

Interim
Financial Report

31 March 2024

Baillie Gifford European Growth Trust plc

Managed by

Baillie Gifford™

To achieve capital growth over the long-term from a diversified portfolio of European securities.

Policy

The Board believes that investment in European growth companies provides the opportunity for long-term capital growth. It further considers that the structure of the Company as a UK listed investment trust, with an independent Board, is well suited to meeting this aim.

The Company is invested in a diversified portfolio of between 30 and 60 European companies.

The Company may not invest more than 10% of total assets in any one individual stock at the time of investment.

The Board recognises that investment in some European countries can be riskier than in others. Investment risks are diversified through holding a wide range of securities in different countries and industrial sectors. The Company has the ability to invest in securities that are listed in countries which are not included in the FTSE Europe ex UK Index, where these securities have a meaningful connection with continental Europe.

The Board has the authority to hedge the Company's exposure to movements in the rate of exchange of currencies, principally the euro, in which the Company's investments are denominated, against sterling, its reporting currency.

Up to 20% of total assets, as measured at the time of initial investment, can be invested in unlisted investments.

The level of gearing within the portfolio is agreed by the Board and the absolute amount of any gearing should not exceed 20% of net assets at time of drawdown, excluding any unlisted investments in the calculation of net assets.

No more than 10% of the total assets of the Company may be invested in other listed investment companies (including investment trusts) except in those that have stated that they will invest no more than 15% of their total assets in other listed investment companies. In this case, the limit is 15%.

The Manager's compliance with the limits set out in the investment policy is monitored by the Board and the Alternative Investment Fund Manager (the 'AIFM').

Benchmark

FTSE Europe ex UK Index (in sterling terms).

Summary of unaudited results*

	Six months to 31 March 2024	Year to 30 September 2023	
Total returns (%)†#			
Net asset value per ordinary share (borrowings at book value)	23.0	8.7	
Net asset value per ordinary share (borrowings at fair value)	20.2	8.3	
Share price	18.5	8.6	
FTSE Europe ex UK Index (in sterling terms)	14.9	20.5	
	31 March 2024	30 September 2023 (audited)	% change (capital return)
Total assets (before deduction of borrowings)	£448.5m	£379.4m	
Borrowings (at book value)	£51.2m	£52.0m	
Shareholders' funds (borrowings at book value)	£397.3m	£327.4m	
Net asset value per ordinary share (borrowings at book value)	111.6p	91.4p	22.1
Net asset value per ordinary share (borrowings at fair value)†	115.8p	96.7p	19.7
Share price	98.6p	83.6p	17.9
FTSE Europe ex UK Index (in sterling terms)#			14.0
Discount (borrowings at book value)†	11.7%	8.5%	
Discount (borrowings at fair value)†	14.8%	13.6%	
Active share†	89%	91%	
	Six months to 31 March 2024	Six months to 31 March 2023	
Revenue earnings per share	0.14p	2.02p	
Dividends paid and payable in respect of the period	nil	nil	

* For a definition of terms see Glossary of terms and Alternative Performance Measures on pages 22 and 23.

† Alternative Performance Measure, see Glossary of terms and Alternative Performance Measures on pages 22 and 23.

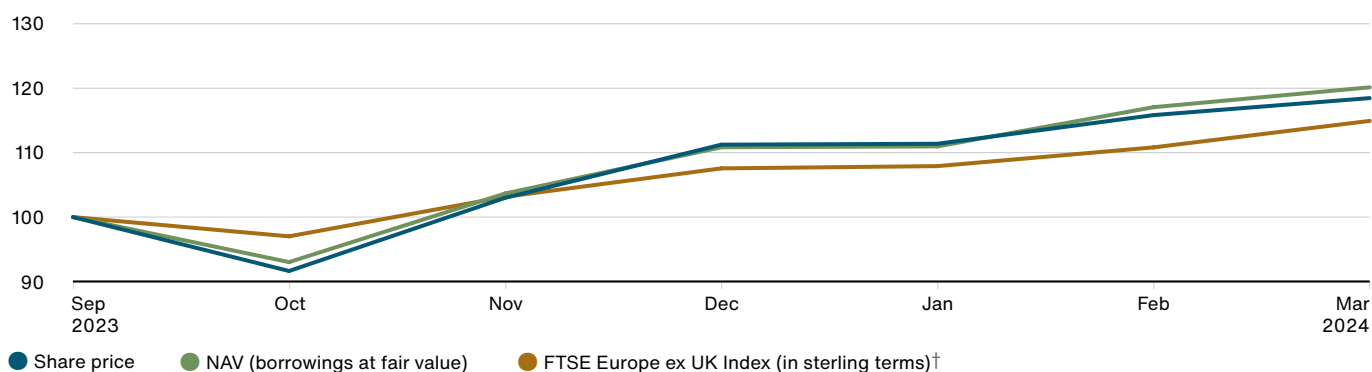
Source: LSEG, Baillie Gifford and relevant underlying data providers. See disclaimer on page 21.

Past performance is not a guide to future performance.

Total return performance

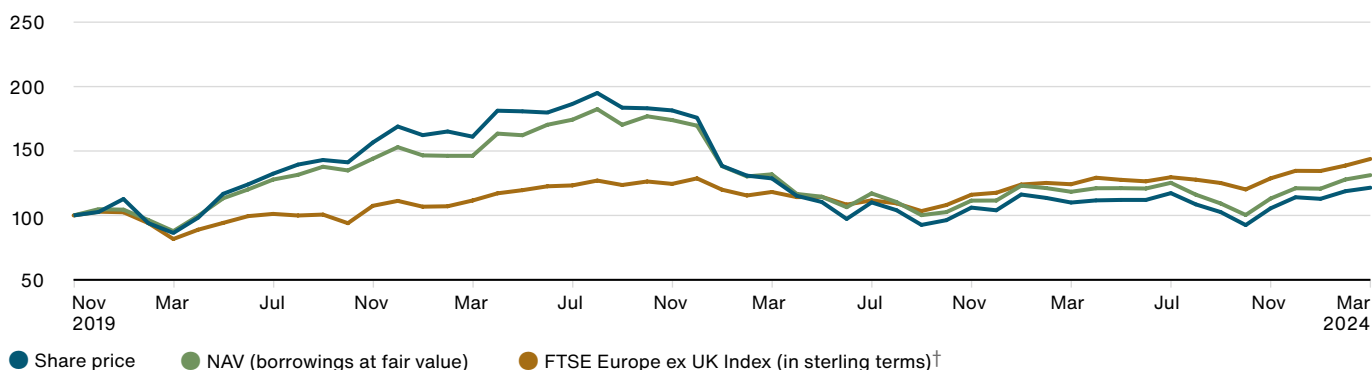
Six months total return performance*

(figures plotted on a monthly basis and rebased to 100 at 30 September 2023)



Total return performance since 29 November 2019 Total return performance*#

(figures plotted on a monthly basis and rebased to 100 at 29 November 2019)



* For a definition of terms see Glossary of terms and Alternative Performance Measures on pages 22 and 23.

† Source: LSEG, Baillie Gifford and relevant underlying data providers. See disclaimer on page 21.

Baillie Gifford & Co Limited were appointed Managers and Secretaries on 29 November 2019.

Past performance is not a guide to future performance.

Interim management report

For many growth investors, ourselves included, the rapid rise in inflation and interest rates in recent years has been painful. We have deliberately taken advantage of lower valuations and prepared for inflection points, accepting as we did that recoveries and rebounds are seldom linear. We have weeded out weaker companies, added to long-term winners facing temporary challenges, and purchased new competitively advantaged companies benefiting from strong tailwinds across multiple industries. While performance improved significantly during the period, we think there is more to come. Europe is unloved, and with resilient companies offering significant long-term upside on sale, it feels like a better time to be a long-term European growth investor than it has for several years.

Portfolio

Of course, there is a danger of sounding like a broken record. Moving beyond the abstract to corporate reality is a far better means of conveying our growing optimism. For most companies in the portfolio, fundamentals are strengthening around key inflection points.

In healthcare, for example, we see enduring tailwinds behind several innovative treatment modalities. New holding Genmab is building on its success in treating blood cancer with further ground-breaking antibody-based treatments, while existing holding CRISPR Therapeutics' cure for sickle cell disease received the world's first approval for a CRISPR gene-editing medicine, setting the scene for many more. Meanwhile, Sartorius Stedim Biotech, which provides cost-efficient bioprocessing equipment for the manufacture of new, innovative medicines, is seeing orders inflect after a period of post-pandemic destocking. Things are going well at Swiss drug development and manufacturing business Lonza, a recent addition to the portfolio.

We share more detail on the company later in this report but suffice it to say that thanks to geopolitical tensions between China and the US and the purchase of a large manufacturing facility from Roche, Lonza is well positioned to gain market share from here.

In technology, we continue to see platform companies scaling at pace. What has changed is that many are now paying more attention to costs, which should help drive profitable growth. Spotify, for example, is getting its staff costs under control after a period of heightened hiring, and in its recent first quarter results we saw the benefits. We have seen a similar trend at Hypoport, Germany's leading online mortgage platform, which also had to make staff cuts in 2023, but importantly has seen market share gains during the recent, severe market downturn. Mortgage volumes appear to have bottomed out, and with recovery hopefully imminent, Hypoport should deliver attractive profit growth.

In the semiconductor industry, companies are emerging from the recent market downturn, with the advent of artificial intelligence an additional tailwind. Lithography will continue to be a key driver of computing power in the years ahead, and Dutch powerhouse ASML leads the way with its monopoly at the leading edge of lithography machines. In fact, in the last quarter of 2023, it saw its highest ever level for bookings. Fellow holding Soitec is at the lagging end of the recovery. It makes engineered substrates for a variety of applications but has suffered from excess downstream inventory. This should correct in the next year or two, leading to an inflection point for revenues which the company expects to exceed €2bn by 2027, doubling from last year's starting point.

Such patterns can be seen across the portfolio. In luxury, private markets, acquisition-led companies, and much besides. Some investment cases will not work out, but we increasingly see a disconnect between strengthening underlying fundamentals overall and the relatively low level of valuations across the portfolio.

Performance

As share prices have begun to reflect these turning points, performance has improved. Over the period the Company's NAV delivered a total return of 20.2% in sterling terms, while the FTSE Europe ex-UK benchmark returned 14.9%. The Company's share price total return was 18.5%, ending the period at 98.6p, representing a discount of 14.8% to the net asset value per share. This compares to a discount of 13.6% at the beginning of the period.

We fully realise that shareholders expect outperformance as a matter of course, not as an exception. Believe us when we say that we – as shareholders too – have been unhappy with recent performance. We cannot promise that performance will continue to improve, nor would we seek to argue that every stock in the portfolio will do great things, but the abundance of positive inflection points and reasonable valuations give us cause for rational rather than blind optimism about the years to come.

Transactions

Online classifieds group Adevinta is in the process of being taken private by a private equity consortium led by Permira. The bid values the company at NOK 115 per share (a 54% premium to the trailing 3-month average price), and while this price seems low to us, we decided to sell the holding as the probability of the deal going through is high – large shareholders are supportive. We will retain some exposure through our investment in Schibsted, which will be left with an 11% stake in Adevinta when it is taken private. We also sold Hemnet, Sweden's monopolistic online property portal, on valuation grounds. Its economics are superb, but at 23x forward sales, the market price seemed to be fully reflecting even our rosier upside case.

While we have seen positive inflection points in some technology companies, we've seen negative signs in others. We sold Zalando, HelloFresh and AUTO1 during the period as it became increasingly clear

that these business models are less attractive than we had initially believed. There are additional factors to consider in each case:

- Zalando is struggling to differentiate itself in the world of online fashion. Its broad selection seems insufficient to convince shoppers to begin their journey on the platform instead of Google or brands' own websites, and we see increasing competition from Shein and Temu and heightened substitution risk from second-hand fashion marketplace Vinted. We had also hoped that Zalando's services for brands, like marketing and fulfilment, would have a positive impact on profitability, but they haven't.
- AUTO1 is attempting to marry the digital and the physical, allowing car dealers and consumers to buy cars online while providing assurance via local test and inspection centres. With wafer thin margins in the core merchant business and a higher cost of capital, AUTO1 will find it increasingly difficult to scale, particularly as incumbent online classifieds companies continue to encroach on its turf.
- HelloFresh saw revenues more than quadruple from 2019 to 2022 as the core meal kit business took off. It also acquired its way into the ready-to-eat market via the purchase of Factor. However, after two profit warnings in the past two quarters, it became evident that the core meal kit business had begun to decline while the company is trying to grow Factor, which requires significant investment. The underlying economics thus look less attractive.

We also made small reductions to other holdings. As mentioned, Spotify's revenue momentum remains strong, but its margin outlook improved significantly when CEO Daniel Ek announced job cuts. The shares have performed strongly, and while we're willing to give management the benefit of the doubt for now, we remain vigilant. Margins could end up somewhere in the 5-10% corridor but returns on capital ought to be very high as Spotify's business model requires little capital. We also took money out of Prosus on growing concerns over the Chinese government's periodic interventions in the domestic gaming and other markets. We feel the smaller holding size better reflects the risks.

We made four new purchases during the period: Lonza, Assa Abloy, Genmab and Camurus.

As mentioned earlier, Lonza is a Swiss contract development and manufacturing organisation (CDMO). It is a one-stop shop for pharmaceutical companies, supporting them with products and services from early trials through to the manufacturing and packaging of finished products. Its strength lies in biologics, where market growth rates could be around 10% for the next decade as revolutionary treatments increasingly take off. Lonza enjoys many advantages, including scale and reliability, and once it is built into the manufacture of a drug, it is extremely difficult to dislodge. Lonza was the first CDMO to scale up commercial manufacturing for an mRNA-based treatment in the form of the COVID vaccine developed with Moderna. We took advantage of the share price almost halving from June to December to take a holding, as the market grappled with the cancellation of a contract with Moderna on the back of lower COVID vaccine demand and poor communication from the now-dismissed CEO. Neither dent the long-term potential as much as the market reaction implied.

Assa Abloy is a high quality Swedish industrial in the access solutions (locks) market. It is known for its mechanical and electronic locks, and while the transition from the former to the latter ought to provide a helpful tailwind to growth over the next decade, it is Assa's skill in acquisitions we find especially appealing given the fragmented nature of its market. As with many of Sweden's excellent industrials, Assa benefits from the presence of long-term owners, in this case the Douglas and Schörling families, and a CEO whose years at Atlas Copco are possibly the best training we can imagine for running an industrial business. We took a holding after a moderate derating in Assa's multiples gave us an unusual opportunity to buy this high quality, long admired company at a reasonable price.

Genmab is a Danish drug developer which uses its unique expertise in antibodies to develop medicines for oncology and autoimmune diseases. Since 2017, it has brought to market two wholly owned drugs and eight royalty-generating partnered products, including three US\$1bn+ revenue blockbusters. One of these, Darzalex, developed for Johnson & Johnson, is nearing US\$10bn in sales. We see a raft of external validations here, with multiple partners choosing Genmab as the partner of choice for antibody treatments given its deep expertise. CEO Jan van der Winkel has been a key driving force of the company since 2010, and like us, wants to

ensure Genmab remains independent. The market is focusing too much on the large exposure to Darzalex and Genmab's willingness to continue investing and failing, we feel, to appreciate the many potential shots on goal the underlying technology permits.

Camurus is a Swedish biotechnology company founded in 1991. It does not engage in drug discovery but reformulates existing medicines as long-acting injectables using its proprietary delivery technology FluidCrystal. The bulk of Camurus' revenue today comes from Buvidal (known as Brixadi in the US), its innovative treatment for opioid use disorder. While this opportunity is substantial, it is the potential for FluidCrystal to be extended into multiple new markets with limited biological or regulatory risk that we find appealing in terms of potential investment outcomes. Like Genmab, Camurus is highly profitable and ambitious, targeting a quintupling of revenue by 2027 compared with 2022.

Elsewhere, we have invested additional funds in existing holdings where share prices continue to under-represent fundamental progress. This includes DSV, Sartorius Stedim Biotech, Royal Unibrew, Hypoport and Moncler. We also made two further investments in unlisted Italian app operator Bending Spoons where operational momentum continues to outperform our expectations.

Outlook

Warren Buffett once said 'the beauty of stocks is they do sell at silly prices from time to time.' For today this is perhaps too hyperbolic, but what we can say is that the combination of inflection points and lower starting valuations sets a favourable scene for the years ahead. The forces that sparked the downturn in growth equities from late 2021 onwards appear to be easing, with disinflation, expected interest rate cuts, healthier inventories, and stronger growth forecasts offering potential tailwinds to valuations. If history is anything to go by, we could see a strong rebound in the small and mid-cap companies we are disproportionately exposed to. Our insight is not, however, that valuation multiples will rise – though that may well happen – it is that the companies in our portfolio have strong secular underpinnings, competitive advantages, excellent management, and multiple paths ahead for accelerated, profitable growth.

Chris Davies, Stephen Paice

For a definition of terms see Glossary of terms and Alternative Performance Measures on pages 22 and 23.

Total return information sourced from LSEG, Baillie Gifford and relevant underlying index providers.

The principal risks and uncertainties facing the Company are set out on page 19.

Past performance is not a guide to future performance.

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 investment managers feed into the process, but the valuations committee owns the process and the portfolio 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.

Continued market volatility has meant that recent pricing has moved much more frequently than would have been the case with the quarterly valuations cycle.

Beyond the regular cycle, the valuations team 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; or changes to the valuation of comparable public companies. The valuations team also monitors relevant market indices 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.

When market volatility is particularly pronounced the team do these checks daily. 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 Independent Auditor's Report included in the 2023 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 2024

Name	Geography	Business	2024 Value £'000	2024 % of total assets
Ryanair	Ireland	Low-cost airline	21,874	4.9
Topicus.com	Netherlands	Acquirer of vertical market software companies	21,338	4.8
ASML	Netherlands	Semiconductor equipment manufacturer	19,262	4.3
Schibsted	Norway	Media and classifieds advertising platforms	19,132	4.3
Prosus	Netherlands	Portfolio of online consumer companies	17,754	4.0
Adyen	Netherlands	Online payments platform	17,562	3.9
Northvolt [®]	Sweden	Battery developer and manufacturer	15,816	3.5
Atlas Copco	Sweden	Industrial group	15,779	3.5
Kingspan	Ireland	Building materials provider	13,318	3.0
Allegro	Poland	E-commerce platform	13,083	2.9
EXOR	Netherlands	Investment company specialising in industrials	13,033	2.9
IMCD	Netherlands	Speciality chemicals distributor	13,006	2.9
Hypoport	Germany	FinTech platform	12,240	2.7
DSV	Denmark	Freight forwarder	11,633	2.6
Avanza Bank	Sweden	Online investment platform	11,219	2.5
Reply	Italy	IT consulting and systems integration provider	10,844	2.4
Richemont	Switzerland	Owner of luxury goods companies	10,730	2.4
Moncler	Italy	Manufactures luxury apparel products	10,182	2.3
Sartorius Stedim Biotech	France	Pharmaceutical and laboratory equipment provider	9,945	2.2
Nexans	France	Cable manufacturing company	9,915	2.2
Lonza [*]	Switzerland	Contract development and manufacturing organisation	9,703	2.1
EQT	Sweden	Investment firm, investing in equity, ventures, infrastructure and real estate	9,571	2.1
Dassault Systèmes	France	Develops software for 3D computer-aided design	9,325	2.1
Bending Spoons [®]	Italy	Mobile application software developer	8,880	2.0
Kering	France	Owner of luxury fashion brands	8,836	2.0
Spotify	Sweden	Online audio streaming service	7,954	1.8
sennder ^{†®}	Germany	Freight forwarder focused on road logistics	7,607	1.7
Assa Abloy [*]	Sweden	Developer, designer and manufacturer in access solutions market	6,592	1.5
McMakler [®]	Germany	Digital real estate broker	6,258	1.4
Kinnevik	Sweden	Investment company specialising in digital consumer businesses	5,916	1.3

Name	Geography	Business	2024 Value £'000	2024 % of total assets
Flix [Ⓞ]	Germany	Long-distance bus and train provider	5,686	1.3
LVMH	France	Luxury goods	5,306	1.2
Mettler-Toledo	Switzerland	Manufacturer of precision instruments for laboratories	5,264	1.2
Beijer Ref	Sweden	Wholesaler of cooling technology	5,136	1.1
Wizz Air	Hungary	Low-cost airline	5,120	1.1
adidas	Germany	Sports shoes and clothing manufacturer	5,114	1.1
Epiroc	Sweden	Mining and infrastructure equipment provider	4,988	1.1
Delivery Hero	Germany	Online food delivery platform	4,823	1.1
Genmab [*]	Denmark	Antibody based drug development	4,558	1.0
CRISPR Therapeutics	Switzerland	Developer of treatments based on gene editing technology	3,918	0.9
AutoStore	Norway	Warehouse automation and cubic storage systems	3,877	0.8
Evotec	Germany	Contact research and drug discovery company	3,633	0.8
Royal Unibrew	Denmark	Alcoholic and non-alcoholic beverages	3,616	0.8
Tonies	Germany	Musical storybox toys for children	3,127	0.7
Eurofins	France	Analytical testing services	3,113	0.7
Soitec	France	Manufactures engineered substrates for semiconductor wafers	2,704	0.6
VNV Global	Sweden	Investment company specialising in early-stage technologies	2,675	0.6
Camurus [*]	Sweden	Develops and commercialises therapeutic medications	2,566	0.6
Total Investments			443,531	98.9
Net Liquid Assets			4,945	1.1
Total Assets			448,476	100.0
Borrowings			(51,212)	(11.4)
Shareholders' funds			397,264	88.6

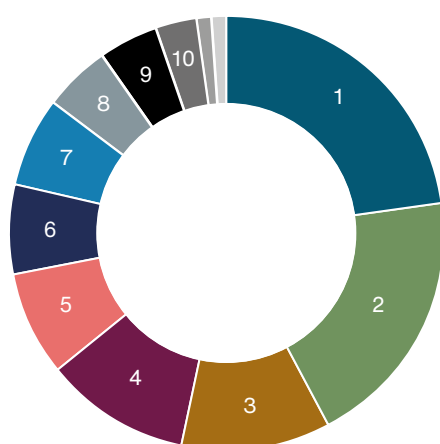
Ⓞ Denotes private company investment.

* New holding bought during the year (Adevinta, AUTO1, Collectis, HelloFresh, Hemnet, Hexpol and Zalando were sold during the period).

† Includes convertible loan note.

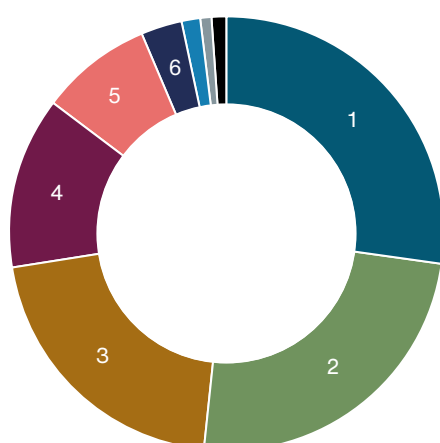
Distribution of total assets* (unaudited)

Geographical as at 31 March 2024



Geographical		% at 31 March 2024	% at 30 September 2023
1	Netherlands	22.8	19.8
2	Sweden	19.6	20.9
3	France	11.0	12.0
4	Germany	10.8	14.9
5	Ireland	7.9	7.4
6	Italy	6.7	3.8
7	Switzerland	6.6	5.2
8	Norway	5.1	7.1
9	Denmark	4.4	4.1
10	Poland	2.9	3.2
11	Hungary	1.1	1.2
12	Net liquid assets	1.1	0.4

Sectoral as at 31 March 2024



Sectoral		% at 31 March 2024	% at 30 September 2023
1	Industrials	27.4	27.6
2	Technology	24.5	22.2
3	Consumer discretionary	20.8	25.7
4	Financials	12.8	10.4
5	Healthcare	8.3	4.6
6	Basic materials	2.9	4.1
7	Real estate	1.4	2.9
8	Consumer staples	0.8	2.1
9	Net liquid assets	1.1	0.4

* Before deduction of borrowings (see Glossary of terms and Alternative Performance Measures on pages 22 and 23).

Income statement (unaudited)

	Notes	For the six months ended 31 March 2024		
		Revenue £'000	Capital £'000	Total £'000
Gains on investments		-	73,204	73,204
Currency (losses)/gains		(17)	793	776
Income		1,172	-	1,172
Investment management fee	3	(188)	(752)	(940)
Other administrative expenses		(312)	-	(312)
Net return before finance costs and taxation		655	73,245	73,900
Finance costs	4	(81)	(325)	(406)
Net return on ordinary activities before taxation		574	72,920	73,494
Tax on ordinary activities	5	(88)	-	(88)
Net return on ordinary activities after taxation		486	72,920	73,406
Net return per ordinary share	6	0.14p	20.41p	20.55p
Dividends paid and payable per share	7	nil		

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 on pages 15 to 18 are an integral part of the Financial Statements.

For the six months to 31 March 2023			For the year ended 30 September 2023 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	70,022	70,022	-	19,795	19,795
(22)	(92)	(114)	(40)	533	493
863	-	863	3,912	-	3,912
(179)	(716)	(895)	(354)	(1,416)	(1,770)
(296)	-	(296)	(564)	-	(564)
366	69,214	69,580	2,954	18,912	21,866
(83)	(330)	(413)	(164)	(653)	(817)
283	68,884	69,167	2,790	18,259	21,049
6,980	-	6,980	6,835	-	6,835
7,263	68,884	76,147	9,625	18,259	27,884
2.02p	19.20p	21.22p	2.68p	5.09p	7.77p
nil			2.60p		

Balance Sheet (unaudited)

	Notes	At 31 March 2024 £'000	At September 2023 (audited) £'000
Fixed assets			
Investments held at fair value through profit or loss	8	443,531	377,812
Current assets			
Debtors		1,685	2,406
Cash and cash equivalents		4,827	907
		6,512	3,313
Creditors			
Amounts falling due within one year		(1,567)	(1,775)
Net current assets		4,945	1,538
Total assets less current liabilities		448,476	379,350
Creditors			
Amounts falling due after more than one year	9	(51,212)	(51,960)
Net assets		397,264	327,390
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		247,033	176,215
Revenue reserve		6,370	7,314
Shareholders' funds		397,264	327,390
Net asset value per ordinary share (borrowings at book value)*		111.6p	91.4p
Net asset value per ordinary share (borrowings at fair value)*		115.8p	96.7p
Ordinary shares in issue	10	355,865,033	358,149,200

* See Glossary of terms and Alternative Performance Measures on pages 22 and 23.

Statement of changes in equity (unaudited)

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 on ordinary activities after taxation		-	-	-	72,920	486	73,406
Shares bought back into treasury		-	-	-	(2,102)	-	(2,102)
Dividends paid	7	-	-	-	-	(1,430)	(1,430)
Shareholders' funds at 31 March 2024		10,061	125,050	8,750	247,033	6,370	397,264

For the six months ended 31 March 2023

	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 2022		10,061	125,050	8,750	158,457	8,079	310,397
Net return on ordinary activities after taxation		-	-	-	68,884	7,263	76,147
Dividends paid	7	-	-	-	-	(2,511)	(2,511)
Shareholders' funds at 31 March 2023		10,061	125,050	8,750	227,341	12,831	384,033

* The capital reserve balance at 31 March 2024 includes investment holding gains on investments of £64,208,000 (31 March 2023 – gains of £3,839,000).

Cash flow statement (unaudited)

For the six months to 31 March

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Net return on ordinary activities before taxation		73,494	69,167
Net gains on investments		(73,204)	(70,022)
Currency (gains)/losses		(793)	114
Finance costs of borrowings		406	413
UK corporation tax refund accrued		–	7,004
Overseas withholding tax suffered		(88)	(24)
Overseas withholding tax reclaims received		51	401
Changes in debtors and creditors		25	(7,365)
Cash from operations*		(109)	(312)
Interest paid		(406)	(413)
Net cash outflow from operating activities		(515)	(725)
Cash flows from investing activities			
Acquisitions of investments		(37,179)	(13,059)
Disposals of investments		45,004	15,302
Net cash inflow from investing activities		7,825	2,243
Cash flows from financing activities			
Shares bought back		(2,002)	(9)
Equity dividends paid		(1,430)	(2,511)
Net cash outflow from financing activities		(3,432)	(2,520)
Increase/(decrease) in cash and cash equivalents		3,878	(1,002)
Exchange movements		42	(49)
Cash and cash equivalents at start of period		907	3,571
Cash and cash equivalents at end of period[†]		4,827	2,520

* Cash from operations includes dividends received in the period of £1,084,000 (31 March 2023 – £443,000) and deposit interest received of £26,000 (31 March 2023 – £3,000).

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

Notes to the Financial Statements

01 Principal accounting policies

The condensed Financial Statements for the six months to 31 March 2024 comprise the statements set out on pages 10 to 14 together with the related notes on pages 15 to 18. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in July 2022 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 2024 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 2023.

Going concern

The Directors have considered the nature of the Company's principal risks and uncertainties, as set out on page 21 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.

02 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 2023 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.

03 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.

04 Finance costs

	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
	Year to 30 September 2023 (audited)		
	Revenue £'000	Capital £'000	Total £'000
Loan notes interest	163	651	814
Overdraft arrangement fee	1	2	3
	164	653	817
	Six months to 31 March 2023		
	Revenue £'000	Capital £'000	Total £'000
Loan notes interest	82	328	410
Overdraft arrangement fee	1	2	3
	83	330	413

05 Tax

The revenue tax charge for the six months to 31 March 2023 included £7,004,000 UK corporation tax to be repaid in respect of the Company's financial years 2003 to 2009 following successful legal action regarding the tax treatment of overseas dividend income. During the year end 30 September 2023 a repayment of tax of £7,034,000 was received from HMRC.

06 Net return per ordinary share

	Six months to 31 March 2024 £'000	Six months to 31 March 2023 £'000	Year to 30 September 2023 (audited) £'000
Net return per ordinary share			
Revenue return on ordinary activities after taxation	486	7,263	9,625
Capital return on ordinary activities after taxation	72,920	68,884	18,259
Total net return	73,406	76,147	27,884
Weighted average number of ordinary shares in issue	357,267,626	358,687,671	358,552,904

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.

07 Dividends

	Six months to 31 March 2024 £'000	Six months to 31 March 2023 £'000
Amounts recognised as distributions in the period:		
Final dividend 0.40p (2023 – 0.70p), paid 2 February 2024	1,430	2,511
Dividends proposed in the period:		
Interim dividend – nil (2023 – nil)	–	–

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

08 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 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	399,285	–	–	399,285
Unlisted securities	–	–	44,246	44,246
Total financial asset investments	399,285	–	44,246	443,531
As at 30 September 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	336,369	–	–	336,369
Unlisted securities	–	–	41,443	41,443
Total financial asset investments	336,369	–	41,443	377,812

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.

09 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 2024, nil had been drawn down under the facility (31 March 2023 – nil, 30 September 2023 – 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 2024 the book value of the loan notes amounted to £51,212,000 (31 March 2023 – £52,628,000, 30 September 2023 – £51,960,000). The fair value of the loan notes at 31 March 2024 was £36,422,000 (31 March 2023 – £34,280,000, 30 September 2023 – £32,869,000).

10 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 2024 no ordinary shares were issued (in the year to 30 September 2023 no ordinary shares were issued).

The Company also has authority to buy back shares. In the six months to 31 March 2024 no ordinary shares were bought back for cancellation and 2,284,167 ordinary shares were bought back into treasury at a cost of £2,102,000. (In the year to 30 September 2023 no ordinary shares were bought back for cancellation and 538,471 ordinary shares were bought back into treasury at a cost of £501,000).

Between 1 April 2024 and 14 May 2024, no shares were issued and 553,301 shares were bought back into treasury.

11 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 and 34 of the Company's Annual Report and Financial Statements for the year to 30 September 2023 which is available on the Company's website: [bgeuropeangrowth.com](https://www.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
Michael MacPhee
Chairman
15 May 2024

Further shareholder information

How to invest

Baillie Gifford European Growth Trust's shares are traded on the London Stock Exchange. They can be bought through a stockbroker or by asking a professional adviser to do so.

Client relations team contact details

You can contact the Baillie Gifford Client Relations Team by telephone (your call may be recorded for training or monitoring purposes), email or post. See contact details in the 'Company information' section on page 25.

Share register enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 889 4086.

Automatic Exchange of Information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, Baillie Gifford European Growth Trust is required to collect and report certain information about certain shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, Baillie Gifford European Growth Trust will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

New shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

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](https://www.gov.uk/government/publications/exchange-of-information-account-holders).

Third party data provider disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom.

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FTSE Index data

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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

Shareholders' funds is the value of all assets held less all liabilities, with borrowings deducted at book cost.

Net asset value

Net asset value (NAV) is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue (excluding treasury shares).

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 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.

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.

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

	31 March 2024	31 March 2023
Net asset value per ordinary share (borrowings at book value)	111.6p	107.1p
Shareholders' funds (borrowings at book value)	£397,264,000	£384,033,000
Add: book value of borrowings	£51,212,000	£52,628,000
Less: fair value of borrowings	£36,422,000	£34,280,000
Shareholders' funds (borrowings at fair value)	£412,054,000	£402,381,000
Number of shares in issue	355,865,033	358,687,671
Net asset value per ordinary share (borrowings at fair value)	115.8p	112.2p

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.



Company information

Directors

Chairman: Michael MacPhee
David Barron
Emma Davies
Andrew Watkins

Company details

bgeuropeangrowth.com

Company Registration No. 1055384

ISIN: GB00BMC7T380

Sedol: BMC7T38

Ticker: BGEU

Legal Entity Identifier:
213800QNN9EHZ4SC1R12

Further information

Client Relations Team

Baillie Gifford & Co
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

T: +44 (0)800 917 2112

trustenquiries@bailliegifford.com

Alternative Investment Fund Managers, Secretaries and Registered Office

Baillie Gifford & Co Limited

Grimaldi House
28 St James's Square
London SW1Y 4JH

T: +44 (0)131 275 2000

bailliegifford.com

Registrar

Computershare Investor Services PLC

The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

T: +44 (0)370 889 4086

Independent auditor

BDO LLP

55 Baker Street
London W1U 7EU

Depositary

Northern Trust Investor Services Limited

50 Bank Street
Canary Wharf
London E14 5NT

Company broker

Peel Hunt LLP

7th Floor
100 Liverpool Street
London EC2M 2AT

bgeuropeangrowth.com

