



Lark Distilling Co.

ASX ANNOUNCEMENT

ASX: LRK

18 October 2021

LARK DISTILLING CO. LTD: 4C MARKET UPDATE.

Q1 Highlights

- FY22 Q1 Net Sales were \$4.1m, up 80% compared to prior period last year.
- Litres Under Maturation is 1.237m litres, an increase of 144k litres from 30 June 2021.
- Net Sales Value of the Whisky Bank at Maturation is \$267m, up from \$236m as at 30 June 2021.
- Lark announced as finalist for the IWSC Worldwide Whisky Producer of the Year 2021, for second consecutive year with results to be announced at the end of October 2021.
- Forty Spotted Gin received multiple awards in July 2021 at the Spirits Business Gin Masters:
 - Forty Spotted Classic – Gold Medal
 - Forty Spotted Wild Rose – Gold Medal
 - Forty Spotted Pinot Noir – Masters Medal

COVID-19 Impact on Lark Hospitality Venues

- Latest wave of COVID-19 has adversely impacted all of our Lark operated Hobart venues.
- FY22 Q1 is down by \$451k compared to the previous three months (ie. FY21 Q4).
- We expect similar trading patterns to continue into Q2, with an improvement anticipated to be in line with Tasmanian border restrictions being eased once 90% of the local population have been double vaccinated – expected to occur in December 2021.
- The new Tasmanian Whisky Bar “The Still” was originally planned to open in August 2021, however due to Tasmanian border restrictions the venue has been delayed and is now scheduled to open in December 2021 in line with the removal of border restrictions.

Building The Whisky Bank

Lark Distilling Co. - Litres of Whisky as at September 2021 at 43% ABV			
FY Maturing	Litres of Whisky at Maturation at 43% ABV	Liquidation Value Today	Net Sales Value at Maturation Date (\$216/litre)
2022	88,551	\$19,127,042	\$19,127,042
2023	140,307	\$24,806,253	\$30,306,282
2024	221,026	\$30,413,245	\$47,741,722
2025	292,807	\$28,812,178	\$63,246,245
2026	150,642	\$8,917,989	\$32,538,608
2027+	343,691	\$6,873,823	\$74,237,288
Grand Total	1,237,024	\$118,950,530	\$267,197,187

Value at Cost September 2021	\$23,552,010
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Lark Distilling Co.

September Quarter Cashflow Highlights

Net operating activity cash outflows were \$1.963m for the quarter. Operating activity inflows through customer receipts totalled \$5.7m and represented a \$532k increase from the June quarter. Operating cash outflows for product manufacturing and operations decreased from the previous quarter. Other operating cash movements were in line with the prior quarter.

Net investing activity cash outflows for the quarter were \$472k. Majority of spend for property, plant and equipment for the September quarter related to fit-out costs for the Tas Whisky Bar \$419k. Other spend related to a new hot water system for Bothwell \$33k, and payment for 1000 litre IBC's \$15k.

Net financing activity cash outflows for the quarter were \$14k. Cash inflows were received of \$38k from the exercise of options. Minor payments of \$52k related to truck and barrel finance repayments.

The related party payments of \$197k reported in 6.1 of the Appendix 4C relate to the payment of non-executive Director fees and Executive Director Remuneration.

For more information contact

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This announcement has been approved for release by the Board of Directors.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Lark Distilling Co. Ltd

ABN

62 104 600 544

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,702	5,702
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(5,006)	(5,006)
(c) advertising and marketing	(587)	(587)
(d) leased assets	-	-
(e) staff costs	(1,072)	(1,072)
(f) administration and corporate costs	(1,146)	(1,146)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(53)	(53)
1.6 Income taxes/GST paid	199	199
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,963)	(1,963)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(472)	(472)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(472)	(472)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	38	38
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(52)	(52)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payment of lease liabilities)	-	-
3.10	Net cash from / (used in) financing activities	(14)	(14)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,643	7,643
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,963)	(1,963)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(472)	(472)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14)	(14)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	5,194	5,194

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,194	7,643
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,194	7,643

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	197
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,000	5,000
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	5,000	5,000
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,449)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,194
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	5,194
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 18 October 2021

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.