

# JKH Investor Presentation

Review of Q3 2023/24

Version 3.0

# EBITDA: For the quarter ended 31 December

EBITDA* (Rs. Million)	Q3 2023/24	Q3 2022/23	Variance	Variance (%)
Transportation	2,327	1,499	829	55
Consumer Foods	897	402	495	123
Retail	2,390	2,320	69	3
Leisure	2,560	1,898	662	35
Property	60	(312)	372	119
Financial Services	4,040	2,855	1,185	42
Other, incl. IT and Plantation Services	1,466	1,746	(280)	(16)
<b>Group</b>	<b>13,740</b>	<b>10,408</b>	<b>3,332</b>	<b>32</b>
Deferred tax (credit)/losses at SAGT	(401)	764	(1,165)	-
<b>Group excl. deferred taxes at SAGT</b>	<b>13,339</b>	<b>11,172</b>	<b>2,167</b>	<b>19</b>

*\*EBITDA includes interest income and the share of results of equity accounted investees which is based on the share of profit after tax but excludes all impacts from foreign currency exchange gains and losses (other than for equity accounted investees), to demonstrate the underlying cash operational performance of businesses.*

## EBITDA: For the nine months ended 31 December

EBITDA* (Rs. Million)	YTD 2023/24	YTD 2022/23	Variance	Variance (%)
Transportation	6,446	9,085	(2,639)	(29)
Consumer Foods	2,853	2,645	209	8
Retail	6,360	6,603	(243)	(4)
Leisure	3,909	4,773	(864)	(18)
Property	(188)	(731)	543	74
Financial Services	7,435	4,836	2,599	54
Other, incl. IT and Plantation Services	4,214	5,826	(1,612)	(28)
<b>Group</b>	<b>31,028</b>	<b>33,036</b>	<b>(2,007)</b>	<b>(6)</b>
Deferred tax (credit)/losses at SAGT	(401)	764	(1,165)	-
<b>Group excl. deferred taxes at SAGT</b>	<b>30,627</b>	<b>33,800</b>	<b>(3,172)</b>	<b>(9)</b>

\*EBITDA includes interest income and the share of results of equity accounted investees which is based on the share of profit after tax but excludes all impacts from foreign currency exchange gains and losses (other than for equity accounted investees), to demonstrate the underlying cash operational performance of businesses.

# Quarterly EBITDA movement

EBITDA (Rs. Million)	2022/23		2023/24		
	Q3	Q4	Q1	Q2	Q3
Transportation	1,499	1,546	2,419	1,700	2,327
Consumer Foods	402	651	720	1,237	897
Retail	2,320	2,230	1,987	1,983	2,390
Leisure	1,898	3,787	284	1,065	2,560
Property	(312)	516	187	(435)	60
Financial Services	2,855	1,966	1,693	1,702	4,040
Other, incl. IT and Plantation Services	1,746	826	1,937	810	1,466
<b>Group</b>	<b>10,408</b>	<b>11,523</b>	<b>9,227</b>	<b>8,061</b>	<b>13,740</b>
LKR/USD exchange rate (period average in Rs.)	368	355	310	322	323

# Finance Cost: For the quarter ended 31 December

Finance Cost (Rs. Million)	Q3 2023/24	Q3 2022/23	Variance	Variance (%)
Transportation	156	197	(42)	(21)
Consumer Foods	179	324	(146)	(45)
Retail	731	1,225	(493)	(40)
Leisure	983*	845	138	16
Property	34	40	(6)	(16)
Financial Services	0.1	-	0.1	-
Other, incl. IT and Plantation Services	3,133	2,671	462	17
<b>Group</b>	<b>5,215</b>	<b>5,303</b>	<b>(87)</b>	<b>(2)</b>
Forex loss on Cinnamon Life loan translation	(145)	-	145	-
Interest expense on HWIC Convertible Debentures**	(1,032)	(855)	176	21
<b>Group excl. WPL forex loss and Debenture interest</b>	<b>4,038</b>	<b>4,448</b>	<b>(410)</b>	<b>(9)</b>

\*The functional reporting currency of Waterfront Properties (Private) Limited (WPL), the project company of the Cinnamon Life Integrated Resort, was changed from US Dollars to Sri Lankan Rupees in August 2023, given the impending transition of the project from construction to an operational business next year, which resulted in a non-cash exchange loss of Rs.145 million on the USD 225 million term loan facility at WPL.

\*\*Includes notional non-cash interest charged on the convertible debentures amounting to approximately Rs.820 million and Rs.700 million, in Q3 2023/24 and Q3 2022/23, respectively.

# Analysis of Finance Cost

Finance Cost (Rs. Million)	Q3 2023/24	Q2 2023/24	Q1 2023/24
Transportation	156	178	190
Consumer Foods	179	173	249
Retail	731	832	971
Leisure	983	2,928	843
Property	34	27	31
Financial Services	0.1	-	-
Other, incl. IT and Plantation Services	3,133	2,677	3,061
<b>Group</b>	<b>5,215</b>	<b>6,815</b>	<b>5,345</b>
Forex loss on Cinnamon Life loan translation	(145)	(2,139)	-
Interest expense on HWIC Convertible Debentures*	(1,032)	(991)	(942)
<b>Group excl. WPL forex loss and Debenture interest</b>	<b>4,038</b>	<b>3,685</b>	<b>4,403</b>
Average weekly AWPLR (% for the period)	13.2	16.4	20.9

\*Includes notional non-cash interest charged on the convertible debentures amounting to approximately Rs.820 million, Rs.800 million and Rs.750 million in Q3, Q2 and Q1 2023/24, respectively.

# PBT: For the quarter ended 31 December

PBT (Rs. Million)	Q3 2023/24	Q3 2022/23	Variance	Variance (%)
Transportation	2,103	1,255	848	68
Consumer Foods	407	(194)	601	310
Retail	904	442	461	104
Leisure	(389)	(524)	135	26
Property	22	(77)	99	128
Financial Services	4,045	2,828	1,217	43
Other, incl. IT and Plantation Services	(1,606)	(816)	(790)	(97)
<b>Group</b>	<b>5,485</b>	<b>2,914</b>	<b>2,571</b>	<b>88</b>
Deferred tax (credit)/losses at SAGT	(401)	764	(1,165)	-
<b>Group excl. deferred taxes at SAGT</b>	<b>5,084</b>	<b>3,678</b>	<b>1,406</b>	<b>38</b>

# Key financial indicators

(Rs. Million)	Q3 2023/24	Q2 2023/24	Q1 2023/24
Group debt* excl. leases and incl. convertible debenture	238,797	240,189	227,759
Group debt excl. leases and convertible debenture	218,063	220,279	208,635
Cash and cash equivalents	93,775	98,771	96,760
Net debt excl. leases and convertible debenture	124,288	121,508	111,875
Net debt excl. leases and convertible debenture/Equity (%)	34.6	34.0	32.4
EBITDA	13,740	8,061	9,227

*\*Group debt includes the convertible debentures issued to HWIC in August 2022. The debentures are eligible for conversion to ordinary shares of JKH commencing 12 February 2024. In the event the debentures are not converted during the conversion window, an obligation for Rs. 27.06 billion will materialise in August 2025.*



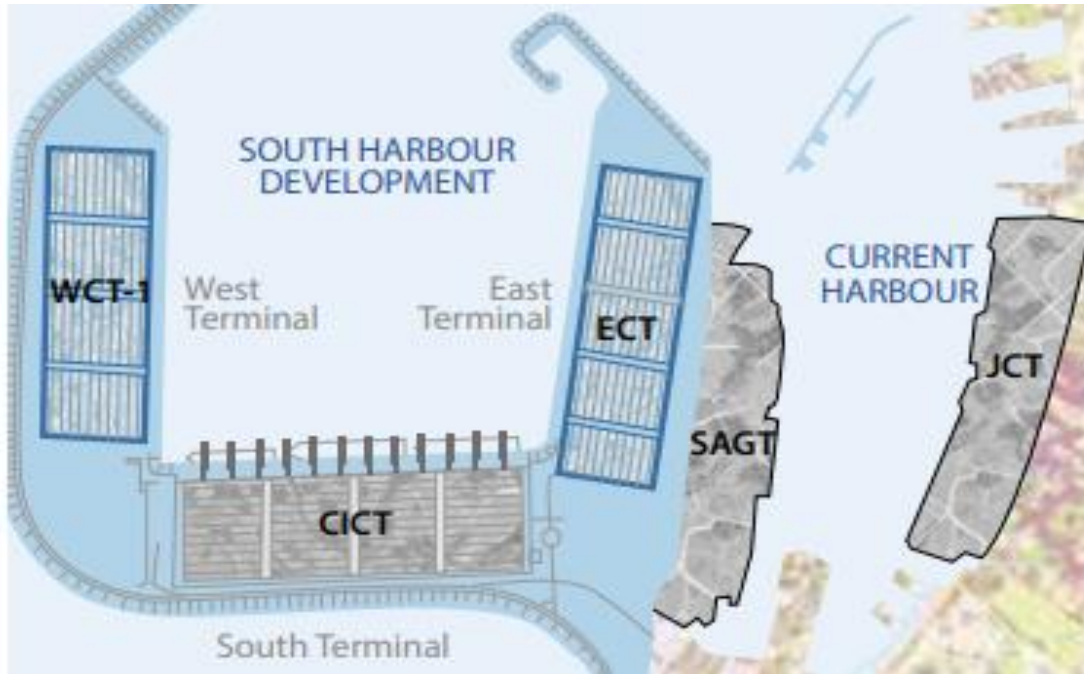
# Overview of ESG initiatives – Q3 2023/24

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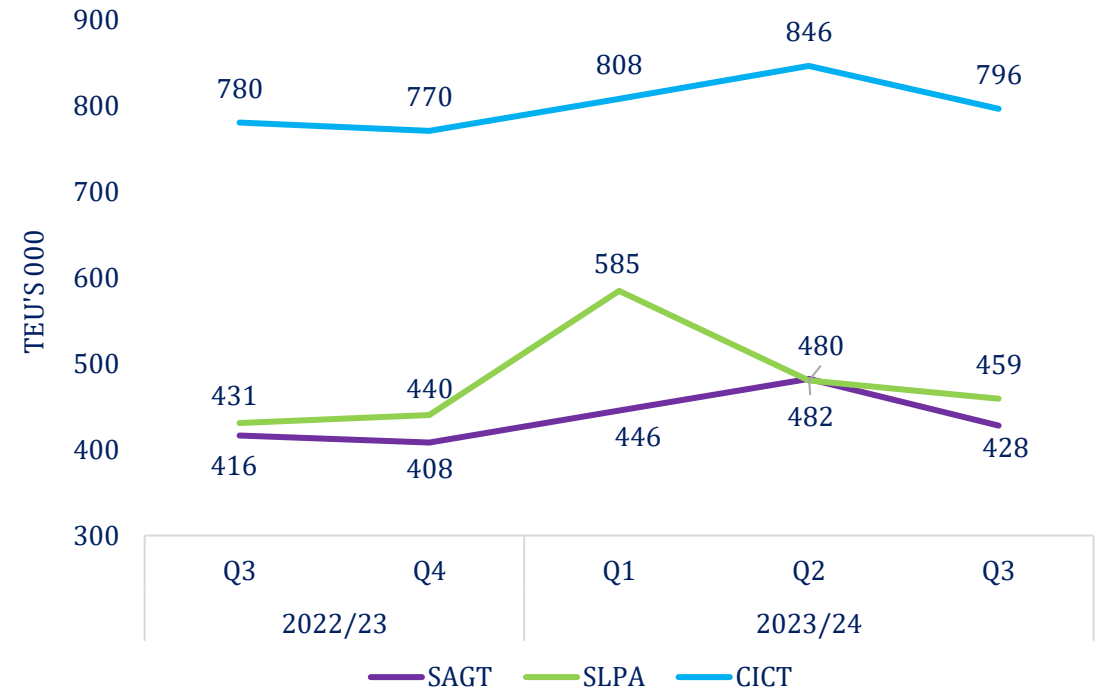
- The Group's carbon footprint per million rupees of revenue increased by 9% to 0.42 MT.
- The Group's water withdrawal per million rupees of revenue increased by 0.3% to 6.84 cubic meters.
- The increase in the above ratios is mainly due to higher levels of operational activity during the quarter compared to the corresponding quarter of the previous year, particularly in the Leisure, Supermarkets and Transportation businesses.
- In November 2023, in commemoration of International Men's Day 2023, under our DE&I brand - ONE JKH, an interactive session was organised, where two external subject experts spoke on the topics of mental well-being, gender equity, positive masculinity, and the importance of challenging harmful stereotypes.
- During the quarter, John Keells Foundation (JKF) conducted multiple initiatives to enhance the skills and opportunities, health and wellbeing of vulnerable communities, empower women and youth, and support programmes in conserving our environment and fostering social cohesion.

# Transportation: Port of Colombo

## Capacity Enhancements



## Port of Colombo Volumes



\*SLPA includes volumes of JCT and ECT terminals

# WCT-1: Construction progress



- The groundwork on the West Container Terminal (WCT-1) at the Port of Colombo is progressing well, with all construction work relating to the first phase of the project (800 meters of quay length) being awarded, including the commissioning of the first batch of operating equipment.
- Phase 1 of the project is expected to be operational by 3Q 2024/25 and the remainder of the terminal to be completed 3Q 2025/26.
- The U.S. International Development Finance Corporation (DFC) announced, in November 2023, that it has committed to finance the development of the WCT-1 project through a long-term loan facility of USD 553 million.

# Transportation: Q3 2023/24

## Port Business (South Asia Gateway Terminal)

Volumes (TEUs)	2022/23		2023/24		
	Q3	Q4	Q1	Q2	Q3
SAGT	416,381	408,261	445,515	482,255	427,922
Domestic: Transshipment volume mix	13:87	13:87	10:90	10:90	11:89

## Bunkering Business (Lanka Marine Services)

LMS (%)	2022/23		2023/24		
	Q3	Q4	Q1	Q2	Q3**
YoY volume growth	(8)	(0)	(19)	(25)	(9)

\*\*Excluding the fuel sales to local industries which was permitted by the Government in Q3 2022/23, the YoY volume decline for Q3 2023/24 is (1)%.

## Q3 Earnings Update:

(Rs. mn)	Q3 2023/24	Q3 2022/23
EBITDA*	2,327	1,499

*\*EBITDA excl. SAGT deferred taxes amount to Rs.1.93 billion in Q3 2023/24 and Rs.2.26 billion in Q3 2022/23.*

- LMS recorded an increase in profitability driven by higher margins. It should be noted that Q3 2022/23 included fuel sales to local industries, as permitted by the Government.
- SAGT recorded an increase in throughput in line with the volumes of the overall Port of Colombo, although profitability was impacted by a change in the throughput mix.
- The profitability of the industry group was affected by the translation impact on its US Dollar denominated revenue streams, stemming from the appreciation of the Sri Lankan Rupee by ~13% in comparison to the comparative periods of last year.



# Consumer Foods: Q3 2023/24

Key performance indicators (%)	2022/23		2023/24		
	Q3	Q4	Q1	Q2	Q3
Volume growth:					
Frozen Confectionery	(19)	(30)	(10)	(2)	(2)
Beverages (CSD)	(19)	(40)	(3)	5	0
Convenience Foods	(33)	(48)	(35)	(18)	(1)
EBITDA (Rs. Million)	402	651	720	1,237	897
EBITDA margin	6	8	9	15	13
Revenue mix (CSD:FC)	38:62	38:62	44:56	41:59	40:60

Key performance indicators (%)	FY2019	FY2020	FY2021	FY2022	FY2023
Recurring EBITDA margin	18	20	20	17	10

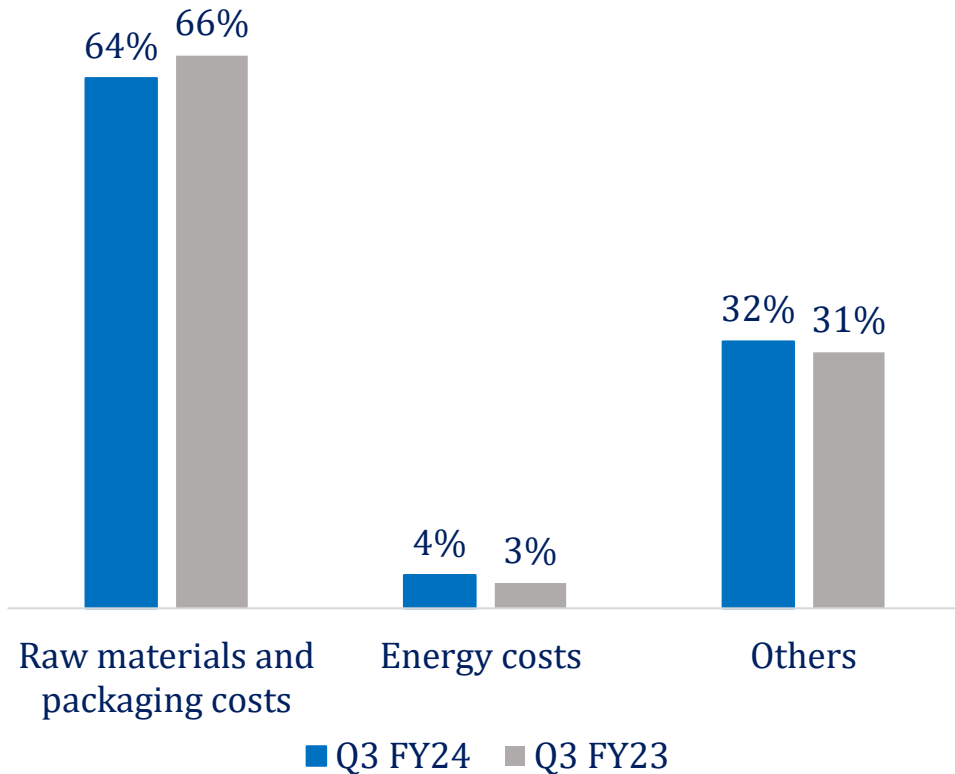
## Q3 Earnings Update:

(Rs. mn)	Q3 2023/24	Q3 2022/23
EBITDA	897	402

- The significant increase in EBITDA is attributable to both the Beverages and the Frozen Confectionery (FC) businesses, driven by improved margins, as input costs have normalised from the previous peaks, and reductions in overhead costs.
- Both businesses witnessed encouraging volume growth in the seasonal month of December 2023, which was less affected by adverse weather conditions unlike in the months of October and November 2023.
- In November 2023, the Special Commodity Levy (SCL) imposed on imported sugar was increased from 25 cents to Rs.50 per kilogram. The Beverages business undertook price increases in select SKUs to mitigate the margin impact stemming from the higher SCL.

# Cost of Sales analysis of the Beverages business

## Cost of sales composition - Q3 2023/24 vs Q3 2022/23



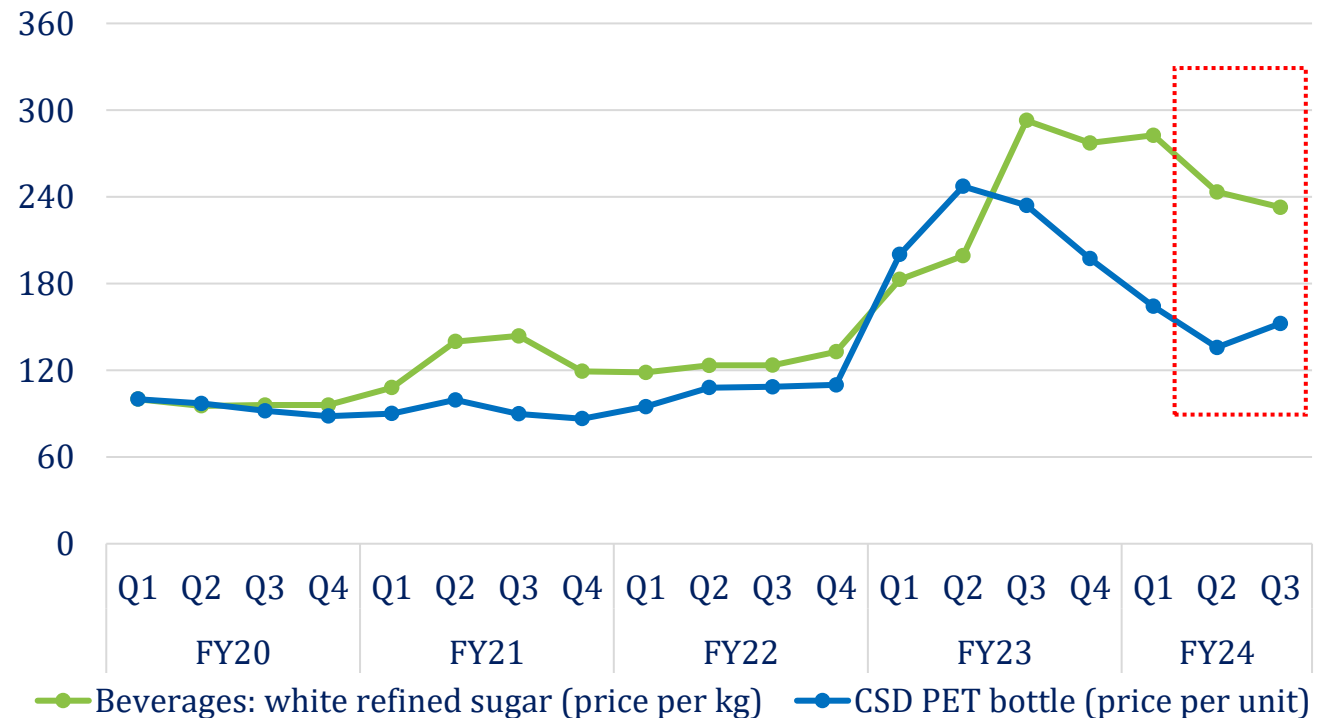
### % of raw materials directly imported

Q3 2023/24: 39%

Q3 2022/23: 38%

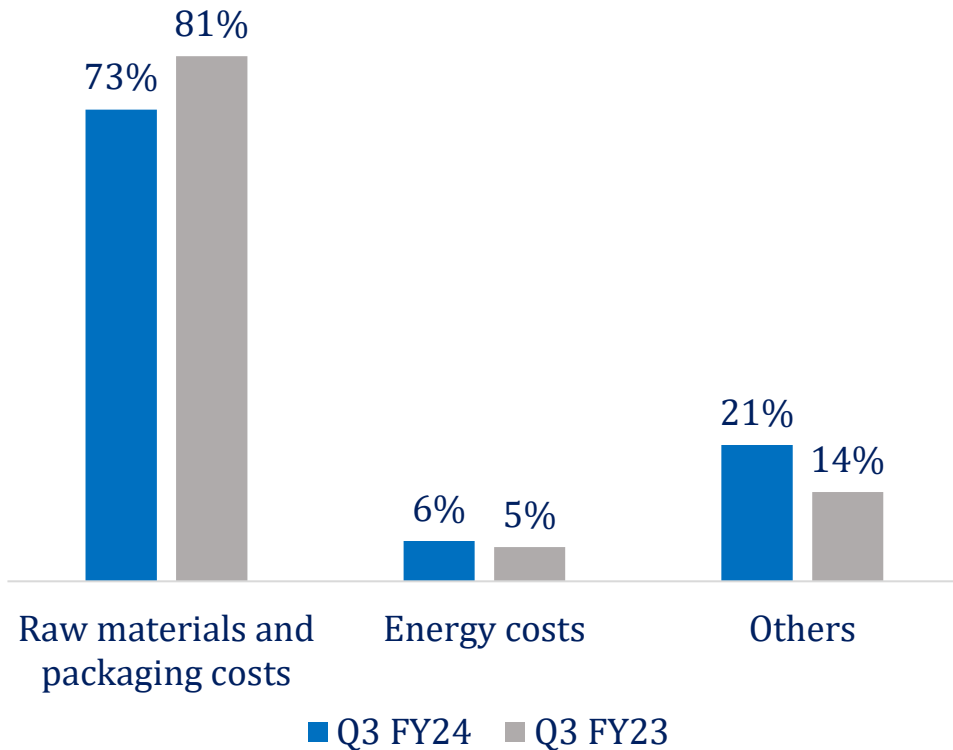
## Indexed price of raw materials

Index: Q1 FY20 = 100



# Cost of Sales analysis of the Frozen Confectionery business

## Cost of sales composition - Q3 2023/24 vs Q3 2022/23



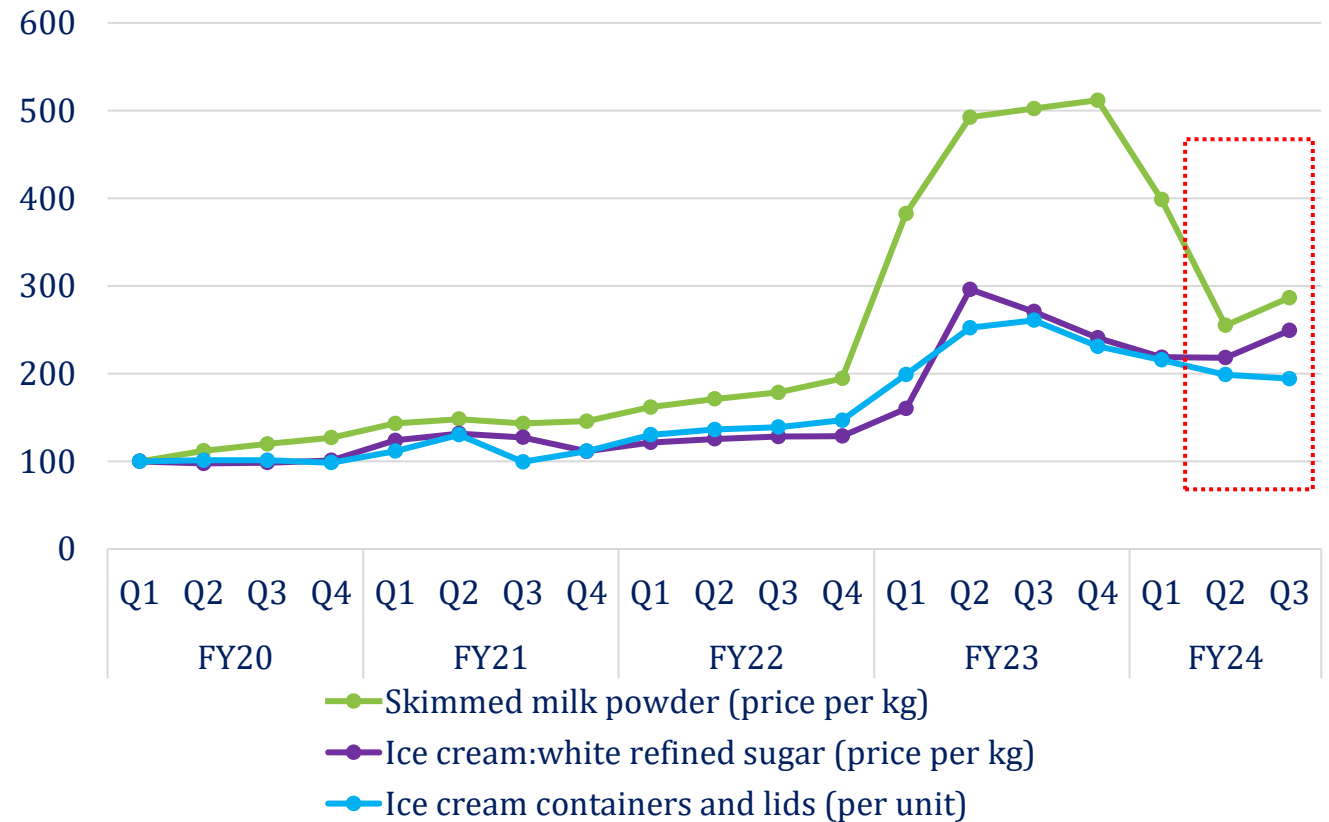
### % of raw materials directly imported

Q3 2023/24: 61%

Q3 2022/23: 33%

## Indexed price of raw materials

Index: Q1 FY20 = 100



# Retail: Q3 2023/24

## Supermarket business

Key performance indicators (%)	2022/23		2023/24		
	Q3	Q4	Q1	Q2	Q3
Same store sales growth	40.6	30.1	22.8	10.4	10.7
Same store footfall growth	11.1	0.1	14.8	10.6	15.7
Average basket value growth	26.5	30.0	7.0	(0.2)	(4.3)
EBITDA (Rs. Million)	1,987	1,986	1,740	1,750	1,997
EBITDA margin	7.7	7.9	6.3	6.4	6.9

One outlet opened during the quarter, increasing the total outlet footprint as at 31 December 2023 to 133 outlets.

## Q3 Earnings Update:

(Rs. mn)	Q3 2023/24	Q3 2022/23
EBITDA	2,390	2,320

- The Supermarket business recorded a strong performance in revenue during the quarter, with same store sales recording an encouraging growth of 11%, driven by growth in customer footfall of 16%.
- The increase in revenue, supported the EBITDA performance, together with the benefits accruing from various productivity and cost efficiency initiatives and supplier negotiations.
- The growth in revenue and higher contribution to EBITDA was, however, offset to a large extent on account of the significant escalation in electricity costs in comparison to Q3 2022/23 .
- The Office Automation business recorded an increase in mobile phone sales volumes.



# Retail: Q3 2023/24 vs Q3 2022/23

Same Store  
Sales  
10.7%

## Q3 2022/23:

- Increase in revenue on account of seasonal sales in December.
- High inflation coupled with indirect taxes, caused an increase in prices of items.

## Q3 2023/24:

- Increase in revenue on account of seasonal sales in December along with promotional campaigns contributed to same store sales growth.

Same Store  
Footfall  
15.7%

## Q3 2022/23:

- Customer Count increased driven by seasonal sales along with improved availability of items at Outlets.
- Continued demand towards Modern Trade in comparison to General Trade.

## Q3 2023/24:

- Customer Count increased driven by seasonal sales.
- Continued demand towards Modern Trade in comparison to General Trade.

ABV  
(4.3)%

## Q3 2022/23:

- December 2022 NCPI (YoY) – 59.2%.
- The imposition of taxes, resulted in an increase in the Retail Selling Price (RSP). A drop in Weight of Purchase (WOP) was offset by an increase in Customer Count, which resulted in a double-digit growth of the ABV.

## Q3 2023/24:

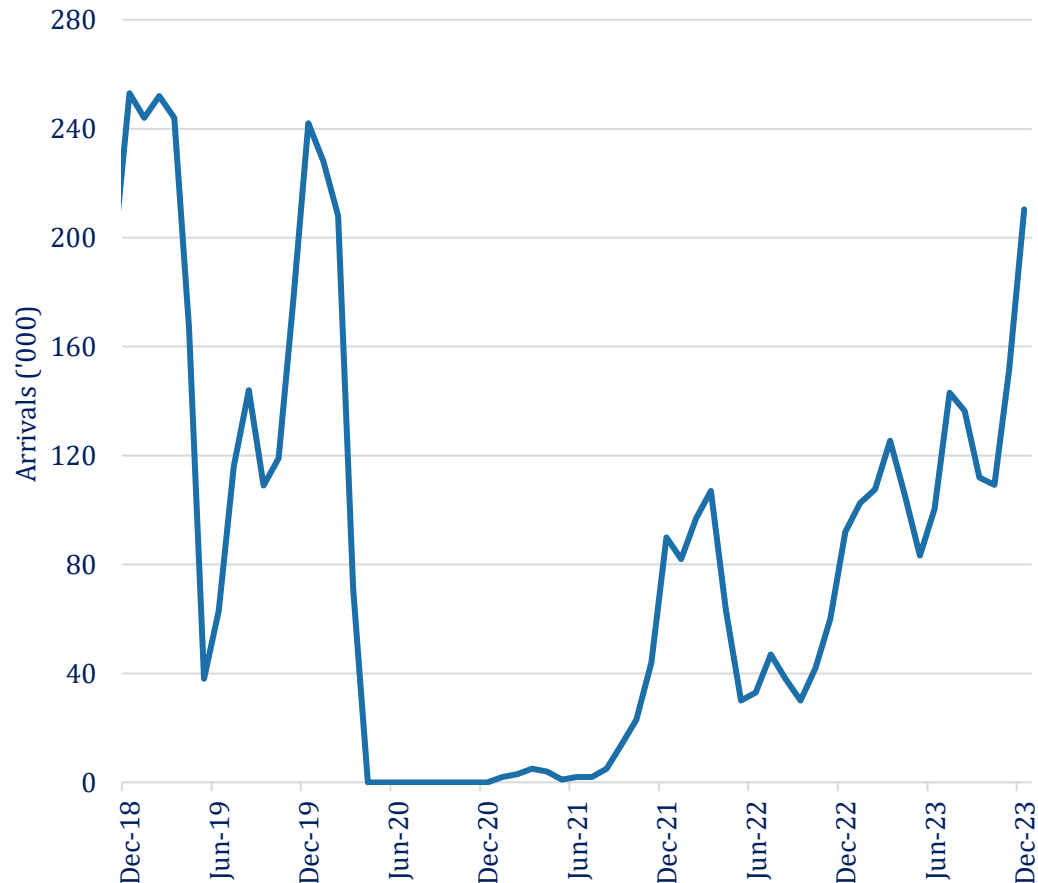
- December 2023 NCPI (YoY) – 4.2 %.
- The YoY increase in inflation driven by Food inflation due to adverse weather conditions resulted in an increase in the RSP.
- The reduction in the consumption of non-essential items as a result of a decrease in the discretionary spend for non-essentials led to a decrease of the WOP.



In November 2023, the Company partnered with BYD Company Limited, the world's leading manufacturer of new energy vehicles (NEV), to provide cutting-edge and eco-friendly vehicles to the Sri Lankan market. This new business will operate under the Retail industry group considering its alignment with the business and potential synergies.



# Tourist arrivals to Sri Lanka: recovery trend post-pandemic

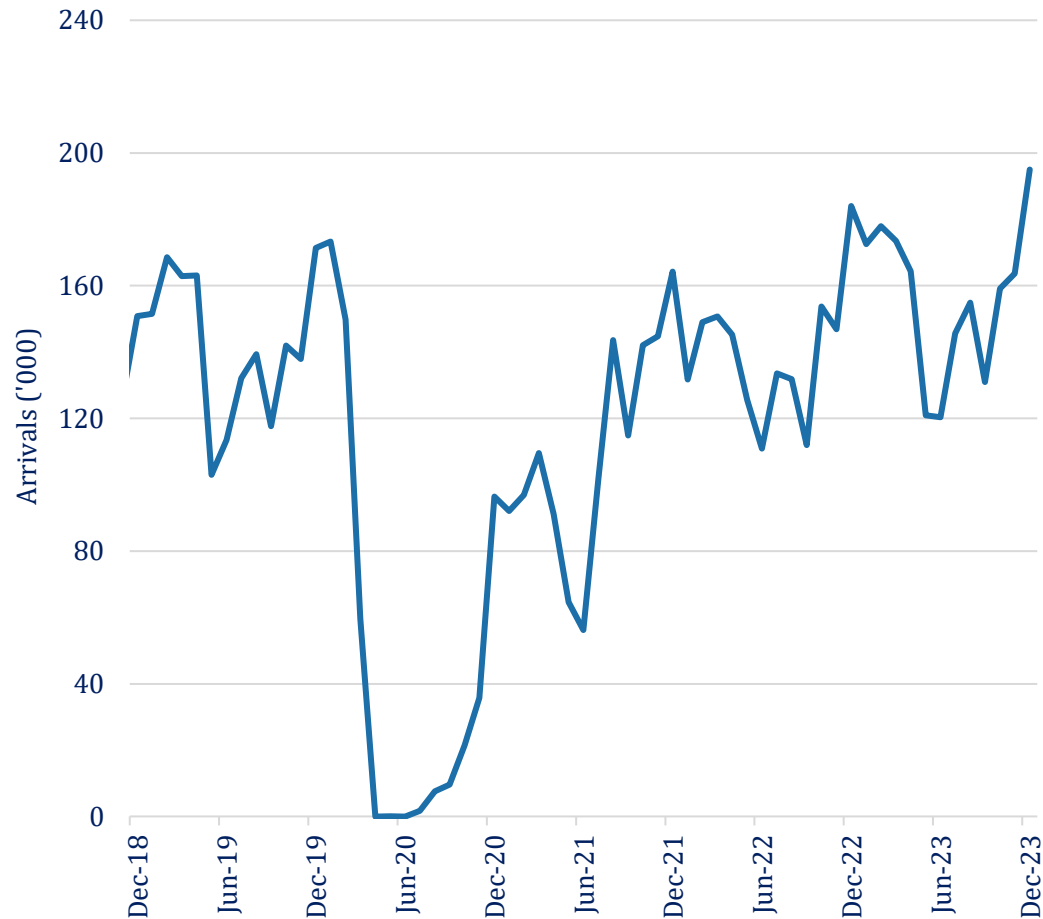


Source: Sri Lanka Tourism Development Authority

Sri Lanka - Monthly Tourist Arrivals						
Month	2019	2020	2021	2022	2023	2024
Jan	244,239	228,434	1,682	82,327	102,545	208,253
Feb	252,033	207,507	3,366	96,507	107,639	204,484*
Mar	244,328	71,370	4,581	106,500	125,495	
Apr	166,975	-	4,168	62,980	105,498	
May	37,802	-	1,497	30,207	83,309	
Jun	63,072	-	1,614	32,856	100,388	
Jul	115,701	-	2,429	47,293	143,039	
Aug	143,587	-	5,040	37,760	136,405	
Sep	108,575	-	13,547	29,802	111,938	
Oct	118,743	-	22,771	42,026	109,199	
Nov	176,984	-	44,294	59,759	151,496	
Dec	241,663	393	89,506	91,961	210,352	
<b>Total</b>	<b>1,913,702</b>	<b>507,704</b>	<b>194,495</b>	<b>719,978</b>	<b>1,487,303</b>	<b>412,737</b>

\*As of 27 February 2024

# Tourist arrivals to the Maldives: recovery trend post-pandemic



Source: Ministry of Tourism Maldives

The Maldives - Monthly Tourist Arrivals						
Month	2019	2020	2021	2022	2023	2024
Jan	151,552	173,347	92,103	131,764	172,499	192,385
Feb	168,583	149,785	96,882	149,008	177,915	206,220*
Mar	162,843	59,630	109,585	150,739	173,514	
Apr	163,114	13	91,200	145,279	164,357	
May	103,022	41	64,613	125,522	120,959	
Jun	113,475	1	56,166	110,889	120,363	
Jul	132,144	1,752	101,818	133,561	145,620	
Aug	139,338	7,636	143,599	131,862	154,854	
Sep	117,619	9,605	114,896	111,986	130,967	
Oct	141,928	21,515	142,066	153,737	159,141	
Nov	137,921	35,757	144,725	146,886	163,658	
Dec	171,292	96,412	164,284	184,051	194,969	
<b>Total</b>	<b>1,702,887</b>	<b>555,494</b>	<b>1,321,937</b>	<b>1,675,303</b>	<b>1,878,543</b>	<b>398,605</b>

\*As of 27 February 2024

# Leisure: Q3 2023/24

Key indicators	2022/23		2023/24		
	Q3	Q4	Q1	Q2	Q3
<b>Colombo Hotels*</b>					
Occupancy (%)	43	62	49	67	57
ARR (USD)	65	63	70	69	88
EBITDA Margin (%)	12	14	(3)	13	16
<b>Sri Lankan Resorts</b>					
Occupancy (%)	38	62	55	71	66
ARR (USD)	63	71	59	62	80
EBITDA Margin (%)	(11)	33	(18)	4	15
<b>Maldivian Resorts</b>					
Occupancy (%)	91	89	82	82	88
ARR (USD)**	359	404	325	301	379
EBITDA Margin (%)	31	40	23	17	31

\*Occupancies and ARRs exclude "Cinnamon Red Colombo". The performance of "Cinnamon Life Colombo", currently under construction, will be reported once the project commences operations.

\*\*ARRs net of Green tax.

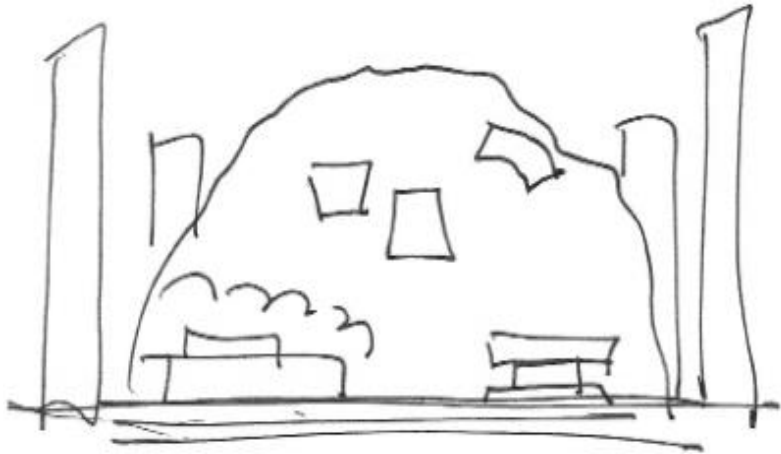
## Q3 Earnings Update:

(Rs. mn)	Q3 2023/24	Q3 2022/23
EBITDA	2,560	1,898

- The Sri Lankan Leisure businesses continued to record an improvement in performance, with an increase in occupancies and room rates across properties, on the back of a sustained recovery in tourist arrivals to the country.
- The Colombo Hotels segment continued its strong performance in restaurant operations whilst recording an increase in the number of events and banquets.
- The Maldivian Resorts recorded a marginal decline in performance on account of the translation impact stemming from the appreciation of the Sri Lankan Rupee by ~13% in comparison to Q3 2022/23, although the underlying operating performance recorded a marginal increase on account of an increase in ARR and a reduction in power and energy costs against the previous year.



# Cinnamon Life Integrated Resort



Initial sketch by Sri Lankan-British Architect,  
Cecil Balmond



The 3D rendering of “Cinnamon Life”



“Cinnamon Life” under construction



# Cinnamon Life Integrated Resort



## Gaming

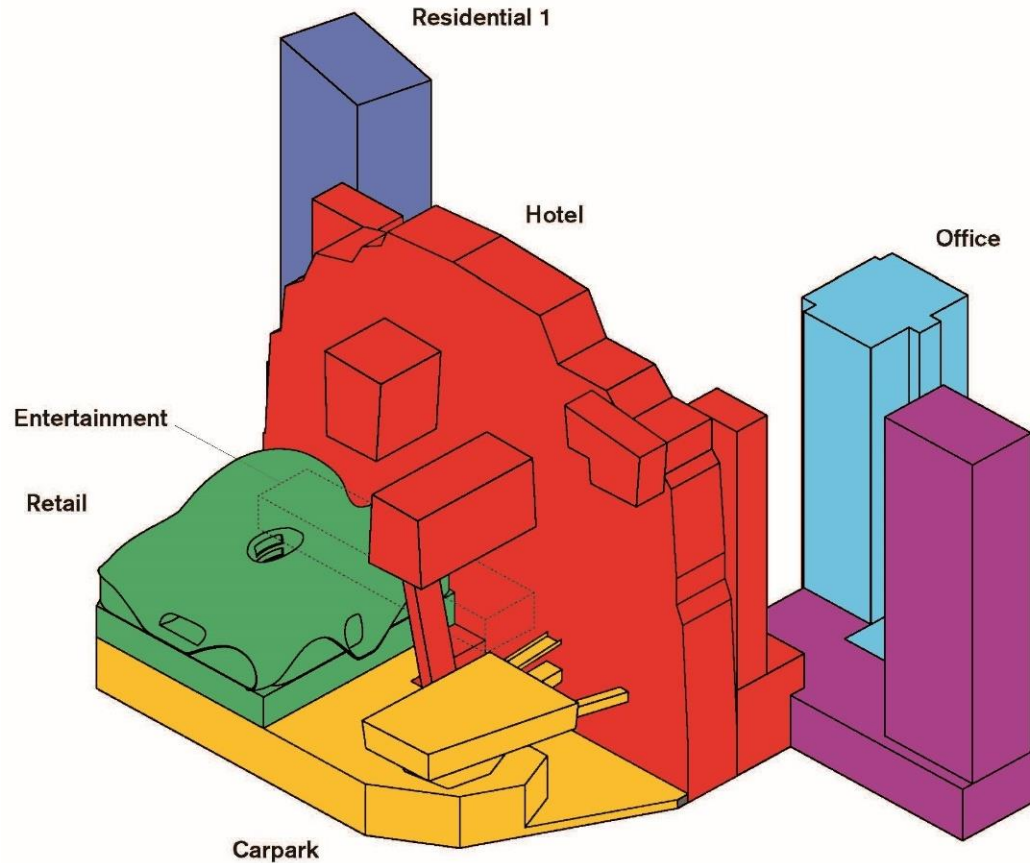
Further to the entering of the Memorandum of Understanding (MOU) with the selected international gaming operator, a significant amount of advanced design work, engineering and other construction and planning related aspects have been completed.

The significant groundwork completed by both parties will enable, and pave the way, for a timely and rapid completion of the fit-out of the gaming space, once commenced.

The parties are now working on the final stages of establishing the corporate and administrative framework which will enable commencement of fit-out at the earliest.

As originally envisaged, WPL will lease out space at the Cinnamon Life Integrated Resort for the operation of the casino.

# Cinnamon Life Integrated Resort



**Yellow:** Conferencing capacity (~5,000 pax) in five venues and car park facility (2,330 slots)

**Red:** 800 guest room hotel, including conferencing, banqueting, 7 specialty restaurants (~1,300 pax) and entertainment facilities

**Green:** The hotel and conferencing space collectively entails:

- 3 ballrooms, 7 meeting rooms, an exhibition hall and a conference hall
- 6 restaurants, 5 bars, 2 lounges and 3 pool bars and lounges
- 4 pools and wellness and fitness related spaces

Rentable mall ~149,000 Sq. Ft (Gross – ~345,000 Sq. Ft) and entertainment space of ~160,000 Sq. Ft

**Residential 2**

**Blue:** First residential development of approximately – 358,000 Sq.ft. (231 units)

**Purple:** Second residential development of approximately – 255,000 Sq.ft. (196 units)

**Light Blue:** A standalone office development ~254,000 Sq.ft. of rentable area (24 floors)



# Growth potential - MICE market

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- The number of outbound MICE travelers from India and China was at 2 million and 5 million (pre-pandemic).
- Colombo is well poised to take advantage of the growing outbound MICE travel from India.
  - The ARR and Conference Package Rate is lower in Colombo than India.
  - Travel time from India to Colombo is the lowest compared to regional competitors.
  - Budget carriers to reduce cost of air travel.
- India also has a booming outbound destination wedding market.
  - Thailand attracts ~300 Indian destination wedding each year.

# Property: Q3 2023/24

## Cumulative sales update:

(As at 31 December 2023)	Number of units sold	Number of remaining units
<b>Cinnamon Life:</b>		
The Residence at Cinnamon Life	147	84
The Suites at Cinnamon Life	109	87
<b>Total</b>	<b>256</b>	<b>171</b>
<b>TRI-ZEN</b>	<b>682</b>	<b>209</b>
<b>VIMAN</b>	<b>74</b>	<b>40*</b>

\*Number of total units in Phase 1 of the development is 114.

The construction activity at 'TRI-ZEN' is continuing with encouraging momentum where the finishing works in the apartments are underway. The overall project is scheduled for completion by the end of the fourth quarter of 2023/24.

The construction of the first phase of 'VIMAN' is expected to commence in the next financial year.

## Q3 Earnings Update:

(Rs. mn)	Q3 2023/24	Q3 2022/23
EBITDA	60	(312)
<ul style="list-style-type: none"> <li>The EBITDA includes profit recognition from 'TRI-ZEN' and rental income from ten floors of 'The Offices at Cinnamon Life'.</li> </ul>		

# VIMAN



In September 2023, John Keells Properties launched its latest residential project, 'VIMAN', located in the heart of Ja-Ela, a suburban area in close proximity to Colombo.

Spread across six acres, offering a harmonious blend of modern comforts with 418 apartments, 'VIMAN' is designed to provide a secure, family-friendly environment with convenient access to the city of Colombo, while retaining the charm of a small-town setting.

# Financial Services: Q3 2023/24

## Union Assurance PLC

Key performance indicators (%)	Q3 2022/23 (Oct-Dec 2022)	Q4 2022/23 (Jan-Mar 2023)	Q1 2023/24 (Apr-Jun 2023)	Q2 2023/24 (Jul-Sep 2023)	Q3 2023/24 (Oct-Dec 2023)
GWP growth	3	5	21	15	12
Net profit (Rs. Million)	1,970	445	469	435	2,410
Net profit growth	44	105	79	46	22

## Nations Trust Bank PLC

Key performance indicators (%)	Q3 2022/23 (Oct-Dec 2022)	Q4 2022/23 (Jan-Mar 2023)	Q1 2023/24 (Apr-Jun 2023)	Q2 2023/24 (Jul-Sep 2023)	Q3 2023/24 (Oct-Dec 2023)
Net profit growth	16	79	208	29	4
Loan growth	(3)	(11)	(14)	1	9
Net Interest Margin	8.3	8.0	7.6	6.7	6.6
Stage 3 loan ratio (net)	2.6	3.4	3.4	3.3	2.3

## Q3 Earnings Update:

(Rs. mn)	Q3 2023/24	Q3 2022/23
EBITDA	4,040	2,855

- The profitability of Union Assurance PLC (UA) was driven by the life insurance surplus which recorded an increase against the corresponding period of the previous year.
- UA recorded encouraging double-digit growth in gross written premiums, driven by renewal premiums, and higher yields on investments.
- NTB recorded a growth in profitability aided by loan growth, lower impairments and increased trading and fee income.

# THANK YOU

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