



LION

Lion's 2022 Tax Transparency Report



CFO Statement

On behalf of the Lion Board, I am pleased to share with you Lion's Tax Transparency Report for the fiscal year ended 31 December 2022.

Lion is one of the leading beverage companies in Australasia employing approximately 4,000 people globally and paying over \$1.3 billion in taxes in these jurisdictions.

Lion supports the Australian Government's Voluntary Tax Transparency Code ("the Code") as a key platform to better inform public debate about tax policy and to increase community confidence that our largest taxpayers are paying the right amount of tax.

In accordance with the standard of information developed by the Board of Taxation, we provide an overview of our tax contribution, financial position, tax strategy, and policies, all of which align to Lion's overall corporate governance and sustainability frameworks.



Triston King
Interim CFO



Lion overview

The principal activities of the Lion Group include the production, marketing, and distribution of iconic and well-known branded beverage products.

Lion Group has operations in Australia, New Zealand, and North America. Lion's business is comprised of the following key segments:

- Lion Pty Ltd and its controlled entities (predominantly Australia and New Zealand)
- Lion Global Craft Beverages Pty Ltd ("LGCB") and its controlled entities (North America)

Lion's businesses operate (i.e., manufacture, market and/or distribute) across the following broad-based product portfolios:

- Alcoholic beverages (primarily beer, cider, wine, and spirits)
- Non-alcoholic beverages (coffee and kombucha)

2022 Financial Results

The Lion Group delivered financial results for the 12-month period ended 25 December 2022 as follows:

	Operating profit / (loss) \$AUD m	Net profit / (loss) after tax \$AUD m	Total Group
LION PTY LTD	(121.3)	(167.9)	(289.2)
LION GLOBAL CRAFT BEVERAGES PTY LTD	28.1	(4.2)	23.8

Tax policy, strategy and governance summary

Lion’s approach to risk management and governance arrangements

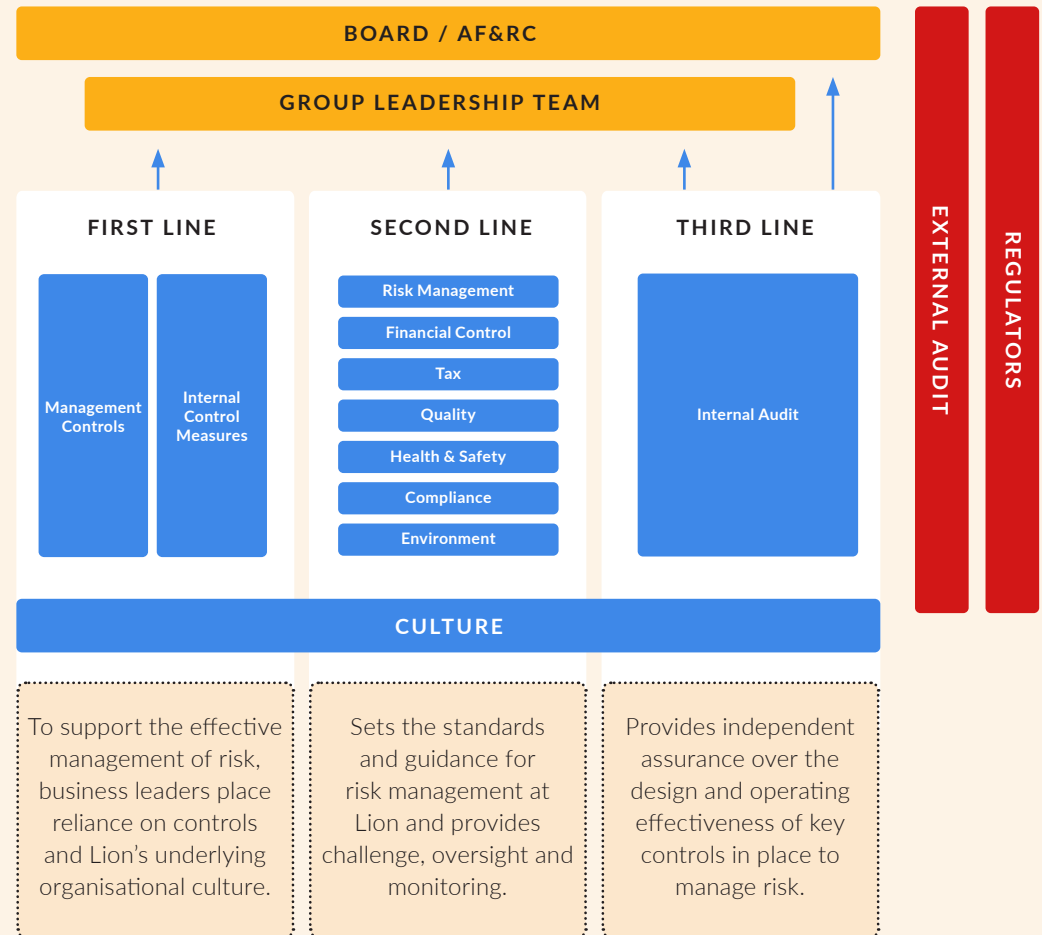
Effective management of tax risk is critical to Lion’s continued success as it ensures compliance with laws, reducing the costs of disputes and tax inefficiencies. This aligns with Lion’s leadership principle of doing the right thing for the long term.

Lion adopts the three lines of defence model for business risks as illustrated in the following diagram:

Lion’s tax policy / guidelines

Lion’s internal tax guidelines provide a formal mechanism to escalate perceived and actual tax risks to the Group Tax team. Under these guidelines, the Group Tax team reviews and assesses tax risks prior to signing off the below transactions:

- Mergers, acquisitions & divestments.
- Organisational restructures (including change in shareholdings, amalgamations, liquidations, commencing operations in a new jurisdiction or exiting an existing jurisdiction).
- Cross Border Transactions relating to inventory, licensing, funding, and services.



Lion's international related party dealings

Lion's attitude to tax planning

Lion's approach to tax planning is to operate, file and pay taxes on time and in accordance with the laws in the relevant jurisdictions. Lion's risk appetite is reassessed regularly. Lion's risk appetite relating to compliance with tax laws and regulations is assessed as conservative, reflecting a limited tolerance for risk in this area.

Engagement with tax authorities

Lion engages with the tax authorities in relevant jurisdictions to ensure compliance with ongoing tax obligations, provide significant transaction updates and in response to specific reviews and queries. Consistent with other companies of comparable size, the Lion Group is subject to periodic reviews and audits by tax authorities.

Lion has international related party dealings with its Japanese parent company, international subsidiaries of its Japanese parent company and its international subsidiaries. All these companies are subject to tax in their respective jurisdictions and/or taxed in Australia under the Australian Controlled Foreign Company rules.

Transactions with related parties are priced on an arm's length basis.

Lion's Top 3 International Related Party Dealings

- Lion meets its funding requirements predominantly through financing arrangements within the broader Group.
- Lion Australia provides various back-office services (such as finance, tax and legal) to support value creation activities undertaken by its international subsidiaries and related companies.
- Finished goods are transferred between Lion and international related parties, based on commercial terms.

Tax contribution summary

Taxes represent a significant part of Lion's contribution in Australia and New Zealand (with additional taxes paid internationally) as summarised in the table below:

TAX CONTRIBUTION TYPE	AUSTRALIA		NEW ZEALAND		OTHER INTERNATIONAL		TOTAL	
	AUD \$m		AUD \$m		AUD \$m		AUD \$m	
	Prior Year	2022	Prior Year	2022	Prior Year	2022	Prior Year	2022
TAXES BORNE BY LION								
Excise, Customs and Wine Equalisation Taxes	795.6	844.9	309.4	355.3	28.2	43.0	1133.2	1243.2
Corporate Income Taxes	0.8	32.6	7.4	0.0	1.7	2.7	9.9	35.3
Payroll Taxes	9.3	10.3			6.8	9.5	16.1	19.9
Fringe Benefits Tax	1.1	2.2	0.8	0.8	0.0	0.0	2.0	3.1
Property, Land and Stamp Taxes	4.6	4.8	0.0	0.0	5.4	3.3	10.0	8.1
Total Taxes Borne by Lion	811.3	895.0	317.7	356.1	42.2	58.5	1171.2	1309.6
TAXES COLLECTED ON BEHALF OF OTHERS								
Goods & Services Tax	128.2	125.4	47.9	37.5	2.0	1.9	178.0	164.9
Withholding from employee salary and wages	84.0	69.8	17.2	21.1	26.3	37.0	127.4	127.9
Other Withholding Taxes	6.4	9.0	0.1	0.1	0.4	0.4	6.9	9.5
Total Taxes Collected on Behalf of Others	218.5	204.1	65.2	58.8	28.7	39.2	312.4	302.2
TOTAL TAX CONTRIBUTION	1029.9	1099.1	382.9	415.0	70.9	97.7	1483.6	1611.8

Lion's tax contributions are prepared on a net cash basis for the calendar year. Taxes paid, collected, or refunded are included when cash is released from, or received by the Lion Group.

Reconciliation of accounting profit to tax expense and income tax payable

The income tax expense for the Lion Group is prepared in accordance with Australian Accounting Standards and guidance issued by the Australian Accounting Standards Board (AASB) and recommendations in the Code. This is calculated by multiplying the accounting profit for the year, (adjusted for amounts which are not assessable or deductible for tax purposes), by the Australian corporate tax rate of 30%.

(a) Reconciliation of Accounting Profit to Tax Expense

	NOTES	LION PTY LTD (AUD \$M)	LGCB (AUD \$M)	LION GROUP (AUD \$M)
Accounting profit / (loss) before tax	A	(221.1)	5.3	(215.9)
Material non-recurring items before income tax				
Non-deductible impairment of intangibles	B	298.0	0.0	298.0
Derecognition of deferred tax balances	C	0.0	16.1	16.1
Accounting profit before income tax and material non-recurring items	D=A+B+C	76.8	21.4	98.2
Income tax at 30%	E=D*30%	23.0	6.4	29.5
Tax effect of material non-temporary differences				
Non-deductible expenses	F	11.0	3.4	14.4
Other items (includes non-assessable income, share of associates' net profit and overseas tax rate differential)	G	(11.5)	(1.9)	(13.4)
Income tax expense – current period	H=E+F+G	22.5	7.9	30.4
Effective tax rate excluding material non-recurring items	I=H/D	29.3%	36.7%	31.0%
Adjustments relating to prior periods	J	(75.8)	1.7	(74.1)
Income tax (benefit) / expense per the Consolidated income statement	K=H+J	(53.3)	9.5	(43.7)

(b) Effective Tax Rate

	LION PTY LTD	LGCB
Effective tax rate excluding material non-recurring items	29.3%	36.7%

(c) Income Taxes Payable

	LION PTY LTD AUD \$m	LGCB AUD \$m	LION GROUP AUD \$m
Income taxes payable at the beginning of financial year	48.6	0.3	48.9
Less: Income tax paid during the year	(52.2)	(3.1)	(55.3)
Income taxes payable for the current period	(22.7)	(3.5)	(26.2)
Income taxes payable / (receivable) as at 31 Dec 2022	(26.3)	(6.3)	(32.6)



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