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Baillie Gifford European Growth Tst
15 May 2025

RNS Announcement

Baillie Gifford European Growth Trust plc

Legal Entity Identifier: 213800QNN9EHZ4SC1R12

Regulated Information Classification:

Interim Financial Report Results for the six months to 31 March 2025

Baillie Gifford European Growth Trust's objective is to achieve capital growth over the long-term from a diversified portfolio of European securities. At 31 March 2025 the Company had total assets of £378.1 million.

Baillie Gifford European Growth Trust is managed by Baillie Gifford, an Edinburgh-based fund management group with approximately £208 billion under management and advice as at 14 May 2025.

Baillie Gifford European Growth Trust is a listed UK company. The value of its shares and any income from them can fall as well as rise and investors may not get back the amount invested. The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority. You can find up-to-date performance information about Baillie Gifford European Growth Trust at bgeuropeangrowth.com.‡

Past performance is not a guide to future performance. Total return information is sourced from LSEG, Baillie Gifford and relevant underlying index providers. See disclaimer at end of this announcement.

14 May 2025

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‡ Neither the contents of the Managers' website nor the contents of any website accessible from hyperlinks on the Managers' website (or any other website) is incorporated into, or forms part of, this announcement.

The following is the unaudited Interim Financial Report for the six months to 31 March 2025 which was approved by the Board on 14 May 2025.

Chairman's Statement

Having taken over the Chair of Baillie Gifford European Growth Trust at the AGM in February 2025, this is my first report to you as shareholders.

In November 2024, we announced a four-year conditional tender offer with a measurement period beginning on 1 October 2024. Implicit in the announcement of this tender was an acknowledgement that Baillie Gifford has the resources and skills to deliver significant outperformance, as they did when the board appointed them in 2019, but also a clear recognition by the Board and the management group that performance relative to peers and the benchmark must be delivered.

Performance

The net asset value per share ('NAV') total return over the first half of the Company's financial year was -6.7% compared to a total return of 3.5% for the FTSE Europe ex UK Index, in sterling terms. The share price total return over the period was 1.3% and so the discount to NAV of the Company's shares narrowed from -15.6% to -8.6%.

Since the start of the performance-triggered tender offer, the NAV total return has been -6.7% compared to a total return of 3.5% for the FTSE Europe ex UK Index, in sterling terms.

These continue to be difficult conditions for growth managers but our investment team is confident that the portfolio contains companies with the greatest potential to benefit from more favourable conditions as these develop. Further details on performance are provided in the Managers' Report below.

Share Buybacks

Over the course of the Company's six months to 31 March 2025, the Company bought back 10,154,657 shares at a total cost of approximately £9.6m, representing in the region of 2.9% of the Company's issued share capital. The Board will continue to address the imbalance between supply and demand in the company shares and to facilitate the management of the Company's discount. The shares repurchased by the Company are held in Treasury and are available to be reissued, at a premium, when market conditions allow.

Outlook

Expressing a view on the outlook for the Company must recognise the rapidly shifting and unpredictable global trading conditions that many of the companies we might invest in currently face. This is not an easy backdrop against which to manage portfolios. More positively, however, as an actively managed closed-ended fund we are well placed to both identify companies with robust business models, and also to be nimble in the light of changing circumstances. Further, underappreciated strengths of many of our investments may see greater interest as investors reconsider their overall exposure to US equity markets. We look therefore for the positive, whilst remaining vigilant to inevitable surprises, all the while striving to deliver the performance shareholders expect.

David Barron
Chairman

14 May 2025

Interim management report

The recent months have tested investors' resolve as President Trump's sweeping tariffs and schizophrenic policymaking have injected unprecedented uncertainty and volatility into global markets. Stock indices have swung wildly, bonds and the dollar seem to have lost their traditional safe-haven status, and the very foundations of global trade have been shaken. However, episodes of heightened volatility - be it the dot-com bust, the Global Financial Crisis, or the Covid-19 pandemic - have always felt unique and perilous in the moment. But investors who stayed the course, resisting the urge to act on fear, have historically reaped substantial rewards when markets recovered.

We must acknowledge that no-one knows what will happen from here and that the range of outcomes feels even wider than usual. If trade and currency wars escalate from here, things could always get worse before they get better. Equally, there are some growing seeds of optimism, particularly when looking at Europe. Its macroeconomic prospects for once look relatively good. GDP growth still lags behind the US but the gap which has persisted for years is narrowing, aided by fiscal stimulus in Germany targeting infrastructure, green energy and defence. Inflation is currently under control and central banks across the region have continued to cut interest rates. Europe's valuation discount is also now attracting capital from investors seeking to diversify, especially from a crowded US equity market.

None of this is within our control, so we strive to focus on what is. That is building a diversified and underappreciated portfolio of high-quality growth companies owned and managed by people we trust. These companies have higher growth rates, higher levels of profitability, and lower levels of debt than the average company in the index. We believe these fundamentals are not yet being reflected in appropriate valuations and take comfort from the fact that while downcycles are never enjoyable, they form the basis for a much better future. We continue to see clear signs of inflection points across several industries such as semiconductors, building materials, biologics manufacturing, and see scope for continued margin expansion from the technology platforms we invest in. The combination of structural growth, the beginnings of a cyclical upturn, and lower valuation multiples should be a very potent mix for future value creation.

Performance

Over the period the Company's NAV delivered a total return of -6.7% in sterling terms, while the FTSE Europe ex-UK benchmark returned 3.5%. The Company's share price total return was 1.3%, ending the period at 91.6p, representing a discount of 8.6% to the net asset value per share. This compares to a discount of 15.7% at the beginning of the period.

European equity markets have started to benefit as investors increasingly diversify from the US and seek shelter in European domestic sectors such as financials, telecoms and utilities. These are not typically associated with either quality or growth and as such are areas where we have significant underweight positions. This has hurt performance at least in the short term. We've also found it difficult to find undervalued listed companies that benefit from Europe's ambition to 'ReArm' and its increased defence budget. This may change though as one of the most promising private companies we are looking at is geared into Europe's future security.

The companies with the greatest negative contribution to performance during the period are doing well operationally despite some shorter-term cyclical headwinds. Hypoport, the German digital mortgage platform, is increasing its market share even if the recovery in its underlying real estate is a bit slower than we expected; Nexans, a manufacturer of cables for offshore wind electrification, is growing profitably despite negative sentiment on renewables; and Soitec, which supplies modified silicon wafers to the tariff-hit consumer electronics and automotive markets. It still has a dominant position - its products provide performance benefits and energy savings and are used in every 4G and 5G smartphone in the world - and while there is still some inventory to work through we think a cyclical rebound is just a matter of time.

The biggest positive contributor to performance was unlisted holding Bending Spoons. This Italian software company acquires undermonetised digital applications, such as AI-powered photo and video editors Remini and Splice, and productivity tool Evernote. The company then enhances these applications while optimising their cost structures. Unlike many other unlisted companies, Bending Spoons is very profitable, asset-light, and faces little competition. Its increasing profits and huge pipeline of attractive assets creates a flywheel for growth which is very exciting. Despite mixed performance from our unlisted companies overall, we still believe in a huge opportunity to create value, especially in companies that share similar characteristics to Bending Spoons.

Spotify, another European tech champion, also performed well continuing its impressive run of profitable growth and delighting its almost 700 million customers. This has been a great example of how patience can be rewarded. Its IPO share price in 2018 was 132 and by the end of March this year it had risen to 550 so overall it's been a very successful business and investment. In late 2022 however, having watched its share price plummet 80% over the preceding year, it was certainly not comfortable holding it in the portfolio. We stuck with it though and thanks to management executing on its strategy, it has proven the doubters wrong. We hope and expect more companies in the portfolio with latent value to rebound in a similar fashion.

As a service provider with pricing power, Spotify has no problems with tariffs. This is a nice attribute to have in the current environment. The same goes for companies like low-cost airline Ryanair, Polish discount grocer Dino Polska, and serial software company acquirer Topcius. These are market leaders in their respective industries and with almost all of their profits being generated in Europe, they are also well insulated from the trade war chaos. More generally, our portfolio exposure to sales generated in the US is 15% compared to 22% in the index which has been a benefit since 'liberation day' at the start of April.

Transactions

We added three new names to the portfolio and sold six. The new purchases are:

- ASM International. This is the company from which ASML was originally spun out in 1988. It focuses on the deposition stage of semiconductor fabrication rather than ASML's lithography which comes later in the process. Deposition is where specialised layers of material are deposited onto a silicon wafer, giving it new and improved properties it previously lacked. ASMI uses two highly complex techniques to achieve this, known as atomic layer deposition and epitaxy. In these, it has very high and increasing market shares. These techniques are becoming increasingly valuable in the semiconductor value chain, particularly as 3D complexity increases at the leading edge. Because of this, and its exposure to AI and datacentre investment, we think it will grow much faster than the industry's expected 10% growth rate over the next five years and beyond.

- Edenred is a global leader in employee benefit and expense management services, providing employee benefits such as meal vouchers and fuel cards. Its edge comes from a combination of regulatory expertise, technological leadership, scale, and dedicated focus on a niche that, while easy to enter, has shown to be challenging to scale. We expect Edenred to continue growing through a combination of increasing penetration with small and medium businesses, expanding into new markets and products, and increasing the face value of vouchers. The company's focus on execution and strategic M&A activities further support its growth potential. Its share price has been very weak over the past two years given regulatory concerns however we don't think these will be material. More recently for example, there was a suggestion that is might be displaced in Brazil (less than 10% of its meal voucher sales) by a government-run payments platform which turned out not to be true. The share price nevertheless fell 17% that day. Edenred is now trading on its lowest valuation multiple since it listed in 2010 which we think is far too pessimistic.
- While researching Lifco, one of Sweden's most successful serial acquirers, we discovered Röko which was about to IPO. It was co-founded by the former CEO of Lifco who had been the architect of its success. The business model is quite simple: buy cheap and profitable niche companies and use the cashflows they generate to buy more. This works best if there is a lean and decentralised corporate structure, stringent acquisition criteria, and someone in charge with a proven ability to deploy capital effectively. Röko has all of these and is about one fifth the size of Lifco, so acquisitions make a much bigger difference to its growth rate. We were pleased to be able to take part in the IPO as cornerstone investors.

During the six months we also made additions to Novo Nordisk, EQT, Hypoport, Dino Polska, LVMH, Camurus, and Royal Unibrew. These are all companies we think have attractive long-term prospects so larger position sizes are warranted. The share prices of Novo Nordisk and Hypoport have been particularly weak recently, so we think this is a good time to lean in and take advantage of short-term worries. Novo Nordisk had some mildly disappointing data from one of its new obesity drugs while at the same time its competitor, Eli Lilly, had some positive data from an oral version of one its obesity drugs. While this is slightly disappointing, we don't think the valuation is now pricing in much growth at all, nor do we think it is recognising that Novo still has a leading position in one of the largest and fastest growing disease areas.

To make room for these new ideas and additions we sold six companies: Dassault Systemes, Wizz Air, Vitec, and CRISPR Therapeutics (which failed to meet our expectations), and Mettler Toledo and Eurofins (where valuations looked stretched). In the current environment, with so many companies trading on relatively low valuations, there is much more competition for capital. This means the bar for inclusion is very high and we will only buy or add to companies in which we have very high levels of conviction.

Outlook

As was noted at the AGM earlier in the year, the Board has introduced a performance-related tender offer that runs through to September 2028. If we do not outperform the index on an NAV basis, shareholders will be given the option to redeem their shares at a price close to par. Recent performance has again fallen short of what shareholders expect, but we remain optimistic as the portfolio continues to look cheap and dislocations in equity markets are presenting us with a number of attractive opportunities. It's often said that you make most of your money in a bear market, you just don't realise it at the time. We might not technically be in a bear market just now, but it certainly feels like it given the levels of fear and uncertainty. At times like this, it's always worthwhile to look to the future, to think about the exposure to structural growth in the portfolio, and the ability of most of these companies to navigate difficult times. We might not know what Trump is going to do next, but we continue to believe we have a collection of some of Europe's best businesses, and that these are significantly undervalued.

Stephen Paice
Chris Davies
Baillie Gifford

14 May 2025

Baillie Gifford - valuing private companies

We aim to hold our private company investments at 'fair value' i.e. the price that would be paid in an open-market transaction. Valuations are adjusted both during regular valuation cycles and on an ad hoc basis in response to 'trigger events'. Our valuation process ensures that private companies are valued in both a fair and timely manner.

The valuation process is overseen by a valuations committee at Baillie Gifford which takes advice from an independent third party (S&P Global). The valuations group is independent from the investment team, with all voting members being from different operational areas of the firm, and the investment managers only receive final valuation notifications once they have been applied.

We revalue the private holdings on a three-month rolling cycle, with one-third of the holdings reassessed each month. During stable market conditions, and assuming all else is equal, each investment would be valued four times in a twelve-month period. Regarding the Trust's private portfolio, the prices are also reviewed twice per year by the respective investment trust boards.

Beyond the regular cycle, the valuations group also monitors the portfolio for certain 'trigger events'. These may include: changes in fundamentals; a takeover approach; an intention to carry out an initial public offering, company news which is identified by the valuation team or by the portfolio managers; or meaningful changes to the valuation of comparable public companies. Any ad hoc change to the fair valuation of any holding is implemented swiftly and reflected in the next published net asset value. There is no delay. The valuations group also monitors relevant market benchmarks on a weekly basis and updates valuations in a manner consistent with our external valuer's (S&P Global) most recent valuation report where appropriate.

The Independent Auditor's Report included in the 2024 Annual Report explains the procedures carried out by the external auditor on the private companies (unquoted investments) as part of their audit.

List of investments

as at 31 March 2025

Name	Geography	Business	2025 Value £'000	2025 % of total assets *
Topicus.com	Netherlands	Acquirer of vertical market software companies	22,859	6.0
DSV	Denmark	Freight forwarder	19,716	5.2
Bending Spoons ‡	Italy	Mobile application software developer	17,153	4.5
Adyen	Netherlands	Online payments platform	15,411	4.1
Prosus	Netherlands	Portfolio of online consumer companies	13,785	3.6
Novo Nordisk	Denmark	Pharmaceutical company specialising in diabetes and obesity	13,508	3.6
Reply	Italy	IT consulting and systems integration provider	13,484	3.6
ASML	Netherlands	Semiconductor equipment manufacturer	12,806	3.4
Allegro.eu	Poland	Ecommerce platform	12,422	3.3
EQT	Sweden	Private equity company	11,892	3.1
Kingspan	Ireland	Building materials provider	11,448	3.0
Spotify	Sweden	Online audio streaming service	10,961	2.9
Ryanair	Ireland	Low-cost airline	10,911	2.9
EXOR	Netherlands	Investment company specialising in industrials	10,348	2.7
Schibsted	Norway	Media and classifieds advertising platforms	10,239	2.7
Atlas Copco	Sweden	Provider of compressors and other industrial equipment	10,234	2.7
Royal Unibrew	Denmark	Alcoholic and non-alcoholic beverages	9,733	2.6
Lonza	Switzerland	Contract development and manufacturing organisation	9,707	2.6
Hypoport	Germany	Online platform for mortgage brokers	9,649	2.6
IMCD	Netherlands	Speciality chemicals distributor	9,558	2.5
Nexans	France	Cable manufacturing company	9,054	2.4
sennder ‡	Germany	Freight forwarder focused on road logistics	8,216	2.2
Moncler	Italy	Manufactures luxury apparel products	8,160	2.2
LVMH	France	Luxury goods company	8,049	2.1
Dino Polska	Poland	Discount grocery store chain	6,996	1.8
Camurus	Sweden	Pharmaceutical company specialising in long-acting medicines	6,696	1.8
Sartorius Stedim Biotech	France	Pharmaceutical and laboratory equipment provider	6,678	1.8
Assa Abloy	Sweden	Developer, designer and manufacturer in access solutions market	6,665	1.8
Richemont	Switzerland	Owner of luxury goods companies	6,565	1.7
Edenred†	France	Provider of employee benefits solutions	6,080	1.6
Röko†	Sweden	Investment company	6,025	1.6
Epiroc	Sweden	Mining and infrastructure equipment provider	5,053	1.3
Instalco	Sweden	Serial acquirer of technical installation businesses	5,033	1.3
Soitec	France	Manufactures engineered substrates for semiconductor wafers	4,485	1.2
Avanza Bank	Sweden	Online investment platform	4,299	1.1
Flix ‡	Germany	Long-distance bus and train provider	4,052	1.1
Kinnevik	Sweden	Investment company specialising in digital consumer businesses	3,636	1.0
Tonies	Germany	Musical storybox toys for children	3,590	0.9
ASM International†	Netherlands	Semiconductor equipment manufacturer	2,877	0.8
Genmab	Denmark	Antibody based drug development	2,871	0.8
VNV Global	Sweden	Investment company specialising in early-stage technologies	2,331	0.6
AutoStore	Norway	Warehouse automation and cubic storage systems	1,820	0.5
Beijer Ref	Sweden	Wholesaler of cooling technology	1,498	0.4
McMakler ‡	Germany	Digital real estate broker	-	-
Northvolt ‡	Sweden	Battery developer and manufacturer	-	-
Total investments			**376,553**	**99.6**
Net liquid assets			1,531	0.4
Total assets			**378,084**	**100.0**
Borrowings			(50,136)	(13.3)
Shareholders' funds			**327,948**	**86.7**

‡ Denotes private company investment.

* For a definition of terms see Glossary of terms and Alternative Performance Measures at the end of this announcement.

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† New holding bought during the period (CRISPR Therapeutics, Dassault Systèmes, Eurofins, Mettler-Toledo, Vitec Software and Wizz Air were sold during the period).

Income statement (unaudited)

		For the six months ended 31 March 2025			For the six months ended 31 March 2024			For the year ended 30 September 2024 (audited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments		-	(26,119)	(26,119)	-	73,204	73,204	-	43,968	43,968
Currency (losses)/gains		(2)	(192)	(194)	(17)	793	776	(51)	2,073	2,022
Income		1,188	-	1,188	1,172	-	1,172	4,013	-	4,013
Investment management fee	3	(169)	(672)	(841)	(188)	(752)	(940)	(370)	(1,477)	(1,847)
Other administrative expenses		(316)	-	(316)	(312)	-	(312)	(630)	-	(630)
Net return before finance costs and taxation		**701**	**(26,983)**	**(26,282)**	**655**	**73,245**	**73,900**	**2,962**	**44,564**	**47,526**
Finance costs of borrowings	4	(78)	(314)	(392)	(81)	(325)	(406)	(160)	(640)	(800)
Net return before taxation		**623**	**(27,297)**	**(26,674)**	**574**	**72,920**	**73,494**	**2,802**	**43,924**	**46,726**
Tax		(93)	-	(93)	(88)	-	(88)	(255)	-	(255)
Net return after taxation		**530**	**(27,297)**	**(26,767)**	**486**	**72,920**	**73,406**	**2,547**	**43,924**	**46,471**
Net return per ordinary share	5	**0.15p**	**(7.84p)**	**(7.69p)**	**0.14p**	**20.41p**	**20.55p**	**0.72p**	**12.35p**	**13.07p**
Dividends paid and payable per share	6	**Nil**			**Nil**			**0.60p**		

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statements derive from continuing operations.

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes below are an integral part of the Financial Statements.

Balance Sheet (unaudited)

	Notes	At 31 March 2025 £'000	At September 2024 (audited) £'000
Fixed assets			
Investments held at fair value through profit or loss	7	376,553	413,975
Current assets			
Debtors		1,468	1,331
Cash at bank		1,377	1,856
		2,845	3,187
Creditors			
Amounts falling due within one year		(1,314)	(887)
Net current assets		1,531	2,300
Total assets less current liabilities		**378,084**	**416,275**
Creditors			
Amounts falling due after more than one year	8	(50,136)	(49,844)
Net assets		**327,948**	**366,431**
Capital and reserves			
Share capital		10,061	10,061
Share premium account		125,050	125,050
Capital redemption reserve		8,750	8,750
Capital reserve		177,217	214,138
Revenue reserve		6,870	8,432
Shareholders' funds		**327,948**	**366,431**
Net asset value per ordinary share (borrowings at book value)*		**96.0p**	**104.2p**
Net asset value per ordinary share (borrowings at fair value)*		**100.2p**	**108.0p**
Ordinary shares in issue	9	**341,628,622**	**351,783,279**

* See Glossary of terms and Alternative Performance Measures on pages at the end of this announcement.

Statement of changes in equity (unaudited)

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds							

at 1 October 2024		10,061	125,050	8,750	214,138	8,432	366,431
Net return after taxation		-	-	-	(27,297)	530	(26,767)
Shares bought back into treasury		-	-	-	(9,624)	-	(9,624)
Dividends paid	6	-	-	-	-	(2,092)	(2,092)
Shareholders' funds at 31 March 2025		**10,061**	**125,050**	**8,750**	**177,217**	**6,870**	**327,948**

For the six months ended 31 March 2025

* The capital reserve balance at 31 March 2025 includes investment holding gains on investments of £21,483,000 (31 March 2024 - gains of £64,208,000).

For the six months ended 31 March 2024

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 October 2023		10,061	125,050	8,750	176,215	7,314	327,390
Net return after taxation		-	-	-	72,920	486	73,406
Shares bought back into treasury		-	-	-	(2,102)	-	(2,102)
Dividends paid	6	-	-	-	-	(1,430)	(1,430)
Shareholders' funds at 31 March 2024		**10,061**	**125,050**	**8,750**	**247,033**	**6,370**	**397,264**

Cash flow statement (unaudited)

For the six months to 31 March

	2025 £'000	2024 £'000
Cash flows from operating activities		
Net return before taxation	(26,674)	73,494
Adjustments to reconcile company profit before tax to net cash flow from operating activities		
Net losses/(gains) on investments	26,119	(73,204)
Currency losses/(gains)	192	(793)
Finance costs of borrowings	392	406
Other capital movements		
Changes in debtors and creditors	(291)	25
Taxation		
Overseas withholding tax suffered	(93)	(88)
Overseas withholding tax reclaims received	91	51
Cash from operations*	(264)	(109)
Interest paid	(390)	(406)
Net cash outflow from operating activities	**(654)**	**(515)**
Cash flows from investing activities		
Acquisitions of investments	(55,130)	(37,179)
Disposals of investments	66,679	45,004
Net cash inflow from investing activities	**11,549**	**7,825**
Cash flows from financing activities		
Shares bought back	(9,380)	(2,002)
Equity dividends paid	(2,092)	(1,430)
Net cash outflow from financing activities	**(11,472)**	**(3,432)**
(Decrease)/increase in cash and cash equivalents	**(577)**	**3,878**
Exchange movements	98	42
Cash and cash equivalents at start of period	1,856	907
Cash and cash equivalents at end of period†	**1,377**	**4,827**

* Cash from operations includes dividends received in the period of £1,200,000 (31 March 2024 - £1,084,000) and deposit interest received of £19,000 (31 March 2024 - £26,000).

† Cash and cash equivalents represent cash at bank and short-term money market deposits repayable on demand.

Notes to the Financial Statements

1. Principal accounting policies

The condensed Financial Statements for the six months to 31 March 2025 comprise the statements set out above together with the related notes below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in November 2014 and updated in October 2019, April 2021 and July 2022 with consequential amendments and have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance 'Review of Interim Financial Information'. The Financial Statements for the six months to 31 March 2025 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 30 September 2024.

Going concern

Going concern

The Directors have considered the nature of the Company's principal risks and uncertainties, as set out below and the ongoing impact of geopolitical and macroeconomic challenges. In addition, the Company's investment objective and policy, assets and liabilities and projected income and expenditure, together with the dividend policy have been taken into consideration and it is the Directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board and gearing levels are reviewed by the Board on a regular basis. The Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements and confirm that they are not aware of any material uncertainties which may affect the Company's ability to continue to do so over a period of at least twelve months from the date of approval of these Financial Statements.

2. Financial information

The financial information contained within this Interim Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 30 September 2024 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on those accounts was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

3. Investment management

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, was appointed by the Company as its Alternative Investment Fund Manager (AIFM) and Company Secretary on 29 November 2019. The investment management function has been delegated to Baillie Gifford & Co. The management agreement can be terminated on three months' notice. The annual management fee is 0.55% of the lower of (i) the Company's market capitalisation and (ii) the Company's net asset value (which shall include income), in either case up to £500 million, and 0.50% of the amount of the lower of the Company's market capitalisation or net asset value above £500 million, calculated and payable quarterly.

4. Finance costs

	Six months to 31 March 2025		
	Revenue £'000	**Capital £'000**	**Total £'000**
Loan notes interest	77	312	389
Overdraft arrangement fee	1	2	3
	78	**314**	**392**

	Year to 30 September 2024 (audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**
Loan notes interest	159	638	797
Overdraft arrangement fee	1	2	3
	160	**640**	**800**

	Six months to 31 March 2024		
	Revenue £'000	**Capital £'000**	**Total £'000**
Loan notes interest	81	323	404
Overdraft arrangement fee	-	2	2
	81	**325**	**406**

5. Net return per ordinary share

	Six months to 31 March 2025 £'000	**Six months to 31 March 2024 £'000**	**Year to 30 September 2024 (audited) £'000**
Revenue return after taxation	530	486	2,547
Capital return after taxation	(27,297)	72,920	43,924
Total net return	**(26,767)**	**73,406**	**46,471**
Net return per ordinary share			
Revenue return after taxation	0.15p	0.14p	0.72p
Capital return after taxation	(7.84p)	20.41p	12.35p
Total net return per ordinary share	**(7.69p)**	**20.55p**	**13.07p**
Weighted average number of ordinary shares in issue	**348,221,661**	**357,267,626**	**355,716,719**

Net return per ordinary share is based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

There are no dilutive or potentially dilutive shares in issue.

6. Dividends

	Six months to 31 March 2025 £'000	**Six months to 31 March 2024 £'000**
Amounts recognised as distributions in the period:		
Final dividend 0.60p (2024 - 0.40p), paid 14 February 2025	2,092	1,430
Dividends proposed in the period:		
Interim dividend - nil (2024 - nil)	-	-

No interim dividend has been declared in respect of the current period.

No interim dividend has been declared in respect of the current period.

7. Fair value hierarchy

The Company's investments are financial assets held at fair value through profit or loss. The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit or loss account are measured is described below. Fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement.

Level 1 - using unadjusted quoted prices for identical instruments in an active market;

Level 2 - using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 - using inputs that are unobservable (for which market data is unavailable).

An analysis of the Company's financial asset investments based on the fair value hierarchy described above is shown below.

As at 31 March 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	347,132	-	-	347,132
Unlisted equities	-	-	29,421	29,421
Total financial asset investments	**347,132**	**-**	**29,421**	**376,553**

As at 30 September 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	390,500	-	-	390,500
Unlisted equities	-	-	23,475	23,475
Total financial asset investments	**390,500**	**-**	**23,475**	**413,975**

Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted valuation policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation Guidelines ('IPEV'). These methodologies can be categorised as follows: (a) market approach (multiples, industry valuation benchmarks and available market prices); (b) income approach (discounted cash flows); and (c) replacement cost approach (net assets). The Company's holdings in unlisted investments are categorised as Level 3 as unobservable data is a significant input to their fair value measurements.

8. Financial liabilities

The Company has a €30 million overdraft credit facility with The Northern Trust Company for the purpose of pursuing its investment objective. At 31 March 2025, nil had been drawn down under the facility (31 March 2024 - nil, 30 September 2024 - nil). Interest is charged at 1.25% above the European Central Bank Main Refinancing Rate. On 8 December 2020 the Company issued €30 million of long-term, fixed rate, senior, unsecured privately placed notes ('loan notes'), with a fixed coupon of 1.57% to be repaid on 8 December 2040 and on 24 June 2021 issued a further €30 million of loan notes with a fixed coupon of 1.55% to be repaid on 24 June 2036. At 31 March 2025 the book value of the loan notes amounted to £50,136,000 (31 March 2024 - £51,212,000, 30 September 2024 - £49,844,000). The fair value of the loan notes at 31 March 2025 was £35,735,000 (31 March 2024 - £36,422,000, 30 September 2024 - £36,425,000).

9. Share capital

The Company has authority to allot shares under section 551 of the Companies Act 2006. The Board has authorised use of this authority to issue new shares at a premium to net asset value in order to enhance the net asset value per share for existing shareholders and improve the liquidity of the Company's shares. In the six months to 31 March 2025 no ordinary shares were issued (in the year to 30 September 2024 no ordinary shares were issued).

The Company also has authority to buy back shares. In the six months to 31 March 2025 no ordinary shares were bought back for cancellation and 10,154,657 ordinary shares were bought back into treasury at a cost of £9,624,000 (in the year to 30 September 2024 no ordinary shares were bought back for cancellation and 6,365,921 ordinary shares were bought back into treasury at a cost of £6,001,000).

Between 1 April 2025 and 13 May 2025, no shares were issued and 2,950,000 shares were bought back into treasury.

10. Related Party Transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Financial Statements that could have had such an effect on the Company during that period.

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Principal risks and uncertainties

The principal risks facing the Company are financial risk, investment strategy risk, political and associated economic risk, discount risk, regulatory risk, custody and depositary risk, operational risk, leverage risk, climate and governance risk and cyber security risk. An explanation of these risks and how they are managed is set out on pages 30 to 34 of the Company's Annual Report and Financial Statements for the year to 30 September 2024 which is available on the Company's website: bgeuropeangrowth.com. The principal risks and uncertainties have not changed since the date of the Annual Report.

Responsibility statement

We confirm that to the best of our knowledge:

a) the condensed set of Financial Statements has been prepared in accordance with FRS 104 'Interim Financial Reporting';

b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months, their impact on the Financial

Statements and a description of the principal risks and uncertainties for the remaining six months of the year); and

c) the Interim Financial Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

David Barron
Chairman

14 May 2025

Glossary of terms and Alternative Performance Measures ('APM')

Total assets

This is the Company's definition of Adjusted Total Assets, being the total value of all assets less current liabilities, before deduction of all borrowings.

Shareholders' funds and net asset value

Also described as shareholders' funds, net asset value ('NAV') is the value of all assets held less all liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue (excluding shares held in treasury).

Net asset value (borrowings at book value)

Borrowings are valued at nominal book value (book cost).

Net asset value (borrowings at fair value) (APM)

Borrowings are valued at an estimate of their market worth.

Net asset value (reconciliation of NAV at book value to NAV at fair value)

	31 March 2025	31 March 2024
Net asset value per ordinary share (borrowings at book value)	**96.0p**	**111.6p**
Shareholders' funds (borrowings at book value)	£327,948,000	£397,264,000
Add: book value of borrowings	£50,136,000	£51,212,000
Less: fair value of borrowings	£35,735,000	£36,422,000
Shareholders' funds (borrowings at fair value)	**£342,349,000**	**£412,054,000**
Number of shares in issue	341,628,622	355,865,033
Net asset value per ordinary share (borrowings at fair value)	**100.2p**	**115.8p**

Net liquid assets

Net liquid assets comprise current assets less current liabilities, excluding borrowings.

(Discount)/premium (APM)

As stock markets and share prices vary, an investment trust's share price is rarely the same as its NAV per share. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, it is said to be trading at a premium.

		As at 31 March 2025 (Book)	As at 31 March 2025 (Fair)	As at 30 September 2024 (audited) (Book)	As at 30 September 2024 (audited) (Fair)
Net asset value per ordinary share	(a)	96.0p	100.2p	104.2p	108.0p
Share price	(b)	91.6p	91.6p	91.0p	91.0p
Discount	**((b) - (a)) ÷ (a)**	**4.6%**	**8.6%**	**12.7%**	**15.7%**

Total return (APM)

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

		As at 31 March 2025 NAV (Fair)	As at 31 March 2025 Share price	As at 30 September 2024 NAV (Fair)	As at 30 September 2024 Share price
Closing NAV per share/share price	(a)	100.2p	91.6p	108.0p	91.0p
Dividend adjustment factor*	(b)	1.0056	1.0064	1.0039	1.0045
Adjusted closing NAV per share/share price	**(c) = (a) x (b)**	**100.8p**	**92.2p**	**108.4p**	**91.4p**
Opening NAV per share/share price	(d)	108.0p	91.0p	96.7p	83.6p
Total return	**(c) ÷ (d) -1**	**(6.7%)**	**1.3%**	**12.1%**	**9.3%**

* The dividend adjustment factor is calculated on the assumption that the final dividend of 0.6p (31 September 2023 - 0.4p) paid by the Company during the period was reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

Gearing (APM)

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets. Gross gearing is the Company's borrowings expressed as a percentage of shareholders' funds. Gearing represents borrowings less cash and cash equivalents expressed as a percentage of shareholders' funds.

Active share (APM)

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

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