

Krsnaa Diagnostics | BUY

Strong 2Q, Rajasthan contract to add incremental value

Krsnaa's 2Q revenue/EBITDA/PAT grew 11%/20% /22% YoY, which was In-line/+11%/+14% vs our estimates. The EBITDA margins came in at 28.7%, up 221bps YoY, and, beat our estimates by 228bps. Retail and Rajasthan wins are the key positive takeaways from the quarter. On the Retail front, revenue grew 11x YoY led by the B2C segment, thus bringing the company a step closer to realising its retail aspirations. The Rajasthan contract is all set to materialise with operationalization of the first 10 labs in November, followed by another 25 labs and 500 collection centres by December. This is a 5 year contract, with revenue meaningful revenue materialization anticipated from FY27, and will be amongst the largest PPP diagnostics projects in India. Krsnaa is one of the most uniquely placed amongst its peer set of listed players, leveraging the PPP infra to offer services at a fraction of the competitor's prices. We believe the ramp-up of Retail segment, execution of Rajasthan NHM project and future tender wins will enable the revenue, EBITDA and PAT to grow at a CAGR of 24%, 24% and 34% over FY25-28, respectively. This makes Krsnaa one of the fastest growing diagnostics player in the Indian listed space. We value the company at 22x its Sep'27 EPS to arrive a TP of INR 1,209. Maintain Buy.

- **Rajasthan- Assets' operationalization from 3Q:** The Rajasthan project is progressing as planned. The company will operationalize 10 labs in November, followed by another 25 labs and 500 collection centres by December. The remaining 152 labs and 1,100 collection centres are targeted to be commissioned by Q4. There was no financial impact from the Rajasthan project in Q2, as both revenues and costs will start flowing in from Q3.
- **Retail business- To contribute 8-10% to revenues, breakeven by FY26 end:** The retail pathology business (RPL) is expected to scale meaningfully over the next few years. The company is targeting RPL to contribute 8–10% of overall revenues by the end of FY26 and 15–20% by FY27. Over the longer term, retail could account for 40% of total revenues in the next five years. Growth is being driven by AI-enabled processes and an improved value proposition, which is supporting a faster ramp-up. PPP facilities and operational synergies are expected to help accelerate retail expansion. Although opex remains elevated during the scale-up phase, costs are expected to trend lower as volumes build. The retail business is not yet breakeven, but management expects it to break even by the end of the year.
- **Receivable days- impacted by new policies:** Receivable days currently stand at about 150 days, and the company is working to bring this down to nearly 100 days. A change in central government guidelines has temporarily impacted collection timelines. Around INR500mn of receivables have already been cleared, and the remaining elevated levels are also expected to be recovered, supporting the company's track record of zero bad debts. Floods in Himachal and Punjab have affected both receivable recovery and operational performance in the impacted regions.
- **MH- Asset setup on track:** In Maharashtra, the MRI installations are progressing, with 10 units nearing completion and another 5 planned. In addition, several tenders are currently in the pipeline at different stages of evaluation and execution, supporting continued expansion visibility.
- **Revised CGHS rate- Benchmark for new tenders:** The recent CGHS pricing benefits provided to hospitals do not currently apply to Krsnaa's operations. For new tenders, the revised CGHS rates will be used as benchmarks, but existing tenders will continue to operate at the older contracted rates.



Amey Chalke

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

Abin Benny

abin.benny@jmfll.com | Tel: (91 22) 69703621

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,072
Upside/(Downside)	37.5%
Previous Price Target	1,127
Change	-4.9%

Key Data – KRSNAA IN

Current Market Price	INR779
Market cap (bn)	INR25.3/US\$0.3
Free Float	55%
Shares in issue (mn)	31.4
Diluted share (mn)	32.4
3-mon avg daily val (mn)	INR59.1/US\$0.7
52-week range	1,044/626
Sensex/Nifty	83,535/25,574
INR/US\$	88.7

Price Performance

%	1M	6M	12M
Absolute	-5.5	10.5	-17.0
Relative*	-6.7	5.1	-21.1

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	6,196	7,172	7,999	10,770	12,943
Sales Growth (%)	27.2	15.7	11.5	34.6	20.2
EBITDA	1,443	1,901	2,216	2,881	3,508
EBITDA Margin (%)	23.3	26.5	27.7	26.8	27.1
Adjusted Net Profit	569	776	901	1,363	1,793
Diluted EPS (INR)	18.1	24.0	27.8	42.1	55.4
Diluted EPS Growth (%)	-8.4	32.3	16.1	51.3	31.5
ROIC (%)	9.0	9.4	9.2	11.3	14.6
ROE (%)	7.3	9.2	9.7	13.1	15.0
P/E (x)	43.0	32.5	28.0	18.5	14.1
P/B (x)	3.0	2.9	2.6	2.3	2.0
EV/EBITDA (x)	16.4	12.8	11.7	8.6	6.6
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 10/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

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

Exhibit 1. The stock is trading below its LTA



Source: Bloomberg, JM Financial

Exhibit 2. 2QFY26 review

Krsnaa - P&L (INR mn)	2QFY25A	2QFY26A	% YoY	2QFY26E	% Delta vs JMFe	1QFY26A	% QoQ
Total Revenue	1,863	2,060	11%	2,055	0%	1,930	7%
COGS	449	481	7%	500	-4%	474	2%
Gross Profit	1,414	1,578	12%	1,555	2%	1,456	8%
% of revenue	75.9%	76.6%	73 bps	75.7%	96 bps	75.4%	120 bps
Staff Cost	351	354	1%	370	-4%	356	0%
Other expenses	570	633	11%	650	-3%	586	8%
EBITDA	494	592	20%	535	11%	514	15%
EBITDA margin (%)	26.5%	28.7%	221 bps	26.0%	268 bps	26.6%	208 bps
Other Income	46	42	-9%	44	-5%	40	6%
Finance Cost	64	82		68		63	
Depreciation	222	236		230		216	
PBT	254	316	24%	281	12%	274	15%
Exceptional Items							
Tax	58	76		71		69	
Tax Rate (%)	22.9%	24.1%		25.3%		25.2%	
Minority Interest	0.00	0.00		0.00		0.00	
Share of profit for equity accounted investees	0.00	0.00		0.00		0.00	
PAT (Reported)	196	239	22%	210	14%	205	17%

Krsnaa - Cost margins	2QFY25A	2QFY26A	% YoY	2QFY26A	% Delta vs JMFe	1QFY26A	% QoQ
COGS/sales	24.1%	23.4%	-73 bps	24.3%	-96 bps	24.6%	-120 bps
Staff cost/sales	18.8%	17.2%	-163 bps	18.0%	-82 bps	18.4%	-124 bps
Other expenditure/sales	30.6%	30.7%	15 bps	31.6%	-91 bps	30.4%	36 bps

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	6,196	7,172	7,999	10,770	12,943
Sales Growth	27.2%	15.7%	11.5%	34.6%	20.2%
Other Operating Income	0	0	0	0	0
Total Revenue	6,196	7,172	7,999	10,770	12,943
Cost of Goods Sold/Op. Exp	1,410	1,693	1,928	2,574	3,055
Personnel Cost	1,115	1,368	1,480	1,976	2,369
Other Expenses	2,228	2,210	2,376	3,339	4,012
EBITDA	1,443	1,901	2,216	2,881	3,508
EBITDA Margin	23.3%	26.5%	27.7%	26.8%	27.1%
EBITDA Growth	18.0%	31.8%	16.5%	30.0%	21.7%
Depn. & Amort.	745	883	998	1,189	1,285
EBIT	697	1,018	1,218	1,692	2,222
Other Income	168	255	246	376	396
Finance Cost	165	247	262	249	227
PBT before Excep. & Forex	701	1,027	1,202	1,818	2,391
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	701	1,027	1,202	1,818	2,391
Taxes	132	251	300	454	598
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	569	776	901	1,363	1,793
Adjusted Net Profit	569	776	901	1,363	1,793
Net Margin	9.2%	10.8%	11.3%	12.7%	13.9%
Diluted Share Cap. (mn)	31.4	32.4	32.4	32.4	32.4
Diluted EPS (INR)	18.1	24.0	27.8	42.1	55.4
Diluted EPS Growth	-8.4%	32.3%	16.1%	51.3%	31.5%
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	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	700	1,027	1,202	1,818	2,391
Depn. & Amort.	745	883	998	1,189	1,285
Net Interest Exp. / Inc. (-)	13	94	16	-126	-169
Inc (-) / Dec in WCap.	-968	-934	178	-232	-580
Others	-59	3	0	0	0
Taxes Paid	-188	-199	-300	-454	-598
Operating Cash Flow	243	873	2,093	2,195	2,330
Capex	-1,939	-1,266	-3,750	-1,200	-1,200
Free Cash Flow	-1,695	-393	-1,657	995	1,130
Inc (-) / Dec in Investments	537	254	0	0	0
Others	113	328	246	376	396
Investing Cash Flow	-1,289	-684	-3,504	-824	-804
Inc / Dec (-) in Capital	232	0	0	0	0
Dividend + Tax thereon	-86	-81	0	0	0
Inc / Dec (-) in Loans	902	588	-250	-250	-250
Others	-206	-370	-262	-249	-227
Financing Cash Flow	842	138	-511	-499	-477
Inc / Dec (-) in Cash	-203	327	-1,923	871	1,048
Opening Cash Balance	227	23	38	-1,916	-1,080
Closing Cash Balance	1,752	997	-1,239	-399	614

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	8,098	8,828	9,729	11,093	12,886
Share Capital	161	161	162	162	162
Reserves & Surplus	7,937	8,666	9,567	10,931	12,724
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	1,598	2,035	1,785	1,535	1,285
Def. Tax Liab. / Assets (-)	148	193	193	193	193
Total - Equity & Liab.	9,844	11,056	11,707	12,820	14,364
Net Fixed Assets	6,570	6,733	9,486	9,497	9,411
Gross Fixed Assets	8,805	9,915	13,665	14,865	16,065
Intangible Assets	24	29	29	29	29
Less: Depn. & Amort.	2,358	3,241	4,239	5,428	6,713
Capital WIP	98	30	30	30	30
Investments	3	315	347	382	420
Current Assets	5,130	5,734	3,646	5,088	6,981
Inventories	358	295	329	443	532
Sundry Debtors	1,763	2,777	2,411	2,656	3,191
Cash & Bank Balances	1,752	684	-1,270	-434	576
Loans & Advances	0	0	0	0	0
Other Current Assets	1,257	1,977	2,177	2,423	2,681
Current Liab. & Prov.	1,859	1,727	1,771	2,145	2,448
Current Liabilities	1,047	1,208	1,247	1,615	1,911
Provisions & Others	812	519	524	531	537
Net Current Assets	3,271	4,007	1,874	2,942	4,533
Total - Assets	9,844	11,055	11,707	12,821	14,364

Source: Company, JM Financial

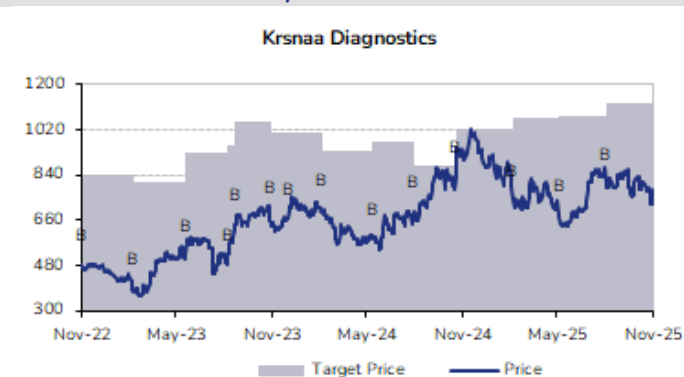
Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	9.2%	10.8%	11.3%	12.7%	13.9%
Asset Turnover (x)	0.7	0.7	0.7	0.9	0.9
Leverage Factor (x)	1.2	1.3	1.3	1.2	1.2
RoE	7.3%	9.2%	9.7%	13.1%	15.0%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	257.9	272.6	300.4	342.5	397.8
ROIC	9.0%	9.4%	9.2%	11.3%	14.6%
ROE	7.3%	9.2%	9.7%	13.1%	15.0%
Net Debt/Equity (x)	-0.1	0.0	0.2	0.0	-0.1
P/E (x)	43.0	32.5	28.0	18.5	14.1
P/B (x)	3.0	2.9	2.6	2.3	2.0
EV/EBITDA (x)	16.4	12.8	11.7	8.6	6.6
EV/Sales (x)	3.8	3.4	3.2	2.3	1.8
Debtor days	104	141	110	90	90
Inventory days	21	15	15	15	15
Creditor days	63	67	62	61	62

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
14-Feb-25	Buy	1,070	4.3
14-May-25	Buy	1,074	0.4
12-Aug-25	Buy	1,127	4.9

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: jmfirancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.com

Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com

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

New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: 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. Please click [here](#) to access our detailed Terms and Conditions, including the Most Important Terms and Conditions.

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, 27th Floor, Office No. 2715, 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.