

## December 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 31 December 2025 (Q2FY26 or Q2) and Appendix 4C.

### Q2FY26 Highlights:

- Sixth consecutive quarter of top-line growth, with Net Sales of \$5.0 million, up 11% vs. the prior corresponding period (pcp).
- Domestic Direct-to-Consumer (D2C) sales of \$2.4 million, up 12% on pcp, driven by strong Ecommerce performance.
- Global Travel Retail (GTR) Sales of \$0.5 million, up 7% on pcp with continued growth across Australian airports.
- Asia Direct Export sales of \$0.7 million, an increase of \$0.5 million on pcp, supported by initial shipments of new 700mL LARK brand restage ahead of launch across export markets in Q3 FY26.
- Domestic Business-to-Business (B2B) sales of \$1.4 million, down 16% on pcp, due to timing of shipments to distribution partner Spirits Platform, with positive underlying performance.
- Strong balance sheet with \$18.3 million in cash as at 31 December 2025, providing flexibility to support growth initiatives. Whisky Bank at 2.4m litres.
- Commissioning of Pontville development near completion, with the site showing improved safety, quality and efficiencies, in addition to enhanced visitor experience.
- Ongoing execution of strategic growth pillars against a tough backdrop, delivered a 10% increase in 1H FY26 Net Sales to \$8.7 million vs \$7.9 million in 1HFY25.
- Preparation continued for the rollout of the brand restage, ahead of launch in export markets in Q3 and domestically in April 2026. The restage will feature an initial core portfolio of three new LARK expressions in 700ml bottles with updated branding and positioning, alongside a differentiated Travel Retail range, and is expected to drive continued international sales growth and domestic leadership.

### LARK CEO Stuart Gregor commented:

*“LARK has observed significant traction during the quarter and in the first half of FY26, notwithstanding a difficult industry backdrop. The Company achieved its sixth consecutive quarter of top-line sales growth with net sales up 11% and 10% over the quarter and the half year respectively.*

*We’ve achieved growth across three of our four core channels and while Domestic B2B was down due to timing of shipments to our distribution partner, all indications show that underlying trade performed well and we expect to see ongoing momentum in the second half of the year with incremental distribution of the new range.*

*Critically, the anticipated restaging of the LARK brand and portfolio has been a key pillar of our strategy, with the creation of a new portfolio in 700ml bottles, with innovative branding including an updated look and feel to appeal to a global luxury market. A significant amount of work has happened to get us to this position to launch the new LARK portfolio in both domestic and export markets in 2HFY26. I strongly believe that consumers globally will see that Australia makes some of the most unique whiskies in the world, and Tasmania makes the best of them. All the things that make Australia unique, a harsh climate, incredible water and resources and creative distillers helps us create unique whiskies. We are at the beginning of our journey in highlighting to the world that LARK is at the forefront of what makes Australian Whisky great.*

*The Company is also delighted to recognise the announcement on Australia Day that our founder Bill Lark has been made a Member of the Order of Australia (AM) for his contribution to the Australian whisky industry. This is, of course, wonderful recognition of Bill's extraordinary legacy and we are very proud to have him still working with us today in his role as our Global Ambassador, including a recent foray into Malaysia and Singapore to introduce customers to our new range of whiskies."*

### **International Sales Momentum**

Direct export sales almost tripled in the quarter to \$0.7 million, supported by initial shipments of the new product range to markets including Singapore, China, Malaysia, Japan, Indonesia, Thailand and Vietnam, ahead of the new portfolio launch in Q3 FY26.

KURIO also launched in China during the quarter, following first shipments in Q1 FY26. Initial response to LARK's entry level blended malt Whisky have been encouraging with positive consumer reaction in the first two months in market.

During the quarter, the primary focus has been preparation for the new portfolio launch in export markets, while continuing to build awareness and momentum for LARK. Highlights included visits to Hobart and Pontville by key South East Asian trade partners to immerse in the LARK brand, and activation of LARK at the Singapore Grand Prix as part of the Singapore Tourism Board suite.

GTR delivered a 7% net sales increase in the quarter, supported by strong sales of specialty Christmas and Chinese Lunar New Year releases. Importantly, LARK signed a distribution agreement with CoLab, a leading Travel Retail distribution agent based in Singapore, to support the future expansion of its new portfolio across airports in the Asia-Pacific region (excluding Australia and New Zealand).

### **Domestic Leadership Position**

B2B sales to the Company's distribution partner, Spirits Platform, were \$1.4 million in the quarter, down 16%, versus pcp due to the timing of shipments. Underlying trade performance for LARK remained positive, with whisky volumes growing both in the quarter and year to date. Good progress continues in planning for the new portfolio launch in H2FY26, with incremental distribution and ranging now secured.

D2C achieved 12% sales growth in the quarter supported by Ecommerce growth of 18% compared to pcp. Ecommerce delivered \$1.3 million in sales, over the key gifting period, with Christmas Cask and personalisation supporting continued growth. The launch of Chinese Lunar New Year products in December further supported growth in the quarter.

Within LARK's hospitality offering, revenue remained relatively stable, with only a marginal decline despite the closure of Hobart's Davey Street cellar door for the majority of the quarter prior to reopening on 21 December 2025. Strong performance in other venues offset the closure, including Pontville which recorded a 40% increase in distillery tours in Q2 versus pcp. Final works at Davey Street, including the upstairs space, are expected to be completed in mid-February, providing capacity for additional covers and incremental group and event space. This will be further enhanced by increased event space at Pontville, finalised in the quarter and supported by the existing Tasmanian Tourism Innovation grant.

### **Operational highlights**

The Pontville development is showing encouraging improvements across safety, quality and efficiencies. The blending facility is now operational, with whisky marriages undertaken as part of the commissioning process resulting in quality improvements to final products and efficiency in labour utilisation. The final stages of the commissioning process are expected to complete in Q3 FY26. The finalisation of the Pontville development

sees the completion of a future proofed single-site operation and removal of production bottlenecks, enabling scaling to support growth. Site annual distilling capacity now ~520k L @ 43%, providing headroom for distilling volume to increase as sales expand.

As at 31 December 2025, LARK had a Whisky Bank of approximately 2.4 million litres (30 September 2025: 2.4 million litres). The Whisky Bank remains a strategic asset supporting the Company's growth plans. As previously outlined, the brand portfolio work undertaken in FY25 has enabled full utilisation of the Whisky Bank, including acquired inventory.

## **Q2 Cashflow**

Net operating activity cash outflows were \$0.9 million for the quarter, versus \$1.5 million net outflows in the prior quarter, and \$1.6 million net outflows in the pcp.

Operating activity inflows through customer receipts totalled \$5.4 million, an increase of \$1.2 million versus the prior quarter and \$1.3 million versus the pcp. The uplift primarily reflects receipts from the growth in export and ecommerce sales, as well as favourable timing impact of receipts from Domestic B2B versus pcp.

Payments for product manufacturing and operating costs were \$1.9 million versus the prior quarter of \$1.6 with the increase driven by purchases of dry goods required for future sales. Payments were \$2.2 million in the pcp, with variances primarily due to timing of payments.

Advertising and marketing payments in the quarter were \$1.2 million, up \$0.2 million on the prior quarter reflecting the seasonal increase in activity over the Christmas gifting period. Compared to the pcp, payments were \$0.1 million lower with savings from non-recurring brand restage spend incurred in the pcp more than offset by higher consumer and trade activity in the current period.

Payments for staff costs of \$2.3 million, were flat to the prior quarter and up \$0.35 million versus pcp driven by non-recurring payments largely accrued for in the previous financial year.

Receipts in the pcp for Government Grants and tax incentives included \$0.5 million relating to Australian Government R&D Tax Incentive. The equivalent receipt in FY26 is expected to occur in Q3.

Net cash outflows from investing activities were \$0.7 million for the quarter. Payments for property, plant and equipment during the quarter primarily related to the redevelopment of the Hobart Cellar Door, which re-opened in December, as well as the Pontville Production facility, which is now largely commissioned, and hospitality initiatives at Pontville supported by the existing Tourism Innovation Grant.

Payments disclosed in section 6.1 relate to Non-Executive Director fees.

Cash at bank at 31 December 2025 of \$18.3 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, with new releases from the restaged portfolio now being rolled out both domestically and to international markets. 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")**

31 December 2025

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,433	9,658
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,896)	(3,544)
(c) advertising and marketing	(1,208)	(2,235)
(d) leased assets	-	-
(e) staff costs	(2,274)	(4,547)
(f) administration and corporate costs	(1,052)	(2,015)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	173	380
1.5 Interest and other costs of finance paid	(34)	(71)
1.6 Income taxes/GST paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(858)</b>	<b>(2,374)</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	(673)	(1,365)
(d) investments	-	-
(e) intellectual property	(11)	(50)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(684)</b>	<b>(2,129)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	(148)	(304)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(148)</b>	<b>(304)</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	19,990	23,107
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(858)	(2,374)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(684)	(2,129)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(148)	(304)
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>18,300</b>	<b>18,300</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	7,300	8,990
5.2	Call deposits	11,000	11,000
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>18,300</b>	<b>19,990</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	126
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

*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.*

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</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>		
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	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 24 <sup>th</sup> November 2021). In February 2024 the facility was extended until January 2028. Following the equity raise in FY25, the \$15 million facility limit was reduced to \$5 million during October 2024.	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(858)
8.2 Cash and cash equivalents at quarter end (item 4.6)	18,300
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)	23,300
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	27.2
<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: 29 January 2026

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.