

Lark Distilling Co. Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Lark Distilling Co. Ltd
ABN:	62 104 600 544
Reporting period:	For the half-year ended 31 December 2025
Previous period:	For the half-year ended 31 December 2024

2. Results for announcement to the market

			\$000
Revenues from ordinary activities	up	7% to	9,151
Loss from ordinary activities after tax attributable to the Owners of Lark Distilling Co. Ltd	down	(65%) to	(835)
Loss for the half-year attributable to the Owners of Lark Distilling Co. Ltd	down	(65%) to	(835)

	Consolidated	
	31 December 2025	31 December 2024
Basic earnings / (loss) per share	(0.83)	(2.51)
Diluted earnings / (loss) per share	(0.83)	(2.51)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

Refer to the attached review of operations for commentary over the results for the period.

3. Net tangible assets

	31 December 2025 Cents	31 December 2024 Cents
Net tangible assets per ordinary security	<u>86.45</u>	<u>96.39</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of Lark Distilling Co. Ltd for the half-year ended 31 December 2025 is attached.

11. Signed



Signed _____

Date: 24 February 2026

Domenic Panaccio
Chair

Lark Distilling Co. Ltd

ABN 62 104 600 544

Interim Report - 31 December 2025

Lark Distilling Co. Ltd
Directors' report
31 December 2025

Corporate directory

Directors

Mr Domenic Panaccio - Non-Executive Chair
Mr David Dearie - Non-Executive Director
Mr Stuart Gregor - Non-Executive Director - appointed Managing Director and Chief Executive Officer effective 1 January 2026
Mr Warren Randall - Non-Executive Director

Chief Executive Officer

Mr Satya Sharma - resigned as Chief Executive Officer effective 31 December 2025

Company Secretary

Mr Michael Sapountzis

Registered office and Principal
place
of business

76 Shene Road
Pontville TAS 7030

Auditor

RSM Australia Partners
Level 27,
120 Collins Street
Melbourne, VIC 3000

Stock exchange listing

Lark Distilling Co. Ltd shares are listed on the Australian Securities Exchange (ASX code: LRK)

Lark Distilling Co. Ltd
Directors' report
31 December 2025

Directors

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Lark Distilling Co. Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2025.

The following persons were Directors of Lark Distilling Co. Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Domenic Panaccio - Non-Executive Chair

Mr David Dearie - Non-Executive Director

Mr Stuart Gregor - Non-Executive Director - appointed Managing Director and Chief Executive Officer effective 1 January 2026

Mr Warren Randall - Non-Executive Director

Principal activities

The principal activities of the Group during the half year ended 31 December 2025 were in the production, marketing, sale and distribution of Australian craft spirits.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

Lark Distilling Co. Ltd. is a Tasmanian based distiller and marketer of premium and luxury Australian spirits. The Group's flagship Lark Single Malt Whisky was instrumental in establishing the Tasmanian whisky category, following the founding of the business by Bill Lark and Lyn Lark in 1992 as the first licensed distillery in Tasmania in 154 years. In addition to malt whisky, the Group produces award winning Tasmanian gins under the Forty Spotted brand.

The Group has strategically invested in building a substantial "Whisky Bank" of maturing inventory held in barrel across multiple Tasmanian sites. Supported by recent brand and portfolio development, this inventory provides a strong foundation for future growth across both domestic and international markets. Distilling and production operations are now consolidated at the Pontville Distillery, which serves as the long-term home of Lark. Alongside domestic and international Business to Business (B2B) sales, the Group engages consumers directly through cellar door style hospitality venues in Tasmania and its owned ecommerce platform.

Operational Highlights

The Group's strategic priorities remain focused on building long term brand value, accelerating international sales momentum, and growing domestic leadership, underpinned by cash and capital discipline.

The Group has completed the restage of the Lark brand and, during the half, delivered the first production runs and sales from the new portfolio. This initiative redefines the Lark brand architecture, product range and marketing assets, unlocking the full commercial potential of the Whisky Bank, including the commercialisation at scale of maturing whisky acquired through the Pontville acquisition in FY22, and establishing a scalable brand platform for future growth.

Lark Distilling Co. Ltd
Directors' report
31 December 2025

Market & Channel expansion:

Direct Export delivered Net Sales of \$1.3 million during 1H FY26, up \$0.8 million versus the prior corresponding period. Growth was supported by initial shipments of the new portfolio into Singapore, China, Malaysia, Japan, Indonesia, Thailand and Vietnam, ahead of coordinated consumer and trade launches planned for 2H FY26. The Group also launched KURIO, its blended malt offering, in China, with encouraging early consumer response.

Global Travel Retail (GTR) generated Net Sales of \$1.0 million, up \$0.1 million versus pcp. Performance continued to build on channel momentum in Australian airports, supported by strong customer and seasonal programs including Christmas and Lunar New Year releases.

Domestic Market Leadership

Domestic B2B net sales through the Group's distributor were \$2.3 million, down 24 percent versus pcp, reflecting shipment timing, softness in the gin category and the prior comparative period including the former direct sales model. Underlying trade performance for Lark whisky remained positive, with H1 FY26 depletion volumes up 9 percent in a challenging market. This positive momentum is expected to continue, with additional ranging now secured for the new portfolio in H2 FY26.

Direct-to-consumer (D2C) net sales were \$4.2 million, up 17 percent versus pcp, driven by continued momentum in e-commerce. Growth was supported by personalisation, gifting programs and seasonal releases across the Christmas and Lunar New Year trading periods. Hospitality venues remained an important contributor, with strong visitation growth at Pontville offsetting the temporary closure of the Davey Street Cellar Door for renovation. The refurbished Davey Street Cellar Door reopened in December following a fit-out refresh reflecting the updated brand positioning, enhancing the visitor experience and supporting increased venue capacity.

Brand & Marketing:

Marketing investment reduced to 23% of Net Sales, compared with 27% in the pcp. Higher consumer and trade activation in the current period was more than offset by non-recurring brand development expenditure in the prior year.

The half focused on preparing for the global launch of the new portfolio while continuing to build brand awareness. Highlights included hosting Southeast Asian distribution and trade partners in Hobart and Pontville for brand immersion, and brand activation at the Singapore Grand Prix.

Production Operations:

The Group's Whisky Bank underpins its growth strategy. As at 31 December 2025, maturing inventory totalled 2.4 million litres at 43% ABV (30 June 2025, 2.5 million litres). The modest reduction reflects lower distilling volumes during redevelopment of the Pontville facility. Completion of the FY25 brand and portfolio program has enabled effective utilisation of both self-produced and acquired inventory, maintaining flexibility and scalability across the portfolio.

The Pontville distillery project is now complete, with key commissioning milestones achieved during the half. The development brings distilling, cooperage, maturing, blending, bottling, tourism, and back-office functions to a single site, with annual distilling capacity lifted to around 520,000 litres and new 70,000-litre blending capability. These changes remove bottlenecks and boost efficiency, safety, and flexibility, supporting increased production capacity and scalable sales growth.

Financial Highlights

- Net Sales Revenue of \$8.7 million, up 10% versus 1H FY25, with whisky net sales up 18%.
- Growth in D2C, GTR and export distributor channels, partially offset by lower domestic B2B sales.
- Domestic B2B comparatives impacted by the change in sales model from 1 August 2024, shipment timing, and one-off transition effects.
- Fair value uplift on acquired inventory flowed through cost of goods sold, reducing reported Gross Profit by approximately \$0.4 million and Gross Margin by around 5 percentage points. The acquired inventory carries a higher book value due to fair value adjustments recognised on acquisition, and as this stock began to be sold at scale during the half, the uplift flowed through COGS. Excluding this acquisition accounting impact, underlying Gross Margin remained broadly stable at 63%.
- Marketing investment reduced year on year, with prior period including approximately \$0.5 million of non-recurring brand restage expenditure.
- Share based payment expense benefited from the reversal of previously recognised expense following forfeiture of unvested performance rights.
- \$0.6 million of Government Grant income recognised in relation to the Pontville distillery and tourism operations.

Lark Distilling Co. Ltd
Directors' report
31 December 2025

	31 December 2025	31 December 2024	Movement \$	Movement %
Gross Sales	9,151	8,532	619	7%
Excise	(457)	(651)	194	30%
Net Sales (after Excise)	8,694	7,881	813	10%
Cost of sales (after Excise)	(3,609)	(2,872)	(737)	(26%)
Cost of goods manufactured and sold	(2,851)	(2,516)	(335)	(13%)
Fair value uplift on acquisition of inventory	(366)	(21)	(345)	(1,643%)
Freight and distribution	(392)	(335)	(57)	(17%)
Gross Profit	5,085	5,009	76	2%
<i>Gross Profit % Net Sales</i>	<i>58%</i>	<i>64%</i>		<i>(6%)</i>
Other Income	645	876	(231)	(26%)
Marketing expenses	(2,031)	(2,159)	128	6%
Administration and other operating expenses	(1,940)	(1,984)	44	2%
Employee benefits expense	(3,032)	(2,913)	(119)	(4%)
Operating EBITDA*	(1,273)	(1,171)	(102)	(9%)
Share based payments	(4)	(1,118)	1,114	100%
Government grant income	628	0	628	0%
Statutory EBITDA	(649)	(2,289)	1,640	72%

* Operating EBITDA is a non-IFRS measure not defined by Australian Accounting Standards. It excludes items such as non-recurring costs and share-based payments to reflect underlying performance and assist users in understanding the Group's operating result.

Financial Position

- Trade receivables increased, driven by export sales growth and \$0.3 million receivable relating to R&D grant income.
- Total inventory book value of \$65.2 million provides strong asset backing, including \$48.6 million at cost and \$16.6 million of fair value uplift on acquisition.
- Property, plant and equipment increased by \$0.9 million versus June, with \$1.2 million invested in Davey Street Cellar Door redevelopment and Pontville site development. Major projects are now largely complete with minimal spend remaining.
- Trade payables decreased by \$1.9 million versus June 2025, with the prior period elevated by purchase timing \$0.6 million Government Grant within payables at 30 June 2025 and subsequently repaid.
- Deferred tax assets remain prudently derecognised. Carried forward losses remain available, with recognition expected once sustainable profitability is achieved.
- Deferred Government grants down \$0.6 million vs June 2025, with income recognised in relation to Pontville distillery and tourism grants. Full recognition criteria now met for the remaining balance, which will be amortised to income over the useful life of the related assets.
- The Group remains debt free.

Business strategies and prospects for future financial years

The Group continues to execute against the strategic priorities outlined at its October 2023 Investor Day, to position Lark as a leader in New World Whisky. Strategic focus remains on:

- Long Term Brand Value – building a globally recognised and differentiated Luxury brand.
- International Sales Momentum & Domestic Leadership Position – creation of repeatable and diversified revenue streams.
- Cash & Capital Discipline – prioritising cash generation to underpin growth while exercising capital discipline.

Rollout of the new portfolio is underway across domestic and export markets, supporting Whisky Bank commercialisation and future revenue expansion. Marketing investment remains focused on building brand awareness and supporting launches across all key markets and channels.

Lark Distilling Co. Ltd
Directors' report
31 December 2025

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Domenic Panaccio
Chair

24 February 2026

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Lark Distilling Co. Ltd. and its controlled entities for the half year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM AUSTRALIA PARTNERS**

B Y CHAN
Partner

Dated: 24 February 2026
Melbourne, Victoria

Lark Distilling Co. Ltd
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31 December 2025

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Lark Distilling Co. Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2025

		Consolidated	
	Note	31 December 2025	31 December 2024
		\$'000	\$'000
Revenue			
Revenue		9,151	8,532
Cost of sales	4	<u>(4,066)</u>	<u>(3,523)</u>
Gross profit		<u>5,085</u>	<u>5,009</u>
Other income	5	1,273	876
Expenses			
Marketing expenses		(2,031)	(2,159)
Administration and operating expenses		(1,940)	(1,984)
Employee benefits expense		(3,032)	(2,913)
Share based payments expense		(4)	(1,118)
Depreciation and amortisation		<u>(458)</u>	<u>(537)</u>
Loss before interest and tax (expense)/benefit		(1,107)	(2,826)
Finance costs		(106)	(119)
Finance income		<u>378</u>	<u>324</u>
Loss before income tax (expense)/benefit		(835)	(2,621)
Income tax (expense)/benefit		<u>-</u>	<u>205</u>
Loss after income tax (expense)/benefit for the half-year attributable to the owners of Lark Distilling Co. Ltd		(835)	(2,416)
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the half-year attributable to the owners of Lark Distilling Co. Ltd		<u>(835)</u>	<u>(2,416)</u>
		Cents	Cents
Basic loss per share	15	(0.83)	(2.51)
Diluted loss per share	15	(0.83)	(2.51)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Lark Distilling Co. Ltd
Statement of financial position
As at 31 December 2025

		Consolidated	
	Note	31 December 2025 \$'000	30 June 2025 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	18,300	23,107
Trade and other receivables	6	1,132	628
Inventories	8	16,900	16,313
Prepaid assets		562	396
Total current assets		<u>36,894</u>	<u>40,444</u>
Non-current assets			
Inventories	8	48,281	48,977
Property, plant and equipment	9	14,324	13,467
Right-of-use assets		1,998	1,976
Intangibles	10	21,125	21,200
Total non-current assets		<u>85,728</u>	<u>85,620</u>
Total assets		<u>122,622</u>	<u>126,064</u>
Liabilities			
Current liabilities			
Trade and other payables	11	2,680	4,607
Lease liabilities		343	538
Employee benefits		429	507
Deferred government grants		1,701	2,329
Total current liabilities		<u>5,153</u>	<u>7,981</u>
Non-current liabilities			
Lease liabilities		1,751	1,531
Employee benefits		118	121
Total non-current liabilities		<u>1,869</u>	<u>1,652</u>
Total liabilities		<u>7,022</u>	<u>9,633</u>
Net assets		<u>115,600</u>	<u>116,431</u>
Equity			
Issued capital	12	140,827	140,827
Reserves		6,074	6,070
Accumulated losses		(31,301)	(30,466)
Total equity		<u>115,600</u>	<u>116,431</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Lark Distilling Co. Ltd
Statement of changes in equity
For the half-year ended 31 December 2025

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2024	116,486	4,024	(19,147)	101,363
Loss after income tax (expense)/benefit for the half-year	-	-	(2,416)	(2,416)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(2,416)	(2,416)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 12)	24,559	-	-	24,559
Share-based payments (note 16)	-	1,118	-	1,118
Balance at 31 December 2024	<u>141,045</u>	<u>5,142</u>	<u>(21,563)</u>	<u>124,624</u>

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2025	140,827	6,070	(30,466)	116,431
Loss after income tax (expense)/benefit for the half-year	-	-	(835)	(835)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(835)	(835)
<i>Transaction with owners in their capacity as owners:</i>				
Share-based payments (note 16)	-	4	-	4
Balance at 31 December 2025	<u>140,827</u>	<u>6,074</u>	<u>(31,301)</u>	<u>115,600</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Lark Distilling Co. Ltd
Statement of cash flows
For the half-year ended 31 December 2025

	Consolidated	
	31 December	31 December
Note	2025	2024
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	9,659	8,488
Payments to suppliers and employees (inclusive of GST)	(10,159)	(9,410)
Purchase of inventory	(2,561)	(2,691)
Interest paid	(71)	(82)
Interest received	378	185
Government rebates and tax incentives received	380	880
	<u>(2,374)</u>	<u>(2,630)</u>
Cash flows from investing activities		
Payments for short-term investments	-	(7,000)
Proceeds from sales of property, plant and equipment	-	10
Payments for property, plant and equipment	(1,365)	(257)
Payments for intangibles	(50)	(28)
Repayment of Government grants	(714)	-
	<u>(2,129)</u>	<u>(7,275)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	24,983
Share issue transaction costs	-	(564)
Repayment of lease liabilities under AASB 16	(304)	(303)
	<u>(304)</u>	<u>24,116</u>
Net cash (used in)/from financing activities		
	<u>(304)</u>	<u>24,116</u>
Net (decrease)/increase in cash and cash equivalents	(4,807)	14,211
Cash and cash equivalents at the beginning of the financial half-year	23,107	2,355
	<u>18,300</u>	<u>16,566</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>18,300</u></u>	<u><u>16,566</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Lark Distilling Co. Ltd
Notes to the financial statements
31 December 2025

Note 1. General information

The financial statements cover Lark Distilling Co. Ltd as a Group consisting of Lark Distilling Co. Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Lark Distilling Co. Ltd's functional and presentation currency.

Lark Distilling Co. Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

76 Shene Road
Pontville TAS 7030 Australia

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 24 February 2026.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments: whisky, gin, and other. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The operations of the Group in management of equity investments is consistent with the Groups' strategy to continue its investment and growth in both whisky ("Lark" as the hero brand) and gin ("Forty Spotted Gin"). Whisky and gin are assessed as separate segments by the CODM due to the differences in production processes, inventory life cycle, market categories, working capital requirements and financial contribution to the Group. The "Other" segment relates to other functions of the Group that are not directly attributable to the Whisky or Gin segments. Accordingly, the Group's operating segments are reported as three distinct segments: Whisky, Gin, and Other.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Lark Distilling Co. Ltd
Notes to the financial statements
31 December 2025

Note 3. Operating segments (continued)

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The CODM does not review balance sheet information by segment.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

During the half year ended 31 December 2025, approximately 24% of the Group's external revenue was derived from sales to one customer (FY25: 28%) with revenue of the Group from direct customers being materially derived from the Australian geographical market.

Operating segment information

Consolidated - 31 December 2025	Whisky \$'000	Gin \$'000	Other \$'000	Total \$'000
Revenue				
Sales to external customers	8,131	482	538	9,151
Total revenue	<u>8,131</u>	<u>482</u>	<u>538</u>	<u>9,151</u>
EBITDA	(505)	(52)	(92)	(649)
Interest income	337	20	21	378
Finance costs	(95)	(6)	(5)	(106)
Depreciation and amortisation	(408)	(24)	(26)	(458)
Loss before income tax expense	<u>(671)</u>	<u>(62)</u>	<u>(102)</u>	<u>(835)</u>
Income tax expense				-
Loss after income tax expense				<u>(835)</u>
Consolidated - 31 December 2024	Whisky \$'000	Gin \$'000	Other \$'000	Total \$'000
Revenue				
Sales to external customers	6,993	1,017	522	8,532
Total revenue	<u>6,993</u>	<u>1,017</u>	<u>522</u>	<u>8,532</u>
EBITDA	(1,670)	(412)	(207)	(2,289)
Interest income	265	39	20	324
Finance costs	(97)	(14)	(8)	(119)
Depreciation and amortisation	(441)	(64)	(32)	(537)
Loss before income tax benefit	<u>(1,943)</u>	<u>(451)</u>	<u>(227)</u>	<u>(2,621)</u>
Income tax benefit				205
Loss after income tax benefit				<u>(2,416)</u>

Note 4. Cost of sales

	Consolidated	
	31 December 2025	31 December 2024
	\$'000	\$'000
Cost of goods manufactured and sold	2,851	2,516
Historical fair value uplift on acquired inventory sold	366	21
Excise and duties	457	651
Freight and distribution	392	335
	4,066	3,523
	4,066	3,523

Accounting policy for cost of sales

Cost of sales represents the costs attributable to inventory or whisky sold during the period.

Cost of goods manufactured and sold represents the Group's normal production activities and comprises direct materials, labour and production overheads incurred in manufacturing goods.

Historical fair value uplift on acquired inventory sold relates only to inventory acquired as part of a business combination that was sold during the period. The fair value uplift is determined at the acquisition date and is recognised in cost of sales as that inventory is sold.

Recognition of the uplift does not give rise to a cash outflow in the period and does not form part of the Group's ongoing production or procurement cost base. As the acquired inventory is finite, the related fair value uplift will be fully recognised in cost of sales as the acquired inventory is sold.

The uplift arises from acquisition-date fair value measurement requirements under AASB 3 Business Combinations and AASB 13 Fair Value Measurement and is included in the carrying amount of inventory (refer Note 8).

Excise and duties include excise and other statutory charges incurred on goods sold.

Freight and distribution include costs incurred in transporting and distributing goods to customers.

Note 5. Other income

	Consolidated	
	31 December 2025	31 December 2024
	\$'000	\$'000
Excise rebates	350	350
R&D grant income	265	522
Other income	30	8
Loss on sale of fixed assets (net)	-	(4)
Government grant income	628	-
	1,273	876
Other income	1,273	876

Lark Distilling Co. Ltd
Notes to the financial statements
31 December 2025

Note 6. Trade and other receivables

	Consolidated	
	31 December	
	2025	30 June 2025
	\$'000	\$'000
<i>Current assets</i>		
Trade and other receivables	750	543
Less: Allowance for expected future credit losses	(45)	(45)
	<u>705</u>	<u>498</u>
Other receivables	<u>427</u>	<u>130</u>
	<u><u>1,132</u></u>	<u><u>628</u></u>

Note 7. Cash and cash equivalents

	Consolidated	
	31 December	
	2025	30 June 2025
	\$'000	\$'000
<i>Current assets</i>		
Cash at bank	7,300	12,107
Cash on term deposit - 3 months or less	11,000	11,000
	<u>18,300</u>	<u>23,107</u>

Note 8. Inventories

	Consolidated	
	31 December	
	2025	30 June 2025
	\$'000	\$'000
<i>Current assets</i>		
Raw materials - at cost	1,600	1,663
Work in progress - at cost	3,268	3,612
Finished goods - at cost	2,340	2,165
Inventory in casks - at cost	5,442	5,579
Historical fair value uplift on acquired inventory	4,686	3,726
Provision for obsolescence	(436)	(432)
	<u>16,900</u>	<u>16,313</u>
<i>Non-current assets</i>		
Inventory in casks - at cost	36,181	35,505
Finished goods - at cost	177	223
Historical fair value uplift on acquired inventory	11,923	13,249
	<u>48,281</u>	<u>48,977</u>

Lark Distilling Co. Ltd
Notes to the financial statements
31 December 2025

Note 8. Inventories (continued)

Accounting policy for inventories

Inventories are stated at the lower of cost and net realisable value.

Cost comprises direct materials, delivery costs, direct labour, import duties and other taxes, and an appropriate proportion of variable and fixed overheads based on normal operating capacity. Purchased inventory costs are determined net of rebates and discounts received or receivable.

Work in progress reflects inventory currently in production but not yet bottled or barrelled.

Inventory in casks represents maturing whisky held for future bottling or sale.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to make the sale.

Inventories acquired as part of a business combination are recognised at fair value at the acquisition date in accordance with AASB 3 Business Combinations and AASB 13 Fair Value Measurement. The resulting historical fair value uplift on acquired inventory reflects acquisition-date measurement requirements and is included in the carrying amount of inventory but does not represent cost as defined under AASB 102 Inventories.

The fair value uplift is assessed for net realisable value and impairment on the same basis as other inventory balances and is recognised in cost of sales as the acquired inventory is sold (refer Note 4). As the acquired inventory is finite, the related fair value uplift will be fully recognised in cost of sales as the acquired inventory is sold.

The current historical fair value uplift on acquired inventory balance of \$4.686m comprises Work in Progress \$1.294m (30 June 2025: \$0.801m), Finished Goods \$0.477m (30 June 2025: \$0.010m) and Inventory in Casks \$2.915m (30 June 2025: \$2.915m). The non-current historical fair value uplift on acquired inventory balance of \$11.923m relates to whisky inventory held in casks.

Note 9. Property, plant and equipment

	Consolidated	
	31 December	30 June 2025
	2025	2025
	\$'000	\$'000
<i>Non-current assets</i>		
Land and buildings - at cost	5,575	5,575
Building improvements - at cost	2,281	1,331
Less: Accumulated depreciation	(955)	(937)
	<u>1,326</u>	<u>394</u>
Plant, equipment & production assets - at cost	5,926	4,110
Less: Accumulated depreciation	(1,687)	(1,509)
	<u>4,239</u>	<u>2,601</u>
Motor vehicles - at cost	94	94
Less: Accumulated depreciation	(72)	(69)
	<u>22</u>	<u>25</u>
Capital work in progress - at cost	3,162	4,872
	<u>14,324</u>	<u>13,467</u>

Lark Distilling Co. Ltd
Notes to the financial statements
31 December 2025

Note 9. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Land and buildings	Building improvements	Plant machinery and production assets	Motor vehicles	Capital WIP	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2025	5,575	394	2,601	25	4,872	13,467
Additions	-	14	46	-	1,101	1,161
Depreciation capitalised to inventory	-	-	(72)	-	-	(72)
Transfers in/(out)	-	1,040	1,771	-	(2,811)	-
Depreciation expense	-	(122)	(107)	(3)	-	(232)
Balance at 31 December 2025	<u>5,575</u>	<u>1,326</u>	<u>4,239</u>	<u>22</u>	<u>3,162</u>	<u>14,324</u>

Note 10. Intangibles

	Consolidated	
	31 December 2025 \$'000	30 June 2025 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	<u>20,735</u>	<u>20,735</u>
Other intangible assets - at cost	884	834
Less: Accumulated amortisation	<u>(494)</u>	<u>(369)</u>
	<u>390</u>	<u>465</u>
	<u>21,125</u>	<u>21,200</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill \$'000	Other intangibles \$'000	Total \$'000
Consolidated			
Balance at 1 July 2025	20,735	465	21,200
Additions	-	50	50
Amortisation expense	-	(125)	(125)
Balance at 31 December 2025	<u>20,735</u>	<u>390</u>	<u>21,125</u>

Lark Distilling Co. Ltd
Notes to the financial statements
31 December 2025

Note 11. Trade and other payables

	Consolidated	
	31 December	30 June 2025
	2025	2025
	\$'000	\$'000
<i>Current liabilities</i>		
Trade and other payables	1,057	2,818
Sundry creditors and accrued expenses	1,623	1,789
	<u>2,680</u>	<u>4,607</u>

Note 12. Issued capital

	Consolidated			
	31 December	30 June 2025	31 December	30 June 2025
	2025	2025	2025	2025
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>106,967,335</u>	<u>105,940,112</u>	<u>140,827</u>	<u>140,827</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2025	105,940,112		140,827
Issue of shares	1 July 2025	26,329	\$0.00000	-
Issue of shares	14 August 2025	90,000	\$0.00000	-
Issue of shares	25 August 2025	37,633	\$0.00000	-
Issue of shares	30 September 2025	528,928	\$0.00000	-
Issue of shares	10 November 2025	44,333	\$0.00000	-
Exercise of performance rights	23 December 2025	<u>300,000</u>	\$0.00000	-
Balance	31 December 2025	<u>106,967,335</u>		<u>140,827</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 13. Related party transactions

During the period, the Group made purchases amounting to \$1,412 (31 December 2024: \$458) from an entity associated with Warren Randall (Non-Executive Director). These transactions were for the purchase of casks and inventory for Lark hospitality venues and wooden barrels from Seppeltsfield Wines Pty Ltd (ABN: 97 127 078 282) for the Group to use in its' production process of Lark. Payable balance as of 31 December 2025 was \$778. The transactions were conducted on normal commercial terms and at market rates.

Note 14. Events after the reporting period

No matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 15. Earnings per share

	Consolidated	
	31 December 2025 \$'000	31 December 2024 \$'000
Loss after income tax attributable to the owners of Lark Distilling Co. Ltd	(835)	(2,416)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	101,119,370	96,141,658
Weighted average number of ordinary shares used in calculating diluted earnings per share	101,119,370	96,141,658
	Cents	Cents
Basic loss per share	(0.83)	(2.51)
Diluted loss per share	(0.83)	(2.51)

Note 16. Share-based payments

Employee incentive plan

A Share option plan has been established by the Group and approved by Shareholders at a general meeting, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary Shares in the Company to certain key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance established by the Nomination and Remuneration Committee.

The valuations of Options and Performance Rights issued under the Plan are determined by using an industry standard option pricing model taking into account the terms and conditions upon which the instruments were issued. Set out below are summaries of Performance Rights granted, exercised and expired / forfeited under the Plan and their vesting conditions:

Tranche name	Grant Date(s)	Expiry	Target Market Share Price	Service Condition
FY20 H1 - Tranche 3	25/11/2019	31/12/2026	1.95	31/12/2022
FY20 H1 - Tranche 4	25/11/2019	31/12/2026	2.25	31/12/2023
FY20 H1 - Tranche 5	25/11/2019	31/12/2026	2.55	31/12/2024
FY20 H2 - Tranche 3	27/02/2020-16/03/2020	31/12/2026	1.95	31/12/2022
FY20 H2 - Tranche 4	27/02/2020-16/03/2020	31/12/2026	2.25	31/12/2023
FY20 H2 - Tranche 5	27/02/2020-16/03/2020	31/12/2026	2.55	31/12/2024
FY21 H2 - Tranche 4	12/02/2021-16/06/2021	31/12/2026	2.25	31/12/2023
FY21 H2 - Tranche 5	12/02/2021-16/06/2021	31/12/2026	2.55	31/12/2024
FY23 H2 - Tranche 1	01/03/2023-16/03/2023	01/07/2025	N/A	30/06/2025
FY23 H2 - Tranche 2	01/03/2023-16/03/2023	01/07/2025	3.81	30/06/2025
FY24 H2 - Tranche 1*	27/05/2024	30/06/2030	N/A	30/06/2025
FY24 H2 - Tranche 2*	27/05/2024	30/06/2030	1.80	30/06/2025
FY24 H2 - Tranche 3*	27/05/2024	30/06/2031	2.10	30/06/2026
FY24 H2 - Tranche 4*	27/05/2024	30/06/2032	2.40	30/06/2027
FY24 H2 - Tranche 5*	27/05/2024	30/06/2033	2.70	30/06/2028
FY25 H1 - Tranche 1*	01/07/2024	30/06/2030	N/A	30/06/2025
FY25 H1 - Tranche 2*	01/07/2024	30/06/2030	1.80	30/06/2025
FY25 H1 - Tranche 3*	01/07/2024	30/06/2031	2.10	30/06/2026
FY25 H1 - Tranche 4*	01/07/2024	30/06/2032	2.40	30/06/2027
FY25 H1 - Tranche 6*	07/11/2024	08/05/2031	N/A	Nov 2025 - May 2026

Lark Distilling Co. Ltd
Notes to the financial statements
31 December 2025

Note 16. Share-based payments (continued)

* Performances rights relating to these tranches will vest and be exercisable upon satisfaction of service condition and performance conditions agreed as part of the LTI. If the share price hurdle for Year 4 and/or Year 5 is satisfied in Year 3, the vesting of Performance Rights for Year 4 and/or Year 5 (as applicable) will be accelerated and vest together with those Year 3 Performance Rights.

In the event of a Corporate Control Event (as defined under clause 2 of the Company's Plan) during any of the specified continued employment periods set out in the table above, the following basis for vesting will instead apply to the Performance Rights in Tranches 2 - 5:

(a) 40% of the issued Rights will vest immediately; and

(b) if the Corporate Control Event:

(i) Occurs on or before 31 December 2026, then a pro-rata amount of the remaining 60% of the issued Rights, based on the number of days elapsed from 1 January 2024 to the date of the Corporate Control Event, as a proportion of the total number of days from 1 January 2024 to 31 December 2026, will vest on the date of the Corporate Control Event; or

(ii) Occurs on or after 31 December 2026, and before the Last Exercise Date of those Rights, then all such remaining and outstanding Rights will vest at the date of the Corporate Control Event.

31 December 2025

Tranche Name	Balance at start of period	Granted during period	Exercised/ Converted	Expired/ other changes	Balance at end of period
FY20 H1 - Tranche 3	70,000	-	-	-	70,000
FY20 H1 - Tranche 4	100,000	-	(100,000)	-	-
FY20 H1 - Tranche 5	550,000	-	(200,000)	-	350,000
FY20 H2 - Tranche 3	2,000	-	-	-	2,000
FY20 H2 - Tranche 4	55,000	-	-	-	55,000
FY20 H2 - Tranche 5	65,000	-	-	-	65,000
FY21 H2 - Tranche 4	45,000	-	(45,000)	-	-
FY21 H2 - Tranche 5	65,000	-	(45,000)	-	20,000
FY23 H2 - Tranche 1	26,329	-	(26,329)	-	-
FY23 H2 - Tranche 2	105,313	-	-	(105,313)	-
FY23 CEO LTI	197,280	-	-	(197,280)	-
FY24 H2 - Tranche 1	45,633	-	(37,633)	-	8,000
FY24 H2 - Tranche 2	1,106,225	-	-	(1,106,225)	-
FY24 H2 - Tranche 3	1,426,222	-	-	(836,052)	590,170
FY24 H2 - Tranche 4	1,738,220	-	-	(1,046,948)	691,272
FY24 H2 - Tranche 5	2,055,100	-	-	(1,254,078)	801,022
FY25 H1 - Tranche 1	11,000	-	-	-	11,000
FY25 H1 - Tranche 2	50,000	-	-	(50,000)	-
FY25 H1 - Tranche 3	65,000	-	-	-	65,000
FY25 H1 - Tranche 4	85,000	-	-	-	85,000
FY25 H1 - Tranche 6	182,333	-	(44,333)	(2,384)	135,616
	<u>8,045,655</u>	<u>-</u>	<u>(498,295)</u>	<u>(4,598,280)</u>	<u>2,949,080</u>

Lark Distilling Co. Ltd
Notes to the financial statements
31 December 2025

Note 16. Share-based payments (continued)

31 December 2024

Tranche Name	Balance at start of period	Granted during period	Exercised/ Converted	Expired/ other changes	Balance at end of period
FY20 H1 - Tranche 3	70,000	-	-	-	70,000
FY20 H1 - Tranche 4	100,000	-	-	-	100,000
FY20 H1 - Tranche 5	550,000	-	-	-	550,000
FY20 H2 - Tranche 3	22,000	-	-	-	22,000
FY20 H2 - Tranche 4	90,000	-	(35,000)	-	55,000
FY20 H2 - Tranche 5	105,000	-	-	-	105,000
FY21 H2 - Tranche 4	80,000	-	-	-	80,000
FY21 H2 - Tranche 5	205,000	-	-	(40,000)	165,000
FY23 H2 - Tranche 1	39,652	-	-	(4,196)	35,456
FY23 H2 - Tranche 2	158,598	-	-	(16,783)	141,815
FY23 CEO Sign-On	343,357	-	-	-	343,357
FY23 CEO LTI	197,280	-	-	-	197,280
FY24 H2 - Tranche 1	45,633	11,000	-	-	56,633
FY24 H2 - Tranche 2	1,106,225	50,000	-	-	1,156,225
FY24 H2 - Tranche 3	1,463,989	65,000	-	-	1,528,989
FY24 H2 - Tranche 4	1,738,220	85,000	-	-	1,823,220
FY24 H2 - Tranche 5	2,055,100	-	-	-	2,055,100
FY25 H1 - Tranche 6	-	182,333	-	-	182,333
	<u>8,370,054</u>	<u>393,333</u>	<u>(35,000)</u>	<u>(60,979)</u>	<u>8,667,408</u>

The weighted average remaining contractual life of performance rights outstanding as the end of the financial half-year was 5.44 years (December 2024: 6.00 years).

Lark Distilling Co. Ltd
Directors' declaration
31 December 2025

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Domenic Panaccio
Chair

24 February 2026

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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Lark Distilling Co. Ltd.

Conclusion

We have reviewed the accompanying half-year financial report of Lark Distilling Co. Ltd. ("Company") and its controlled entities ("Group") which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration of the Group at the half-year end.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Lark Distilling Co. Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Lark Distilling Co. Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in blue ink, appearing to be "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be "BY CHAN".

B Y CHAN
Partner

Dated: 24 February 2026
Melbourne, Victoria