ANNUAL REPORT 2026

LARK
TASMANIAN SINGLE MALT WHISKY

Lark Distilling Co. Ltd
Appendix 4E
Preliminary Final Report

1. COMPANY DETAILS

Name of entity:	Lark Distilling Co. Ltd
ABN:	62 104 600 544
Reporting period:	For the year ended 30 June 2026
Previous period:	For the year ended 30 June 2025

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

			$000
Revenues from ordinary activities	up	14.7% to	19,701
Loss from ordinary activities after tax attributable to the owners of Lark Distilling Co. Ltd	up	253.0% to	(39,960)
Loss for the year attributable to the owners of Lark Distilling Co. Ltd	up	253.0% to	(39,960)

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

	Reporting period Cents	**Previous period Cents**
Net tangible assets per ordinary security	68.98	88.03

Net tangible assets excludes intangible assets, and right-of-use assets recognised under AASB 16 Leases.

4. CONTROL GAINED/LOST OVER ENTITIES

Not applicable.

5. 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.

6. DIVIDEND REINVESTMENT PLANS

Not applicable.

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 have been audited and an unmodified opinion has been issued.

10. ATTACHMENTS

Details of attachments (if any):

The Annual Report of Lark Distilling Co. Ltd for the year ended 30 June 2026 is attached.

11. SIGNED

Domenic Panaccio
Non-Executive Chair

Date: 18 August 2026

LARK

Annual Report 2026

LARK Distilling Co. Ltd

ABN 62 104 600 544


LARK
LARK

Corporate Directory

DIRECTORS

Mr Domenic Panaccio
Non-Executive Chair

Mr David Dearie
Non-Executive Director

Mr Stuart Gregor
Managing Director and Chief Executive Officer, appointed effective 1 January 2026; previously Non-Executive Director from 1 July 2025 to 31 December 2025

Mr Warren Randall
Non-Executive Director

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)

CORPORATE GOVERNANCE STATEMENT

The Company's 2026 Corporate Governance Statement has been released to ASX on this day and is available on the Company's website at: https://larkdistillery.com/investor-centre/

Contents


LARK

Message from the Chair

Dear Shareholders,

I am pleased to deliver this letter to you in what has been a defining year in the evolution of LARK. We have continued to invest in building the foundations of a stronger, more scalable and more globally competitive business. Many of these initiatives came together in the past year, providing the Company with a platform we believe will support long-term growth and value creation for shareholders. A significant amount of this work has been carried out by our previous leadership, and I would like to thank both CEO Sash Sharma and CFO Iain Short for their contributions in helping to position LARK for future success.

We now have in place a new executive team led by Stu Gregor as CEO with the support of Paul Bowker as CFO. Stu, with a proven background in growing a spirits business internationally, brings new energy and passion to the business. Along with our skilled and highly awarded commercial and operations team at LARK, we are well positioned to deliver on our growth ambitions.

In a challenging global market environment for premium drinks LARK continued its positive momentum, increasing comparative net sales by 15% to $18 million. Negative operating EBITDA of $4.5 million for the year reflected our deliberate strategy to invest in sales and marketing to underpin future sales growth as we build brand awareness both domestically and internationally.

The Company also recorded an impairment to goodwill of $20.7m for the year, relating to prior acquisitions consolidated into LARK, and a write down of net assets by $15.5m, both of which were non-cash adjustments. The write down of net assets was substantially attributable to the acquisition of the Shene whisky bank as part of the 2021 Pontville distillery acquisition, which carried a higher cost than whisky produced by LARK. Despite these adjustments the balance sheet remains strong with no debt and cash at bank of $14.3m at 30 June 2026.

I noted earlier 2025/2026 was a defining year for LARK. We successfully commissioned our Pontville distillery, revitalised our iconic Davey Street site, invested in our hospitality operations, and completed our major brand transformation program. These initiatives represent some of the most significant milestones in the Company's history and are already beginning to deliver tangible benefits across multiple channels.

Throughout the year I have visited all of our operations, including the Pontville distillery and production site, Davey Street Cellar Door, Gotham at The Still hospitality venue, as well as in trade at venues and retailers who support LARK. The feedback received was positive and it is clear that our stakeholders share my confidence in the business and its leadership.

The Board believes the Company is entering a new phase, one defined not by investment and transformation, but by execution and growth. We have a great team and a strong heritage with our brand continuing to be recognised internationally. Our high quality whisky bank of 2.4 million litres and our relationship with Seppeltsfield guaranteeing access to premium barrel supply provides us with new opportunities for premium whisky innovation.

We look to the future with confidence, optimism and a clear determination to create enduring value for all shareholders. On behalf of the Board, I thank our employees, customers, partners and shareholders for your continued support. We believe the foundations of the business are stronger than ever and we are excited by the opportunities ahead.

DOMENIC PANACCIO
CHAIR

Chief Executive Officer's report

STU GREGOR
MANAGING DIRECTOR & CEO

Dear Shareholders,

I am delighted to have accepted the CEO role and welcome the responsibility to oversee the growth and international expansion at LARK. Thanks to my predecessor in the CEO role, Sash Sharma, and Iain Short, our former CFO, for their past leadership.

Paul Bowker has recently joined the executive team as CFO; Paul has exceptional sector and financial knowledge and rounds out the tremendous team at LARK, many of whom have been with the business for a decade or more.

The first half of FY26 focused on readying key strategic initiatives for launch. We commissioned our new home of distilling at Pontville, completed the renovation of our Hobart hospitality venues, launched our new brand identity both at home and abroad, and introduced a refreshed range of packaging that has been exceptionally well received by customers and trade partners alike.

The commissioning of the new Pontville distillery has resulted in a continued increase in the quality and flexibility of our production process. Consolidation of operations, including distilling, maturation, blending, cooperage and bottling on the one site has also improved our efficiency in production and logistics.

As part of consolidating operations into one site, there has been a strong focus on continual improvement in health and safety. The Company continued to invest in its people, through industry and in-house training, as well as through cross-functional training at our Pontville site and through other business units.

In FY26 we also launched our newly designed Signature whisky range on time and within budget and stepped confidently into multiple outlets, both within Australia and throughout Asia. The early measurable feedback to our new range of whiskies, our new-look hospitality venues and our go-to market strategy has been positive. The business delivered $18m in net sales (revenue less excise) for the year, with $5m of that being in the final quarter to June 2026.

We now have a business that is substantially better positioned than it was 12 months ago, with strong sales momentum and trajectory for growth. This is supported by a strong balance sheet with no debt and $14.3m in cash.

In his notes, our Chair, Domenic Panaccio, outlined the balance sheet adjustments that we have necessarily made and we now look to the future with a clean balance sheet and cash reserves to support continued investment into product development, sales, marketing and international expansion.

LARK's growth will be delivered through a range of channels. Our partnership with Spirits Platform within the domestic trade market continues to strengthen, while our own e-commerce channel provides an excellent path for new and existing consumers to directly engage with the business and buy our limited release whiskies. International markets including Singapore, Malaysia and China, present significant opportunities and we continue to invest in supporting growth in these markets through commercial partnerships, market activations and visits.

Global Travel Retail is an emerging high growth channel and we now have a strong permanent presence in all major Australian airports as well as Changi International Airport in Singapore. In FY27 we anticipate welcoming several more international Global Travel Retail sites, initially in Asia-Pacific, with plans to expand further as our brand awareness increases.

We are also in the process of launching the "LARK Club" loyalty program. This will provide a valuable link between LARK and its most loyal consumers, with access to exclusive whiskies, VIP events and loyalty discounts. Importantly, we will be bringing our LARK shareholders along for the ride and granting membership to the "LARK Club" with benefits for all to view on our website.

While the sales paths to market are crucial, these need to be supported by world class whisky and one of the highlights of the year has been witnessing the quality of spirit produced from the re-commissioned stills at Pontville. After six months of operation, we are extremely encouraged by what we are seeing. Simply put, we believe some of the best whisky in LARK's history is now maturing in our warehouses.

Our brands, products and people also continued to earn significant recognition throughout the year, collecting awards across major international competitions. In the first few months of exhibiting in competitions, our new Signature range of whiskies have won multiple gold medals and trophies in Tokyo, Melbourne, San Francisco, Hobart and London. A full run-down of recent awards is on our website.

Our new-look packaging was chosen as the World's Best at the 2026 World Whiskies Awards in London and also won Gold at the International Spirits Competition in Tokyo and the Australian International Spirits Awards in Melbourne.

On the people side, in January our Founder and Global Ambassador, Bill Lark, was awarded a Member of the Order of Australia (AM) and in the same week his successor, our Master Distiller, Chris Thomson, was named the World's Best Master Distiller in the Rest of World category at the World Whiskies Awards. These accolades reaffirm our belief that LARK is not only Australia's pioneering whisky but also one of the most exciting emerging whisky companies globally.

Thank you to our shareholders for your continued support, and to our team whose passion, resilience and belief in the business drives everything we do.

As we move into FY27, our focus is simple: grow our brands, delight our customers, expand our reach and create long-term value for shareholders. We invite you to join us on this journey as we continue building one of the world's great drinks businesses.

STU GREGOR
MANAGING DIRECTOR & CEO

LARK Distilling Co. Ltd

ANNUAL REPORT 2026

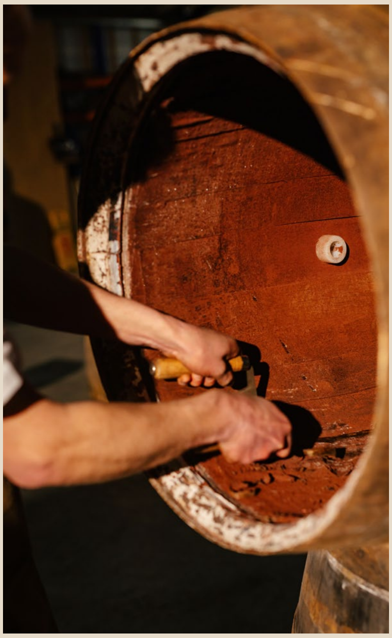
A Year in Review


LARK
TASMANIAN SINGLE MALT WHISKY


LARK
LARK


LARK
TASMANIAN SINGLE MALT WHISKY


LARK



On Australia Day 2026, Bill Lark AM was made a member of the Order of Australia, one of the nation's highest honours.

He is the first modern day distiller to have earned this recognition and is Australia's most feted and awarded whisky distiller, widely known as the **Godfather of Australian whisky.**

2025/2026 LARK Awards Portfolio

Icons of Whisky

In January 2026, Chris Thomson was announced as Master Distiller/Master Blender of the year — rest of the world in the world whiskies awards 2026.

World Whisky Awards

WORLD'S BEST DESIGN AND BEST RANGE DESIGN

Tokyo Whisky & Spirits Competition

NO. 151 FIRE TRAIL SINGLE MALT
NO. 285 RUBY ABYSS SINGLE MALT

2026 TWSC Design Awards

BEST DESIGN

San Francisco World Spirits Competition

NO. 151 FIRE TRAIL SINGLE MALT
NO. 183 DEVIL'S STORM SINGLE MALT
NO. 172 WILD HAVEN SINGLE MALT (TRAVEL EXCLUSIVE)
NO. 294 EMBER ECLIPSE SINGLE MALT (TRAVEL EXCLUSIVE)
NO. 187 DEVIL'S STORM CASK STRENGTH SINGLE MALT

Australian International Spirits Awards

Australian Single Malt Whisky Unsmoked

NO. 294 EMBER ECLIPSE SINGLE MALT (TRAVEL EXCLUSIVE)
NO. 285 RUBY ABYSS SINGLE MALT
MIZUNARA OAK RARE CASK (BATCH 4)

Label / Surface Design

NO. 183 DEVIL'S STORM

The World Whisky Masters

NO. 151 FIRE TRAIL
NO. 168 CINDER FOREST (TRAVEL EXCLUSIVE)
NO. 161 DARK LARK (SPECIAL EDITION)
NO. 172 WILD HAVEN (TRAVEL EXCLUSIVE)
NO. 285 RUBY ABYSS SINGLE MALT
WILDERNESS COLLECTION: SEA, CHAPTER 08
KURIO CRIMSON JAM

NO. 294 EMBER ECLIPSE SINGLE MALT (TRAVEL EXCLUSIVE)
MIZUNARA OAK RARE CASK
RARE SEPPELTSFIELD II (THE WHISKY CLUB EDITION)

Our Approach to Responsible Growth

Our long-term success rests on more than the quality and provenance of our whisky; it also rests on how we manage our environmental impact, support the communities we operate in and govern the business.

Our approach is set out in our Board-approved ESG Policy, which frames how we manage our environmental impact, look after our people, engage with the communities in which we operate, and hold ourselves accountable.

LARK's ESG framework and disclosures are guided by the four pillars set out below.

Our business sustainability approach includes four main pillars

Environmental sustainability
Reducing our environmental impact through efficient distilling operations and responsible sourcing.

People and Culture
Attracting, developing and supporting our people in a fair, safe and inclusive workplace.

Ethics & Governance
Operating with integrity, transparency and strong governance as a responsible ASX-listed producer.

Social Responsibility
Contributing to the communities in which we operate and promoting the responsible enjoyment of our products.

Our Approach to Responsible Growth, Cont'd

ENVIRONMENTAL SUSTAINABILITY

As a whisky producer, our environmental footprint is shaped by our distilling, maturation, packaging and logistics activities, and by the barley, water and oak on which we rely. Distilling and the logistics of transporting our products to consumers is energy-intensive. Our approach is guided by our Board-approved ESG Policy, which prioritises responsible sourcing, improved efficiency over time, and the management of energy, water and waste consistent with our environmental obligations. During the year we:

- Sourced our malted barley from Tasmanian growers and maltsters, keeping the core input to our whisky close to its source.
- Realised efficiency benefits from consolidating our operations at Pontville, where distilling, maturation, coopering, blending, bottling and tourism now operate on a single site, rather than multiple sites which had been the case previously. The distillery, commissioned during the year, operates more efficiently, including through an improved cooling and condensing system and automated grain handling that reduces energy use.
- Directed our production by-products to beneficial use, with spent grain and yeast provided to local and neighbouring farmers, and liquid waste such as pot ale and wastewater applied to Tasmanian farmland, including land which LARK owns, in accordance with applicable environmental requirements, rather than disposed of.
- Continued to invest in an onsite cooperage and training of highly skilled coopers to extend the life of our casks through our wood program, re-coopering and re-seasoning barrels for reuse.

As LARK grows domestically and into export markets, we remain focused on operating efficiently and responsibly, and on improving our understanding of our environmental footprint, including the management of energy and emissions over time. This is consistent with the commitment in our ESG Policy to improve our environmental performance and to consider climate-related risks as the business develops.

SOCIAL RESPONSIBILITY

We aim to contribute positively to the communities in which we operate and to promote the responsible enjoyment of our products. Our ESG Policy sets the expectation that we source responsibly where we can, support the communities we are part of, and serve and sell our products responsibly. This year we:

- Prioritised local suppliers wherever practicable. Our whisky is produced in Tasmania using Tasmanian barley and water, and our hospitality venues serve Tasmanian wine, beer and cider and engage caterers who use local produce. While some inputs, including certain raw materials and packaging, are sourced from elsewhere, we support local growers, makers and suppliers where it is practical to do so.
- Provided responsible service of alcohol training to our customer-facing team members, covering the management of intoxicated patrons, customer wellbeing, and the handling of inappropriate or harassing behaviour.
- Supported a range of charitable and community causes through product donations, experiences and event partnerships, including support for children's health and other local fundraising.

PEOPLE AND CULTURE

Our people are central to who we are. We aim to attract and retain talented people by offering meaningful work, development opportunities and a competitive benefits offering, and by encouraging collaboration, the sharing of knowledge and a positive working environment. During the year we:

- Maintained our commitment to a fair and inclusive workplace that values diverse backgrounds and perspectives. Our Board-approved Diversity and Inclusion Policy guides how we recruit, develop and support our people, and underpins our commitment to equal opportunity. At 30 June 2026, women represented 39% of our workforce.

Our Approach to Responsible Growth, Cont'd

PEOPLE AND CULTURE CONT'D

- Supported our people through a range of employee benefits, including discounts on LARK products and across our hospitality venues, flexible working where roles allow, paid parental leave, and wellbeing support through our Employee Assistance Program.
- Maintained a strong focus on health and safety across our distillery and hospitality operations. Team members complete inductions and ongoing training, hazards and incidents are recorded and monitored through our online WHS system, and our distillery upgrade delivered improvements in operator safety, including through improved hazardous area management, fireproofing, firefighting infrastructure and reduced manual handling.
- Supported the mental health and wellbeing of our people. All employees and their families have access to confidential counselling through our Employee Assistance Program with Converge International, and our Wellness Committee coordinates initiatives throughout the year, including marking R U OK? Day with a company morning tea to encourage people to check in on one another.
- Recognised and celebrated our people through our LARK Recognition Awards, including the quarterly Lyn Lark Spirit Award and the annual Bill Lark Team Excellence Award, together with regular team events.

ETHICS AND GOVERNANCE

Strong governance underpins our objective of building a successful and resilient business. As a regulated alcohol producer and ASX-listed entity, our framework is designed to manage obligations including liquor licensing, excise and labelling. We have reported against the ASX Corporate Governance Council's recommendations in our 2026 Corporate Governance Statement. During the year we:

39%	FEMALE EMPLOYEES
27%	FEMALE LEADERSHIP
1	LOST TIME INJURY CASES DURING FY26
11	NATIONALITIES (EMPLOYEES AND STAFF)

- Maintained the security and privacy of personal information across our direct-to-consumer and e-commerce channels, managing personal information in accordance with the Australian Privacy Principles and supported by our Privacy Policy, information security controls and periodic external reviews.
- Met our regulatory obligations for the production and sale of whisky, including Australian excise, liquor licensing and labelling requirements. We hold the excise manufacturing licences required by the Australian Taxation Office and the liquor licences necessary for our hospitality and cellar door operations, and we monitor regulatory developments as our export footprint grows.
- Upheld a framework of honesty, integrity and trust, supported by our Board-approved Code of Conduct, Whistleblower Policy and Anti-Bribery and Corruption Policy. While LARK is not a reporting entity under the Modern Slavery Act 2018 (Cth), we consider modern slavery risks across our operations and supply chain.

These arrangements, together with our reporting obligations as an ASX-listed entity, provide transparency to shareholders through formal reporting, Board oversight and clearly defined accountability.


LARK
SPECIAL EDITION
LARK
TASMANIAN SINGLE
MALT WHISKY
No.166
Dark Lark
MASTER DISTILLER
Lemon shortbread, sticky figs,
espresso gelato, dark chocolate
covered cherries.
43%ABV 700mL
WHISKY FROM
ANOTHER WORLD
TASMANIA
AUSTRALIA

Directors' Report

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 year ended 30 June 2026.

DIRECTORS

The following persons were directors of Lark Distilling Co. Ltd during the whole of the financial 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 - Managing Director and Chief Executive Officer, appointed effective 1 January 2026; previously Non-Executive Director from 1 July 2025 to 31 December 2025

Mr Warren Randall - Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year ended 30 June 2026 were in the production, marketing, sale, and distribution of Australian spirits.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial 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 played a pivotal role in establishing the Tasmanian whisky category, having been founded in 1992 by Bill and Lyn Lark as the first licensed distillery in the state in 154 years. In addition to whisky, the Group produces a range of award-winning Tasmanian gins under the Forty Spotted trademark.

The Group has strategically invested in building a 'Whisky Bank' of maturing inventory in barrel, stored across multiple sites in Tasmania. Supported by recent brand development and portfolio work, this inventory provides a strong foundation for future growth in both domestic and international markets.

With expertise spanning development, production, sales, and marketing, the Group has now consolidated distilling and operations at its Pontville Distillery, establishing it as the long-term home of LARK. Beyond domestic and international business-to-business (B2B) sales, the Group engages consumers directly through its hospitality venues in Tasmania and an owned e-commerce platform.

OPERATIONAL HIGHLIGHTS

The Group's strategic priorities remain focused on building long-term brand value and accelerating domestic and international sales through opening new channels to market and releasing new scalable products.

During the year, the Group continued to roll out the restaged LARK brand and portfolio. The restage redefined the LARK brand architecture, product range and supporting marketing assets, and provides a scalable platform for future growth. The range has been well received across key channels, with international awards reinforcing the quality credentials of the portfolio.

The year also included a material reassessment of selected balance sheet carrying values, with non-cash inventory and goodwill adjustments recognised at 30 June 2026. These adjustments reflect the carrying value of acquired inventory, net realisable

Directors' Report, Cont'd

value assessment, historical trading losses and recent performance, rather than a change in the Group's strategy.

Brand, Awards & Marketing:

The restaged LARK portfolio has been well received across key channels, supporting the Group's focus on building long-term brand value and improving the commercialisation of its Whisky Bank.

This was reinforced by LARK receiving five Gold Medals at the 2026 San Francisco World Spirits Competition, with recognition across its Signature Collection, global travel retail-exclusive range and a forthcoming cask strength release. The result supports the quality credentials of the restaged range and the broader international relevance of Tasmanian single malt whisky.

Brand activity during the year supported the rollout of the new portfolio, including trade engagement, consumer activation and channel-specific launches. The Group also continued to use its Tasmanian venues and owned digital channels to build consumer awareness and deepen engagement with the LARK brand.

Market & Channel Expansion:

Revenue from ordinary activities increased 14.7% to $19.7 million. Whisky revenue increased 20.7% to $17.7 million (2025: $14.7 million), reflecting our continued focus on LARK as the Group's core brand. Gin revenue was $0.9 million. Other revenue of $1.1 million comprised merchandise, other LARK spirits, and hospitality sales of food and non-LARK products.

Export remained an important growth priority during the year. The Group launched the new LARK range into China and other export markets across Asia, supporting the development of repeatable international sales channels and building awareness of Tasmanian single malt whisky in premium spirits markets.

Global Travel Retail momentum continued during the year, supported by the launch of the new range and expansion beyond Australian airports into international airport retail, including Sydney, Melbourne, Brisbane and Perth International as well as Changi Airport, Singapore.

Domestic sales continued to support the Group's focus on premium whisky leadership in Australia. The new range has been progressively introduced into domestic channels, including listings at major retailers.

Direct-to-consumer channels remained an important contributor to both sales and brand advocacy. E-commerce continued to support personalised, gifting and limited release offerings. Hospitality venues remained central to the Group's consumer experience strategy, with the Davey Street Cellar Door, Gotham at The Still Bar, Brooke St Pier Tasting Bar and Pontville Distillery Cellar Door offering refreshed during the year to better reflect the restaged LARK brand and premium positioning.

Production Operations:

The Group's production and distilling operations are now consolidated at Pontville, with the former Cambridge facility providing logistic and warehousing overflow. The Pontville site brings together distilling, cooperage, maturation, blending, bottling, tourism and back-office functions, and is the long-term operational home of LARK.

The Pontville operating platform provides increased capacity, improved safety and quality controls, and greater operational efficiency. Completion of key works at Pontville supports the Group's ability to scale production and commercialise its Whisky Bank over time.

The Whisky Bank remains central to the Group's strategy. It provides future product optionality, supports portfolio development and gives the Group flexibility across age profiles, cask styles and price tiers.

Inventory Under Maturation:

Inventory remains the Group's largest asset and a key part of its long-term growth strategy. Total inventory at 30 June 2026 was $49.4 million, comprising current inventory of $13.3 million and non-current inventory of $36.1 million.

The carrying value of inventory has historically included fair value uplift recognised on acquired inventory, including inventory acquired through the Pontville acquisition. As this acquired inventory is commercialised, the fair value uplift is recognised through cost of sales when the relevant inventory is sold.

Directors' Report, Cont'd

During the year, the Group recognised a $15.5 million write-down of inventory to net realisable value. The write-down relates to acquired maturing inventory, including maturing whisky originally recognised with acquisition-date fair value uplift as part of the Shene/Pontville acquisition. The adjustment brings the carrying value of selected acquired inventory to its expected net realisable value.

The write-down is a non-cash accounting adjustment and does not impact the physical volume of whisky inventory held by the Group. It resets the carrying value of inventory to reflect expected product utilisation, selling prices, channel mix and costs to complete and sell.

The Group remains focused on disciplined commercialisation of its Whisky Bank through the restaged portfolio, domestic and international channel development, and careful management of production and working capital.

Goodwill Impairment:

At 30 June 2026, the Group recognised a non-cash goodwill impairment of $20.7 million, fully impairing the carrying value of goodwill allocated to the Whisky cash-generating unit.

The impairment reflects the Group's history of trading losses, recent performance against budget and the Company's market capitalisation relative to its net asset position. These indicators required the Group to reassess the carrying value of goodwill at year end.

The impairment does not reflect a change in the Group's strategy or operating model. It is a non-cash accounting adjustment and does not impact the Group's cash position, liquidity, bank facility or operating capability.

Following recognition of the goodwill impairment, the Group assessed the recoverability of the remaining assets in the Whisky cash-generating unit and no further impairment was identified.

FINANCIAL HIGHLIGHTS

Revenue from ordinary activities for the year ended 30 June 2026 was $19.7 million, up 14.7% on the prior year. Whisky revenue increased to $17.7 million, while gin revenue was $0.9 million and other revenue was $1.1 million.

Gross profit was $9.9 million, compared with $10.0 million in the prior year. Gross margin was impacted by channel mix, product mix and the cost profile of inventory sold during the year, including historical fair value uplift on acquired inventory recognised in cost of sales as acquired inventory is sold.

Marketing expenses were $4.9 million, compared with $5.3 million in the prior year. The Group continued to invest in brand, portfolio and channel activity, with spending focused on supporting the restaged LARK range and future sales growth.

Administration and operating expenses were $4.2 million, excluding the separately presented inventory write-down to net realisable value. Employee benefits expense was $6.0 million, broadly in line with the prior year.

The Group reported a statutory loss after tax of $40.0 million. This result was materially impacted by the $15.5 million inventory write-down to net realisable value and the $20.7 million goodwill impairment. Both adjustments are non-cash in nature.

Directors' Report, Cont'd

	30 Jun 2026 $'000	30 Jun 2025 $'000	Movement $'000	Movement %
Gross Sales	19,701	17,169	2,532	15%
Excise	(1,700)	(1,536)	(164)	(11%)
Net Sales (after Excise)	**18,001**	**15,633**	**2,368**	**15%**
Cost of sales (after Excise)	(8,125)	(5,584)	(2,541)	(46%)
Gross Profit	**9,876**	**10,049**	**(173)**	**(2%)**
Gross Profit % Net Sales	54.9%	64.3%		(9.4pp)
Other Income	668	922	(254)	(28%)
Marketing expenses	(4,853)	(5,342)	489	9%
Administration and operating expenses	(4,183)	(3,886)	(297)	(8%)
Employee benefits expense	(6,000)	(5,934)	(66)	(1%)
Operating EBITDA*	**(4,492)**	**(4,191)**	**(301)**	**(7%)**
Share based payments	272	(2,046)	2,318	113%
Government grant income	756	1,298	(542)	(42%)
Write-off of fixed assets	0	(985)	985	100%
Inventory write-down to net realisable value	(15,489)	0	(15,489)	0%
Statutory EBITDA	**(18,953)**	**(5,924)**	**(13,029)**	**(220%)**

* 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 Year	Metric	Whisky $'000	Gin $'000	Other $'000	Total $'000
2026	Gross Sales	17,693	904	1,104	19,701
2025	Gross Sales	14,653	1,542	974	17,169
	Movement $	**3,040**	**(638)**	**130**	**2,532**
	Movement %	**21%**	**(41%)**	**13%**	**15%**
2026	Excise	(1,530)	(140)	(30)	(1,700)
2025	Excise	(1,212)	(284)	(40)	(1,536)
	Movement $	**(318)**	**144**	**10**	**(164)**
	Movement %	**(26%)**	**51%**	**25%**	**(11%)**
2026	Net Sales	16,163	764	1,074	18,001
2025	Net Sales	13,441	1,258	934	15,633
	Movement $	**2,722**	**(494)**	**140**	**2,368**
	Movement %	**20%**	**(39%)**	**15%**	**15%**

Directors' Report, Cont'd

Cashflow:

Operating cash outflows were $5.8 million for FY26, compared with $2.9 million in FY25. The movement reflects continued investment in brand and channel activity, operating losses, and working capital movements during the year.

Customer receipts were $18.1 million for the year. Payments for product manufacturing and operating costs, staff costs, advertising and marketing, and administration and corporate costs were managed in line with the Group's investment priorities and cash discipline.

The Group ended the year with cash of $14.3 million, including $11.0 million held in term deposits. The Group's $5.0 million committed bank facility remained undrawn at 30 June 2026.

FINANCIAL POSITION

The Group ended FY26 with total assets of $84.1 million and net assets of $76.2 million. The reduction in net assets primarily reflects the statutory loss for the year, including the non-cash inventory write-down and goodwill impairment.

Inventory remains the Group's largest asset, with a total carrying value of $49.4 million at 30 June 2026. The Group's inventory base supports future product releases, portfolio flexibility and long-term commercial growth.

The Group remains debt-free, with no drawn bank debt at year end. Cash on hand and the undrawn bank facility provide flexibility to continue executing the Group's strategy while maintaining disciplined capital management.

BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

The Group's ambition remains to position LARK as a leader in New World whisky, supported by its Tasmanian provenance, award-winning single malt whisky portfolio and substantial inventory of maturing whisky.

LARK enters FY27 with a restaged portfolio, consolidated operations at Pontville, a significant Whisky Bank and a debt-free balance sheet. The priority for the year ahead is to build momentum behind the new range across domestic, export, global travel retail, direct-to-consumer and hospitality channels, while maintaining discipline over cash, working capital and capital investment.

The restaged LARK range provides a clearer platform for future growth. Together with the Group's maturing inventory base and improved operating capability at Pontville, it provides the foundation to grow sales, improve inventory commercialisation and deliver better financial performance over time.

Directors' Report, Cont'd

BUSINESS RISKS

RISK	DESCRIPTION	MITIGATION STRATEGIES
Health, Safety and Wellbeing	The production and sale of spirits, and the operation of hospitality venues, involves the handling of hazardous goods and the use of complex equipment and operational processes. These activities may pose a risk of injury, illness or harm to employees, contractors, visitors or customers.	The health, safety and wellbeing of the LARK team remains our highest priority. Key mitigation strategies include: • Health, safety and wellbeing policies, standards, procedures and tools, which are formally defined and periodically reviewed. • Site inductions and ongoing training programs for employees and contractors. • Regular cleaning, maintenance, inspection and preventative repair programs. • Reporting and monitoring of health and safety practices and performance, with periodic reviews to identify areas for improvement. • Consolidation of production at Pontville has improved hazardous area zoning, fire safety infrastructure and manual handling controls. • Ongoing focus on safe work practices across production, maturation, blending, bottling and hospitality operations.
Reputational Damage	LARK has built its reputation on the quality, provenance and premium positioning of its whisky. The reputation of the LARK brand is central to the success of the business and supports consumer trust, customer relationships and future growth. Reputational risk may arise from a range of internal or external factors, including brand or conduct issues, product quality incidents, counterfeit product, black-market trade, negative or misleading online content (including AI-generated material), negative media coverage, regulatory matters or failure to meet stakeholder expectations. A significant incident could adversely impact sales, brand equity and financial performance.	• Company-wide policies covering conduct, responsible marketing, responsible consumption, procurement, environment, media and social media. • Incident management and escalation procedures for significant issues. • Quality control measures and processes to reduce the risk of product-related brand damage. • Brand and intellectual property protection strategies, including monitoring for counterfeit and unauthorised online content. • Monitoring of customer, trade, media and stakeholder feedback to identify emerging reputational risks.

Directors' Report, Cont'd

RISK	DESCRIPTION	MITIGATION STRATEGIES
Storage, Management and Commercialisation of Maturing Whisky	LARK holds a significant investment in maturing whisky inventory across multiple storage locations. Inventory may be impacted by fire, major weather events, contamination, theft, malicious attack or other physical loss, which could result in damage, destruction or loss of stock. Inventory profile, maturation outcomes, changes in demand, product strategy or pricing may result in a mismatch between available stock and future market requirements. This may affect the timing, margin or realisable value of inventory.	• Multiple storage locations that are geographically separated, with ongoing site security and safety checks. • Insurance coverage in place. • Regular stocktakes, with barrel management and tracking utilising RFID tagging for filled and empty barrels. • Regular sampling and quality reviews of inventory under maturation. • Long-term demand, production and inventory modelling to support whisky requirements and stock management. • Periodic review of whisky profile, age, quality, intended use and expected realisable value. • Portfolio and no-age-statement releases provide flexibility to marry whiskies across vintages and price tiers, supporting future product development and commercialisation.
Attraction and Retention of Talent	LARK relies on key leadership, production, commercial, finance and operational capability. Loss of key personnel, or inability to attract, retain and develop required capability, could disrupt operations and impact execution of the Company's strategy.	• Market-competitive remuneration and benefits. • Talent review and succession planning processes, supporting continuity through leadership transitions. • Flexible working practices where roles allow. • Incentive and reward programs aligned to the achievement of LARK's financial and business goals, with Long Term Incentive plans in place for key roles. • Use of external specialists to supplement internal capability.
Consumer Preferences and Competitive Landscape	Changes in consumer preferences, market trends, discretionary spending, health considerations or competitive activity may impact demand for LARK's products. The premium spirits category is competitive, and shifts in customer behaviour or market conditions may affect sales, margins and brand performance. LARK's future growth also depends on successful execution of its brand, portfolio, domestic, export and Global Travel Retail strategies. Failure to deliver planned sales growth, margin improvement or effective brand investment may adversely impact earnings, cash flow and inventory utilisation.	• LARK's brand heritage, provenance and premium whisky positioning support its position in the Australian whisky market. • Diversification across domestic, export, Global Travel Retail, direct-to-consumer and hospitality channels. • The scale and profile of the Whisky Bank provides flexibility across product styles, price tiers and future releases. • Consumer insights, brand health monitoring and market trend analysis inform brand, product and portfolio strategy. • Budgeting, forecasting and performance reporting are used to monitor sales, margin, cash flow and performance against plan. • Sales and Operations Planning processes align demand, inventory, production and commercial priorities.

Directors' Report, Cont'd

RISK	DESCRIPTION	MITIGATION STRATEGIES
Product Quality, Packaging and Recall Risk	LARK's reputation is closely linked to the quality, consistency and presentation of its products. A product quality issue, packaging defect, labelling error, leakage, contamination or issue with the liquid itself could result in customer complaints, returns, rework, withdrawal from sale or product recall. Such an incident may result in additional costs, disruption to sales, regulatory exposure and damage to LARK's brand reputation.	• Quality control processes across production, blending, bottling, packaging and finished goods release. • HACCP accreditation and food safety procedures. • Supplier specifications and quality checks for key packaging components, including bottles, closures, labels and cartons. • Batch traceability and record keeping to support investigation, withdrawal or recall if required. • Customer complaints and returns monitoring to identify emerging quality issues. • Incident response and recall procedures in place.
Supply Chain	Disruptions, delays, cost increases or quality issues within LARK's supply chain may impact the production of new make whisky, bottling of finished goods, customer delivery, sales volumes or margins. This may include disruption to raw materials, packaging, freight, warehousing or other key supply partners.	• Rolling Sales and Operations Planning process embedded within the business, providing demand signals for raw materials and packaging. • Risk assessments undertaken for key suppliers. • Diversified supplier base where practical, with active monitoring of concentration exposures. • Supply agreements in place with key supply partners. • Supplier performance, quality and continuity monitoring. • Joint business planning processes with key supply partners to support alignment and continuity of supply.
Route To Market and New Market Entry	LARK's sales performance depends on effective domestic and international routes to market, including the capability, focus and execution of distributor and trade partners. Underperformance by key partners, changes in distributor priorities, or failure to achieve effective in-market execution may impact sales growth, customer relationships and brand development. New market entry may also be delayed or disrupted by factors outside LARK's control, including local alcohol laws and regulations, product registrations, duties, tariffs, quotas, trademark protection and other regulatory or market access requirements.	• Domestic and export distribution is supported through distributor agreements with defined roles, responsibilities and commercial terms. • Regular engagement with distributor partners, including joint business planning, performance reviews and sales reporting. • Selective entry into export markets, with diversification across multiple markets to reduce reliance on any single geography or partner. • Due diligence on new distributor partners, including trade and financial references. • Direct-to-consumer and hospitality channels provide partial diversification of LARK's domestic sales channels. • Engagement with external experts, government, industry and regulatory bodies.

Directors' Report, Cont'd

RISK	DESCRIPTION	MITIGATION STRATEGIES
Capital Management and Access to Funding	Insufficient funding may restrict LARK's ability to trade, invest in brand development, enter new markets, produce whisky or support working capital requirements. Access to funding and disciplined cash management remain important risks to manage.	• LARK actively manages liquidity through regular cash flow forecasting, disciplined cost management, access to debt facilities and the ability to access capital markets as appropriate. • Board-approved strategy, annual budget and latest estimate processes are used to monitor expected financial performance, cash flow and funding requirements. • Long-range planning is undertaken to assess production levels, inventory commercialisation, brand investment and future funding needs. • Monthly performance reporting against budget and forecasts. • Banking facility in place. • Balance sheet includes tangible assets that provide additional financial flexibility if required.
Data and Cyber Security	LARK relies on IT infrastructure, business systems, third-party technology providers (including AI-enabled tools), e-commerce platforms and payment systems to operate the business and support ongoing growth. A cyber incident, privacy breach, system outage, data loss, error or loss of access to systems may result in increased cost, business disruption, inaccurate reporting, regulatory exposure or reputational damage. The storage and use of business, supplier and customer information also creates a risk of data theft or misuse, which may impact customer confidence and LARK's ability to trade effectively.	• Independent external IT security assessments performed to support ongoing IT maturity. • Information security policies, supporting framework and specialised resources. • Restricted and segregated management of sensitive business, supplier and customer data. • Documented crisis, business continuity and disaster recovery plans. • Periodic employee training and alerts to support secure handling of data and systems. • Outsourced IT experts used to supplement internal capability and bring specialist expertise.
Non-compliance with Laws and Regulations	LARK operates in a highly regulated industry across the production, marketing, distribution and sale of spirits in Australia and overseas markets. Legal and regulatory requirements include liquor licensing, excise, food safety, privacy, employment, taxation, production, manufacturing, marketing, advertising, distribution, export requirements and ASX reporting obligations. Changes to these requirements, or failure to comply, may impact operations, financial performance or reputation.	• Compliance framework. • Experienced internal resources and external subject matter experts. • Company-wide policies, standards and procedures. • Monitoring of regulatory developments. • Engagement with government, industry, advocacy and regulatory bodies where relevant.

Directors' Report, Cont'd

RISK	DESCRIPTION	MITIGATION STRATEGIES
Climate Change and Environmental Risk	Climate change and environmental factors may impact whisky production, maturation, agricultural inputs, water availability, energy costs, freight, insurance and supply chain resilience. Consumer, retailer and regulatory expectations may also require changes to packaging, labelling, reporting or operating practices.	• Maturation and wood programs can be tailored over time. • Ongoing review of climate-related impacts on production, maturation and supply chain. • Risk assessments for weather-related impacts, including flood and fire. • Monitoring of customer, retailer and regulatory expectations regarding packaging and environmental impact. • Engagement with government, industry, advocacy and regulatory bodies.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2026 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group expects to drive sales growth through expansion to international markets. Additional information on the operations and financial position of LARK is set out in the Review of Operations accompanying this Director's report.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to significant environmental regulation under a law of the Commonwealth or of any State or Territory of Australia, nor in the international jurisdictions to which the Group exports its products. However, the Group recognises the importance of operating in an environmentally responsible manner and is committed to minimising its environmental footprint across its operations.

Management routinely monitors compliance with applicable environmental regulations and has implemented internal controls and procedures designed to ensure adherence to both existing and emerging environmental requirements.

During the financial year, the Directors have not been notified, nor are they otherwise aware, of any breaches of environmental regulations by the Group.

While not subject to significant regulation, the Group remains conscious of its broader environmental impact and continues to seek opportunities to improve sustainability outcomes. The Group is also monitoring the evolving regulatory landscape, particularly in relation to climate-related disclosures and reporting, to ensure ongoing compliance and readiness for future requirements.

The Board and management are committed to continuous improvement in environmental performance, reflecting the Group's values and responsibilities as a leading Australian whisky producer.

Directors' Report, Cont'd

INFORMATION ON DIRECTORS

MR DOMENIC PANACCIO

Title: Non-Executive Chair

Qualifications: Certified Public Accountant and member of the Australian Institute of Company Directors.

Experience and expertise: Domenic has had a long and distinguished career in senior management of large public companies including 20 years at Fosters Group and 10 years at Westfield. From 2010 to 2014, Domenic was Chief Executive Officer of Westfield Retail Trust, one of the largest ASX listed property trusts in Australia at that time. Domenic previously held a number of senior positions including Deputy Chief Financial Officer of Westfield Group, Chief Financial Officer of Westfield America and Chief Financial Officer for the Foster's Group Wine Division, Beringer Blass Wine Estates.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of the Audit and Risk Committee, and Chair of the Remuneration and Nomination Committee.

Interests in shares: 529,366 fully paid ordinary shares

Interests in rights: None

MR DAVID DEARIE

Title: Non-Executive Director

Qualifications: MHCIMA, Glasgow College of Food and Technology, Institute of Marketing Diploma, University of Hull.

Experience and expertise: A global beverage industry leader with over 30 years' experience in alcohol retailing, distribution and brand building. Founding CEO of Treasury Wine Estates Ltd (TWE), and senior executive positions with Fosters Group Ltd and Brown-Forman.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chair of the Audit and Risk Committee, and member of the Remuneration and Nomination Committee.

Interests in shares: 1,299,582 fully paid ordinary shares

Interests in rights: None

Directors' Report, Cont'd

MR STUART GREGOR

Title: Managing Director and Chief Executive Officer (effective 1 January 2026); previously Non-Executive Director from 1 October 2024 to 31 December 2025

Qualifications: Diploma of Wine Marketing (Adelaide University), Masters of Marketing (Melbourne Business School) and Graduate of the Australian Institute of Company Directors.

Experience and expertise: Over 30 years in the drinks industry, including co-founding Four Pillars Gin in 2013 and serving as its Global Trade Director and Co-CEO until its sale to LION in July 2023. Under his leadership, Four Pillars was named International Gin Producer of the Year in 2019, 2020, and 2023. He served as President of the Australian Distillers Association (2014—2022) and was inducted into the Australian Distillers Hall of Fame in 2023. In 2024, he was the inaugural Chair of Judges at the Sydney Royal Distilled Spirits Show. He founded communications consultancy Liquid Ideas in 2000 and also contributed to not-for-profit initiatives such as RUOK? Day and OzHarvest, serving on the board of the latter for eight years.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of Audit and Risk Committee, member of the Remuneration and Nomination Committee.

Interests in shares: 236,470 fully paid ordinary shares

Interests in rights: None

MR WARREN RANDALL

Title: Non-Executive Director

Qualifications: Bachelor of Agricultural Science & Wine Science (Adelaide), Bachelor of Oenology (Wine Science) (Charles Sturt).

Experience and expertise: Over 40 years in the Australian Wine Industry graduating from Adelaide University in Agricultural Science and Charles Sturt University in Wine Science, with experience working for Seppelt Great Western Winery, Andrew Garrett Wines, Tinlins Wines, Wynns Winegrowers, Seaview Champagne Cellars and Lindemans Wines. Warren has also served as a director of the board at the Adelaide Football Club.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of Audit and Risk Committee, member of the Remuneration and Nomination Committee.

Interests in shares: 20,655,095 fully paid ordinary shares (shares held by Seppeltsfield Pty Ltd (Seppeltsfield Estate A/C) and Warren Randall)

Interests in rights: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Directors' Report, Cont'd

CHIEF FINANCIAL OFFICER

Mr Paul Bowker

Mr Bowker joined LARK in March 2026. Prior to this he was Co-Founder and Chief Executive Officer of Brick Lane Brewing, growing the business from inception to significant scale through national retail distribution, hospitality venues and contract brewing operations. Prior to this, Mr Bowker served for six years with ASX-listed LogiCamms Limited as Chief Financial Officer, General Counsel and Company Secretary. A trained lawyer, Mr Bowker also held legal positions with various organisations including ASIC, and Linklaters in London.

Mr Bowker's formal qualifications include a Master of Applied Finance, Bachelor of Laws, Master of Laws and Diploma of Applied Corporate Governance.

COMPANY SECRETARY

Mr Michael Sapountzis — BCom, LLB(Hons), GDLP, AGIA

Michael is employed at Vistra Australia, a leading professional advisory and corporate services firm. Michael joined LARK Distilling Co. Ltd as Company Secretary in November 2024. Michael is an experienced company secretary and has over 12 years' professional experience providing company secretarial, governance and compliance support to a variety of boards across a range of industries and sectors including ASX-listed and unlisted companies and not-for-profit organisations. Michael specialises in ASX compliance, corporate governance and board and secretarial support and is currently the company secretary of several ASX listed companies

Directors' Report, Cont'd

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2026, and the number of meetings attended by each director were:

	Directors' Meetings		Remuneration and Nomination Committee		Audit and Risk Committee	
	Attended	**Held***	**Attended**	**Held***	**Attended**	**Held***
Mr Domenic Panaccio	9	9	2	2	3	3
Mr David Dearie	9	9	2	2	3	3
Mr Stuart Gregor	9	9	2	2	2	2
Mr Warren Randall	9	9	2	2	-	1

* Held: represents the number of meetings held during the time the director held office.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

REMUNERATION POLICY

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Consolidated Group, as well as create goal congruence between directors, executives and shareholders.

The remuneration report is set out under the following main headings:

- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Directors' Report, Cont'd

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the remuneration committee and approved by the board after seeking professional advice from independent external consultants.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, with the potential for options and other incentives. Options to be issued at the discretion of the Board.
- The Remuneration and Nomination Committee reviews key management personnel packages annually by reference to the Group's performance and executive performance.

The performance of key management personnel is reviewed annually and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and option incentives are issued at the discretion of the Board. Any incentives or bonuses must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of other key management personnel executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the employee share and option arrangements.

All remuneration paid to key management personnel is valued at the cost to the company and expensed, shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by key management personnel. Options are valued using Monte-Carlo or Black-Scholes methodology.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The most recent determination, resolved at the 2023 Annual General Meeting, sets fixed directors fees $400,000 per annum (exclusive of GST), inclusive of superannuation and other fixed benefit oncosts. The current director fees are $150,000 for Board Chair, $95,000 for Non-Executive Director and $5,000 for Committee Chair.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external parties as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

KEY MANAGEMENT PERSONNEL REMUNERATION POLICY

The board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain key management of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Directors' Report, Cont'd

DETAILS OF REMUNERATION

AMOUNTS OF REMUNERATION

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of LARK Distilling Co. Ltd:

- 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

And the following persons:

- Mr Satya Sharma - Chief Executive Officer (resigned as Chief Executive Officer effective 31 December 2025)
- Mr Paul Bowker - Chief Financial Officer (appointed Chief Financial Officer effective 2 March 2026)
- Mr Iain Short - Chief Financial Officer
  (resigned effective 31 March 2026, remained with the Company until this date following a transition period)

Directors' Report, Cont'd

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2026	**Salary and fees $**	**Short term bonus $**	**Annual leave[(a)] $**	**Super-annuation $**	**Long service leave[(a)] $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Mr Domenic Panaccio	135,000	-	-	-	-	-	135,000
Mr David Dearie	92,500	-	-	-	-	-	92,500
Mr Warren Randall[(b)]	87,500	-	-	-	-	-	87,500
Executive Directors:							
Mr Stuart Gregor[(b)(c)]	362,500	-	(3,643)	15,600	-	-	374,457
Other Key Management Personnel:							
Mr Satya Sharma[(c)]	481,515	162,427	(70,099)	19,201	(5,670)	(522,996)	64,378
Mr Paul Bowker[(d)]	100,385	-	(4,729)	9,854	-	-	105,510
Mr Iain Short[(d)]	300,419	65,791	(19,680)	20,157	(3,016)	(193,004)	170,667
	1,559,819	228,218	(98,151)	64,812	(8,686)	(716,000)	1,030,012

(a) Employee leave benefits represent annual leave and long service leave entitlements, measured on an accrual basis, and reflects the net movement in the entitlements over the year (i.e. leave entitlements that accrued during the year but were not used).

(b) During the period ended 30 June 2026, the Group made purchases amounting to $50,504 (30 June 2025: $36,006) from entities associated with directors and other related parties of the Group. These transactions included:

- Production-related purchases from Seppeltsfield Wines Pty Ltd (ABN: 97 127 078 282), an entity associated with Warren Randall (Non-Executive Director);
- Travel agency services from Noosa Heads Travel Pty Ltd (ABN: 46 106 036 613), an entity associated with Stuart Gregor (Managing Director and Chief Executive Officer);
- Office rental costs from The trustee for Liquid Ideas Group Unit Trust (ABN: 46 135 634 521), an entity associated with Stuart Gregor (Managing Director and Chief Executive Officer).

The payable balance owing to related parties as at 30 June 2026 was Nil (30 June 2025: $13,800).

There were no loans to or from related parties at the current or previous reporting date.

All transactions were made on normal terms and conditions and at market rates.

(c) Mr Satya Sharma resigned as Chief Executive Officer effective 31 December 2025 and Mr Stuart Gregor (previously a Non-Executive Director) was appointed as Chief Executive Officer and Managing Director effective 1 January 2026.

(d) Mr Iain Short ceased as Chief Financial Officer on 31 March 2026 and Mr Paul Bowker was appointed as Chief Financial Officer effective 2 March 2026. Mr Short remained with the Company until 31 March 2026 to support the transition.

Directors' Report, Cont'd

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2025	**Salary and fees $**	**Short term bonus $**	**Annual leave[(a)] $**	**Super-annuation $**	**Long service leave[(a)] $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Mr Domenic Panaccio	120,000	-	-	-	-	103,500	223,500
Mr David Dearie	78,750	-	-	-	-	47,873	126,623
Mr Stuart Gregor	56,250	-	-	-	-	-	56,250
Mr Warren Randall	75,000	-	-	-	-	27,356	102,356
Ms Laura McBain	18,750	-	-	-	-	39,533	58,283
Other Key Management Personnel:							
Mr Satya Sharma	649,708	-	9,135	29,932	4,334	934,790	1,627,899
Mr Iain Short	379,600	-	837	29,932	2,339	422,566	835,274
	1,378,058	-	9,972	59,864	6,673	1,575,618	3,030,185

(a) Employee leave benefits represent annual leave and long service leave entitlements, measured on an accrual basis, and reflects the net movement in the entitlements over the year (i.e. leave entitlements that accrued during the year but were not used).

Directors' Report, Cont'd

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		Remuneration linked to performance	
Name	**2026**	**2025**	**2026**	**2025**
Non-Executive Directors:				
Mr Domenic Panaccio	100%	54%	-	46%
Mr David Dearie	100%	62%	-	38%
Mr Warren Randall	100%	73%	-	27%
Ms Laura McBain	-	32%	-	68%
Executive Directors:				
Mr Stuart Gregor*	100%	100%	-	-
Other Key Management Personnel:				
Mr Satya Sharma*	100%	43%	-	57%
Mr Paul Bowker**	100%	-	-	-
Mr Iain Short**	100%	49%	-	51%

* Mr Satya Sharma resigned as Chief Executive Officer effective 31 December 2025 and Mr Stuart Gregor (previously a Non-Executive Director) was appointed as Chief Executive Officer and Managing Director effective 1 January 2026. The remuneration linked to performance percentage has been capped at nil where the accounting reversal of previously recognised share-based payment expense exceeded the current year performance-related remuneration.

** Mr Iain Short ceased as Chief Financial Officer on 31 March 2026 and Mr Paul Bowker was appointed as Chief Financial Officer effective 2 March 2026. Mr Short remained with the Company until 31 March 2026 to support the transition. The remuneration linked to performance percentage has been capped at nil where the accounting reversal of previously recognised share-based payment expense exceeded the current year performance-related remuneration.

Directors' Report, Cont'd

SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Domenic Panaccio
Title:	Non-Executive Chair
Agreement commenced:	1 May 2022
Term of agreement:	No fixed term
Details:	Remuneration: Board Chair fees were $120,000 per annum (excluding GST) until 31 December 2025 and increased to $150,000 per annum (excluding GST) effective 1 January 2026 following a Board-approved review of Non-Executive Director and Chair fee levels. Mr Domenic Panaccio's appointment as a Non-Executive Director is subject to retirement by rotation under the Company's constitution. Mr Domenic Panaccio can resign from office subject to written notice or in accordance with the law or the Company's constitution with a notice period acceptable to both parties. As at 30 June 2026, Mr Panaccio did not have any Performance Rights on issue.

Name:	Mr David Dearie
Title:	Non-Executive Director
Agreement commenced:	1 March 2020
Term of agreement:	No fixed term
Details:	Remuneration: Non-Executive Director fees and Committee Chair fees were $80,000 per annum (excluding GST) until 31 December 2025. Following a review of Board remuneration, the annual fee was increased to $100,000 per annum (excluding GST) effective 1 January 2026. Mr David Dearie's appointment as a Non-Executive Director is subject to retirement by rotation under the Company's constitution. Mr David Dearie can resign from office subject to written notice or in accordance with the law or the Company's constitution with a notice period acceptable to both parties As at 30 June 2026, Mr Dearie did not have any Performance Rights on issue.

Directors' Report, Cont'd

Name:	Mr Stuart Gregor
Title:	Managing Director and Chief Executive Officer (effective 1 January 2026); previously Non-Executive Director from 1 October 2024 to 31 December 2025
Agreement commenced:	1 January 2026
Term of agreement:	No fixed term
Details:	Remuneration: Prior to his appointment as Managing Director and Chief Executive Officer on 1 January 2026, Mr Gregor received Non-Executive Director fees of $75,000 per annum (excluding GST). From 1 January 2026, Mr Gregor receives fixed annual remuneration of $680,000 per annum (inclusive of statutory superannuation). Mr Gregor is eligible to participate in the Company's Short-Term Incentive (STI) Plan with a target opportunity of 50% of fixed remuneration, pro-rated from his commencement date. Mr Gregor will also participate in the Company's Long-Term Incentive (LTI) Plan with a maximum opportunity of 65% of fixed remuneration, to be awarded as Performance Rights, subject to shareholder approval at the Company's 2026 Annual General Meeting. Either party may terminate the agreement with six months' written notice. The Company may elect to make payment in lieu of notice and may terminate the agreement immediately without notice for serious misconduct or material breach of contract. As at 30 June 2026, Mr Gregor did not have any Performance Rights on issue.

Name:	Mr Warren Randall
Title:	Non-Executive Director
Agreement commenced:	21 May 2019
Term of agreement:	No fixed term
Details:	Remuneration: Non-Executive Director fees were $80,000 per annum (excluding GST) until 31 December 2025. Following a review of Board remuneration, the annual fee was increased to $95,000 per annum (excluding GST) effective 1 January 2026. Mr Warren Randall's appointment as a Non-Executive Director is subject to retirement by rotation under the Company's constitution. Mr Warren Randall can resign from office subject to written notice or in accordance with the law or the Company's constitution with a notice period acceptable to both parties. As at 30 June 2026, Mr Randall did not have any Performance Rights on issue.

Name:	Mr Satya Sharma
Title:	Chief Executive Officer (resigned effective 31 December 2025)
Agreement commenced:	1 May 2023
Term of agreement:	No fixed term
Details:	Remuneration: $649,708 per annum (plus superannuation) Mr Sharma can terminate the agreement with 6 months' notice. The Company can terminate the agreement with 6 months' notice, or payment in lieu thereof. The Company may terminate the contract at any time without notice if a serious misconduct or breach of contract has occurred. As at 30 June 2026, no Performance Rights remained on issue.

Directors' Report, Cont'd

Name:	Mr Iain Short
Title:	Chief Financial Officer (resigned effective 31 March 2026)
Agreement commenced:	12 June 2023
Term of agreement:	No fixed term
Details:	Remuneration: $392,886 per annum (plus superannuation) Mr Short can terminate the agreement with 3 months' notice. The Company can terminate the agreement with 3 months' notice, or payment in lieu thereof. The Company may terminate the contract at any time without notice if a serious misconduct or breach of contract has occurred. As at 30 June 2026, no Performance Rights remained on issue.

Name:	Mr Paul Bowker
Title:	Chief Financial Officer (commenced effective 2 March 2026)
Agreement commenced:	2 March 2026
Term of agreement:	No fixed term
Details:	Remuneration: $300,000 per annum (plus superannuation) Mr Bowker can terminate the agreement with 3 months' notice. The Company can terminate the agreement with 3 months' notice, or payment in lieu thereof. The Company may terminate the contract at any time without notice if a serious misconduct or breach of contract has occurred. As at 30 June 2026, Mr Bowker did not have any Performance Rights on issue.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Directors' Report, Cont'd

SHARE-BASED COMPENSATION

ISSUE OF SHARES

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2026 are set out below:

Name	Grant date	Shares	Fair Value of shares	Consideration paid
Mr Satya Sharma	30/09/2025	209,017	$0.79	-
Mr Iain Short	30/09/2025	84,663	$0.79	-

OPTIONS

There were no options issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2026.

PERFORMANCE RIGHTS

There were no performance rights over ordinary shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2026. No performance rights over ordinary shares vested for directors and other key management personnel as part of compensation during the year ended 30 June 2026.

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
27 May 2024	30 June 2025	30 June 2030	$1.800	$0.40000
27 May 2024	30 June 2026	30 June 2031	$2.100	$0.49000
27 May 2024	30 June 2027	30 June 2032	$2.400	$0.54000
27 May 2024	30 June 2028	30 June 2033	$2.700	$0.58000

Performance rights granted carry no dividend or voting rights.

ADDITIONAL INFORMATION

The earnings of the Group for the five years to 30 June 2026 are summarised below:

	2026 $'000	2025 $'000	2024 $'000	2023 $'000	2022 $'000
Sales revenue	19,701	17,169	16,731	19,877	24,338
Loss after income tax	(39,960)	(11,319)	(4,568)	(4,908)	(470)

Directors' Report, Cont'd

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

SHAREHOLDING

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr Domenic Panaccio	529,366	-	-	-	529,366
Mr David Dearie	879,582	420,000	-	-	1,299,582
Mr Warren Randall	20,355,095	300,000	-	-	20,655,095
Mr Stuart Gregor[a]	176,470	-	60,000	-	236,470
Mr Satya Sharma[a]	614,873	209,017	-	(823,890)	-
Mr Paul Bowker[b]	-	-	-	-	-
Mr Iain Short[b]	90,000	84,663	-	(174,663)	-
	22,645,386	1,013,680	60,000	(998,553)	22,720,513

(a) Mr Satya Sharma resigned as Chief Executive Officer effective 31 December 2025 and Mr Stuart Gregor (previously a Non-Executive Director) was appointed as Chief Executive Officer and Managing Director effective 1 January 2026.

(b) Mr Iain Short ceased as Chief Financial Officer on 31 March 2026 and Mr Paul Bowker was appointed as Chief Financial Officer effective 2 March 2026. Mr Short remained with the Company until 31 March 2026 to support the transition.

SHARE RIGHTS

No share rights over ordinary shares in the Company were held during the financial year by any director or other member of key management personnel of the Group.

PERFORMANCE RIGHTS HOLDING

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year	Balance vested and exercisable
Performance rights over ordinary shares						
Mr David Dearie	420,000	-	(420,000)	-	-	-
Mr Warren Randall	300,000	-	(300,000)	-	-	-
Mr Satya Sharma[a]	3,963,280	-	-	(3,963,280)	-	-
Mr Iain Short[b]	1,885,751	-	-	(1,885,751)	-	-
	6,569,031	-	(720,000)	(5,849,031)	-	-

(a) Mr Satya Sharma resigned as Chief Executive Officer effective 31 December 2025.

(b) Mr Iain Short resigned as Chief Financial Officer effective 31 March 2026.

This concludes the remuneration report, which has been audited.

Directors' Report, Cont'd

SHARES UNDER OPTION

There were no outstanding Options over unissued ordinary shares of LARK Distilling Co. Ltd at the date of this report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no shares issued on the exercise of options during the year.

SHARES UNDER PERFORMANCE RIGHTS

Unissued ordinary shares of LARK Distilling Co. Ltd under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number
25 November 2019	31 December 2026	-
16 March 2020	31 December 2026	52,000
12 February 2021	31 December 2026	70,000
25 June 2021	31 December 2026	20,000
29 November 2021	31 December 2026	-
1 March 2023	1 June 2025	-
3 March 2023	1 June 2025	-
14 March 2023	1 June 2025	-
15 March 2023	1 June 2025	-
1 May 2023	1 May 2026	-
27 May 2024	30 June 2030	8,000
27 May 2024	30 June 2031	-
27 May 2024	30 June 2032	167,033
27 May 2024	30 June 2033	173,067
1 July 2024	30 June 2030	11,000
1 July 2024	30 June 2031	-
1 July 2024	30 June 2032	85,000
7 November 2024	8 May 2031	135,616
19 January 2026	30 June 2033	484,005
		1,205,721

(a) No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Directors' Report, Cont'd

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS

The following ordinary shares of LARK Distilling Co. Ltd were issued during the year ended 30 June 2026 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
25 November 2019	$0.000	720,000
29 November 2021	$0.000	90,000
19 April 2023	$0.000	26,329
27 May 2024	$0.000	37,633
7 November 2024	$0.000	44,333
		918,295

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Directors' Report, Cont'd

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

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.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

ROUNDING OF AMOUNTS

LARK Distilling Co. Ltd is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Domenic Panaccio
Non-Executive Chair

18 August 2026

Auditor's Independence Declaration

RSM Australia Partners
Level 27, 120 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199
www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Lark Distilling Co. Ltd. for the year ended 30 June 2026, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 18 August 2026
Melbourne, Victoria

Financial Statements

Statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2026

	Note	Consolidated 2026 $'000	2025 $'000
Revenue			
Revenue	5	**19,701**	17,169
Cost of sales	6	**(9,825)**	(7,120)
Gross profit		**9,876**	10,049
Other income	7	**1,424**	2,220
Expenses			
Marketing expenses		**(4,853)**	(5,342)
Administration and operating expenses	8	**(4,183)**	(3,886)
Employee benefits expense	9	**(6,000)**	(5,934)
Share based payments		**272**	(2,046)
Depreciation and amortisation	10	**(834)**	(978)
Write-off of fixed assets		**-**	(985)
Inventory write-down to net realisable value	15	**(15,489)**	-
Loss before interest and tax expense		**(19,787)**	(6,902)
Finance costs	11	**(215)**	(198)
Finance income		**704**	828
Gain/(loss) on lease reassessment		**73**	-
Goodwill impairment	19	**(20,735)**	-
Loss before income tax expense		**(39,960)**	(6,272)
Income tax expense	12	**-**	(5,047)
Loss after income tax expense for the year attributable to the owners of LARK Distilling Co. Ltd		**(39,960)**	**(11,319)**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive loss for the year attributable to the owners of LARK Distilling Co. Ltd		**(39,960)**	**(11,319)**
		Cents	**Cents**
Basic loss per share	37	**(37.43)**	**(11.24)**
Diluted loss per share	37	**(37.43)**	**(11.24)**

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

Statement of financial position

AS AT 30 JUNE 2026

	Note	Consolidated 2026 $'000	2025 $'000
Assets			
Current assets			
Cash and cash equivalents	13	**14,313**	23,107
Trade and other receivables	14	**3,676**	628
Inventories	15	**13,338**	16,313
Prepaid Assets	17	**444**	396
Total current assets		**31,771**	40,444
Non-current assets			
Inventories	15	**36,097**	48,977
Property, plant and equipment	18	**14,081**	13,467
Right-of-use assets	16	**1,816**	1,976
Intangibles	19	**308**	21,200
Total non-current assets		**52,302**	85,620
Total assets		**84,073**	126,064
Liabilities			
Current liabilities			
Trade and other payables	21	**3,815**	4,607
Lease liabilities	23	**507**	538
Employee benefits	24	**391**	507
Deferred government grants	25	**233**	2,329
Total current liabilities		**4,946**	7,981
Non-current liabilities			
Lease liabilities	23	**1,377**	1,531
Employee benefits	24	**111**	121
Deferred government grants	25	**1,440**	-
Total non-current liabilities		**2,928**	1,652
Total liabilities		**7,874**	9,633
Net assets		**76,199**	116,431
Equity			
Issued capital	26	**140,827**	140,827
Reserves	27	**5,798**	6,070
Accumulated losses		**(70,426)**	(30,466)
Total equity		**76,199**	116,431

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

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2026

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 for the year	-	-	(11,319)	(11,319)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(11,319)	(11,319)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 26)	24,549	-	-	24,549
Share buy-back (note 26)	(208)	-	-	(208)
Share-based payments (note 38)	-	2,046	-	2,046
Balance at 30 June 2025	**140,827**	**6,070**	**(30,466)**	**116,431**

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 for the year	-	-	(39,960)	(39,960)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(39,960)	(39,960)
Transactions with owners in their capacity as owners:				
Share-based payments (note 38)	-	(272)	-	(272)
Balance at 30 June 2026	**140,827**	**5,798**	**(70,426)**	**76,199**

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

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2026

		Consolidated	
	Note	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		18,148	19,394
Payments to suppliers and employees (inclusive of GST)		(20,259)	(18,563)
Purchase of inventory		(4,901)	(5,211)
Interest paid		(145)	(157)
Interest received		686	734
Government rebates and tax incentives received		666	888
Net cash (used in) operating activities	36	(5,805)	(2,915)
Cash flows from investing activities			
Payments for short-term investments		-	(7,000)
Proceeds from short-term investments		-	7,000
Proceeds from sale of property, plant and equipment		2	3,610
Proceeds from sale of intangibles		-	389
Payments for property, plant and equipment		(1,707)	(4,158)
Payments for intangibles		(65)	(76)
Repayment of Government grants		(713)	-
Government grant towards purchase of equipment		100	300
Net cash (used in)/from investing activities		(2,383)	65
Cash flows from financing activities			
Proceeds from issue of shares		-	24,983
Minimum Holding share buy-back		-	(208)
Share issue transaction costs		-	(579)
Repayment of lease liabilities under AASB 16		(606)	(594)
Net cash (used in)/from financing activities		(606)	23,602
Net (decrease)/increase in cash and cash equivalents		(8,794)	20,752
Cash and cash equivalents at the beginning of the financial year		23,107	2,355
Cash and cash equivalents at the end of the financial year	13	14,313	23,107

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

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 year. The financial statements are presented in Australian dollars, which is LARK Distilling Co. Ltd's functional and presentation currency.

LARK Distilling Co. Ltd 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

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 18 August 2026. The directors have the power to amend and reissue the financial statements.

NOTE 2. MATERIAL ACCOUNTING POLICY INFORMATION

BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on the basis of historical cost, except for certain financial assets and liabilities measured at fair value.

The Company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in financial reports. In accordance with that Instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

Non-monetary disclosures, including the number of ordinary shares on issue, performance rights outstanding, and other unit-based amounts, are presented in full and not rounded, to ensure the information remains clear and meaningful.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, 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.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026.
The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 2. MATERIAL ACCOUNTING POLICY INFORMATION, CONT'D

FINANCIAL INSTRUMENTS

Financial Assets

Recognition and initial measurement

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

The Group recognises lifetime expected credit losses for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities that are not

(i) contingent consideration of an acquirer in a business combination,

(ii) held-for-trading, or

(iii) designated as at fair value through profit or loss ("FVTPL"), are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed at each reporting period for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTE 2. MATERIAL ACCOUNTING POLICY INFORMATION, CONT'D

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation

A controlled entity is any entity that the Company has the power to control the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Disclosure statement to the consolidated financial statements. All controlled entities have a June financial year-end, except for Aowei Liquor Industries Beijing Limited (former name Beijing Montec Commercial Limited), which has a December year end; and Australian Whisky Holdings (HK) Limited (former name Montec International (HK) Limited), which has a March year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered the Group during the year, their operating results have been included from the date control was obtained.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed to ensure consistencies with those policies applied by the parent entity.

Foreign currency translation

The financial statements are presented in Australian dollars, which is LARK Distilling Co. Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Exchange differences arising on the translation of monetary items are recognised in the statement of Profit or Loss and other Comprehensive Income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of Profit or Loss and other Comprehensive Income.

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period, where this approximates the rate at date of transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of Financial Position. These differences are recognised in the statement of Profit or Loss and other Comprehensive Income in the period in which the operation is disposed.

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 2. MATERIAL ACCOUNTING POLICY INFORMATION, CONT'D

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

LARK Distilling Co. Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements, or that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below.

Share-based payment transactions

The Group measures equity-settled share-based payments by reference to the fair value of the equity instruments granted at grant date. The fair value is determined using valuation models that require assumptions, including share price volatility, expected life of the instruments, risk-free interest rates, expected dividends and the probability of vesting conditions being met. The resulting expense is recognised over the vesting period, with a corresponding increase in equity. Further information is included in Note 38.

Goodwill and other indefinite life intangible assets

Goodwill and indefinite life intangible assets are tested for impairment annually and whenever indicators of impairment exist. The recoverable amount of the Whisky cash-generating unit is determined using a value-in-use model. This requires judgement in estimating future cash flows and applying key assumptions, including revenue growth, gross margin, operating costs, working capital requirements, capital expenditure, terminal growth rate and discount rate. These assumptions are inherently judgemental and may be affected by changes in market conditions, sales performance, channel mix, consumer demand and the timing of future cash generation. Further information on the impairment assessment, including any impairment recognised during the year, is included in Note 19.

Recovery of deferred tax assets

Deferred tax assets are recognised only to the extent it is probable that future taxable profits will be available to utilise deductible temporary differences and carried forward tax losses. At 30 June 2026, the Group has not recognised a deferred tax asset where recovery was not considered probable. This assessment requires judgement over the timing and level of future taxable profits, the availability of tax losses and the Group's ability to satisfy the relevant tax loss recoupment rules. Unrecognised tax losses remain available for future use, subject to the Group satisfying the relevant tax loss recoupment rules. Further information is included in Note 12.

Revenue recognition

The Group recognises revenue from the sale of goods when control of the goods has transferred to the customer. This generally occurs when goods are delivered or dispatched in accordance with the relevant sale terms and the customer obtains the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods. Judgement is required in determining the timing of transfer of control, particularly where sales arrangements include different delivery or dispatch terms.

Inventory net realisable value

Inventory is carried at the lower of cost and net realisable value. Net realisable value is estimated based on expected selling prices, product utilisation, maturation profile, forecast demand, channel mix and the estimated costs to complete and sell inventory. These estimates are inherently judgemental, particularly for maturing whisky inventory where the timing, format and channel of future sale may vary from current expectations. Further information on the inventory write-down recognised during the year is included in Note 15.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS, CONT'D

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

Employee benefits provisions are measured based on expected future payments for services provided by employees up to the reporting date. The calculation requires estimates of future salary and wage levels, employee departures, leave utilisation and the timing of settlement. Changes in these assumptions may affect the carrying amount of employee benefits provisions.

NOTE 4. 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 are 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 represents the contribution to Group results that is 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.

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 year ended 30 June 2026, approximately 24.1% of the Group's external revenue was derived from sales to one customer (FY25: 23.3%) with revenue of the Group from direct customers being materially derived from the Australian geographical market.

NOTE 4. OPERATING SEGMENTS, CONT'D

Operating segment information

Consolidated - 2026	Whisky $'000	Gin $'000	Other $'000	Total $'000
Revenue				
Sales to external customers	17,693	904	1,104	19,701
Total revenue	17,693	904	1,104	19,701
EBITDA	(16,971)	(830)	(1,152)	(18,953)
Depreciation and amortisation	(749)	(38)	(47)	(834)
Finance costs	(193)	(10)	(12)	(215)
Interest Income	632	32	40	704
Gain/(Loss) on lease reassessment	65	4	4	73
Goodwill impairment	(20,735)	-	-	(20,735)
Loss before income tax benefit	(37,951)	(842)	(1,167)	(39,960)
Income tax expense				-
Loss after income tax expense				(39,960)

Consolidated - 2025	Whisky $'000	Gin $'000	Other $'000	Total $'000
Revenue				
Sales to external customers	14,653	1,542	974	17,169
Total revenue	14,653	1,542	974	17,169
EBITDA	(4,790)	(702)	(432)	(5,924)
Depreciation and amortisation	(835)	(88)	(55)	(978)
Finance costs	(169)	(18)	(11)	(198)
Interest Income	707	74	47	828
Loss before income tax expense	(5,087)	(734)	(451)	(6,272)
Income tax expense				(5,047)
Loss after income tax expense				(11,319)

Accounting policy for operating segments

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.

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 5. REVENUE

	Consolidated	
	2026 $'000	2025 $'000
Whisky revenue	**17,693**	14,653
Gin revenue	**904**	1,542
Other revenue	**1,104**	974
	19,701	17,169

Revenue recognition

The Group recognises revenue as follows:

Accounting policy for revenue from contracts with customers

Revenue relating to sale of goods is recognised at a point in time. The amount recognised reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct goods to be dispatch; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and returns, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined and consistently applied using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue derived from all sale of inventories to customers is recognised at the time of transfer of ownership of goods. Typically, this occurs at the time of dispatch of goods, unless otherwise specified in the trading terms of that customer. All revenue is stated net of the amount of goods and services tax (GST).

Other revenue

Other revenue comprises other LARK products, including merchandise and other spirits, together with hospitality sales of food and non-LARK products. Revenue is recognised when payment is received or when the right to receive payment is established.

NOTE 6. COST OF SALES

	Consolidated	
	2026 $'000	**2025 $'000**
Cost of goods manufactured and sold	**7,391**	4,958
Excise and duties	**1,700**	1,536
Freight and distribution	**734**	626
	9,825	7,120

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.

The balance includes historical fair value uplift on acquired inventory sold of $1.023m (2025: $0.09m) and 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 15).

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 7. OTHER INCOME

	Consolidated	
	2026 $'000	**2025 $'000**
Excise rebates	**350**	350
R&D grant income	**265**	522
Other income	**52**	16
Gain / loss on sale of fixed assets (net)	**1**	34
Government grant income	**756**	1,298
Other income	**1,424**	2,220

Accounting policy for government grants and R&D tax incentive income

Government grants, including research and development (R&D) tax incentives, are recognised in accordance with AASB 120: Accounting for Government Grants and Disclosure of Government Assistance. Grants are recognised at fair value when there is a reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received.

Grants relating to costs are recognised in profit and loss over the periods necessary to match them with the costs they are intended to compensate. Grants relating to the purchase of property, plant and equipment are recognised as deferred income and credited to profit and loss on a straight-line basis over the expected useful lives of the related assets.

R&D tax incentives are recognised when there is a reasonable assurance that the incentive will be received and all eligibility conditions have been met.

Accounting policy for excise rebates and other incomes

Excise rebates and other incomes are recognised when it is received or when the right to receive payment is established.

NOTE 8. ADMINISTRATION AND OPERATING EXPENSES

	Consolidated	
	2026 $'000	2025 $'000
Consulting fees	**834**	664
Legal fees	**15**	9
Directors' fees	**348**	349
Insurance costs	**145**	232
Inventory losses	**70**	176
Occupancy costs	**512**	476
Storage and logistics	**287**	217
IT, Licenses & Subscriptions	**433**	483
Travel and entertainment	**522**	245
Other administrative costs	**536**	450
Other corporate costs	**481**	585
	4,183	3,886

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 9. EMPLOYEE BENEFITS EXPENSE

	Consolidated	
	2026 $'000	2025 $'000
Salaries and wages	5,287	4,934
Superannuation	502	507
Movement in employee benefit provisions	(125)	14
Other employee expenses	336	479
Employee benefits expense charged to profit or loss	6,000	5,934
Employee benefits expense capitalised into inventory	1,879	1,777
Employee benefits expense capitalised into property, plant and equipment	10	121

NOTE 10. DEPRECIATION AND AMORTISATION

	Consolidated	
	2026 $'000	2025 $'000
Depreciation of property, plant and equipment	414	704
Depreciation of right-of-use assets ("ROU")	198	200
Amortisation of intangibles	222	74
Depreciation and amortisation expense charged to profit or loss	834	978
Depreciation capitalised into inventory	340	113
ROU Depreciation capitalised into inventory	325	327
	665	440

NOTE 11. FINANCE COSTS

	Consolidated	
	2026 $'000	2025 $'000
Interest expense	91	63
Bank and other fees	124	135
	215	198

Accounting policy for finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

NOTE 12. INCOME TAX (EXPENSE)/BENEFIT

	Consolidated	
	2026 $'000	2025 $'000
Income tax (expense)/benefit		
Deferred tax - origination and reversal of temporary differences	-	(5,347)
Adjustment in respect of prior year	-	300
Aggregate income tax (expense)/benefit	-	(5,047)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax	(39,960)	(6,272)
Tax at the statutory tax rate of 25%	9,990	1,568
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	68	(512)
R&D offset income	66	131
Other	(162)	(114)
Impairment of goodwill	(5,184)	-
	4,778	1,073
Derecognised deferred tax assets (note 20)	(4,778)	(5,820)
Adjustment in respect of prior year	-	(300)
Income tax (expense)/benefit	-	(5,047)

The Group qualifies as a base rate entity as defined from the Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Act 2018. Accordingly at 30 June 2026, the Group's tax rate was 25% in 2025/26 financial year (2024/25: 25%) as per the requirements of the Treasury Laws Amendment Act 2018.

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 12. INCOME TAX (EXPENSE)/BENEFIT, CONT'D

	Consolidated	
	2026 $'000	2025 $'000
Tax losses not recognised		
Unused tax losses for which no deferred tax has been recognised:		
Immediately available	**25,307**	21,628
Subject to available fraction limitations	**18,362**	18,362
Total unused tax losses for which no deferred tax asset has been recognised	**43,669**	39,990
Other temporary differences	**17,087**	1,654
Potential tax benefit @25% (2025: 25%)	**15,189**	10,411
Amounts credited directly to equity		
Deferred tax assets	**-**	(145)

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed and future taxable profits are available to offset against the carry forward tax losses.

Losses subject to available fraction limits relate to losses transferred to the tax consolidated group with available fraction calculations which limit the quantum of losses that can be applied in a single income year. This is expected to extend the period over which these losses can be utilised and therefore reduce their effective economic value.

The franking account balance as at 30 June 2026 was Nil (30 June 2025: Nil).

NOTE 13. CASH AND CASH EQUIVALENTS

	Consolidated	
	2026 $'000	2025 $'000
Current assets		
Cash	**3,313**	12,107
Cash on term deposit - 3 months or less	**11,000**	11,000
	14,313	23,107

Accounting policy for cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

NOTE 14. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2026 $'000	2025 $'000
Current assets		
Trade and other receivables	3,594	543
Allowance for expected credit losses	(75)	(45)
	3,519	498
Other receivables	157	130
	3,676	628

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are non-interest bearing and are generally on 60—90 day terms.

Other receivables are recognised at amortised cost.

NOTE 15. INVENTORIES

	Consolidated	
	2026 $'000	2025 $'000
Current assets		
Raw materials - at cost	1,499	1,663
Work in progress - at cost	4,022	4,413
Finished goods - at cost	2,398	2,175
Inventory in casks - at cost	5,856	8,494
Provision for obsolescence	(437)	(432)
	13,338	16,313
Non-current assets		
Inventory in casks - at cost	35,920	48,754
Finished Goods - at cost	177	223
	36,097	48,977

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 15. INVENTORIES CONT'D

Accounting policy for inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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

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

Comparatives include historical fair value uplift on acquired inventory. At 30 June 2025, the current historical fair value uplift comprised Work in Progress of $0.801 million, Finished Goods of $0.010 million and Inventory in Casks of $2.915 million. The non-current historical fair value uplift on acquired inventory was $13.249 million and related to whisky inventory held in casks. During the year, the Group recognised a $15.489 million write-down of inventory to net realisable value, presented separately in the statement of profit or loss and other comprehensive income.

The write-down primarily relates to acquired maturing inventory, settling whisky and finished goods where the carrying value exceeded net realisable value after costs to complete and sell.

NOTE 16. RIGHT-OF-USE ASSETS

	Consolidated	
	2026 $'000	**2025 $'000**
Non-current assets		
Right-of-use assets	**2,708**	2,830
Less: Accumulated depreciation	**(892)**	(854)
	1,816	1,976

NOTE 16. RIGHT-OF-USE ASSETS CONT'D

Reconciliations

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

Consolidated	**Land and buildings right-of-use $'000**	**Total $'000**
Balance at 1 July 2024	2,102	2,102
Additions	376	376
Revaluations	25	25
Depreciation expense	(527)	(527)
Balance at 30 June 2025	1,976	1,976
Additions	632	632
Revaluations	(269)	(269)
Depreciation expense	(523)	(523)
Balance at 30 June 2026	**1,816**	**1,816**

Additions and disposals of right-of-use assets during the year related to the leasing of hospitality and retail outlets.

The Group leases land and buildings for its warehouses and retail outlets under agreements of between four to ten years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of between three to seven years.

The Group leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 17. PREPAID ASSETS

	Consolidated	
	2026 $'000	2025 $'000
Current assets		
Prepaid packaging and other	**444**	396

NOTE 18. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2026 $'000	2025 $'000
Non-current assets		
Land and buildings - at cost	**5,575**	5,575
Building improvements - at cost	**4,975**	1,331
Less: Accumulated depreciation	**(1,118)**	(937)
	3,857	394
Plant, equipment and production assets - at cost	**6,174**	4,110
Less: Accumulated depreciation	**(1,968)**	(1,509)
	4,206	2,601
Motor vehicles - at cost	**77**	94
Less: Accumulated depreciation	**(59)**	(69)
	18	25
Capital work in progress - at cost	**425**	4,872
	14,081	13,467

NOTE 18. PROPERTY, PLANT AND EQUIPMENT, CONT'D

Reconciliations

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

Consolidated	Land and buildings $'000	Building improvements $'000	Plant, equipment and production assets $'000	Motor vehicles $'000	Capital work in progress $'000	Total $'000
Balance at 1 July 2024	8,835	689	3,781	32	1,288	14,625
Additions	-	8	108	-	4,383	4,499
Disposals	(3,260)	(99)	(858)	-	(623)	(4,840)
Capitalised to inventory	-	-	(113)	-	-	(113)
Transfers in/(out)	-	138	38	-	(176)	-
Depreciation expense	-	(342)	(355)	(7)	-	(704)
Balance at 30 June 2025	5,575	394	2,601	25	4,872	13,467
Additions	-	43	140	-	1,186	1,369
Disposals	-	-	-	(1)	-	(1)
Capitalised to inventory	-	(88)	(252)	-	-	(340)
Transfers in/(out)	-	3,706	1,927	-	(5,633)	-
Depreciation expense	-	(198)	(210)	(6)	-	(414)
Balance at 30 June 2026	**5,575**	**3,857**	**4,206**	**18**	**425**	**14,081**

Accounting policy for property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Freehold land is not depreciated.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit and loss.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Building improvements	5% - 25%
Plant, equipment and production assets	2.5% - 50%
Motor vehicles	8.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 19. INTANGIBLES

	Consolidated	
	2026 $'000	**2025 $'000**
Non-current assets		
Goodwill - at cost	**20,735**	20,735
Less: Impairment	**(20,735)**	-
	-	20,735
Other intangible assets - at cost	**899**	834
Less: Accumulated amortisation	**(591)**	(369)
	308	465
	308	21,200

Reconciliations

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

Consolidated	**Goodwill $'000**	**Other intangibles $'000**	**Total $'000**
Balance at 1 July 2024	20,735	582	21,317
Additions	-	76	76
Disposals	-	(119)	(119)
Amortisation expense	-	(74)	(74)
Balance at 30 June 2025	20,735	465	21,200
Additions	-	65	65
Goodwill impairment	(20,735)	-	(20,735)
Amortisation expense	-	(222)	(222)
Balance at 30 June 2026	**-**	**308**	**308**

Goodwill was attributable to business acquisitions and had been allocated to the Whisky segment, being the Group's cash-generating unit (CGU).

Goodwill is tested for impairment annually, and whenever indicators of impairment exist. At 30 June 2026, impairment indicators were identified, including the Company's recent history of trading losses and historical performance against budget.

The recoverable amount of the Whisky CGU was assessed using a value-in-use model based on Board-approved risk-adjusted cash flow forecasts. These forecasts reflect management's current assessment of expected trading performance, market conditions, execution risk associated with growth initiatives, and the timing and level of future cash generation.

The assessment resulted in the recoverable amount of the Whisky CGU being lower than its carrying amount. As a result, an impairment expense of $20.735 million has been recognised in profit or loss for the year ended 30 June 2026, fully impairing the carrying value of goodwill.

The impairment expense is non-cash in nature and does not impact the Group's underlying operations or liquidity.

The recoverable amount of the Whisky CGU has been determined based on a value-in-use calculation. The calculation requires the use of assumptions, including:

NOTE 19. INTANGIBLES, CONT'D

Cash flow forecasts

Forecast future cash flows are based Board approved financial forecasts prepared for impairment testing purposes. These forecasts have been risk adjusted to reflect the Group's current operating environment, recent trading performance, market conditions, and uncertainty over the timing and quantum of future growth.

The forecasts include assumptions relating to revenue growth, gross margin, operating costs, working capital requirements and capital expenditure required to maintain the Group's whisky maturation profile and operating capacity. These assumptions are inherently judgemental and are most sensitive to the timing of revenue growth, market demand, gross margin performance and the level of investment required to support future growth.

For the purposes of assessing impairment, the model assumes that the whisky litres under maturation balance is maintained over time, with capital expenditure based on expected costs required to maintain that inventory profile.

Long-term growth rates

Cash flows beyond the explicit forecast period have been extrapolated using a terminal growth rate of 2%. This rate has been applied for impairment testing purposes only and is considered by management and the Board to be appropriate having regard to long-term inflation expectations and the maturity profile of the Whisky CGU.

Discount rates

The pre-tax discount rate applied was 15%. The discount rate reflects management's estimate of the time value of money and the risks specific to the Whisky CGU, including the Group's weighted average cost of capital, market risk-free rates and the volatility of the Company's share price relative to market movements.

Sensitivity Analysis

As goodwill has been fully impaired at 30 June 2026, any reasonably possible adverse change in the key assumptions used in the value-in-use model would not result in any further impairment of goodwill.

The Group also assessed the recoverability of the remaining assets within the Whisky CGU after recognising the goodwill impairment. Based on this assessment, no further impairment was identified..

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Gains or losses arising on derecognition of an intangible asset are recognised in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

NOTE 19. INTANGIBLES, CONT'D

Goodwill

Goodwill is carried at cost less accumulated impairment losses.

Goodwill arises on the acquisition of a business and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previously held equity interest, over the fair value of the identifiable net assets acquired.

Goodwill is not amortised. It is tested for impairment annually, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For impairment testing purposes, goodwill is allocated to the Group's cash-generating units, or groups of cash-generating units, representing the lowest level at which goodwill is monitored internally and not larger than an operating segment.

An impairment loss is recognised where the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses recognised in respect of goodwill are not subsequently reversed.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity disposed of.

Other intangible assets

Other intangible assets, including patents and trademarks acquired by the Group, that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised. The estimated useful lives for current and comparative periods are as follows:

Intangible asset	Useful life
Other intangible assets	3-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTE 20. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	Consolidated	
	2026 $'000	**2025 $'000**
Non-current assets Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	**6,327**	5,407
Inventories	**3,883**	11
Provisions and accruals	**362**	346
Other liabilities	**471**	517
Capital raising costs	**89**	210
Foreign exchange	**(2)**	(4)
Other	**146**	97
Fixed assets and right of use assets	**(577)**	(642)
Prepayments	**(101)**	(122)
Deferred tax not recognised	**(10,598)**	(5,820)
Net deferred tax asset	**-**	-
Movements:		
Opening balance	**-**	4,902
(Charged)/credited to profit or loss (note 12)	**-**	(5,047)
Credited to equity (note 12)	**-**	145
	-	-

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 21. TRADE AND OTHER PAYABLES

	Consolidated	
	2026 $'000	2025 $'000
Current liabilities		
Trade and other payables	**1,317**	2,818
Sundry creditors and accrued expenses	**2,498**	1,789
	3,815	4,607

Refer to note 28 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 22. BORROWINGS

The Company maintains a $5 million debt facility from National Australia Bank. The key terms of the debt facility from National Australia Bank are as follows:

- Facility amount up to $5,000,000;
- Interest rate based on BBSY+ 2.09% per annum;
- Interest only loan with principal due at the end of the term;
- Maturity on 31 January 2028; and
- Financial covenant — In January 2025, the terms of the facility were amended to remove the financial covenant.

Assets pledged as security

The loan is secured by a registered security interest in real property and whisky held by the Group.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

NOTE 23. LEASE LIABILITIES

	Consolidated	
	2026 $'000	2025 $'000
Current liabilities		
Lease liability	**507**	538
Non-current liabilities		
Lease liability	**1,377**	1,531

The carrying value of lease liabilities is determined based on cash cost and term of leases, with future lease payments discounted to present value using the Group's assessed incremental borrowing rate.

Refer note 28 for further information lease maturity and interest rates.

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 24. EMPLOYEE BENEFITS

	Consolidated	
	2026 $'000	2025 $'000
Current liabilities		
Employee benefits	**391**	507
Non-current liabilities		
Employee benefits	**111**	121

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 24. EMPLOYEE BENEFITS, CONT'D

Accounting policy for employee benefits

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Short-term employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTE 25. DEFERRED GOVERNMENT GRANTS

	Consolidated	
	2026 $'000	**2025 $'000**
Current liabilities		
Deferred government grants	**233**	2,329
Non-current liabilities		
Deferred government grants	**1,440**	-
	1,673	2,329

Government grant

Grants from the government are recognised at their fair value when there is a reasonable assurance that the Group will comply with the conditions of the grant, and that the grant will be received. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in the statement of financial position as deferred income and credited to the income statement on a straight-line basis over the expected lives of the related assets.

NOTE 26. ISSUED CAPITAL

	Consolidated			
	2026 Shares	2025 Shares	2026 $'000	2025 $'000
Ordinary shares - fully paid	107,387,335	105,940,112	140,827	140,827

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2024	75,743,044		116,486
Placement of shares	2 August 2024	7,647,059	$0.85	6,500
Share purchase plan	27 August 2024	4,117,647	$0.85	3,500
Exercise of performance rights	2 September 2024	35,000	$0.00	-
Placement of shares to related parties	6 September 2024	17,626,612	$0.85	14,983
Issue of shares	7 November 2024	140,000	$0.00	-
Issue of shares	28 November 2024	90,000	$0.00	-
Transaction costs for the period		-	$0.00	(579)
Tax related movement in equity		-	$0.00	145
Exercise of performance rights	27 February 2025	100,000	$0.00	-
Minimum Holding share buy-back	24 March 2025	(185,455)	$1.12	(208)
Issue of shares	1 May 2025	23,812	$0.00	-
Issue of shares	1 May 2025	228,558	$0.00	-
Exercise of performance rights	1 May 2025	20,000	$0.00	-
Issue of shares	1 May 2025	10,478	$0.00	-
Exercise of performance rights	30 June 2025	343,357	$0.00	-
Balance	30 June 2025	105,940,112		140,827
Exercise of performance rights	1 July 2025	26,329	$0.00	-
Exercise of performance rights	14 August 2025	90,000	$0.00	-
Exercise of performance rights	25 August 2025	37,633	$0.00	-
Issue of shares	30 September 2025	528,928	$0.00	-
Exercise of performance rights	10 November 2025	44,333	$0.00	-
Exercise of performance rights	23 December 2025	300,000	$0.00	-
Exercise of performance rights	23 March 2026	420,000	$0.00	-
Balance	**30 June 2026**	**107,387,335**		**140,827**

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

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.

Share buy-back

There is no current on-market share buy-back.

Accounting policy for issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 27. RESERVES

	Consolidated	
	2026 $'000	**2025 $'000**
Foreign currency reserve	**48**	48
Share-based payments reserve	**5,750**	6,022
	5,798	6,070

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

NOTE 28. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries.

The Board and Management monitor risks on a regular basis as part of formal board meeting and ad-hoc management discussion.

i. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are liquidity risks, foreign currency risk and credit risk.

Liquidity risks

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

NOTE 28. FINANCIAL INSTRUMENTS, CONT'D

Foreign currency risk

The Group does not have any material foreign currency risk exposure.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2026 (30 June 2025: Nil).

b. Financial Instruments

i. Derivative Financial Instruments

The Group has not participated in the use of any derivative financial instruments during the year.

ii. Financial instrument composition and maturity analysis

The tables below reflect the weighted average effective interest rate on classes of financial assets and financial liabilities:

Financial Assets	**Non-interest Bearing 2026 $'000**	**Non-interest Bearing 2025 $'000**	**Total 2026 $'000**	**Total 2025 $'000**
Trade and other receivables	**3,676**	628	**3,676**	628
	Weighted interest rate 2026 %	**Weighted interest rate 2025 %**	**Total 2026 $'000**	**Total 2025 $'000**
Cash	**4.29%**	4.06%	**14,313**	23,107

Financial Liabilities	**Total 2026 $'000**	**Total 2025 $'000**
Trade payables	**3,815**	4,607

NOTE 28. FINANCIAL INSTRUMENTS, CONT'D

Trade and other payables are expected to be paid as follows:

	30 June 2026 $'000	30 June 2025 $'000
Less than 6 months	**3,815**	4,607

Leases	Implicit interest rate 2026 %	Implicit interest rate 2025 %	Total 2026 $'000	Total 2025 $'000
Operating leases	**2.70%**	2.70%	**1,884**	2,069

	Consolidated	
	2026 $'000	**2025 $'000**
Maturity analysis of total lease liabilities undiscounted as at the reporting date are as follows:		
1 year or less	**600**	599
Between 1 and 2 years	**600**	232
Between 2 and 5 years	**634**	681
Over 5 years	**330**	814
	2,164	2,326

In February 2024, the Group secured an extension of its committed bank facility with National Australia Bank, now maturing in January 2028. Following the capital raise, the facility was reduced to $5 million in October 2024 and remains undrawn, with the Group operating debt-free throughout the year.

	Consolidated	
	2026 $'000	**2025 $'000**
Undrawn	**5,000**	5,000

Interest Rate Risk and Foreign Currency Risk

The Group has not performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date as these risks are not material to the Group.

Remaining contractual maturities

The amounts disclosed in the above tables are the maximum amounts allocated to the earliest period in which the guarantee could be called upon. The Group does not expect these payments to eventuate earlier.

NOTE 29. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of LARK Distilling Co. Ltd during the financial year:

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

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr Paul Bowker	Chief Financial Officer (appointed Chief Financial Officer effective 2 March 2026)
Mr Satya Sharma	Chief Executive Officer (resigned as Chief Executive Officer effective 31 December 2025)
Mr Iain Short	Chief Financial Officer (resigned effective 31 March 2026, remained with the Company until this date following a transition period)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2026 $	**2025 $**
Short-term benefits	**1,689,886**	1,388,030
Post-employment benefits	**64,812**	59,864
Long-term benefits	**(8,686)**	6,673
Share-based payments	**(716,000)**	1,575,618
	1,030,012	3,030,185

NOTE 30. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	Consolidated	
	2026 $	**2025 $**
Audit or review of the financial statements		
RSM Australia Partners	**126,922**	125,785

The 2025 balance included $3,000 in fees paid for assurance services relating to grant acquittal reporting.

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 31. COMMITMENTS AND CONTINGENT LIABILITIES

There are no commitments for the Group for the period ended 30 June 2026 (2025: $280,000).

The Group had no contingent liabilities as at 30 June 2026 and 30 June 2025.

NOTE 32. RELATED PARTY TRANSACTIONS

Parent entity

LARK Distilling Co. Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 34.

Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

Transactions with related parties

During the period ended 30 June 2026, the Group made purchases amounting to $50,504 (30 June 2025: $36,006) from entities associated with directors and other related parties of the Group. These transactions included:

- Production-related purchases from Seppeltsfield Wines Pty Ltd (ABN: 97 127 078 282), an entity associated with Warren Randall (Non-Executive Director);
- Travel agency services from Noosa Heads Travel Pty Ltd (ABN: 46 106 036 613), an entity associated with Stuart Gregor (Managing Director and Chief Executive Officer);
- Office rental costs from The trustee for Liquid Ideas Group Unit Trust (ABN: 46 135 634 521), an entity associated with Stuart Gregor (Managing Director and Chief Executive Officer).

The payable balance owing to related parties as at 30 June 2026 was Nil (30 June 2025: $13,800).

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 33. PARENT ENTITY INFORMATION

Statement of financial position

	Parent	
	2026 $'000	**2025 $'000**
Total current assets	**16,818**	24,320
Total assets	**21,314**	127,304
Total current liabilities	**1,904**	3,576
Total liabilities	**1,904**	4,344
Equity		
Issued capital	**140,827**	140,827
Other reserves	**49**	49
Share-based payments reserve	**5,750**	6,022
Accumulated losses	**(127,216)**	(23,938)
Total equity	**19,410**	122,960

Financial performance

	Parent	
	2026 $'000	**2025 $'000**
Loss for the year	**(103,278)**	**(6,794)**
Other comprehensive loss	**-**	**-**
Total comprehensive loss	**(103,278)**	**(6,794)**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2026 and 30 June 2025.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 34. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2026 %**	**2025 %**
Australian Whisky Holdings Bothwell Pty Ltd	Tasmania, Australia	100.00%	100.00%
Australian Whisky Holdings Services Pty Ltd	Tasmania, Australia	100.00%	100.00%
Australian Whisky Holdings Management Pty Ltd	Tasmania, Australia	100.00%	100.00%
Aowei Liquor Industries Beijing Limited	Beijing PRC	100.00%	100.00%
Australian Whisky Holdings (HK) Limited	Kowloon, Hong Kong	100.00%	100.00%
LARK Distillery Pty Ltd	Tasmania, Australia	100.00%	100.00%
Kernke Family Shene Estate Pty Ltd	Tasmania, Australia	100.00%	100.00%
Shene Distillery Pty Ltd	Tasmania, Australia	100.00%	100.00%
ACN 167 487 050 Pty Ltd	Tasmania, Australia	100.00%	100.00%

NOTE 35. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2026 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 36. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2026 $'000	**2025 $'000**
Loss after income tax expense for the year	**(39,960)**	(11,319)
Adjustments for:		
Depreciation and amortisation	**834**	978
Impairment of goodwill	**20,735**	-
Inventory write-down to net realisable value	**15,489**	-
(Gain)/Loss on lease reassessment	**(73)**	-
Write off of fixed assets	**-**	985
Deferred government grant	**(756)**	(1,298)
Net loss/(gain) on disposal of property, plant and equipment	**(1)**	(34)
Movement in deferred taxes related to equity	**-**	145
Non-cash share-based payments	**(272)**	2,046
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**(3,031)**	469
Decrease/(increase) in inventories	**1,927**	(688)
Decrease/(increase) in deferred tax assets	**-**	4,902
Decrease/(increase) in prepayments	**(49)**	(298)
Increase/(decrease) in other provisions	**(125)**	15
Increase/(decrease) in deferred grants	**100**	(649)
Decrease/(increase) in trade creditors and accruals	**(623)**	1,831
Net cash used in operating activities	**(5,805)**	(2,915)

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 37. LOSS PER SHARE

	Consolidated	
	2026 $'000	2025 $'000
Loss after income tax attributable to the owners of LARK Distilling Co. Ltd	**(39,960)**	(11,319)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**106,770,180**	100,706,979
Weighted average number of ordinary shares used in calculating diluted earnings per share	**106,770,180**	100,706,979

	Cents	Cents
Basic loss per share	**(37.43)**	(11.24)
Diluted loss per share	**(37.43)**	(11.24)

As at 30 June 2026, the Group had 1,205,721 (2025: 8,045,655) Performance Rights over ordinary shares which are excluded from the calculation of basic and diluted earnings per share. These equity instruments are considered to be anti-dilutive, as their inclusion would not decrease earnings per share nor increase the loss per share, from continuing operations.

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of LARK Distilling Co. Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 38. SHARE-BASED PAYMENTS

Employee incentive plan

An employee incentive plan ("Plan") has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board, grant Options and Performance Rights over ordinary shares in the Company to eligible key management personnel and employees of the Group. These Options and Performance Rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

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-Nov-19	31-Dec-26	1.95	31/12/2022
FY20 H1 - Tranche 4	25-Nov-19	31-Dec-26	2.25	31/12/2023
FY20 H1 - Tranche 5	25-Nov-19	31-Dec-26	2.55	31/12/2024
FY20 H2 - Tranche 3	27/02/2020-16/03/2020	31-Dec-26	1.95	31/12/2022
FY20 H2 - Tranche 4	27/02/2020-16/03/2020	31-Dec-26	2.25	31/12/2023
FY20 H2 - Tranche 5	27/02/2020-16/03/2020	31-Dec-26	2.55	31/12/2024
FY21 H2 - Tranche 4	12/02/2021 -16/06/2021	31-Dec-26	2.25	31/12/2023
FY21 H2 - Tranche 5	12/02/2021 -16/06/2021	31-Dec-26	2.55	31/12/2024
FY23 H2 - Tranche 1	1-16 Mar 23	01-Jul-25	N/A	30/06/2025
FY23 H2 - Tranche 2	1-16 Mar 23	01-Jul-25	3.81	30/06/2025
FY23 CEO LTI	01-May-23	01-May-26	>4.0	
FY24 H2 - Tranche 1*	27-May-24	30-Jun-30	N/A	30/06/2025
FY24 H2 - Tranche 2*	27-May-24	30-Jun-30	1.8	30/06/2025
FY24 H2 - Tranche 3*	27-May-24	30-Jun-31	2.1	30/06/2026
FY24 H2 - Tranche 4*	27-May-24	30-Jun-32	2.4	30/06/2027
FY24 H2 - Tranche 5*	27-May-24	30-Jun-33	2.7	30/06/2028
FY25 H1 - Tranche 1*	01-Jul-24	30-Jun-30	N/A	30/06/2025
FY25 H1 - Tranche 2*	01-Jul-24	30-Jun-30	1.8	30/06/2025
FY25 H1 - Tranche 3*	01-Jul-24	30-Jun-31	2.1	30/06/2026
FY25 H1 - Tranche 4*	01-Jul-24	30-Jun-32	2.4	30/06/2027
FY25 H1 - Tranche 6*	07-Nov-24	08-May-31	N/A	Nov 25 - May 26
FY26 H2 - Tranche 1	19-Jan-26	30/06/2033	N/A	30/06/2028
FY26 H2 - Tranche 2	19-Jan-26	30/06/2033	Financial metrics	30/06/2028
FY26 H2 - Tranche 3**	19-Jan-26	30/06/2033	1.4	30/06/2028
FY26 H2 - Tranche 4**	19-Jan-26	30/06/2033	1.4	30/06/2028
FY26 H2 - Tranche 5**	19-Jan-26	30/06/2033	1.4	30/06/2028

LARK Distilling Co. Ltd
Notes to the financial statements

30 JUNE 2026

NOTE 38. SHARE-BASED PAYMENTS, CONT'D

Previously vested performance rights outstanding during the year

Tranche Name	Expiry
FY20 H1 - Tranche 3	31-Dec-26
FY20 H1 - Tranche 4	31-Dec-26
FY20 H1 - Tranche 5	31-Dec-26
FY20 H2 - Tranche 3	31-Dec-26
FY20 H2 - Tranche 4	31-Dec-26
FY20 H2 - Tranche 5	31-Dec-26
FY21 H2 - Tranche 4	31-Dec-26
FY21 H2 - Tranche 5	31-Dec-26

The Plan Rules include provisions to determine the treatment of unvested performance rights in the event of a change of control or other corporate control event.

* Performance 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.

** FY26 H2 Tranches 3, 4 and 5 are sequential hurdles. Tranche 3 vests if the $1.00 share price target is met by 30 June 2026. If not, the rights roll into Tranche 4, which vests if the $1.20 target is met by 30 June 2027. If that target is not met, the rights roll into Tranche 5.

NOTE 38. SHARE-BASED PAYMENTS, CONT'D

2026

Tranche Name	Balance at the start of the year	Granted during the period	Exercised/ converted	Expired/ other changes	Balance at the end of the year
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	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	-	-	(1,426,222)	**-**
FY24 H2 - Tranche 4	1,738,220	-	-	(1,571,187)	**167,033**
FY24 H2 - Tranche 5	2,055,100	-	-	(1,882,033)	**173,067**
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**
FY26 H2 - Tranche 1	-	81,440	-	-	**81,440**
FY26 H2 - Tranche 2	-	122,161	-	-	**122,161**
FY26 H2 - Tranche 3	-	80,468	-	-	**80,468**
FY26 H2 - Tranche 4	-	92,787	-	-	**92,787**
FY26 H2 - Tranche 5	-	107,149	-	-	**107,149**
	8,045,655	484,005	(918,295)	(6,405,644)	**1,205,721**

NOTE 38. SHARE-BASED PAYMENTS, CONT'D

2025

Tranche Name	Balance at the start of the year	Granted during the period	Exercised/ converted	Expired/ other changes	Balance at the end of the year
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	-	(20,000)	-	**2,000**
FY20 H2 - Tranche 4	90,000	-	(35,000)	-	**55,000**
FY20 H2 - Tranche 5	105,000	-	(40,000)	-	**65,000**
FY21 H2 - Tranche 4	80,000	-	-	(35,000)	**45,000**
FY21 H2 - Tranche 5	205,000	-	(60,000)	(80,000)	**65,000**
FY23 H2 - Tranche 1	39,652	-	-	(13,323)	**26,329**
FY23 H2 - Tranche 2	158,598	-	-	(53,285)	**105,313**
FY23 CEO Sign-On	343,357	-	(343,357)	-	**-**
FY23 CEO LTI	197,280	-	-	-	**197,280**
FY24 H2 - Tranche 1**	45,633	-	-	-	**45,633**
FY24 H2 - Tranche 2**	1,106,225	-	-	-	**1,106,225**
FY24 H2 - Tranche 3**	1,463,989	-	-	(37,767)	**1,426,222**
FY24 H2 - Tranche 4**	1,738,220	-	-	-	**1,738,220**
FY24 H2 - Tranche 5**	2,055,100	-	-	-	**2,055,100**
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	-	-	**182,333**
	8,370,054	393,333	(498,357)	(219,375)	**8,045,655**

The weighted average share price during the financial year was $0.70 (2025: $0.96).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 5.74 years (June 2025: 5.83 years).

NOTE 38. SHARE-BASED PAYMENTS, CONT'D

Set out below are the performance rights exercisable at the end of the financial year:

Tranche Name	2026 Number	2025 Number
FY20 H1 - Tranche 3	-	70,000
FY20 H1 - Tranche 4	-	100,000
FY20 H1 - Tranche 5	-	550,000
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
FY21 H2 - Tranche 5	**20,000**	65,000
FY24 H2 - Tranche 1	**8,000**	-
FY25 H1 - Tranche 1	**11,000**	-
FY25 H1 - Tranche 6	**135,616**	-
	296,616	952,000

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Tranche Name	Grant Date	Expiry date	Share Price at grant date	Vesting hurdle	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
FY26 H2 - Tranche 1	19/01/2026	30/06/2033	0.58	-	40.00%	-	4.73%	0.58
FY26 H2 - Tranche 2	19/01/2026	30/06/2033	0.58	-	40.00%	-	4.73%	0.58
FY26 H2 - Tranche 3	19/01/2026	30/06/2033	0.58	1.40	40.00%	-	4.73%	0.44
FY26 H2 - Tranche 4	19/01/2026	30/06/2033	0.58	1.40	40.00%	-	4.73%	0.42
FY26 H2 - Tranche 5	19/01/2026	30/06/2033	0.58	1.40	40.00%	-	4.73%	0.41

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

NOTE 38. SHARE-BASED PAYMENTS, CONT'D

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

LARK Distilling Co. Ltd
Consolidated Entity Disclosure Statement

30 JUNE 2026

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Australian Whisky Holdings Bothwell Pty Ltd	Body corporate	Tasmania, Australia	100.00%	Australia
Australian Whisky Holdings Services Pty Ltd	Body corporate	Tasmania, Australia	100.00%	Australia
Australian Whisky Holdings Management Pty Ltd	Body corporate	Tasmania, Australia	100.00%	Australia
Aowei Liquor Industries Beijing Limited	Body corporate	Beijing PRC	100.00%	China
Australian Whisky Holdings (HK) Limited	Body corporate	Kowloon, Hong Kong	100.00%	Hong Kong
LARK Distillery Pty Ltd	Body corporate	Tasmania, Australia	100.00%	Australia
Kernke Family Shene Estate Pty Ltd	Body corporate	Tasmania, Australia	100.00%	Australia
Shene Distillery Pty Ltd	Body corporate	Tasmania, Australia	100.00%	Australia
ACN 167 487 050 Pty Ltd	Body corporate	Tasmania, Australia	100.00%	Australia

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the consolidated entity, partners in a partnership within the consolidated entity or participants in a joint venture within the Group.

LARK Distilling Co. Ltd
Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Domenic Panaccio
Non-Executive Chair

18 August 2026

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INDEPENDENT AUDITOR'S REPORT

To the Members of Lark Distilling Co. Ltd

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Lark Distilling Co. Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants* (*including independence standards*) issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to our audit of the financial report of public interest entities 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

LARK Distilling Co. Ltd
Independent Auditor's Report

RSM

Key Audit Matter	How our audit addressed this matter
Revenue Recognition Refer to Note 5 in the financial statements	
Revenue for the year ended 30 June 2026 was \$19.70 million. Revenue recognition was considered a Key Audit Matter due to the materiality and significance of the balance.	Our audit procedures in relation to the recognition of revenue included: • Assessing whether the Group's revenue recognition policies were in compliance with AASB 15 *Revenue from Contracts with Customers*; • Evaluating and testing the operating effectiveness of the Group's internal controls related to revenue recognition; • Performing tests of detail on a sample basis to test the validity and accuracy of revenue transactions, including the inspection of sales contracts and delivery documentation; • Performing cut-off testing over transactions recorded either side of the period end, to ensure that revenues were recorded in the appropriate period; and • Assessing the appropriateness of the disclosures in the financial report.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Impairment of goodwill and intangible assets Refer to Note 19 in the financial statements	
The Group has recognised an impairment of goodwill and intangible assets of $20.73 million during the year end 30 June 2026. We determined the impairment to be a Key Audit Matter due to the materiality of the impairment recognised and because the management's assessment of the 'value in use' of the cash-generating-unit (CGU) involves judgements about the future underlying cash flows of the CGU, growth rates and the discount rates applied to them.	Our audit procedures in relation to management's impairment assessment involved the assistance of our Corporate Finance Team where required, and included: • Assessing management's determination of the CGU applied to the goodwill based on the nature of the Group's business and the manner in which results are monitored and reported; • Assessing the overall valuation methodology used to determine the value in use; • Considering and challenging the reasonableness of key assumptions, including the cash flow projections, budgets, revenue growth rates, discount rates, terminal values and sensitivities used; • Checking the mathematical accuracy of the discounted cash flow models and impairment calculation and agreeing the impairment to the underlying journal entry and general ledger; and • Reviewing the accuracy and adequacy of disclosures of critical estimates and assumptions in the financial statements in relation to the valuation methodologies.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

LARK Distilling Co. Ltd
Independent Auditor's Report

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf
This description forms part of our auditor's report.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 31 to 41 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Lark Distilling Co. Ltd, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Date: 18 August 2026
Melbourne, Victoria

LARK Distilling Co. Ltd Shareholder Information

30 JUNE 2026

The shareholder information set out below was applicable as at 31 July 2026.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

Fully Paid Ordinary Shares	Number of holders of ordinary shares	Number of ordinary shares held	Percentage of ordinary shares held
1 to 1,000	839	510,434	0.48%
1,001 to 5,000	978	2,328,925	2.17%
5,001 to 10,000	254	1,840,761	1.71%
10,001 to 100,000	355	9,663,787	9.00%
100,001 and over	79	93,043,428	86.64%
	2,505	107,387,335	100.00%
Holding less than a marketable parcel	226	57,181	0.05%

Unquoted Performance Rights — Issued under the Company's Employee Incentive Plan	Number of holders of rights	Number of ordinary rights held	Percentage of rights held
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	1	8,000	0.66%
10,001 to 100,000	17	890,321	73.84%
100,001 and over	2	307,400	25.00%
	20	1,205,721	100.00%
Holdings less than a marketable parcel	-	-	-

LARK Distilling Co. Ltd
Shareholder Information

30 JUNE 2026

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	**% of total shares issued**
SEPPELTSFIELD PTY LTD <SEPPELTSFIELD ESTATE A/C>	20,355,095	18.95
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,325,015	10.55
QUALITY LIFE PTY LTD <THE NEILL FAMILY A/C>	11,274,252	10.50
BNP PARIBAS NOMS PTY LTD	6,258,151	5.83
CITICORP NOMINEES PTY LIMITED	5,723,514	5.33
QUALITY LIFE PTY LTD <THE NEILL FAMILY A/C>	4,413,700	4.11
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	3,333,364	3.10
FAIRISLE HOLDINGS PTY LIMITED <THE TILANBI A/C>	2,096,728	1.95
QUALITY LIFE PTY LTD <THE NEILL FAMILY A/C>	2,000,000	1.86
BAINBRIDGE FAMILY PTY LTD <BAINBRIDGE FAMILY A/C>	1,968,700	1.83
MR TIMOTHY TULLOCH BROCK LEWIS & MRS CATHERINE ANNE LEWIS <JG LEWIS NO2 WILL A/C>	1,579,460	1.47
MR MICHAEL KENNETH HARVEY & MR BRUCE WILLIAM NEILL & MS BROOKE ELIZABETH SLATTERY <THE SELECT FOUNDATION A/C>	1,538,462	1.43
RHODIUM CAPITAL PTY LIMITED <RHODIUM INVESTMENT A/C>	1,326,588	1.24
MARK MURTON PTY LTD <MARK MURTON P/L S/F A/C>	1,001,666	0.93
REX FAMILY PENSION PLAN PTY LTD <REX FAMILY PENSION PLAN A/C>	970,000	0.90
NEW WORLD WHISKY PTY LTD	958,011	0.89
MR DAVID COWIE MOIR DEARIE <EAST WIND A/C>	880,000	0.82
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	849,761	0.79
MR SATYA SHARMA	823,890	0.77
PJ & KE O'DWYER SUPER PTY LTD <PJ & KE O'DWYER S/F A/C>	773,529	0.72
	79,449,886	73.97

Unquoted equity securities

There are no unquoted equity securities.

LARK Distilling Co. Ltd
Shareholder Information

30 JUNE 2026

SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	**% of total shares issued**
SEPPELTSFIELD PTY LTD SEPPELTSFIELD ESTATE A/C>	19,927,671	18.56
QUALITY LIFE PTY LTD THE NEILL FAMILY A/C>	21,033,648	19.59
PERENNIAL VALUE MANAGEMENT LIMITED	14,139,472	13.17
LEE MING-TEE	5,971,765	5.56
MERCER INVESTMENTS (AUSTRALIA) LIMITED	8,969,923	8.35

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.

CORPORATE GOVERNANCE STATEMENT

The Company's 2026 Corporate Governance Statement has been released to ASX on this day and is available on the Company's website at: https://larkdistillery.com/investor-centre/

ANNUAL GENERAL MEETING AND DIRECTOR NOMINATION

LARK Distilling Co. Ltd advises that its Annual General Meeting will be held on or about Thursday, 19 November 2026. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon despatch.

The Closing date for receipt of nomination for the position of Director is Thursday, 1 October 2026. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Thursday, 1 October 2026 at the Company's Registered Office. The Company notes that the deadline for nominations for the position of Director is separate to voting on Director elections. Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

TASMANIA AUSTRALIA

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