



LION

Lion's 2023 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 2023.

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
CFO



Lion overview

The principal activities of the Lion Group include the production, marketing, and distribution of iconic and well-known branded alcoholic and non-alcoholic beverage products including beer, cider, spirits and wine.

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

- 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)

2023 financial results

The Lion Group delivered financial results for the 12-month period ended 31 December 2023 as follows:

	Operating profit/(loss) AUD \$m	Net profit/(loss) after tax AUD \$m
LION PTY LTD	(2,095.1)*	(2,316.9)
LION GLOBAL CRAFT BEVERAGES PTY LTD	89.4	31.2

* Operating profit includes a non-cash goodwill impairment of \$2.3b in the Lion Australia business, reflecting a decrease in the recoverable amount of the business due to a range of market and operational factors.

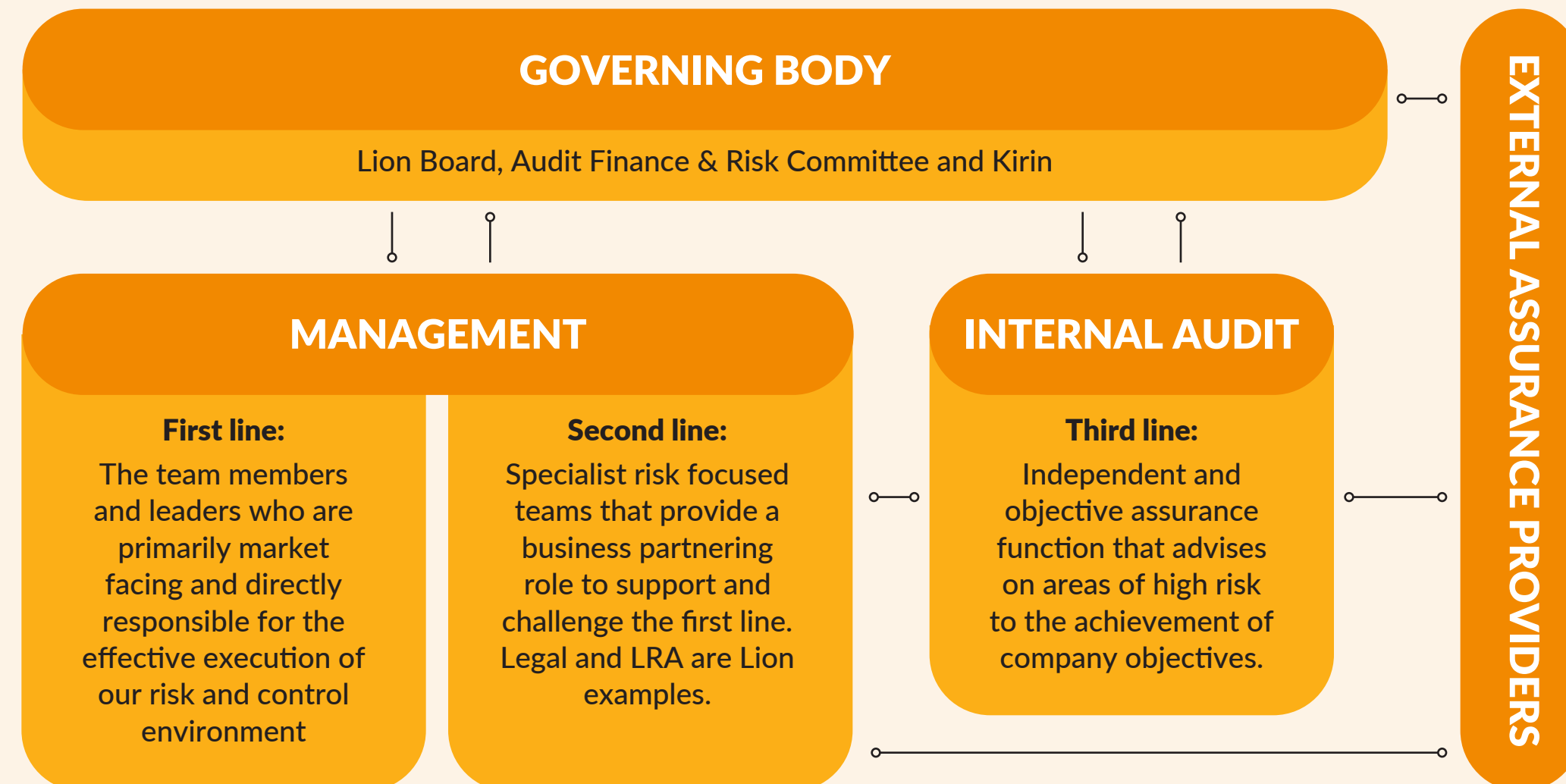
Tax policy, strategy and governance summary

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 below diagram:

Lion Risk & Assurance Framework



Lion's tax policy/guidelines

Lion's Tax Risk Management Policy which is supported by Lion's Tax Risk Management Framework provides a mechanism to escalate perceived and actual tax risks to the Group Tax team.

Under these guidelines, the Group Tax team must be consulted to assess 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 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 financial risk appetite reflects a low willingness to accept any financial risk activity that exposes our business to material misstatement, sanctions by regulators and/or a loss in confidence by our shareholder.

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's international related party dealings

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	2023	Prior Year	2023	Prior Year	2023	Prior Year	2023
TAXES BORNE BY LION								
Excise, Customs and Wine Equalisation Taxes	844.9	862.3	355.3	312.4	43.0	49.2	1,243.2	1,223.9
Corporate Taxes	32.6	15.6	0.0	0.0	2.7	14.9	35.3	30.5
Payroll Taxes	10.3	10.7			9.5	12.6	19.9	23.3
Fringe Benefits Tax	2.2	2.0	0.8	1.1	0.0	0.0	3.1	3.2
Property, land and stamp taxes	4.8	8.5	0.0		3.3	6.0	8.1	14.4
Total Taxes Borne by Lion	895.0	899.1	356.1	313.5	58.5	82.7	1,309.6	1,295.2
TAXES COLLECTED ON BEHALF OF OTHERS								
Goods & Services Tax	125.4	133.0	37.5	38.1	1.9	0.9	164.9	172.1
Withholding from employee salary and wages	69.8	80.9	21.1	24.4	37.0	39.4	127.9	144.7
Other withholding taxes	9.0	5.7	0.1	0.4	0.4	0.1	9.5	6.2
Total Taxes Collected on Behalf of Others	204.1	219.7	58.8	62.9	39.2	40.4	302.2	323.0
TOTAL TAX CONTRIBUTION	1,099.1	1,118.7	415.0	376.4	97.7	123.0	1,611.8	1,618.2

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 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%.

LGCB group's operations are largely based in the United States which have a federal tax rate of 21% however, a 30% tax rate is used in the reconciliations on this page as the parent entity is based in Australia.

(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	(2,288.6)	40.6	(2,248.0)
Material non-recurring items before income tax				
Non-deductible impairment of intangibles	B	2,291.0	0.0	2,291.0
Derecognition of deferred tax balances	C	(17.0)	(16.4)	(33.4)
Accounting profit before income tax and material non-recurring items	D=A+B+C	(14.6)	24.2	9.6
Income tax at 30%	E=D*30%	(4.4)	7.3	2.9
Tax effect of material non-temporary differences				
Non-deductible expenses	F	2.2	1.0	3.2
Other items (includes non-assessable income, share of associates' net profit and overseas tax rate differential)	G	(3.4)	(1.6)	(5.0)
Income tax expense - current period	H=E+F+G	(5.6)	6.6	1.1
Effective tax rate excluding material non-recurring items	I=H/D	38.2%	27.4%	
Adjustments relating to prior periods	J	33.9	2.7	36.6
Income tax (benefit) / expense per the Consolidated income statement	K=H+J	28.3	9.4	37.7

(b) Effective Tax Rate

Effective tax rate excluding material non-recurring items	
LION PTY LTD	LGCB
38.2%	27.4%

(c) Income Taxes Payable

	LION PTY LTD AUD \$m	LGCB AUD \$m	LION GROUP AUD \$m
Income taxes payable/(receivable) at the beginning of financial year	(26.3)	(6.3)	(32.6)
Less: income tax (paid)/received during the year	15.3	(12.4)	2.9
Income taxes payable for the current and prior periods	6.8	9.9	16.7
Income taxes payable/(receivable) as at 31 December 2023	(4.2)	(8.7)	(12.9)



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