



The European Smaller Companies Trust PLC

Investing in the growth potential of European companies

Summary for the half year ended 31 December 2025

MANAGED BY

Janus Henderson
— INVESTORS —

Investing in the growth potential of European companies

The European Smaller Companies Trust PLC

Investment Objective

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

Portfolio holdings

123

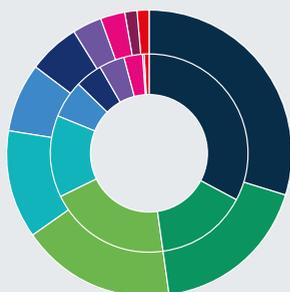
Investment focus

Growth

Regional focus

Europe

Sector exposure as a percentage of the portfolio excluding cash



	at 31 December 2025	at 30 June 2025
● Industrials	29.9	32.8
● Technology	17.9	15.1
● Consumer Discretionary	17.5	19.9
● Financials	12.3	13.4
● Basic Materials	7.7	6.1
● Health Care	5.9	4.6
● Real Estate	3.5	4.2
● Energy	2.6	2.9
● Utilities	1.4	0.4
● Consumer Staples	1.3	0.6
	100.0	100.0

Gearing

5.5%

at 31 December 2025
(2025: 1.3%)

Net assets

£839.6m

at 31 December 2025
(2025: £510.7m)

Total return per share

16.31p

at 31 December 2025
(2025: 24.02p)

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Comparative figures are as at 30 June 2025, unless indicated otherwise

Source: Janus Henderson Investors

Performance summary

Half year to 31 December 2025

Performance

NAV total return^{1,5} KPI	Share price total return^{2,5} KPI	NAV per share	Share price	Discount^{3,5} KPI
7.7%	4.1%	238.18p	216.50p	9.1%
(2025: 14.5%)	(2025: 21.9%)	(2025: 224.45p)	(2025: 211.50p)	(2025: 5.8%)

KPI This indicates a key performance indicator ('KPI'). KPIs are used to measure the success of your Company in meeting its objective and by the directors to evaluate the performance.

Total return performance

Total return performance to 31 December 2025

	6 months %	1 year %	3 years %	5 years %	10 years %
NAV ^{1,5}	7.7	33.2	47.3	51.5	227.8
MSCI Europe ex UK Small Cap Index ⁴	7.1	26.9	39.4	35.6	158.1
Share price ^{2,5}	4.1	29.0	59.2	54.1	232.9

Total return performance over 10 years to 31 December 2025



1 Net asset value ('NAV') total return performance with dividends reinvested

2 Share price total return using closing price

3 Calculated using the NAV and closing share price at 31 December 2025

4 Benchmark index rebased to 100

5 The NAV total return, share price total return, NAV per share and discount are alternative performance measures which are explained in the Annual Report 2025

Comparative figures are as at 30 June 2025, unless stated otherwise

Sources: Morningstar Direct, Janus Henderson Investors

Chairman's statement



James Williams
Chairman

The six months to 31 December 2025 was a good period for your Company. The fund management team has once again delivered strong performance and the combination with European Assets Trust PLC ('EAT') completed successfully on 15 October 2025, bringing the Company's net assets to £839.6m at the period end.

Welcome to our new shareholders who joined us from EAT.

Performance

NAV total return performance for the six months to 31 December 2025 was 7.7% against the benchmark, the MSCI Europe ex UK Small Cap Index, of 7.1%. The share price total return over the six-month period was 4.1%.

This continues the excellent long-term performance of the Company's portfolio over five years, with a NAV total return of 51.5%, well ahead of the benchmark of 35.6%, along with a share price total return of 54.1%.

New dividend policy

On 20 January 2026, we declared our first interim dividend under the new policy. This amounted to 2.81p per share which will be paid to shareholders at the end of February 2026.

The new dividend policy came into effect on completion of the combination with EAT. Under the policy, we intend to pay quarterly interim dividends targeting a total dividend of at least 5% of the NAV per share as at the preceding financial year end.

The NAV per share at 30 June 2025 was 224.4p per share and we therefore anticipated that dividends of at least 2.81p per share will also be paid in May and August 2026. The fund management team will maintain their focus on prioritising capital growth, and dividends will be paid from revenue and capital reserves.

Discount management

The average daily discount over the six months of this reporting period was 7.8%, against the average for the investment trust equity sector of 10.2%. The discount has narrowed further and, as at 20 February 2026, stood at 7.0%.

We aim to maintain a mid-single digit discount in normal market conditions.

Outlook

The European economy has faced a number of headwinds since the Russian invasion of Ukraine; the Covid supply-chain shock, the energy shock, the inflation shock, the interest rate cycle and US tariff policy have all acted as a drag on the economy. However, the supply-chain shock has unwound, energy prices have normalised to a degree, inflation is under control, interest rates are declining and there is a degree of visibility around tariffs. The German government's abandoning of the debt-brake and embarkation upon fiscal stimulus and rearmament will have a further positive effect on the European economy over the coming quarters. This should help the already strong European periphery and recovering northern European economies, and awaken economic activity on the Continent.

There is a plentiful supply of excellent companies trading at depressed prices which our fund managers have been finding for the portfolio. As recovery builds, we believe the stock markets should see a wider variety of companies delivering strong price returns to the benefit of your Company. Following a period of intense corporate activity with the large tender offer last year and the combination with the EAT, we look forward to a period of calm for our fund managers who have performed admirably despite the distractions of 2025.

James Williams
Chairman
23 February 2026

Fund Manager's report



Ollie Beckett

Fund Manager

Julia Scheufler

Deputy Fund Manager

Rory Stokes

Deputy Fund Manager

The first six months of the financial year ending 30 June 2026, has seen a period of decent performance for the Company, with the NAV up 7.7%, outperforming the MSCI Europe ex UK Small Cap Index by 0.6%. The performance of the portfolio was driven by idiosyncratic stock selection rather than exposures to countries, sectors or themes.

Notable positive contributors were Swedish listed podcast platform, **Acast**, that helps host, distribute and monetise podcasts through advanced advertising technology. The company has done a phenomenal job of growing during a soft advertising market and the shares responded very positively to the third quarter earnings and updated financial targets, plus the announced move to the Nasdaq Stockholm Main Market listing. German listed manufacturer of electricity grid cable connection products, **Pfisterer**, made a notable contribution as it raised forecasts for the year after a strong order intake. Italian listed designer, manufacturer and distributor of luxury eyewear and sunglasses, **Safilo**, performed well after compelling results, some license renewal and new brand partnerships such as the ten-year global licensing agreement with Victoria Beckham.

The principal detractors from performance were German listed out-of-home advertising company, **Stroer**, that delivered disappointing operating results and failed to execute the announced exploration of a sale of the company's billboard business. Another German detractor has been, **lonos**, the provider of webhosting and cloud infrastructure for the small and medium sized enterprise sector. Mediocre results from the non-core AdTech segment drove underperformance after a change in policy at Google. This, combined with concerns that Artificial Intelligence ('AI') might disrupt the business, weighed on the valuation, which had been a strong contributor to performance in the prior financial year. Spanish listed **HBX**, a platform acting as an exchange for connecting travel suppliers with hotels, was also perceived to be at risk of being disrupted by AI which weighed on the share price. In both instances, the logic behind how the companies will be disrupted seems a touch fuzzy and we think both companies will benefit from the adoption of AI.

There are good reasons for optimism in our market. The stimulative benefits of interest rate cuts will begin to be felt this year. Accommodative fiscal positioning, especially in Germany, will boost growth. The post-Covid period of destocking will cease to act as a drag on the economy and there is more clarity on capricious US tariff policy. However, challenges persist with volatile US policymaking, a subdued Chinese economy, ongoing French political drama and market scepticism about the speed of the German fiscal stimulus, which all provide good reason not to be complacent. The portfolio is positioned for recovery, but with stocks that have sensible capital structures and management teams that understand how to unlock value. The opportunity set that we hunt in is rich with undervalued companies and we continue to uncover exciting opportunities for your Company.

Ollie Beckett, Rory Stokes and Julia Scheufler

Fund management team

23 February 2026

Financial summary

Extract from the Statement of Comprehensive Income	Half year ended 31 Dec 2025 (unaudited)			Half year ended 31 Dec 2024 (unaudited)	Year ended 30 June 2025 (audited)
	Revenue return £'000	Capital return £'000	Total return £'000	Total return £'000	Total return £'000
Investment income	3,319	–	3,319	5,535	20,623
Other income	32	–	32	19	79
Gains/(losses) on investments held at fair value through profit or loss	–	45,615	45,615	(59,555)	82,027
Total income/(loss)	3,351	45,615	48,966	(54,001)	102,729
Expenses, finance costs and taxation	(1,301)	(1,723)	(3,024)	(5,893)	(12,672)
Profit/(loss) for the period and total comprehensive income	2,050	43,892	45,942	(59,894)	90,057
Return per ordinary share – basic and diluted	0.73p	15.58p	16.31p	(15.16p)	24.02p

Extract from the Balance Sheet	31 Dec 2025 (unaudited) £'000	31 Dec 2024 (unaudited) £'000	30 June 2025 (audited) £'000
Investments held at fair value through profit or loss	886,073	819,421	517,339
Current assets	4,705	5,438	6,702
Current liabilities	(51,163)	(105,514)	(13,364)
Net assets	839,615	719,345	510,677
Net asset value per ordinary share – basic and diluted	238.18p	182.66p	224.45p

Dividends

The Company has declared the first interim dividend under the new dividend policy adopted on completion of the combination with EAT. The policy targets a total dividend of at least 5% of the NAV per share as at the end of the preceding financial year.

The interim dividend of 2.81p per share will be paid to shareholders on the register at the record date of 30 January 2026. The payment will be made on 27 February 2026, with the shares having traded ex-dividend on 29 January 2026. The NAV per share at 30 June 2025 was 224.4p per share and, it is anticipated that dividends of at least 2.81p per share will also be paid in May and August 2026.

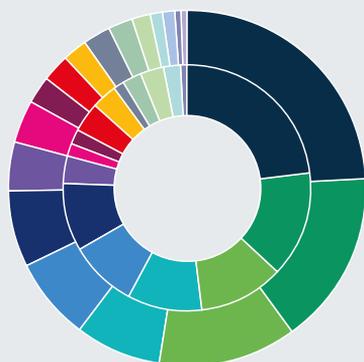
A second interim dividend of 3.45p per share was paid on 8 October 2025, prior to the combination with EAT and in lieu of the final dividend for the year ended 30 June 2025. The amount was paid from the Company's revenue account.

Portfolio information

Top 10 holdings as at 31 December 2025

Company	Sector	Geographical area	Valuation £'000	% of portfolio
IG Group	Financials	United Kingdom	18,908	2.1
TKH	Industrials	Netherlands	16,469	1.9
Elmos Semiconductor	Technology	Germany	16,348	1.8
Stroeer	Consumer Discretionary	Germany	15,820	1.8
Flatexdegiro	Financials	Germany	15,653	1.8
Van Lanschot Kempen	Financials	Netherlands	15,286	1.7
Gaztransport et Technigaz	Energy	France	13,660	1.5
Karnov	Industrials	Sweden	13,311	1.5
Ringkobing Landbobank	Financials	Denmark	13,264	1.5
Alzchem	Basic Materials	Germany	12,992	1.5
10 largest			151,711	17.1

Geographic exposure as a percentage of the portfolio excluding cash



	at 31 December 2025	at 30 June 2025
● Germany	24.4	23.2
● Sweden	15.6	13.9
● France	12.6	11.2
● Netherlands	7.9	9.7
● Spain	7.3	8.7
● Switzerland	7.0	9.1
● Norway	4.6	3.4
● Austria	3.7	1.8
● Denmark	2.5	2.0
● Greece	2.5	3.7
● Belgium	2.4	3.4
● Finland	2.4	1.5
● United Kingdom	2.1	2.4
● Italy	1.9	3.2
● Portugal	1.1	2.1
● Luxembourg	1.0	–
● Ireland	0.6	0.7
● Bulgaria	0.4	–
	100	100

MANAGED BY

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INVESTORS

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Keep in touch

Scan the QR code to receive the latest Company updates, market insights, event invitations and more.



The European Smaller Companies Trust PLC
Registered as an investment company in England and Wales

Registered office

201 Bishopsgate
London EC2M 3AE

SEDOL/ISIN number:

Ordinary Shares:
BMCF868/GB00BMCF8689

Registration Number

2520734

London Stock Exchange (TIDM) Code

ESCT

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