



# LARK DISTILLING CO. LTD

## EQUITY RAISING PRESENTATION

JULY 2024





# TRANSACTION OVERVIEW

1	Strategic Priorities	<ul style="list-style-type: none"> <li>▪ <b>Build Long Term Brand Value</b> – Lark will build a globally recognised and differentiated luxury brand</li> <li>▪ <b>International Sales Momentum &amp; Domestic Leadership Position</b> - Creation of repeatable diversified revenue streams</li> <li>▪ <b>Cash &amp; Capital Discipline</b> – Lark will prioritise cash generation to underpin growth while exercising capital discipline</li> </ul>
2	Rationale for Equity Raising	<ul style="list-style-type: none"> <li>▪ Consolidation and further investment into Pontville site will allow for future ramp up and ability to scale</li> <li>▪ A step up of investment into brand development and Lark's export strategy is required over the next 12-24 months to position Lark for growth</li> <li>▪ Lark is fortifying the balance sheet to provide a platform for this investment while enabling a high level of confidence through to positive operating cashflows in FY27</li> </ul>
3	Strategic Partnership	<ul style="list-style-type: none"> <li>▪ Formal long-term barrel supply agreement with Seppeltsfield Wines Pty Limited, an entity associated with Lark Director, Warren Randall</li> <li>▪ Partnership will secure access to premium oak barrels for Lark, formalising first right of use arrangements to provide certainty over Lark's future maturation requirements</li> <li>▪ Strategic Partnership is conditional on the completion of the Conditional Placement to Seppeltsfield Wines Pty Limited</li> </ul>
4	Lark FY24 Results	<ul style="list-style-type: none"> <li>▪ On the basis of management accounts which are preliminary and unaudited, Lark's FY24 results are expected to be: <ul style="list-style-type: none"> <li>– Net sales of \$14.0m, in-line with previous market update (down \$3.1m on FY23);</li> <li>– Operating EBITDA of \$(2.8m);</li> <li>– Gross margin of ~68%; and</li> <li>– Whisky bank of 2.5 million litres (at 43% ABV).</li> </ul> </li> </ul>
5	Equity Raising	<ul style="list-style-type: none"> <li>▪ Approximately \$6.5m non-underwritten institutional placement to eligible investors of approximately 7.6m New Shares to be undertaken utilizing Lark's existing placement capacity (<b>Institutional Placement</b>)</li> <li>▪ Approximately \$15.0m conditional placement of approximately 17.6m New Shares to Seppeltsfield Wines Pty Ltd, an entity associated with Warren Randall (\$14.5m), Domenic Panaccio (\$0.25m) and David Dearie (\$0.25m), subject to shareholder approval at an Extraordinary General Meeting (<b>Conditional Placement</b>) (the Institutional Placement and Conditional Placement are the <b>Placement</b>)</li> <li>▪ The offer price of \$0.85 per share represents a 1.7% discount to Lark's last traded price of \$0.865 on Friday, 26 July 2024 and a 3.8% premium to the 20-day VWAP to Friday, 26 July 2024</li> <li>▪ Eligible existing shareholders will be offered the ability to participate in a non-underwritten SPP to raise up to \$1 million</li> <li>▪ Major Shareholders Neill Family Office, Perennial Value Management and Lee Ming-Tee confirm their participation in the Institutional Placement and their support for the Placement, including their intention to vote in favour of the Conditional Placement at Lark's upcoming Extraordinary General Meeting</li> </ul>
6	Balance sheet and cash	<ul style="list-style-type: none"> <li>▪ Pro-forma for the Placement, Lark is expected to have a cash balance of approximately \$23m as at 30 June 2024</li> <li>▪ \$15 million undrawn committed bank facility available, recently extended to January 2028</li> </ul>

# PROGRESS BEING MADE IN EXECUTING STRATEGY



## BUILD LONG TERM BRAND VALUE

- Continued awards recognition & Peter Gilmore partnership
- 'Rare & Remarkable' products introduced to drive halo and brand equity
- Commenced work on portfolio restage, including appointment of creative design agency

## INTERNATIONAL SALES MOMENTUM & DOMESTIC LEADERSHIP POSITION

- Asian export strategy progress, Distributors appointed with initial sales of \$0.9m in H2
- Nascent Global Travel Retail business delivers \$1.1m sales in FY24
- Appointment of Spirits Platform, Australia's leading independent Spirits Distributor from 1 August 2024

## CASH & CAPITAL DISCIPLINE

- Production savings now embedded in operations
- Operating Cashflow savings of \$1.2m vs. FY23 (ex - Government Grants)
- Committed NAB \$15m facility extended to January 2028

# ANNOUNCEMENT OF STRATEGIC PARTNERSHIP

## Summary

- Formal long-term barrel supply agreement with Seppeltsfield Wines Pty Limited, an entity associated with Lark Director, Warren Randall
- Partnership will secure access to premium oak barrels for Lark, formalising first right of use and exclusivity arrangements to provide certainty over Lark's future maturation requirements
- Strategic Partnership is conditional on the completion of the Conditional Placement to Seppeltsfield Wines Pty Limited

## Overview of Seppeltsfield

- Seppeltsfield Wines was established in 1851 and over the next 173 years has developed into Australia's iconic wine estate
- Seppeltsfield has been voted as one of the top 100 vineyards of the world out of 65,000 wineries worldwide for five consecutive years from 2019 to 2023 in the 'World's Best Vineyards' list
- Seppeltsfield matures over 6,000 barrels of Ports and Sherries in 6 specifically built maturation sheds spread over the estate
- Seppeltsfield Estate has under maturation the estimated largest repository of premium fortified wine and casks in Australia
- Seppeltsfield is referred to as 'Australia's premium fortified house', including the longest unbroken lineage of single vintage tawnies in the world, from 1878 to 2024
- Treasury Wines CEO Tim Ford has previously noted "The Randall Wine Group, owner of Seppeltsfield, has become Treasury Wine Estate's most important strategic supply partner, globally"





# ANNOUNCEMENT OF STRATEGIC PARTNERSHIP *(cont'd)*

## Key terms

- 10-year agreement with a 10-year option for extension by Lark
- Includes rare fortified Tawny, Muscat, Tokay, PX and Olorosso barrels that will be central to Lark's premium portfolio offering and ongoing expansion strategy, both domestically and internationally, going forward
- Exclusivity with respect to selected fortified barrels over five years old
- First Right of Refusal over all other fortified barrels
- Exclusivity on naming rights and usage in relation to whiskey products
- Joint R&D trials
- Heads of Agreement in place with contract to be signed subject to completion of the Conditional Placement

## Importance of casks to whisky making process

- The use of casks form an integral part of the whisky making process
- The aging or maturation process sees new make placed in casks for various periods of time
- The cask and spirit interact, with the wood providing flavours, colours, and aromas to the whisky while also removing unwanted traits
- More than 60% of Lark's whisky product character is influenced by the interaction of the new make spirit and the casks in which they are held
- Therefore, the continuity of supply of the highest quality casks creates a key competitive advantage for Lark
- This follows notable precedents internationally including Macallan's partnership with Grupo Estevez to secure high-quality seasoned oak casks for whisky maturation



# FY24 | Key Highlights<sup>1</sup>



**Net sales of \$14.0 million<sup>2</sup> in line with prior market update<sup>3</sup>**  
(down \$3.1m on FY23)

Impact of legacy indirect Chinese exports & older limited releases in FY23, with focus on scalable core range delivering underlying growth



**Operating EBITDA of \$(2.8m) million**

**Gross margin of 68%**  
(down ~100bps on FY23 of 69% through channel / product mix)



**Whisky bank of 2.5 million litres\* underwriting future sales growth**

\*(at 43% ABV) as at 30 June 2024  
(FY23: 2.4 million litres)



## Operating Cashflow

Disciplined cost control delivers +\$1.2m improvement vs FY23 in net cash used in operating activities (ex Govt Grants)



## Cash Position

Cash position of \$2.4 million + undrawn committed bank facility of \$15 million now extended to January 2028; full facility available to be drawn



## Good progress of Asia export business & GTR

LARK is well positioned for export growth and growing GTR channel - underpinned by high quality whisky bank

# USE OF PROCEEDS

USES OF FUNDS	\$M
Capital investment: - Pontville plant and equipment - Cellar door investment	~5
Brand & marketing investment: - Brand restage – portfolio and positioning development - Export market brand investment including GTR expansion	~9
Working capital and general corporate purposes	~7
Transaction costs	<0.5
<b>TOTAL</b>	<b>~21.5</b>

SOURCES OF FUNDS	\$M
Institutional Placement	~6.5
Conditional Placement	~15.0
<b>TOTAL<sup>1</sup></b>	<b>~21.5</b>

Note: <sup>1</sup> Excludes proceeds from the SPP

Proceeds from the Placement will provide Lark with balance sheet flexibility to invest in the brand and facilities to drive the export strategy and accelerate growth, with distilling production scaled up to support this.

Capital Investment relates to further development of the Pontville site which will see increased production and storage capacity, along with enhancements to Lark's cellar door offering in Hobart

Brand & Marketing investment to be targeted at restaging the brand to drive increased cut through as a differentiated luxury whisky brand along with upweighted investment in key markets and channels

*Lark will have a pro-forma cash balance of approximately \$23m following completion of the Institutional Placement and Conditional Placement, providing significant funding flexibility and supporting Lark through to operating cash flow profitability expected in FY27*

# EQUITY RAISING DETAILS

<b>Placement Structure and Size</b>	<p>A placement to raise approximately \$21.5m (the Placement), comprising:</p> <ul style="list-style-type: none"> <li>• Approximately \$6.5m non-underwritten institutional placement to eligible shareholders of approximately 7.6m New Shares to be undertaken without shareholder approval (Institutional Placement)</li> <li>• Approximately \$15.0m conditional placement of approximately 17.6m New Shares, subject to shareholder approval at an Extraordinary General Meeting (Conditional Placement)</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>• Proceeds from the Placement will provide Lark with additional balance sheet flexibility to invest in the brand and facilities to drive the export strategy and accelerate growth</li> </ul>
<b>Placement Price</b>	<ul style="list-style-type: none"> <li>• The Placement will be conducted at a fixed price of \$0.85 per New Share (Placement Price), representing: <ul style="list-style-type: none"> <li>◦ 1.7% discount to the last closing price of \$0.865 on Friday, 26 July 2024, and</li> <li>◦ 3.8% premium to the 20-day VWAP of \$0.82 until Friday, 26 July 2024</li> </ul> </li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>• New Shares issued under the Placement will rank equally with existing Lark shares from their respective issue dates</li> </ul>
<b>Director Participation</b>	<ul style="list-style-type: none"> <li>• Seppeltsfield Wines Pty Ltd, an entity associated with Lark Director Warren Randall, has committed to subscribe for \$14.5m worth of New Shares via the Conditional Placement</li> <li>• Lark Directors Domenic Panaccio and David Dearie have each committed to subscribe for \$0.25m worth of New Shares via the Conditional Placement</li> </ul>
<b>Share Purchase Plan</b>	<ul style="list-style-type: none"> <li>• Lark is also undertaking a non-underwritten SPP<sup>1</sup> intending to raise up to \$1.0m</li> <li>• Eligible shareholders in Australia and New Zealand will be invited to apply for up to \$30,000 of New Shares free of any brokerage, commission and transaction costs</li> <li>• The issue price for New Shares in the SPP will be the Placement Price of \$0.85</li> </ul>

Note: 1 Full details of the SPP will be contained in the SPP offer booklet, which will be sent to eligible shareholders in due course. Lark may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion



# EQUITY RAISING TIMETABLE

KEY DATES	
Record date for SPP	Friday, 26 July 2024
Trading halt and announcement of the Placement	Monday, 29 July 2024
Placement bookbuild	Monday, 29 July 2024
Announcement of the outcome of the Institutional Placement	Tuesday, 30 July 2024
Trading halt lifted – trading resumes on the ASX	Tuesday, 30 July 2024
Settlement of New Shares issued under the Institutional Placement	Thursday, 1 August 2024
Allotment and normal trading of New Shares issued under the Institutional Placement	Friday, 2 August 2024
SPP offer opens and SPP offer booklet is dispatched	Monday, 5 August 2024
SPP offer closes	Tuesday, 20 August 2024
SPP issue and allotment date	Tuesday, 27 August 2024
Normal trading of New Shares issued under the SPP	Wednesday, 28 August 2024
Lark EGM to approve the Conditional Placement	Expected to be late August or early September
Settlement of New Shares under the Conditional Placement	Expected to be early September
Allotment and normal trading of New Shares issued under the Conditional Placement	Expected to be early September

Note: The above timetable and all dates are indicative only and subject to change.

# IMPORTANT NOTICE AND DISCLAIMER

This presentation is dated 29 July 2024 and has been prepared by Lark Distilling Co. Limited (**Lark**) in connection with the institutional placement of new fully paid ordinary shares (**New Shares**) in Lark to certain professional and sophisticated investors to be undertaken utilizing Lark's existing placement capacity (**Placement** or the **Offer**).

Lark also proposes to undertake a conditional, strategic placement, subject to shareholder approval to its directors or entities controlled by them (**Conditional Placement**) and a non-underwritten share purchase plan to eligible shareholders (**SPP**), in each case on the same terms as the Placement.

## Not an offer

The material contained in this presentation is for information purposes only and is intended to be general background information on Lark and its activities. This presentation is not a prospectus, disclosure document or offering document under Australian law (and will not be lodged with ASIC) or any other foreign regulator. It is for information purposes only and is not, and should not be considered to be, an invitation, offer or recommendation to acquire shares or any other financial products. It is not, and does not purport to contain all the information required to be contained in, a prospectus, disclosure document or offering document under Australian law or any other law.

The Placement and Conditional Placement (if approved) will be conducted under section 708 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and will be made available to certain persons whom a prospectus is not required to be given under Chapter 6D of the Corporations Act.

The SPP will only be made available to eligible shareholders and will be conducted in accordance with *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547*.

## Participation in the offer

Determination of eligibility of investors for the purposes of the Placement will be by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Lark and the sole bookrunner and lead manager of the Placement, being Barrenjoey Markets Pty Limited ACN 636 976 059 (**Lead Manager**). Each of Lark, the Lead Manager and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

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## Financial data

All dollar values are in Australian dollars (\$) or AUD) unless stated otherwise. All references starting with "FY" refer to the financial year ending 30 June. For example, "FY24" refers to the financial year ending 30 June 2024.

This presentation also includes pro-forma financial information, containing pro-forma adjustments that have been made which assume the completion of the Offer (net of transaction costs). Investors should note that this information has not been audited and is based on management estimates and not on financial statements prepared in accordance with applicable statutory requirements. Accordingly, investors should treat this information with appropriate caution.

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This presentation contains certain forward-looking statements and comments about future events, including Lark's expectations about the performance of its businesses and the impact of the Offer. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. These forward-looking statements reflect Lark's current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond the control of Lark, and have been made based upon Lark's expectations and beliefs concerning future developments and their potential effect on it.

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A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.



# Appendix

# ANNEXURE 1: KEY RISKS

This section sets out some of the key risks associated with any investment in Lark, which may affect the value of Lark shares. The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Lark. Before investing in Lark, you should be aware that an investment in Lark has a number of risks, which are specific to Lark and some of which relate to listed securities generally, and some of which are beyond the control of Lark.

Before investing in Lark shares, you should consider whether the investment is suitable for you. Potential investors should consider publicly available information on Lark (such as that available on the websites of Lark and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

## Operational risks

Topic	Summary
<b>Contractual risk</b>	Lark has contractual obligations and rights with respect to a number of agreements it is a party to. These agreements may include provisions which allow for termination for convenience or otherwise. No assurance can be given that all such agreements will be fully performed by all contracting parties or that Lark will be successful in securing compliance with the terms of each agreement by the relevant contracting party. If a contracting party were to breach or terminate a material agreement, Lark's business, operations and financial performance could be adversely affected.
<b>Insurance risk</b>	Lark may, where economically practicable and available, endeavour to mitigate some business risks by procuring relevant insurance cover. However such insurance cover may not always be available or economically justifiable or the policy provisions and exclusions may render a particular claim by Lark outside the scope of the insurance cover. While Lark will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers there is a risk that an insurer defaults in a legitimate claim by Lark under an insurance policy. Insurance against all risks associated with Lark's business operations is not always available and where available its cost may be prohibitive.
<b>Materials costs</b>	In addition to packaging materials for Lark's products (glass bottles and labelling material), important raw materials used in the manufacture of Lark's products include water, barley and yeast. If the price of obtaining any of these materials significantly increases and Lark is unable to justify a corresponding increase in the price of its products, Lark's financial performance will be adversely affected.
<b>Consumer demand</b>	Unanticipated changes to consumer preferences from factors including health, economic conditions, and market trends could have a material adverse impact on operating and financial performance.
<b>Incident leading to reputational and or brand damage</b>	Lark has built its reputation based on the award-winning quality of the whisky. The reputation of the Lark brand is key to the success of the business. Risks to Lark's reputation include both internal and external activity including quality incident, counterfeited product, black market trade, inaccurate media coverage, unsatisfactory supplier performance. A material adverse incident could have a material adverse effect on financial and operating performance.
<b>Failure to attract and retain talent</b>	Lark is heavily reliant on key personnel. Loss of key personnel could cause significant disruptions to operational and financial performance.
<b>Inventory Management</b>	Lark has invested significant capital into building the Whisky bank ahead of sales to underwrite future growth. Maturing inventory and associated stock model must be appropriately managed for current and future brand propositions as required to commercialise the Whisky Inventory.
<b>Storage of whisky</b>	Lark has a significant amount of maturing whisky stored in a number of facilities. Lark's storage facilities may be impacted by a fire or major weather event (such as a storm) or subject to malicious attack, which may result in the loss, damage, contamination or destruction of all or some of its stored product inventory.



# ANNEXURE 1: KEY RISKS (CONT.)

## Operational risks (cont.)

Topic	Summary
<b>Route To Market &amp; New Market Entry</b>	<p>Appropriate Route to Market is required to ensure long term sales development and sustainability for Lark, both domestically and in current and future export markets. Limited portfolio size and scale requires Lark to work with in-market distributors. Risks exist which must be managed including finding and appointing appropriate quality distributors and ensuring sufficient focus on Lark's brands. Lack of availability of appropriate quality distributors may disrupt or slow new market entry.</p> <p>Entry to international markets may be disrupted or slowed based on factors beyond Lark's control including local laws and regulations on alcohol products, product registrations, and other Government actions including changing duties tariffs and quotas. Route to international markets may also be disrupted or slowed based on the speed of ensuring appropriate brand protections including trademark registrations. While workstreams are in progress to complete trademark registrations for new markets, objections and speed of registration could delay or disrupt entry.</p>
<b>Accounting, valuation, and inventory risk</b>	<p>In accordance with applicable accounting standards, Lark is required to make judgements and estimates that affect amounts reported in its consolidated financial statements or otherwise announced to the market. In determining and applying accounting policies, judgement is often required in respect of items where the choice of a specific policy, accounting estimate or assumption to be followed could have a material impact, including in relation to provisions or estimates for expected losses. There is a risk that these judgements and estimates may be incorrect or that over time the valuations of the assets and liabilities develop differently to the judgements or estimates, which could adversely affect Lark's financial position.</p> <p>Additionally, Lark maintains internal views on the valuation of its business and these estimates are considered when assessing the accounting carrying value of assets on its balance sheet, including the carrying value of its raw materials, WIP and finished goods. Periodic assessment (which considers both internal and external factors) may result in a reduction of valuations which could lead to some or all of its assets being impaired.</p> <p>As at 30 June 2024, the carrying value of Lark's inventory amount to approximately \$64 million, comprising finished goods, raw material and WIP. The Board regularly monitors impairment risk and, consistent with accounting standards, Lark periodically assesses the carrying value of its assets.</p>
<b>Interruption to supply chain</b>	Loss of suppliers may restrict or disrupt Lark's new make whisky production impacting future sales or bottling & finished goods production of spirits impacting current sales.
<b>Loss of information through cyber security or fraud threat</b>	Lark's business relies on IT infrastructure, systems and processes to support ongoing business growth. The use of these systems poses risk in error, which includes increased costs and processing times or damage to business reputation, or decision making based on inaccurate information. The storage of information increases risk of theft which may impact Lark's ability to trade, and or reputational risk.
<b>Regulatory risk</b>	Lark operates in a highly regulated industry in the production of spirits and selling in various overseas markets. Each of these markets have differing regulations that govern many aspects of Lark, including privacy, taxation, production, manufacturing, pricing, marketing, advertising and distribution, & ASX reporting requirements. Remaining compliant with regulations, including changes to existing, or new regulations, requires ongoing monitoring by the business.
<b>Failure to maintain appropriate quality standards</b>	Sale of defective products due to non-compliance with Lark's operational quality processes could result in damage to Lark's corporate and brand reputation. This could also lead to additional costs from product recall, penalties and litigation
<b>Changing geopolitical environment</b>	Government actions may influence or restrict international trade, including increasing duties and tariffs could significantly impact the nature of operations and reduce the demand for products in these markets.

# ANNEXURE 1: KEY RISKS (CONT.)

## General risks

Topic	Summary
<b>Ability to access funding</b>	Insufficient funding may restrict Lark's ability to trade, including brand investment with entry to new markets, or volume of whisky production, restricting future sales growth. Lark is currently loss making and is not cash flow positive which may adversely impact Lark's access to funding.
<b>Health, safety &amp; wellbeing</b>	The health, safety, and wellbeing of the Lark team remains our highest priority. The production and sale of spirits, and operation of hospitality venues, involves the use of complex equipment and processes that pose a risk that could result in death, injury or illness leading to a financial, operational, and reputational impact to Lark. Lark recognises the importance of managing existing risks, and monitoring emerging risks that have potential to cause harm to employees, contractors or visitors.
<b>Climate change</b>	Climate change may adversely impact the maturation time and or quality of spirits produced through disruptions to supply chain. In addition, consumer awareness and retailer requirements regarding climate change action may adversely impact financial performance.
<b>Litigation</b>	Legal proceedings and claims may arise from time to time in the ordinary course of Lark's business and may result in high legal costs, adverse monetary judgments and/or damage to Lark's reputation which could have an adverse impact on Lark's financial position or performance and the price of its shares.
<b>General market and share price risks</b>	<p>There are general risks associated with any investment in the share market. The price of Lark's shares may increase or decrease due to a number of factors. Those factors include:</p> <ul style="list-style-type: none"> <li>• fluctuations in domestic or global financial markets and general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices;</li> <li>• changes to government fiscal, monetary or regulatory policies, legislation or regulation;</li> <li>• the removal or inclusion of Lark from market indices; and</li> <li>• the nature of markets in which Lark operates.</li> </ul> <p>These factors may cause the price of Lark's shares to trade below the price at which they are offered under the Offer, notwithstanding Lark's financial position or performance.</p>
<b>Shareholder approval risk</b>	<p>The Conditional Placement (which purports to raise \$14.5 million) is subject to approval by Lark's shareholders, as described in this presentation. If shareholder approval is not obtained, then the Conditional Placement will not complete and Lark will only raise \$6.0 million under the Offer.</p> <p>In these circumstances, Lark may need to seek alternative sources of funding for its operations and growth plans, which may result in Lark incurring additional costs and/or restrictions being imposed on the manner in which Lark conducts its business and deals with its assets. There is no guarantee that alternative funding could be sourced on terms satisfactory to Lark or at all. Failure to source alternative funding could result in Lark being unable to execute on its strategy and adversely impact on Lark's financial position and prospects.</p>
<b>Tax and accounting</b>	Australian accounting standards and tax laws (including GST and stamp duty taxes), or the way they are interpreted, are subject to change from time to time, which may impact Lark's financial position or performance.
<b>Force majeure events may occur</b>	Acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters may cause an adverse change in investor sentiment with respect to Lark specifically or the share market more generally, which could have a negative impact on the value of an investment in Lark shares.

# ANNEXURE 2: SUMMARY OF PLACEMENT AGREEMENT (CONT.)

Lark has entered into a placement agreement with Barrenjoey Markets Pty Limited ACN 636 976 059 (**Lead Manager**) in respect of the Offer (**Placement Agreement**) pursuant to which the Lead Manager agrees to conduct a bookbuild for the Offer and use reasonable endeavours to place the New Shares under the institutional placement on the terms and conditions set out in the Placement Agreement. The Placement Agreement does not constitute an agreement by the Lead Manager to manage or underwrite the Offer, the SPP or the Conditional Placement.

The Placement Agreement contains representations, warranties and indemnities in favour of the Lead Manager.

The Lead Manager's obligations to use reasonable endeavours to place the New Shares under the Offer is conditional on certain customary matters, as well as on receipt of a pre-commitment letter in respect of the Conditional Placement (**Conditional Placement Letter**), Lark despatching the notice to convene an extraordinary general meeting of its shareholders (**EGM NOM**), and ASX not indicating that it will refuse quotation of the New Shares.

The Lead Manager may terminate the Placement Agreement in certain circumstances including:

- the Conditional Placement Letter is terminated or rescinded or amended without the consent of the Lead Manager;
- any event specified in the timetable for the Offer is delayed for more than 1 business day without the prior written approval of the Lead Manager;
- Lark withdraws the Offer;
- the certificate which is required to be furnished by Lark under the Placement Agreement is not furnished when required, or is incorrect or misleading or deceptive in any respect;
- ASX indicates on or before 12.00pm on the settlement date of the Offer that unconditional approval (or approval conditional only on customary conditions which are acceptable to the Lead Manager, acting reasonably) will not be granted to the official quotation of all of the New Shares;
- a statement in any of the Offer documents (including this presentation and the ASX announcement of the Offer) or public information relating to Lark provided to ASX is or becomes misleading or deceptive or is likely to mislead or deceive (including by omission);
- any material adverse change or effect occurs, or an event occurs which is likely to give rise to a material adverse change or effect, in the condition (financial or otherwise), assets, earnings, business, affairs, liabilities, financial position or performance, results of operations, profits, losses or prospects of Lark or its related bodies corporate from that existing at the date of the Placement Agreement;
- Lark is unable or is unlikely to be able to issue the New Shares in accordance with the timetable;
- Lark alters its capital structure or its constitution without the prior consent of the Lead Manager;
- a change in the Chief Executive Officer, Chief Financial Officer or the board of directors of Lark occurs or is announced;
- Lark or a member of the Lark group is or becomes insolvent, or a circumstance arises in consequence of which Lark or a member of the Lark group may cease to be solvent or able to pay its debts as and when they fall due;
- it becomes illegal for the Lead Manager to market, promote or settle the Offer;
- ASIC makes an application for an order under the Corporations Act or commences any investigation or hearing under the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or the SPP;
- ASX indicates to Lark or the Lead Manager that Lark's shares will be suspended from quotation, Lark will be removed from the official list or that quotation of all of the New Shares will not be granted by the ASX, or such suspension from quotation or removal from the official list occurs;
- any regulatory body commences any public action against any director or officer of Lark or announces that it intends to take any such action or a director or officer of Lark is charged with an indictable offence or is disqualified from managing a corporation under the Corporations Act; or

Lark or any of its directors or officers engages in any fraudulent conduct or activity whether or not in connection with the Offer.



# ANNEXURE 2: SUMMARY OF PLACEMENT AGREEMENT (CONT.)

In addition the Lead Manager may also terminate the Placement Agreement if an event below occurs and the Lead Manager has reasonable grounds to believe and does believe that the event could give rise to a liability of the Lead Manager under any law, has or may have a material adverse effect on the marketing, settlement or outcome of the Offer or has resulted in or may result in a material adverse change in the financial position, performance or prospects of Lark.

- Lark breaches the Placement Agreement or any of its representations or warranties in the Placement Agreement are not true or correct;
- Lark breaches, or defaults under, any provision, undertaking, covenant or ratio of a of a material debt or financing arrangement;
- there is an omission from or misstatement relating to the due diligence materials provided by Lark to the Lead Manager;
- hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, Russia, Ukraine, Israel, Palestine, Iran, any member of the European Union, Hong Kong, South Korea or the People's Republic of China, or a national emergency or a material escalation or a nation emergency in any of those countries occurs, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world;
- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
  - trading in all securities quoted or listed on ASX, the London Stock Exchange, the NASDAQ or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading; or
  - there is any adverse change or disruption to the political conditions or financial markets of Australia, the United States of America or the United Kingdom or the international financial markets, or any change involving a prospective adverse change in national or international political, economic or financial conditions;
- there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a new law or any new regulation is made under any law, or the Reserve Bank of Australia, or any government agency, adopts or announces a proposal to adopt a new policy any of which does or is likely to prohibit, regulate or otherwise adversely affect the Offer, capital issues or stock markets.

For details of the fees payable to the Lead Manager, see the Appendix 3B released to the ASX on 29 July 2024.

If the Lead Manager elects to terminate the Placement Agreement, the Lead Manager will be immediately discharged of its obligations under the Placement Agreement.

# ANNEXURE 3: INTERNATIONAL OFFER RESTRICTIONS

This document does not constitute an offer of new ordinary shares of Lark (**New Shares**) in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## **Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “SFO”). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## **New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “FMC Act”).

The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## **Singapore**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the “SFA”) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **United States**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.



# LARK

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Approved for release by the Board of Directors.

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