

# STONE & WOOD BREWING CO UK LIMITED

## UK TAX STRATEGY - 31 DECEMBER 2022



### Lion Business Overview

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

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

Kirin Holdings Company Ltd, a company listed on the Tokyo Stock Exchange, owns 100% of the shares in Lion Pty Ltd (the parent entity of the Lion Group of companies) and is thus the ultimate parent entity of the Lion Group of companies.

### Lion Little World Beverages - UK

Lion Group originally established its presence in the UK in December 2017 through the incorporation of Lion – Beer, Spirits & Wine (UK) Ltd (“**Lion UK**”). This entity principally acted as a holding company. It also owned the assets comprising the Lion UK “Little Creatures” microbrewery in Regents Canal.

Subsequently in 2018 and 2019, Lion UK 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.

Lion Group sold 100% of the shares in Lion UK on 8 August 2022. Accordingly, Lion no longer owns the following UK entities (previously collectively known as Lion Little World Beverages – UK):

- Lion – Beer, Spirits & Wine (UK) Ltd
- Fourpure Holdco Limited
- Fourpure Limited
- Magic Rock Brewing Company Limited.

### Fermentum - UK

Lion Group acquired Stone & Wood Brewing Co UK Limited, on 30 November 2022, as part of its acquisition of the Fermentum group of entities. Stone & Wood Brewing Co UK Limited sells beers imported from its Australian parent and other local UK beers.

As noted above, as the Lion Little World Beverages – UK business was sold on 8 August 2022, this UK Tax Strategy applies to Stone & Wood Brewing Co UK Limited only (referred to as “**the UK Company**”).

### 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 Company is managed day-to-day by the Fermentum Finance Team, based in Byron Bay, Australia. In respect of the tax compliance function, the Fermentum Finance Team is supported by external UK tax advisors. External UK 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 Fermentum Finance Team to provide taxation advice and support the UK Company in identifying, assessing, monitoring and managing tax risks where required.

### **Tax risk management and governance**

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

Lion Group 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 Group'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 Group's Tax Risk Management Framework, Lion Group does not engage in aggressive tax planning. Lion Group 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 Group Tax consults with Her Majesty's Revenue and Customs (**HMRC**) for clarity on the operation of the tax laws in the UK.

Lion Group 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 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 Group'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 Group takes seriously its responsibilities under the UK's Corporate Criminal Offences regime (Part 3 of the Criminal Finances Act 2017), regarding preventing the facilitation of tax evasion.

This UK Tax Strategy is reviewed annually and applies to the UK Company in respect of the financial year ending 31 December 2022. Lion Group regards this publication as complying with its obligation under paragraph 19(2) Schedule 19, Finance Act 2016. The UK Company is regarded as a "Qualifying group" that is required to publish a UK Tax Strategy as it is a member of the Kirin Multinational Enterprises Group, has Group turnover of more than GBP200 million and a Group balance sheet total of more than GBP2 billion (paragraph 10 Schedule 19, Finance Act 2016).

The UK Tax Strategy was last approved by the Board of Stone & Wood Brewing Co UK Limited on 28 September 2022 and published on the Lion corporate website on 29 September 2022.

### **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://lionco.com/app/uploads/2021/03/Lion\\_tax\\_transparency\\_report\\_2019.pdf](https://lionco.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).