



The European Smaller Companies Trust PLC

Investing in the growth potential of European companies

Annual Report 2026

MANAGED BY

Janus Henderson
— INVESTORS —



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→ www.europeansmallercompaniestrust.com

Annual Report

for the year ended 30 June 2026

Keeping in touch

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

Please send any general enquiries about the Company to itsecretariat@janushenderson.com.



Annual General Meeting (AGM)

The Board invites you to attend the AGM at 12.30 pm on 16 November 2026 either in person or online.

Scan the QR code for more details and to register your attendance.



Europe's most exciting growth opportunities are often found beyond the headline names.

The European Smaller Companies Trust invests in a diverse portfolio of smaller and medium-sized companies across Europe, seeking to identify tomorrow's successful businesses before they become widely recognised.

About us

We invest in smaller and medium sized companies across Europe, seeking long-term capital growth.

This part of the market contains many innovative and entrepreneurial businesses that are less widely researched than larger companies. Through active selection and extensive company research, we aim to uncover opportunities capable of delivering attractive long-term returns.

Alongside capital growth, the Company aims to provide a regular income through quarterly dividends.

“

Our aim is to build a portfolio of Europe's next generation of growth businesses, combining long-term opportunity with valuation discipline.”



[See p.10 Fund manager's report](#)

Investment returns are delivered through a combination of long-term capital appreciation and quarterly dividends, with an annual dividend target of 5% of NAV.



Ollie Beckett
Fund Manager

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 Europe¹.

Portfolio holdings

125

→ See p.83 Portfolio holdings

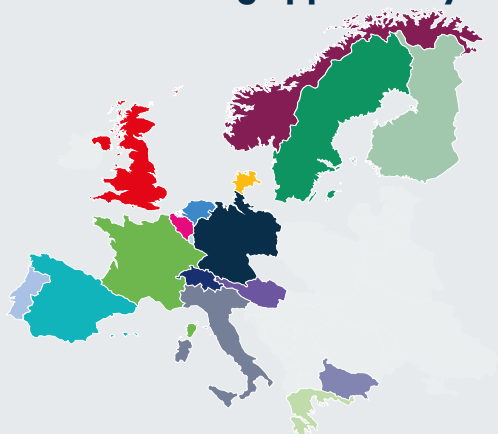
Investment focus

Growth

Regional focus

Europe

Finding opportunity in Europe's hidden growth engines



30 June 2026 %

Germany	23.2	United Kingdom	2.5
Sweden	20.0	Denmark	2.4
France	11.3	Italy	2.1
Spain	8.6	Finland	1.8
Netherlands	8.0	Greece	1.5
Switzerland	7.0	Luxembourg	1.2
Austria	3.9	Portugal	0.5
Belgium	3.0	Bulgaria	0.4
Norway	2.6		

Ongoing charges⁴ KPI

0.66%²

For the year ended
30 June 2026

2025: 0.68%

Net assets

£863m

As at 30 June 2026

2025: £511m

Dividend yield⁴

3.6%³

As at 30 June 2026

2025: 2.3%

MANAGED BY

Janus Henderson
INVESTORS

¹ At any given time, over 75% of the portfolio is expected to be invested in companies which are quoted, domiciled, listed or have operations in Europe

² Calculated using the methodology prescribed by the AIC. The ongoing charge including the performance fee is 0.76% (2025: 0.93%)

³ Based on the total dividend of 8.43p per share and the closing share price of 234.00p per share at 30 June 2026

⁴ The ongoing charge and dividend yield are alternative performance measures. These are explained on pages 86 and 87

Source: Janus Henderson Investors. A glossary of terms is included on page 90

Why Europe's smaller companies?

A large, under-researched universe with powerful structural tailwinds

Europe's small-cap market represents a broad opportunity set where active management can add value through deep research and disciplined stock selection.

1,311

European small-cap companies

Market cap £100m to £5bn

6

Average number of sell side analysts

Covering each stock

VS

European large caps

403

 companies
Market cap >£5bn

19

 analysts

**More companies. Less analyst coverage.
Greater opportunity for active management**

Powerful structural growth drivers in Europe



Digitalisation

Europe continues to invest heavily in digital infrastructure, cloud computing, cybersecurity, semiconductors, automation and AI adoption which is enabling digital transformation across all sectors.



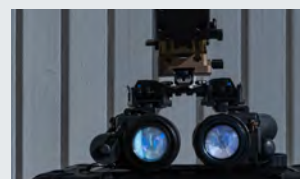
Energy transition

Electrification, grid infrastructure and energy efficiency are underpinning the transition to a more sustainable and resilient economy. The EU's Clean Industrial Deal is explicitly designed to use decarbonisation as a source of industrial growth and competitiveness.



Strategic autonomy

The EU is actively pursuing greater industrial resilience and domestic production capacity with the aim of reducing dependence on external suppliers for energy, semiconductors, defence equipment and critical minerals.



Defence

Rising European investment in security and defence capability is creating long-term opportunities for domestic suppliers.

Why this matters for investors



Greater opportunity set

Larger universe of small cap companies which are less well covered by analysts meaning a greater opportunity to find mispriced securities.



Attractive valuation

Valuation gap between European small cap companies and their large cap peers is close to historic extremes meaning greater potential for upward re-rating.



Active management advantage

Lower analyst coverage and market inefficiencies create fertile ground for active managers to add value.



How we build the portfolio

Rather than focusing on a single investment style, we look for the most compelling opportunities across Europe's smaller companies. By investing in businesses at different stages of their development, we can build a diversified portfolio based on each company's individual merits and long-term potential.

We invest wherever we find value

Different opportunities emerge at different stages of a company's development, but the common thread is the potential to generate attractive returns on invested capital.

A portfolio built from companies at different stages of their journey

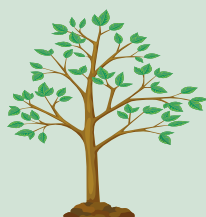
1 Early Growth



Emerging businesses investing for future expansion.

Potential returns not yet fully reflected by the market.

2 Quality Growth



Established businesses with proven competitive advantages.

Competitive advantages may support strong returns on invested capital.

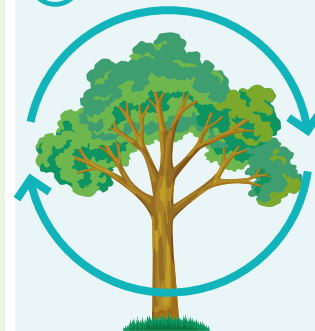
3 Mature



Cash-generative businesses with operational discipline.

Strong cash generation can support long-term value creation.

4 Turnaround



Businesses undergoing significant change.

Potential for improving returns as positive change may unlock value.

~47%

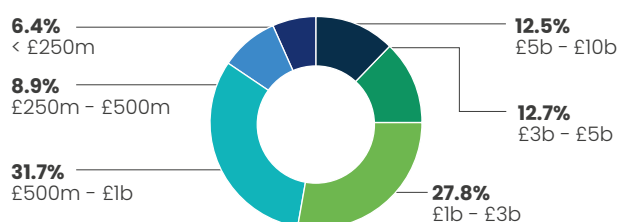
of the portfolio is invested in companies below €1bn free float market capitalisation¹.



True exposure to Europe's **smaller companies** where inefficiencies are greatest.

A true small cap offering

Portfolio breakdown by market capitalisation¹.



Our investment principles



Bottom-up stock selection

In-depth company research to uncover high-quality businesses with attractive risk/reward profiles.



Valuation discipline

We seek to invest where the market price does not fully reflect long-term business potential.



Risk aware

Portfolio construction focuses on balance and diversification to manage risk without diluting opportunity.

¹ Based on free-float market capitalisation at 30 June 2026



Our manager: Janus Henderson Investors

A specialist investment trust manager with global resources

Janus Henderson Investors manages £400bn of client assets globally and has a long heritage in investment trusts. Henderson's origins lie in managing investment trusts, and today the firm remains one of the UK's largest and most experienced investment trust managers.

The Company benefits from this specialist expertise, alongside the resources of a global active investment business.

Why this matters



Investment trust expertise

Janus Henderson Investors has managed investment trusts for more than 90 years and is one of the largest and most experienced investment trust managers in the UK.



European small cap equities capability

A dedicated European equities team provides on-the-ground research and extensive access to companies across Europe.



Global resources

The Company benefits from the depth of a global platform including research, risk management, governance and operational support.

Assets under management

£400bn

Employees

2,000+

Global offices

27

Investment professionals

350+

Source: Janus Henderson Investors as at 30 June 2026

Performance summary

Year to 30 June 2026

Performance

[See p.10 Fund manager's report](#)

**NAV
total return¹
KPI**

16.8%
(2025: 14.5%)

**Share price
total return²
KPI**

15.3%
(2025: 21.9%)

**NAV per share
at year end**

252.42p
(2025: 224.45p)

**Share price
at year end**

234.00p
(2025: 211.50p)

**Discount
at year end³
KPI**

7.3%
(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 in evaluating the fund management team. See page 15.

Total return performance

Total return performance to 30 June 2026

	1 year %	3 years %	5 years %	10 years %
NAV ^{1, 6}	16.8	49.9	37.7	235.7
Share price ^{2, 6}	15.3	68.0	46.9	290.9
MSCI Europe ex UK Small Cap Index (the benchmark) ⁴	12.4	41.1	28.4	156.9
AIC European Smaller Companies sector ⁵	11.8	45.2	28.0	200.3
Open-ended fund sectors:				
IA European Smaller Companies sector	9.2	33.9	14.7	120.3
EAA Fund Europe Small Cap Equity sector	6.5	21.9	0.9	93.9

Total return performance^{4, 5}



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 year end

4 All indices are sterling adjusted and rebased to 100

5 Sector comprises only three constituents

6 The NAV total return, share price total return, NAV per share, discount and ongoing charge are alternative performance measures. These are explained in more detail on pages 86 and 87

Sources: Morningstar Direct, Janus Henderson Investors. A glossary of terms is included on page 90

Performance summary continued

Dividend performance

Total dividend¹
Per share for the year

8.43p

(2025: 4.90p)

Dividend yield²
At the end of the year

3.6%

(2025: 2.3%)

Total return
Per share

35.82p

(2025: 24.02p)

Dividend policy

On 15 October 2025, the Company adopted a new policy targeting 5% of the NAV per share as at the previous year end.

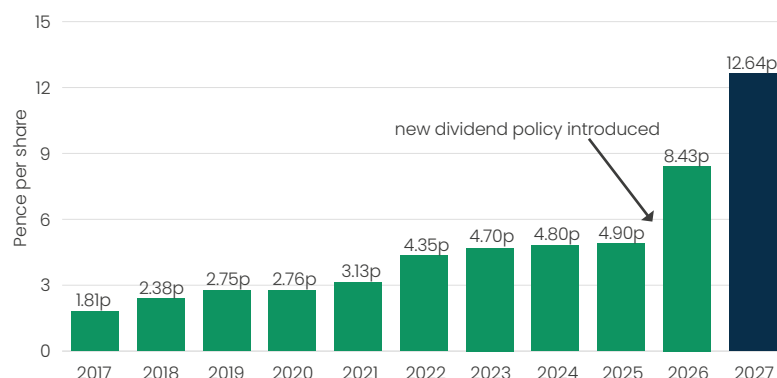
Year ended 30 June 2026

Based on the three financial quarters since the policy was introduced, a total dividend of 8.43p per share was paid in respect of the year ended 30 June 2026, resulting in a yield of 3.6%.

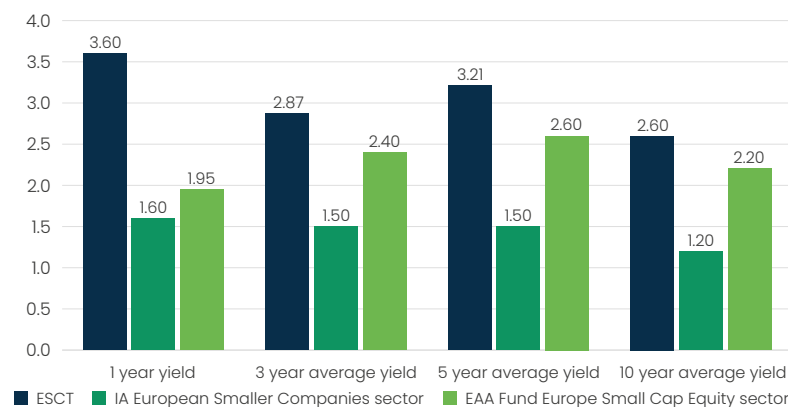
Year ending 30 June 2027

Based on the full financial year of four quarters, the prospective total dividend will be 12.64p per share, resulting in an indicative yield of 5.4% based on the NAV per share as at 30 June 2026.

Total dividend per year



Dividend yield



¹ Based on the three financial quarters in the year ended 30 June 2026, following the adoption of the new dividend policy on 15 October 2025

² Based on the dividends declared in respect of the year ended 30 June 2026 of 8.43p per share and the closing share price of 234.00p per share

³ The new dividend policy was implemented in October 2025 on completion of the combination with European Assets Trust PLC

Sources: Morningstar Direct, Janus Henderson Investors

Chairman's statement



James Williams
Chairman

Highlights of the year

NAV per share at year end

252.42p

(2025: 224.45p)

Share price at year end

234.00p

(2025: 211.50p)

Dividend for the year¹

8.43p

(2025: 4.90p)

Dividend yield at 30 June 2026

3.6%

(2025: 2.3%)

Dear Shareholder,

I am pleased with how the Company has navigated what has proved to be another eventful year. We successfully combined with European Assets Trust PLC ('EAT') and welcomed two new Board members, with Kate Cornish-Bowden and Stuart Paterson joining from the Board of EAT.

Following the combination, we are now the largest constituent of the AIC European Smaller Companies sector, with the second highest dividend yield across closed-end funds with a European focus, both small and large-cap. We believe this broadens the Company's appeal to investors and is the result of our decision to adopt a new policy targeting a minimum total dividend of 5% of the NAV per share as at the previous year end. The attractive yield complements the strong, long-term performance where the fund management team have outperformed the benchmark over 1, 3, 5 and 10 years. Shareholders have further benefited from a reduced ongoing charge of 0.66%², which was achieved through negotiating a reduction in the management fee.

Beyond your Company, geopolitical events have caused further bouts of market volatility. The US/Israeli war with Iran has resulted in instability in the energy market and fears of supply chain challenges, fears that have not yet fully manifested, but have also not fully dissipated.

The extraordinary development of Artificial Intelligence ('AI') and the capital expenditure boom to deliver it has had a dramatic effect on stock prices and consequently influenced the best and worst performing stocks in the portfolio.

All in all, it has been a busy period for your Company and I am grateful that our fund managers have once again delivered strong performance.

“

The extraordinary development of Artificial Intelligence ('AI') and the capital expenditure boom to deliver it has had a dramatic effect on stock prices and consequently influenced the best and worst performing stocks in the portfolio.”

Performance

The NAV total return for the year to 30 June 2026 was 16.8%, comfortably ahead of the benchmark return of 12.4%. This maintains the fund managers' consistent five-year track record to 30 June 2026, with a NAV total return of 37.7% against the benchmark of 28.4%, and even more impressively, the ten-year track record of 235.7% against the benchmark of 156.9%.

The share price total return over the year to 30 June 2026, was 15.3%.

¹ Based on the three financial quarters in the year ended 30 June 2026, following the adoption of the new dividend policy on 15 October 2025

² Ongoing charge ratio excluding the performance fee, 0.76% including the performance fee

Chairman's statement continued

“
The Board introduced a new dividend policy following the completion of the combination with EAT.....we intend to pay quarterly interim dividends totaling at least 5% of the NAV per share as at the preceding financial year end.
”

Dividend policy

The Board introduced a new dividend policy following the completion of the combination with EAT in October 2025. The policy was applied for the final three quarters of the Company's financial year ending 30 June 2026, delivering a total dividend of 8.43p per share. Under the policy we intend to pay quarterly interim dividends totalling at least 5% of the NAV per share as at the preceding financial year end. As we progress through the next two quarters, the dividend yield on the Company will expand to this level as we annualise the new policy.

On 3 July 2026, we announced the prospective total dividend for the year ending 30 June 2027 of 12.64p per share. We anticipate paying this across four interim dividends, each of 3.16p per share in November 2026 and February, May and August 2027.

Many retail share dealing platforms such as AJ Bell, Hargreaves Lansdown, Interactive Investor and many more, offer the ability to automatically reinvest dividends. We would encourage shareholders to make use of this facility.

Discount management and share buyback

In January 2025, we introduced a mid-single digit target for the discount at which the Company's shares trade compared to its NAV in normal market conditions. In the financial year ended 30 June 2026, we bought back 16.8m shares, returning over £36.7m to shareholders.

The discount ranged from 5.1% to 10.4%, reflecting appetite generally for equities during a heightened period of geopolitical tensions. The discount at 30 June 2026 was 7.3%, comparable to peers in the AIC sector.

The Board believes that the enhanced dividend policy, ongoing share buybacks and the marketing programme should work to support a further narrowing of the discount notwithstanding the background of volatile stock market events.

Annual General Meeting

The 36th Annual General Meeting ('AGM') will be held at 12.30 pm on Monday, 16 November 2026 at the offices of our investment manager at 201 Bishopsgate, London, EC2M 3AE.

The AGM is a great opportunity for shareholders to hear first-hand from the fund manager and to pose questions to the directors and the fund management team.

I encourage as many shareholders as possible to join us at the AGM to vote on the resolutions under consideration, or to complete their proxy form ahead of the meeting. The voting results help inform the Board of shareholder sentiment on some of our key strategic approaches such as the quarterly dividend and appetite to buy back shares.

For those wishing to attend, but unable to travel, the event will be streamed live via the internet, although shareholders will not be able to vote via this medium.

Outlook

Since 2024 global stock markets have experienced significant disruption, whether geopolitical or driven by the extraordinary transformation brought about by the advent of AI. Neither seem likely to go away anytime soon, whether that be the ongoing development of AI or more local changes in Europe such as potential German economic stimulus or upcoming elections in France.

We believe that European smaller companies are well placed to benefit from these changes. A number of companies in the European technology sector are critical to the AI roll-out and provide exciting investment prospects for our fund managers. Beyond this, European companies lead in many other niche sectors, as our fund managers' highlight in their report. Valuations remain compellingly attractive across smaller companies versus larger companies and there are many opportunities for our fund managers to invest in. We believe the Company remains well placed to continue delivering value for shareholders over the long term.

James Williams

Chairman

29 September 2026

Annual General Meeting (AGM)

The Board invites you to attend the AGM at 12.30 pm on 16 November 2026 either in person or online.

Scan the QR code for more details and to register your attendance.



Fund manager's report



Ollie Beckett
Fund Manager

Highlights of the year

NAV total return

16.8%

(2025: 14.5%)

Benchmark¹ total return

12.4%

(2025: 14.0%)

- The second half of the year was characterised by an AI-driven market euphoria followed by a sharp correction. Combined with the US and Israel's war in Iran, this kept markets volatile.
- We benefited from our exposure to several businesses aligned with AI infrastructure investment, yet several holdings were adversely affected by perceptions that they faced disruption from AI, as the market often applied the 'AI winner' and 'AI loser' labels indiscriminately.

Introduction

The financial year ended 30 June 2026 was a positive one for European smaller companies. The first half was shaped by a capricious US tariff policy, which weighed on corporate decision-making, a sluggish Chinese economy attempting to reignite growth through aggressive export-led stimulus and increasing scepticism over the German government's ability to deliver its promised infrastructure investment programme. The second half brought a very different set of challenges and opportunities, characterised by first an AI-driven market euphoria, followed by a sharp correction, and culminating in the US and Israel's conflict with Iran, which led to the temporary blockade of the Strait of Hormuz. Against this backdrop, markets experienced significant volatility throughout the year. Despite these headwinds, the Company delivered a return of 16.8%, compared with 12.4% for the benchmark, resulting in outperformance of 4.4%.

Although tariffs, elections and geopolitical conflict provided a volatile backdrop, the dominant investment theme of the year was the market's rapidly strengthening belief in the transformative potential of AI. From February onwards, investors increasingly viewed the market through a binary lens of 'AI winners' and 'AI losers', frequently overlooking the nuances of individual business models and competitive positions. This environment created both opportunities and challenges for the portfolio. We benefited from our exposure to several businesses aligned with AI infrastructure investment, yet several holdings were adversely affected by perceptions that they faced disruption from AI. In our view, the market often applied these labels indiscriminately, rewarding some companies while penalising others with limited regard for the durability of their franchises or the strength of their underlying fundamentals.

AI – the winners and losers

Within the 'AI winners' German listed semiconductor equipment producer of lithography, wafer bonding and photomask processing tools, **SUSS MicroTec**, was a substantial contributor to performance. The tools produced by **SUSS MicroTec** are used for the wafer-bonding and advanced packaging equipment used in the high-bandwidth memory and chiplet architectures that underpin AI accelerators and GPUs. In lay terms **SUSS MicroTec** provides the equipment used to make the brains behind AI computers. Other notable AI winners include Norwegian listed **Smartoptics** that provides optical networking solutions and devices being used in datacentres using their high-speed fibre optic links to move data between servers and sites. German listed **PVA TePla** makes metrology machines used to inspect the advanced semiconductor chips that power AI systems. German listed **Aixtron** sells the specialist equipment used to make the power semiconductors and optical chips that help AI datacentres run more efficiently and move data at higher speeds. **ams-OSRAM** provides laser and photonics components that also helps data move between AI chips and servers more efficiently. German listed **PFISTERER** provides the high-voltage cable connection technology needed in the grid to meet the power demands of datacentres.

¹ MSCI Europe ex UK Small Cap Index



Fund manager's report continued

The 'AI losers' in the portfolio that hurt performance include Swedish listed provider of legal information services **Karnov**. The shares took a precipitous lurch down in February after Anthropic launched a legal workflow processing module for their Claude AI model. We underestimated the risk of the stock being labelled as an AI loser because **Karnov** owns the data being used in its markets and has developed and launched its own AI tools that it is already selling to its clients in Sweden and Denmark. Given the proprietary data, in-house AI tools and substantial cash return programme from the company we have persevered with our position but are monitoring it closely. German listed provider of web hosting and cloud service solutions, **IONOS**, was also labelled an AI loser and burdened the portfolio. The AI loser thesis revolved around the idea that AI would disintermediate the use of websites and that companies would no longer bother to have them and thus host them on **IONOS**'s datacentres. We find this argument unconvincing. Company websites are the shop window to the world, and we don't anticipate their demise any time soon. **IONOS** are actively selling AI tools to small businesses in their markets and in due course we expect it to shed the AI loser label. German listed provider of IT consulting services, **Adesso**, has also suffered under the AI loser label. The capacity of the AI models to provide computer coding skills has meaningfully lowered the cost of providing software and technology know how which might reduce the need for consultants, lower day rates and perhaps drive insourcing. As it currently stands customers seem to be asking for more help as they wrestle with how to benefit from AI within their businesses. We have held on to the position but with added scrutiny. Spanish listed **HBX**, that provides a cloud-based technology platform to link travel companies and hotels suffered from being seen as an AI loser, whilst also seeing a decline in US travel after tariff announcements and then later in the Middle East after the war in Iran started. We believe that its deep database and proprietary data means it is well positioned to take advantage of the changes AI will deliver.

The portfolio

Outside the AI theme, other stocks that contributed positively to performance include German listed producer of automotive semiconductors, **Elmos Semiconductor ('Elmos')**. **Elmos** manufactures sensors that make cars safer, smarter and more comfortable. Cars are increasingly becoming mobile computers and **Elmos** is seeing fast growth as their products become more intensively used by global automotive original equipment manufacturers. We believe **Elmos** remains well positioned for increasing semiconductor content within advanced driver assistance and autonomous vehicle applications. **Elmos** also has a number of clients in the humanoid robot sphere. Intriguingly the shares have correlated with the AI winners, though their products are not directly impacted by the AI capex theme.

UK listed **IG Group**, the provider of a global online trading platform that enables retail investors to trade financial markets, saw strong customer growth and strong trading that helped drive the stock's rerating. Swedish listed **Acast**, that provides a global podcast platform used by creators

to host, distribute and monetise their podcasts by connecting them with advertisers and audiences continued to drive strong topline growth and delivered good performance for the trust. Swedish listed online department store, **Boozt**, has had strong performance as the Swedish consumer recovery begins to materialise.

Other detractors include German listed **Stroeer**, the leading operator of billboards and digital advertising screens in Germany. They had a tough set of comparative numbers after a strong 2024 and as bid speculation fell away. Swedish listed **Lindab**, that turns sheet metal into ventilation products and building profile business that makes products like wall cladding and rainwater systems has missed forecasts as the Profile business is exposed to new-build construction that has remained soft in Sweden. Swedish listed **Bonava**, that builds houses in Sweden and parts of northern Europe, endured weak trading for the same reason. German listed forklift manufacturer **Jungheinrich** performed poorly due to weak end markets, having to close its Russian subsidiary and a strike at its main production plant.

“

The portfolio carried a substantial Information Technology overweight in the period. This allocation effect, combined with strong stock selection, drove the performance of the portfolio in the period.”

Geographical and sector distribution

The portfolio carried a substantial Information Technology overweight in the period. This allocation effect, combined with strong stock selection, drove the performance of the portfolio. Other positive IT contributors include Swiss-listed provider of geolocation technology **u-blox**, which was acquired by Advent International; Swiss-listed **Inficon**, which produces vacuum instruments to monitor and control production processes, also did well. Swedish-listed distributor of printed circuit boards **NCAB** and Swedish-listed producer of semiconductor equipment **Mycronic**, also contributed positively.

The portfolio was mildly underweight Financials, but stock selection made for a strong contribution to returns in the period. Exposure to southern European banks such as **Banco Comercial Portugues** in Portugal, and **Alpha Bank**, **CrediaBank** and **Optima** in Greece, delivered good returns for the portfolio. Our positions in German listed retail trading platform, **flatexDEGIRO** and Dutch wealth manager **Van Lanschot Kempen** also did well.

Fund manager's report continued

Conversely poor stock selection in Industrials weighed on performance with names such as Norwegian listed producer of reverse vending machines, **Envipco**, struggling as governments shifted decisions to later time periods for bringing in legislation mandating the use of machines for collecting deposits on plastic bottles. German listed defence equipment manufacturer **RENK** burdened the portfolio in the period. Our underweight position in Energy further weighed on performance after the price of oil and gas spiked following the closure of the Strait of Hormuz.

The portfolio remains heavily overweight Germany with a mixture of domestic exposure such as IT service and equipment provider, **Bechtle**, and more internationally focused stocks such as specialty chemical producer of creatine and nitroguanidine, **Alzchem**. The travails of the German economy are widely advertised with significant challenges in the automotive sector weighing on the economy. The prejudices about this market have created the opportunity to buy some great businesses at great prices. We have also built an overweight position in Sweden. Swedish small cap has been facing significant outflows following a period of weak performance and the consolidation of Swedish public pension providers has created some forced selling of Swedish smaller companies. We have taken advantage of this period of dislocation to build positions in some mispriced companies. We opened a position in Swedish housebuilder **JM** as we see a housing recovery coming in Stockholm and expect the rest of Sweden to follow suit. We invested in **Asmodee**, a leading provider of board games and trading cards such as Pokémon. Other new positions in Sweden include organ transplant technology company, **XVIVO**, leading manufacturer of bike racks, cargo carriers and hitch solution for vehicles, **Thule**, and software provider for cancer radiation therapy **RaySearch Laboratories**.

We have large underweights in Italy, Switzerland and Norway where we struggle to find attractively valued companies.

Other purchases

We started a position in German listed provider of children's storytelling entertainment products, **Tonies**. As part of our integration of EAT, we inherited a position in Danish bank, **Ringkjøbing Landbobank** that we have maintained. We took part in initial public offerings for Finnish provider of office pods, **Framery**, and Austrian truck mounted crane business, **Palfinger**.

Other disposals

We exited our position in Spanish credit insurer, Grupo Catalana Occidente, which was taken private by the controlling family. Irish hotelier, Dalata, was also taken private as was Hellenic Exchanges, the Greek stock exchange and German branded pharmaceutical company, Dermapharm, was de-facto bought by the founder.

“Despite the frequent assertions to the contrary, Europe has a thriving technology sector, much of which resides in the smaller company arena and is benefiting from booming orders as huge AI capex spending comes through from the US technology majors.”

Currency

The Company is denominated in sterling, while investing in largely euro-denominated assets. We do not hedge this currency exposure.

Outlook

Recent years have seen consistent disruption that has sucked the momentum out of a European recovery. 2024 had the disruption of UK, French, German and US elections. 2025 had Liberation Day tariffs. 2026 had the start of a war in the Middle East and the fear of a further energy shock. Despite the recurring setbacks there are plentiful reasons for optimism. An energy shock was absorbed by the global economy with little drama and no spike in inflation. Indeed, the global economy seems to be growing far less reactive to the statements coming from the US administration. German stimulus in defence is coming through and there is the strong prospect of the infrastructure spend to follow in 2027. Despite the frequent assertions to the contrary, Europe has a thriving technology sector, much of which resides in the smaller company arena and is benefiting from booming orders as huge AI capex spending comes through from the US technology majors. European smaller companies lead in niches such as industrial automation, specialty chemicals, medical technology and machine tooling. We operate in a universe with considerable innovation, robust balance sheets and attractive valuation. The asset class remains fundamentally under-owned providing an environment rich in opportunities. We are firmly focused on deploying your capital towards undervalued companies with considerable potential across the entire region.

Ollie Beckett, Rory Stokes and Julia Scheufler
Fund management team
29 September 2026



Portfolio Information

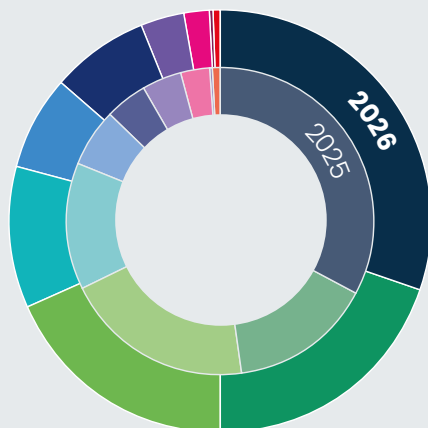
Spotlight on the top ten holdings

	2026 £'000	Portfolio %
1. IG Group IG Group is a UK-based financial technology and online trading company. It provides platforms that allow retail investors and traders to access financial markets worldwide. Its main activities include spread betting, contracts for difference, stockbroking and investing, options and futures trading and cryptocurrency trading and investment services.	23,980	2.5%
2. TKH TKH Group is a Dutch technology company which develops specialised automation, electrification and digital connectivity systems for the industrial and infrastructure markets. Its main activities include smart vision systems, smart manufacturing systems, such as automated production equipment and industrial automation solutions, and smart connectivity, which includes the electrification of systems covering fibre-optic, energy and power cables, subsea cables and similar.	21,171	2.2%
3. flatexDEGIRO flatexDEGIRO is one of Europe's largest online brokerage platforms, providing self-directed investors with low-cost access to stock markets, ETFs, bonds, funds, derivatives and other securities. The company operates primarily through the DEGIRO, flatex, and ViTrade brands.	17,818	1.9%
4. SUSS MicroTec SUSS MicroTec is a German semiconductor equipment manufacturer. Rather than making chips itself, it supplies the highly specialised machines used by semiconductor companies to manufacture and package chips. Its equipment is used in several critical stages of semiconductor production such as lithography, wafer bonding, photomask processing and semiconductor inkjet printing.	17,045	1.8%
5. Elmos Semiconductor Elmos Semiconductor is a German semiconductor company that specialises in automotive chips. Unlike companies such as NVIDIA or AMD that focus on computing processors, Elmos designs application-specific integrated circuits (ASICs) that perform particular functions inside vehicles. Their principal areas include motor control such as windows and seat adjustments, lighting, braking and indicators, ultrasonic parking sensors, sensors for pressure, positions and torque and safety, including airbag systems and power management.	16,943	1.8%
6. Van Lanschot Kempen Van Lanschot Kempen is a Dutch wealth management and investment banking group. It focuses on serving wealthy individuals, families, entrepreneurs, charities, family offices and institutional investors. Its services include private banking, investment management and investment banking.	15,532	1.6%
7. Stroeer Stroeer is one of Germany's largest media and advertising companies. Its core business is out-of-home advertising which includes billboards, digital screens, posters and advertising displays in public spaces. It has also expanded into digital media, online publishing and marketing services.	15,384	1.6%
8. Acast Acast is a Swedish podcast platform and advertising technology company. It helps podcast creators host, distribute, measure and monetise their podcasts, while enabling advertisers to reach podcast audiences. Its services include podcast hosting, podcast advertising, dynamic advertising insertion and tools for offering subscription and premium content.	14,528	1.5%
9. Alzchem Alzchem is a German specialty chemicals company that develops and manufactures high-value chemical products used in nutrition, agriculture, pharmaceuticals, renewable energy, defence and industrial applications.	14,401	1.5%
10. Indra Sistemas Indra Sistemas is a Spanish defence, aerospace, air traffic management, and digital technology company. It is one of Europe's leading providers of defence electronics and mission-critical technology systems, serving governments, militaries, transport operators and large enterprises worldwide.	14,356	1.5%
Total	171,158	17.9%



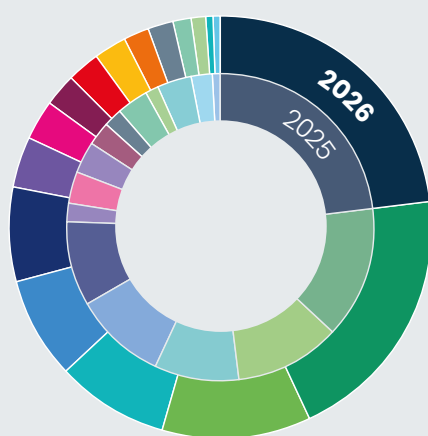
Portfolio exposures

Sector breakdown at 30 June



	2026 %	2025 %
● Industrials	30.3	32.8
● Technology	19.9	15.1
● Consumer Discretionary	18.4	19.9
● Financials	10.6	13.4
● Basic Materials	7.4	6.1
● Health Care	7.4	4.6
● Real Estate	3.4	4.2
● Energy	1.9	2.9
● Utilities	0.4	0.4
● Consumer Staples	0.3	0.6

Regional breakdown at 30 June



	2026 %	2025 %
● Germany	23.2	23.2
● Sweden	20.0	13.9
● France	11.3	11.2
● Spain	8.6	8.7
● Netherlands	8.0	9.7
● Switzerland	7.0	9.1
● Austria	3.9	1.8
● Belgium	3.0	3.4
● Norway	2.6	3.4
● United Kingdom	2.5	2.4
● Denmark	2.4	2.0
● Italy	2.1	3.2
● Finland	1.8	1.5
● Greece	1.5	3.7
● Luxembourg	1.2	–
● Portugal	0.5	2.1
● Bulgaria	0.4	–
● Ireland	–	0.7

Key Performance Indicators

In order to measure the success of the Company in meeting its investment objective and to evaluate the performance of the fund management team, the directors take into account a number of Key Performance Indicators ('KPIs').

NAV and share price total return compared to the benchmark (rebased to 100)

1 year

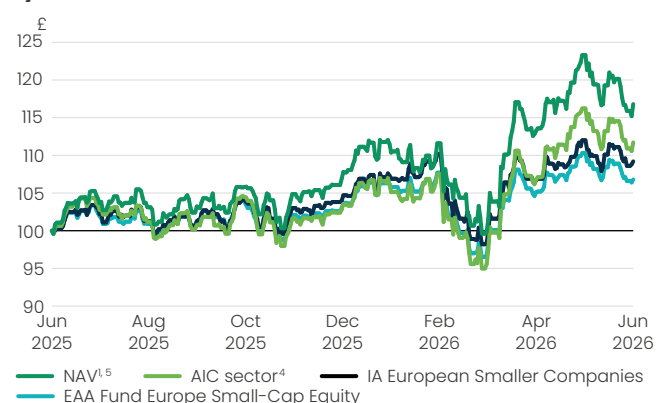


5 year

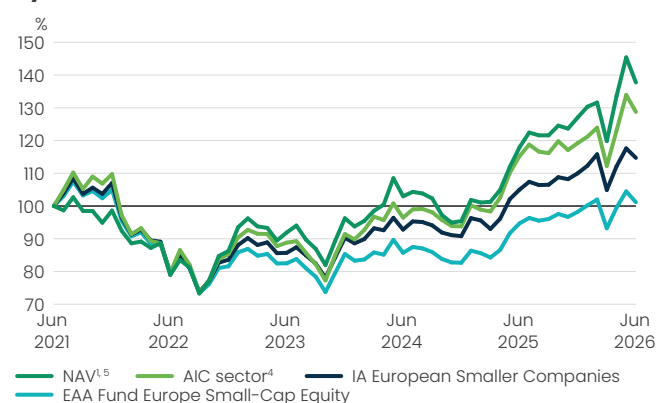


NAV total return performance compared to the AIC and open end sectors (rebased to 100)

1 year

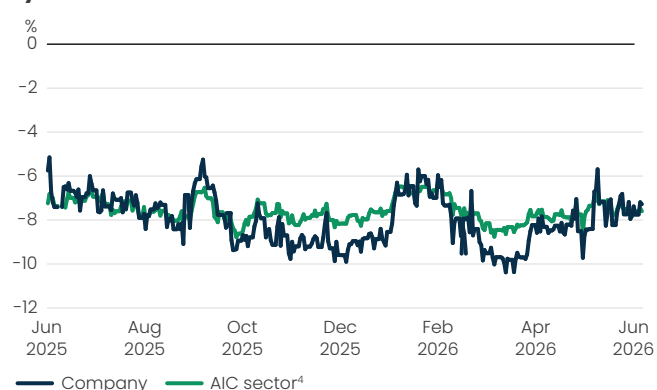


5 year

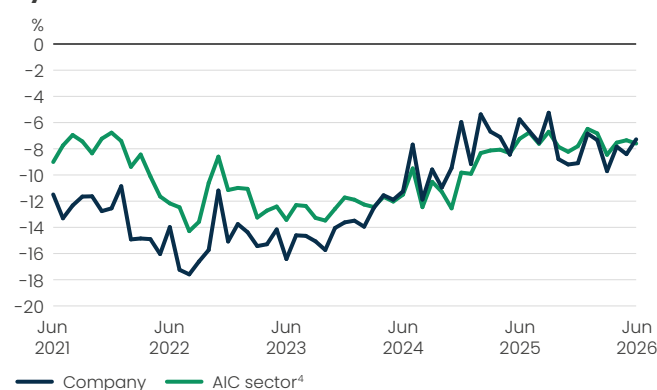


Discount⁵ compared to the AIC sector average

1 year



5 year



1 NAV total return assumes all dividends are reinvested

2 MSCI Europe ex UK Small Cap Index

3 Share price total return using closing price

4 European Smaller Companies sector

5 NAV total return, share price total return and the discount are alternative performance measures. More information on these can be found on pages 86 and 87

Case studies

Acast

Country of listing

Sweden

Proportion of portfolio

1.5%

(as at 30 June 2026)

What does it do?

Acast is the world's largest pure-play podcast company, hosting over 140,000 shows and serving more than 4,000 advertisers globally. They generate over one billion listens per quarter and connect podcasters, listeners, and advertisers, helping creators distribute and monetise their content.

Our investment case

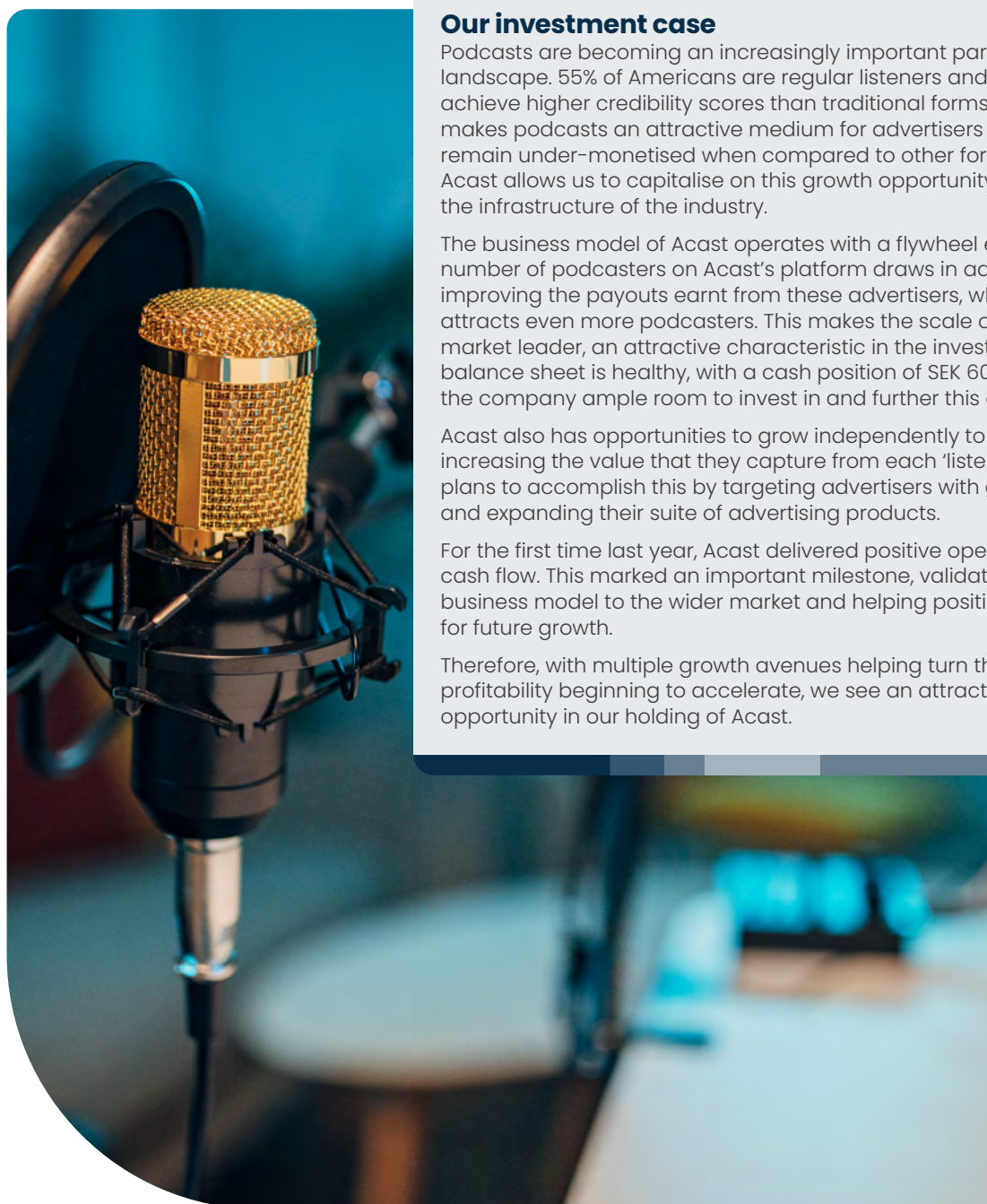
Podcasts are becoming an increasingly important part of the media landscape. 55% of Americans are regular listeners and they often achieve higher credibility scores than traditional forms of media. This makes podcasts an attractive medium for advertisers to target, yet they remain under-monetised when compared to other forms of media. Acast allows us to capitalise on this growth opportunity by investing in the infrastructure of the industry.

The business model of Acast operates with a flywheel effect. The large number of podcasters on Acast's platform draws in advertisers, improving the payouts earned from these advertisers, which in turn attracts even more podcasters. This makes the scale of Acast, as the market leader, an attractive characteristic in the investment case. The balance sheet is healthy, with a cash position of SEK 602 million, giving the company ample room to invest in and further this advantage.

Acast also has opportunities to grow independently to audience size, by increasing the value that they capture from each 'listen'. The company plans to accomplish this by targeting advertisers with greater nuance and expanding their suite of advertising products.

For the first time last year, Acast delivered positive operating profit and cash flow. This marked an important milestone, validating the underlying business model to the wider market and helping position the company for future growth.

Therefore, with multiple growth avenues helping turn the flywheel, and profitability beginning to accelerate, we see an attractive long-term opportunity in our holding of Acast.



Case studies continued

Elmos Semiconductors

Country of listing

Germany

Proportion of portfolio

1.8%

(as at 30 June 2026)

What does it do?

Elmos is a fabless semiconductor designer with over 40 years of experience. They mainly operate in the automotive industry and the chips they manufacture span five product areas – ranging, sensing, motor control, lighting and safety – with the company holding the number one or two position globally in each category.

Our investment case

With the increasing demand for electric vehicles, self-driving features, and smarter in-car technology, cars today have more semiconductor chips than ever before. On average, 10 Elmos chips are found in every new car globally, but that number rises to ~200 in a modern electric vehicle. As such, the amount of chip content in the average car is expected to nearly double by 2030. This is a meaningful tailwind for the company and does not rely upon end market acceleration or gains in market share – both of which we also hope to see.

Customers have already committed to using Elmos chips in their upcoming car models, representing €3.3 billion in future orders, which provides strong visibility over future growth. There is potential upside from newer markets, such as robotics, which are not currently factored into the company's official targets.

Following the sale of its wafer fabrication plant in late 2024, Elmos do not own or operate their own factories, instead choosing to outsource their manufacturing. This keeps costs low and reduces the need for future capital expenditure, achieving a reduction of ~70% of the historical annual spend so far. This has resulted in much improved cash generation and should continue to drive profitability in the years to come.

As cash accumulates, the company has committed to returning it to shareholders via dividends and buybacks. This improves their return on invested capital and gives us confidence that management's and shareholders' interests are aligned.

Therefore, strong market tailwinds, with exciting areas of optionality, paired with a more efficient and capital light business model, gives us confidence that we can earn an attractive return on our investment in Elmos.



Business model

Purpose

The Company's purpose is to provide shareholders with a cost-effective means of accessing a professionally managed portfolio of European smaller companies through a single investment vehicle. As an investment trust, the Company offers exposure to a diversified range of investments, helping to spread investment risk while benefiting from active portfolio management.

Day-to-day operations are carried out by established third-party service providers whose performance, service quality and fee arrangements are subject to ongoing oversight by the Board. The Board is comprised solely of non-executive directors who are accountable to shareholders and are independent of the investment manager.

The Company's closed-ended structure enables the portfolio to remain fully invested and allows the selective use of gearing to enhance potential long-term returns for shareholders.

Values and culture

We aim to be viewed by our shareholders as a sound long-term investment. Alongside delivering attractive returns, we believe our shareholders would expect us to act professionally and with integrity, and to treat their investment with the same care we would our own. Accordingly, we bring these values to our deliberations as a Board and seek to build long-term relationships with like-minded and reputable service providers. In particular, we apply this approach to our investment manager as we regard them as our primary partner in fulfilling our purpose.

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 Europe¹.

Investment policy

The following investment ranges apply:

Equities: 80% – 100%

Fixed income and cash: 0% – 20%

Smaller and medium sized companies are defined as those whose market capitalisation is equal to or below the largest member of the MSCI Europe ex UK Small Cap Index at the time of investing.

Investments may include shares, securities and related financial instruments, including derivatives. Unquoted investments are permitted with prior Board approval.

The Company maintains a diversified portfolio. The Company will not invest more than 7% of its total assets, calculated as at the time of investment, in any one holding.

The Company can, but normally does not, invest up to 15% of its gross assets in investment companies (including listed investment trusts). The Company

will not invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies.

Derivatives

The Company may use financial instruments known as derivatives for the purpose of efficient portfolio management while maintaining a level of risk consistent with the risk profile of the Company.

Gearing

Net gearing (defined as all borrowings less cash balances and investments in cash funds) is limited by the Board to a maximum of 30% of net asset value at the time of investment.

With appropriate Board approval, the Company may, but currently does not, hedge against currency movements.

¹ At any given time, over 75% of the portfolio is expected to be invested in companies which are quoted, domiciled, listed or have operations in Europe

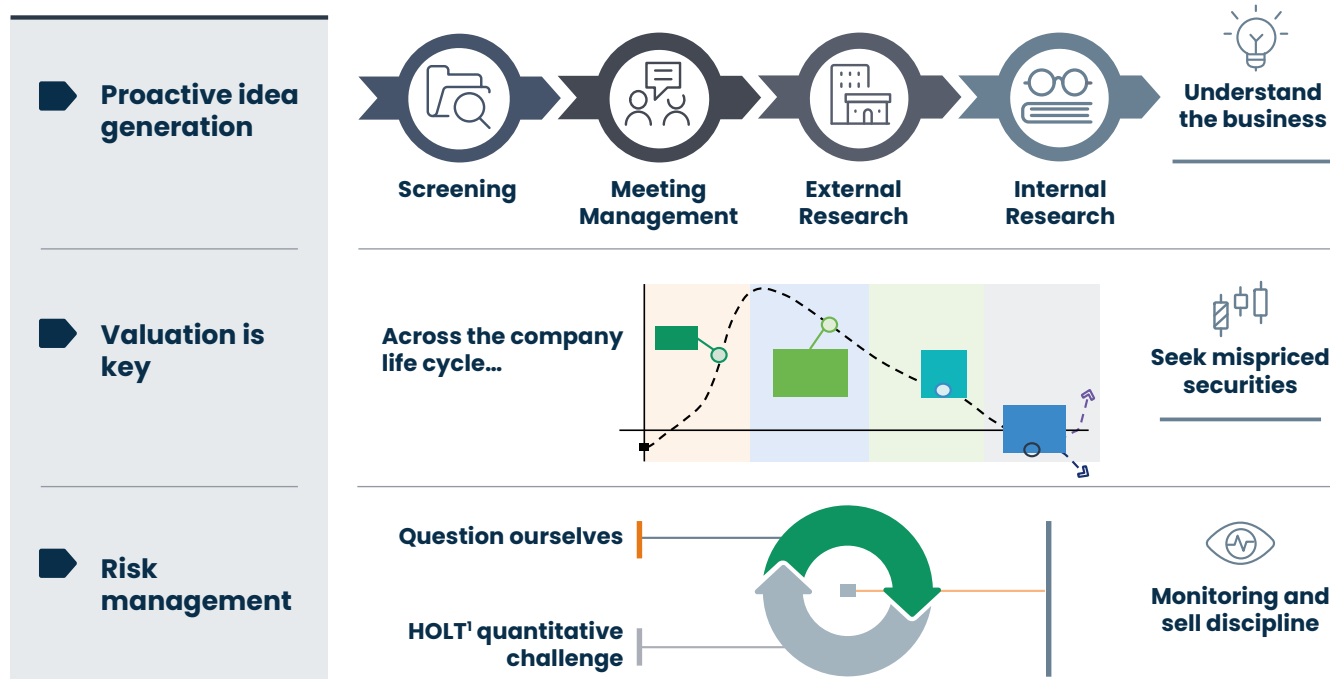
Business model continued

Investment process

The fund management team employs a bottom-up, valuation-driven investment process focused on identifying mispriced European smaller companies through extensive fundamental research, management meetings and quantitative analysis.

The fund management team invests flexibly across the corporate lifecycle, allowing them to pursue opportunities wherever they find attractive risk-adjusted returns. Portfolio construction emphasises diversification and risk management, while holdings are continuously monitored and subject to disciplined sell criteria. ESG considerations are integrated where financially material but do not constrain stock selection.

Overview of the investment process



¹ HOLT is a corporate valuation, performance evaluation and portfolio screening framework
Source: Janus Henderson Investors

Proactive idea generation

The fund management team seeks investment opportunities from multiple sources, including company meetings and management discussions, internal and external research, quantitative screening tools, thematic research and the analysis of market dislocations and valuation anomalies. The objective is to identify companies whose share prices do not fully reflect their long-term business potential.

Bottom-up stock selection

The portfolio is constructed using a bottom-up approach, focusing on individual company fundamentals rather than macroeconomic forecasts.

The fund management team assesses the business quality, its competitive position, growth prospects, cash generation, management quality and valuation.

Valuation discipline

Valuation is central to the process. The fund management team explicitly seek mispriced securities and invest where they believe market expectations are inconsistent with a company's long-term fundamentals. Position sizing is influenced by both conviction and valuation attractiveness.

Monitoring and sell discipline

Holdings are continuously reviewed and investments sold when shares reach fair value estimates, the investment thesis deteriorates, better opportunities emerge elsewhere or the risk/reward return becomes less attractive.

Sell discipline is a key element of the process.

ESG integration

The Company does not operate as an ESG-focused strategy, but the fund management team incorporates ESG considerations where they are financially material to the investment case.

Particular emphasis is placed on governance, including management quality, capital allocation, alignment of interests and the treatment of minority shareholders, as these factors are often critical drivers of long-term value creation.

Business model continued

Stewardship

We believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. We have tasked our investment manager with considering how best to vote the rights attached to the shares in the Company's portfolio. This enables us to utilise the expertise of their Governance and Responsible Investment team in assessing engagement by investee companies and the appropriateness of any resolutions which shareholders may be asked to approve.

The Board retains oversight of the process by receiving reporting at each meeting indicating how the Company's shares have been voted and where support for management recommendations has not been warranted. We review the investment manager's Responsible Investment Policy and Proxy Voting Policy and Procedures at least annually.

Voting decisions are guided by the best interests of the investee companies' shareholders and made in consultation with the fund management team, who have an in-depth understanding of the respective company's operations. The fund management team believe in engaging with management and boards to resolve issues of concern rather than to vote against shareholder meeting proposals. This approach is more likely to be effective in influencing company behaviour.

In the period under review, we voted at 97.8% of the general meetings held by investee companies. The only proposals not voted on are those which would have resulted in share-blocking. This is where voting would have restricted the ability to trade the shares in advance of the meeting.

At 61.2% of the meetings at which we voted, at least one vote was cast against management recommendations.

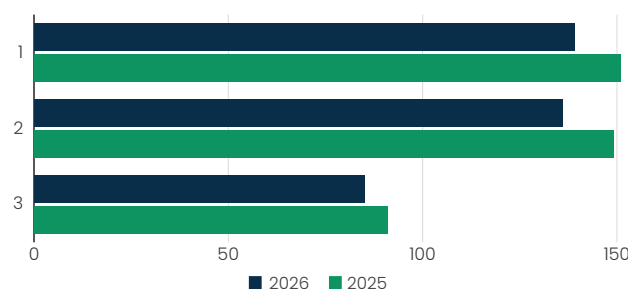
Responsibility Report

The investment manager produces product-level Task Force on Climate-Related Financial Disclosures ('TCFD') reports for funds in scope as well as an entity-level TCFD report. These reports include an overview of the climate-related governance, strategy, risk management, and metrics and the targets for both the investment manager and the portfolios which they manage. Product-level metrics include absolute carbon emissions, carbon footprint, weighted average carbon intensity, implied temperature rise and climate scenario analysis (Climate Value at Risk).

The investment manager's TCFD Report specific to the Company is available at www.europeansmallercompaniestrust.com.

Number of meetings

	2026	2025
1 Number of votable meetings	139	151
2 Number of meetings voted	136	149
3 Number of meetings with at least one vote AGAINST	85	91



Voting record



	Amount	%
● Number of votes FOR	2,047	89.0
● Number of votes AGAINST	252	11.0
● Number of votes ABSTAIN	–	–

Breakdown of resolutions not supported



	During the year to 30 June 2026 % of resolutions
● Auditor related	2.8
● Capital issuance or structure	10.3
● Amend articles	0.8
● Director compensation	40.9
● Director election	30.5
● Director related	8.3
● Miscellaneous	0.4
● Non-routine business	0.8
● Routine business	5.2

Business model continued

Engagement case study

Sector:

Electrical Equipment

Topic:

Governance and ESG oversight

Geography:

Switzerland

Asset Class:

Equities

Rationale for engagement: The company was listed on the public market in late 2023 through a special purpose acquisition vehicle, resulting in a board with limited independence, minimal remuneration disclosures, and generally weak reporting on financially material ESG risks. This created challenges for the fund management team in evaluating how the company manages both financial and non financial risks, and raised concerns about shareholder alignment at board level. Our expectation is that, over time, board independence and broader ESG disclosure will improve, enabling the investment team to more effectively assess financially material risks.

What did we do? A member from each of the fund management and Responsible Investment and Governance teams met with senior representatives, including the General Counsel & Compliance Officer, the Head of Group Procurement, and Investor Relations. During this discussion, we provided feedback on board independence, the remuneration framework, compliance and risk management policies, and broader environmental and social disclosures. Examples included encouraging the adoption of differentiated short and long-term incentive performance criteria with clearly disclosed targets and weightings; standardising compliance policies and systems; and increasing reporting on material environmental and social risks.

We held a follow-up meeting focused on the company's double materiality assessment as part of its efforts to strengthen ESG reporting. Key areas discussed included governance and oversight, climate related disclosures, workforce considerations, and risks relating to workers within the value chain.

Outcome and next steps: The follow-up meeting indicated that the company is beginning to integrate environmental and social considerations into its approach. While we do not anticipate near term improvement in board independence based on previous conversations, the company expressed that enhancing internal risk and control processes and expanding disclosure remain priorities. We will review progress again ahead of the next annual general meeting. Both engagements provided opportunities to share structured feedback, and we will continue monitoring how the company strengthens its protocols and reporting over time. We also expect that improvements may eventually be reflected in a higher external ESG rating, which currently remains at the lower end of the scale relative to peers for one third-party ESG rating provider.

Escalation case study

Sector:

Technology

Topic:

Company performance, management succession and capital structure

Geography:

Netherlands

Asset Class:

Equities

Rationale for engagement: In 2025, we initiated focused, outcome-oriented engagements with a Dutch conglomerate as several issues began to emerge. The company had issued multiple profit warnings, and we observed another shareholder accumulating a significant stake, raising concerns about a potential buyout at a price that may not serve minority shareholders. This prompted us to review the capital structure, which relies on depository receipts, a mechanism commonly used in Dutch markets as an anti-takeover defence. While protective, this structure creates opacity and potential misalignment with shareholder interests. Our objective was to communicate concerns regarding financial deterioration, operational management, and structural governance to ensure the board acknowledges these issues and takes action to protect shareholder interests.

What did we do? Members of the fund management team and Responsible Investment and Governance team first contacted the Chair of the Supervisory Board by email to understand the rationale and cost-benefit of maintaining the current governance structure. The initial response provided no new insight, so we requested a direct call with the Chair to discuss how minority shareholder interests would be safeguarded in the event of a takeover. When the company failed to respond or arrange the call, we voted against the re-election of certain supervisory board members due to concerns over limited responsiveness and shareholder rights.

Following another profit warning, we renewed our efforts and, after persistent follow ups since the start of the year, secured a meeting with the Chair. During the meeting, we raised concerns about financial deterioration, succession planning, the protective depository receipt structure, and the role of significant shareholders. We also presented a detailed financial analysis highlighting a decade of underperformance and the potential upside from simplifying the conglomerate structure. The Chair acknowledged these issues, confirmed the formation of a committee to address operational challenges, and indicated that the governance structure is under review, with updates expected before the next annual general meeting. He later requested a follow-up call to share our analysis with other board members, reiterating that the board is listening to shareholder views.

Outcome and next steps: Our engagement established a constructive dialogue and ensured our concerns were registered. Shortly after, the company announced a strategic shift at its capital markets day; focusing on automation, divesting the cable segment, and exploring ownership options for electrification within 12-18 months. We commended these actions and will continue to monitor progress on the strategic transition, succession planning, and governance reforms, particularly the review of the depository structure.

Business model continued

Promoting the Company's success

As directors, we are mindful of our duty under Section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole, having regard to the interests of stakeholders and the long-term consequences of decisions.

Our engagement processes help us understand what matters most to our stakeholders. Regular updates from the investment manager, corporate broker and third-party service provider reviews provide the Board with the necessary information to inform our discussions and decision-making. All significant Board decisions undergo evaluation to assess their long-term implications and their impact on different stakeholder groups. While it is not always possible to deliver positive outcomes for all stakeholders, we carefully balance competing priorities and act in the way we consider most likely to promote the long-term success of the Company.

As an externally managed investment trust, the Company's principal stakeholders include its shareholders, the investment manager, service providers, regulators and the wider communities in which its portfolio companies operate. The Board seeks to understand the views of these stakeholders and considers their interests as part of its decision-making process.

Board decision making

Over the course of the year the Board considered several key issues, assessing the impact on stakeholders as part of the process.

Combination with European Assets Trust PLC

In May 2025, following a period of underperformance, European Assets Trust PLC ('EAT') invited proposals from several investment trusts and investment managers regarding a potential combination. The Board was actively involved in the development and approval of the Company's proposal, with the Chairman leading the investment management team in presenting the opportunity to the EAT Board. The directors contributed to discussions on the transaction structure, approved the documentation required to implement the combination and oversaw the shareholder communications relating to the proposal.

In considering whether to participate in the process, the Board carefully assessed the potential benefits and

risks for existing shareholders. Particular attention was given to EAT's substantial shareholdings within the Columbia Threadneedle Savings Plans and the potential impact on the Company's share rating should shares issued as part of the transaction subsequently require repurchase in significant volumes. Following detailed discussions with the investment manager and the Company's corporate broker, the Board concluded that participation was in shareholders' best interests. The proposed transaction offered the prospect of a lower management fee, enhanced scale and liquidity, and would restore the Company's size to broadly the level that existed prior to the tender offer completed earlier in the year.

Change to the dividend policy

As part of its consideration of whether to participate in the EAT transaction process, the Board took the opportunity to review the ongoing suitability of the Company's dividend policy. Since launch, the Company had adopted a progressive dividend approach funded entirely from revenue. However, against a backdrop of wider investment trust discounts, increasing competition for capital and growing demand from retail investors for income-generating investments, the Board considered whether an alternative approach would better support the Company's long-term success.

Following careful consideration, the Board agreed to include an enhanced dividend policy within the proposal submitted to the EAT Board. The proposal for the new dividend policy was to target a total dividend of 5% of the NAV per share as at the preceding year end. The total dividend would be paid quarterly over four interim dividends. The policy was subsequently implemented following completion of the combination in October 2025. The policy was applied for the final three quarters of the Company's financial

year ending 30 June 2026, delivering a total dividend of 8.43p per share.

In reaching its decision, the Board considered the interests of both existing and prospective shareholders. In particular, it assessed whether shareholder value would be better served through a higher and more predictable level of income designed to attract and retain investors, or through continued reliance on share buybacks as the primary mechanism for discount management. The Board recognised that buybacks principally benefit shareholders seeking liquidity, whereas an enhanced dividend policy had the potential to improve the attractiveness of the Company's shares and reward long-term shareholders. The Board also considered the position of EAT shareholders and concluded that the enhanced dividend policy would help ensure that investors rolling into the Company would participate in a similarly attractive income proposition following completion of the transaction.

Business model continued

Monitoring the share rating

The Board recognises that the operation of the Company's discount control mechanism is an important element of its commitment to protecting and promoting shareholder value. During the year, the Board continued to monitor the rating of the Company's shares relative to its net asset value, taking into account prevailing market conditions, investor sentiment towards the investment trust sector and European smaller companies, and the Company's long-term performance record.

The Board reviewed the effectiveness of the Company's approach to discount management at each scheduled Board meeting, with input from the investment manager and corporate brokers. In doing so, it considered both the level and volatility of the discount and trading volumes in the Company's shares. The Board acknowledges that the discount control should be applied in a disciplined and transparent manner, while also recognising that discounts can be influenced by broader market factors outside the Company's direct control.

Where appropriate, the Board considered the use of share buybacks as a means of providing liquidity to the market and seeking to limit any imbalance between supply and demand for the Company's shares. The Board assessed buyback activity by reference to the interests of shareholders as a whole, including the potential accretive impact on net asset value per share and the liquidity of the underlying portfolio. The Board also considered the importance of retaining sufficient scale in the Company to support an efficient ongoing charge ratio and continued marketability of the shares.

The Board remains satisfied that the Company's discount control mechanism continues to provide an appropriate framework for managing the Company's share rating over time. It will continue to keep the mechanism under regular review, taking account of market conditions, shareholder views and the Company's investment strategy.

Fee arrangements

The Company is an Alternative Investment Fund and has appointed Janus Henderson Fund Management UK Limited ('JHFM') to act as its Alternative Investment Fund Manager ('AIFM'). JHFM delegates investment management services to Janus Henderson Investors UK Limited. Both entities are authorised and regulated by the Financial Conduct Authority ('FCA') and are part of the Janus Henderson group of companies. References to 'Janus Henderson Investors' or 'JHI' refer to the services provided to the Company by the investment manager's group.

The investment manager is engaged under the terms of an agreement initially concluded in 2014 and most recently updated in 2024. The agreement is terminable on six months' notice.

The fund management team is led by Ollie Beckett, who has been in place since 1 July 2011.

With effect from 15 October 2025, the base management fee is 0.50% per annum of net assets up to £800m and 0.45% per annum thereafter. Previously, the first tier was charged at 0.55% per annum. Fees are paid quarterly in arrears.

The investment manager may also be eligible to receive a performance related fee. Performance of the Company and the benchmark, the MSCI Europe ex UK Small Cap Index, is measured on a NAV total return (with gross income reinvested) basis and over a rolling three-year period. In any given year in which a performance fee is payable, the 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 NAV of the Company as at the last day of the relevant calculation period. A performance hurdle over the benchmark of 1.0% must be reached before any performance fee can be earned and is excluded from the performance fee itself should one be payable. 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.



Our principal risks

Principal and emerging risks

Investing, by its nature, carries inherent risk. The Board, with the assistance of the investment manager, carries out a robust assessment of the principal and emerging risks and uncertainties facing the Company which could threaten the business model and future performance, solvency and liquidity of the portfolio. A matrix of these risks, along with the steps taken to mitigate them, is maintained and kept under regular review. The mitigating measures include a schedule of investment limits and restrictions within which the fund management team must operate.

Alongside the principal risks, the Board considers emerging risks, which are defined as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of the probability of them happening and the possible effects on the Company. Should an emerging risk become sufficiently clear, it may be classified as a principal risk. During the year under review, the Board did not identify any emerging risks which were not already encompassed within the existing principal risks. The assessment included consideration of the possibility of severe market disruption.

The principal risks which have been identified and the material controls in place to mitigate these, are set out below. The Board does not believe these principal risks to have changed over the course of the year.

Principal risk	Material control
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. Poor investment performance over an extended period leading to shareholders voting to wind up the Company. This may be the result of: - external factors such as notable advancements in technology, geopolitical instability, financial shock, pandemic, climate change, changes in the regulatory environment, etc. - internal factors such as poor stock selection, poor management of gearing, loss of key members of the fund management team, etc. Investment mandate limits established by the Board are inappropriate leading to out-of-scope investments which may negatively impact shareholder value.	The Board periodically reviews the investment objective and policy in line with best practice and taking account of investor appetites. The Board receives regular updates on professional and retail investor activity from the investment manager and the corporate broker to inform themselves of investor sentiment and how the Company is perceived in the market. From time to time, research may be undertaken by third-party consultants to specifically ascertain the views of retail investors. The Board reviews the key performance indicators, portfolio composition and diversification, gearing, compliance with the investment mandate limits, the level of discount and changes to the share register at each meeting. The Board maintains an understanding of the fund management team's investment process and considers the external and internal factors, which may impact the value of the portfolio. The Board must approve changes to the investment limits and restrictions and reviews compliance with these at each meeting.
Operational Failure of, disruption to or inadequate service levels provided by principal third-party service providers leading to loss of shareholder value or reputational damage. Inadequate cyber security arrangements at the Company's third-party service providers leading to data being compromised or lost, and shareholder value impacted.	The Board engages reputable third-party service providers and formally evaluates their performance, and terms of engagement, at least annually. The Audit Committee receives regular reporting from the investment manager's Chief Information Security Officer on the firm's cyber security framework, any material incidents and their oversight of the cyber security arrangements in place at third-party service providers. The Audit Committee reviews the independently audited assurance reports from third-party service providers which set out the effectiveness of the internal controls in place. These include controls relating to information technology and the robustness of recovery arrangements.



Our principal risks continued

Principal risk

Legal and regulatory

Loss of HMRC approved investment trust status or changes in the taxation regime applicable to investment trusts.

Breach of the Companies Act 2006, the UK Listing Rules, Prospectus Rules, the Disclosure Guidance and Transparency Rules, the articles of association or the Alternative Investment Fund Manager's Directive.

Legal action brought against the Company/directors/investment manager leading to loss of shareholder value and reputational damage.

Material control

At each meeting, the Board reviews compliance with the investment mandate and testing against the requirements of the Corporation Tax Act 2010 to ensure HMRC approved investment trust status is maintained.

The Board engages reputable third-party service providers to deliver the Company's operations. Service levels are agreed and monitored, and the services delivered by the Company's third-party service providers are undertaken by suitably qualified individuals.

The Audit Committee assesses the effectiveness of internal controls in place at the Company's third-party service providers through review of the independently audited assurance reports, which include provisions regarding qualifications and ongoing training.

Financial

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

The Board determines the investment limits and monitors compliance with these at each meeting. The directors review the portfolio liquidity at each meeting and periodically consider the appropriateness of hedging the portfolio against currency risk.

The Board reviews the revenue statement, balance sheet and portfolio valuation at each meeting. Holdings in the portfolio are valued in line with accounting policies.

Investment transactions are carried out by a large number of approved brokers whose credit standard is periodically reviewed and limits are set on the amount that may be due from any one broker. Cash is only held with the custodian or reputable banks.

The Board monitors the broad structure of the Company's capital including the need to buy back or allot shares and the extent to which revenue in excess of that which is required to be distributed, should be retained.

Assessing our viability

Viability statement

In keeping with provisions of the Code of Corporate Governance issued by the Association of Investment Companies (the 'AIC Code'), the Board has assessed the prospects of the Company for a period of at least twelve months from the date of this report, being 29 September 2027 (our assessment of going concern) and also over the longer period of three years (our assessment of viability).

We consider the Company's viability over a three-year period as we believe this is a reasonable timeframe reflecting the longer term investment horizon for the portfolio, but acknowledges the inherent shorter term uncertainties in equity markets.

As part of the assessment, we have considered the Company's financial position, as well as its ability to liquidate the portfolio and meet expenses as they fall due. The following aspects formed part of our assessment:

- the closed-end nature of the Company which does not need to account for redemptions;
- an assessment of the principal and emerging risks, as well as the uncertainties facing the Company, including the potential impact of climate change on the value of investee companies;
- the diverse nature of the portfolio and its anticipated liquidity in normal and stressed market conditions;
- the level of the Company's revenue reserves and the size of the bank overdraft facility; and
- the expenses incurred by the Company, which are predictable and modest in comparison with the assets and the fact that there are no capital commitments currently foreseen which would alter that position.

Also of relevance in contemplating the duration of the Company, is the three-year cycle for its continuation vote. Shareholders were last asked at the annual general meeting in 2025 if they wished the Company to continue in operation. The resolution was passed with the overwhelming support of 99.8% of the shareholders who voted. The next continuation vote will be put to shareholders at the annual general meeting due to be held in 2028. Based on the voting record since 2000 for

such resolutions and the recent tender offer which facilitated an exit for all shareholders not wishing to continue their investment in the Company, the Board is confident that shareholders will continue to support the Company. In the event this is not the case, the directors are required under the articles of association to put forward proposals for the liquidation or reconstruction of the Company.

As well as considering the principal risks and financial position of the Company, along with the continuation vote, the Board has made the following assumptions:

- investors will continue to wish to have exposure to European smaller companies;
- investors will continue to invest in closed-end funds;
- the Company's performance will continue to be satisfactory; and
- the Company will continue to have access to adequate capital when required.

Based on the results of the assessment, we have:

- concluded that the Company has adequate resources to meet its liabilities for a period of at least twelve months from the date of this report, meaning it is therefore appropriate to prepare these financial statements on a going concern basis; and
- a reasonable expectation that the Company will be able to continue operations over the coming three-year period, as well as meeting its expenses and liabilities for that period.

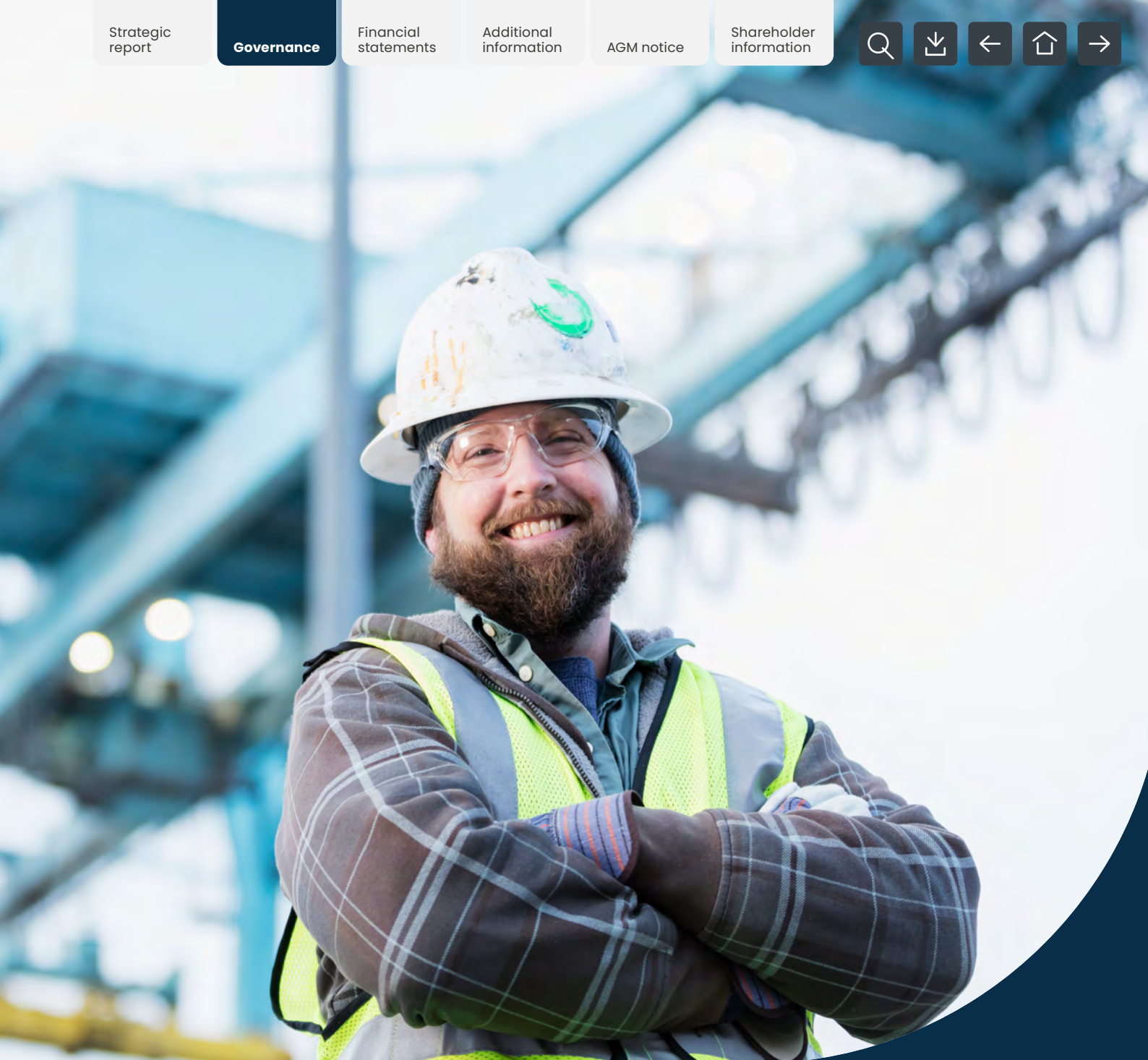
Approval

The Strategic report set out on pages 1 to 26 has been approved by the Board.

On behalf of the Board

Daniel Burgess

Chairman of the Audit Committee
29 September 2026



Governance

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Konecranes, 0.6% of the portfolio

Manufacturer of industrial cranes, hoists and port equipment

Board of Directors

The right balance of skills and experience



James Williams

N ME

Position:
Chairman

Date of appointment:
1 November 2023

Career and background

James has over 30 years' international business experience, including nearly 20 years in the investment banking industry, having held senior roles in Asia and Europe at ING Barings, ABN AMRO and Commerzbank. Following his departure from Commerzbank, he became a partner at Saginaw Capital LLP until 2008.

Skills and expertise

James has many years' international business experience in Asia and Europe, and a strong knowledge of the investment trust sector and financial markets.

External appointments

James is the chairman of F&C Investment Trust plc, and a non-executive director of NT Asian Discovery Fund. He was previously chairman of Schroder AsiaPacific Fund plc.

- Chair of Committee
- A** Audit Committee
- N** Nominations and Remuneration Committee
- ME** Management Engagement Committee



Daniel Burgess

A N ME

Position:
Chairman of the Audit Committee

Date of appointment:
25 November 2019

Career and background

Dan was a partner at KPMG LLP for twenty-three years. He initially led the statutory audits of a number of large public limited companies and public interest entities before specialising in due diligence and regulatory services on mergers and acquisitions and capital market transactions.

Skills and experience

He has significant accounting, auditing, corporate governance and listed companies experience.

External appointments

Dan is the Chairman of the Audit Committee of JPMorgan Emerging Europe, Middle East and Africa Securities plc.



Ann Grevelius

ME A N

Position:
Senior Independent Director and Chair of the Management Engagement Committee

Date of appointment:
23 September 2019

Career and background

Ann has more than thirty years' experience in the asset management sector and has been active in the venture capital industry as partner and senior advisor at GP Bullhound, a technology advisory and investment firm. She has held positions as Chief Investment Officer and Global Head of Investment Strategy at SEB Wealth Management and prior to that, she was head of Swedish and Nordic Equities at SEB Investment Management and Handelsbanken Asset Management.

Skills and experience

Ann has extensive asset management and board experience and her input gives greater insight on market sentiment and conditions in continental Europe.

External appointments

She is Chairman and co-founder of Opti Sverige AB, a fintech start-up within digital asset management and holds a number of non-executive directorships including Stenvalvet AB, Stena Sessan AB and Sareg AB. She is Chairman of the Investment Committee at the Swedish Foundation for Strategic Research.

**Board of Directors** continued**Katherine
Cornish-Bowden**

A N ME

Position:

Independent non-executive director

Date of appointment:

16 October 2025**Career and background**

Kate is a former fund manager for Morgan Stanley, where she was managing director and head of the global equity team. Prior to this, she worked as a research analyst at M&G. Kate holds a master's degree in business administration, and has completed the Financial Times Non-Executive Director Diploma.

Skills and experience

Kate spent many years selecting investment ideas, having managed European and global equity portfolios. In addition to asset management expertise, Kate brings experience from other boards in the investment trust sector.

External appointments

Kate is the chair of International Biotechnology Trust plc, a non-executive director of Finsbury Growth & Income Trust plc and a non-executive director and chair of the Audit Committee of CC Japan Income & Growth Trust plc. She was previously a non-executive director of Schroder Oriental Income Fund, and European Assets Trust PLC.

**Nadia
Meier-Kirner**

A N ME

Position:

Independent non-executive director

Date of appointment:

28 April 2025**Career and background**

Nadia has 20 years' experience in European mid-market private equity with Triton Partners in Germany. At Triton she currently serves as the Head of Strategic Investments and prior to that held sector co-head roles in Business Services and Health Care. Nadia has considerable private board expertise across the DACH region (Germany, Austria and Switzerland), and in Belgium and Sweden.

Skills and experience

Nadia has extensive investment experience in European mid-market private equity.

External appointments

Nadia is a non-executive director of Franz Haniel & Cie GMBH, Swiss IT Security Group AG and Siegwark Group Holding AK & Co KG.

**Stuart
Paterson**

A N ME

Position:

Independent non-executive director

Date of appointment:

16 October 2025**Career and background**

Stuart was formerly a co-founder and partner of Scottish Equity Partners LLP, one of Europe's leading technology growth equity investors, managing more than £1 billion of institutional capital over two decades. Stuart has over 25 years of equity investing experience in European private companies and has served on public and private boards in numerous sectors over the years. Stuart trained with Ernst & Young ('EY') and is a member of the Institute of Chartered Accountants of Scotland. He worked in corporate finance for EY before moving into equity investment.

Skills and experience

Stuart has significant equity investing experience in European private companies.

External Appointments

Stuart is a governor of The Glasgow Academical War Memorial Trust and is a Special Advisor to the growth equity firm he co-founded, Scottish Equity Partners LLP. He was appointed as a director of European Assets Trust PLC in 2019, initially as chair of the Audit Committee, and as chair from May 2024.



Fund management team

Fund Manager



Ollie Beckett

Position:
Fund Manager

21 years at JHI
31 years' financial industry
experience

Ollie was appointed as the Company's fund manager in July 2011. He is a portfolio manager on the European Equities team at Janus Henderson Investors.

Ollie first joined Henderson as an assistant portfolio manager for European equities at the time of the firm's merger with AMP Asset Management in 1998, and became a portfolio manager in 1999. He moved to the Global Technology Team in 2000. He left Henderson in 2003 to pursue other interests before returning to his current role with the firm in 2005.

Ollie received a BA degree (Hons) in economics and government from the University of Manchester.



[p.10 Fund manager's report](#)

Deputy Fund Manager



Rory Stokes

Position:
Deputy Fund Manager

13 years at JHI
25 years' financial industry
experience

Rory was appointed as a deputy fund manager in 2014.

He is a portfolio manager on the European Equities team at Janus Henderson Investors, a position he has held since 2015. Rory joined Henderson in 2013 as a European equity analyst. He worked for Liberum Capital Limited in small- and mid-cap equity sales from 2007 and prior to that held several roles at Credit Suisse. He began his career at HOLT Value Associates as a research analyst in 2001.

Rory graduated with a degree in philosophy, politics, and economics from Oxford University. He holds the Chartered Financial Analyst designation and is FCA registered.

Deputy Fund Manager



Julia Scheufler

Position:
Deputy Fund Manager

8 years at JHI
17 years' financial industry
experience

Julia was appointed as a deputy fund manager in 2024.

She is a portfolio manager on the European Equities team at Janus Henderson Investors, a position she has held since 2024. She joined the firm in 2018 as a research analyst and became an associate portfolio manager in 2022. Prior to joining the firm, Julia was a sell-side analyst on the European mid-cap desk at Berenberg from 2016. Before that, she was an investment analyst for a multi-asset investment fund manager. She began her career at Deloitte PCS Limited in 2009.

Julia received a BSc degree (Hons) in accounting and finance from Warwick University, and holds the Chartered Financial Analyst designation.



Corporate Governance report

Governance codes

The Board is pleased to report to shareholders on how the Company has applied the principles of the Code of Corporate Governance published by the Association of Investment Companies.

By virtue of the Company's listing on the London Stock Exchange, the Board is required to report on how the principles of the UK Corporate Governance Code (the 'UK Code') have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations. Consequently, the Board considers the principles and recommendations of the Corporate Governance Code published by the Association of Investment Companies (the 'AIC Code'). The AIC Code addresses the principles set out in the UK Code as well as additional recommendations on issues that are of specific relevance to investment companies.

With the exception of provision 34 (provision 29 of the UK Code), the Company has reported against the AIC Code published in 2024.

Copies of the AIC Code and the UK Code can be found on the respective organisations' websites: www.theaic.co.uk and www.frc.org.uk.

Statement of compliance

The Board has considered the principles of the AIC Code and confirms that it has complied with these throughout the reporting period.

The Company has no executive directors so does not consider executive remuneration. As a fully managed investment company, the Company has no internal operations and does not maintain an internal audit function, although the Audit Committee regularly considers the need for it.

Overview

The Board is comprised entirely of non-executive directors and has constituted three principal committees: the Audit Committee, the Management Engagement Committee and the Nomination Committee. The Board has also constituted an Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulations.

The terms of reference for each Committee are kept under regular review by the Board and are available on the Company's website www.europeansmallercompaniestrust.com.

The Board engages third-party service providers to deliver the operations of the Company. Janus Henderson Investors has been appointed to manage the investment portfolio and is the Company's Alternative Investment Fund Manager. The investment manager also provides the day-to-day accounting, company secretarial, administrative, sales and marketing activities. The Company has appointed a depositary, which in turn appoints the custodian and is responsible for the safe custody of the Company's assets. The Company has appointed a registrar to maintain the Register of Members

and assist shareholders with queries in respect of their holdings. The Company entered into each of these principal engagements after full and proper consideration of the quality and cost of the services offered, including the operation of their internal control environments. The Board and its committees maintain oversight of third-party service providers through regular and ad hoc reporting, as well as ongoing monitoring by the investment manager.

Board leadership and purpose

The Board is responsible for providing leadership and setting the tone from the top in terms of the Company's culture and values. The Board appoints all third-party service providers and monitors their performance throughout the year. The directors formally evaluate the quality of the service provided by each third-party service provider and consider the appropriateness of the terms of their engagement at least annually. The Board aligns the Company's risk appetite with the investment objective set by shareholders and establishes investment restrictions accordingly. The Board keeps under regular review the risks faced by the Company and assesses the effectiveness of the material controls put in place to mitigate these.

As well as making the strategic decisions regarding the Company's objectives and establishing and monitoring the risk management framework, the Board's purpose is to provide independent oversight of the operations delivered by the Company's third-party service providers and to challenge the decisions and recommendations made by them, particularly the investment manager.

The Board does this by meeting formally at least five times a year, with additional Board or committee meetings arranged when required. The directors have regular contact with the fund management team and other employees of the investment manager in connection with the delivery of company secretarial, sales, marketing and other administrative services.

The Board has a formal schedule of matters specifically reserved for its decision, which includes setting strategy and providing oversight of performance against agreed measures. It approves any changes to the structure and capital arrangements for the Company, has oversight of financial reporting and assesses the effectiveness of the internal control framework. The Board approves communications with shareholders, the appointment of new directors and oversees corporate governance matters.

Each meeting follows an agenda agreed with the Chairman and includes a review of the Company's investment performance, financial position, compliance with the investment parameters and a review of notable changes to the share register, along with any sales and marketing activities undertaken. This reporting enables the Board to ensure that control is maintained over the Company's affairs.

The investment manager ensures that the directors receive relevant management, regulatory and financial information. Employees of the investment manager attend each Board meeting enabling the directors to probe further on matters of concern.



Corporate Governance report continued

The Chairman is able to attend meetings with all the chairs of the investment companies managed by the investment manager which provides a forum to discuss industry matters.

The directors have access to the advice and services of the Corporate Secretary through its designated representative who is responsible for ensuring that Board and committee procedures are followed. The proceedings of all Board and committee meetings are

minuted, with any particular concerns raised by the directors appropriately recorded. The Board and the investment manager operate in a supportive, co-operative and open environment.

The Company has a procedure for directors to take independent professional advice at the expense of the Company in the furtherance of their duties. In order to enable them to discharge their responsibilities, all directors have full and timely access to relevant information.

Division of responsibilities

Role	Primary responsibilities
Shareholders/ investors	The Company's shareholders are responsible for: • approving the Company's investment objective and policy; • making decisions regarding changes to the Company's constitution; • electing and re-electing directors to the Board, or removing them from office if deemed appropriate; and • determining the overall limit for directors' remuneration.
Chairman	The Chairman of the Board is responsible for: • leading and managing Board business and ensuring the timely flow of information from service providers to the Board. He facilitates open, honest and constructive debate among directors; • leading the Board in developing succession planning; • leading the Board in determining its governance framework, culture and values; • representing the Company, alongside the fund manager, externally at business, and community level; and • managing the relationship with the investment manager.
Senior Independent Director	The senior independent director: • acts as a sounding board to the Chairman; • serves as an intermediary for the other directors and shareholders; and • is responsible for leading the performance evaluation of the Chairman.
Independent non- executive directors	The independent non-executive directors are responsible for: • providing constructive and effective challenge, especially to the decisions of the investment manager; • scrutinising and holding to account the performance of the – fund management team in meeting the investment objective; – investment manager in the promotion of the Company and day-to-day smooth operations of the Company's business; and • providing strategic guidance and offering specialist advice.
Committee chairs	The Committee chairs are responsible for: • the leadership and governance of their committee; • maintaining the relationships with specialist service providers delivering services within the remit of their committees; • reporting on the activities of their committee to the Board; and • seeking approval from the Board for the responsibilities set out in their respective terms of reference.

Corporate Governance report continued

Role	Primary responsibilities
Investment manager	The investment manager is the Company's appointed Alternative Investment Fund Manager and is responsible for: • promoting the Company's investment proposition to professional and retail investors; • making the necessary reporting to the FCA regarding the Company's status as an Alternative Investment Fund; • providing accounting, company secretarial and other administrative services to the Company; • ensuring compliance with the applicable statutory and regulatory provisions; and • coordinating the delivery of services provided by the Company's other third-party service providers.
Fund management team	The fund manager and his team are responsible for: • selecting the stocks held within the portfolio; • diversification and risk management through stock selection and size of investment; • determining the volume and timing of acquisitions and disposals; and • determining the frequency and level of gearing within the overall limits set by the Board.

Board composition

At the date of this report, the Board comprises six directors. Their biographies are on pages 28 and 29.

Appointment, tenure and retirement of directors

The Board may appoint directors at any time during the year. Any director so appointed stands for election by shareholders at the next annual general meeting. Directors are generally expected to serve two terms of three years, which may be extended to a third term, and occasionally beyond, at the discretion of the Board and subject to satisfactory performance evaluation and annual re-election by shareholders.

All directors stand for re-election by shareholders annually in keeping with the provisions of the AIC Code. The articles permit shareholders to remove a director before the end of their term by passing an ordinary resolution at a general meeting. An appointment may be terminated by either party giving written notice without compensation payable.

Chairman's tenure

Given the entirely non-executive nature of the Board and the fact that the Chairman may not be appointed as such at the time of their initial appointment as a director, the Chairman's tenure may be longer where this is considered by the Board to be in the best interests of the Company. As with all directors, the continuing appointment of the Chairman is subject to satisfactory performance evaluation and annual re-election by shareholders. The directors are cognisant of the benefits of regularly refreshing Board membership and seek to do so while retaining a balance of knowledge of the Company which is of particular importance given the entirely non-executive nature of the Board, and the relationship with the investment manager.

Directors' independence

The independence of the directors is determined with reference to the AIC Code and is reviewed by the Nomination Committee annually. The Committee considers each of the director's other commitments, as well as their tenure and any connections they may have with the investment manager or other key service providers. Following completion of the evaluation in July 2026 the Committee concluded that all directors continued to be independent in character and judgement.

Independence stems from the ability to make decisions that conflict with the interest of the investment manager and this is a function of confidence, integrity and judgment. The Board is firmly of the view that length of service does not impair a director's ability to act independently, but that the longer perspective adds value to the deliberations of the Board, especially in light of the Company's business model and the entirely non-executive nature of the Board.

Diversity

The Board supports the principle of boardroom diversity, of which gender and ethnicity are two aspects. A third, important aspect given the Company's objective, is the presence of Europe-based directors on the Board. Their input at meetings allows the Board to stay in touch with sentiment on the Continent.

The Company's policy is that the Board should comprise directors with a diverse range of skills, knowledge and experience and that all appointments should be made on merit, against objective criteria. Diversity of perspectives and backgrounds is therefore a key consideration in any director search process. Alongside this, the Board will not discriminate on the grounds of age, gender, personal background, sexual orientation, disability or socio-economic background in considering the appointment of directors.



Corporate Governance report continued

The UK Listing Rules require companies to report against the following three diversity targets:

- at least 40% of individuals on the board should be women;
- at least one senior board position should be held by a woman;
- at least one individual on the board should be from a minority ethnic background.

At the date of this report, the Board complies with these diversity targets.

Gender diversity	Number of Board members	% of the Board	Number of senior positions on the Board ¹
Men	3	50	1
Women	3	50	1

Ethnic diversity

White British or other			
White (including minority white groups)	5	83.3	2
Other	1	16.7	–

¹ As a fully managed investment trust, the Company has only two of the roles specified by the UK Listing Rules, being the position of the Chairman and Senior Independent Director

Directors' conflicts of interest

The articles permit the Board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company ('situational conflicts'). The Board has a formal system in place for directors to declare situational conflicts to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted directors must act honestly and in good faith with a view to the best interests of the Company. The directors may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate.

Any situational conflicts which are considered, and authorised, are recorded in the minutes. These are reviewed by the Nomination Committee at least annually.

Directors' induction and ongoing training

Newly appointed directors are offered a bespoke induction programme which covers the legal and regulatory framework for investment companies and the operations of the investment manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administrative services.

Directors are provided with information on the Company's policies, regulatory and statutory requirements affecting the Company, as well as changes to the directors' responsibilities as they arise.

Directors are encouraged to attend external training and industry seminars, and may do so at the expense of the Company.

Directors' time commitment

The Board expects directors to be able to devote sufficient time to meet the demands of the business. Directors should attend all scheduled meetings except when unforeseen and serious circumstances arise at short notice. The Board expects directors to be able to make themselves available at reasonably short notice to consider any ad hoc matters that may arise.

Directors' other commitments are considered as part of the candidate selection process for new appointments and annually as part of the overall performance evaluation of each director.

The table below sets out individual directors' attendance for scheduled meetings during the reporting period. All directors in office at the time of the annual general meeting held on 24 November 2025, attended the meeting.

	Board	Audit Committee	Nomination Committee	Management Engagement Committee
James Williams ¹	5/5	5/5	1/1	1/1
Daniel Burgess	5/5	5/5	1/1	1/1
Katherine Cornish-Bowden ²	3/3	3/3	0/0	0/0
Ann Grevelius	5/5	5/5	1/1	1/1
Nadia Meier-Kirner	5/5	5/5	1/1	1/1
Stuart Paterson ²	3/3	3/3	0/0	0/0

¹ Attends the Audit Committee by invitation

² Former EAT directors appointed to the Board on 16 October 2025



Corporate Governance report continued

Risk management and internal control

The Board has overall responsibility for the Company's risk management and internal control framework and for reviewing its effectiveness. The Audit Committee supports the Board in monitoring the framework, including controls operated by the investment manager and other key service providers.

The Board has established an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Company. The process operated throughout the year and up to the date of this report. It reflects the Company's externally managed structure and its reliance on specialist service providers. The framework is designed to manage, rather than eliminate, the risk of failure to achieve the Company's objectives and can provide only reasonable, not absolute, assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria, specifying levels of authority and exposure limits. The Board reviews reports on investment performance against and in compliance with the criteria at each meeting;
- regular financial reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting;
- contractual agreements with the investment manager and all other third-party service providers. The Board reviews performance levels and adherence to relevant provisions in the agreements on a regular basis through reporting to the Board and conducts a formal evaluation of the overall level of service provided at least annually;

- the review of material controls at the investment manager and other third-party service providers. The Board receives quarterly reporting from the investment manager and depositary, and reviews assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- review of additional reporting provided by:
 - the investment manager's Operational Risk team on the control environment in operation at the investment manager and their view of the control environments in place at the third-party service providers used by the Company; and
 - the investment manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board, assisted by the Audit Committee conducted a review of the Company's system of internal controls for the year ended 30 June 2026 and is satisfied that it has not identified or been advised of any failings or weaknesses that have been determined as significant.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
29 September 2026

Corporate Governance report continued

The framework of material controls

The Board appoints third-party service providers to undertake the Company's operational activities. It maintains oversight of these providers throughout the year by receiving regular reporting on their activities.

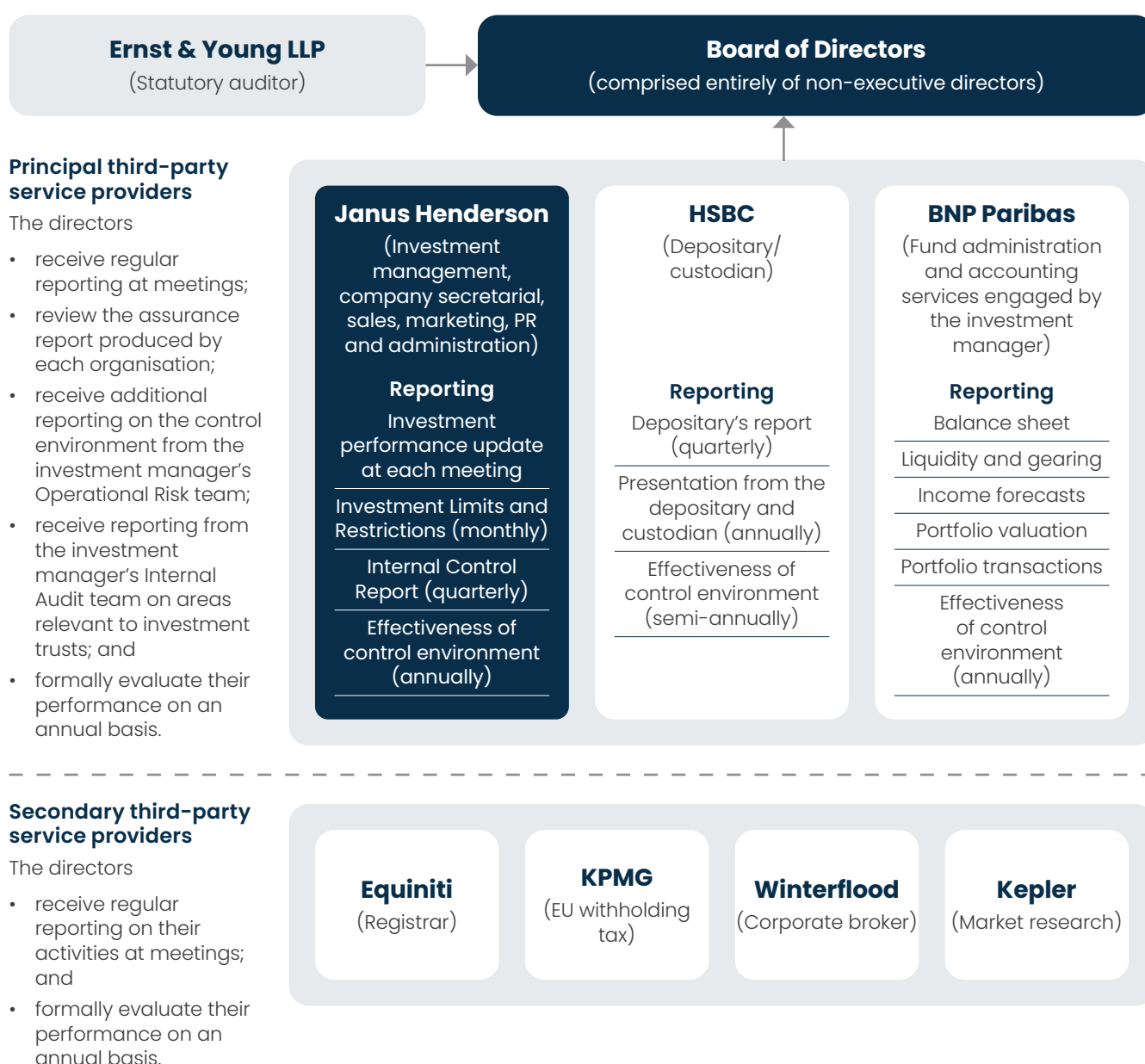
The Company's principal third-party service providers are the investment manager (JHI); the depositary/custodian (HSBC) and the accountants (BNP Paribas).

In respect of its principal providers, the Board receives quarterly reporting on compliance with the control environment and assesses the effectiveness of the control environment through review of the assurance reports from each organisation. This reporting is supplemented by the view of the investment manager's Operational Risk team regarding the control environments in operation at the service providers.

The Company's secondary providers report regularly to the Board. A failing in their services is deemed to have a minimal impact on the Company's value and therefore less stringent reporting is required.

The Management Engagement Committee formally evaluates the performance and service delivery of all third-party service providers at least annually.

The Audit Committee evaluates the performance of the statutory auditor on completion of each audit cycle.



Audit Committee report



Daniel Burgess
Chairman of the
Audit Committee

Role

The Committee is responsible for ensuring the integrity of the Company's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and monitoring the effectiveness and objectivity of the external auditor.

Meetings

The Committee usually meets five times a year. The Company's auditor, the fund management team and the investment manager's Financial Reporting Senior Manager are invited to attend meetings of the Committee on a regular basis.

The Committee meets with the audit partner and audit manager without the presence of staff from the investment manager at least once a year.

Committee members:

Daniel Burgess (Chairman), Katherine Cornish-Bowden, Ann Grevelius, Nadia Meier-Kirner, Stuart Paterson.

At least one director has recent and relevant experience.

Number of meetings in year: 5

Private sessions with the auditor: 1

Responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the Company's annual report and half-year financial statements, the appropriateness of the accounting policies and areas of judgment applied and the use of the going concern basis for their preparation;
- the appointment of the auditor, determination of their remuneration and agreeing the nature and scope of the audit;
- the findings set out in the audit report, as well as assessing the objectivity and effectiveness of the auditor;
- the policy on the provision of non-audit services by the auditor and the auditor's independence;
- the impact of the change in the dividend policy on the Company's financial position;
- the assessment of the principal and emerging risks facing the Company and the Company's long-term viability in light of these risks;
- considering the need for an independent internal audit function; and
- the whistleblowing arrangements in place at the investment manager enabling staff to raise concerns about possible improprieties in confidence.

Financial statements

The Committee reviewed the half-year financial statements, paying particular attention to the accounting for the combination with EAT and subsequent cancellation of the share premium account. Additional work was undertaken in conjunction with the auditor at the half-year with a view to ensuring the consistency of the accounting presentation, well ahead of the financial year-end.

The Committee further reviewed the annual report and financial statements for the year ended 30 June 2026, considering the appropriateness of the accounting standards applied in their preparation, the few areas of judgment for review and the adoption of the going concern basis for their preparation.

The significant issues which the Committee considered are set out in the table overleaf. The Committee considers the annual report to be fair, balanced and understandable.

Principal and emerging risks

The Committee reviewed the principal risks facing the Company prior to the publication of the half-year and full-year financial statements, ensuring the disclosures in this respect were accurate.

Provision 29 of the UK Code (34 of the AIC Code) will become applicable to the financial statements for the year ending 30 June 2027. This provision requires the Board to confirm the effectiveness of the Company's material controls as at the Balance Sheet date. The Committee reviewed the Company's risk management framework, material controls in place and reporting received by the Board and its committees in respect of the control environment. Having undertaken this review, the Company is well placed to address this requirement for the current financial year.



Audit Committee report continued

Significant issue	How the Committee addressed the issue
Accounting for the combination with EAT	The Committee assessed the impact of the combination with EAT and subsequent cancellation of share premium account at the time the half-year results were prepared. Additional work was undertaken with the auditor in determining the appropriate accounting approach and presentation of these changes. The Board reviewed the financial statements at the year-end to ensure the consistency of accounting treatment and that the disclosures relating to the combination and cancellation of share premium account were fair, balanced and understandable.
Valuation and ownership of investments	The Committee reviewed the portfolio valuation at the year-end. The fund accountants perform the valuation of the assets based on the investment manager's valuation policy, which is compliant with the requirements of the AIFMD rules and reflects the adoption of fair value accounting principles. The Committee sought confirmation from the investment manager's financial oversight team as to whether any changes to the policy had been made during the year and from the auditor as to whether their independent valuation of the assets identified any pricing anomalies.
Recognition of income	The Committee reviewed the accounting policies used in the preparation of the financial statements for the year ended 30 June 2026. These set out the principles applied in the recognition of income. Having sought confirmation from the investment manager's financial oversight function and the auditor on the application of the policy, the Committee was satisfied that the income generated by the portfolio, including amounts received as special dividends, was appropriately recognised in the financial statements.
HMRC approved investment trust status	The Committee reviewed the investment manager's procedures for complying with the regulations setting out the criteria required in order for the Company to retain its HMRC approved investment trust status.
Calculation of performance fee	The Committee reviewed the calculation of the performance fee to ensure consistency with the application of the methodology.

Internal audit function

As a fully managed investment trust, with no employees or direct operations, the Company does not maintain its own internal audit function. Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and ensure that financial information used within the business, or published, is reliable.

As part of its usual programme of business, the Committee reviewed reporting throughout the year on the effectiveness of and compliance with controls at key third-party service providers and received reporting directly from the investment manager's Head of EMEA Internal Audit on areas pertaining to investment trust operations.

Given the level of independent review attached to reporting on the effectiveness of internal controls at third-party service providers, the access the Committee has to the investment manager's second and third lines of defence, and the challenges we would face in attempting to conduct externally facilitated internal audits of key service providers, we concluded that, given the current operating model, it was not necessary for the Company to have its own internal audit function.

Use of reserves

In supporting the Board's review of the approach to paying dividends, the Committee considered the Company's various reserves and how best to use these. The share premium account was cancelled following completion of the combination with EAT, making available additional distributable funds to support the new dividend policy of targeting a total dividend of 5% of the NAV per share as at the end of the previous financial year.

We concluded that revenue reserves should be used initially to support the dividend, with buybacks funded through use of the special distributable reserve.

External audit

The Committee reviewed the Audit Plan for the year ended 30 June 2026, discussing this with the audit partner and audit manager. The Committee considered and agreed the audit fee for the year ended 30 June 2026, which amounted to £62,600 (2025: £60,900).

The Audit Plan remained largely unchanged from the prior year, with the exception that the risk of incomplete or inaccurate revenue recognition arising from the classification of special dividends was removed as a fraud risk. Special dividends have typically been infrequent and not material in size. These are therefore unlikely to represent a risk should an instance of fraud be perpetrated.

Audit Committee report continued

Effectiveness of the audit

On completion of the audit, the Committee evaluated the effectiveness of the external audit. This exercise comprised two components; consideration was given to the findings of the FRC's Audit Quality Inspection Report and the Chairman led a post-audit assessment inviting comments from the auditor, fund management team and other members of the investment manager's staff, in assessing the robustness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting to the Committee.

Following completion of the assessment, the Committee remained satisfied with the effectiveness of the audit provided by EY.

Re-appointment of the auditor

EY was appointed as the Company's auditor in 2017 and submitted their first audit report in respect of the year ended 30 June 2018. The audit partner, Mike Gaylor, has completed four audits in post. In keeping with current regulations to put the audit to tender once every ten years, we anticipate inviting tenders for the audit over the latter part of the 2026 calendar year and considering presentations in early 2027.

Taking account of the outcome of the assessment of the effectiveness of the recent audit, the Committee has recommended to the Board that EY should be re-appointed by shareholders at the forthcoming annual general meeting.

Daniel Burgess
Chairman of the Audit Committee
29 September 2026

Auditor's independence

The Committee monitors the auditor's independence through three aspects of its work:

- the approval of a policy regulating the non-audit services that may be provided by the auditor;
- assessing the appropriateness of fees paid to the auditor; and
- assurances provided by the auditor on their compliance with the relevant ethical standards.

EY has confirmed that all of its partners and staff involved with the audit are independent of any links to the Company, and that these individuals have complied with their ethics and independence policies and procedures which are fully consistent with the FRC's Ethical Standards.

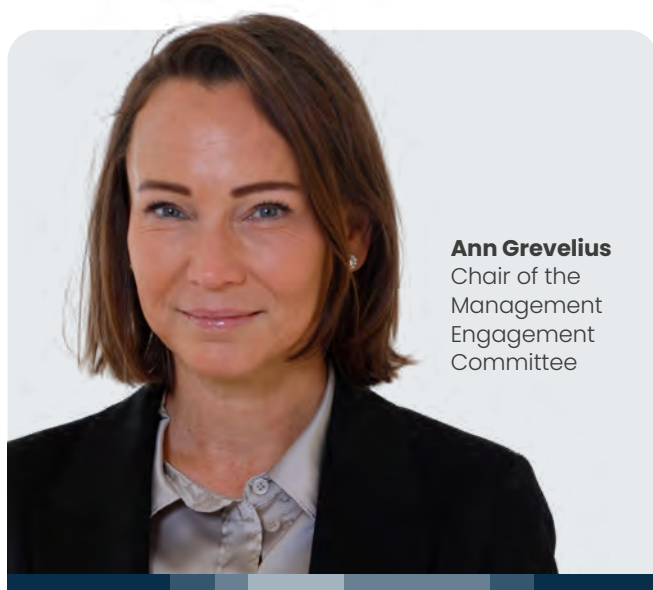
Policy on the provision of non-audit services

The Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditor. The policy sets out that the Company's auditor will not be considered for non-audit work where this is prohibited by the current regulations and where it appears to affect their independence and objectivity.

In addition, the provision of any non-audit services by the auditor is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies. Such services require approval in advance by the Audit Committee, or Audit Committee Chairman, following due consideration of the proposed services.

Since the appointment of EY in 2017, the auditor has not provided any non-audit services to the Company.

Management Engagement Committee report



Ann Grevelius
Chair of the
Management
Engagement
Committee

Role

The Committee is responsible for formally evaluating the overall performance of the investment manager and other third-party service providers engaged by the Company.

Meetings

The Committee usually meets at least once a year.

Committee members:

Ann Grevelius (Chair), Daniel Burgess, Katherine Cornish-Bowden, Nadia Meier-Kirner, Stuart Paterson, James Williams

Number of meetings in year: 1

Responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the quality of services delivered by the investment manager, our principal service provider, including
 - the overall performance of the Company's portfolio against the benchmark and peers in both the closed-end and open-ended sectors, and the use of gearing;
 - the competitiveness of the fee structures in comparison to the Company's closed-end competitors and other, similar sized investment companies, as well as open-ended alternatives;
 - the experience of the team involved in managing all aspects of the Company's business;
 - the quality and effectiveness of communications from the fund management team in terms of keeping the Board updated on the composition of the portfolio and from the wider investment trust team on their engagement programmes with professional and retail investors;
 - how the investment manager ensured that the Company's legal and regulatory obligations were discharged and whether it had met all of the provisions of the management agreement;
- the overall performance, quality of services delivered and competitiveness of fees for the Company's other third-party service providers, including the corporate broker, registrar, depositary and fund administrator.

Evaluation of the investment manager

The Company's key service provider is the investment manager. The investment manager provides not only the fund management team, but the research, systems and support required by them to successfully manage the Company's assets. They also provide a dedicated resource for communicating with professional shareholders, facilitate the delivery of marketing to reach retail shareholders and ensure that the Company fulfills its legal and regulatory obligations.

As part of its formal assessment of the investment manager, the Committee considered the quality and effectiveness of the services provided throughout the year, taking into account key performance indicators, service standards, regulatory compliance, operational resilience, the quality and timeliness of reporting and responsiveness to Board requests. The Committee further reviewed the resources, systems and controls employed by the investment manager, together with any significant developments, service issues or regulatory matters arising during the year.

The Company has had an extraordinary 12-18 months, with the requisition, 42.5% tender offer and combination with EAT. These events have provided directors with a unique insight into the investment manager's ability to deal with events outside of business as usual, and the Committee considered the investment manager's ability to access additional resource and specialist services to support the Company's strategic objectives.

Management Engagement Committee report continued

The Committee leveraged the input from the Audit Committee's review of the internal control environment in operation at the investment manager and the accessibility to senior members of the investment manager's second and third lines of defence in providing updates on operational controls, cyber security and business continuity arrangements. The Committee further considered the level of contact maintained between the investment manager's sales function and the Company's professional shareholders, and how well these were coordinated with the activities of the corporate broker. The quality and effectiveness of the marketing activities to reach retail investors was also assessed.

The Committee reviewed the competitiveness of fees with closed-end peers within the AIC European Smaller Companies and wider AIC Europe sectors, and also against open-ended alternative investment offerings. The Committee assessed whether the services received continued to represent good value for shareholders. In undertaking its evaluation, the Committee considered industry developments and market practice.

Re-appointment of the investment manager

Following completion of the evaluation, the Committee concluded that the investment manager had performed satisfactorily during the year and demonstrated the necessary quality, expertise, resources and controls required to support the Company. The Committee therefore recommended to the Board that the continued appointment of the investment manager remained in the best interests of the Company and its shareholders.

Evaluation of other service providers

The Committee further undertook an assessment of the Company's other key service providers, including the corporate broker, depositary and custodian, registrar and fund administrator.

The assessment of the corporate broker focused on the quality of market intelligence and shareholder feedback provided to the Board, support for the Company's corporate actions and the effectiveness of engagement with existing and prospective professional shareholders.

The review of the registrar included consideration of shareholder servicing standards, the accuracy and timeliness of processing shareholder transactions, and the registrar's operational resilience and control environment. The Committee relies heavily on the input from the investment manager in regard to the day-to-day services delivered by the registrar, as our designated company secretary remains the first point of contact.

In respect of the depositary, the Committee reviewed the safeguarding of the Company's assets, custody operations, control and oversight procedures, the quality of reporting provided to the Board and the effectiveness of business continuity arrangements.

The Committee's review of the fund administrator comprised two elements. The first focused on the accuracy and timeliness of NAV production and compliance with the agreed service levels. These relate to the day-to-day elements of the service which they deliver to support the investment manager's operations. Views from the investment manager's staff in evaluating these elements was sought.

The second relates to reporting of the Company's financial position, through preparation of the management accounts for each board meeting and the reporting for the financial statements at the half- and full-year.

The Committee also considered the administrator's operational resilience, systems capability and responsiveness to regulatory and reporting requirements.

Consideration was given to the competitiveness of fees and whether the services provided continued to represent good value for shareholders. Following its review, the Committee concluded that the corporate broker, depositary and custodian, registrar and fund administrator had each performed effectively during the year.

Ann Grevelius
Chair of the Management Engagement Committee
29 September 2026



Nominations Committee report



James Williams
Chairman of
the Nomination
Committee

Role

The Committee is responsible for ensuring Board composition remains balanced, a transparent approach is used in the appointment of directors and that appropriate plans are in place for succession planning.

Meetings

The Committee meets at least once a year to consider the composition of the Board, succession planning, to review the outcome of the Board evaluation and to consider the remuneration of individual directors. The Committee meets more frequently when the recruitment process for new directors is underway.

Committee members:

James Williams (Chairman), Daniel Burgess, Katherine Cornish-Bowden, Ann Grevelius, Nadia Meier-Kirner, Stuart Paterson

Number of meetings in year: 1

Responsibilities

In discharging its duties over the course of the year, the Committee considered:

- the composition of the Board and each of its committees, taking account of the skills, experience and knowledge of each director and whether the diversity of these continued to contribute to the success of the Company;
- the outcomes of the annual performance evaluation with a view as to whether adjustments should be made to the number of directors or knowledge and skills represented on the Board;
- the tenure of each of the directors, giving consideration as to whether the Board retained a sufficient balance of length of service without becoming complacent;
- the independence of the directors taking account of the guidelines established by the AIC Code as well as the directors' other commitments;
- the time commitment of the directors and whether this had been sufficient over the course of the year;
- succession planning for appointments to the Board taking account of the tenure of the current directors and recommendations of the AIC Code; and
- the performance and contribution of the directors standing for re-election at the forthcoming annual general meeting.

Annual Board evaluation

The Committee oversaw the annual evaluation of the effectiveness of the Board, its committees and individual directors. The evaluation considered the Board's composition, the quality of information provided to directors, the effectiveness of Board and committee decisions and how well meetings were run, whether the Board's oversight of the Company's strategy and risks remained sufficiently robust and if our shareholder engagement over the year had been sufficient.

Feedback was obtained from all directors via a questionnaire, and the Chairman had private conversations with each director to ascertain their views on a range of matters. The evaluation confirmed that the Board continues to operate effectively, with a constructive culture that encourages open discussion, challenge and debate. Directors concluded that Board meetings were well managed, that sufficient time was devoted to key strategic and governance matters and that the Board maintained an appropriate focus on the long-term interests of shareholders.

The Committee was further satisfied that each director continued to make a valuable contribution to the Board's deliberations and demonstrated the necessary commitment to fulfil their responsibilities effectively. No significant concerns were identified during the review, although a number of enhancements and areas of ongoing focus were noted to support continuous improvement. These included improvements to the effectiveness of Board and committee reporting, and initiating a programme offering shareholders the opportunity to meet with the Chairman of the Board,

Nominations Committee report continued

or other directors if they prefer, following a busy period of corporate change for the Company.

Following consideration of the evaluation findings, the Committee concluded that the Board and its committees remained effective and that all directors continued to contribute effectively to the success of the Company.

Succession planning

Succession planning remains an important area of focus for the Committee and the structure, tenure and composition of the Board and committees is kept under review to ensure an appropriate balance of skills, experience, independence and diversity is maintained while preserving continuity and corporate knowledge.

The continuity aspect is particularly important where there are no executive directors and the appointment of the investment manager is at arms-length. In such instances, it falls to the non-executive directors to maintain a thorough understanding of the impact of decisions and the prevailing rationale for taking them.

The Committee considered the future development of the Board and reviewed the anticipated tenure of each director, taking account of the Company's strategic objectives and the skills required to support effective oversight of the Company's investment strategy and operations. Consideration was further given to committee memberships and various chairs to ensure the orderly transfer of responsibilities when necessary.

Two new directors joined the Board during the course of the year, and their expertise and professional backgrounds had not been part of the succession plan for regular refreshment of Board membership. The Committee therefore updated the Board's succession plan and considered where skills could be extended to provide cover for other directors in the event of a longer-term absence.

Following completion of the review, the Board's succession plan has been updated and the Committee is satisfied that the Company is in a good position to, not only progress with regular Board refreshment, but also manage longer-term absences should they arise.

Re-election of directors

In accordance with the provisions of the AIC Code, all directors will stand for re-election at the forthcoming annual general meeting.

In considering the directors proposed for re-election, the Committee reviewed their performance, contribution and attendance during the year and considered the findings of the annual Board evaluation. Each director's external commitments were reviewed and the Committee was satisfied that all directors continue to be able to devote sufficient time to the affairs of the Company.

The Committee concluded that each director remained effective, continued to demonstrate commitment to their role and contributed valuable skills, experience and judgment to the Board's deliberations. Accordingly, the Committee recommended to the Board that all directors standing for re-election at the forthcoming annual general meeting be supported.

Evaluation of the Chairman

The annual evaluation of the Chairman was led by the Senior Independent Director and included the views of each of the other directors. The review considered the Chairman's leadership of the Board, continued independence, effectiveness and conduct throughout the year. Particular regard was given to the Chairman's stewardship during a period of significant corporate activity, including the Company's response to a shareholder requisition, the implementation of the 42.5% tender offer and the Board's consideration of the combination with EAT.

The directors concluded that the Chairman had exercised appropriate judgment, provided clear and effective leadership, and maintained a strong focus on the interests of shareholders while ensuring that the Board remained fully informed and able to discharge its responsibilities.

The Senior Independent Director reported to the Committee that the Chairman continued to perform effectively and that his continued leadership remained in the best interests of the Company.

Policies

The Committee reviewed the Company's diversity policy and confirmed that it remained appropriate, recognising the importance of maintaining a Board with a broad range of skills, experience, backgrounds and perspectives. The Committee noted that diversity considerations continued to be embedded in succession planning and the director recruitment process, while appointments would continue to be made on merit and against objective criteria.

The Committee reviewed its policy on the Chairman's tenure, which addressed the need to balance regular Board refreshment and independence with continuity, experience and effective leadership.

Following discussion, the Committee concluded that both policies remained suitable for the Company's current circumstances and continued to support effective Board composition and governance.

James Williams
Chairman of the Nomination Committee
29 September 2026

Directors' Remuneration report

Statement from the Chairman

As the Company has no employees and all directors are non-executive, the Board has not historically established a separate Remuneration Committee. Non-executive directors receive an annual fee for their services, paid quarterly in arrears, and do not receive pension contributions or participate in any share incentive arrangement as the Company does not operate any such schemes.

In accordance with the recommendation arising from the previous year's annual Board effectiveness review, directors' remuneration was considered by the Board as a whole during the year. This represented a change from the previous approach, under which remuneration matters had been considered by the Nomination and Remuneration Committee.

As part of its review, the Board considered the level of directors' fees paid by investment trusts of a comparable size, trusts within the AIC peer group and the wider AIC Europe sector, as well as other investment trusts managed by the investment manager. The Board also took into account inflation, by reference to the Consumer Price Index, and the responsibilities undertaken by the directors in discharging their duties to the Company.

Following this review, the Board approved modest increases to directors' fees, broadly in line with inflation.

The Board is satisfied that the revised remuneration arrangements are consistent with the Company's Remuneration Policy, which was approved by shareholders at the annual general meeting held in 2025.

Annual report on implementation

The Directors' Remuneration report (the 'Report') is prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the 'Regulations'). A resolution to approve this Report will be put to shareholders at the annual general meeting to be held on 16 November 2026.

The Company's auditor is required to report on certain information contained within this report. Where information has been audited it is indicated as such.

All of the directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for an illustrative representation of the level of remuneration that could be received by each individual director. All relevant information is disclosed within this Report in an appropriate format.

Remuneration Policy

The Remuneration Policy (the 'Policy') sets out the principles applied in the remuneration of the Company's directors. The current Policy has been in place since 24 November 2025.

The Board's approach is that fees payable to the directors should:

- reflect the time spent by them on the Company's affairs;
- reflect the responsibilities borne by them as directors;
- be sufficient to promote the long-term success of the Company; and
- not exceed the aggregate limit set out in the articles of association (£500,000 per annum following approval by shareholders at the general meeting held on 3 October 2025).

Directors are remunerated in the form of fees which are payable quarterly in arrears. No director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place. The directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties.

The directors may further be eligible to receive additional remuneration, in exceptional circumstances, for duties beyond those normally expected as part of a non-executive director's appointment.

The level of remuneration paid to each director is reviewed annually, although such review will not necessarily result in a change to the fee. Feedback from shareholders on the fees paid to directors is taken into account by the Board when reviewing remuneration levels.

All directors are non-executive and appointed under a letter of appointment, which is an engagement for services and not a contract of employment. The appointment may be terminated at any time by written notice with no compensation payable. All directors, including any new appointments to the Board, are paid at the same rate. The Chairman of the Board, Senior Independent Director and Chairman of the Audit Committee are paid a higher fee in recognition of their additional responsibilities.

The Policy, irrespective of changes, is put to shareholders at intervals of not more than three years.



Directors' Remuneration report continued

Directors' fees

The current fees for specific roles are set out in the table below.

Role	From 1 July 2026	At 30 June 2026	At 30 June 2025
Chairman of the Board	54,800	53,200	51,100
Chairman of the Audit Committee	43,800	42,500	40,850
Director	38,600	37,500	36,050

With effect from 1 July 2025, the Senior Independent Director receives an additional £3,000 per annum (prior years no additional fee has been paid).

Directors' interests in shares (audited)

The interests of the directors in the ordinary shares of the Company at the beginning and end of the financial year under review are set out in the table below.

Director	30 June 2026	30 June 2025
James Williams	33,000	18,000
Daniel Burgess	50,000	32,000
Katherine Cornish-Bowden ¹	39,494	n/a
Simona Heidempergher ²	n/a	12,800
Ann Grevelius	15,000	15,000
Nadia Meier-Kirner	–	–
Stuart Paterson ¹	100,000	n/a

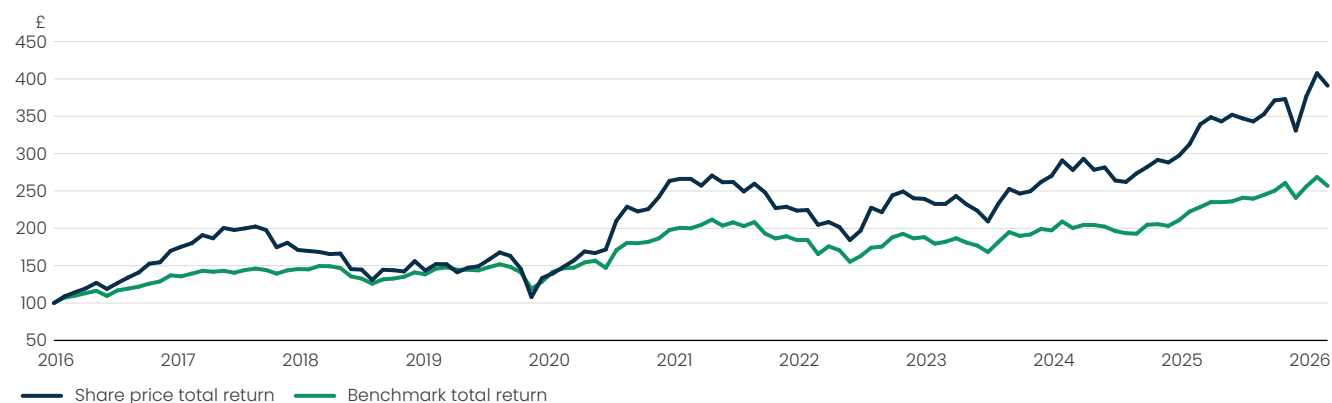
¹ Appointed as directors on 16 October 2025

² Retired as a director on 24 November 2025

In the period after the year-end, Katherine Cornish-Bowden acquired a further 459 shares, bringing her total holding to 39,953

Total return performance over ten years

The graph illustrates the Company's share price total return performance compared with that of the benchmark over a ten-year period. The analysis assumes £100 invested on 30 June 2016 with all dividends reinvested.



Relative importance of spend on pay

The table below sets out the total level of directors' remuneration compared to the distributions paid to shareholders by way of dividends.

	Year ended 30 June 2026 £	Year ended 30 June 2025 £	Year ended 30 June 2026 % change	Year ended 30 June 2025 % change
Total remuneration paid to directors ¹	416,596	200,084	108.2	8.2
Dividends paid on ordinary shares	27,394,715	18,903,134	44.9	0.5

¹ Changes will fluctuate due to the number of directors in any one year. Fees for the year ended 30 June 2026 included payments for additional work undertaken in relation to the requisitioned general meeting, tender offer and the combination with EAT

² A new dividend policy was introduced in October 2025 targeting a minimum total dividend of 5% of the NAV per share as at the previous year end. The total dividend for the year ended 30 June 2026 was therefore higher than for the previous year



Directors' Remuneration report continued

Directors' remuneration (audited)

The remuneration paid to the directors serving during the years ended 30 June 2026 and 30 June 2025 is set out in the table below. The table includes two new columns this year, which set out one-off payments to directors relating to the additional work undertaken in respect of the requisitioned general meeting held on 3 February 2025 and the combination with EAT. Both payments totaled £160,000, and a resolution enabling these payments to be made was put to shareholders at the annual general meeting held on 24 November 2025.

Director	Year ended 30 June 2026						Year ended 30 June 2025		
	Fees £	Ad hoc payment (requisition and tender offer) £	Total expenses and taxable benefits £	Total included in administra- tive expenses £	Ad hoc payment (EAT combina- tion) ⁶ £	Total paid to directors £	Fees £	Total expenses and taxable benefits £	Total £
James Williams ¹	53,200	40,000	2,469	95,669	20,000	115,669	45,048	1,593	46,641
Daniel Burgess ²	42,500	20,000	–	62,500	10,000	72,500	40,850	1,271	42,121
Ann Grevelius	39,389	20,000	4,231	63,620	10,000	73,620	36,050	6,343	42,393
Nadia Meier- Kirner	37,500	–	2,505	40,005	10,000	50,005	6,338	–	6,338
Katherine Cornish-Bowden ³	26,683	–	–	26,683	–	26,683	–	–	–
Stuart Paterson ³	26,683	–	3,475	30,158	–	30,158	–	–	–
Simona Heidempergher ⁴	16,228	20,000	1,733	37,961	10,000	47,961	36,050	1,264	37,314
Christopher Casey ⁵	–	–	–	–	–	–	20,551	4,726	25,277
Total	242,183	100,000	14,413	356,596	60,000	416,596	184,887	15,197	200,084

Notes:

The table above omits other columns set out in the relevant Regulations because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made.

1 Chairman. Highest paid director

2 Chairman of the Audit Committee

3 Appointed as director on 16 October 2025

4 Retired as director on 24 November 2025

5 Retired as director on 25 November 2024

6 Accounted for as costs of the ESCT/EAT combination

Statement of voting at annual general meeting

Shareholders have a binding vote on the Company's remuneration policy every three years and vote to receive the Remuneration report each year. The table below sets out the votes received in respect of the last time each such resolution was proposed.

Resolution	For (incl discretionary)	% of votes ¹	Against	% of votes ¹	Withheld
Remuneration Policy (last voted on 24 November 2025)	95,198,648	99.2	786,545	0.8	1,068,506
Remuneration report (last voted on 24 November 2025)	95,234,562	99.0	947,854	1.0	871,283

1 The percentage of votes excludes votes withheld

James Williams
Chairman
29 September 2026

Directors' report

The directors present their report and the Company's audited financial statements for the year ended 30 June 2026.

The Corporate Governance Report, committee reports and Additional Information on pages 31 to 43 and 83 to 98 form part of the Directors' report.

Share capital

The Company has a single class of shares comprising the ordinary shares of 1.5625p. At 30 June 2026, the Company's paid up share capital consisted of 410,375,045 ordinary shares of 1.5625p each, of which 68,491,746 are held in treasury and have no voting rights.

At the annual general meeting held on 24 November 2025, shareholders authorised the directors to allot up to 41,037,504 ordinary shares (10% of the issued share capital at the date of the resolution) and to repurchase up to 61,515,219 ordinary shares (14.99% of the issued share capital at the date of the resolution).

The authorities to allot and repurchase shares will expire at the earlier of 15 months from the date of the passing of the resolution or the next annual general meeting. Directors will be seeking to renew the authority to allot and repurchase shares at the forthcoming annual general meeting.

In addition to the usual authorities sought from shareholders each year, further authority was sought at the general meeting held on 3 October 2025 for the issue of up to an aggregate nominal value of £3,125,000 shares in connection with the combination with EAT. A total of 131,128,841 new ordinary shares were issued under this authority.

During the course of the year, the Company repurchased 16,769,698 ordinary shares for holding in treasury. A further 2,865,458 shares have been repurchased since the year-end and the date of this report.

There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no restrictions on voting, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares.

Holdings in the Company's shares

As at 30 June 2026, the following held more than 3% of the Company's issued share capital.

Interactive Investor	15.5%
Halifax Share Dealing	10.8%
Hargreaves Lansdown	9.9%
City of London Investment Management	7.2%
Lazard Asset Management	6.4%
Allspring Global Investments	4.8%
AJ Bell	4.3%
Rathbones	3.4%

Borrowings

The Company has a secured multi-currency overdraft arrangement with HSBC Bank plc that allows it to borrow up to the lesser of £160 million and 25% of custody assets as and when required. At 30 June 2026, £80.9m (2025: £8.2m) of the facility was drawn down.

Directors' insurance and indemnification

Directors' and officers' liability insurance cover is in place which indemnifies the directors against certain liabilities arising from carrying out their duties. The Company's articles and the provisions of English law permit a qualifying third party provision indemnity to be provided to directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising from their positions as directors, in which they are acquitted or judgment is given in their favour by the Court. The Company has granted such an indemnity to each director to the extent permitted by law in respect of the liabilities that may attach to them in their capacity as directors of the Company.

Related party transactions

The Company's transactions with related parties in the year were with the directors and the investment manager.

There have been no material transactions between the Company and its directors during the year. The only amounts paid to them were in respect of remuneration ad hoc payments in respect of additional work undertaken in respect of the requisition, tender offer and combination with EAT, and expenses, for which there were no outstanding amounts payable at the year 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 provision of marketing activities, there have been no material transactions affecting the financial position of the Company during the year under review. More details on transactions with the investment manager, including amounts outstanding at the year end, are given in note 21 on page 79.

Annual General Meeting

The Company's annual general meeting will be held at 12.30 pm on Monday 16 November 2026 at 201 Bishopsgate, London EC2M 3AE. For those unable to travel, the event will be streamed live on the internet: www.janushenderson.com/esct-agm.

Voting will be on a show of hands. Shareholders unable to attend, are encouraged to submit their vote using the proxy form provided or through the share dealing platform where their shares are held.

Instructions on attending the meeting and details of resolutions to be put to shareholders are set out in the Notice of Meeting on page 92 of this annual report.



Directors' report continued

Voting recommendation

The Board considers that the resolutions to be proposed at the meeting are in the best interests of the shareholders as a whole and therefore recommends that shareholders vote in favour of each resolution, as the directors intend to do in respect of their own beneficial holdings.

Directors' statement as to disclosure of information to the auditor

Each director at the date of approval of this report confirms that to the best of their knowledge and belief, there is no information relevant to the preparation of the annual report of which the Company's auditor is unaware and they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Single identifiable table

UK Listing Rule 6.6.4R requires the Company to include certain information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out. There are no disclosures to be made in this regard.

Modern slavery, bribery and tax evasion

As the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its suppliers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Company's structure

The Company is an investment company as defined in section 833 of the Companies Act 2006 and operates as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010 as amended. The directors are of the opinion that the Company has conducted its affairs in compliance with section 1158 since approval was granted and intends to continue to do so.

The Company is listed on the Main Market of the London Stock Exchange and is subject to the Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority. The Company is a member of the Association of Investment Companies.

The Company, and the Board, is governed by its articles of association, amendments to which must be approved by shareholders by way of a special resolution.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
29 September 2026

Annual General Meeting (AGM)

The Board invites you to attend the AGM at 12.30 pm on 16 November 2026 either in person or online.

Scan the QR code for more details and to register your attendance.





Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company's financial statements in accordance with UK adopted International Accounting Standards.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

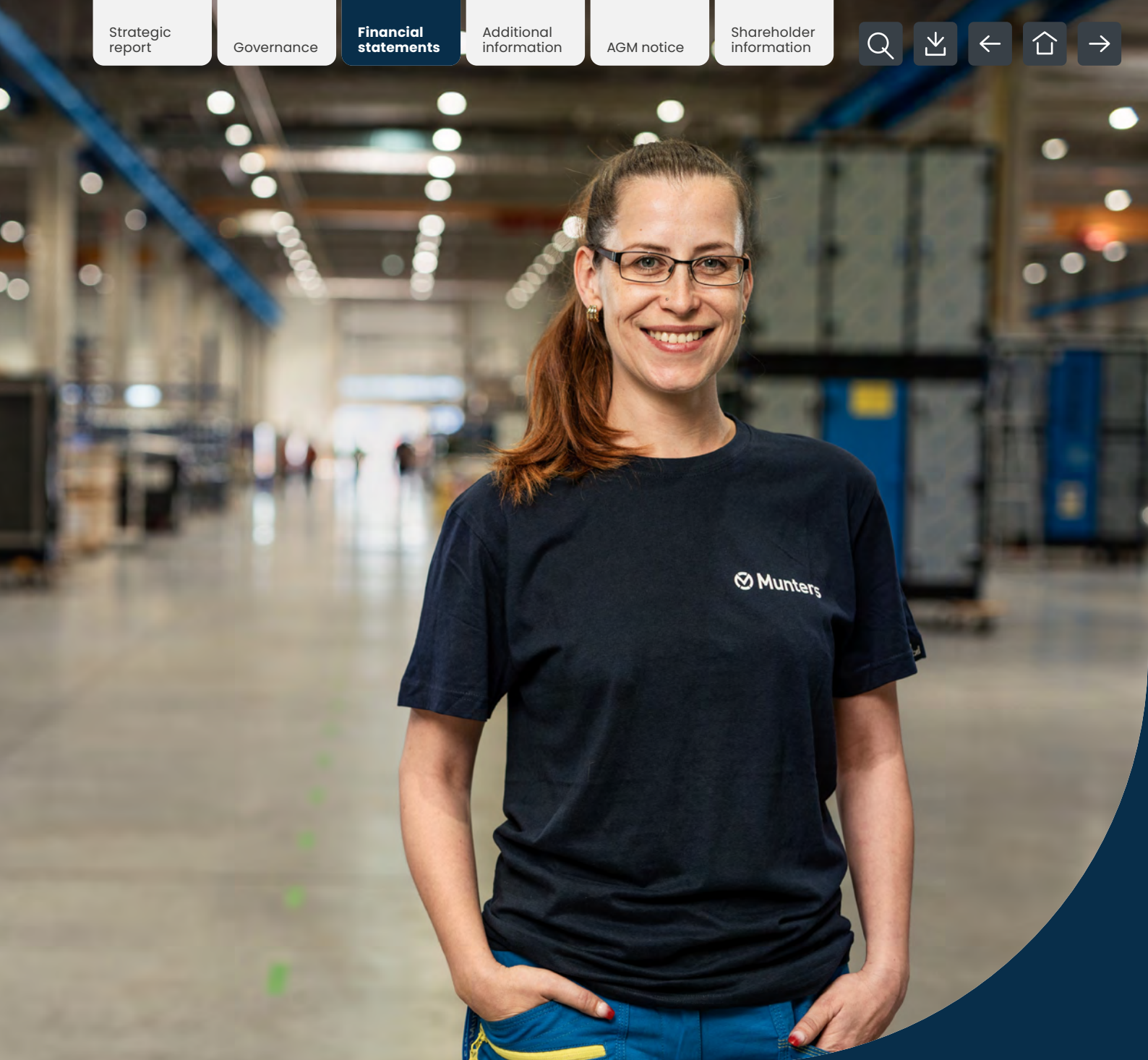
Directors' responsibility statements

Each of the directors in office at the date of this report, confirms that, to the best of their knowledge:

- the financial statements prepared in accordance with UK adopted International Accounting Standards give a true and fair view of the assets, liabilities, financial position and profit and loss of the issuer and the undertakings included in the financial statements as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Daniel Burgess
Chairman of the Audit Committee
29 September 2026



Financial statements

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Munters, 1.0% of the portfolio

Designs, manufactures and maintains mission critical climate control solutions



Independent auditor's report to the members of The European Smaller Companies Trust PLC

Opinion

We have audited the financial statements of The European Smaller Companies Trust PLC ('the Company') for the year ended 30 June 2026 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 24, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 June 2026 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- Confirming our understanding of the Company's going concern assessment process by engaging with the directors and the Corporate Secretary to determine if all key factors were considered in their assessment.
- Inspecting the directors' assessment of going concern, including the revenue forecast, for the period to 29 September 2027 which is at least 12 months from the date these financial statements are authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to market volatility, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- Considering the mitigating factors included in the revenue forecast that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments to cover the working capital requirements should revenue decline significantly.
- Assessing the risk of breaching the debt covenants applicable to the overdraft facility as a result of a reduction in the value of the Company's investment portfolio. We calculated the Company's compliance with these covenants and performed reverse stress testing in order to identify what factors would lead to the Company breaching those covenants.
- Reviewing the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 29 September 2027 which is at least 12 months from the date these financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.



Independent auditor's report to the members of The European Smaller Companies Trust PLC

continued

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition. • Risk of incorrect valuation or ownership of the investment portfolio. • Risk of incorrect calculation of the performance fees.
Materiality	• Overall materiality of £8.63m which represents 1% of net assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact Companies. The Company has determined that the impact of climate change may affect the Company's investments. This is explained in the principal and emerging risks and uncertainties section on page 24, which forms part of the 'Other information', rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit.

We also challenged the directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report to the members of The European Smaller Companies Trust PLC

continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition (as described on page 38 in the Audit Committee Report and as per the accounting policy set out on page 64). The total revenue for the year to 30 June 2026 is £20.12m (2025: £20.70m), consisting primarily of dividend income from listed equity investments. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. Additionally, in accordance with the AIC SORP, special dividends received by the Company can be included in either the revenue or capital columns of the Statement of Comprehensive Income depending on the commercial circumstances behind the payments.	We have performed the following procedures: • We obtained an understanding of the processes and controls surrounding revenue recognition, including the classification of special dividends, by performing walkthrough procedures. • For 100% of dividends received and accrued, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed all exchange rates to an independent data vendor and agreed a sample of dividend receipts to bank statements. • For 100% of dividends accrued, we reviewed the investee company announcement to assess whether the dividend entitlements arose prior to 30 June 2026. • To test completeness of recorded income, we verified that expected dividends for each investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor. • For all investments held during the year, we inspected the type of dividends paid with reference to an external data vendor to identify those which were special dividends. The Company received two special dividends in the year, both classified as revenue. The total value of special dividends was immaterial to our audit.	The results of our procedures identified no material misstatement in relation to incomplete or inaccurate revenue recognition.



Independent auditor's report to the members of The European Smaller Companies Trust PLC

continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation or ownership of the investment portfolio (as described on page 38 in the Audit Committee Report and as per the accounting policy set out on page 64. The valuation of the investment portfolio at 30 June 2026 was £942.30m (2025: £517.34m) consisting of listed investments. The valuation of the investments held by the Company is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the net asset value and the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at the close of business on the reporting date.	We have performed the following procedures: • We obtained an understanding of the processes and controls surrounding investment valuation and legal title of listed investments by performing walkthrough procedures. • For 100% of investments in the portfolio, we compared the market prices and exchange rates to an independent pricing vendor and recalculated the investment valuations as at the year-end. • For all investments in the portfolio, we obtained the market prices from an independent pricing vendor for five business days pre and post the year end date and calculated the day-on-day movements to identify any stale prices. We verified that the listed prices are valid fair values through review of trading activity. • We compared the Company's investment holdings at 30 June 2026 to an independent confirmation received directly from the Company's custodian.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.



Independent auditor's report to the members of The European Smaller Companies Trust PLC

continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incorrect calculation of the performance fees (as described on page 38 in the Audit Committee Report and as per the accounting policy set out on page 64). The investment manager is eligible to receive a performance related fee when certain criteria are met, as prescribed in the management agreement ('MA'). The performance fee for the year to 30 June 2026 was £0.74m (2025: £1.78m). The performance fee is calculated as 15% of the positive difference between the average annual NAV total return and the average annual total return of the benchmark, measured over a three-year rolling period. The upper limit on the total fee (management and performance fee) is 2% of the year-end net asset value. A performance hurdle over the benchmark of 1% must be reached before any performance fee can be earned and is excluded from the performance fee itself, should one be payable. There is a risk that the performance fee is not calculated correctly, in accordance with the MA or that the methodology is open to misinterpretation.	We performed the following procedures: • We obtained an understanding of the processes and controls surrounding the performance fee calculation by performing walkthrough procedures to evaluate the design effectiveness of controls. • We reviewed the MA to assess the conditions that result in a performance fee being payable. • We performed a recalculation of the performance fee payable based on the calculation methodology set out in the MA. • We agreed the key inputs of the calculation to underlying financial records, the MA and external vendor data. • We verified that the performance hurdle was reached and excluded from the performance fee itself. We also verified that the upper limit on the total fee (management and performance fees) of 2% of year-end net asset value was not breached.	The results of our procedures identified no material misstatement in relation to the risk of incorrect calculation of the performance fees.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £8.63m (2025: £5.11m), which is 1% (2025: 1%) of net assets. We believe that net assets provide us with a materiality aligned to the key measure of the Company's performance.

During the course of our audit, we reassessed initial materiality and found no reason to alter the basis of calculation at year end.



Independent auditor's report to the members of The European Smaller Companies Trust PLC

continued

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that performance materiality was 75% (2025: 75%) of our planning materiality, namely £6.47m (2025: £3.83m).

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.88m (2025: £0.87m) being 5% (2025: 5%) of the revenue profit before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.43m (2025: £0.26m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Independent auditor's report to the members of The European Smaller Companies Trust PLC

continued

Corporate Governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 63;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 26;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities set out on page 63;
- Directors' statement on fair, balanced and understandable set out on page 49;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 24;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 35; and
- The section describing the work of the Audit Committee set out from page 37.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 49, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK adopted International Accounting Standards, the Companies Act 2006, the UK Listing Rules, the UK Corporate Governance Code, the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies as issued by the Association of Investment Companies, section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.



Independent auditor's report to the members of The European Smaller Companies Trust PLC continued

- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Corporate Secretary, review of Board and committee minutes and review of papers provided to the Audit Committee.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through the incorrect classification of special dividends in the Statement of Comprehensive Income. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Company in 2017 to audit the financial statements for the year ending 30 June 2018 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 9 years, covering the years ending 30 June 2018 to 30 June 2026.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mike Gaylor (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London
29 September 2026



Statement of Comprehensive Income

Note		Year ended 30 June 2026			Year ended 30 June 2025		
		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
2	Investment income	20,066	–	20,066	20,623	–	20,623
2	Other income	52	–	52	79	–	79
9	Gains on investments held at fair value through profit or loss	–	101,197	101,197	–	82,027	82,027
	Total income	20,118	101,197	121,315	20,702	82,027	102,729
	Expenses						
3	Management and performance fee	(750)	(3,745)	(4,495)	(813)	(5,030)	(5,843)
4	Other operating expenses	(1,348)	(34)	(1,382)	(1,789)	–	(1,789)
	Profit before finance costs and taxation	18,020	97,418	115,438	18,100	76,997	95,097
5	Finance costs	(374)	(1,493)	(1,867)	(698)	(2,791)	(3,489)
	Profit before taxation	17,646	95,925	113,571	17,402	74,206	91,608
6	Taxation	(994)	–	(994)	(1,505)	(46)	(1,551)
	Profit for the year and total comprehensive income	16,652	95,925	112,577	15,897	74,160	90,057
7	Return per ordinary share – basic and diluted	5.30p	30.52p	35.82p	4.24p	19.78p	24.02p

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with UK adopted International Accounting Standards.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Company has no recognised gains or losses other than those recognised in the Statement of Comprehensive Income.

All revenue and capital items in this statement derive from continuing operations.

The notes on pages 63 to 81 form part of these financial statements



Statement of Changes in Equity

Note		Year ended 30 June 2026							
		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve £'000	Special undistributable reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2025	4,363	120,364	14,062	–	–	338,863	33,025	510,677
	Total comprehensive income:								
	Profit for the year	–	–	–	–	–	95,925	16,652	112,577
14, 16, 17	Buyback of shares for treasury	–	–	–	(17,525)	–	(19,228)	–	(36,753)
23	Tender offer – accrual adjustment	–	–	–	–	–	17	–	17
	Capital costs recoverable	–	–	–	–	–	9	–	9
24	Issue of shares on ESCT/EAT combination	2,049	302,072	–	–	–	–	–	304,121
	Issue costs in respect of the ESCT/EAT combination	–	–	–	–	–	(1,371)	–	(1,371)
21	Contribution from JHI towards ESCT/EAT combination	–	–	–	–	–	1,091	–	1,091
15, 16	Cancellation of share premium account	–	(422,436)	–	371,904	50,532	–	–	–
	Transfer from undistributable reserve to distributable reserve	–	–	–	8,016	(8,016)	–	–	–
8	Ordinary dividends paid	–	–	–	–	–	–	(27,395)	(27,395)
	Total equity at 30 June 2026	6,412	–	14,062	362,395	42,516	415,306	22,282	862,973

Note		Year ended 30 June 2025							
		Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve £'000	Special undistributable reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	Total equity at 1 July 2024	6,208	120,364	14,020	–	–	621,976	36,026	798,594
	Total comprehensive income:								
	Profit for the year	–	–	–	–	–	74,160	15,897	90,057
14, 17	Buyback of shares for cancellation	(42)	–	42	–	–	(4,720)	–	(4,720)
14, 17	Buyback of shares for treasury	–	–	–	–	–	(1,848)	–	(1,848)
23	Tender offer – payments to shareholders	(1,803)	–	–	–	–	(349,391)	–	(351,194)
23	Net movement in cash realisation pool	–	–	–	–	–	1,861	–	1,861
23	Tender offer – costs	–	–	–	–	–	(3,261)	–	(3,261)
	Capital costs recoverable	–	–	–	–	–	86	–	86
8	Ordinary dividends paid	–	–	–	–	–	–	(18,898)	(18,898)
	Total equity at 30 June 2025	4,363	120,364	14,062	–	–	338,863	33,025	510,677

The notes on pages 63 to 81 form part of these financial statements



Balance Sheet

Note		At 30 June 2026 £'000	At 30 June 2025 £'000
	Non current assets		
9	Investments held at fair value through profit or loss	942,303	517,339
	Current assets		
11	Receivables	4,978	5,306
	Cash and cash equivalents	502	1,396
		5,480	6,702
	Total assets	947,783	524,041
	Current liabilities		
12	Payables	(3,891)	(5,182)
	Bank overdrafts	(80,919)	(8,182)
		(84,810)	(13,364)
	Net assets	862,973	510,677
	Equity attributable to equity shareholders		
14	Called up share capital	6,412	4,363
15	Share premium account	–	120,364
16	Special distributable reserve	362,395	–
16	Special undistributable reserve	42,516	–
17	Capital redemption reserve	14,062	14,062
	Retained earnings:		
17	Other capital reserves	415,306	338,863
18	Revenue reserve	22,282	33,025
19	Total equity	862,973	510,677
19	Net asset value per ordinary share – basic and diluted	252.42p	224.45p

The financial statements on pages 59 to 81 were approved and authorised for issue by the Board on 29 September 2026 and signed on its behalf by:

Daniel Burgess

Chairman of the Audit Committee

The notes on pages 63 to 81 form part of these financial statements



Statement of Cash Flows

	Year ended 30 June 2026 £'000	Year ended 30 June 2025 £'000
Operating activities		
Profit before taxation	113,571	91,608
Add back: interest payable	1,867	3,489
Less: Gains on investments held at fair value through profit or loss	(101,197)	(82,027)
Sales of investments held at fair value through profit or loss	535,888	409,662
Purchases of investments held at fair value through profit or loss	(622,269)	(312,211)
Decrease in prepayments and accrued income	480	1,010
Decrease in amounts due from brokers	131	1,459
(Decrease)/increase in accruals and deferred income	(1,508)	1,953
Net movement in cash realisation pool	–	1,861
(Decrease)/increase in amounts due to brokers	(638)	622
Contribution from JHI towards ESCT/EAT combination (see note 21)	1,091	–
Transfer of assets in respect of the tender offer – Cash exit	–	107,486
Capital costs recoverable	9	86
Accrued costs on tender offer	17	(950)
Debtor for shareholder tender cancelled	–	34
Net cash (outflow)/inflow from operating activities before interest and taxation¹	(72,558)	224,082
Interest paid	(1,653)	(3,893)
Taxation on investment income	(1,277)	(1,739)
Net cash (outflow)/inflow from operating activities	(75,488)	218,450
Financing activities		
Equity dividends paid (net of refund of unclaimed dividends – see note 8)	(27,395)	(18,898)
Buyback of shares for cancellation	–	(4,720)
Buyback of shares for treasury	(36,202)	(1,685)
Net drawdown/(repayment) of bank overdraft	74,645	(81,214)
Costs associated with the ESCT/EAT combination	(1,281)	–
Net cash acquired and received following ESCT/EAT combination (note 24)	64,827	–
Tender offer – cash exit	–	(108,455)
Tender offer – in specie exit	–	(3)
Tender offer – costs	–	(2,311)
Net cash raised from/(used in) financing activities	74,594	(217,286)
(Decrease)/increase in cash and cash equivalents	(894)	1,164
Cash and cash equivalents at the start of the year	1,396	232
Cash and cash equivalents at the end of the year	502	1,396
Comprising:		
Cash at bank	502	1,396
	502	1,396

¹ Cash inflow from dividends was £20,354,000 (2025: £21,779,000) and cash inflow from interest was £72,000 (2025: £11,000)



Notes to the financial statements

1 Accounting policies

a) Basis of preparation

The European Smaller Companies Trust PLC is a company incorporated in England and Wales and subject to the provisions of the Companies Act 2006. The Company is domiciled in the United Kingdom and is an HMRC approved investment trust. The financial statements for the year ended 30 June 2026 have been prepared in accordance with UK adopted International Accounting Standards. These comprise standards and interpretations approved by the International Accounting Board, together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the IFRS Interpretations Committee that remain in effect, to the extent that IFRSs have been adopted by the UK Endorsement Board.

The financial statements have been prepared on a going concern basis. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment companies issued by the AIC in July 2022, is consistent with the requirements of UK adopted International Accounting Standards, the directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP.

The financial position of the Company is described in the Strategic report on pages 1 to 26. Note 13 to the financial statements includes the Company's policies and process for managing its capital; its financial risk management objectives; and details of financial instruments and exposure to credit risk and liquidity risk. In preparing these financial statements the directors have considered the impact of climate change risk and concluded there was no impact as the investments are valued based on closing bid prices in active markets and thereby reflect participants' views of climate change risk.

Accounting standards

i) The following new and amended standards are relevant and applicable to the Company and have been adopted although they have no impact on the financial statements:

Standard		Effective for annual periods beginning on or after
IAS 21 Amendments	Lack of Exchangeability	1 January 2025

ii) Relevant new standards, amendments and interpretations issued but not effective for the current financial year and not early adopted by the Company:

Standard		Effective for annual periods beginning on or after
Annual Improvements 2023-24	Minor amendments to IFRS 1, 7, 9, 10, and IAS 7	1 January 2026
IFRS 7 and 9 Amendments	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

With the exception of IFRS 18, the standards issued but not yet effective, will have no material impact on the financial statements of the Company in future periods. The potential impact of IFRS 18 remains under consideration, but is expected to be mainly presentational.

b) Going concern

The directors have determined that it is appropriate to prepare the financial statements on a going concern basis and have concluded that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

In coming to this conclusion, the directors have considered the nature of the portfolio, being that the securities held are readily realisable, the size and covenants of the Company's bank overdraft and the strength of its distributable reserves. As part of their usual assessment of risks facing the Company, the directors considered the macro-economic and geopolitical environment, as well as the possible impact of climate change risk on the value of the portfolio. The directors have concluded that the Company is able to meet its financial obligations, including the repayment of the bank overdraft, as they fall due for a period of at least twelve months from the date of this report, being 29 September 2027.



Notes to the financial statements continued

1 Accounting policies continued

c) Investments held at fair value through profit or loss

All investments are held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Proceeds are initially measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments in the Balance Sheet is based on their quoted bid price at the Balance Sheet date, without deduction of the estimated future selling costs.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as 'Gains on investments held at fair value through profit or loss'. Also included within this caption are transaction costs in relation to the purchase or sale of investments.

d) Presentation of Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010, for further information please refer to note 6 on page 68.

e) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Special dividends are treated as revenue return or as capital return, depending on the facts of each individual case. Bank deposit interest is accounted for on an accruals basis.

f) Expenses

All expenses and interest payable are accounted for on an accruals basis. On the basis of the Board's expected long-term split of total returns in the form of capital and revenue returns of 80% and 20%, respectively, the Company charges 80% of its finance costs and management fees to capital. Any performance fees payable are allocated wholly to capital, reflecting the fact that although they are calculated on a total return basis they are expected to be attributable largely, if not wholly, to capital performance. Expenses which are incidental to the purchase or sale of an investment are charged to the capital return column of the Statement of Comprehensive Income and allocated to the other capital reserves. All other operating expenses are charged to the revenue return column of the Statement of Comprehensive Income.

g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the standard rate of corporation tax for the accounting period.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the 'marginal basis'. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under section 1158 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.



Notes to the financial statements continued

1 Accounting policies continued

h) Dividends

Dividends payable to shareholders are recognised in the financial statements when they are paid or, in the case of final dividends, when they are approved by shareholders. Dividends are recorded in the Statement of Changes in Equity. Following changes to the articles, approved by shareholders in November 2016, dividends may be paid from the revenue reserve or realised capital profits ('the capital reserve arising on investments sold'). With effect from December 2025, following cancellation of share premium account, dividends may also be paid from the special distributable reserve.

i) Foreign currency

For the purposes of the financial statements, the results and financial position are expressed in pounds sterling, which is the functional and the presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss that are denominated in overseas currencies at the Balance Sheet date are translated into sterling at the exchange rates ruling at that date. Exchange gains and losses on investments held at fair value through profit or loss are included within 'Gains on investments held at fair value through profit or loss'.

j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. In the Statement of Cash Flows, cash and cash equivalents includes cash in hand and deposits held at call with banks. In the Balance Sheet, bank overdrafts are not included in cash and cash equivalents, but are disclosed within current liabilities. All cash at the year end was held at banks and there were no cash equivalents (2025: same).

k) Bank borrowings

Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

l) Receivables

Receivables are amounts due from securities sold for future settlement, withholding tax recoverable, prepayments and accrued income in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Receivables are recognised initially at fair value and subsequently measured at amortised cost.

m) Payables

Payables are obligations to pay for securities purchased for future settlement, accruals and deferred income that have been acquired/incurred in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost.

n) Repurchase of ordinary shares

The costs of repurchasing ordinary shares, including related stamp duty and transaction costs, are taken directly to equity and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve. From 9 December 2025, following cancellation of the share premium account, the cost of buybacks in excess of the nominal value where the shares are cancelled, is taken to capital ('Realised capital reserves', or the 'Special distributable reserve'). Where shares are bought back and held in treasury, the total cost is taken to capital.



Notes to the financial statements continued

1 Accounting policies continued

o) Capital reserves

Other Capital reserves

Capital reserve arising on investments sold

The following are accounted for in this reserve:

- gains and losses on the disposals of investments;
- expenses and finance costs allocated to capital net of tax relief
- realised foreign exchange differences of a capital nature; and
- costs of repurchasing ordinary share capital.

Capital reserve arising on revaluation of investments held

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

Revenue reserve

The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend.

Capital redemption reserve

The capital redemption reserve represents the nominal value of ordinary shares repurchased and cancelled.

Share capital

Share capital represents the nominal value of ordinary shares issued.

Share premium

The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

On 15 October 2025 the share premium account increased by £302,072,000 following the issue of 131,128,841 ordinary shares as a result of the combination with EAT (note 24). Subsequently, the amount standing to the value of the share premium account as at 9 December 2025, being £422,436,000, was cancelled and £371,904,000 was transferred to the 'Special distributable reserve' and £50,532,000 was transferred to the 'Special undistributable reserve'. The special distributable reserve may be used to fund dividends or share buybacks.

Special distributable reserve and Special undistributable reserve

On 9 December 2025, £371,904,000 was transferred to the 'Special distributable reserve' and £50,532,000 was transferred to the 'Special undistributable reserve'. The amount of this newly created reserve, which can be distributed, is restricted by the value of liabilities as at that date, until such time that those liabilities have been paid and is therefore split into these two separate reserves. Between that date and 30 June 2026, liabilities of £8,016,000 were settled, increasing the amount that is distributable.

p) Distributable reserves

The Company's capital reserve arising on investments sold of £311,976,000 (2025: £236,305,000), special distributable reserve of £362,395,000 (2025: £nil) and revenue reserve of £22,282,000 (2025: £33,025,000) may be distributed by way of a dividend.

q) Key estimates and assumptions

The key estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. It also requires management to exercise judgment in the process of applying the Company's accounting policies. There are no estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities. The decision to allocate special dividends as income or capital is a judgement, but is not considered a significant judgement on a materiality basis.

r) Operating segments

Under IFRS 8, operating segments are considered to be components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The directors meet regularly to consider investment strategy and monitor the Company's performance. The fund manager, who has been designated by the investment manager to manage the Company's investments, attends all Board meetings at which investment strategy and performance are discussed. The directors consider that the Company has one operating segment, being the activity of investing in shares and securities primarily for capital appreciation in accordance with the Company's published investment objective.



Notes to the financial statements continued

2 a) Investment income

	2026 £'000	2025 £'000
UK dividend income from listed investments	787	850
Overseas dividend income from listed investments	19,254	19,773
Property income dividends	25	–
	20,066	20,623

All overseas dividend income is derived from investments in Continental Europe.

b) Other income

	2026 £'000	2025 £'000
Bank interest	27	57
Interest received on withholding tax refund	25	22
	52	79

3 Management and performance fees

	2026			2025		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	750	3,002	3,752	813	3,252	4,065
Performance fee	–	743	743	–	1,778	1,778
Total	750	3,745	4,495	813	5,030	5,843

A summary of the terms of the management agreement is given on page 23 and in note 21 on page 79.

4 Other operating expenses

	2026 £'000	2025 £'000
Revenue:		
Auditor's remuneration ¹	63	61
Directors' fees and expenses ²	356	200
Other expenses payable to the investment manager ³	285	167
Custody fees	215	217
Depositary charges	47	46
Printing ⁴	53	9
Advisory and consultancy fees	93	99
Requisitioned general meeting costs	–	799
Other expenses	236	191
	1,348	1,789
Capital:		
Legal fees in connection with cancellation of the share premium account	34	–
	34	–

Expenses are net of VAT

¹ The auditor has not undertaken any non-audit services in either period

² Directors fees and expenses are related party transactions, more detail can be found in note 21. A breakdown of directors fees and expenses can be found in the Directors' Remuneration report

³ Other expenses comprise fees payable to the investment manager which relate to marketing activities. More detail can be found in note 21

⁴ 2026 includes one off costs in relation to mailing of the annual report to former EAT shareholders



Notes to the financial statements continued

5 Finance costs

	2026			2025		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Bank overdraft interest	374	1,493	1,867	698	2,791	3,489

6 Taxation

a) Analysis of charge in year

	2026			2025		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Foreign withholding taxes	2,274	–	2,274	2,405	46	2,451
Overseas tax reclaimable	(1,280)	–	(1,280)	(900)	–	(900)
Total current tax for the year (see note 6b)	994	–	994	1,505	46	1,551

b) Factors affecting tax charge for the year

The tax assessed for the year ended 30 June 2026 is lower than the standard rate of corporation tax of 25% (2025: 25%).

	2026			2025		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Net profit on ordinary activities before taxation	17,646	95,925	113,571	17,402	74,206	91,608
Corporation tax at standard rate of 25% (2025: standard rate of 25%)	4,412	23,981	28,393	4,351	18,552	22,903
Effects of:						
Gains on investments held not taxable	–	(25,299)	(25,299)	–	(20,507)	(20,507)
Expenses not deductible for tax purposes	–	8	8	–	–	–
Corporate interest restriction	–	–	–	72	286	358
Expenses unutilised for tax purposes	543	1,310	1,853	610	1,669	2,279
Non-taxable dividends	(4,955)	–	(4,955)	(5,033)	–	(5,033)
Overseas tax	994	–	994	1,505	46	1,551
Tax charge	994	–	994	1,505	46	1,551

c) Provision for deferred taxation

No provision for deferred taxation has been made in the current year or in the prior year. Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to maintain approval of such status in the foreseeable future, the Company has not provided deferred tax on any capital gains arising on the revaluation or disposal of investments.

d) Factors that may affect future tax charges

The Company can offset management fees, performance fees and other administrative expenses and interest costs against taxable income to eliminate any tax charge on such income. The tax legislation refers to these as management expenses (management fees, performance fees and other administrative expenses) and non-trade loan relationship deficits (interest costs) and these are captured together under the heading 'Expenses unutilised for tax purposes' in the table above. Where these are not fully utilised, they can be carried forward to future years. As the Company is unlikely to generate future taxable profits to utilise these amounts, the Company cannot recognise an asset to reflect them, but must still disclose the deferred tax amount carried forward arising from any unutilised amounts.

Consequently, the Company has not recognised a deferred tax asset totalling £25,485,000 (2025: £23,625,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits totalling £101,940,000 (2025: £94,499,000), and based on a prospective tax rate of 25% (2025: 25%). These expenses will only be utilised, to any material extent, if changes are made either to the tax treatment of the capital gains made by investment trusts or to the Company's investment profile which require them to be used.



Notes to the financial statements continued

7 Return per ordinary share

The return per ordinary share figure is based on the net profit for the year of £112,577,000 (2025: profit £90,057,000) and on the weighted average number of ordinary shares in issue during the year of 314,297,405 (2025: 374,911,120).

The return per ordinary share figure detailed above can be further analysed between revenue and capital, as below. The Company has no securities in issue that could dilute the return per ordinary share. Therefore the basic and diluted return per ordinary share are the same (2025: same).

	2026 £'000	2025 £'000
Net revenue profit	16,652	15,897
Net capital profit	95,925	74,160
Net profit	112,577	90,057
Weighted average number of ordinary shares in issue during the year	314,297,405	374,911,120
	2026 Pence	2025 Pence
Revenue return per ordinary share	5.30	4.24
Capital return per ordinary share	30.52	19.78
Total return per ordinary share	35.82	24.02

8 Dividends

	2026 £'000	2025 £'000
Amounts recognised as distributions to equity holders in the year:		
Second interim dividend of 3.45p per ordinary share for the year ended 30 June 2025 (2025: final dividend of 3.35p)	7,849	13,193
First interim dividend of 1.45p per ordinary share for the year ended 30 June 2025	–	5,710
Interim dividend for the second quarter of 2.81p per ordinary share for the year ended 30 June 2026	9,861	–
Interim dividend for the third quarter of 2.81p per ordinary share for the year ended 30 June 2026	9,685	–
Unclaimed dividends from prior years	–	(5)
	27,395	18,898

The second interim dividend of 3.45p per ordinary share in respect of the year ended 30 June 2025 was paid on 8 October 2025, prior to the combination with EAT and in lieu of the final dividend, to shareholders on the Register of Members at the close of business on 19 September 2025. The total dividend paid amounted to £7,849,000.

For the year ended 30 June 2026 the Company has declared and paid the interim dividends for the second and third quarters, 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 for the fourth quarter in the amount of 2.81p per share for the year ended 30 June 2026, which was declared on 21 July 2026, has not been included as a liability in these financial statements. Under UK adopted International Accounting Standards, interim dividends are not recognised until paid. In previous years, under the same standards, final dividends are not recognised until approved by shareholders.

The total dividends payable in respect of the financial year which form the basis of the test under section 1158 are set out below:

	2026 £'000	2025 £'000
Revenue available for distribution by way of dividends for the year	16,652	15,897
First interim dividend of 1.45p per ordinary share for the year ended 30 June 2025	–	(5,710)
Second interim dividend of 3.45p per ordinary share for the year ended 30 June 2025	–	(7,849)
Interim dividend for the second quarter of 2.81p per ordinary share for the year ended 30 June 2026	(9,861)	–
Interim dividend for the third quarter of 2.81p per ordinary share for the year ended 30 June 2026	(9,685)	–
Interim dividend for the fourth quarter of 2.81p per ordinary share for the year ended 30 June 2026 (based on 341,250,555 shares in issue at 30 July 2026 and eligible to receive the dividend)	(9,589)	–
Transfer (from)/to Revenue reserve	(12,483)	2,338

The Company had no undistributed revenue for the year (2025: 11.3%).



Notes to the financial statements continued

9 Investments held at fair value through profit or loss

	2026 £'000	2025 £'000
Valuation at 1 July	517,339	883,842
Investment holding gains at 1 July	(102,558)	(102,636)
Cost at 1 July	414,781	781,206
Purchases at cost	622,269	312,211
Purchases of investments at cost in respect of the ESCT/EAT combination	239,294	–
Sales at cost	(437,371)	(384,971)
Sales of investments at cost in respect of the tender offer – In specie	–	(203,545)
Sales of investments at cost in respect of the tender offer – Cash exit	–	(90,120)
Cost at 30 June	838,973	414,781
Investment holding gains at 30 June	103,330	102,558
Valuation of investments at 30 June	942,303	517,339

The Company received £535,888,000 (2025: £409,662,000) from investments sold in the year. The book cost of these investments when they were purchased was £437,371,000 (2025: £384,971,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

In 2025, following the calculation date in respect of the tender offer on 19 May 2025, investments valued at £242,770,000, with a book cost when purchased of £203,545,000, were transferred to shareholders who elected for the in specie option. Additionally, £107,486,000, with a book cost when purchased of £90,120,000, were allocated to shareholders who opted for the cash exit option, and these shares were ultimately sold. For further details see note 23.

Total capital gains from investments

	2026 £'000	2025 £'000
Realised gains based on historical cost	98,517	81,282
Add revaluation losses recognised in previous years	58,042	59,372
Gains on investments sold in year on carrying value at the previous Balance Sheet date	156,559	140,654
Revaluation of investments held at 30 June	(57,270)	(59,450)
Exchange gains	1,908	823
Total	101,197	82,027

10 Substantial interests

The Company holds interests of 3% or more of any class of capital in four investee companies. These investments are not considered by the directors to be significant in the context of these financial statements.

Company	Valuation £'000	% of issued share capital
Bike24	3,561	3.7
Smartoptics	12,407	3.4
Trevi Finanziaria	6,957	3.1
Enity	8,113	3.0

11 Receivables

	2026 £'000	2025 £'000
Securities sold for future settlement	142	273
Withholding tax recoverable	4,684	4,437
Prepayments and accrued income	152	596
	4,978	5,306



Notes to the financial statements continued

12 Payables

	2026 £'000	2025 £'000
Securities purchased for future settlement	529	1,167
Buyback of shares into treasury for future settlement	715	164
Accruals and deferred income	2,647	3,851
	3,891	5,182

13 Risk management policies and procedures

As an investment trust the Company invests in equities and other investments for the long term so as to secure its investment objectives as stated in the Strategic report. In pursuing its investment objective, the Company is exposed to a variety of financial risks that could result in either a reduction in net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks: market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the directors' approach to the management of these risks, are set out below. The Board and the investment manager co-ordinate the Company's risk management and there are various risk management systems in place.

The Board determines the objectives, policies and processes for managing risks, and these are set out below under the relevant risk category. The policies for the management of risk have not changed from the previous accounting period.

13.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. Market risk comprises market price risk (see note 13.1.1), currency risk (see note 13.1.2) and interest rate risk (see note 13.1.3). The investment manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

13.1.1 Market price risk

Market price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of the investments.

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from the investment manager. Investment performance is reviewed at each Board meeting. The Board monitors the investment manager's compliance with the Company's mandate.

The Company's exposure to changes in market prices on equity investments was £942,303,000 (2025: £517,339,000).

Concentration of exposure to market price risk

A geographical analysis of the Company's investment portfolio is shown on page 14.

Market price risk sensitivity

The sensitivity of (a) the return after taxation for the year and (b) the Company's net assets to an increase or decrease of 20% in the fair values of the Company's investments at each Balance Sheet date is given below. This level of change is considered to be reasonably possible, based on observation of current market conditions.

The impact of a 20% increase in the value of the investments on the revenue return as at 30 June 2026 is a decrease of £188,000 (2025: £103,000) and on the capital return is an increase of £187,707,000 (2025: £103,054,000). Accordingly, the impact on total profit after tax and the year end net assets is an increase of £187,519,000 (2025: £102,950,000).

The impact of a 20% decrease in the value of the investments on the revenue return as at 30 June 2026 is an increase of £188,000 (2025: £103,000) and on the capital return is a decrease of £187,707,000 (2025: £103,054,000). Accordingly, the impact on total profit after tax and the year end net assets is a decrease of £187,519,000 (2025: £102,950,000).



Notes to the financial statements continued

13 Risk management policies and procedures continued

13.1.2 Currency risk

A proportion of the Company's assets, liabilities, income and expenses are denominated in currencies other than sterling, the Company's functional and presentational currency. As a result, movements in exchange rates may affect the sterling value of those items.

Management of the risk

The investment manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting. The investment manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's NAV and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed. The Company does not hedge its foreign currency exposure.

Foreign currency borrowing and financial instruments may be used to limit the Company's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Borrowings are limited to 30% of NAV.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at the year end are shown below. Where the Company's equity investments (which are not monetary items) are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000
2026				
Receivables (securities sold for future settlement, dividends and other income receivable)	3,495	–	1,192	256
Payables (securities purchased for future settlement, accruals and other payables)	(473)	–	(56)	–
Bank overdrafts	(80,919)	–	–	–
Total foreign currency exposure on net monetary items	(77,897)	–	1,136	256
Investments	598,563	186,923	75,583	52,766
Total net foreign currency exposure	520,666	186,923	76,719	53,022
	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000
2025				
Receivables (securities sold for future settlement, dividends and other income receivable)	3,549	17	1,243	261
Payables (securities purchased for future settlement, accruals and other payables)	(530)	(523)	–	(114)
Bank overdrafts	(8,182)	–	–	–
Total foreign currency exposure on net monetary items	(5,163)	(506)	1,243	147
Investments	354,553	70,887	45,379	35,915
Total net foreign currency exposure	349,390	70,381	46,622	36,062

The above amounts are not representative of the exposure to risk during each year, as levels of monetary foreign currency exposure change significantly throughout the year.



Notes to the financial statements continued

13 Risk management policies and procedures continued

13.1.2 Currency risk continued

Foreign currency sensitivity

The following tables illustrate the sensitivity of the total profit after tax for the year and the net assets in regard to movements in the Company's foreign currency financial assets and financial liabilities caused by changes in the exchange rates for the euro/sterling, Swedish krona/sterling, Swiss franc/sterling and other/sterling.

A 10% (2025: 10%) movement is assumed for all currencies.

These percentages are deemed reasonable based on the average market volatility in exchange rates. The sensitivity analysis is based on the Company's foreign currency financial assets and financial liabilities held at each Balance Sheet date.

The impact on the total profit after tax and the year end net assets of a depreciation in the year end exchange rate for sterling against the currencies shown would have been as follows:

	2026				2025			
	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000
Profit after tax								
Revenue return	1,341	181	115	109	1,314	117	144	106
Capital return	66,235	20,685	8,364	5,839	40,405	7,844	5,021	3,975
Change to profit after tax for the year	67,576	20,866	8,479	5,948	41,719	7,961	5,165	4,081
Impact on net assets	67,576	20,866	8,479	5,948	41,719	7,961	5,165	4,081

The impact on the total profit after tax and the year end net assets of an appreciation in the year end exchange rate for sterling against the currencies shown would have been as follows:

	2026				2025			
	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000	Euro £'000	Swedish krona £'000	Swiss franc £'000	Other £'000
Profit after tax								
Revenue return	(1,248)	(148)	(95)	(89)	(1,191)	(97)	(118)	(86)
Capital return	(54,192)	(16,924)	(6,843)	(4,777)	(33,058)	(6,418)	(4,108)	(3,252)
Change to profit after tax for the year	(55,440)	(17,072)	(6,938)	(4,866)	(34,249)	(6,515)	(4,226)	(3,338)
Impact on net assets	(55,440)	(17,072)	(6,938)	(4,866)	(34,249)	(6,515)	(4,226)	(3,338)

The above amounts are representative of the exposure to risk during the year, although levels of monetary foreign currency exposure in each currency will change as investments are bought and sold in the portfolio during the year.

13.1.3 Interest rate risk

Interest rate movements may affect the level of interest receivable from cash and cash equivalents and the interest payable on the Company's short term borrowings. Interest rate changes may also have an impact on the market value of the Company's equity investments. In particular, the effect of interest rate changes on the earnings of companies held within the portfolio may have a significant impact on the valuations of those companies.

Management of the risk

The Company finances part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure

The exposure of financial assets and liabilities to floating interest rate risk can be found on the Balance Sheet under the headings 'Cash and cash equivalents' and 'Bank overdrafts'. These amounts are not necessarily representative of the exposure to interest rates during the year as the level of exposure changes as investments are made, borrowings are drawn down and repaid. The Company does not have any fixed interest rate exposure. Interest received on cash balances or paid on the bank overdraft is at a margin over the applicable base rate (2025: same).



Notes to the financial statements continued

13 Risk management policies and procedures continued

13.1.3 Interest rate risk continued

Interest rate sensitivity

The impact on the total profit after tax and the year end net assets of an increase or decrease of 100 basis points (2025: 100 basis points) in interest rates would have been as follows:

	Increase in rates 2026 £'000	Decrease in rates 2026 £'000	Increase in rates 2025 £'000	Decrease in rates 2025 £'000
Statement of Comprehensive Income				
Profit after tax				
Revenue return	(157)	157	(2)	2
Capital return	(647)	647	(66)	66
Change to net profit and net assets	(804)	804	(68)	68

This level of change is considered to be reasonable based on current market conditions.

In the opinion of the directors, these sensitivity analyses are not representative of the year as a whole since exposure changes as investments are made and borrowings are drawn down or repaid throughout the year.

13.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in listed securities that are readily realisable. During the year the Company had a secured multi-currency overdraft facility equal to the lesser of £160,000,000 (2025: £160,000,000) and 25% (2025: 25%) of custody assets with HSBC Bank plc, the Company's depository and custodian. Interest on the overdraft is charged at the aggregate of 1.25% and the base rate.

The amount drawn down at 30 June 2026 was £80,919,000 (2025: £8,182,000) in Euros (2025: Euros).

The Board gives guidance to the investment manager as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should generally remain fully invested and that currently short term borrowings be used for gearing and financing, but it may also be used to manage short term cash requirements.

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required, was as follows:

	2026		2025	
	3 months or less £'000	Total £'000	3 months or less £'000	Total £'000
Current liabilities:				
Borrowings under the overdraft facility	80,919	80,919	8,182	8,182
Amounts due in relation to securities purchased for future settlement and accruals	3,891	3,891	5,182	5,182
	84,810	84,810	13,364	13,364

The Company's cash balances are offset against its borrowings under the overdraft facility for the purposes of monitoring the level of borrowing within the overdraft limit.



Notes to the financial statements continued

13 Risk management policies and procedures continued

13.3 Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

Credit risk is managed as follows:

- investment transactions are carried out with a large number of approved brokers, whose credit standard is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker; and
- cash is held only with the custodian/depositary or reputable banks. The entity with which cash is held is subject to continual review.

None of the Company's financial assets or liabilities are secured by collateral or other credit enhancements.

Outstanding settlements are subject to credit risk. Credit risk is mitigated by the Company through its decision to transact with counterparties of high credit quality. The Company only buys and sells investments through brokers which are approved counterparties, thus minimising the risk of default during settlement. The credit ratings of brokers are reviewed periodically by the investment manager and limits are set on the amount that may be due from any one broker.

The Company is also exposed to credit risk through the use of banks for its cash position. Bankruptcy or insolvency of banks may cause the Company's rights with respect to cash held by banks to be delayed or limited. The Company's cash balances are held by the custodian, HSBC Bank plc. The directors believe this counterparty is of high credit quality; therefore the Company has minimal exposure to credit risk.

Credit risk exposure

The table below summarises the maximum credit risk exposure of the Company as at the year end:

	2026 £'000	2025 £'000
Receivables:		
Securities sold for future settlement	142	273
Accrued income	116	386
Cash and cash equivalents	502	1,396
	760	2,055

13.4 Fair values of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or their carrying amount is a reasonable approximation of fair value due to their short term to maturity (amounts due from securities sold for future settlement, dividends and amounts related to securities purchased for future settlement, accruals, cash and cash equivalents and bank overdrafts).

13.5 Fair value hierarchy disclosures

The table below sets out the fair value measurements using the IFRS 13 fair value hierarchy.

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 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.

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity Investments				
2026	942,303	–	–	942,303
2025	517,339	–	–	517,339



Notes to the financial statements continued

13 Risk management policies and procedures continued

13.6 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's capital at 30 June 2026 comprised its equity share capital, reserves and debt that are shown in the Company Balance Sheet at a total of £943,892,000 (2025: £518,859,000).

The Board, with assistance of the investment manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the need to buy back equity shares for cancellation or to hold in treasury, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium);
- the need to issue new ordinary shares;
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's policies and processes for managing capital are unchanged from the preceding accounting period.

The Company is subject to the following externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by law; and
- borrowings under the overdraft facility are not to exceed the lower of £160,000,000 or 25% of the custody assets.

These requirements are unchanged since last year, and the Company has complied with them.

14 Called up share capital

	Shares entitled to dividend	Shares held in Treasury	Total shares in issue	Nominal value of shares in issue £'000
Allotted, issued and fully paid				
Issued ordinary shares of 1.5625p each				
At 1 July 2025	227,524,156	51,722,048	279,246,204	4,363
Buyback of shares for treasury	(16,769,698)	16,769,698	–	–
Issue of shares on ESCT/EAT combination	131,128,841	–	131,128,841	2,049
At 30 June 2026	341,883,299	68,491,746	410,375,045	6,412

	Shares entitled to dividend	Shares held in Treasury	Total shares in issue	Nominal value of shares in issue £'000
Allotted, issued and fully paid				
Issued ordinary shares of 1.5625p each				
At 1 July 2024	397,287,598	–	397,287,598	6,208
Buyback of shares for cancellation	(2,655,272)	–	(2,655,272)	(42)
Buyback of shares for treasury	(1,011,095)	1,011,095	–	–
Tender offer	(166,097,075)	50,710,953	(115,386,122)	(1,803)
At 30 June 2025	227,524,156	51,722,048	279,246,204	4,363

During the year the Company repurchased 16,769,698 ordinary shares for treasury (2025: 1,011,095), at a total cost of £36,753,000 (2025: £1,848,000) and no ordinary shares were repurchased for cancellation (2025: 2,655,272 shares at a cost of £4,720,000). Since the year end and as at 28 September 2026, being the latest practicable date before publication, the Company had bought back 2,865,458 shares for holding in treasury at a cost of £6,780,000.



Notes to the financial statements continued

14 Called up share capital continued

A total of 166,097,075 ordinary shares were tendered, which represented 42.2% of ordinary shares in issue. Shareholders holding 50,710,953 ordinary shares elected for the cash exit option and shareholders holding 115,386,122 ordinary shares elected for the in specie consideration option. See note 23 for further detail.

On 15 October 2025 the Company issued 131,128,841 new shares to former EAT shareholders in consideration of the £304,121,000 of net assets acquired from EAT in accordance with the scheme of reconstruction and winding up of EAT under section 110 of the Insolvency Act 1986. See note 24 for further detail. No further ordinary shares have been issued (2025: same).

15 Share premium account

	2026 £'000	2025 £'000
At 1 July	120,364	120,364
Issue of shares on ESCT/EAT combination	302,072	–
Cancellation of share premium account	(422,436)	–
At 30 June	–	120,364

On 15 October 2025 the share premium account increased by £302,072,000 following the issue of 131,128,841 ordinary shares as a result of the combination with EAT (note 24). Subsequently, the amount standing to the value of the share premium account as at 9 December 2025, being £422,436,000, was cancelled and £371,904,000 was transferred to the 'Special distributable reserve' and £50,532,000 was transferred to the 'Special undistributable reserve'.

16 Special distributable reserve and Special undistributable reserve

	Special distributable reserve £'000	Special undistributable reserve £'000	Total £'000
2026			
At 1 July 2025	–	–	–
Cancellation of share premium account	371,904	50,532	422,436
Transfer from undistributable reserve to distributable	8,016	(8,016)	–
Buyback of shares for treasury	(17,525)	–	(17,525)
At 30 June 2026	362,395	42,516	404,911

On 9 December 2025, following cancellation of the share premium account, £371,904,000 was transferred to the 'Special distributable reserve' and £50,532,000 was transferred to the 'Special undistributable reserve'. The amount of this newly created reserve, which can be distributed, is restricted by the value of liabilities as at that date, until such time that those liabilities have been paid and is therefore split into these two separate reserves. Between that date and 30 June 2026, liabilities of £8,016,000 were settled, increasing the amount that is distributable.



Notes to the financial statements continued

17 Capital redemption reserve and other capital reserves

2026	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Total other capital reserves £'000
At 1 July 2025	14,062	102,558	236,305	338,863
Transfer on disposal of investments (see note 9)	–	58,042	(58,042)	–
Capital (losses)/gains for the year	–	(57,270)	156,559	99,289
Expenses, finance costs and taxation charged to capital	–	–	(5,272)	(5,272)
Net gain on foreign exchange	–	–	1,908	1,908
Buyback of shares for treasury	–	–	(19,228)	(19,228)
Tender offer – accrual adjustment	–	–	17	17
Capital costs recoverable	–	–	9	9
Issue costs in respect of the ESCT/EAT combination	–	–	(1,371)	(1,371)
Contribution from JHI towards ESCT/EAT combination	–	–	1,091	1,091
At 30 June 2026	14,062	103,330	311,976	415,306

2025	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Total other capital reserves £'000
At 1 July 2024	14,020	102,636	519,340	621,976
Transfer on disposal of investments (see note 9)	–	59,372	(59,372)	–
Capital (losses)/gains for the year	–	(59,450)	140,654	81,204
Expenses, finance costs and taxation charged to capital	–	–	(7,867)	(7,867)
Net gain on foreign exchange	–	–	823	823
Buyback of shares for cancellation	42	–	(4,720)	(4,720)
Buyback of shares for treasury	–	–	(1,848)	(1,848)
Tender offer	–	–	(350,791)	(350,791)
Capital costs recoverable	–	–	86	86
At 30 June 2025	14,062	102,558	236,305	338,863

18 Retained earnings – revenue reserve

	2026 £'000	2025 £'000
At 1 July	33,025	36,026
Ordinary dividends paid	(27,395)	(18,898)
Revenue return for the year	16,652	15,897
At 30 June	22,282	33,025

19 Net asset value per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £862,973,000 (2025: £510,677,000) and on the 341,883,299 ordinary shares in issue at 30 June 2026 (2025: 227,524,156).

The Company has no securities in issue that could dilute the NAV per ordinary share (2025: same). The NAV per ordinary share at 30 June 2026 was 252.42p (2025: 224.45p).



Notes to the financial statements continued

19 Net asset value per ordinary share continued

The movements during the year in assets attributable to the ordinary shares were as follows:

	2026 £'000	2025 £'000
Net assets attributable to ordinary shares at start of year	510,677	798,594
Profit for the year	112,577	90,057
Dividends paid in the year	(27,395)	(18,898)
Buyback of shares for cancellation	–	(4,720)
Buyback of shares for treasury	(36,753)	(1,848)
Tender offer – reduction in nominal value of share capital	–	(1,803)
Tender offer – balance of payment to shareholders	–	(350,791)
Tender offer – accrual adjustment	17	–
Capital costs recoverable	9	86
Issue of shares on ESCT/EAT combination	304,121	–
Issue costs in respect of the ESCT/EAT combination	(1,371)	–
Contribution from JHI towards ESCT/EAT combination	1,091	–
Net assets at 30 June	862,973	510,677

20 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities as at 30 June 2026 (2025: same).

21 Transactions with the investment manager and related parties

Under the terms of an agreement effective from 22 July 2014 and most recently updated in 2024, the Company has appointed Janus Henderson Investors to provide investment management, accounting, administration and company secretarial services. JHI has contracted with BNP Paribas S.A. to provide accounting and administration services.

Following completion of the combination with EAT, the base management fee payable to the investment manager is 0.50%, previously this was 0.55%, of net assets up to £800m, reducing to 0.45% thereafter. Fees are charged quarterly in arrears. A performance fee of 15% of the positive difference between the average annual NAV total return and the average annual total return of the benchmark may be payable. Performance of the Company and the benchmark is measured on a NAV total return (with gross income reinvested) basis and is measured over a rolling three-year period. The management fee and performance fee are capped at 2.0% of the NAV at the last day of the relevant period and a hurdle of 1.0% must be reached before any performance fee can be earned. The total of the management fee paid or payable to the investment manager under the management agreement in respect of the year ended 30 June 2026 was £3,752,000 (2025: £4,065,000), of which £1,071,000 was outstanding at 30 June 2026 (2025: £938,000). A performance fee of £743,000 (2025: £1,778,000) in respect of the year ended 30 June 2026 is payable to the investment manager.

In addition to the above services, the investment manager facilitates marketing activities with third-parties which are recharged to the Company. The total fees paid or payable for these services for the year ended 30 June 2026 amounted to £285,000 excluding VAT (2025: £167,000), of which £210,000 was outstanding at 30 June 2026 (2025: £nil).

The compensation payable to key management personnel in respect of short term employment benefits was £402,000. This disclosure relates wholly to the fees of £402,000 payable to the directors in respect of the year (2025: £185,000); the directors are all non-executive and receive no other compensation. The Directors' Remuneration report on page 46 provides more detail. The Company has no employees.

The Company and EAT both bore their own costs in relation to the combination. These were reflected in the formula applied to the respective net asset values of the two companies when they were compared to calculate the number of shares in the Company which were to be issued to EAT shareholders.

The investment manager contributed to the costs of the proposals to ensure that they were cost neutral for continuing shareholders, irrespective of the results of the combination. Direct costs borne by the Company were partially covered by the contribution from the investment manager. The adjustment to the dividend payment profile for the Company in respect of the year ended 30 June 2025, protected the Company's existing shareholders from the impact of the issuance of shares and the relatively short period to earn income on the enlarged share capital. As a result, shareholders were protected from any adverse capital or income impact arising from the combination. The investment manager further agreed to cover the costs incurred by the Company had the transaction not proceeded to completion.

The cost contribution as at 15 October 2025, was £1,128,000 and, under the terms of the agreement, would be reduced as a result of any share buybacks from former EAT investors holding new shares issued by the Company in the Columbia Threadneedle Savings Plans. As at 30 June 2026, the contribution had reduced to £1,091,000.



Notes to the financial statements continued

22 Change in financial liabilities

	At 1 July 2025 £'000	Cashflows £'000	Non-cash changes in foreign exchange movement £'000	At 30 June 2026 £'000
Bank overdrafts	(8,182)	(74,645)	1,908	(80,919)
Total	(8,182)	(74,645)	1,908	(80,919)

	At 1 July 2024 £'000	Cashflows £'000	Non-cash changes in foreign exchange movement £'000	At 30 June 2025 £'000
Bank overdrafts	(90,219)	81,214	823	(8,182)
Total	(90,219)	81,214	823	(8,182)

23 Tender offer

On 15 April 2025, the Company announced a tender offer to buy back up to 42.5% of the ordinary share capital and eligible shareholders were given the option to continue investing or exit the Company, selecting either a cash exit option or in specie consideration option.

A total of 166,097,075 ordinary shares were tendered, which represented 42.2% of ordinary shares in issue. Shareholders holding 50,710,953 ordinary shares elected for the cash exit option and shareholders holding 115,386,122 ordinary shares elected for the in specie consideration option. Accordingly, the Company's assets were allocated into three pools representing those shareholders wishing to continue investing (the ongoing pool), those shareholders wishing to sell their shares back to the Company and receive cash (cash exit pool) and those shareholders wishing to sell their shares back to the Company and receive the in specie transfer (in specie consideration option pool).

A pro-rata portion of the Company's portfolio was realised, with the proceeds returned to those shareholders electing for the cash exit option. Shareholders electing for the in specie consideration option, received a pro-rata portion of the Company's portfolio.

The net movement in the cash realisation pool shown below is the movement in fair value of the pool between the calculation date of 19 May 2025 and the payment date of 26 June 2025:

	Tender Pools		
	In specie £'000	Cash exit £'000	Total £'000
Investments allocated to tender pools	242,770	107,486	350,256
Cash	3	3	6
Cash to cover expenses at pool allocation date	2,171	195	2,366
	244,944	107,684	352,628
Net movement in cash realisation pool	–	1,861	1,861
Costs of tender	(2,171)	(1,090)	(3,261)
Tender calculations	242,773	108,455	351,228
Less shareholder tender withdrawn	–	(34)	(34)
Tender payments to shareholders	242,773	108,421	351,194

Actual costs of tender paid in the year to 30 June 2026 were £17,000 lower than previously accrued. This movement has been reflected in the Statement of Changes in Equity.

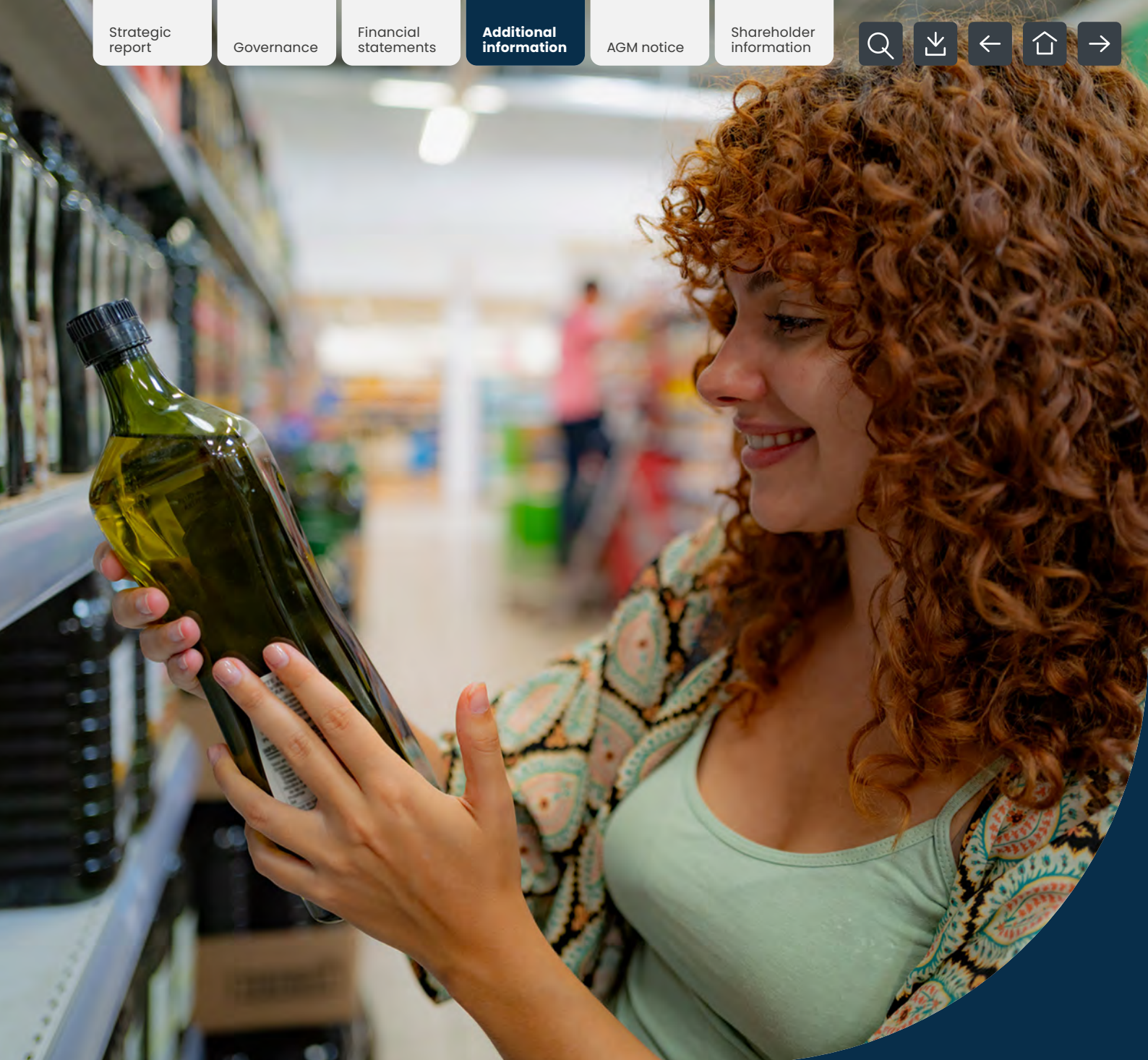


Notes to the financial statements continued

24 Transaction with European Assets Trust PLC ('EAT')

On 15 October 2025, the Company issued 131,128,841 new ordinary shares to shareholders of EAT in consideration for the receipt by the Company of assets pursuant to a scheme of reconstruction and subsequent liquidation of EAT. The directors have considered the substance of the assets and activities of EAT in determining whether this represents the acquisition of a business. In this case the combination is not judged to be an acquisition of a business, and therefore has not been treated as a business combination in accounting terms. Rather, the cost to acquire the assets and liabilities of EAT has been allocated between the acquired identifiable assets and liabilities based on their relative fair values on the acquisition date without attributing any amount to goodwill or to deferred taxes. Investments and cash were transferred from EAT as set out in the table below. All assets were acquired at their fair value. The value of the assets received, in exchange for shares issued by the Company, have been recognised in share capital and share premium, as shown in the Statement of Changes in Equity. The number of shares issued were calculated in accordance with the terms of the combination with EAT.

Net assets acquired	£'000
Investments	239,294
Cash	64,827
Net assets	304,121
Satisfied by the value of new ordinary shares issued	304,121



Additional information

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Vidrala, 0.6% of the portfolio

Consumer packaging manufacturer of glass bottles and containers



Portfolio holdings

As at 30 June 2026

Ranking				Valuation		Portfolio %
2026	2025	Company	Principal activities	2026 £'000	2025 £'000	
1	5	IG Group	Investment Banking and Brokerage Services	23,980	10,605	2.5
2	2	TKH	Electronic and Electrical Equipment	21,171	13,324	2.2
3	49	flatexDEGIRO	Investment Banking and Brokerage Services	17,818	4,282	1.9
4	7	SUSS MicroTec	Technology Hardware and Equipment	17,045	9,427	1.8
5	10	Elmos Semiconductor	Technology Hardware and Equipment	16,943	6,984	1.8
6	1	Van Lanschot Kempen	Banks	15,532	15,450	1.6
7	9	Stroeer	Media	15,384	7,598	1.6
8	69	Acast	Software and Computer Services	14,528	3,423	1.5
9	3	Alzchem	Chemicals	14,401	11,080	1.5
10	37	Indra Sistemas	Software and Computer Services	14,356	4,659	1.5
11	65	Modern Times	Media	14,241	3,553	1.5
12	57	JCDecaux	Media	13,852	3,863	1.5
13	14	Andritz	Industrial Engineering	12,921	6,769	1.4
14	18	Recticel	General Industrials	12,451	5,910	1.3
15	86	Smartoptics	Software and Computer Services	12,407	2,832	1.3
16	–	Bechtle	Software and Computer Services	12,357	–	1.3
17	8	Gaztransport et Technigaz	Oil, Gas and Coal	12,055	8,428	1.3
18	4	KSB	Industrial Engineering	11,720	10,947	1.2
19	13	Karnov	Industrial Support Services	11,116	6,796	1.2
20	51	CTP	Real Estate Investment and Services	11,027	4,196	1.2
21	–	Tonies	Leisure Goods	11,019	–	1.2
22	46	JOST Werke	Automobiles and Parts	10,925	4,370	1.2
23	109	Boozt	Retailers	10,911	2,212	1.2
24	–	Ringjobing Landbobank	Banks	10,698	–	1.1
25	27	IONOS	Software and Computer Services	10,658	5,183	1.1
26	–	RaySearch Laboratories	Medical Equipment and Services	10,441	–	1.1
27	74	ALSO	Technology Hardware and Equipment	10,140	3,169	1.1
28	6	R&S Group	Electronic and Electrical Equipment	10,071	10,573	1.1
29	36	Munters	Construction and Materials	9,438	4,681	1.0
30	–	ams-OSRAM	Technology Hardware and Equipment	9,354	–	1.0
31	33	Alpha Services and Holdings	Banks	9,179	4,946	1.0
32	99	Lindab	Construction and Materials	9,141	2,503	1.0
33	–	Framery	Household Goods and Home Construction	8,699	–	0.9
34	–	Palfinger	Industrial Engineering	8,237	–	0.9
35	–	Fluidra	Construction and Materials	8,217	–	0.9
36	54	Enity	Banks	8,113	4,032	0.9
37	–	Verallia	General Industrials	8,111	–	0.9
38	63	PVA TePla	Technology Hardware and Equipment	8,075	3,584	0.9
39	34	Trigano	Leisure Goods	7,656	4,938	0.8
40	–	Asmodee	Leisure Goods	7,612	–	0.8
41	102	Biogaia	Pharmaceuticals and Biotechnology	7,487	2,488	0.8
42	–	JM	Household Goods and Home Construction	7,463	–	0.8



Portfolio holdings continued

Ranking				Valuation		Portfolio %
2026	2025	Company	Principal activities	2026 £'000	2025 £'000	
43	61	Clinica Baviera	Health Care Providers	7,448	3,675	0.8
44	30	Eckert & Ziegler	Chemicals	7,433	5,105	0.8
45	–	Aalberts	Electronic and Electrical Equipment	7,344	–	0.8
46	–	Fuchs Petrolub	Chemicals	7,324	–	0.8
47	24	Mycronic	Technology Hardware and Equipment	7,306	5,486	0.8
48	68	NCAB	Technology Hardware and Equipment	7,264	3,441	0.8
49	–	XVIVO	Medical Equipment and Services	7,187	–	0.8
50	–	Kardex	Industrial Engineering	7,161	–	0.8
51	15	Acerinox	Industrial Metals and Mining	7,145	6,700	0.8
52	–	Thule	Leisure Goods	7,136	–	0.8
53	–	Trevi Finanziaria	Construction and Materials	6,957	–	0.7
54	60	Dormakaba	Electronic and Electrical Equipment	6,910	3,748	0.7
55	–	Tecan	Medical Equipment and Services	6,876	–	0.7
56	84	Elekta	Medical Equipment and Services	6,805	2,902	0.7
57	52	Carl Zeiss Meditec	Medical Equipment and Services	6,797	4,128	0.7
58	–	RENK	Aerospace and Defence	6,764	–	0.7
59	81	CIE Automotive	Automobiles and Parts	6,639	3,028	0.7
60	56	Borregaard	Chemicals	6,635	3,895	0.7
61	–	Deutz	Industrial Engineering	6,621	–	0.7
62	48	Mersen	Electronic and Electrical Equipment	6,582	4,286	0.7
63	44	DFDS	Industrial Transportation	6,355	4,427	0.7
64	89	Westwing	Retailers	6,328	2,728	0.7
65	55	BHG Group	Retailers	6,194	3,896	0.7
66	28	Deme	Construction and Materials	6,078	5,154	0.6
67	–	TSK Electronica Y Electricid	Construction and Materials	6,056	–	0.6
68	–	Vidrala	General Industrials	6,049	–	0.6
69	50	Credito Emiliano	Banks	6,036	4,243	0.6
70	11	Avolta	Retailers	6,036	6,972	0.6
71	101	Stolt-Nielsen	Industrial Transportation	5,941	2,491	0.6
72	–	IMCD	Chemicals	5,886	–	0.6
73	21	Bonava	Household Goods and Home Construction	5,868	5,761	0.6
74	100	Porr	Construction and Materials	5,853	2,493	0.6
75	103	Neinor Homes	Real Estate Investment and Services	5,824	2,390	0.6
76	105	Billerud	Industrial Materials	5,751	2,346	0.6
77	80	Granges	Industrial Metals and Mining	5,737	3,029	0.6
78	–	Konecranes	Industrial Transportation	5,728	–	0.6
79	31	Quadient	Technology Hardware and Equipment	5,700	5,075	0.6
80	–	SEMCO Technologies	Technology Hardware and Equipment	5,644	–	0.6
81	35	Nexans	Electronic and Electrical Equipment	5,609	4,891	0.6
82	59	VGP	Real Estate Investment and Services	5,531	3,788	0.6
83	–	Izertis	Software and Computer Services	5,511	–	0.6
84	–	Viridien	Oil, Gas and Coal	5,432	–	0.6
85	–	Arcadis	Construction and Materials	5,432	–	0.6
86	41	Criteo	Software and Computer Services	5,431	4,543	0.6



Portfolio holdings continued

Ranking				Valuation		Portfolio %
2026	2025	Company	Principal activities	2026 £'000	2025 £'000	
87	88	Teleperformance	Industrial Support Services	5,369	2,728	0.6
88	–	Medios	Pharmaceuticals and Biotechnology	5,332	–	0.6
89	114	NTG Nordic Transport	Industrial Transportation	5,299	2,068	0.6
90	25	Jungheinrich	Industrial Engineering	5,231	5,370	0.6
91	12	Banco Comercial Portugues	Banks	5,112	6,885	0.5
92	–	Sopra Steria	Software and Computer Services	5,098	–	0.5
93	29	Koninklijke BAM Group	Construction and Materials	5,097	5,129	0.5
94	39	Kaufman & Broad	Household Goods and Home Construction	4,908	4,620	0.5
95	–	CrediaBank	Banks	4,897	–	0.5
96	23	Exosens	Aerospace and Defence	4,888	5,611	0.5
97	72	NED Apparaten	Electronic and Electrical Equipment	4,858	3,265	0.5
98	40	Ipsos	Media	4,779	4,586	0.5
99	–	Bravida	Construction and Materials	4,695	–	0.5
100	–	Shurgard Self Storage	Real Estate Investment Trusts	4,631	–	0.5
101	96	Daetwyler	General Industrials	4,592	2,550	0.5
102	17	HBX Group	Travel and Leisure	4,581	6,295	0.5
103	–	Troax	Industrial Metals and Mining	4,546	–	0.5
104	–	Atalaya Mining	Industrial Metals and Mining	4,487	–	0.5
105	20	Merlin Properties	Real Estate Investment Trusts	4,431	5,822	0.5
106	–	Gabler	Aerospace and Defence	4,382	–	0.5
107	112	Planisware	Software and Computer Services	4,330	2,096	0.5
108	104	Safilo	Personal Goods	4,143	2,349	0.4
109	–	Comet	Technology Hardware and Equipment	4,127	–	0.4
110	76	Cint Group	Software and Computer Services	4,103	3,165	0.4
111	108	Befesa	Waste and Disposal Services	4,038	2,225	0.4
112	–	Adesso	Software and Computer Services	3,992	–	0.4
113	45	Duerr	Industrial Engineering	3,929	4,409	0.4
114	66	Smartcraft	Software and Computer Services	3,842	3,523	0.4
115	110	Burckhardt Compression	Industrial Engineering	3,696	2,144	0.4
116	53	GVS	Medical Equipment and Services	3,692	4,047	0.4
117	–	Shelly	Electronic and Electrical Equipment	3,588	–	0.4
118	82	Bike24	Retailers	3,561	2,991	0.4
119	64	Stratec	Medical Equipment and Services	3,529	3,557	0.4
120	–	Kuros Biosciences	Pharmaceuticals and Biotechnology	3,493	–	0.4
121	117	Arbonia	Construction and Materials	3,127	1,786	0.3
122	90	Cewe Shiftung	Consumer Services	3,087	2,720	0.3
123	95	Detection Technology	Electronic and Electrical Equipment	2,947	2,555	0.3
124	–	HelloFresh	Personal Care, Drug and Grocery Stores	2,566	–	0.3
125	106	HomeToGo	Travel and Leisure	2,006	2,292	0.2
Total equity investments				942,303		100.0

There were no convertible or fixed interest securities at 30 June 2026 (2025: None).



Alternative performance measures (unaudited)

The Company uses the following alternative performance measures ('APMs') throughout the annual report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders to help assess the Company's performance against its peer group.

Discount or premium

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

	NAV pence	Share price pence	Discount to NAV %
At 30 June 2026	252.42	234.00	7.3
At 30 June 2025	224.45	211.50	5.8

Gearing/(Net Cash)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is a 'net cash' position and no gearing.

		2026	2025
Investments held at fair value through profit or loss (page 70) (£'000)	(A)	942,303	517,339
Net assets (page 61) (£'000)	(B)	862,973	510,677
Gearing (C = (A / B) -1)	(C)	9.2%	1.3%

Net asset value ('NAV') per ordinary share

The value of the Company's assets (i.e. investments (see note 9) and cash held (see Balance Sheet) less any liabilities (i.e. bank overdraft (see page 61 and note 12)) for which the Company is responsible divided by the number of shares in issue (see note 14). The aggregate NAV is also referred to as total equity in the Balance Sheet. The NAV per share is published daily and the year end NAV can be found on page 61 and further information is available on page 78 in note 19 within the notes to the financial statements.

Ongoing charges

The ongoing charges ratio has been calculated in accordance with the guidance issued by the AIC as the total investment management fees and administrative expenses and expressed as a percentage of the net asset values throughout the year.

	2026 £'000	2025 £'000
Management fees (note 3)	3,752	4,065
Other administrative expenses (note 4)	1,348	1,789
Less: non-recurring expenses ¹	(156)	(822)
Ongoing charges (excluding performance fee)	4,944	5,032
Average net assets²	746,604	735,806
Ongoing charges ratio (excluding performance fee)	0.66%	0.68%
Performance fee	743	1,778
Ongoing charges (including performance fee)	5,687	6,810
Ongoing charges ratio (including performance fee)	0.76%	0.93%

¹ The non-recurring fees primarily consist of costs in relation to the requisitioned general meeting and combination with EAT

² Calculated using the average daily net asset value



Alternative performance measures continued

Total return

The total return on the share price or NAV takes into account both the rise and fall of NAVs/share prices and dividends paid to shareholders. Each component of the total return needs to be compounded as a geometric return to arrive at the total return. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return). Dividends paid and payable are set out in note 8 on page 69.

	2026		2025	
	NAV per share	Share price	NAV per share	Share price
Opening NAV/Share price per share (pence)	224.45	211.50	201.01	178.40
Closing NAV/Share price per share (pence)	252.42	234.00	224.45	211.50
Change in the year (%)	12.5	10.6	11.7	18.6
Impact of dividends reinvested (%)	3.9	4.2	2.6	2.9
Total return for the year (%)	16.8	15.3	14.5	21.9

Dividend yield

The yield is the annual dividend expressed as a percentage of the year end share price.

		30 June 2026	30 June 2025
Annual dividend (pence)	(A)	8.43	4.90
Share price (pence)	(B)	234.00	211.50
Yield (C=A/B) (%)	(C)	3.6	2.3



Historic performance

At 30 June	Net assets £'000	NAV per ordinary share ¹ p	Closing price per ordinary share ¹ p	Discount ² %	Profit/ (loss) for year £'000	Revenue return ¹ p	Capital return ¹ p	Total return ¹ p	Total dividend ¹ p	Ongoing charge ² (AIC formula) %
2017	569,459	143.19	133.88	6.5	199,540	2.14	47.96	50.10	1.81	0.75
2018	574,591	143.34	127.50	11.0	9,936	2.76	(0.27)	2.49	2.38	0.71
2019	521,023	129.98	111.50	14.2	(42,795)	3.01	(13.69)	(10.68)	2.75	0.72
2020	523,374	130.56	105.50	19.2	13,525	1.49	1.88	3.37	2.76	0.73
2021	840,667	209.71	185.63	11.5	328,517	2.59	79.36	81.95	3.13	0.71
2022	652,464	162.76	140.00	14.0	(174,712)	5.16	(48.75)	(43.59)	4.35	0.65
2023	738,642	184.26	154.00	16.4	104,381	5.22	20.82	26.04	4.70	0.65
2024	798,594	201.01	178.40	11.2	84,898	5.41	15.81	21.22	4.80	0.67
2025 ³	510,677	224.45	211.50	5.8	90,057	4.24	19.78	24.02	4.90	0.68
2026⁴	862,973	252.42	234.00	7.3	112,577	5.30	30.52	35.82	8.43	0.66

1 Figures for 2017 to 2021 are restated to take account of the 8:1 share split which completed on 13 December 2021

2 The discount and ongoing charge are alternative performance measures. More information on these can be found on pages 86 and 87

3 Net assets post completion of the 42.5% tender offer which concluded on 27 June 2025

4 Net assets post completion of the combination with European Assets Trust PLC which completed on 15 October 2025

Sources: Morningstar Direct, Janus Henderson Investors

Regulatory disclosures

Alternative Investment Fund Managers Directive ('AIFMD')

The Alternative Investment Fund Managers Directive is a European Union Directive implemented in 2014. Under these regulations the Company is considered an Alternative Investment Fund ('AIF') and is required to appoint an Alternative Investment Fund Manager ('AIFM') and depositary. The Company has appointed Janus Henderson Fund Management UK Limited as its Alternative Investment Fund Manager ('AIFM') and HSBC Bank plc as its depositary. In keeping with the AIFM regulations, information regarding the Company's leverage and the AIFM's remuneration policies must be made available to shareholders. These disclosures can be found in a separate document on the Company's website.

Automatic exchange of information

Under UK tax legislation relating to the automatic exchange of information, the Company is obliged to provide information annually to HMRC on the tax residencies of a number of non-UK based certificated shareholders and corporate entities. Shareholders may receive information requests along these lines directly from the Company's registrar, Equiniti.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders gov.uk/government/publications/exchange-of-information-account-holders.

Taxonomy regulation

Regulation (EU) 2020/852 establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable.

In accordance with the Taxonomy Regulation, the Company confirms that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.



Service providers

Registered office

201 Bishopsgate, London EC2M 3AE

Service providers

Alternative Investment Fund Manager

Janus Henderson Fund Management UK Limited
201 Bishopsgate, London EC2M 3AE

Corporate Secretary

Janus Henderson Secretarial Services UK Limited
201 Bishopsgate, London EC2M 3AE
Telephone: 020 7818 1818
Email: itsecretariat@janushenderson.com

Depositary and custodian

HSBC Bank plc
8 Canada Square, London E14 5HQ

Corporate broker

Winterflood Investment Trusts
Riverbank House, 2 Swan Lane, London EC4R 3GA

Registrar

Equiniti Limited
Highdown House, Yeoman Way, Worthing BN99 3HH
There is a range of shareholder information online
You can check your holding and find practical help
on transferring shares or updating your details at
www.shareview.co.uk.

Statutory Auditor

Ernst & Young LLP
25 Churchill Place, London E14 5EY

Information sources

For more information about the Company, visit the website at www.europeansmallercompaniestrust.com where you can find factsheets, updates and articles from the fund manager and other current information on the Company, including the up-to-date share price and net asset value details.

To sign up for expert insights about investment trusts, updates from our fund managers as well as AGMs please visit this page:  www.janushenderson.com/en-gb/investor/subscriptions

Follow the Janus Henderson Investment Trusts on LinkedIn – Janus Henderson Investment Trusts, UK.





Glossary

Term	Definition
Alternative performance measures	A glossary of alternative performance measures can be found on page 86 and 87.
Association of Investment Companies ('AIC')	The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.
Benchmark	An index against which performance is compared. This is the MSCI Europe (ex UK) Small Cap Index.
Custodian	The custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.
Depository	The depository is responsible for overseeing the operations of the Company including cash monitoring, verification of ownership of assets and their valuation. The depository is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The depository has confirmed that it has not discharged liability in relation to any of the Company's assets.
Dividend dates	When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the Register of Members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value per ordinary share will be disclosed ex-dividend.
Investment trusts	Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.
Liquidity	In the context of the liquidity of shares in the stock market, this refers to the availability of buyers and sellers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer or seller will tend to depress or increase the price that might be negotiated for a sale or purchase. Investment companies can use allotment or buyback powers to assist the market liquidity in their shares.
Market capitalisation ('market cap')	The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.



Notice of Annual General Meeting

Ringkjøbing Landbobank, 1.1% of the portfolio
Bank providing financial products and services in Denmark



Notice of Annual General Meeting

Notice is hereby given that the 36th Annual General Meeting of The European Smaller Companies Trust PLC (the 'Company') will be held at 201 Bishopsgate, London EC2M 3AE on **Monday, 16 November 2026 at 12.30 pm** for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 12 will be proposed as ordinary resolutions and resolutions 13 to 15 will be proposed as special resolutions:

Ordinary resolutions

- 1** To receive the annual report and audited financial statements for the year ended 30 June 2026.
- 2** To approve the Directors' Remuneration report for the year ended 30 June 2026.
- 3** To re-elect James Williams as a director.
- 4** To re-elect Daniel Burgess as a director.
- 5** To re-elect Katherine Cornish-Bowden as a director.
- 6** To re-elect Ann Grevelius as a director.
- 7** To re-elect Nadia Meier-Kirner as a director.
- 8** To re-elect Stuart Paterson as a director.
- 9** To re-appoint Ernst & Young LLP as auditor to the Company.
- 10** To authorise the Audit Committee to determine the auditor's remuneration.
- 11** To approve the Company's dividend policy of paying four interim dividends per year.
- 12** THAT in substitution for all existing authorities the directors be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ('Act') to exercise all the powers of the Company to allot relevant shares (within the meaning of section 540 of the Act) up to an aggregate nominal amount of £641,211 (or such other amount representing 10% of the issued ordinary share capital at the date of passing of this resolution) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the date falling 15 months, or from the conclusion of the next annual general meeting, after the passing of this resolution, provided that the Company may make an offer or agreement which would or might require relevant shares to be allotted after expiry of this authority and the Board may allot relevant shares in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

Special resolutions

- 13** THAT in substitution for all existing authorities and subject to the passing of resolution 12 the directors be and hereby are empowered pursuant to section 570 and 573 of the Companies Act 2006 (the 'Act') to allot shares or make offers or agreements to allot shares (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 12 and to sell ordinary shares from treasury for cash (by virtue of section 560(3) of the Act) in each case, as if section 561 of the Act did not apply to the allotment or sale. This power is limited to:
 - (a) the allotment or issue from treasury of shares whether by way of a rights issue, open offer or otherwise to ordinary members and/or holders of any other shares in accordance with the rights of those shares where the shares respectively attributable to the interests of all ordinary members and/or such holders are proportionate (or as nearly as may be) to the respective numbers of ordinary shares and such shares held by them (or are otherwise allotted in accordance with the rights attaching to such shares) subject in either case to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever; and
 - (b) the allotment or issue from treasury (otherwise than pursuant to sub-paragraph (a) above) of shares up to a maximum aggregate nominal value of £641,211 (or such other amount representing 10% of the Company's issued ordinary share capital at the date of passing of this resolution); and
 - (c) the allotment or issue from treasury of shares at a price not less than the net asset value per share as at the latest practicable date before such allotment of shares as determined by the directors in their reasonable discretion;

and shall expire at the earlier of the date falling 15 months, or from the conclusion of the next annual general meeting of the Company, after the date of the passing of this resolution, save that the directors may before such expiry make an offer or agreement which would or might require shares to be allotted after such expiry and the directors may allot shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.



Notice of Annual General Meeting continued

14 THAT in substitution for all existing authorities the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 1.5625p each in the capital of the Company, on such terms and in such manner as the directors may from time to time determine, provided that:

- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 61,515,219 (representing approximately 14.99% of the issued ordinary share capital of the Company as at 28 September 2026, being the latest practicable date prior to the publication of this Notice) or, if changed, the number representing 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;
- (b) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not exceed the higher of:
 - (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange when the purchase is carried out;
- (c) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be the nominal value of that share;
- (d) the authority hereby conferred shall expire at the earlier of the date falling 15 months, or from the conclusion of the next annual general meeting of the Company, after the passing of this resolution, unless such authority is renewed before that expiry; and
- (e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

15 THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting of the Company following the passing of this resolution.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
29 September 2026

Registered Office:
201 Bishopsgate, London EC2M 3AE



Notice of Annual General Meeting continued

Explanations of the resolutions

The information set out below is an explanation of the business to be considered at the meeting.

Resolutions 1 to 12 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed more than half of the votes cast must be in favour of the resolution. Resolutions 13 to 15 are proposed as special resolutions. This means that for each of those resolutions to be passed at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1: Company's annual report and audited financial statements

Shareholders will be given an opportunity at the meeting to ask questions on the annual report. At the end of the discussion, members will be invited to receive the annual report and audited financial statements.

Resolution 2: Approve the Directors' Remuneration report

Members are requested to approve the Directors' Remuneration report (excluding the Remuneration Policy) for the year ended 30 June 2026. This is set out on pages 44 to 46 of the annual report. The vote is advisory and does not affect the remuneration payable to any individual director. The Board will take feedback from members regarding remuneration and incorporate this into any future remuneration discussions.

Resolutions 3 to 8: Election and re-election of directors

Resolution 3 relates to the re-election of James Williams who joined the Board on 1 November 2023 and was appointed as Chairman on 24 November 2025. He has over 30 years' international business experience in Europe and Asia, including nearly 20 years in the investment banking industry.

Resolution 4 relates to the re-election of Daniel Burgess who joined the Board on 25 November 2019. He has significant auditing and accounting experience having been a partner at KPMG LLP for twenty-three years. He is chairman of the Audit Committee.

Resolution 5 relates to the re-election of Katherine Cornish-Bowden who joined the Board on 16 October 2025. Kate is a former global equities fund manager and has extensive knowledge of the investment trust sector. She is a former EAT director.

Resolution 6 relates to the re-election of Ann Grevelius, who joined the Board on 23 September 2019. Ann has over 30 years' experience in the asset management sector and has been active in the venture capital industry for the last several years. Her experience of European markets provides valuable context to the investment background. Ann is the Senior Independent Director and Chair of the Management Engagement Committee.

Resolution 7 relates to the re-election of Nadia Meier-Kirner who joined the Board on 28 April 2025. Nadia has 20 years' experience in European mid-market private equity with Triton Partners in Germany. Her presence in the asset management sector in Europe helps the Board stay in touch with sentiment on the Continent.

Resolution 8 relates to the re-election of Stuart Paterson who joined the Board on 16 October 2025. Stuart has more than 25 years' experience of equity investing in European private companies. He is a former EAT director.

The Board has reviewed the performance and commitment of the directors standing for re-election and considers that each of the directors should continue in office as they bring wide-ranging, current and relevant business experience that allows them to contribute effectively to the leadership of the Company. Furthermore, the Board is satisfied that, having considered each directors' experience and the nature of, and anticipated demands on their time by their other business commitments, that each director is able to commit the time required to fulfil their responsibilities as a director of the Company.

All the directors are considered independent for the purposes of the AIC Corporate Governance Code. The background and experience of the directors is set out on pages 28 and 29 of the annual report.

Resolutions 9 and 10: Appointment and remuneration of the auditor

Members are required to approve the appointment of the Company's auditor each year and to give authority to the Audit Committee to determine their remuneration. Ernst & Young LLP were appointed as the auditor at the annual general meeting on 27 November 2017 and reappointed by members at subsequent meetings. Following satisfactory performance, the Company is recommending their re-appointment in respect of the year ending 30 June 2027 and seeking authority for the Audit Committee to determine their remuneration.

Resolution 11: Dividend policy

The Company moved to paying quarterly dividends following the completion of the combination with EAT in October 2025. As shareholders are no longer able to vote on the final dividend, they are invited to vote on the Company's approach to paying four quarterly interim dividends in respect of each financial year.

Resolution 12: Authority to allot shares

Each year shareholders are requested to renew the directors' authority to allot new ordinary shares up to 10% of the Company's issued share capital. This resolution seeks to renew that authority to issue up to 41,037,504 shares, with a nominal value of £641,211. This authority will expire at the earlier of the date falling 15 months, or from the conclusion of the next annual general meeting after the passing of this resolution.



Notice of Annual General Meeting continued

Resolution 13: Power to disapply pre-emption rights

This resolution will give the directors power to disapply pre-emption rights in respect of any new ordinary shares issued under the authority provided by resolution 12 or sold from treasury. If renewed, the power will expire at the earlier of the date falling 15 months after, or from the conclusion of the next annual general meeting following the passing of this resolution.

The directors will only allot shares pursuant to resolutions 12 and 13 to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing members to do so and when it would not result in any dilution of net asset value per share (i.e. shares will only be issued at a premium to net asset value).

Resolution 14: Repurchase of the Company's shares

Each year, the directors seek authority to repurchase up to 14.99% of the Company's issued share capital as at the date of the passing of the resolution. This resolution seeks to renew the Company's authority to repurchase its own shares and cancel or hold them in treasury. If this resolution is passed, the maximum aggregate number of ordinary shares which may be purchased is 61,515,219 (representing approximately 14.99% of the issued ordinary share capital of the Company as at 28 September 2026, being the latest practicable date prior to the publication of the Notice of Meeting) or, if changed, the number representing 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution. The authority will expire at the earlier of the date falling 15 months, or the conclusion of the next annual general meeting, after the passing of this

resolution. It is the present intention of the directors to seek a similar authority annually.

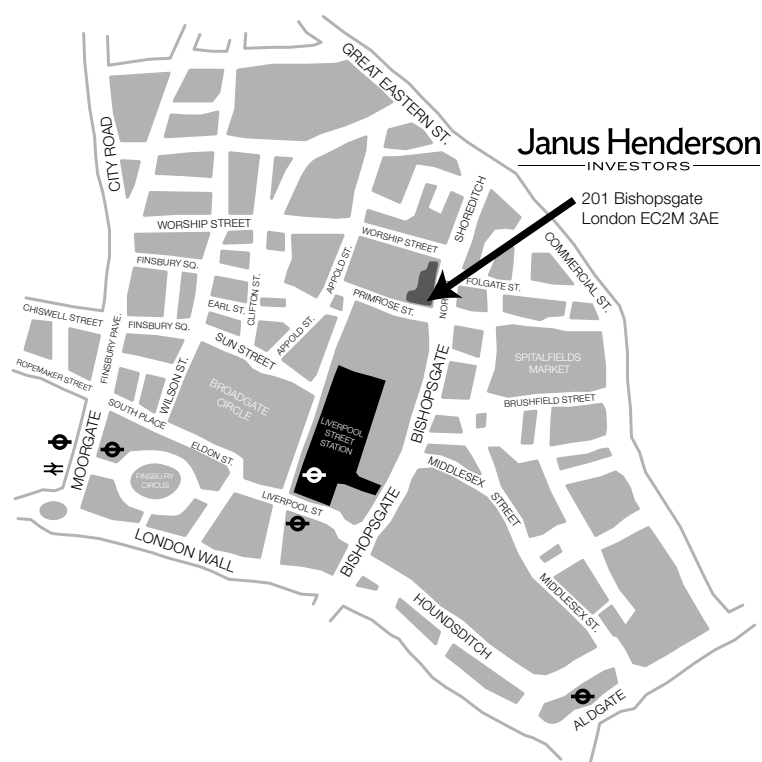
The directors believe that, from time to time and subject to market conditions, it will continue to be in the members' interests to buy back the Company's shares when they are trading at a discount to the underlying net asset value per share. Repurchases of the Company's shares provide a modest uplift in the net asset value for existing members and often results in the share price more closely reflecting the underlying value of the portfolio. Repurchasing an overhang of stock in the market further ensures that the discount does not widen unduly.

The Company may utilise the authority to purchase shares by either a single purchase or a series of purchases when market conditions allow, with the aim of maximising the benefit to members. This proposal does not indicate that the Company will purchase shares at any particular time or price, nor imply any opinion on the part of the directors as to the market or other value of the Company's shares.

Resolution 15: Notice of general meetings

The Companies Act 2006 stipulates that the notice period for general meetings (other than the annual general meeting) is 21 days unless member approval to reduce the period to 14 days has been given. In order to maintain maximum flexibility, the Board is seeking approval to allow general meetings (other than the annual general meeting) to be called on 14 days' notice. This authority will only be used if it is in the best interests of members to do so and where members are given the opportunity to vote at such meetings by electronic means. The authority will expire at the conclusion of the annual general meeting in 2027. Directors will seek to renew this authority annually.

Annual General Meeting venue



The annual general meeting will be held at Janus Henderson Investors' offices at 201 Bishopsgate, London EC2M 3AE. It is a few minutes' walk from Liverpool Street Station and from Moorgate Underground Station.



Notice of Annual General Meeting continued

Notes to the meeting

1. Rights to attend and vote

Subject to note 2, all of the Company's members are entitled to attend, speak and vote at the forthcoming annual general meeting or at any adjournment(s) thereof. On a poll each member has one vote per share.

2. Voting record date

Only members registered in the Register of Members of the Company at 6.30 pm on Thursday 12 November 2026 (the 'specified time') shall be entitled to attend, speak and vote at the annual general meeting in respect of the number of voting rights registered in their name at that time. Changes to entries on the Register of Members after the specified time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

If the annual general meeting is adjourned for no more than 48 hours after the original meeting time, the same specified time will also apply for the purpose of determining the entitlement of members to attend, speak and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting.

If the annual general meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's Register of Members at 6.30 pm on the day which is two days (excluding non-working days) before the day of the adjourned meeting or, if the Company gives notice of the adjourned meeting, at any time specified in that notice.

In the case of joint holders of a voting right, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

3. Right to appoint proxies

Pursuant to section 324 of the Act a member entitled to attend and vote at the meeting may appoint one or more proxies, provided that each proxy is appointed to exercise the rights attached to different shares held by him. A proxy need not be a member of the Company.

If the total number of voting rights that the Chairman will be able to vote (taking into account any proxy appointments from members over which he is given discretion and any voting rights in respect of his own shares) is such that he will have a notifiable obligation under the Disclosure Guidance and Transparency Rules ('DTRs') of the Financial Conduct Authority ('FCA'), the Chairman will make the necessary notifications to the Company and to the FCA. Therefore, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the DTRs, need not make a separate notification to the Company and to the FCA. However, any member holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as proxy will need to ensure that both the member and the proxy comply with their respective disclosure obligations under the DTRs.

Section 324 of the Act does not apply to persons nominated to receive information rights pursuant to section 146 of the Act. Persons nominated to receive information rights under section 146 of the Act have been sent this Notice and are hereby informed, in accordance with section 149(2) of the Act, that they may have the right under an agreement with the registered member by whom they are nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they do not wish to exercise their right or do not have such right, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

Nominated persons should contact the registered member by whom they were nominated (not the Company) in respect of their arrangements. The rights of members relating to the appointment of proxies do not apply to nominated persons.

4. Proxies' rights to vote at the meeting

On a vote by a show of hands, each proxy has one vote. If a proxy is appointed by more than one member and all such members have instructed the proxy to vote in the same way, the proxy will only be entitled on a show of hands to vote 'for' or 'against' as applicable. If a proxy is appointed by more than one member, but such members have given different voting instructions, the proxy may on a show of hands vote both 'for' and 'against' in order to reflect the different voting instructions.

On a poll, all or any of the voting rights of the member may be exercised by one or more duly appointed proxies. However, where a member appoints more than one proxy, section 285(4) of the Act does not permit the exercise by the proxies taken together of more extensive voting rights than could be exercised by the member in person.

5. Voting by corporate representatives

Corporate representatives are entitled to attend, speak and vote on behalf of the corporate member in accordance with section 323 of the Act provided they do not do so in relation to the same shares.

6. Receipt and termination of proxies

To be valid the enclosed Form of Proxy must be lodged with the Company's registrar (Equiniti Limited, Highdown House, Yeoman Way, Worthing, BN99 3HH) before 12.30 pm on Thursday 12 November 2026.

A member may terminate a proxy's authority at any time before the commencement of the meeting. Termination must be provided in writing and submitted to the Company's registrar.

In accordance with the Company's articles of association, in determining the deadline for receipt of proxies, no account shall be taken of any part of a day that is not a working day.



Notice of Annual General Meeting continued

7. Communication with the Company

Members may not use any electronic address provided either in the Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

8. Electronic receipt of proxies

To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the Company's agent (ID number RA19) no later than the deadline specified in note 6. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Instructions on how to vote through CREST can be found on the website www.euroclear.com.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.30 pm on 12 November 2026 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

9. Questions at the meeting

Any member attending the meeting has the right to ask questions. Section 319A of the Act requires the directors to answer any question raised at the annual general meeting which relates to the business of the meeting, although no answer need be given:

- (a) if to do so would interfere unduly with the proceedings of the meeting or involve disclosure of confidential information;
- (b) if the answer has already been given on the Company's website; or
- (c) if it is undesirable in the best interests of the Company or the good order of the meeting that the question be answered.

By attending the meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's shares made at the meeting.

10. Documents available for inspection

Copies of the directors' letters of appointment may be inspected at the registered office of the Company during normal business hours on any day (with the exception of Saturdays, Sundays and public holidays) and will be available at the annual general meeting from 15 minutes prior to the commencement of the meeting until its conclusion. No director has a contract of service with the Company.

11. Member's right to include a resolution at the AGM

Under sections 338 and 338A of the Act, members who satisfy the threshold requirements in those sections have the right to require the Company: i) to give, to members entitled to receive the Notice of meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless: a) it would, if passed be ineffective (whether by reason of inconsistency with an enactment of the Company's constitution or otherwise; (b) it is defamatory of any person; or (c) it is frivolous or vexatious.

Such a request may be in hard-copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authenticated by the person or persons making it, must have been received by the Company no later than the date on which this Notice is given and must be accompanied by a statement setting out the grounds for the request.

12. Members' statement of audit concerns

Section 527 of the Act allows members who meet the threshold requirements of that section to require the Company to publish a statement on its website setting out any matter relating to: i) the audit of the accounts to be laid at the meeting (including the auditor's report and the conduct of audit); or ii) any circumstances connected with the auditor ceasing to hold office since the last meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.

This is known as a 'members' statement of audit concerns'. If such a request is received the Company cannot require those members requesting publication of the statement to meet its costs of complying with that request. The Company must also forward a copy of the statement to the auditor at the same time that it makes it available on the website. Where a members' statement of audit concerns is received it will be included in the business of the meeting at which the accounts are laid.

13. Website

A copy of this Notice, including the information required by section 311A of the Act, is available from the website, www.europeansmallercompaniestrust.com.

14. Total voting rights

At 28 September 2026 (being the last practicable date prior to the publication of this Notice) the total number of shares in the Company was 410,375,045 excluding 71,357,204 ordinary shares held in treasury. The voting rights are therefore 339,017,841.



Shareholder information

Share identifiers

ISIN GB00BMCF8689 **SEDOL** BMCF868 **Ticker** ESCT **LEI** 213800N1B1HCQG2W4V90

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Share register enquiries

Need to put in place a bank mandate or notify a change of address? Contact the Company's registrar Equiniti Limited.



Online at www.shareview.co.uk or scan the QR code
A range of shareholder information is available on the website. You can check your holding and find practical help on transferring shares or updating your details.



Telephone
on 0371 384 2472.
Lines are open from 8.30am to 5.30 pm, Monday to Friday.



Post
at Equiniti Limited, Highdown House, Yeoman Way, Worthing West Sussex BN99 6DA.





Key dates

Dividend payment dates for the year ending 30 June 2027

	Ex-dividend date	Record date	Payment date
1st interim dividend	29 October 2026	30 October 2026	3 December 2026
2nd interim dividend	28 January 2027	29 January 2027	26 February 2027
3rd interim dividend	29 April 2027	30 April 2027	28 May 2027
4th interim dividend	29 July 2027	30 July 2027	3 September 2027

Financial calendar

Annual General Meeting	16 November 2026 at 12.30 pm
Half-year results	31 December 2026 (published in February/March 2027)
Financial results	30 June 2027 (published in October 2027)

Warning to shareholders

Many companies are aware that their shareholders may receive unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. Please note that it is very unlikely that either the Company or the Company's registrar, Equiniti, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'. You can also check the FCA Warning List at **#BeScamSmart – www.fca.org.uk/scamsmart**.

MANAGED BY

Janus Henderson

INVESTORS

Telephone: **020 7818 1818**

Email: **itsecretariat@janushenderson.com**



www.europeansmallercompaniestrust.com

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aic

The Association of
Investment Companies



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

Global Intermediary Identification Number (GIIN)

JX9KYH.99999.SL.826

Legal Entity Identifier (LEI)

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