

March 2025 Quarterly Activities Report & 4C Market Update

Lark Distilling Co. Ltd (ASX: LRK) (“LARK” or the “Company”) is pleased to provide a business update for the quarter ended 31 March 2025 (Q3FY25 or Q3) and Appendix 4C.

Q3FY25 Highlights:

- **International Sales Momentum & Domestic Leadership Position**
 - Net Sales revenue growth of +31% or \$1.0 million versus pcp to \$4.3 million. The strong increase in Net Sales was driven by growth in GTR, D2C and other channels, partially offset by lower Net Sales from domestic B2B and Direct Export. Net Sales revenue for FY25 Year to Date (Q3YTD) were \$12.2 million, up 14% or \$1.5 million.
 - Lark’s Global Travel Retail (GTR) business continued its impressive performance in Australian Airports, GTR Net Sales were \$0.4 million in Q3, up \$0.1 million vs pcp, and for Q3YTD were \$1.2 million, up 24% on pcp.
 - Lark’s D2C Ecommerce channel and Hospitality venues continued to perform well in Q3 with Net Sales up \$0.1 million versus pcp. For Q3YTD DTC Net Sales were up \$0.7 million versus pcp.
 - Other Channels were up \$1.1 million in Q3 versus pcp, this was largely driven by sales through The Whisky Club, for the LARK Rare Seppeltsfield Tawny Cask, the first of a series of exclusive Whisky Club releases.
 - Direct export sales in Q3 were \$0.4 million, slightly down on pcp which reflected the initial shipments to Indonesia and Singapore. Q3YTD, direct export sales to Asian in-market distributors were \$0.9 million.
 - Domestic B2B Net Sales were down \$0.1 million for the quarter versus pcp, however Net Sales now includes Spirits Platform’s distribution margin, which has been more than offset by operating cost savings through the removal of the domestic sales team. Shipments in Q3 included a modest initial sell in of KURIO, our new Blended Malt Whisky, while Q3 Depletions from Spirits Platform to trade were strong through replenishment to Endeavour Drinks following industrial action in Q2, and good momentum in the Independents channel.
- **Build Long Term Brand Value**
 - The Lark Portfolio & Brand restage is very well progressed - on track for completion by end of year in advance of shipments in early FY26.
 - Increased activation plans locked in with Asian Distributors for the balance of FY25 and into FY26.
 - As planned, Pontville site redevelopment accelerated during Q3 to deliver distilling capacity and efficiency upgrades, key process and equipment upgrades, including blending, filtration and coopering, in addition to safety and aesthetic improvements.
- **Cash & Capital Discipline**
 - Positive net cashflows from Operating Activities of \$0.3 million in Q3FY25.
 - Whisky Bank of 2.5 million litres at 31 March 2025 (31 December 2024: 2.5 million litres).
 - Cash balance and Cash Term Deposits of \$24.2 million at 31 March 2025; Committed \$5 million bank facility remains undrawn.
 - Net proceeds for the sale of Bothwell Distillery were received during Q3 (\$4.0 million).

Lark CEO Sash Sharma added:

“Lark has again delivered another Quarter of improved business performance – Net Sales were up an impressive 31% or \$1.0 million to \$4.3 million compared to the prior corresponding period. The major highlight this Quarter was the release and sale of our LARK Rare Seppeltsfield Tawny Cask through The Whisky Club, this is the first of a series of three Seppeltsfield Rare Cask exclusives. We were delighted with the strong response and demand from The Whisky Club’s members, with the product fully sold out. Work is ongoing to prepare the second in the series, with sales anticipated next calendar year.”

Our GTR business continued its good performance in Q3, with sales up 41% versus the prior corresponding period with both LARK and Forty Spotted performing well and benefiting from increased activity including tasting bar activations in both Sydney and Melbourne International Airports.

Our D2C business was up modestly in Q3, benefiting from the Wilderness Single Cask Program in E-Commerce. This channel exclusive elevated luxury offering allows us to express the uniqueness of Tasmania through each chapter. Pleasingly, our Lark Hospitality business continues to perform well, with our Pontville Distillery continuing to attract visitors through increased and enhanced tour offerings.

Our direct export business was down slightly compared to the prior corresponding period; the comparative period included initial shipments to Singapore and Indonesia. During Q3 we recorded Direct export Net Sales of \$0.4 million, including a modest initial shipment to Cambodia following the recent signing of a Distribution Agreement for this market – this now completes our Distribution network in South East Asia. For the March Quarter year to date Net Sales to Export customers were \$0.9 million - our focus remains working with our Distributor partners to drive trade and consumer awareness and engagement.

Despite a continued challenging retail environment, our new partnership with Spirits Platform is progressing well. While Net Sales through this channel were slightly down compared to the prior corresponding period, this reflects the inclusion of Spirits Platform's distribution margin in our pricing. Importantly, this has been more than offset by operating cost savings resulting from the change in our route-to-market model in Australia. The Quarter saw strong trade depletions from Spirits Platform, including replenishment orders from Endeavour Drinks; pleasingly we are also gaining momentum in the Independents channel with the expanded sales team as part of the Spirits Platform transition seeing a net increase of more than 300 outlets listing Lark year on year.

A highlight of the Quarter was initial sell-in of our new Tasmanian Blended Malt Whisky, KURIO, ahead of its full launch through Endeavour Drinks and Independents. KURIO, from the House of Lark, is a whisky for the curious—crafted for those seeking new and exciting experiences—and is set to broaden our audience and expand consumption occasions. After strong trade interest and listings, we're excited to see this translate into consumer sales from May.

The development at our Pontville Distillery is progressing to plan, as we establish the site as the long-term home of Lark—one that reflects our position as Australia's Number 1 Luxury Single Malt. Our operations team, in collaboration with third-party partners, has made strong progress on the project, which will deliver increased capacity and efficiency while preserving our award-winning house style. The development includes upgrades across key processes, bringing distilling, coopering, maturing whisky storage, blending, finishing, bottling, tourism, and back office operations all onto a single site. With the majority of planned investment now substantially complete, only modest remaining spend is expected ahead of commissioning in the fourth quarter.

The Lark Brand & Portfolio restage is now in its final stages – and remains on track for completion by FY25. We look forward to sharing some elements of our revised portfolio in the coming months. This crucial investment in the Lark Brand restage will support our global expansion ambitions, positioning Tasmania as the epicentre of new world whisky, with Lark as the differentiated leader."

March 2025 Quarter Cashflow Highlights

Net operating activity cash inflows were \$0.3 million for the quarter, versus \$1.6 million net outflows from the prior quarter, and \$1.4 million in the pcq.

Operating activity inflows through customer receipts totalled \$6.6 million, up \$2.5 million from the prior quarter and up \$2.3 million versus pcq of \$4.3 million. The March Quarterly operating cashflow reflects the strong result from The Whisky Club sales, and a previously advised timing impact relating to the transition to a Distributor-based sales model, with \$0.9 million of Q2FY25 sales received as cash in Q3FY25.

Payments for product manufacturing and operating costs were \$2.4 million versus the prior quarter and pcg of \$2.2 million. The increase in production costs was driven by higher excise payments from the strong Whisky Club sales this Quarter, partially offset by lower production costs, reflecting a slowdown in production activity through the transition from Cambridge and ongoing development of Pontville.

Advertising and marketing payments increased \$0.4 million compared to the previous quarter to \$1.7 million, reflecting the investment in the Lark Brand restage.

Payments for staff costs of \$1.7 million were down \$0.2 million from the prior quarter, reflecting one fewer payment for the quarter. Compared to the pcg, staff costs were down \$0.4 million, with underlying savings from lower employee cost base and one fewer payroll processing period in Q3FY25.

Government Grants and tax incentives received in the quarter of \$0.3 million relate to the receipt of the third tranche of the Tasmanian Tourism Innovation Grant.

Net cash inflows from investing activities were \$0.7 million for the quarter. Payments for PP&E during Q3 were \$3.3 million, primarily relating to the ongoing development of Pontville as the primary Lark production facility, with the majority of spend for these works incurred in the quarter. Net proceeds of \$4.0 million for the sale of the Bothwell site were received during Q3, being \$3.6 million for land and buildings, and \$0.4 million for water rights.

The completion of Minimum Holding Buy-back, as announced to the market on 25 March 2025, resulted in a total of 185,455 shares being bought back for a total consideration of \$207,710 during Q3FY25.

Payments disclosed in section 6.1 include \$23K spend for purchase of inventory from Seppeltsfield Wines Pty Ltd, an associated entity related to Warren Randall (Non-Executive Director). The remaining payments disclosed relate to Non-Executive Director fees.

Cash at bank at 31 March 2025 of \$24.2 million, including a \$7 million cash term deposit; \$5 million committed bank facility remains undrawn.

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 distillery in 154 years. LARK, Australia's No.1 Luxury Single Malt Whisky brand houses a range of spirits headlined by its Single Malt Signature Collection; Classic Cask 43% ABV, Chinotto Citrus Cask 44% ABV, and Tasmanian Peated 46% ABV, with coveted pinnacle expressions released through The Rare & Remarkable Collection. Symphony No.1 40.2% ABV is a unique blended-malt whisky, while the distillery also handcrafts a range of award winning Forty Spotted Gins, with native Tasmanian pepper berry, citrus and juniper, a refreshing take on gin, from the bottom of the world.

LARK is locally and internationally recognised for its quality, innovation, and people; awarded numerous prestigious accolades over the past three decades. At the World Whiskies Awards held in London in March 2024, LARK was crowned Australia's Best Single Malt for its Fresh IPA Cask, as well Australia's Best Blended Malt with Symphony No.1, for the third consecutive year.

At the Australian Whisky Awards in March 2023, LARK was proudly awarded "Distillery of the Year", LARK was crowned "Single Malt of the Year", Bill Lark was named "Personality of the Year", and Master Distiller Chris Thomson was named "Distiller of the Year". LARK also received the acclaimed Master Medal, in the 2023 World Whisky Masters for its innovative Chinotto II Cask Strength Single Malt, alongside a further seven gold medals across the portfolio.

LARK can be enjoyed at the iconic Hobart Cellar Door, at the neighbouring Whisky & Cocktail Bar The Still, as well as at leading cocktail, whisky and hotel bars across the world. The immersive LARK Distillery Tour set at the historic Pontville Distillery is the brand's ultimate adventure into distilling, available seven days. LARK Distilling Co, a fabric of our community, is crafted from grain to glass, using the purest natural elements from Tasmania. Welcome to the New World of Whisky.

For more information contact:

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Lark Distilling Co. Ltd

ABN

62 104 600 544

Quarter ended ("current quarter")

31 March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,634	15,122
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,364)	(5,903)
(c) advertising and marketing	(1,682)	(3,715)
(d) leased assets	-	-
(e) staff costs	(1,712)	(5,852)
(f) administration and corporate costs	(972)	(2,835)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	183	368
1.5 Interest and other costs of finance paid	(12)	(111)
1.6 Income taxes/GST paid	(121)	(273)
1.7 Government grants and tax incentives	300	824
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	254	(2,375)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3,253)	(3,510)
(d) investments	-	(7,000)
(e) intellectual property	(5)	(33)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	3,600	3,610
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	389	389
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	731	(6,544)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(208)	24,775
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(566)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payment of lease liabilities)	(138)	(442)
3.10	Net cash from / (used in) financing activities	(348)	23,767

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,566	2,355
4.2	Net cash from / (used in) operating activities (item 1.9 above)	254	(2,375)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	731	(6,544)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(348)	23,767
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	17,203	17,203

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,703	10,066
5.2	Call deposits	6,500	6,500
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,203	16,566

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	128
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,000	-
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	5,000	-
7.5	Unused financing facilities available at quarter end		5,000
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>The company secured a \$15million debt facility from National Australia Bank (as announced by the company on 24th November 2021). In February 2024 the facility was extended until January 2028. Following the recent equity raise, the \$15 million facility limit was reduced to \$5 million during October.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	254
8.2	Cash and cash equivalents at quarter end (item 4.6)	17,203
8.3	Unused finance facilities available at quarter end (item 7.5)	5,000
8.4	Total available funding (item 8.2 + item 8.3)	21,566
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2025

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.