

# LION LITTLE WORLD BEVERAGES UK TAX STRATEGY - 31 DECEMBER 2021



## Lion Business Overview

Lion is a leading beverages company in Australasia, with fast growing operations in the United Kingdom (**UK**) and the United States (**US**). Lion produces, markets, sells and distributes alcoholic and non-alcoholic drinks and operates microbreweries and taprooms across the world. Lion's products include beer, cider, wine, spirits, coffee and kombucha.

The core markets in which Lion operates are Australia and New Zealand. Outside of these core markets, Lion is growing a portfolio of "Lion Little World Beverages" premium crafted beverages in the UK and the US.

Kirin Holdings Company Ltd, a company listed on the Tokyo Stock Exchange, is the ultimate parent entity of the Lion group of companies.

## Lion Little World Beverages - UK

Lion established its presence in the UK in December 2017 through the incorporation of Lion – Beer, Spirits & Wine (UK) Ltd. This entity principally acts as a holding company. It also owns the assets comprising the "Little Creatures" microbrewery in Regents Canal.

Subsequently in 2018 and 2019, Lion acquired Fourpure Holdco Limited (the holding company of Fourpure Limited) and Magic Rock Brewing Company Limited, adding the "Fourpure" and "Magic Rock" craft beer brands to the Lion Little World Beverages portfolio.

Fourpure Limited is a craft brewery based in Bermondsey, South East London. Established in 2013, Fourpure brews a core range of beer products and seasonal beers and operates a taproom at the Bermondsey site. Magic Rock Brewing Company Limited is a craft brewery based in Huddersfield, West Yorkshire. Established in 2011, it operates a brewery and a taproom at the Huddersfield site, together with a second taproom in Holmfirth.

This UK Tax Strategy applies to the following companies:

- Lion – Beer, Spirits & Wine (UK) Ltd
- Fourpure Holdco Limited
- Fourpure Limited
- Magic Rock Brewing Company Limited (collectively referred to as "**the UK Companies**").

## Lion's Approach to Tax

Lion's internal tax team (**Lion Group Tax**) is based in Sydney, Australia. The primary role of the Lion Group Tax team is to ensure Lion complies with all tax laws and statutory obligations globally, whilst the business pursues its commercial objectives.

Tax compliance and reporting for the UK Companies is managed day-to-day by the UK Finance Team, under the direction of the UK Finance Director. In respect of the tax compliance function, the UK Finance Team is supported by external tax advisors. External tax advisors are also engaged to provide tax technical advice, where necessary.

Lion Group Tax provides an oversight/support function on tax compliance and reporting matters in the UK. The Lion Group Tax team also regularly engages with the UK Finance Director to provide taxation advice and support the UK Companies in identifying, assessing, monitoring and managing tax risks.



## Tax risk management and governance

Lion manages tax risk for the group (including the UK Companies) through the application of its Tax Risk Management Framework and governance approach which have been approved by the Board and align to Lion's Corporate Governance Framework.

Lion has developed internal tax guidelines which in practice, provide a formal mechanism by which perceived and actual tax risks can be escalated to the Lion Group Tax team.

Regarding significant and complex transactions, the guidelines require the Lion Group Tax team to review and assess tax risks prior to the business entering into transactions of the following nature:

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

The Lion Group Tax team advises the business on tax outcomes and tax risk mitigation options, based on commercial considerations and the underlying economic substance of the transaction.

Where material tax issues are identified by the Lion Group Tax team, the Lion Group Tax Director is required to report this to senior management (CFO/CEO), the Audit Finance and Risk Committee and/or the Board.

## 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 in which it operates (in the present case, the UK).

Consistent with Lion's Tax Risk Management Framework, Lion does not engage in aggressive tax planning. Lion does not operate in tax havens or in low tax jurisdictions.

Tax laws are inherently complex and subject to change and interpretation over time. Where necessary, Lion consults with Her Majesty's Revenue and Customs (**HMRC**) for clarity on the operation of the tax laws in the UK.

Lion also seeks independent specialist tax advice as appropriate to ensure identifiable tax risks are managed and documented. This could relate to one-off significant business transactions or day-to-day compliance obligations.

## HMRC Engagement

The Lion Group Tax team and the UK Finance Director actively engage with Lion's HMRC Customer Compliance Manager in an open, constructive and transparent manner to help HMRC understand our business, our approach to tax risk management and our governance arrangements.

This helps to ensure Lion's compliance with ongoing UK tax obligations, allows Lion to provide significant transaction updates to HMRC and allows Lion to provide timely responses to specific taxation reviews and/or queries raised by HMRC.

## Tax Transparency

Lion takes seriously its responsibilities under the UK's Corporate Criminal Offenses regime (Part 3 of the Criminal Finances Act 2017), regarding preventing the facilitation of tax evasion and has appointed a Senior Accounting Officer to ensure that the UK Companies maintain appropriate tax accounting arrangements.



This UK Tax Strategy is reviewed annually and applies to the UK Companies in respect of the financial year ending 31 December 2021. Lion regards this publication as complying with its obligation under paragraph 19(2) Schedule 19, Finance Act 2016.

The UK Tax Strategy was last approved by the Board of Lion – Beer, Spirits and Wine (UK) Limited on 19 September 2021 and published on the Lion corporate website on 20 September 2021.

### **Further Information**

If you would like to provide any feedback, please don't hesitate to contact us at:

[taxtransparency.au@lionco.com](mailto:taxtransparency.au@lionco.com)

More information is also available through the following links:

- Lion's 2019 Tax Transparency Report – [https://linco.com/app/uploads/2021/03/Lion\\_tax\\_transparency\\_report\\_2019.pdf](https://linco.com/app/uploads/2021/03/Lion_tax_transparency_report_2019.pdf)<sup>1</sup>

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<sup>1</sup> As at the time of publishing this UK Strategy, this link is to the most recent Lion Tax Transparency Report available to the public (published on the Lion website).