

## June 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 30 June 2025 (Q4FY25 or Q4) and Appendix 4C.

**Q4 concludes a transformative year, with FY25 highlights:**

- Net Sales revenue for FY25 was \$15.6 million, up 12% or \$1.7 million vs FY24.
- Four consecutive quarters of Net Sales growth vs pcip delivered
- Brand restage complete providing the platform for the next phase of growth
- Future proofed single distilling and production facility at Pontville delivering capacity to scale
- Robust internal systems and processes in place to support and accelerate growth
- Strong balance sheet, with \$23.1 million in closing cash, provides the capital required to execute strategy

**Q4FY25 Highlights:**

- **International Sales Momentum & Domestic Leadership Position**
  - June Quarter net sales growth of 6%; the fourth consecutive quarter of sales growth vs pcip.
  - Q4 Net Sales revenue of \$3.5 million, up \$0.2 million (+6%). The increase in Q4 Net Sales was driven by growth in D2C, partially offset by lower Net Sales from Direct Export and domestic B2B.
  - Lark’s D2C channels continued their strong performance in Q4 with Net Sales up \$0.4 million versus pcip.
  - Lark’s Global Travel Retail (GTR) business continued its impressive performance in Australian Airports, GTR Net Sales were \$0.3 million in Q4, in line vs pcip.
  - Domestic B2B Net Sales were \$1.0 million, slightly down (\$0.1 million) for the quarter versus pcip, noting that Net Sales now includes Spirits Platform’s distribution margin.
  - Direct export sales in Q4 were \$0.2 million, down \$0.1 million on pcip which reflected the initial shipments to Malaysia and Philippines.
- **Build Long Term Brand Value**
  - The Lark Portfolio & Brand restage is now complete – with the new range ready for shipment in Q1FY26 for Export markets, and Domestic market rollout in H2FY26.
  - Asian Distributors and key customers (including GTR partners and Spirits Platform) are all highly engaged and excited about the transformation of the LARK brand positioning and activation plans for FY26.
  - Pontville site redevelopment is now largely complete, with distilling, coopering, maturing, blending, finishing, bottling, tourism and Back Office all on one site.
- **Cash & Capital Discipline**
  - Net cash outflows from Operating Activities of \$0.3 million in Q4FY25.
  - Whisky Bank of 2.5 million litres at 30 June 2025 (31 March 2025: 2.5 million litres).
  - Cash balance and Cash Term Deposits of \$23.1 million at 30 June 2025; Committed \$5 million bank facility remains undrawn.

**Lark CEO Sash Sharma added:**

*“I am pleased to confirm that Lark has delivered the fourth consecutive Quarter of improved business performance – Net Sales were up 6% or \$0.2 million to \$3.5 million compared to the prior corresponding period. For the FY25 year, Net Sales were up an impressive 12% to \$15.6 million, this is a strong performance in a challenging domestic and international market that is still correcting from the COVID related spike of 2020-2022.*”

*Commercially, we saw pleasing year-on-year Net Sales growth across our DTC, GTR and Export channels in FY25. While full year B2B Net Sales were down \$0.6 million versus prior year, this was driven by the inclusion of Spirits Platform's distribution margin within Net Sales, with the impact more than offset from associated cost savings from the removal of our domestic sales team. Our partnership with Spirits Platform is delivering the objective of expanded commercial reach of our products on shelf, with KURIO an example of that new reach, now on shelf in more than 650 independents outlets in addition to national ranging in Dan Murphys and select ranging in BWS.*

*Pleasingly, the development at our Pontville Distillery is now largely complete, with the modest re-development allowing for upgrades across key processes, bringing distilling, coopering, maturing whisky storage, blending, finishing, bottling, tourism, and back-office operations all onto a single site. Importantly the site delivers the distilling and blending capacity requirements for our next stage of growth.*

*Critically, the LARK brand restage was delivered in FY25 as planned, with the new exciting range ready for shipment in the first quarter of FY26 for Export markets, with the Domestic launch planned for the second half of FY26. A focus during Q4 has been on engaging our Domestic, Export and GTR trade partners ahead of the upcoming LARK brand portfolio launch. These engagements have been positively received with excitement as to the future direction of the brand and the potential for the future.*

*We look forward to providing more details of the brand restage and go to market plans, as well as a broader update on performance at our FY25 Results Investor Briefing in August"*

#### **June 2025 Quarter Cashflow Highlights:**

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

Operating activity inflows through customer receipts totalled \$4.3 million, down \$2.4 million from the prior quarter and flat versus pcq, with the March quarter reflecting higher receipts from sales to The Whisky Club in Q3 as well as timing of receipts from distributors following the seasonal December holiday peak.

Payments for product manufacturing and operating costs were \$1.1 million versus the prior quarter of \$2.4 million and pcq of \$1.7 million, with the result impacted by timing of purchases and payments. In addition, the decrease against prior quarter includes the impact of excise payments from the strong Whisky Club sales in the March Quarter. Against pcq, the current quarter also reflects a slowdown in distilling production activity through the transition from Cambridge and ongoing development of Pontville.

Advertising and marketing payments, including investment in the Lark Brand restage, decreased by \$0.3 million compared to the previous quarter, to \$1.4 million. This reflects the timing of Brand restage activity and payments compared to the more elevated payments during the March quarter.

Interest received of \$0.4 million increased by \$0.2 million versus the prior quarter and reflects the timing of receipts following the maturity of term deposits.

Payments for staff costs of \$1.6 million were broadly in line with the March quarter.

Net cash outflows from investing activities (excluding the maturity / roll of a \$7.0 million cash Term Deposit) were \$0.6 million for the quarter (\$6.4 million inflow including the Term Deposit). Payments for PP&E during Q4 were \$0.6 million, primarily relating to the development of Pontville as the primary Lark production facility, with the majority of spend for these works paid in the March quarter.

Payments disclosed in section 6.1 include \$1K 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 30 June 2025 of \$23.1 million, including a \$11 million cash term deposit; \$5 million committed bank facility remains undrawn.

**FY25 Financial Reporting and Accounting Update:**

As part of year-end close process, the following accounting adjustments are expected to be reflected in the FY25 result, subject to finalisation and formal approval of the financial statements:

Recognition of Government Grant Income – Modern Manufacturing Initiative

As at 31 December 2024, Lark reported total Deferred Government Grants of \$3.975 million, including \$3.375 million related to funding received under the Modern Manufacturing Initiative. Following the submission of final audited grant expenditure reports in Q4FY25 and subsequent correspondence with the Department of Industry, Science and Resources, Lark has determined that the conditions for income recognition under AASB 120 (Accounting for Government Grants and Disclosure of Government Assistance) have been met for a portion of the funds.

For FY25, Lark expects to recognise \$1.3 million as non-recurring Other Income. Unutilised grant funds of \$0.65 million were repaid in July 2025, while the remaining \$1.4 million will continue to be recognised as Deferred Government Grants, to be amortised to income over the useful life of the related assets in accordance with AASB 120.

Fixed Asset Review and Write-Off (Non-Cash)

In line with ongoing work to consolidate production operations at Pontville as the long-term home of Lark Single Malt Whisky, a fixed asset review has been completed in accordance with relevant accounting standards. Following this assessment, Lark expects to recognise a non-cash write-off of approximately \$0.9 to 1.0 million in its FY25 financial statements.

This adjustment primarily relates to legacy asset balances associated with the Cambridge site, including commissioning and installation costs for equipment that has since been relocated to Pontville, in addition to early-stage design and development work capitalised for the larger-scale build concept originally scoped in 2021. While the associated development concepts remain available for potential future use, they have been prudently written down as part of a technical accounting assessment, reflecting current project inactivity and uncertainty over timing, but does not impact the Group's strategic direction or future optionality for the site.

Deferred Tax Asset Reassessment (Non-Cash)

The Company has reassessed the recoverability of its deferred tax asset (DTA), recorded as \$5.2 million as at 31 December 2024. Given the Group's current loss-making position and near-term forecasts - which reflect a period of planned, investment-led growth as outlined as part of the \$24.4 million placement in FY25 - the Group expects to take the prudent step of derecognising the DTA as at 30 June 2025 in line with applicable accounting standards. The adjustment is expected to be reflected as an income tax expense in the FY25 financial statements.

This is a non-cash accounting adjustment and does not affect the Group's operational performance, funding position, or the availability of tax losses for future use. The tax losses remain available to offset future taxable profits, and the DTA is expected to be re-recognised in future periods when sufficient taxable profit is expected to arise.

**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", DARK 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.

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**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")**

30 June 2025

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,272	19,394
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,120)	(7,023)
(c) advertising and marketing	(1,388)	(5,103)
(d) leased assets	-	-
(e) staff costs	(1,641)	(7,493)
(f) administration and corporate costs	(920)	(3,755)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	365	733
1.5 Interest and other costs of finance paid	(45)	(156)
1.6 Income taxes/GST paid	134	(139)
1.7 Government grants and tax incentives	8	832
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(335)</b>	<b>(2,710)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(553)	(4,063)
(d) investments	-	(7,000)
(e) intellectual property	(43)	(76)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	3,610
	(d) investments	7,000	7,000
	(e) intellectual property	-	-
	(f) other non-current assets	-	389
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>6,404</b>	<b>(140)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	(13)	(579)
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)	(152)	(594)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(165)</b>	<b>23,602</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	17,203	2,355
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(335)	(2,710)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	6,404	(140)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(165)	23,602
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>23,107</b>	<b>23,107</b>

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	12,107	10,703
5.2	Call deposits	11,000	6,500
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>23,107</b>	<b>17,203</b>

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	71
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>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	5,000	-
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	5,000	-
7.5	<b>Unused financing facilities available at quarter end</b>		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 24<sup>th</sup> 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 2024.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(335)
8.2	Cash and cash equivalents at quarter end (item 4.6)	23,107
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)	28,107
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	83.9
	<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 July 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.