

LARK Distilling Co.

FY22 Results

Investor Presentation



29 August 2022





FY22 Key Highlights



Record net sales¹ of \$20.3 million (+57% YoY) in line with guidance

Normalised EBITDA of \$1.4 million² (+31% YoY)



\$269/L net sales value (+25% YoY) achieved during FY22

Successful acquisition of Pontville Distillery, reflecting a strategic turning point



Strengthening whisky bank of 2.1 million litres* (+88% YoY) underwriting future sales growth

*(at 43% ABV) as at 30 June 2022



Exports sales growth

Laying foundations for export to seed sustainable long-term growth



Balance sheet flexibility

Solid cash position of \$16.1 million + undrawn bank facility of \$10.0 million, as at 30 June 2022



Focused outlook

LARK's long-term strategies remain intact

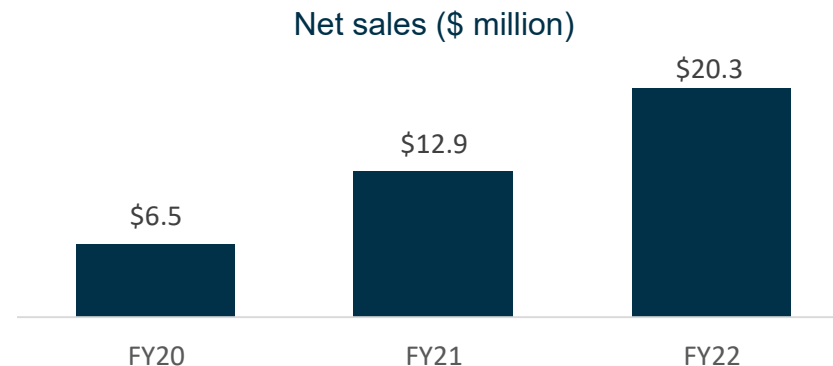


1 – Net sales = sales after excise. Financial statements are in the process of being audited.

2 – Normalised for: (i) costs relating to the acquisition of Pontville Distillery & Estate, and associate equity raise (FY22); and (ii) JobKeeper cashflow boost (FY21).

Financial Highlights¹

A\$'000	FY22	FY21	% change
Net Sales ²	20,279	12,916	57.0%
Gross profit	13,482	8,654	56.0%
GP % to Net Sales	66.5%	67.0%	(0.5) pts
Other income	633	723	(12.0%)
Operating costs	(13,314)	(7,856)	69.0%
EBITDA	801	1,521	(47.0%)
Add Non - Recurring Items	599	(451)	
Normalised EBITDA³	1,400	1,070	31.0%
EBITDA % to Net Sales	6.9%	8.3%	(1.4) pts



Profit & Loss

- LARK achieved record annual net sales of \$20.3 million for the year (+57% vs FY21), in line with guidance provided in February 2022
- FY22 gross profit margins declined slightly -0.5 pts to 65.5%, driven by changing product mix and significant improvement in LARK-owned hospitality venues in H2
- Gross profit margins improved significantly throughout the year (70.9% in H2 vs. 61.9% in H1), partially due to recovery of LARK-owned hospitality venues
- Normalised EBITDA margin decreased to 6.9%, with increased operating costs driven by:
 - Successful opening of two hospitality venues during the year (The Still & Pontville Distillery)
 - Continued brand investment
 - Expanding headcount and capability to support future strategy and sales growth

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Financial Highlights¹

A\$'000	FY22	FY21
Cash flows from operating activities	(7,715)	(6,375)
Cash flows from investing activities	(39,443)	(637)
Cash flows from financing activities	55,609	8,539
Net increase in cash & equivalents	8,451	1,527
Cash & equivalents at beginning FY	7,646	6,119
Cash & equivalents at the end FY	16,096	7,646
Undrawn facility fee available	10,000	
Total funds available	26,096	7,646

Cash Flow

- LARK strengthened its cash position with \$16.1 million at FY22, plus undrawn bank facility of \$10.0 million secured during the year
- Successful acquisition of Pontville Distillery (February 2022)
 - Acquisition funded via equity raised in excess of \$56.0 million, net of transaction costs
- Net cash outflows from operating activities increased \$1.3m vs FY21
 - Due to increased group whisky production from Pontville Distillery and operating expenses to support future strategy
 - Partially offset by receipts from customers increasing 43% (vs FY21), driven by record net sales

¹ – Financial statements and acquisition accounting of Pontville Distillery are in the process of being audited.

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** Normalised for: (i) costs relating to the acquisition of Pontville Distillery & Estate, and associate equity raise (FY22); and (ii) JobKeeper cashflow boost (FY21).

Pontville Distillery, reflecting a strategic turning point

- Historical significance of the site enhancing customer experience
- Enables Lark to develop into luxury tourism destination
 - attracting new consumers to the brand; and
 - providing opportunity to showcase Lark to existing consumers
- Planned home of the new Lark distillery, capable of producing ~1.0 million litres of new make spirit annually, exponentially growing the whisky bank
- Current plans, sympathetic to the historic significance of the site, are being finalised for submission to the relevant authorities

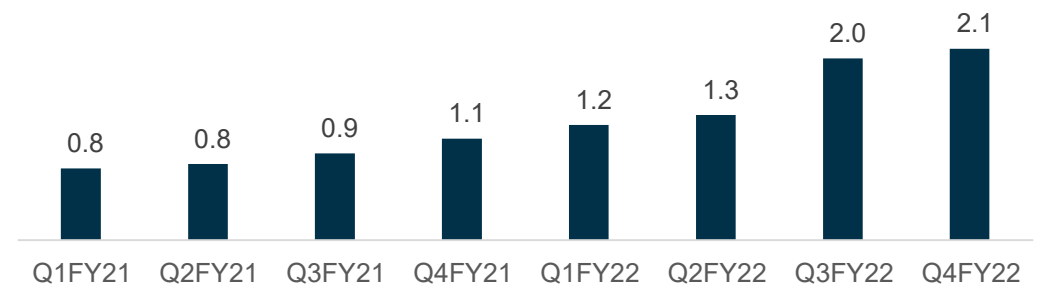




Strengthening whisky bank underwriting future sales growth

- LARK achieved 2.1 million litres as at 30 June 2022, exceeding previous ambitions
- Development of a robust whisky bank with diverse cask program provides confidence to meet consumer demand
- Enables Lark to deliver on planned export program over coming years
- Sales volumes managed to ensure continuous growth against maturity profile, optimising net sales value
 - FY22 net sales value increased 25% year on year to \$269/L

Litres (m) of whisky under maturation (at 43% ABV)



On track to become a global icon in single malt whisky, renowned for being the most innovative distiller



STRENGTHENED MARKET LEADING POSITION, WITH DISTRIBUTION OF CORE

Focused A&P investment into our flagship Classic Cask and Cask Strength products, driving scale, and growing the heartland of the brand across all channels



STRONG EXECUTION OF A TARGETTED LIMITED RELEASE PROGRAM

Largest limited release DARK LARK sold out ahead of forecast, supported by disruptive packaging, and launch campaign, reaching 57% new to brand consumers



DIRECT TO CONSUMER & ONLINE OPTIMISATION

Investment into e-commerce and digital marketing, building new website capabilities, and sophisticated advertising, resulting in database growth (now ~47k active users)

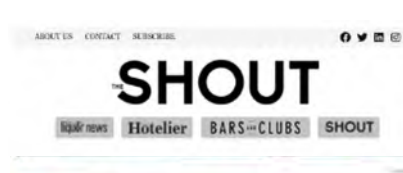


REINFORCED QUALITY & CRAFT CREDENTIALS, GLOBALLY

Continue to demonstrate success on the international stage, for both whisky quality, and innovation, awarded the top honour of World Whisky MASTER Medal, for Chinotto 2022

30th Anniversary activity effective in building brand awareness & collectors release program

- Celebration at Pontville Distillery with 200+ local and interstate LARK retailers, partners, and media
 - Strengthening relationships, resulting in deeper brand education, putting LARK front of mind
 - New influential account listings and increased orders immediately following
- LARK Rare Cask x Glenfarclas limited release (\$1,000 RRP), celebrating the relationship with Scotland's Distilling community, selling out ahead of forecast
- Extensive PR and media coverage across TV, online and print, providing rich storytelling, driving brand awareness. Achieving total reach of 2.9m impressions to date, more to come
- Collaboration with The Whisky Club on two Anniversary releases, driving trial, recruiting new consumers to the brand

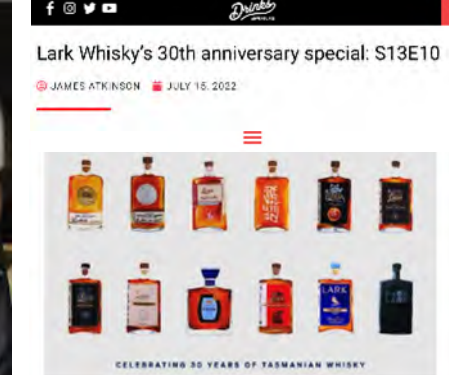


Tasmania's whisky industry enters its fourth decade this year, so it's only right that its founding fathers celebrated accordingly.



Lark Toasts to 30 Years with Rare Cask Glenfarclas Release

Toast to Lark's whisky era



Tasmania's first licensed distillery - Lark - celebrates thirty years of whisky



Focus on sustainably growing key export channel

- Remains a key strategic priority into FY23 as additional export sales orders observed during the June quarter
- Continue to build export foundations in a sustainable manner to drive future revenue growth
- Building marketing strategies through high net wealth Australian residents to drive awareness and demand in export markets
 - These groups, particularly in Asia, have expressed strong appetite for our Rare casks and Legacy range
 - Demonstrates the opportunity for Lark to expand into these markets with super-premium, luxury whiskies
- Enables Lark to remain competitively positioned as it continues to scale globally





LARK's expanding capability to support strategy

- During FY22, the company continued to invest in critical personnel
- Expanded sales team, ensuring representation in retailers and on-premise venues in capital cities, by Lark dedicated people
- New manufacturing team with the acquisition of Pontville Distillery;
- New hospitality team with the opening of:
 - The Still (December 2021) and
 - Lark @ Pontville cellar door (March 2022)

FY23 Outlook





Outlook commentary

Managing Director and Interim CEO, Laura McBain

- Lark's key strategic initiatives planned for FY23 include:
 - Appointment of a new CEO
 - Consumer-targeted and disciplined limited release program
 - Expansion of Classic collections, ensuring core range to meet the demand for luxury, high end products
 - Sustainable export strategy in key markets in China, South East Asia and US
 - Expanding distribution and range within Australia
 - Building on reputation as Australia's preeminent luxury whisky
 - Additional focus on the opportunities in Australia and export markets for Forty Spotted Gin
 - Continuation of carbon neutral program

LARK Distilling Co.

Thank you.

Bill Lark, Founder & Ambassador



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