Date: November 20, 2026

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001,
Maharashtra, India

National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

BSE Scrip Code: 544642

NSE Scrip Symbol: WAKEFIT

Subject: Transcript of the earnings conference call held on November 13, 2026

Dear Sir/ Madam,

Pursuant to Regulations 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of transcript of the earnings conference call held on Friday, November 13, 2026, at 11:00 a.m. (IST) to discuss the unaudited financial results of the Company for the quarter and half year ended September 30, 2026.

The said transcript is also available on the Company's website at: www.wakefit.co/investor-relations.

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,
For Wakefit Innovations Limited
(formerly known as Wakefit Innovations Private Limited)

SURBHI SHARMA
Digitally signed by SURBHI SHARMA
Date: 2026.11.20 11:29:22 +05'30'

Surbhi Sharma
Company Secretary and Compliance Officer
Membership Number: A57349

Encl: As above

"Wakefit Innovations Limited

Q2 FY27 Earnings Conference Call"

November 13, 2026

E&OE - This transcript has been edited for grammatical and other transcribing errors. In case of discrepancies, the audio recordings uploaded on the stock exchange on November 13, 2026 will prevail. Certain financial figures and numbers have been rounded off for ease of discussion and understanding.

MANAGEMENT: **MR. ANKIT GARG – CHAIRPERSON, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR – WAKEFIT INNOVATIONS LIMITED**
MR. CHAITANYA RAMALINGEGOWDA – EXECUTIVE DIRECTOR – WAKEFIT INNOVATIONS LIMITED
MS. PARUL GUPTA – CHIEF FINANCIAL OFFICER – WAKEFIT INNOVATIONS LIMITED

MODERATOR: **MR. RAKSHIT DESAI – IIFL CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Wakefit Innovations Limited Q2 FY27 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rakshit Desai from IIFL Capital. Thank you, and over to you, sir.

Rakshit Desai: Hi. Good morning, everyone. I have the pleasure to host the management of Wakefit Innovations for the 2Q FY27 earnings call. From the management, we have with us Mr. Ankit Garg, Chairman, CEO and Executive Director; Mr. Chaitanya Ramalingegowda, Executive Director; and Ms. Parul Gupta, CFO.

I'll hand over the call to the management for their opening remarks, post which we'll open the floor for Q&A. Over to you, sir.

Ankit Garg: Thank you so much for the introduction, and good morning, everybody. A warm welcome to all of you, and thank you for joining our quarter 2 FY27 earnings call. Before we begin, I would like to wish everyone a happy Diwali and a prosperous New Year. May the festive season bring happiness, good health and prosperity to you and your families. On this call, we are joined by Chaitanya, Executive Director; Parul Gupta, CFO; and our Investor Relations Adviser, Strategic Growth Advisors.

The results and presentation have been uploaded on the Stock Exchange and company websites. I hope everyone has had an opportunity to go through them. For quarter 2 FY27, revenue from operations stood at INR452 crores, our highest ever quarterly revenue, reflecting a year-on-year growth of 19.9%. EBITDA for the quarter stood at INR50 crores with an EBITDA margin of 11.1%, while PAT stood at INR15.9 crores, translating into PAT margin of 3.5%. For H1 '27 half year, revenue from operations stood at INR856.9 crores, registering a year-on-year growth of 18.4%.

EBITDA stood at INR106.6 crores with a margin of 12.4%, while PAT stood at INR39.3 crores with a margin of 4.6%. On the demand front this year, our festive sale events began in the second week of October compared with the last week of September last year. This resulted in a portion of the festive demand shifting from quarter 2 to quarter 3.

Encouragingly, October trends have been positive following the -- commencement of the sale events. We, therefore, believe that H1 performance when viewed alongside Q3 will provide a very meaningful picture of underlying business momentum.

On the cost front, the operating environment remains challenging with crude-linked raw materials, particularly polyol and TDI, continuing to remain elevated. Geopolitical disruption in West Asia have also impacted raw material availability and logistics across the industry. Given the volatility in raw material prices, we have undertaken calibrated price increases while remaining mindful of customer affordability and maintaining absolute profitability.

Coming to our category performance, mattresses and furniture continued to deliver healthy double-digit growth during the first half, supported by our expanding omnichannel presence. Furnishings remained softer, though we saw some improvements towards the end of the quarter.

Over the longer term, we remain committed to building Wakefit into one-stop destination for home and sleep solutions with our current share at well below 1% of the combined mattress, furniture, home accessories industry, we see significant headroom for growth.

Before I conclude, I would like to thank all of our employees for their continued commitment and dedication in navigating the operational and cost challenges during the quarter. Their efforts remain central to our growth journey.

Now with this, I would hand over to Chaitanya Ramalingegowda, Executive Director, to explain more. Thank you.

Chaitanya R.: Thank you, Ankit, for the introduction, and good morning, everyone. Let me give you some operational highlights for Q2 FY27. Mattresses contributed 61.8% of revenue, registering a Y-o-Y growth of 21.4%. As our mainstay category, we expect steady growth, supported by our expanding omnichannel presence, a good portfolio of products and improving retail conversions.

Secondly, Furniture contributed 30.1% of revenue with a Y-o-Y growth of 24.9%, which is a higher growth rate than mattresses. Our focus remains on improving same-store sales and productivity across the existing network. We expect growth to accelerate as our jumbo stores also become operational in the coming months and our product catalog continues to deepen and expand.

Furnishings contributed 8.1% of revenue. We have seen some improvement towards the end of the quarter and remain focused on getting back to the growth rate that we enjoyed earlier on this particular category. Moving on to our retail expansion. We continue to expand our company-owned, company-operated store count during the first half, adding 41 stores in Q2 and 68 stores in H1 of FY27. This takes our network to 205 stores as of September 30 across 137 cities compared with 165 stores across 100 cities as of 30th June.

Going forward, we will moderate store additions in H2 with a greater focus on ramping up recently opened stores, improving their productivity, calibrating the metrics and then pushing the pedal once more at the right time. Alongside our company-owned, company-operated network, our MBO channel also continues to help us expand into new markets with limited upfront capital investment. As of September 30, we had 2,589 MBOs across 787 cities compared with approximately 2,250 outlets across 701 cities as of end of June.

Coming to our channel mix, our own channels comprising our website and COCO stores contributed 70% of Q2 FY27 revenue compared with 60.2% in Q2 FY26, with revenue from these channels growing at nearly 39.4% Y-o-Y. The strength of these channels reflects our growing brand presence and allows us greater control over the customer experience and the derived margins thereafter.

We are also seeing encouraging customer retention with over 32% of our revenue coming from repeat customers, reflecting the strength of our relationships and the ability to gain more share of wallet. At the same time, external channels, including marketplaces and quick commerce continue to play an important role in driving traffic, sales, and more importantly, acquiring new customers during sale events.

Another encouraging aspect is cross-selling across categories with an average cart carrying close to nearly 2 products. This reflects the strength of our multi-category proposition, where customers purchasing mattresses often add pillows and bedsheets, while furniture purchasing customers drive sales of complementary products that are related to that furniture. Moving to our jumbo stores.

Construction of the first store in Bengaluru is progressing, and we are targeting its launch in Q2 FY28 as per the earlier plan. Along with the expansion of our product catalog, these larger formats are expected to support the next phase of growth in our furniture business by offering customers a wider range and an enhanced shopping experience.

I now invite Parul, our CFO, to provide insights on the financial performance.

Parul Gupta: Thank you, Chaitanya. Good morning, everyone. Let me now take you all through our financial performance for the quarter 2 of FY27. Revenue from operations stood at INR452 crores, our highest ever quarterly revenue, registering a healthy year-on-year growth of 19.9%. Gross profit for the quarter stood at INR243 crores, up 12% year-on-year with gross margin at 53.9% in quarter 2 of FY27 compared with 57.7% in the corresponding quarter last year.

Reported EBITDA, excluding other income, stood at INR50.2 crores, reflecting a 21.5% year-on-year growth with the EBITDA margin of 11.1%. Operating EBITDA for the quarter stood at INR30.5 crores, registering a 26% year-on-year increase with the operating EBITDA margin expanding to 6.7%. Our employee benefit expenses for the quarter stood at INR54.5 crores, registering a year-on-year increase of 30%.

This increase was primarily driven by strengthening our leadership team and adding resources to support business growth and network expansion, along with annual salary revision. This also includes ESOP expenses of INR2.5 crores compared with INR4 million in the corresponding quarter last year.

Our advertisement and marketing investments for the quarter stood at 5.2% of the revenue from operations. Profit before tax stood at INR26.5 crores, registering a year-on-year growth of 66.3%. The PBT margin also improved to 5.9% compared with 4.2% in the corresponding quarter last year. The tax expense for the quarter stood at INR10.7 crores and included a deferred tax charge of INR6.5 crores.

This was primarily on account of reversal of the timing differences arising from the depreciation and provisions in the normal course of business, along with the partial unwinding of the deferred tax asset recognized on carryforward losses as the company continues to generate taxable profits.

Excluding these deferred tax movements, PAT for the quarter stood at INR22.3 crores, representing 4.9% of the revenue and registering a year-on-year growth of 39.9%. This better reflects the underlying operating performance of the business.

Reported profit after tax stood at INR15.9 crores compared with INR16 crores in the corresponding quarter last year, which did not carry any tax expense. Moving to our half year performance for the financial year '27. Our half yearly revenue from operations stood at INR857 crores, registering a year-on-year growth of 18.5%.

Reported EBITDA, excluding other income, stood at INR106.6 crores with a margin of 12.4%, reflecting a year-on-year growth of 24%. Operating EBITDA for the half year stood at INR67.3 crores, registering a growth of 39% with the operating EBITDA margin expanding to 7.9% from 6.7% in the H1 of FY26.

The ESOP expenses for the half year stood at INR3.2 crores. Excluding deferred tax movement, PAT for the H1 '27 stood at INR53 crores, registering a year-on-year growth of 49%, with the margin improving to 6.2% from 4.9% in H1 FY26. Reported PAT stood at INR39.3 crores, registering a Y-o-Y growth of 10.5%.

Looking ahead, we expect to incur a capital expenditure of around INR100 crores to INR120 crores in FY27 and nearly 80% of this investment will be directed towards expanding our retail footprint, particularly through the rollout of our jumbo store.

The remaining 20%, as mentioned earlier as well, will be invested in manufacturing, automation and other regular business upgrades to further strengthen operational efficiency and support our long-term growth objectives.

With this, we can conclude our opening remarks, and we can open the floor for the Q&A. Over to you, Steve.

Moderator: Thank you, ma'am. We will now begin the question-and-answer session. Our first question comes from the line of Siddhartha Bera with Nomura.

Siddhartha Bera: Congrats on a good set of numbers, sir, on a challenging quarter in quarter 2. I think we did see a good acceleration in the growth despite the shift in festive, which you rightly pointed out. Sir, some initial thoughts, if you can share how has been the festive demand in the current quarter given that we will probably have a favorable base now? So do we see any further acceleration from current levels? And for the last quarter also, I mean, possible to highlight what will be the same-store sales growth we would have seen?

Chaitanya R.: So the growth on the -- thank you for that. The growth on the festive, like Ankit mentioned, has been different, and we cannot compare September to September of this year because the sales started only around 8th October this year as opposed to 22nd September last year. But having

said that, the sales started off spectacularly well. The first -- usually, the sale is split into 3 or more waves. And the first wave usually is for about 7 to 10 days once the sale starts.

So that wave was pretty good with a -- started with a very big jump, and after that moderated to the normal growth rates that we see usually in the festive season in the second and third wave. In general, overall festive sale of 30 to 33 days has been decent, but not the spectacular thing that we expect some years, given the consumer demand and consumer spending on discretionary products has been moderate and has seen ups and downs this year. That means we've seen good growth overall, but it's not a spectacular number that sometimes happens.

Secondly, on the like-for-like same-store sales growth, we have been able to deliver mid-teens level growth on the stores that have been in existence.

Siddhartha Bera: Got it. And on the COCO store addition also, so we had about a plan of 100 -- 80 stores addition for the year maybe. So now with already we are doing close to 70 in the first half, do you think we will probably end up with a higher number for the year, even if we build a moderation in the second half? And...

Chaitanya R.: That is correct. Yes, please continue.

Siddhartha Bera: Yes. No, I think the third question was on the price hike. So -- I mean, probably we have seen the worst of the impact in terms of costs in quarter 2, which is very visible in terms of our RM to sales. Where does the pricing land now? I mean, from henceforth, are you seeing any moderation in the commodity and any price hikes, which we have planned further on to sort of pass on the costs? Or I mean, the improvement from here on will be more led by commodity softening, so if you can share some thoughts here.

Chaitanya R.: Right. On the first part of store opening, you're right. Even if we do moderate it, we will land up at a higher number of net store opening compared to the target of 80 that we had provided at the beginning of the financial year. So that is right, but we don't have a number as yet because we deliberately front-loaded it so that we can deliver most of the revenue in the second half from mature stores. We are continuing to open even in Q3.

What that number is going to land at, maybe in the next earnings call, we will have more clarity, but we will definitely be more than 80 at the end of this financial year. Secondly, on the raw material prices, our price hikes to pass it on, you're right, we have done a couple of price hikes, 1 price drop, etcetera, since the war started in February.

However, we don't believe that we want to do any more additional price hikes because we've always been treading the fine line between growth and destroying volume growth -- value growth versus destroying volume growth. So consumer demand operates at a very specific frontier, and we don't want to breach that frontier in either direction. But currently, we don't think it is going to be seeing any more price hikes barring completely unforeseen further increases in the crude prices.

The second matter is last quarter, we also mentioned that even if we are willing to pay, there was a severe shortage of raw materials in the market. That, one, seems to have eased out. And, two,

we have utilized the relationship strength over the last 11 years and managed to get access from different plants and different geographies to ensure that the engine keeps running. So that part has been taken care, and we hope that we don't have to do any more raises.

Moderator: The next question comes from the line of Harish Advani with Axis Capital.

Harish Advani: Congrats on a great set of numbers despite the festive shift. My first question was on the like-for-like growth in Q2. So you did mention that the sales started on 22nd of September last year. So if we were to look at how we had performed up till, say, 21st September, 2026, what kind of growth would we have seen? That is my first question.

Chaitanya R.: You're saying till end of September this year versus end of September last year?

Harish Advani: No, no. I'm saying that the festive sale, which happened last year, it started on 22nd of September, correct? So if I were to ask you for the sales from 1st July till 21st September and compare that versus what we did this year, what would be the growth like?

Ankit Garg: Got it. That -- again, that would not be a meaningful number because usually about 10 to 15 days before the announced sale event, the purchasing and conversion sees a drastic drop across all channels because customers tend to wait for the announced date. But it would -- if you just look at 21st to 21st, it would still not give a picture because last year, people would have stopped purchasing around 8th, 9th of September, waiting for 22nd.

This year, people would have stopped purchasing around 25th, 22nd, so waiting for the 8th October. However, if you still want to do some kind of a comparison, it would be that we are at a mid-20s of value and late teens of volume if you just take it to the presale period.

Harish Advani: Perfect, sir. Second question was on the split between volume and value, if you could share that for the Mattress business specifically, yes.

Chaitanya R.: Got it. We have not disclosed the volume. We hope to share that going forward. But for the mattress business for July, August, if you just take it, the volume has been in the mid-teens, and value has been higher than that because of the price hikes.

Harish Advani: Perfect, sir. Sir, the next question was on inventory. So we have seen a sharp increase in the amount of inventory that we are carrying. Of course, some part of it will be to the elevated RM environment that we see today. But given that you said that previously, you all had certain issues in terms of the procurement of RM, given that we have this RM buildup now, how much of the demand do we expect to have covered, say, like do we have 3 months buffer, 6 months buffer? That is my third question.

Chaitanya R.: So firstly, on the inventory buildup that you see, it will be a combination of RM as well as finished goods. The reason being, the -- given that we are not a trader and we are a full stack company that owns it from research, development, manufacturing, supply chain, we have to build up the inventory from 2 months before the sale event.

So we build up a stockpile of raw materials, then start converting that into finished goods, then loading up the different hub and spoke of the network so that we are able to deliver exceptional quality at very quick speeds once the sale starts. So given this backdrop, the buildup has been both in RM and FG.

And to answer your question in a more simple manner, we have about 3 to 4 months of visibility at any point in time so that we are not scrambling for it and worrying about inventory for the next month. And this overall inventory level always goes up during sale and always comes down once the sale event settles down.

Harish Advani: Okay. Sir, and just last 2 quick questions. First is on the A&P spend. So while we have guided for 7% to 8% for the full year, this quarter, we saw about a 5% kind of average or A&P to sales. So how are we thinking about the number for the second half? Will it still be in that 7% to 8% guided band or we expect to see it somewhat kind of look similar to what the H1 was, which was around about 6% odd?

Chaitanya R.: No, we stick by the original guidance, and primarily also because sale event, we do end up spending a significant percentage. When I say sale event, I mean the OND quarter. So that's why we still stick by the 7% to 8% range. If we have an opportunity to save, we will always take that first step to save it. But as of now, it looks like we will stick by the guidance.

Harish Advani: And last question, sorry, was on the tax part of it. So has that deferred tax been kind of completely unwound or we can expect this to play out over the next couple of quarters as well?

Parul Gupta: Yes, yes. So, Harish, it will pan out for the next couple of quarters as well. Only 2 quarters have passed by wherein we have unwinded. It will continue in the next year as well.

Harish Advani: And similar in that 35%, 40% ballpark is what we are kind of penciling in for the full year, right?

Parul Gupta: Yes. So this tax comprises of 2 components. One is on the cash outflow, which is the current tax and another is a deferred tax. Deferred tax is approximately in the range of 20% to 25%. So that's similar kind of a range.

Again, it will be more of a timing impact. It may vary a few percentiles here and there, but in the similar range, it will vary. And the current tax will continue to be there till the time we have the money in our bank and earning interest on that.

Moderator: The next question comes from the line of Rakshit Desai with IIFL Capital.

Rakshit Desai: A few questions from my side. Firstly, on the retail channel and the scope for stores. So you mentioned in the PPT that sales from retail channels have grown 24%, which is similar to the overall mattress growth. So although your network expansion on a Y-o-Y basis has been much faster, so is this because of going deeper into non-metro towns that is dampening the store throughput? Or are other factors contributing to the decline?

Chaitanya R.: No. The stores when they open, they usually take 2 to 4 months to stabilize and that was -- and come to the right trajectory that we want them to come to. And that was the reason I told you

that we front-loaded most of our target in H1 so that these -- all of them mature and deliver much more steady-state revenues in H2 of this year.

And that is why there could be a small dip in that contribution. But the growth for mattresses has come from all 3 channels, which is, number one, opening up more stores in Tier 2 towns, where we did not have an offline presence; and number two, both the retail COCO stores and our website.

And number three, because of the July Prime Day sale and August Independence Day sale, it saw a healthy growth even on marketplaces. So all 3 have contributed, but the store logic is because of the front-loading, and they will achieve maturity in H2.

Rakshit Desai: Got it. Got it. So can you give some flavor on how the unit economics for a non-metro store and a metro store work comparing a mature store in both cases?

Chaitanya R.: So we don't provide format-by-format detailed unit economics. But 1 or 2 data points that might help you form a view is, number one, for the mega stores that we had till about last year, which is selling furniture and mattress, we have about 105 or 110 of them. Those have about 1.5 to 2x higher investment compared to the mini stores.

The mini stores, which have opened up now over the last year or so, have largely been smaller format 1,000 square foot stores that focus mainly on mattress, bedding and other sleep-related accessories. Now coming to the payback period, both of them enjoy very rapid payback period in under a year.

And as you can imagine, the only thing that goes into these stores because they are experience centers is capex and a small amount of display inventory. Cash and carry products are few and carry low weight among them. And hence, the payback is much faster compared to jewelry, apparel or any other categories.

Rakshit Desai: Understood. Understood. And my second question was on the Furnishing segment. So what are the factors that are impacting the segment now? And when should we start seeing a recovery in growth in this segment?

Chaitanya R.: Let me take this opportunity to also answer Furniture as well as Furnishing. Furniture also was tepid growth last quarter, and we explained 2 specific problems. One was a machine breakdown, and second was labor issues due to festive, wedding and elections, everything coming together, and further exacerbated by LPG shortage. However, all of those issues have been sorted. So Furniture demand was never the problem.

We just had to ensure that the engine is running very well in terms of production and delivery. And thus, the displayed delivery date on the consumer website is very short and attractive to those who are considering buying. So that has been fixed, and that's why Furniture has come back to a 25% growth rate, which is higher than Mattress, which has always been the case over the last 2 years, except for last 2 quarters. The reason being furniture is a smaller base, larger market, and it has always grown faster than mattress. Now, it has come back to that.

Now coming to your question on Furnishing, the only reason here also was that the lack of the Head of the Furnishing category, who moved out of the company and became an entrepreneur. This was about 6 -- 8, 9 months ago, and there was a vacuum in the leadership, and individual subcategory owners were less experienced professionals.

And once we filled that position, it also took us time to stabilize. And now from July, August, September, the growth rate has been back to normal. Furnishing is a category which does not fly through marketing because it's already a small ticket size item.

The two best places where Furnishing -- 3 best places where Furnishing sells very well is in display cash and carry of the stores; secondly, frequently bought together add-on widget on the website; and number three, on marketplaces and quick commerce. In these places, it works very well. And the availability, good quality of catalog and short delivery time is what drives conversion more than marketing spends. So this has come back to normalcy. So you will see much better growth rates in OND quarter.

Moderator: The next question comes from the line of Dhiraj Kaswan with InCred Equities.

Dhiraj Kaswan: Many congratulations on a great set of results despite negative environment that is there regarding the delay of the festive period, and also, we are seeing the raw material prices, also very steep increase since the past quarter. But still, I think we have done a pretty good amount of growth, and also, we have protected our margins, which other companies have not been able to do, right, facing the same problem.

So I think I just wanted to understand that from last year, we are seeing that external channel growth has been much higher, like at almost 40%, if you see it has reached 70%. Last year, it was 60%, and like internal channels, sorry, and external channels has fallen by 10-odd percent. So I just wanted to understand that right now, we have also done very low amount of advertisement -- A&P expense and still we are delivering this kind of growth.

So like is it like this is that our internal channels, if we talk about not just stores but also online sales, it's like per rupee of advertisement that we do expense on, we are getting higher growth rate compared to external channels? And also like we are guiding for a higher A&P expense for the second half, and also, there's, of course, a good festive season compared to last year.

And also, one more thing that -- sorry, yes, so that is festive period and also the raw material prices are going down, and we are guiding for a better A&P expense compared to H1. So what will be kind of your guidance going forward? And also if you can comment on the internal and external sales channels spending and returns on your advertisement expense?

Chaitanya R.: Sure. I'll break it into 2 parts. One part will be about the channels and the other part is about the A&P spend. On the channel front, it was a very conscious company level decision to move more sales to own channels because, number one, it is margin accretive. Number 2, we get to own the customer data, and more importantly, customer relationship, unlike the external platforms where we don't get customer data, and we cannot talk to them on an individual basis.

So it was a conscious call to do it. However, the external partners play a very important role during festive time and quarterly sale events time because they enable higher discovery, and also, new to category and new-to-company customers to know about Wakefit and our products.

So we respect and always partner with those external companies, but the ratio change was a very conscious call from the company side. Now going forward, A&P spends, it might be wrong to look at A&P spends only from the accounting standards. Accounting standards takes care of all performance marketing and all brand marketing and says this is the A&P spend.

However, in reality, the world works in a way where every time we open a new store and that store is in a good locality, there is footfall, and we do the hyperlocal activation to say that this Wakefit store has opened, that ends up becoming a point of marketing for Wakefit. So we, as a company, look at overall advertising sales from -- as marketing expense plus the store opex because that is essentially a way of marketing for the company.

And that is the reason a finely calibrated spend tracker that we do on an ongoing basis. But to go back to my original point, and what Parul also outlined, there could be quarterly changes of share moving from own to external, external to own based on sale events or festive period, etcetera, etcetera. But at a company level, we like this split of approximately 70%, 72% on own and 25%, 28% on external, and we hope to keep it steady.

And secondly, the advertising and marketing spends include all of these in our minds. So we try to manage the sliding scale based on that. We still want to spend about 7% to 8% for the overall accounting level marketing spends.

Dhiraj Kaswan: Okay, sir. And like just on like the H2 commentary, like there are multiple, just one quick question. Are we seeing any kind of price, like crude price that has decreased? Are we seeing any kind of pass-through from our suppliers in terms of our raw material?

Chaitanya R.: It happens on and off. And because the spot prices are very, very high, we never engage in spot buying. It is a very thoughtful process of when to buy, when it dips can we buy and keep it for 6 weeks, 5 weeks, 4 weeks because it's a non-perishable raw material. So there is definitely some easing up in availability, but not so much of easing up on the prices. Prices of the raw materials remain elevated between 30% to 60% compared to pre-war scenario.

Dhiraj Kaswan: So just 1 question about H2 then. Last year was a very soft base if we compare Q3 and Q4 of FY26. Also, we are increasing our spending in terms of A&P for the next half. We have front-loaded a lot of stores in H1, and also this year, like H2, we are seeing a better festive period compared to last year. So what kind of guidance can we look at in terms of revenue and margins going forward? Is like 25%, 30% kind of a growth at minimum achievable from here on?

Chaitanya R.: We won't be able to provide a very specific percentage on revenue and margin, but happy to share that we are tracking well towards the annual operating plan that we had shared with the Board and got approvals. And if you look at the growth rate that we have delivered in Q2, it is fair to say that we will remain in that ballpark going forward.

Moderator: The next question comes from the line of Rudraksh Raheja with ithought Financial Consulting.

Rudraksh Raheja: Sir, I wanted to check on the rent expense part. Last year, we had 139 stores, and we paid INR84 crores in rent broadly. And this year, we'll probably add more than 80 stores as you have guided. And the rent expense guidance is around INR80 crores to INR90 crores. So could you help us understand this part?

Parul Gupta: Yes. So with our new guidance and the delivery what we have done in terms of the number of stores in the H1, we do anticipate that the number of stores we may surpass beyond 80. And our rent expense would be ranging anywhere between INR90 crores to INR92 crores. That's what the current number we are tracking to.

Rudraksh Raheja: Understood. Ma'am, but that number is still lower as we would expect on a...

Chaitanya R.: This isn't lower than last year.

Rudraksh Raheja: Yes, 50%, 60% expansion.

Parul Gupta: So you need to understand this rent expense includes not only the store-related rent, but also includes the other facilities rent as well, which includes the warehouses, office locations, everything comes from as part of this rent. We are also optimizing on some of these aspects as well, wherein we are trying to renegotiate or do a better with a lower footprint or lower size of the warehouses, that is where you are seeing that benefit also kicking in. So this rent comprises all those components as well.

Rudraksh Raheja: Understood. Understood, ma'am. On ma'am, capex store -- capex that we spent last year on this COCO store expansion, can you quantify that number for FY26 and H1 FY27?

Parul Gupta: In H1'27, we have invested around INR60-65 crores, in terms of the cash outflow, primarily consisting of the -- our retail stores, some investment into the jumbo store, some automation-related changes and the network expansion related general upgrade. So these are the investments which we had made. As compared to last year, I think we invested around INR30 crores in the capex for the full year.

Rudraksh Raheja: Got it. Ma'am, can you quantify out of the INR65 crores, how much has been spent on the COCO store part?

Parul Gupta: For COCO, we have invested around INR25-30.

Rudraksh Raheja: Got it. And ma'am, if I talk about the channel mix, can you quantify a few figures for H1 FY27? Like I would like to know what was the own website sales and marketplace sales in H1 FY27?

Parul Gupta: We track our own channels and the external channel at an aggregated level, not break it down because for us, the online and offline, which is our retail stores and the website stores cannibalize each other because our customer can come and visit on the website and buy after experiencing at the retail store and vice versa can also happen.

So it will be unfair to see the growth percentage breaking down into online and offline. And as we mentioned that for this particular quarter, our own channel share has been around 70%, which is a growth of around 40% on a Y-o-Y basis.

Moderator: Mr. Rudraksh, I would request you to please come back in the queue for further questions. The next question comes from the line of Deekshant Gupta with Geojit PMS.

Deekshant Gupta: Congratulations for the good set of results. Sir, I wanted to know that the other expenses as a percentage of revenue has decreased. So apart from, say, the advertising expenses, what could be the factors behind this? And how can we expect this to shape up in the latter half?

Parul Gupta: Yes. So Deekshant, this primarily is also coming from the operating leverage because of the price increase what we have done in terms of the ASPs. So if you see that our gross margin in terms of the percentage have diluted, while our EBITDA remained at a similar level, the reason is that we are able to manage the absolute profitability with the increase in the raw material prices.

That is where this operating leverage is kicking in, in the other expenses. Obviously, this also includes wherein we are bringing the efficiency into the overall ecosystem, but a major chunk of this includes a factor of the operating leverage.

Deekshant Gupta: Okay. And also, I wanted to understand that -- so an earlier participant also asked this, so why have deferred tax assets and current tax expenses both appearing? So -- I know this is not an actual cash outflow, but the effective tax rate that is coming in the P&L is around 40%. So why -- when we have sufficient balance of DTA, so why are we charging current tax expense?

Parul Gupta: So we have brought forward losses coming from the earlier years, which can only offset the business income. While we are also earning the income from the interest, which is the other income portion, if you can see in our financials, that is where we still have to discharge the cash to the government in the form of income tax.

And hence, the current tax, which is appearing in the financials is the portion of the tax, which is an outflow on the other income, which cannot be offset by the DTA. The rest, everything else forms part of the DTA unwinding.

Deekshant Gupta: Okay. And any impact from elections that can be -- so there are UP elections that will happen in Q4?

Parul Gupta: As of now, we don't foresee any such kind of impact there.

Moderator: We'll move on to the next question. It's from the line of Avinash Nahata with Parami Financial Services.

Avinash Nahata: Yes. So my question pertains to Mattresses. So while the team has alluded that there were a couple of price interventions being taken along with 1 price drop. If you can talk about the cumulative since 1st of March, since the outbreak of the war, since 1st of March till date, what kind of cumulative price intervention we have taken?

The idea is to understand the gross margin we were working prior to 1st of March 2026, how far away we are from that number, whether we have under-recovered or we have just recovered, just want to understand?

Parul Gupta: Yes. So our price hike on an average is around 10% to 11% before the war started versus what we are operating currently. And in terms of the recovery, we are able to recover absolute increase in the RM prices.

Avinash Nahata: So like you said that the average increase in RM would be something between 40% to 50%. So assuming a gross margin of 50%, you need a price hike of 20% at least?

Parul Gupta: Our gross margins are not at the levels of 50%. It varies segment by segment. For the Mattress...

Avinash Nahata: No, I'm talking about the cumulative mattress.

Parul Gupta: On the cumulative mattress also the gross margins are not at 50%. That's what I'm trying to explain. RM prices are on an average increased by around 40%. That 40% in terms of the RM component in the overall COGS leads to around some 11% increase, which is what we have increased in terms of the ASPs as well. So therein, we are completely managing in terms of the absolute numbers.

Avinash Nahata: So your gross margin before 1st of March and now are similar?

Parul Gupta: In terms of the absolute rupee gross margin per unit, yes, it is similar.

Avinash Nahata: Okay. Not percentage. Understood. So my second question is, so we did 915,000 mattresses last year in terms of volume. So you guys give volume on a yearly basis. So can you just give a sense on how Half 1 and Half 2 are distributed, like how it happened for last year?

Parul Gupta: Yes. It also depends on the event when festive events happen

Avinash Nahata: Yes, I understand. But I'm talking about the year gone by. So that 915,000, between H1 and H2, how it was distributed? So there would be a slight here and there based on festive, I understand that.

Parul Gupta: Yes. So it was around 50%. You can say 50-50 between the H1 and H2, 2%-3% here and there.

Moderator: The next question comes from the line of Bhavin Rupani with Investec.

Bhavin Rupani: So first question on rentals, just continuing on to previous participant's question. Our per store rental expenses, which was somewhere around 1.5 million per annum in Q3 last year has reduced to almost 1 million, 1.1 million. So how should one understand that?

Parul Gupta: So, Bhavin, this is also a factor of the composition of the store and the size at the store at which we are operating. Till last year, our majority of the stores were the mega store, what we call as a format, and where the average size of a store was around 3,500.

While the new store opening what we are doing and which we have accelerated in the past few quarters are primarily the mini stores, wherein the average square foot size is around 1,000. So that is changing the overall mix in terms of the average per square foot store, and that's how the rental is also a factor of that because rental in a mini store is much lesser than a mega store.

Bhavin Rupani: Would it be possible for you to bifurcate how many stores we have, larger format or mega stores versus mini stores right now?

Parul Gupta: Yes. Out of 205 stores as on 30th September, around 110 stores are the mega stores and 95 stores are the mini stores.

Bhavin Rupani: And to what was it last year?

Parul Gupta: Last year, out of the 139 stores as on March, mini stores were around 30 only.

Bhavin Rupani: Okay. And second question on tax. What would be our unutilized brought forward losses as on September, tax losses, which is available for set off?

Parul Gupta: Instead of giving the absolute, I can give a range in terms of how much we anticipate with the brought forward losses, we will be able to set off in the future. We anticipate that it will be FY28, either the second or the third quarter, by then, we should be able to fully exhaust our brought forward losses.

Moderator: The next question comes from the line of Praneeth with SJ Investments.

Praneeth: So I wanted to start in terms of understanding the reason why we had to raise cash because as I understand it, we had cash before we went public. And also, we also raised money during it. I'm just trying to understand in terms of strategy, why did we have to have such a large cash pile today? And what is the plan with it?

Chaitanya R.: So you're right, we had somewhere around INR400 crores of cash balance before IPO, and we raised about INR377 crores. And then as a cash-generating company, we have added to that pile. The initial thought process was two or threefold. One was permanent base for our factory. Second was opportunistic inorganic acquisitions.

And third one was a more rapid scale-up of jumbo store. All of these have slowly and -- all of these have moved at a much slower pace than what was anticipated. We hope to kind of deploy it as per the deployment plan that we had committed over the next 2 years and then figure out the next steps.

Praneeth: Understood, sir. Got it. And coming to the jumbo store strategy, I understand that you mentioned that in terms of financials, you're not able to forecast revenue growth, but I was just trying to understand on cost at least. So overall for the 2 stores, how much are you planning on spending? And what will be our approximate difference in terms of economics compared to our existing stores and existing strategy?

Chaitanya R.: So this one, we are focusing on making one store successful. And like we have said, it is expected to go live in Q2 of FY28. And the economics are going to be slightly different because these will have more than 1.2, 1.3 lakh square foot of retail space. And there is going to be a sale recorded at the POS machines and also the influence sale for the surrounding 3 to 5 kilometers. So we intend to track both of them very, very closely.

However, the payback period that we are chasing even for those stores, which are the large format is still close to the 2-year ballpark. So we -- that will bring us to the same payback period as what you see in traditional industries. So we are taking this massive bet. And I told you that our normal stores that are there currently pay back under 1 year. This one, we have taken a slightly longer runway for ourselves because it's a format that we're running for the first time.

Praneeth: So sir, what is the cost in terms of setting up this store had exact cost? And what is the rental that we are expecting from that relatively base rate?

Chaitanya R.: Yes. I have alluded to this in the past. We expect that the overall cost structure should be capex plus construction plus display inventory, everything. It should be more than INR50 crores for 1 store. But the rental will be very, very small because this is rental that we pay only for the land, and then, the construction has been done by us for our specific needs. So you'll end up seeing it slightly lopsided structure, which is high capex paid off very quickly, hopefully, and rental is very, very low. It will be a few lakhs a month.

Praneeth: Understood. Got it, sir. I'm just trying to understand in terms of our COCO stores. I understand it has been highly successful in terms of improving our brand presence and also sales. I'm just trying to understand the exact impact on our growth over the last few years.

Just trying to get a sense of what could you guesstimate? I understand everything is centralized system. As a result, you'll not be able to break it down very deeply. But can you guesstimate the amount of sale activation and number of sales we were able to get from the store itself?

Chaitanya R.: We do track the conversion that happens in sale. Obviously, we have systems, we have AI-enabled trackers, etcetera, that do that. But the reason Parul politely explained was that it will give a very incorrect picture because the movement of customers between online and offline is very, very fluid. There is a small bank offer running online, they will go there. They would have come to the store.

They like 3 additional products, they end up increasing the cart, so on and so forth. We do track it, but the total number is 70%, which is the more important number. Otherwise, we will make wrong capital allocations on advertising spend, online versus offline. We will make wrong capital allocation on store opening speed, etcetera. So we are very focused on saying own channel total is what we should track, not this one for decision-making purposes.

Now having said that, one data point that might give you comfort is that in the smaller towns, where we have opened up stores in a -- where we did not have any offline presence at all, the overall online plus offline catchment area growth has been anywhere more than 3x of what it used to be earlier. So that means what we can track is x, but if you say what has been the impact in the surrounding areas after 6 months of store opening, that whole thing has gone up by 3x.

Moderator: The current participant has been disconnected. We'll move on to the next question. It's from the line of Rohit from ithought PMS.

Rohit: Congratulations on very good numbers. Sir, I just had two questions somewhat related to what was asked by some of the previous participants. One was, so if you were to look at while what

you said in terms of your overall own channel has grown, but if you were to sort of look at it, double-click on that, the retail part has grown much faster, and we've seen the online part?

And I'm saying now online, which is your channel plus the external channel also somewhat getting plateaued over the last 2 years. So how do you see this? I mean, you mentioned earlier that it's a conscious call to increase your own channel because you can own the customer.

But also just from a salience of channel is -- I mean, how do you see that channel has not grown, whether it is your own website or the external websites, marketplaces, etcetera? Is it something -- is there a cannibalization? Or I don't know how to sort of -- I don't know if cannibalization is the right word or if the potential of the channel is just that much only where the growth rate will sort of now taper and the growth has to sort of lead from the offline stores? So that was my first question, yes. I have 1 more, which if you can answer this, then I'll get to that.

Chaitanya R.: Sure. I will reiterate and I will urge you to think of your own decision-making, you, your family, your friends circle, etcetera, where you might see an advertisement on Instagram or Google. You might see an influencer content on YouTube. You might browse on that company's website or Amazon. But finally, you say that no, this is more than INR10,000, so I want to touch and feel it once.

And then you will end up going to the store, not just this store, you'll go to 2 other competitor stores. And then, if you are in the mood, you'll go to the store and purchase. If you are tired, you'll go home and place it online. So the advertising spends are largely online and measurable, but the transaction can happen anywhere. Second, flip side, a customer who has seen a store in that location for more than 6 months, they end up understanding that I did not have a need when the store opened.

I did not even know about this brand's existence. But now that I've passed in front of it back and forth 2 times a day for 6 months, next time I have a need, I will go to the store. And they have no link to the brand online at all. And the third kind of customer is where they are very comfortable buying on marketplaces such as Amazon and Flipkart, and hence, they will continue to buy there, but they don't trust the brand. So they will start with purchase 1, purchase -- and then after 6 months, do purchase 2, then after 6 months do purchase 3.

So all 3 kinds of behaviors exist. And that is the reason you see a lot of change between online and offline in a particular quarter, own versus external in a particular quarter based on sale events, based on store opening, based on who is running what discounts.

For example, for a brief period of 10 days or so, one of the marketplaces was running a marketplace funded bank offer, which for those couple of days, it moved the transactions to the marketplace. So it does not give a real picture through which we can make any decisions. And hence, we say that for all spends we make outside, online plus offline of own channel is one metric.

For all spends we make on marketplaces, you just look at the sales that happen on marketplaces and thus allocate the capital based on that.

Rohit: Got it. No, that's -- okay, fair enough. I mean, probably I'll reach out separately and understand a bit more, but I get what you're trying to say. The other question was, sir, given the economics of your COCO is very good, how do you see some of the traditional players sort of who have maybe like an older vintage brand, are you also seeing them increasing their own COCO stores? And like have you seen competition going up on that side? Any thoughts on that?

Chaitanya R.: I would like to separate the EBO MBO as 1 dimension and COCO FOFO as 1 dimension. We usually conflate the 2 things and discuss, which does not give you a clear picture. Traditionally, large mattress brands have operated on EBOs. They have definitely had EBOs, where only that brand is sold. But largely, those have been franchise-operated EBOs.

And hence, the unit economics, the drive to increase conversion, the drive to sell and earn more is all very different. And even the way the customers are treated is very different in a franchise-owned store. So we have till now stayed away from that.

We -- all of our COCO stores are obviously EBOs, but every one of them is staffed by Wakefit employees who are trained rigorously, who have incentives aligned for higher sales. We are able to launch new products very quickly on the stores and give them real estate, so it's a very different model.

Another dimension of why our payback is faster is in our stores, the store space is similar to what an EBO would have, but we also sell furniture, recliners, coffee tables, pots and pans, furnishing and decor. So given all of these things, the cart value and the number of products in the cart, both are very different compared to a traditional mattress brand, which might have a franchise-operated EBO.

Rohit: Got it. And sir, finally, just last question on your Jumbo store. You have been mentioning that there also the payback that you are seeing is like -- that you want or your benchmarking is like under 2 years or about 2 years. So can you double-click a bit on that? Because given the kind of investments that you are making, you said the capex plus the store, everything would be about INR50 crores plus there will be opex also.

So how do you -- like if you can maybe share a bit more whatever you can on that, why do you expect it to sort of break even in a couple of years? Because you've seen some of the bigger stores, it takes time, at least even in furniture, some of the other bigger stores that you've seen, so if you can maybe share some more thoughts on that.

Chaitanya R.: Number one is the TAM, Total Addressable Market, for furniture. We have done a grounds-up analysis by going, visiting, interviewing more than 150 to 200 stores across Bangalore, which is where the first jumbo store is coming. We identified the price points at which we operate and what is the market size for only that part of furniture in Bangalore per year. That number comes to a few thousand crores.

Second point is when we look at furniture unit economics and P&L, and you ensure that a large part of that furniture is sold within a few pin codes surrounding the jumbo stores, the supply chain cost gets better by double-digit percentage of selling price.

What I mean by that is if supply chain cost for pan-India furniture is x percentage of selling price, it ends up becoming double-digit better in a jumbo store format because supply chain is a large element of furniture cost. Number three, we have kept the opex very, very low in the store. And capex is enabling us to lay out, structure and build the facility in a way that will drive optimum discovery of the large catalog that we have.

If you think about it, we have tens and dozens of SKUs and variants in each of the main categories of sofa, bedframe, tables, chairs, etcetera. In any standard mega store, we will be able to display two or three of each of them.

So when you have all of them in a design destination and you also couple it with food and day out kind of a scenario for the whole family, the transactions, when you look at it from a revenue as well as margin, what I told you, adds up because supply chain cost is way better, revenue potential is way higher. And given the cost structure that we have set up, what revenue we need to achieve to do payback is very, very small.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Chaitanya R.: Thank you all for being here and investing the time. Every quarter, we are grateful for people who come, ask questions and truly try to understand Wakefit's business model, growth plans and how we intend to grow this company. We appreciate it, and we hope to see you all next quarter once we have the OND results ready. Thanks once again, and have a good day.

Parul Gupta: Thank you.

Moderator: Thank you. On behalf of Wakefit Innovations Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.