Company Number: 2520734

THE EUROPEAN SMALLER COMPANIES TRUST PLC

Report for the half year ended 31 December 2025

(unaudited)

www.europeansmallercompaniestrust.com

Legal Entity Identifier: 213800N1B1HCQG2W4V90

THE EUROPEAN SMALLER COMPANIES TRUST PLC

Unaudited results for the half year ended 31 December 2025

INVESTMENT OBJECTIVE

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

PERFORMANCE HIGHLIGHTS

- Net asset value per ordinary share total return rose by 7.7%
- Share price total return was 4.1%
- NAV and share price outperformance of the benchmark over 1, 3, 5 and 10 years
- Net assets of £839.6m following successful combination with European Assets Trust PLC
- A new dividend policy has been introduced, targeting distributions of at least 5% of NAV per ordinary share, based on the previous year-end NAV.

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

	6 months %	1 year %	3 years %	5 years %	10 years %
NAV[1,5]	7.7	33.2	47.3	51.5	227.8
Benchmark index[2]	7.1	26.9	39.4	35.6	158.1
Share price[3]	4.1	29.0	59.2	54.1	232.9

Financial highlights

Shareholders' funds	**at 31 December 2025**	at 30 June 2025
Net assets (£'000)	**839,615**	510,677
Net asset value per ordinary share	**238.18p**	224.45p
Discount[4, 5]	**9.1%**	5.8%
Share price	**216.50p**	211.50p
Gearing	**5.5%**	1.3%

	Half-year ended 31 December 2025 £'000	Year ended 30 June 2025 £'000
Total return to equity shareholders		
Revenue return after taxation	**2,050**	15,897
Capital return after taxation	**43,892**	74,160
	--------------	--------------
Total return	**45,942**	90,057
	========	========
Total return per ordinary share		
Revenue	**0.73p**	4.24p
Capital	**15.58p**	19.78p
	--------------	--------------
Total return per ordinary share	**16.31p**	24.02p
	========	========

1. Net asset value ('NAV') per ordinary share total return
2. MSCI Europe ex UK Small Cap Index
3. Share price total return using closing price
4. The discount is calculated using the net asset value per share and the share price at 31 December 2025
5. NAV per share, NAV total return, share price total return and the discount are Alternative Performance Measures. More information on these can be found in the Annual Report 2025

Sources: Morningstar Direct, Janus Henderson Investors

INTERIM MANAGEMENT REPORT

Chairman's statement

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

Welcome to our new shareholders who joined us from EAT.

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

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

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

The new dividend policy came into effect on completion of the combination with EAT. Under the policy, we intend to pay quarterly interim dividends targeting a total dividend of at least 5% of the NAV per share as at the preceding financial year end. The NAV per share at 30 June 2025 was 224.4p per ordinary share and we therefore anticipate that dividends of at least 2.81p per share will also be paid in May and August 2026. Dividends will be paid from revenue and capital reserves.

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

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

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

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

James Williams
Chairman
23 February 2026

*Average excluding alternatives

Fund Manager's report

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

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

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

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

Ollie Beckett, Rory Stokes and Julia Scheufler
Fund management team
23 February 2026

Sector exposure *(% of portfolio excluding cash)*

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

Geographical exposure *(% of portfolio excluding cash)*

	at 31 December 2025	at 30 June 2025
	%	%
Germany	**24.4**	23.2
Sweden	**15.6**	13.9
France	**12.6**	11.2
Netherlands	**7.9**	9.7
Spain	**7.3**	8.7
Switzerland	**7.0**	9.1
Norway	**4.6**	3.4
Austria	**3.7**	1.8
Denmark	**2.5**	2.0
Greece	**2.5**	3.7
Belgium	**2.4**	3.4
Finland	**2.4**	1.5
United Kingdom	**2.1**	2.4
Italy	**1.9**	3.2
Portugal	**1.1**	2.1
Luxembourg	**1.0**	-
Ireland	**0.6**	0.7
Bulgaria	**0.4**	-
	100.0	100.0

Top 40 investments at 31 December 2025

Rank	Company	Sector	Geographical area	Valuation '£'000	% of portfolio
1	IG Group	Financials	United Kingdom	18,908	2.1
2	TKH	Industrials	Netherlands	16,469	1.9
3	Elmos Semiconductor	Technology	Germany	16,348	1.8
4	Stroeer	Consumer Discretionary	Germany	15,820	1.8
5	Flatexdegiro	Financials	Germany	15,653	1.8
6	Van Lanschot Kempen	Financials	Netherlands	15,286	1.7
7	Gaztransport et Technigaz	Energy	France	13,660	1.5
8	Karnov	Industrials	Sweden	13,311	1.5
9	Ringkobing Landbobank	Financials	Denmark	13,264	1.5
10	Alzchem	Basic Materials	Germany	12,992	1.5
	10 largest			**151,711**	**17.1**
11	KSB	Industrials	Germany	12,848	1.4
12	SUESS MicroTec	Technology	Germany	12,238	1.4
13	Bechtle	Technology	Germany	12,120	1.4
14	Indra Sistemas	Technology	Spain	12,083	1.4
15	Andritz	Industrials	Austria	12,020	1.3
16	Ionos	Technology	Germany	11,740	1.3
17	CTP	Real Estate	Netherlands	11,384	1.3
18	JCDecaux	Consumer Discretionary	France	11,292	1.3
19	Planisware	Technology	France	10,623	1.2
20	Jungheinrich	Industrials	Germany	10,362	1.2
	20 largest			**268,421**	**30.3**
21	Recticel	Industrials	Belgium	9,788	1.1
22	Modern Times	Consumer Discretionary	Sweden	9,515	1.1
23	Viridien	Energy	France	9,377	1.1
24	Trigano	Consumer Discretionary	France	9,367	1.1
25	Alpha Bank	Financials	Greece	9,363	1.0
26	Banco Comercial Portugues	Financials	Portugal	9,292	1.0
27	Tonies	Consumer Discretionary	Luxembourg	9,062	1.0
28	Munters	Industrials	Sweden	8,859	1.0
29	Konecranes	Industrials	Finland	8,859	1.0
30	Framery	Consumer Discretionary	Finland	8,829	1.0
	30 largest			**360,732**	**40.7**
31	Avolta	Consumer Discretionary	Switzerland	8,775	1.0
32	Palfinger	Industrials	Austria	8,550	1.0
33	Vidrala	Industrials	Spain	8,357	1.0
34	JOST Werke	Consumer Discretionary	Germany	8,331	0.9
35	Boozt	Consumer Discretionary	Sweden	8,303	0.9
36	BHG Group	Consumer Discretionary	Sweden	8,220	0.9
37	Enity	Financials	Sweden	8,131	0.9
38	Acast	Technology	Sweden	8,075	0.9
39	Billerud	Basic Materials	Sweden	7,934	0.9
40	Smartoptics	Technology	Norway	7,792	0.9
	40 largest			**443,200**	**50.0**

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Company are:

Investment strategy and objective

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

Investment mandate limits established by the Board are inappropriate leading to out-of-scope investments which may negatively impact shareholder value.

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 geopolitical instability, including 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.

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.

Legal and regulatory

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

Financial

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

Information on these risks and how they are managed is given in the Annual Report 2025. In the view of the Board, these principal risks and the uncertainties facing the Company remained largely unchanged over the six months under review. The Board anticipates that these principal risks will remain applicable to the remaining six months of the financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Each director (as set out in note 16) confirms, to the best of their knowledge, that:

- the condensed set of financial statements has been prepared in accordance with UK adopted International Accounting Standards and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by Disclosure and Transparency Rule ('DTR') 4.2.4 R;

- the interim management report includes a fair review of the information required:
  - by DTR 4.2.7 R (indication of important events during the first six months and a description of principal risks and uncertainties for the remaining six months of the year); and
  - by DTR 4.2.8 R (disclosure of related party transactions and changes therein).

On behalf of the Board
James Williams
Chairman

STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 31 December 2025 (unaudited)			Half year ended 31 December 2024 (unaudited)			Year ended 30 June 2025 (audited)		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	**3,319**	**-**	**3,319**	5,535	-	5,535	20,623	-	20,623
Other income	**32**	**-**	**32**	19	-	19	79	-	79
Gains/(losses) on investments held at fair value through profit or loss	**-**	**45,615**	**45,615**	-	(59,555)	(59,555)	-	82,027	82,027
Total income/(loss)	**3,351**	**46,615**	**48,966**	5,554	(59,555)	(54,001)	20,702	82,027	102,729
Expenses									
Management and performance fees (note 7)	**(343)**	**(1,373)**	**(1,716)**	(415)	(1,975)	(2,390)	(813)	(5,030)	(5,843)
Other operating expenses	**(759)**	**-**	**(759)**	(616)	-	(616)	(1,789)	-	(1,789)
Profit/(loss) before finance costs and taxation	**2,249**	**44,242**	**46,491**	4,523	(61,530)	(57,007)	18,100	76,997	95,097
Finance costs	**(88)**	**(350)**	**(438)**	(517)	(2,068)	(2,585)	(698)	(2,791)	(3,489)
Profit/(loss) before taxation	**2,161**	**43,892**	**46,053**	4,006	(63,598)	(59,592)	17,402	74,206	91,608
Taxation	**(111)**	**-**	**(111)**	(302)	-	(302)	(1,505)	(46)	(1,551)
Profit/(loss) for the period and total comprehensive income	**2,050**	**43,892**	**45,942**	3,704	(63,598)	(59,894)	15,897	74,160	90,057
Return per ordinary share – basic and diluted (note 2)	**0.73p**	**15.58p**	**16.31p**	0.94p	(16.10p)	(15.16p)	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 and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

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

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

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

STATEMENT OF CHANGES IN EQUITY

Half year ended 31 December 2025 (unaudited)	**Called up share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Special distributable reserve £'000**	**Special un-distributable 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 period	**-**	**-**	**-**	**-**	-	**43,892**	**2,050**	**45,942**
Transactions with owners recorded directly to equity:								
Issue of shares on ESCT/EAT combination (note 11)	**2,049**	**302,072**	**-**	**-**	-	**-**	**-**	**304,121**
Issue costs in respect of the ESCT/EAT combination	**-**	**-**	**-**	**-**	-	**(1,371)**	**-**	**(1,371)**
Contribution from JHI towards ESCT/EAT combination (note 10)	**-**	**-**	**-**	**-**	-	**1,095**	**-**	**1,095**
Tender offer – costs	**-**	**-**	**-**	**-**	-	**17**	**-**	**17**
Capital costs recoverable	**-**	**-**	**-**	**-**	-	**9**	**-**	**9**
Cancellation of share premium account (note 1b)	**-**	**(422,436)**	**-**	**371,904**	**50,532**	**-**	**-**	**-**
Transfer from undistributable reserve to distributable				**7,776**	**(7,776)**			
Buyback of shares for treasury (note 3)	**-**	**-**	**-**	**-**	**-**	**(13,026)**	**-**	**(13,026)**
Ordinary dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(7,849)**	**(7,849)**
Total equity at 31 December 2025	**6,412**	**-**	**14,062**	**379,680**	**42,756**	**369,479**	**27,226**	**839,615**

Half year ended 31 December 2024 (unaudited)	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve £'000	Special un-distributable 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:								
(Loss)/profit for period	-	-	-	-	-	(63,598)	3,704	(59,894)
Transactions with owners recorded directly to equity:								
Buyback of shares for cancellation (note 3)	(41)	-	41	-	-	(4,720)	-	(4,720)
Buyback of shares for treasury (note 3)	-	-	-	-	-	(1,448)	-	(1,448)
Ordinary dividends paid	-	-	-	-	-	-	(13,187)	(13,187)
Total equity at 31 December 2024	6,167	120,364	14,061	-	-	552,210	26,543	719,345

STATEMENT OF CHANGES IN EQUITY *(continued)*

Year ended 30 June 2025 (audited)	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special disributable reserve £'000	Special un-distributable 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
Buyback of shares for cancellation	(42)	-	42	-	-	(4,720)	-	(4,720)
Buyback of shares for treasury	-	-	-	-	-	(1,848)	-	(1,848)
Tender offer – payments to shareholders	(1,803)	-	-	-	-	(349,391)	-	(351,194)
Net movement in cash realisation pool	-	-	-	-	-	1,861	-	1,861
Tender offer – costs	-	-	-	-	-	(3,261)	-	(3,261)
Capital costs recoverable	-	-	-	-	-	86	-	86
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 accompanying notes are an integral part of these condensed financial statements.

BALANCE SHEET

	At 31 December 2025 (unaudited) £'000	At 31 December 2024 (unaudited) £'000	At 30 June 2025 (audited) £'000
Non current assets			
Investments held at fair value through profit or loss	886,073	819,421	517,339
Current assets			
Receivables	4,705	4,979	5,306
Cash and cash equivalents	-	459	1,396
	4,705	5,438	6,702
Total assets	890,778	824,859	524,041
Current liabilities			
Payables	(1,054)	(2,123)	(5,182)
Bank overdrafts	(50,109)	(103,391)	(8,182)
	(51,163)	(105,514)	(13,364)
Net assets	839,615	719,345	510,677
Equity attributable to equity shareholders			
Called up share capital (note 3)	6,412	6,167	4,363
Share premium account	-	120,364	120,364
Capital redemption reserve	14,062	14,061	14,062
Special distributable reserve	379,680	-	-
Special undistributable reserve	42,756	-	-
Retained earnings:			
Other capital reserves	369,479	552,210	338,863
Revenue reserve	27,226	26,543	33,025
Total equity	839,615	719,345	510,667
Net asset value per ordinary share – basic and diluted (note 4)	238.18p	182.66p	224.45p

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

CASH FLOW STATEMENT

	Half year ended 31 December 2025 (unaudited) £'000	Half year ended 31 December 2024 (unaudited) £'000	Year ended 30 June 2025 (audited) £'000
Operating activities			
Profit/(loss) before taxation	**46,053**	(59,592)	91,608
Add back: interest payable	**438**	2,586	3,489
Add back: (gains)/losses on investments held at fair value through profit or loss	**(45,615)**	59,555	(82,027)
Sales of investments held at fair value through profit or loss	**263,682**	154,286	409,662
Purchases of investments held at fair value through profit or loss	**(348,472)**	(151,920)	(312,211)
Decrease in prepayments and accrued income	**1,566**	1,519	1,010
Decrease in amounts due from brokers	**273**	816	1,459
(Decrease)/increase in accruals and deferred income	**(3,486)**	(195)	1,953
Net movement in cash realisation pool	**-**	-	1,861
(Decrease)/increase in amounts due to brokers	**(1,167)**	(545)	622
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 taxation	**(86,702)**	6,510	224,082
Interest paid	(302)	(2,571)	(3,893)
Taxation on investment income	(253)	(29)	(1,739)
Net cash (outflow)/inflow from operating activities	**(87,257)**	3,910	218,450
Financing activities			
Equity dividends paid (net of refund of unclaimed dividends)	**(7,849)**	(13,187)	(18,898)
Buyback of shares for cancellation	**-**	(6,168)	(4,720)
Buyback of shares for treasury	**(12,761)**	-	(1,685)
Net drawdown/(repayment) of bank overdraft	**42,892**	15,672	(81,214)
Costs associated with ESCT/EAT combination	**(1,248)**		
Net cash acquired and received following ESCT/EAT combination (note 11)	**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	**85,861**	(3,683)	(217,286)
(Decrease)/increase in cash and cash equivalents	**(1,396)**	227	1,164
Cash and cash equivalents at the start of the period	**1,396**	232	232
Cash and cash equivalents at the period end			
Comprising: Cash at bank	**-**	459	1,396

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

Notes to the condensed financial statements

1. Accounting policies

a) Basis of preparation

The condensed financial statements comprise the unaudited results of the Company for the half-year ended 31 December 2025. They have been prepared on a going concern basis and in accordance with UK adopted International Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP'), issued in July 2022 where the SORP is consistent with the requirements of UK adopted International Accounting Standards

b) 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 11). 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 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 31 December 2025, liabilities of £7,776,000 were settled, increasing the amount that is distributable.

For the period under review, the Company's accounting policies have not varied from those described in the annual report for the year ended 30 June 2025. These financial statements have not been audited or reviewed by the Company's auditors.

2. Return per ordinary share

The return per ordinary share is based on the profit for the half-year of £45,942,000 (half year ended 31 December 2024: loss of £59,894,000; year ended 30 June 2025: profit of £90,057,000) and on 281,686,436 ordinary shares (half year ended 31 December 2024: 395,136,083 and year ended 30 June 2025: 374,911,120), being the weighted average number of ordinary shares in issue during the period.

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

	Half year ended 31 December 2025 (unaudited) £'000	Half year ended 31 December 2024 (unaudited) £'000	Year ended 30 June 2025 (audited) £'000
Net revenue profit	**2,050**	3,704	15,897
Net capital profit/(loss)	**43,892**	(63,598)	74,160
	----------	----------	----------
Net profit/(loss)	**(45,942)**	(59,894)	90,057
	======	======	======
Weighted average number of ordinary shares in issue during the period	**281,686,436**	395,136,083	374,911,120

	Half year ended 31 December 2025 (unaudited) pence	Half year ended 31 December 2024 (unaudited) pence	Year ended 30 June 2025 (audited) pence
Revenue return per ordinary share	**0.73**	0.94	4.24
Capital return per ordinary share	**15.58**	(16.10)	19.78
	----------	----------	----------
Total return per ordinary share	**16.31**	(15.16)	24.02
	======	======	======

3. Share capital

At 31 December 2025 there were 352,506,187 ordinary shares in issue excluding shares held in treasury (31 December 2024: 393,815,298 and 30 June 2025: 227,524,156).

During the half-year ended 31 December 2025, the Company repurchased 6,146,810 ordinary shares for treasury, at a total cost of £13,026,000, and no ordinary shares were repurchased for cancellation (31 December 2024: 2,655,272 ordinary shares repurchased for cancellation, at a total cost of £4,720,000 and 817,028 ordinary shares repurchased for treasury, at a total cost of £1,448,000 and 30 June 2025: 2,655,272 ordinary shares repurchased for cancellation, at a total cost of £4,720,000 and 1,011,095 ordinary shares repurchased for treasury, at a total cost of £1,848,000).

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. No further ordinary shares have been issued (31 December 2024 and 30 June 2025: no ordinary shares issued).

4. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to equity shareholders of £839,615,000 (31 December 2024: £719,345,000; 30 June 2025: £510,677,000) and on 352,506,187 ordinary shares (31 December 2024: 393,815,298; 30 June 2025: 227,524,156), being the number of ordinary shares in issue at the period end excluding shares held in treasury.

5. Dividends

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

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

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

6. Transaction costs

Purchase transaction costs for the half year ended 31 December 2025 were £443,000 (half year ended 31 December 2024: £199,000; year ended 30 June 2025: £384,000). These comprise mainly stamp duty and commission. Sales transaction costs for the half year ended 31 December 2025 were £106,000 (half year ended 31 December 2024: £63,000; year ended 30 June 2025: £178,000).

7. Management and performance fees

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.

The investment manager may also be eligible to receive a performance-related fee. In order to determine whether a performance fee is payable, performance is measured against, and expressed relative to, the benchmark, the MSCI Europe ex UK Small Cap Index expressed in Sterling. Performance of both the Company and the benchmark is measured on a NAV total return (with gross income reinvested) basis and is measured over three years.

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

A performance fee of £nil has been accrued as at 31 December 2025 (31 December 2024: £315,000; 30 June 2025: £1,778,000).

8. Financial instruments

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

Fair value hierarchy

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

Level 1: valued using quoted prices in active markets for identical assets;
Level 2: valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1; and
Level 3: valued by reference to valuation techniques that are not based on observable market data.

Financial assets and financial liabilities at fair value through profit or loss at 31 December 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit or loss	886,073	-	-	886,073
	-----------	----------	----------	-----------
Total financial assets and liabilities carried at fair value	886,073	-	-	886,073
	=======	======	======	=======

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

9. Going concern

The directors have assessed the principal risks and uncertainties facing the Company and concluded that it is appropriate to continue to adopt the going concern basis of preparation. The assets of the Company consist mainly of securities, most of which are realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for at least twelve months from the date of approval of these financial statements.

10. Related party transactions

The Company's transactions with related parties in the period were with the directors and the investment manager. There were no material transactions between the Company and its directors during the period and the only amounts paid to the directors were in respect of expenses and remuneration for which there were no outstanding amounts payable at the period end. In relation to the provision of services by the investment manager, other than fees payable by the Company in the ordinary course of business and the facilitation of marketing activities with third parties, there were no material transactions with the investment manager affecting the financial position of the Company during the period under review.

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

Janus Henderson Investors 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 by Janus Henderson Investors. 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. Janus Henderson Investors had 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 31 December 2025, the contribution had reduced to £1,095,000. Subsequent to the Balance Sheet date, the buybacks from the Columbia Threadneedle Savings Plans were completed, resulting in the final cost contribution of £1,091,000.

11. Transaction with European Assets Trust PLC (‘EAT’)

On 15 October 2025, the Company announced that it had acquired £304,121,000 of net assets from EAT in consideration for the issue of 131,128,841 new ordinary shares 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**
	=======

12. Comparative information

The financial information contained in this half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 December 2025 and 31 December 2024 has not been audited or reviewed by the Company's auditors. The figures and financial information for the year ended 30 June 2025 are extracts based on the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

13. Website
Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, announcements, reports and details of general meetings can be found at www.europeansmallercompaniestrust.com

14. Half year report
The Company's half year report for the six months ended 31 December 2025, together with a summary extract will shortly be available on the Company's website at: **www.europeansmallercompaniestrust.com**. Copies of the summary will be posted to shareholders in March 2026. Both documents will shortly be available for inspection on the National Storage Mechanism at**:** **https://data.fca.org.uk/#/nsm/nationalstoragemechanism**.

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

SEDOL/ISIN: BMCF868/GB00BMCF8689
London Stock Exchange (TIDM) code: ESCT
Global Intermediary Identification Number (GIIN): JX9KYH.99999.SL.826
Legal Entity Identifier (LEI): 213800N1B1HCQG2W4V90

16. Directors and Secretary
At the date of this report, the directors of the Company are James Williams (Chairman), Daniel Burgess (Chairman of the Audit Committee), Kate Cornish-Bowden, Ann Grevelius (Senior Independent Director), Nadia Meier-Kirner and Stuart Paterson. The Corporate Secretary is Janus Henderson Secretarial Services UK Limited.