

# LARK DISTILLING CO. INVESTOR BRIEFING

17<sup>TH</sup> OCTOBER 2023  
HOBART, TASMANIA



# INTRODUCTION & WELCOME



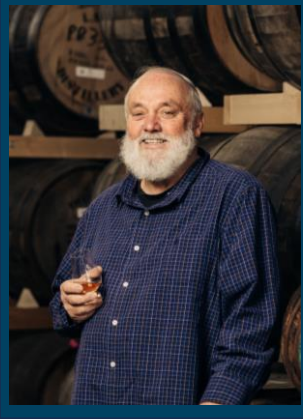


# WELCOME



SASH SHARMA

CEO



BILL LARK

FOUNDER &  
BRAND AMBASSADOR



CHRIS THOMSON

MASTER  
BLENDER



JASON WHALLEY

HEAD OF  
MARKETING



GREIG EWEN

HEAD OF  
PRODUCTION



IAIN SHORT

CFO

LARK WILL BE A  
LEADER IN NEW  
WORLD WHISKY.



# LARK WILL LEAD TASMANIAN WHISKY...

as the next epicentre of quality Whisky, following in the footsteps of Scotch and Japanese

LARK is best positioned to lead the rise:

LARK IS PROUDLY  
AUSTRALIA'S  
NO. 1 LUXURY  
SINGLE MALT



UNPARALLELED  
STORY,  
CLIMATE AND  
PROVENANCE

30 YEARS OF  
HISTORY AS  
TASMANIA'S 1<sup>ST</sup>  
AND OLDEST  
SINGLE MALT

ABILITY TO  
SCALE NOW,  
AND INTO THE  
FUTURE

FREEDOM TO  
INNOVATE  
AND PUSH  
BOUNDARIES

ACCESS TO  
SOME OF THE  
BEST CASKS IN  
AUSTRALIA

CATEGORY  
LEADER IN A  
BURGEONING  
INDUSTRY

GREAT  
TEAM OF  
EXPERIENCED  
EXECUTIVES

SOLE RIGHTS  
TO CENTRAL  
HIGHLANDS  
TASMANIAN  
PEAT BOG

# FIRST 150 DAYS



# FIRST 150 DAYS



## PEOPLE & ORGANISATION

1. Defined vision, purpose and values
2. Restructure and org design
3. CFO appointment
4. Regional Director Asia appointment



## PRODUCTION & PROCESS

1. Whisky inventory segmentation
2. Wood program analysis
3. Production consolidation at Cambridge site
4. Introduction of integrated operating rhythm



## FINANCIAL

1. NAB funding structure
2. Acquired inventory economics
3. Year end results roadshow
4. Long range plans



## BRAND AND GO-TO-MARKET

1. Brand review and deep dive into global value pools
2. SEA market MOUs
3. GTR launch and engagement
4. 1<sup>st</sup> Lunar New Year pack



# STRATEGIC PRIORITIES

## BUILD LONG TERM BRAND VALUE

LARK will build a globally recognised and differentiated luxury brand



## INTERNATIONAL SALES MOMENTUM & DOMESTIC LEADERSHIP POSITION

Creation of repeatable and diversified (geography and channel) revenue streams

## CASH & CAPITAL DISCIPLINE

LARK will prioritise cash generation to underpin growth while exercising capital discipline



# FORMAT FOR THE DAY

11:00am	Brand & Category
11.30am	Break
11.45am	Architecture & Go-to-Market Q&A
12.30pm	Light Lunch
1.30pm	Production, Finance, Milestones Q&A
2.30pm	Close
3.00pm	Optional Transfer to Airport



# THE LARK ORIGINS STORY

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BILL LARK, FOUNDER  
& BRAND AMBASSADOR

A man, Chris Thomson, is standing in a room filled with wooden whisky barrels. He is wearing a dark blue t-shirt with the Lark logo and is holding a glass of whisky. The barrels are stacked on wooden racks and have various markings, including "LARK", "LD 6228", "TARE: 48.9", "DATE: 24-1-23", "LARK PD 379", "TARE: 518", "DATE: 24-1-23", and "LARK LD 1224 TARE: 48.9 DATE: 1-3-15 DISTILLERY".

# THE LARK WHISKY PROFILE

CHRIS THOMSON,  
MASTER BLENDER

# WHAT IS SINGLE MALT?



## SINGLE MALT WHISKY

Made at Cambridge Distillery from 100% malted barley



## SINGLE MALT WHISKY

Acquired malt made at one distillery from 100% malted barley



## SINGLE MALT WHISKY

Made at Bothwell Distillery from 100% malted barley

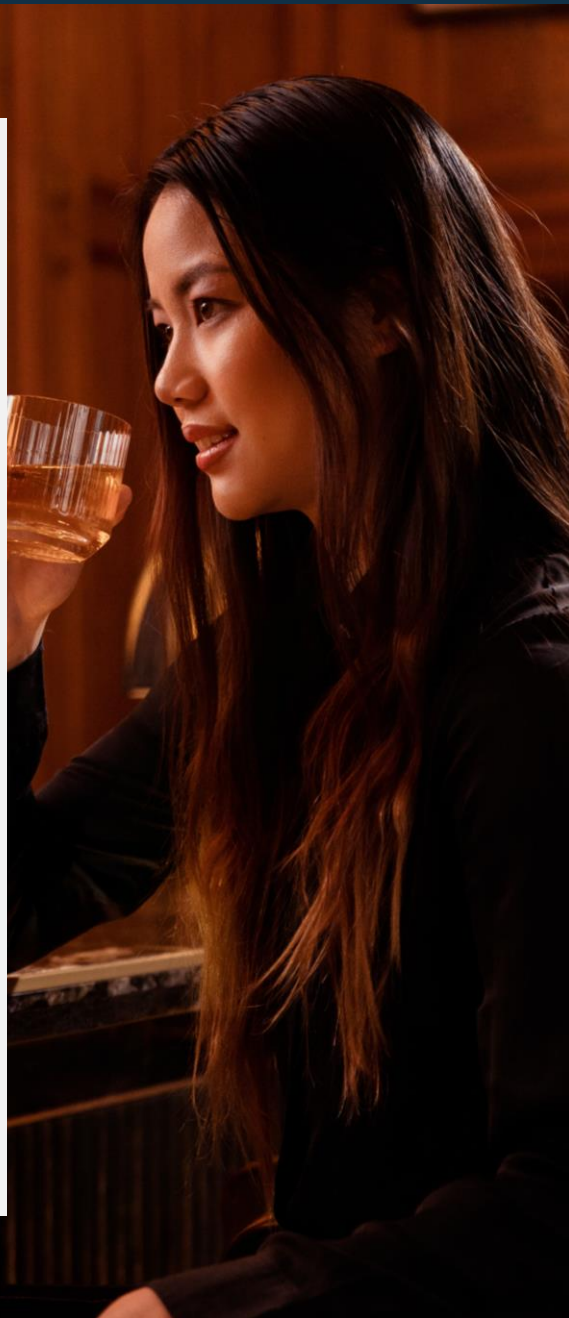


## BLENDED MALT WHISKY

A blend of two or more Single Malts



LARK WILL BE  
A LUXURY BRAND  
ON THE GLOBAL  
STAGE



Press play.

AUSTRALIA'S  
No. 1 LUXURY



SINGLE MALT  
WHISKY

# AWARD WINNING

BUILDING A REPUTATION ON THE WORLD STAGE FOR QUALITY AND INNOVATION



THE SPIRITS BUSINESS  
GLOBAL SPIRITS MASTERS  
MASTER

DARK LARK  
SINGLE MALT WHISKY

LARK CLASSIC CASK  
SINGLE MALT WHISKY



DECODED  
SPIRITS AWARDS

WINNER

• 2023 •



SYMPHONY  
BLENDED MALT WHISKY

WORLD WHISKIES AWARDS  
AUSTRALIA BLENDED MALT  
WINNER



LARK TASMANIAN PEATED  
SINGLE MALT WHISKY

THE SPIRITS BUSINESS  
GLOBAL SPIRITS MASTERS  
MASTER



# BRAND CHARACTER

A spirit of  
experimentation,  
creating an exceptional  
spirit.

We are bold, friendly  
and fearless, and bring  
a little madness to the  
method.



# REASON TO BELIEVE

Australia's No.1 Luxury Single Malt Whisky

Made of Tasmania:

- Ideal “Goldilocks” climate
- The purest water and air
- Fabric of community



# BRAND POSITIONING

A celebration of craft from grain to glass.

Made by those who dare to dream, harnessing the wild Tasmanian environment with unparalleled determination.



# STRATEGIC TARGET

CURIOUS  
EXPLORERS  
SEEKING THE BOLD  
AND NEW



# DISTINCTIVE BRAND ASSETS

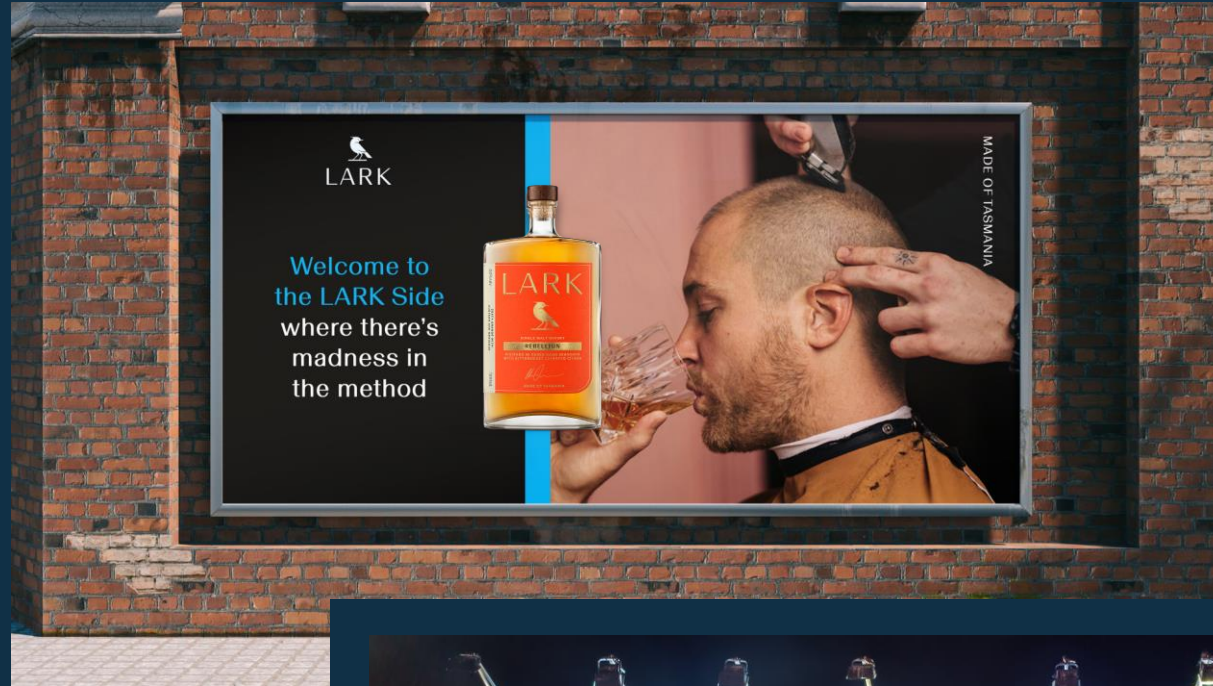
1. STANDOUT
2. RECOGNITION
3. SIMPLICITY
4. CONSISTENCY

We will optimise our suite of assets as part of our brand evolution.



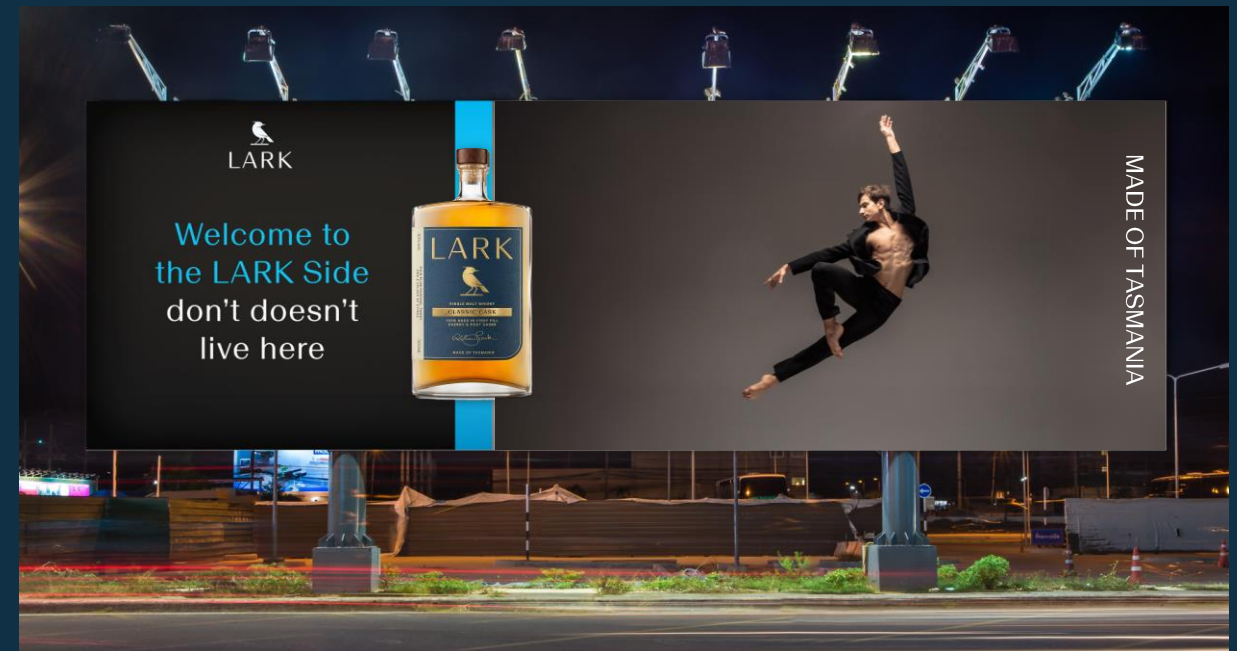
MADE OF TASMANIA

# CREATIVE DIRECTION



THE LARK SIDE;  
a whole new world of whisky.

A realm where those who challenge  
tradition live, and the only thing you  
can expect is the unexpected.



LARK COMPETES  
IN AN ATTRACTIVE  
& DYNAMIC  
CATEGORY



# OUR IDENTIFIED SOURCE OF BUSINESS IS SIGNIFICANT

- We currently compete within Prestige & Prestige Plus price tiers
- There is a significant opportunity in the Ultra-Premium price tier

SCOTCH MALT WHISKY  
ULTRA PREMIUM (c.\$80-\$160 / 70cl)



OTHER MALT WHISKY



SCOTCH MALT WHISKY  
PRESTIGE PLUS (c.\$350+ / 70cl)



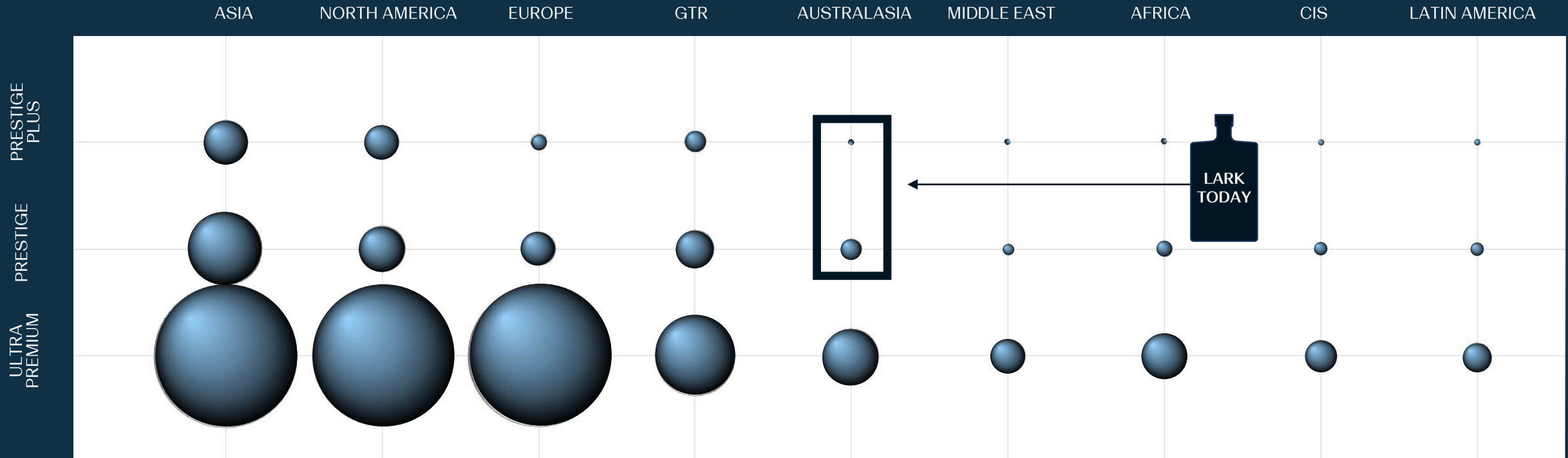
SCOTCH MALT WHISKY  
PRESTIGE (c.\$160-\$350 / 70cl)



JAPANESE WHISKY



# ENTER THE RIGHT REGIONS



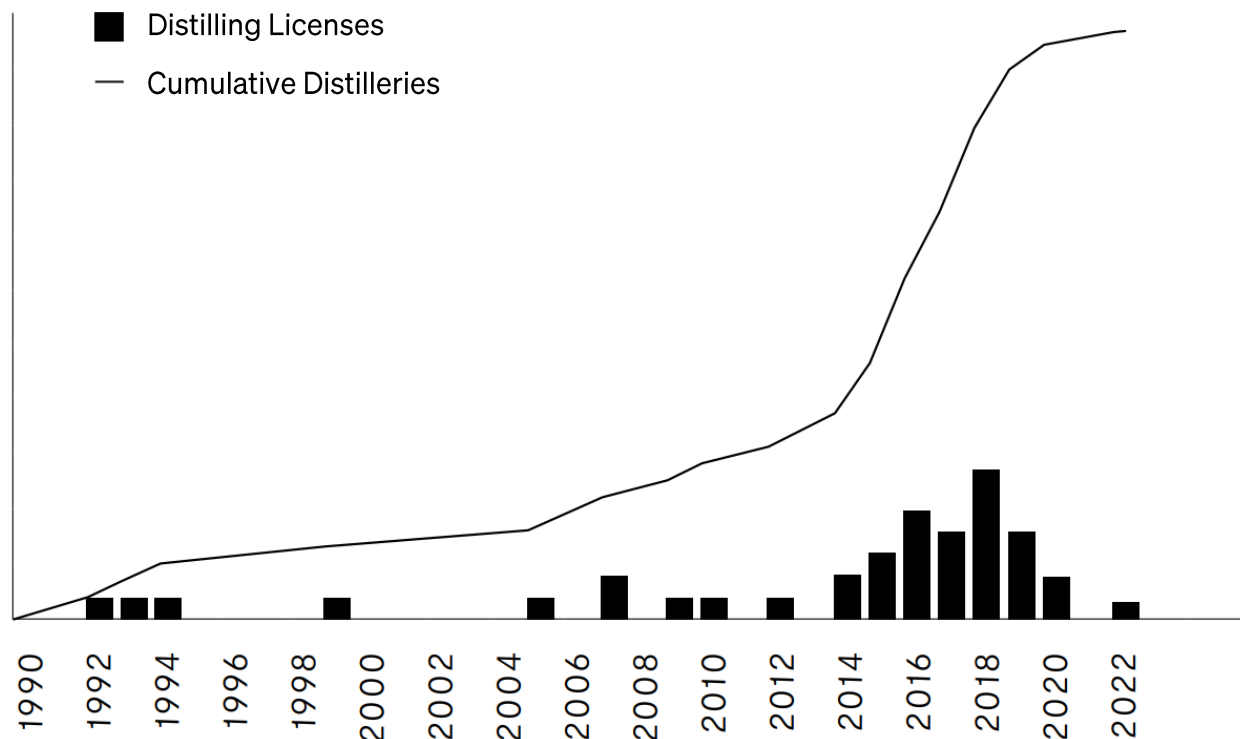
*Indicative scale of source of business by region*

- We will prioritise our build in Asia, USA and GTR while protecting our domestic Leadership
- Completion of entry into Top 10 identified markets by FY26 (initial phase Southeast Asia, followed by North Asia and USA)
- We will stage through experienced distributor partners
- We will supplement with: Distributor Management expertise
- Long term brand traction takes time to embed



# PLAY TO OUR STRENGTHS

## TASMANIAN DISTILLERY GROWTH



\*SOURCE: TWSA

- LARK is unique, has the scale, capacity and brand fundamentals to grow internationally
- Large Global Spirits players continue to invest heavily with the backdrop of positive category momentum
- Similar dynamics in Tasmania
- A category with interest and momentum with LARK well positioned to lead the rise
- Now 80 Distilleries in Tasmania
- RSP of Tasmanian Whisky now available between \$120 - \$150 per 70cl
  - Equates to estimated Net Sales Value per Litre of ~\$70 to ~\$100

WE WILL  
EVOLVE  
LARK'S  
ARCHITECTURE...



# WE HAVE A HIGH-QUALITY WHISKY BANK

- Focus and investment on building LARK Single Malt as an icon in Whisky
  - Using our unique house style from Cambridge distillery, then future New Pontville distillery
- Utilisation of other whisky for scale, cash, generation and increased trade relevance
  - Returns disproportionately invested in LARK Single Malt trademark

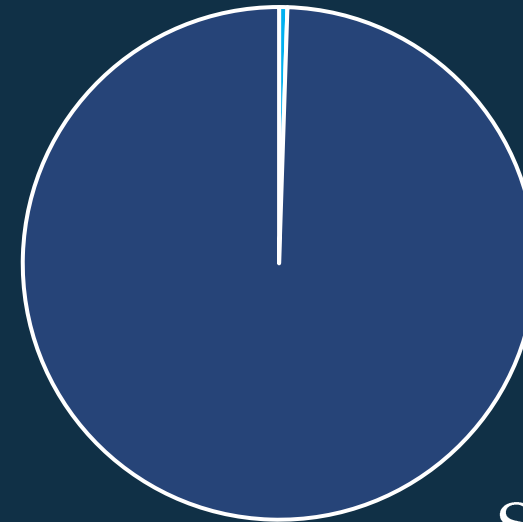
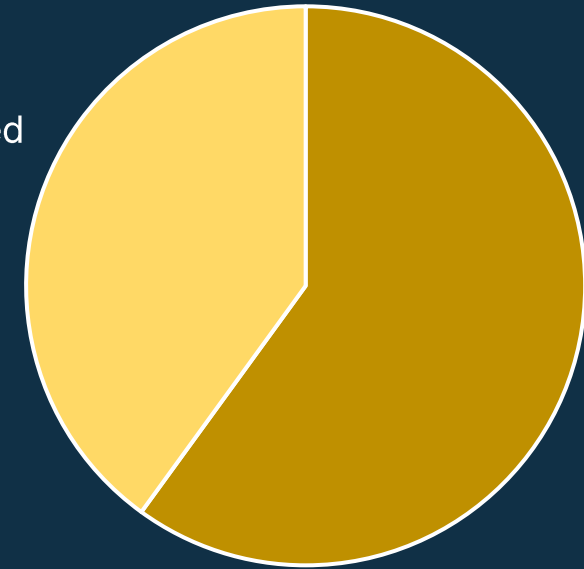


# IMPORTANT ATTRIBUTES AS WE SCALE GLOBALLY...

- ~60%+ of our source of business utilises age statements for
  - Re-assurance
  - Navigation
  - Optionality
  - Gives spine greater credibility
- Therefore:
  - We will set aside up to 30% of our Single Malt stock for aging which will also increase flexibility
  - This will allow us to introduce Age Statements as part of our hierarchy in future
- >99% of brands are 70cl+
  - Comparability and decision making
  - “Social currency” in bottle consumption occasions in Asian markets

## AGE STATEMENTS

■ Aged  
■ Non-Aged



## SIZE FORMAT

■ 50 ■ 70/75/L

# LARK FUTURE BRAND PROPOSITIONS



TASMANIAN  
SINGLE MALT WHISKY



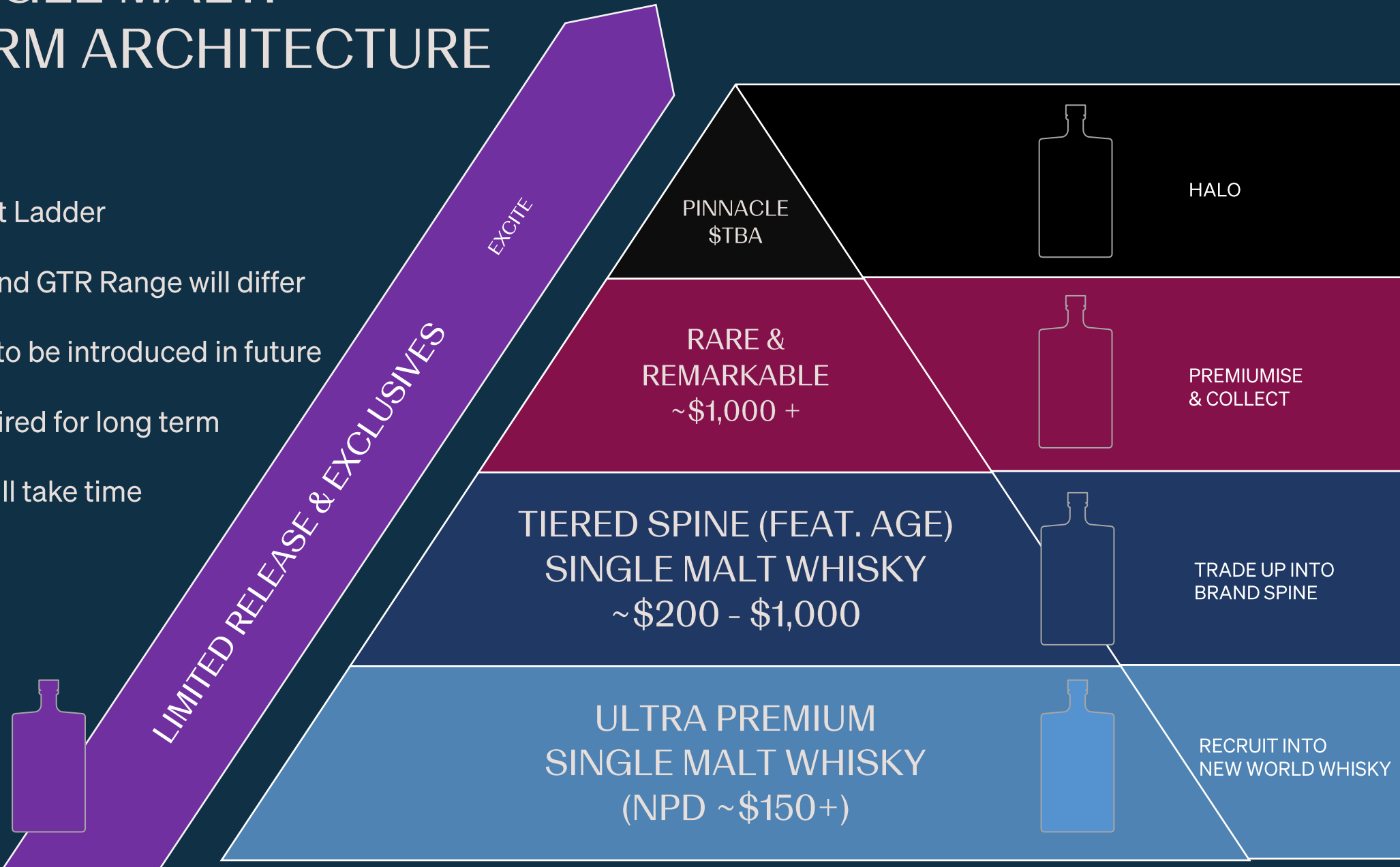
HOUSE OF LARK  
TASMANIAN WHISKIES

FORTY SPOTTED  
TASMANIAN GIN



# LARK SINGLE MALT: LONG TERM ARCHITECTURE

- LARK Single Malt Ladder
- Core Domestic and GTR Range will differ
- Age statements to be introduced in future
- 70cl format required for long term
- This transition will take time



# LIMITED AND EXCLUSIVE RELEASES

## OCCASION LED AND SCALABLE INNOVATION PIPELINE



# SUPPORTING MASTER BRAND

## The House of Lark Whiskies

- Shene and Bothwell stock to create House of Lark whiskies
- Purpose to build scale, generate cash and increase trade relevance
- Flexibility allows:
  - Tasmanian Blended Malt(s)
  - Single Malt(s) from our stable of distilleries

## Forty Spotted Gin

- Will be value engineered, allowing bottling automation and driving cash generation





INTERNATIONAL  
SALES  
MOMENTUM &  
DOMESTIC  
LEADERSHIP  
POSITION



# LARK WILL GROW WITH DISTRIBUTION PARTNERS

- Work ongoing to appoint distributors:
  - MOUs now signed for Indonesia & Philippines in addition to Malaysia
- Clearly defined roles as we enter markets:
  - LARK to focus on building brand equity
  - Experienced distributor partners to focus on go-to-market and execution excellence
  - Collectively invest in brand building
- Net sales and overheads mix will change factoring in distributor margins

BRAND OWNER	DISTRIBUTOR
MASTER BRAND DEVELOPMENT	BRAND ACTIVATION
QUALITY STANDARDS	DEMAND PLANNING
SUPPLY PLANNING	REGISTRATION, IMPORTATION, CLEARANCE
ANNUAL BRAND A&P PLANNING	STORAGE
DISTRIBUTOR MANAGEMENT	FIELD SALES ENGAGEMENT - DISTRIBUTION
TOOLKITS	LAST MILE DELIVERY
RATE OF SALE DRIVERS	CUSTOMER CREDIT

# GROWING LARK IN INTERNATIONAL MARKETS – A PROVEN PATH

SEED

- Key distributor partner appointments
- Build awareness and establish Distinctive Brand Assets and Reason to Believe
- Advocacy and education approach
- Drive trial to aid consideration

NURTURE

- Enter new channels
- Scale width of distribution
- Grow rate of sale through increased activation
- Ensure ongoing relevance

GROW

- Scale awareness and trial through expanding audience targeting
- Increased activation footprint
- Introduction of innovation to capitalise on established equity
- Distributor KPI review and re-alignment



# GLOBAL TRAVEL RETAIL

## THE ULTIMATE SHOP WINDOW

Global Travel Retail provides a unique opportunity to engage with our target audience

Consumers discover and dwell as part of their travel ritual

We will have the right architecture to supplement growing domestic awareness in this important channel



# PROTECT DOMESTIC LEADERSHIP POSITION



FLAGSHIP BRAND HOMES & LARK HOSPITALITY



INCREASED VISIBILITY & EXPANDING AUS WHISKY LANDSCAPE



PERSONALISED DIGITAL EXPERIENCES; LARKDISTILLING.COM



LEADING WHISKY, COCKTAIL AND HOTEL BARS



LUXURY HNWI DINNERS & EXPERINECES



KEY PARTNERSHIPS (E.G. THE WHISKY CLUB)

# Q&A

BRAND, CATEGORY,  
ARCHITECTURE, GO TO MARKET



# PRODUCTION & DISTILLING OPERATIONS



# WHERE ART & EFFICIENCY COLLIDE

- Our role is to ensure we craft, produce, and manage our inventory to support our ambition of seeing LARK being a leader in New World Whisky.
- We are constantly improving our ways of working to ensure we manage costs however never compromising on quality, while partnering with commercial and marketing teams to support both sales growth and the building of a luxury icon.
- This includes looking to drive future efficiency through packaging design and automation as we scale.
- Our stable of assets offer flexibility and support our growth ambition now, and into the future.





# STABLE OF ASSETS: CAMBRIDGE DISTILLERY



Coal River Valley,  
18km from Hobart  
2 hectares land area



Distilling Capacity:  
Pot still – 300k L@43% ABV  
(167.5kLAL) p.a.  
Column still – 300k  
L@43%ABV (167.5kLAL ) p.a.  
Gin Still – 382k L@ 40% ABV  
(152kLAL) p.a.



Liquid use:  
LARK Single Malt  
Forty Spotted Gin



2x Silos  
(1x peated, 1x non peated malt)



5x 6000L Pine Fermenters  
5x 2000L SS Fermenter



Mash Tun



2x 2000L Wash Stills  
4x 600L Spirit Stills  
Double Colum Still  
900L Gin Still



Peat Smoker



Grain Mill



Pristine location within  
the Coal River Valley  
Tourist trail



3 x Bond stores

# STABLE OF ASSETS: BOTHWELL DISTILLERY



Distilling Capacity:  
150k L@43% ABV  
(83.8k LAL) p.a.



Liquid use:  
Blended Malt,  
Offering under  
'The House of LARK'



1x Grain Silo



5x 3000L SS Fermenters



Mash Tun



1800L Wash Still  
600L Spirit Still



Grain Mill



Historic homestead,  
stables, and barns



Hospitality infrastructure  
at site



Central Highlands  
81km from Hobart  
76 Hectares land area

# STABLE OF ASSETS: PONTVILLE DISTILLERY



Bagdad Valley,  
33km from Hobart  
15 Hectares land area



Distilling Capacity:  
300k L@43% ABV  
(167.5k LAL) p.a.



Liquid use:  
Blended Malt,  
Offering under  
'The House of LARK'



1 x Grain Silo



8 x 8000L SS Fermenter



Mash Tun



4500L Wash Still  
2000L Spirit Still  
1100L Spirit Still  
300L Gin Still



Onsite Cooperage



Grain Mill



2 Manual Bottling Lines



8 x Bond stores



Historic homestead, historic stables,  
historic barn utilised as cellar door.

# FUTURE PONTVILLE DISTILLERY BUILD

- Council DA approved April 23
- Detailed design phase now complete with total capital spend estimated at \$19m
- Total build period including lead times likely to take 18 months from start date



# OUR PONTVILLE VISION

- Provide capacity up to 1m Litres of Absolute Alcohol (LAA) in a state-of-the-art Distillery with 6 Stills
- Transition to be the LARK Single Malt distillery with design of stills replicating Cambridge
- Will be highly automated and offer operational efficiency
- Allow consolidation of distilling operations into one site
- Enhance tourism offer, including HNWI engagement, as the Brand Home of LARK Single Malt Whisky

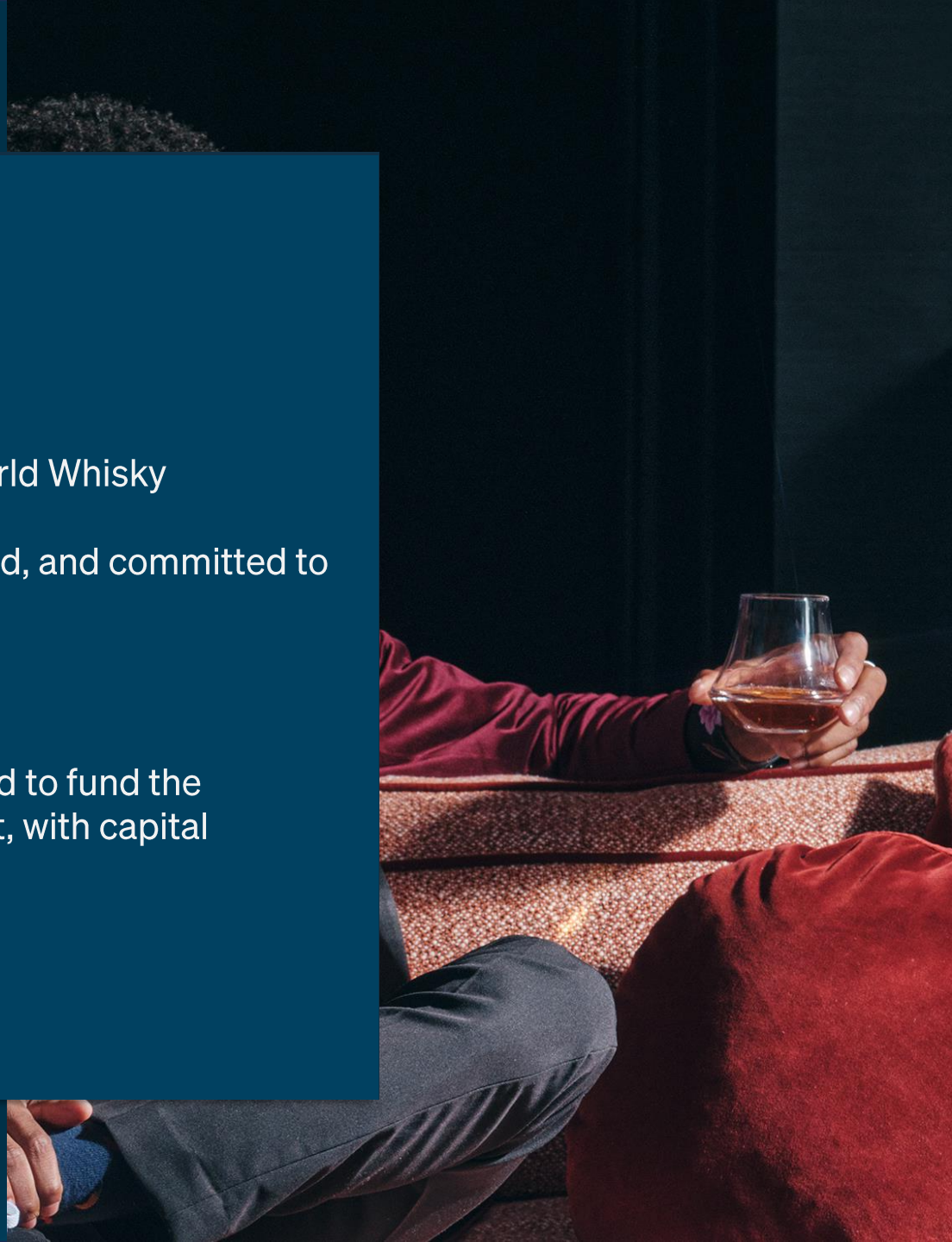


# FINANCIAL & CAPITAL CONSIDERATIONS



# FINANCIAL & CAPITAL CONSIDERATIONS

- Our ambition is to make LARK a leader in New World Whisky
- Our financial decisions will be focussed, disciplined, and committed to this ambition by:
  - Building the Brand Equity of LARK, and
  - Supporting international sales expansion
- While doing this, cash generation will be prioritised to fund the development and brand value of LARK Single Malt, with capital discipline underpinning decision making



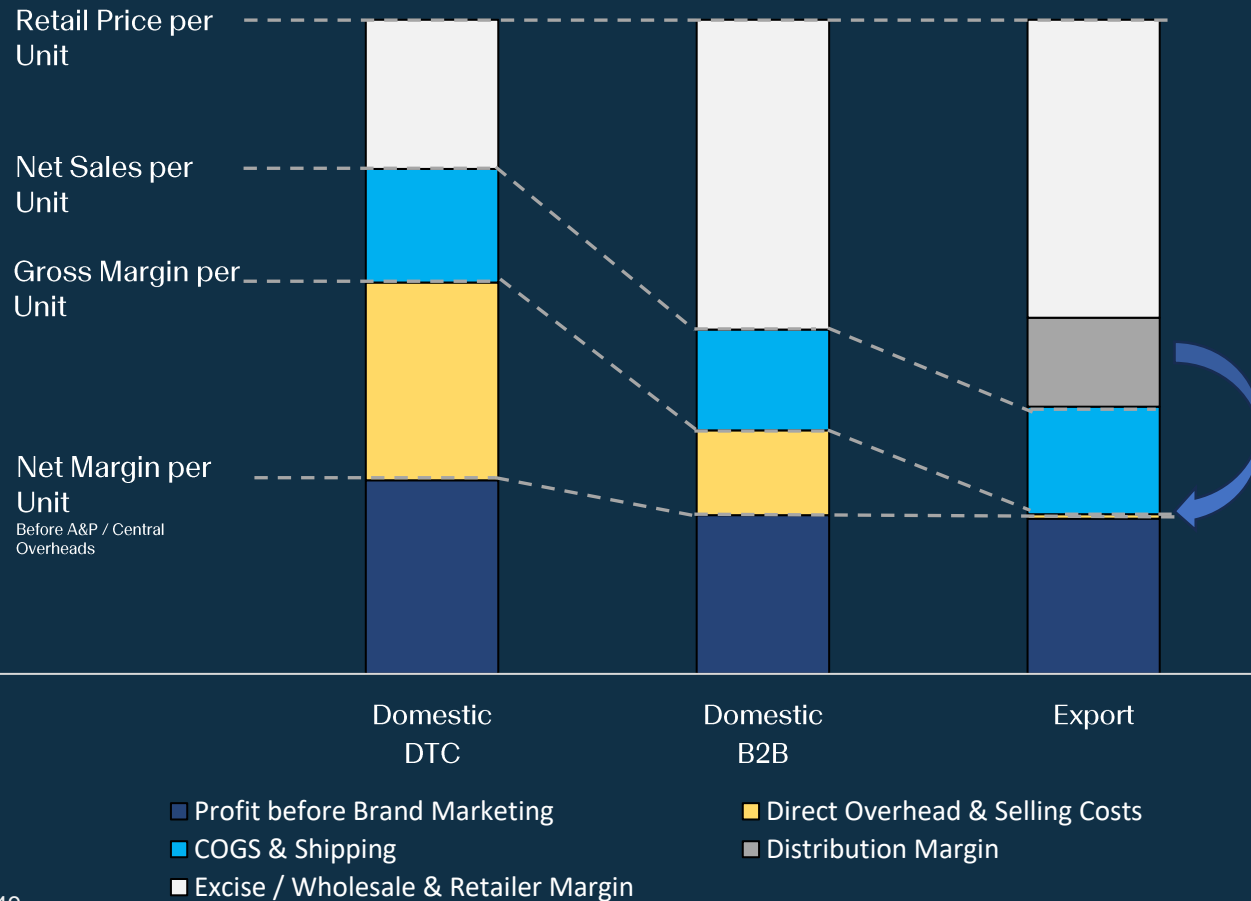


# LONG TERM BRAND VALUE & INTERNATIONAL SALES MOMENTUM



# INTERNATIONAL EXPANSION: GROWTH IN ABSOLUTE REVENUES AND GROSS MARGIN

ILLUSTRATIVE UNIT ECONOMICS – CHANNEL MIX



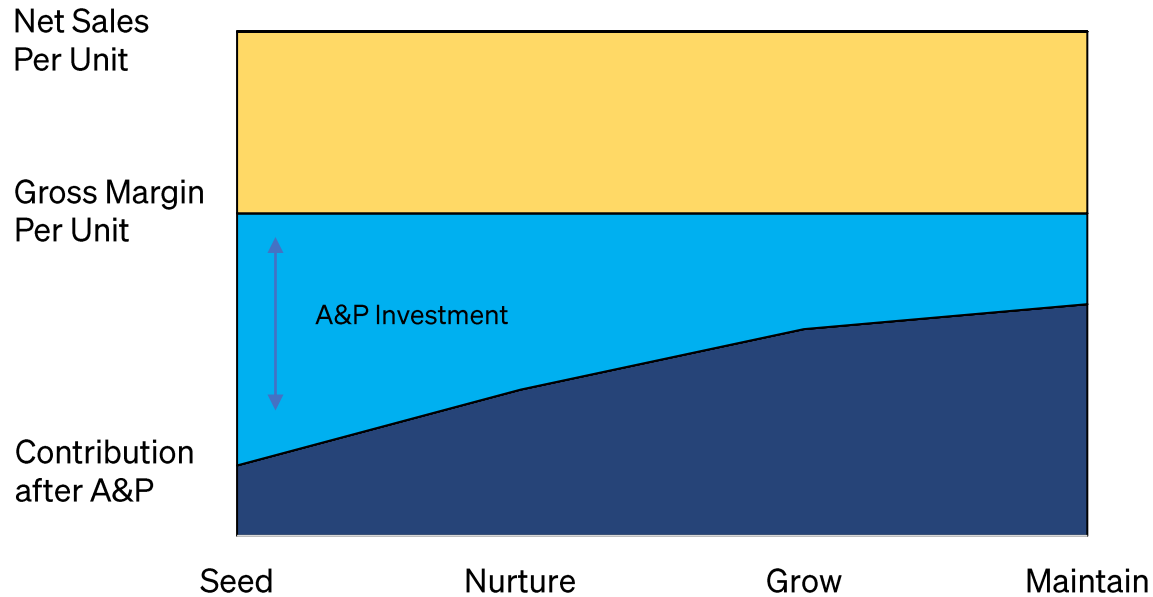
ILLUSTRATIVE MIX OF NET SALES



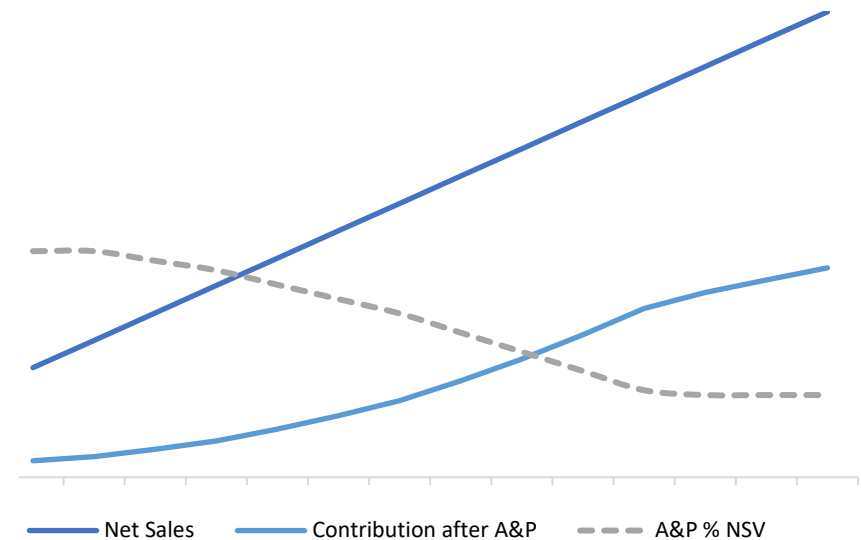
- International growth will be achieved with in-market distributor partners
- Distribution margin will mean lower Net Sales per Litre (NS/L)
- By using the sales teams of our distributors, there will be limited overhead increases, protecting overall margin
- Business mix to export will see NS/L & GM% decline while delivering increased absolute dollar revenues and GM

# BRAND ADVERTISING & PROMOTION SPEND SCALED OVER TIME AND FUNDED BY GROWTH

SEED, NURTURE, GROW IN A NEW MARKET - ILLUSTRATIVE UNIT ECONOMICS



SEED, NURTURE, GROW IN A NEW MARKET INCREASE IN ABSOLUTE A&P WITH ILLUSTRATIVE SCALE



50

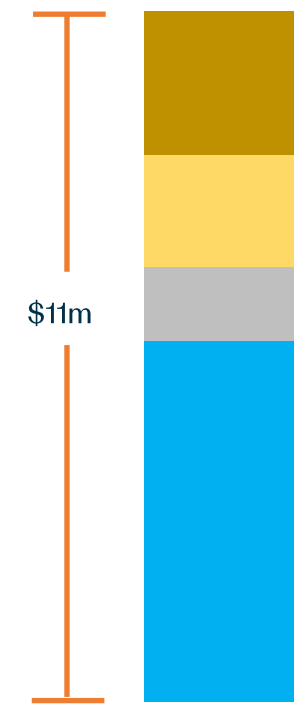
- We will build the LARK brand through Advertising & Promotion (A&P) to drive consumer pull through, and long-term equity.
- A proven growth model; funded and controlled by Lark for execution by Distributor partners.
- Reinvestment rates high in entering new markets, and above current levels, with % decreasing as brand scales and absolute \$ spend increases.
- Greater efficiency and effectiveness of A&P spend with international expansion, with assets and toolkits used in multiple markets.
- A flexible 'pay as you go' model, with A&P funded by brand growth.

# INCREASED SCALE WILL DRIVE OPERATING LEVERAGE

- Flexible, 'pay as you go', model with overhead for international expansion funded within distribution margins.
- Significant overhead expansion not required in short to medium term.
- Scale through new markets will drive efficiency / synergy in fixed overhead base, supporting operating EBITDA and Cash position.

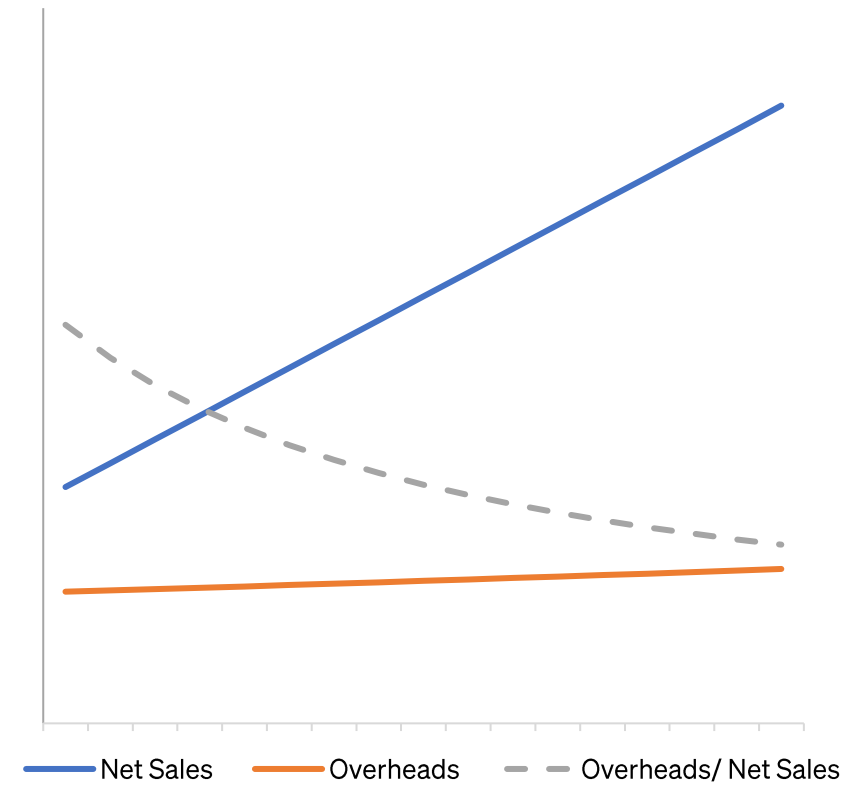
## OVERHEAD BASE & IMPACT OF SCALE

FY23 OVERHEAD BY TYPE



- Sales
- Hospitality
- Operations
- Central (Head Office / Corporate / ASX)

ILLUSTRATIVE IMPACT OF SCALE

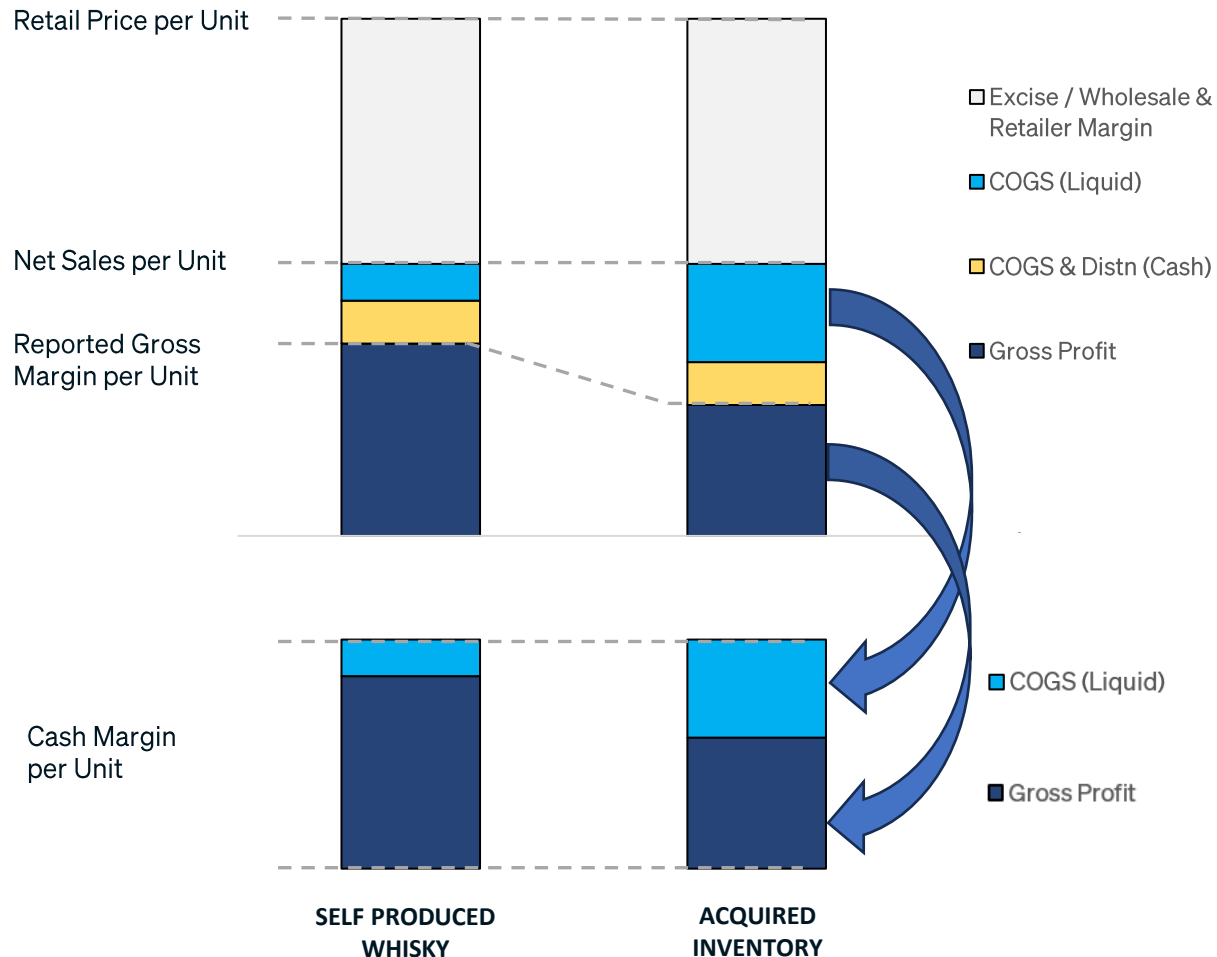


# CASH & CAPITAL DISCIPLINE



# ACQUIRED INVENTORY WILL SUPPORT CASH GENERATION AND FUTURE SCALE

## UNIT ECONOMICS – ACQUIRED INVENTORY ILLUSTRATIVE IMPACT

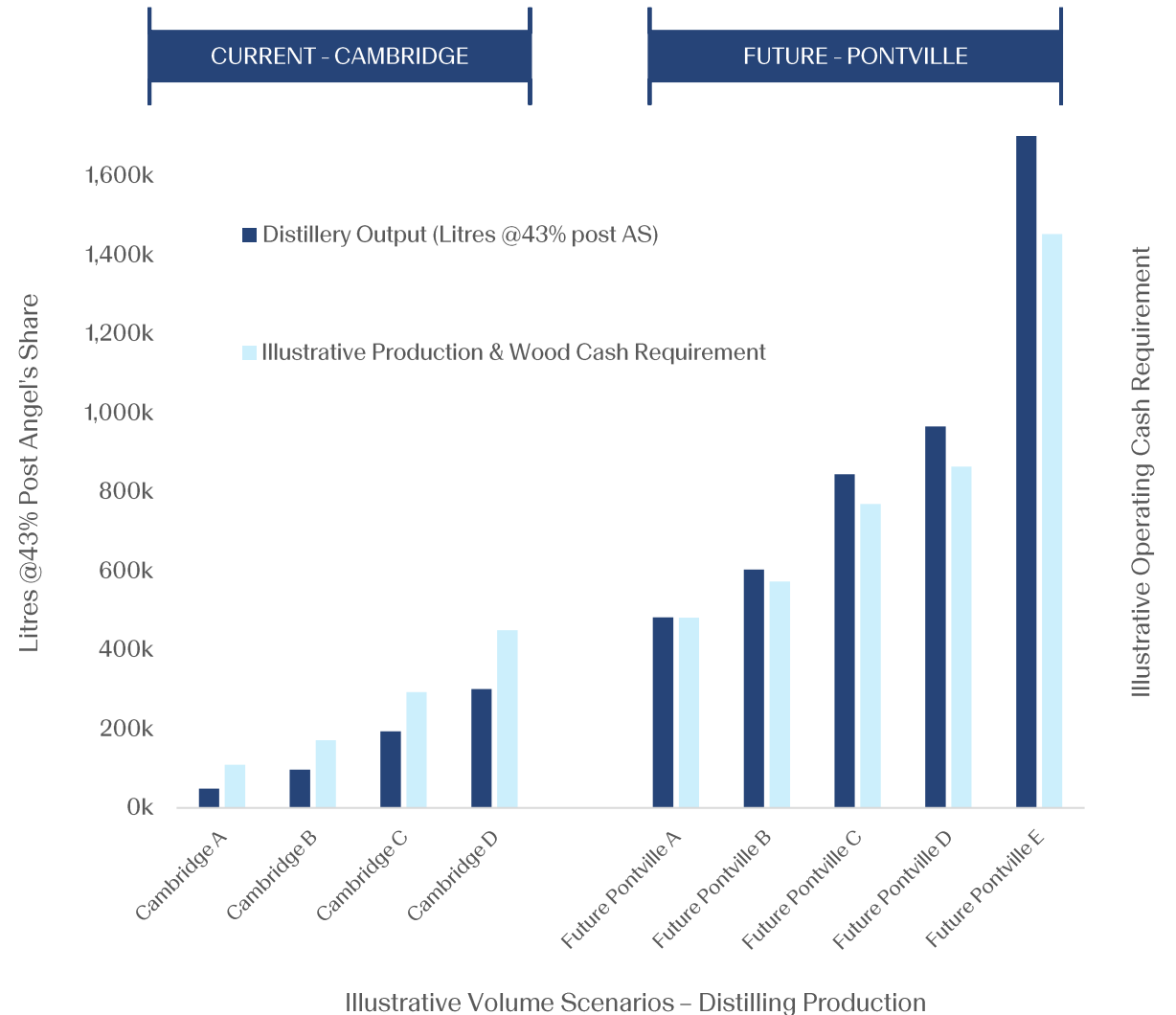


- Shene liquid was acquired through the Pontville acquisition at ~2.5X the average cost per Litre of liquid produced in house.
- When sold through, assuming like for like product, we will see lower reported Gross Margin and reported profit, however no impact to future cash margin delivery.
- Replacement cost will be used to drive internal decision making, and in aiding Market understanding.
- Sell through of Shene liquid will drive cash into the business to support the development of the LARK Trademark.
- As House of Lark products utilise Shene stock, supply will switch to more cost-effective whisky, improving reported Gross Margins.

# PRODUCTION FLEXIBILITY, WITH ABILITY TO SCALE TO SUPPORT BRAND GROWTH

- Quality Whisky Bank supports international expansion and current production levels (c.100k Litres @43% p.a.)
- Production will be scaled initially at Cambridge, with scale for long term growth available via future Pontville.
- Scaled production drives efficiency per litre while also increasing operating cash outlay for raw materials and wood.
- Whisky Bank and distilling assets allows us to deploy capital discipline and flexibility in production.
- Options being considered on long term role of Bothwell site.
- New Pontville c.30-40% efficiency per L into maturing inventory vs. Cambridge depending on production volumes.
- Pontville not yet funded. We will proceed with build when circumstances and timing are right.
- Pontville utilised as hospitality and tourism in the interim, with primary production at Cambridge.

## ABILITY TO SCALE PRODUCTION



# DEBT FACILITY AND CAPITAL FLEXIBILITY

## NAB FACILITY

\$15M UNDRAWN  
COMMITTED FACILITY  
AVAILABLE

CURRENT TERM TO  
JANUARY 2025

## CAPITAL FLEXIBILITY

DISTILLING CONSOLIDATED  
AT CAMBRIDGE WITH  
FLEXIBILITY ON  
PRODUCTION

OPTIONALITY OVER  
BOTHWELL SITE  
TIMING OF PONTVILLE

# OPERATING CASHFLOWS

- Negative annual operating cashflows historically.
- Inventory will continue to be laid down for maturation.
- Entry in new markets sees requirement for brand investment to launch and drive growth.
- Committed to improving year on year Operating Cashflow, with breakeven expected from FY26-FY27 period.

# STRATEGIC PRIORITIES & MILESTONES





# STRATEGIC PRIORITIES

## BUILD LONG TERM BRAND VALUE

LARK will build a globally recognised and differentiated luxury brand



## INTERNATIONAL SALES MOMENTUM & DOMESTIC LEADERSHIP POSITION

Creation of repeatable and diversified (geography and channel) revenue streams

## CASH & CAPITAL DISCIPLINE

LARK will prioritise cash generation to underpin growth while exercising capital discipline

# OUR GROWTH PLAN

## PHASE 1: ESTABLISH BEACHHEADS (FY24 – FY27)

- BUILD BRAND EQUITY FOUNDATIONS IN KEY MARKETS
- ENTER IDENTIFIED INTERNATIONAL MARKETS
- CASH & CAPITAL DISCIPLINE

## PHASE 2: EMBED FOUNDATIONS (FY26 – FY32)

- EXPAND CONSUMER RECRUITMENT
- INCREASE INTERNATIONAL FOOTPRINT
- CASH & CAPITAL DISCIPLINE

## PHASE 3: ACCELERATE (FY30+)

- EXPLODE BRAND VALUE
- BUILD MASS REACH
- CASH & CAPITAL DISCIPLINE



# PHASE 1: ESTABLISH BEACHHEADS (FY24 – FY27)

PRIORITY	DESCRIPTION	KPI	TIMING
BUILD LONG TERM BRAND VALUE	LARK will build a globally recognized and differentiated luxury Single Malt brand, and this will be supplemented by House of Lark and FSG	<ul style="list-style-type: none"> <li>LARK Single Malt Restage (architecture, format etc)</li> </ul>	By FY25
		<ul style="list-style-type: none"> <li>House of Lark Developed</li> <li>FSG Restage</li> </ul>	By FY25
INTERNATIONAL SALES MOMENTUM & DOMESTIC LEADERSHIP POSITION	Creation of repeatable and diversified (geography and channel) revenue streams	<ul style="list-style-type: none"> <li>Completion of top 10 target market entry</li> <li>GTR Growth (following market entry)</li> <li>Sustain domestic position and revenues</li> </ul>	By FY26 Ongoing Ongoing
		<ul style="list-style-type: none"> <li>50% of Net Sales from shipments to Export / GTR customers</li> </ul>	By FY27
CASH & CAPITAL DISCIPLINE	Prioritisation of Cash Generation to allow increased re-investment. Ensure funding optimization and appropriate capital deployment	<ul style="list-style-type: none"> <li>Working Capital funding Renewed / Secured</li> <li>Maintain subsequent rolling min age to maturity of 18 months</li> </ul>	FY24 Ongoing
		<ul style="list-style-type: none"> <li>Assessment and use of stable of assets</li> </ul>	By FY24
		<ul style="list-style-type: none"> <li>Positive Operating Cashflows</li> </ul>	By FY26-FY27 period

# LARK WILL...

1. EVOLVE AND INVEST IN THE LARK TRADEMARK
2. BUILD OUR INTERNATIONAL GROWTH THROUGH DISTRIBUTION PARTNERS
3. DELIVER HIGHEST QUALITY WHISKY FROM OUR PRODUCTION SITES
4. GENERATE 50% OF REVENUE THROUGH EXPORT SHIPMENTS BY FY27
5. EXERCISE CASH AND CAPITAL DISCIPLINE AND IMPROVE OPERATING CASHFLOWS TO BREAKEVEN BY FY26 – FY27 PERIOD

LARK WILL BE A LEADER  
IN NEW WORLD WHISKY



# Q&A





# LARK

TASMANIAN  
SINGLE MALT WHISKY

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