

**“Rooted in Strength, Reaching Beyond Borders”**

JAT Holdings PLC (JAT.N) is a leading wood coating solutions provider in Sri Lanka, with a growing international footprint across South Asia, Africa and developed markets. The company has strengthened its competitive position through backward integration, while selectively expanding overseas via strategic acquisitions, supporting margin resilience and growth. We initiate coverage at a time when the share is trading at an attractive discount to its fair value (FY27E), providing an upside of 47.90%. **BUY**

**JAT’s acquisition of Mirotone (NZ) Ltd fast-tracks its entry into premium developed markets and materially strengthens foreign revenue diversification:** JAT Holdings PLC’s acquisition of Mirotone (NZ) Ltd on 31 October 2025 (total investment >AUD 4.0mn, comprising AUD 2.5mn equity and AUD 1.5mn growth reinvestment) is strategically transformative, strengthening the company’s international position through the addition of a 90-year-old market-leading industrial wood coatings brand in New Zealand. The transaction addresses JAT’s absence of a globally recognized heritage brand, mitigating the “Asian brand perception discount” and improving access to premium developed markets. It enhances geographic diversification and earnings resilience by rebalancing revenue exposure toward stable, high margin developed economies, while providing a credible re-entry platform into Australia. The acquisition also opens incremental growth avenues, including entry into New Zealand’s ~NZ\$20mn architectural coatings market and medium-term expansion into India via the Mirotone platform, supporting management’s target to increase foreign revenue contribution to 45-60% of Total Revenue.

**JAT is leveraging rapid EV adoption in Sri Lanka to scale a recurring EV charging revenue stream:** Following the reopening of Sri Lanka’s vehicle import market in February 2025 after nearly five years of restrictions, EV adoption has accelerated, creating a structural tailwind for JAT’s EV charging business. Volt Charge, of which JAT owns 84%, has established a market leading in slow chargers with over 2,000 BYD installations and is rapidly closing the gap in fast chargers, where the installed volumes are currently ~20% below the market leader. With confirmed orders and plans to scale fast-charger capacity to 100 units by 2H FY26, the segment offers attractive economics. The planned rollout of a universal “Volt Charge” app enhances monetization by addressing platform fragmentation, while low EV penetration in Sri Lanka (~15% of new registrations vs. ASEAN peers) underpins expectations for JAT’s EV-related revenue to scale to ~LKR 1.0bn over the next six months (from ~LKR 350mn), providing strong near-term visibility and medium-term growth optionality.

**JAT’s backward integration structurally lowers costs and strengthens margins:** JAT’s backward integration has structurally strengthened its cost base and competitive positioning by localizing binder production, with the commissioning of an acrylic binder plant in Sri Lanka and an alkyd resin facility in Bangladesh eliminating import-related CESS and supplier margins, delivering

**BUY**

## JAT.N

Current price LKR 44.20

Fair value (FY27E) LKR 65.37 (+47.90%)

Key data	JAT.N
<b>Historical return</b>	
1-year capital gain	65.94%
1-year dividend yield	1.31%
1-year total return	67.25%
Beta	0.61
1-year high	53.90
1-year low	24.60
<b>Valuation multiples</b>	
PE ratio	14.73x
PB ratio	2.00x
<b>Per share data</b>	
EPS (TTM) (LKR)	3.00
NAVPS (Dec 25) (LKR)	22.08
DPS (LKR)	0.60

**Shareholding details (31st Dec 25)**

Total no. of ordinary shares (000s)	521,725
MCAP (Mn)	25,095
% held by public	19.68%

**Top 5 shareholders - JAT.N**

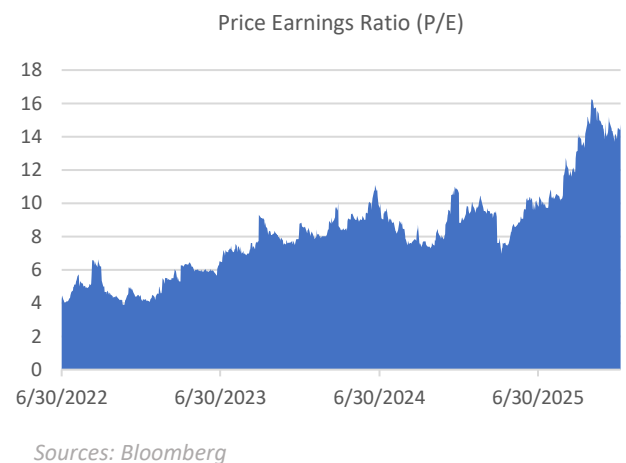
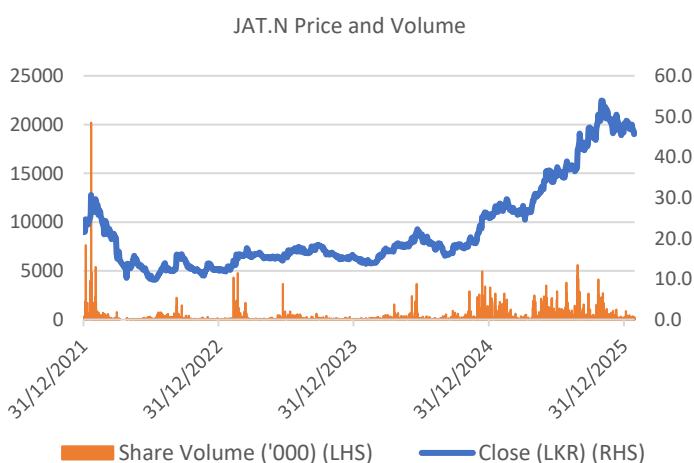
Mr. A.W. Gunawardene	63.71%
Falcon Trading (Pvt) Ltd	5.19%
Mr. R.W. Gunawardene	2.63%
Mrs. A.N. Williamson	2.63%
Sri Lanka Insurance Corporation Ltd-Life Fund	2.11%

Sources: Company Report

per-litre cost savings and supporting gross margin sustainability. Stage 2 of the binder project is likely to unlock further economies of scale over the medium term. In addition, local resin production in Bangladesh also reduces exposure to global price volatility and FX risk, providing a structural advantage over import-dependent peers, while recent CAA action to curb excessive distributor discounting is likely to support market share as competition shifts toward quality and brand strength areas where JAT maintains a clear competitive edge.

**Valuation upside:** The estimated weighted average fair values of JAT.N is LKR 65.37 for FY27E. The valuation provides a potential upside of 47.90% based on the current market price, indicating an attractive investment proposition for investors. The valuation strategy encompasses a combination of DCF and relative valuation methodologies to determine the stocks' intrinsic values, considering both fundamental value and market sentiment.

Key financials (LKR Mn)	FY23	FY24	FY25	FY26F	FY27F	FY28F
Revenue	10,167	11,556	11,625	12,362	16,689	20,926
Gross profit	3,424	3,389	4,012	4,512	6,342	7,533
Operating profit	1,931	1,355	1,823	2,040	3,171	3,767
Profit for the year	1,305	1,021	1,788	1,651	2,469	2,922
Total assets	13,009	14,449	16,021	17,886	19,032	21,655
EPS (LKR)	2.50	1.97	3.44	3.16	4.73	5.60
NAVPS (LKR)	16.59	17.53	19.99	22.10	23.47	25.97
Revenue growth	14.28%	13.66%	0.59%	6.35%	35.00%	25.39%
Net profit growth	7.41%	-21.76%	75.06%	-7.64%	49.52%	18.36%
Net Margin	12.84%	8.84%	15.38%	13.36%	14.79%	13.96%
ROE	15.10%	11.19%	17.17%	14.28%	20.09%	21.48%
ROA	10.03%	7.07%	11.16%	9.23%	12.97%	13.49%



Sources: CSE

Note: During the nine months ended 31 December 2025, the Company issued 11,317,777 ordinary shares and the number of shares in issue increased from 510,407,773 (31.03.2025) to 521,725,550 as of 31 December 2025.

1. Company description

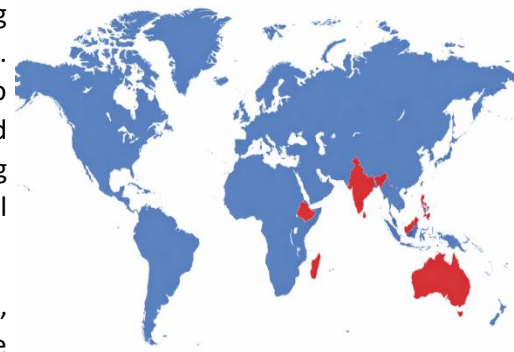
Established in 1993 and listed on the Colombo Stock Exchange in 2021, JAT Holdings PLC (JAT) is Sri Lanka’s market leader in wood coatings and a diversified player in finishing and furnishing solutions, with an expanding footprint across South Asia, Southeast Asia, Africa, Australia, and New Zealand. Over three decades, JAT has evolved from a specialist coatings distributor into a vertically integrated, innovation-driven regional platform spanning wood coatings, decorative paints, paint brushes, luxury kitchens, and furnishing solutions underpinned by strong in-house manufacturing, R&D, and technical service capabilities.

As of Dec 2025, the company operates across Sri Lanka, Bangladesh, India, Maldives, Cambodia, Nepal, Vietnam, Kenya, Seychelles, Australia, and the UAE, positioning JAT as one of the most geographically diversified Sri Lankan manufacturing companies. Its product portfolio caters to residential, commercial, and industrial end-markets, with a dominant domestic market share of ~57% in wood coatings, complemented by leadership in paint brushes and a growing presence in decorative emulsions and project-based furnishing solutions.

The company pioneered polyurethane (PU) and water-based (WB) wood coatings in Sri Lanka and the wider South Asian region, fundamentally transforming finishing standards in furniture and interior applications. This technical leadership reinforced by long-standing global partnerships with principals such as Sayerlack, Borma Wachs, SEA Group, Herman Miller/MillerKnoll, and Orkla (Harris), enabling JAT to localize global technology while maintaining premium quality and cost competitiveness.

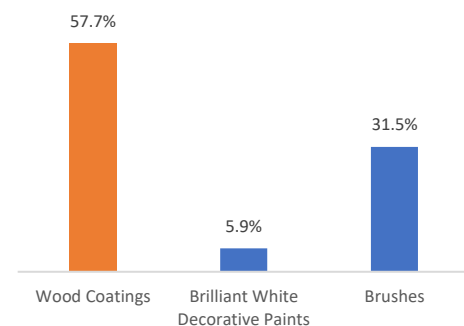
From a financial standpoint, JAT delivered a resilient performance amid an expansionary investment phase. For 1H FY26, the company recorded a revenue of LKR 5.15Bn (+14% YoY), driven by steady growth in wood coatings, strong momentum in brushes and rollers, and a sharp ramp-up in EV-related revenues, while Sri Lanka remained the core contributor, accounting for ~78% of the turnover. Gross profit increased 29% YoY to LKR 1.80Bn, supported by pricing discipline, operating leverage, and early benefits from backward integration, translating into operating profit growth of 14% YoY to LKR 569Mn, despite elevated selling and administrative expenses linked to brand investments and regional expansion. Improved finance costs and higher finance income supported earnings resilience, with profit attributable to equity holders of LKR 403Mn in 1H FY26. As of Dec 2025, the company’s asset base stood at LKR 17.2Bn, while equity strengthened to LKR 11.6Bn, supported by retained earnings and an LKR 306Mn equity infusion during the period. Net debt remained manageable despite higher short-term borrowings used to fund inventories and capacity expansion, with NAV per share improving to LKR 22 (from LKR 20 at FY25), underscoring balance-sheet resilience.

Geographic Presence



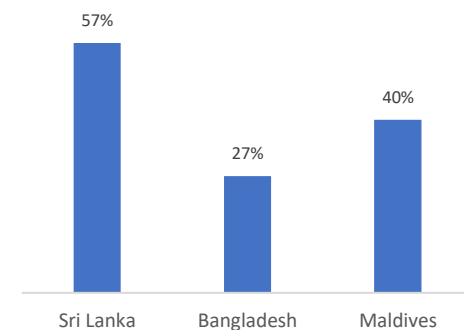
Sources: Company Reports

Market Share by Product in Sri Lanka



Sources: Investor Presentation Sep 2025

Market Share by Country



Sources: Investor Presentation Sep 2025

JAT places strong emphasis on research, innovation, and human capital development, supported by its R&D center at SLINTEC and structured training initiatives that have upskilled over 20,000 professionals across South Asia. Its ESG framework is embedded across operations, with ISO-certified manufacturing facilities, Responsible Care accreditation, and targeted environmental, workforce, and community programs reinforcing long-term sustainability.

**Product Portfolio**

**Wood Coating Solutions**

A range of interior and exterior, water-based and solvent based wood coating products.



**Decorative paints and other accessories**

A wide range of high-quality interior and exterior emulsion paints, innovative decorating tools, paint brushes and rollers



**Furnishing solutions & Projects**

Modern furnishing solutions, including luxury kitchens, seating, desking and storage, doors, and partitioning for residential and commercial projects.



Sources: Company Reports

2. Industry Overview

**Sri Lanka’s construction sector is poised for a cyclical rebound, driven by improving PMI momentum and post-cyclone reconstruction demand.**

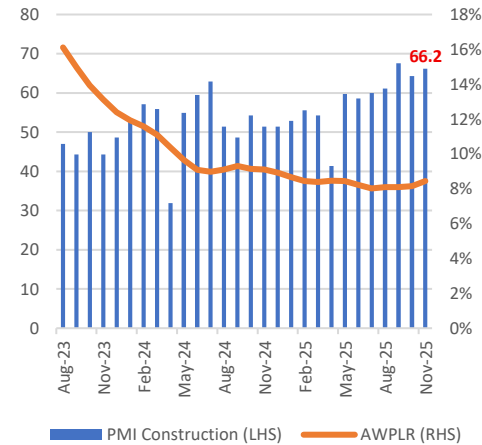
The construction sector recorded a sharp acceleration in activity, with the Construction PMI rising to 67.6 in September 2025, the strongest expansion since late 2021, before moderating slightly to 64.3 in October 2025, and improving to 66.2 in November 2025, remaining firmly in expansionary territory. The recovery has been driven primarily by a resurgence in small and medium scale construction activity, supported by stabilizing macroeconomic conditions, easing financial constraints, and improving liquidity. Encouragingly, the resumption of large-scale public-sector infrastructure projects indicates that momentum is now being underpinned by a combination of private sector, SME-led activity and state-funded investment. Employment and purchasing indices also strengthened in September and continued to expand at a more measured pace in November, pointing to a healthier forward pipeline.

In addition, Cyclone Ditwah is expected to generate a further uplift in construction activity over the short to medium term, as both private and public-sector reconstruction gathers pace. The cyclone resulted in the destruction of over 6,000 homes, with extensive damage to critical infrastructure, including more than 200 roads, 10 bridges, and sections of the rail network, power grid, and water systems. This level of destruction is likely to catalyze substantial public and private sector capital expenditure on reconstruction, repairing and rebuilding housing stock, restoring damaged social infrastructure (schools, hospitals) and rehabilitating transport and utility networks. As reconstruction progresses, demand for construction-related materials, including decorative paints, waterproofing systems and wood coatings used expected to rise meaningfully towards the later part of the construction boom. JAT, Sri Lanka’s market leader in wood coatings with an estimated 57% domestic market share, and a key player in decorative paints, is well positioned to capitalize on the cyclical recovery in refurbishment and rebuilding, supported by its broad, affordable portfolio including JChem One-Coat, Hydro+, and its emulsion range.

World Bank Group Global Rapid Post-Disaster Damage Estimation	
Infrastructure	1.735 bn
Residential Building and Contents	0.985 bn
Crops and Livestock	0.814 bn
Non-Residential Buildings and Contents	0.562 bn
<b>Total Estimate</b>	<b>4.096 bn</b>

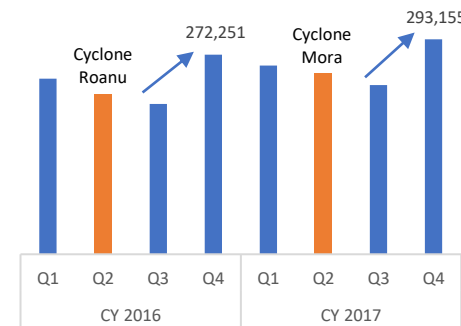
  

Fully damaged houses	6,121
Partially damaged houses	114,314



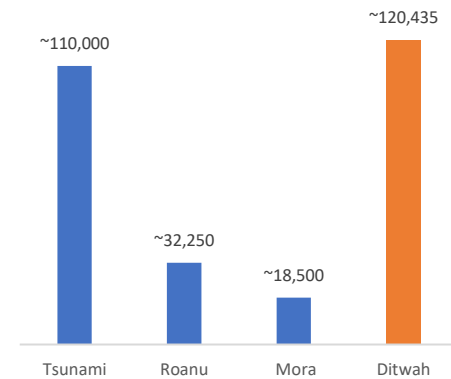
Sources: CBSL

GVA by Construction (LKR'Mn)



Sources: Department of Census and Statistics

Houses Damaged

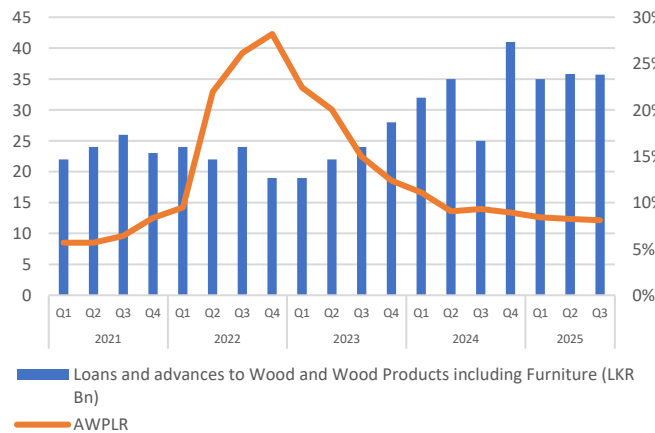


Sources: World Bank, Webpages

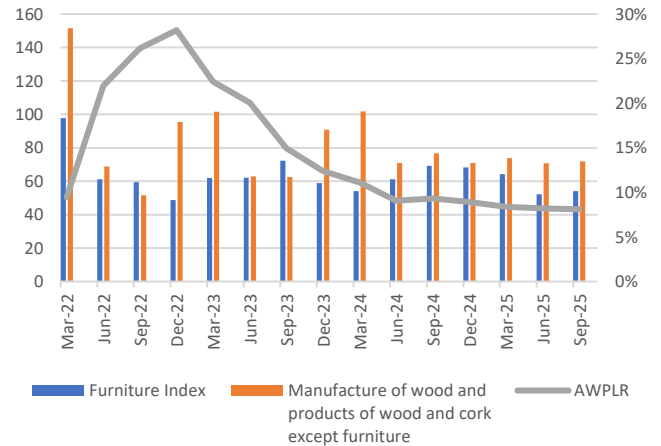
**Falling interest rates have lowered financing costs, lifting construction activity, and triggering a recovery across construction-linked sectors**

Monetary policy easing has been a key tailwind for the construction sector. Sri Lanka’s AWPLR trended lower through 2025, with monthly data indicating a level of 8.87% in November, reflecting improved system liquidity and increasingly accommodative monetary conditions. This represents a sharp normalization from the crisis period, when the AWPLR peaked above 28% in 2022, materially reducing financing costs and improving the viability of construction and real estate developments.

This downward trajectory in interest rates has also had a spillover effect on related industries. The production index for wood, wood products, cork, and furniture recorded a meaningful uptick, indicating robust demand for furniture and construction-related materials as borrowing costs eased. Historically, this index demonstrates a clear cyclical relationship with interest rates: sustained periods of lower rates typically accompanied by gradual growth in production, while rising rates tend to dampen output. The increase in loans and advances to businesses engaged in wood and wooden product manufacturing further underscores heightened activity within the value chain. Together, these indicators point to a broad-based improvement in construction-linked industries, facilitated by easing financial conditions and renewed private-sector engagement.



Sources: CBSL



Sources: CBSL

**Soaring aluminum prices are tipping the cost equation decisively in favor of wood**

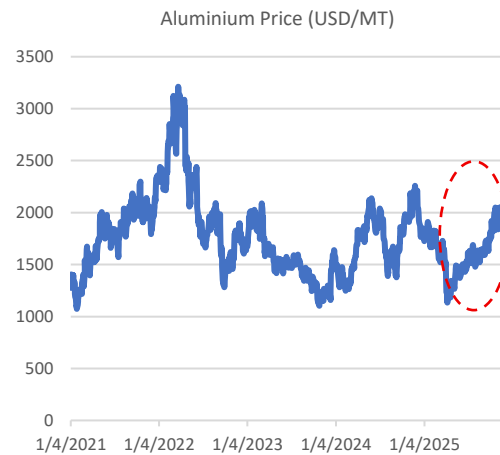
Aluminum continues to serve as a key substitute for wood in construction and interior applications; however, the sustained rise in global aluminum prices is likely to shift demand dynamics in favor of wood-based products. With aluminum product prices currently trading at more than twice the cost of comparable wood products in the domestic market, the widening price differential is expected to drive incremental demand for timber, plywood, and other wooden inputs over the medium to long term. Local aluminum fabricators are also expected to adjust prices upward in response to higher global sourcing costs, reinforcing this substitution effect.

Global aluminum prices have remained elevated through 2024–2025 amid tightening supply conditions and resilient demand across construction, automotive, and packaging sectors. LME aluminum has traded within the US\$2,200–2,700 per tonne range, reaching multi-year highs in late 2024 as exchange inventories declined to their lowest levels since the pandemic. This trend has been underpinned by reductions in LME on-warrant stocks, intermittent disruptions in alumina supply, and heightened geopolitical risk, including restrictions on Russian metal and import tariffs in key consuming markets, all of which continue to constrain physical availability and keep prices structurally elevated.

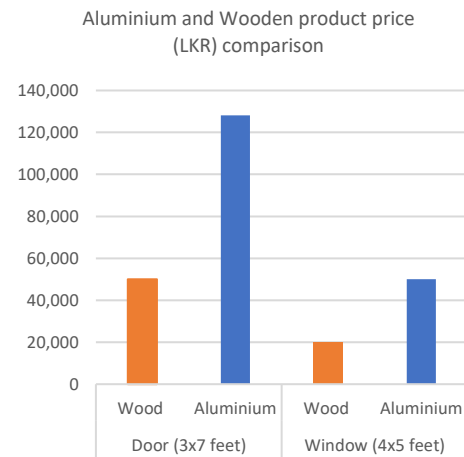
**Bangladesh Turmoil Curtails Growth—JAT Poised to Gain as Stability and Import Substitution Take Hold**

Bangladesh economy encountered significant disruptions in FY2024, driven by widespread student-led protests that resulted in the resignation of Prime Minister Sheikh Hasina. Real GDP growth moderated to an estimated 4.2%, down from 5.8% in the prior fiscal year. Macroeconomic pressures intensified, with the Bangladeshi taka depreciating to BDT 117 per USD by June 2024, while foreign exchange reserves declined to USD 26.8 billion, compared with USD 31.2 billion a year earlier. Overnight violence erupted over the murder of Sharif Osman Hadi, a prominent youth leader, resulting in further political unrest ahead of the national election. With general elections expected in February 2026, there is potential for macroeconomic stabilization, contingent on policy continuity and improved investor confidence.

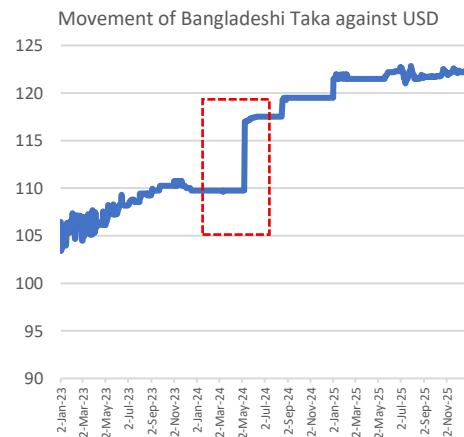
Against this backdrop, JAT with an estimated 27% market share, is well positioned to benefit once stability returns. Ongoing government-imposed import restrictions provide a strategic advantage for the company, as it manufactures its wood-coating products locally, whereas key competitors remain dependent on imported raw materials. Furthermore, JAT’s increasing focus on the industrial segment, particularly export-oriented furniture manufacturers such as Hatil Complex, Partex Furniture Industries, and Akthar Board Industries, provide resilience amidst domestic political uncertainty.



Sources: Investing.com



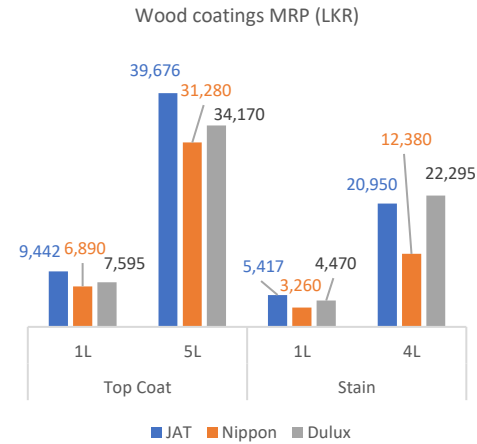
Sources: Retail Webpages



Sources: Trading Economics

**Growing middle-class demand for value-for-money products**

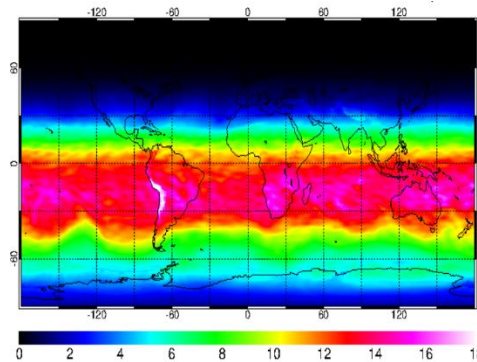
Sri Lanka continues to be classified as a lower-middle-income economy under the World Bank’s latest country income classifications for FY2026. The calculation is based on prior-year gross national income (GNI) per capita calculated using the Atlas method to smooth exchange-rate volatility. This income position has structurally supported rising demand for value-for-money consumer offerings. In response, JAT has expanded its portfolio of locally developed, affordable wood-coating solutions, introducing the Masters and J-Chem brands as cost-competitive alternatives to its premium Sayerlack water-based and PU-based products. Notably, sales volumes of these home-grown brands have historically been on par with Sayerlack, underscoring strong market acceptance and effective alignment with prevailing income dynamics.



Sources: Retail Webpages

**Growing demand for Brilliant White Category paints and Environmental Awareness**

Sri Lanka, located near the equator, regularly records very high to extreme UV levels, with maximum midday values often in the 8–12 range due to high solar angles year-round, according to the Global Solar UV Index scale. According to research, UV radiation is one of the primary drivers of degradation in wood finishes. Prolonged UV exposure breaks down lignin in wood and polymer chains in coatings, leading to discoloration, fading, chalking, gloss loss, and surface cracking over time. From a market perspective, consistently high UV intensity increases demand for UV-resistant coatings, faster repainting cycles, and premium exterior wood-care solutions, supporting structural demand for higher-performance wood finishes. In addition, Studies show that white or reflective roofs and exterior walls can be 10–25°C cooler on the surface compared to dark-colored finishes, which in turn can lower indoor temperatures and reduce cooling energy demand, particularly in tropical, high-UV climates such as Sri Lanka.



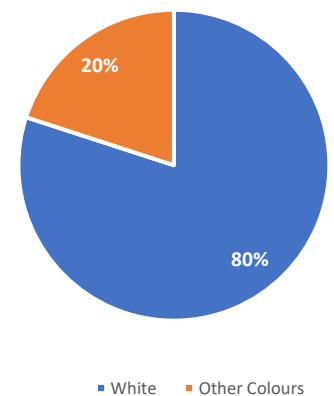
Sources: Global Solar UV Index Webpage

There is a growing shift toward eco-friendly, low-VOC paint solutions, with emulsion paint gaining traction as they contain fewer harmful chemicals, aligning well with the preferences of environmentally conscious consumers.

**Softening crude oil prices supports margin stability for petrochemical-linked coatings**

The U.S. Energy Information Administration’s latest Short-Term Energy Outlook (STEO) projects that crude oil prices will moderate through 2025 and into 2026, reflecting continued global supply growth outpacing demand and rising inventories. According to EIA forecasts, U.S. benchmark West Texas Intermediate (WTI) crude is expected to average around \$51–\$51.4 per barrel in 2026, while Brent crude is forecast to average near \$55 per barrel in 2026, with first-quarter prices around the same level. This outlook implies a softer

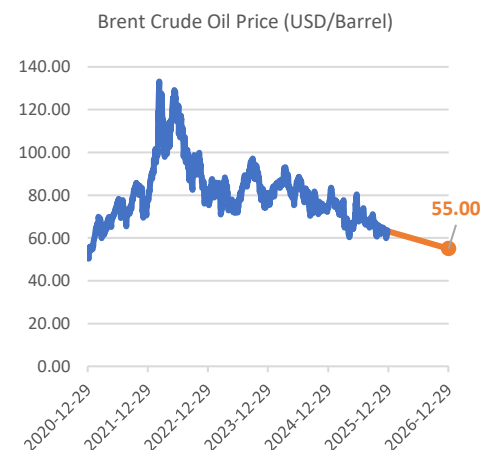
Decorative Paints Market Share By Colour in Sri Lanka



Sources: Management Insights

pricing environment compared with historical averages, driven by oversupply and slower demand expansion.

Crude oil remains a critical upstream cost driver as most key raw materials are derived from petrochemicals. Approximately 30-40% of the raw materials of PU and Water-based wood coatings are crude oil based. In PU coatings, core inputs such as isocyanates, polyols, and organic solvents are linked to crude oil and refinery by-products, resulting in high sensitivity to oil price movements and greater margin volatility. Water-based coatings, while structurally less exposed due to water being the primary carrier, still rely on petrochemical-based resins, coalescing agents, and additives, implying a moderate indirect linkage to crude oil prices. Consequently, fluctuations in global crude oil prices can influence input costs across both product categories, with PU coatings typically experiencing a more pronounced impact. From an investment perspective, companies with higher water-based product mix, local sourcing, or backward integration are better positioned to mitigate crude-linked cost pressures and sustain margin stability.



Sources: US Energy Information Administration (EIA)

### 3. Investment highlights

#### Mirotone Acquisition

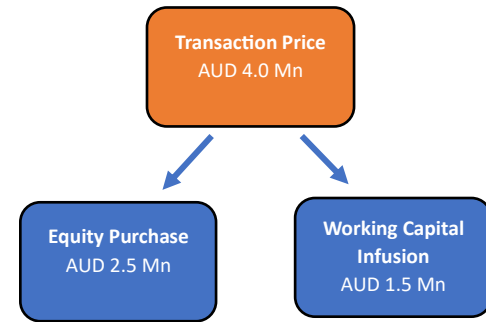
JAT concluded its acquisition of Mirotone (NZ) Ltd on 31<sup>st</sup> October 2025, with the total transaction value, comprising the equity purchase and committed growth reinvestment, exceeding AUD 4.0mn (~LKR 801mn). The acquisition consideration amounted to AUD 2.5mn for full ownership, while an additional AUD 1.5mn has been earmarked for working capital support, modernization of manufacturing facilities in New Zealand, and the re-launch of the Mirotone legacy Brand. The AUD 1.5mn is expected to be deployed during 2H26.

The acquisition of Mirotone, a 90-year-old legacy brand and the market leader in industrial wood coatings in New Zealand would strengthen JAT’s international footprint and address a critical gap in JAT’s portfolio: the absence of a global legacy brand. While JAT’s products meet international quality standards, Asian-origin brands typically face a perception discount in developed markets, limiting penetration into premium segments. The acquisition of Mirotone, legacy brand with established credibility, removes this structural barrier which enables faster market entry, stronger customer acceptance, and immediate access to higher-margin developed-market opportunities.

From a strategic perspective, the acquisition enables geographical diversification and earnings stability by shifting part of JAT’s revenue base from emerging markets into a developed-market economy. This reduces macroeconomic concentration risk while improving the company’s overall risk-adjusted return profile. The New Zealand market provides stable regulatory standards, and premium pricing structures (industry wide gross margin for wood coating products in Australia stands at ~60%) creating a structurally more resilient earnings base for the company.

Mirotone’s Australian operating company, Mirotone Pty Ltd, entered voluntary administration in May 2024 and was placed into administration in June 2024, effectively removing the brand from the Australian market. Public insolvency notices do not specify the underlying commercial causes. Management indicates that the challenges stemmed from supply chain disruptions caused by liquidity pressures during the super plant construction in CY2021, alongside reduced demand during COVID-19.

Given Mirotone’s prior operating presence in Australia and its residual brand recall among customers, the acquisition provides JAT with a strategic springboard into Australia—one of the largest and most sophisticated coatings markets in the region. The management targets a gradual entry into the Australian market in the short term (less than 2 years). Consumer surveys indicate that Australian households spend approximately AUD 5,500 per annum on home renovation and improvement projects, with renovation



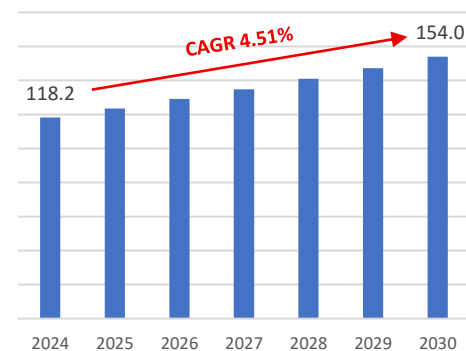
Sources: Mirotone Acquisition presentation

World Wood Coating Market CAGR (%), By Region, Global, 2025-2030



Sources: Mordor Intelligence Webpage

Australia wood coating market size (USD m), 2024–2030 (estimated via CAGR interpolation)



Sources: Mordor Intelligence Webpage

activity now representing around 40% of total residential construction expenditure. This shift towards upgrading and maintaining existing housing stock, rather than new builds continues to support recurring, replacement-driven demand for wood coatings.

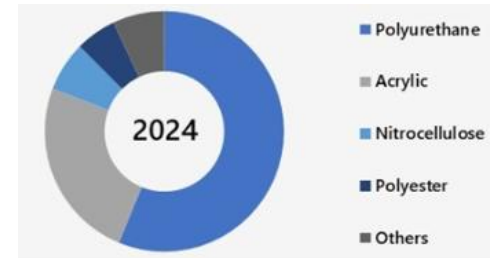
A key medium-term growth catalyst lies in JAT’s planned entry into the retail architectural wood coatings segment in New Zealand, where it currently has no exposure. This is a highly attractive opportunity given that wood remains the dominant material used in residential housing exteriors in New Zealand. The management claims that the current value of the exterior architectural wood coating market is approximately NZ\$ 20 Mn. JAT’s deep expertise across interior and exterior architectural coatings, combined with its established product formulation capabilities, provides a strong competitive advantage in executing this expansion.

Beyond Oceania, JAT plans to utilize the Mirotone platform as a global expansion vehicle. Medium-term expansion targets include India and Indonesia (2–3 years), where construction-led urbanization and rising disposable income continue to drive demand for advanced wood and architectural coatings. Over the long term, management has articulated ambitions to expand into Europe and the United States, markets that offer deep scale, technological sophistication, and premium margin opportunities.

Wood coatings are classified under HS 3208 (solvent base / non-aqueous media) and HS 3209 (water-base/aqueous media) within Chapter 32 (paints and varnishes dispersed or dissolved in aqueous and non-aqueous media). These tariff lines are covered under the Indo–Sri Lanka Free Trade Agreement (ISFTA), rendering wood coatings exported from Sri Lanka to India eligible for preferential duty treatment, subject to compliance with rules of origin. Accordingly, JAT is expected to benefit from a lower cost of market entry for the Mirotone brand in India, enhancing pricing competitiveness and margin potential.

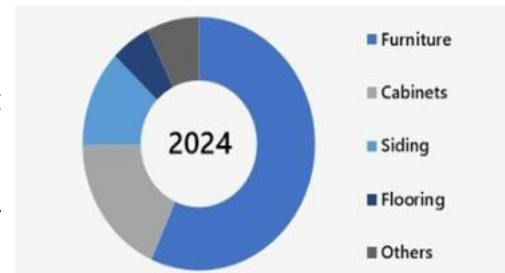
In a broader sense, JAT’s foreign revenues are expected to increase from 26% to 45% of the total revenue in the medium term, fueled by the Mirotone acquisition.

New Zealand Wood Coating Market Revenue Share, By Resin Type, 2024

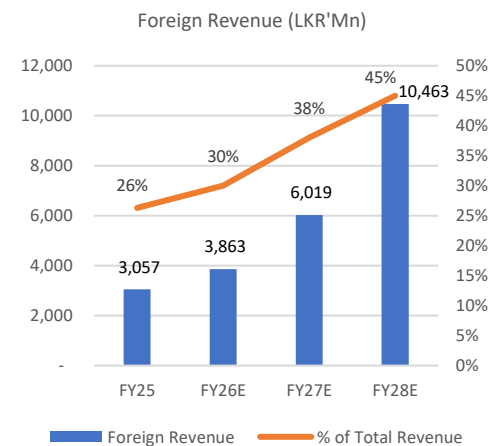


Sources: Mordor Intelligence Webpage

New Zealand Wood Coating Market Revenue Share, By Application, 2024



Sources: Mordor Intelligence Webpage



Sources: Ambeon Estimates

EV Charging Segment Growth

Following nearly five years of vehicle import restrictions, Sri Lanka’s vehicle market reopened in February 2025 with a pronounced structural shift toward electric mobility. Within the first eight months after the relaxation of the ban, the country imported 33,974 electric vehicles across all categories, with a total CIF value exceeding LKR 28 billion, underscoring the rapid release of pent-up demand. In contrast, prior to the lifting of restrictions, EV imports in January 2025 stood at only 1,717 units, valued at LKR 554 million, highlighting the sharp acceleration in adoption post-removal of import restrictions.

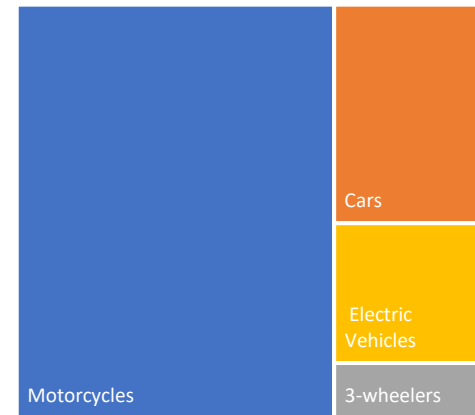
JAT operates in the EV charging segment through its joint venture with Volt Charge. The company has established market leadership in the slow-charging (7 kW) segment, having installed over 2,000 chargers for BYD customers alone as of Sep 2025. JAT is also narrowing the gap in the fast-charging market, with current volumes only ~20% below the largest competitor. With confirmed orders in the pipeline for 40 fast chargers from external clients and 30 units for JKH, management expects to achieve market leadership in the fast-charging segment in the near term.

Looking ahead, JAT plans to expand its fast-charger capacity to 100 units by 2H FY2026, with the installation cost of a 40-kW fast charger estimated at LKR 3.6 million. When deployed at optimal locations, the payback period has been estimated at ~1 year, with 85% of charger revenue accruing to JAT, thereafter, providing annuity-type recurring income. For chargers installed at Keells outlets, JAT is likely to be entitled to a 12% revenue share after the first 12 months. The Company plans to invest in an additional 20 chargers at strategic locations and for chargers sold outright to Keells, JAT currently receives a 10% maintenance fee.

From a digital monetization perspective, JAT intends to leverage a universal “Volt Charge” mobile application, which enables integration across multiple charger brands. Given the current fragmentation of charging platforms and user inconvenience stemming from multiple proprietary apps, this universal interface is expected to enhance user adoption while opening a new recurring revenue stream for JAT through platform usage.

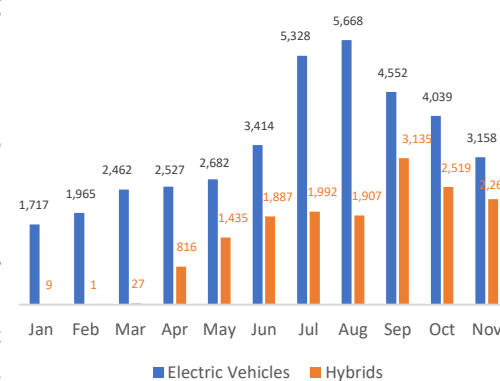
EV adoption across Asia has accelerated, with several ASEAN markets now surpassing traditional automotive regions. Singapore and Vietnam have reached EV penetration of ~40% of new passenger car sales, while Thailand (~21%) and Indonesia (~15%) have overtaken or matched levels seen in the US and parts of Europe. India remains at an earlier stage, with EV penetration of ~7–8% versus a 30% target by 2030. Sri Lanka remains underpenetrated, with EVs accounting for ~15% of brand-new vehicle registrations, indicating a clear runway for further growth as infrastructure and affordability improve. Thus, providing greater revenue visibility in terms of EV chargers of JAT.

Vehicle Registrations in 2025



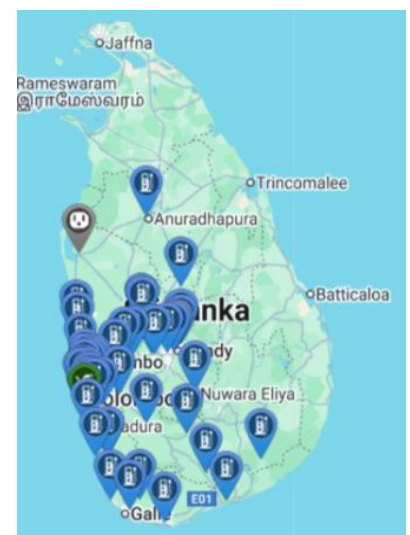
Sources: Department of Motor Traffic

Electric and Hybrid Vehicle Registration, CY 2025



Sources: Department of Motor Traffic

EV Charger Map



Sources: chargeNET.lk

EV-related revenue is expected to scale up to LKR 1.0 billion over the next six months, compared to the current amount of ~LKR 350 million, supported by network expansion, rising EV penetration, and increasing fast-charger deployment.

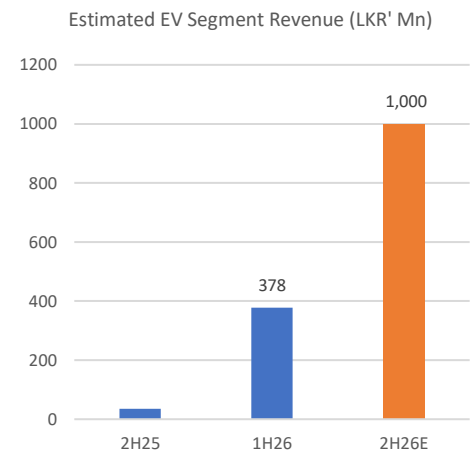
Backward Integration

Historically, JAT sourced acrylic binders from Allnex, a global coatings resin manufacturer headquartered in Germany, with imported binders attracting a dealer margin of ~40% in addition to a 35% CESS. As part of its strategic backward integration initiative, JAT commissioned a domestic acrylic binder manufacturing facility in Sri Lanka. This transition has enabled the Company to eliminate both the import-related CESS and external supplier margins by directly sourcing raw materials for in-house binder production. As a result, management indicates an approximate 43% reduction in per-litre production costs for emulsion paint products enhancing gross margin sustainability.

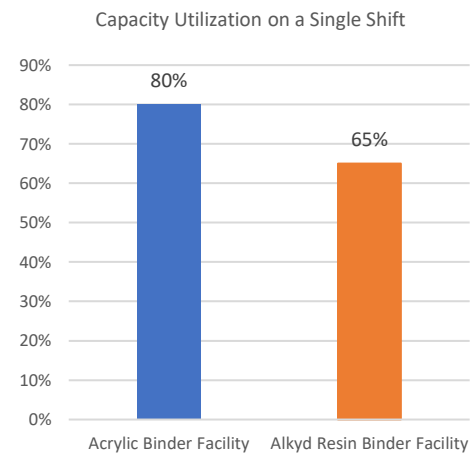
In parallel, JAT has established an alkyd resin binder manufacturing facility in Bangladesh. Management’s decision to locate alkyd resin production in Bangladesh and acrylic binder production in Sri Lanka reflects a deliberate market-aligned backward integration strategy. The Sri Lankan coatings market is predominantly water-based, supported by an advanced shift away from solvent-based formulations, with water-based coatings conversion ratio standing at 60%. Conversely, the Bangladeshi market remains oriented toward solvent-based, where alkyd resins are a critical input for PU based wood coating. Accordingly, situating the alkyd resin plant in Bangladesh and acrylic binder plant in Sri Lanka, allows JAT to align local production with prevailing demand characteristics, improving cost efficiency, supply reliability, and product-market fit.

The acrylic binder manufacturing facility currently operates at approximately 80% capacity on a single shift, with JAT planning to complete Phase II of the binder project, which will further deepen backward integration. In addition, the capacity utilization at the Kahathuduwa plant, which currently stands at 49% for wood coatings and emulsions paint and 56% for paint brushes and rollers, is expected to rise gradually, driven by the demand for key products and Mirotone acquisition. This ramp-up is likely to unlock additional economies of scale, translating into incremental cost efficiencies.

Local resin production meaningfully reduces exposure to global resin price volatility and foreign exchange fluctuations, supporting margin stability at the Bangladesh subsidiary. However, with imported raw materials accounting for over 85% of total cost of sales, depreciation of the LKR and BDT continues to



Sources: Management Insights, Ambeon Estimates



Sources: Company Reports

pose upside risk to input costs. Consequently, margin expansion may remain constrained during periods of subdued demand amid economic disruption in Bangladesh. Notwithstanding these near-term pressures, JAT’s position as a local manufacturer of both finished products and critical inputs provides a structural advantage in an operating environment characterized by import restrictions, foreign currency shortages, and macroeconomic instability, particularly relative to competitors that are heavily reliant on imports.

The Consumer Affairs Authority (CAA) has intervened to curb unfair trade practices in the domestic market, including the provision of excessive distributor discounts, with effect from 01 August 2025. From a competitive standpoint, the move is likely to be supportive of JAT’s market position in Sri Lanka, as certain competitors had historically relied on offering materially higher distributor discounts than JAT to incentivize channel stocking. Such practices have potentially distorted distributor preferences despite weaker underlying brand strength. With discounting practices now constrained, distributor stocking decisions are expected to shift toward product quality, brand equity, and service support—areas where JAT maintains a strong competitive advantage, thereby supporting potential market share gains.

**Old Supply Chain network**



**New Supply Chain network with inhouse binder manufacturing**



#### 4. Valuation summary

We've calculated the weighted average fair value for JAT.N as LKR 65.37, representing a potential upside of 47.90% of its current market price of LKR 44.20. Additionally, with an estimated dividend yield of 5.0% for FY27F, the total return on investment could reach 52.90% by FY27F.

Our valuation strategy encompasses a blend of absolute and relative valuation methodologies to gauge the stock's intrinsic value considering both fundamental value and market sentiment.

	Weights	Value Per Share	
<b>Weighted average intrinsic value per share</b>			
DCF Valuation	60%	80.97	48.58
PE Based Valuation	20%	50.81	10.16
PB Based Valuation	20%	33.11	6.62
<b>Weighted average intrinsic value per share (LKR)</b>			<b>65.37</b>

Given below are key assumptions used for each of the valuation methods.

DCF valuation (LKR Mn)	
Enterprise Value (EV)	45,273
Less: debt	3,420
Add: cash and cash equivalent	415
Less: Minority Interest	22
Equity value	42,246
No.of shares (in Mn)	522
<b>FCF-based equity value per share (LKR)</b>	<b>80.97</b>

Sources: Ambeon Estimates

WACC Calculations	
Debt + Equity	15,708
Equity	12,289
% of Equity	78%
Cost of Equity	14%
Risk Free Rate	8.47%
Unlevered Beta	0.50
Market Risk Premium	11%

Debt	3,420
% of Debt	22%
Cost of Debt	10%
Tax Rate	24%
<b>WACC</b>	<b>13%</b>
<b>Terminal Growth</b>	<b>4%</b>

Given below are assumptions for the relative valuations.

#### PE Based Valuation

Average PER of Peers	16.94
TTM EPS of JAT.N (LKR)	3.00
<b>Value Per Share (LKR)</b>	<b>50.81</b>

#### PBV Based Valuation

Average PBV of Peers	1.50
NAVPS of JAT.N (LKR)	22.08
<b>Value Per Share (LKR)</b>	<b>33.11</b>

Given below are peer PE and PBV ratios. These multiples have been used as guidance in the valuation process, excluding outliers.

Company	Ticker	PE	PBV
Chemanex PLC	CHMX.N	24.55	0.64
Lankem Ceylon PLC	LCEY.N	N.M	2.01
Union Chemicals Lanka PLC	UCAR.N	9.32	1.85
<b>Direct Peer Average</b>		<b>16.94</b>	<b>1.50</b>

Sources: Company Reports & CSE

We have selected Lankem Ceylon PLC, Chemanex PLC, and Union Chemicals PLC as comparable peers based on the similarity of their underlying business operations. Lankem Ceylon PLC operates across chemicals, paints, and consumer goods manufacturing, while Chemanex PLC is engaged in the production of coatings, emulsion binders and chemicals, essential pigments, rubber chemicals, and raw materials for home and personal care products, in

addition to latex and plastics. Union Chemicals PLC, meanwhile, specializes in the manufacture of chemicals and allied products, with a particular focus on waterborne polymer dispersions. We consider this peer set to be appropriate, as JAT’s wood-coating binder manufacturing exposure aligns closely with the Sri Lankan market’s growth, profitability, and risk dynamics reflected by these companies.

**5. Investment risks**

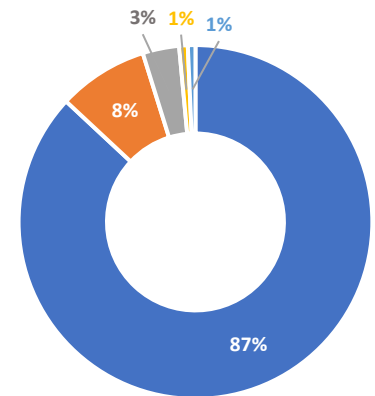
**High Bangladesh revenue concentration exposes JAT to near-term macro-political and demand risks**

Export operations accounted for approximately 26% of JAT’s total revenue in FY25, with Bangladesh contributing 23%, underscoring a high concentration of foreign earnings exposure to the Bangladesh market. The macro-political backdrop in Bangladesh remains fragile. Following the Election Commission’s announcement of the 2026 national election, political violence including the fatal shooting of a young political leader on 12<sup>th</sup> December 2025, has heightened uncertainty despite the presence of a functioning government, weighing on investor and consumer confidence.

From a macroeconomic perspective, external buffers have improved in Bangladesh, with foreign exchange reserves recovering to USD 27.88bn as of 18 December 2025, from USD 19.95bn a year earlier. However, domestic economic conditions remain weak, characterized by subdued growth, elevated inflation, and constrained investment activity. While headline inflation has moderated from 11.38% in November 2024 to 8.29% in November 2025, real purchasing power remains under pressure as wage growth has stagnated at ~8.0%. In parallel, private-sector credit growth declined to a record low of 6.23% in October 2025, signaling continued weakness in capital formation and demand.

The downside risk is partially mitigated by the introduction of the value-for-money Coat-EX product range, which is well positioned in a price-sensitive demand environment, alongside JAT’s structural input-cost advantage relative to import-dependent competitors. Over the medium term, geographic concentration risk is expected to moderate with the company’s expansion into Australia following the acquisition of Mirotone, reducing reliance on Bangladesh as the primary overseas revenue contributor.

Foreign Revenue Composition by Country



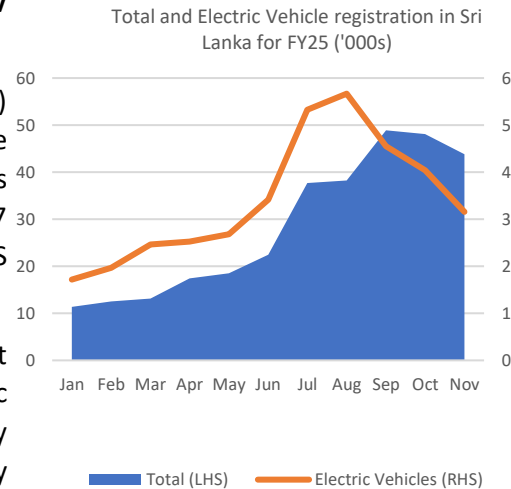
■ Bangladesh ■ India ■ Maldives ■ Africa ■ Other

Sources: Company Reports & CSE

**Slowing EV adoption could delay the ramp-up and payback of JAT’s EV charging investments**

According to Goldman Sachs research, global battery electric vehicle (BEV) penetration is expected to moderate outside select markets such as China. The firm now projects EVs to account for approximately 25% of global vehicle sales by 2030, revised down from an earlier estimate of 28% and around 7 percentage points below the prevailing market consensus tracked by IHS Global Insight.

A similar trend could emerge in Sri Lanka. While the Ministry of Transport introduced a comprehensive EV policy in 2023 as part of a long-term electric mobility strategy and declared 2024 as an “E-Mobility Year”, tangible policy support and incentive-led promotion of EV adoption have remained limited by the current government elected in November 2024. In the event of a moderation in EV adoption momentum over the medium term, JAT’s EV charging segment may face a slower-than-anticipated ramp-up, potentially extending the payback period on its existing investments in EV charging infrastructure. However, with the heightening of public discourse around 11% of brand-new vehicle registrations are EVs provides evidence of the growing momentum.



Sources: Department of Motor Traffic

**High revenue concentration in the premium Sayerlack brand exposes JAT to brand-specific risk**

Sayerlack, the company’s flagship brand, is the world’s largest producer of wood coatings and a pioneer in water-based coating solutions. Among the 91 countries in which the brand operates, JAT has been recognized by parent company Sherwin-Williams as the largest Sayerlack partner globally. Sayerlack also holds a market-leading position in Sri Lanka’s wood-coatings segment. Consequently, JAT’s revenue base remains significantly concentrated, with the premium Sayerlack brand accounting for the majority of FY25 topline contribution.

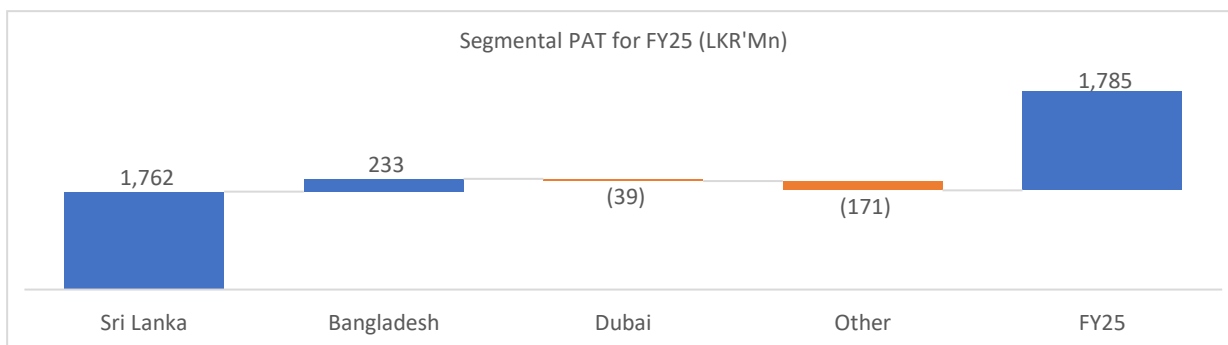
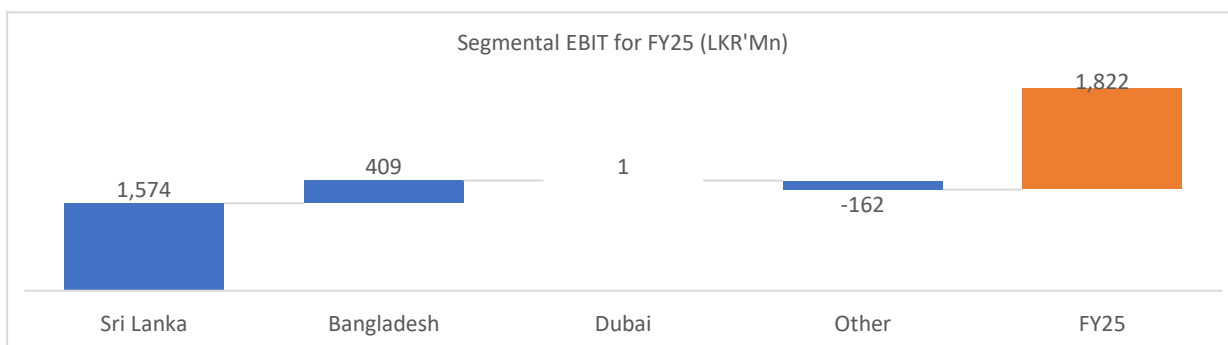
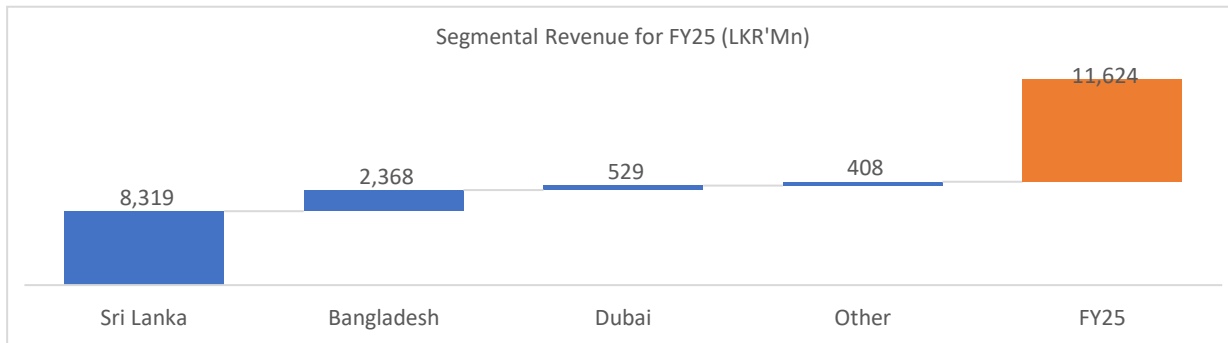
However, the acquisition of Mirotone and the company’s strategic expansion into the Australian market are expected to progressively reduce this revenue concentration. In parallel, JAT continues to scale its portfolio of cost-competitive, locally developed brands such as J-Chem and Masters, broadening its exposure across multiple price segments. The company now addresses a wide spectrum of customer segments through a diversified product mix spanning premium, mid-range, and value-for-money offerings.

**Market re-entry for Mirotone is exposed to adoption and perception risks after customer migration and competitor entrenchment**

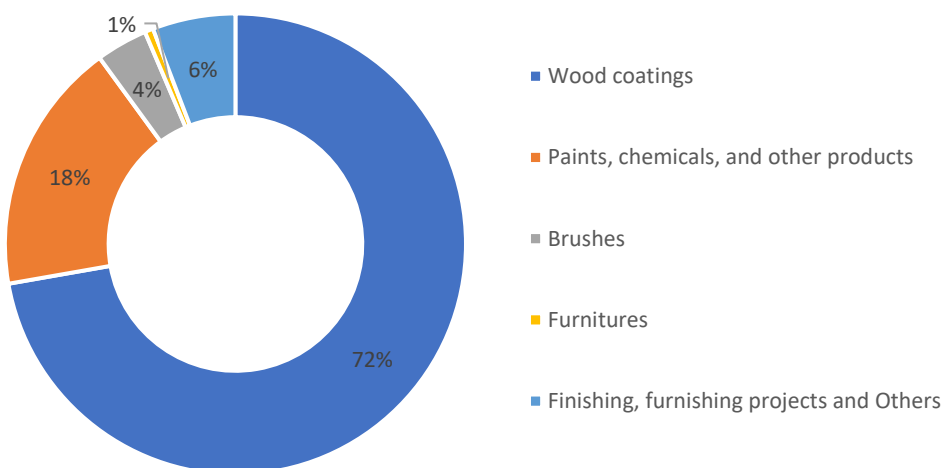
Following the withdrawal of the Mirotone brand from the Australian market due to prior supply chain disruptions, end-users have already migrated to alternative brands and competitor have established their dominance in the market. In addition, with JAT being an emerging market brand, which has acquired Mirotone, a developed-market brand, could give rise to perceived quality concerns among Australian customers, potentially dampening brand re-adoption and creating an initial entry barrier. Such perception-led discounts could constrain near-term traction and moderate the pace of market re-entry.

However, these risks are partly mitigated by Mirotone being an established household name in the Australian market, JAT's operating experience across multiple international geographies, and its existing presence in Australia through the SEAFORM kitchen segment. The company's familiarity with developed-market operating standards and distribution dynamics is expected to support a measured re-entry strategy and improve the likelihood of a gradual rebuilding in market acceptance over the short term.

**Annexure I: Segmental information**

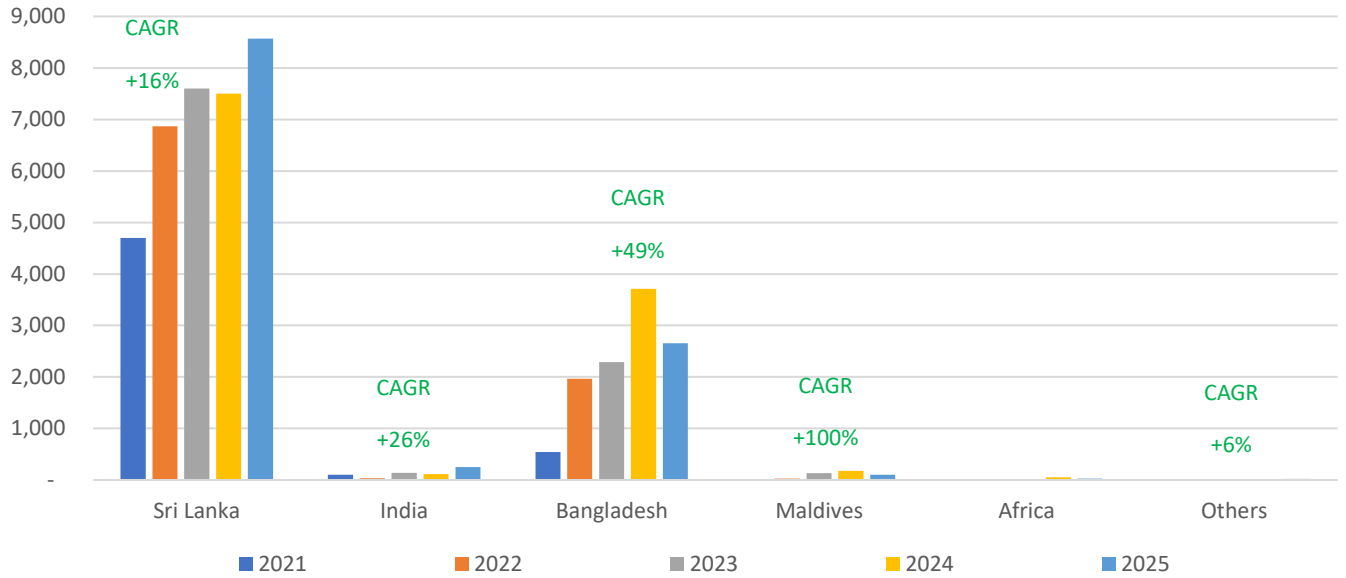


**Total revenue by major product line**



Sources: Company Reports

Cluster revenue and growth over the years (LKR' Mn)



Sources: Company Reports

## Annexure II: Financial statements

Statement of Profit or Loss (LKR'Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	11,556	11,625	12,362	16,689	20,926
Cost of Sales	(8,168)	(7,613)	(7,850)	(10,347)	(13,392)
<b>Gross Profit</b>	<b>3,389</b>	<b>4,012</b>	<b>4,512</b>	<b>6,342</b>	<b>7,533</b>
Other Income	546	154	124	167	209
Selling & Distribution Expense	(1,296)	(1,352)	(1,483)	(1,836)	(2,093)
Administrative Expense	(1,283)	(991)	(1,113)	(1,502)	(1,883)
<b>Operating Income</b>	<b>1,355</b>	<b>1,823</b>	<b>2,040</b>	<b>3,171</b>	<b>3,767</b>
Net Finance Income/(Cost)	(146)	(194)	(198)	(417)	(507)
Share of results of equity accounted investees	-	(23)	-	-	-
<b>Profit Before Tax</b>	<b>1,210</b>	<b>1,606</b>	<b>1,842</b>	<b>2,754</b>	<b>3,260</b>
Income Tax Expense	(186)	173	(182)	(273)	(323)
<b>Net Profit for the Period</b>	<b>1,023</b>	<b>1,779</b>	<b>1,659</b>	<b>2,481</b>	<b>2,937</b>
<b>Profit For the Period Attributable to:</b>					
Equityholders of the parent company	1,021	1,788	1,651	2,469	2,922
Non-Controlling Interest	2	(9)	(8)	(12)	(15)
	<b>1,023</b>	<b>1,779</b>	<b>1,659</b>	<b>2,481</b>	<b>2,937</b>
Basic EPS	1.97	3.44	3.16	4.73	5.60
Diluted EPS	1.97	3.44	3.16	4.73	5.60

Sources: Company Reports, Ambeon Estimates

Statement of Financial Position (LKR'Mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	3,631	3,637	4,219	4,371	5,186
Right-of-use assets	116	154	177	217	269
Investment properties	668	534	681	681	681
Intangible assets	161	150	813	813	813
Investments in subsidiaries	-	-	-	-	-
Other Investments	77	74	87	87	87
Net Investment in the lease	131	97	82	83	84
Consumable biological assets	72	79	86	92	100
Advance paid for investment properties	-	-	-	-	-
Investments in Joint Ventures	-	47	27	27	27
Deferred Tax Assets	7	235	172		
	<b>4,863</b>	<b>5,006</b>	<b>6,344</b>	<b>6,372</b>	<b>7,247</b>
<b>Current Assets</b>					
Inventories	2,884	2,866	3,242	3,562	4,510
Income tax recoverable	46	49	69	69	69
Trade and other receivable	4,318	4,940	5,009	5,592	6,439
Advances and prepayments	997	1,418	1,428	1,502	1,392
Net Investment in the lease	2	39	55	55	56
Amounts due from related parties	62	60	99	99	99
Short term financial assets	1,051	1,119	1,366	1,366	1,366
Assets classified as held for sale	-	202	-	-	-
Cash and cash equivalents	224	320	275	415	477

	<b>9,586</b>	<b>11,015</b>	<b>11,542</b>	<b>12,660</b>	<b>14,408</b>
<b>Total Assets</b>	<b>14,449</b>	<b>16,021</b>	<b>17,887</b>	<b>19,032</b>	<b>21,654</b>
<b>Equity and Liabilities</b>					
Stated Capital	2,395	2,395	2,701	2,701	2,701
Retained Earnings	6,757	8,144	8,985	9,715	11,033
Foreign currency translation reserves	(24)	(127)	(127)	(127)	(127)
<b>Equity attributable to equity holders of the parent</b>	<b>9,128</b>	<b>10,413</b>	<b>11,559</b>	<b>12,289</b>	<b>13,607</b>
Non-controlling Interest	(13)	(22)	(30)	(43)	(57)
<b>Total Equity</b>	<b>9,115</b>	<b>10,391</b>	<b>11,529</b>	<b>12,246</b>	<b>13,550</b>
<b>Non-Current Liabilities</b>					
Interest Bearing Loans and Borrowings	114	83	312	288	228
Retirement benefit obligation	93	106	112	121	128
Deferred tax liability	56	-	-	-	-
	<b>263</b>	<b>188</b>	<b>424</b>	<b>409</b>	<b>356</b>
<b>Current Liabilities</b>					
Trade and Other Payables	2,276	2,059	2,277	2,587	2,946
Amounts due to related parties	-	8	11	11	11
Interest Bearing Loans and Borrowings	1,970	2,619	3,052	3,131	3,567
Bank Overdraft	704	646	592	646	1,221
Income tax payable	121	109	2	2	2
<b>Total Liabilities</b>	<b>5,333</b>	<b>5,630</b>	<b>6,358</b>	<b>6,786</b>	<b>8,104</b>
<b>Total Equity and Liabilities</b>	<b>14,449</b>	<b>16,021</b>	<b>17,887</b>	<b>19,032</b>	<b>21,654</b>
NAVPS	17.47	19.92	22.10	23.47	25.97

Sources: Company Reports, Ambeon Estimates

## Annexure III: Key ratios

	FY24	FY25	FY26E	FY27E	FY28E
<b>Profitability Ratios</b>					
Gross Profit Margin (%)	29%	35%	37%	38%	36%
EBIT Margin (%)	12%	16%	17%	19%	18%
Net Profit Margin (%)	9%	15%	13%	15%	14%
Return on Assets (ROA) (%)	7%	11%	9%	13%	14%
Return on Equity (ROE) (%)	11%	17%	14%	20%	22%
Revenue Growth (%)	14%	1%	6%	35%	25%
Net Profit Growth (%)	-22%	75%	-8%	50%	18%
Dividend Payout Ratio (%)	39%	23%	39%	35%	36%
<b>Activity Ratios</b>					
Inventory Turnover Ratio (Times)	2.83	2.66	2.42	2.90	2.97
Receivables Turnover Ratio (Times)	3.15	2.72	2.90	3.17	3.48
Payables Turnover Ratio (Times)	3.59	3.70	3.45	4.00	4.55
Days of Sales Outstanding (DSO)	115.9	134.4	126.0	115.0	105.0
Days of Inventory on Hand (DOH)	128.9	137.4	150.7	125.6	122.9
Days of Payables Outstanding (DPO)	101.7	98.7	105.9	91.3	80.3
Asset Turnover Ratio (Times)	0.84	0.76	0.73	0.90	1.03
<b>Gearing Ratio</b>					
Debt to Total Assets	0.19	0.21	0.22	0.21	0.23
Debt to Equity	0.31	0.32	0.34	0.33	0.37
Interest Coverage Ratio (Times)	9.31	9.40	10.30	7.60	7.43
<b>Liquidity Ratio</b>					
Current Ratio (Times)	1.89	2.02	1.95	1.99	1.86
Quick Ratio (Times)	1.12	1.25	1.13	1.18	1.07
Cash Ratio (Times)	0.05	0.06	0.05	0.07	0.06
Cash Conversion Cycle (Days)	143.1	173.1	170.9	149.4	147.6

Sources: Company Reports, Ambeon Estimates

**Annexure VI: Recommendation criteria**

The recommendations are based on the stock returns compared against the 1-year treasury bill rate as a benchmark.

BUY	Return of the stock > 1-year T bill rate plus 5%
HOLD	1-year T bill rate plus 5% > return of the stock > 1-year T bill rate
SELL	Return of the stock < 1-year T bill rate

1-year T bill rate used for comparison = 8.47%

**Abbreviations**

AUD	Australian Dollar
AWPLR	Average Weighted Prime Lending Rate
BDT	Bangladeshi Taka
BEV	Battery Electric Vehicle
CAA	Consumer Affairs Authority
CAGR	Compound Annual Growth Rate
CBSL	Central Bank of Sri Lanka
CSE	Colombo Stock Exchange
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EPS	Earnings Per Share
EV	Enterprise Value
GDP	Gross Domestic Product
GNI	Gross National Income
GVA	Gross Value Added
IFSTA	Indo–Sri Lanka Free Trade Agreement
JKH	John Keells Holdings PLC
PMI	Purchasing Manager Index
PU	Polyurethane
PBV	Price-to-Book Value
PER	Price-to-Earnings Ratio
SAARC	South Asian Association for Regional Cooperation
SME	Small and Medium Enterprises
STEO	Short-Term Energy Outlook
VOC	Volatile Organic Compounds
WTI	West Texas Intermediate
YoY	Year-on-Year

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