

# **THE EUROPEAN SMALLER COMPANIES TRUST PLC**

## **Report for the half-year ended 31 December 2024** *(unaudited)*

# THE EUROPEAN SMALLER COMPANIES TRUST PLC

## Unaudited results for the half-year ended 31 December 2024

### INVESTMENT OBJECTIVE

The Company seeks capital growth by investing in smaller and medium sized companies which are quoted, domiciled, listed or have operations in Europe (ex UK).

### PERFORMANCE

**Total return performance** (including dividends reinvested and excluding transaction costs)

|                                         | 6 months | 1 year | 3 years | 5 years | 10 years |
|-----------------------------------------|----------|--------|---------|---------|----------|
|                                         | %        | %      | %       | %       | %        |
| NAV <sup>1</sup>                        | -7.5     | -1.0   | -3.3    | 51.4    | 201.8    |
| Benchmark index <sup>2</sup>            | -3.8     | -1.1   | -7.4    | 27.0    | 138.3    |
| Average sector <sup>3</sup> NAV         | -3.1     | 1.7    | -16.7   | 31.3    | 164.7    |
| Share price <sup>4</sup>                | -1.6     | 8.2    | 5.3     | 63.0    | 235.0    |
| Average sector <sup>3</sup> share price | -1.0     | 4.3    | -17.4   | 31.5    | 174.5    |

### Financial highlights

| <b>Shareholders' funds</b>                 | <b>at 31 December 2024</b> | <b>at 30 June 2024</b> |
|--------------------------------------------|----------------------------|------------------------|
| Net assets (£'000)                         | <b>719,345</b>             | 798,594                |
| Net asset value per ordinary share         | <b>182.66p</b>             | 201.01p                |
| Discount <sup>5</sup>                      | <b>5.8%</b>                | 11.2%                  |
| Share price                                | <b>172.00p</b>             | 178.40p                |
| Gearing                                    | <b>13.9%</b>               | 10.7%                  |
|                                            | <b>Half-year ended</b>     | <b>Year ended</b>      |
|                                            | <b>31 December 2024</b>    | <b>30 June 2024</b>    |
|                                            | <b>£'000</b>               | <b>£'000</b>           |
| <b>Total return to equity shareholders</b> |                            |                        |
| Revenue return after taxation              | <b>3,704</b>               | 21,662                 |
| Capital return after taxation              | <b>(63,598)</b>            | 63,236                 |
| <b>Total return</b>                        | <b>(59,894)</b>            | 84,898                 |
|                                            | =====                      | =====                  |
| <b>Total return per ordinary share</b>     |                            |                        |
| Revenue                                    | <b>0.94p</b>               | 5.41p                  |
| Capital                                    | <b>(16.10p)</b>            | 15.81p                 |
| <b>Total return per ordinary share</b>     | <b>(15.16p)</b>            | 21.22p                 |
|                                            | =====                      | =====                  |

1. Net asset value ('NAV') per ordinary share total return

2. Euromoney Smaller European Companies ex UK Index up to 30 June 2022, thereafter the MSCI Europe ex UK Small Cap Index

3. The sector is the Association of Investment Companies ('AIC') European Smaller Companies

4. Share price total return using closing price

5. The discount is calculated using the net asset value per share and the share price at 31 December 2024

## **INTERIM MANAGEMENT REPORT**

### **Chairman's Statement**

The start to my tenure as your Chairman has certainly been memorable. On 18 December 2024 the Company was requisitioned by Saba Capital Management, L.P. ('Saba') and asked to put resolutions to shareholders to replace the current, independent Board of Directors with two individuals of Saba's choosing.

I am pleased to be able to report that shareholders made their views absolutely clear and all requisitioned resolutions were resoundingly defeated at the general meeting held on 5 February 2025. The Board is grateful for the overwhelming support from shareholders, which demonstrates confidence in the investment manager's ability to continue generating value for shareholders through disciplined, long-term investment in European smaller companies.

A second requisition was received and subsequently withdrawn while the Board engaged in constructive discussions with Saba. Those discussions remain ongoing, as indicated in the announcement made to the market on 14 March 2025. I will provide an update to shareholders as soon as I am able to.

### **Performance**

The NAV total return performance over the six months to 31 December 2024, was -7.5%, against the MSCI Europe ex UK Small Cap Index of -3.8%. The share price total return for the same period was -1.6%. This underperformance was the result of our overweight exposure to the industrial sector, as a handful of investee companies suffered substantial share price corrections. The Fund Manager details this more fully in his report.

While this short-term underperformance is disappointing, returns over the long term remain strong. Over the five years to 31 December 2024, the NAV total return was 51.4% with the share price total return being 63.0%, against a benchmark total return of 27.0%.

### **Discount management**

The average discount over the period was 9.3%, closing at 5.8%. This compares with the AIC European Smaller Companies sector weighted average discount of 11.0%.

During the period your Company introduced a policy of targeting a mid-single digit discount in normal market conditions.

### **Interim dividend**

The Board is pleased to declare an interim dividend of 1.45p (2023: 1.45p) per ordinary share for the year ending 30 June 2025. This will be paid on 2 May 2025 to shareholders on the register at 4 April 2025.

We remain confident that the Company will be able to deliver a healthy dividend as the underlying portfolio companies continue to generate steady cash flows. We may, however, not achieve the significant dividend growth of recent years, particularly if the economy improves, as our fund management team would likely focus on capital growth in such an environment.

### **Outlook**

Europe remains home to the key enablers of the big structural growth trends; these small businesses provide the nuts and bolts of innovation, along with some fresh thinking to develop new solutions. Alongside this, the sector also remains very attractively valued and continues to trade at the widest discount in comparison to its European large cap counterparts than it has over the past 15 years.

Falling interest rates, and the likelihood of further easing of monetary policy in 2025, combined with the robust labour market, bodes well. Smaller companies are often overlooked, even more so in a recessionary environment, leaving the space awash with exciting companies, some breaking ground in new areas, at very keen valuations. Our balanced investment strategy and 'valuation aware' discipline enables us to continuing finding strong investment returns.

**James Williams**  
**Chairman**  
**19 March 2025**

## Fund Manager's Report

The initial six months of the financial year concluding on 31 December 2024 have not been a period of exceptional performance for the Company, which underperformed its benchmark by 3.7%. This shortfall can be attributed to several factors, including suboptimal stock selection, a disproportionate focus on companies at the lower end of the market capitalisation spectrum, and an excessive allocation towards economically-sensitive firms, notably within the industrial sector. Initially, the European economy seemed poised for a resurgence. However, political uncertainties in France, a lack of decisive action in Germany, a subdued recovery in China, and a halt in corporate decision-making in anticipation of the US Presidential election collectively contributed to a deteriorating global economic landscape.

Performance was negatively impacted by several holdings. **DFDS**, a Danish ferry operator, experienced performance setbacks due to escalating competition in the Mediterranean. **TKH**, a Dutch conglomerate specialising in industrial automation, vision technology, and cable manufacturing, reported lacklustre results, particularly with the delayed operational ramp-up of its new subsea cable facility. **Mersen**, a French electrical technology company, encountered uninspiring results from its solar power and silicon semiconductor divisions. Additionally, our technology sector exposure was detrimental during this period, with German semiconductor equipment manufacturer **SUESS MicroTec** and Swiss positioning technology firm **u-blox** facing challenges, including customer destocking.

Conversely, positive performance contributions emerged from select investments. **IG Group**, a UK online trading platform, demonstrated exceptional value, prompting a rare investment by the Company in UK-listed stocks, largely due to its significant capital return to shareholders. **R&S**, a Swiss manufacturer of transformers, benefited from the critical need for electrical grid investments across the developed world. Other notable contributions included Dutch wealth manager **Van Lanschot**, Spanish online travel company **eDreams ODIGEO**, and **Renewi**, a UK-listed waste management firm with Dutch operations, which attracted a private equity bid.

Strategic portfolio adjustments were made during this period. New investments included **Cenergy**, a Greek cable and steel pipe manufacturer expanding into the US market, and **Mycronic**, a Swedish electronic production equipment manufacturer, following strong demand for its semiconductor equipment. Additionally, investments in **Bankinter**, a Spanish bank, and **Aixtron**, a German semiconductor equipment manufacturer, were made based on their growth potential and strategic positioning.

Conversely, positions in Theon, Cadeler, Xior Student Housing, and Alimak were divested due to various strategic considerations, including sector exposure optimisation and valuation concerns.

Despite the current economic and political uncertainties, the outlook remains cautiously optimistic. The recent German election has infused optimism across Europe, with the new CDU Chancellor's aggressive agenda potentially rejuvenating German equities—a market where we are significantly overweight. Additionally, potential geopolitical developments, stimulus effects in China, and attractive valuations in the European small-cap space present compelling investment opportunities. Our portfolio is strategically positioned with companies trading at significant discounts to their intrinsic value, underscoring our commitment to maximising capital growth through judicious investment selection.

**Ollie Beckett, Rory Stokes and Julia Scheufler**  
**19 March 2025**

**Sector exposure** (*% of portfolio excluding cash*)

|                        | <b>at 31 December 2024</b> | at 30 June 2024 |
|------------------------|----------------------------|-----------------|
|                        | %                          | %               |
| Industrials            | <b>30.6</b>                | 36.3            |
| Consumer Discretionary | <b>18.3</b>                | 17.1            |
| Financials             | <b>15.7</b>                | 13.6            |
| Technology             | <b>15.4</b>                | 13.3            |
| Basic Materials        | <b>5.6</b>                 | 5.0             |
| Health Care            | <b>3.7</b>                 | 3.1             |
| Consumer Staples       | <b>3.2</b>                 | 3.4             |
| Real Estate            | <b>3.1</b>                 | 3.7             |
| Utilities              | <b>2.2</b>                 | 2.0             |
| Energy                 | <b>2.1</b>                 | 2.0             |
| Telecommunications     | <b>0.1</b>                 | 0.5             |
|                        | <b>100.0</b>               | 100.0           |

**Geographical exposure** (*% of portfolio excluding cash*)

|                | <b>at 31 December 2024</b> | at 30 June 2024 |
|----------------|----------------------------|-----------------|
|                | %                          | %               |
| Germany        | <b>20.1</b>                | 20.2            |
| France         | <b>13.0</b>                | 12.7            |
| Sweden         | <b>11.5</b>                | 10.9            |
| Netherlands    | <b>11.0</b>                | 11.9            |
| Switzerland    | <b>8.7</b>                 | 8.2             |
| Spain          | <b>7.0</b>                 | 4.9             |
| Italy          | <b>4.3</b>                 | 5.3             |
| Greece         | <b>4.0</b>                 | 3.1             |
| Norway         | <b>3.9</b>                 | 2.9             |
| Belgium        | <b>3.7</b>                 | 5.0             |
| Denmark        | <b>3.3</b>                 | 4.0             |
| United Kingdom | <b>2.3</b>                 | 1.7             |
| Ireland        | <b>2.1</b>                 | 2.2             |
| Portugal       | <b>1.8</b>                 | 2.4             |
| Finland        | <b>1.7</b>                 | 1.7             |
| Austria        | <b>1.0</b>                 | 1.6             |
| Faroe Islands  | <b>0.6</b>                 | 0.5             |
| Cyprus         | <b>-</b>                   | 0.8             |
|                | <b>100.0</b>               | 100.0           |

## Top 40 investments at 31 December 2024

| Rank              | Company                        | Sector                 | Geographical area | Valuation<br>£'000 | % of portfolio |
|-------------------|--------------------------------|------------------------|-------------------|--------------------|----------------|
| 1                 | Van Lanschot Kempen            | Financials             | Netherlands       | 25,355             | 3.1            |
| 2                 | TKH                            | Industrials            | Netherlands       | 20,641             | 2.5            |
| 3                 | IG Group                       | Financials             | United Kingdom    | 18,559             | 2.3            |
| 4                 | KSB                            | Industrials            | Germany           | 15,534             | 1.9            |
| 5                 | SUESS MicroTec                 | Technology             | Germany           | 14,323             | 1.8            |
| 6                 | Criteo                         | Technology             | France            | 14,238             | 1.7            |
| 7                 | Alzchem                        | Basic Materials        | Germany           | 14,172             | 1.7            |
| 8                 | eDreams ODIGEO                 | Consumer Discretionary | Spain             | 13,383             | 1.6            |
| 9                 | Renewi                         | Utilities              | Netherlands       | 13,128             | 1.6            |
| 10                | Stroeer                        | Consumer Discretionary | Germany           | 12,001             | 1.5            |
| <b>10 largest</b> |                                |                        |                   | <b>161,334</b>     | <b>19.7</b>    |
| 11                | Avolta                         | Consumer Discretionary | Switzerland       | 11,909             | 1.5            |
| 12                | Gaztransport et Technigaz      | Energy                 | France            | 11,856             | 1.4            |
| 13                | R&S Group                      | Financials             | Switzerland       | 11,819             | 1.4            |
| 14                | Nordnet                        | Financials             | Sweden            | 11,245             | 1.4            |
| 15                | Credito Emiliano               | Financials             | Italy             | 10,587             | 1.3            |
| 16                | IONOS                          | Technology             | Germany           | 10,379             | 1.3            |
| 17                | Ipsos                          | Consumer Discretionary | France            | 10,297             | 1.3            |
| 18                | Acerinox                       | Basic Materials        | Spain             | 10,250             | 1.2            |
| 19                | Deme                           | Industrials            | Belgium           | 10,060             | 1.2            |
| 20                | DFDS                           | Industrials            | Denmark           | 10,035             | 1.2            |
| <b>20 largest</b> |                                |                        |                   | <b>269,771</b>     | <b>32.9</b>    |
| 21                | Quadiant                       | Technology             | France            | 10,034             | 1.2            |
| 22                | Recticel                       | Industrials            | Belgium           | 9,659              | 1.2            |
| 23                | Banco Comercial Portugues      | Financials             | Portugal          | 9,319              | 1.1            |
| 24                | Karnov                         | Consumer Discretionary | Sweden            | 8,724              | 1.1            |
| 25                | Smartcraft                     | Technology             | Norway            | 8,430              | 1.0            |
| 26                | Fugro                          | Industrials            | Netherlands       | 8,313              | 1.0            |
| 27                | Verallia                       | Industrials            | France            | 8,272              | 1.0            |
| 28                | Exosens                        | Industrials            | France            | 8,087              | 1.0            |
| 29                | Grupo Catalana Occidente       | Financials             | Spain             | 8,016              | 1.0            |
| 30                | Metlen (previously Mytilineos) | Industrials            | Greece            | 8,001              | 1.0            |
| <b>30 largest</b> |                                |                        |                   | <b>356,626</b>     | <b>43.5</b>    |
| 31                | u-blox                         | Technology             | Switzerland       | 7,979              | 1.0            |
| 32                | Kaufman & Broad                | Consumer Discretionary | France            | 7,975              | 1.0            |
| 33                | Andritz                        | Industrials            | Austria           | 7,810              | 0.9            |
| 34                | Merlin Properties              | Real Estate            | Spain             | 7,715              | 0.9            |
| 35                | Eckert & Ziegler Group         | Basic Materials        | Germany           | 7,639              | 0.9            |
| 36                | Trigano                        | Consumer Discretionary | France            | 7,570              | 0.9            |
| 37                | Inficon                        | Industrials            | Switzerland       | 7,386              | 0.9            |
| 38                | Boozt                          | Consumer Discretionary | Sweden            | 7,305              | 0.9            |
| 39                | Mersen                         | Industrials            | France            | 7,193              | 0.9            |
| 40                | Acast                          | Technology             | Sweden            | 7,005              | 0.9            |
| <b>40 largest</b> |                                |                        |                   | <b>432,203</b>     | <b>52.7</b>    |

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks facing the Company are:

### ***Investment strategy and objective***

The investment objective or policy is not appropriate in the prevailing market or sought by investors, leading to a wide discount and hostile shareholders.

### ***Operational***

Failure of, disruption to or inadequate service levels provided by principal third-party service providers leading to a loss of shareholder value or reputational damage. This includes cyber security risks which may compromise the integrity of data and the effective operation of third-party service providers.

### ***Legal and regulatory***

Loss of investment trust status, breach of the Companies Act 2006, Listing Rules, Prospectus and/or Disclosure Guidance and Transparency Rules or the Alternative Fund Managers Directive and/or legal action brought against the Company and/or directors and/or the investment manager leading to a decrease in shareholder value and reputational damage.

### ***Financial***

Market, liquidity and/or credit risk, inappropriate valuation of assets or poor capital management leading to a loss of shareholder value.

Information on these risks and how they are managed is given in the Annual Report 2023. In the view of the Board, these principal risks and the uncertainties facing the Company remained largely unchanged over the six months under review. The Board anticipates that these principal risks will remain applicable to the remaining six months of the financial year.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Each director (as set out in note 15) confirms, to the best of their knowledge, that:

- the condensed set of financial statements has been prepared in accordance with UK adopted International Accounting Standards and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by Disclosure and Transparency Rule ('DTR') 4.2.4 R;
- the interim management report includes a fair review of the information required:
  - by DTR 4.2.7 R (indication of important events during the first six months and a description of principal risks and uncertainties for the remaining six months of the year); and
  - by DTR 4.2.8 R (disclosure of related party transactions and changes therein).

On behalf of the Board  
James Williams  
Chairman  
19 March 2025

## STATEMENT OF COMPREHENSIVE INCOME

|                                                                                  | Half-year ended<br>31 December 2024<br>(unaudited) |                            |                          | Half-year ended<br>31 December 2023<br>(unaudited) |                            |                          | Year ended<br>30 June 2024<br>(audited) |                            |                          |
|----------------------------------------------------------------------------------|----------------------------------------------------|----------------------------|--------------------------|----------------------------------------------------|----------------------------|--------------------------|-----------------------------------------|----------------------------|--------------------------|
|                                                                                  | Revenue<br>return<br>£'000                         | Capital<br>return<br>£'000 | Total<br>return<br>£'000 | Revenue<br>return<br>£'000                         | Capital<br>return<br>£'000 | Total<br>return<br>£'000 | Revenue<br>return<br>£'000              | Capital<br>return<br>£'000 | Total<br>return<br>£'000 |
| Investment income                                                                | 5,535                                              | -                          | 5,535                    | 6,444                                              | -                          | 6,444                    | 25,453                                  | -                          | 25,453                   |
| Other income                                                                     | 19                                                 | -                          | 19                       | 11                                                 | -                          | 11                       | 22                                      | -                          | 22                       |
| (Losses)/gains on<br>investments held at<br>fair value through<br>profit or loss | -                                                  | (59,555)                   | (59,555)                 | -                                                  | 31,881                     | 31,881                   | -                                       | 72,040                     | 72,040                   |
| <b>Total income/(loss)</b>                                                       | <b>5,554</b>                                       | <b>(59,555)</b>            | <b>(54,001)</b>          | <b>6,455</b>                                       | <b>31,881</b>              | <b>38,336</b>            | <b>25,475</b>                           | <b>72,040</b>              | <b>97,515</b>            |
| <b>Expenses</b>                                                                  |                                                    |                            |                          |                                                    |                            |                          |                                         |                            |                          |
| Management and<br>performance fees<br>(note 7)                                   | (415)                                              | (1,975)                    | (2,390)                  | (400)                                              | (1,602)                    | (2,002)                  | (833)                                   | (3,902)                    | (4,735)                  |
| Other operating<br>expenses                                                      | (616)                                              | -                          | (616)                    | (402)                                              | -                          | (402)                    | (875)                                   | -                          | (875)                    |
| <b>Profit/(loss) before<br/>finance costs and<br/>taxation</b>                   | <b>4,523</b>                                       | <b>(61,530)</b>            | <b>(57,007)</b>          | <b>5,653</b>                                       | <b>30,279</b>              | <b>35,932</b>            | <b>23,767</b>                           | <b>68,138</b>              | <b>91,905</b>            |
| Finance costs                                                                    | (517)                                              | (2,068)                    | (2,585)                  | (531)                                              | (2,129)                    | (2,660)                  | (1,128)                                 | (4,512)                    | (5,640)                  |
| <b>Profit/(loss) before<br/>taxation</b>                                         | <b>4,006</b>                                       | <b>(63,598)</b>            | <b>(59,592)</b>          | <b>5,122</b>                                       | <b>28,150</b>              | <b>33,272</b>            | <b>22,639</b>                           | <b>63,626</b>              | <b>86,265</b>            |
| Taxation                                                                         | (302)                                              | -                          | (302)                    | (370)                                              | -                          | (370)                    | (977)                                   | (390)                      | (1,367)                  |
| <b>Profit/(loss) for the<br/>period and total<br/>comprehensive<br/>income</b>   | <b>3,704</b>                                       | <b>(63,598)</b>            | <b>(59,894)</b>          | <b>4,752</b>                                       | <b>28,150</b>              | <b>32,902</b>            | <b>21,662</b>                           | <b>63,236</b>              | <b>84,898</b>            |
| <b>Return per ordinary<br/>share – basic and<br/>diluted (note 2)</b>            | <b>0.94p</b>                                       | <b>(16.10p)</b>            | <b>(15.16p)</b>          | <b>1.19p</b>                                       | <b>7.02p</b>               | <b>8.21p</b>             | <b>5.41p</b>                            | <b>15.81p</b>              | <b>21.22p</b>            |

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with UK adopted International Accounting Standards. The revenue and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.  
All income is attributable to the equity holders of the Company.

The Company does not have any other comprehensive income and hence the net profit for the period as disclosed above is the same as the Company's total comprehensive income.

The accompanying notes are an integral part of the condensed financial statements.



## STATEMENT OF CHANGES IN EQUITY

| Half-year ended 31 December 2024<br>(unaudited)          | Called up<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Other<br>capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|----------------------------------------------------------|----------------------------------------|--------------------------------------|-------------------------------------------|---------------------------------------|-----------------------------|----------------|
| Total equity at 1 July 2024                              | 6,208                                  | 120,364                              | 14,020                                    | 621,976                               | 36,026                      | 798,594        |
| Total comprehensive income:                              |                                        |                                      |                                           |                                       |                             |                |
| (Loss)/Profit for period                                 | -                                      | -                                    | -                                         | (63,598)                              | 3,704                       | (59,894)       |
| Transactions with owners recorded directly<br>to equity: |                                        |                                      |                                           |                                       |                             |                |
| Buy-back of shares for cancellation (note 3)             | (41)                                   | -                                    | 41                                        | (4,720)                               | -                           | (4,720)        |
| Buy-back of shares for treasury (note 3)                 | -                                      | -                                    | -                                         | (1,448)                               | -                           | (1,448)        |
| Ordinary dividends paid                                  | -                                      | -                                    | -                                         | -                                     | (13,187)                    | (13,187)       |
| <b>Total equity at 31 December 2024</b>                  | <b>6,167</b>                           | <b>120,364</b>                       | <b>14,061</b>                             | <b>552,210</b>                        | <b>26,543</b>               | <b>719,345</b> |
|                                                          | =====                                  | =====                                | =====                                     | =====                                 | =====                       | =====          |
| Half-year ended 31 December 2023<br>(unaudited)          | Called up<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Other<br>capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
| Total equity at 1 July 2023                              | 6,264                                  | 120,364                              | 13,964                                    | 564,880                               | 33,170                      | 738,642        |
| Total comprehensive income:                              |                                        |                                      |                                           |                                       |                             |                |
| Profit for period                                        | -                                      | -                                    | -                                         | 28,150                                | 4,752                       | 32,902         |
| Transactions with owners recorded directly<br>to equity: |                                        |                                      |                                           |                                       |                             |                |
| Buy-back of shares for cancellation (note 3)             | (9)                                    | -                                    | 9                                         | (758)                                 | -                           | (758)          |
| Ordinary dividends paid                                  | -                                      | -                                    | -                                         | -                                     | (13,010)                    | (13,010)       |
| <b>Total equity 31 December 2023</b>                     | <b>6,255</b>                           | <b>120,364</b>                       | <b>13,973</b>                             | <b>592,272</b>                        | <b>24,912</b>               | <b>757,776</b> |
|                                                          | =====                                  | =====                                | =====                                     | =====                                 | =====                       | =====          |
| Year ended 30 June 2024<br>(audited)                     | Called up<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Other<br>capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
| Total equity at 1 July 2023                              | 6,264                                  | 120,364                              | 13,964                                    | 564,880                               | 33,170                      | 738,642        |
| Total comprehensive income:                              |                                        |                                      |                                           |                                       |                             |                |
| Profit for the year                                      | -                                      | -                                    | -                                         | 63,236                                | 21,662                      | 84,898         |
| Transactions with owners recorded directly<br>to equity: |                                        |                                      |                                           |                                       |                             |                |
| Buyback of shares for cancellation (note 3)              | (56)                                   | -                                    | 56                                        | (6,140)                               | -                           | (6,140)        |
| Ordinary dividends paid                                  | -                                      | -                                    | -                                         | -                                     | (18,806)                    | (18,806)       |
| <b>Total equity at 30 June 2024</b>                      | <b>6,208</b>                           | <b>120,364</b>                       | <b>14,020</b>                             | <b>621,976</b>                        | <b>36,026</b>               | <b>798,594</b> |
|                                                          | =====                                  | =====                                | =====                                     | =====                                 | =====                       | =====          |

The accompanying notes are an integral part of these condensed financial statements.

# BALANCE SHEET

At 31 December 2024  
(unaudited)  
£'000

At 31 December 2023  
(unaudited)  
£'000

At 30 June 2024  
(audited)  
£'000

## Non-current assets

Investments held at fair value through profit or loss

819,421

857,284

883,842

## Current assets

Receivables

4,979

4,258

7,587

Cash and cash equivalents

459

265

232

5,438

4,523

7,819

## Total assets

824,859

861,807

891,661

## Current liabilities

Payables

(2,123)

(3,319)

(2,848)

Bank overdrafts

(103,391)

(100,712)

(90,219)

(105,514)

(104,031)

(93,067)

## Net assets

719,345

757,776

798,594

## Equity attributable to equity shareholders

Called-up share capital (note 3)

6,167

6,255

6,208

Share premium account

120,364

120,364

120,364

Capital redemption reserve

14,061

13,973

14,020

Retained earnings:

Other capital reserves

552,210

592,272

621,976

Revenue reserve

26,543

24,912

36,026

## Total equity

719,345

757,776

798,594

## Net asset value per ordinary share – basic and diluted (note 4)

182.66p

189.29p

201.01p

The accompanying notes are an integral part of these condensed financial statements.

## CASH FLOW STATEMENT

|                                                                                   | Half-year ended<br>31 December 2024<br>(unaudited)<br>£'000 | Half-year ended<br>31 December 2023<br>(unaudited)<br>£'000 | Year ended<br>30 June 2024<br>(audited)<br>£'000 |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------|
| <b>Operating activities</b>                                                       |                                                             |                                                             |                                                  |
| (Loss)/profit before taxation                                                     | (59,592)                                                    | 33,272                                                      | 86,265                                           |
| Add back: interest payable                                                        | 2,586                                                       | 2,661                                                       | 5,640                                            |
| Add back: losses/(gains) on investments held at fair value through profit or loss | 59,555                                                      | (31,881)                                                    | (72,040)                                         |
| Sales of investments held at fair value through profit or loss                    | 154,286                                                     | 148,244                                                     | 362,971                                          |
| Purchases of investments held at fair value through profit or loss                | (151,920)                                                   | (137,180)                                                   | (340,283)                                        |
| Decrease/(increase) in prepayments and accrued income                             | 1,519                                                       | 1,228                                                       | (195)                                            |
| Decrease in amounts due from brokers                                              | 816                                                         | 2,023                                                       | 291                                              |
| Decrease in accruals and deferred income                                          | (195)                                                       | (7,107)                                                     | (7,622)                                          |
| (Decrease)/increase in amounts due to brokers                                     | (545)                                                       | (69)                                                        | 81                                               |
|                                                                                   | -----                                                       | -----                                                       | -----                                            |
| <b>Net cash inflow from operating activities before interest and taxation</b>     | <b>6,510</b>                                                | <b>11,191</b>                                               | <b>35,108</b>                                    |
|                                                                                   | -----                                                       | -----                                                       | -----                                            |
| Interest paid                                                                     | (2,571)                                                     | (2,577)                                                     | (5,663)                                          |
| Taxation on investment income                                                     | (29)                                                        | (556)                                                       | (1,726)                                          |
|                                                                                   | -----                                                       | -----                                                       | -----                                            |
| <b>Net cash inflow from operating activities</b>                                  | <b>3,910</b>                                                | <b>8,058</b>                                                | <b>27,719</b>                                    |
|                                                                                   | -----                                                       | -----                                                       | -----                                            |
| <b>Financing activities</b>                                                       |                                                             |                                                             |                                                  |
| Equity dividends paid (net of refund of unclaimed dividends)                      | (13,187)                                                    | (13,010)                                                    | (18,806)                                         |
| Share buy-backs                                                                   | (6,168)                                                     | (758)                                                       | (6,140)                                          |
| Net drawdown/(repayment) of bank overdraft                                        | 15,672                                                      | 5,973                                                       | (2,543)                                          |
|                                                                                   | -----                                                       | -----                                                       | -----                                            |
| <b>Net cash outflow from financing</b>                                            | <b>(3,683)</b>                                              | <b>(7,795)</b>                                              | <b>(27,489)</b>                                  |
|                                                                                   | -----                                                       | -----                                                       | -----                                            |
| <b>Increase in cash and cash equivalents</b>                                      | <b>227</b>                                                  | <b>263</b>                                                  | <b>230</b>                                       |
| Cash and cash equivalents at the start of the period                              | 232                                                         | 2                                                           | 2                                                |
|                                                                                   | -----                                                       | -----                                                       | -----                                            |
| <b>Cash and cash equivalents at the period end</b>                                | <b>459</b>                                                  | <b>265</b>                                                  | <b>232</b>                                       |
|                                                                                   | =====                                                       | =====                                                       | =====                                            |

The accompanying notes are an integral part of these condensed financial statements.

## Notes to the condensed financial statements

### 1. Accounting policies

#### a) Basis of preparation

The condensed financial statements comprise the unaudited results of the Company for the half-year ended 31 December 2024. They have been prepared on a going concern basis and in accordance with UK adopted International Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP'), issued in July 2022 where the SORP is consistent with the requirements of UK adopted International Accounting Standards.

For the period under review, the Company's accounting policies have not varied from those described in the annual report for the year ended 30 June 2024. These financial statements have not been audited or reviewed by the Company's auditors.

### 2. Return per ordinary share

The return per ordinary share is based on the loss for the half-year of £59,894,000 (half-year ended 31 December 2023: profit of £32,902,000; year ended 30 June 2024: profit of £84,898,000) and on 395,136,083 ordinary shares (half-year ended 31 December 2023: 400,667,457 and year ended 30 June 2024: 400,039,178), being the weighted average number of ordinary shares in issue during the period.

The return per ordinary share detailed above can be further analysed between revenue and capital, as below.

|                                                                       | Half-year ended<br>31 December 2024<br>(unaudited)<br>£'000 | Half-year ended<br>31 December 2023<br>(unaudited)<br>£'000 | Year ended<br>30 June 2024<br>(audited)<br>£'000 |
|-----------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------|
| Net revenue profit                                                    | 3,704                                                       | 4,752                                                       | 21,662                                           |
| Net capital (loss)/profit                                             | (63,598)                                                    | 28,150                                                      | 63,236                                           |
|                                                                       | -----                                                       | -----                                                       | -----                                            |
| Net (loss)/profit                                                     | (59,894)                                                    | 32,902                                                      | 84,898                                           |
|                                                                       | =====                                                       | =====                                                       | =====                                            |
| Weighted average number of ordinary shares in issue during the period | 395,136,083                                                 | 400,667,457                                                 | 400,039,178                                      |

  

|                                   | Half-year ended<br>31 December 2024<br>(unaudited)<br>Pence | Half-year ended<br>31 December 2023<br>(unaudited)<br>pence | Year ended<br>30 June 2024<br>(audited)<br>pence |
|-----------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------|
| Revenue return per ordinary share | 0.94                                                        | 1.19                                                        | 5.41                                             |
| Capital return per ordinary share | (16.10)                                                     | 7.02                                                        | 15.81                                            |
|                                   | -----                                                       | -----                                                       | -----                                            |
| Total return per ordinary share   | (15.16)                                                     | 8.21                                                        | 21.22                                            |
|                                   | =====                                                       | =====                                                       | =====                                            |

### 3. Share capital

At 31 December 2024 there were 393,815,298 ordinary shares in issue (31 December 2023: 400,321,188 and 30 June 2024: 397,287,598).

During the half-year ended 31 December 2024, the Company repurchased 2,655,272 ordinary shares for cancellation, at a total cost of £4,720,000 and repurchased 817,028 ordinary shares for treasury, at a total cost of £1,448,000 (31 December 2023: 545,988 ordinary shares for cancellation, at a total cost of £758,000 and 30 June 2024: 3,579,578 ordinary shares for cancellation, at a total cost of £6,140,000). No ordinary shares were issued (31 December 2023 and 30 June 2024: same).

### 4. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to equity shareholders of £719,345,000 (31 December 2023: £757,776,000; 30 June 2024: £798,594,000) and on 393,815,298 ordinary shares (31 December 2023: 400,321,188; 30 June 2024: 397,287,598), being the number of ordinary shares in issue at the period end.

### 5. Dividends

The Company has declared an interim dividend of 1.45p per ordinary share (31 December 2023: 1.45p) payable on 2 May 2025 to members on the register as at 4 April 2025. The shares will trade ex-dividend on 3 April 2025. A final dividend of 3.35p per ordinary share was paid on 29 November 2024 from the Company's revenue account in respect of the year ended 30 June 2024.

## 6. Transaction costs

Purchase transaction costs for the half-year ended 31 December 2024 were £199,000 (half-year ended 31 December 2023: £130,000; year ended 30 June 2024: £381,000). These comprise mainly stamp duty and commission. Sales transaction costs for the half-year ended 31 December 2024 were £63,000 (half-year ended 31 December 2023: £69,000; year ended 30 June 2024: £159,000).

## 7. Management and performance fees

The base management fee payable to the Manager is 0.55% of net assets up to £800m, reducing to 0.45% thereafter. Fees are charged quarterly in arrears.

The investment manager may also be eligible to receive a performance-related fee. In order to determine whether a performance fee is payable, performance is measured against, and expressed relative to, the benchmark, the MSCI Europe ex UK Small Cap Index expressed in Sterling. Performance of both the Company and the benchmark is measured on a NAV total return (with gross income reinvested) basis and is measured over three years. For the purpose of the performance fee calculation, performance prior to 1 July 2022 is based on the Company's former benchmark, the Euromoney Smaller European Companies (ex UK) Index expressed in sterling.

In any given year in which a performance fee is payable, the performance fee rate is 15% of the positive difference between the average annual NAV total return and the average annual total return of the benchmark. The upper limit on the total fee, including the base fee and any performance fee, for any given accounting year is 2.0% of the Company's NAV as at the last day of the relevant calculation period. A performance fee hurdle over the benchmark of 1.0% has to be reached before any performance fee can be earned. For clarity, performance is measured solely on the basis of NAV total return relative to the total return of the benchmark index; no account is taken of whether the NAV grows or shrinks in absolute terms. Any performance fee payable is allocated to capital.

A performance fee of £315,000 has been accrued as at 31 December 2024 (31 December 2023: £nil; 30 June 2024: £569,000).

## 8. Financial instruments

At the period end the carrying value of financial assets and financial liabilities approximates their fair value.

### Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset or liability. The different levels are defined as follows:

Level 1: valued using quoted prices in active markets for identical assets;

Level 2: valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1; and

Level 3: valued by reference to valuation techniques that are not based on observable market data.

| Financial assets and financial liabilities at fair value through profit or loss at 31 December 2024 | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
|-----------------------------------------------------------------------------------------------------|------------------|------------------|------------------|----------------|
| Investments at fair value through profit or loss                                                    | 819,421          | -                | -                | 819,421        |
|                                                                                                     | -----            | -----            | -----            | -----          |
| <b>Total financial assets and liabilities carried at fair value</b>                                 | <b>819,421</b>   | <b>-</b>         | <b>-</b>         | <b>819,421</b> |
|                                                                                                     | =====            | =====            | =====            | =====          |

There were no transfers between levels of fair value hierarchy during the period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of the event or through a change in circumstances that caused the transfer.

## 9. Going concern

Having reassessed the principal risks and uncertainties facing the Company, the directors consider that it is appropriate to continue to adopt the going concern basis of preparation and confirm that there are no material uncertainties of which they are aware. The assets of the Company consist mainly of securities, most of which are realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

## 10. Related party transactions

The Company's transactions with related parties in the period were with the directors and the investment manager. There were no material transactions between the Company and its directors during the period and the only amounts paid to the directors were in respect of expenses and remuneration for which there were no outstanding amounts payable at the period end. In relation to the provision of services by the investment manager, other than fees payable

by the Company in the ordinary course of business and the facilitation of marketing activities with third parties, there were no material transactions with the investment manager affecting the financial position of the Company during the period under review.

#### **11. Comparative information**

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half-years ended 31 December 2024 and 31 December 2023 has not been audited or reviewed by the Company's auditors. The figures and financial information for the year ended 30 June 2024 are an extract based on the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

#### **12. Website**

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, announcements, reports and details of general meetings can be found at [www.europeansmallercompaniestrust.com](http://www.europeansmallercompaniestrust.com)

#### **13. Half-year report**

The Company's half-year report and a summary extract is available on the Company's website. The summary extract will be posted to shareholders in March 2025.

#### **14. Company status**

The European Smaller Companies Trust PLC is registered in England and Wales, No. 2520734, has its registered office at 201 Bishopsgate, London EC2M 3AE and is listed on the London Stock Exchange.

SEDOL/ISIN: BMCF868/GB00BMCF8689

London Stock Exchange (TIDM) code: ESCT

Global Intermediary Identification Number (GIIN): JX9KYH.99999.SL.826

Legal Entity Identifier (LEI): 213800N1B1HCQG2W4V90

#### **15. Directors and Secretary**

At the date of this report, the directors of the Company are James Williams (Chairman), Daniel Burgess (Chairman of the Audit Committee), Ann Grevelius and Simona Heidempergher (Senior Independent Director). The Corporate Secretary is Janus Henderson Secretarial Services UK Limited.