

1H FY26 Results

Positive momentum ahead of global portfolio launch

Lark Distilling Co. Ltd (ASX: LRK) (“**LARK**” or the “**Company**”) Australia’s No.1 Luxury Single Malt Whisky producer and brand is pleased to provide an update on the Company’s performance to accompany its half year results for the period ended 31 December 2025 (1H FY26).

1H FY26 Highlights:

- **Net Sales revenue after excise reached \$8.7 million, up 10% compared to the prior corresponding period (pcp), with Whisky Net Sales +18% vs. 1H FY25, delivering six consecutive quarters of Net Sales growth vs. pcp within a challenging industry backdrop.**
 - **Direct Export Net Sales \$1.3 million, an increase of \$0.8 million on pcp, reflecting expanded distribution and momentum across 10 Asian markets and initial shipments of new portfolio.**
 - **Global Travel Retail (GTR) Net Sales of \$1.0 million, up 17% vs. pcp, with strong focus on brand visibility across Australian airports ahead of planned international rollout.**
 - **Direct to Consumer (D2C) Net Sales of \$4.2 million, up 17% vs. pcp, driven by continued momentum in Ecommerce, which grew by 33%.**
 - **Domestic B2B Net Sales of \$2.3 million, down 24% vs. pcp, due to a change in sales model in the comparative period and timing of shipments, with underlying Whisky depletion volumes seeing continued positive momentum.**
- **Production and initial export shipments of new LARK range following completion of brand restage, ahead of coordinated consumer launches and domestic rollout with incremental distribution secured for 2H FY26.**
- **Strong balance sheet with cash of \$18.3 million as at 31 December 2025, provides capital required to execute growth strategy with major capital projects now largely complete.**
 - **Completion of Pontville Distillery redevelopment delivering capacity upgrades and improved safety, quality and efficiencies. Renovations at Pontville and Davey St Hobart hospitality venues delivered increased capacity and enhanced brand and consumer experience.**
- **LARK resonating as a leader in New World Whisky with Chris Thomson announced as Master Distiller/Master Blender of the Year — Rest of the World, in the World Whiskies Awards 2026.**

Financial Highlights

Net Sales Revenue totalled \$8.7m, up 10% vs. 1H FY25, with Whisky Net Sales +18% vs. 1H FY25. Increase in Net Sales driven by growth in D2C, GTR, and Export distributor channels, partially offset by lower net sales from domestic B2B.

Gross Profit for the half was \$5.1 million, an increase of 2% vs. pcp, with Gross Margin of 58%. As previously outlined, portfolio development has enabled the commercialisation of inventory acquired in the Pontville acquisition (FY22), resulting in historical fair value on acquisition uplift flowing through Cost of Goods Sold. This non-cash historical accounting adjustment reduced Gross Profit by approximately \$0.4 million and Gross Margin by ~5 percentage points in the period. The uplift relates solely to inventory acquired as part of the Pontville transaction and does not form part of LARK’s ongoing production or procurement cost base. Excluding this non-cash impact, underlying Gross Margin remained relatively stable at 63%, compared to 64% in the pcp.

LARK continued to prepare for its new portfolio launch in 2H FY26. Despite increased investment in consumer and trade activities in the half, the Company was able to reduce Marketing Expenses to 23% of Net Sales, down from 27% in 1H FY25 due to non-recurring brand development spend in the pcp.

The Company continued to exercise cash and capital discipline across the business, with cash outflows from operating activities improving by \$0.3 million. This reflected stronger sales performance, moderated distilling through Pontville commissioning and increased interest income earned on cash balances, with these improvements partially offset by temporary timing impacts.

LARK ended the half in a strong cash position with \$18.3 million as at 31 December 2025 and remains debt free.

Stuart Gregor, LARK CEO commented:

"We've laid strong groundwork for the upcoming launch of our anticipated brand restage, crafting a portfolio and identity that stands shoulder-to-shoulder with the finest whiskies anywhere in the world.

The accolades at the World Whiskies Awards crowning our Master Distiller Chris Thomson affirm that we've created something truly meaningful with the global whisky community. It's validation that LARK can shine on the international stage as a leader in New World Whisky.

This arrives on the heels of another profound milestone: our founder and Australian Whisky pioneer, Bill Lark AM, being honoured as a Member of the Order of Australia one of the nation's highest recognitions. Bill's trailblazing revival of distilling in Tasmania after a 150-year absence laid the very foundations for today's vibrant industry.

The focus now turns to execution: partnering closely with our trade and distribution partners to educate and excite consumers about the reinvigorated LARK and exciting new portfolio. The foundations are solidly in place, with underlying strength evident across all channels. It's time to drive sales forward and introduce the world to the distinctly Tasmanian whisky we've created."

Operational and Strategic Highlights

International Sales Momentum & Domestic Leadership Position

LARK observed solid performance across its core channels, with increasing international sales, strong e-commerce performance and growing visibility and momentum in GTR.

Export Net Sales grew \$0.8 million to \$1.3 million, reflecting expanded distribution and improving depletion momentum across Asia and initial shipments of the new portfolio delivered to 7 of LARK's 10 Asian export markets. Importantly the Company also launched its Blended Malt whisky, KURIO, in China during the period, with strong early traction, reinforcing expectations for continued momentum in the region.

GTR Net Sales totalled \$1.0 million, up 17% vs. pcp, with ongoing momentum and increased brand visibility in Australian airports. The channel observed strong sales in specialty releases, with distribution and increased visibility secured for the channel exclusive portfolio launch in 2H FY26. Significantly, during the half the Company signed a new partnership with a leading Travel Retail agency based in Singapore to drive future expansion into Asian airports with the new 700ml range.

D2C Net Sales of \$4.2 million, up 17% vs. pcp, driven by continued momentum in Ecommerce, which grew by 33%. Hospitality sales were marginally down vs. pcp, despite the closure of the Davey Street cellar door for three months of renovations, supported by strong performance of other venues.

Domestic B2B Net Sales of \$2.3 million, down 24% vs. pcp, with part of the comparative period reflecting the previous direct sales model (before distributor margin impacts were reflected in reported net sales), as well as shipment timing and one-off transition effects. First half depletion performance (sales from distributor to trade customers) through Spirits Platform remained positive, with LARK whisky volumes up 9% vs. pcp in a challenging market.

Building Long Term Brand Value

LARK continued the rollout of its refreshed brand positioning, elevating the brand on the world stage as a leader in New World whisky. The updated identity features a bold and vibrant visual system delivering stronger shelf cut through, alongside a new 700ml portfolio format removing a key barrier to purchase. Three core products anchor the range, complemented by GTR exclusives.

During the half, significant preparation was undertaken ahead of global trade and consumer launches in 2H FY26. This included initial production runs, shipments into export markets, positive customer ranging discussions and activation planning, alongside continued investment in brand awareness ahead of new portfolio launch to reinforce LARK's luxury positioning. Upweighted activity is planned through H2 to support coordinated global launches.

In addition to continued product and whisky quality recognition, our team has been recognised on the global stage, with Chris Thomson announced as Master Distiller/Master Blender of the Year — Rest of the World, in the World Whiskies Awards 2026.

Cash & Capital Discipline

The Company largely completed major projects, including the redevelopment of Pontville, increasing distilling capacity to approximately 520kL at 43%. Automation and site improvements have removed production bottlenecks and enhanced safety, quality, and efficiency, supporting lower future production costs. LARK's hospitality network was also upgraded, with a major refurbishment of the flagship Hobart Cellar Door under a new long-term lease providing increased capacity alongside enhanced brand and consumer experience.

LARK's whisky bank totalled 2.4 million litres as at 31 December 2025, representing a strategic asset underpinning future sales growth. Completion of the brand restage has enabled the full commercialisation of the whisky bank through the new portfolio.

FY26 Outlook

LARK continues to focus on its three strategic pillars. A key focus for FY26 is the official launch of LARK's Brand Restage in 2H FY26. The Company continues to rollout initial shipments of the new portfolio with updated branding and visual identity to support LARK's premium positioning and global scalability. The Company expects ongoing Net Sales growth despite challenging market conditions, driven by disciplined execution and introduction of the new portfolio and brand positioning.

Results Webinar Details

The Company will host an investor webinar with CEO Stuart Gregor and CFO Iain Short today, Tuesday, 24 February 2026 at 10.00 am AEDT.

Following the presentation, participants will have an opportunity to ask questions.

Register for the investor webinar via the link below:

https://us02web.zoom.us/webinar/register/WN_kihu09MhQZOVx6RtvWK3Mg

Investors can submit questions via the Q&A functions on Zoom.

About Lark Distilling Co:

Founded by pioneers Bill and Lyn Lark in 1992, Lark Distilling Co. has been crafting world-class, award-winning Tasmanian whisky for more than 30 years.

LARK, Australia's No.1 luxury single malt whisky brand, is headlined by the iconic LARK Classic Cask and pinnacle expressions from The Rare & Remarkable Collection, with new releases from the restaged portfolio now being rolled out both domestically and to international markets. The portfolio also includes Forty Spotted Gins and the Group's latest brand, KURIO, a scalable blended malt.

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

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

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