

Atlantis Japan Growth Fund Limited

Annual Report and Financial Statements

for the financial year ended 30 April 2022

AUDITED



ATLANTIS JAPAN GROWTH FUND LIMITED

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All references to "USD" or "\$" throughout this report are to the currency of the United States.
All references to "GBP" or "£" throughout this report are to the currency of the United Kingdom.
All references to "JPY" or "¥" throughout this report are to the currency of Japan.

ATLANTIS JAPAN GROWTH FUND LIMITED
FINANCIAL HIGHLIGHTS AND PERFORMANCE
 TO 30 APRIL 2022

Capital performance (GBP '000)

| | 30 April 2022 | 30 April 2021 | % change |
|------------------|---------------|---------------|----------|
| Total net assets | 87,279 | 116,501 | -25.1% |

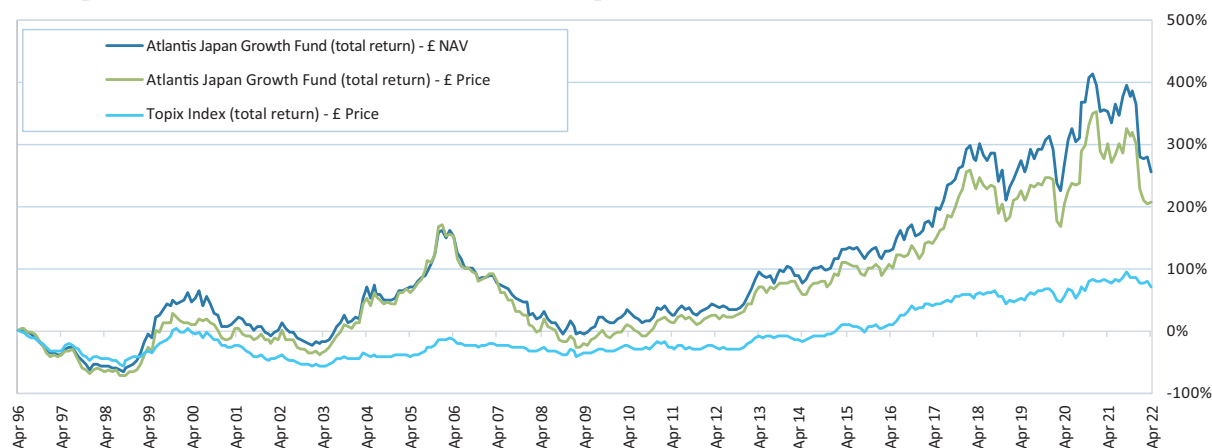
Ordinary share performance

| | 30 April 2022 | 30 April 2021 | % change |
|--|---------------|---------------|----------|
| Net asset value (GBP) | 2.11 | 2.79 | -24.4% |
| Net asset value (with dividends added back)* | – | – | -21.3% |
| Middle market share price (GBP) | 1.85 | 2.53 | -26.9% |
| Share price total return (with dividends added back) | – | – | -23.4% |
| Dividends paid (pence) | 10.81p | 8.88p | 21.7% |
| TOPIX Total Return in GBP (Benchmark) | 18.78 | 19.76 | -5.0% |
| Discount to net asset value (%)* | -12.2% | -9.2% | – |
| Ongoing charges* ¹ | 1.65% | 1.58% | – |

*Alternative performance measures.

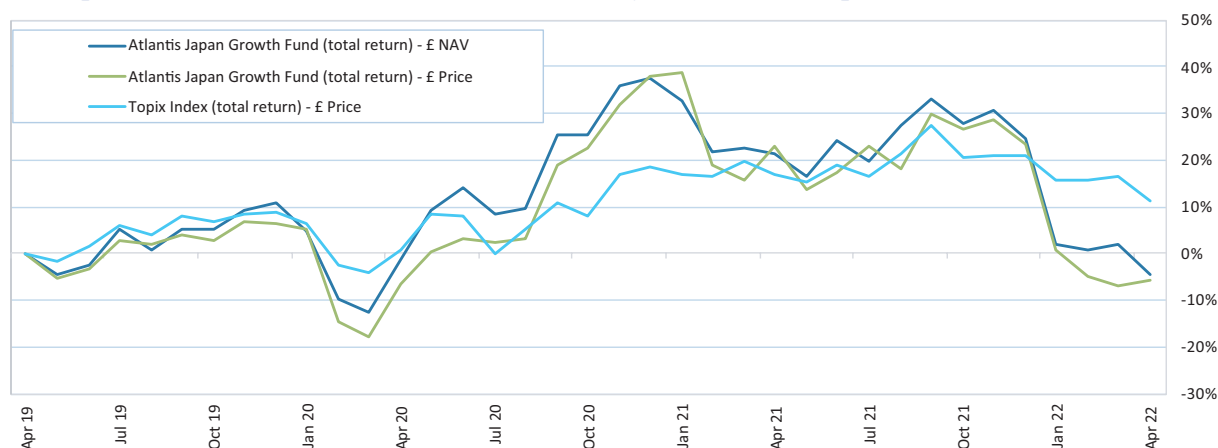
¹ For further information please see ongoing charges in Appendix 1, page 80.

Fund performance versus benchmark since inception



Note: NAV performance is diluted by historical Subscription Rights.

Fund performance versus benchmark for the three years ended 30 April 2022



ATLANTIS JAPAN GROWTH FUND LIMITED
FINANCIAL HIGHLIGHTS AND PERFORMANCE (continued)
 TO 30 APRIL 2022

| Net Asset Value Total Return (GBP) | 1 Year | 3 Years | 5 Years | Since Inception | Annualised Return |
|------------------------------------|--------|---------|---------|-----------------|-------------------|
| Atlantis Japan Growth Fund | -21.3% | -4.5% | 32.4% | 255.5% | 5.0% |
| Topix TR | -5.0% | 11.2% | 22.6% | 70.2% | 2.1% |

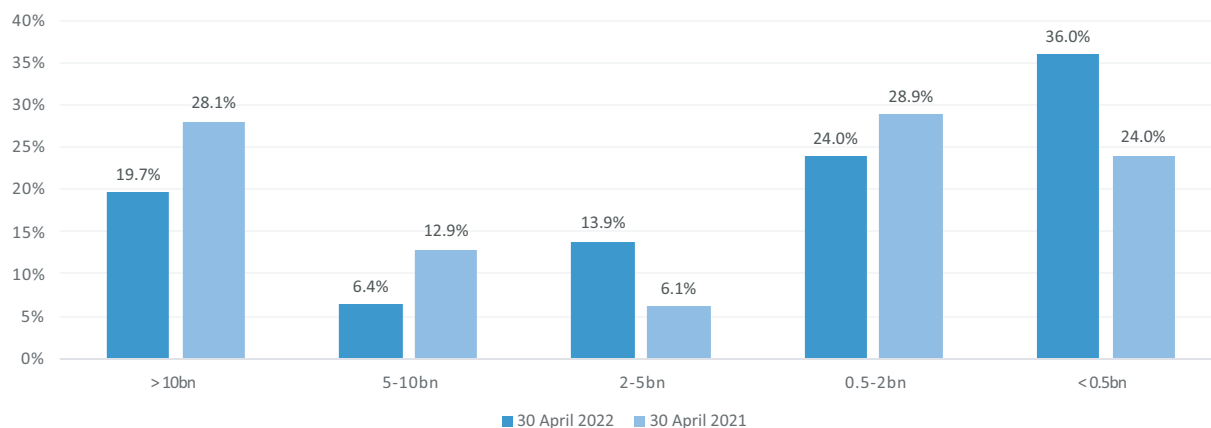
Note: NAV performance is diluted by historical Subscription Rights.
 Source: Quaero Capital LLP, Northern Trust and Bloomberg.

Discount trend over the last three years



Source: Quaero Capital LLP, Northern Trust and Bloomberg.

Portfolio market capitalisation breakdown in GBP



Source: Quaero Capital LLP, Northern Trust and Bloomberg.

ATLANTIS JAPAN GROWTH FUND LIMITED

INTRODUCTION

INVESTMENT OBJECTIVE

Atlantis Japan Growth Fund Limited (the “Company”) aims to achieve long term capital growth through investment wholly or mainly in listed Japanese equities.

INVESTMENT POLICY

The Company may invest up to 100% of its gross assets in companies quoted on any Japanese stock exchange including, without limitation, the Tokyo Stock Exchange Prime, Standard and Growth sections, or the regional stock exchanges of Fukuoka, Nagoya and Sapporo. The Company’s benchmark index is the TOPIX Total Return index “benchmark total return index” and the Company will not be restricted to investing in constituent companies of the benchmark.

The Company may also invest up to 20% of its Net Asset Value (the “NAV”) at the time of investment in companies listed or traded on other stock exchanges but which are either controlled and managed from Japan or which have a material exposure to the Japanese economy.

The Company may also invest up to 10% of its NAV at the time of investment in securities which are neither listed nor traded on any stock exchange or over-the-counter market.

In general, investments will be made in equity shares of investee companies, or in debt issued by investee companies. However, the Company may also invest up to 20% of its NAV at the time of investment in equity warrants and convertible debt.

The Company will not invest in more than 10% of any class of securities of an investee company. The Company will not invest in derivative instruments save for the purpose of efficient portfolio management.

The Company may not invest more than 10% in aggregate of the value of its total assets in other listed closed-ended investment funds except in the case of investment in closed-ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds, in which case the limit is 15%.

The Company may borrow, with a view to enhancing capital returns, up to a maximum of an amount not exceeding 20% of NAV at the time of borrowing.

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

The management and impact of the risks associated with the investment policies are described in detail in the Notes to the Financial Statements (see Note 15).

INVESTMENT MANAGER AND INVESTMENT ADVISER

Quaero Capital LLP has been the appointed Investment Manager of the Company since 1 August 2014.

Atlantis Investment Research Corporation (“AIRC”) has been the appointed Investment Adviser to the Company since 1 August 2014.

AIRC, established in Tokyo, through Taeko Setaishi as lead adviser, and her colleagues, advises the Investment Manager on the day-to-day conduct of the Company’s investment business, the role it has played since the launch of the Company in May 1996.

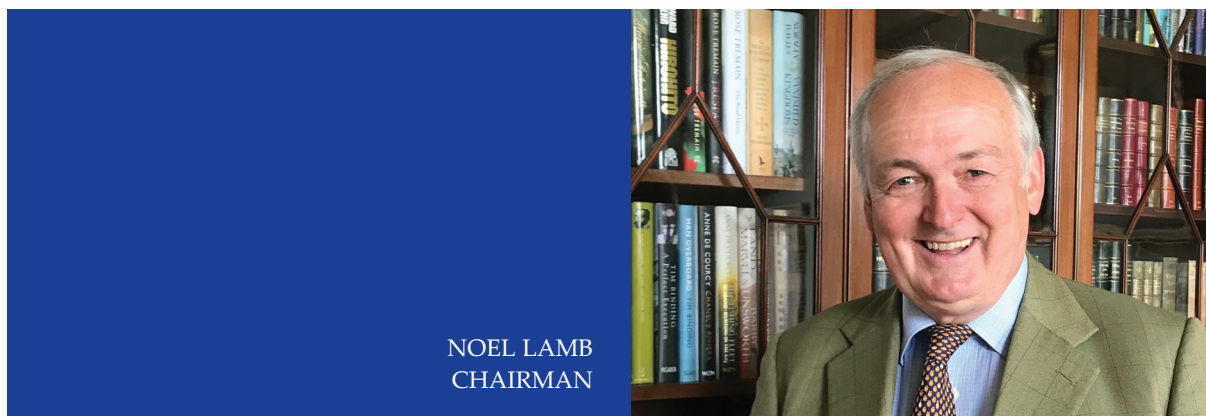
DIVIDEND POLICY

There are regular quarterly dividend payments of 1% of the Company’s NAV (based on the average daily NAV in the final month of the financial year). The dividends will be paid out of capital reserves and will be paid in March, June, September and December (please see Dividend Policy on page 18 for further details).

ATLANTIS JAPAN GROWTH FUND LIMITED

CHAIRMAN'S STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022



After enjoying several years of handsome returns, the past year has been one of the most challenging for global equity markets since the 2008 global financial crisis, seeing the nascent hopes for recovery overwhelmed by Russia's invasion of Ukraine and rising energy prices. Our thoughts are very much with those affected directly by such geopolitical turmoil. Japan has not been immune to such spasms and, having taken steps back from the stringent Covid restrictions, is now faced with the twin challenges of rising inflationary pressures and slower global growth. In such an environment, the Company finished its financial year on 30 April 2022 with its shares 26.9% lower than a year earlier, underperforming the Company's benchmark, the Topix Total Return (TR) Index (which saw a 5% decline in sterling terms). This very much reflected the growth style of the Company, with a continued focus on investing in those companies that will deliver sustainable earnings growth over the long-term. Despite such a challenging market for growth investors, the Company's 32.4% performance over 5 years compares favourably with the Topix (TR) sterling return of 22.6%. The Company paid out four regular quarterly dividends of 1% of the Company's net asset value ("NAV"), calculated on the average daily NAV of April 2021. Further, at the end of the financial year, the Company's discount was 12.2% against 9.2% a year earlier.

MARKET AND PERFORMANCE

The Japanese market, like many of the developed markets, saw a persistent rotation between growth and cyclical companies over the past 12 months. This came as investors sought to account for the geopolitical tensions, rising inflation and the subsequent impact on the interest rate cycle that helped drive a re-rating of growth companies. The Company's performance in the first half of the financial year was steady, driven by the chosen thematic exposure to global leaders in the renewable energy, electronic component and biotech spaces. In the second half of the year, performance was disproportionately affected by a continued shift out of growth stocks into value shares, one of the factors driving outperformance of those cyclicals geared to the modest global economic recovery.

DIVIDEND POLICY

The quarterly dividend is set at 1% of the average daily NAV per share in the final month of the preceding financial year and is paid out of capital resources at the end of each calendar quarter. The Board continues to believe that the new dividend policy is the fairer way to distribute capital to all shareholders, compared to the previously employed redemption mechanism. The September 2021, December 2021, March 2022 and June 2022 dividend payments were paid to registered shareholders at the rate of 2.88p per share, based on the average daily NAV per share in the final month of the Company's financial year ended 30 April 2021. The average NAV per share for the month of April 2022 was 215p and so the new quarterly dividend rate will be at 2.15p for the four dividends payable at the end of September 2022, December 2022, March 2023 and June 2023.

ATLANTIS JAPAN GROWTH FUND LIMITED

CHAIRMAN'S STATEMENT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INVESTMENT

Investing responsibly is at the centre of the Company's investment philosophy and process. In 2015 the Company's investment manager, Quero Capital, became a signatory to the UNPRI to demonstrate commitment to responsible investment. Quero Capital has since joined the Institutional Investor Group for Climate Change (IIGCC) and the Carbon Disclosure Project (CDP), as it looks to understand and adopt best practice to address climate change. As long-term investors it is fundamentally important that we understand the environmental, social and governance risks and opportunities affecting the companies in which we invest. Strong relationships built over many years in the market enable us to use our position as long-term investors to encourage transparency and flag areas of high ESG risk.

BOARD COMPOSITION

As the Board reported last year, I will be stepping down in 2023 as Chairman of the Company and am working with my successor, Michael Moule, to ensure a smooth transition and a focus on refreshing board membership. Michael has been a director since February 2018 and we look forward to his continued stewardship focus as he takes up the new role with effect from next year's AGM.

All Directors are subject to annual re-election at the AGM, which will be held at The Cavalry & Guards Club on 8 September 2022.

DISCOUNT MANAGEMENT AND SHARE BUY BACKS

In order to assist in managing the discount at which the Company's shares trade and to enhance the NAV per share of remaining shareholders, the Company has authority to buy back shares. The Board renewed its existing powers to buy back shares at the 2020 AGM. The Board reviews the discount level on a regular basis and will opportunistically buy back stock if the discount is perceived to be too wide.

The discount widened over the period from 9.2% to 12.2%. As part of its discount management policy, during the financial year ended 30 April 2022, the Company exercised its authority to buy back 378,000 shares for holding in Treasury, which represented 0.81% of the issued share capital.

At the 2019 AGM, the Board announced that a Continuation Vote will be called every fourth year. Hence, the next Continuation Vote will be held at the 2023 AGM.

GEARING

Gearing is defined as the ratio of a company's long-term debt, less cash held, compared to its equity capital, expressed as a percentage. The effect of gearing is that, in rising markets, the Company tends to benefit from any growth of the Company's investment portfolio above the cost of payment of the prior ranking entitlements of any lenders and other creditors. Conversely, in falling markets the Company suffers more if the Company's investment portfolio underperforms the cost of those prior entitlements.

In order to improve the potential for capital returns to shareholders, the Company currently has access to an overdraft facility with the Company's Depositary, Northern Trust (Guernsey) Limited, for up to ¥1.5 billion. As at 30 April 2022 the Company's net gearing level (being the amount of drawn-down bank debt less the cash held on the balance sheet) was 5.0% compared to 0.4% at the end of the prior reporting period.

The Directors consider it a priority that the Company's level of gearing should be maintained at appropriate levels with sufficient flexibility to enable the Company to adapt at short notice to changes in market conditions. The Board reviews the Company's level of gearing on a regular basis. The current maximum that has been set is 20% of the Company's net assets. The Investment Adviser is encouraged to use the gearing facility and the Company's cash reserves in order to enhance returns for shareholders.

ATLANTIS JAPAN GROWTH FUND LIMITED

CHAIRMAN'S STATEMENT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

ONGOING CHARGES AND INVESTMENT MANAGEMENT FEE

The Board continues to look very closely at the level of ongoing charges incurred by the Company and for the financial year ended 30 April 2022 the ongoing charges were 1.65% (30 April 2021: 1.58%). The Board will remain vigilant in seeking opportunities for reductions. Details of the ongoing charges are shown in Note 19 to the Financial Statements.

A tiered structure for investment management fees was put in place with effect from 5 July 2019, with a fee of 1% on the first £125m of net assets, 0.85% on net assets between £125m and £175m and 0.70% on net assets above £175m.

OUTLOOK

Uncertainty over the outcome and timing of the war in Ukraine will continue to weigh on sentiment in global markets, particularly as to how the impact on inflation and economic growth of disrupted global supply chains will play out for corporate earnings. Japan's economic outlook has remained more resilient than many of the developed economies and it is encouraging to see positive growth forecasts being released by corporates for the next Fiscal Year. Ongoing corporate governance reforms are also creating more value for minority shareholders. These factors support the valuation argument for Japan with relatively attractive PER, PBR and yield comparables particularly as our Investment Adviser ekes out those overlooked growth opportunities. Key focuses of attention will be on how the upcoming July Upper House elections will impact stimulus policies and the pressure on the Bank of Japan to respond to inflationary pressures, currently reflected in widening interest rate differentials and a twenty year low for the yen versus US dollar. Yen weakness has been a challenge for some Japanese companies but is also helping to boost corporate earnings for others. It is not just the exporters who have benefited, since cost inflation has helped many companies to increase product prices in a way that they were unable to do before.

The Company retains, as a key pillar to its investment style, a focus on a long-term growth trajectory. Your Directors and I believe that this places it in a strong position to benefit from exposure to growth-orientated businesses, companies with sustainable competitive advantages and that have strong free cash flow. This will help drive long-term performance of the Company. The Investment Adviser's focus on growth factors has served the Company and its shareholders well over the 26 year life of the Company, and the Board remains confident that this approach will reward shareholders as we maintain a focus on generating returns over the long-term.

Noel Lamb

5 July 2022

ATLANTIS JAPAN GROWTH FUND LIMITED

INVESTMENT ADVISER'S REPORT FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

PERFORMANCE

The Company's Net Asset Value (NAV) per share, calculated in sterling, ended the financial year at 210.73p, down 21.3% YoY on a total return basis, versus the Topix Total Return Index decline of 5.0%. The Company's discount to NAV ended the period at -12.2%, widening from -9.2%.

At the end of the period, the Company's net gearing was 5.0%, which was an increase from the previous year's level of 0.4%. The Japanese yen also continued to weaken over the year, from ¥151.48 to ¥164.11, incurring an 8.3% loss in value versus sterling.

As at the end of April 2022, the Company's portfolio held 66 stocks, which is the same number as at the previous year. Sectors that contributed positively included Other Financing Business, Marine Transportation and Wholesale Trade. There were strong contributions from software testing specialist SHIFT (3697 JP), semiconductor manufacturing gas purveyor Japan Material Co (6055 JP) and niche pre-owned auto insurance and warranty provider Premium Group Co (7199 JP). Sectors that underperformed included Services, Information & Communication and Machinery. Stocks that underperformed included the investor relations consultant IR Japan Holding (6035 JP), precision small motor specialist Nidec (6594 JP), and mergers and acquisitions specialist Nihon M&A Center (2127 JP).

Three factors weighed on the Company's performance. The first was the persistent sell-off in growth and technology stocks. The second was the technical impact of the restructuring of the Tokyo Stock Exchange section categories, effective from April 2022. This intensified the sell-off in Japanese small caps which had already been hit by a global sell-off. The third was the lead up to and invasion of Ukraine in February, which exacerbated volatility and the shift from growth to value compounded by the acceleration of inflation and global monetary tightening.

The portfolio remains entirely invested in the equities of listed Japanese companies and J-REITS. The Company has no exposure to foreign exchange hedges, nor does it take positions in convertible bonds or other types of structured financial products.

MARKET COMMENT

At the beginning of the financial year, the Japanese market had been adjusting to the persistence of the pandemic: new variants; supply chain disruptions; component shortages; rising input costs; inflationary pressures; and US and EU monetary policy diverging from the Bank of Japan's ("BoJ") easy stance. There was a brief rally early in the financial year in anticipation of further policy initiatives from the new government under Prime Minister Fumio Kishida. His administration then lost momentum from the new year which contributed to some of the market gyration between growth and value styles from month to month.. Inflationary pressures increased globally, including in Japan on the producer price level as well as on supermarket shelves (though core inflation data excluding fresh food and energy remained well below the BoJ's 2% target). Encouragingly, corporate earnings trends were fairly steady as companies reined in spending, started passing on rising input costs by increasing prices, restructured where needed and focused on driving profitable areas of their businesses.

Whatever hopes there were of getting inflation under control and seeing a return to normalcy by easing supply chain bottlenecks, were quickly upended by the invasion of Ukraine and the zero-Covid lockdowns in China. Monetary policy between Japan and the US diverged further and the yen weakened dramatically after the Fed raised its benchmark interest rate in March, while the BoJ confirmed its near-zero rate policy. The persistence of the Ukraine crisis has led commodity prices to soar. Despite such uncertainties, we did see foreign investor activity shift to modest net buying of Japanese equities in April – the last month of the Company's financial year – though volumes were lower than in previous years. As at the end of the Company's financial year, the Topix (Prime) Index is on a forward PER of 14.07x and PBR of 1.16x, which are attractive valuations on a historical basis and relative to other markets.

ATLANTIS JAPAN GROWTH FUND LIMITED

INVESTMENT ADVISER'S REPORT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

ECONOMIC OUTLOOK

Following Russia's invasion of Ukraine, Oil rose to over \$100/bl and the Japanese yen briefly surpassed JPY130/USD and JPY165/GBP. The weaker Japanese yen benefits exporters and the repatriation of profits into yen, but severely impacts costs for importers of oil, commodities and various components. That said, restrictions are being eased for inbound travel and the economy is opening back up from this summer. Corporate balance sheets remain strong and while companies are understandably guiding conservatively due to geopolitical uncertainties, for many manufacturing sectors order backlogs remain high which provides a measure of visibility and confidence. Inventories along the supply chain are also trending at a low level, and employment is robust in Japan as well as in key destination markets for Japanese companies such as in the US. Although supply chain disruptions could still negatively impact upcoming data points such as industrial production, GDP and consumer spending, the most recently published manufacturing PMI series for May was 53.3, down from 53.5 in April. This is still comfortably above 50, indicating on the whole that the benefits of the weaker yen are offsetting the negative impact on raw materials costs. Key factors going forward include the reopening of the economy, resumption of travel in and out of Japan, and efforts to reduce supply chain bottlenecks.

INVESTMENT ADVISER'S STRATEGY

Given continued geopolitical uncertainty, it is difficult to predict how the inflation picture will change in the coming months. However, there is some expectation of reaching a near-term peak, as supply chains improve and normal economic activity returns. The Investment Adviser is taking a measured approach focusing on both companies with limited exposure to overseas markets as well as those benefiting from structural change and growth areas such as in technology, manufacturing and workflow efficiency, work-style reform, healthcare, infrastructure and unique new business models. The Investment Adviser notes that companies have started to raise prices, particularly from the start of the new Japanese fiscal year in April. This is helping to offset rising materials and input costs, which is a positive sign for maintaining profit margins and the ability to weather inflationary pressures. Initial impressions of favourable retail sales, customer footfall traffic, domestic travel, hospitality and dining during the recent Japanese Golden Week holiday at the end of April and beginning of May bode well for the economic outlook. The government's extraordinary economic package and its commitment to supporting the growth of new technologies should also help stabilize the economy and market during these difficult times. The Investment Adviser has not changed its basic approach of frequently meeting with company managements to test their progress and continues to employ a bottom-up approach in its fundamental analysis.

Atlantis Investment Research Corporation
5 July 2022

ATLANTIS JAPAN GROWTH FUND LIMITED
ALTERNATIVE INVESTMENT FUND MANAGER'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

Quaero Capital LLP, which is registered in England as a limited liability partnership, was authorised on 22 July 2014 by the Financial Conduct Authority of the UK as the Company's Alternative Investment Fund Manager (the "AIFM") for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD" or the "Directive").

As the Company's AIFM, Quaero Capital LLP is required to make available an annual report for each financial year of the Company containing the following:

- i. A balance-sheet or a statement of assets and liabilities (see Statement of Financial Position on page 53).
- ii. An income and expenditure account for the financial year (see Statement of Comprehensive Income on page 50).
- iii. A report on the activities of the financial year including an overview of the investment activities and financial performance over the year (see Chairman's Statement on page 5, Investment Adviser's Report on page 8, Details of Ten Largest Investments on page 11, Schedule of Investments on page 15 and Directors' Report and Statement of Directors' Responsibilities on page 26).
- iv. Details of material changes to the information set out under Article 23 of the Directive. To satisfy this requirement, Quaero Capital LLP publishes an Investor Disclosure Document available at www.atlantisjapangrowthfund.com.
- v. Certain disclosures in relation to the remuneration of Quaero Capital LLP. To meet these requirements, details of Quaero Capital LLP's remuneration policy and remuneration disclosures in respect of Quaero Capital LLP's reporting period for the financial year ended 31 March 2022 are available at www.atlantisjapangrowthfund.com/literature.
- vi. Details of the leverage employed by the Company. Using the methodologies prescribed under the Directive, the leverage of the Company is disclosed in the following table:

| | Commitment leverage as at 30 April 2022 | Gross leverage as at 30 April 2022 |
|----------------|--|---------------------------------------|
| Leverage ratio | 1.05:1 | 1.05:1 |

Quaero Capital LLP
5 July 2022

ATLANTIS JAPAN GROWTH FUND LIMITED

DETAILS OF TEN LARGEST INVESTMENTS

AS AT 30 APRIL 2022

The ten largest investments comprise a fair value of £26,026,741 (30 April 2021: £42,121,255) representing 29.8% of Net Asset Value (30 April 2021: 36.2%) with details as below:

Shift (24,000 shares)

SHIFT is the leading outsourced software testing company in Japan. Software testing was traditionally tasked internally by software developers who considered the task to be lower-level work. This resulted in a lack of motivation and inconsistent standards, yet still only about 5% of software testing is outsourced. Shortages of engineers in recent years have exacerbated the situation. The external software testing market is growing at 20% per annum and SHIFT is growing faster than the market. The company generates growth organically as well as through M&A which increases its pool of engineers. It is establishing software testing standards as well as accumulating data and expertise that reduces costs for both itself and clients. As such it is able to increase pay for engineers, and is becoming known as an attractive place to work which makes it easier to hire. It has a diversified customer base including gaming companies, retailers, and financial services, and is rapidly expanding coverage to other industries.

Fair value of £3,646,176 representing 4.2% of Net Asset Value (30 April 2021: 2.5%)

Japan Material (250,000 shares)

Japan Material is a supplier of ultra-pure water, specialty gases and chemicals used in semiconductor and LCD manufacturing. The company's services include managing the entire process from designing to construction and maintenance of specialty equipment, piping, pumps and other infrastructure. The company has a long history with Japan's top semiconductor related companies including Kioxia (Toshiba), Micron and other manufacturers such as Japan Display. The company is known for its highly skilled staff, and has a good track record of supplying total solutions for managing the entire process of laying out the piping to design and maintenance of the gas supply for advanced semiconductor and electronics manufacturing to help reduce operating costs. With the disruption of supply chains in the semiconductor sector particularly acute, the Japanese government is supporting the on-shoring of production in Japan. Several major projects have ensued between Japanese and Taiwanese semiconductor manufacturers as well as others increasing their capex in Japan. Japan Material has recently acquired land in Kyushu to support semiconductor plants in the region, which should support long-term above trend growth for the company.

Fair value of £3,023,477 representing 3.5% of Net Asset Value (30 April 2021: 1.6%)

Premium (120,000 shares)

Premium Group is an independent credit company specializing in providing financing and warranties for the purchase of second-hand cars in Japan. The company ranks third in Japan in the provision of credit for second-hand cars, and has a 70% market share for warranties for second-hand cars in the domestic market. Many of its competitors are under the umbrella of larger financial institutions which severely limits their ability to provide credit and warranties due to the nature of the second-hand car market. As an independent with a deep understanding of the market and know how for valuing second hand cars as well as risk, Premium Group is able to provide competitive rates and has been growing its market share as a consequence. The company is also expanding into other areas such as solar panels, and is proactive in M&A which is helping it expand into new markets. Premium Group is also expanding overseas in Asia including in Thailand and Indonesia where it is operating auto maintenance plants and providing warranty support. The company has been growing sales and profits at double digit rates and is expected to continue over the coming years.

Fair value of £2,847,427 representing 3.3% of Net Asset Value (30 April 2021: 1.5%)

ATLANTIS JAPAN GROWTH FUND LIMITED

DETAILS OF TEN LARGEST INVESTMENTS (continued)

AS AT 30 APRIL 2022

Nidec (54,000 shares)

Nidec is the world's leading manufacturer of electric motors from miniature to large sizes, and of brushless motors which reduce noise and vibration. In the past, the more expensive brushless motors were used mainly for higher-end products such as PCs, but a shift in focus across all industries and product categories has increased Nidec's total addressable market significantly. In addition to being used in various household appliances, Nidec motors are used in numerous industrial and machinery applications which require higher levels of precision and efficiency. They are also expanding into supplying motors for EVs. The company has grown both organically and with an aggressive M&A strategy under the leadership of founder and Chairman Shigenobu Nagamori who recently returned to his role as CEO to guide the company through the current difficult conditions resulting from the pandemic and war in Ukraine. He replaces Jun Seki, the former Nissan executive, who continues to head the automotive segment. This has been performing well and is a critical part of Nidec's long-term growth strategy to expand in electronic vehicle drive components such as e-Axles. Nidec has a proven track record for innovation and execution as a premier low-cost mass producer, and offers high growth potential.

Fair value of £2,823,582 representing 3.2% of Net Asset Value (30 April 2021: 4.7%)

Tokyo Electron (7,500 shares)

Tokyo Electron is a leading global assembler of semiconductor production equipment (SPE) with high market share in front-end processes such as coater/developers (100% market share for extreme ultraviolet lithography (EUV)), etching including for 3D NAND memory, deposition and cleaning systems. In the recent past semiconductors were used mainly to store and process data, while humans created and analyzed the data. With highspeed and real-time requirements of new technologies such as AI and Big Data, semiconductors are now being used to create, detect, analyze and act on data without human intervention. Over the next 5 years, global data volume is expected to increase fourfold with approximately three-quarters created and used by semiconductors. Global semiconductor revenues are expected to grow 2-3 times over the next 5 years. Tokyo Electron's high market share in SPE processes for EUV and 3D NAND stacking that is essential for rising data workloads, as well as having launched two new production facilities in 2020, put it in a strong position to grow faster than the market. In FY21 ending March 2022, Tokyo Electron achieved record net profit, after tax, of JPY437bn.

Fair value of £2,547,988 representing 2.9% of Net Asset Value (30 April 2021: 5.2%)

S-Pool (310,000 shares)

S-Pool is a niche staffing company for call centres, mobile phone stores, other retail stores and e-commerce. It is known for placing personnel with special needs and disabilities. The company also runs farms on which it employs people with disabilities, and coordinates with local governments and businesses interested in hiring special needs people. The company is involved in training, staff education, making referrals, and is developing a recruitment agency as a new service. It also dispatches personnel for nursing care, long-term care and childcare facilities. The company also runs logistics outsourcing services for warehouses, and employment process support services. It is expanding into new areas such as Environment Management Support Services and a wide range of Administrative and Business Process Organization services. The company is enjoying double digit sales and profit growth. Due to the nature of its business the firm is known as an ESG and sustainable growth play and organizes its business model around solving various social and corporate issues.

Fair value of £2,484,854 representing 2.9% of Net Asset Value (30 April 2021: 1.5%)

ATLANTIS JAPAN GROWTH FUND LIMITED

DETAILS OF TEN LARGEST INVESTMENTS (continued)

AS AT 30 APRIL 2022

Industrial & Infrastructure Fund Investment Reits (2,000 shares)

Industrial Infrastructure is a real estate investment trust that invests in logistics facilities and infrastructure properties, such as aircraft maintenance hangers at Haneda Airport. The REIT was established in 2017 and was sponsored by Mitsubishi Corp and UBS Realty (name changed to KJR Management in April 2022), known for strength in ESG and responsible investment. It was the first Japanese REIT to be a signatory of the Montreal Carbon Pledge and UN Environment Programme Finance Initiative and has received various ESG awards. The REIT can acquire properties and favourable financing through its sponsor network. It also has a lower cost of equity which gives it an edge over peers. Its current forward dividend yield is 3.38% and has an annualized dividend growth target of 4%. As a result of its low funding cost advantage and ability to secure quality investments, it consistently trades at a premium to NAV per share (currently around 1.43x as of 31 May). Logistics and infrastructure are a long-term structural growth area in Japan and the Industrial & Infrastructure REIT offers a stable way to participate in this growth.

Fair value of £2,286,514 representing 2.6% of Net Asset Value (30 April 2021: 2.3%)

Disco (11,000 shares)

Disco is a semiconductor production equipment maker and holds the top global share in slicing and dicing, grinding and polishing equipment for semiconductors, electronic components and silicon wafers. The stock also offers some defensive qualities as it also has non-integrated circuit (IC) customers that provides some counter-cyclical protection, and it has a large consumables and maintenance business that generates steady recurring revenues. Disco has benefited from the extension of the current semiconductor cycle and the continued excess demand conditions in maintenance, parts and consumables. Due to the acute semiconductor shortages as a result of the pandemic, and more recently the war in Ukraine, the Japanese government is supporting the onshoring of semiconductor production and strengthening of the industry and supply chains in Japan as a strategic initiative. The same phenomenon is occurring in other countries which is benefiting Disco. The company is also a weak yen beneficiary and has a large orderbook giving it visibility on steady sales growth for the next few years regardless of where we are in the cycle.

Fair value of £2,162,207 representing 2.5% of Net Asset Value (30 April 2021: 2.2%)

Wacom (370,000 shares)

Wacom is the leader in graphic tablets and has a 60% global market share. The company dominates the professional design and drafting industry, and is expanding into new applications in the education and industrial markets. The company supplies digital pen (stylus) technology solutions to customers such as Samsung (which is a 5% owner), Lenovo, Dell, Google and Microsoft. The company has long since been recognized as a leader in this area, but with CEO Nobutaka Ide taking the helm in 2018 with a background in marketing, it has been repositioning itself as a partner and solutions provider to global technology firms for digital pens rather than just as a component supplier. There have been efforts by some of the bigger players such as Apple to establish their own stylus as the industry de facto standard. This has not materialized, as other large players resisted letting their competitor be the standard-setter. The company expects double digit growth over the next several years.

Fair value of £2,143,347 representing 2.4% of Net Asset Value (30 April 2021: 0.7%)

ATLANTIS JAPAN GROWTH FUND LIMITED

DETAILS OF TEN LARGEST INVESTMENTS (continued)

AS AT 30 APRIL 2022

Sony (30,000 shares)

Sony is Japan's leading consumer electronics and media company and also a leading producer of semiconductor complementary metal oxide semiconductor (CMOS) sensors which are essential for cameras. It is the only global player that has a strong presence in hardware, games, movies, TV, and semiconductors, and it has demonstrated superior management and execution capability in its recovery over the last decade. It competes with big global tech giants like Samsung, Microsoft, Apple, and Disney and yet is trading at less than 5% of the valuation (USD 112.6bil) of some of these companies (e.g., Apple at USD 2.4tril). Sony has both the content and the delivery mechanisms and devices to distribute, and a proven track record. It has opportunities in streaming across all genres (film, music, games), autonomous drive and EVs, sensors, AR/VR, healthcare, and many other areas. While there are concerns of slowing consumer demand if global economic conditions worsen during a period of inflation, these remain structural long-term growth areas, and Sony is at a much lower overall valuation than global peers. Sony is on a forward PER of 16.5x and is projecting profit growth of 7-10% for the next 2-3 years.

Fair value of £2,061,169 representing 2.3% of Net Asset Value (30 April 2021: 2.0%)

ATLANTIS JAPAN GROWTH FUND LIMITED

SCHEDULE OF INVESTMENTS

AS AT 30 APRIL 2022

| Holdings | Financial assets at fair value through profit or loss | Fair Value £'000 | % of NAV |
|----------|--|---------------------|-------------|
| | Banks: 1.92% (30 April 2021: 0.00%) | | |
| 220,000 | Keiyo Bank | 671 | 0.77 |
| 42,000 | Sumitomo Mitsui Financial | 1,007 | 1.15 |
| | Chemicals: 3.58% (30 April 2021: 4.51%) | | |
| 16,000 | Shin-Etsu Chemical | 1,762 | 2.02 |
| 90,000 | Tri Chemical Laboratories | 1,361 | 1.56 |
| | Construction: 1.46% (30 April 2021: 0.68%) | | |
| 180,000 | Besterra | 1,271 | 1.46 |
| | Electric Appliances: 20.10% (30 April 2021: 21.93%) | | |
| 140,000 | Chino | 1,379 | 1.58 |
| 6,000 | Keyence Corporation | 1,942 | 2.22 |
| 25,000 | Kohoku Kogyo | 1,110 | 1.27 |
| 12,000 | Lasertec | 1,302 | 1.49 |
| 54,000 | Nidec | 2,824 | 3.24 |
| 70,000 | Optex | 738 | 0.85 |
| 45,000 | Oxide | 1,496 | 1.71 |
| 30,000 | Sony | 2,061 | 2.36 |
| 7,500 | Tokyo Electron | 2,548 | 2.92 |
| 370,000 | Wacom | 2,143 | 2.46 |
| | Electric Power & Gas: 0.00% (30 April 2021: 4.10%) | – | – |
| | Information & Communication: 18.32% (30 April 2021: 14.45%) | | |
| 7,000 | GMO Financial Gate | 559 | 0.64 |
| 90,000 | GMO Internet | 1,447 | 1.66 |
| 18,000 | Hikari Tsushin | 1,681 | 1.93 |
| 55,000 | Internet Initiative Japan | 1,384 | 1.59 |
| 95,000 | Plus Alpha Consulting | 1,360 | 1.56 |
| 130,000 | PR TIMES | 1,713 | 1.96 |
| 110,000 | SB Technology | 1,517 | 1.74 |
| 24,000 | Shift | 3,646 | 4.18 |
| 60,000 | Simplex | 631 | 0.72 |
| 40,000 | ULS | 975 | 1.12 |
| 55,000 | VisasQ | 1,061 | 1.22 |
| | Machinery: 8.69% (30 April 2021: 11.60%) | | |
| 40,000 | Daifuku | 1,972 | 2.26 |
| 11,000 | Disco | 2,162 | 2.48 |
| 65,000 | Giken | 1,419 | 1.63 |
| 170,000 | Okada Aiyon | 1,610 | 1.84 |
| 200,000 | Yamashin-Filter | 424 | 0.48 |
| | Marine Transportation: 1.99% (30 April 2021: 0.00%) | | |
| 30,000 | Nippon Yusen | 1,738 | 1.99 |

ATLANTIS JAPAN GROWTH FUND LIMITED

SCHEDULE OF INVESTMENTS (continued)

AS AT 30 APRIL 2022

| Holdings | Financial assets at fair value through profit or loss | Fair Value £'000 | % of NAV |
|----------|---|---------------------|----------|
| | Metal Products: 0.93% (30 April 2021: 0.56%) | | |
| 70,000 | SUMCO | 813 | 0.93 |
| | Nonferrous Metals: 2.24% (30 April 2021: 0.00%) | | |
| 50,000 | Nippon Den kai | 1,098 | 1.26 |
| 80,000 | SWCC Showa | 856 | 0.98 |
| | Other Financing Business: 3.26% (30 April 2021: 1.50%) | | |
| 120,000 | Premium | 2,847 | 3.26 |
| | Other Products: 1.84% (30 April 2021: 1.88%) | | |
| 15,000 | Furuya Metal | 863 | 0.99 |
| 50,000 | Snow Peak | 740 | 0.85 |
| | Pharmaceutical: 2.86% (30 April 2021: 7.49%) | | |
| 75,000 | CellSource | 1,773 | 2.03 |
| 60,000 | Mizuho Medy | 727 | 0.83 |
| | Precision Instruments: 4.49% (30 April 2021: 3.73%) | | |
| 130,000 | Asahi Intecc | 2,022 | 2.32 |
| 110,000 | Hirayama | 866 | 0.99 |
| 100,000 | Topcon | 1,029 | 1.18 |
| | Real Estate: 8.53% (30 April 2021: 5.58%) | | |
| 220,000 | &Do Holdings | 1,218 | 1.40 |
| 70,000 | Aoyama Zaisan Networks | 523 | 0.60 |
| 2,000 | Industrial & Infrastructure Fund Investment Reits | 2,287 | 2.62 |
| 620 | Japan Logistics Fund Reits | 1,207 | 1.38 |
| 50,000 | Katitas | 932 | 1.07 |
| 2,000 | Renewable Japan Energy Infrastructure Fund | 1,271 | 1.46 |
| | Rubber Products: 0.00% (30 April 2021: 0.51%) | – | – |
| | Securities & Commodity Futures: 0.00% (30 April 2021: 0.24%) | – | – |
| | Services: 20.49% (30 April 2021: 21.62%) | | |
| 42,000 | Amvis Holdings | 1,319 | 1.51 |
| 220,000 | Bell System24 Holdings | 2,018 | 2.31 |
| 40,000 | Bengo4.com | 829 | 0.95 |
| 80,000 | Creek & River | 1,032 | 1.18 |
| 20,000 | Daiseki | 575 | 0.66 |
| 50,000 | Funai Soken | 667 | 0.76 |
| 90,000 | Japan Elevator Service Holdings | 945 | 1.08 |
| 250,000 | Japan Material | 3,024 | 3.46 |

ATLANTIS JAPAN GROWTH FUND LIMITED

SCHEDULE OF INVESTMENTS (continued)

AS AT 30 APRIL 2022

| Holdings | Financial assets at fair value through profit or loss | Fair Value £'000 | % of NAV |
|----------|--|----------------------|----------------------|
| | Services: 20.49% (30 April 2021: 21.62%) | | |
| 110,000 | Kanamoto | 1,309 | 1.50 |
| 29,000 | M3 | 746 | 0.85 |
| 90,000 | Nihon M&A Center | 889 | 1.02 |
| 45,000 | Recruit Holdings | 1,328 | 1.52 |
| 310,000 | S-Pool | 2,485 | 2.85 |
| 45,000 | Writeup | 738 | 0.84 |
| | Transportation Equipment: 1.67% (30 April 2021: 0.00%) | | |
| 30,000 | Denso | 1,462 | 1.67 |
| | Wholesale Trade: 2.49% (30 April 2021: 0.00%) | | |
| 160,000 | Bike O | 1,112 | 1.27 |
| 55,000 | Mitsui | 1,061 | 1.22 |
| | Total Japan (30 April 2021: 100.38%) | <u>91,525</u> | <u>104.86</u> |
| | Total listed equities (30 April 2021: 100.38%) | <u>91,525</u> | <u>104.86</u> |
| | Total investments held at fair value through profit or loss | 91,525 | 104.86 |
| | Cash and Cash Equivalents (30 April 2021: (0.56%)) | (4,533) | (5.19) |
| | Other net assets (30 April 2021: 0.18%) | 287 | 0.33 |
| | Net assets attributable to equity shareholders | <u><u>87,279</u></u> | <u><u>100.00</u></u> |

ATLANTIS JAPAN GROWTH FUND LIMITED

BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

NOEL LAMB (Chairman, appointed to the Board on 1 February 2011 and appointed as Chairman on 1 May 2014), British, graduated from Exeter College, Oxford University and a barrister-at-law. He joined Lazard Brothers & Co Limited in 1987 and from 1992 to 1997 he was the managing director of Lazard Japan Asset Management where he was the fund manager for their Japanese equities. In 1997, he moved to the Russell Investment Group where he established the investment management capability of Russell in London. In 2002, he was promoted to Chief Investment Officer in North America where he managed assets of \$150bn until his departure in 2008. In 2020, he was appointed as a director of Guinness Asset Management Funds and in January 2022 as chairman of Rockwood Strategic plc.

PHILIP EHRMANN FCSI (appointed to the Board on 25 October 2013), British, graduated from the London School of Economics with a BSc in Economics. He started his investment career in 1981 specialising in the North American market before heading up Emerging Markets for Invesco Asset Management. In 1995 he joined Gartmore Investment Management to undertake a similar role, before becoming Head of Pacific & Emerging Markets. Whilst at Gartmore he managed the Gartmore Asia Pacific Trust plc, a pan-Asian Investment Trust. In 2006 he moved to Jupiter Asset Management where he was Co-Head of Asia. At the beginning of 2015 he joined Manulife Asset Management as a Senior Managing Director, responsible for overseeing Global Emerging Markets equity portfolios.

RICHARD PAVRY (appointed to the Board on 1 August 2016), British, is the Chief Executive Officer at Devon Equity Management Limited. Richard graduated in Natural Sciences from Cambridge University before converting to law. He began his career as a solicitor with Simmons & Simmons, moving to Jupiter Asset Management in 2000 where he served as head of investment trusts. He moved to Devon Equity Management Limited in November 2019. Richard has previously served as a non-executive director of Jupiter Second Split Trust plc and is Chairman of Devon Equity Funds SICAV.

MICHAEL MOULE (appointed to the Board on 5 February 2018), British, has a close connection to investment trusts and global investment having managed The City of London Investment Trust plc, The Bankers Investment Trust plc and The Law Debenture Corporation plc during an extensive City career with Touche Remnant and Henderson Global Investors. He was until May 2022 a member of the Investment Committee of The Open University, and was previously Chairman of Polar Capital Technology Trust plc.

YUKI SOGA (appointed to the Board on 1 July 2021), Japanese, currently residing in London. Schooled in the UK and a graduate of Somerville College, Oxford, she has spent most of her career to date working in Tokyo. Yuki commenced her career with lawyers Clifford Chance and Herbert Smith and then researched quoted Japanese equities for Arcus and Macquarie. She subsequently became a partner at Indus Capital Tokyo. Since June 2020 Yuki has been running her own research and consulting business.

ATLANTIS JAPAN GROWTH FUND LIMITED

STRATEGIC REPORT

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

The Strategic Report provides shareholders with enhanced transparency and oversight capabilities when assessing how directors have performed their duties to promote the continued success of the company for shareholders' collective benefit. This is achieved by providing context to the financial statements, analysis of past performance and insights into the decisions taken to maintain future performance.

The Directors submit their Strategic Report, Directors' Report and Statement of Directors' Responsibilities, together with the Company's Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statements of Cash Flows and the related Notes for the financial year ended 30 April 2022, together the "Audited Financial Statements". These Audited Financial Statements give a true and fair view and have been properly prepared, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

THE COMPANY

Atlantis Japan Growth Fund Limited (the "Company") was incorporated in Guernsey on 13 March 1996. The Company commenced activities on 10 May 1996. The Company is an authorised closed-ended investment scheme registered and domiciled in P.O. Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands. The Company's equity shares are traded on the London Stock Exchange.

As an investment trust, the Company is classified as an Alternative Investment Fund whose Alternative Investment Fund Manager (AIFM), Quaero Capital LLP, is required to be authorised and regulated by the Financial Conduct Authority. The Company is itself subject to the UKLA Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules ("DTR") and the rules of the London Stock Exchange.

INVESTMENT OBJECTIVE AND POLICY

The Company's investment objective and policy are set out on page 4.

The Company's investment activities are managed by Quaero Capital LLP ("Investment Manager") with the administration delegated to Northern Trust International Fund Administration Services (Guernsey) Limited.

KEY PERFORMANCE INDICATORS ("KPIs")

At each Board meeting, the Board considers a number of performance measures to assess the Company's success in achieving its objectives. Below are the main KPIs which have been identified by the Board for determining the progress of the Company:

- Change in Net Asset Value ("NAV");
- Discount to the NAV;
- Share price; and
- Ongoing charges.

RESULTS AND DIVIDENDS

The results for the financial year are set out in the Statement of Comprehensive Income on page 50.

As a UK investment trust the Company is subject to the provisions of the Corporation Tax Act 2010. Section 1158 includes a retention test which states that the Company should not retain in respect of any accounting period an amount which is greater than 15% of its income. This has been modified for accounting periods beginning on or after 28 June 2013 such that a negative balance on a company's revenue reserve is taken into account when calculating the amount of distributable income. This is not relevant for the financial year ended 30 April 2022 (30 April 2021: not relevant).

ATLANTIS JAPAN GROWTH FUND LIMITED

STRATEGIC REPORT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

RESULTS AND DIVIDENDS (continued)

Distributions of £4,511,513 were made during the financial year (30 April 2021: £3,711,357) and the Company met the retention test for the financial year ended 30 April 2022.

For more information please also refer to Packaged Retail and Insurance-based Investment Products (“PRIIPs”) regulations on page 80.

CAPITAL VALUES

At 30 April 2022, the value of net assets attributable to shareholders was £87,278,759 (30 April 2021: £116,501,330) and the NAV per share was £2.11 (30 April 2021: £2.79).

BUSINESS REVIEW AND TAX STATUS

The Company has been formally accepted into the investment trust company regime, subject to the Company continuing to submit appropriate annual tax filings to HM Revenue and Customs. In the opinion of the Directors, the Company has conducted its affairs so as to enable it to maintain ongoing investment trust status, subject to completion of the relevant tax work.

DIVIDEND POLICY

There is a regular dividend paid to all shareholders on a quarterly basis set at 1% of net asset value at the close of the preceding financial year. The June 2021 dividend was made at the rate of 2.17p per share, being 1% of the average daily NAV per share in the final month of our financial year ended the 30 April 2020. The quarterly dividend will be paid out of capital resources at the end of each calendar quarter. The September 2021, December 2021 and March 2022 dividend payments were made at the rate of 2.88p per share, being the average daily NAV per share in the final month of our financial year ended 30 April 2021. As a result of the Company’s performance over the year to April 2022, the average NAV per share for the month of April 2022 was 215p and so the new quarterly dividend rate will be at 2.15p for the four dividends payable at the end of September 2022, December 2022, March 2023 and June 2023.

SHARE BUY-BACKS

The Company has been granted the authority to make market purchases of up to a maximum of 14.99% of the aggregate number of ordinary shares in issue at a price not exceeding the higher of (i) 5% above the average of the mid-market values of the ordinary shares for the five business days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current investment bid for the ordinary shares.

In deciding whether to make any such purchases the Directors will have regard to what they believe to be in the best interests of shareholders as a whole, to the applicable legal requirements and any other requirements in the Articles. The making and timing of any buy-backs will be at the absolute discretion of the Board and not at the option of the shareholders, and is expressly subject to the Company having sufficient surplus cash resources available (excluding borrowed moneys).

The Board believes that the effective use of treasury shares can assist the Company in improving liquidity in the Company’s ordinary shares, managing any imbalance between supply and demand and minimising the volatility of the discount at which the ordinary shares trade to their NAV for the benefit of shareholders. It is believed that this facility gives the Company the ability to sell ordinary shares held in treasury quickly and cost effectively, and provides the Company with additional flexibility in the management of the capital base. During the financial year ended 30 April 2022, 378,000 shares were purchased into treasury (30 April 2021: None). The number of shares held in treasury at 30 April 2022 is 5,065,186 (30 April 2021: 4,687,186), the percentage of treasury shares in total is 10.9% (30 April 2021: 10.1%).

ATLANTIS JAPAN GROWTH FUND LIMITED

STRATEGIC REPORT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

SHARE BUY-BACKS (continued)

The Board shall have regard to current market practice for the re-issuance of treasury shares by investment trusts and the recommendations of the Investment Manager and the Financial Adviser. The Board's current policy is that any ordinary shares held in treasury will not be resold by the Company at a discount to the Investment Manager and the Financial Adviser's estimate of the prevailing NAV per ordinary share as at the date of issue. The Board will make an announcement of any change in its policy for the re-issuance of ordinary shares from treasury via a Regulatory Information Service approved by the Financial Conduct Authority ("FCA").

VIABILITY STATEMENT

In accordance with the AIC Code, the Board has assessed the prospects of the Company over the next three years from the date of this document. The Company's investment objective is to achieve long-term capital growth and the Board regards the Company as a long-term investment.

The Board has considered the Company's business model including its investment objective and investment policy as well as the principal risks and uncertainties that may affect the Company as detailed below. The Board, in its assessment of the viability of the Company, has considered each of the Company's principal risks as referred to below, in particular the impact of a significant fall in the Japanese equity market on the value of the Company's investment portfolio. The Board has noted that the Company holds a highly liquid portfolio invested predominantly in listed equities and no significant increase to ongoing charges or operational expenses is anticipated. Details of the ongoing charges are shown in Note 19 to the Financial Statements.

After making reasonable inquiries and assessing all data relating to the Company's liquidity, particularly its holding of significant liquid level 1 assets, the Directors believe that the Company has adequate resources to continue in operational existence until the next continuation vote and do not consider there to be any threat from COVID-19 or other issues.

The Directors also review the level of the discount or premium between the middle market price of the Company's ordinary shares and their NAV on a regular basis. The Directors have powers granted to them at the last annual general meeting to purchase ordinary shares and either cancel or hold them in treasury as a method of controlling the discount to NAV and enhancing shareholder value.

The Board has therefore concluded, based on the Company's processes for monitoring operating costs, share price discount, the Investment Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, gearing, counterparty exposure, liquidity risk and financial controls, that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three years.

GOING CONCERN

As outlined in the Viability Statement above, the Directors believe that the Company has adequate resources to continue in operational existence for the next twelve months from the date of approval of the Financial Statements. Whilst the Company is obliged to hold a continuation vote every four years, the Directors do not believe this should automatically trigger the adoption of a basis other than going concern basis in line with the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") which states that it is more appropriate to prepare financial statements on a going concern basis unless a continuation vote has already been triggered and shareholders have voted against continuation. The Directors have also considered the results of the most recent continuation vote held at the 2021 annual general meeting whereby the resolution was passed for the Company to continue in existence from the date of authorisation of the financial statements. As noted above in the Company's Viability Statement, there are no material uncertainties relating to events or conditions that may cast significant doubt as to the ability of the Company to continue to meet its ongoing obligations.

ATLANTIS JAPAN GROWTH FUND LIMITED

STRATEGIC REPORT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

GOING CONCERN (continued)

After making enquiries and given the nature of the Company and its investment, and having carried out an assessment of the impact of COVID-19 on the Company, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these Financial Statements. The Company's Investment Shares are liquid and can be converted to cash to meet liabilities as they fall due. The Board considers this to be sufficient for normal requirements. After due consideration, the Directors consider that the Company is able to continue for the foreseeable future from the date of authorisation of the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

As an investment trust, the Company invests in securities for the long term. The financial investments held as assets by the Company comprise equity shares (see the Schedule of Investments on pages 15 to 17 for a breakdown). As such, the holding of securities, investing activities and financing associated with the implementation of the investment policy involve certain inherent risks. Events may occur that could result in either a reduction in the Company's net assets or a reduction of revenue profits available for distribution.

Principal risks should include, but are not necessarily limited to, those that could result in events or circumstances that might threaten the company's business model, future performance, solvency, liquidity and reputation. In deciding which risks are principal risks companies should consider the potential impact and probability of the related events or circumstances, and the timescale over which they may occur.

The Board has carried out a robust assessment of the principal and emerging risks facing the Company and prepares and reviews regularly a risk matrix which documents the significant risks. These risks have remained substantially unchanged since the prior year with minor adjustment to accommodate unforeseen global events such as COVID-19 and the war in Ukraine.

The risk matrix document considers the following information:

- Identifying and reporting changes in the risk environment;
- Identifying and reporting changes in the operational controls;
- Identifying and reporting on the effectiveness of controls and remediation of errors arising; and
- Reviewing the risks faced by the Company and the controls in place to address those risks.

Performance

Inappropriate investment policies and processes may result in under-performance against the prescribed benchmark index and the Company's peer group. The Board manages these risks by ensuring a diversification of investments and regularly reviewing the portfolio asset allocation and investment process. The Board also regularly monitors the Company's investment performance against a number of indices and the AIC Japanese smaller companies' sub-sector peer group. In addition, certain investment restrictions have been set and these are monitored as appropriate.

Discount

A disproportionate widening of the discount relative to the Company's peers could result in loss of value for shareholders. The Board reviews the discount level regularly.

Up until September 2019, the Company operated a shareholder-approved discount control mechanism whereby the Company held a continuation vote if the shares traded, on average, at a discount of more than 10% to the NAV per share during any rolling 90 day period in normal market conditions. If the obligation to hold a continuation vote was triggered, the vote was held no later than the next practicable annual general meeting of the Company.

ATLANTIS JAPAN GROWTH FUND LIMITED

STRATEGIC REPORT (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Regulatory

The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Section 1158 of the Corporation Tax Act 2010, the Companies (Guernsey) Law, 2008, the UKLA Listing Rules and the Disclosure and Transparency Rules (“DTR”), could lead to a number of detrimental outcomes and reputational damage. The Company conforms with the Alternative Investment Fund Managers Directive (“AIFMD”). The Board relies on the services of the Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited, and its professional advisers to ensure compliance with the Companies (Guernsey) Law, 2008, the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (“POI Law”), the Authorised Closed-Ended Investment Scheme Rules and Guidance, 2021 (“Authorised Closed-ended Rules”), the UKLA Listing Rules and Prospectus Rules, the DTR and the rules of the London Stock Exchange.

Operational

Like most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Investment Manager, Investment Adviser, Company’s Administrator and Depositary. The security, for example, of the Company’s assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depends on the effective operation of these systems. These are regularly tested, monitored and are reviewed by the Directors at the quarterly board meetings.

Financial

The financial risks faced by the Company, including the impact of changes in Japanese equity market prices on the value of the Company’s investments, are disclosed in Note 15 to the Financial Statements. The financial risks disclosed in Note 15 are detailed for compliance with IFRS.

Global Events

COVID-19 continues to affect the global economy and this may negatively impact the Company’s performance. In responding to the risks of COVID-19, the Directors have established business continuity plans and have inquired and are satisfied that service providers have a process in place to continue to provide required services to the Company and maintain compliance with laws and regulations in the face of the challenges encountered.

The current geopolitical tension caused by the Russian invasion of Ukraine is creating uncertainty in the markets and directly impacting energy costs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) POLICIES

Although the Company does not have specific ESG or sustainability objectives, the Board is convinced that integrating ESG risks into the Company’s financial analysis will support making better decisions for its shareholders. As a long-term investor it is fundamentally important that the Company understands the environmental, social and governance risks and opportunities affecting its investments. Strong relationships built over many years in the market enable the Company to use its position to encourage transparency and flag areas of high ESG risk.

The Investment Manager, in consultation with the Investment Adviser, operates an exclusion policy which incorporates exclusion lists to screen investments across all applicable investment strategies. These exclusion lists include any companies involved in the production or distribution of indiscriminate and controversial weapons, in line with international convention. Additionally, companies whose conduct is in systematic and severe breach of UN Global Compact principles are also excluded from investment consideration. So too are companies that have a significant part of their business exposed to coal mining and coal powered energy without any public plans for significant reduction.

ATLANTIS JAPAN GROWTH FUND LIMITED

STRATEGIC REPORT (continued) FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) POLICIES (continued)

The Investment Manager and the Investment Adviser support all the Principles of the Japan Stewardship Code for responsible institutional investors and seek to fulfil their stewardship responsibilities under the Code. Whilst using both external and internal analysis, the Investment Manager, in consultation with the Investment Adviser, seeks to vote on all investee companies’ matters in line with its responsible investment philosophy with the aim of contributing positively and promoting the sustainable growth and long-term success of investee companies and stakeholders.

The Investment Manager is a signatory/member of the following:

- UN PRI (United Nations Principles for Responsible Investment) to demonstrate commitment to responsible investment. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society.
- IIGCC (Institutional Investors Group on Climate Change), which looks to influence corporations to address long term risks associated with climate change.
- CDP (Carbon Disclosure Project), which looks to influence companies to disclose their carbon footprint and address risks associated with climate change. The project also provides a wealth of environmental data reported by companies.
- TCFD (Task Force for Climate-related Financial Disclosure). The Investment Manager has signed the statement of support for the Financial Stability Board’s Task Force on Climate-related Financial Disclosures. As such as it will make annual disclosures in line with the recommendation in its annual Sustainability Report, outlining its strategy and its targets.

FUTURE PROSPECTS

Please see the Chairman’s Statement on pages 5 to 7 and the Investment Advisors Report on pages 8 to 9 for more information on the future prospects of the Company.

ATLANTIS JAPAN GROWTH FUND LIMITED

STRATEGIC REPORT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 (“UK Companies Act”) applies directly to UK domiciled companies. Nonetheless, the intention of the AIC Code is that the matters set out in section 172 are reported on by all London listed investment companies, irrespective of domicile, provided that this does not conflict with local company law.

Section 172 states that: A director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following six items:

| | |
|--|---|
| (a) the likely consequences of any decision in the long term, | In managing the Company, the aim of the Board, Investment Manager and Investment Adviser is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. In managing the Company during the year under review, the Board acted in the way which it considered, in good faith, would be most likely to promote the Company’s long-term sustainable success and to achieve its wider objectives for the benefit of Shareholders as a whole, having had regard to the Company’s wider stakeholders and the other matters set out in section 172 of the UK Companies Act. |
| (b) the interests of the company’s employees, | The Company does not have any employees. |
| (c) the need to foster the company’s business relationships with suppliers, customers and others, | The Board’s approach is described under “Shareholders Relations” on page 34. |
| (d) the impact of the company’s operations on the community and the environment, | The Board’s approach is described under “Environmental, Social and Corporate Governance Policies” on page 23. |
| (e) the desirability of the company maintaining a reputation for high standards of business conduct, and | The Board’s approach is described under “Environmental, Social and Corporate Governance Policies” on page 23. |
| (f) the need to act fairly as between members of the company. | The Board’s approach is described under “Shareholders Relations” on page 34. |

Noel Lamb
Chairman
5 July 2022

Philip Ehrmann
Director

ATLANTIS JAPAN GROWTH FUND LIMITED

DIRECTORS' REPORT AND STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

The Directors are pleased to present their twenty sixth Annual Report and Audited Financial Statements of the Company for the financial year ended 30 April 2022.

PRINCIPAL ACTIVITY

The Company is a Guernsey registered authorised closed-ended investment company with UK investment trust status traded on the London Stock Exchange. The Company has a premium listing in the Official List. Trading in the Company's ordinary shares commenced on 10 May 1996.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that financial year. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

We confirm, to the best of our knowledge, that:

- this Annual Report and Audited Financial Statements, prepared in accordance with IFRS and applicable Guernsey law, give a true and fair view of the assets, liabilities, financial position and assesses the Company's position, performance, business model and strategy of the Company; and
- this Annual Report and Audited Financial Statements include information detailed in the Directors' Report, the Investment Adviser's Report and Notes to the Financial Statements, which provides a fair review of the information required by:
 - a) DTR 4.1.8 of the DTR, being a fair review of the Company's business and a description of the principal risks and uncertainties facing the Company;
 - b) DTR 4.1.11 of the DTR, being an indication of important events that have occurred since the beginning of the financial year, the likely future development of the Company, the Company's use of financial instruments and, where material, the Company's financial risk management objectives and policies and its exposure to price risk, credit risk, liquidity risk and cash flow risk.

In the opinion of the Directors, the Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008 (the "Companies Law") and the POI. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with company law applicable in Guernsey. They are also responsible for ensuring that the Annual Report includes information required by the UKLA Listing Rules and the DTR.

ATLANTIS JAPAN GROWTH FUND LIMITED

DIRECTORS' REPORT AND STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

The Directors who held office at the date of the approval of the Financial Statements confirm that, so far as they are aware:

- There is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors confirm that these Financial Statements comply with these requirements.

In respect of the UK Criminal Finances Act 2017, which has introduced a new corporate criminal offence of "failing to take reasonable steps to prevent the facilitation of tax evasion", the Board confirms that it is committed to zero tolerance towards the criminal facilitation of tax evasion.

PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements of the Company have been prepared in accordance with IFRS.

SIGNIFICANT SHAREHOLDINGS

In accordance with the Company's Articles of Association the Directors have the ability to request nominee shareholders to disclose the beneficial shareholders they represent. Based on the information received the following shareholders had a holding in the Company in excess of 3% as at 30 April 2022.

| Shareholder | % | Ordinary Shares |
|--------------------------------------|-------|-----------------|
| 1607 Capital Partners | 23.35 | 9,731,003 |
| Allspring Global Investments | 15.38 | 6,410,130 |
| Lazard Asset Management | 6.21 | 2,588,903 |
| Hargreaves Lansdown Asset Management | 5.24 | 2,186,032 |
| Premier Miton Investors | 4.21 | 1,755,000 |
| Canaccord Genuity Wealth Management | 4.12 | 1,715,561 |
| Interactive Investor | 3.38 | 1,409,917 |

The Company has not received any notifications of changes to the above mentioned holdings from 30 April 2022 to date of approval of the financial statements.

SECRETARY

The Secretary is Northern Trust International Fund Administration Services (Guernsey) Limited.

INDEPENDENT AUDITOR

Grant Thornton Limited were re-appointed as the independent auditor at the Annual General Meeting, and Grant Thornton Limited have indicated their willingness to be re-appointed in office.

Resolutions to re-appointing the Independent Auditor and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

CORPORATE GOVERNANCE AND SHAREHOLDER RELATIONS

Details of the Company's compliance with corporate governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement on pages 31 to 35 and this statement forms part of the Directors' Report.

ATLANTIS JAPAN GROWTH FUND LIMITED

DIRECTORS' REPORT AND STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

The Company has entered into the arrangements necessary to ensure compliance with the AIFM Directive. Following a review of the Company's management arrangements, the Board approved the appointment of Quaero Capital LLP ("Quaero") as the Company's Alternative Investment Fund Manager on the terms of and subject to the conditions of the Investment Management Agreement between the Company and Quaero.

The Board has also appointed Northern Trust (Guernsey) Limited (the "Depositary") to act as the Company's depositary (as required by the AIFM Directive) on the terms and subject to the conditions of a Depositary Agreement between the Company, Quaero and the Depositary.

INTERNATIONAL TAX REPORTING

For the purposes of the US Foreign Account Tax Compliance Act, the Company registered with the US Internal Revenue Services ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number PYT2PS.99999.SL.831, and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted by Guernsey and which came into effect on 1 January 2016. The Board has taken the necessary action to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

Noel Lamb
Chairman
5 July 2022

Philip Ehrmann
Director

ATLANTIS JAPAN GROWTH FUND LIMITED

DIRECTORS' REMUNERATION REPORT

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

The Board has approved this report, in accordance with the rules covering good communication to shareholders, as opposed to the requirements and format of a typical listed company Directors' Remuneration Report. An ordinary resolution for the approval of this report will be put to the members at the forthcoming annual general meeting.

REMUNERATION COMMITTEE

The Board as a whole fulfils the function of a Remuneration Committee. The Company's Financial Adviser, Corporate Broker and Company Secretary will be asked to provide advice when the Directors consider the level of Directors' fees.

POLICY ON DIRECTORS' FEES

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

The fees for the non-executive Directors are determined within the limits of £200,000 set out in the Company's Articles of Incorporation. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

DIRECTORS' SERVICE CONTRACTS

It is the Board's policy that none of the Directors have a service contract. Directors are appointed initially until the following annual general meeting when, under the Company's Articles of Incorporation, it is required that they be re-elected by shareholders. Thereafter, two Directors shall retire by rotation, or if only one Director is subject to retire by rotation they shall retire. The retiring Directors will then be eligible for reappointment having been considered for reappointment by the Chairman and other Directors. Notwithstanding the foregoing provisions of the Company's Articles of Incorporation, the Board is recommending that all Directors be subject to re-election as laid out in AIC Code at the forthcoming annual general meeting.

DIRECTORS' EMOLUMENTS FOR THE FINANCIAL YEAR

The Directors who served in the financial year are entitled to the following emoluments in the form of fees:

| | Year ended 30 April 2022 | Year ended 30 April 2021 |
|-----------------------------------|-----------------------------|-----------------------------|
| Regular fees | £ | £ |
| Noel Lamb | 34,000 | 33,000 |
| Richard Pavry | 26,000 | 26,000 |
| Philip Ehrmann | 29,000 | 28,500 |
| Michael Moule | 26,000 | 26,000 |
| Yuki Soga (appointed 1 July 2021) | 21,667 | – |
| | <u>136,667</u> | <u>113,500</u> |

ATLANTIS JAPAN GROWTH FUND LIMITED
DIRECTORS' REMUNERATION REPORT (continued)
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

DIRECTORS' INTERESTS

The Directors listed on page 18 are all members of the Board at the financial year end 30 April 2022.

Certain Directors had a beneficial interest in the Company by way of their investment in the ordinary shares of the Company.

The details of these interests as at 30 April 2022 and 30 April 2021 are as follows:

| | Ordinary Shares 30 April 2022 | Ordinary Shares 30 April 2021 |
|----------------|--|--|
| Noel Lamb | 30,000 | 23,250 |
| Richard Pavry | 40,000 | 40,000 |
| Philip Ehrmann | 50,000 | 50,000 |
| Michael Moule | 50,000 | 40,000 |

As at the date of this report, there were no changes to the Directors' interests.

There were no relevant contracts in force during or at the end of the financial year in which any Director had an interest. There are no service contracts in issue in respect of the Company's Directors.

No Directors had a non-beneficial interest in the Company during the financial year under review.

DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

The following summarises the Directors' directorships in other public companies:

Noel Lamb

| Company Name | Stock Exchange |
|------------------------|-----------------------|
| Rockwood Strategic plc | London |

None of the other Directors held directorships in other public companies during the financial year under review.

APPROVAL

A resolution for the approval of the Directors' Remuneration Report for the financial year ended 30 April 2022 will be proposed at the annual general meeting.

By order of the Board

Noel Lamb
Chairman
5 July 2022

Philip Ehrmann
Director

ATLANTIS JAPAN GROWTH FUND LIMITED

CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

INTRODUCTION

The following Corporate Governance statement forms part of the Directors' Report on pages 26 to 28 (DTR 7.2.1). The Board of the Company has considered the principles and provisions of the February 2019 edition of the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses all the principles set out in the UK Corporate Governance Code 2018 (the "UK Code"), as well as setting out additional principles and provisions on issues that are of specific relevance to the Company.

The Company is subject to the Guernsey Financial Services Commission ("GFSC") Code of Corporate Governance (the "GFSC Code") and reports against the AIC Code which is deemed to comply with the GFSC Code.

The Company has complied with the provisions of the AIC Code and the relevant provisions of the UK Code throughout the financial year, except as set out below:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function
- the need to appoint a senior independent director
- the need to appoint a nomination committee or management engagement committee
- the whistle blowing policy

The Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions. The Directors are non-executive and the Company does not have employees, hence no whistle-blowing policy is required. However, the Directors note that the Company's service providers have whistle blowing policies in place.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

THE BOARD

Disclosures under the AIC Code

The Board comprises five independent non-executive Directors including the Chairman, Noel Lamb. Due to the size of the Company, the nature of its activities and the fact that all of the Directors are independent, the Board does not consider it necessary to appoint a senior independent Director.

The Board has not appointed a remuneration committee but, comprising wholly independent Directors, the whole Board considers these matters regularly. The Board considers agenda items formally laid out in the Notice and Agenda, which are formally circulated to the Board in advance of the meeting as part of the Board papers.

The primary focus at board meetings is a review of investment performance and associated matters such as the discount, redemptions, gearing, asset allocation, marketing and investor relations, peer group information and industry issues. There were five board meetings (1 May 2020-30 April 2021: four), three Audit Committee meetings (1 May 2020-30 April 2021: two) and six other committee meetings (1 May 2020-30 April 2021: six) held during the financial year 1 May 2021 to 30 April 2022. The table below shows the number of formal meetings attended by each Director during the financial year:

ATLANTIS JAPAN GROWTH FUND LIMITED

CORPORATE GOVERNANCE (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

THE BOARD (continued)

Disclosures under the AIC Code (continued)

| Director | Board Meetings Attended | Audit Committee Meetings Attended | Board Committee Meetings Attended |
|-----------------------------------|------------------------------------|--|--|
| Noel Lamb | 5/5 | 3/3 | 6/6 |
| Philip Ehrmann | 5/5 | 3/3 | 1/6 |
| Richard Pavry | 5/5 | 3/3 | 1/6 |
| Michael Moule | 5/5 | 3/3 | 4/6 |
| Yuki Soga (appointed 1 July 2021) | 4/5 | 3/3 | -/6 |

Directors are appointed initially until the following annual general meeting when, under the Company's Articles of Incorporation, it is required that they be re-elected by shareholders. Thereafter, two Directors shall retire by rotation, or if only one Director is subject to retire by rotation he shall retire. The retiring Directors will then be eligible for reappointment having been considered for reappointment by the Chairman and other Directors. The Board is recommending that all Directors be subject to re-election as laid out in AIC Code at the forthcoming AGM.

The Board evaluates its performance and considers the tenure of each Director including the Chairman on an annual basis, and considers that the mix of skills, experience, ages and length of service to be appropriate to the requirements of the Company. The Directors can also provide feedback to the Chairman at the regular quarterly board meetings, audit committee and other committee meetings.

When considering succession planning, the Board bears in mind the balance of skills, knowledge, sector experience and diversity existing on the Board. The Board has noted amendments to the AIC code to strengthen the principle on boardroom diversity following the Davies Report. The Board considers diversity as part of the annual performance evaluation and it is felt that there is a range of backgrounds and each Director brings different qualities to the Board and its discussions. It is not felt appropriate for the Company to have set targets in relation to diversity; candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. A good knowledge of investment management generally, Japanese investment management specifically and investment trust industry matters and sophisticated investor concerns relevant to the Company will nevertheless remain the key criteria by which new Board candidates will be assessed. The Board will recommend when the recruitment of additional non-executive Directors is required. Once a decision is made to recruit additional Directors to the Board each Director is invited to submit nominations and these are considered in accordance with the Board's agreed procedures. The Board may also use independent external agencies as and when the requirement to recruit an additional Board member becomes necessary.

The Board embraces the principles of the AIC Code but, with regard to its provisions concerning Director tenure, is of the opinion that an individual's independence cannot be arbitrarily determined on the basis of a set period of time. The Company's investment objective is to achieve long term capital growth and it benefits from having long serving Directors with a detailed knowledge of the Company's operations to effectively oversee its management on behalf of shareholders. The Company therefore does not impose fixed term limits on Directors' tenure as this would result in a loss of experience and knowledge without any assurance of increased independence. The Board, collectively and individually, firmly believes in the continued independence of its members. The Board confirms that the performance of all Directors has been subject to formal evaluation and that they continue to be effective in their role. The Board firmly recommends to shareholders that all Directors should be re-elected.

ATLANTIS JAPAN GROWTH FUND LIMITED

CORPORATE GOVERNANCE (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

THE BOARD (continued)

Disclosures under the AIC Code (continued)

There is an agreed procedure for Directors to take independent professional advice if necessary, and at the Company's expense. This is in addition to the access which every Director has to the advice of the Company Secretary. The Company has taken out insurance through Bartlett Group Limited in respect of the Directors' liability. For the financial year ended 30 April 2022 the charge was £6,383 (30 April 2021: £5,205).

INTERNAL CONTROLS

The Board has delegated the responsibility for the management of the Company's investment portfolio, the provision of depositary services and the administration, registrar and corporate secretarial functions including the independent calculation of the Company's NAV and the production of the Annual Report and Audited Financial Statements. The Annual Report and Audited Financial Statements are also independently reviewed by the Audit Committee. Whilst the Board delegates responsibility, it retains responsibility for the functions it delegates and is responsible for the risk management and systems of internal control. Formal contractual agreements have been put in place between the Company and providers of these services.

The Board directly on an ongoing basis and via its Audit Committee has implemented a system to identify and manage the risks inherent in such contractual arrangements by assessing and evaluating the performance of the service providers, including financial, operational and compliance controls and risk management systems.

On an ongoing basis compliance reports are provided at each Board meeting from the Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited, and the Audit Committee reviews the Service Organisation Controls (SOC 1) report on this service provider.

The extent and quality of the systems of internal control and compliance adopted by the Investment Manager and the Investment Adviser are also reviewed on a regular basis, and the primary focus at each Board meeting is a review of investment performance and associated matters such as gearing, asset allocation, marketing and investment relations, peer group information and industry issues. The Board also closely monitors the level of discount and has the ability to buy back shares in the market.

The Board believes that it has implemented an effective system for the assessment of risk, but the Company has no staff, has no internal audit function and can only give reasonable but not absolute assurance that there has been no material financial misstatement or loss.

COMMITTEES

The Board has established an Audit Committee which is described below.

The Board has not appointed a Management Engagement Committee or Nomination Committee but has chosen to assess and review the performance of the Board and contractual arrangements with the Investment Manager, Investment Adviser and service providers to the Company on an annual basis by the entire Board who are independent non-executive Directors. Details of the Investment Management Agreement are shown in Note 6 to the Financial Statements.

Audit Committee

The Audit Committee operates within defined terms of reference. The Audit Committee's responsibilities include, but are not limited to (see pages 33 to 35 for more details):

- review of draft annual and interim report and financial statements;
 - review of independence, objectivity, qualifications and experience of the auditor; and
 - review of audit fees.
-

ATLANTIS JAPAN GROWTH FUND LIMITED

CORPORATE GOVERNANCE (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

COMMITTEES (continued)

Audit Committee (continued)

The Audit Committee is appointed by the Board and comprises Mr Ehrmann as Chairman, Mr Pavry, Mr Lamb, Mr Moule and Ms Soga.

In accordance with the AIC Code, the Board has determined that Mr Ehrmann has recent and relevant financial experience. All other members of the Audit Committee are deemed to have the necessary ability and experience to understand the Financial Statements. For more information on the Audit Committee, including their relevant sector experience, please see page 18.

The Chairman is also a member of the Audit Committee and in accordance with the AIC Code, the Board has deemed this appropriate as all of the other members of the Audit Committee are independent non-executive Directors and the Chairman may not be the Chairman of the Audit Committee.

The function of the Audit Committee is to ensure that the Company maintains the highest standards of integrity, financial reporting and internal control.

The Audit Committee meets with the Company's external auditor annually to review the Audited Financial Statements.

The Audit Committee meets at least twice a year and may meet more frequently if the Audit Committee deems necessary or if required by the Company's auditor.

The Company's auditor is advised of the timing of the Audit Committee Meetings. The Audit Committee has access to the Compliance officers of the Investment Manager, the Administrator and the Depositary.

The Company Secretary is the Secretary of the Audit Committee and attends all meetings of the Audit Committee.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

SHAREHOLDER RELATIONS

The Board monitors the trading activity and shareholder profile on a regular basis and maintains contact with the Company's stockbroker to ascertain the views of shareholders. Shareholders where possible are contacted directly on a regular basis, and shareholders are invited to attend the Company's annual general meeting in person and ask questions of the Board and Investment Adviser. Following the annual general meeting each year the Investment Adviser gives a presentation to the shareholders.

The Company reports to shareholders twice a year and a proxy voting card is sent to shareholders with the Annual Report and Audited Financial Statements. The Registrar monitors the voting of the shareholders and proxy voting is taken into consideration when votes are cast at the annual general meeting. Shareholders may contact the Directors via the Company Secretary. In addition, estimated NAVs are published on a daily basis and monthly factsheets are published on the Investment Manager's website at www.atlantisjapangrowthfund.com.

ATLANTIS JAPAN GROWTH FUND LIMITED

CORPORATE GOVERNANCE (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

EVALUATION OF PERFORMANCE OF INVESTMENT MANAGER AND INVESTMENT ADVISER

The investment performance is reviewed at each regular Board meeting at which representatives of the Investment Manager and Investment Adviser are required to provide answers to any questions raised by the Board. The Board has instigated an annual formal review of the Investment Manager and Investment Adviser which includes consideration of:

- performance compared with benchmark and peer group;
- investment resources dedicated to the Company;
- investment management fee arrangements and notice period compared with peer group; and
- marketing effort and resources provided to the Company.

In the opinion of the Directors the continuing appointment of the Investment Manager and Investment Adviser on the terms agreed is in the interests of the Company's shareholders as a whole.

By order of the Board

Noel Lamb
Chairman
5 July 2022

Philip Ehrmann
Director

ATLANTIS JAPAN GROWTH FUND LIMITED

AUDIT COMMITTEE REPORT

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

On the following pages, we present the Audit Committee's Report, setting out the responsibilities of the Audit Committee and its key activities for the financial year ended 30 April 2022.

The Audit Committee has continued its detailed scrutiny of the appropriateness of the Company's system of risk management and internal controls, the robustness and integrity of the Company's financial reporting, along with the external audit process. The Committee has devoted time to ensuring that controls and processes have been properly established, documented and implemented.

During the course of the financial year, the information that the Audit Committee has received has been timely and clear and has enabled the Audit Committee to discharge its duties effectively.

The Audit Committee supports the aims of the UK Code, the AIC code and the best practice recommendations of other corporate governance organisations and the Association of Investment Companies ("AIC"), and believes that reporting against the revised AIC Code allows the Audit Committee to further strengthen its role as a key independent oversight Committee.

ROLE AND RESPONSIBILITIES

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities. This includes reviewing the financial reports and other financial information before publication.

In addition, the Audit Committee reviews the systems of internal controls on a continuing basis that the Investment Manager and the Board have established with respect to finance, accounting, risk management, compliance, fraud and audit. The Committee also reviews the accounting and financial reporting processes, along with reviewing the roles, independence and effectiveness of the external auditor.

The ultimate responsibility for reviewing and approving the Annual Report and Audited Financial Statements remains with the Board.

The Audit Committee's full terms of reference can be obtained by contacting the Company's Administrator.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board, as a whole, including the Audit Committee members, considers the nature and extent of the Company's risk management framework and the risk profile that is acceptable in order to achieve the Company's strategic objectives. As a result, it is considered that the Board has fulfilled its obligations under the AIC Code.

The Audit Committee continues to be responsible for reviewing the adequacy and effectiveness of the Company's on-going risk management systems and processes. Its system of internal controls, along with its design and operating effectiveness, is subject to review by the Audit Committee through reports received from the Investment Manager, Investment Adviser and Depositary, along with those from the Administrator and external auditor.

The Audit Committee has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Investment Manager, Investment Adviser, Administrator and Depositary provide sufficient assurance that a sound system of risk management and internal control, which safeguards shareholders' investments and the Company's assets, is maintained. An internal audit function is therefore considered unnecessary.

ATLANTIS JAPAN GROWTH FUND LIMITED

AUDIT COMMITTEE REPORT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

FRAUD, BRIBERY AND CORRUPTION

The Audit Committee has relied on the overarching requirement placed on all service providers under the relevant agreements to comply with applicable law. The Audit Committee reviews the service provider policies and receives a confirmation from all service providers that there have been no instances of fraud or bribery.

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL ISSUES

The Audit Committee assesses whether suitable accounting policies have been adopted. The Audit Committee reviews accounting papers prepared by the Investment Manager and Administrator which provide details on the main financial reporting judgements.

The Audit Committee also reviews reports by the external auditor which highlight any issues with respect to the work undertaken on the audit.

The significant issues considered during the financial year by the Audit Committee in relation to the Financial Statements and how they were addressed is detailed below:

(i) Valuation of Investments:

The Company's investments had a fair value of £91,525,470 as at 30 April 2022 and represent a substantial portion of the assets of the Company. As such this is the largest factor in relation to the consideration of the Financial Statements. These investments are valued in accordance with the Significant Accounting Policies set out in Note 2 (f) to the Financial Statements. The Audit Committee considered the valuation of the investments held by the Company as at 30 April 2022 to be correct from information provided by the Investment Manager, Investment Adviser, Depository and Administrator on their processes for the valuation of these investments.

(ii) Income Recognition:

The Audit Committee considered the income from investments recorded in the Financial Statements for the financial year ended 30 April 2022. Income from investments is recognised in accordance with the Significant Accounting Policies set out in Note 2 (d). The Audit Committee reviewed information obtained from the Investment Manager and was satisfied that income (excluding net realised and unrealised gains/losses on investments), having arisen solely from dividends declared by listed equities, was correctly stated in the Financial Statements.

(iii) Review of the Financial Statements:

At the request of the Audit Committee, the Administrator confirmed that it was not aware of any material misstatements, including matters relating to Financial Statements presentation. At the Audit Committee meeting to review the Annual Report and Audited Financial Statements, the Audit Committee received and reviewed the audit findings report from the external auditor. On the basis of its review of this report, the Audit Committee is satisfied that the external auditor has fulfilled its responsibilities with diligence and professional scepticism. The Audit Committee advised the Board that these Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Audit Committee will consider and make recommendations to the Board in relation to the appointment and re-appointment of the Company's external auditor. The Audit Committee will discuss with the external auditor concerning such issues as compliance with accounting standards and any proposals which the external auditor has made regarding internal auditing procedures.

(iv) COVID-19

COVID-19 continues to adversely affected the global economy and this may negatively impact the Company's performance. (Refer to page 23 for more details on COVID-19).

The Audit Committee is satisfied that appropriate disclosures have been included in the Financial Statements.

ATLANTIS JAPAN GROWTH FUND LIMITED

AUDIT COMMITTEE REPORT (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

EXTERNAL AUDITOR

The Audit Committee has responsibility for making a recommendation on the appointment, reappointment and removal of the external auditor.

During the financial year the Audit Committee received and reviewed the audit plan, audit findings report and audit report from the external Auditor. To assess the effectiveness of the external audit process, the auditor was asked to articulate the steps that they have taken to ensure objectivity and independence, including where the auditor provides non-audit services. The Audit Committee also reviewed the work done during the financial year by the external auditor as part of the audit process and from time to time compares their effectiveness as well as their costs with the benefit of the experience they have had in other investment management houses and relevant contexts. These steps enable the Audit Committee to monitor the auditor's performance, behaviour and effectiveness during the exercise of their duties, which informs the decision to recommend reappointment on an annual basis. The Audit Committee under its terms of reference reviews the appointment and re-appointment of the external auditor typically at its December meeting in advance of the reviewing the audit approach for the Annual Report and Audited Financial Statements.

The Committee ensures that auditor objectivity and independence are safeguarded by requiring pre-approval by the Committee for all non-audit services provided to the Company, which takes into consideration:

- confirmation from the auditor that they have adequate arrangements in place to safeguard their objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which they are subject;
- the fees to be incurred, relative to the audit fees;
- the nature of the non-audit services; and
- whether the auditor's skills and experience make it the most suitable supplier of such services and whether they are in a position to provide them.

The following table summarises the remuneration paid for services of Grant Thornton Limited during the financial year ended 30 April 2022 and 30 April 2021.

| | For the financial year ended 30 April 2022 |
|--------------|---|
| Annual audit | £ 36,750 |
| | For the financial year ended 30 April 2021 |
| Annual audit | £ 35,000 |

For any questions on the activities of the Audit Committee not addressed in the foregoing, a member of the Audit Committee will attend each annual general meeting to respond to such questions.

The Audit Committee Report was approved on 5 July 2022 and signed on behalf of the Audit Committee by:

Philip Ehrmann
Chairman, Audit Committee

ATLANTIS JAPAN GROWTH FUND LIMITED

DEPOSITARY STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS

Northern Trust (Guernsey) Limited has been appointed as Depositary to Atlantis Japan Growth Fund Limited (the “Company”) in accordance with the requirements of Article 36 and Articles 21(7), (8) and (9) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the “AIFM Directive”).

We have enquired into the conduct of Quaero Capital LLP (the “AIFM”) for the financial year ended 30 April 2022, in our capacity as Depositary to the Company.

This report, including the review provided below, has been prepared solely for the shareholders of the Company. We do not, in giving this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Our obligations as Depositary are stipulated in the relevant provisions of the AIFM Directive and the relevant sections of Commission Delegated Regulation (EU) No 231/2013 (collectively the “AIFMD legislation”).

Amongst these obligations is the requirement to enquire into the conduct of the AIFM and the Company and their delegates in each annual accounting period.

Our report shall state whether, in our view, the Company has been managed in that period in accordance with the AIFMD legislation. It is the overall responsibility of the AIFM to comply with these provisions. If the AIFM or their delegates have not so complied, we, as the Depositary, will state why this is the case and outline the steps which we have taken to rectify the situation.

BASIS OF DEPOSITARY REVIEW

The Depositary conducts such reviews as it, in its reasonable discretion, considers necessary in order to comply with its obligations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the constitutional documentation and the appropriate regulations. Such reviews vary based on the type of company, the assets in which a company invests and the processes used, or experts required, in order to value such assets.

REVIEW

In our view, the Company has been managed during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional document and by the AIFMD legislation; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the AIFMD legislation.

For and on behalf of
Northern Trust (Guernsey) Limited
5 July 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATLANTIS JAPAN GROWTH FUND LIMITED

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

Opinion

We have audited the financial statements of Atlantis Japan Growth Fund Limited (the 'Company') for the year ended 30 April 2022, which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union (IFRSs).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2022 and of its loss for the year then ended;
- are in accordance with IFRSs; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the determination made by the Board of Directors that the Company is a going concern and hence the appropriateness of the financial statements to be prepared on going concern basis;
- Evaluation of the Company's liquidity, solvency and ability to meet its ongoing liabilities as they fall due, in what we believed would be the Company's worst-case scenario;
- We obtained management's assessment of going concern and corroborated management's key assertion that investments held could easily be converted to cash (if required), by review of the frequency of investment trading activity during the year and shortly after the year end;
- We challenged the appropriateness of management's key assertions by challenging the assumptions used including their expectation on the impact of the continuing challenge of Covid-19 and the impact of the Russian/Ukraine crisis on the markets; and
- We assessed the disclosures in the financial statements relating to going concern to ensure they were fair, balanced and understandable and in compliance with IAS 1 'Presentation of Financial Statements'.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATLANTIS JAPAN GROWTH FUND LIMITED (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

Conclusions relating to going concern (continued)


Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit

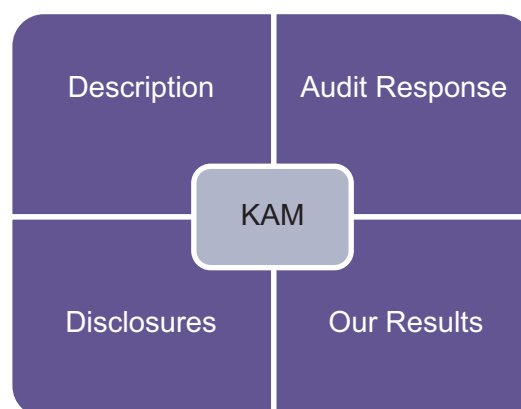
| | |
|--|--|
|  | <p>Overview of our audit approach</p> |
| | <p>Overall materiality: £873,000, which represents 1% of the Company's net asset value as at 30 April 2022.</p> |
| | <p>The only key audit matter identified was:</p> <ul style="list-style-type: none"> • Existence and valuation of the portfolio of investments. <p>Our auditor's report for the year ended 30 April 2021 reflected the same, single key audit matter.</p> <p>Our audit approach was a risk-based audit focused on the investment activities of the company. There was no change in our approach from the prior year.</p> |

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

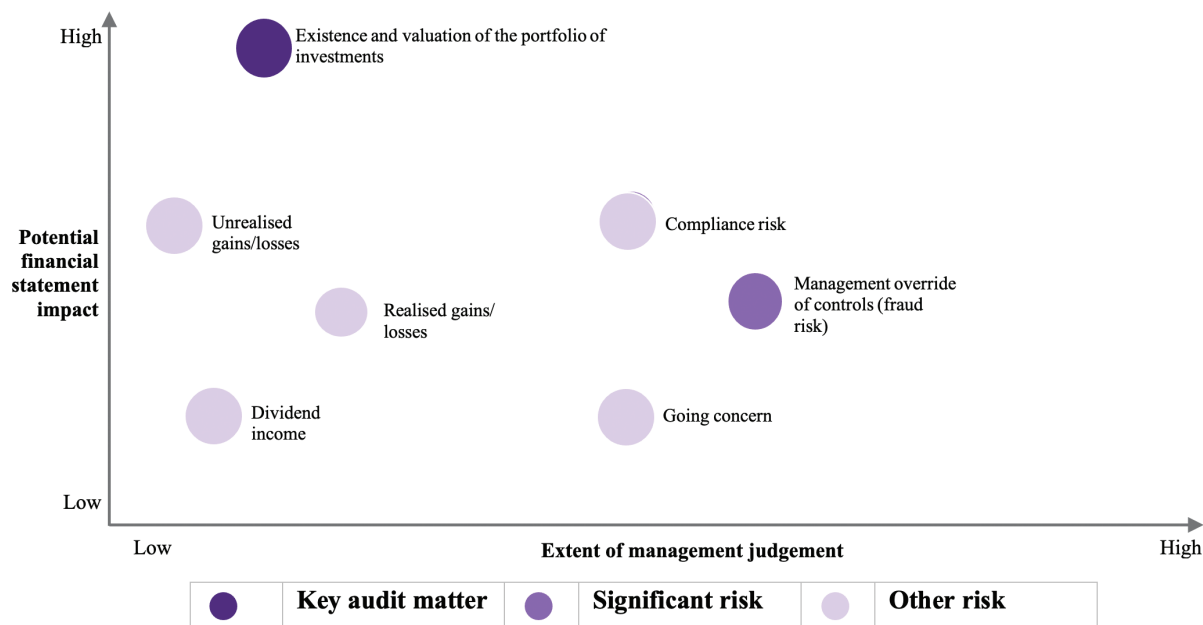


INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATLANTIS JAPAN GROWTH FUND LIMITED (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

Key audit matters (continued)

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key audit matter

Existence and valuation of the portfolio of investments

The portfolio of investments is fully comprised of quoted investments which are held by an external Custodian and valued using publicly available quoted market prices, in accordance with IFRS 9 *Financial Instruments* and IFRS 13 *Fair Value Measurement*.

Whilst the valuation of these investments is not considered complex, nor does it involve significant judgements and estimates to be made by management, the market value of investments is material to the Company, as they represent 105% of the net asset value as at 30 April 2022 and represent a balance considerably larger than any other reported balance within the Company's financial statements.

Due to the financial significance of the investments held at the year-end, an error or misstatement regarding the recognition/ inclusion of a single investment could lead to a material misstatement within the financial statements. As the risk of potential financial statement impact was considered high, the existence and valuation of the portfolio of investments was considered to be the most significant assessed risk of material misstatement.

How our scope addressed the matter

In responding to the key audit matter, we performed the following key audit procedures:

- We obtained an understanding of the internal control environment and inspected the Administrator's 'System and Organization Controls (SOC 1) Report' and associated Independent Service Auditor Report to identify if controls applicable to the audit of the existence and valuation of investment balances had been included within the SOC 1 report, tested by the Independent Service Auditor and that they were concluded as operating effectively during the year;
- We agreed all the shares/units held within the investment portfolio to third party confirmation obtained from the Custodian;
- We compared the value per share/unit of each investment held within the investment portfolio to prices stated on publicly available pricing sources.
- We selected a sample of investment sales and purchases which occurred during the year and agreed the transactions selected to supporting contracts and cash payments/receipts; and
- Where applicable, we assessed the foreign exchange rate applied to convert the value of all investments to GBP and concluded on whether the foreign exchange rate applied was reasonable in comparison to publicly available rates.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATLANTIS JAPAN GROWTH FUND LIMITED (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

| Key audit matter | How our scope addressed the matter |
|--|---|
| <p><i>Relevant disclosures in the Annual Report and Audited Financial Statements</i></p> <ul style="list-style-type: none"> • Audit committee report • Financial Statements: note 2(f), Investments held at fair value through profit and loss; note 15, Financial risk management objectives and policies and note 16, Investments held at fair value through profit or loss. | <p>Our results</p> <p>Based on our work, we did not find any material misstatement relating to the valuation and existence of investments.</p> |

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure

| | |
|--|--|
| Materiality for financial statements as a whole | We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work. |
| Materiality threshold | £873,000, which is 1% of the Company's net asset value as at 30 April 2022. |
| Significant judgements made by auditor in determining materiality | <p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> • A key performance indicator/metric for users of the financial statements is net asset value of the Company, specifically the change in net asset value per share. It is indicated in the Strategic Report that the Board considers the change in Net Asset Value as a measure in assessing the Company's success in achieving its objectives. • Significant income and consequently profit/loss for the year is dependent upon the transactions within, and the valuation of, the investment portfolio. • Net asset value is the generally accepted measure used for similar companies within the industry. <p>Materiality for the current year is lower than the level that we determined for the year ended 30 April 2021 to reflect the decrease in net asset value as at 30 April 2022 compared to the net asset value as at 30 April 2021.</p> |
| Performance materiality used to drive the extent of our testing | We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. |
| Performance materiality threshold | £611,000, which is 70% of financial statement materiality. |

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATLANTIS JAPAN GROWTH FUND LIMITED (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

Materiality measure (continued)

| | |
|---|---|
| Significant judgements made by the auditor in determining the performance materiality | In determining performance materiality, we made the following significant judgements: <ul style="list-style-type: none"> • No misstatements or control deficiencies were identified in the prior year audit and our assessment of the control environment in the current year, concluded there were strong controls around the relevant business processes and financial reporting activities. |
|---|---|

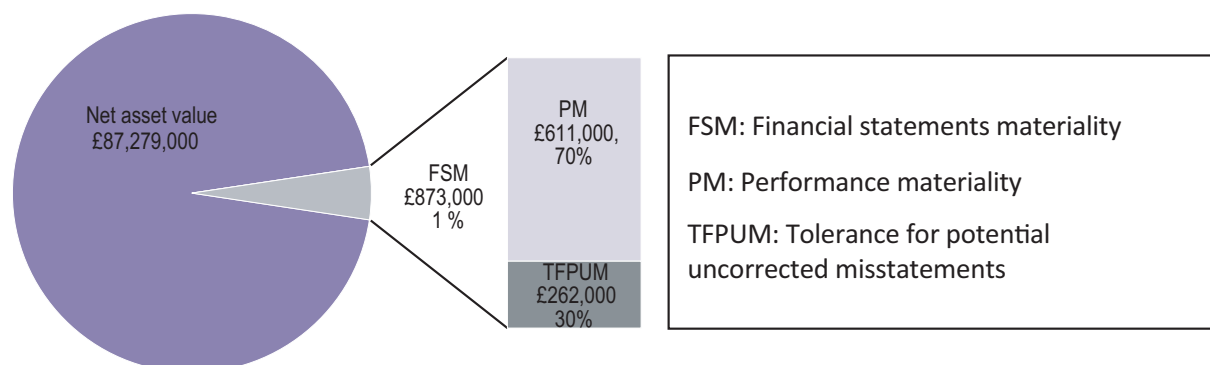
| | |
|-----------------------------|--|
| Specific materiality | We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Our assessment did not highlight any particular classes of transactions, account balances or disclosures where a lower level of specifically materiality was required. |
|-----------------------------|--|

| | |
|--|---|
| Communication of misstatements to the audit committee | We determine a threshold for reporting unadjusted differences to the audit committee. |
|--|---|

| | |
|-----------------------------|--|
| Threshold for communication | Misstatements below £43,600 and misstatements that, in our view, warrant reporting on qualitative grounds. |
|-----------------------------|--|

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATLANTIS JAPAN GROWTH FUND LIMITED (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

An overview of the scope of our audit

The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focussed on obtaining an understanding of, and evaluating, internal controls at the Company and the third-party service providers (which included obtaining the SOC 1 Report of the Administrator), and inspecting records and documents held by these third-party service providers. The Company engages an investment manager, Quaero Capital LLP, to manage the investment portfolio. We had interaction with the investment manager which included correspondence on Company performance, in completing aspects of our audit work.

We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks. The majority of our substantive testing focused on the audit of the investment portfolio and associated disclosures as at the reporting date and the movement in investment holdings during the year. There were no changes in approach from the previous period.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF **ATLANTIS JAPAN GROWTH FUND LIMITED** (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

The Company has also reported compliance against the GFSC Finance Sector Code of Corporate Governance and the AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code to meet the Company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the directors' explanation in the Annual Report and Audited Financial Statements as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions;
- the directors' statement that they consider 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;
- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal and emerging risks facing the Company (including the impact of Covid-19) and the disclosures in the annual report that describe the principal risks, procedures to identify emerging risks and an explanation of how they are being managed or mitigated (including the impact of Covid-19);
- the section of the annual report that describes the review of the effectiveness of Company's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls; and
- the section of the annual report describing the work of the audit committee, including significant issues that the audit committee considered relating to the financial statements and how these issues were addressed.

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATLANTIS JAPAN GROWTH FUND LIMITED (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the investment industry in which it operates, becoming familiar with applicable laws and regulations. We determined that the following laws and regulations were most significant:
 - IFRSs;
 - The Companies (Guernsey) Law, 2008;
 - The Protection of Investors (Bailiwick of Guernsey) Law, 2020;
 - The UK Corporate Governance Code;
 - The Association of Investment Companies (AIC) Code of Corporate Governance and GFSC Finance Sector Code of Corporate Governance.
 - FCA Listing Rules;
 - FCA Disclosure Guidance and Transparency Rules;
 - The Authorised Closed-Ended Investment Scheme Rules and Guidance 2021;
 - The Alternative Investment Fund Managers Directive; and
 - Applicable tax legislation in Guernsey and the United Kingdom.
 - We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes and reports prepared for Board meetings and Audit Committee meetings.
 - In assessing the potential risks of material misstatement we:
 - Obtained an understanding of the Company's operations, including the nature of its revenue sources and investment operations and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - Obtained an understanding of the applicable statutory provisions;
 - Reviewed the policies and procedures implemented by the Company to review and monitor compliance with its regulatory requirements; and
 - Reviewed compliance reports prepared by the Administrator/Secretary and presented to the Board throughout the year.
-

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATLANTIS JAPAN GROWTH FUND LIMITED (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

Auditor's responsibilities for the audit of the financial statements (continued)

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We also considered investor focus and management remuneration which may create an incentive for management to manipulate profit. We considered the possibility of fraud through management override and, based on our understanding, we designed and incorporated the following audit procedures into our audit strategy to identify instances of fraud and non-compliance with relevant laws and regulations:
 - Identifying and assessing relevant controls management has in place to prevent and detect fraud;
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- It was assessed and concluded that the engagement team collectively have the appropriate competence and capabilities to recognise non-compliance with laws and regulations.
- Relevant laws and regulations and potential fraud risks were communicated to all engagement team members. We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Members on 9 September 2021 to audit the financial statements for the year ended 30 April 2022 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, covering the periods ended 30 April 2020 to 30 April 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATLANTIS JAPAN GROWTH FUND LIMITED (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

Use of our report

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Cyril Swale

For and on behalf of Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

Date: 5 July 2022

ATLANTIS JAPAN GROWTH FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

| Notes | 30 April 2022 | | | 30 April 2021 | | | |
|-------|---|------------------|-----------------|------------------|------------------|----------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 | |
| | Income | | | | | | |
| 4 | Net (losses)/gains on investments held at fair value through profit or loss | – | (23,473) | (23,473) | – | 23,423 | 23,423 |
| | Net gains/(losses) on foreign exchange | – | 46 | 46 | – | (261) | (261) |
| | Dividend income | 1,589 | – | 1,589 | 1,203 | – | 1,203 |
| | | <u>1,589</u> | <u>(23,427)</u> | <u>(21,838)</u> | <u>1,203</u> | <u>23,162</u> | <u>24,365</u> |
| | Expenses | | | | | | |
| 6 | Investment management fees | (1,107) | – | (1,107) | (1,187) | – | (1,187) |
| 7 | Depositary fees | (95) | – | (95) | (101) | – | (101) |
| 8 | Administration fees | (140) | – | (140) | (150) | – | (150) |
| | Registrar and transfer agent fees | – | – | – | (13) | – | (13) |
| 9 | Directors' fees and expenses | (144) | – | (144) | (124) | – | (124) |
| | Insurance fees | (6) | – | (6) | (5) | – | (5) |
| | Audit fees | (43) | – | (43) | (38) | – | (38) |
| | Printing and advertising fees | (12) | – | (12) | (6) | – | (6) |
| | Legal and professional fees | (92) | – | (92) | (79) | – | (79) |
| | Listing fees | – | – | – | (19) | – | (19) |
| 10 | Research costs | (101) | – | (101) | (97) | – | (97) |
| | Miscellaneous expenses | (89) | – | (89) | (54) | – | (54) |
| | | <u>(1,829)</u> | <u>–</u> | <u>(1,829)</u> | <u>(1,873)</u> | <u>–</u> | <u>(1,873)</u> |
| | Finance cost | | | | | | |
| | Interest expense and bank charges | (21) | – | (21) | (9) | – | (9) |
| | (Loss)/profit before taxation | (261) | (23,427) | (23,688) | (679) | 23,162 | 22,483 |
| 11 | Taxation | (243) | – | (243) | (184) | – | (184) |
| | (Loss)/profit for the financial year | (504) | (23,427) | (23,931) | (863) | 23,162 | 22,299 |
| | Total comprehensive (loss)/income for the financial year | (504) | (23,427) | (23,931) | (863) | 23,162 | 22,299 |
| 12 | (Deficit)/ earnings per ordinary share | £(0.012) | £(0.562) | £(0.574) | £(0.021) | £0.554 | £0.533 |

In arriving at the result for the financial year, all amounts above relate to continuing activities. During the financial year no other comprehensive income was required to be accounted for.

The total column in this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

The notes on pages 55 to 77 form an integral part of these financial statements.

ATLANTIS JAPAN GROWTH FUND LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

| Notes | Ordinary capital £'000 | Share premium £'000 | Revenue reserve £'000 | Capital reserve/ realised £'000 | Capital reserve/ unrealised £'000 | Capital reserve/ exchange £'000 | Accumulated other comprehensive income £'000 | Total £'000 |
|--|------------------------------|---------------------------|-----------------------------|--|--|--|--|----------------|
| Balances at 1 May 2021 | - | - | (25,337) | 89,356 | 60,776 | (14,437) | 6,143 | 116,501 |
| Movements during the financial year | | | | | | | | |
| 14 Shares bought into treasury | - | - | - | (779) | - | - | - | (779) |
| 4 Net unrealised loss on investments held at fair value through profit or loss | - | - | - | 30,434 | (30,434) | - | - | - |
| Net gain on foreign exchange | - | - | - | (46) | - | 46 | - | - |
| Distributions to shareholders | - | - | - | (4,512) | - | - | - | (4,512) |
| Total comprehensive loss | - | - | (504) | (23,427) | - | - | - | (23,931) |
| Balances at 30 April 2022 | - | - | (25,841) | 91,026 | 30,342 | (14,391) | 6,143 | 87,279 |

The notes on pages 55 to 77 form an integral part of these financial statements.

ATLANTIS JAPAN GROWTH FUND LIMITED

STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

| Notes | Ordinary capital £'000 | Share premium £'000 | Revenue reserve £'000 | Capital reserve/ realised £'000 | Capital reserve/ unrealised £'000 | Capital reserve/ exchange £'000 | Accumulated other comprehensive income £'000 | Total £'000 |
|--|------------------------------|---------------------------|-----------------------------|--|--|--|--|----------------|
| Balances at 1 May 2020 | - | - | (24,474) | 75,176 | 55,244 | (14,176) | 6,143 | 97,913 |
| Movements during the financial year | | | | | | | | |
| 4 Net unrealised gain on investments held at fair value through profit or loss | - | - | - | (5,532) | 5,532 | - | - | - |
| Net loss on foreign exchange | - | - | - | 261 | - | (261) | - | - |
| 18 Distributions to shareholders | - | - | - | (3,711) | - | - | - | (3,711) |
| Total comprehensive income | - | - | (863) | 23,162 | - | - | - | 22,299 |
| Balances at 30 April 2021 | - | - | (25,337) | 89,356 | 60,776 | (14,437) | 6,143 | 116,501 |

The notes on pages 55 to 77 form an integral part of these financial statements.

ATLANTIS JAPAN GROWTH FUND LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2022

| Notes | 30 April 2022 £'000 | 30 April 2021 £'000 |
|---|------------------------|------------------------|
| Non-current assets | | |
| 15,16 Investments held at fair value through profit or loss | 91,525 | 116,946 |
| Current assets | | |
| Cash and cash equivalents | 72 | 12 |
| Due from brokers | – | 322 |
| Dividends receivable | 622 | 398 |
| Prepaid expenses and other receivables | 5 | 25 |
| | 699 | 757 |
| Current liabilities | | |
| Bank overdraft | (4,605) | (667) |
| Due to brokers | (107) | (291) |
| Payables and accrued expenses | (233) | (244) |
| | (4,945) | (1,202) |
| Net current liabilities | (4,246) | (445) |
| Non-current liabilities | – | – |
| 17 Net assets | 87,279 | 116,501 |
| Equity | | |
| Ordinary share capital | – | – |
| Share premium | – | – |
| Revenue reserve | (25,841) | (29,048) |
| Capital reserve | 106,977 | 139,406 |
| Accumulated other comprehensive income | 6,143 | 6,143 |
| Net assets attributable to equity shareholders | 87,279 | 116,501 |
| 17 Net asset value per ordinary share* | £2.11 | £2.79 |

Approved by the Board and authorised for issue on 5 July 2022 and signed on its behalf by:

Noel Lamb
Chairman

Philip Ehrmann
Director

The notes on pages 55 to 77 form an integral part of these financial statements.

ATLANTIS JAPAN GROWTH FUND LIMITED

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

| Notes | 30 April 2022 £'000 | 30 April 2021 £'000 |
|---|--|------------------------|
| Cash flows from operating activities | | |
| | (23,688) | 22,483 |
| | <i>Profit before taxation</i> | |
| | <i>Adjustments to reconcile profit before taxation to net cash flows from operating activities</i> | |
| 4 | (6,961) | (17,891) |
| | Net realised gains on investments held at fair value through profit or loss | |
| 4 | 30,434 | (5,532) |
| | Net unrealised losses/(gains) on investments held at fair value through profit or loss | |
| | – | 9 |
| | Net exchange gains on cash and cash equivalents | |
| | 21 | 9 |
| | Interest expense and bank charges | |
| | 322 | (32) |
| | Increase in due from brokers | |
| | (224) | 14 |
| | (Increase)/decrease in dividends receivable | |
| | 20 | (8) |
| | Decrease/(increase) in prepaid expenses and other receivables | |
| | (184) | (257) |
| | Decrease in due to brokers | |
| | (11) | 5 |
| | (Decrease)/increase in payables and accrued expenses | |
| 11 | (243) | (184) |
| | Taxation paid | |
| | (514) | (1,384) |
| | <hr/> | |
| 16 | (55,642) | (52,294) |
| | Purchase of investments | |
| 16 | 57,590 | 53,568 |
| | Sale of investments | |
| | 1,948 | 1,274 |
| | <hr/> | |
| | 1,434 | (110) |
| | Net cash inflow/(outflow) from operating activities | |
| | <hr/> | |
| Cash flows from financing activities | | |
| | (21) | (9) |
| | Interest paid | |
| 18 | (4,512) | (3,711) |
| | Distributions paid to shareholders | |
| 18 | (779) | – |
| | Redemptions | |
| | (5,312) | (3,720) |
| | Net cash outflow from financing activities | |
| | <hr/> | |
| | (3,878) | (3,830) |
| | Net decrease in cash and cash equivalents | |
| | <hr/> | |
| | – | (9) |
| | Net exchange losses on cash and cash equivalents | |
| | (655) | 3,184 |
| | Cash and cash equivalents at beginning of financial year | |
| | (4,533) | (655) |
| | Cash and cash equivalents at end of financial year | |
| | <hr/> | |

The notes on pages 55 to 77 form an integral part of these financial statements.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

1. GENERAL INFORMATION

Atlantis Japan Growth Fund Limited (the “Company”) was incorporated in Guernsey on 13 March 1996. The Company commenced activities on 10 May 1996. The Company is an authorised closed-ended investment scheme registered and domiciled in P.O. Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands. The Company’s equity shares are traded on the London Stock Exchange.

As an investment trust, the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, it is subject to the UKLA Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules and the rules of the London Stock Exchange.

The Company’s investment objective is to achieve long term capital growth through investing wholly or mainly in listed Japanese equities.

The Company’s investment activities are managed by Quaero Capital LLP (“Investment Manager”) with the administration delegated to Northern Trust International Fund Administration Services (Guernsey) Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

a) Basis of preparation

The Financial Statements of the Company have been prepared in accordance with IFRS. The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of investments held at fair value through profit or loss, and in accordance with the Association of Investment Companies (“AIC”) Statement of Recommended Practice (“SORP”) for Investment Trust Companies and Venture Capital Trusts to the extent it is not in conflict with IFRS and the Company’s Principal Documents.

The preparation of the Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. As at the financial year ended 30 April 2022, the Company, being solely invested in listed equities, did not hold any investment requiring the use of significant estimation to determine their value. There were no other significant estimates for the financial year ended 30 April 2022.

The significant accounting policies adopted are consistent with those of the previous financial year.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of preparation (continued)

New standards not yet adopted

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 May 2021 that had a significant effect on the Company's Financial Statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on these Financial Statements.

Other accounting standards and interpretations have been published and will be mandatory for the Company's accounting periods beginning on or after 1 May 2022 or later periods. On review of the future standards and interpretations, the impact of these standards is not expected to be material to the reported results and financial position of the Company.

Critical judgements

The Board consider GBP the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. GBP is the currency in which the Company measures its performance. This determination also considers the competitive environment in which the Company is compared to other European investment products. The presentation currency for these financial statements is GBP.

b) Going concern

The Financial Statements have been prepared on a going concern basis in line with the Directors' belief that the Company will continue in business for the foreseeable future from the date of authorisation of the financial statements (refer to page 20 for more details).

After making reasonable inquiries and assessing all data relating to the Company's liquidity, particularly its holding of significant liquid level 1 assets, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat, from COVID-19 or other issues, to the going concern status of the Company. For these reasons, the Directors have adopted the going concern basis in preparing the Financial Statements.

c) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

d) Income recognition

Dividend income arising on the Company's investments is accounted for gross of withholding tax on an ex-dividend basis or when the right to receive payment is established.

e) Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

f) Investments held at fair value through profit or loss

(i) Classification and Measurement

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of those financial assets. The portfolio of the financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focussed on fair value information and uses that information to assess the assets' performance and to make decisions.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Investments held at fair value through profit or loss (continued)

(i) Classification and Measurement (continued)

The Company classifies its entire investment portfolio as financial assets or liabilities as fair value through profit or loss. This includes forward currency contracts of which none were held at the financial year end (30 April 2021: Nil). All financial assets are mandatorily measured as at fair value through profit or loss with no assets being designated.

The Company's policy requires the Investment Manager and the Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(ii) Recognition and Measurement

Investments are initially recognised at the trade date of purchase. They are included initially at fair value, which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the Statement of Comprehensive Income, and allocated to the capital column of the Statement of Comprehensive Income at the time of acquisition).

Investments are de-recognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Gains and losses on investments are included in the Statement of Comprehensive Income as capital.

(iii) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as transferable securities and financial derivative instruments traded publicly) are based on quoted market prices at the close of trading on the reporting date.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The fair value of financial derivative instruments, that are not exchange-traded, is estimated at the amount that the Company would receive or pay to terminate the contract at the reporting date, taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties. Realised gains and losses on investment disposals are calculated using the weighted average cost method.

g) Due from and due to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Due from and due to brokers (continued)

At each reporting date, the Company shall measure the loss allowance on the amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12 month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment is more than 90 days past due is considered credit impaired.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

h) Other receivables

Other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

IAS 7 requires disclosures that:

- Enable users of the financial statements to evaluate changes in liabilities arising from financing activities; and
- Provide a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position is suggested although not mandatory.

These requirements have been met as part of the Statement of Changes in Equity for share capital transactions attributable to holders of ordinary shares and Note 13 (Loans Payable).

j) Other payables and accrued expenses

Other payables and accrued expenses are obligations to pay for services that have been acquired in the ordinary course of business. Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Loans payable

All loans are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account discount or premium on settlement. Any costs of arranging any interest-bearing loans are capitalised and amortised over the life of the loan.

The Company's loans are denominated in JPY. Gains and losses on foreign exchange on loans are included in the Statement of Comprehensive Income as capital.

l) Foreign currencies

The Company's investments are predominately denominated in JPY. The Company's obligation to shareholders is denominated in GBP and, when appropriate, the Company may hedge the exchange rate risk from JPY to GBP. Therefore, the Company's functional currency is GBP. The Company's presentation currency is GBP.

At each Statement of Financial Position date, assets and liabilities, which are denominated in foreign currencies, are translated into the functional currency at the closing rates of exchange. Transactions involving currencies other than the functional currency are recorded at the exchange rates prevailing on the dates of the transactions. Resulting exchange differences are recognised in profit or loss in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within "Net gains/(losses) on foreign exchange".

m) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. In addition, the Company incurs withholding taxes imposed by certain countries on dividend and interest income. Such income is recognised gross of the taxes and the corresponding withholding tax is recognised as a tax expense.

The tax currently payable is based on the taxable profit for the financial year. Any taxable profit differs from the net profit, if any, as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that were applicable at the Statement of Financial Position date.

In line with the provisions of the AIC SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the "marginal basis".

Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. A deferred tax liability is recognised in full for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are enacted or substantively enacted in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

n) Capital reserve

The capital reserve distinguishes between gains/(losses) on sales or disposals and valuation gains/(losses) on investments. The capital reserve consists of realised gains/(losses) on investments, movement in valuation of gains/(losses) on investments and gains/(losses) relating to foreign exchange. This is a distributable reserve which may be utilised for the repurchase of share capital and for distributions to shareholders by way of Dividend.

o) Share premium

Share Premium Account represents the excess of the issue price over the par value on shares issued.

p) Revenue reserve

Revenue reserve is a distributable reserve and is the undistributed income of the Company.

q) Accumulated other comprehensive income

Historical exchange differences on the translation of assets, liabilities, income and expenses from functional to presentation currency are recognised in accumulated other comprehensive income.

r) Treasury shares

Where the Company purchases its own share capital (whether into treasury or cancellation), the consideration paid, which includes any directly attributable costs (net of income taxes), is recognised as a deduction from equity shareholders' funds through the capital reserve, which is a distributable reserve.

When such shares are subsequently sold or reissued, the consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised as an increase in equity and proceeds from the reissue of treasury shares are transferred to/from the capital reserve.

Shares held in treasury are not taken into account in determining earnings per share detailed in Statement of Comprehensive Income and NAV per share detailed in Note 17.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

t) Ordinary shares

The Company's ordinary shares were redeemable in the capital of the Company at no par value and are classified as equity in accordance with the Company's Articles of Incorporation.

u) Subscriber shares

The Company's subscriber shares are classified as equity in accordance with the Company's Articles of Incorporation. These shares do not participate in the profits of the Company. For more information please see Note 14.

v) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements and disclosed in the Statement of Changes in Equity in the period in which the dividends are approved by the Board.

3. OPERATING SEGMENTS

The Board makes the strategic resource allocations on behalf of the Company and is responsible for the Company's entire portfolio. The Board is of the opinion that the Company is engaged in a single geographic and economic segment business. The asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the Directors for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

The fair value of the financial instruments held by the Company and the equivalent percentages of the total value of the Company are reported in the Schedule of Investments on pages 15 to 17.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4. NET GAINS ON INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30 April 2022 £'000 | 30 April 2021 £'000 |
|---|------------------------|------------------------|
| Realised gains on investments held at fair value through profit or loss | 19,240 | 19,817 |
| Realised losses on investments held at fair value through profit or loss | (12,279) | (1,926) |
| Net realised gains on investments held at fair value through profit or loss | 6,961 | 17,891 |
| Unrealised gains on investments held at fair value through profit or loss | 9,256 | 18,850 |
| Unrealised losses on investments held at fair value through profit or loss | (39,690) | (13,318) |
| Net unrealised (losses)/gains on investments held at fair value through profit or loss | (30,434) | 5,532 |
| Net (losses)/gains on investments held at fair value through profit or loss | (23,473) | 23,423 |

5. RELATED PARTY DISCLOSURE

The Investment Manager, Investment Adviser, Depositary, Administrator and Directors are considered related parties to the Company under IAS 24 as they have the ability to control, or exercise significant influence over, the Company in making financial or operational decisions. See Notes 6 to 9 for details of transactions with these related parties during the financial year ended 30 April 2022.

The Company has a credit facility with the Depositary, Northern Trust Guernsey (limited). Please see Note 13 for details.

Certain Directors had a beneficial interest in the Company by way of their investment in the ordinary shares of the Company.

The details of these interests as at 30 April 2022 and 30 April 2021 are as follows:

| | Ordinary Shares 30 April 2022 | Ordinary Shares 30 April 2021 |
|----------------|----------------------------------|----------------------------------|
| Noel Lamb | 30,000 | 23,250 |
| Richard Pavry | 40,000 | 40,000 |
| Philip Ehrmann | 50,000 | 50,000 |
| Michael Moule | 50,000 | 40,000 |

The above interests of the Directors were unchanged as at the date of this report. Remuneration paid to the Directors during the year is detailed in note 9.

As at 30 April 2022, a family member of the President of the Investment Adviser held 900,800 (30 April 2021: 900,800) ordinary shares of the Company.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

6. INVESTMENT MANAGEMENT AND INVESTMENT ADVISER FEES

Under the terms of the Investment Management Agreement, the Investment Manager, Quaero Capital LLP, will continue in office until a resignation is tendered or the contract is terminated. In both circumstances, a resignation or termination must be given with a notice period which must not be less than three months, and be in accordance with the Investment Management Agreement.

The Company pays to the Investment Manager a fee accrued daily and paid monthly in arrears at the annual rate of 1% of the daily NAV of the Company on the first £125m of net assets, 0.85% on net assets between £125m and £175m and 0.70% on net assets above £175m with effect from 5 July 2019.

The Investment Adviser Fees are 75% of the total Investment Management Fees and are paid by the Investment Manager.

For the financial year ended 30 April 2022, total investment management fees were £1,106,750 (30 April 2021: £1,186,901), of which £71,043 (30 April 2021: £100,170) is due and payable as at that date. Of the total investment management fees, £276,688 (30 April 2021: £296,725) was due to the Investment Manager, with £53,282 (30 April 2021: £25,043) payable as at 30 April 2022.

For the financial year ended 30 April 2022, total investment adviser fees were £830,062 (30 April 2021: £890,176), with £17,761 (30 April 2021: £75,127) payable as at 30 April 2022.

7. DEPOSITARY FEES

Under the terms of the Depositary Agreement, fees are payable to the Depositary, Northern Trust (Guernsey) Limited, monthly in arrears, on the Gross Asset Value (Net Asset Value before investment management fees) of the Company as at the last business day of the month at an annual rate of:

| <u>Gross Asset Value</u> | <u>Annual Rate</u> |
|-------------------------------|--------------------|
| Up to \$50,000,000 | 0.035% |
| \$50,000,001 to \$100,000,000 | 0.025% |
| Thereafter | 0.015% |

The Depositary is also entitled to a global custody fee of 0.03% per annum of the NAV of the Company, subject to a minimum fee of \$20,000, and transaction fees as per the Depositary Agreement.

For the financial year ended 30 April 2022, total depositary fees were £94,579 (30 April 2021: £101,476), of which £18,034 (30 April 2021: £23,251) was due and payable as at that date.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

8. ADMINISTRATION FEES

Under the terms of the Administration Agreement, the Company pays to the Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited, a fee accrued weekly and paid monthly in arrears at the annual rate of:

| <u>NAV</u> | <u>Annual Rate</u> |
|--------------------------------|--------------------|
| Up to \$50,000,000 | 0.18% |
| \$50,000,001 to \$100,000,000 | 0.135% |
| \$100,000,001 to \$200,000,000 | 0.0675% |
| Thereafter | 0.02% |

For the financial year ended 30 April 2022, total administration fees were £140,342 (30 April 2021: £149,549), of which £21,552 (30 April 2021: £12,406) was due and payable as at that date.

9. DIRECTORS' FEES AND EXPENSES

Each of the Directors is entitled to receive a fee from the Company, being £36,000 per annum for the Chairman, £30,00 per annum for the Chairman of the Audit Committee and £26,000 per annum for each of the other Directors. In addition, the Company reimburses all reasonably incurred out-of-pocket expenses of the Directors.

For the financial year ended 30 April 2022, total directors' fees and expenses were £148,146 (30 April 2021: £124,484), of which £8,910 (30 April 2021: £7,589) was due and payable as at that date.

10. RESEARCH COSTS

In line with the introduction of revised rules in respect of the use of dealing commission as part of the implementation of the Directive 2014/65/EU on Markets in Financial Instruments and amending Directive 2004/39/EC ("MiFID II"), effective from 3 January 2018, the Investment Manager no longer pays for its investment research via dealing commission.

The Investment Manager has established a research budget whereby the Company will pay for research services independently of trade execution. All transactions are placed and executed on the basis that best execution is achieved. Research costs incurred from 1 May 2021 to 30 April 2022 amounted to £100,611 (30 April 2021: £96,740).

11. TAXATION

The Company is exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and has paid an annual exemption fee of £1,200 (30 April 2021: £1,200), however the Company is subject to UK tax being a UK tax resident to comply with the Section 1158 of the Corporation Tax Act 2010. The main rate of corporation tax in the UK was 19% effective from 1 April 2017 and effective 1 April 2023 the rate will increase to 25%.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

11. TAXATION (continued)

| | 30 April 2022 | 30 April 2021 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Irrecoverable overseas tax | 243 | 184 |
| Tax charge in respect of the current year | 243 | 184 |

Current taxation

The current taxation charge for the financial year is different from the standard rate of corporation tax in the UK. The differences are explained in the following table:

| | 30 April 2022 | 30 April 2021 |
|--|---------------|---------------|
| | £'000 | £'000 |
| (Loss)/profit before tax | (23,688) | 22,483 |
| Capital gain/(loss) for the financial year | 23,427 | (23,162) |
| Revenue loss for the financial year | (261) | (679) |

| | 30 April 2022 | 30 April 2021 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Theoretical tax at UK corporation tax rate of 19% (30 April 2021 - 19%) | (50) | (129) |
| Effects of: | | |
| Excess management expenses | 96 | 164 |
| Notional relief for overseas tax suffered | (46) | (35) |
| Overseas tax written off | 243 | 184 |
| Actual current tax charge | 243 | 184 |

The Company is an investment trust and therefore is not taxable on capital gains.

Factors that may affect future tax charges

As at 30 April 2022, the Company has excess management expenses of £11,170,418 that are available to offset future taxable revenue. Whilst this represents management's best estimate based on the carried forward balance in the previous financial year of £39,614,339 the estimated value could differ from actual amounts. However, the potential impact is not expected to be significant.

A deferred tax asset has not been recognised in respect of these amounts as they will be recoverable only to the extent that there is sufficient future taxable revenue.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

12. EARNINGS/(DEFICIT) PER ORDINARY SHARE

The earnings/(deficit) per ordinary share figure is based on the loss for the financial year of £23,930,408 (30 April 2021: profit of £22,298,614) divided by the weighted average number of shares (excluding shares held in treasury) in issue during the financial year ended 30 April 2022, being 41,416,570 (30 April 2021: 41,794,570).

| | 30 April 2022 | 30 April 2021 |
|---|-----------------|---------------|
| | £'000 | £'000 |
| Net revenue loss | (504) | (863) |
| Net capital (loss)/profit | (23,427) | 23,162 |
| Net total (loss)/profit | (23,931) | 22,299 |
| Weighted average number of ordinary shares in issue during the financial year | 41,716,040 | 41,794,570 |
| | £ | £ |
| Revenue loss per ordinary share | (0.012) | (0.021) |
| Capital (loss)/profit per ordinary share | (0.562) | 0.554 |
| Total (loss)/profit per ordinary share | (0.574) | 0.533 |

The revenue loss per ordinary share and capital loss per ordinary share figure is based on the net revenue loss for the financial year of £503,939 (30 April 2021: loss of £861,793), the net capital loss of £23,426,469 (30 April 2021: profit of £23,160,407) respectively and 41,416,570 being the weighted average number of shares in issue (excluding shares held in treasury) during the financial year ended 30 April 2022 (30 April 2021: 41,794,570).

As at 30 April 2022, basic and diluted earnings/deficit per share are the same as no dilutive instruments are in issue.

13. LOANS PAYABLE

As at 30 April 2022, the Company had drawn down ¥752,724,992 (£4,609,310) on the credit facility (30 April 2021: not drawn down). ¥1,500,000,000 (£9,911,569) is borrowable under the terms of the facility agreement. Under the terms of the facility agreement with NTGL, the Company is required to comply with the following financial covenant:

Borrowings on the accounts in the name of the borrower may not exceed at any time the lesser of (a) 20% of the value of unencumbered, listed and daily priced assets held in custody by the Depositary for the borrower or (b) 100% of any borrowing limit set out in the constitutional documents of such borrower.

The Company complied with all of the above financial covenants during the financial years ended 30 April 2022 and 30 April 2021.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

14. SHARE CAPITAL AND SHARE PREMIUM

Authorised

The Company is authorised to issue an unlimited number of ordinary shares of no par value. The Company has issued two subscriber shares for the purposes of incorporation of the Company. The subscriber shares do not participate in the profits of the Company.

The Company may also issue C shares being a convertible share in the capital of the Company of no par value. C shares shall not have the right to attend or vote at any general meeting of the Company. The holders of C shares of the relevant class shall be entitled, in that capacity, to receive a special dividend of such amount as the Directors may resolve to pay out of the net assets attributable to the relevant C share class and from income received and accrued attributable to the relevant C share class for the period up to the conversion date payable on a date falling before, on or after the conversion date as the Directors may determine. There are no C shares currently in issue.

The rights which the ordinary shares confer upon the holders thereof are as follows:

Voting rights

On a show of hands, every member who is present shall have one vote and, on a poll, a member present in person or by proxy shall be entitled to one vote per ordinary share held.

Entitlement to dividends

The Company may declare dividends in respect of the ordinary shares which are paid out of capital reserves. Treasury shares do not confer an entitlement to any dividends declared.

Rights in a winding-up

The holders of ordinary shares will be entitled to share in the NAV of the Company as determined by the Liquidator.

Issued ordinary shares

| | Number of Shares | Share Capital £'000 | Share Premium £'000 |
|---------------------------|-------------------|------------------------|------------------------|
| In issue at 30 April 2022 | <u>41,416,570</u> | <u>–</u> | <u>–</u> |
| In issue at 30 April 2021 | <u>41,794,570</u> | <u>–</u> | <u>–</u> |

| | Number of Shares 30 April 2022 | Number of Shares 30 April 2021 |
|--|-----------------------------------|-----------------------------------|
| Shares of no par value | | |
| Issued shares at the start of the financial year | 41,794,570 | 41,794,570 |
| Purchase of shares into treasury | (378,000) | – |
| Number of shares at the end of the financial year | <u>41,416,570</u> | <u>41,794,570</u> |
| Shares held in treasury | | |
| Opening balance | 4,687,186 | 4,687,186 |
| Shares bought into treasury during the financial year | 378,000 | – |
| Number of shares at the end of the financial year | <u>5,065,186</u> | <u>4,687,186</u> |

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

14. SHARE CAPITAL AND SHARE PREMIUM (continued)

During the financial year ended 30 April 2022, 378,000 of shares were purchased into treasury for consideration of £778,650 (30 April 2021: £nil).

Shareholders are entitled to receive any dividends or other distributions out of profits lawfully available for distribution and on winding up they are entitled to the surplus assets remaining after payment of all the creditors of the Company. The shares redeemed in the current financial year were cancelled immediately.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In accordance with its investment objective and policies, the Company holds financial instruments which at any one time may comprise the following:

- securities held in accordance with the investment objective and policies;
- cash and cash equivalents and short-term receivables and payables arising directly from operations;
- loans used to finance investment activity; and
- derivative instruments for the purposes of efficient portfolio management only.

The financial instruments held by the Company principally comprise equities listed on the stock markets in Japan, including, without limitation, the Tokyo Stock Exchange categorised as Prime, Standard and Growth sections, or the regional stock exchanges of Fukuoka, Nagoya and Sapporo.

The specific risks arising from the Company's exposure to these instruments, and the Investment Manager/Investment Adviser's policies for managing these risks, which have been applied throughout the financial year, are summarised below.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company may not borrow or otherwise use leverage exceeding 20% of its net assets for investment purposes, to settle facilities for specific investments, such as bridge financing. In connection with the facility agreement, the Company has entered into an English law, multicurrency, and revolving credit facility with NTGL (see Note 13).

As at 30 April 2022, the Company had a commitment leverage ratio of 1.05:1 and a gross leverage ratio of 1.05:1.

The Company does not have any externally imposed capital requirements apart from the fact that it should not retain more than 15% of income, in order to comply with Section 1158 of Corporation Tax Act 2010. The Company has complied with this requirement.

The Company is a closed-ended investment company. The Company's capital is represented by ordinary shares of no par and each share carries one vote. They are entitled to dividends when declared.

There were 378,000 shares repurchased into treasury during the financial year ended 30 April 2022 (30 April 2021: None).

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk

The Company's investment portfolio - particularly its equity investments - is exposed to market price fluctuations which are monitored by the Investment Manager/Investment Adviser in pursuance of the investment objective and policies.

At 30 April 2022, the Company's market price risk is affected by three main components: changes in market prices, currency exchange rates and interest rate risk. Currency exchange rate movements and interest rate movements, which are dealt with under the relevant headings below, primarily affect the fair values of the Company's exposures to equity securities, related derivatives and other instruments. Changes in market prices primarily affect the fair value of the Company's exposures to equity securities, related derivatives and other instruments.

Exceptional risks associated with investment in Japanese smaller companies may include:

- greater price volatility, substantially less liquidity and significantly smaller market capitalisation; and
- more substantial government intervention in the economy, including restrictions on investing in companies or in industries deemed sensitive to relevant national interests.

Market price sensitivity analysis

If the price of each of the equity securities to which the Company had exposure at 30 April 2022 had increased or decreased by 5% with all other variables held constant, this would have increased or decreased profit and net assets attributable to equity shareholders of the Company by:

| | 30 April 2022 | 30 April 2021 |
|----------------------------|---------------|---------------|
| | +/- | +/- |
| NAV | £4,576,274 | £5,847,307 |
| NAV per share | £0.11 | £0.14 |
| Total comprehensive income | £4,576,274 | £5,847,307 |
| Earnings per share | £0.11 | £0.14 |

Foreign currency risk

The Company principally invests in securities denominated in currencies other than GBP, the functional currency of the Company. Therefore, the Statement of Financial Position will be affected by movements in the exchange rates of such currencies against the GBP. The Investment Manager/Investment Adviser has the power to manage exposure to currency movements by using forward currency contracts. No such instruments were held as at 30 April 2022 (30 April 2021: None).

It is not the present intention of the Directors to hedge the currency exposure of the Company, but the Directors reserve the right to do so in the future if they consider this to be desirable.

The treatment of currency transactions other than in GBP is set out in Note 2(l) to the Financial Statements.

As at 30 April 2022, the Company has a USD cash exposure in GBP terms of £4,757 (30 April 2021: £9,456).

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The Company's net JPY exposure in GBP terms is set out in the following table:

| As at 30 April 2022 | £'000 |
|---|----------------|
| Assets | |
| Investments held at fair value through profit or loss | 91,525 |
| Dividends receivable | 622 |
| Total assets | 92,147 |
| Liabilities | |
| Bank overdraft | (4,609) |
| Due to brokers | (107) |
| Payable and accrued expenses | (4) |
| Total liabilities | (4,720) |
| Total net assets | 87,427 |
| | |
| As at 30 April 2021 | £'000 |
| Assets | |
| Investments held at fair value through profit or loss | 116,946 |
| Due from brokers | 322 |
| Dividends receivable | 398 |
| Total assets | 117,666 |
| Liabilities | |
| Bank overdraft | (677) |
| Due to brokers | (291) |
| Total liabilities | (968) |
| Total net assets | 116,698 |

Foreign currency sensitivity analysis

If the exchange rate at 30 April 2022, between the functional currency and all other currencies had increased or decreased by a 5% currency movement with all other variables held constant, this would have increased or reduced profit and net assets attributable to equity shareholders of the Company by:

| | 30 April 2022 | 30 April 2021 |
|----------------------------|----------------------|----------------------|
| | +/- | +/- |
| NAV | £4,371,610 | £5,835,372 |
| NAV per share | £0.11 | £0.14 |
| | | |
| Total comprehensive income | £4,371,610 | £5,835,372 |
| Earnings per share | £0.11 | £0.14 |

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Foreign currency sensitivity analysis (continued)

No benchmark is used in the calculation of the above information. The only foreign currency the Company has a significant exposure to is JPY, hence the above foreign currency sensitivity analysis has not been disclosed on a currency by currency basis.

Interest rate risk

Substantially all the Company's assets and liabilities are non-interest bearing and any excess cash and cash equivalents are invested at short-term market interest rates.

As at 30 April 2022, the Company has a small exposure to interest rate risk regarding the loan facility and cash and cash equivalents.

Increases in interest rates may increase the costs of the Company's borrowings. The rate of interest is the rate per annum equivalent to the Bank of Japan Official base rate plus 1.25% and will be calculated on the amount for the time being outstanding on each account based upon the number of days elapsed and a year of 365 days. The currency base lending rate is subject to a floor of zero. Interest on the loan is payable monthly in arrears. As at 30 April 2022, the interest accrued on the loan was £nil (30 April 2021: £nil).

The following disclosures exclude prepayments and taxation receivables and payables:

| | Less than 1 month £'000 | 1 month to 1 year £'000 | Total £'000 |
|---|--|--|------------------------|
| As at 30 April 2022 | | | |
| Financial assets | | | |
| Cash and cash equivalents | 72 | – | 72 |
| Financial liabilities | | | |
| Bank overdraft | (4,605) | – | (4,605) |
| Net financial assets/(liabilities) | (4,533) | – | (4,533) |
| | | | |
| | Less than 1 month £'000 | 1 month to 1 year £'000 | Total £'000 |
| As at 30 April 2021 | | | |
| Financial assets | | | |
| Cash and cash equivalents | 12 | – | 12 |
| Financial liabilities | | | |
| Bank overdraft | (667) | – | (667) |
| Net financial assets/(liabilities) | (655) | – | (665) |

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The cash flow interest rate risk comprises those assets and liabilities with a floating interest rate, for example cash deposits at local market rates. Cash and cash equivalents earn interest at the prevailing market interest rate. Although this portion of the NAV is not subject to fair value risk as a result of possible fluctuations in the prevailing market interest rates, the future cashflows of the Company could be adversely or positively impacted by decreases or increases in those prevailing market interest rates.

The fair value interest rate risk comprises those assets and liabilities with a fixed interest rate, for example loans payable and loan interest payable.

Fair value

All assets and liabilities are carried at fair value with the exception of short term receivables and payables and cash and cash equivalents, which are carried at amortised cost.

Short term receivables and payables

Receivables and payables do not carry interest and are short term in nature. They are stated at amortised cost, as reduced by appropriate allowances for irrecoverable amounts in the case of receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising assets or otherwise raising funds to meet financial commitments.

As at 30 April 2022, the Company had drawn down ¥752,724,992 (£4,609,310) on the credit facility (30 April 2021: not drawn down). In connection with the facility agreement, the Company has entered into an English law, multicurrency, and revolving credit facility with NTGL.

The loan may be used for the following purposes:

- the acquisition of investments in accordance with the investment policy; and
- its working capital requirements in the ordinary course of business.

The loan must be repaid on the earliest of the day on which written demand is made by NTGL for repayment or the day on which an automatic repayment event occurs (such as insolvency).

The Company invests primarily in listed securities which are liquid in nature.

The Company's liquidity risk is managed by the Investment Manager who monitors the cash positions on a regular basis.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity analysis of the Company's financial liabilities (excluding tax balances) is set out in the following table:

| | Up to 1 year or on demand £'000 | 1 to 5 years £'000 | Total £'000 |
|------------------------------|---------------------------------------|--------------------------|----------------|
| As at 30 April 2022 | | | |
| Financial liabilities | | | |
| Bank overdraft | (4,605) | – | (4,605) |
| Other financial liabilities | (340) | – | (340) |
| | <u>(4,945)</u> | <u>–</u> | <u>(4,945)</u> |
| As at 30 April 2021 | | | |
| Financial liabilities | | | |
| Bank overdraft | (667) | – | (667) |
| Other financial liabilities | (535) | – | (535) |
| | <u>(1,202)</u> | <u>–</u> | <u>(1,202)</u> |

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

In accordance with the investment restrictions as described in its prospectus and investment policy (see page 4), the Company may not invest more than 10% of the Company's gross assets in securities of any one company or issuer. However, this restriction shall not apply to securities issued or guaranteed by a government or government agency of the Japanese or US Governments. In adhering to these investment restrictions, the Company mitigates the risk of any significant concentration of credit risk arising on broker and dividend receivables.

As the Company invests primarily in publicly traded equity securities the Company is not exposed to credit risk from these positions. However, the Company will be exposed to a credit risk on parties with whom it trades and will bear the risk of settlement default. The Company minimises concentrations of credit risk by undertaking transactions with a number of regulated counterparties on recognised and reputable exchanges. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on a purchase once the securities have been received from the broker. The trade will fail if either party fails to meet its obligation. The Company is exposed to credit risk on cash and investment balances held with the Depositary. The Investment Manager regularly reviews concentrations of credit risk.

All of the cash assets are held with the Northern Trust Company ("NTC"). Cash deposited with NTC is deposited as banker and is held on its Statement of Financial Position. Accordingly, in accordance with usual banking practice, NTC's liability to the Company in respect of such cash deposits shall be that of debtor and the Company will rank as a general creditor of NTC. The financial assets are held with the Depositary, Northern Trust (Guernsey) Limited.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

These assets are held distinct and separately from the proprietary assets of the Depositary. Securities are clearly recorded to ensure they are held on behalf of the Company.

Bankruptcy or insolvency of the Depositary and, or one of its agents or affiliates may cause the Company's rights with respect to the securities held by the Depositary to be delayed or limited.

NTC is a wholly owned subsidiary of Northern Trust Corporation. As at 30 April 2022, Northern Trust Corporation had a long term rating from Standard & Poor's of A+ (30 April 2021: A+). Risk is managed by monitoring the credit quality and financial positions of the Depositary the Company uses. Northern Trust acts as its own sub-depositary in the US, the UK, Ireland and Canada. In all other markets Northern Trust appoints a local sub-depositary. Northern Trust continually reviews its sub-depositary network to ensure clients have access to the most efficient, creditworthy and cost-effective provider in each market.

The securities held by the Company are legally held with the Depositary, which holds the securities in segregated accounts, and subject to any security given by the Company to secure its overdraft facilities, the Company's securities should be returned to the Company in the event of the insolvency of the Depositary or its appointed agents, although it may take time for the Company to prove its entitlement to the securities and for them to be released by the liquidator of the insolvent institution. The Company will however only rank as an unsecured creditor in relation to any cash deposited or derivative positions with the Depositary, their related companies and their appointed agents, and is therefore subject to the credit risk of the relevant institution in this respect.

The assets exposed to credit risk at financial year end amounted to £71,870 (30 April 2021: £333,544).

Fair value hierarchy

The fair value of investments traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the Statement of Financial Position date. The quoted market price used for investments held by the Company is the last traded price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of investments that are not traded in an active market is determined by using valuation techniques.

For instruments for which there is no active market, the Company may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models may be used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. These instruments would be categorised as level 2.

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value hierarchy (continued)

The following table sets out fair value measurements using the IFRS 13 fair value hierarchies:

At 30 April 2022

Investments at fair value through profit or loss

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|--------------------|------------------|------------------|------------------|----------------|
| Equity investments | 91,525 | – | – | 91,525 |
| | 91,525 | – | – | 91,525 |

At 30 April 2021

Investments at fair value through profit or loss

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|--------------------|------------------|------------------|------------------|----------------|
| Equity investments | 116,946 | – | – | 116,946 |
| | 116,946 | – | – | 116,946 |

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

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

16. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30 April 2022 £'000 | 30 April 2021 £'000 |
|---------------------------------|------------------------|------------------------|
| Opening book cost | 77,919 | 61,302 |
| Purchases at cost | 55,642 | 52,294 |
| Proceeds on sale | (57,590) | (53,568) |
| Realised gains | 6,961 | 17,891 |
| | 82,932 | 77,919 |
| Closing book cost | | |
| Unrealised gains on investments | 8,593 | 39,027 |
| | 91,525 | 116,946 |
| Fair value | | |

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

17. NAV HISTORY

| | 30 April 2022 | 30 April 2021 | 30 April 2020 |
|---|---------------|---------------|---------------|
| NAV | £87,278,759 | £116,501,330 | £97,913,074 |
| Number of Shares in Issue excluding treasury shares | 41,416,570 | 41,794,570 | 41,794,570 |
| NAV per Ordinary Share | £2.11 | £2.79 | £2.34 |

18. DIVIDENDS

All amounts held in the Company's revenue reserve are distributable to shareholders by way of dividends. There are regular quarterly payments of 1% of the company's NAV (based on the average daily NAV in the final month of the financial year). These will be paid in March, June, September and December.

The Company declared the following dividends during the financial year ended 30 April 2022:

| Date | Dividend rate per share (pence) | Dividend (£) | Record date | Ex-dividend date | Pay date |
|------------------|---------------------------------|--------------|------------------|------------------|-------------------|
| 24 May 2021 | 2.17 | 906,942 | 4 June 2021 | 3 June 2021 | 30 June 2021 |
| 25 August 2021 | 2.88 | 1,203,684 | 3 September 2021 | 2 September 2021 | 30 September 2021 |
| 23 November 2021 | 2.88 | 1,201,956 | 3 December 2021 | 2 December 2021 | 30 December 2021 |
| 24 February 2022 | 2.88 | 1,198,932 | 4 March 2022 | 3 March 2022 | 31 March 2022 |

19. ONGOING CHARGES

The ongoing charges using the AIC recommended methodology were 1.65% for the financial year ended 30 April 2022 (30 April 2021: 1.58%). Of the £1,828,253 expenses in the Statement of Comprehensive Income, excluded from the calculation of ongoing charges, are £nil considered by the Directors to be non-recurring (30 April 2021: £nil).

20. EXCHANGE RATES

The following exchange rates were used at the reporting date to convert the assets and liabilities of the Company:

| | 30 April 2022 | 30 April 2021 | 30 April 2020 |
|-----|---------------|---------------|---------------|
| | GBP | GBP | GBP |
| USD | \$1.2555 | \$1.3846 | \$1.2614 |
| JPY | ¥162.6627 | ¥151.3383 | ¥134.8825 |

The following average exchange rates were used during the financial year to convert the transactions of the Company:

| | 30 April 2022 | 30 April 2021 | 30 April 2020 |
|-----|---------------|---------------|---------------|
| | GBP | GBP | GBP |
| USD | \$1.3591 | \$1.3195 | \$1.2666 |
| JPY | ¥154.4499 | ¥140.0542 | ¥137.3435 |

ATLANTIS JAPAN GROWTH FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

21. CHANGES IN THE PORTFOLIO

A list, specifying for each investment the total purchases and sales which took place during the financial year ended 30 April 2022, may be obtained, upon request, at the registered office of the Company.

22. EVENTS DURING THE FINANCIAL YEAR

Yuki Soga was appointed as a Director on 1 July 2021.

There were no other significant events during the financial year which require adjustment to or additional disclosure in the Financial Statements.

23. EVENTS AFTER THE FINANCIAL YEAR

There were no significant events subsequent to the financial year which require adjustment to or additional disclosure in the Financial Statements.

24. ULTIMATE CONTROLLING PARTY

There is no one ultimate controlling party over the Company.

ATLANTIS JAPAN GROWTH FUND LIMITED

ADMINISTRATION

DIRECTORS

Noel Lamb (Chairman)
Philip Ehrmann (Audit Committee Chairman)
Richard Pavry
Michael Moule
Yuki Soga (Appointed 1 July 2021)

REGISTERED OFFICE

P.O. Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands
www.atlantisjapangrowthfund.com

INVESTMENT MANAGER, ALTERNATIVE INVESTMENT FUND MANAGER AND MARKETING AGENT

Quaero Capital LLP
2-4 King Street, London SW1Y 6QL
Telephone no: +44 20-7747-5770
Email: enquiries.uk@quaerocapital.com

INVESTMENT ADVISER

Atlantis Investment Research Corporation
Hamamatsu-cho Square
Studio 1805
1-30-5 Hamamatsu-cho
Minato-ku
Tokyo 105-0013
Japan

DEPOSITARY

Northern Trust (Guernsey) Limited
P.O. Box 71, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3DA, Channel Islands

ADMINISTRATOR AND SECRETARY

Northern Trust International Fund Administration Services (Guernsey) Limited
P.O. Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands
(Telephone: +44 1481-745-001)

REGISTRAR

Computershare Investor Services (Jersey) Limited
P.O. Box 329, Queensway House, Hilgrove Street, St. Helier, Jersey JE4 9XY, Channel Islands

CORPORATE BROKER AND FINANCIAL ADVISER

Singer Capital Markets Advisory LLP
One Bartholomew Lane,
London, EC2N 2AX
www.singercm.com

ATLANTIS JAPAN GROWTH FUND LIMITED

ADMINISTRATION (continued)

INDEPENDENT AUDITOR

Grant Thornton Limited

House Lefebvre, Lefebvre Street, Saint Peter Port, Guernsey, GY1 3TF, Channel Islands

Company Identifiers

LEI: 5493004IW0LDG0OPGL69

ISIN: GG00B61ND550

SEDOL: B61ND55

Ticker: AJG

ATLANTIS JAPAN GROWTH FUND LIMITED

APPENDIX 1: SUPPLEMENTARY INFORMATION

PRIIPS KEY INFORMATION DOCUMENT

We are required by the Packaged Retail and Insurance-based Investment Products (“PRIIPs”) regulations introduced at the beginning of 2018 to provide investors with a key information document (“KID”) which includes performance projections which are the product of prescribed calculations based on the Company’s past performance. Whilst the content and format of the KID cannot be amended under the applicable UK law incorporating the EU directive, the Board does not believe that these projections are an appropriate or helpful way to assess the Company’s future prospects.

Accordingly, the Board urges shareholders also to consider the more complete information set out in these Annual Report and Audited Financial Statements, together with the monthly fact sheets and daily net asset value (“NAV”) announcements, when considering an investment in the Company’s shares. These documents, together with a link to some useful third party research coverage of the Company are published at www.atlantisjapangrowthfund.com.

Retail distribution of non-mainstream products

The Company currently conducts its affairs so that its shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA’s rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company’s shares are excluded from the FCA’s restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

GENERAL DATA PROTECTION REGULATIONS

Changes to our Data Privacy Notice

Our Privacy Notice is in align with the data privacy law in the European Union, known as the General Data Protection Regulation (“GDPR”) to which we are subject. Data protection and the security of your information always has been and remains of paramount importance to us.

Where a data subject’s details are provided to the Company as a consequence of an investment in the Company, then the Company, acting as a data controller may itself (or through a third party such as the Administrator, the Registrar or the Investment Manager) process that personal data. When processing such personal data, there may also be times where the Investment Manager will act as a data controller.

You are not required to take any action in respect of this notice, but we encourage you to read our Privacy Notice. Our Privacy Notice can be found on our website, www.atlantisjapangrowthfund.com. In the event that you hold your shares as a nominee, we request that you promptly pass on the details of where to find our Privacy Notice to the underlying investors and/or the beneficial owners.

ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority has published guidelines on Alternative Performance Measures (“APMs”). APMs are defined as being 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 accounting framework.” The guidelines are aimed at promoting the usefulness and transparency of APMs included in regulated information and aim to improve comparability, reliability and/or comprehensibility of APMs. The following APMs are used throughout the Annual Report and Audited Financial Statements and Notes to the Financial Statements.

ATLANTIS JAPAN GROWTH FUND LIMITED

APPENDIX 1: SUPPLEMENTARY INFORMATION (continued)

ALTERNATIVE PERFORMANCE MEASURES (continued)

Benchmark total return index

A total return index is a type of equity performance index that tracks both the capital gains of a group of stocks over time, and assumes that any cash distributions, such as dividends, are reinvested back into the index.

Discount

The amount, expressed as a percentage, by which the share price is less than the NAV per share.

Gearing

Gearing is the borrowing of cash to buy more assets for the portfolio with the aim of making a gain on those assets larger than the cost of the loan. However, if the portfolio doesn't perform well the gain might not cover the costs. The more an investment company gears, the higher the risk.

Mid-market price

The mid-market price is the mid-point between the buy and the sell prices.

NAV per share

The NAV is the value of the investment company's asset less its liabilities. The NAV per share is the NAV divided by the number of shares in issue (excluding shares held in treasury). The difference between the NAV per share and the share price is known as the discount or premium.

Ongoing charges

Ongoing charges are the total expenses including both the investment management fee and other costs but excluding performance fees, expressed as a percentage of NAV. The total expenses for the financial year ended 30 April 2022 is £1,830,254 which expressed as a percentage of the weighted average NAV of £111,156,297 is 1.65% (30 April 2021 1.58%).

Premium

The amount, expressed as a percentage, by which the share price is more than the NAV per share.

RETAIL DISTRIBUTION OF NON-MAINSTREAM PRODUCTS

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

ADVICE TO SHAREHOLDERS

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our shareholders to be cautious so that they can protect themselves and spot the warning signs.

Fraudsters will often:

- contact you out of the blue
 - apply pressure to invest quickly
 - downplay the risks to your money
 - promise tempting returns that sound too good to be true
 - say that they are only making the offer available to you
 - ask you to not tell anyone else about it
-

ATLANTIS JAPAN GROWTH FUND LIMITED

APPENDIX 1: SUPPLEMENTARY INFORMATION (continued)

ADVICE TO SHAREHOLDERS (continued)

You can avoid investment scams by:

- **Rejecting unexpected offers** – Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high risk investment or a scam.
- **Checking the FCA Warning List** – Use the FCA Warning List to check the risks of a potential investment. You can also search to see if the firm is known to be operating without proper FCA authorisation.
- **Getting impartial advice** – Before investing get impartial advice and don't use an adviser from the firm that contacted you.

If you are suspicious, report it.

- You can report the firm or scam to the FCA by contacting their Consumer Helpline on 0800 111 6768 or using their online reporting form.
- If you have lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk.

For further helpful information about investment scams and how to avoid them please visit www.fca.org.uk/scamsmart.

MANAGING YOUR SHAREHOLDING ONLINE

If your shareholding is held in your own name you will have been allocated a unique Shareholder Reference Number "SRN" which is quoted on your share certificate. All correspondence in respect of your shareholding should be sent to: Computershare Investor Services (Guernsey) Limited, C/o Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES. General shareholder queries can also be sent to info@computershare.co.je.

If you wish to register to manage your shareholding online, you can do so by registering on the Computershare Investor Centre website at www.investorcentre.co.uk/je. Investor Centre can also be used to check your current shareholding balance and confirm the details of any transactions. In addition, Investor Centre allows you to securely update your address and change your payment details for any dividend payments.

To register for Investor Centre you will need to select the 'Register' button on the home page, which will direct you to the online registration form. You will then be required to enter 'Atlantis Japan Growth Fund Limited' under the Company name and enter your personal Shareholder Reference Number (SRN). UK & Channel Islands resident shareholders should insert a post code, whereas other shareholders should select the appropriate country. You will also be required to enter a security code and accept the terms and conditions.

For security reasons, an activation code will be sent to your registered postal address, should your holding be valued at over £25,000. In the event that your holding is valued under the threshold, no activation code will be necessary and you will be able to view your account information immediately online.

ATLANTIS JAPAN GROWTH FUND LIMITED

APPENDIX 1: SUPPLEMENTARY INFORMATION (continued)

MANAGING YOUR SHAREHOLDING ONLINE (continued)

Dividend Tax Allowance

With effect from 6 April 2016 the dividend tax credit was replaced by an annual tax-free dividend allowance. Dividend income in excess of this allowance will be taxed according to your personal income tax bracket. The Company's Registrar will continue to provide shareholders with confirmation of dividends paid; Shareholders should retain such confirmations to enable them to calculate and report total dividend income received. Shareholders should note that it is their sole responsibility to report any dividend income in excess of their annual tax-free allowance to HMRC.

Further information on changes to dividend tax allowance can be obtained from the HMRC website at: <https://www.gov.uk/government/publications/income-tax-changes-to-dividend-taxation>.

ATLANTIS JAPAN GROWTH FUND LIMITED

(Company No. 30709)

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult immediately your stockbroker, bank manager, solicitor, accountant or other financial adviser, authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or otherwise transferred all of your Shares in Atlantis Japan Growth Fund Limited, please send this document and Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

ATLANTIS JAPAN GROWTH FUND LIMITED

(Company No. 30709)

(The "Company")

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2022 Annual General Meeting of the Company will be held at The Cavalry and Guards Club, 127 Piccadilly, London on 8 September 2022 at 11.00am (The "Meeting").

Subject to remaining COVID-19 restrictions then in operation, shareholders will be welcome to attend. Questions for the AGM can be submitted via email to investorservices.uk@quaerocapital.com.

Results of Proxy Voting and a presentation by the Investment Adviser will be available for download from the Company's website after the AGM.

Resolution on Form of Proxy

Agenda

- | | |
|-----------------------|--|
| | 1. To elect the Chairman of the Meeting. |
| Ordinary Resolution 1 | 2. To receive the Annual Report and Audited Financial Statements of the Company for the year ended 30 April 2022. |
| Ordinary Resolution 2 | 3. To receive and adopt the Directors' Remuneration Report as contained in the Annual Report and Audited Financial Statements of the Company for the year ended 30 April 2022. |
| Ordinary Resolution 3 | 4. To appoint Grant Thornton Limited as Auditor of the Company until the conclusion of the next Annual General Meeting. |
| Ordinary Resolution 4 | 5. To authorise the Board of Directors to determine the Auditor's remuneration. |
| Ordinary Resolution 5 | 6. To re-elect Noel Lamb as a Director of the Company. |
| Ordinary Resolution 6 | 7. To re-elect Philip Ehrmann as a Director of the Company. |
| Ordinary Resolution 7 | 8. To re-elect Richard Pavry as a Director of the Company. |
| Ordinary Resolution 8 | 9. To re-elect Michael Moule as a Director of the Company. |
| Ordinary Resolution 9 | 10. To re-elect Yuki Soga as a Director of the Company. |
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ATLANTIS JAPAN GROWTH FUND LIMITED

(Company No. 30709)

NOTICE OF ANNUAL GENERAL MEETING (continued)

Special Business

Ordinary Resolution 10 **11.** THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 315 of the Companies (Guernsey) Law, 2008 (as amended) (the "Companies Law") to make market acquisitions (within the meaning of section 316 of the Companies Law) of its issued ordinary shares, provided that:

- i. the maximum number of ordinary shares hereby authorised to be purchased shall be 6,195,077 or that number of ordinary shares which is equal to 14.99 per cent. of the Company's issued ordinary share capital on 13 July 2022;
- ii. the minimum price which may be paid for an ordinary share is £0.01;
- iii. the maximum price which may be paid for an ordinary share will not exceed the higher of (a) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the 5 consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made; and (b) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 5(6) of the EU Market Abuse Regulation (No. 596 of 2014);
- iv. any ordinary shares purchased may be cancelled or held in treasury;
- v. the authority hereby conferred shall, unless renewed, expire at the conclusion of the Company's AGM in 2023;
- vi. the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of ordinary shares pursuant to any such contract concluded before the authority expired notwithstanding such expiry; and
- vii. any purchase of ordinary shares will be made in the market for cash at prices below the prevailing Net Asset Value per ordinary share.

Ordinary Resolution 11 **12.** THAT the Directors of the Company be and are generally and unconditionally authorised in accordance with section 291 of the Companies (Guernsey) Law, 2008 (as amended) to exercise all powers of the Company to issue ordinary shares at a premium to the then prevailing Net Asset Value, up to a maximum number of 4,132,807 ordinary shares (representing 10% of the ordinary share capital on 13 July 2022, provided that such authority shall expire at the conclusion of the Company's AGM to be held in 2023 (save that the Company may prior to the expiry of such period make any offer or agreement which would or might require such ordinary shares to be issued after such expiry and the Directors of the Company may issue such ordinary shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired).

ATLANTIS JAPAN GROWTH FUND LIMITED

(Company No. 30709)

NOTICE OF ANNUAL GENERAL MEETING (continued)

Special Resolution 1 13. THAT the pre-emption rights granted to Shareholders pursuant to Article 11.3.1 of the Articles of Incorporation of the Company shall not apply in respect of the issue of up to 4,132,807 ordinary shares (representing 10% of the Company's issued ordinary share capital excluding treasury shares on 13 July 2022, issued at a premium to the then prevailing Net Asset Value, such authority to expire at the conclusion of the Company's AGM to be held in 2023 (save that the Company may prior to the expiry of such period make any offer or agreement which would or might require such ordinary shares to be issued (or sold from treasury) after such expiry and the Directors of the Company may issue (or sell from treasury) such ordinary shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired), unless such resolution is previously revoked by the Company's shareholders by further special resolution.

14. Any Other Business.

By Order of the Board

For and on behalf of
**Northern Trust International Fund Administration
Services (Guernsey) Limited**
As Secretary

13 July 2022

Notes

A member of a company is entitled to appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the company. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by them. A proxy need not also be a member of the company. Details of how to appoint the Chairman of the Meeting or another person as proxy using the Proxy Form are set out in the notes to the Proxy Form. The requisite form is attached hereto and must be lodged with the Company's Registrars at: **The Pavillions, Bridgwater Road, Bristol, BS99 6ZY** at least 48 hours before the time of the Meeting.

ATLANTIS JAPAN GROWTH FUND LIMITED

ANNUAL GENERAL MEETING – EXPLANATORY NOTES

The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document and Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Although the Company is not a member of the FTSE 350, in accordance with best practice and the recommendations of the AIC Code of Corporate Governance, all Directors will be putting themselves forward for re-election at the forthcoming AGM.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

Ordinary Resolution 10 (Authority to buy back ordinary shares)

The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own ordinary shares. The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares. Any purchase of ordinary shares will be made in the market for cash at prices below the prevailing Net Asset Value per ordinary share.

Under the Listing Rules of the Financial Conduct Authority, the maximum price payable by the Company for each ordinary share is the higher of (i) 105% of the average of the middle market quotations of the ordinary shares for the five dealing days prior to the date of the market purchase and (ii) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 5(6) of EU Market Abuse Regulation (No. 596 of 2014). The Directors are seeking authority to purchase up to 6,195,077 ordinary shares (being 14.99% of the ordinary shares in issue at the date of this document) or 14.99% of the ordinary shares in issue (excluding treasury shares) at 13 July 2022. This authority, unless renewed at an earlier general meeting, will expire at the conclusion of next year's Annual General Meeting.

Purchases of ordinary shares will be made within guidelines established from time to time by the Board and only in accordance with the Companies (Guernsey) Law, 2008 (as amended), the Listing Rules and the Disclosure Guidance and Transparency Rules.

Ordinary Resolution 11 (Authority to allot shares)

The Directors may only issue shares if authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to issue up to 4,132,807 ordinary shares which represents 10% of the current issued ordinary share capital (excluding treasury shares). The Directors will use this authority when it is in the best interests of the Company to issue shares at a premium to the then prevailing Net Asset Value, such that it will be accretive to the Net Asset Value per share. This authority will expire at the conclusion of next year's Annual General Meeting, unless renewed prior to that date at an earlier general meeting.

As at 13 July 2022, the Company held 5,153,686 ordinary shares in treasury representing 12.5% of the total ordinary share capital in issue (excluding treasury shares).

ATLANTIS JAPAN GROWTH FUND LIMITED

ANNUAL GENERAL MEETING – EXPLANATORY NOTES (continued)

Special Resolution 1 (Authority to disapply pre-emption rights)

Pursuant to the Articles of Incorporation, Directors require specific authority from shareholders before issuing new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings. Special Resolution 1 empowers the Directors to issue new shares or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, in respect of up to 4,132,807 ordinary shares representing 10% of the Company's issued ordinary share capital excluding treasury shares on 13 July 2022. Unless renewed at a general meeting prior to such time, this authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2023.

The Directors do not intend to issue new ordinary shares pursuant to this authority other than to take advantage of opportunities in the market as they arise and will only do so if they believe that it is advantageous to existing shareholders and when it will not result in any dilution of the Net Asset Value per share (i.e. new ordinary shares will only be issued at a premium to Net Asset Value).

In the case of ordinary shares sold from treasury pursuant to this authority, the sale of ordinary shares will be at a price at no greater discount to the Net Asset Value than that at which they were purchased by the Company.

Resolution 12 will be proposed as a special resolution and will require the approval of not less than 75% of the votes cast at the Annual General Meeting, whether in person or by proxy, in order for it to be passed.

RECOMMENDATION

The Board considers the resolutions to be proposed at the forthcoming Annual General Meeting to be in the best interests of the Company and the members as a whole and recommends that members vote in favour of the resolutions to be proposed at the forthcoming Annual General Meeting, as they intend to do in respect of their own beneficial holdings.