



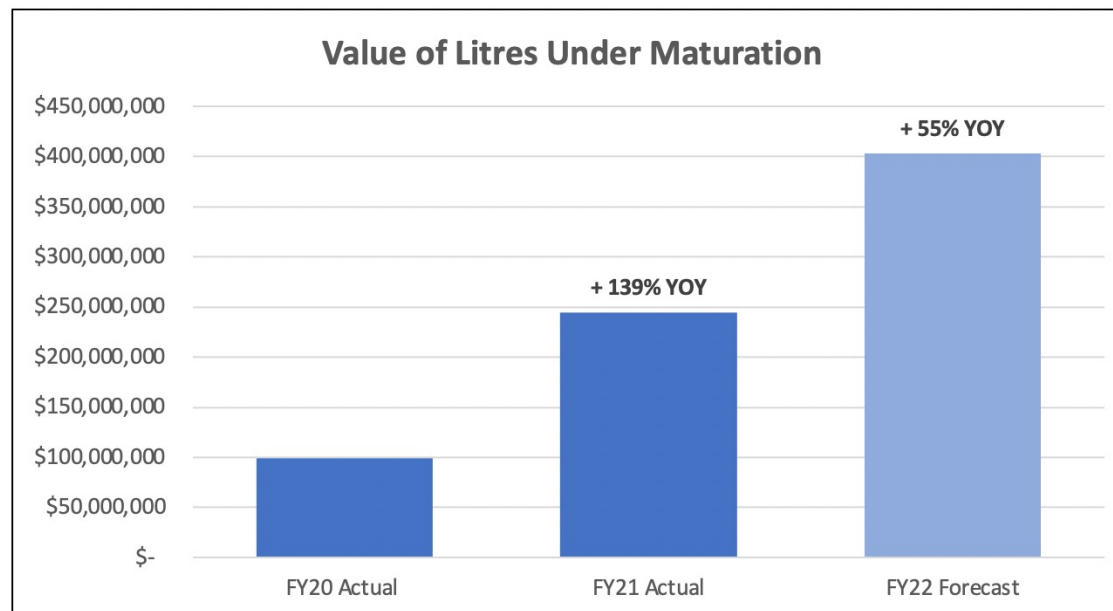
Valuation of Litres Under Maturation

ASX Announcement – 6 July 2021

Lark Distilling Co. Limited

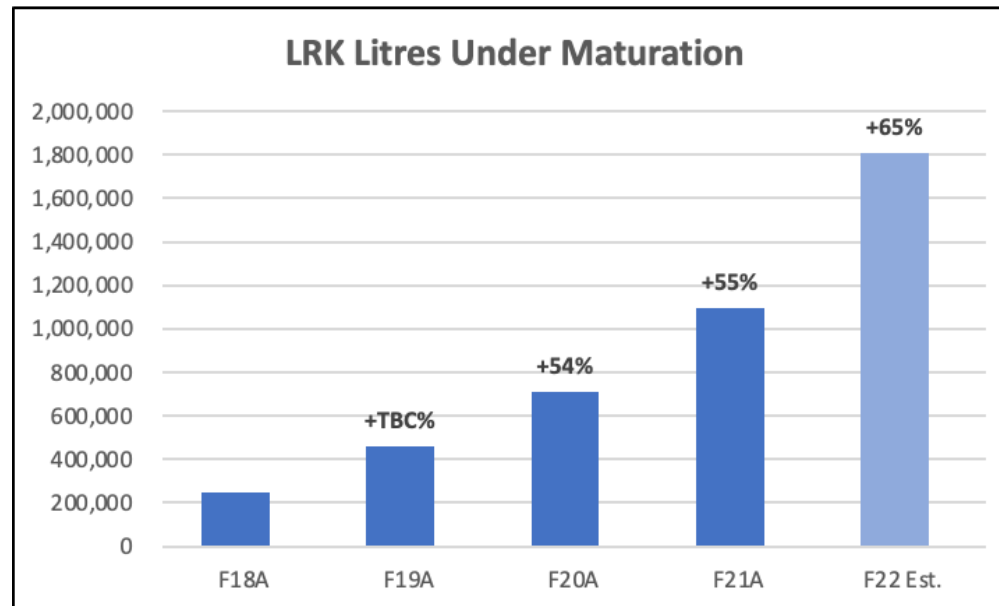
EXECUTIVE SUMMARY

- ▶ THE PURPOSE OF THIS PRESENTATION IS TO PROVIDE GUIDANCE ON THE VALUE OF WHISKY UNDER MATURATION
- ▶ LRK RESTATES THE PHYSICAL LITRES OF WHISKY UNDER MATURATION QUARTERLY (4C)
- ▶ BUT ONLY RESTATES THE VALUE OF THOSE INVENTORIES ANNUALLY BASED ON A PRIOR YEAR CLOSING NSR PER LITRE CALCULATION
 - ▶ AT 30 JUNE 2021, LRK HAD A TOTAL OF 1,093,073 LITRES OF WHISKY UNDER MATURATION @ 43% ABV (UP 54% YOY)
 - ▶ AT 30 JUNE 2021, LRK ACHIEVED AN AVERAGE NET SALES VALUE OF \$216 PER LITRE (UP 55% YOY)
- ▶ THEREFORE THE VALUE OF WHISKY UNDER MATURATION AT THE END OF
 - ▶ F21 ACTUAL = \$236,103,719 (UP 139% YOY)
 - ▶ F22 FORECAST = \$388,800,00 (UP 55% YOY)



WHISKY UNDER MATURATION AS AT 30 JUNE 2021

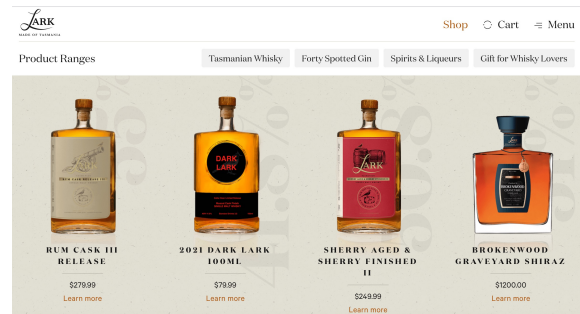
- ▶ At 30 June 2021, LRK Had a Total of 1,093,073 Litres of Whisky Under Maturation @ 43% ABV
- ▶ LRK is Forecasting to Grow to Over 1,800,000 Ltrs by the End of F22 (Up 65% from F21)
- ▶ Historical Increases Have Been Largely Through Capex and Efficiency Gains At Bothwell and Cambridge Distilleries
- ▶ In F22 Over 350,000 Litres Will Be Produced Externally Under Contract and the Supervision of LRK



F21 NET SALES VALUE PER LITRE

- ▶ Arguably The Most Important Metric At LRK is the Net Sales \$ per Litre We Generate From Our Whisky
- ▶ The Board Has Engaged KPMG to Validate the Methodology Used to Derive the Updated Net Sales per Litre
- ▶ In An Environment of Limited Mature or Finished Whisky LRK Must Strategically Maximise It's NSR \$ per Ltr
- ▶ This is Achieved by How We Manage Two Factors:

1. Channel Mix; and/or



2. Product SKU Type / Pricing Mix

SYMPHONY Series



Classic Cask Range



Ltd Release Series

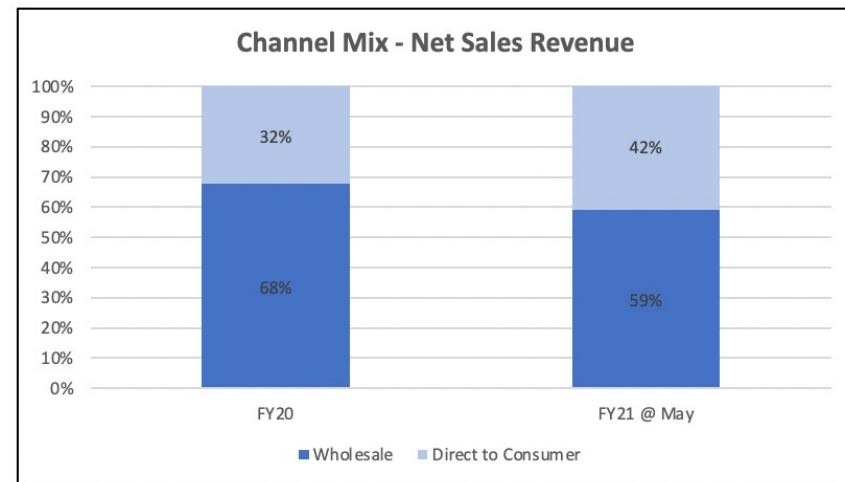
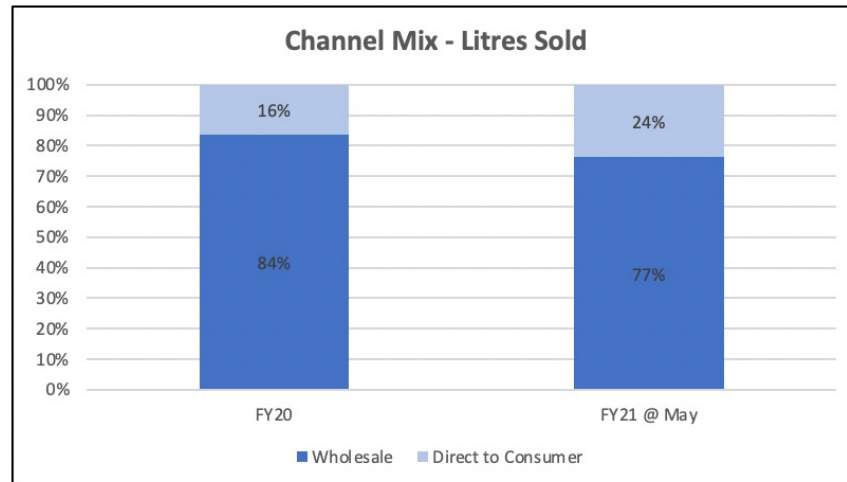


Rare Cask Series



F21 SALES CHANNEL MIX

- ▶ During F21 The Following Changes Were Implemented to Improve Channel Mix
 - ▶ Replaced Mainland Distributor With Our Own Sales Team (Still Ongoing)
 - ▶ Upgraded Our Capability in Online and Hospitality : People, Process, Experience, Infrastructure
 - ▶ Navigated Through a COVID Shutdown of All Hospitality Venues For Most of H1 F21
 - ▶ Designed Product / Developed Brand Experiences for Direct to Consumer (DTC) Execution
- ▶ The Above Has Resulted in DTC Moving to 42% of the NSR (From 32%) From Only 24% of the Litres Sold
- ▶ We Expect in F22 That The % of Ltrs and Value for DTC Will Be Constant



F21 PRODUCT SKU TYPE / PRICING MIX

- ▶ During F21 The Following Changes Were Implemented to Improve Product SKU Type / Pricing Mix
 - ▶ Expansion of the Lark Limited Release Programme (New Releases and Upscaled Anniversary Releases)
 - ▶ Expansion of Core Programme to 3 SKU's (Classic, Cask Strength, Double Tawny)
 - ▶ Launch of Lark Legacy @ \$1,800 + per Bottle
 - ▶ Launch of Lark Rare Cask Series @ \$500 + per Bottle
 - ▶ Elimination of Distributor Margin (Offset By Increased Sales Related Overheads)
- ▶ The Lark Portfolio Has Addressed Both The Entry Price Point (Symphony @ \$139) While Successfully Introducing Collections Starting at \$250 and Above



MUSCAT RELEASE

SOLD OUT

\$299.00



LIMITED RELEASE
CHINOTTO

SOLD OUT

\$299.00



WHISKY TASTING
SET

SOLD OUT

\$99.00



RUM CASK III
RELEASE

\$279.00



BROKENWOOD
GRAVEYARD SHIRAZ

\$1200.00



VALUE OF WHISKY UNDER MATURATION AS AT 30 JUNE 2021

- ▶ In F21 Lark Has Achieved a Net Sales Value Per Litre of \$216 (In F20 This Was \$139 per Litre)

F21 ACTUAL	Closing Litres Under Maturation @ 30 June 2021	1,093,073
	Multiplied by the NSR \$ per Litre for F21	\$216
	% Change in \$'s per Litre YOY	+ 55% YOY
	Valuation of Whisky At Maturity @ 43% ABV	\$236,103,791

- ▶ Assume No Price Increases / No Change in Channel Mix / No Change in Product SKU Price Mix
- ▶ Represents a 55% Improvement on the Previously Reported \$139 per Ltr
- ▶ In F22 the Business Will Produce Approximately 13,000 Ltrs per Week and Reach 1.8m Litres Under Maturation

F22 FORECAST	Closing Litres Under Maturation @ 30 June 2022 Forecast	1,800,000 est.
	Multiplied by the NSR \$ per Litre for F21	\$216
	% Change in \$'s per Litre YOY	No Change
	Est. Valuation of Whisky At Maturity @ 43% ABV	\$388,800,000

- ▶ This Equates to An Additional \$3m per Week of Whisky Value Based on an NSR of \$216 at Maturity



VALUE OF WHISKY UNDER MATURATION AS AT 30 JUNE 2021

- ▶ Before Assigning Any Value to Brand or Goodwill, The Lark Whisky Under Maturation is Valued Today at \$236m
- ▶ Assuming LRK Maintains \$216 NSP/Ltr The Value of Whisky Under Maturation At The End of F22 Will Be \$388m

Litres of Whisky Incl Settling as at 30 June 2020 and 30 June 2021 at 43% ABV

FY Maturing	F20		F21	
	Litres of Whisky at Maturation at 43% ABV	F20 Net Sales Value at Maturation Date	Litres of Whisky at Maturation at 43% ABV	Updated Channel & NSV - June 21
		\$139		\$216
2021	97,513	\$13,554,307		
2022	63,998	\$8,895,722	113,004	\$24,408,802
2023	120,595	\$16,762,705	145,753	\$31,482,627
2024	134,097	\$18,639,483	214,227	\$46,273,047
2025	106,747	\$14,837,833	204,033	\$44,071,218
2026+	188,363	\$26,182,457	245,837	\$53,100,792
2027+			170,219	\$36,767,304
Grand Total	711,313	\$98,872,507	1,093,073	\$236,103,791
Value at Cost		\$16,511,399		\$20,356,155
Liquidation Value		\$56,935,527		\$113,770,379



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LARK INVESTOR WEBINAR

Investors are invited to join a live webinar for information purposes hosted by Managing Director Geoff Bainbridge on Tuesday 6th July at 5pm Australian Eastern Standard time.

Please follow this link :

<https://us02web.zoom.us/j/82811260109?pwd=cFljMWx2eVRMM2ZUV0d5YklDcjVIZz09>

