

NOT RATED**ZYDUS WELLNESS**

| Consumer Staples

| 18 May 2026

Healthy Expansion

- **Comfort Click acquisition and rising organized channel mix expected to aid margin expansion and international scale-up**
- **Organized channels contribution increased to 30% in FY26 versus 13% in FY21, led by quick commerce and e-commerce expansion**
- **Higher contribution from digital-first and international businesses expected to improve margin profile over time**

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Result Highlights: ZWL reported strong consol revenue growth rising 62.1% YoY to Rs 14.8bn in Q4'26, supported by the post-acquisition contribution from Comfort Click and healthy traction across domestic and international businesses. Gross margin expanded 1,000bps YoY to 64.8%, aided by portfolio mix improvement and contribution from acquired brands. EBITDA grew 42.2% YoY to Rs 2.7bn, while EBITDA margin stood at 18.2%. Further, the company guided for consolidated gross margins in the range of 60-67% annually, while targeting 14%+ EBITDA margin for Comfort Click and 16-18% EBITDA margin for the base business over the next 1-2 years. Adjusted PAT rose 17% YoY, indicating that the underlying operating performance remains healthy once exceptional and non-cash acquisition impacts are normalized.

Innovation-Led Growth Continues: ZWL continued strengthening its wellness portfolio through category leadership, innovation and digital channel expansion. Sugar Free maintained 96.1% market share leadership, while organized channels contribution increased to 30% in FY26 led by quick commerce and e-commerce momentum. RiteBite Max Protein sustained strong growth aided by new launches, rising repeat purchases and distribution expansion, while Comfort Click continued witnessing healthy traction across key European markets with improving D2C contribution. Management remains optimistic on recovery in seasonal categories, improving profitability across acquired businesses and sustained growth momentum driven by premiumisation and international expansion.

Our View: We believe ZWL is well placed for sustained growth driven by: 1) strong category leadership across key brands such as Sugar Free, Glucon-D and Nycil, 2) continued innovation and premiumisation across protein, hydration and wellness categories, and 3) rising contribution from quick commerce, e-commerce and international businesses, supported by the Comfort Click acquisition. Comfort Click acquisition, improving gross margins and better profitability in RiteBite Max Protein strengthen long-term growth visibility, though higher finance and amortisation costs continue to weigh on reported earnings in the near term.



Earnings KTA's

- Overall Performance:** Zydus Wellness reported a strong performance in Q4FY26, with net sales growing 63% YoY to Rs 14.8bn, on the back of domestic momentum and Comfort Click contribution. Management highlighted that the Comfort Click acquisition remains cash-EPS-accretive, despite higher interest and amortization charges. During FY26, organised channels contribution grew to 30% of domestic sales, supported by strong traction in quick commerce and e-commerce. Additionally, management reiterated confidence in the medium-term growth, driven by innovation, international expansion and improving profitability across acquired businesses. Further, the company guided for consolidated gross margins in the 60-67% range annually, while targeting 14%+ EBITDA margin for Comfort Click and 16-18% EBITDA margin for the base business over the next 1-2 years.
- Demand Trends and Outlook:** During the quarter, ZWL witnessed steady consumption trends with rural demand outperformance continuing in urban markets. Quick commerce and e-commerce sustained a strong momentum. Management highlighted that structural growth drivers across wellness, protein nutrition and digital channels stay intact. Moreover, commodity trends remained mixed with milk inflation persisting, though most other raw material costs stayed under control. Management expects growth momentum to sustain, supported by a seasonal recovery in Glucon-D and Nycil, continued traction in protein nutrition, strong growth in digital-first international businesses and upcoming product launches across key categories. Further, the company remains optimistic about the improved operating performance in FY27, driven by better seasonality, portfolio premiumisation and scale benefits from the recent acquisitions.

Food & Nutrition:

- Food & Nutrition segment delivered a strong growth in Q4FY26, led by a healthy momentum across Sugar Free, Complan, Nutralite and RiteBite Max Protein portfolios.
- Sugar Free maintained category leadership with 96.1% market share, while the D'Lite range expanded into newer markets witnessing strong consumer traction. Complan retained its No.4 market share position, with the company planning relaunches and new product introductions to improve relevance among younger consumers. Nutralite delivered a double-digit growth, aided by portfolio expansion and focused B2B/B2C execution. Nutralite Professional rolled out Cheesy Delight and Slim Mayonnaise variants. RiteBite Max Protein continued outperforming internal expectations across both value and volume metrics — supported by stronger repeat purchases, distribution expansion, innovation-led growth and higher sell-through across channels.
- Management highlighted that the business is approaching double-digit EBITDA margins on the back of scale benefits, integration synergies and operational efficiencies. The company further expanded the Max Protein portfolio through wafer bars, RTD protein beverages and new snacking formats. International presence increased to nine countries within the first year of acquisition. The company remains optimistic about the long-term potential of the protein portfolio, indicating that the business has the potential to scale meaningfully over the next few years.

Personal Care:

- During the quarter, Personal Care segment performance remained subdued. This was mainly owing to the weakness in seasonal brands, particularly Nycil, impacted by unfavourable weather conditions and prolonged rainfall during CY25. Management indicated that FY26 witnessed one of the weakest summer seasons in the last 6-8 years, adversely impacting the channel inventory and primary sales for Nycil and Glucon-D. However, the company has already absorbed inventory-related impacts and expects channel normalisation ahead of the upcoming summer season.
- Management stated that Nycil and Glucon-D remain structurally important brands with significantly higher-margin contribution and operating leverage for the overall portfolio. Everyuth maintained leadership across niche skincare categories and delivered healthy double-digit growth on a YTD basis, supported by strong traction in facial cleansing formats and innovation-led expansion. The company also initiated marketing and distribution of the Cuticolor brand across organised channels to strengthen presence in the functional skin and hair care categories.
- Glucon-D expanded into the performance hydration segment with the launch of Glucon-D Recharge, during the quarter. Management expects the normal seasonality recovery and improved summer demand to support stronger growth and profitability in the coming year.

International Business & Comfort Click:

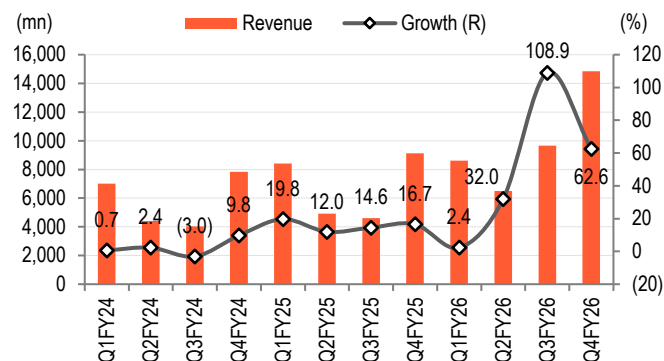
- International business continued to scale strongly, driven primarily by the Comfort Click acquisition and expansion across European wellness markets. Management highlighted that Comfort Click performed as expected, with strong traction across key markets including the UK, Germany, France, Italy and Spain.
- The business continued expanding portfolio through launches of adult gummies, probiotic gummies for kids and Himalayan Shilajit Resin under the WeightWorld platform. Further, WeightWorld expanded into newer European markets including Poland, Finland and Portugal. The company also continued evaluating opportunities in the US and UAE markets. Management stated that Comfort Click operates at structurally higher gross margins and remains a key contributor to consolidated margin expansion.
- D2C business performance remained ahead of internal expectations, supported by higher consumer ownership, better repeat purchases and improved marketing efficiency. Repeat purchase rates across marketplaces remained above 50%. Product ratings across platforms stayed above 4.6/5; reflecting strong acceptance from consumers. Management underscored focus on growing the existing markets, improving D2C mix, launching new products and scaling up the adjacent categories such as Animigo pet care. Further, management stated that Comfort Click remains strategically important for long-term international growth and could potentially expand significantly over the next few years given the large addressable market opportunity.

Fig 1 – Quarterly Table

| Consolidated (mn) | Q4FY26 | Q3FY26 | QoQ (%) | Q4FY25 | YoY (%) | FY26 | FY25 | YoY (%) |
|-------------------|--------|--------|-----------|--------|-------------|--------|--------|------------|
| Total Revenues | 14,847 | 9,649 | 53.87 | 9,131 | 62.6 | 39,610 | 27,089 | 46.2 |
| COGS | 5,197 | 3,531 | 47.18 | 4,117 | 26.2 | 15,669 | 12,781 | 22.6 |
| as % of sales | 35 | 37 | (159bps) | 45 | (1008.4bps) | 40 | 47 | (762.3bps) |
| Gross Profit | 9,650 | 6,118 | 57.73 | 5,014 | 92.5 | 23,941 | 14,308 | 67.3 |
| Gross margin (%) | 65 | 63 | 159bps | 55 | 1008.4bps | 60 | 53 | 762.3bps |
| Employee costs | 1,046 | 738 | 41.73 | 733 | 42.7 | 3,130 | 2,372 | 32.0 |
| as % of sales | 7.0 | 7.6 | (60.3bps) | 8.0 | (98.2bps) | 7.9 | 8.8 | (85.4bps) |
| Other expenses | 3,492 | 2,982 | 17.10 | 1,301 | 168.4 | 9,255 | 8,139 | 13.7 |
| as % of sales | 24 | 31 | (738bps) | 14 | 927.2bps | 23 | 30 | (668.0bps) |
| EBITDA | 2,701 | 610 | 342.79 | 1,900 | 42.2 | 5,097 | 3,797 | 34.2 |
| EBITDA margin (%) | 18.2 | 6.3 | 1187bps | 20.8 | (261.6bps) | 12.9 | 14.0 | (114.9bps) |
| D&A | 553 | 555 | (0.36) | 132 | 318.9 | 1,467 | 284 | 416.5 |
| Interest cost | 387 | 412 | (6.07) | 42 | 821.4 | 981 | 120 | 717.5 |
| Other income | 12 | 8 | 50.00 | 8 | 50.0 | 64 | 136 | (52.9) |
| PBT | 1,773 | (415) | (527.23) | 1,734 | 2.2 | 2,305 | 3,588 | (35.8) |
| Tax | 153 | (16) | (1056.25) | 15 | 920.0 | 333 | 119 | 179.8 |
| Reported PAT | 1,620 | (399) | (506.02) | 1,719 | (5.8) | 1,972 | 3,469 | (43.2) |
| PAT margin (%) | 10.9 | (4.1) | 1505bps | 18.8 | (791.5bps) | 5.0 | 12.8 | (782.7bps) |

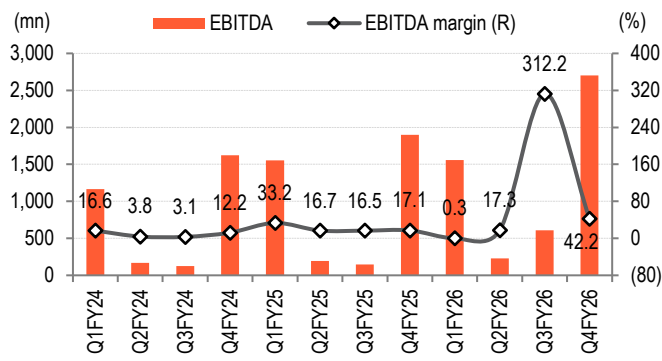
Source: Company, BOBCAPS Research

Fig 2 – Revenue and its growth



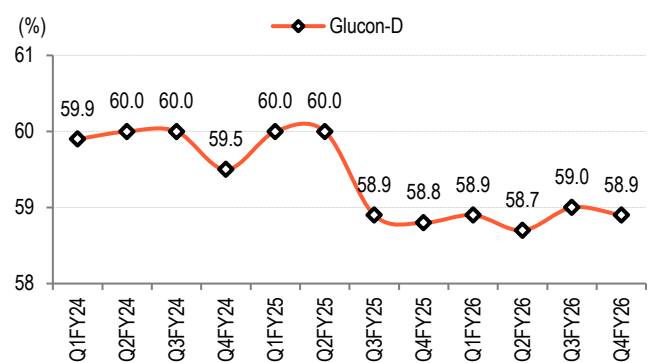
Source: Company, BOBCAPS Research

Fig 3 – EBITDA & its margins



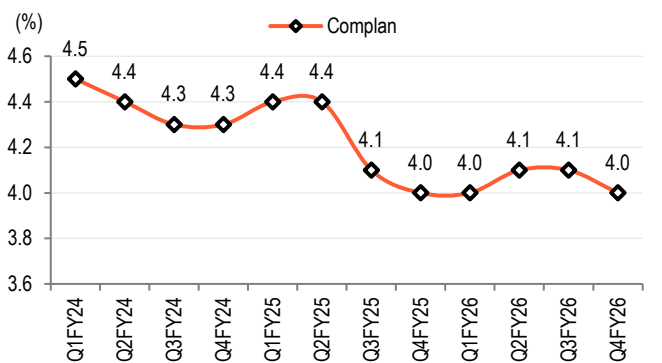
Source: Company, BOBCAPS Research

Fig 4 – Glucon-D MS



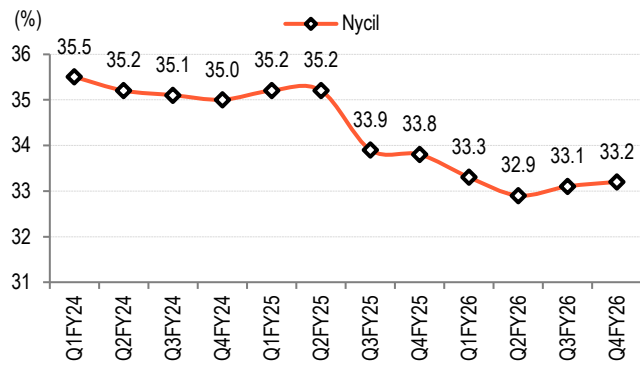
Source: Company, BOBCAPS Research

Fig 5 – Complian MS



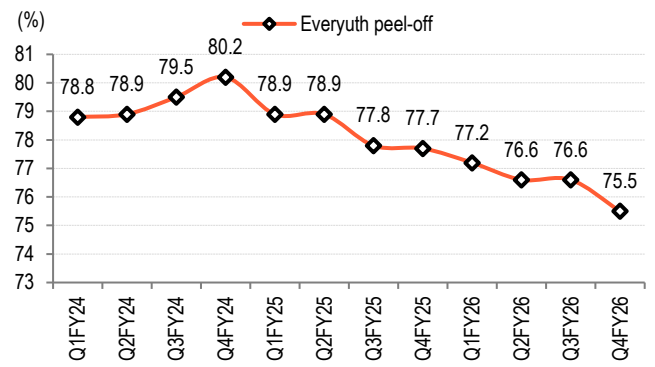
Source: Company, BOBCAPS Research

Fig 6 – Nycil MS



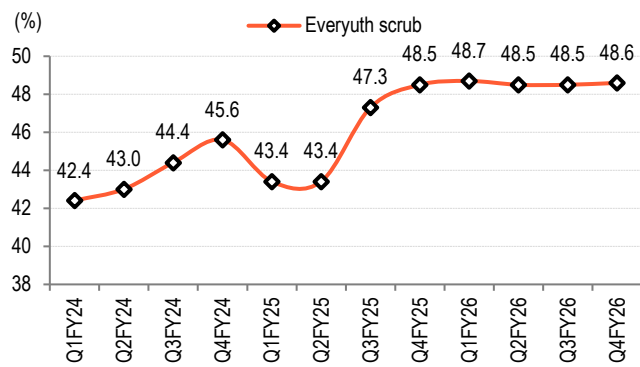
Source: Company, BOBCAPS Research

Fig 7 – Everyuth peel-off MS



Source: Company, BOBCAPS Research

Fig 8 – Everyuth scrub



Source: Company, BOBCAPS Research

Fig 9 – Recent Innovations



Introduced an all-new category, Max Protein Roots - Ghee Jaggery Bar

- 10g Protein
- 4g Fiber
- No Palm Oil

Launched in 3 Flavours

- Coffee Mocha
- Cocoa Brownie
- Orange Burst



- 26g Protein
- NO Added Sugar

- Source of Fiber
- Milk Protein

Launched in 2 Flavours

- Berry Blush
- Choco Burst



Korean-inspired flavours made with 7 grains

- 10g Protein
- 4g Fiber
- No Palm Oil

- Low GI
- Gluten-free

Launched in 3 Flavours

- Gochujang
- Hot Chilli
- Barbeque

Source: Company, BOBCAPS Research

Fig 10 – Financials (IS)

| Consolidated (mn) | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
|-------------------|-------|--------|--------|--------|--------|--------|--------|--------|
| Total Revenues | 8,428 | 17,668 | 18,667 | 20,091 | 22,548 | 23,278 | 27,089 | 39,610 |
| COGS | 2,984 | 7,788 | 8,449 | 9,804 | 11,460 | 11,384 | 12,781 | 15,669 |
| as % of sales | 35 | 44 | 45 | 49 | 51 | 49 | 47 | 40 |
| Gross Profit | 5,445 | 9,880 | 10,218 | 10,287 | 11,088 | 11,894 | 14,308 | 23,941 |
| Gross margin (%) | 65 | 56 | 55 | 51 | 49 | 51 | 53 | 60 |
| Employee costs | 856 | 1,611 | 1,638 | 1,636 | 1,673 | 1,934 | 2,372 | 3,130 |
| as % of sales | 10 | 9 | 9 | 8 | 7 | 8 | 9 | 8 |
| Other expenses | 2,741 | 3,040 | 2,840 | 2,857 | 6,043 | 6,878 | 8,139 | 15,714 |
| as % of sales | 33 | 17 | 15 | 14 | 27 | 30 | 30 | 40 |
| EBITDA | 1,848 | 2,942 | 3,444 | 3,448 | 3,372 | 3,082 | 3,797 | 5,097 |
| EBITDA margin (%) | 22 | 17 | 18 | 17 | 15 | 13 | 14 | 13 |
| D&A | 125 | 264 | 252 | 236 | 250 | 238 | 284 | 1,467 |
| Interest cost | 301 | 1,399 | 838 | 255 | 161 | 240 | 120 | 981 |
| Other income | 389 | 107 | 89 | 104 | 49 | 139 | 136 | 64 |
| PBT | 1,706 | 1,211 | 1,122 | 3,060 | 2,909 | 2,601 | 3,588 | 2,305 |
| Tax | (6) | (205) | (65) | (29) | (195) | (68) | 119 | 333 |
| Reported PAT | 1,691 | 1,416 | 1,188 | 3,089 | 3,104 | 2,669 | 3,469 | 1,972 |
| PAT margin | 20 | 8 | 6 | 15 | 14 | 11 | 13 | 5 |

Source: Company, BOBCAPS Research

Fig 11 – Financials (BS)

| Balance Sheet | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|
| Accounts payables | 3,923 | 5,045 | 4,386 | 3,643 | 3,133 | 3,629 | 4,288 | 4,614 |
| Other current liabilities | 317 | 339 | 470 | 345 | 386 | 361 | 497 | 418 |
| Provisions | 336 | 259 | 312 | 347 | 410 | 446 | 658 | 686 |
| Debt funds | 15,693 | 15,191 | 5,498 | 3,815 | 2,925 | 3,240 | 1,850 | 31,864 |
| Other liabilities | 454 | 457 | 321 | 333 | 250 | 233 | 410 | 7,236 |
| Equity capital | 577 | 577 | 636 | 636 | 636 | 636 | 636 | 636 |
| Shareholders' fund | 33,863 | 34,607 | 45,678 | 48,440 | 51,227 | 53,575 | 56,716 | 58,260 |
| Total liabilities and equities | 54,585 | 55,897 | 56,664 | 56,922 | 58,331 | 61,484 | 64,419 | 103,078 |
| Cash and cash eq. | 1,382 | 545 | 1,737 | 1,154 | 370 | 800 | 667 | 1,106 |
| Accounts receivables | 960 | 1,182 | 943 | 1,423 | 2,078 | 2,833 | 3,670 | 3,838 |
| Inventories | 2,331 | 2,923 | 3,647 | 3,616 | 4,575 | 4,676 | 5,175 | 7,638 |
| Other current assets | 2,304 | 3,108 | 2,142 | 1,944 | 2,062 | 4,191 | 1,530 | 1,085 |
| Net fixed assets | 2,177 | 2,082 | 2,033 | 2,564 | 2,833 | 2,564 | 3,055 | 3,384 |
| Intangible assets | 43,600 | 44,689 | 44,678 | 44,655 | 44,620 | 44,608 | 48,345 | 82,806 |
| Other assets | 1,831 | 1,368 | 1,484 | 1,566 | 1,792 | 1,812 | 1,977 | 3,221 |
| Total assets | 54,585 | 55,897 | 56,664 | 56,922 | 58,331 | 61,484 | 64,419 | 103,078 |

Source: Company, BOBCAPS Research

Fig 12 – Financials (CF statement)

| Cash Flow Statement | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
|-----------------------------|----------|---------|---------|---------|---------|-------|---------|----------|
| Net income + Depreciation | 1,533 | 1,492 | 2,751 | 3,311 | 3,200 | 2,799 | 3,950 | 3,707 |
| Interest expenses | 97 | 1,346 | 770 | 162 | 129 | 130 | 89 | 967 |
| Changes in working capital | 494 | (230) | (656) | (1,063) | (2,399) | (438) | (268) | (2,111) |
| Other operating cash flows | (630) | (16) | 2 | (41) | (13) | (27) | 29 | (299) |
| Cash flow from operations | 1,494 | 2,592 | 2,868 | 2,369 | 917 | 2,464 | 3,800 | 2,264 |
| Capital expenditures | (171) | (245) | (175) | (747) | (443) | (264) | (653) | (1,009) |
| Other investing cash flows | (41,446) | 74 | 71 | (112) | (405) | 71 | (1,583) | (28,090) |
| Cash flow from investing | (41,617) | (171) | (104) | (860) | (849) | (193) | (2,236) | (29,099) |
| Equities issued | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt raised/repaid | 15,443 | (502) | (9,693) | (1,683) | (890) | 315 | (1,390) | 28,547 |
| Dividends paid | (376) | (694) | (2) | (319) | (319) | (319) | (318) | (382) |
| Other financing cash flows | 25,449 | (1,401) | 7,531 | (337) | (176) | (253) | (155) | (1,181) |
| Cash flow from financing | 40,515 | (2,597) | (2,164) | (2,338) | (1,385) | (257) | (1,863) | 26,984 |
| Changes in cash and cash eq | 688 | 1,928 | 2,527 | 1,698 | 382 | 2,396 | 501 | 816 |
| Closing cash and cash eq | 1,381 | 1,928 | 2,527 | 1,698 | 382 | 2,396 | 667 | 1,106 |

Source: Company, BOBCAPS Research

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