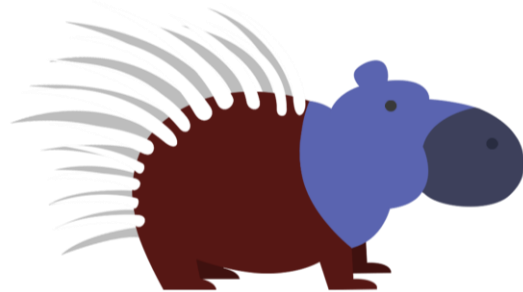




2 PAGER

Japanese Orphan Companies SDG

a NJ project

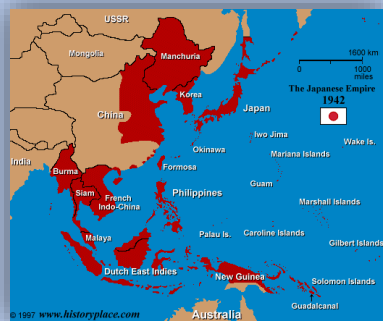




Japan's Spartan culture help the country recover from dramatic situations



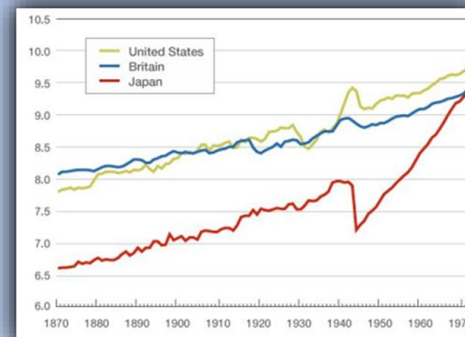
1853: the humiliation inflicted by the Commodore Perry's fleet forced Japan to open up to international trade



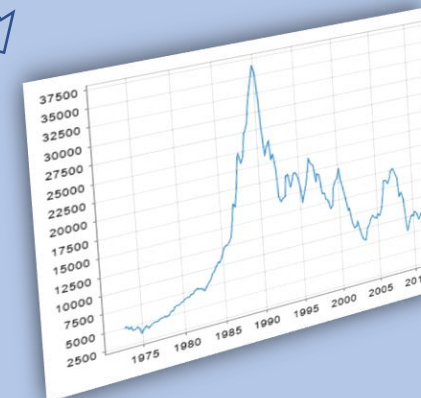
Japan entered the Second World War as a powerful imperial nation



The Second World war immensely penalized the Country



Japan Economic miracle (1950-1970)



The great bubble ... followed by three lost decades

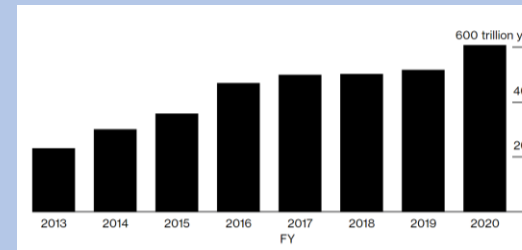
Japan three lost decades has created a unique opportunity that NicheJungle brings to investors through the project **Japanese Orphan Companies SDG**



Japanese equity, after three decades of stagnation is a unique anomaly in the world

- **Market capitalization** of approximately **USD 7 trillion** **Cash on hand** of about **5.4 trillion USD**
- About **60%** of listed companies are **debt-free** (compared to less than 15% in the US or less than 20% in Europe)
- About 1/3 of listed companies have **cash in excess of 40% of their market capitalization** *
- Nearly **45%** of listed companies trade at **less than 1 times Tangible Net Assets**

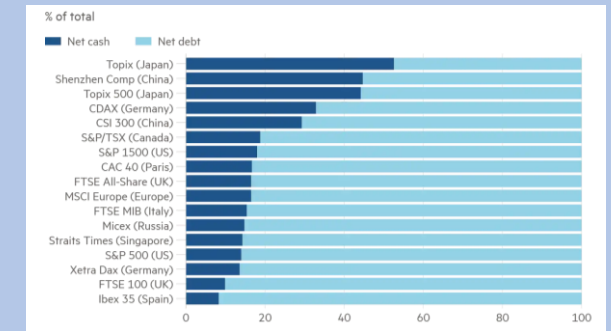
JAPAN: LIQUIDITY* HELD BY LISTED COMPANIES



* combined cash & equivalents

Source: Bloomberg

JAPAN: CASH GIFTS ABOVE ALL OTHER AREAS OF THE WORLD

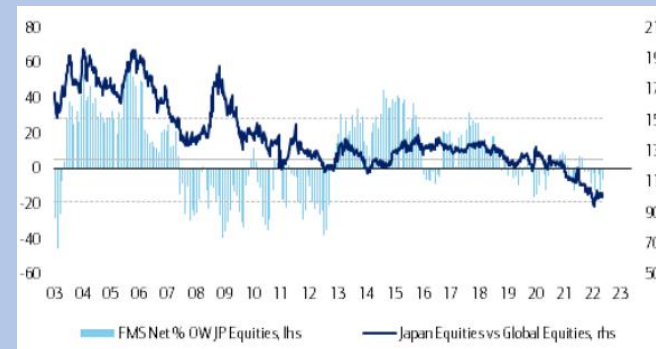


Source: Factset, CLSA

Enthusiasm? Very little....

- The Japanese equity market continues to be neglected

ALLOCATION ON JAPANESE STOCK MARKET



Source: BofA Global Fund Manager Survey – 16/08/22



Something is changing: three relevant silver linings

1) YEN and public debt monetization

- 45% public debt is owned by BoJ and not sterilized
- This means a debt monetization is underway in Japan
- As a consequence, the quantity of JPY around has increased well in excess of the GDP growth, creating the basis for a massive devaluation of the currency
- This will lead to an explosion to Japan competitiveness

2) Global investments in infrastructures

Energy transition, reshoring of strategic industries, diversification of «risky» suppliers, all will benefit Japan as:

- it is a major machineries and plants providers
- it can provide much of what China is used to provide, and as cheaply
- it is a leader in hydrogen, nuclear, hydro, lithium batteries, chemicals, constructions, solar industry components

3) Inflation

The global inflation wave will soon hit Japan turning decades of deflation into a healthy price dynamic. This will lead to:

- Change in the consumer mindset
- Increase in hard asset valuation
- Gradually, an increase in real wages

On top of other relevant catalysts!

Corporate
Governance
Improvement

Companies are
now open to
dialogue with
investors

Increase in
total
shareholder
return

M&A on the
rise

The Orphan Companies - An extreme anomaly, in a market that is already an anomaly



→ out of approximately 3800 listed companies about 80% are small caps

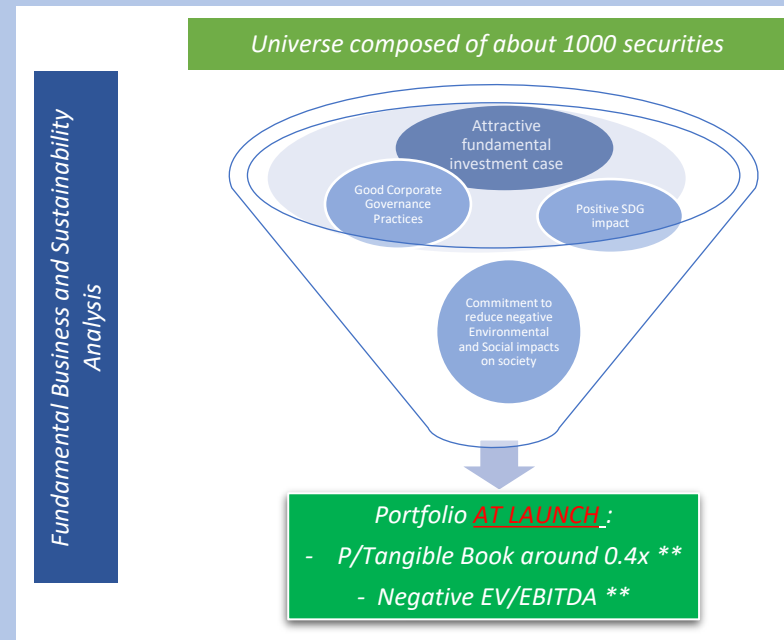
→ More than 50% of listed companies are not covered by analysts and about 80% are undercovered

→ Lack of coverage keeps off most of investors, resulting in a significant undervaluation of companies

The fund will invest in companies that exhibit the following characteristics:

- Substantial lack of coverage from brokers
- Zero debt *
- Ratio of capitalization to tangible net worth less than 1.2 times
- Listed for at least ten years
- Free float of at least 2 billion Yen
- Functional to SDG achievement and responsive to ESG engagement

A market anomaly that the NJ project will transform in an investment opportunity



Strong undervaluation in respect of real assets (high level of cash and tangible assets relative to capitalization) **greatly reduces the risk that the project leads to long term losses on the investment**

Project target upside: 120% **
 PORTFOLIO VALUATION **AT EXIT LEVEL:**
<1X MARKET CAP/TANGIBLE BOOK VALUE EV/EBITDA = 3.3X
Reached this level the project unwinds and the money are returned

Negative Enterprise Value as the total market cap of the portfolio is smaller than the net cash held by the portfolio components...!!!

* Company must have positive net cash taking into account listed financial investments and the difference between receivable and payable

** At pre-launch date of 14 September 2022

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