

KERALA AYURVEDA LTD

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www.keralaayurveda.biz

14th November, 2022

KAL Consolidated Revenue up 18% in H1 to Rs. 4439 Lakhs with 14% increase in EBITDA

Kerala Ayurveda made a major break thru in establishing itself as a premier research-based institution; The company has been awarded the FIRST EVER US PATENT for an Ayurvedic formulation.

India's leading Authentic Ayurvedic establishment reported a 18% growth in Consolidated Revenue ending Second Quarter of 2022-23. The Q2 Revenue growth over Q1 is 20% despite challenges e-commerce and USA. Despite the strong headwinds, Kerala Ayurveda reported a Consolidated Revenue of Rs 4,439 Lakhs in first half of current financial year, up from Rs 3,766 Lakhs in the same period a year ago. EBITDA grew to Rs. 324 Lakhs in CY H1 from Rs. 285 Lakhs PY H1, which is 14% improvement. Kerala Ayurveda mitigated the impact of unprecedented inflationary pressures through disciplined cost control, operational efficiencies, and judicious price increases across key product categories.

Substantial committed Investments are made in the following areas:

- Investment in Digitization in India & US;
- Investment in rollout of New Products;
- Investment in refurbishing the facilities at our Wellness Clinics and Ayurvedagram; and
- All costs and contractual payments are back at full terms.

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.

"While the challenging economic environment, remnant covid issues, the recent challenges in the US academy regulatory front and major transition at e-commerce partner continue to be a concern, we are seeing green shoots of recovery. The impact of inflationary pressures will continue in the US and Indian markets but we are hopeful of our continued improved growth. We will continue to invest behind expanding our digital footprint in the US with a new integrated website and strong social media efforts. In India, we have expanded the digital social media influencer programs and continuing our investments to make a premier ayurvedic digital platform.

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Revenues:

- Overall revenue growth has been encouraging, despite challenges in e-commerce and USA.
- The company's initiative of reaching directly to the Doctors (D2D) has shown strong growth and has established a stronger and direct foothold with the Doctor community.

- Health Services, including Ayurvedagram grew at healthy 70% vs PY. Ayurvedagram sales reflected a larger share of guests from India, as foreigners are still reluctant to travel because of COVID.
- Revenue from e-commerce was adversely impacted due to recent changes in Government regulations for eMarketplaces. This is expected to stabilize and show momentum over the next quarters.

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.

Future Perspective:

- KAL will continue to grow in subsequent quarters, from Q3 onwards with significant focus 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 framework. 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 have embarked on a significant investment program to develop exciting new consumer products with “KERALA AYURVEDA inside”.

Some Key initiatives:

<https://www.youtube.com/watch?v=Qel6s8lkyhQ> - IAA GLOBAL SUMMIT - NATIONS AS BRAND. This was a Key note talk by Chairman Mr. Ramesh Vangal which was at major multinational global conference in Delhi, Sep, 2022. This establishes a clear vision of Ayurveda driven with Kerala Ayurveda as a feature.

<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.

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;

<https://www.instagram.com/reel/Ckhx3xIJnX0/> Product: Chyavanprash

https://www.instagram.com/reel/Cg4UGgFjPUr/?utm_source=ig_web_copy_link - Product: Neelibhringadi Keram

<https://www.youtube.com/watch?v=ZiyONQzXmVc> - Product: Neelibhringadi Keram

https://www.instagram.com/reel/CgTacphJVdX/?utm_source=ig_web_copy_link - Product: KAL Sparkles

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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