

Lark Distilling Co Appoints Global Industry Executive Satya Sharma as CEO



Lark Distilling Co. Ltd (ASX: LRK) ("LARK" or the "Company") is pleased to announce the appointment of Mr Satya Sharma as Chief Executive Officer of the Company effective 1 May 2023.

The appointment follows a global search process which identified Mr Sharma as the candidate with the demonstrated experience to advance the Company's growth and strategy.

Mr Sharma is currently the Regional Managing Director South East Asia and Australasia for William Grant & Sons Ltd. He also has a complementary role as member of the board for that company's Branded Business Unit, which is responsible for the business's brands globally. In this role, he has been instrumental in driving the momentum of William Grant & Sons portfolio across South East Asia and the broader Asia Pacific region, developing strong distributor relationships, growing brand equity, and accelerating the contribution of luxury to the group through the launch of the world's first "The Distiller's Library" concept.

Over his 10-year career with William Grant & Sons across Singapore, China, and UK, Mr Sharma held roles including Head of Business Strategy & Development, Interim Finance Director APAC, and Head of Commercial.

Prior to his time with William Grant & Sons Ltd, Mr Sharma was based in Australia and held various roles with Campbell Arnott's, and was a Senior Manager in Corporate Finance at Pitcher Partners (previously Moore Stephens).

Mr Sharma was educated in Sydney at the University of Technology Sydney and holds degree qualifications in Business and Law. He has also completed the Chartered Accountants Program from the Institute of Chartered Accountants Australia and New Zealand. In addition, Mr Sharma was recently made a Keeper of the Quaich, which recognises those that have shown outstanding commitment and contribution to the Scotch Whisky industry.

The appointment of Mr Sharma is the culmination of the Board's plan for CEO succession, which has been duly considered in accordance with business objectives and the Company's growth strategy. The fulfilment of this crucial role has been a key focus for the Company throughout 2022. The Company's

current interim Managing Director, Laura McBain, will continue to serve as interim CEO until 1 May 2023, following which she will remain on the Board as a Non-Executive Director.

LARK Chair, David Dearie, said *"This is an exciting new phase in the growth of the Company. The Board has been working on CEO succession, and we are delighted to secure a CEO of Satya's calibre and experience to lead the Company through its next phase of growth and expansion. According to IWSR data, William Grant & Sons have more than doubled its' Asia Pacific sales over the last 5 years. The Board is very appreciative of the outstanding job that Laura McBain is performing as interim Managing Director since February 2022, and we look forward to her ongoing involvement with the Company as Non-Executive Director."*

Mr Sharma's appointment follows a string of recent successes for the Company, which includes cementing itself as #1 luxury Australian whisky in CY2021, in the fastest-growing whisky category globally¹.

LARK has been awarded some of the most prestigious awards across their collection of Tasmanian Whisky. These include top honours at *The Spirits Business Awards* in London which were announced on 3 November 2022 with LARK founder Bill Lark securing the prestigious 'Lifetime Achievement' award. June 2022 saw the Company's largest ever limited-edition product release, DARK LARK, and the celebration of LARK's 30th Anniversary with a gala event at the historic Pontville Distillery 2022. The Pontville estate was acquired by the Company at the beginning of the year and is located 30 minutes outside of Hobart, Tasmania.

A summary of the material terms of Mr Sharma's employment agreement is included as an annexure to this announcement.

About Lark Distilling Co:

Founded in 1992 by pioneers Bill and Lyn Lark, Lark Distilling Co. this year celebrates three decades of crafting world-class, award-winning whisky. From humble beginnings on a kitchen table, and powered by curiosity and courage, Tasmania's very first licensed whisky is now an Australian icon. Lark Distilling Co., the leading luxury Australian Whisky brand, houses a range of spirits headlined by its single malts, Classic Cask 43% and Cask Strength 58%, and its unique blended-malt whisky, SYMPHONY. The distillery also produces a range of Forty Spotted gins, and handcrafted Tasmanian liqueurs.

For the second consecutive year, Lark Distilling Co. was shortlisted for the World Whisky Producer of the Year in the coveted International Wine & Spirits Competition. In August 2022 the distiller received the Master Medal Award, in the World Whisky Masters, for its innovative Chinotto Cask II Cask Strength release, alongside a further seven gold medals across the portfolio.

In April 2021, LARK Distillery was named Australia's first carbon-neutral distillery under the Australian Government's Climate Active Program. This signifies that the activities associated with running Tasmania's first distillery have no net negative impact on the climate. One of the most rigorous and widely recognised carbon-neutral programs in the world, Climate Active certification is only awarded to businesses and organisations that have credibly reached a state of achieving zero net emissions.

¹ (Prestige, +13% CAGR18-26 – Source: IWSR Drinks Market Analysis CY2021, Prestige + by Value)

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

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SUMMARY OF MATERIAL TERMS OF EMPLOYMENT AGREEMENT

Appointment

Mr Sharma is appointed to the role of Chief Executive Officer.

Term

The appointment, commencing 1 May 2023, is on an ongoing basis, subject to the termination provisions as set out below.

Remuneration

Mr Sharma's remuneration has been set by the Board in accordance with LARK's remuneration policy. The components of Mr Sharma's remuneration are as follows:

a) Fixed remuneration

Initial fixed remuneration (inclusive of salary, superannuation and salary sacrificed items) of \$675,000 which will be reviewed annually.

b) Short term incentive

Mr Sharma is entitled to receive an annual bonus commencing from the year 1 July 2023 to 30 June 2024. He will be entitled to the payment of one of the following bonuses on an annual basis, subject to the achievement of a range of financial and non-financial targets, aligned with the Company's strategy and business performance, to be determined by the Board:

- a) Up to 75% of base salary less superannuation (rounded up to \$650,000) at target, being \$487,500; or
- b) in the case of highly superior performance as assessed by the Board in its sole and absolute discretion, up to 125% of base salary less superannuation (rounded up to \$650,000), being \$812,500.

c) Long term incentive

Long-term incentives are intended to be in the form of Share Rights to acquire Shares in the Company valued at up to \$975,000. The Share Rights will vest and be exercisable upon the satisfaction of each of the Vesting Conditions set out below.

Vesting Condition (time based):

The time based Vesting Condition is based on Mr Sharma remaining employed by the Group at an executive level for the period from the Grant Date up to and including the third (3rd) anniversary of that date (**Relevant Period**).

Vesting Condition (performance based):

The performance based Vesting Condition is based on the Company's Shares sustaining a certain 10 day volume weighted average price (**10 Day VWAP**) for at least 20 consecutive days (**Sustained VWAP**).

If at any point during the Relevant Period the Company achieves the Sustained VWAP specified in the table below, then Mr Sharma's Share Rights will entitle him to Shares equal to the value

specified in the adjacent column, upon satisfaction of the time based Vesting Condition. The notes to the table provide further detail to how Mr Sharma's entitlement is to be determined.

Sustained VWAP	Value of entitlement (AUD)	Notes
\$4.00	\$195,000	-
>\$4.00 to \$5.00	>\$195,000 to \$650,000	Entitlement is \$195,000 plus additional entitlement determined on a pro-rata, straight line basis from \$4.00 to \$5.00. For example, a Sustained VWAP of (1) \$4.50 equates to an entitlement of \$422,500; (2) \$4.64 equates to an entitlement of \$486,200.
>\$5.00 to \$6.00	>\$650,000 to \$975,000	Entitlement is \$650,000 plus additional entitlement determined on a pro-rata, straight line basis from \$5.00 to \$6.00. For example, Sustained VWAP of (1) \$5.50 equates to an entitlement of \$812,500; (2) \$5.64 equates to an entitlement of \$858,000.

Upon the Company achieving a Sustained VWAP of \$4.00 or greater during the Relevant Period, the performance based Vesting Condition will be considered satisfied.

Exercise:

Mr Sharma can elect when to exercise those Share Rights from the date of the Vesting Notice up until the Expiry Date. Mr Sharma can elect to exercise his Share Rights immediately and become a shareholder of the Company at that point, or he could choose to hold on to his Share Rights and to only exercise them if there is an exit event in respect of the Company.

If Mr Sharma chooses to exercise vested Share Rights, he will receive a number of Shares calculated as follows:

$$A = B / C$$

Where:

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- A** is the number of Shares to be issued or transferred to Mr Sharma on exercise of the Share Rights;
- B** is the value of Mr Sharma's entitlement (in AUD), determined in accordance with the table above; and
- C** is the 10 Day VWAP (in AUD) of the Company's Shares as of the day Mr Sharma's exercise notice is received by the Company.

Expiry Date: 2 years from the date of the Vesting Notice confirming the Share Rights have vested (**Expiry Date**).

d) Sign-on remuneration

- a) Cash payment of \$500,000 payable upon acceptance of the employment offer. In the event Mr Sharma does not commence employment for any other reason than the Company rescinding the offer of employment prior to the commencement date, other than where the offer is rescinded for cause, he agrees to repay the amount of \$500,000 as a debt due and payable on demand from him by the Company.
- b) An award of share rights (**Share Rights**) under the Company's 2022 Equity Incentive Plan to be granted subject to the satisfaction of certain Grant Conditions. The Share Rights represent rights to receive ordinary shares in the Company valued at \$620,000 at the date of grant and vest if Mr Sharma remains employed at an executive level for the period from the grant date up to and including the first anniversary of that date. These expire three years from the grant date.

Termination

The Company may terminate Mr Sharma's employment on 6 months' notice or immediately for certain prescribed events. Mr Sharma may terminate his employment on 6 months' notice.

Should the Company terminate the Mr Sharma's employment on grounds of redundancy, Mr Sharma is entitled to the following payment in addition to notice:

- a) if the day the Company gives notice of termination on grounds of redundancy to Mr Sharma (**End Date**) falls within 12 months after the Commencement Date, the Company will provide Mr Sharma with six months' Base Salary as a payment for redundancy, less applicable taxation; or
- b) if the End Date falls within 12 months to 24 months after the Commencement Date, the Company will provide Mr Sharma with three months' Base Salary as a payment for redundancy, less applicable taxation.

Restraint

Mr Sharma has a non-compete period of up to 12 months.