



Lark Distilling Co.

ASX ANNOUNCEMENT

ASX: LRK

21 July 2021

LARK DISTILLING CO. LTD : 4C MARKET UPDATE.

Q4 Highlights

- FY21 Q4 Net Sales were \$3.996m, up 244% compared to same period last year (excluding impact of Overeem transaction \$794k)
- Closed out the financial year with 1,093,073 Litres Under Maturation
- Restated the Net Sales Revenue per Litre rate from \$139 to \$216, influenced by channel diversification & product initiatives realised in FY21 bringing the total Net Sales Value of the Whisky Bank at Maturation to \$239m
- During the quarter, \$3.6m was invested in building the whisky bank thru inhouse production & outsource partnerships including the purchase of 30,000 of maturing whisky to address a previously identified inventory shortfall in F23/F24
- Recent IWSC awards our whisky won 1 Gold, 7 Silver & 2 Bronze across our Core & Limited Release programs
- Forty Spotted Gin received multiple awards at recent Gin Masters Awards & World Gin Awards - Design

Cashflow Outlook

- We're projecting over the course of the next 12 months to be cashflow neutral, where internally generated cashflows will support the continued building of the Whisky Bank
- Currently negotiating Debt Facilities with a number of the big four banks, which will provide more flexibility to participate in investment buy opportunities for future purchases of raw materials & dry goods – delivering incremental margin improvements

Building the Whisky Bank

Lark Distilling Co. - Litres of Whisky as at 30 June 2021 at 43% ABV			
FY Maturing	Litres of Whisky at Maturation at 43% ABV	Liquidation Value Today	Net Sales Value at Maturation (\$216 per Litre)
2022	113,004	\$24,408,802	\$24,408,802
2023	145,753	\$25,505,745	\$31,482,627
2024	214,227	\$28,703,507	\$46,273,047
2024	204,033	\$18,970,967	\$44,071,218
2026	245,837	\$12,776,978	\$53,100,792
2027+	170,219	\$3,404,379	\$36,767,304
Grand Total	1,093,073	\$113,770,379	\$236,103,791

Value at Cost June 2021	\$20,356,155
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Lark Distilling Co.

Cashflow Highlights

Net operating activity cash outflows were \$3.838m for the quarter. Operating activity inflows through customer receipts totalled \$5.17m and represented a \$1.155m increase from the March quarter. Product demand continued to grow with the online and hospitality sectors of the business performing in a strong manner.

Net investing activity cash outflows for the quarter of \$223k related a continued focus on improving the Cambridge facility and hospitality venues. Cambridge facility spend was \$138k which included \$90k for the purchase of a peat smoker, \$30k for the conversion of the bond store to a dispatch facility and \$15k on IBC's. Total hospitality improvements were \$33k and PPE purchased was \$50k for the Tas Whisky Bar.

Net financing activity cash inflows of \$186k were a result of proceeds received from the exercise of options. Minor payments of \$104k related to truck and barrel finance repayments and lease liabilities.

The related party payments of \$208k reported in 6.1 of the Appendix 4C relate to the payment of non-executive Director fees and Executive Director Remuneration, \$208k for the June quarter.

For more information contact

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

Appendix 4C

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

Name of entity

Lark Distilling Co. Ltd

ABN

62 104 600 544

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,170	16,314
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(6,578)	(14,289)
(c) advertising and marketing	(612)	(1,979)
(d) leased assets	-	-
(e) staff costs	(1,021)	(3,910)
(f) administration and corporate costs	(573)	(2,578)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	0	2
1.5 Interest and other costs of finance paid	(52)	(180)
1.6 Income taxes/GST paid	(253)	(461)
1.7 Government grants and tax incentives	81	750
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,838)	(6,331)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(223)	(772)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	150
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(223)	(622)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	8,858
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	186	466
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(447)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(81)	(328)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payment of lease liabilities)	(23)	(72)
3.10	Net cash from / (used in) financing activities	82	8,477

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,622	6,119
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,838)	(6,331)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(223)	(622)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	82	8,477
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	7,643	7,643

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,643	11,622
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,643	11,622

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	208
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	5,000	5,000
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	5,000	5,000
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,838)
8.2 Cash and cash equivalents at quarter end (item 4.6)	7,643
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	7,643
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 21 July 2021

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.