

Krsnaa Diagnostics | BUY

Outlook remains positive

Krsnaa Diagnostics (KRSNAA) reported Revenue/EBITDA/PAT growth of 10%/21%/50%. While Revenue/EBITDA missed JMFe by 7%/8% respectively, PAT was in-line due to higher other income (aided by one-off). The miss on estimates was due to transient issues, namely: (1) Seasonal variance; (2) Quicker than anticipated wrap up of BMC tender; (3) Delayed ramp up of Maharashtra and Madhya Pradesh; (4) Operational challenges in Karnataka and Assam. The management is confident of achieving 20-25% growth in FY25. This will be achieved through on-going site activations, continued expansion of tender business, maturing of centres and other key initiatives already in place. Another positive development has been the receipt of pending receivables from HP (INR 300mn in 4Q so far). On the operational front, the company ventured into retail space in 4 states (Maharashtra, Punjab, Assam and Odisha) with "RPL" brand, leveraging on the existing PPP based infra. Given the expansion plans and positive externalities arising due to heightened focus on healthcare in recently announced budget, the long term growth story for the company remains intact. With improving performance, there is significant room for re-rating, in our view. We value Krsnaa at 26x Dec'26 EPS to arrive at a TP of INR 1070. Maintain BUY.

- Temporary hiccup in growth:** The BMC tender, initially drafted for 2 year period, had sooner than anticipated conclusion owing to expansion of scope of the tender. This ultimately led to drying the BMC budget sooner than initially planned. The new BMC tender is expected to hit markets again, with further addition on both service and centre front. The company expressed its intent to bid for the same and are optimistic - owing to existing relations because of the fulfilled tender. Further, the Maharashtra and Madhya Pradesh ramp up got delayed owing to site handover delays causing a deferment of revenue to upcoming quarters. Operational challenges in Karnataka and Assam were additional drags on the top line, however further details on the front were not divulged.
- Regulatory tailwinds and retail expansion:** The recently announced FY26 Union budget has reinforced Healthcare as a national priority with significant investments in PPP models, cancer care and digital health infrastructure. Accessibility and affordability are areas of key focus. Krsnaa's leadership in PPP diagnostics model, combined with brand positioning on quality and affordability pillars, places it well to benefit from the regulatory tailwinds. Key development during 3Q has been company's foray in retail diagnostics with launch of "RPL" brand in 4 states - Maharashtra, Punjab, Assam and Odisha. The venture will leverage and capitalize on the existing PPP infra. Majority of the investment will be towards creating awareness and doctor & patient outreach programmes. Key differentiators being 24*7 availability as well as affordability. The centres have already started witnessing positive traction and demand for wellness packages. The company also plans to add ~500 touch points in FY26 in context of the same.
- Expansion traction and pipeline:** On the traction front, 12 additional laboratories got NABL accredited during the quarter taking the cumulative number to 49, amongst the highest in industry. The company also established 284 additional collection centres during



Amey Chalke

amey.chalke@jmfl.com | Tel: (91 22) 66303056

Raghav Vedanarayanan

raghav.vedanarayanan@jmfl.com | Tel: (91 22) 62241851

We acknowledge the support services of Gourav Bhama in preparation of this report

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,070
Upside/(Downside)	35.8%
Previous Price Target	1,026
Change	4.3%

Key Data – KRSNAA IN

Current Market Price	INR788
Market cap (bn)	INR25.4/US\$0.3
Free Float	56%
Shares in issue (mn)	31.4
Diluted share (mn)	32.4
3-mon avg daily val (mn)	INR98.9/US\$1.1
52-week range	1,044/528
Sensex/Nifty	76,139/23,031
INR/US\$	86.9

Price Performance

%	1M	6M	12M
Absolute	-5.0	18.5	12.2
Relative*	-4.7	22.9	5.5

* To the BSE Sensex

Financial Summary

	(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	4,871	6,196	7,381	9,008	10,826
Sales Growth (%)	6.9	27.2	19.1	22.0	20.2
EBITDA	1,223	1,443	1,927	2,369	2,869
EBITDA Margin (%)	25.1	23.3	26.1	26.3	26.5
Adjusted Net Profit	621	569	814	1,088	1,416
Diluted EPS (INR)	19.8	18.1	25.1	33.6	43.7
Diluted EPS Growth (%)	-9.1	-8.4	38.8	33.5	30.2
ROIC (%)	12.4	8.2	8.6	10.4	12.7
ROE (%)	8.7	7.3	9.6	11.5	13.2
P/E (x)	39.8	43.5	31.3	23.5	18.0
P/B (x)	3.3	3.1	2.9	2.6	2.2
EV/EBITDA (x)	18.0	17.4	13.1	10.5	8.3
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 13/Feb/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

the quarter. Further, plans are in place for additional 400-500 collection centres to be added during 4Q (potential slippages will run into 1QFY26). The company also plans to actively expand the tender business with anticipated PPP project rollouts to happen in 4Q. During the quarter, 40 CT scan machines were commissioned in Maharashtra, remaining 50 CT scan and 17 MRI machines will be operationalized soon, the revenue materialization is anticipated to be 1QFY26 onwards. KRSNAA also signed an agreement for 2 centres in Jharkhand (1QFY26 implementation). The AP hospital unit is anticipated to be operationalized in April'25 and 7 equipment orders have been placed (2 of which have been received).

- **Mitigation of receivables concerns in sight:** Two accounts had been areas of key concern, namely Himachal Pradesh and Karnataka, causing strains on the working capital efficiency for the firm. However there are early signs of relief on the front, the company has already received ~INR 300mn since Jan '25 to date, with more releases anticipated in coming weeks. In Karnataka, issues arose due to change in process bought in by newer set of bureaucrats and government. However, the outstanding amount has been acknowledged and is in process of releasing in near term future. KRSNAA anticipates receivable days to be in range of 65-70 days in FY26.
- **Rajasthan situation awaits outcome (not in our est.):** Major updates on this front are still pending with situation continuing to maintain its status quo. The matter remains sub-judice and the company is looking forward to next hearing date with continued optimism surrounding the overall legal outcome of the case. Meanwhile, the company also mentioned, without divulging further details, on-going conversations taking place with the new government. Any favourable outcome on this front will pose upside risk to our estimates.
- **Key financials:**
 - Revenue/EBITDA/PAT of INR 1745mn/451mn/194mn grew 10%/21%/50% YoY and were -7%/-8%/in-line vs. JMFe;
 - Gross margin was at 77.1% (vs. 76% JMFe);
 - EBITDA margin expanded to 25.8% vs. 23.6% YoY (JMFe: 26.2%);
 - Other income was +127% YoY, driven by interest income and gains from capital allocation. Guidance for FY26 is at INR 50mn/qr.
 - PAT was up 50% YoY, primarily due to higher other income and operating leverage flowing through;

Exhibit 1. Valuation



Source: Bloomberg

Exhibit 2. 3QFY25 review

Krsnaa - P&L (INR mn)	3QFY24A	3QFY25A	% YoY	3QFY25E	% Delta vs JMFe	2QFY25A	% QoQ
Total Revenue	1,583	1,745	10%	1,868	-7%	1,863	-6%
COGS	344	399	16%	448	-11%	449	-11%
Gross Profit	1,240	1,346	9%	1,420	-5%	1,414	-5%
% of revenue	78.3%	77.1%	-116 bps	76.0%	114 bps	75.9%	124 bps
Staff Cost	297	359	21%	351	2%	351	2%
Other expenses	569	537	-6%	579	-7%	570	-6%
EBITDA	374	451	21%	489	-8%	494	-9%
EBITDA margin (%)	23.6%	25.8%	221 bps	26.2%	-37 bps	26.5%	-68 bps
Other Income	41	92	127%	55	68%	46	101%
Finance Cost	41	61		65		64	
Depreciation	212	227		225		222	
PBT	161	255	58%	254	0%	254	0%
Exceptional Items							
Tax	31	61		59		58	
Tax Rate (%)	19.4%	23.8%		23.0%		22.9%	
PAT (Reported)	130	194	50%	196	-1%	196	-1%
PAT margin (%)	8.2%	11.1%	293 bps	10.5%	64 bps	10.5%	61 bps
EPS	4.1	6.0	45%	6.0	-1%	6.1	-1%
Krsnaa - Cost margins							
	3QFY24A	3QFY25A	% YoY	3QFY25E	% Delta vs JMFe	2QFY25A	% QoQ
COGS/sales	21.7%	22.9%	116 bps	24.0%	-114 bps	24.1%	-124 bps
Staff cost/sales	18.7%	20.6%	182 bps	18.8%	175 bps	18.8%	174 bps
Other expenditure/sales	35.9%	30.8%	-519 bps	31.0%	-25 bps	30.6%	18 bps

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	4,871	6,196	7,381	9,008	10,826	
Sales Growth	6.9%	27.2%	19.1%	22.0%	20.2%	
Other Operating Income	0	0	0	0	0	
Total Revenue	4,871	6,196	7,381	9,008	10,826	
Cost of Goods Sold/Op. Exp	742	1,410	1,786	2,162	2,544	
Personnel Cost	746	1,115	1,417	1,685	2,003	
Other Expenses	2,161	2,228	2,251	2,793	3,410	
EBITDA	1,223	1,443	1,927	2,369	2,869	
EBITDA Margin	25.1%	23.3%	26.1%	26.3%	26.5%	
EBITDA Growth	-7.0%	18.0%	33.5%	23.0%	21.1%	
Depn. & Amort.	538	745	893	1,008	1,109	
EBIT	685	697	1,034	1,361	1,760	
Other Income	194	168	260	265	289	
Finance Cost	77	165	243	223	210	
PBT before Excep. & Forex	802	701	1,051	1,403	1,839	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	802	701	1,051	1,403	1,839	
Taxes	181	132	236	316	423	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	621	569	814	1,088	1,416	
Adjusted Net Profit	621	569	814	1,088	1,416	
Net Margin	12.8%	9.2%	11.0%	12.1%	13.1%	
Diluted Share Cap. (mn)	31.4	31.4	32.4	32.4	32.4	
Diluted EPS (INR)	19.8	18.1	25.1	33.6	43.7	
Diluted EPS Growth	-9.1%	-8.4%	38.8%	33.5%	30.2%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	802	700	1,051	1,403	1,839	
Depn. & Amort.	538	745	893	1,008	1,109	
Net Interest Exp. / Inc. (-)	-82	13	-17	-43	-79	
Inc (-) / Dec in WCap.	-356	-968	-164	-226	-217	
Others	-8	-59	0	0	0	
Taxes Paid	-131	-188	-236	-316	-423	
Operating Cash Flow	763	243	1,526	1,827	2,229	
Capex	-1,414	-1,939	-1,700	-1,500	-1,200	
Free Cash Flow	-651	-1,695	-174	327	1,029	
Inc (-) / Dec in Investments	157	537	0	0	0	
Others	168	113	260	265	289	
Investing Cash Flow	-1,089	-1,289	-1,440	-1,235	-911	
Inc / Dec (-) in Capital	-69	232	0	0	0	
Dividend + Tax thereon	-78	-86	0	0	0	
Inc / Dec (-) in Loans	-91	902	0	-250	-250	
Others	-93	-206	-243	-223	-210	
Financing Cash Flow	-331	842	-242	-473	-460	
Inc / Dec (-) in Cash	-657	-203	-156	120	858	
Opening Cash Balance	884	227	23	-133	-13	
Closing Cash Balance	1,088	535	379	499	1,356	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	7,387	8,098	8,912	10,000	11,416	
Share Capital	157	161	162	162	162	
Reserves & Surplus	7,230	7,937	8,751	9,838	11,254	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	325	1,598	1,598	1,348	1,098	
Def. Tax Liab. / Assets (-)	114	148	148	148	148	
Total - Equity & Liab.	7,826	9,844	10,658	11,496	12,662	
Net Fixed Assets	4,962	6,570	7,377	7,868	7,959	
Gross Fixed Assets	6,291	8,805	10,505	12,005	13,205	
Intangible Assets	28	24	24	24	24	
Less: Depn. & Amort.	1,612	2,358	3,251	4,259	5,368	
Capital WIP	255	98	98	98	98	
Investments	3	3	3	3	3	
Current Assets	4,121	5,130	5,224	5,771	7,070	
Inventories	251	358	427	521	626	
Sundry Debtors	731	1,763	1,921	2,221	2,521	
Cash & Bank Balances	1,088	535	379	499	1,356	
Loans & Advances	0	0	0	0	0	
Other Current Assets	2,051	2,473	2,497	2,530	2,567	
Current Liab. & Prov.	1,259	1,859	1,946	2,146	2,370	
Current Liabilities	970	1,047	1,133	1,334	1,558	
Provisions & Others	289	812	812	812	812	
Net Current Assets	2,861	3,271	3,278	3,624	4,699	
Total - Assets	7,826	9,844	10,658	11,496	12,661	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin	12.8%	9.2%	11.0%	12.1%	13.1%	
Asset Turnover (x)	0.6	0.7	0.7	0.8	0.9	
Leverage Factor (x)	1.1	1.2	1.2	1.2	1.2	
RoE	8.7%	7.3%	9.6%	11.5%	13.2%	

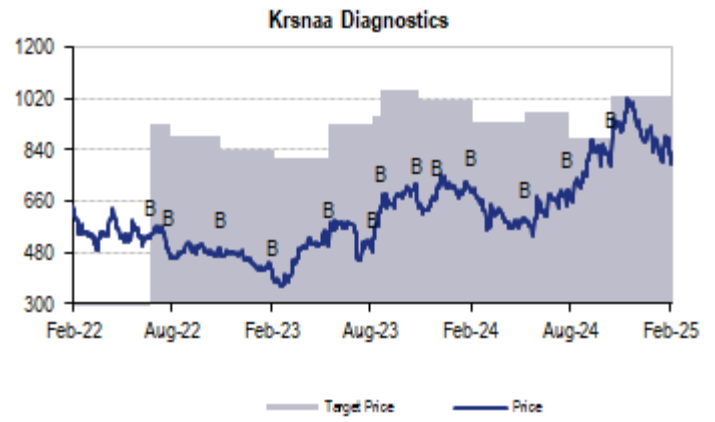
Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)	235.3	257.9	275.2	308.7	352.5	
ROIC	12.4%	8.2%	8.6%	10.4%	12.7%	
ROE	8.7%	7.3%	9.6%	11.5%	13.2%	
Net Debt/Equity (x)	-0.3	0.1	0.1	0.1	-0.1	
P/E (x)	39.8	43.5	31.3	23.5	18.0	
P/B (x)	3.3	3.1	2.9	2.6	2.2	
EV/EBITDA (x)	18.0	17.4	13.1	10.5	8.3	
EV/Sales (x)	4.5	4.1	3.4	2.8	2.2	
Debtor days	55	104	95	90	85	
Inventory days	19	21	21	21	21	
Creditor days	62	63	61	61	61	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
4-Jul-22	Buy	930	
7-Aug-22	Buy	885	-4.8
10-Nov-22	Buy	840	-5.1
15-Feb-23	Buy	810	-3.6
29-May-23	Buy	930	14.8
17-Aug-23	Buy	960	3.2
1-Sep-23	Buy	1,050	9.4
6-Nov-23	Buy	1,010	-3.8
11-Dec-23	Buy	1,010	0.0
13-Feb-24	Buy	935	-7.4
21-May-24	Buy	970	3.7
8-Aug-24	Buy	880	-9.3
28-Oct-24	Buy	1,026	16.6

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.