

June 2023 Quarterly Sales & One-off Costs Update

Lark Distilling Co. Ltd (ASX: LRK) ("LARK" or the "Company") today provided an update on forecast 4QFY23 and FY23 sales, and a number of one-off costs that will impact FY23. The 4QFY23 4C Market Update will be released on 31 July.

Net Sales for 2H23 are forecast to be \$7.4m, down from \$9.6m in 1H23, resulting in a full year estimate for FY23 of approximately \$17.0m. Forecast sales for 4QFY23 of \$3.9m reflect the impact of cycling some one-off sales in 4QFY22, a more challenging trading environment and consumer confidence in general.

Following a review of our operating model, we have identified a number of one-off items that will impact the FY23 results. Non-recurring one-off items are forecast at \$2.3m for FY23, comprising previously reported 1H23 one-off items of \$0.9m and additional 2H23 items of \$1.4m, made up of the following:

- \$0.8m - One-off staff recruitment and restructuring costs incurred to allow reallocation of resources; and
- \$0.6m - Obsolete dry and liquid goods relating to a number of non-Whisky products, obsolete gift packs and termination of some R&D trials.

Lark CEO Sash Sharma added,

"Today's announcement, consistent with my comments from the 16 May Webinar, focuses on the immediate priorities to build and fortify our business. We remain disciplined and focused on creating shareholder value by crafting exceptional brands that deliver against the high expectations of our consumers and customers.

Working with our Leadership Team we have identified and actioned the initiatives announced today. These decisions do not impact our focus to continue to craft and lay down the right inventory to build our domestic and export potential for Lark. We remain committed to building our brands, underpinned by our high-quality Whisky Bank, across every aspect of the company.

Our focus remains on setting up Lark to deliver sustainable long-term success, one that creates and enhances shareholder value. The actions we have announced today are necessary to deliver long term growth, the future of the business and our brands. We will share our road map and strategic priorities for medium- and longer-term success with the market, which we expect will take place sometime during September – October this year."

About Lark Distilling Co:

Founded by pioneers Bill and Lyn Lark in 1992, LARK Distilling Co. has been crafting world-class, award-winning Tasmanian whisky for more than 30 years. From humble beginnings on a kitchen table, curiosity and courage bore Tasmania's very first licensed whisky. LARK, the leading luxury Australian Whisky brand, houses a range of spirits headlined by its single malts; 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 liqueurs. For the second consecutive year, LARK Distilling Co. was shortlisted for the World Whisky Producer of the Year in the coveted International Wine & Spirits Competition, and in August 2022 received the Master Medal Award, in the World Whisky Masters, for its innovative Chinotto Cask II Cask Strength release, alongside a further seven gold medals across the portfolio.

In April 2021, LARK Distillery was named Australia's first carbon-neutral distillery under the Federal 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.

Bill Lark was recognised and honoured for his life-long dedication to the advancement of Tasmanian whisky with the prestigious 'Lifetime Achievement Award' at the 2022 Spirits Business Awards in London. Bill's love for whisky and his and Lyn's trailblazing innovation more than 30 years ago has helped build the LARK brand into what it is today.

At the Australian Whisky Awards in March 2023, LARK was awarded "Distillery of the Year", Bill Lark was named "Personality of the Year", Master Distiller Chris Thomson was named "Distiller of the Year" and DARK LARK was crowned "Single Malt of the Year". LARK Cellar Door in Hobart took home silver in the "Best Whisky Venue" category.

LARK produces all of its award-winning whisky and spirits using only the purest, natural elements from Tasmania across three dedicated sites including the recently-acquired Pontville Estate just outside Hobart.

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This announcement has been approved for release by the Board.