

KERALA AYURVEDA LTD

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www.keralaayurveda.biz

14th February, 2023

KAL Consolidated Revenue up 17.4% in YTD-Dec to Rs. 6880 Lakhs compared to PY YTD.

Ayurvedagram Bali Launched... A Major Milestone.

Ayurvedagram in Bengaluru is perhaps the most awarded in the World.

India's leading Authentic Ayurvedic establishment reported a 17.4% growth in Consolidated Revenue ending Third Quarter of 2022-23, driven by strong growth in Health Services. Maintained similar momentum in Q3 Revenue vs Q2 despite challenges in e-commerce and USA. Despite the strong headwinds, Kerala Ayurveda reported a Consolidated Revenue of Rs 6,880 Lakhs in YTD, Dec 2022, up from Rs 5,860 Lakhs in the same period a year ago. Kerala Ayurveda mitigated the impact of unprecedented inflationary pressures through disciplined cost control, operational efficiencies, and judicious price increases across key product categories.

Revenues:

- Overall sales has been encouraging (+17%) despite some challenges in e-commerce / US
- Focus on Doctors and secondary sales Vs Distributors. DKALP Launched with THREE DKALP Partners in Bengaluru, Gujarat & Bhopal.
- Total Health Service (HS) including Ayurvedagram was a healthy 54% vs PY. Ayurvedagram sales reflect a larger share of Indian guests: Foreigners still reluctant to travel because of Covid.
- India e-commerce started to grow (4%) vs PY after the glitches with Amazon partner and staff shortage..
- US sales recovering post the NAMA challenges.
- New US integrated digital website launched.
- KAL has recovered from the loss of its 70% of its well proven digital e-commerce team to new start-ups and competitors. We considered but chose not to match the salaries offered by the new employers which were 100%-150% higher. Our new employees and modified organization structure beginning to show results.
- Bali Ayurvedagram launched in December.

USA Business:

- Sales growth slowed in USA, due to new Academy regulations announced by NAMA, which require minimum 30% physical classes. This required us to restructure our academic programs and this transition has been time consuming, but fortunately we are building back momentum.
- We have taken this opportunity to revisit our pricing of our courses, which is expected to result in improvement of our long-term financial performance and also improve services to our students, including conducting physical classes.
- Our product sales growth is yet to gain momentum as we in the midst of revamping our website into an integrated academy, Health Services & product website.

Profitability:

- KAL Standalone profitability (PAT) has increased from 14.7 Lakhs to 222.5 Lakhs wrt Same period.
- KAL Consolidated profitability (EBITDA) decreased from Rs.867 Lakhs to Rs. 464 Lakhs (EBITDA before Forex Loss of 290 Lakhs) as we have Invested Rs. 340 Lakhs in the future programs.
 - Investment in Digitization in India & US
 - Investment in New Products
 - Investment in refurbishing facilities of HS / Ayurvedagram / Bali

However, we continued to be optimistic on the fundamentals of the business. We will continue to invest in all aspects of the business, especially in the US and Digital for long term sustainable growth.

Kerala Ayurveda Ltd continued to demonstrate agility and flexibility to deliver continuous organic growth in an environment that remains challenging, marked by unprecedented inflation and consequential impact on operations.

Future Perspective:

- KAL continued to grow from Q3 onwards. Q1 & Q2 were focused on investment and restructuring.
- KAL will continue to invest behind Digitization, E-commerce, New Products for online and US Business. These are fundamental directions that the company has adopted. We will combine the attractiveness of Natural Wellness with the strong Digital Platform. Ours will be a hybrid model ie PHYGITAL.
- The E-commerce business is becoming increasingly more sophisticated and more competitive. This business will continue to require long term investment. Consumer attitudes are fundamentally transforming towards a digital frame work. New startups are extremely funded by large private equity investments and they are able to pump in large investments into Digital Marketing.
- However, the opportunity for us is massive in India, US & Europe. We will need to explore new structures to be able to bring in investment to this effort.
- In addition to complement our focus on consumers via e-commerce, we are embarked on a significant investment program to develop exciting new consumer products with “KERALA AYURVEDA inside”..

Some Key Links:

<https://keralaayurveda.store/> - The new product website for Kerala Ayurveda US featuring Academy and Product business are on live. It is just phase-1. We will finally have a website that represents Kerala Ayurveda in the US accurately! We are expecting a couple of more phases ahead of us with more changes that'll enhance customer experience and showcase the brand in a new light that'll help propel our brand here in the US.

www.ayurvedagrambali.com

Ayurvedagram Bali is surrounded by stunning landscapes to nurture your senses. Lush jungles full of gorgeous plants and fauna, sprawling rice paddies, and thriving river valleys can be found in every direction. Our 25-room retreat is nestled amongst 7,000 square meters of breathtaking scenery. Ubud is the heart of Bali in more ways than one. As Bali's cultural capital, all manner of bohemians, artists, gourmets, hippies, royalty, and so much more lend their diverse perspectives to a rich local culture. We enjoy a beautiful harmony with this eclectic community, creating an experience unlike any other resort in Bali.

Kerala Ayurveda India Influencer program were recently launched on social media is focused on bringing our products and brand closer to younger audiences. We have had extraordinary viewership (upto 2.56 Lakhs). see the links below;

About Kerala Ayurveda Limited

Kerala Ayurveda Ltd is one of the oldest (founded 77 years ago) **full Spectrum-Listed Ayurveda companies in the world**. The company enshrines the authentic, traditional form of **Ayurveda and Yoga from Kerala**, with an ancient lineage going back 5,000 years. **Its footprint spans Academies, Wellness Resorts, Hospitals, Clinics, Products and Services across India & USA**. KAL has over 400 products and touches 100,000 patients / year. Kerala Ayurveda Academy, USA, based in California, has trained and certified over **2,000 'graduates'**. KAL has over 6,000 hours of education programs **certified by States of California and Washington in USA**.

For more information visit us at www.keralaayurveda.biz

Safe Harbor

Certain statements in this release are forward looking statements which involve a number of risks and uncertainties that could cause actual results and outcomes to differ materially from those in such forward looking statements. The risks and uncertainties relate to changes and variations in the project, unexpected delays in development, obtaining regulatory approvals, etc. The statements in this release represent Kerala Ayurveda's expectations and beliefs as of the date of this release. Kerala Ayurveda anticipates that subsequent events and developments may cause these expectations and beliefs to change. However, while Kerala Ayurveda may elect to update these forward-looking statements at somepoint in the future, it specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Kerala Ayurveda's expectations or beliefs as of any date subsequent to the date of this release.

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