United Foodbrands

Date: November 9, 2026

To,

The Manager Listing Department **BSE Limited** P.J. Tower, Dalal Street Mumbai - 400001 Maharashtra, India ***Scrip Code: 543283***	The Manager Listing & Compliance Department **National Stock Exchange of India Limited** Exchange Plaza, Bandra-Kurla Complex Bandra (East), Mumbai - 400051 Maharashtra, India ***Scrip Symbol: UFBL***

Dear Sir/Madam,

Subject: Transcript of Earnings Conference Call held on November 2, 2026

Pursuant to Regulations 30(6) and 46(2)(oa) read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the transcript of Earnings Conference Call held on Monday, November 2, 2026 at 05:00 PM (IST), post announcement of Financial Results of the Company for the quarter and half year ended September 30, 2026. The audio recording of the said Earnings Conference Call along with the Transcript have been uploaded on the Company's website at www.unitedfoodbrands.in under Investors section.

This is for your information and records.

Thanking you.

Yours faithfully,
For United Foodbrands Limited
(Formerly known as Barbeque-Nation Hospitality Limited)

NAGAMANI CHIKKONDIHALLI YEKAMBARESWARA

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Company Secretary & Compliance Officer
M. No: A27475

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United Foodbrands Limited

(Formerly known as Barbeque-Nation Hospitality Limited)

Earnings Conference Call

Q2 & H1 FY27

November 2, 2026

Management:

Kayum Dhanani	:	Managing Director
Rahul Agrawal	:	Chief Executive Officer & Whole Time Director
Amit V Betala	:	Chief Financial Officer
Bijay Sharma	:	Head - Investor Relations

Moderator: Ladies and gentlemen, good day, and welcome to the United Foodbrands Limited Q2 and H1 FY27 Earnings Conference Call hosted by MUFG Intime. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, 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. Bijay Sharma from United Foodbrands Limited. Thank you, and over to you, Mr. Sharma.

Bijay Sharma: Thank you. Welcome, everyone, to United Foodbrands Limited Q2 FY27 Earnings Conference Call. For today's call, I have with me Mr. Kayum Dhanani, Managing Director; Mr. Rahul Agrawal, CEO and Whole-Time Director; and Mr. Amit V Betala, CFO.

Before we begin, I would like to remind that some of the statements made in today's conference call may be forward-looking in nature and may involve risks and uncertainties. Kindly refer to our earnings presentation for a detailed disclaimer. The results and earnings presentation have already been uploaded on the websites of the Company and the stock exchanges for anyone to access.

We'll begin the call with Mr. Dhanani sharing his perspective on the quarter, followed by a detailed discussion on operating and financial performance by Mr. Agrawal. We will then open the forum for questions.

I'll now hand over the call to Mr. Kayum Dhanani. Thank you, and over to you, sir.

Kayum Dhanani: Thank you very much. Good evening, ladies and gentlemen. And thank you for joining us on our Q2 FY27 earnings conference call. Q2 FY27 has been another strong quarter for United Foodbrands. The momentum we have built over the past several quarters has continued and the broad-based nature of our growth has deepened further. We are now in our fourth consecutive quarter of strong broad-based performance, and the business trajectory is looking very strong.

I want to bring out 4 important points on how we think about this quarter and our performance.

First, the business continues to operate at a new scale with structurally healthier unit economics. Our underlying operating model is working as anticipated, our customer acquisition engine continues to deepen and our restaurant level operating performance continues to strengthen. The strength we are seeing is not a function of any single quarter, but the cumulative outcome of multi-year journey that is now visibly delivering. Our mature portfolio continues to operate at a healthy restaurant operating margins, meaningfully above where we were a year ago.

Second, the multi-engine portfolio continues to work as designed. Barbeque Nation India remains our anchor engine and continues to compound strongly. Our international business has demonstrated a meaningful growth this quarter, validating both the strength of our format and the operational discipline of our teams on the ground. Premium CDR continues to deliver healthy growth. With mature store unit economics holding strong, the portfolio diversification we have built over the last several years is now showing its value through consistency of performance across markets.

Third, our captive demand architecture continues to deepen. Approximately 91% of our dine-in volumes continue to come from our own channels, that is our own app, our website and our reservation call center and walk-ins to our restaurants. This is structural feature of our business and it is a feature that is growing. The customer relationship we own directly, the engagement data we build on our own platform and the brand affinity we create with our guests are growing stronger every quarter and are the foundation of our business.

Fourth, we are investing through this growth phase and continue to build for the future. We opened 9 new restaurants during the quarter, which reflects both on conviction in the business and the strength of our pipeline. We continue to fund our expansions primarily from our internal accruals, and we remain disciplined on site selection and underwriting standards. Our focus is on building a business that compounds from the long term, not optimizing for any single quarter.

I would end with a note on our teams. The performance we are presenting today reflects consistent execution across our restaurants and our central functions. Our people have continued to deliver through a period of meaningful business transformation and this performance is a reflection of the culture and the discipline of our teams bring to this organization every day.

I will now hand over to Rahul, who will walk you through the operational performance in detail. Thank you.

Rahul Agrawal: Thank you, Kayum. Good evening, everyone, and thank you for joining today. I will walk you through the operating performance for the quarter, our financial performance and then our outlook for the year ahead. Q2 FY27 has been another strong quarter across every part of our business.

Consolidated revenue for the quarter was INR429 crores, growing 40.9% year-on-year. Consolidated same-store sales growth came in at impressive 24.5%. Our growth continues to be entirely volume-led. Consolidated dine-in transaction volumes grew around 56% year-on-year, and our delivery business grew 47% year-on-year.

Let me walk you through each of the segments of our business. Barbeque Nation India delivered another strong quarter. Same-store sales growth was 27.8%, revenue growth was 41.4% and dine-in transaction volume grew 60.8%.

More importantly, the brand has now firmly established itself on 3 positioning anchors that is strong value for our guests, a trusted destination for celebration and group occasions and a well-built digital capability that owns the direct relationship with our guests.

Our continued performance over the last 4 quarters is a reflection of this new operating identity and our focus is on building further from this base. Our digital investments continue to meaningfully deepen the quality and ownership of our demand. Approximately 85% of our business comes from dine-in, which continues to operate with strong unit economics.

Within our dine-in business, more than 80% of our customers are now pre-reserving their visits compared to around 70% a year ago. This reaffirms the brand's ability to attract demand on its own strength rather than being dependent on high footfall catchment or walk-in traffic.

Across our total dine-in business, approximately 90% is being driven through our captive channels, that is our app website, our reservation center and walk-in to our restaurants. The deeper penetration of our digital assets has also translated into approximately 3x growth in our loyalty program adoption, which in turn is driving higher share of repeat business.

Moving to Barbeque Nation International. Barbeque Nation International delivered another strong quarter with same-store sales growth of 26.5%, year-on-year revenue growth of 59% and dine-in transaction volume growth of 64%. Delivering this performance against the continuing geopolitical backdrop in the region is an extremely strong outcome and reflects the operational discipline and execution quality of our teams on the ground.

During the quarter, we launched value-added marketing initiatives across our international business and specifically rolled out various digital initiatives in our Middle East markets. We have also implemented session-wise, day-wise analytics, which is enabling us to dynamically optimize pricing and demand across restaurants.

Combined with our increased marketing investments, these initiatives are driving higher conversion and continued momentum across the segment. Premium CDR delivered 28.5% revenue growth with 7.8% same-store sales growth and dine-in volume growth of approximately 25%. The segment continues to perform well in established markets, while the FY26 cohort of new restaurants, particularly in Mumbai and Delhi is progressively building customer base and brand familiarity.

We closed the quarter with 274 restaurants in our network with 9 restaurant additions during Q2. We currently have 19 restaurants under construction, which will open through Q3 and Q4 of this financial year. Our new store pipeline remains healthy and the trajectory of our FY27 expansion is on track. Beyond this year, our medium-term plan is to add 40 to 50 restaurants annually across our portfolio, largely funded from internal accruals and with the same discipline on site selection and underlying standards that will continue to guide us so far.

Moving on to financials. Our gross profit grew 39.3% year-on-year during the quarter with gross margin of 65.5%. On a sequential basis, gross margin was lower by approximately 30 basis points, reflecting the current inflationary environment that we are navigating across input categories.

Our pre-Ind AS restaurant operating margin came in at 13.4%, representing a year-on-year expansion of approximately 520 basis points, driven by the operating leverage we have built across the business.

On an absolute basis, our restaurant operating margin grew by 130% year-on-year. Our matured portfolio pre-Ind AS restaurant operating margin was 14.7% for Q2 and 15.5% for first half, reflecting the underlying strength of our unit economics. The margin profile of our new store cohort has also continued to improve, which is accelerating our overall payback periods.

Our new restaurant portfolio reported pre-Ind AS restaurant operating margin of 7.4% in Q2, which is the highest level we have reported in several quarters. This is an improvement from 6.1% we reported in Q1 FY27. As the FY26 cohort continues to mature and our Q1 and Q2

cohort progress through ramp-up, the drag from new restaurants and our consolidated margin will continue to narrow.

We delivered pre-Ind AS adjusted operating margin of 6.1%, which is again around 500 basis point expansion over previous year. The margin expansion is a result of operating leverage, which is now consistently flowing through the business. On balance sheet, our net debt position remains marginally higher during the quarter.

The capex that we have deployed for our ongoing expansion, which are largely offset by operating cash flow that was generated during the quarter. We continue to fund our expansion primarily from internal accruals, and we operate on prudent leverage limits relative to our underlying business. As we move into Q3 and Q4, I think we'll begin to lap stronger quarters of FY26 and the reported SSSG print will naturally reflect that comparable base.

However, we are focused on building the underlying volume momentum that we're seeing across every segment. Our approach on margin remains unchanged. We continue to focus on the directional levers that drive margin expansion, that is gross margin recovery, mature portfolio restaurant operating margin expansion, maturation of our new store cohorts and operating leverage of our corporate overhead. As each of these continues to progress, our margin outcome will follow.

On network expansion, as I said, our current under construction pipeline is very strong, and we'll have 19 restaurants, which will open through Q3 and Q4. We remain on track to cross 300 restaurants by end of FY27, and we plan to add 40 to 50 restaurants annually every year.

Our focus remains on value-led growth, deepening our captive demand architecture and building out more restaurants from our own portfolio. This operating discipline that has guided us to deliver in the last 5 quarters and the same discipline will continue for the rest of the year.

Thank you. We can now open the lines for Q&A.

Moderator: Thank you very much sir. We will now begin with the question-and-answer session. The first question is from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai: Congratulations for an excellent set of numbers. My first question, Rahul, is that, our Barbeque India per outlet number is INR6.4 crores for the H1 FY27. So, going forward, I think in the previous calls we discussed that there is a potential, theoretical capacity to go up to INR9 crores to INR10 crores number or even higher. So, what are we doing to kind of increase this number from, let's say, INR6.4 crores towards that? What's the pathway to that? What are the steps that we are taking? If you can talk about that?

Rahul Agrawal: Our average is INR6.4 crores. There are already many restaurants in our portfolio which are operating beyond INR9 crores. But on an average basis, I think the SSSG that we are delivering is also obviously increasing it from what used to be around 5%, 5.5% to around 6.5%, 7% now.

I think there are 3 specific levers that would work for us. So, one is throughput optimization. If you look at our restaurants today, our weekend dinner sessions in most of the locations are well

optimized, but our weekday lunches or weekend lunches in some cases are not so optimized, and there is a meaningful headroom in these.

As you know, we have been also specifically running some of the interventions, and this has translated into increase in average revenue per restaurant in the Company. My sense is as we optimize more and more of this throughput, obviously, the average revenue per store will move upwards.

I think one of the second big lever is the deeper customer engagement that we have built from our captive channels. I don't know if you caught from my opening remarks. In our business last year, almost 70% of our business used to come through prior reservations. And that number has moved to 80% today over the last 1 year. And this is largely driven by our own captive digital assets.

Our loyalty program adoption has also increased almost 3x. So, the percentage of business who used to redeem loyalty points last year in Q2 versus Q2 this year, there's almost 3x jump in that. And the monthly active users in our cohort is also growing well. I think as we deepen our customer engagement and drive our own captive channels, some of these will definitely translate into increased revenue per store. We have seen this happening in last 1 year.

The third lever also is delivery. Our delivery has grown very well over the last year. We have grown at around 50% year-on-year on delivery. And I still believe that delivery has still not reached its potential as of now. We have 3 very strong brands through which we do delivery. One is Barbeque in a Box, which is focused on kebabs and tikkas, UBQ on daily meals and Dum Safar on biryani. So, as we launch specific campaigns and launch value SKUs, this is another lever which will unfold and help us to drive higher revenue per store. I think beyond these 3 structural levers, we also have a lever of calibrated price increase. We have not taken any price hike over the last 1 year, and we have seen that our customer volume numbers have grown by almost 60%.

As this volume number stabilizes, we'll also have an ability to take selective price actions in specific markets or specific dayparts where the volumes are well established, which will help us to also drive higher revenues from these places. I think mix of all of these 4 levers will help us to increase revenue per store, which in turn will also help us in SSSGs and margins.

Dhwanil Desai: Yes, very clear, Rahul. The second question is, I think you alluded to, in the opening remark, much better unit economics and I think new store, I think the maturity is coming faster with better margins. I think that's evident in the numbers. So, if you can talk about that in terms of new stores maturing faster, how does it make the unit economics better by quantification of that? I understand qualitatively, it makes the payback faster. But quantitatively, how do you see that panning out for Barbeque India?

Rahul Agrawal: Largely, the improvement in new store cohort that you're doing is on account of Barbeque India. If you look at last 2 quarters' numbers, we have opened 14 new restaurants, out of which 11 are in Barbeque India only. I think on the new store cohort, there are 3 things that will work. One is as we shift towards Barbeque Nation India opening more and more in our portfolio, the brand,

which is very well recognized in most part of the country will help you get to a faster throughput numbers, which will drive to your margin.

As the share of Barbeque Nation openings in this cohort increases, I think the average ROM will move up. And the second thing that is helping us here is generally the quality of our site selection and underlying process. If you remember 2 years back, we had some shutdowns of around 15 - 20 restaurants. A lot of learnings which have been incorporated in our existing model, which is helping us to reach to an optimal number or a mature margin number faster.

And the third is we also changed the way we look at new restaurants now. We have changed our designs. We have rightsized the areas now at a 3,000 square feet area. I think it is driving better throughput per square feet. It has also reduced operating cost on a per store basis on rental, utilities and some fixed operating overheads. All these are together driving stronger unit economics.

The way I see it is earlier, the gap between matured and consolidated margin on account of new stores used to be around 1.7% - 1.8%. And for the last 2 quarters, this gap has been shrinking. This quarter, if you look at it, the gap between matured margin and consolidated margin is only 1.3%. And on the previous quarter, it was close to 1.6%.

Frankly, very happy with the way the new store portfolio is shaping up. I think more importantly, it's also confirming that our new model of rightsizing and a new operating model of cost structure that we have built in is the future and is validated by the economics of the new store.

Dhwanil Desai: Got it. Very clear. And last question on margin. I think you talked about 4 different levers for the margin in the opening remarks. And I understand earlier our focus was on volume growth and driving traffic and hence, we compromise on gross margin because of that. So, do we see, while continuing to drive traffic growth, that the current gross margin can remain where it is and the operating leverage can take the mature ROM to 18% kind of a number which we used to do earlier? And is there a pathway of 3, 4 quarters to that or you think it will take much longer? Any thoughts on that?

Rahul Agrawal: We spoke about these 4 levers. And I think each of these levers are working actually perfectly over the last 4 quarters. If you look at the operating leverage that we have seen in our business, there is clear 7%-8% margin jump just because of operating leverage and because of the benefits of SSSG that we are seeing in our business. I think gross margin is also directionally looking up.

I know this quarter is down by 30 basis points. But if you look at where we were between Q4, Q1 & Q2, I think you can see that month-on-month, there is some improvement in the gross margin. And in this inflationary environment, I think some of the procurement benefits that we're getting from scale is actually reflecting in some of the gross margin improvement that we would have done in our business.

I think there will be some moderation in the inflationary environment, and that will structurally again shift to us. I frankly believe that there is a headroom to also expand gross margin as we further build scale in this business.

Second thing is our operating leverage will also start working. And third is on our corporate overhead. Some of these will also start reflecting as we build scale in our business. There's also been a very specific point on marketing spend. As you know, we have a very good adoption of our loyalty program this quarter. They've been building up over the last 3 - 4 quarters, but this quarter, it is quite meaningful. One is the impact of whatever loyalty point reduction that has happened in the business.

The third is because of the higher adoption, the provision relating to the future liabilities also increased in the business, which is sitting in our corporate overhead. Impact of these is what we see in our margins. Frankly, none of these worry me fundamentally because all the 4 directional levers that I spoke about is moving in the right direction. So, as we build on further from the current base, these numbers will start automatically correcting itself.

Moderator: Next question is from the line of Vivek Kumar from Geometric Securities.

Vivek Kumar: My question is regarding the fact that we have almost turned around the business and we have good learnings from the last 4 years in terms of both expansion and closing down of some restaurants. So, what are the programs or what are the initiatives that we are taking or we plan to take to maintain a decent SSSG? I understand you cannot grow at 30% SSSG for a long time or even medium term, but if you can tell us like what would be the SSSG that we should expect over a 2-year to 3-year on an average?

And what are we doing to maintain a good SSSG for next year because of the base effects, right, from Q1 of next year or Q4 of this year? When I say Q4, the Jan quarter, I think that is when we started turning around. So, are there any initiatives or do you think the momentum gives us the confidence that this will continue and what kind of SSSG should we model for? That's my first question, sir?

Rahul Agrawal: My view is that, in an established restaurant business, not just in India but globally, if we continue to deliver 5% to 7% SSSG on a long-term basis, it's a great business. Over the period of last 1 year, we would have been averaging around 20-odd percentage, which is just getting back what we had lost in the 2 years before that.

I think directionally, we would continue to drive this number, which is try and achieve 5% to 7% on a long-term basis. I think the momentum is continuing. We are seeing good numbers currently as well. Good thing is that the growth is largely entirely, I think, volume-led.

Broadly, there are 3 things which have happened. One is over the period of last 1 year with the increase in our marketing spend, we were always very strong in terms of our brand positioning. But over a period of last 3 years, I think we have further established a position wherein our value to the guest is very strong in terms of value for money that they drive from dining at Barbeque Nation.

We have clearly reinforced our positioning as a trusted destination for celebration and group dining out. And some of our digital capabilities that we have built and the direct guest relationship that we have built are really helping us. The brand positioning, I think, is built and will further build on this, and this will be one of the big intent to drive SSSG.

The second part, as I was alluding in the previous question, how can we increase average revenue, and that effort is continuing. Value-add initiative, daypart specific session pricing, lunch, weekday, prime time offers. There are multiple things that are at play, which is giving the volume growth that we're giving today. We also have Big Buffet as a very strong model in our Tier 2, Tier 3 markets.

We are operating it in almost 25% of restaurants. Some are exclusive and some are mixed formats of Big Buffet versus regular, which is, again, giving us one more lever to drive our SSSG.

And third, I think most important point is also quality of this growth. This is not just a discounting-led growth. This is also a growth where we have built a very strong digital connect with our guests. As I mentioned earlier, today, 80% of our customers comes pre-reserved, which has never been the case. Historically, as we are building up this business, we'd always seen that number hovering around 65% to 70%.

Again, the adoption of loyalty points, captive channels, all of these are helping us. My view is while we have done exceptionally well over the last 1 year, we will hopefully continue to do well and drive slightly higher number. But on a really long-term basis, we should be at around 5% to 7% SSSG. If you look at our history of last 15 years, our SSSG is around 6%, which is 6-year compounding of 6%, which is one of the best in the industry globally.

Vivek Kumar: So next year, we will slide down to 6% immediately or we think next year will be double-digit and slowly on a longer run you're talking about 5% - 7%? And anything you're doing towards double-digit SSSG, the similar programs that you have initiated in our restaurants or we're not thinking in those terms?

Rahul Agrawal: We are definitely thinking in those terms. But like I said, the priority is volume-led growth. And for volume-led growth, I can only talk about what are the directional levers that we have to work on. Our optimization of restaurant capacity flywheel that we have launched almost 3 - 4 quarters back is still working. We will continue to optimize throughput. We'll continue to deepen our customer engagement programs for digital asset.

We continue to work on our delivery business. We'll continue to work on our brand positioning. These levers are the one which will guide us to higher SSSG. Why would we not want to move to an average revenue number of INR8 crores to INR9 crores over a period of time. Because the only thing that works very strongly on business is operating leverage. There are programs for that. There are strategies for that.

But as you know, this also depends on the external operating environment. I think today's operating environment, thankfully, the demand side is very strong. There's some inflation impact. But our positioning also is very strong. In the sector that we operate in, we are pretty much the largest player. The second player is only about 1/5 - 1/6 of our size now. I think we're in a good position to further strengthen this business.

Vivek Kumar: Is the momentum continuing, sir, into October?

Rahul Agrawal: It is in terms of average revenue, but also like October was a period with Navratri, which is strictly vegetarian days for a large part of our guests. I will not jump into comparing it just for 1 month, but structurally, whatever points that we've been talking about for the last few quarters are all continuing. There's nothing which worries me that was happening in past 3 - 4 quarters, but have changed now considerably. Absolutely no. They only strengthened.

Vivek Kumar: You do not want to guide next year SSSG, right, because you want to just keep doing what you're doing and then we'll see how it pans out.

Rahul Agrawal: Absolutely.

Moderator: Next question is from the line of Viraj Mehta from Enigma Investment Partners.

Viraj Mehta: Rahul, congratulations. My first question is regarding our premium CDR business. SSSG in that business this quarter was in single digit. And I understand it was on the back of 5.5% SSSG on the base quarter. But given that a lot of focus and a lot of time and bandwidth has been taken by Barbeque India and the changes and programs that we have done in there, is there anything that, you think, we can do in this business to structurally better the SSSG, especially on a very small base that we are sitting in that business?

Rahul Agrawal: Viraj, first of all, I think the SSSG numbers look smaller as compared to the Barbeque performance, but 8% SSSG in itself on a base of 5% is a very strong number

Viraj Mehta: No, no, I understand. But you have kind of spoiled us. What to do?

Rahul Agrawal: The good thing is that the revenue base is also growing very well. I'll tell you my outlook on premium CDR business. First of all, I don't think there is any bandwidth issue at all. This is a separate legal entity with one of the founders as a CEO running it extremely efficiently. Our feedbacks on product, and guest experience are always good.

This is one of the great brands, both Toscano and Salt that we are very proud of owning in our portfolio. The business specifically has just moved from being 23 restaurants to around 42 restaurants over the last 2 years. And despite that, despite such a large expansion, despite the top line growth, they also continuing to maintain SSSG in the business.

I think today, if I have to look at this business, I look at it in 2 distinct zones. One is the established market, which is South India, where they are present for quite some time and their performance is really great. Their mature restaurant margins in these places are upwards of 18%.

The average revenue per store in these places are also around INR 6.5 - 7 crores around that number. The second distinct zone is the newer market that we have entered, which is specifically Bombay and Delhi. These markets are in a brand-building phase. The restaurants are progressively building their customer base and brand familiarity, which naturally takes longer in market where we are also relatively new.

I think, as you would have noticed that for the last 2 quarters, we have been very prudent in not jumping into opening up more stores. We said, look, the maturity profile is expanding, is slightly

longer in Mumbai and Delhi. So, let us just go and fix that. And if you've tracked our history, whenever we had some problem, we have fixed those, be it our international business, Barbeque India business, Premium CDR, newer markets.

I feel very confident that this, at least the newer market, will turn around as we sort of perform in established markets. And we'll end up, again, starting to open 2 - 4 newer restaurants as we expand and build on the existing markets. And on SSSG, like I was also alluding to the previous question, I think maintaining an average number of 5% to 7% is a very good number. And this business, their own 5-year CAGR on SSSG would have been around 8% - 9%.

Viraj Mehta: Sure. And since you mentioned that the new model, rightsizing of restaurants, plus Big Buffet, plus all of the interventions you have done, the model is more or less according to what you thought it would pan out. In terms of -- in the last con call, you did say that it does widen your TAM from probably 500 restaurants to much more than that. But we're still -- you're still probably just focusing on 40 restaurants a year.

Now given that, the cost per restaurant is also much lower than what it was earlier, like now you are at 3,000 square feet, earlier you were at 4,000 square feet, 4,500 square feet and you're going into Tier 2, Tier 3 markets where the cost is also lower, and you are generating a lot more cash than what you were doing a couple of years back and you are growing faster.

Given all of this, what are your views about -- you're still at probably -- you're still talking only about 40 restaurants a year and not higher. Like why is that -- like why do we feel that a little bit of hesitancy in spite of almost everything going right?

Rahul Agrawal: Good question. I think you would have seen Q1 was around 5 new openings, Q2 is around 9. Q3, Q4 will also be around similar number, 9 to 10, given that our under construction pipeline is very strong. I think we are in a phase where we are building the capabilities, be it in our business development, site teams, project team, legal team, ops team. So those are ongoing.

And if you would have noticed in our guidance for FY '30, we have moved up from around 400 restaurants to around 425 to 450. So, we are constantly thinking about that. And while you are quoting the low end of the number of 40 restaurants, I did say that it has been 40 to 50. Let us deliver this higher number.

And if required, sequentially, we'll move up. Frankly, internally, our internal target is to move to a base of around 500 restaurants by FY '30. But we'll take it up as quarters come. Like you said, the business is working well, the payback periods are good, the new restaurant cohorts are also working well. We would continue to be disciplined and try and expand this restaurant base number higher if we can.

I think we are not in a position where if we get a good site and we like the site and the economics around it, we say no because of the bandwidth issue. I think we're just being cautious and try to build it in a step-up function and still deliver around 50 restaurants every year.

Moderator: We will take the next question from Keshav Bagri from ArthosAlpha.

Keshav Bagri: Hi Rahul, congratulations on a great set of numbers. I think revenue is something which we were not expecting, but given the top line of more than INR400 crores was incredible. So, I will come and ask 3 questions for you. The first one is on realization and gross margin basically. So, dine-in volumes, they grew by 56%, the revenue growth was 39%.

So, it shows a decline of 10% in average dine-in business. And when we look at the gross margins of 55.5%, it is unchanged from the base of Q4 FY26 and against the guidance like, for FY27, we were expecting 100 basis points to 150 basis points improvement like. So, can you please throw some light on this?

Rahul Agrawal: We don't specifically call out the split between -- SSSG split between volume and pricing. But directionally, what I can only tell you is that we have not taken any price hike in the business over the last 4 quarters. And just specifically between Q2FY27 and Q2FY26, the average realization would be lower by around 7% - 8% in my view. And this is also impacted by mix change in case of higher increase in Big Buffet concepts versus the regular concept. Broadly, it's that only.

Keshav Bagri: Okay. I have a second question on the corporate cost and our FY27 margin objective. So, if we look at corporate cost this quarter, it has risen to 10.3% of revenue. And I think it was 6.5% in Q1. So how this sequential increase of INR3.5 crores is pre-operating cost of the 19 restaurants and how much is a permanent overhead? And is our 9% to 10% FY27 adjusted operating EBITDA margins objective is reaffirmed? Like because in H1, we have delivered around 10.1%. So how better do you expect the H2 to be?

Rahul Agrawal: There are 2 parts to it. One is on the corporate cost, yes, we did increase as a percentage from Q1 to Q2. I think several of the hires that we have made in some of our internal capabilities in our back-end culinary team, digital, tech, marketing, some regional operations, they have joined us through Q1 and early Q2 and pretty much reflects in Q2 on a full quarter basis.

I think that build-out is now largely complete and Q2 numbers should reflect what we see on the full quarter basis. In addition, I'd also mentioned that we have taken incremental provisions against our loyalty program. Our loyalty program adoption has increased by around 3x. We have taken provisions which cover the expected future redemption liabilities as per the accounting norms. That has hit our corporate overhead. And that number is to the tune of around 0.3% of overall sales. I think on corporate cost, as the revenue continues to scale, the overall corporate overhead ratios will start coming down. This is one of the important aspects of our margin expansion through operating leverage on corporate expense.

In terms of our overall pre-Ind AS margin, I did speak about levers. As management, we can control some of these levers and guiding factors. And I think all of these, as I said, is moving in right direction. I think I'm not chasing a number on a specific date, but as these levers unlock, this will help.

I do realize that H1FY27 is at a lower number than the numbers that we've spoken about in the past. But also realize that generally H2 is a very strong quarter for us. I would not jump into any specific number right now, but believe that some of these efforts that we have taken, and these

efforts are also built on quarter-on-quarter. What we did in Q3 of last year versus Q4 versus Q1 and Q2 has a stronger base. And structurally, our business has moved from an average of around INR5.5 crores to around INR7 crores in our mature portfolio.

Some of the margin benefits, I believe, should come in H2. But I'll also say that the inflationary environment is slightly more than what we had expected, and there is some impact of that continuing. But my strong belief is as businesses go through cycles, these will also normalize. I'm very excited about the way the fundamentals of the business is built. And I strongly believe that margins will flow through as long as our revenue base is building up strongly.

Keshav Bagri: Okay. So just to touch upon this quarter which has just gone by. So, on a 2-year stacked basis if I look at, the Ind AS SSSG has slowed from 26.6% in Q1 to 22.3% in Q2 despite Q2 lapping the weakest comparable of the year. So, what is Q3 to date building on a 2-year basis?

Rahul Agrawal: Sorry, the data point you're looking for? What is the October SSSG on a 2-year basis? Sorry, I don't have it handy.

Keshav Bagri: On a 1-year basis...

Rahul Agrawal: It's not comparable. Last year, Navratri fell in September, this time it fell in October. I would wait for the entire quarter to go by and give you. But as I said earlier, directionally, our average revenue per restaurant are strong. They are continuing the same momentum as we have delivered in the first half of this year.

Keshav Bagri: Okay, Rahul, all the best for your opening of 40 to 50 restaurants per year. I think that is something which we all are looking forward to. All the best, Rahul.

Moderator: Next question is from the line of Vivek Kumar from Geometric Securities.

Vivek Kumar: Sir, you spoke that your competition is 1/5. I agree that if you compare like-to-like, but who do you see as this competition for celebration, sir, in general, what kind of risk? Because you were referring to the same grilling kind of, Barbeque kind of people as competition. But in general, when you see competition for Barbeque, who all do you see as your competition like?

And then second question, I just will ask both because these are only 2. And Big Buffet, when you see you've got a good traction, can you explain like how are you taking this and trying to scale up the Big Buffet part? These are my 2 questions.

Rahul Agrawal: The brand stands for group eating out and celebration. And any restaurant brand which correlates to that is something that is our competition. But I think by and large, the user behaviour is that whenever somebody has to go out in a large group, a use case of Barbeque Nation works extremely well because there is something for everybody.

The host of the party knows that what the bill is going to be and he can suit his budget accordingly. And generally, the spread is wide, and we also stand for great service. All of these work in our favour. If I have to look at the direct competition to our business, there are the buffet players, and this is offered at one spectrum, largely by, let's say, 5 stars and 4 stars, where the

pricing that we offer is almost 30% to 50% cheaper than what they would get in these places. One is that.

And secondly, our spread is far, far superior to some of the other spreads. I think the amount of protein options that we give with live grilling experience is something that is not available in some of the other places. The second spectrum is a lot of other players who have started a similar concept of live grill-on-the-table and offer buffets. I think in that, I was referring to that the competition is almost 1/5 of our existing size. Sorry, your second question was on Big Buffet, right?

Vivek Kumar: How do we plan to scale up? Yes.

Rahul Agrawal: Big Buffet is expanding extremely well. I think earlier in our previous avatar, we realized that in our Tier 2, Tier 3 markets where we're not able to build demand, specifically on weekday lunches and in some of the dayparts, weekday dinners. So, we launched the concept of Big Buffet, which was at an extremely high value of around INR450 average pricing.

And we are seeing a new cohort of customers who could not come to Barbeque Nation regular pricing coming to these restaurants. And in some of the places where we've done mix Big Buffet, we've also seen that people are coming to us and experiencing the brand for lunch sessions with Big Buffet concepts and in a lot of cases, also converting into regular buffet and dinner concepts.

I think this gives us a very good entry point into a lot of Tier 2 & Tier 3 markets of India, where we can do both mix or just exclusive Big Buffet. And the unit economics of models where we have started this is giving us very, very encouraging results. We would expand this in most of the Tier 2, Tier 3 markets in India.

And as I also mentioned earlier, this also widens our opportunity set for the country. We were earlier looking at around 400 - 450 restaurants, but now I believe 600 restaurants across 700 districts in the country is a doable thing as we expand.

Moderator: Next question is from the line of Naitik Mutha from NV Alpha Fund.

Naitik Mutha: My first question is I was just looking at our H1 numbers when I compare first quarter versus second quarter. The reason I'm comparing is because we are on same, almost similar top line. And when I look at the margins, there is some pressure. So, I understand some part of it would be because of inflation, but a key part seems to be coming from the employee sort of cost.

Now I understand we have made some hires on the back end, which could see the full impact. So, I just wanted to understand this employee cost that we're seeing for this quarter is the annual run rate that we should sort of look at or there are certain one-offs in the employee cost.

Rahul Agrawal: There's no one-off in the employee cost, but also realize that the employee cost that we see from the financial statement includes both employee of restaurants and back end. During the quarter, we had also opened 9 new restaurants and whatever we opened last quarter also ran for the full quarter this year. And we have around 19 restaurants under construction. We end up hiring

employees for these new restaurants, anywhere between 45 days to 15 days in advance, of the launch.

Some of these costs are also sitting. This is a one-off. This is largely expansion-driven, and this is the way it will continue in future. On the revenue bit, like you mentioned, yes, the absolute number of revenue is similar between Q1 and Q2. But in Q2, there are also 9 new restaurants that opened this quarter and 5 that opened previous quarter, which are also impacting revenue. Despite that, the increase is marginal.

There is obviously impact of vegetarian periods like Shraad and Shravan that we've seen in our business, and we have seen our business in the month of July and August. This is seasonal. This is usual. And we also see this trend of Q2 being one of the weakest quarters for us. There's nothing unusual about the quarter at all.

Naitik Mutha: Right. So just to confirm, INR94-odd crores is the employee cost, which is the base and then here on, you will see inflation or additional hiring impact, whatever, as and when we open new restaurants.

Rahul Agrawal: Yes, absolutely. On the inflation, the back-end inflation, employee cost inflation would be around 6% - 7% and the store employee inflation would be around 2% to 3%. That is what we have maintained for a long period.

Naitik Mutha: Got it. And sir, the second question now, when I look at the mature restaurants versus sort of the newer restaurants, the newer restaurants' margins and the revenue both have actually improved when I sort of look at Q-o-Q, but for the mature ones, it has not actually improved. So, I wanted to understand what is the difference that is sort of driven performance improvement in one of them and not in the other?

Rahul Agrawal: In the matured portfolio, Q1, we did around INR7.1 crores, whereas in Q2, we did around INR6.8 crores. There is broadly INR30 lakhs lower annualized number between Q1 and Q2, which is largely seasonal impact.

And on the new portfolio, we did INR5 crores in Q1 versus INR5.6 crores in Q2. The factors there are, one, the timing of the launch. If you launch, let's say, just towards the end of the quarter, your revenue is slightly lower. If you have already run it for, let's say, beginning of the quarter, right, for 2, 2.5 months, the margin improves, right, or the top line improves.

But if you look at the number of, let's say, INR5.6 crores, this is still lower than the matured portfolio number is around INR7 crores. I think that directionally, the new stores are working for us for the factors that I mentioned. The mix is moving towards Barbeque India, the quality of sites that we're doing and also the rightsizing model that is working. The factors of both are different. One is seasonal. Matured portfolio is impacted by seasonal. The new portfolio is frankly the base of the business, which is stronger now.

Naitik Mutha: Right. And in terms of the restaurant operating margin for both of them, largely it is because of the top line moving, nothing else, right? The difference in the margin.

Rahul Agrawal: Yes, it is just that. The gross margin impact is 30 basis points. It's largely revenue is lower, so margin impact is lower.

Naitik Mutha: Margins.

Rahul Agrawal: The right base to compare is Q2FY27 versus Q2FY26, where you will see that SSSG has been flowing through very strongly in our business despite inflation, despite whatever gross margin impact and everything.

Naitik Mutha: Right. Absolutely, sir.

Moderator: Next question is from the line of Manjeet Buaria from Saamya Advisors.

Manjeet Buaria: Rahul, I wanted to conceptually clarify one thing. As we move to our 45-odd new restaurant addition target, that will be about 15% of our existing FY27 base, assuming we end up around 300. My back-of-envelope math suggests that at a company level, these new restaurants should not drag down the overall restaurant operating margins, which we do in FY27.

They'll start at probably lower ADS, etc, but it won't be a drag. Is that the right understanding? Or do we have to sort of assume some drag on the FY27 margins when the pace of restaurant addition accelerates to about 15% of our existing base?

Rahul Agrawal: No, it should not. Look, directionally, what is happening in our new portfolio is that the margins are ramping up pretty well. We have not seen this kind of margins for several quarters. And it is also at a good base of 9 openings in the quarter. And the difference between mature and consolidated is also merging. I think directionally, it should not, and I'm also seeing matured versus consolidated margin gap shrinking from almost 1.8% to 1.3% now.

But like I said, new portfolio also has, in some cases, impact of whether the restaurant openings were back-ended and are, let's say, opening towards the end of the quarter or beginning of the quarter. It also depends on some of the markets where suppose we enter into a completely new trade. For example, we launched in Thailand this quarter and the setup cost in the initial months were very high.

And despite that, we are seeing the new margins to be what they are today. Since the base is smaller, the impact of some of these factors can be larger. It's very difficult to predict it. But by and large, I think structurally, this cohort is moving in the right direction is what I can tell you, Manjeet.

Manjeet Buaria: Understood. My second question, Rahul, is, do we continue to see the broad-based growth across the country? Or is this driven by any specific pockets?

Rahul Agrawal: No, pretty much every market has grown in double-digits. The same is also continuing in the month of October. I mean generally, October is weaker because of Navratri in North India. But apart from North India, Southwest and also East has done extremely well for us.

I think North is just seasonal because of those 9 days. In Q2, it is again broad-based. I think all the 4 regions would have done 20% SSSG plus. But the average for, let's say, Barbeque India is 27%.

Manjeet Buaria: Okay. And Rahul, is the wage revisions, the minimum wage revision, which has happened all in our employee base at present or some of that is yet to flow through?

Rahul Agrawal: It's already in the employee cost.

Manjeet Buaria: It's already in the employee cost. Okay. And last question, Rahul, I think you touched upon the Navratri impact a couple of times in earlier responses. If I recall correctly, last year, in some quarter, you had called out the impact of Navratri and then you had taken July through October base, etcetera, while explaining the impact. If I recall correctly, the impact on SSSG was not very high, probably about 1% or less than that. So, am I getting that correct? Or is the impact higher than that?

Rahul Agrawal: No, impact was higher. In fact, if you look at, I don't recall it completely, but last year without Navratri, the numbers were for 3 months around 3% negative. And with October numbers, they were, I mean, almost similar, I mean 0% positive or something. I remember the increase in our momentum of covers volumes, everything started from October months last year.

Manjeet Buaria: Got it. This year, Q2 would have sort of a slightly positive impact because Navratri was sort of there in last year Q2 base, which was not there this year?

Rahul Agrawal: Yes, slightly, yes.

Manjeet Buaria: Yes. Okay. But my broader question is it's not like extremely large, as you pointed out, to move the whole year in some sense, right...?

Rahul Agrawal: No, it does. North India generally is impacted a lot. North India, you will see almost 30% drop for those 9 days. 9 days is approximately 10% of a quarter, dropping by 30% is almost 3% of the entire business. And North India business in our total business, North India including UP and, in some cases, Bihar would be around 40%. There's a good 1% to 1.5% impact that we get on our SSSG because of this.

Manjeet Buaria: Got it. So, Rahul, just one more question and I'll come back. I think as we have started expanding our CDR formats as well, do you see any structural advantage we have with certain real estate like mall properties because you can sort of offer more leasable area to them across our brands or it doesn't work that way practically? They look at it at a brand level separately.

Rahul Agrawal: It does help. There are malls where we have done all 3 portfolios at one go and this also helps mall to rebalance their portfolio and utilize some of the spaces that are suited for each of the brands separately.

For a mall, it’s easier to lease out a combined area of roughly 7,000–10,000 sq ft to us. In one deal, the mall gets three different dining formats: an all-you-can-eat buffet brand, an à la carte Indian restaurant, and an Italian restaurant. So it definitely helps.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to Mr. Omkar Bagwe for closing comments. Over to you.

Omkar Bagwe: Thank you, everyone, for joining us on the call today. We are MUFG Intime, Investor Relations Advisors to United Foodbrands Limited. In case of any queries, please feel free to reach out to us. Thank you.

Moderator: Thank you very much. On behalf of United Foodbrands Limited, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.

Note: This transcript has been edited to improve readability and is not a verbatim record of the proceedings.

For further information, please contact
Bijay Sharma
Head of Investor Relations
United Foodbrands Limited
(Formerly known as Barbeque-Nation Hospitality Limited)
+91 080 6902 8721
investors@ufbl.in

Registered & Corporate Office:
United Foodbrands Limited
(Formerly known as Barbeque-Nation Hospitality Limited)
"Saket Callipolis", Unit No. 601 & 602, 6th Floor, Doddakannalli Village,
Varthur Hobli, Sarjapur Road, Bengaluru - 560035, Karnataka, India
CIN: L55101KA2006PLC073031
Website: www.unitedfoodbrands.in

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