

FY25 Results

Strong progress made in FY25 – foundations now in place for the next stage of growth in FY26+

Lark Distilling Co. Ltd (ASX: LRK) (“LARK” or the “Company”) is pleased to provide a business update to accompany the Annual Report and Appendix 4E for the year ended 30 June 2025 (FY25).

FY25 Financial & Operating highlights:

- Net Sales revenue for FY25 was \$15.6 million, up 12% or \$1.7 million vs FY24, with Whisky Net Sales +16%
- Four consecutive quarters of Net Sales growth vs pcp 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

Strategic Priorities — FY25 Highlights & Progress:

- **International Sales Momentum & Domestic Leadership Position**
 - FY25 Net Sales revenue growth of 12% to \$15.6 million; Driven by growth in D2C, GTR and Direct Export sales, partially offset by lower Net Sales in domestic B2B due to change in sales model.
 - Internally managed D2C Net Sales were \$7.1 million, up \$1.1 million or 18% vs FY24, with a strong performance in E-Commerce channel and Hospitality Venues, in addition to internal channels, successful partnering with The Whisky Club in FY25;
 - GTR Net Sales were \$1.5 million, up 18% vs FY24, with listings and visibility now in place in all Australian airports;
 - Direct Export sales to Asian in-market distributors were \$1.1m, up \$0.2 million, with awareness driving activity prior to upweighted investment behind restaged portfolio from FY26;
 - Domestic B2B sales were \$4.5 million, down \$0.6 million versus FY24, noting that Net Sales in this channel now includes Spirits Platform’s distribution margin (from 1 August 2024) which has been more than offset by operating cost savings through the removal of the domestic sales team.
- **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 \$2.9 million vs FY24 of \$4.2 million, a \$1.3 million improvement while increasing investment on brand.
 - Whisky Bank of 2.5 million litres at 30 June 2025 (30 June 2024: 2.5 million litres).
 - Cash balance including Term Deposits of \$23.1 million at 30 June 2025; Committed \$5 million bank facility remains undrawn.

Lark CEO Sash Sharma added:

"FY25 has been a very significant and successful year for Lark, both operationally and from a growth perspective. Importantly, we also made very strong progress against all our strategic priorities. The foundations are now in place for the next stage of growth for Lark in FY26 and beyond.

For FY25, Net Sales were up an impressive 12% to \$15.6 million, with Whisky Net Sales actually up 16%. We also delivered four consecutive Quarters of improved Net Sales vs PCP. 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 as a result of the inclusion of Spirits Platform's distribution margin within Net Sales, the impact was 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 redeveloped Pontville site delivers the distilling and blending capacity requirements for our next stage of growth, with no short to medium term capex required.

Critically, the Lark brand restage, a significant strategic priority, was successfully delivered in FY25 as planned. The initiative brings refreshed positioning, portfolio, brand identity and packaging, all reflected in our new product range, supported by go-to-market tools and assets outlined in the FY25 Investor Briefing presentation.

The restage has already generated very positive engagement from distributors and customers, with successful initial production runs completed. Shipments are scheduled to Asian markets in H1 and to Australia in H2, supported by increased marketing investment and a coordinated global consumer launch planned for April 2026.

We're incredibly excited by the opportunity the restage provides for the next stage of growth for Lark, and can't wait to see the new range on shelf and in bars around the world, showcasing why Lark really is Whisky from another world."





FY25 Financial Performance:

Profit and Loss Highlights

- Net Sales Revenue of \$15.6 million, up 12% or \$1.7 million vs FY24.
- Increase in Net Sales driven by growth in D2C, GTR, export sales via in market distributors, partially offset by lower net sales from domestic B2B and legacy indirect export.
- Domestic B2B comparatives impacted by change to sales model, with Distributor margin now included in Net Sales price. This Distributor margin impact has been fully offset by overhead savings from removal of internal sales team in Q1FY25.
- Gross Profit of \$10 million, up \$0.6 million, driven by net sales growth. As anticipated, the shift towards a Distributor led sales model in both Domestic and Export markets contributed to a decline in Gross Profit %, with a reduction of ~3.5ppts to 64% for FY25.
- Investment in marketing expenses increased to \$5.3 million, 34% of Net Sales in FY25, up \$2.4 million vs. FY24, this reflects the planned strategic investment made on the Lark Brand restage and increased brand awareness activity.
- Operating costs of \$9.8 million, down \$0.4 million, supported by savings from the removal of the domestic B2B sales team.
- One-off net income of \$0.3 million relates to recognition of Government Grant income of \$1.3 million, partially offset by the \$1.0 million (non-cash) write-off of fixed assets relating to legacy Cambridge commissioning costs and early stage Pontville concept plans.

Balance Sheet Highlights

- The successful placement in July 2024 raised \$24.4 million net of transaction costs, the sale of Bothwell in H2FY25 raised \$4 million. Closing cash position including term deposits of \$23.1 million.
- Trade receivables were impacted by the transition to a Distributor-based sales model which has changed the timing of receipts through changes in order patterns.
- Total inventory with book value of \$65.3 million, up \$1.2 million or 2% vs. FY24, providing strong asset backing, underpinning future growth. Maturing inventory in Barrel at \$57.2, down 1% vs. FY24, with a slow down in distilling production through site consolidation.
- Property, plant and equipment of \$13.5 million, down \$1.2 million vs. FY24, with additions of \$4.5 million primarily through Pontville development being more than offset by the sale of Bothwell site, fixed asset write offs and depreciation in the year.
- Trade Payables increase of \$2.1 million vs. FY24, elevated through timing of purchases and payments, as well as \$0.6 million Government Grants reclassified to payables.

- Deferred Government Grants reduction of \$1.6 million, with \$1.3 million recognised in Other Income and \$0.6 million reclassified as payables in the year, partially offset by the receipt of \$0.3 million Tourism Innovation Grant to enhance visitor experience at the redeveloped Pontville site.
- Deferred Tax Asset prudently derecognised with near term forecasts reflecting investment led growth. Carried forward losses remain available for use, with DTA expected to be re-recognised in future periods when profits expected to arise.
- Lark remains debt free, with an undrawn \$5 million committed bank facility with NAB.

Cashflow Highlights

- Focus on cash & capital discipline continues in the business, FY25 net operating cash outflows of \$2.9 million vs \$4.2 million in FY24, a YOY improvement of \$1.3 million while investing in brand.
- Under the revised Domestic sales model, Alcohol excise payments are now the responsibility of Spirits Platform - this has reduced excise collected within customer receipts (~\$1.8 million impact vs FY24), with a corresponding offset in payments.
- Improved FY25 net operating cash outflows reflects:
 - Increase in underlying Net Sales;
 - The impact of timing of purchases (increase in creditors YOY);
 - Moderated distilling through Pontville redevelopment;
 - Interest income earned on higher cash balances;
 - Partially offset by the planned acceleration in marketing investment in line with our strategic priorities.
- Investing cashflows includes:
 - Payments of \$4.2 million for PP&E relating to the development of Pontville as the primary Lark production facility;
 - Receipts from sale of Bothwell site in H2FY25 (\$3.6 million PP&E & \$0.4 million water rights)
- Financing cashflows driven by the successful placement announced in July 2024, which raised \$24.4 million net of transaction costs.

FY26 Perspectives:

Build Long Term Brand Value

- Launch of restaged portfolio in export markets from H1, with Global consumer launch of restaged portfolio across domestic and export markets in April 2026
- Marketing investment to remain elevated, with shift to consumer and trade activation
- Davey Street Cellar Door (Hobart) transformation to reinforce Lark's luxury positioning

International Sales Momentum & Domestic Leadership Position

- Growth expected despite challenging market conditions, driven by disciplined execution
- Domestic uplift in H2 from portfolio rollout; export-led growth via H1 shipments and increased marketing
- Channel mix shift toward Distributors vs. DTC expected to modestly impact margins, with non-cash impact of selling acquired inventory.

Cash & Capital Discipline

- Operating cashflows to be impacted by upfront marketing investment before moving to positive during FY27
- Pontville commissioning well progressed - distilling volumes aligned to Sales
- Required capital in place - to be deployed with continued discipline

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 gave rise to Tasmania's first licensed distillery in 154 years.

LARK, Australia's No.1 luxury single malt whisky brand, is headlined by the iconic LARK Classic Cask and pinnacle expressions from The Rare & Remarkable Collection. The portfolio also includes Forty Spotted Gins - handcrafted with native Tasmanian pepper berry, citrus and juniper - and the Group's latest brand, KURIO, a scaleable blended malt uniquely finished in Tasmanian cherry and sparkling wine-seasoned casks.

Internationally recognised for quality, innovation and craftsmanship, LARK has been awarded Australia's Single Malt of the Year on multiple occasions, Distillery of the Year at the Australian Whisky Awards, and accolades for its Master Distiller, Chris Thomson.

Building on its provenance and history, LARK has introduced a bold new brand world inspired by Tasmania's mystical landscapes, natural produce and whisky making super-climate. This sense of place underpins its New World Single Malt Whisky, defined by flavour and texture, and sets the stage for the global rollout of its new range.

LARK can be experienced at the iconic Hobart Cellar Door, neighbouring Whisky & Cocktail Bar The Still, and at leading whisky, cocktail and hotel bars around the world. At Pontville Distillery, the home of LARK, visitors can enjoy the immersive Distillery Tour, the ultimate Tasmanian whisky adventure, seven days a week. Crafted grain to glass from the purest natural elements of Tasmania, LARK is whisky from another world.

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

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