

The Baillie Gifford Japan Trust PLC ('BGFD')

Legal Entity Identifier: 54930037AGTKN765Y741
Regulated Information Classification: Annual Financial and Audit Reports

Annual Report and Financial Statements

Further to the preliminary statement of audited annual results announced to the Stock Exchange on 21 October 2025, The Baillie Gifford Japan Trust PLC ("the Company") announces that the Company's Annual Report and Financial Statements for the year ended 31 August 2025, including the Notice of Annual General Meeting, has been posted to shareholders and submitted electronically to the National Storage Mechanism where it will shortly be available for inspection at data.fca.org.uk/#/nsm/nationalstoragemechanism
It is also available on the Company page of the Baillie Gifford website at: japantrustplc.co.uk (as is the preliminary statement of audited annual results announced by the Company on 21 October 2025).

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

Each of the Directors, whose names and functions are listed within the Directors and Managers section of the Annual Report and Financial Statements, confirm that, to the best of their knowledge:

- ¾ the Financial Statements, which have been prepared in accordance with applicable law and United Kingdom Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- ¾ the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- ¾ the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Principal and Emerging Risks relating to the Company

As explained on pages 46 and 47 of the Annual Report and Financial Statements there is an ongoing process for identifying, evaluating and managing the risks, including emerging risks, faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. There have been no material changes to the principal risks during the year. Baillie Gifford's Business Risk Department provides regular updates covering the Company's principal and emerging risks. A description of these risks and how they are being managed or mitigated is set out below.

The Board considers the current global economic environment to be a factor which exacerbates existing risks, rather than it being a new emerging risk. The impact of this is considered within the relevant risks.

Investment and Strategic Risks

Financial risk

What is the risk?	How is it managed?	Rating and change	Current assessment of risk
The Company's assets consist of listed securities and its principal financial risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk). The Board considers	The Board has, in particular, considered the impact of heightened market volatility due to macroeconomic factors such as inflation, interest rates and geopolitical concerns. To mitigate this, the Board considers	—	The prospect of market volatility remains, given continuing geopolitical instability.

and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 19 to the Financial Statements and on pages 78 to 81 of the Annual Report and Financial Statements.

this risk the Board considers various portfolio metrics including individual stock performance, the composition and diversification of the portfolio by growth category, purchases and sales of investments, the holding period of each investment, liquidity characteristics and the top and bottom contributors to performance. The Manager provides rationale for stock selection decisions. A strategy meeting is held annually.

The value of the Company's investment portfolio would be affected by any impact, positively or negatively, on sterling but such impact would be partially offset by the effect of exchange movements on the Company's yen denominated borrowings.

Discount risk

What is the risk?

The premium/discount at which the Company's shares trade relative to its net asset value can change. The risk of a widening discount is that it may undermine investor confidence in the Company.

How is it managed?

The Board monitors the level of premium/discount at which the shares trade and the Company has authority to issue new shares or buy back its existing shares when deemed by the Board to be in the best interests of the Company and its shareholders.

Rating and change

—

Current assessment of risk

The Company's shares traded at an average discount of 12.5% throughout the year and it bought back 10,041,174 ordinary shares during the year.

Investment strategy and smaller company risk

What is the risk?

Pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their net asset value.

The Company has investments in smaller companies which are generally considered higher risk as changes in their share prices may be greater and the shares may be harder to sell. Smaller companies may do less well in periods of unfavourable economic conditions.

How is it managed?

To mitigate these risks, the Board regularly reviews and monitors: the Company's objective and investment policy and strategy; the investment portfolio, discussing the investment case and portfolio weightings with the Managers, and its performance; the level of premium/discount to net asset value at which the shares trade; and movements in the share register and raises any matters of concern with the Managers. A spread of risk is achieved by holding a minimum of 40 stocks.

Rating and change

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Current assessment of risk

During the year, the Company's NAV/total return was ahead of the benchmark. Furthermore, there are signs that the market's appetite for growth stocks, typically held by the Company, is recovering.

Climate and governance risk

What is the risk?

Perceived problems on environmental, social and governance ('ESG') matters in an investee company could lead to that company's shares being less attractive to investors, adversely affecting its share price, in addition to potential valuation issues arising from any direct impact of the failure to address the ESG weakness on the operations or management of the investee company (for example in the event of an industrial accident or spillage). Repeated failure by the Managers to identify ESG weaknesses in investee companies could lead to the Company's own shares being less attractive to investors, adversely affecting its own share price. In addition, the valuation of investments could be impacted by climate change.

How is it managed?

This is mitigated by the application of the Manager's ESG stewardship and engagement policies, which are integrated into the investment process, as well as the extensive upfront and ongoing due diligence which the Manager undertakes on each investee company. This includes the risk inherent in climate change (see page 34 of the Annual Report and Financial Statements). The Directors have considered the impact of climate change on the Financial Statements of the Company and this is included in note 1a to the Financial Statements on page 69 of the Annual Report and Financial Statements.

Rating and change

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Current assessment of risk

The Manager continues to employ strong ESG stewardship and engagement policies.

Leverage risk

What is the risk?	How is it managed?	Rating and change	Current assessment of risk
<p>The Company may borrow money for investment purposes (sometimes known as 'gearing' or 'leverage'). If the investments fall in value, any borrowings will magnify the extent of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings.</p>	<p>To mitigate this risk, all borrowings require the prior approval of the Board and leverage levels are discussed by the Board and Managers at every meeting. Covenant levels are monitored regularly. The Company has a maximum equity gearing level of 30% of shareholders' funds. The Company's investments are in listed securities that are readily realisable. Further information on leverage can be found on page 84 of the Annual Report and Financial Statements and in the Glossary of Terms and Alternative Performance Measures on pages 82 to 84 of the Annual Report and Financial Statements.</p>	—	<p>No significant change in risk level. Proceeds from private placement notes repaid the ING and Mzuho loans that matured in late 2024/early 2025. The Company also entered into a revolving credit facility with Bank of New York Mellon to refinance its existing term loan with the same bank. Average gross gearing during the year to 31 August 2025 was 20.1%.</p>

Custody, Depositary and reliance on third party service provider risk

What is the risk?	How is it managed?	Rating and change	Current assessment of risk
<p>Safe custody of the Company's assets may be compromised through control failures by the Depositary, including cyber security incidents.</p> <p>Failure of Baillie Gifford's systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets.</p>	<p>To mitigate this risk, the Audit Committee receives six monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Managers and the existence of assets is subject to annual external audit. Baillie Gifford has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The Audit Committee reviews Baillie Gifford's Report on Internal Controls and the reports of the Depositary, Custodian and other key third party service providers are reviewed by Baillie Gifford on behalf of the Board and any concerns investigated.</p>	—	<p>Control procedures are working effectively with no interruption to Depositary, Custodian, Broker or Registrar services during the year.</p>

Cyber security risk

What is the risk?	How is it managed?	Rating and change	Current assessment of risk
<p>A cyber attack on Baillie Gifford's network or that of a third party service provider could impact the confidentiality, integrity or availability of data and systems. Emerging technologies, including AI and quantum computing capabilities, may introduce new, and increase existing information security risks that impact operations.</p>	<p>To mitigate this risk, the Audit Committee reviews reports on Internal Controls published by Baillie Gifford and other third party service providers. Baillie Gifford's Business Risk Department reports to the Audit Committee on the effectiveness of information security controls in place at Baillie Gifford and its business continuity framework. Cyber security due diligence is performed by Baillie Gifford on third party service providers which includes a review of crisis management and business continuity frameworks.</p>	↑	<p>Cyber attacks are on a steep rise globally and could proliferate further. Emerging technologies, including AI, could potentially increase information security risks.</p>

Regulatory risk

What is the risk?	How is it managed?	Rating and change	Current assessment of risk
<p>Failure to comply with applicable legal and regulatory requirements such as the tax rules for investment trust companies, the FCA Listing Rules and the Companies Act could lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified Audit Report and the Company being subject to tax on capital gains. Changes to the regulatory environment could negatively impact the Company.</p>	<p>To mitigate this risk, Baillie Gifford's Business Risk, Internal Audit and Compliance Departments provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes. Should major regulatory change seem likely to impose disproportionate compliance burdens on the Company, representations are made to the relevant authorities to ensure that the special circumstances of investment trusts are recognised. Shareholder documents and announcements, including the Company's published</p>	—	<p>All control procedures are working effectively. There have been no material regulatory changes that have impacted the Company during the year.</p>

including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.

Political and associated economic risk

What is the risk?	How is it managed?	Rating and change	Current assessment of risk
Political change in areas in which the Company invests or may invest may have practical consequences for the Company.	To mitigate this risk, developments are closely monitored and considered by the Board and are regularly discussed at Board meetings.	—	The prospect of market volatility remains, given continuing geopolitical instability.

Emerging Risks

As explained on pages 46 and 47 of the Annual Report and Financial Statements, the Board has regular discussions on principal and emerging risks, including any risks which are not an immediate threat but could arise in the longer term. The Board considers emerging risks at each Board meeting and discusses any mitigations required.

↑ Increasing Risk ↓ Decreasing Risk — No Change

Baillie Gifford & Co Limited
Company Secretaries
6 November 2025

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