

Interim
financial report

31 July 2025

Baillie Gifford Shin Nippon PLC

Managed by

Baillie Gifford™

Shin Nippon's objective is to pursue long term capital growth through investment principally in small Japanese companies which are believed to have above average prospects for growth.

Comparative index

The index against which performance is compared is the MSCI Japan Small Cap Index (total return and in sterling terms).

Principal risks and uncertainties

The principal risks facing the Company are financial risk, private company (unlisted) investment risk, performance and investment strategy risk, climate and governance risk, discount risk, regulatory risk, custody and depositary risk, small company risk, operational risk, cyber security risk, leverage risk, political and associated financial risk and emerging risks. An explanation of these risks and how they are managed is set out on pages 49 to 55 of the Company's Annual Report and Financial Statements for the year to 31 January 2025 which is available on the Company's website: shinnippon.co.uk.

The principal risks and uncertainties have not changed since the date of that 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 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 and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board
J Skinner
Chair
4 September 2025

Summary of unaudited results

	31 July 2025	31 January 2025 (audited)	% change
Shareholders' funds	£367.8m	£389.7m	
Net asset value per ordinary share [‡]	143.4p	139.4p	2.9
Share price	128.0p	119.0p	7.6
Comparative index [†]			7.9
Discount [*]	10.8%	14.6%	
Active share [*]	96%	97%	

	Six months to 31 July 2025		Year to 31 January 2025	
Period's high and low	High	Low	High	Low
Net asset value per ordinary share (after deducting borrowings at fair value) [*]	143.5p	108.3p	150.4p	112.7p
Share price	128.0p	95.5p	126.8p	105.0p
Discount (borrowings at fair value) [*]	7.4%	16.9%	6.5%	18.6%

	Six months to 31 July 2025	Year to 31 January 2025
Total returns (%)[*]		
Net asset value per ordinary share (borrowings at fair value)	3.4	(5.1)
Share price	8.2	(5.0)
Comparative index (in sterling terms) [†]	7.9	8.9

Longer term total return performance at 31 July 2025^{*}

	3 years	5 years	10 years
Net asset value per ordinary share [‡]	(13.4%)	(22.7%)	80.2%
Share price	(17.5%)	(29.4%)	55.6%
Comparative index [†]	30.8%	46.0%	121.8%

Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 26.

Notes

^{*} Alternative Performance Measure – see Glossary of terms and alternative performance measures on pages 23 to 25.

[†] The comparative index is the MSCI Japan Small Cap Index (total return and in sterling terms). See disclaimer on page 26.

[‡] Net asset value per share ("NAV") with borrowings at fair value. At 31 July 2025 the NAV with borrowings at fair value was the same as the NAV with borrowings at book value. For a definition of terms see Glossary of terms and alternative performance measures on pages 23 to 25.

Past performance is not a guide to future performance.

Chairman's Interim Statement

Performance

Over the six months to 31 July 2025, the Company's net asset value per share* rose by 3.4% and the share price rose by 8.2%, with a commensurate narrowing in the discount to 10.8%, although the Company underperformed its comparative index, the MSCI Japan Small Cap Index (total return in sterling terms), which increased by 7.9%. While it is pleasing to see an absolute return in this period, this is nevertheless a continuation of the significant underperformance against the index that shareholders have experienced since 2021.

The Board has worked over recent years with Baillie Gifford to understand the market dynamics impacting on the returns being generated from Japanese small cap growth equities. Whilst appreciating the market backdrop and the reality that small cap companies are often particularly vulnerable to investor risk appetite and sentiment, it is frustrating that Baillie Gifford's investment approach has not resulted in better outcomes. As highlighted in my statement in the annual report, a number of measures have been implemented to strengthen the investment process, such as small cap specific discussions with a wider set of colleagues and closer engagement with the investment risk team at Baillie Gifford. The investable opportunity set at the point of initial investment has also been broadened recently so as to permit initial investment in any company in the comparative index. The previous restriction on having to invest in companies with either a market capitalisation or turnover of not more than ¥150 billion at time of initial purchase, which would have captured most smaller companies ten years ago but now limits investment in only the bottom 20% of the comparative index, was removed. It is hoped that, together, these measures will support improved returns once they have had a chance

to take effect. In that vein, during the period, two new positions have been initiated in companies with market capitalisations or turnover of more than ¥150 billion. In total, five new positions were initiated and seven holdings were sold outright. Further details on the transactions and prospects for the portfolio are contained within the managers' interim report.

Prompted by market volatility in April, drawn borrowings from the revolving credit facility were reduced by ¥1.3 billion. Net gearing stood at 15.8% as at period end, having been 16.1% as at 31 January 2025.

Tender and Buybacks

As announced previously, the Company has in place a performance-triggered conditional tender offer for up to 15% of issued share capital. The tender offer will be triggered if the Company's NAV total return per share* underperforms the total return of the comparative index over the three years to 31 January 2027. The tender offer would be at a price equal to a 2% discount to the cum income NAV per share* less costs.

As at 31 July 2025, the Company's performance is trailing the comparative index by 19.4%. Whilst only halfway through the measurement period, clearly the level of underperformance needing to be recouped is notable. I have been in regular communication with a number of 'professional' shareholders and have had correspondence with a number of 'retail' shareholders and, although there remains a loyal supportive base both of Baillie Gifford and Japanese small cap growth equities, I am in no doubt that patience in some quarters is being tested. If poor performance continues into the medium term, then I do not believe that a 15% tender offer will be sufficient and the Board will not hesitate to assess all available options.

* With borrowings at fair value. For a definition of terms see Glossary of terms and alternative performance measures on pages 23 to 25.

Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 26.

In the meantime, the Company remains active in undertaking buybacks. As at 31 July 2025, the Company's share price stood at a 10.8% discount to NAV, having narrowed from 14.6% as at 31 January 2025. Over the six months, the Company has bought back approximately 23.1 million shares into treasury, equivalent to approximately 8.3% of the Company's issued share capital as at 31 January 2025. This has resulted in an increase in NAV of 1%. The Company has also obtained the necessary approval from shareholders to cancel the amount standing to the credit of the Company's share premium account. An application was made to the Scottish Court of Session to obtain its approval to the cancellation and the creation of an equivalent distributable reserve. This was granted in August and, once the Company's interim accounts are lodged with Companies House, will provide a significant pool of reserves which can be used in future to fund distributions, including dividends, and any returns of capital, including any future tender offer and share buybacks.

Portfolio managers

During the period, Brian Lum was promoted from deputy to the Company's lead portfolio manager, taking over from Praveen Kumar. Jared Anderson was appointed as deputy portfolio manager. The changes were implemented by Baillie Gifford following an internal review. Baillie Gifford as a house is a 'growth' manager and therefore the investment style underpinning the portfolio will not be changing. A number of larger shareholders have flagged in my discussions with them that the last thing they wish to happen is style drift.

Outlook

As noted in my most recent annual statement, I am grateful to shareholders for their continued patience. With US-Japan trade negotiations now seemingly concluded and agreed, inflation re-establishing itself and expectations of further monetary policy normalising, macro-economic conditions in Japan appear to be improving. This should provide a tailwind for Japanese growth equities. In addition, reduced uncertainty and a return of risk tolerance should prove beneficial to well-managed Japanese smaller companies. As the only growth-focused Japan small cap investment trust, Baillie Gifford Shin Nippon should be increasingly well-placed to capture the opportunities presenting themselves. It is incumbent on the new team at the helm to do so without delay.

J Skinner
Chair

4 September 2025

Interim management report

Performance

Portfolio performance over the past few years has been challenging and this trend continued in the six months to 31 July 2025. This period was characterised by a difficult start to the year in relative terms as capital flowed into larger companies and more defensive sectors, and, since May, a stabilisation of performance as some of the stylistic headwinds began to abate. The volatility triggered by 'Liberation Day' led to renewed interest in the more domestically orientated Japanese small cap segment of the market and the strengthening yen has been helpful. Over the period, the Company's net asset value rose by 3.4%* in sterling terms compared to the MSCI Japan Small Cap Index's total return (in sterling terms) of 7.9%. Encouragingly, the Company's share price rose 8.2% over the same period.

The top three positive stock contributors to performance included **GA Technologies**, **Yonex** and **Cybozu**. All reported strong operational progress. GA Technologies' tech-focused real estate platform is rapidly gaining share, Yonex's badminton and tennis rackets are in demand in China/India, and SaaS company Cybozu's growth has accelerated (aided by a price increase) and operating leverage coming through. Outside of the top three, **Technopro** – the IT staffing company – was also a significant contributor as an M&A target (at the time of writing, it looks set to be acquired by Blackstone).

On the other hand, the key detractors include

Harmonic Drive Systems, **Inforich** and **JEOL**.

Harmonic Drive, a maker of robotic components, suffered as short-term excitement around humanoid robots cooled. **Inforich** – which operates the leading smartphone battery rental service in Japan – delivered poor results as it experiments with its pricing model. JEOL – a semiconductor equipment company – reported a poor set of results as it navigates a weaker part of the cycle. We believe the fundamental attractions of these businesses remain valid and they continue to warrant a place in the portfolio.

Why we are excited

Jared Anderson (deputy portfolio manager) and I are under no illusions that the Company's performance needs to improve without delay. We are both energised by the challenge and committed to strengthening processes and work alongside the Board to turn the performance of the Company around. What will not change is our core investment philosophy – we are long term orientated investors with a strong commitment to growth investing.

Several factors underpin our optimism and excitement. Firstly, Japan is a special market for small cap investing. Outside of the US and, arguably, China (to those with access), Japan is the deepest small cap market with thousands of potentially investible companies; more companies means more opportunities to find winners.

* With borrowings at fair value. For a definition of terms see Glossary of terms and alternative performance measures on pages 23 to 25.

Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 26.

Past performance is not a guide to future performance.

Secondly, Japanese small cap is deeply underappreciated. The MSCI Japan Small Cap index offers the lowest valuation in terms of Price-to-Earnings and Price-to-Book, often by a very significant margin, when compared to other major small cap markets such as the US, Europe, the Rest of Asia and the Emerging Markets. In addition, small caps as an asset class is itself deeply out of favour relative to large caps internationally. While we are fundamentally stock pickers, we do not believe that the perfect storm of headwinds will persist forever. Indeed, the strengthening yen represents a small reversal of a headwind that has hurt the asset class over the past five years. Also, structurally, we have noted that the governance reforms pushed by regulators in Japan are beginning to filter through to smaller companies – another catalyst for the asset class. For us, Japan small cap growth's laggard status is a real opportunity.

Changes in market conditions aside, we have worked hard to implement various improvements to our investment processes to better capture the opportunities that come our way. We will detail these in the next Annual Report. Fundamentally, we believe that we have strengthened our approach to position sizing and improved our discipline in risk management; and our capabilities to carry out investment research has deepened meaningfully as we incorporate new tools (AI) to our workflow.

Observations from Japan

During July, we visited 49 companies over a period of three weeks, including 28 holdings (c.40% of the portfolio by number and weighting). This trip

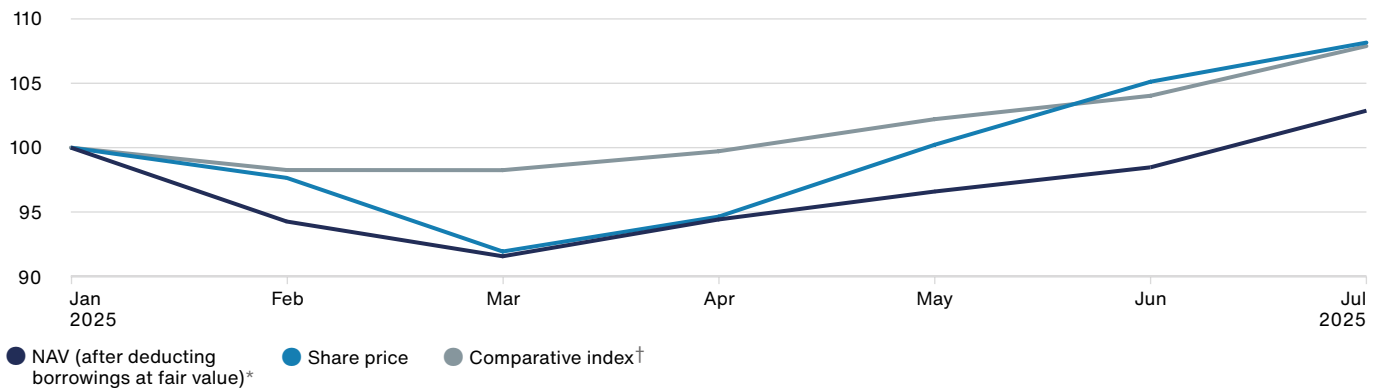
completed our initial evaluation of the portfolio, strengthened our relationship with company management teams, and importantly expanded our pipeline of ideas.

There are two key observations to highlight here. The first is the sheer ambition and strategic nimbleness of the companies that we met, particularly those led by founder CEOs. Examples include **Gift** – a leading ramen chain in Japan; **Litalico** – a provider of vocational training to those with disabilities; and **Soracom** – an Internet of Things connectivity platform. All of them are actively planning for expansion in terms of multiples rather than percentages. Several non-holdings also fall into this category and are being actively considered as new holdings.

The other is AI. This is of course a topic that we have all been grappling with in recent years, but the real-world impact is becoming increasingly apparent for companies across all sectors. The implications are profound. Business models across industries will need to adapt, and there are clear opportunities and threats for us all to contemplate. For example, various companies have highlighted how AI is dramatically compressing their product development timelines, and the scope to deliver their existing services using a fraction of the headcount; on the other hand, some businesses will need to adapt to serve AI agents and face new sources of competition. For Japan, this takes on additional significance given the country's chronic labour shortages and productivity challenges.

Six months total return performance*

(figures plotted on a monthly basis and rebased to 100 at 31 January 2025)



* Alternative Performance Measure – see Glossary of terms and alternative performance measures on pages 23 to 25.

† MSCI Japan Small Cap Index (total return and in sterling terms). See disclaimer on page 26.

Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 26.

Portfolio Changes

Over the six-month period, we have made five new investments: **Shinnihon** (a regional family-owned construction and real estate company), **Cover** (a fast-growing agency for ‘vTubers’), **Mani** (leading maker of medical tools such as surgical needles), **DMG Mori** (CNC machine company) and **Money Forward** (back-office SaaS company). The theme is the diversity of growth drivers behind each of these companies, from emergence of a new form of entertainment, to Japan’s strength in precision tools, to industrial automation. Three of the five were enabled by the upward revision to our market cap limit for new purchases.

There were seven complete sales. Several are investment cases that have not worked out: **Shima Seiki**, **Torex Semiconductor**, **InterAction**, **SIIX** and **Iriso** fall under this category. **Matsukiyo Cocokara** and **MonotaRO** are highly successful investments that we are exiting on valuation grounds.

Looking ahead

The turnover of the portfolio will likely be elevated relative to our historic norms in the short term, as we continue to reshape the portfolio in the next few months. In the meantime, there are two points that we would like to emphasise.

Firstly, we are committed to long term growth investing. There will be no style drift. Secondly, while we acknowledge the pain that shareholders have suffered in recent years, we are optimistic on the prospects from here. Our portfolio companies continue to deliver significantly higher growth than that of the benchmark, while the valuation premium to the benchmark (using forward price-to-earnings) is at near the lowest level in a decade. We are excited by many of our holdings and our investment universe, and we believe our strengthened processes can help us deliver the returns that our shareholders expect.

Lastly, we would like to thank shareholders for their ongoing support and patience, and we look forward to sharing more about our progress with you all soon.

Brian Lum

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 group 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. For investment trusts, the prices are also reviewed twice per year by the respective boards and are subject to the scrutiny of external auditors in the annual audit process.

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 ('IPO'), 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 ('NAV'). There is no delay.

The valuations team 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.

List of investments as at 31 July 2025

Name	Business	Value £'000	% of total assets	Absolute performance * %
GA Technologies	Interactive media and services	16,829	3.8	27.9
Tsugami	Manufacturer of automated machine tools	13,214	3.0	22.8
Yonex	Sporting goods	13,045	2.9	38.2
Infomart	Internet platform for restaurant supplies	12,245	2.8	24.8
Cosmos Pharmaceuticals	Drugstore chain	11,989	2.7	25.6
Lifenet Insurance	Online life insurance	11,987	2.7	14.1
Katitas	Real estate services	11,424	2.6	14.1
Nifco	Value-added plastic car parts	11,017	2.5	(3.1)
Gift	Food industry operator and distributor	10,592	2.4	2.9
Appier Group	Software as a service company providing AI platforms	10,391	2.3	(7.5)
Anicom	Pet insurance provider	9,898	2.2	18.0
KH Neochem	Chemical manufacturer	9,300	2.1	34.4
Raksul	Internet based services	9,127	2.1	(10.5)
SWCC	Electric wire and cable manufacturer	9,017	2.0	18.3
JEOL	Manufacturer of scientific equipment	8,958	2.0	(25.8)
Kohoku Kogyo	Manufacturer of lead terminals for aluminium electrolytic capacitors and optical isolators for undersea cables	8,586	1.9	(6.1)
Cybozu	Develops and markets internet and intranet application software for businesses	8,110	1.8	41.6
Harmonic Drive Systems	Robotic components	7,806	1.8	(37.3)
Technopro	IT staffing	7,554	1.7	49.7
Bengo4.com	Online legal consultation	7,350	1.7	5.0
Top 20		208,439	47.0	
Avex Group	Entertainment management and distribution	7,319	1.7	(13.2)
Vector	PR company	7,162	1.6	5.7
Seria	Discount retailer	6,975	1.6	2.9
Global Security Experts	Cyber security company	6,893	1.6	31.2
Megachips	Electronic components	6,695	1.5	(6.6)
Horiba	Manufacturer of measuring instruments	6,564	1.5	12.0
Optex	Infrared detection devices	6,555	1.5	1.3
Sho-Bond	Infrastructure reconstruction	6,550	1.5	(5.9)
Nakanishi	Dental equipment	6,526	1.5	(25.5)

Name	Business	Value £'000	% of total assets	Absolute performance * %
Peptidream	Drug discovery and development platform	6,345	1.4	(23.5)
Toyo Tanso	Electronics company	6,323	1.4	18.5
Nittoku	Coil winding machine manufacturer	6,119	1.4	(5.8)
Anest Iwata	Manufactures compressors and painting machines	6,033	1.4	13.9
Litalico	Provides employment support and learning support services for people with disabilities	5,842	1.3	25.5
I-Ne	Hair care range	5,810	1.3	(22.6)
Oisix	Organic food website	5,745	1.3	12.1
Istyle	Beauty product review website	5,608	1.3	6.5
Noritsu Koki	Holding company with interests in biotech and agricultural products	5,388	1.2	(6.5)
SpiderPlus	Construction project management platform	5,384	1.2	20.5
Shinnihon†	Construction and real estate development company	5,307	1.2	9.9
Nikkiso	Industrial pumps and medical equipment	5,202	1.2	30.3
oRo	Develops and provides enterprise planning software	5,140	1.2	23.8
Money Forward†	Accounting and tax software company	5,097	1.2	35.9
Inforich	Software company	4,746	1.1	(43.3)
GMO Financial Gate	Face-to-face payment terminals and processing services	4,685	1.1	(28.2)
Kamakura Shinso	Information processing company	4,635	1.1	6.1
DMG Mori†	Machine tool manufacturer	4,571	1.0	4.8
Kitz	Industrial valve manufacturer	4,461	1.0	6.5
Shoei	Manufactures motor cycle helmets	4,095	0.9	(19.0)
OSG	Manufactures machine tool equipment	4,081	0.9	11.3
Genda	Operates entertainment business	4,011	0.9	(38.1)
Mani†	Manufactures medical goods and equipment	3,491	0.8	6.1
Gojo & Company Inc Ord ㊦	Diversified financial services	3,435	0.8	(43.2)
Asahi Intecc	Specialist medical equipment	3,360	0.8	(11.8)
eGuarantee	Guarantees trade receivables	3,297	0.7	(15.5)
Cover†	Leading vTuber ('virtual youtuber') agency	3,278	0.7	(18.9)
GMO Payment Gateway	Online payment processing	3,218	0.7	1.0
Kumiai Chemical	Specialised agrochemicals manufacturer	2,610	0.6	4.7
Crowdworks	Crowd sourcing services	2,430	0.5	(13.8)

Name	Business	Value £'000	% of total assets	Absolute performance * %
Weathernews	Weather information services	2,305	0.5	22.2
Moneytree K.K. Class B Preferred ⑩	AI based fintech platform	2,270	0.5	78.5
Nippon Ceramic	Electronic component manufacturer	2,097	0.5	19.4
JEPLAN ⑩	Chemical PET recycling	2,034	0.5	143.9
Soracom	Networking software provider	1,990	0.4	(27.8)
Jade Group	E-commerce services provider	1,754	0.4	(0.3)
Demae-Can	Online meal delivery service	1,495	0.3	(26.7)
Cellsource	Company engaged in regenerative medicine	902	0.2	(21.2)
Spiber ⑩	Textiles	823	0.2	(20.1)
Total investments		425,095	96.1	
Net liquid assets [#]		17,226	3.9	
Total assets[‡]		442,321	100.0	
Bank loans		(74,514)	(16.8)	
Shareholders' funds		367,807	83.2	

* Absolute performance is in sterling terms and has been calculated on a total return basis over the period 1 February 2025 to 31 July 2025.

⑩ Private company (unlisted) investment.

† Figures relate to part period returns where the investment has been purchased in the period.

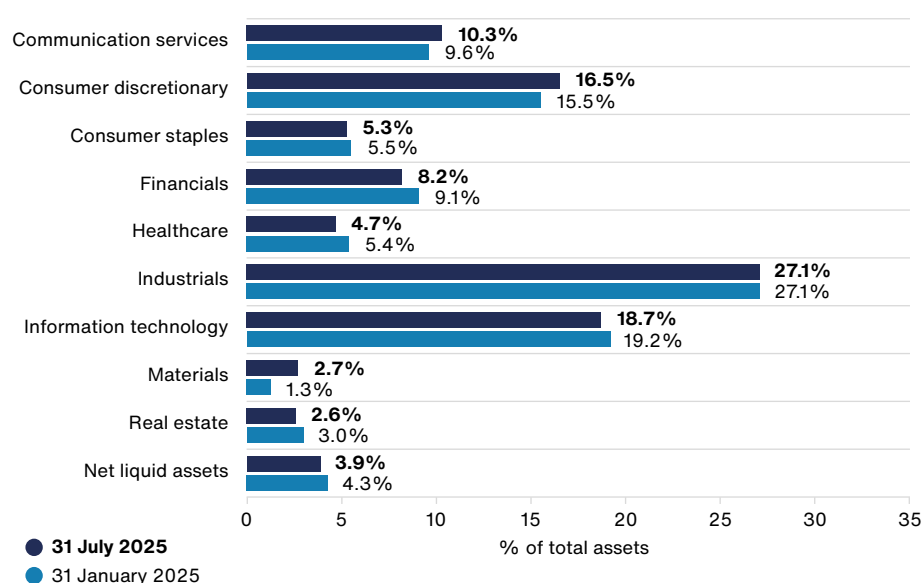
See Glossary of terms and alternative performance measures on pages 23 to 25.

‡ Total assets less current liabilities, before deduction of borrowings. See Glossary of terms and alternative performance measures on pages 23 to 25.

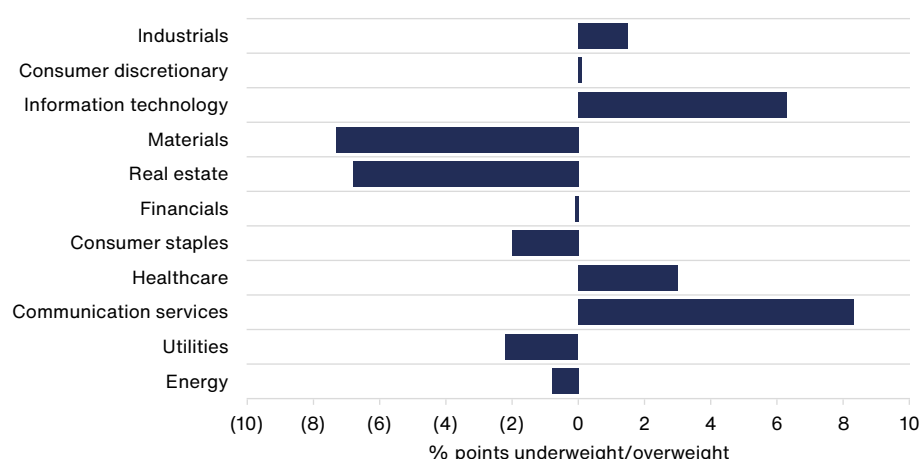
Source: Baillie Gifford/Revolution and relevant underlying data providers. See disclaimer on page 26.

Distribution and relative weightings of total assets[†]

Distribution of total assets



Portfolio weightings relative to comparative index* at 31 July 2025



* MSCI Japan Small Cap Index (total return and in sterling terms). See disclaimer on page 26.

[†] Total assets less current liabilities, before deduction of borrowings. See Glossary of Terms and Alternative Performance Measures on pages 23 to 25.

Source: LSEG/Baillie Gifford and relevant underlying index providers. See disclaimer on page 26.

Income statement

(unaudited)

	Notes	For the six months to 31 July 2025			For the six months ended 31 July 2024			For the year ended 31 January 2025 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments	3	–	4,155	4,155	–	(34,665)	(34,665)	–	(34,865)	(34,865)
Currency gains		–	1,896	1,896	–	2,891	2,891	–	2,415	2,415
Income from investments		3,495	–	3,495	3,557	–	3,557	7,389	–	7,389
Investment management fee	4	(1,142)	–	(1,142)	(1,269)	–	(1,269)	(2,482)	–	(2,482)
Other administrative expenses		(347)	–	(347)	(308)	–	(308)	(714)	–	(714)
Net return before finance costs and taxation		2,006	6,051	8,057	1,980	(31,774)	(29,794)	4,193	(32,450)	(28,257)
Finance cost of borrowings		(662)	–	(662)	(709)	–	(709)	(1,465)	–	(1,465)
Net return on ordinary activities before taxation		1,344	6,051	7,395	1,271	(31,774)	(30,503)	2,728	(32,450)	(29,722)
Tax on ordinary activities	5	(349)	–	(349)	(356)	–	(356)	(739)	–	(739)
Net return on ordinary activities after taxation		995	6,051	7,046	915	(31,774)	(30,859)	1,989	(32,450)	(30,461)
Net return per ordinary share	6	0.37p	2.26p	2.63p	0.30p	(10.51p)	(10.21p)	0.67p	(10.97p)	(10.30p)
Note: Dividends paid and payable per share	7	–			–			0.60p		

The accompanying notes on pages 17 to 21 are an integral part of the Financial Statements.

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 this statement 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.

Balance sheet (unaudited)

	Notes	At 31 July 2025 £'000	At 31 January 2025 (audited) £'000
Fixed assets			
Investments held at fair value through profit or loss	8	425,095	453,211
Current assets			
Debtors		2,006	1,989
Cash and cash equivalents		16,580	20,797
		18,586	22,786
Creditors			
Amounts falling due within one year	9	(75,874)	(86,307)
Net current liabilities		(57,288)	(63,521)
Net assets		367,807	389,690
Capital and reserves			
Share capital		6,285	6,285
Share premium account		260,270	260,270
Capital redemption reserve		21,521	21,521
Capital reserve		78,182	99,445
Revenue reserve		1,549	2,169
Shareholders' funds		367,807	389,690
Net asset value per ordinary share (after deducting borrowings at book value)		143.4p	139.4p
Ordinary shares in issue	11	256,437,278	279,491,301

The accompanying notes on pages 17 to 21 are an integral part of the Financial Statements.

Statement of changes in equity (unaudited)

For the six months ended 31 July 2025

	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 February 2025		6,285	260,270	21,521	99,445	2,169	389,690
Ordinary shares bought back into treasury		-	-	-	(27,314)	-	(27,314)
Net return on ordinary activities after taxation	6	-	-	-	6,051	995	7,046
Equity dividends paid in the year	7	-	-	-	-	(1,615)	(1,615)
Shareholders' funds at 31 July 2025		6,285	260,270	21,521	78,182	1,549	367,807

For the six months ended 31 July 2024

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 February 2024		6,285	260,270	21,521	167,114	2,602	457,792
Ordinary shares bought back into treasury		-	-	-	(14,385)	-	(14,385)
Net return on ordinary activities after taxation		-	-	-	(31,774)	915	(30,859)
Equity dividends paid in the year		-	-	-	-	(2,422)	(2,422)
Shareholders' funds at 31 July 2024		6,285	260,270	21,521	120,955	1,095	410,126

* The capital reserve includes investment holding losses of £12,240,000 (31 July - losses of £30,383,000).

Condensed cash flow statement (unaudited)

	Six months to 31 July 2025 £'000	Six months to 31 July 2024 £'000
Cash flows from operating activities		
Net return on ordinary activities before taxation	7,395	(30,503)
Net (gains)/losses on investments	(4,155)	34,665
Currency gains	(1,896)	(2,891)
Finance costs of borrowings	662	709
Overseas withholding tax	(424)	(472)
Changes in debtors and creditors	1,265	830
Cash from operations*	2,847	2,338
Interest paid	(763)	(711)
Net cash inflow from operating activities	2,084	1,627
Acquisitions of investments	(51,171)	(55,729)
Disposals of investments	81,066	73,721
Net cash inflow from investing activities	29,895	17,992
Ordinary shares bought back into treasury and stamp duty thereon	(27,314)	(14,385)
Bank loans repaid	(241,267)	(92,146)
Bank loans drawn down	234,564	92,146
Net cash (outflow) from financing activities	(34,017)	(14,385)
Dividends paid	(1,615)	(2,422)
(Decrease)/increase in cash and cash equivalents	(3,653)	2,362
Exchange movements	(564)	(293)
Cash and cash equivalents at start of period	20,797	2,965
Cash and cash equivalents at end of period*	16,580	5,484

* Cash and cash equivalents represent cash at bank and deposits repayable on demand.

Notes to the financial statements (unaudited)

01 Basis of accounting

The condensed Financial Statements for the six months to 31 July 2025 comprise the statements set out on pages 12 to 16 together with the related notes on pages 17 to 21. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the principles of the AIC's Statement of Recommended Practice issued in November 2014 and updated in July 2022 with consequential amendments and have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The Financial Statements for the six months to 31 July 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 31 January 2025.

Going concern

The Directors have considered the nature of the Company's principal risks and uncertainties, as set out on the inside front cover, together with its current position, investment objective and policy, its assets and liabilities and projected income and expenditure. The Board has, in particular, considered the impact of heightened market volatility owing to macroeconomic and geopolitical concerns and reviewed the results of specific leverage and liquidity stress testing, but does not believe the Company's going concern status is affected. The Company's assets, which are primarily investments in quoted securities which are readily realisable (Level 1), exceed its liabilities significantly and could be sold to repay borrowings if required. All borrowings require the prior approval of the Board. Gearing levels and compliance with loan covenants are reviewed by the Board on a regular basis. As at 31 July 2025 the Company had a net liability of £57.3 million primarily as a result of a revolving credit facility which is repayable on a three monthly basis until 2027. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011. Accordingly, the Directors considered 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 in operational existence for 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 31 January 2025 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on these 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 Net gains/(losses) on investments

	Six months to 31 July 2025 £'000	Six months to 31 July 2024 £'000	Year to 31 January 2025 £'000
Gains/(losses) on sales of investments	108	(28,129)	(42,425)
Changes in investment holding gains/(losses)	4,047	(6,536)	7,560
	4,155	(34,665)	(34,865)

04 Investment manager

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed by the Company as its Alternative Investment Fund Manager (AIFM) and Company Secretary. The investment management function has been delegated to Baillie Gifford & Co. The management agreement can be terminated on six months' notice.

The annual management fee is 0.75% on the first £50m of net assets, 0.65% on the next £200m of net assets and 0.55% on the remainder, calculated and payable quarterly.

05 Tax

The Company suffers overseas withholding tax on its equity income, currently at the rate of 10%.

06 Net return per ordinary share

	Six months to 31 July 2025 £'000	Six months to 31 July 2024 £'000	Year to 31 January 2025 (audited) £'000
Revenue return	995	915	1,989
Capital return	6,051	(31,774)	(32,450)
Total return	7,046	(30,859)	(30,461)
Weighted average number of ordinary shares in issue	268,010,782	302,470,410	295,693,208

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 the period. There are no dilutive or potentially dilutive shares in issue.

07 Dividends

	Six months to 31 July 2025 £'000	Six months to 31 July 2024 £'000	Year to 31 January 2025 (audited) £'000
Amounts recognised as distributions in the period:			
Previous year's final dividend of 0.60p (31 January 2024 – 0.80p), paid 29 May 2025	1,615	2,422	2,422
Amounts paid and payable in respect of the period:			
Final dividend (31 January 2025 – 0.60p)	–	–	1,615

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

08 Fair value financial assets

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).

The Company's investments are financial assets held at fair value through profit or loss. In accordance with FRS 102, an analysis of the Company's financial asset investments based on the fair value hierarchy described above is shown below.

As at 31 July 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	416,533	–	–	416,533
Private company (unlisted) securities	–	–	8,562	8,562
Total financial asset investments	416,533	–	8,562	425,095

As at 31 January 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	444,025	–	–	444,025
Private company (unlisted) securities	–	–	9,186	9,186
Total financial asset investments	444,025	–	9,186	453,211

08 Fair value financial assets (continued)

There have been no transfers between levels of the fair value hierarchy during the period. The fair value of listed security investments is bid value, or in the case of certain recognised overseas exchanges, last traded prices. Listed investments are categorised as Level 1 if they are valued using unadjusted quoted prices for identical instruments in an active market and as Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data. Private company (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' private company valuation policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines 2022 ('IPEV'). The techniques applied are predominantly market-based approaches. The market-based approaches available under IPEV are set out below:

- Multiples;
- Industry Valuation Benchmarks; and
- Available Market Prices.

Further information on the private company (unlisted) valuation process is provided on page 07.

The Company's holdings in private company (unlisted) investments are categorised as Level 3 as unobservable data is a significant input to their fair value measurements.

09 Financial liabilities

The amounts falling due within one year include bank loans of £74,514,000 (¥14.84 billion) outstanding under yen loan facilities repayable on 7 November 2027.

10 Fair value financial liabilities

The fair value of the bank loans at 31 July 2025 was £74,514,000 (31 January 2025 – £83,676,000).

11 Share capital

The Company has the authority to issue shares/sell treasury shares at a premium to net asset value as well as to buy back shares at a discount to net asset value. During the period under review, no shares were issued (31 July 2024 – nil) and 23,054,023 shares were bought back and held in treasury at a cost of £27,314,000 (31 July 2024 – 12,166,184 shares bought back at a cost of £14,385,000).

12 Transaction costs

Transaction costs incurred on the purchase and sale of the investments are added to the purchase cost or deducted from the sale proceeds, as appropriate. During the period, transaction costs on purchases amounted to £24,000 (six months to 31 July 2024 – £26,000; year to 31 January 2025 – £48,000) and transaction costs on sales amounted to £30,000 (six months to 31 July 2024 – £24,000; year to 31 January 2025 – £49,000).

13 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.

Further shareholder information

How to invest

Baillie Gifford Shin Nippon'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. If you are interested in investing directly in Shin Nippon you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting shinnippon.co.uk.

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 27.

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 3223.

Automatic Exchange of Information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, Baillie Gifford Shin Nippon PLC 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 Shin Nippon PLC 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/guidance/automatic-exchange-of-information-account-holders.

Glossary of terms and alternative performance measures ('APM')

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The APMs noted below are commonly used measures within the investment trust industry and serve to improve comparability between investment trusts.

Total assets

This is the Company's definition of Adjusted Total Assets, being the total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

Shareholders' funds and Net Asset Value

Also described as shareholders' funds, 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.

Net Asset Value (borrowings at book value)

Borrowings are valued at adjusted net issue proceeds. The Company's yen denominated loans are valued at their sterling equivalent and adjusted for their arrangement fees. The value of the borrowings on this basis is set out in note 9 on page 20.

Net Asset Value (borrowings at fair value) (APM)

This is a widely reported measure across the investment trust industry. Borrowings are valued at an estimate of their market worth. The Company's yen denominated loans are fair valued using methodologies consistent with International Private Equity and Venture Capital Valuation ('IPEV') guidelines. The value of the borrowings on this basis is set out in note 10 on page 20.

	31 July 2025	31 January 2025
Net Asset Value per ordinary share (borrowings at book value)	143.4p	139.4p
Shareholders' funds (borrowings at book value)	£367,807,000	£389,690,000
Add: book value of borrowings	£74,514,000	£83,676,000
Less: fair value of borrowings	(£74,514,000)	(£83,676,000)
NAV (borrowings at fair value)	£367,807,000	£389,690,000
Shares in issue at period end	256,437,278	279,491,301
NAV per ordinary share (borrowings at fair value)	143.4p	139.4p

Net liquid assets

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

Discount/premium (APM)

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. 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, this situation is called a premium.

	31 July 2025 NAV (book)	31 July 2025 NAV (fair)	31 January 2025 NAV (book)	31 January 2025 NAV (fair)
Closing NAV per share	143.4p	143.4p	139.4p	139.4p
Closing share price	128.0p	128.0p	119.0p	119.0p
Discount	(10.8%)	(10.8%)	(14.6%)	(14.6%)

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. In periods where no dividend is paid the total return equates to the capital return.

		As at 31 July 2025 NAV (fair)	As at 31 July 2025 Share price	As at 31 January 2025 NAV (fair)	As at 31 January 2025 Share price
Closing NAV per share/share price	(a)	143.4p	128.0p	139.4p	119.0p
Dividend adjustment factor*	(b)	1.0048	1.0056	1.0059	1.0076
Adjusted closing NAV per share/share price	(c) = (a) x (b)	144.1p	128.7p	140.2p	119.9p
Opening NAV per share/share price	(d)	139.4p	119.0p	147.8p	126.2p
Total return for the six months/year	(c) ÷ (d) -1	3.4%	8.2%	(5.1%)	(5.0%)

* The dividend adjustment factor is calculated on the assumption that the final dividend of 0.60p paid by the Company during the period in respect of the year to 31 January 2025 was reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

Ongoing charges (APM)

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value).

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.

Gearing represents borrowings at book less cash and cash equivalents expressed as a percentage of shareholders' funds.

Gross gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

	31 July 2025		31 January 2025	
	Gearing * £'000	Gross Gearing † £'000	Gearing * £'000	Gross Gearing † £'000
Borrowings (a)	74,514	74,514	83,676	83,676
Cash and cash equivalents (b)	16,580	–	20,797	–
Shareholders' funds (c)	367,807	367,807	389,690	389,690
	15.8%	20.3%	16.1%	21.5%

* Gearing: $((a) - (b)) \div (c)$, expressed as a percentage.

† Gross gearing: $(a) \div (c)$, expressed as a percentage.

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers ('AIFM') Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

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.

Private (unlisted) company

A private (unlisted) company means a company whose shares are not available to the general public for trading and not listed on a stock exchange.

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Company information

Directors

Chair: J Skinner
CEC Finn
AE Rotheroe
KJ Troup
Professor S Vijayakumar

Company details

shinnippon.co.uk

Company Registration No. SC093345

ISIN: GB00BFXYH242

Sedol: BFXYH24

Ticker: BGS

Legal Entity Identifier:
X5XCIPCJQCSUF8H1FU83

Further information

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