

September 2025 Quarterly Activities Report & 4C Market Update

Lark Distilling Co. Ltd (ASX: LRK) (“**LARK**” or the “**Company**”) Australia’s No.1 Luxury Single Malt Whisky producer and brand is pleased to provide a business update for the quarter ended 30 September 2025 (Q1FY26 or Q1) and Appendix 4C.

Q1FY26 Highlights:

- **Net Sales of \$3.7 million, up 10% compared to the prior corresponding period (pcp), reflecting continued operating momentum with five consecutive quarters of Net Sales growth vs pcp.**
- **Domestic Direct-to-Consumer (D2C) sales of \$1.7 million, up 23% on pcp, underpinned by strong Ecommerce performance across specialty releases.**
- **Global Travel Retail (GTR) sales of \$0.4 million, up 33% on pcp, with continued solid performance in airports aided by strong performance of Mizunara Oak Rare Cask Whisky.**
- **Domestic Business-to-Business (B2B) sales of \$0.9 million, down 34% on pcp, with the Q1FY25 comparative period reflecting the previous direct sales model as well as timing and one-off effects from the transition to the distributor model on 1 August 2024.**
- **Asia Direct Export sales of \$0.6 million, up 160% on pcp, with an initial shipment of KURIO into China.**
- **Continued execution of strategic priorities with ongoing preparations for portfolio brand restage – shipping to export markets in Q2FY26 and domestically from Q3FY26 in advance of April consumer launch.**
- **Flagship Pontville site development and commissioning largely complete with distilling and other operational efficiencies progressing well.**
- **Leadership transition with the appointment of LARK Non-Executive Director, Mr Stuart Gregor to CEO, effective 1 January 2026.**
- **Strong balance sheet, with \$20.0 million in cash as at 30 September 2025, providing strategic flexibility with whisky bank stable at approximately 2.4m Litres**

LARK outgoing CEO Sash Sharma commented:

“The Lark team continues to execute on our strategic roadmap, laying the foundations for long-term scalable growth. We’ve entered FY26 with our fifth consecutive quarter of revenue growth versus pcp, together with ongoing momentum in our Asian Export Sales including an initial shipment to China and a new distribution agreement signed in Japan. Performance in GTR continues to be aided by activations in the quarter and promotional activity, including tasting bars in airports.

Over the last three years we have executed on numerous strategic initiatives, positioning LARK as Australia’s Number 1 Luxury Single Malt. Throughout this time, LARK’s brand recognition has expanded significantly and I’m excited to see the fresh energy and perspectives that incoming CEO, Stuart Gregor, will bring beyond January 1, 2026. Stu has in-depth knowledge of the LARK brand from his role on our Board and brings a wealth of knowledge with 25-years of industry leading experience. As a co-founder of Four Pillars Gin, he successfully scaled that business from a small craft operation to an international brand eventually sold in 2023 to global drinks giant Lion.

I feel confident knowing LARK remains in a unique position to capitalise on the significant efforts made by the team in recent years, and Stu is an ideal leader to build on these foundations, leveraging his insights to expand LARK globally.”

International Sales Momentum

Direct Exports in Asia grew 160% to \$0.6 million in the quarter, with an initial order for KURIO into China. The Company continued its disciplined execution in the region with ongoing discussions with further distribution partners.

Following the onboarding of new markets and distributors – predominantly across South-East Asia – LARK is seeing growing brand recognition and trade momentum, laying the foundation for the upcoming restage launch. Singapore, in particular, continues to deliver strong sales supported by a Brand Ambassador-led trade incentive program, which will see selected trade partners and key opinion leaders visit LARK's Tasmanian Distillery in Q2FY26. This initiative will further promote LARK as a Luxury New World Whisky and Tasmania as a whisky making super climate ahead of the coordinated trade rollout and upcoming launch of the restaged brand.

During the quarter, the Company delivered a 33% increase in GTR compared to pcpc, with sales totalling \$0.4 million. LARK observed strong sales in the latest batch of Mizunara Oak Rare Cask Whisky and continued to drive promotional activations and tasting bars within domestic airports, with a specific focus on the Company's DARK LARK Whisky. Strategically, ahead of the restaged portfolio launch the Company secured primary activation space within Sydney airport in Q4FY25 to align upweighted awareness and sales driving activities in the channel with our domestic consumer launch plans.

Domestic Leadership Position

Domestic B2B decreased 34% on pcpc, with sales totalling \$0.9 million. The decline was due to a change in the sales model in the comparative period, which included both the old direct sales model and the distribution model with Spirits Platform, as well as timing and one-off effects from the transition on 1 August 2024.

Strong performance in LARK's Ecommerce channel underpinned a 23% increase in LARK's Domestic D2C channels. The result was driven by ongoing optimisation of our "always-on" personalisation and gifting strategy, continued database expansion and marketing optimisation, supported by important D2C product initiatives with key releases launched in Q1 and strong sales in Mizunara Oak Rare Cask and DARK LARK. The Company's hospitality venues saw a marginal decline in revenue, with site visitation down 9% vs. pcpc during Tasmania's off-season. The Company closed its Davey Street Cellar (Hobart) towards the end of the quarter for renovations, with the transformational site redevelopment planned to be completed ahead of the key Christmas 2025 trading period.

Operational highlights

The development of LARK's flagship Pontville site is largely complete, with operations and staff now on-site after closing the Company's Hobart office in September 2025. During the quarter, the Company successfully undertook trial distilling commissioning. Full site commissioning will be completed in Q2, enhancing production efficiency and blending scalability to support sales expansion plans.

As LARK continues to drive operational efficiencies, it successfully completed a full production trial with a third-party bottling partner. The ability to transition from manual in-house bottling to automation for scale products has been a key tenet of the LARK brand restage, expected to deliver significant bottling and freight cost savings while supporting ongoing efficiency improvements.

As at 30 September 2025, LARK had a Whisky Bank of approximately 2.4 million litres (30 June 2025: 2.5 million litres). The small reduction in inventory under maturation reflects the commissioning process at Pontville and the bottling of the restaged range. As previously outlined, the brand portfolio work undertaken in FY25 has enabled full utilisation of the Whisky Bank, including acquired inventory.

Q1 Cashflow

Net operating activity cash outflows were \$1.5 million for the quarter, versus \$0.3 million net outflows from the prior quarter, and \$1.0 million net outflows in the pcpc.

Operating activity inflows through customer receipts totalled \$4.2 million, flat versus the prior quarter and down \$0.1 million versus pcp, largely reflecting timing of receipts.

Payments for product manufacturing and operating costs were \$1.6 million versus the prior quarter of \$1.1 million and pcp of \$1.4 million, with the quarter impacted by timing of payments with elevated June payables as outlined in the FY25 year end results.

Payments for advertising and marketing costs of \$1.0 million decreased by \$0.4 million compared to the previous quarter, and increased by \$0.3 million vs. pcp, with upweighted marketing investment planned for H2 with consumer launch of the restaged LARK brand.

Payments for staff costs were \$2.3 million versus the prior quarter of \$1.6 million. The increase reflects timing of payments, including an additional fortnightly payroll cycle and expenditure accrued in the prior financial year.

Net cash outflows from investing activities were \$1.4 million for the quarter. Payments for PP&E during Q1 were \$0.7 million, relating to the redevelopment of the Cellar Door and development of the Pontville production facility. The Pontville production facility is now undergoing commissioning, with minimal further spend to complete the development. As outlined in the previous quarter, unutilised grant funds under the Modern Manufacturing Initiative of \$0.7 million (inclusive of GST) were repaid during the quarter.

Payments disclosed in section 6.1 include \$16K 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 September 2025 of \$20.0 million, including \$11 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.

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 and the Group's latest brand, KURIO, a scalable blended malt.

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.

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.

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 September 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,225	4,225
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,648)	(1,648)
(c) advertising and marketing	(1,027)	(1,027)
(d) leased assets	-	-
(e) staff costs	(2,273)	(2,273)
(f) administration and corporate costs	(963)	(963)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	207	207
1.5 Interest and other costs of finance paid	(37)	(37)
1.6 Income taxes/GST paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,516)	(1,516)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(692)	(692)
(d) investments	-	-
(e) intellectual property	(39)	(39)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (repayment of Government Grant)	(714)	(714)
2.6	Net cash from / (used in) investing activities	(1,445)	(1,445)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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)	(156)	(156)
3.10	Net cash from / (used in) financing activities	(156)	(156)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	23,107	23,107
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,516)	(1,516)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,445)	(1,445)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(156)	(156)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	19,990	19,990

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	8,990	12,107
5.2	Call deposits	11,000	11,000
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)	19,990	23,107

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	113
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	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. 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 2024.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,516)
8.2	Cash and cash equivalents at quarter end (item 4.6)	19,990
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)	24,990
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	16.5
	<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: 28 October 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.