SAGAR DISTILLERY

Sagar Distillery Limited

Corporate office: Lal Colony Marg, Kathmandu
Registered office: Devchuli-01, Nawalparasi, Nepal / Phone no: 014504222

Quarterly Financial Results for First Quarter (FY 2083.84)
Annexure 14
[Related to Rule 26(1)]

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT ASHWIN END 2083 (17 OCTOBER 2026)

		Ashwin 31, 2083	Corresponding Prev. Yr. Quarter Ashwin 2082	Prev. Quarter End Ashad 32, 2083
ASSETS				
NON-CURRENT ASSETS				
a.	Property, Plant And Equipment	504,808,218	499,031,179	496,469,998
b.	Capital Work-In-Progress	245,384,224	18,380,869	201,474,815
c.	Intangible Assets	249,840	600,871	270,946
d.	Right Of Use Assets	1,045,378	1,025,756	1,045,378
e.	Deferred Tax Assets	74,772,748	41,223,222	73,086,978
f.	Investments	-	18,072,168	-
g.	Other Non-Current Assets	-	-	-
	Total Non-Current Assets	**826,260,408**	**578,334,064**	**772,348,115**
CURRENT ASSETS				
a.	Inventories	86,045,956	87,593,198	85,605,403
b.	Financial Assets	53,640,179	5,025,653	3,653,231
c.	Trade Receivables	583,907,614	416,386,438	583,589,376
d.	Cash And Cash Equivalents	1,754,525	1,569,664	26,537,230
e.	Other Current Assets	106,387,906	286,459,705	66,382,837
	Total current assets	**831,736,181**	**797,034,658**	**765,768,077**
TOTAL ASSETS		**1,657,996,588**	**1,375,368,722**	**1,538,116,193**
EQUITY AND LIABILITIES				
EQUITY				
a.	Equity			
	i. Share Capital	726,000,000	726,000,000	726,000,000
b.	Other Equity	139,031,765	218,682,448	144,931,138
	Total Equity	**865,031,765**	**944,682,448**	**870,931,138**
NON-CURRENT LIABILITIES				
a.	Financial Liabilities			
	i. Borrowings From Banks	411,454,431	84,099,745	303,033,177
	ii. Lease Payables	-	598,509	-
b.	Deferred Tax Liabilities	-	-	-
	Total non-current liabilities	**411,454,431**	**84,698,254**	**303,033,177**
CURRENT LIABILITIES				
a.	Financial Liabilities			
	i. Borrowings From Banks	299,919,168	289,826,275	287,419,168
	ii. Lease Payables	598,509	537,771	598,509
	iii. Trade Payables	58,185,837	25,684,287	46,748,438
	iv. Other Liabilities	15,820,567	22,436,375	19,458,243
b.	Statutory &Other Current Liabilities	6,986,312	7,503,313	9,927,520
c.	Current Tax Liabilities (Net)	-	-	-
	Total current liabilities	**381,510,393**	**345,988,020**	**364,151,879**
TOTAL EQUITY AND LIABILITIES		**1,657,996,588**	**1,375,368,722**	**1,538,116,193**

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED ASHWIN END 2083 (17 OCTOBER 2026)

	Ashwin 31, 2083	Corresponding Prev. Yr. Quarter Ashwin 2082	Prev. Quarter End Ashad 32, 2083
Gross Revenue From Operations	110,986,536	59,970,840	476,362,019
Less: Excise Duties	65,927,336	32,356,530	266,467,506
Net Sales Revenue	**45,059,199**	**27,614,310**	**209,894,513**
Less: Cost Of Goods Sold	17,635,764	10,276,143	110,686,559
Gross Profit	**27,423,435**	**17,338,167**	**99,207,953**
Other Operating Income	3,862,604	2,778,026	(1,725,248)
Gain On Investments Through Fair Value	-	-	-
Total Income From Operations	**31,286,039**	**20,116,193**	**97,482,706**
Employee Benefit Expenses	12,637,540	14,998,363	52,056,168
Administration And Other Expenses	3,623,912	2,676,571	10,487,136
Selling And Distribution Expenses	10,456,540	13,556,806	87,436,070
Operating & Non-Operating Profit	**4,568,046**	**(11,115,547)**	**(52,496,668)**
Depreciation And Amortisation	2,820,570	2,502,610	10,504,626
Finance Costs	8,358,340	6,950,864	22,506,794
Profit Before Tax	**(6,610,863)**	**(20,569,021)**	**(85,508,088)**
Income Tax Expenses			
Deferred Tax	(1,685,770)	(5,245,100)	(28,238,425)
Current Tax	-	-	-
Profit / (loss) for the year / period	**(4,925,093)**	**(15,323,920)**	**(57,269,663)**
Other Comprehensive Income	-	-	-
Items That Will Not Be Reclassified To Profit Or Loss:	-	-	-
Other Comprehensive Income	-	-	-
Total Comprehensive Income For The Year / Period	**(4,925,093)**	**(15,323,920)**	**(57,269,663)**

FINANCIAL RATIOS	Ashwin 31, 2083	Corresponding Prev. Yr. Quarter Ashwin 2082	Prev. Quarter End Ashad 32, 2083
Earning Per Share(EPS)	(0.68)	(2.11)	(7.89)
Current Ratio	2.18	2.30	2.10
Return on Assets	-0.30%	-1.11%	-3.72%
Net Worth Per Share (Including Assets Revaluation) in Rs.	**119.15**	**130.12**	**119.56**

Notes to Financial Statements

i. The Profit & Loss Account for the first quarter of fiscal year 2083-84 and the corresponding Statement of Financial Position are attached. The data covers the period from Shrawan to Ashwin of the current fiscal year and is presented in comparison with the corresponding quarter of the previous fiscal year (Ashwin end 2082) and the immediately preceding quarter / year end (Ashad end 2083).

ii. There have been no material related-party transactions, pecuniary transactions, or relationships between Sagar Distillery and its Directors for the period ended Ashwin end 2083 that could potentially conflict with the interests of the company at large.

iii. EPS reflects the actual results for the first quarter and has not been annualised. Financial Statements are prepared as per Nepal Financial Reporting Standards (NFRS). Net worth per share includes the NPR 193.53 million assets revaluation reserve.

iv. Financial assets includes cash margin worth NPR. 53,340,179 for outstanding LC of Plant & Machinery and other goods.

v. During the period under reference no case had been filed either by the company or against the company in the name of any Director/substantial Promoter of the company.

First Quarter Disclosures as at Ashwin end 2083 as per Annexure 14, Rule 26(1) of Securities Registration and Issue Regulations, 2073

Analysis of Shares Transaction

The company's shares are actively traded in the Nepalese capital market, reflecting continued investor interest and confidence. The management remains focused on enhancing financial performance and ensuring steady growth in both revenue and profitability. Share transaction details for this quarter (1st Quarter of FY 2083.84), according to data published on the NEPSE, are mentioned below:
Maximum Price: NPR. 1820.00
Minimum Price: NPR. 1476.00
Shares Traded: 509,405 units
Closing Price: NPR. 1553.10
Total Transaction Days: 61 Days
Based on the closing price of Rs. 1553.10 as at Ashwin end 2083, the market capitalization of the company was approximately NPR 11275.506 million. The price-to-book ratio stood at 13.03 times.

Analysis of Management

In Q1 of FY 2083/84, gross revenue rose 85.1% to NPR 110.99 million from NPR 59.97 million, and net sales grew 63.2% to NPR 45.06 million (due to increment in excise duty). Gross profit rose 58.2% to NPR 27.42 million, while gross margin on net sales fell from 62.8% to 60.9%. The operating result improved to a profit of NPR 4.57 million from a loss of NPR 11.12 million, supported by higher sales. Finance costs rose 20.2% to NPR 8.36 million. The net loss narrowed 67.9% to NPR 4.93 million from NPR 15.32 million. Management remains focused on cost rationalization and operational efficiency.

i. Strengthening Liquidity, Credit Management & Financial Discipline

Trade receivables stood at NPR 583.91 million, broadly in line with the preceding quarter (NPR 583.59 million) but about 41% higher year-on-year (NPR 416.39 million). Cash and cash equivalents were NPR 1.75 million and total borrowings rose to NPR 711.37 million, mainly from term loan drawn for the malt spirit plant project; the current ratio rose to 2.18 from 2.10 at Ashad end 2083. The company will continue to tighten credit discipline through regular audits, risk-tiered credit policies and structured distributor management to improve collections and working-capital control.

ii. Expansion of Distribution, Market Performance and Portfolio Mix Improvement

The company continued its Tier-2 city distribution expansion and premium brand focus. Enhanced logistics and distributor capabilities with enhanced sales hygiene enabled better service levels, on-shelf availability, better coverage and incremental market share gains in both existing and new markets.

Problems and Challenges

The first quarter presented a mix of structural, regulatory, and operational challenges for the company and the broader liquor industry in Nepal. Sagar Distillery remained committed to navigating these challenges while sustaining its strategic growth agenda.

i. Declining Domestic Consumer Base

Nepal's liquor market continues to face structural headwinds from sustained outmigration of working-age adults, rising health and wellness awareness, and a shift toward lower-frequency, occasion-led consumption behaviour. These trends were particularly visible in urban markets, requiring the company to respond with sharper product positioning, premium experience delivery, and targeted portfolio diversification. Sagar Distillery is addressing this through innovation in product formats, premiumization of its brand portfolio, and activation strategies focused on the aspirational consumer segment.

ii. Economic headwinds & Distribution challenges

Economic recovery remained gradual during the quarter, despite greater political stability following the formation of a new government. Liquidity across the trade network remained tight, private sector credit growth was subdued, and consumers remained price sensitive. Flooding and unexpected adverse weather disrupted deliveries and made it harder to maintain regular distribution in affected markets. Delayed payments from distribution partners also required close monitoring. The company is tightening credit controls, following up on collections more systematically, and improving cash flow planning. Management remains cautiously optimistic that an improving economy will support consumer confidence and demand.

iii. Distribution penetration and entry barriers

Expanding trade coverage remains a key challenge for Sagar Distillery. Established players benefit from longstanding distributor and retailer relationships, extensive distribution networks, and greater capacity to invest in trade incentives and in-store visibility. These advantages make it harder for Sagar to secure availability in high-potential outlets, earn shelf space, and convert initial placements into repeat orders. Stringent regulations to building brand recognition in consumer mind with media and advertising remains a key entry barrier for new player like Sagar.

iv. Corporate Governance

The Board of Directors, Audit Committee, and Team Management are committed to strengthening corporate governance within the company.

Declaration

The CEO of the Company hereby individually accepts responsibility for the accuracy of the information and the details contained in this statement. The CEO also declares that the information provided herein, to the best of his knowledge and belief, does not contain any false or misleading statements or material facts. The omission of any statement that might affect investors' decisions has been avoided.

NEPSE BULLS RARE MALT WHISKY
The GOVERNOR SMOKEWOOD CASK WHISKY
ROYAL BLUE PERFECTLY SMOOTH
GREY WOLF PLATINUM FILTERED
BERRIES & BLUES
MAXX