Management Discussion

Liberatha Peter Kallat - Chairperson and Managing Director, Dreamfolks Services Limited
Good evening everyone, and thank you for joining us for the Dreamfolks Q2 and half-yearly FY27 earnings call. We appreciate your continuous interest in the company. Earlier today, we have announced our financial results for the quarter ended 30th September 2026, and the detailed financials and investor presentations are available on the stock exchanges and on our website. In my remarks today, I would like to focus on how our platform is evolving through the proposition we are taking to the market, the channels through which customers can access them, and the experiences we are adding to our portfolio.

We have discussed our strategic direction over the last few quarters. The more relevant question now is how that strategy is translating into practical offerings, stronger distribution, and deeper engagement with our partners and their customers. Q2 was a quarter of steady progress across several important areas of our business. Considering the ongoing geopolitical challenges, we are seeing improved adoption of our new-age boarding pass-based benefit program with credit card offerings, alongside growing interest from banks and card networks in service beyond traditional lounge benefits.

Such as coffee BOGO, members-only club access, and flight cancellations for any reasons. While airport lounge access continues to remain an important part of card proposition, banks are gradually introducing complementary lifestyle and travel benefits to enhance their overall offerings. We see this as a positive evolution of the benefits ecosystem, creating opportunities to deepen our engagement with existing partners and expand our service portfolio. In parallel, we expanded our railway lounge presence with the addition of new lounge, further strengthening our position in this segment.

Overall, the quarter reflected progress across gross margins, customer adoption, and business diversification as we continue to build scale across our travel and lifestyle benefit platform. One area where we are seeing encouraging traction and lifestyle offerings such as coffee BOGO and access to members-only private clubs. These services extend the Dreamfolks proposition beyond individual travel locations, bringing benefits to everyday routine as well as premium leisure experiences. For our banking and enterprise partners, this enables them to offer a wider range of benefits through a single integrated platform leveraging our network and capabilities.

Our focus is on ensuring that these offerings are relevant, easily accessible, and capable of generating repeat customer engagement across different segments and use, usage occasions. A significant development during the quarter is that Dreamfolks Club membership is now live on the loyalty platform of multiple major banks. This creates an additional distribution channel for our membership offerings, enabling us to reach customers through established bank loyalty platforms that are already part of their engagement ecosystem.

We believe this is, this can, this can support awareness and discovery while making travel and lifestyle experiences more accessible to a wider customer base. The launches announced at Global FinTech Fest in September 2026 further demonstrate the breadth of propositions our platform can support across different customer needs and distribution models. Rather than looking at these as standalone products, we see them as examples of our ability to work with partners to design and deliver benefits aligned with the product target customer segment, and intended experience.

Our flight cancellation for any reason service with MasterCard is designed to provide eligible

cardholders with greater flexibility when their travel plans change, subject to the applicable program terms and conditions. It addresses an important pain point in the travel journey and takes card-linked benefits beyond traditional access-based offering by providing greater practical utility to customers. Our partnership with Elixir for a wellness-focused credit card also extends our presence into wellness category, with Dreamfolks powering the premium spa benefit layer of the proposition.

This further demonstrates the flexibility of our platform in bringing together different lifestyle services within a single customer proposition. Another important launch was in partnership with The Card Company for a premium prepaid metal card on the RuPay network. As an RBI-licensed PPI issuer, the card company represents an emerging distribution channel beyond traditional credit card programs, with Dreamfolks supporting the travel and lifestyle benefits layer of the offering. Taken together, these partnerships expand, expand the range of products and partners we can serve and reinforce our role as benefits technology partner across the evolving banking, fintech, and payment ecosystem.

An important milestone in this journey has been the launch of Dreamfolks Club Nagavalli Wellness Estate, a private club set in the eastern ghats of Orissa and Andhra Pradesh border. Spread across approximately 30 acres including a 25-acre golf course, the estate brings together golf, nature, adventure, and the living culture of the region. Named after the Nagavalli River, which flows between the estate and its golf course and marks the boundary between the 2 states, it offers a rather unique experience where golfers can tee off in Odisha and watch their ball land in Andhra Pradesh.

Beyond golf, the estate offers an immersive destination experience with 37 lounge cottages comprising 20 luxury and 17 eco cottages along with spa, swimming pool, and multi-cuisine restaurants. Members can also explore the natural landscape of the Eastern Ghats, experience local tribal tradition and performances, and discover the region's art, craft, and cuisine. We see Nagavalli as an important step in taking Dreamfolks Club beyond conventional membership access and creating distinct curated experiences of our own.

It also reflects our belief that the future of premium lifestyle offering lies in experiences that are unique, authentic, and deeply connected to their surroundings. Another area where we are exploring is the introduction of newer ultra-premium services for affluent credit card customers. We believe there is an opportunity in this segment where customers increasingly seek exclusive, differentiated, and personalized experiences beyond conventional travel benefits. We are working towards curating a portfolio of premium experiences and services that can help our banking partners create more differentiated value propositions for their high-value cardholders.

This will allow us to address a wider customer segment while further expanding the breadth of our platform. Global lounges remain an important growth engine for Dreamfolks. With a network of more than 1,100 lounges, we have built a strong foundation for further international expansion. Our focus is now on converting this network reach into sustained program activity and transaction volumes through deeper relationship with international banks and card networks. Southeast Asia in particular continues to be an encouraging market with growing interest from multiple clients across the region.

Our expanding network combined with our technology and distribution capabilities positions us well to participate in this opportunity. Our railway lounge business has continues to offer significant growth potential, supported by our national nationwide network coverage across 100% of railway lounges in India. During the quarter, we further strengthened this presence with the addition of a new railway lounge at Nashik. We currently own and operate railway lounges in Chennai, Mumbai,

and Vadodara through our subsidiary 10/11 Hospitality.

We are also actively evaluating further opportunities to expand our direct operational presence in the railway lounge segment through 10/11, with the focus of strengthening operational control, service quality, and the overall customer experience. These initiatives reflect how our platform is evolving beyond traditional service aggregation. We are bringing together service supply, partner distribution, and management to help clients create differentiated customer propositions. Depending on the partner's objectives, these propositions can support customer acquisition, engagement, retention, or premium positioning while being delivered through a common technology and operating framework.

Technology remains central to this model, connecting service providers with client integration, benefit configuration, card eligibility, and access management. Our supplier relationships provide access to a wide range of services. Our distribution capabilities make them available, available to clients, and the technology enables seamless delivery and management. We believe this integrated capability will be an important differentiator as we scale across more products, clients, and geographies. Turning to our financial performance, the company reported revenue of INR 31 crores for Q2 FY27, taking the revenue for the first half of FY27 to INR 70 crores.

An encouraging development during the quarter was the return to the positive gross profit taking the gross profit margin to 8.7% for H1 FY27. This reflects a positive step in our ongoing efforts to improve the business mix and strengthen the economics of our newer service offerings. Importantly, non-airport lounge services continue to make a meaningful contribution, accounting for more than one-third of our top line during Q2 FY27. This demonstrates the increasing contribution of our diversified portfolio including golf, railway lounges, and lifestyle services towards the overall business.

As we move to the rest of FY27, our priorities are deep into, deepen distribution and adoption of the services already launched, drive greater program activity across our global network, scale the railway business to 10-11, and expand lifestyle offerings through banking and loyalty partners. Alongside this, we will continue investing in the technology and operating capabilities required to support growth while maintaining a strong focus on execution, improving contribution and revenue absorption, and disciplined capital allocation.

Ultimately, our objective is to translate growth investment into sustained business scale, strengthen the contribution of global and lifestyle services to our revenue mix, and build a more diversified business with the improved operating leverage and sustainable financial performance. With that, I hand over to Shekhar, who will take you through the financial performance for Q2 and its half-yearly FY27 and discuss the key moments during the period.

Shekhar Sood - Chief Financial Officer, Dreamfolks Services Limited
Good evening everyone. I will now take you through our financial performance for the quarter ended 30th September 2026, followed by our performance for the first half of FY27. Revenue for Q2 FY27 stood at INR 31.1 crores compared with INR 39 crores in Q1 FY27 and INR 205.5 crores in Q2 FY26. Adjusted EBITDA after adjusting for non-cash expenses stood at negative INR 8.8 crores, improving from negative INR 16.4 crores in the previous quarter. Loss after tax also narrowed to a negative INR 10.7 crores from negative INR 13.8 crores in Q1 FY27.

The sequential improvement in profitability was partly driven by the absence of the one-time upfront minimum guarantee payment made in Q1 to support the expansion of our global lounge business. No

similar one-off expense was incurred during Q2 FY27. For H1 FY27, revenue stood at INR 70.1 crores compared with INR 554.5 crores in H1 FY26. Adjusted EBITDA stood at negative INR 25.2 crores and profit after tax was negative INR 24.6 crores. As of 30th September 2026, bank balance and liquid investment stood at INR 187.8 crores compared with INR 148.9 crores as of 31st March 2026, while the net worth stood at INR 290.1 crores against INR 313.8 crores at end of the last fiscal year.

We continue to manage our liquidity prudently with a focus on aligning the pace of investment with business development. This involves closely monitoring service level economics, phasing capital expenditure where appropriate, and maintaining visibility on operating cash flows. Our objective is to ensure that investments in new capabilities translate into sustainable business growth while preserving the financial flexibility and discipline required to execute our long-term strategy. With that, I open the floor for questions.

Thank you.

Questions & Answers

Operator
[Operator Instructions]

Operator
We'll take our first question from the line of Sebin Joy, an individual investor. Please go ahead. Sebin, your line is unmuted.

Please go ahead with your question. There is no response from Sibin's connection.

Operator
[Operator Instructions]

Operator
As there are no further questions from the participants, I would now like to hand the conference over to Ms.

Libreta Kalad for closing comments. Thank you.

Liberatha Peter Kallat - Chairperson and Managing Director, Dreamfolks Services Limited
Thank you all for joining today's earnings conference call. We hope your questions have been addressed. For any further information, please reach out to our investor relationship team. Take care and goodbye.

Operator
[Operator Closing Remarks]