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Lark Distilling posts first quarterly sales decline in eight quarters after China rollout delays

Net sales fell 4.5% to AUD3.5 million after delayed shipments to China and other Asian markets cut exports to AUD50,000

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Lark Distilling’s run of quarterly sales growth ended in the three months through September after delays in China and other Asian markets weighed on exports, according to a Wednesday, October 28 report by Food & Drink Business that cited the Australian spirits producer’s latest trading update.

The Tasmania-based company said net sales for the first quarter of fiscal 2026/27 fell 4.5% from a year earlier to AUD3.5 million. The decline broke a stretch of eight straight quarters of growth and marked a sharp change from the 44% year-over-year increase the company recorded in the June quarter.

The main pressure came from outside Australia. Lark said total international sales fell 37.7% to AUD0.6 million. Export sales were AUD50,000, compared with a much stronger contribution in the same quarter a year earlier, when the business shipped an initial stocking order. Stuart Gregor, Lark’s chief executive, said, as quoted by Food & Drink Business, that the China rollout had taken longer than planned as the company onboarded a new distribution partner. Lark also said replenishment shipments to other Asian markets were delayed.

Those factors point to a problem in distribution timing rather than clear evidence of an equivalent drop in consumer demand. The weaker quarter reflected the pace of setting up the China channel and shipping product into market, not simply a collapse in underlying interest in the brand. That distinction matters for a company that has been trying to build a broader presence in Asia while keeping its domestic business growing.

Not every international channel softened. Lark said global travel retail sales rose 32.3% to AUD0.6 million, helped by new distribution points that included Singapore’s Changi Airport. That improvement partly offset the export weakness, but not enough to keep the company’s overseas business from falling overall.

Sales inside Australia were stronger. Domestic net sales rose 7.9% to AUD2.9 million in the quarter, showing that the company’s home market continued to expand even as international shipments slowed. Direct-to-consumer sales, which include revenue from Lark’s hospitality venues and its own e-commerce operations, increased 16.4% to AUD2 million. Business-to-business sales fell 7.5% to AUD0.9 million. Lark attributed that decline to the timing of shipments to distributor Spirits Platform after a strong finish to fiscal 2025/26.

The update also showed a mixed picture on cash flow. Lark said customer receipts climbed to AUD6.9 million from AUD4.8 million in the June quarter as the company collected on strong sales booked late in fiscal 2025/26, including sales to The Whisky Club. At the same time, manufacturing and operating payments more than doubled to AUD3.4 million. The company said the increase reflected excise and supplier payments tied to a large payables balance at June 30, along with purchases of inventory and packaging.

Operating spending during the quarter was AUD1.16 million. Advertising and marketing spending held at AUD1.5 million as Lark continued to support its Signature range. Gregor said consumer measures in Australia improved over the past six months, with prompted brand awareness rising from 8% to 10% and consideration increasing from 3% to 5%.

Lark ended the quarter with AUD12.9 million in cash, down from AUD14.3 million. The company also had an undrawn AUD5 million facility with National Australia Bank. Its whisky bank remained at about 2.4 million liters, a key measure for a distiller because it reflects the maturing stock available for future releases.

The company entered the new fiscal year after posting AUD18 million in net sales for fiscal 2025/26, up 15%. Lark is best known for whisky and also operates in gin. Its base in Tasmania has helped shape its identity in Australia’s premium spirits market, but the latest quarter showed how much its near-term results can still be affected by the timing of international distribution, especially in China and the rest of Asia.