

Quarterly Financial Results for Second Quarter (FY 2082/83)
Annexure 14 [Related to Rule 26(1)]

UNAUDITED STATEMENT OF FINANCIAL POSITION AS ON 31ST POUISH 2082

Particulars	This Quarter Ending Poush 2082	Corresponding Previous year Quarter Ending Poush 2081	Previous Quarter Ending Ashwin 2082
ASSETS			
NON-CURRENT ASSETS			
a) Property, plant and equipment	496,161,889	485,757,447	499,031,179
b) Capital work-in-progress	53,812,136	16,537,237	18,380,869
c) Intangible assets	359,109	561,240	600,871
d) Right of use assets	512,878	1,025,756	1,025,756
e) Deferred tax Assets	53,801,995	47,846,553	41,223,222
f) Investments	102,800,197	89,412,499	18,072,168
g) Other non-current assets		-	
Total non-current assets	707,448,205	641,140,732	578,334,064
CURRENT ASSETS			
a) Inventories	99,738,443	41,412,283	87,593,198
b) Financial assets	6,979,206	2,119,793	5,025,653
c) Trade receivables	421,992,778	249,908,881	416,386,438
d) Cash and cash equivalents	722,128	10,480,604	1,569,664
e) Other current assets	249,457,395	93,927,050	286,459,705
Total current assets	778,889,951	397,848,611	797,034,658
TOTAL ASSETS	1,486,338,155	1,038,989,343	1,375,368,722
EQUITY AND LIABILITIES			
EQUITY			
a) Equity			
Share capital	726,000,000	580,800,000	726,000,000
b) Other equity	205,774,140	210,543,330	218,682,448
Total equity	931,774,140	791,343,330	944,682,448
NON-CURRENT LIABILITIES			
a) Financial liabilities			
i) Borrowings from banks	140,107,924	91,746,214	84,099,745
ii) Lease Payables	-	598,509	598,509
b) Deferred tax liabilities		-	-
Total non-current liabilities	140,107,924	92,344,723	84,698,254
CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings from banks	288,728,275	117,124,000	289,826,275
ii) Lease Payables	598,509	537,771	537,771
iii) Trade payables	42,617,882	11,933,793	25,684,287
iv) Other liabilities	74,470,301	15,145,328	22,436,375
b) Statutory & Other current liabilities	8,041,123	10,560,399	7,503,313
c) Current tax liabilities (net)	-	-	-
Total current liabilities	414,456,091	155,301,290	345,988,020
TOTAL EQUITY AND LIABILITIES	1,486,338,155	1,038,989,343	1,375,368,722

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED POUISH 2082

Particulars	This Quarter Ending Poush 2082	Corresponding Previous year Quarter Ending Poush 2081	Previous Quarter Ending Ashwin 2082
Gross Revenue from operations	129,184,884	83,267,939	59,970,840
Less: excise duties	69,039,195	45,593,033	32,356,530
Net sales revenue	60,145,689	37,674,905	27,614,310
Less: cost of goods sold	25,375,466	19,211,147	10,276,143
Gross profit	34,770,223	18,463,758	17,338,167
Other operating income	4,260,827	13,421,536	2,778,026
Total income from operations	39,031,049	31,885,294	20,116,193
Employee benefit expenses	29,160,475	14,198,145	14,998,363
Administration and other expenses	6,146,900	5,082,770	2,676,571
Selling and distribution expenses	20,107,616	18,050,946	13,556,806
Operating/ non-operating profit	(16,383,941)	(5,446,567)	(11,115,547)
Depreciation and amortization	6,659,290	5,835,708	2,502,610
Finance costs	12,068,306	9,569,763	6,950,864
Profit before tax	(35,111,538)	(20,852,039)	(20,569,021)
Income tax expenses			
Deferred tax	(8,953,442)	(6,255,612)	(5,245,100)
Current tax			
Profit for the year	(26,158,096)	(14,596,426)	(15,323,920)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
PPE Revaluation Reserve	-	-	-
Actuarial Gain/(Loss) of Employee Benefits	-	-	-
Items that may be re-classified subsequently to Profit or Loss:	-	-	-
Exchange Difference on translation of foreign operations	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	(26,158,096)	(14,596,426)	(15,323,920)

Financial Ratios

Ratios	This Quarter Ending Poush 2082	Corresponding Previous year Quarter Ending Poush 2081	Previous Quarter Ending Ashwin 2082
Earnings Per Share (EPS)	(7.21)	(5.03)	(8.44)
Current Ratio	1.88	2.56	2.30
Return on Assets	-1.76%	-1.40%	-1.11%
Net Worth Per Share (Including Assets Revaluation) in Rs.	128.34	136.25	130.12

Notes to Financial Statements:

- The Profit & Loss Account for the second quarter of fiscal year 2082-83 and the corresponding Balance Sheet are attached. The data covers the period from Ashwin to Poush of the current fiscal year and is presented in comparison with the previous year.
- There have been no material related-party transactions, pecuniary transactions, or relationships between Sagar Distillery Ltd. and its Directors for the period ended on Poush 2082 that could potentially conflict with the interests of the company at large.
- EPS has been Annualized wherever necessary and Financial Statements is prepared as per Nepal Financial Reporting Standards (NFRS)

Second Quarter Disclosures as on Poush 2082 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. shares transaction details of this quarter (2nd Quarter of FY 2082.83) according to data published on the NEPSE are mentioned below:

Maximum Price	Minimum Price	Shares Traded	Closing Price	Total Transaction Days
2016.30	319.50	16,55,840	2005	45 Days

- Analysis of Management:** In Q2 FY 2082/83, Sagar Distillery Limited sustained its growth momentum with revenue rising by 55% compared to the same period of the previous year, driven by overall portfolio growth, strengthened market execution, and the launch of Governor Whisky 180 ML. Despite the strong topline performance, the net loss increased due to continued investments in market expansion, brand building, and people development, laying a solid foundation for long-term sustainable growth.

- Strengthening Liquidity, Credit Management & Financial Discipline:** Trade receivables increased to NPR 421.99 million, up 1.3% quarter-on-quarter and 69% year-on-year, reflecting higher credit exposure in new markets and causing a moderate lengthening of the operating cycle. To address this, the company will strengthen credit discipline through regular audits, risk-tiered credit policies, and structured distributor management, which will improve receivable turnover and reinforce working-capital control, thereby stabilizing collections, enhanced liquidity management, and support operational efficiency.

- Expansion of Distribution, Market Performance and Portfolio Mix Improvement:** The company executed major distribution expansion into Tier 2 cities, improving availability in previously underserved areas. Enhanced logistics and distributor capabilities enabled better service levels, on shelf availability, and incremental market share. Combined with new SKU launches and focused premium brand execution, the company achieved steady revenue growth and an improved product mix. Premium brands continued to gain traction, strengthening visibility and reinforcing the company's positioning in the aspirational consumer segment supporting sustainable growth and long-term market expansion.

- Malt Plant:** The company has initiated civil construction works for the Malt Plant after finalizing the design and drawings. The overall construction is progressing as planned. This strategic investment is expected to enable local production of high-quality malt, contributing to import substitution and long-term cost efficiency.

- Problems and Challenges:** The second quarter continued to present multiple structural, regulatory, and economic challenges for the company and the broader liquor industry in Nepal.

- Declining Domestic Consumer Base:** Nepal's liquor market is witnessing a gradual erosion of its consumer base driven by continued migration of young adults, rising health consciousness, and shifts toward low-frequency, selective consumption. This behavioral shift necessitates stronger premium experiences and portfolio differentiation.

- Media-Dark Operating Environment & Entry Barriers:** Strict regulations prohibiting advertising, digital promotion, and surrogate communication create a highly restrictive environment for brand building, disproportionately benefiting legacy players and limiting newer entrants like Sagar from rapidly scaling awareness. These challenges are compounded by complex outlet penetration, retail entry barriers, and intense competitive pressure from large industry players, who leverage economies of scale, aggressive trade investments, and extensive distribution networks.

- Economic & Political Instability:** The current macroeconomic environment marked by liquidity constraints across the trade network, inflation-driven price sensitivity, and ongoing political uncertainty due to GenZ Movement continues to affect market demand. Slow credit growth and reduced trade liquidity contribute to delayed receivables, making working-capital management more challenging.

- Corporate Governance:** 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.