

Lark Distilling Co. Ltd (ASX: LRK) (“Lark” or the “Company”) is pleased to release its Quarterly Activities Report and Appendix 4C Cash Flow Report for the quarter ending 30 June 2022.

#### Q4 FY22 HIGHLIGHTS:

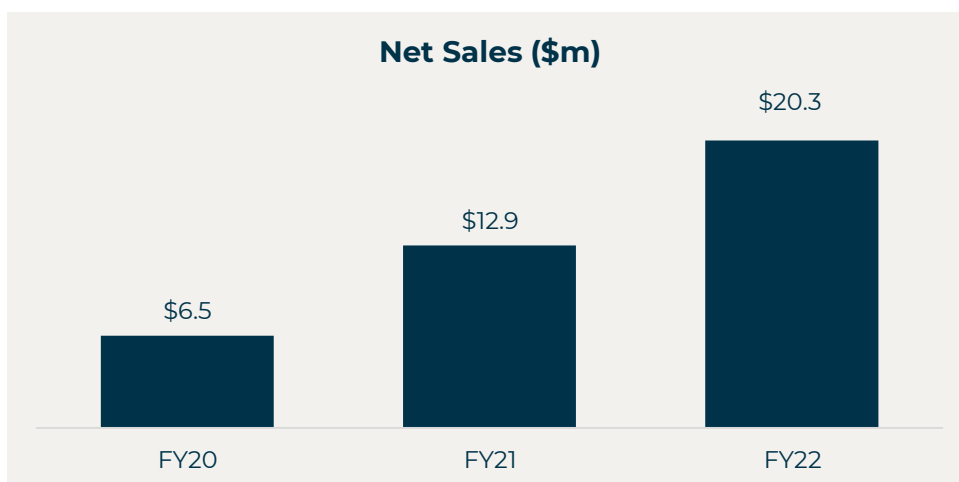
- Lark delivered its record sales quarter with Q4 unaudited Net Sales of \$6.8m (+72% pcp, +89% QoQ), taking FY22 unaudited Net Sales of \$20.3m (+57% YoY), in line with guidance
- Achieved positive cash flow during the quarter of \$1.3m
- Strengthening ‘whisky bank’ with 2.1m litres of whisky under maturation (at 43% ABV) as at 30 June 2022 (+5.6% QoQ), underwriting future sales growth expectations
- Balance Sheet strength with solid cash position of \$16.1m, in addition to an undrawn bank facility of \$10.0m
- Additional export sales seeded during the quarter
- The Board in negotiations for new CEO
- Focussed outlook as long-term strategies remain intact

**\$6.8m**  
Q4 Net Sales  
(+72% pcp)

**2.1m litres**  
Whisky Bank  
(+5.6% QoQ, +88% YoY)

**\$20.3m**  
FY22 Net Sales  
(+57% YoY)

**\$26.1m Funds Available**  
+\$1.3m Q4 Cash Flow



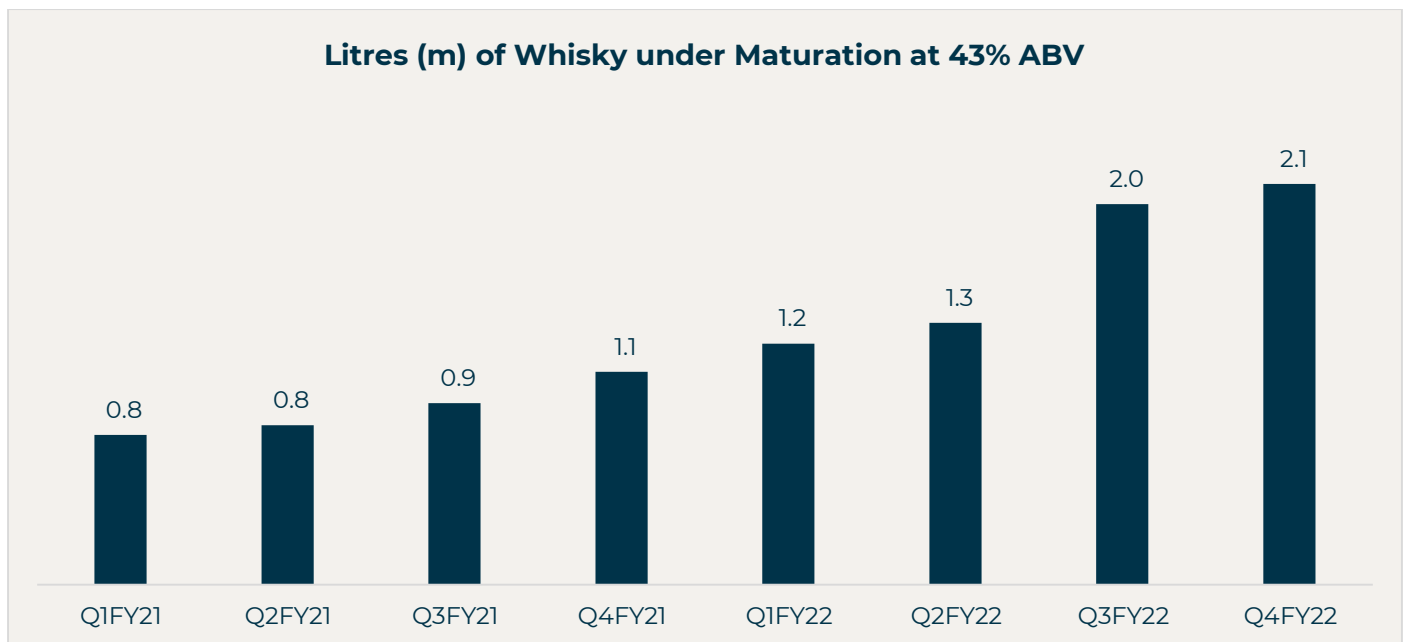
#### RECORD Q4 SALES DELIVERS FY22 NET SALES OF \$20.3M (UNAUDITED)

Lark recorded its highest-ever sales quarter, with unaudited Net Sales growing 72% to \$6.8m (vs Q4 FY21), taking FY22 unaudited Net Sales to \$20.3m, in line with guidance provided in February 2022. Importantly, sales during this June quarter reflect general improvements to the Company’s operating environment and return to on-premise sales following disturbances experienced in the March quarter.

## POSITIVE JUNE QUARTER CASH FLOW

During the June quarter, Lark generated \$1.3m positive cash flow, underpinned by +\$1.5m net cash flow from operating activities. Improved debtor collection cycles and payments for product manufacturing and operating costs declined versus the March quarter. This was largely due to decreased packaging and bottling expenditure and timing of payments.

## STRENGTHENED WHISKY BANK WITH 2.1 MILLION LITRES UNDER MATURATION\*



Lark has achieved 2.1 million litres as at 30 June 2022, exceeding previous ambitions of 2.0 million litres, increasing 5.6% during the quarter. The whisky bank underpins future sales potential, and while the future potential net sales value of this liquid is variable, the sales price per litre observed within FY22 remains within prior guidance range of +15 to 25% YoY (FY21: \$216 net sales value per litre).

\*at 43% ABV

## BALANCE SHEET STRENGTH WITH ROBUST CASH POSITION

Cash at bank of \$16.1m as at 30 June 2022, in conjunction with additional \$10.0m undrawn NAB Debt Facility, leaves Lark in a strong position to achieve its current objectives.

## ENHANCED EXPORT CAPABILITY

As a key enabler of future growth, in parallel with expanding volume of whisky under maturation, Lark continues to make progress developing key relationships and expanding its export capabilities. Encouragingly, additional export sales orders were observed during the June quarter, notably from China Distributor, GNT Fine Wines, as previously advised in April.

## CEO TRANSITION PROGRESS

Lark's global CEO search is progressing well. The Board remains confident in the process and narrowed list of high-quality, global candidates.

## **FOCUSED OUTLOOK AS STRATEGY INTACT**

Lark continues its long-term strategic pathway of building brand reputation, while executing its growth initiatives, supported by balance sheet strength.

Additional detail will be provided at the FY22 full year results expected to be announced to market in late August.

### **Lark Managing Director and Interim CEO, Laura McBain, said:**

“Since being appointed to interim CEO in February 2022, the primary objective of our entire Executive Team was to remain committed in executing our strategic initiatives as set-out previously.

Specifically, we are developing our core range to better meet the needs of customers in Australia. As we launch into export markets we’re also building and managing our whisky bank to ensure continued demand for Lark can be met with the highest quality product.

The launch of Dark Lark in May – as our winter release –achieved strong success and marks our biggest limited release to-date, demonstrating depth of innovation , outstanding marketing and brand execution within Lark.

The next quarter is particularly exciting as we continue to introduce the Lark brand to new customers, offering targeted limited releases to Lark followers through a disciplined yet innovative approach to marketing. Equally, the Christmas period is always an active period for Lark and will see strong activity across retail, on-premise, e-commerce and our own hospitality venues.

Encouragingly, the enthusiasm of the broader team is clearly observed throughout these quarterly results, and we remain focussed on the momentum within the business.”

### **Lark Chairman of the Board of Directors, David Dearie, said:**

“I remain impressed with the quality of the executive team who have contributed to our company’s success this year. The whole team have remained focused on the task of driving our company to growth and have not been distracted by the media events.

The board continues to focus on the company growth agenda and in the CEO transition. Our strategy has not changed and we continue to drive towards our long-term ambition.

We are fortunate that Laura was in a position to stand in as interim CEO and her contributions have been considerable. Laura has fully committed her experience to leading our company and her positive influence on the business and our culture are commendable.

The results achieved this quarter demonstrate the harmonious commitment and ongoing focus of the entire team in achieving Lark’s long-term strategic objectives and value creation for shareholders.”

## **JUNE QUARTER CASHFLOW HIGHLIGHTS**

Net operating activity cash inflows were \$1.5m for the quarter. Operating activity inflows through customer receipts totalled \$8.4m and represented a \$3.3m increase from the March quarter, driven by Q4 sales and improved collection of debtors. Payments for product manufacturing and operating costs also decreased from the March quarter due to decreased packaging and bottling expenditure, & timing of payments. Increase in payments for staff costs compared to the YTD run rate was driven by the investment in the domestic sales team, & operation of hospitality venues. Increase in advertising and marketing costs was driven by spend for the 30 Year celebration at Pontville and launch event for Dark Lark. Other operating cash movements were in line with prior quarters and expectations.

Payments disclosed in section 6.1 related to Non-Executive Director fees and Executive Director Remuneration.



## About Lark:

Founded in 1992 by pioneer Bill Lark, Lark Distilling Co. celebrated its 30th anniversary this year. This iconic milestone will be honouring the Tasmanian barley, water and climate — and the Tasmanian distilling industry as a whole. Lark Distilling Co. houses a range of spirits headlined by its single malt whiskies, including the Classic Cask 43% and Cask Strength 58% and its unique blended-malt whisky, SYMPHONY No.1. The distillery also produces a range of Forty Spotted Gins and handcrafted Tasmanian spirits and liqueurs.

In April 2021, Lark Distillery was named Australia's first carbon-neutral distillery under the Australian Government's Climate Active Program, meaning the activities associated with running Tasmania's first distillery have no net negative impact on the climate. One of the most rigorous and widely recognised carbon-neutral programs in the world, Climate Active certification is only awarded to businesses and organisations that have credibly reached a state of achieving zero net emissions.

-----  
For more information contact:

### Investors

Sam Wells

+61 427 630 152

sam@nwrcommunications.com.au

Melanie Leydin (Company Secretary)

+613 9692 7222

melanie.leydin@vistra.com

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 June 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	8,392	25,319
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,153)	(20,326)
(c) advertising and marketing	(923)	(2,856)
(d) leased assets	-	-
(e) staff costs	(1,494)	(5,321)
(f) administration and corporate costs	(1,290)	(4,568)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	4
1.5 Interest and other costs of finance paid	(77)	(254)
1.6 Income taxes/GST paid	51	75
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,508</b>	<b>(7,927)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	(37,252)
(b) businesses	-	-
(c) property, plant and equipment	(240)	(2,240)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(240)</b>	<b>(39,492)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	57,860
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	76
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(1,976)
3.5 Proceeds from borrowings	-	5,000
3.6 Repayment of borrowings	-	(5,090)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (payment of lease liabilities)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>55,870</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	14,826	7,643
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,508	(7,927)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(240)	(39,492)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	55,870
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>16,094</b>	<b>16,094</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	16,094	14,826
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>16,094</b>	<b>14,826</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	206
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

*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.*

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	15,000	5,000
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>15,000</b>	<b>5,000</b>
<b>7.5 Unused financing facilities available at quarter end</b>		
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.		
The company secured a \$15million debt facility from National Australia Bank (as announced by the company on 24 <sup>th</sup> November 2021). Out of this facility, \$5 million has been used.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	1,508
8.2 Cash and cash equivalents at quarter end (item 4.6)	16,094
8.3 Unused finance facilities available at quarter end (item 7.5)	10,000
8.4 Total available funding (item 8.2 + item 8.3)	26,094
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>N/A</b>
<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: 26 July 2022

Authorised by: By the Board

## 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.