

Extraordinary General Meeting – Chair Address

Let me say upfront that I am honoured to be Chair of Lark Distilling Co. Ltd (“**Lark**” or the “**Company**”), having assumed the role in January, and thank my fellow Directors for their support.

Before I ask our Chief Executive Officer, Sash, to provide an update on the Company’s operations, I would like to say a few words on behalf of my fellow Directors.

While the past year presented macro challenges, including a difficult economic and market landscape, we are pleased that the Company has made significant progress in several areas, including exciting green shoots in the crucial direct export and GTR channels. The Board believes these developments and our focus on continuing improvements across the business provide a strong foundation for Lark’s future success.

Importantly, Sash and the Team have good operating momentum and are executing against the Company’s strategic priorities, namely focusing on:

- building long-term brand value,
- delivering international sales momentum, and maintaining our domestic leadership position; and
- underpinning these priorities by cash and capital discipline.

The Strategic Partnership with Seppeltsfield Wines Pty Ltd (“**Seppeltsfield**”) is an exciting and important milestone for Lark. This Partnership and successful equity raising, supported by strong demand from our retail shareholders under the Share Purchase Plan, provides Lark with the capital to allow us to drive growth and accelerate investment in brand marketing and international expansion.

We will maintain a disciplined approach to capital allocation, ensuring our strategy delivers long-term value for our shareholders.

As I look ahead to 2025, I am excited about the Lark brand re-design work that has commenced and for the modest development that is planned for Pontville, the long-term home of Lark.

Before I hand over to Sash, I would like to take this opportunity to thank all Lark employees for their dedication, passion and commitment to Lark. I would also like to acknowledge and thank all of you as my fellow Lark shareholders.

The strong support received as part of the recent equity raising together with our partnership with Seppeltsfield will help us achieve our vision of making Lark the leader in new world whiskey.

This announcement has been approved for release by the Board of Directors.

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FY24 | KEY HIGHLIGHTS



Net sales of \$14.0 million¹ in line with prior market update²

(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 \$(2.8) 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: 2.4m litres)



Operating Cashflow

Disciplined cost control delivers +\$1.2m improvement vs FY23 in net cash used in operating activities



Cash Position

Cash position of \$2.4 million (proforma cash post Placement of ~\$27m) + undrawn committed bank facility of \$15 million available 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

EQUITY RAISE AND ANNOUNCEMENT OF STRATEGIC PARTNERSHIP WITH SEPPELTSFIELD WINES

Overview of Seppeltsfield Strategic Partnership

- 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
- Seppeltsfield Wines was established in 1851 and over the next 173 years has developed into Australia's iconic wine estate
- Seppeltsfield Estate has under maturation the estimated largest repository of premium fortified wine and casks in Australia
- Continuity of supply of the highest quality barrels creates a key competitive advantage for Lark, follows notable precedents internationally including Macallan's partnership with Grupo Estevez

Strategic Partnership Key terms

- 10-year agreement with a 10-year option for extension by Lark
- Includes rare fortified Tawny, Muscat, Tokay, PX and Oloroso barrels that will be central to Lark's premium portfolio offering and ongoing expansion strategy, both domestically and internationally.
- Exclusivity with respect to selected fortified barrels over five years old, first Right of Refusal over all other fortified barrels. No minimum purchase requirements
- Exclusivity on naming rights and usage in relation to whisky products
- Joint R&D trials
- Heads of Agreement in place with contract to be signed subject to completion of the Conditional Placement



EQUITY RAISE AND ANNOUNCEMENT OF STRATEGIC PARTNERSHIP WITH SEPPELTSFIELD WINES(*cont'd*)

Equity Raise

Equity raising of ~\$25m comprising a ~\$15m conditional placement, ~\$6.5m institutional placement and a Share Purchase Plan:

- Institutional placement completed on 30th July, with new shares issued on 2nd August.
- Share Purchase Plan almost 5X oversubscribed vs original target, with scale back of applications to a total amount of \$3.5m. New shares scheduled to be issued 27th August.
- Conditional placement subject to shareholder approval at EGM to be held on 30th August.

Use of Proceeds

Proceeds 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.

- **Brand & Marketing investment** to be targeted at restaging the brand to drive increased cut-through as a luxury brand internationally, and upweighted investment in key markets and channels
- **Capital Investment** in development of the Pontville site which will see increased production and storage capacity, along with enhancements to Lark's cellar door offering in Hobart
- **Working Capital** and general corporate costs includes future inventory laydown through to cashflow breakeven in FY27

Additional funds through increased SPP subscription provide further flexibility and platform for long term brand and sales growth.



STRATEGIC PRIORITIES



GOOD PROGRESS BEING MADE IN EXECUTING STRATEGY – IN LINE WITH STATED MILESTONES



BUILD LONG TERM BRAND VALUE

- Continued awards recognition & brand partnerships
- Innovation 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

- Operating Cashflow savings of \$1.2m vs. FY23
- Cash of \$2.4m, proforma cash post equity raise of ~\$27m
- Committed NAB \$15m facility in place to January 2028