deposits and is dependent on counterparties discharging their commitment. **Mitigation:** the Directors review the creditworthiness of the counterparties to these investments and cash deposits and seek to ensure there is no undue concentration of credit risk with any one party.

### *No change in overall risk in year*

**Currency risk:** the Company is exposed to currency risk as a result of investing in companies who transact in foreign currencies and funds denominated in euros. The sterling value of these investments can be influenced by movements in foreign currency exchange rates. **Mitigation:** Currency risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

***No change in overall risk in year***

**Internal control risk:** the Company's assets could be at risk in the absence of an appropriate internal control regime. **Mitigation:** the Board regularly reviews the system of internal controls, both financial and non-financial, operated by the Company and the Manager. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

***No change in overall risk in year***

## **6. Related Party Transactions (Notes to the Accounts page 50, note 20)**

The Company has investments in Dunedin Buyout Fund II LP, Dunedin Buyout Fund III LP and Dunedin Fund of Funds LP. Each of these limited partnerships are managed by Dunedin. The Company has paid a management fee of £0.2m (2022: £0.4m) in respect of these limited partnerships. The total investment management fee payable by the Company to the Manager is therefore £0.3m (2022: £0.6m).

Since the Company began investing in Dunedin Buyout Funds ("the Funds") executives of the Manager have been entitled to participate in a carried interest scheme via the Funds. Performance conditions are applied whereby any gains achieved through the carried interest scheme associated with the Funds are conditional upon a certain minimum return having been generated for the limited partner investors. Additionally, within Dunedin Buyout Fund II LP and Dunedin Buyout Fund III LP the economic interest of the Manager is aligned with that of the limited partner investors by co-investing in this fund.

As at 31 December 2023 there is a provision made within Investments for carried interest of £1.1m (2022: £1.4m) relating to Dunedin Buyout Fund III LP. Current executives of the Manager are entitled to 42% of the carried interest in Dunedin Buyout Fund III LP.

ENDS