

KERALA AYURVEDA LTD

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Financial Results for Q3 & 9-Months of FY 2021-22

KAL HAS CONTINUED TO MAKE GOOD PROGRESS DESPITE MAJOR COVID ADVERSE IMPACT, INCLUDING THE RECENT (APR-JUN, DELTA) & (OCT-DEC, OMICRON) WAVES.

CONSOLIDATED BUSINESS GROWTH IS HEALTHY, DESPITE THE SEVERE IMPACT ON OUR PROFITABLE HEALTH SERVICE & AYURVEDAGRAM BUSINESS IN INDIA.

WE ARE CONFIDENT OF SUSTAINABLE AND PROFITABLE GROWTH AS WE INVEST BEHIND USA, DIGITISATION AND A NEW EXCITING PRODUCTS PORTFOLIO

1. From August 2020, KAL has been working to re-engineer the business with following strategic priorities. This has been shared with the Board and the BSE since mid-2020.

- 1: Sustain the business. Survive.
- 2: Convert Fixed Costs to Variable costs.
- 3: Reimagine, Reconstruct, Re-engineer KAL
 - Revised cost structures
 - Innovation
 - Build Consumer Portfolio
 - Focus on Digital
 - US and Global business to build long term profitability

We have largely executed as mentioned above.

2. Consolidated sales revenue for YTD FY 21-22 has increased by 32% Vs FY 20-21 and 4% Vs FY 19-20, despite COVID 2nd / 3rd wave during this period.

- Q3 momentum Vs Q2 slowed down marginally due to Covid and temporary e-commerce challenges
- However, growth trends for FY 21-22 continues to be Positive.
- Distribution of products to Doctors rebounded strongly in FY 21-22.
- Digital India & US Biz continued uninterrupted growth.
- Consolidated business growth Vs Pre-Covid in FY 19-20 is very encouraging.

3. KAL maintained profit since COVID break.

- Consolidated EBITDA (9 months), increased from Rs. 340 Lakhs in FY 20-21 to Rs. 754 Lakhs in FY 21-22
- Consolidated PAT (9 months), improved from loss of Rs. 89 Lakhs in FY 20-21 to Rs. 239 Lakhs in FY 21-22. Gross profit increased from 63% to 66%.

4. Growth is led by India e-commerce & US business.

- **Distribution:** Significant profitability increase by restructuring discounts. Progress in profitability has been a major development which gives us promise for the future.
- **Health Services:** HS & Ayurvedagram profitability has eroded from a high of Rs 337 Lakhs in FY 19-20 to Rs 104 Lakhs in FY 21-22 because of Covid cancellations and travel restrictions for overseas customers. We have dramatically reduced fixed costs and this vertical is now profitable even at lower business levels. We will wait for normalcy to return before HS can be a major profit contributor as it was before.
- **Digital businesses:** Our investment in this new vertical is beginning to pay-off. We will continue to invest in ecommerce consumer product portfolio and digital marketing.
- **US Business:** This predominantly online business has demonstrated an ability to increase profits YoY despite significant investments.
- Digital & US business, together with an expanded consumer portfolio, will be the key growth drivers in revenue & profitability in coming years.

5. Future outlook is bright

- We will continue to re-engineer the financial spine to cut fixed costs and manage variable costs
- Continued and relentless focus on Digitization
- Dramatically expand profitable US business by selective investment behind digital and alumni network with new products that have been launched.
- Focus on direct reach to Doctors, through Digital.
- Restructure & Streamline organization to Optimize costs.
- Invest in new skills to match the changing environment.

About Kerala Ayurveda Limited

Kerala Ayurveda Ltd is one of the oldest (founded 75 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, based in California, USA, has trained and certified over **2,000 'graduates'**. KAL has over 6,000 hours of education programs **certified by States of California and Washington**.

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 some point 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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