

Date: October 06, 2026

To,
The Listing Department,
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

To,
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

NSE Symbol: PERNIASPOP

BSE Scrip Code: 544901

Sub: Transcript of Earnings Conference Call on financial results of the Company for the quarter ended June 30, 2026.

Dear Sir/Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Earnings Conference Call on financial results of the Company for the quarter ended June 30, 2026, held on Tuesday, September 29, 2026. The copy of transcript is also available on the Company's website at <https://www.purplestylelabs.com/>.

Thanking you,

For and on Behalf of

Purple Style Labs Limited

**GULSHAN
MUMTAZ
KHAN**

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GULSHAN MUMTAZ
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Gulshan Mumtaz Khan

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“Purple Style Labs Limited
Q1 FY27 Earnings Conference Call”

September 29, 2026

“E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on September 29, 2026, will prevail.”



**MANAGEMENT: MR. ABHISHEK AGARWAL – WHOLE-TIME DIRECTOR
AND CHIEF EXECUTIVE OFFICER – PURPLE STYLE
LABS LIMITED
STRATEGIC GROWTH ADVISORS, INVESTOR
RELATIONS ADVISORS – PURPLE STYLE LABS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY27 Earnings Conference Call hosted by Purple Style Labs Limited. 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 the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand over the conference to Mr. Abhishek Agarwal, Whole-Time Director and Chief Executive Officer from Purple Style Labs Limited. Thank you, and over to you, sir.

Abhishek Agarwal: Hi, good afternoon everyone, and welcome to Purple Style Labs' Pernia's Pop-Up Shop Q1 FY27 Earnings Conference Call. Along with me, we have the SGA team, our Investor Relations Advisors. It is a pleasure for us to address analysts and our investors as a listed company for the first time. I hope all of you have gone through the investor presentation that we have uploaded on the exchanges and also on our company's website.

Before I take you through our financial performance, I would like to spend some time explaining our business and how we have evolved it over the last few years, as we believe that understanding the underlying business model is important to interpret our financial performance better.

Our core business, Pernia's Pop-Up Shop, is one of the largest and fastest-growing multi-brand luxury omni-channel fashion platforms in India, serving customers across India and international markets. We offer a carefully curated selection of luxury fashion sourced from more than 1,100 active designer brands and 2 lakh plus SKUs designer products on our website.

Our product portfolio spans women's wear, men's wear, jewellery, accessories, and kids wear, with a strong focus on the occasion wear segment. We combine online discovery with large-format experience centers, allowing customers to explore a wide range of designers on our website while providing personalized styling and an immersive shopping experience at our stores. Therefore, we see online and offline not as competing channels, but as complementary in our customer journey.

Another important aspect of our business model is our inventory strategy. We follow a breadth over depth approach, offering a wide range of designs while maintaining mostly singular quantity of individual products at our stores. Depending on the product category, we use a combination of outright purchase, backorder, and consignment models with different commercial terms and varying markdowns across designer brands.

The unique aspect of our business model is the backorder model, in which the customer places the order first with upfront payment, following which we procure the product from designer with a delivery window of 7 to 90 days depending on the product. This approach allows us to maintain

a very wide curation with efficient inventory management, while limiting the need to carry large quantities of individual designer products at our stores.

PSL had acquired Pernia's Pop-Up Shop in February 2018, prior to which it was primarily an e-commerce platform. Post the acquisition, our journey can broadly be understood through three distinct generations. You can refer to the slide seven on our presentation for the same.

Post the acquisition, our journey can broadly be understood through these three generations. The first generation from FY19 to '21 was all about laying the foundation. During this period, we transformed Pernia's Pop-Up Shop into an omni-channel platform, opened eight experience centers across 5 cities, including London, and built the designer brand supply across all categories and price points. This foundation helped us grow the platform GMV from INR23 crores in FY19 to INR66 crores in FY21.

Now, the second generation from FY22 to '24 was about scaling the footprint. We scaled our experience centers' presence to 13 locations across 8 cities and started the transition towards large-format experience centers, which typically ranged between 20,000 to 60,000 square feet, and deepened our designer supply, particularly in women's wear of 1 lakh plus and men's wear segment. During this period, the GMV increased almost 10x to INR622 crores in FY24 versus FY21, while AOV almost doubled from INR22,000 in FY21 to INR46,000 in FY24.

Now, FY24 we then consciously trimmed the long tail of both designers and customers and sharpened our focus on luxury. This marked the beginning of what we call as the third generation of growth. Starting in FY25 with a focus on optimizing the platform first. Then after March '25, we have actively changed growth gears and opened four large experience centers during FY26.

The iconic Fort Mumbai and South Ex Delhi locations have been fully operational since Q2 of FY26. Then another important project, our Linking Road, Bandra, Mumbai store opened towards the end of March '26, alongside opened one of the most important milestones of our recent journey, a flagship store on Madison Avenue, Manhattan, New York.

During this time, the average order value increased from INR46,000 in FY24 to INR76,000 in FY26, and in the first quarter of '27 has jumped to a further INR86,000. FY27 is therefore the first full year with which we have started realizing the growth trajectory of the investment that we had made in the last financial year.

Now, please refer to the Slide 9 on our presentation to understand our geographical expansion strategy. This evolution across three generation reflects in how we have scaled our presence in the relevant markets of our industry. In the first generation, we focused on establishing our initial footprint across key cities through eight small stores, laying the base for future growth. We also established our first international presence in London in the same window.

Now, in the second generation, we scaled this footprint and began moving from bigger stores, starting in our largest market, Delhi, which has a strong concentration of affluent customers and

luxury fashion demand. Thereby increasing the Delhi GMV contribution sharply to INR127 crores in FY '24. In our second-largest market, Mumbai, we added footprint in the same existing locations of Juhu, Bandra, and Kala Ghoda, which again led to a steep GMV increase to INR127 crores in FY '24.

During this period, our international business also grew significantly, all online, led by U.S., which contributed the highest GMV in FY '24. By March '24, we had grown to 13 locations spread in eight cities. All of the above combined led to a 10x growth within a short span of three years between March '21 to March '24 financial year, crossing another important milestone of INR500 crores plus revenue in FY '24.

Now, since FY '26, we have shifted focus on relevant luxury shopping destinations and markets where we see a stronger spending potential by adding four large experience centers in Mumbai, Delhi, New York in FY '26. Now, our FY '26 GMV of INR722 crores was led by Mumbai at INR205 crores and Delhi at INR166 crores, which together contributing more than 50% of our total GMV, while international markets also remain key contributor to our platform.

So, just to summarize the geographical growth strategy, in the first generation, our focus was establishing physical touch points and building the initial omni-channel ecosystem. As we moved to the second generation, we developed a deeper understanding of the luxury customer base and the importance of physical shopping environment. This led us to transition towards large-format experience centers, typically ranging from 20,000 to 60,000 square feet, opening our first large-format store in Mehrauli, Delhi.

In the third generation, these large-format stores have become integral part of our platform strategy and with the focus shifting from simply expanding our physical footprint to improving the customer economics. These large stores act as a discovery and ordering platform where customers can explore a much broader assortment with backorder capabilities, receive personalized styling, and wherever required, also access our wider digital catalog as well, while their presence at the store.

This is reflected in the steady increase of our average order value from INR27,000 in FY '19 to INR46,000 in FY '24 to INR76,000 in FY '26, and eventually INR86,000 in the last Q1 FY '27. While our annual GMV increased from INR23 crores in FY '19 to INR722 crores in FY '26.

Post March '24, we entered the third generation of our growth with strategy of trimming the long tail. During FY '25, we actively reduced the number of designers on the website and scaled down the marketing spend to trim away the low-ticket size transaction of our platform. So, if you move to Slide 12 to understand the trimming of the long tail of customers, so historically the focus was always on acquiring more customers and building the scale.

Since the implementation, the value contribution of our customer base had increased significantly. Average GMV per customer grew sharply to INR67,000 in FY '24, which

increased to INR108,000 in FY '26. We are also seeing increasing wallet share from our high-value customers. Please refer to the Slide 13 for this.

In FY '21, our Top 10,000 customers contributed INR59 crores of GMV, which increased to INR406 crores in FY '26. Similarly, in FY '22, our Top 50,000 customers contributed INR234 crores, which increased to INR702 crores in FY '26. This trajectory is an important part of our third-generation strategy where the focus is increasingly on deepening the wallet share of our customers.

This improvement in customer metrics is also visible in our AOV and reflects the transition across generations. During the first gen, the base AOV was INR22,000 in FY '21. As we move to the second generation, the expansion into higher-value women's wear and men's wear along with the first pair of Mehrauli stores in Delhi, this resulted in steady increase of AOV to INR46,000 by FY '24. And in the third generation, as we built the focus on luxury positioning and higher-value customers, this further increased to INR76,000 in FY '26.

Now, let's try to understand our supply side. The designer brands ecosystem which has also gone through a significant transformation as part of the trimming the long tail strategy. In the first and second generation, our priority was to build a very large universe of brands on our platform across price point and categories. However, as the platform scaled, we realized that a very long tail increases the complexity across merchandising, inventory management, designer relationships, and execution.

In FY '24, the Top 100 designers were contributing 67% of the sales on the platform. Therefore, since FY '25, we have consciously moved to a more curated designer universe, focusing our resources on brands and with stronger customer recognition, established product market fit, and the potential to scale.

As a result, we have reduced our active designer base from 1,910 brands in FY '24 to 1,109 brands in FY '26, while the AOV increased from INR46,000 to INR76,000 in the same period. Importantly, we continue to maintain a significant breadth of products on our website while reducing the operational intensity that comes associated with the long tail.

Now on Slide 14 and 15, the evolution across the three generations is also reflected in our category mix. In the first generation, the objective was to establish a wide supply of products from all designer categories. In the second generation, we began building greater depth in luxury women's wear, which is 1 lakh plus price point, and men's wear. Because of this change in strategy, the 1 lakh plus women's wear increased from INR7 crores in FY '21 to INR187 crores in FY '24, while men's wear grew from just INR2 crores in FY '21 to INR96 crores in FY '24.

Now, in the third generation, we are sharpening the focus towards higher-value categories, which has led the 1 lakh plus women's wear generating INR312 crores GMV in FY '26 compared to INR187 crores in FY '24. Men's wear has also grown meaningfully to INR132 crores in FY '26. At the same time, the lower value below 35,000 women's wear has declined from INR162 crores

to INR86 crores in FY '26, reflecting the deliberate shift from long-tail supply towards more relevant luxury products, which translates to higher-value transactions.

Now, let's discuss FY '27. We see this is an important year in our journey because the investments made in FY '26 are now entering the first full year of operations. We opened four large-format experience centers during FY '26 in Fort and Linking Road and South Ex Delhi and Madison Avenue in New York. In Q1 FY '27, the GMV increased to INR193 crores from INR133 crores in Q1 of FY '26, while AOV increased from INR66,000 to INR86,000.

At the same time, inventory reduced from INR174 crores in Q1 of FY '26 to INR159 crores, as well as the net working capital reduced from INR105 crores in Q1 of FY '26 to INR66 crores in Q1 of FY '27. These operating metrics reflect the continued focus on customer economics, higher-value transactions, and working capital efficiency.

Now let's analyze our 3M FY '27 performance from Slide 18 onwards. So, the growth momentum has continued in 3M of FY '27 versus 3M of FY '26, with Mumbai's contribution increasing from INR28 crores to INR50 crores, Delhi from INR29 crores to INR39 crores, Hyderabad from INR10 crores to INR16 crores, and USA from INR20 crores to INR29 crores.

: Our growth strategy is to focus in geographies by deepening our presence in markets where we see strong customer demand. This is achieved by shifting to large-format experience centers with generational gear changes, rather than simply just increasing the number of locations in a given city or country.

On Slide 19, from financials perspective, revenue from operations increased from INR106 crores in Q1 of FY '26 to INR119 crores in Q1 of FY '27. But while assessing the performance, the revenue should be adjusted for increase in the advance received from customer, which has gone up from INR37 crores in quarter one of FY '26 to INR49 crores in Q1 of FY '27.

: Gross profit also increased to INR43 crores while retaining the gross margin at 36% as compared to Q1 last year. EBITDA stood at negative INR11 crores compared to INR4 crores in Q1 of FY '26. (Wrongly said, this should be read as EBITDA stood at negative INR11 crores compared to negative INR4 crores in Q1 of FY '26). This is due to the increased cost structure attributed to four large experience centers which have opened versus last Q1. PAT stood at loss of INR88 crores as opposed to INR100 crores in last year of Q1 of FY '26. (Wrongly said, this should be read as PAT stood at loss of INR88 crores as opposed to loss of INR100 crores in last year of Q1 of FY '26). Our numbers continue to reflect the investments and operating costs associated with the platform, as we are working towards delivering operating leverage.

It's important to look at the business from a cash flow statement perspective as well. So, if you refer to the financial summary highlights Slide 19 on the last rows, you can see that the net cash used in operating activities improved from INR55 crores in Q1 of FY '26 to INR19 crores in Q1 of FY '27, while free cash flow improved from negative INR71 crores last year to negative INR24 crores in Q1 of FY '27.

To conclude, Purple Style Labs has moved from building the platform to optimizing and scaling the platform in the ongoing third generation. We have built a robust market leader omni-channel global distribution platform for Indian designer brands, with a curated designer ecosystem, a growing high-value customer base, and a global network of stores. Going forward, our focus will be on deepening our presence in key markets, improving customer experience and store productivity, strengthening inventory management and working capital efficiency. All of these for driving greater operating leverage and overall capital efficiency.

With this, I would like to open the floor for questions. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Ankit Kanodia from Zen Nivesh Advisors Private Limited. Please go ahead.

Ankit Kanodia: Yes. Thank you for taking my question, and congratulations on the IPO and your first earnings call. My first question is in your business, I think inventory becomes a very, very, very important part of the whole puzzle. So -- and based on the DRHP, what I could understand, there are three ways you manage inventory. One is the outright purchase, second is consignment, and the third is backorder. If you can just give more color onto which...

Moderator: I'm sorry, sir. The line for that -- yes, it disconnected, the line for the person who was talking. We'll take the next question from the line of Shantanu Basu from SMIFS Limited. Please go ahead.

Shantanu Basu: Hello. Thanks for the opportunity, and congratulations on the IPO. I have two questions. So, the first question is with regard to the fact that your inventory declined from INR174 crores in Q1 FY '26 to INR159 crores in Q1 FY '27, and the reported net working capital fell from INR105 crores to INR66 crores. Yet, I see that the operating cash flow remained negative at INR19 crores, while borrowings increased from INR371 crores at FY '26 end to INR436 crores at June 2026. So, what is driving the continued funding requirement?

And at what point does the business become self-funded? And what is the targeted sustainable short-term debt level? That is question one. And shall I call out my question two as well or would you answer and then I'll ask?

Abhishek Agarwal: I think let me answer the first question for you. So, as we explain that the inventory in our business model is operating in a slightly unique model where we focus more on breadth rather than the depth. So, post 2022, when we started building the inventory, it was built across brands and across price points to understand which category would work best for us. And the typical cycle to, you know, liquidate the inventory is relatively larger in our industry.

So, once we cross three years of inventory accumulation, so if you refer to the slide in the appendix on the consolidated financial statements and go to the balance sheet, you will see that the inventory increase across years was there from INR80-odd crores in FY '23 to INR140 crores

in FY '24 to INR160 crores in FY '25. Now, in FY '26, despite opening four large stores, we were able to manage the inventory at a similar level. Now, given our efficiency on the inventory management has been established, therefore you're seeing a reduction on the inventory from Q1 last year to this year.

The net working capital has reduced primarily due to inventory, and the second aspect on that is the increased advance from the customers. So, as I explained the backorder model to you in my call, that a portion of the business comes from the backorder model where the customer pays upfront. Given that we have four more large stores operating this year, the advance from the customer in Q1 was at a higher number, which also contributed to the reduction on the working capital.

Now, in our business, the quarterly numbers can sometimes be erratic, so it's important to see them in a cumulative sense. Hence, I would advise as you see more quarterly numbers over the next few quarters, you will get a much better clarity in terms of how the inventory will be managed going forward.

And to answer your question on the working capital reduction, but still there's an increment, so there are more line items which are driving that. Because the outstanding debt on the balance sheet was INR370 crores, so we had to fund the interest for that, and because Q1 in itself is not operationally profitable as a business, but it also establishes your fixed cost structure for going forward.

So the operating leverage which is delivered in the business because of the fixed cash flow usually reflects in the subsequent quarters of the business. So hence, my advice will be to observe the subsequent quarters to understand the movement of cash flow in future.

Shantanu Basu:

Okay. And my second question is the fact that, see, the management has deliberately eliminated the mass-premium long tail and shifted the platform towards higher-value luxury categories, as you stated during your speech. Now women's wear above 1 lakhs increased from INR196 crores GMV in FY25 to INR312 crores in FY26, while the lower-priced women's wear declined.

So my question is, does the higher ticket strategy generate materially better gross margins and customer retention or is the primary benefit higher AOV? Am I getting gross margin improvement as well as customer retention?

Abhishek Agarwal:

So I think we need to understand the gross margin from an absolute perspective in this case and as opposed to a percentage. So as far as the percentage is concerned, the percentage across categories for us is not very different. But as I explained on the call, it is not just the consumer side benefit that you get by eliminating the long tail, it's also the efficiency on the supply side.

So from our perspective, the below 35,000 was adding burden onto the platform from number of customers and designers both, who collectively were not contributing enough gross sales for us to maintain them. So another way to look at this strategy is, if you go to the Slide 13 to

understand the customer contribution, then you will see that out of the 66,000 customers that were served in the FY26, (Wrongly said, this should be read as, then you will see that out of the 67,000 customers that were served in the FY26) out of that 50,000 contributed INR702 crores out of the INR722 crores.

So what you are seeing is a comprehensive strategy which was implemented in the beginning of FY25. So hence the customers have been reducing, but the GMV has been growing. Another easier way to understand the business is, if let's say in FY22, I had 10,000 customers who contributed INR154 crores, that's about 1.5 lakhs of customers. In 2026, you have 50,000 customers who are contributing INR700 crores, which is 1.4 lakhs. (Wrongly said, this should be read as, In 2026, you have 50,000 customers who are contributing INR702 crores, which is 1.4 lakhs).

So an easier way to understand is that you were able to grow 10,000 customers with an average buying capacity of 1.5 lakhs a year, made it 50,000. So the long tail doesn't add any significant value when you are able to grow the customers in this category with this propensity. And the same will be true for designer side.

Shantanu Basu: Okay, understood.

Moderator: Mr. Basu, any further questions?

Shantanu Basu: No. Thank you.

Moderator: Thank you. We'll take the next question. Thank you, sir. We'll take the next question from the line of Ankit Kanodia from Zen Nivesh Advisors Private Limited. Please go ahead.

Ankit Kanodia: Yes. Thank you. I am sorry for that dropout. I was asking about the inventory. I think in our business, inventory becomes a very important and critical cog in the wheel. So we have 3 ways in which we do inventory, so we have outright purchase, consignment, backorder. If you can give more color as to how we strategically think on all these 3 ways of keeping inventory? And what would be a rough breakup in terms of how much will be outright, how much would be consignment, how much would be backorder?

Abhishek Agarwal: Let me stick to the data, Ankit, which is there on the Slide 19. It will give you a fair bit of an idea. So If you see the inventory in FY23 was INR87 crores. The idea was we started building inventory from FY22 when we decided to focus on the larger-format stores and the higher price point products. The inventory increment went on till March '25. And despite opening 4 large experience centers, we're able to manage the inventory at the same level.

Now going forward, typically, if we are not doing any expansion, the inventory would more or less remain in this range. Now why you are seeing a reduction from last year of Q1 to this year of Q1? Because as I said, now given that we have large-format experience centers and we are able to do the inventory management more efficiently.

So, over the next few quarters, you will get an idea where the inventory at an overall level would be there. Now obviously, the inventory on our books, which is the outright purchase, is what you're seeing here. For the backorder part, now the backorder part usually is a function of the revenue that you are doing. So if you see the revenue advance from customer was about INR49 crores.

So if you just go and divide it from let's say last 12 months' odd revenue, you will see that that's approx one month of revenue. And if you take an average delivery of somewhere between 45 to 60 days, so from this the ratio can be calculated. So as far as the inventory is concerned, inventory doesn't usually have any component of the backorder. The backorder is like any other platform where the customer pays upfront, and once the product reaches us, it gets shipped back to the customer.

We would be typically holding inventory only for a very few days in our warehouse for those kinds of backorders. Now on the consignment bit, I think that's a business-sensitive data, so that I'll not be able to disclose publicly. But whatever is outright purchases is already forming part of this inventory, and which is getting more and more efficient with year by year.

Ankit Kanodia: Thank you so much for the detailed answer. So is my understanding correct that outright purchase would form a larger portion of the inventory than consignment? I'm not asking for a...

Abhishek Agarwal: Yes, yes. Because, I mean, since we don't buy depth of inventory, Ankit, it's important that we buy breadth, and breadth would typically buying singular units for each store. So if you walk into let's say any of the large Mumbai stores and it has hypothetically say 5,000 pieces, you can assume that all 5,000 pieces are different. So it's a unique way of retailing where you show the breadth, but you don't really have to stock because the customer is willing to wait and pay the money upfront in this particular industry.

Ankit Kanodia: Right, right. So that was very helpful. So my second question is related to finance costs. So finance costs has two components, as you have rightly segregated in your presentation. One is the interest on lease liability and the other one is the other finance costs. I'm assuming other finance costs means, basically interest on loans, right?

Abhishek Agarwal: Yes, that's right. That's right.

Ankit Kanodia: So any color on a directional basis, how do we see that going forward in FY27 and FY28? Both these, interest on lease liability and also other finance costs?

Abhishek Agarwal: So the interest on lease liability and combined with the depreciation on right of use of assets, that's typically a function of if you do any expansion or make any changes. So as I said, we have already done all the changes till March '26. They formed a part of already which is projects which are already done.

So the Q1 that you see right now is pretty much what we are operating as cost structure today. So I don't see any significant change in that unless we make any change to any of our stores in future, which at the right time we will be notifying.

Now as far as the other finance costs are concerned, as you said it's linked to the borrowing on the books. The idea is that as we accrue more and more operational profit from the business, that debt can keep on reducing, which would directly affect the other finance costs.

Ankit Kanodia: Right, right.

Abhishek Agarwal: Honestly, a couple of quarters from here, you will have a much better trajectory on how it moves.

Ankit Kanodia: Right, right. So when I look at the P&L in general, so it's very difficult to have a view of where the margins would be, because all these are – we are still -- we heavily invested in FY25 and '26.

Abhishek Agarwal: Yes.

Ankit Kanodia: So I can't expect you to give me any color next few quarters how the margins will come. But if I have to take a, say, 2, 3-year view, if you can give more color as to where do we see our company moving forward from margins perspective, from profitability perspective, and more importantly from a business standpoint vis-a-vis our competitors in general?

Abhishek Agarwal: I mean, honestly, any objective guidance at this point, we would refrain from. But just to give you an idea in terms of the quality of the business going forward from here. So if you see the expansion part has been done in FY26. Now that typically fixes your cost structure when you enter into a new financial year.

So what you can extract from the Q1 financials is how the cost structures have been there. That's why if you see the Slide 20, we have tried to split even other expenses in three segments for you, which we obviously will keep reporting going forward. So that will give you a better idea in a couple of quarters that how quarterly the expenses move for this company.

Now after that, as far as the operating cash flow are concerned, they go hand-in-hand with P&L. The purpose of giving even in a limited review quarter the balance sheet and cash flow was because you cannot understand our business just from the P&L. It has to be always looked at in conjunction with the balance sheet and cash flow. So my request will be to observe it for a couple of quarters. I think you'll be able to figure out the answer for yourself.

Ankit Kanodia: Thank you so much and all the best for the future. If I have any questions, I'll come back in the queue.

Abhishek Agarwal: Sure. Sure. Thank you.

Moderator: Thank you. The next question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal: Hi, Abhishek. Congratulations. Thanks for taking my questions. Abhishek, with reference to your initial remarks which mentioned that you opened four large experience centers across Delhi, Mumbai, and New York. So I wanted to check, should this sort of lead to an exponential growth for us in FY27 before we return to a normalized growth in FY28? So I just wanted some qualitative outlook from that perspective?

Abhishek Agarwal: So what we have done, Devanshu, in the financial summary, we have tried to give you the comparative numbers for all the levels, which starts with GMV, then revenue, then gross profit, then EBITDA, and so on. As I mentioned, the cost structure in our business model is pretty much fixed. Q1 is usually the leaner quarter in our business. Over the next 2 quarters, I think the numbers would be fairly clearer to the broader market in terms of how the growth trajectory will pan out. But as I said, it's always important to look at the revenue adjusted to the customer advance, as opposed to just looking the revenue in isolation.

Devanshu Bansal: That's fair. So my question was more from GMV perspective. So I understand the bridge between GMV and revenue. I wanted to check -- so maybe if you could just help us better understand there is a typical seasonality in your business, so maybe historically whatever you have witnessed, how much does 1Q typically contribute to the annual sales in terms of GMV?

Abhishek Agarwal: So as I said, Devanshu, like Q1 is obviously the leanest quarter. It increases in subsequent quarters. But I think the numbers would be relatively clearer once we see the next 2 quarters evolving into the year. But yes, since we have invested into the four large stores last year, this first full year is going to give a very clear scenario run for us for the future.

Devanshu Bansal: Got it. Understood. And lastly -- sorry, you said something? I missed it.

Abhishek Agarwal: So, I was saying its better that we focus on the long-term basis on how the pace is set in FY27.

Devanshu Bansal: Got it. And Abhishek, secondly, you mentioned that you have a backorder model and encouragingly we are seeing that working capital has further reduced in 1Q. So wanted to check, as your business sort of grows, this backorder tailwind you will keep getting from a working capital perspective. So ideally, how do you look at that from a long-term perspective, the working capital intensity in business?

Abhishek Agarwal: So as I said, inventory for us is a function of how much is the shelf space. If the shelf space is not going to change much, the inventory usually just moves in a smaller range basis the cycle of the quarters. The same is true for the advance from customer.

Now, as I said, the typical average delivery timeline is the range is 7 to 90 days. So even if you average the products to be in 45 to 60, and currently you can see that usually the advance from customer is approximately one month of revenue, which basically means if at any point of time

if we have 45 days average delivery, so that backorder is going to contribute almost close to 40% to 50% of the sales at any point of time.

So it's going to move in that range of one month revenue. So as business increases, that advance from customer typically would increase, inventory stays flat, so which definitely would have a reduction in the working capital if that's considered. And hence I said, a couple of more quarters will give us a fair bit of clarity in this when you stack them side by side.

Devanshu Bansal: Got it. And one last question from my end. So you clearly mentioned that your quarterly cost structure is well-represented by how 1Q has unfolded for you. So wanted to check on your plans for addition of experience centers, right? So going ahead, how do you see whether this 1Q cost structure can be sort of extrapolated for next couple of years and whatever top line leverage we'll get will keep adding onto your bottom line, or do you plan to add new experience centers over next couple of years?

Abhishek Agarwal: I mean, from a pure operating leverage concept, yes, the Q1 usually defines the cost structure that will be there for Q2 unless there is a change. Immediately, there is no significant expansion in sight because we have already done four large stores in last financial year, so we want that scenario run to happen. At any point in future, if our expansion plan change, we will make sure we communicate it in our future quarterly calls.

Devanshu Bansal: Got it, Abhishek. Very helpful. Thanks for taking my questions.

Abhishek Agarwal: Thank you, Devanshu.

Moderator: Thank you. The next question is from the line of Subhanu Bangal from 3Head Capital. Please go ahead.

Subhanu Bangal: Yes. Thank you for opportunity. Hope I am audible. Sir, my question on the SSG front. What was the SSG to our mature experience center in FY26?

Abhishek Agarwal: Yes. So we do not look at from a store perspective. We, if you go to the slide, let me just give you a reference. So if you see the slide nine, which has the geographical distribution. So we use the model of a geography line item, as opposed to store. So to give you an idea, let's say Mumbai had three locations in FY21.

We added more units to those locations, which increased the sales to INR127 crores GMV. Now we have shifted to two large-format centers in Mumbai, and we have shut all the previous locations which were much smaller in size. So from our perspective, tracking a same-store growth doesn't make sense, as opposed to that, we always look at how much business are we extracting from a geography.

Whenever there is a change in that, you always get to know because we would typically inform, okay, this is being changed to this store. Till then, that same-store growth is same as that city's growth. If you take any other example, let's say Ahmedabad, for example. Whatever you see in

Ahmedabad on 21, 27, 31, there's been no change in Ahmedabad. But whenever you see a change in Ahmedabad, that will basically create either a spike or dip depending on how that changes in that city.

Subhanu Bangal: Okay. I think that happened with USA business, because FY24 USA business GMV was INR136 crores, (Wrongly said, this should be read as, , because FY24 USA business GMV was INR138 crores) but FY26 GMV is down to INR77 crores.

Abhishek Agarwal: Just to clarify, that is not store. You can see that there was -- US and UK is international omni-channel business. It's online and offline both. US did not have a store until March this year. That was only online. And as I mentioned during my call and also in the presentation, we trimmed the long tail, which was mostly businesses, brands, and customers who were contributing to the lower side of the average order value. That has led to that dip.

That is not a negative same-store growth, because there was no store. But going forward, now given that the New York store has opened, we would always look at US in conjunction, contribution at an omni-channel level how much US does, which is what you see in UK. Whatever you see in UK, it's the same store operating in London from 2019 and the online business.

Subhanu Bangal: Okay. Got it.

Abhishek Agarwal: Despite trimming the online long tail in '24 to '25, we still had growth.

Subhanu Bangal: Okay. And my second last question on the average order value. As we mentioned, we increased our average bill value and average order value in women's wear, as above 1 lakh segment continued growing. That means our margin will be increased going further. But you said that happening that helps our designer also and our product segment also, but margin not will be increased. But normally in any business, as value segment -- as volume decrease and value growth happens, normally margin increase. I couldn't understand that.

Abhishek Agarwal: All I'm saying is there is one part in margin, which is the percentage. One part, which is absolute. Because we work with brands on a commercial understanding of a markdown, the prices are usually set by the brand. Because in this, you are assuming that something which is INR2 lakh is expensive and something which is INR50,000 is cheap.

That's not true, because they would be two different categories of products as well. So hence my point, from an absolute perspective, if I'm operating let's say at an average 40% margin, I'm just giving a number, so selling a INR2 lakh piece gives me INR80,000 margin. Selling a INR20,000 piece gives me only INR8,000 margin.

So from an absolute perspective, it's higher margin. But percentage perspective, it completely depends on what markdown I'm working with that brand. That's why you will see a pretty much a flattish GP for us as far as percentage is concerned, irrespective of the strategy on the price

point being lower or higher. So the idea broadly there is, if you can sell 100 products of 10x price and generate the same GP, why bother selling 1,000 products to generate the same absolute GP? That's the whole idea.

Subhanu Bangal: Okay. Okay. Thank you. Thank you, sir. That's from my side.

Abhishek Agarwal: Thank you.

Moderator: Thank you. Thank you, sir. The next question is from the line of Rohit Kumar from ADM Advisors. Please go ahead.

Rohit Kumar: Yes. Thank you, sir, for the opportunity. Sir, I wanted to ask, can you provide a broad framework to become EBITDA positive? I want to understand at what level of GMV scale and gross margin and operating leverage would be required to achieve positive EBITDA?

Abhishek Agarwal: Yes. Exactly that is why we have given more detailed P&L in our presentation. So if you refer to the slide 20, that is exactly what you are asking. The idea is, whenever you have done your expansion, your cost structures would typically tend to get fixed. It would move in a narrow window depending on some operating cost here and there, but it doesn't move massively.

So if you see the cost structure where we have placed 23, 24, 25, 26 for you side by side, 26 was an expansion year. So hence in '27, you are seeing an uptick on the salary. Marketing, we have anyways been reducing, as I said, so you don't see any uptick there. Logistics is being flat, so we are generally efficient there.

And other expenses would be a function of again some of the costs related to the large-format experience center. So now you know what are the costs which are in Q1, which pretty much become flattish, because till an expansion is not happening, this cost won't grow drastically higher. So the calculation, back calculation up to the GP will give you an EBITDA positive straight away there, which basically means if I'm able to grow the GP to INR55 crores, it would convert to a zero EBITDA.

Now since the cost structure for stores are below EBITDA for us, ideally you should add that as well when you want to see the EBITDA positivity. The same answer is there for that as well. Which means if you see my increase on lease liability, interest on lease liability, and depreciation of right of use of assets, that's INR45 crores. But that is the P&L aspect of it.

If you see the cash flow line item, which is there on the second last slide, there you will see the payment of lease liabilities and interest on these liabilities payment combines only INR29 crores. So which means on a cash basis, on that you will have to add another INR29 crores GP to become EBITDA positive. But whereas on a P&L basis, it has to be INR45 crores to become EBITDA positive.

Depending on -- sorry, becoming operationally EBITDA positive. So whichever line item you're looking at, you can just add back those costs to EBITDA and see where the GP has to land to

cover all these costs. That's the whole idea why we have given a very detailed P&L apart from balance sheet and cash flow.

Rohit Kumar:

Got it. Got it. That was a very detailed answer. Thank you. And my second question was related to the New York experience center. At what target customer profile and AOV compared with Indian experience center we are looking after? And what level of GMV will be required for the store to reach a cash break-even?

Abhishek Agarwal:

Sure. If you see our RHP, I have not put in the presentation, but you can see in the RHP that in FY26, our India online AOV was about INR 38,000, but the store's AOV was about INR 90,000. But we have also given the UK for your reference for an international store, where it was almost GBP460-odd on the online, but it was two and a half times higher on the London store bit.

I think that ratio of two and a half times would be true for New York as well, even though that data is not available publicly from our side. But average order value generally at the stores is about two and a half times. Let's say if my US average order value online is similar to London, which is coming to about INR 50,000, which means at a store level, it will be about anywhere around INR1.25 lakh, which would translate to about USD1,500.

Now since the break-even is more of a function of actual sales, as you correctly said, and not an AOV, AOV is an indicator how many customers you will have to serve to reach that number. So it's been only three months honestly since we're operating. Now with this quarter gone, you'll have data for six months from New York, which will reflect in the US contribution on the geography bit.

So you can see how much US would have grown with addition to the New York offline business. Now in terms of profitability, see, it's a June end lease for us. We did a shorter tenure lease to understand how the dynamics would pan out. Depending on how we perform over the first 12, 18 months of business, it's always easy basically to tune your rent up and down.

Generally, we assume that the cost structure gets more fixed. Since we operate typically only one store per city, for us it's always easy to maneuver that cost structure. We have historically always done it on the higher side because the business had more and more potential. But at any point, if we have to do it on a lower side, that's also possible for us. I would advise let's observe the New York performance for FY27, and then we take a conscious call on it on where to move. I mean what trend to move to make it operationally break-even.

Rohit Kumar:

Thank you, sir. That's it from my side.

Abhishek Agarwal:

Sure. Thank you.

Moderator:

Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Abhishek Agarwal for closing comments. Thank you, and over to you, sir.

Abhishek Agarwal:

Thank you everyone for joining us on our first earnings call. We appreciate your continued interest and support for Purple Style Labs, Pernia's Pop-Up Shop. We remain focused on building a scalable and sustainable luxury fashion platform, with disciplined execution across customers, designers, stores, and capital. We look forward to continuing this journey with all our stakeholders and updating you on our progress in the quarters ahead. Thank you.

Moderator:

Thank you, members of the management. On behalf of Purple Style Labs Limited, that concludes this conference. We thank you for joining us and you may now disconnect your line. Thank you.