



Dunedin Enterprise Investment Trust PLC
Half Year Report 2021

Dunedin Enterprise Investment Trust PLC specialises in the provision of private equity finance. Private equity is medium to long term finance provided in return for an equity stake in established, potentially high growth, private companies.

The Company's investment objective is to conduct an orderly realisation of its assets, to be effected in a manner that seeks to achieve a balance between maximising the value of the Company's investments and progressively returning cash to shareholders.

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Financial Highlights

Net asset value total return: 20.5%, reflecting the realisation of U-POL after the half year end

Net asset value per share at 30 June 2021: 496.5p (413.9p at 31/12/20), after 2p dividend

Share price at 30 June 2021: 344p (336p at 31/12/20) and 416p at 15 September 2021

Realisations: £6.8m in the half year

£126m returned to shareholders since 2012

Comparative Total Return Performance

Periods to 30 June 2021	Net Asset value (per share)	Share price	FTSE Small Cap (ex Inv Cos) Index	FTSE All-Share (ex Inv Cos) Index
Six months	20.5%	3.0%	28.5%	11.4%
One year	31.3%	31.6%	65.2%	20.8%
Three years	34.6%	8.7%	32.4%	4.3%
Five years	81.5%	120.2%	80.8%	33.8%
Ten years	85.6%	119.3%	206.9%	81.2%

Chairman's Statement

The total return in the half year to 30 June 2021 was 20.5% in terms of net asset value per share. This is stated after allowing for a final dividend for 2020 of 2.0p paid in May 2021. The net asset value per share increased from 413.9p to 496.5p in the half year reflecting the U-POL realisation announced in July.

The share price total return of 3.0% during the period under review does not reflect the impact of the U-POL realisation which was announced after the half year end.

The share price of 344p at 30 June 2021 represented a discount of 30.7% to the net asset value of 496.5p per share. The share price currently stands at 416p, representing a discount of 16.2%.

Portfolio

The refinancing at Hawksford, a leading provider of corporate, private client and fund services, was completed in February 2021 generating proceeds of £6.9m. The investment was valued at £6.9m at 31 December 2020.

Following the half year end a legally binding agreement was entered into for the realisation of U-POL, the manufacturer of automotive refinish products. The transaction was subject to regulatory approval and completed on 15 September 2021. Proceeds from the sale, including £0.4m repaid by the company during the half year, amounted to £22.0m, representing an uplift of £13.0m on the valuation at 31 December 2020 and a return of 4.4 times cost.

An agreement was also entered into following the half year for the realisation of CitySprint, the same day courier. This transaction is subject to regulatory approval and is expected to complete in the second half of 2021. The investment in CitySprint has been valued at the expected proceeds of £1.5m. The investment in CitySprint has generated a return of 2.1 times cost.

Overall, the trading performance of the portfolio has largely recovered from the impact of the coronavirus. Unrealised valuation increases totalling £22.6m were offset by value decreases of £6.6m. The valuation uplift was primarily generated from the realisation of U-POL. There were also valuation uplifts at RED and GPS, offset by reductions in the valuations of FRA, Weldex and Premier Hytemp. Further details are provided in the Manager's Review.

During the half year there was one follow-on investment of £0.9m in Incremental, a provider of IT services.

Cash, Commitments & Liquidity

At 30 June 2021 the Company held cash and near cash equivalents totalling £19.1m. There are outstanding commitments to limited partnership funds of £11.9m at 30 June 2021, consisting of £11.1m to Dunedin managed funds and £0.8m to Realza.

In view of the cash balances held by the Company, the Board decided not to renew the £5m bank facility at 31 May 2021.

Tender Offer

The Company will hold cash balances of c£40m on completion of the U-POL and CitySprint realisations. There remain outstanding commitments to limited partnership funds of £11.9m. The Board has decided to retain sufficient cash reserves to meet outstanding commitments in full. Following receipt of proceeds from the U-POL realisation it is the Board's intention to undertake a Tender Offer. Further details of the Tender Offer will be issued in due course.

Dividends

A final dividend of 2.0p per share relating to the year ended 31 December 2020 was paid to shareholders in May 2021, amounting to £0.4m.

Outlook

While the disruption created by the pandemic has continued to be a focus for our portfolio companies during the period under review, their generally strong financial position has provided some protection. The Board welcomes the realisations achieved in the year to date and looks forward to being in a position to return cash to shareholders in the second half of 2021, building on the £126m which has already been returned to shareholders since 2012.

Duncan Budge

16 September 2021

Manager's Review

Results for the six months to 30 June 2021

In the six months to 30 June 2021, the net asset value per share total return was 20.5%, after taking account of a dividend paid for 2020 of 2.0p per share (paid in May 2021). This compares with an increase in the FTSE Small Cap Index (ex Inv. Cos) over the same period of 28.5%.

In the six months to 30 June 2021 the Company invested a total of £1.4m and realised £6.8m from investments

Net asset and cash movements in the half year to 30 June 2021

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

	£'m
Net asset value at 31 December 2020	74.9
Unrealised value increases	22.6
Unrealised value decreases	(6.6)
Realised loss over opening valuation	(0.9)
Dividends paid to shareholders	(0.3)
Other movements	0.2
Net asset value at 30 June 2021	89.9

Cash movements in the half year to 30 June 2021 can be summarised as follows:-

	£'m
Cash & near cash balances at 31 December 2020	13.8
Investments made	(1.4)
Investments realised	6.8
Dividends paid to shareholders	(0.3)
Operating activities	0.2
Cash & near cash balances at 30 June 2021	19.1

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 31-12-20 £'m	Additions in half year £'m	Disposals in half year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 30-6-21 £'m
Dunedin managed	57.8	1.4	(6.8)	(0.9)	15.4	66.9
Third party managed	4.5	–	–	–	0.5	5.0
Investment portfolio	62.3	1.4	(6.8)	(0.9)	15.9	71.9
AAA rated money market funds (excluding cash on deposit)	13.7	6.2	(1.0)	–	–	18.9
Total	76.0	7.6	(7.8)	(0.9)	15.9	90.8

Realisations

In the half year a total of £6.8m was realised from the portfolio of investments.

In February 2021 Hawksford, a leading provider of corporate, private client and fund services, completed its refinancing. Completion of the transaction had been subject to regulatory approval. Proceeds from the refinancing amounted to £6.9m, consisting of capital of £6.3m and income of £0.6m. The investment in Hawksford was valued at £6.9m at 31 December 2020. Dunedin Enterprise retains a 5% interest in Hawksford. No value has been attributed to this at 30 June 2021.

Following the half year end in July 2021 a legally binding agreement was entered into to realise U-POL, the manufacturer of automotive refinish products, including body fillers, coatings, aerosols, polishing compounds and consumables. The transaction was subject to regulatory approval and completed on 15 September 2021. The investment in U-POL was valued at £9.0m at 31 December 2020. Proceeds from the sale, including redemptions of loan stock since 31 December 2020, amounted to £22.0m, consisting of capital of £19.7m and income of £2.3m. A total of £24.6m has been generated from the investment compared to an original cost of £5.7m, a return of 4.4 times cost.

An agreement was entered into in August 2021 to realise the remaining investment in CitySprint, the same day courier. The transaction is subject to regulatory approval and is expected to complete in the second half of 2021. The investment in CitySprint has been valued at the expected proceeds from the transaction of £1.5m. A total of £21.3m has been generated from the investment compared to an original cost of £10.5m, a return of 2.1 times cost.

Investment activity

During the six months to 30 June 2020 a follow-on investment of £0.9m was made in Incremental, the market leading IT services provider which designs, implements and supports clients with ERP/CRM systems and cloud infrastructure. Further funding was provided to enable Incremental to follow its buy-and-build strategy with the acquisition of RedSpire. The RedSpire acquisition increases Incremental's market position in the financial services sector and makes it one of the largest Microsoft Dynamics partners in the UK.

A further £0.3m 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 £22.6m. There were valuation uplifts at U-POL (£13.0m), RED (£4.8m) and GPS (£2.0m).

As noted above, a legally binding contract was entered into to realise U-POL, the manufacturer of automotive refinish products, which completed on 15 September 2021. The realisation was achieved on the back of a 44% increase in maintainable EBITDA in the half year. Proceeds from the sale amounted to £22.0m compared to a valuation of £9.0m at 31 December 2020.

RED, the provider of SAP contract and permanent staff, has experienced an 47% increase in maintainable EBITDA during the half year. Both the contract and permanent sides of the business are performing strongly. The company has come through the coronavirus pandemic extremely well with management prioritising cost control and cash collection and focusing on sales to well-capitalised customers globally.

GPS, a market leader in payment processing technology, has shown revenue growth of 16% in the half year to 30 June 2021. Transaction levels have started to increase following the ending/relaxation of European lockdowns. The restrictions currently being placed on travel will continue to impact the growth of the company. In spite of the restrictions imposed as a result of coronavirus GPS achieved revenue growth of 28% in 2020.

The principal valuation reductions were at FRA (£3.6m), Weldex (£1.7m) and Premier Hytemp (£1.1m).

FRA, the forensic accounting, data analytics and e-discovery business, continues to experience a slowdown in new business wins following the coronavirus outbreak. A new CEO joined the company in June 2021. Management's medium-term view remains positive as they anticipate a wave of new regulatory investigations to commence in the coming months. The business has retained core talent, beyond that required for current utilisation levels, in anticipation of significant project wins in the medium term.

Weldex, the market leading crawler crane hire business, has experienced delays in cranes going out for large construction projects and pricing pressure on rates. The investment continues to be valued on a net assets basis.

Premier Hytemp, the provider of highly engineered components to the oil and gas industry, has suffered from a weak market over the past eighteen months. The business expects that there will be a market upturn in Q4 of 2021. The investment continues to be valued on a net assets basis.

The average earnings multiple applied to the valuation of the Dunedin managed portfolio was 9.5x EBITDA (31 December 2020: 9.2x). These multiples are applied to the maintainable earnings of portfolio companies. Within the Dunedin managed portfolio, the weighted average gearing of the companies was 3.2x EBITDA (31 December 2020: 2.4x).

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

Dunedin LLP

16 September 2021

Ten Largest Investments

by value at 30 June 2021

Company name	Approx. percentage of equity %	Cost of investment £'000	Directors valuation £'000	Percentage of net assets %
U-POL	5.0	5,253	21,597	24.0
GPS	8.5	8,220	16,106	17.9
RED	20.1	9,665	13,738	15.3
Weldex	15.1	9,505	6,547	7.3
FRA	5.2	1,413	5,836	6.5
Realza	8.9	4,223	4,824	5.4
Incremental	8.2	3,875	4,701	5.2
Premier Hytemp	23.0	10,136	2,190	2.4
EV	10.6	8,321	1,912	2.1
CitySprint	0.6	7,978*	1,541	1.7
		68,589	78,992	87.8

* – accounting book cost. Original investment in 2010 of £9.8m. Total proceeds of £26.1m were received from a secondary buyout in 2016. Cash proceeds of £18.8m were received and the balance of £7.3m was rolled into a CitySprint newco. A further £0.7m was invested in 2019.

Total return of ten largest investments

at 30 June 2021

Company name	Original cost of investment £'000	Realised to date* £'000	Directors valuation £'000	Total return £'000
U-POL	5,657	2,993	21,597	24,590
GPS	7,739	–	16,106	16,106
RED	10,844	1,432	13,738	15,170
Weldex	9,505	119	6,547	6,666
FRA	6,035	5,504	5,836	11,340
Realza	11,580	11,651	4,824	16,475
Incremental	3,924	–	4,701	4,701
Premier Hytemp	10,136	178	2,190	2,368
EV	8,321	–	1,912	1,912
CitySprint	10,507	19,763	1,541	21,304
	84,248	41,640	78,992	120,632

* – dividends and capital

Top ten investments (held via funds and direct investments)



Percentage of equity held	5.0%
Cost of Investment	£5.3m
Directors' valuation	£21.6m
Percentage of net assets	24.0%

U-POL

U-POL is a leading independent manufacturer of automotive refinish products including body fillers, coatings, aerosols, polishing compounds and consumables. Included in the product range is RAPTOR™, a tough protective coating product which can be used over a multitude of surfaces. Sales of RAPTOR™ continue to grow steadily and the business is exploring opportunities to sell this product into adjacent sectors.

From its UK manufacturing base in Wellingborough, U-POL exports a range of products to 120 countries worldwide. The company has a strong market position in the UK and a growing position in other large markets such as the USA, the Far East, the Middle East, Africa and Russia.

In August 2016 a re-financing of the business was undertaken with Dunedin Enterprise receiving proceeds of £2.6m.

In July 2021 a legally binding agreement was entered to realise the investment in U-POL. The transaction was subject to regulatory approval and completed on 15 September 2021.



Percentage of equity held	8.5%
Cost of Investment	£8.2m
Directors' valuation	£16.1m
Percentage of net assets	17.9%

GPS

Global Processing Services ("GPS") 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 200 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.

GPS has a large and growing addressable market. Challenger banks and fintech companies needing leading edge payment processing services are being created in all major geographical markets. Many are seeking help from GPS as they start to disrupt their own domestic markets. As the winners emerge, the volume of payments that they generate also increases, thereby adding further volume of processing to the GPS platform. In general, the payments market is growing globally through a reduction in the use of cash and an increase in the use of mobile methods of payment (e.g. phones and 'tap to pay' debit cards).

GPS has an increasingly international target market, with recent client wins in Europe, Hong Kong and Australia. It has recently signed a strategic Partnership with Visa to provide fintech clients with payments technology in the Asia Pacific region. It has also been selected by Mastercard as its chosen processing partner in its Fintech Express Programme. In 2020 GPS was selected by the Department for International Trade (DIT) to become a London Export Champion.



Percentage of equity held	20.1%
Cost of Investment	£9.7m
Directors' valuation	£13.7m
Percentage of net assets	15.3%

RED

RED is a global supplier of SAP contract and permanent staff to international corporations and consultancies. SAP is the market leader in ERP software (Enterprise Resource Planning), which enables companies of all sizes and industries to operate more efficiently, including many of the world's largest organisations. The SAP after sales service market is estimated to be \$20bn per annum.

RED, which was founded in 2000, now has a global footprint with access to over 200,000 candidates in 80 countries, and has offices in the UK, Germany, Switzerland and the USA.

RED has a highly scalable business model. Growth is expected to come from deeper penetration of the existing client base, development of new clients, continued focus on service differentiation and increasing market share in existing geographical markets. Additional growth opportunities include expansion to support high growth technologies complementary to SAP.

WELDEX

Percentage of equity held	15.1%
Cost of Investment	£9.5m
Directors' valuation	£6.5m
Percentage of net assets	7.3%

Weldex

Weldex is a market-leading crawler crane hire business in the UK, with the tenth largest lifting capacity globally. It serves the offshore wind, oil & gas, commercial construction and infrastructure markets. Its cranes, including some of the largest in the UK, have been used in a number of significant construction projects including Heathrow Terminal 5, the iconic arch at the Wembley Stadium, the 2012 Olympic site and Crossrail. A recent project was the Viinamaki Wind Farm in Finland where cranes were supplied for the installation of the highest all steel wind turbines to date.

Weldex was established in 1979 and has grown into the UK's largest crawler crane hire company. The company employs over 100 staff and operates nationwide and overseas from its headquarters in Inverness and its depot at Alfreton. The company provides its customers with an established team of fully accredited operators, site managers and service engineers and also supplies associated lifting equipment including wheeled cranes, forklifts, lorry loaders and trailers.



Percentage of equity held	5.2%
Cost of Investment	£1.4m
Directors' valuation	£5.8m
Percentage of net assets	6.5%

FRA

FRA is an international consultancy business that provides forensic accounting, data analytics and e-discovery expertise, helping businesses respond to major 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 multinational corporates seeking advice to help navigate regulatory scrutiny, effect compliant cross border data transfer, and manage risk. The company has offices in London, Dallas, New York, Washington DC, Paris and Zurich. It also runs data centres near each office location as well as in Montreal. The strategy is to develop FRA's international reach by recruiting talent into existing offices whilst opening new offices to access further talent pools or expand client relationships.

Two refinancings of the business have been undertaken with Dunedin Enterprise receiving proceeds of £5.5m



Percentage of equity held	8.9%
Cost of Investment	£4.2m
Directors' valuation	£4.8m
Percentage of net assets	5.4%

Realza Capital

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 manufacturer of water pumps for the automotive industry; and
- a producer of premium tomatoes.



Percentage of equity held	8.2%
Cost of Investment	£3.9m
Directors' valuation	£4.7m
Percentage of net assets	5.2%

Incremental

Incremental is a digital technology services company which helps public sector, not for profit and commercial organisations transform their ERP and CRM systems with Microsoft technologies. It is a Microsoft Inner Circle Partner, putting it in the top 1% of partners worldwide, and also provides Microsoft Power Platform, Modern Workplace, Azure and data services. Its customer base includes Admiral, Virgin Money and the NHS. With a growing customer base in the public sector, not for profit, manufacturing and professional services, Incremental is also increasingly seeing success in the financial services market.

Incremental has three main delivery sites in Glasgow, Inverurie and Manchester. The business has a headcount of 135.

Incremental has a large addressable market which is growing strongly, particularly in the ERP and CRM space. The transition from on-site servers to the Cloud is driving businesses to transform their IT systems and strategies.



Percentage of equity held	23.0%
Cost of Investment	£10.1m
Directors' valuation	£2.2m
Percentage of net assets	2.4%

Premier Hytemp

Premier Hytemp is a global market leader in the manufacture and supply of engineered metal solutions. It is a specialist in the provision of low alloy and nickel alloy steel components for the upstream oil and gas industry. Its components are used in complex engineered assemblies required to extract and control the flow of oil and gas from new reserves, often sub-sea.

Premier Hytemp is headquartered in Edinburgh with manufacturing facilities in Singapore and Malaysia and specialist metal procurement and metallurgy services in Edinburgh.



Percentage of equity held	10.6%
Cost of Investment	£8.3m
Directors' valuation	£1.9m
Percentage of net assets	2.1%

EV

EV is a UK headquartered, global market leader in the provision of high performance, video cameras and other visualisation technology used to analyse problems in oil and gas wells.

It offers a highly specialist service, providing skilled engineers to operate its cameras in the most difficult down-hole conditions. The high-resolution video images produced by EV's cameras allow oil and gas well operators to identify and solve problems rapidly. EV is based in Aberdeen, Houston and Norwich. It has a further presence in seventeen worldwide locations across Northern Europe, Canada, USA, West Africa, the Middle East, Asia and Australasia. The business employs more than 100 staff.

EV has a significant technological competitive edge operating in a predominantly untapped global market and is a global leader in this field. The business has technological competitive advantage around imaging (it has the only camera that can provide a 360 degree, top-to-toe perspective of well performance and integrity in HD colour) and around operating conditions (the cameras can operate under extremes of heat, pressure and visibility). EV has a strong, committed management team and a good reputation with its customers.



Percentage of equity held	0.6%
Cost of Investment	£8.0m
Directors' valuation	£1.5m
Percentage of net assets	1.7%

CitySprint

CitySprint is the UK's largest national time-critical and same day distribution network. It benefits from an asset-light business model with over 3,000 self-employed couriers, making the business both highly flexible and scalable. It operates from 40 service centres in the UK and handles over ten million critical same day deliveries a year.

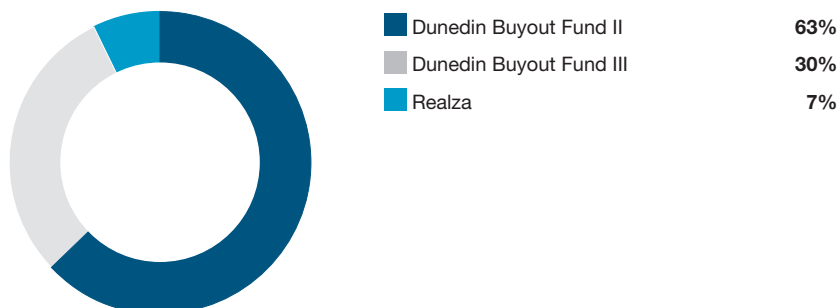
CitySprint offers a range of services including SameDay Courier, UK Overnight and International courier services, as well as more complex logistics services. It services a number of different sectors, including healthcare, online retail fulfilment and parts fulfilment such as outsourced supply chain services for engineering and servicing companies. During the period of Dunedin's investment, CitySprint has completed 29 acquisitions. CitySprint now has the UK's largest same day healthcare courier network.

In February 2016 the investment in CitySprint was partially realised in a sale to LDC. On completion Dunedin Enterprise received proceeds totalling £26.1m of which £22.8m was capital and £3.3m was loan interest. A total of £7.3m has been rolled into a CitySprint Newco alongside LDC, resulting in net cash proceeds received of £18.8m by Dunedin Enterprise. Dunedin Enterprise retains a 0.8% interest in the Newco.

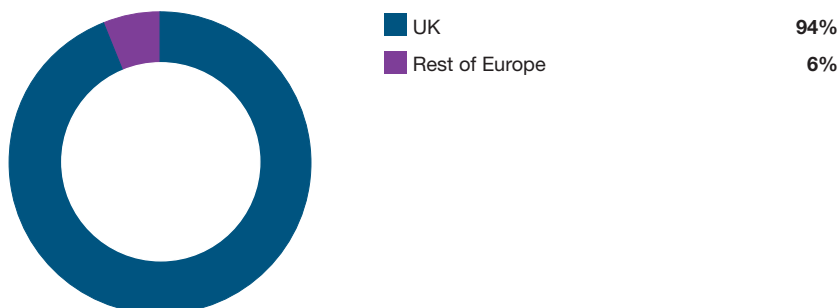
In August 2021 an agreement was entered to realise the remaining investment in CitySprint. The transaction is subject to regulatory approval and is expected to complete in the second half of 2021.

Overview of Portfolio

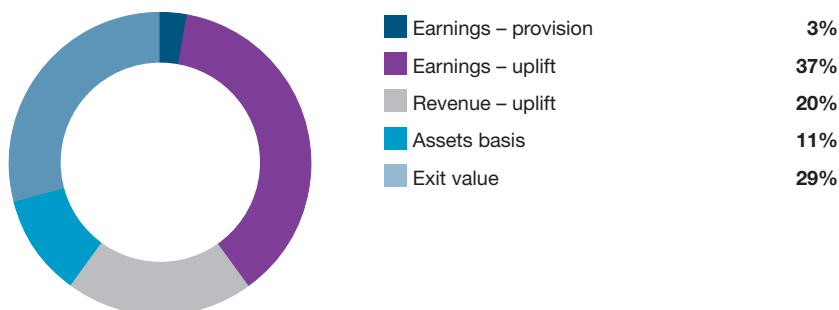
Fund Analysis



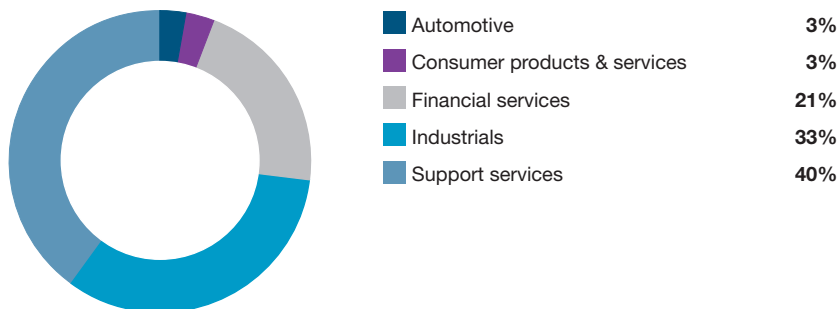
Geographic Location



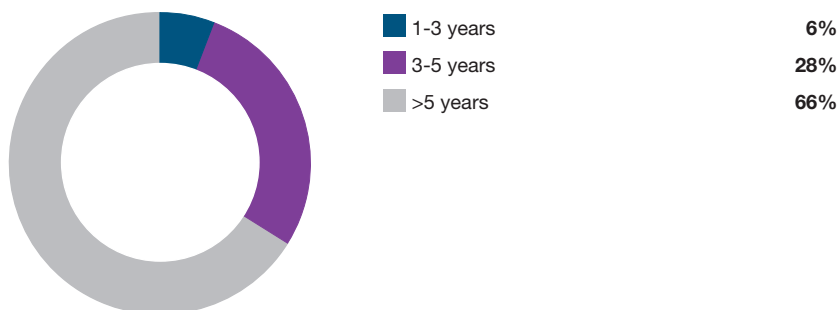
Valuation Method



Sector Analysis



Year of Investment



Statement of Comprehensive Income

for the six months ended 30 June 2021

		Six months ended 30 June 2021 (unaudited)		
	Note	Revenue £'000	Capital £'000	Total £'000
Investment income	3	590	–	590
Gain/(loss) on investments		–	15,003	15,003
Total Income		590	15,003	15,593
Expenses				
Investment management fees		(10)	(31)	(41)
Other expenses		(193)	(2)	(195)
Profit/(loss) before finance costs and tax		387	14,970	15,357
Finance costs		(12)	(37)	(49)
Profit/(loss) before tax		375	14,933	15,308
Taxation		–	–	–
Profit/(loss) for the period		375	14,933	15,308
Earnings per ordinary share (basic & diluted)	6	2.07p	82.50p	84.57p

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.

Six months ended 30 June 2020 (unaudited)			Year ended 31 December 2020 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
709	–	709	764	–	764
–	(12,783)	(12,783)	–	(5,993)	(5,993)
709	(12,783)	(12,074)	764	(5,993)	(5,229)
(8)	(23)	(31)	(23)	(69)	(92)
(166)	(3)	(169)	(372)	(30)	(402)
535	(12,809)	(12,274)	369	(6,092)	(5,723)
(10)	(31)	(41)	(24)	(71)	(95)
525	(12,840)	(12,315)	345	(6,163)	(5,818)
–	–	–	–	–	–
525	(12,840)	(12,315)	345	(6,163)	(5,818)
2.54p	(62.19)p	(59.65)p	1.70p	(30.37)p	(28.67)p

Statement of Changes in Equity for the six months ended 30 June 2021

Six months ended 30 June 2021 (unaudited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2020	4,525	49,850
Profit/(loss) for the period	–	–
Dividends paid	–	–
At 30 June 2021	4,525	49,850

Six months ended 30 June 2020 (unaudited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2019	5,161	49,214
Profit/(loss) for the period	–	–
Dividends paid	–	–
At 30 June 2020	5,161	49,214

Year ended 31 December 2020 (audited)

	Share capital £'000	Capital redemption reserve £'000
At 31 December 2019	5,161	49,214
Profit/(loss) for the year	–	–
Purchase and cancellation of shares	(636)	636
Dividends paid	–	–
At 31 December 2020	4,525	49,850

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
30,600	(16,357)	1,151	5,153	20,547	74,922
(4,163)	19,096	–	375	15,308	15,308
–	–	–	(362)	(362)	(362)
26,437	2,739	1,151	5,166	35,493	89,868

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
34,258	(3,877)	1,151	5,840	37,372	91,747
6,822	(19,662)	–	525	(12,315)	(12,315)
–	–	–	(1,032)	(1,032)	(1,032)
41,080	(23,539)	1,151	5,333	24,025	78,400

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
34,258	(3,877)	1,151	5,840	37,372	91,747
6,317	(12,480)	–	345	(5,818)	(5,818)
(9,975)	–	–	–	(9,975)	(9,975)
–	–	–	(1,032)	(1,032)	(1,032)
30,600	(16,357)	1,151	5,153	20,547	74,922

Balance Sheet

As at 30 June 2021

	Note	30 June 2021 (unaudited) £'000	30 June 2020 (unaudited) £'000	31 December 2020 (audited) £'000
Non-current assets				
Investments held at fair value through profit or loss	5	90,821	76,551	75,985
Current assets				
Other receivables		401	1,054	1,057
Cash and cash equivalents		171	3,725	151
		572	4,779	1,208
Total assets		91,393	81,330	77,193
Current liabilities				
Other liabilities		(1,525)	(2,930)	(2,271)
Net assets		89,868	78,400	74,922
Equity attributable to equity holders				
Share capital		4,525	5,161	4,525
Capital redemption reserve		49,850	49,214	49,850
Capital reserve – realised		26,437	41,080	30,600
Capital reserve – unrealised		2,739	(23,539)	(16,357)
Special distributable reserve		1,151	1,151	1,151
Revenue reserve		5,166	5,333	5,153
Total equity		89,868	78,400	74,922
Net asset value per ordinary share (basic and diluted)		496.5p	379.8p	413.9p

Cash Flow Statement

for the six months ended 30 June 2021

	30 June 2021 (unaudited) £'000	30 June 2020 (unaudited) £'000	31 December 2020 (audited) £'000
Cash flows from operating activities			
Profit/(loss) before tax	15,308	(12,315)	(5,818)
Adjustments for:			
(Gains)/loss on investments	(15,003)	12,783	5,993
Interest paid	49	41	95
Decrease in debtors	656	19	16
Increase in creditors	(746)	764	105
Net cash from operating activities	264	1,292	391
Cash flows from investing activities			
Purchase of investments	(1,342)	(1,369)	(2,242)
Drawdown from subsidiary	(35)	(46)	(86)
Purchase of 'AAA' rated money market funds	(6,208)	(12,675)	(12,683)
Sale of investments	6,753	13,771	14,414
Distribution from subsidiary	–	90	187
Sale of 'AAA' rated money market funds	1,000	–	7,537
Net cash used in investing activities	168	(229)	7,127
Cash flows from financing activities			
Tender offer	(1)	–	(9,975)
Dividends paid	(362)	(1,032)	(1,032)
Interest paid	(49)	(41)	(95)
Net cash used in financing activities	(412)	(1,073)	(11,102)
Net increase/(decrease) in cash and cash equivalents	20	(10)	(3,584)
Cash and cash equivalents at the start of period	151	3,735	3,735
Effect of exchange rate fluctuations on cash held	–	–	–
Cash and cash equivalents at the end of period	171	3,725	151

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:-

- Coronavirus
- Brexit
- 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 23 of the Company's Annual Report for the year ended 31 December 2020.

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.

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Chairman's Statement and Manger's Review (together constituting the Interim Management Report) include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and

- the condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

By Order of the Board
Duncan Budge
Chairman
16 September 2021

Notes to the Accounts

1. Unaudited Interim Report

The comparative financial information contained in this report for the year ended 31 December 2020 does not constitute the Company's statutory accounts but is derived from those accounts. Statutory accounts for the year ended 31 December 2020 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 2020 and 30 June 2021 have not been audited.

2. Basis of Preparation

These condensed set of financial statements for the six months ended 30 June 2021 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 2020.

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, which is expected to have a duration of several years, 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 2021 £'000	Six months to 30 June 2020 £'000	Year to 31 December 2020 £'000
Limited Partnership income – UK	582	671	714
AAA rated money market funds	1	24	33
Deposit interest	7	14	15
Other income	–	–	2
	590	709	764

4. Dividends

	Six months to 30 June 2021 £'000	Six months to 30 June 2020 £'000	Year to 31 December 2020 £'000
Dividends paid in the period	362	1,032	1,032

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 2021 £'000	At 30 June 2020 £'000	At 31 December 2020 £'000
Level 1			
'AAA' rated money market funds OEICS	18,907	21,228	13,699
Level 2	–	–	–
Level 3			
Unlisted investments	71,914	55,323	62,286
	90,821	76,551	75,985

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 2021.

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 2021 are set out below:-

	Level 3 £'000
Book cost at 31 December 2020	78,643
Unrealised depreciation	(16,357)
Valuation at 31 December 2020	62,286
Purchases at cost	1,377
Sales – proceeds	(6,753)
Sales – realised gain on sales	(4,092)
Increase in unrealised appreciation	19,096
Valuation at 30 June 2021	71,914
Book cost at 30 June 2021	69,175
Closing unrealised appreciation	2,739

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 2020 are set out below:-

	Level 3 £'000
Book cost at 31 December 2019	84,429
Unrealised depreciation	(3,877)
Valuation at 31 December 2019	80,552
Purchases at cost	1,415
Sales – proceeds	(13,861)
Sales – realised gain on sales	6,879
Decrease in unrealised appreciation	(19,662)
Valuation at 30 June 2020	55,323
Book cost at 30 June 2020	78,862
Closing unrealised depreciation	(23,539)

Details of the determination of Level 3 fair value measurements and the movements in Level 3 fair values during the year ended 31 December 2020 are set out below:-

	Level 3 £'000
Book cost at 31 December 2019	84,429
Unrealised depreciation	(3,877)
Valuation at 31 December 2019	80,552
Purchases at cost	2,328
Sales – proceeds	(14,601)
Sales – realised gain on sales	6,487
Decrease in unrealised appreciation	(12,480)
Valuation at 31 December 2020	62,286
Book cost at 31 December 2020	78,643
Closing unrealised depreciation	(16,357)

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 2021	Six months to 30 June 2020	Year to 31 December 2020
Revenue return per ordinary share (p)	2.07	2.54	1.70
Capital return per ordinary share (p)	82.50	(62.19)	(30.37)
Earnings per ordinary share (p)	84.57	(59.65)	(28.67)
Weighted average number of shares	18,100,180	20,644,062	20,289,587

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.

Information for Investors

Dunedin Enterprise is managed by Dunedin. Dunedin is authorised and regulated by the Financial Conduct Authority. All enquiries in relation to Dunedin Enterprise should be directed to Dunedin at Easter Dalry House, 3 Distillery Lane, Edinburgh, EH11 2BD or info@dunedinenterprise.com.

The Company's share price is available on the Company website www.dunedinenterprise.com.

Investors can buy and sell shares in an investment trust directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. An investment trust should be considered only as part of a balanced portfolio.

Registrar

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Glossary of Terms and Definitions and Alternative Performance Measures

Buy-out fund

A fund which acquires stakes in established unquoted companies.

Commitment

The amount committed by the Company to a fund investment, whether or not such amount has been advanced in whole or in part by or repaid in whole or in part to the Company.

Distribution

A return that an investor in a private equity fund receives.

Draw down

A portion of a commitment which is called to pay for an investment.

EBITDA

Earnings before interest expense, taxes, depreciation and amortisation.

Enterprise value

The value of the financial instruments representing ownership interests in a company plus the net financial debt of the company.

Net Asset Value ("NAV") per Ordinary Share

The value of the Company's assets and cash held less any liabilities for which the Company is responsible divided by the number of shares in issue.

NAV Total Return

The NAV total return is calculated by adding dividends and capital returned in the period to the increase or decrease in the net asset value. The dividends or capital returned are assumed to be re-invested in the quarter that the dividend or capital return is paid.

Ongoing Charges

Management fees and all other recurring operating expenses that are payable by the Company excluding the costs of purchasing and selling investments, finance costs, taxation, non-recurring costs and costs of returning capital to shareholders, expressed as a percentage of the average net asset value during the period.

Premium/Discount

The amount by which the market price per share of an investment company is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

Secondary transaction

The purchase or sale of an investment and its undrawn commitment (if any) to a fund or collection of fund interests in the market.

Share buy-back transaction

The repurchase by the Company of its own shares which will reduce the number of shares on the market.

Share price total return

The share price total return is calculated by adding dividends and capital returned in the period to the increase or decrease in the share price. The dividends or capital returned are assumed to be re-invested on the day the share price goes ex-dividend.

Financial Calendar

Announcements, regular dividend payments and the issue of the annual and half year reports may normally be expected in the months shown below:

March

Preliminary figures and recommended dividend for the year announced.

April

Annual Report and Accounts published.

May

Annual General Meeting and dividend paid.

September

Half year report published.

Corporate Information

Directors

Duncan Budge, Chairman

Brian Finlayson

Angela Lane, Senior Independent Director

Manager and Secretary

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