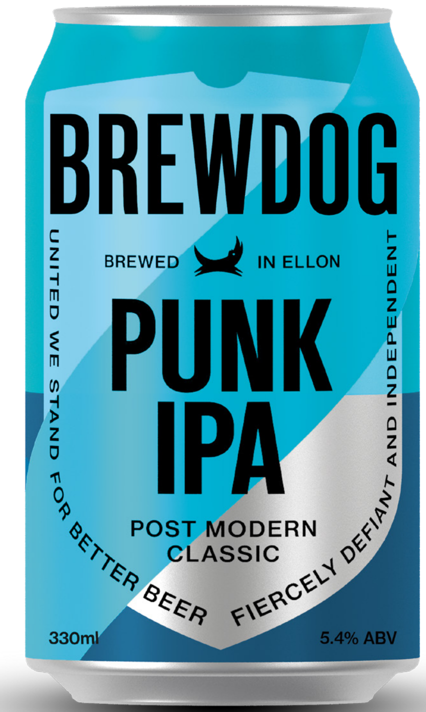
EQUITY FOR PUNKS TOMORROW



TOMORROW STARTS TODAY

Share Offer Information

SECURITIES NOTE

BREWDOG

IMPORTANT NOTICE & RISK FACTORS

IMPORTANT NOTICE

This document constitutes a securities note dated 9 September 2020 (the "Securities Note") issued by BrewDog plc (the "Company", "BrewDog", "we" or "us"), prepared in accordance with the Prospectus Regulation Rules made under section 73A and in accordance with Section 84 of the Financial Services and Markets Act 2000 ("FSMA") and has been approved by the Financial Conduct Authority ("FCA") in accordance with FSMA as competent authority under Regulation (EU) 2017/1129. The FCA only approves this Securities Notes as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 and such approval shall not be considered as an endorsement of the quality of the securities that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the securities.

Additional information relating to the Company is contained in a registration document issued by us on 9 September 2020 (the "Registration Document"). A brief summary written in non-technical language and conveying the essential characteristics and risks associated with the Company and the B Shares of £0.001 each in the Company (the "New B Shares") which are being offered to the public (the "Offer") is contained in a summary issued by the Company also dated 9 September 2020 (the "Summary"). The Summary, this Securities Note and the Registration Document together comprise a prospectus (the "Prospectus") which has been approved by the FCA in accordance with the Prospectus Regulation Rules and you are advised to read the Prospectus in full. The Company and the Directors (whose names are set out on page 36 and whose function, where applicable, is set out on page 36) accept responsibility for the information contained in the Prospectus. The Company has requested that the FCA provides a certificate of approval and a copy of the Prospectus to the relevant competent authorities (with a translation into the appropriate language of the summary contained in this document, where relevant) in Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK (together, the "Approved Jurisdictions") pursuant to the passporting provisions of FSMA. The distribution of the Prospectus and/or any related documents into a jurisdiction other than the Approved Jurisdictions may be restricted by law and therefore persons into whose possession the Prospectus and/or any related documents comes should inform themselves about and observe any such restrictions.

In particular, the Prospectus and the Application Forms should not be distributed, forwarded to or transmitted in, into or from any of the Restricted Jurisdictions or into any other jurisdiction where the extension or availability of the Offer would breach any applicable law. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. It remains the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the UK wishing to take up the Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories.

To the best knowledge of the Company and the Directors the information contained in the Securities Note is in accordance with the facts and the Securities Note makes no omission likely to affect its import.

BREWDOG PLC

(registered in Scotland under the Companies Act 2006 with registered number SC311560)

Offer for subscription to raise £7.5 million (subject to increase at the discretion of the Directors to no more than £50 million).

No application has been made, nor is intended to be made at this time, for any shares (including the New B Shares) in the capital of the Company to be dealt in or listed on any stock exchange or market. Shareholders' authority to create, allot and issue new equity shares (with pre-emption rights disapplied) up to an aggregate maximum nominal value of £2000 will be sought at the Company's annual general meeting of the Company expected to be held in September 2020 ("AGM"). New B Shares will be issued at a price of £25.15 per share with a minimum subscription of two shares.

The Offer opens on 10 September 2020. Once the Offer is open and subject to the resolutions proposed at the AGM being passed, it is expected that New B Shares will be issued on a monthly basis thereafter. The New B Shares will rank pari passu with existing issued B Shares from the date of issue. No change may be made to the rights attaching to the B Shares without the approval of the holders of B Shares. A summary of the full rights and restrictions attributable to the B Shares are set out in paragraph 4 of Part V of the Registration Document, available as described below. The New B Shares are created under the Companies Act 2006 and will be issued in registered form and be transferable in both certificated and uncertificated form and will rank for all dividends and other distributions declared, paid or made by the Company in respect of the New B Shares thereafter. Applications, once made, may not be withdrawn save where a supplementary prospectus is published by the Company in which case investors may withdraw their applications during the two Business Days following the publication of the supplementary prospectus. Share certificates will be uploaded to the Registrar's Investor Centre website (www.investorcentre.co.uk) in electronic form. The Offer will close on 28 January 2021 (unless extended at the discretion of the Directors) or earlier if fully subscribed or at the discretion of the Directors.

Copies of this document, the Summary and the Registration Document are available (and any supplementary prospectus published by the Company will be available) free of charge from the offices of BrewDog, at Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX, Scotland, on the BrewDog website at www.brewdog.com/equityforpunks and from the offices of RW Blears LLP, the Company's legal adviser, at 15 Old Square, Lincoln's Inn, London WC2A 3UE.

All statements of opinion contained in this Prospectus, all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Company represent the Company's own assessment based on information available to it as at the date of this Prospectus.

The third party information contained in the Prospectus, such as sales figures and market positions for other leading craft beer brands included on pages 10 and 11, has been accurately reproduced and, as far as BrewDog is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Your attention is drawn to the risk factors set out below. If you are in doubt as to the action you should take, you should consult an independent financial adviser authorised under FSMA.

RISK FACTORS

You should read the Prospectus in full before deciding whether to invest and bear in mind the risks of investing, such as:

Risks associated with the New B Shares

- BrewDog is an unlisted company and whilst this may change in the future, there can be no guarantee that it will become listed or on what timescale. As such, BrewDog is not subject to the Listing Rules of the UKLA, the AIM Rules, the UK Corporate Governance Code or any other similar rules or regulations applying to companies with securities admitted to or traded on a regulated market or exchange. Accordingly, shareholders in BrewDog will have neither the rights nor the protections available to shareholders in publicly quoted companies.
- The holders of the A Shares, which represent more than 50% of the Company's issued shares, will usually be able to carry any vote to be made at a general meeting in relation to general commercial matters. The holders of the A Shares will not be capable of approving any resolution which would impact upon the rights of the B Shares without a separate resolution of the holders of the B Shares also being passed.
- Just over 22% of the issued shares of BrewDog are Preferred C Shares which are entitled to a liquidation preference over the B Shares. Therefore, in the event that the Company's entire capital is returned to shareholders or if the Company is wound up, the C Shareholders will be entitled to a sum equal to the greater of (a) that which they would receive were all shares in the Company to rank pari passu and (b) their subscription price plus an 18% compound annual return on that subscription price for the period from issue to the point at which capital was returned. Therefore, holders of B Shares may be subject to reduced (or nil) entitlement to liquidation or other capital proceeds in the event that the Company does not have enough capital to satisfy (or satisfy in full) the Preferred C Shares' liquidation preference.
- The Company may undertake further equity financing which may be dilutive to Existing Shareholders or result in an issuance of securities (such as further Preferred C Shares or other classes with enhanced rights) whose rights, preferences and privileges are senior to those of holders of B Shares, reducing the value of the New B Shares and the Company may take such actions without the specific consent of the holders of B Shares.
- A portion of the Company's annual profits per year is given by the Company to the BrewDog Foundation, which then distributes the money to selected charities. This policy of annual charitable donations will reduce the amount of profits available to pay dividends to Shareholders and to reinvest in the expansion of the Company's business. It is the Company's current policy not to pay dividends.
- The Company distributes a further 10% of its annual profits evenly amongst its staff. While this will reduce the amount of profits available to pay dividends to Shareholders and to reinvest in the expansion of the Company's business, the Company consider this key in motivating and rewarding its most important resource, its people, and in attracting new talent. Nevertheless, it is the Company's current policy not to pay dividends but to reinvest profits to fuel the growth of the Company.
- The Directors have the right to refuse to register any transfer of shares. This means we can prevent multinational monolithic beer companies from buying shares in BrewDog.
- It is the Company's current policy not to pay dividends but to reinvest profits to fuel the growth of the Company.

The Rights of the Shares

- Just over 22% of the issued shares of BrewDog are Preferred C Shares which carry a liquidation preference over the A Shares and B Shares meaning B Shareholders could find their entitlement to the proceeds of a liquidation or total capital return reduced or nil.
- BrewDog is not yet listed on any stock exchange so shares can only be sold once a year via our trading platform (see page 24 for details). Also, as we are not yet listed we are also not subject to all the rules and regulations which apply to listed companies.
- The Directors have the right to refuse to register any transfer of shares. This means we can prevent multinational monolithic beer companies from buying shares in BrewDog.
- It is our current policy not to pay any dividends but to reinvest profits to fuel further growth. BrewDog distributes 10% of its annual profits evenly amongst its staff and donates a further significant portion of its annual profits to charities through the BrewDog Foundation. As such, the Company will have reduced profits, which will be reinvested in the business.
- The discounts and other benefits to which Investors are entitled may be changed (including being removed or replaced) at the discretion of the Company from time to time.

Current Share Ownership

- Over half of the shares in BrewDog are owned by our founders and staff. As such, they can vote decisions through at general meetings, even those which investors in the Offer, as minority shareholders, might disagree with.

Suitability of Investment

- The value of BrewDog shares can go down as well as up and, if you invest, you might not get your money back. Past performance is not necessarily a guide to future performance.
- Before making a decision, think about whether investing is right for you and don't invest more than you can afford.

The company's business

- Brexit and its effects, particularly the on-going weakness of sterling raising the cost of capital expenditure, may adversely affect the Company, and as a UK company with significant exports to Europe (accounting for approximately 14% of total exports), tariffs and other measures could negatively impact the Company's profitability. To mitigate potential disruption, BrewDog has been considering the impact on the Company's business of such tariffs, the physical movement of goods and people and any intellectual property implications.
- On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The UK and other governments worldwide have taken steps to contain the outbreak of the virus, including advising self-isolation and implementing travel restrictions, quarantines and cancellations of gatherings and events. The effect on the UK and the global economy has so far been significant and has impacted the prospects of many businesses, including that of the Company. In respect of the period between the last financial year ending on 31 December 2019 and 30 June 2020 (being the date of the most recent unaudited management accounts of the Group), overall gross revenue was £108,025,463 (against a budget of £126,682,293). This has resulted in an overall net loss during this period of £8,151,071. The retail division which covers the Company's on-sales business has been particularly affected by the pandemic; it achieved gross revenues of just under half of the budgeted amount in the period between 31 December 2019 and 30 June 2020, which resulted in a net loss of £9,242,044 for this part of the business. The overall long term impact of the pandemic on the Group remains uncertain at the time of publication of this Prospectus. The Company has no current plans to alter or delay the implementation of its strategic priorities, and in the opinion of the Company, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of this document. However, it remains the case that further tightening of restrictions (including any newly imposed 'lock-down' periods on the general public) could yet have a material impact on the long term trading activity and growth ambitions of the Group, including its ability to execute its chosen growth strategies, and ultimately in the long term could reduce the value of the Company's shares.

KEY ELEMENTS

WE'RE AIMING TO RAISE UP TO £7.5M FOR A SUSTAINABLE FUTURE, WITH A STRETCH GOAL OF UP TO £50M

- The Offer opens on 10 September 2020 and will close on 28 January 2021 unless extended at the discretion of directors
- Shares cost £25.15 each, and the minimum investment is 2 shares for £50.30
- If you're applying online, the maximum subscription is £12,575 for 500 shares. No limit applies if you're applying with a paper application form, and you can apply more than once
- The Offer will be open in 31 Approved Jurisdictions across Europe
- The Offer isn't underwritten by anyone
- The total costs of making the Offer we estimate as £500,000, so the net proceeds should be £7 million with approximately 298,210 new shares issued if we're fully subscribed
- If we do reach our stretch goal of £50 million raised, that would equate to 1,988,071 shares issued, and estimated net proceeds of £49.1 million
- Shareholders with an existing shareholding should include their existing Shareholder number when investing to ensure no duplicate accounts are created. When investing online, entering the email address linked to your existing shareholding is sufficient

WHAT SHOULD I DO BEFORE INVESTING?

Read the Prospectus (this document plus the Summary and Registration Document), which is available here: www.brewdog.com/equityforpunks Make sure you're cool with the risks of investing – the risk factors are on page 3

HOW DO I INVEST?

You can visit www.brewdog.com/equityforpunks and invest via our website. Alternatively, you can download and complete a paper application form, which can be found on brewdog. com/equityforpunks/prospectus

EVERY SINGLE PENNY YOU INVEST WILL GO DIRECTLY TO HIGH IMPACT SUSTAINABILITY PROJECTS. READ MORE ABOUT THEM ON PAGES 15 TO 23

BREWDOG TOMORROW

LET'S ENSURE WE HAVE A PLANET TO BREW BEER ON

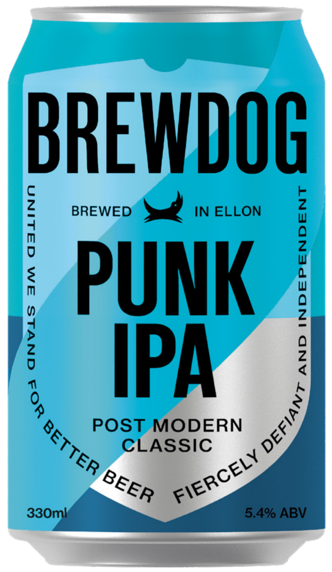
BREWDOG HAS COME A LONG WAY.

We've grown, and we've grown up.

We have always believed that business should be a force for good and that brave thinking and bold actions are the only way to make real impact.

Today, we are in the middle of a climate crisis. It is a crisis of our own design, driven by big business. We recognise our contribution and the limitations of our industry.

CHANGE ISN'T HAPPENING FAST ENOUGH.



NOW IS THE TIME TO BE RADICAL IN EVERYTHING WE DO.

Climate change is close to a tipping point. We created this problem, and now, it is time for us to solve it.

ACTIONS NOT PROMISES.

The world does not need another crowdfunding programme. The world needs change. We're committed to making great beer, and ensuring we have a planet to drink it on.

WELCOME TO EQUITY FOR PUNKS TOMORROW.

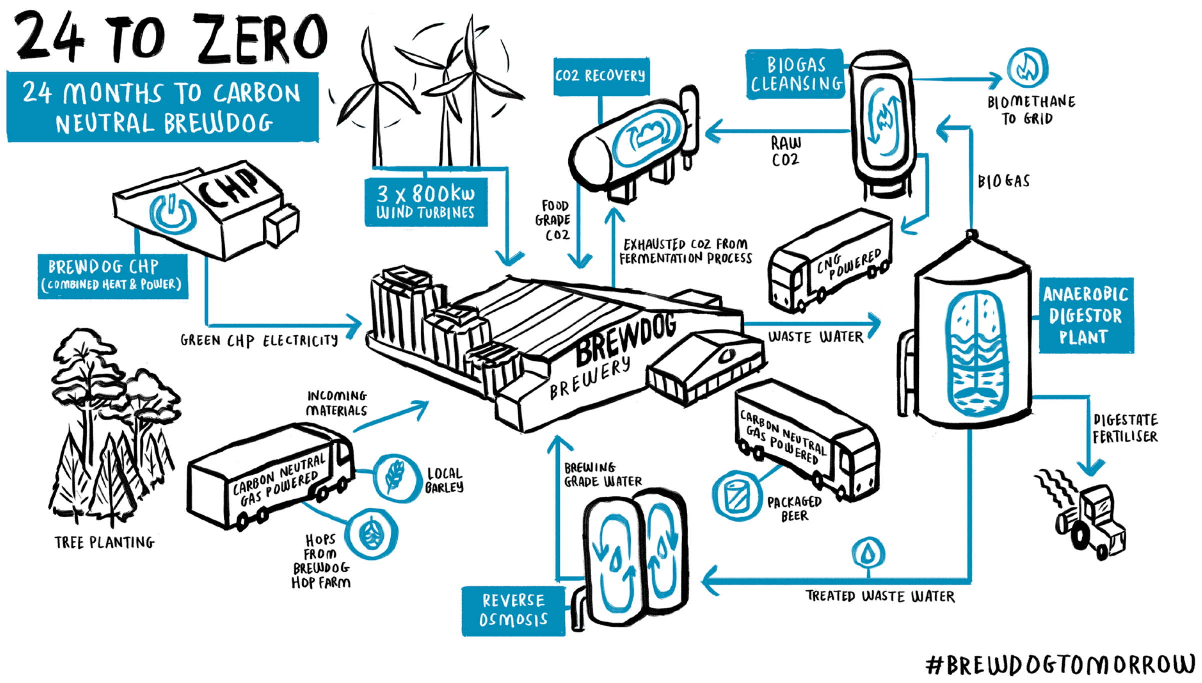
UNITED WE STAND FOR BETTER BEER AND FOR BETTER BUSINESS

OUR MISSION IS TO SHARE OUR PASSION FOR WORLD-CLASS BEER, AND SET A NEW STANDARD FOR SUSTAINABILITY.

AND WE WANT YOU TO JOIN US, AND OUR COMMUNITY OF OVER 145,000 EQUITY PUNK INVESTORS, ON THIS JOURNEY.

EQUITY FOR PUNKS TOMORROW IS YOUR CHANCE TO OWN A PART OF BREWDOG, THE WORLD'S LEADING INDEPENDENT BEER BRAND*, AND YOUR CHANCE TO HELP CREATE A NEW BENCHMARK IN SUSTAINABILITY TO HELP DRIVE THE CHANGE THAT WE ALL NEED.

WITH EQUITY FOR PUNKS TOMORROW, YOU HELP CREATE THE CHANGE YOU WANT TO SEE IN THE WORLD.



WE ARE WORKING ON A FAST-TRACK 24 MONTH PLAN TO REDUCE THE CARBON FOOTPRINT OF OUR OPERATIONS, ALONG WITH OUR JOURNEY TO BECOME ZERO-WASTE

EVERY SINGLE PENNY FOR THE PLANET

SUSTAINABILITY AND LOOKING AFTER OUR PLANET IS AT THE CORE OF WHAT WE DO. AND WITH YOUR HELP, WE WANT TO GO EVEN FURTHER.

EVERY SINGLE PENNY YOU INVEST IN EQUITY FOR PUNKS TOMORROW WILL DIRECTLY FUND CUTTING-EDGE SUSTAINABILITY PROJECTS INCLUDING:

DIRECT WIND POWER

CO2 RECOVERY

ELECTRIC DELIVERY VEHICLES

TURNING OUR WASTE INTO ENERGY

Please see pages 15-23 for further details

*Brand Finance 2019

BREWDOG IS NOW CARBON NEGATIVE.

CARBON NEGATIVE
Adjective

The reduction of an entity's carbon footprint to less than neutral, so that the entity has a net effect of removing carbon dioxide from the atmosphere rather than adding it.

THE CARBON FOOTPRINT OF A PUNK

BREWDOG FOREST

BY 2022, WE WILL HAVE PLANTED ONE MILLION TREES.

We wanted to handle our carbon removals ourselves. Therefore we recently purchased 2,050 acres of land in the Scottish Highlands just north of Loch Lomond, which is currently used as grazing land.

At this site we are going to create the BrewDog Forest: 1,500 acres of broadleaf native woodlands. As well as sequestering carbon, woodland creation also promotes Biodiversity, natural flood attenuation and drives rural economic development.

Over the next few years we plan to plant over one million trees. Restored peatlands are highly effective for CO2 sequestration and we are dedicating 550 acres to peatland restoration too.

All of the carbon removal work at the BrewDog forest will be third party verified with regular updates and reports on our progress.

In addition to woodland creation and peatland restoration, we are also going to create a sustainable BrewDog campsite at the location and run sustainability retreats and workshops at the BrewDog Forest.

"The BrewDog Forest will be one of the largest native woodlands created in the UK for many years."

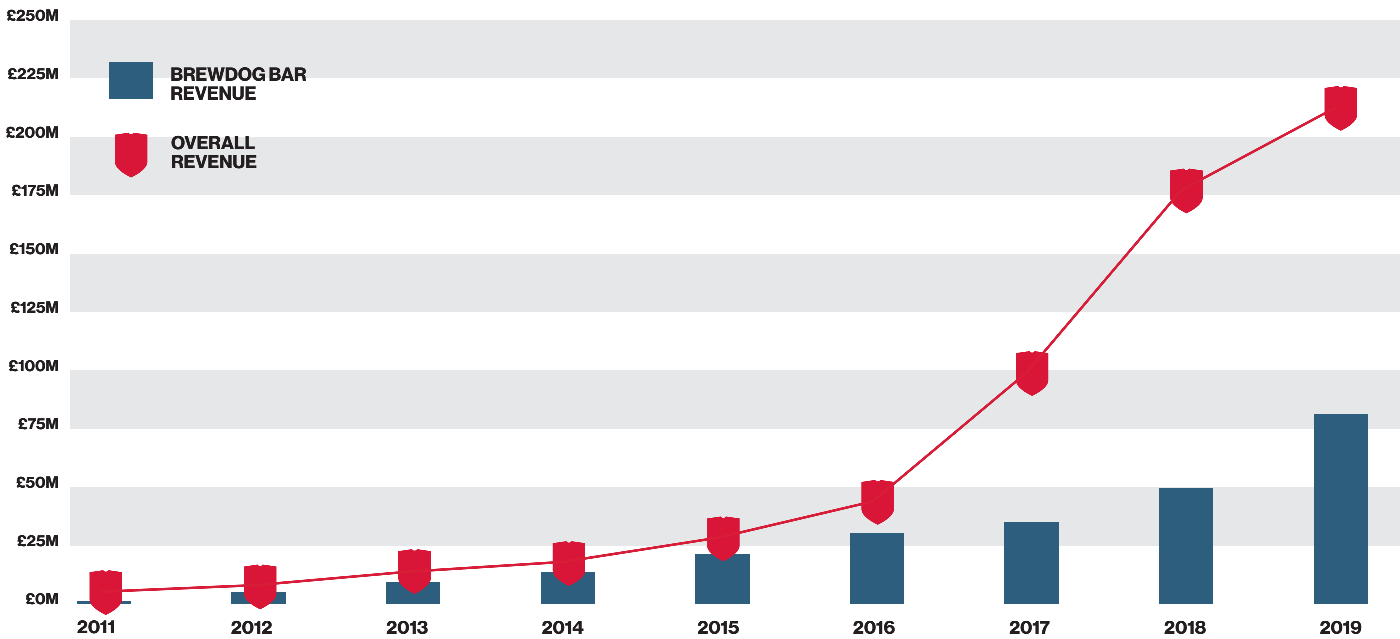
DAVID ROBERTSON,
Director SCOTTISH WOODLANDS

OUR GROWTH

OUR GROWTH HAS BROKEN ALL SORTS OF RECORDS ALREADY, AND SHOWS NO SIGN OF SLOWING DOWN.

DOMINATING IN THE OFF-TRADE

BUSINESS GROWTH



EUROPE'S #1 CRAFT BEER BRAND BY REVENUE

FEATURED IN: TIME BBC Forbes CNN WIRED

- **EUROPE'S #1 CRAFT BEER BRAND BY REVENUE**
- **UK'S LARGEST CRAFT BEER BAR OPERATOR**
- **FASTEST GROWING UK BEER BRAND OF SCALE***
- **PUNK AF IS THE 'BEST BOOZE-FREE BEER IN BRITAIN'****
- **PUNK IPA IS UK'S #1 INDEPENDENT CRAFT BEER***

PEOPLE & GROWTH

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EMPLOYEES	37	61	126	186	277	540	645	777	1,247	1,767
SHAREHOLDERS	1,329	6,597	6,567	14,208	14,777	34,000	46,000	62,000	97,000	130,000
REVENUE	£3.3M	£5.9M	£10.6M	£18M	£29.6M	£44.7M	£71.9M	£110.9M	£171.7M	£214.8M
EBITDA	£0.2M	£0.5M	£0.6M	£2.9M	£5.0M	£5.5M	£6.0M	£9.0M	£8.4M	£17M

*Source: Nielsen Scantrack 08.08.2020
**Source: https://www.thetimes.co.uk/article/the-best-low-alcohol-beer-wine-and-spirits-the-critics-favourites-0kckwmtvw

2 PUNKS, 1 MISSION.

A NOTE FROM BREWDOG'S CAPTAIN

BREWDOG IS AN ALTERNATIVE SMALL BUSINESS OWNED BY THOUSANDS OF PEOPLE WHO LOVE CRAFT BEER. THEY ARE OUR SHAREHOLDERS, OUR FRIENDS, OUR COMMUNITY AND THE HEART AND SOUL OF OUR BUSINESS.

We have a community of over 145,000 Equity Punk investors, and this is your chance to join them.

In 2010 we tore up convention, turned the traditional business model on its head and launched Equity for Punks, giving thousands of people a front row seat to the craft beer revolution.

Equity for Punks has already broken all types of crowdfunding records all over the world. And now, Equity for Punks is back with a completely new type of share offering.

Equity for Punks Tomorrow is a radically different type of share offering; a share offering where every single penny you invest goes towards building a more sustainable future for all of us.

We believe that the most sustainable businesses are going to be the ones who will prosper long term, so by investing heavily in sustainability, we believe we can grow strongly, and add significant value to your investment too. All whilst doing great things for the planet.

BrewDog was born in 2007 with a mission to make other people as passionate about great craft beer as we are. Fast forward to today, we now employ 1,600 people, and are one of the world's leading craft breweries with operations in over 50 countries. Our mission has also evolved to include our ambition to become the world's most sustainable beer business.

And with your help, we can do just that.

Keep on rocking in the free world.

James

YOUR INVESTMENT: TOMORROW PROJECTS

EVERY SINGLE PENNY RAISED WILL BE SPENT ON GROUND-BREAKING SUSTAINABILITY PROJECTS*.

In August 2020, we announced that BrewDog is now carbon negative. With your help, we can look to raise the bar and inspire others to drive the change our world so badly needs.

*These projects are strategically important to us as a business and we have no plans to delay or alter their implementation as a result of the COVID-19 pandemic.

IF THE FULL INITIAL GOAL OF £7.5 MILLION IS ACHIEVED, WE WILL FUND THE FOLLOWING PROJECTS*:

DIRECT WIND POWER

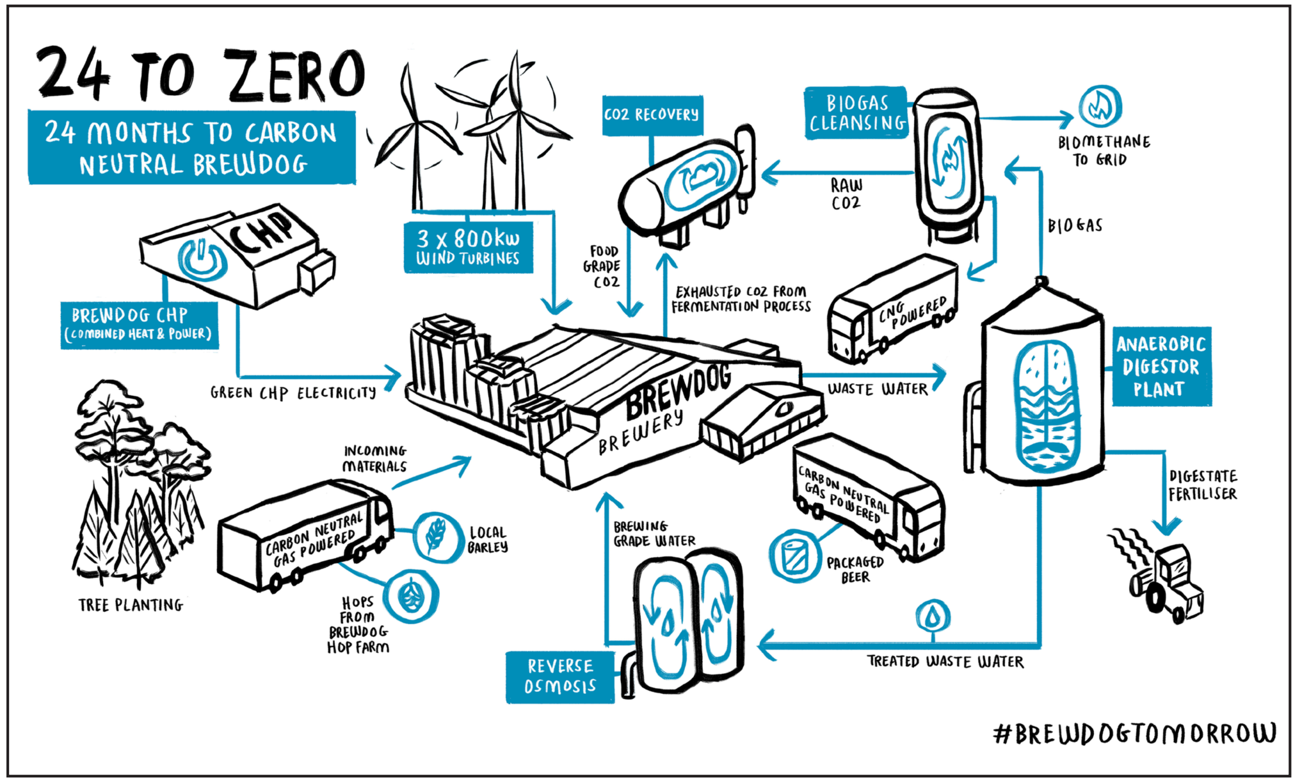
Direct connection with 3x 800kW turbines right next to our brewery, powering us with 2.4MegaWatts of clean energy.

Cost: **£1m** Timescale: **March 2021**

CO2 RECOVERY

Fermentation produces CO2. We want to capture all of this CO2 so that it does not escape into the atmosphere, and then use it downstream to carbonate our beers, reducing our material requirements.

Cost: **£1m** Timescale: **July 2021**



ANAEROBIC DIGESTOR

With an anaerobic digestor, we are going to turn our waste water into green gas and clean water, both of which we can then reuse in our brewery.

Cost: **£1m** Timescale: **July 2021**

*Allocation net of costs of the Offer.

SPENT GRAIN TO GREEN GAS

The brewing industry normally feeds its spent grain to cattle, but we are going to turn our spent grain into green gas which can help power our process.

Cost: **£750k** Timescale: **July 2021**

COLUMBUS HOP FARM

We work hard to source our ingredients as locally as possible, and we want to go one step further in Columbus. Our brewery is located on a beautiful 42 acre plot with ample space for our very own hop farm.

Cost: **£750k** Timescale: **June 2022**

BREWDOG TOMORROW BAR

We want to create a template for the future and open the world's most sustainable bar. Zero waste, carbon neutral, and a depot for closed loop delivery solutions. This will be a template for all our bars going forward.

Cost: **£1m contribution to the overall cost**
Timescale: **October 2021**

ELECTRIC VEHICLE FLEET

We want to eliminate fossil fuels from our business and switch out all of our delivery vehicles for fully electric alternatives.

Cost: **£1.5m** Timescale: **June 2021**

WE WILL ALSO PURSUE THE FOLLOWING PROJECTS IF THE OFFER RAISES MORE THAN £7.5 MILLION, UP TO A MAXIMUM STRETCH GOAL OF £50 MILLION.

BREWDOG HUBS

By offering people the opportunity to buy beer closer to home, and using electric vehicles to deliver locally, we will reduce the carbon footprint of our beer deliveries. These hubs will also focus on circular packaging formats, such as reusable bottles, growlers, and fully recyclable cans.

Cost: **£1m** Timescale: **November 2021**

SOLAR

We want to install solar panels on the roofs of the below spaces:

- Our Berlin brewery
- Our Brisbane brewery
- Our Columbus brewery
- Hop Hub, our warehouse facility in Glasgow

This will reduce our need for less sustainable energy in these locations.

Cost: **£3m** Timescale: **August 2021**

CANNING LINE

Cans are infinitely recyclable, and by investing in a new canning line, we can increase the number of beers we package in this sustainable material.

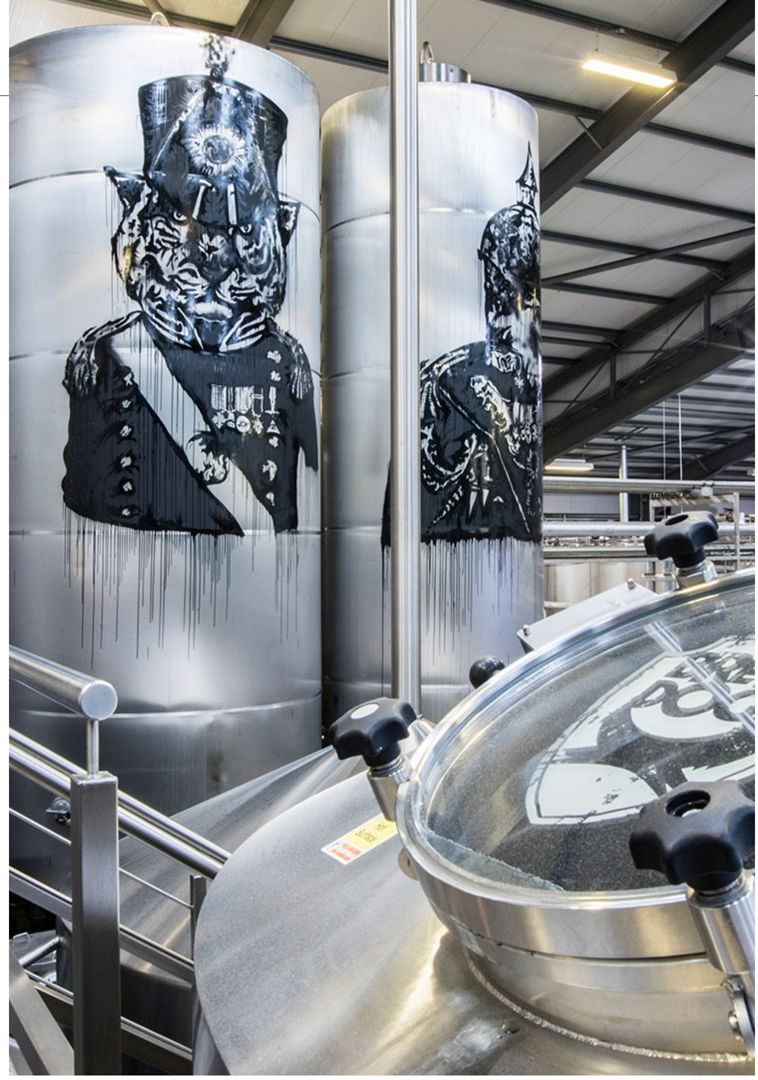
Cost: **£5m** Timescale: **August 2021**

The projects above are listed in their current order of priority.

FRENCH BREWERY

France is our biggest export market and we want to reduce our carbon footprint by brewing in France for this market. We want to build a brewery with a taproom and visitor centre in France.

Cost: **£12.5m** Timescale: **March 2022**



ECO DISTILLERY

As our spirits business continues to grow strongly, we need to expand our capacity to keep up with demand. We want to do this in the most sustainable way possible, and build an eco-distillery.

Cost: **£5m** Timescale: **January 2022**

ASIA BREWERY

By brewing beer for the Asian markets on the continent, we can drastically reduce the carbon footprint of our business. India, China and Japan are all developing markets for craft beer, and BrewDog is ideally positioned to provide people in these countries with awesome craft beer, brewed locally.

Cost: **£12.5m** Timescale: **June 2022**

FUTURE-PROOF PRODUCTS

As we continue to invest in R&D and new product development, we are determined to find ever-more sustainable ways to brew and package our beers.

Cost: **£2.5m** Timescale: **March 2022**

BENEFITS OF INVESTING

1) OWN PART OF BREWDOG

You can benefit in the financial success of our future growth through a potential increase in the value of your shareholding.

2) LIFETIME DISCOUNT IN OUR BARS, AND IN OUR ONLINE SHOP

By investing you entitle yourself to amazing lifetime discounts in all of our BrewDog bars and on our online shop. Buy 19 shares or fewer, and get 5% off in our bars and online. Buy 20 shares or more, and get 10% off in all our bars and online.

3) A FREE BEER ON YOUR BIRTHDAY EVERY YEAR

A free beer. Every year. On your birthday. For as long as you are a BrewDog shareholder. Happy Birthday, Punk!

4) AGM INVITE FOR YOU AND A FRIEND

BrewDog shareholders receive an annual invite for you and a friend to our legendary AGM. Awesome live music, epic beer tastings, thousands of Equity Punks and the lowdown on all things BrewDog.

5) AN EQUITY FOR PUNKS TOMORROW PIN BADGE

You will get an exclusive pin badge to wear your sustainable investment with pride.

6) SUSTAINABLE SUPPER CLUB MEMBERSHIP

Equity Punks get a double their discount on all vegan food, Sunday-Thursday, in all of our bars.

7) ACCESS TO EXCLUSIVE TOMORROW PUNK MERCH

We will be launching two new items of sustainably sourced Tomorrow Punk merchandise, exclusively for our Tomorrow Punks, every year.

8) INCREASED DISCOUNT ON DIYDOG SUPPLIES

Get a boosted discount on our new range of homebrewing kits and ingredients when they launch later this year!

9) YOUR OWN TREE PLANTED IN THE BREWDOG FOREST

Everyone who invests in Equity for Punks Tomorrow will have a tree dedicated to them at the BrewDog forest in Scotland. You can visit it, and camp nearby!

*Investors should note that whilst the above mentioned benefits and the boosted benefits on the following page don't attach to the B Shares so could be changed or discontinued, BrewDog is committed to honouring these benefits for all Equity Punks who invest in the Offer.

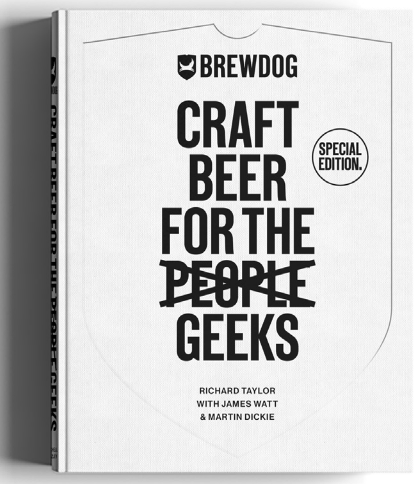
BOOSTED BENEFITS

IF YOU INVEST MORE, YOU CAN BAG EXTRA SPECIAL BOOSTED BENEFITS! YOU CAN CHOOSE ONE BENEFIT FROM EACH TIER YOU UNLOCK.

CHOOSE WISELY THOUGH! SOME PERKS HAVE LIMITED AVAILABILITY. VISIT BREWDOG.COM/EQUITYFORPUNKS/BENEFITS TO SEE WHICH PERKS ARE AVAILABLE.

INVESTMENT	CHOOSE ONE PERK			
£5,030 200 SHARES	ONE FREE CASE OF 24 CANS OF BREWDOG BEERS, ON NEXT-DAY DELIVERY TO YOUR DOOR WHERE AVAILABLE, EVERY MONTH FOR 1 YEAR.	TOMORROW PUNKS DOG DAY YOU'LL SPEND A DAY NERDING OUT WITH OUR QUALITY TEAM & HQ CREW WITH A SPECIAL TASTE PANEL, A SESSION IN OUR LAB, A CLOSE LOOK AT OUR INVESTMENT IN SUSTAINABILITY, AND DINNER WITH A Q&A WITH OUR MASTERS OF QUALITY[1]	YOUR OWN CASK OF SUSTAINABLE WHISKY. VISIT IT WHENEVER YOU WANT, AND WHEN IT'S READY, WE WILL DELIVER A CASE OF BOTTLES OF YOUR SUSTAINABLE, BESPOKE WHISKY	
£1,961.70 78 SHARES	A SPECIAL EDITION CASE OF BAD BEER VODKA	ONE DOUBLE DISCOUNT PER MONTH FOR BAR OR ONLINE SHOP, FOR 1 YEAR, WITH FREE SHIPPING WHEN USED ONLINE	ONE VEGAN MEAL & BEER EVERY MONTH FOR 2 YEARS AT UK BREWDOG BARS[2]	A BREWDOG BRANDED YETI COOLER WORTH £250 & 12 PACK OF PUNK TO FILL IT WITH
£955.70 38 SHARES	3 SPECIAL RELEASE OVERWORKS BEERS BREWED EXCLUSIVELY FOR EQUITY FOR PUNKS TOMORROW, PLUS A TOMORROW PUNK GLASSWARE SET AND BAR BLADE	INVITATION TO A BREW DAY AT YOUR LOCAL OUTPOST FOR YOU AND 2 FRIENDS, TO BREW YOUR OWN BEER - PLUS AN INVITE TO THE LAUNCH EVENT AT THE OUTPOST WHEN IT HITS THE TAPS		
£352.10 14 SHARES	AN EXCLUSIVE 8-PACK OF SUSTAINABLY BREWED, SPECIAL EDITION BARREL-AGED BEER USING FORAGED TREE FRUIT[3], WHICH YOU AND YOUR FELLOW EQUITY PUNKS WILL NAME	GROWLER CLUB MEMBERSHIP, WITH NO DEPOSIT FOR THE GROWLER AND ONE FREE FILL OF ANY BREWDOG DRAFT BEER EVERY MONTH FOR A YEAR		
£201.20 8 SHARES	A LIMITED-EDITION 24 PACK OF CANS OF HELLO MY NAME IS GALE[3]	BREWDOG X 'A GOOD COMPANY' WATER BOTTLE[3]	AN EXCLUSIVE TOMORROW PUNK TSHIRT[3] FROM SUSTAINABLE SOURCES	
£100.60 4 SHARES	A COPY OF CRAFT BEER FOR THE GEEKS WORTH £15[3]	A 12-PACK OF TRASH CAN PUNK TO GIFT TO A FRIEND[3]	EXCLUSIVE LIMITED-EDITION 'A GOOD COMPANY' BREWDOG BRANDED PEN AND NOTEBOOK[3]	

[1]TRAVEL AND ACCOMMODATION NOT INCLUDED
[2]1 MAIN, 1 DRAFT BREWDOG BEER & 1 SIDE DISH OR DESSERT EVERY MONTH FOR 24 MONTHS FROM THE END OF THE RAISE
[3]DELIVERY NOT INCLUDED IN ANY OF THESE PERKS



REFER A FRIEND

WHEN YOU INVEST IN BREWDOG, YOU'LL BE GIVEN A UNIQUE REFERRAL LINK. SHARE THIS CODE WITH FRIENDS AND WHEN THEY INVEST, YOU'LL RACK UP POINTS. AND POINTS MEAN PRIZES*.

ONE REFERRAL

BADGE ON BREWDOG.COM**

THREE REFERRALS

4 PACK OF PUNK TO REDEEM ONLINE

FIVE REFERRALS

BREWDOG X 'A GOOD COMPANY' PHONE CASE & AN EXCLUSIVE TOMORROW PUNKS SUSTAINABLY-SOURCED HAT

TEN REFERRALS

3 PACK OF BARREL-AGED BEER (WIND POWER-BREWED) AND A 10 x REFERRALS PIN BADGE

TWENTY REFERRALS

EXCLUSIVE BREWDOG TOMORROW SUSTAINABLY-SOURCED HOODIE AND £20 CREDIT FOR BREWDOG NOW

TOP FIVE REFERRERS

A BREWDOG X VANMOOF ELECTRIC BICYCLE

*Points only apply when NEW Equity Punks use your referral link.
**Launching 2020!

OUR CULTURE

THE REAL LIVING WAGE

We are proud to have been a Real Living Wage Employer since 2014, and we offer all our team members the Real Living Wage.

THE BREWDOG SALARY CAP

Our salary cap means that we never hire anyone on a starting salary more than 7 times the entry level salary in our business.

UNICORN FUND

We share 10% of our profits evenly each year with all our BrewDog team members, regardless of their position or seniority.

PAWTERNITY LEAVE

If any of our team members get a puppy or adopt a dog, we give them a paid week off work to help their new family member settle in. Woof.

SUNDAY TIMES

We have been named twice in the Sunday Times Top 100 Companies to Work for in the UK. Being a great company to work for is core to what we believe in.

THE BREWDOG FOUNDATION

We believe business should be a force for good. Every year we donate up to £1m of our profits to charities and causes chosen by our team and our community. Already in 2020, we have donated over 500,000 units of hand sanitiser to the NHS, Health Care Charities and key workers.

BE THE CHANGE YOU WANT TO SEE IN THE WORLD

We believe that the best way to develop BrewDog, further grow our business, and set a new benchmark for sustainability is to ask you, the people who enjoy our beers, to be involved in our future.

Equity for Punks Tomorrow is a radical new type of investment opportunity. An investment where every single last penny you invest goes directly towards cutting-edge sustainability initiatives across our business.

Our growth so far has been phenomenal, and with that growth all set to continue, we want you to share in our future success and help us build a cleaner, greener and brighter future for everyone.

We are determined to build the world's most sustainable beer business. And we want you to build it with us.

THIS IS ABOUT A BETTER FUTURE FOR EVERYONE. THIS IS EQUITY FOR PUNKS.

Invest now at:
www.brewdog.com/equityforpunks

AT BREWDOG, WE BELIEVE THAT BY HAVING THE CONVICTION TO DO THINGS ON OUR TERMS, AND BY LIVING THE PUNK DIY ETHOS, WE CAN CHANGE THE WORLD WITH CRAFT BEER. ONE GLASS AT A TIME. AND OUR WORLD NEEDS CHANGE NOW MORE THAN EVER.

HERE'S TO THE CRAZY ONES, THE MISFITS, THE REBELS, THE TROUBLEMAKERS, THE ROUND PEGS IN THE SQUARE HOLES... THE ONES WHO SEE THINGS DIFFERENTLY. BECAUSE THE ONES WHO ARE CRAZY ENOUGH TO THINK THAT THEY CAN CHANGE THE WORLD, ARE THE ONES WHO DO.

STEVE JOBS

ADDITIONAL INFORMATION

1. The Offer

The Offer is an opportunity for persons who reside in the UK and the other Approved Jurisdictions to apply to subscribe for New B Shares (with a nominal value of £0.001 each) at the Issue Price of £25.15 per New B Share in accordance with the terms of the Offer up to the Maximum Amount. In the event that applications are received in excess of the Maximum Amount, the Directors reserve the right to use their absolute discretion in the allocation of successful applications. No notification will be made to successful applicants prior to allotment and/or dispatch of definitive share certificates.

New B Shares will be allotted and issued in respect of valid applications on a monthly basis following the opening of the Offer and on any other dates on which the Directors decide.

Prior to the allotment of the New B Shares, the proceeds of the Offer shall be held by the Receiving Agent in a non-interest bearing client account and shall not be released to the Company until the date that allotments take place.

Settlement of transactions in the New B Shares may take place within the CREST system if Shareholders wish. CREST is a voluntary system and Shareholders who wish to receive and retain electronic share certificates will be able to do so. New B Shares may be issued in certificated or uncertificated form.

The total costs, charges and expenses payable by the Company in connection with the Offer are estimated to be £500,000 and the total net proceeds of the Offer, assuming full subscription of the initial target of £7.5 million (but no increase of the Offer pursuant to the stretch goal target of up to £50 million), are estimated at £7 million. In the event that the Offer is increased, additional costs of approximately £100,000 per each additional £10 million raised are expected such that, if the full stretch goal is reached, the total net proceeds of the Offer are estimated to be £49.1 million.

If the Offer is fully subscribed, and is extended to its maximum amount of £50 million, approximately 1,988,071 New B Shares will be issued pursuant to the Offer. In aggregate, these B Shares will represent approximately 2.7% of the total issued Shares in the Company following the Offer (and approximately 15% of the total B Shares in issue as at the date of this document). As at the date of this Securities Note, the B Shares represent approximately 18% of the total issued Shares in the Company, so an existing holder of B Shares who does not subscribe for New B Shares pursuant to the Offer will experience dilution.

To the best of the Company's knowledge, no existing major shareholders in the Company nor members of the Company's management, supervisory or administrative bodies intend to participate in the Offer.

Shareholders should note that the Directors may, in their absolute discretion, refuse to register any transfer of Shares whether or not they are fully paid but shall be required to provide reasons for doing so within two months. There are no other restrictions on the free transferability of the B Shares of the Company save where imposed by statute or regulation.

The New B Shares which are the subject of the Offer are unquoted and are not currently the subject of an application for admission to trading on any regulated market.

Further details on the procedure for, and conditions applicable to, the Offer are set out as section 5 below.

BrewDog will continue to explore other ideas and initiatives to supplement its Tomorrow Projects, including but not limited to carbon offset incentives, recycling rewards, sustainable offers, and more, with the most promising ideas taken forward.

Copies of the Prospectus relating to the Offer and any related supplementary prospectus published by the Company are available for download at the National Storage Mechanism (www.morningstar.co.uk/uk/NSM) and may be obtained, free of charge, from the Company's registered office, where they are also on display. The contact details of the Company are as follows:

Registered office	BrewDog plc, Balmacassie Commercial Park, Ellon, Aberdeenshire, Scotland, AB41 8BX
Website	www.brewdog.com
Email	info@brewdog.com
Telephone number	01358 724924

The directors of the Company are James Watt, (co-founder), Martin Dickie, (co-founder), Neil Simpson, (CFO BrewDog plc), Keith Greggor, David McDowall COO BrewDog plc, Blythe Jack (TSG Consumer Partners) and Jamie O'Hara. (TSG Consumer Partners).

2. Working Capital

In the opinion of the Company, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of this document.

3. Capitalisation and Indebtedness

The tables below show the capitalisation and indebtedness of the Company (on a consolidated basis) as at 30 June 2020, being a date no earlier than 90 days prior to the date of this document.

	£ 000
Total current debt	**13,924**
Guaranteed	-
Collateralised	3,932
Unguaranteed and Non-collateralised	9,992
Total non-current debt	**19,922**
Guaranteed	-
Collateralised	16,614
Unguaranteed and Non-collateralised	3,308
Shareholders' Equity	**170,095**
Share capital	73
Other reserves	170,022

The following table shows the Company's net indebtedness (on a consolidated basis) as at 30 June 2020.

		£'000
A	Cash	64,176
B	Cash equivalent	-
C	Other current financial assets	-
D	**Liquidity (A+B+C)**	**64,176**
E	**Current trade and other receivables**	
F	Current financial debt (including debt instruments, but excluding current portion of noncurrent financial debt)	600
G	Current Position of Non-Current Debt	3,332
H	Current trade and other payables	9,992
I	**Current financial debt (F+G+H)**	**13,924**
J	**Net current financial indebtedness (I-E-D)**	**-50,252**
K	Non-Current Bank Loans (excluding current portion and debt instruments)	6,636
L	Debt Instruments	3,308
M	Non-Current trade and other payables	9,978
N	**Non-current financial indebtedness (K+L+M)**	**19,922**
O	**Total Financial Indebtedness (J+N)**	**-30,330**

The Company does not have any contingent or indirect indebtedness.

On 3 August 2020, the Company took out a Coronavirus Large Business Interruption Loan for £25 million with HSBC Bank plc. Aside from that, there has been no material change in the capitalisation of the Company, total debt or shareholder equity since 30 June 2020.

4. Trading Platform

While the Company offers Shareholders the opportunity to trade their shares on a Trading Platform provided by Asset Match and this is only offered approximately once a year when there is no current offer open. The last trading day was held in January 2019.

To use this system, a Shareholder informs Asset Match of the number of B Shares that he or she would like to sell and the minimum price he or she would like to sell their shares for (the Reserve Price). The platform then adds the details to an Order Book and once compiled an auction is held to match potential buyers and sellers. The Order Book is visible to all participants to aid transparency. When the auction closes a Sale Price is calculated to protect buyers and sellers from unfair or inequitable prices. A Shareholder's shares will not be sold if this price is lower than their Reserve Price.

For running the Trading Platform and the auction process, Asset Match shall receive a fee for each transaction, which amounts to 6% of each transaction price which shall be split equally between the buyer and the seller (3% payable by the buyer and 3% payable by the seller). Asset Match is authorised and regulated by the FCA.

Shareholders should note that there can be no guarantee that there will be sufficient bidders to allow shares to be sold. Shareholders may also not be able to sell shares for more than they originally paid for them.

5. Procedure for application and payment

5.1 Conditions of Application

Applicants can apply to subscribe for New B Shares by either completing a Hard Copy Application Form (in the form appended to the Prospectus) or an Online Application Form. The instructions and other terms set out in the Application Form are incorporated as part of the terms and conditions of the Offer to Applicants. Details of how to subscribe by either method are set out below. If an Applicant wishes to subscribe for more than 500 New B Shares (£12,575), they must apply using a Hard Copy Application Form.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions, or if it otherwise does not strictly comply with the terms and conditions of the Offer.

Multiple applications may be accepted.

If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer New B Shares than the number applied for, or if in any other circumstances there is an excess payment in relation to an application, the application monies or the balance of the amount paid or the excess paid on application will be returned without interest to the Applicant.

5.2 Hard Copy Application Forms

(a) General

Save as provided for in paragraph 7 below in relation to Overseas Applicants, Applicants may complete a Hard Copy Application Form to subscribe for any number of New B Shares. Where an Applicant complete a Hard Copy Application Form then payment must be made by either cheque or bankers draft.

(b) Application Procedures

Applicants should print off and complete the Hard Copy Application Form in accordance with the instructions printed on it. Completed Hard Copy Application Forms should be returned by post to Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal office hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol BS13 8AE (who will act as Receiving Agent in respect of paper applications and Registrar in relation to the Offer), so as to be received by Computershare in either case, by no later than 11.00 a.m. on 28 January 2021 (though the Offer may close earlier than this if fully subscribed or be extended at the discretion of the Directors), after which time Hard Copy Application Forms will not be valid. If a Hard Copy Application Form is being sent by first-class post in the UK, Applicants are recommended to allow at least four working days for delivery. Hard Copy Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided. Applicants should note that Hard Copy Applications, once made, will be irrevocable and receipt thereof will not be acknowledged.

Completed Hard Copy Application Forms must be accompanied with either a cheque or banker's draft drawn in sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of these two companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner and must be for the full amount payable on application.

Cheques should be drawn on a personal account in respect of which the Applicant has sole or joint title to the funds and should be made payable to "Computershare re BrewDog plc" and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. However, third party cheques will be subject to the Money Laundering Regulations which could delay Applicants receiving their New B Shares. The account name should be the same as that shown on the Application Form. Payments via CHAPS, BACS or electronic transfer will not be accepted when completing a Hard Copy Application Form.

Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Offer that cheques and banker's drafts will be honoured on first presentation. The Company may elect to treat as valid or invalid any applications made by Applicants in respect of which cheques are not so honoured. Pending allotment of New B Shares, the application monies will be kept in a separate interest bearing bank account with any interest being retained for the Company.

All documents and remittances sent by post by, from or on behalf of an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk. In the event that a document or remittance is not received, the Receiving Agent will not be liable. Applicants bear the risk of documents or remittances being lost and should contact the Receiving Agent to arrange the dispatch of replacements if this occurs.

5.3 Online Application Forms

(a) General

Save as provided for in paragraph 7 below in relation to Overseas Applicants, Applicants may complete the Online Application Form if they wish to subscribe for up to 500 New B Shares and pay using Electronic Payment. If an Applicant wishes to subscribe for more than 500 New B Shares they should do so by using the Hard Copy Application Form.

(b) Application Procedures

Applicants wishing to apply to acquire New B Shares and pay by Electronic Payment should complete the Online Application Form in accordance with the instructions on it. Completed Online Application Forms should be submitted via the Website no later than 11.00 a.m. on 28 January 2021 (though the Offer may close earlier than this if fully subscribed or be extended at the discretion of the Directors), after which time Online Application Forms will not be valid. Applicants should note that applications, once submitted via the Website, will be irrevocable and receipt thereof will not be acknowledged. All Online Application Forms must be submitted while making Electronic Payment via the Website. Any checks which the Registrar requires to carry out under the Money Laundering Regulations may delay Applicants receiving their New B Shares (see paragraph 6 below).

5.4 Effect of Application

By completing and delivering an Application Form the Applicant:

(i) represents and warrants to the Company and the Receiving Agent that (s)he has the right, power and authority, and has taken all action necessary, to make the application under the Offer and to execute, deliver and exercise his rights, and perform his or her obligations under any contracts resulting therefrom and that (s)he is not a person otherwise prevented by legal or regulatory restrictions from applying for New B Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees that all applications under the Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by and construed in accordance with the laws of Scotland;

(iii) confirms that in making the application (s)he is not relying on any information or representation in relation to the Company other than those contained in the Prospectus and any documents incorporated by reference, and the applicant accordingly agrees that no person responsible solely or jointly for the Prospectus including any documents incorporated by reference or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read the Prospectus, including any documents incorporated by reference, (s) he will be deemed to have had notice of all information in relation to the Company contained in the Prospectus (including information incorporated by reference);

(iv) confirms that (s)he is 18 years of age or older;

(v) confirms that no person has been authorised to give any information or to make any representation concerning the Company or the New B Shares (other than as contained in the Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company;

(vi) requests that the New B Shares be issued to him or her on the terms set out in the Prospectus and the Application Form, subject to the provisions of the Articles;

(vii) represents and warrants to the Company and the Receiving Agent that (s)he is not, nor is (s)he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for New B Shares is prevented by law and (s)he is not applying with a view to reoffering, reselling, transferring or delivering any of the New B Shares which are the subject of this application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for New B Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for New B Shares under the Offer; and

(viii) represents and warrants to the Company and the Receiving Agent that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986 (as amended or replaced from time to time).

All enquiries in connection with the procedure for application and completion of either of the Application Forms should be made to the Registrar on the helpline 0370 707 1816, or, if calling from overseas, +44 370 707 1816. Calls are charged at the standard geographic rate and will vary by provider. Calls outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services PLC cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

6. Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations, the Registrar may require, in its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements is the responsibility of such broker or intermediary and not of the Registrar. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment including any person who appears to the Registrar to be acting on behalf of some other person, accepts the Offer and shall thereby be deemed to agree to provide the Registrar with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.

If the Registrar determines that certain verification of identity requirements is required, the relevant New B Shares (notwithstanding any other term of the Offer) will not be issued to the Applicant unless and until the verification of identity requirements have been satisfied in respect of that Applicant. The Registrar is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Applicant and whether such requirements have been satisfied, and neither the Registrar nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirement applies, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the acceptance of applications. If, within a reasonable time following a request for verification of identity, the Registrar has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Offer will be returned (at the Applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Receiving Agent and the Company from the Applicant that the Money Laundering Regulations will not be breached by the receipt and application of such remittance.

The verification of identity requirements will not usually apply, inter alia:

(i) if the Applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or

(ii) if the Applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or

(iii) if the aggregate subscription price for the New B Shares is less than €15,000 (approximately £13,500).

In other cases, the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

(a) if payment is made by cheque or banker's draft in sterling drawn on a branch in the UK of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to "Computershare re BrewDog plc" in respect of an application by an Applicant and crossed "A/C Payee Only" in each case. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. However, third party cheques will be subject to the Money Laundering Regulations which could delay Applicants receiving their New B Shares. The account name should be the same as that shown on the Application Form; or

(b) if the Application Form is lodged with payment by an agent which is an organisation which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand,

Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrar. If the agent is not such an organisation, it should contact the Registrar on the telephone number below.

To confirm the acceptability of any written assurance referred to in paragraph 5.1(b) above, or in any other case, the acceptor should contact the Registrar on the helpline 0370 707 1816, or, if calling from overseas, +44 370 707 1816. Calls are charged at the standard geographic rate and will vary by provider. Calls outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services PLC cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If the Application Form(s) is/are in respect of New B Shares with an aggregate subscription price per applicant of €15,000 (approximately £13,500) or more and is/are lodged by hand by the Applicant in person, or if the Application Form(s) in respect of New B Shares is/are lodged by hand by the Applicant and the accompanying payment is not the Applicant's own cheque, the Applicant should ensure that they have with them evidence of identity bearing their photograph (for example, their passport) and separate evidence of their address.

If, within a reasonable period of time following a request for verification of identity the Registrar has not received evidence satisfactory to it, the Registrar may, at its discretion, as agent of the Company, reject the relevant Application Form(s), in which event the monies submitted in respect of that application will be returned without interest by cheque or directly to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence).

7. Overseas Applications

7.1 General

TThis Offer is being made only to persons who have registered addresses in, or who are resident in, or citizens of, the UK and the Approved Jurisdictions.

This Prospectus has been approved by the FCA in the UK. Pursuant to the passporting provisions of FSMA, the Company has requested that the FCA provides a certificate of approval and a copy of this document to the relevant competent authorities (with a translation into the appropriate language of the Summary, where relevant) in the Approved Jurisdictions.

The distribution or downloading of the Prospectus and an Application Form and the making of the Offer to (or its acceptance by) persons who have registered addresses in, or who are resident in, or citizens of, countries other than the UK but within the Approved Jurisdictions may be affected by the laws of the relevant jurisdiction. The comments set out in this paragraph 7 are intended as a general guide only and any Applicant who is in doubt as to their position should consult their professional advisers. It remains the responsibility of any person outside the UK wishing to take up rights to New B Shares to satisfy him or herself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. For the avoidance of doubt, this Offer is not made to any persons who have registered addresses in, or who are resident in, or citizens of, countries that are Restricted Jurisdictions.

The Company reserves the right to treat as invalid any application or purported application for New B Shares that appears to the Company or its agents to have been executed, effected or dispatched by an Applicant who is resident in a Restricted Jurisdiction or on behalf of such a person by their agent or intermediary or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements. Notwithstanding any other provision of the Prospectus or the Application Form, the Company reserves the right to permit any Applicant who is resident in, or a citizen of, a Restriction Jurisdiction to apply for New B Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Receipt of the Prospectus and/or an Application Form will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, the Prospectus and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

No action has been or will be taken by the Company or any other person to permit a public offering or distribution of the Prospectus (or any other offering or publicity materials or application form(s) relating to the New B Shares) in any jurisdiction where action for that purpose may be required, other than in the UK and the Approved Jurisdictions.

Neither the Company nor any of its representatives is making any representation to any offeree or purchaser of New B Shares regarding the legality of an investment in the New B Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) downloading a copy of the Prospectus and/or an Application Form, in connection with the Offer or otherwise, should not distribute or send either of those documents in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

If a copy of the Prospectus (or any part thereof) and/or an Application Form is downloaded or received (by whichever means) by any person in any such territory, or by his custodian, agent, nominee or trustee, he must not seek to apply for New B Shares unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of the Prospectus and/or an Application Form into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph.

Overseas Applicants who wish, and are permitted, to apply for New B Shares should note that payment must be made in sterling denominated cheques or bankers' drafts in respect of Hard Copy Applications and Electronic Payment in the case of Online Applications.

7.2 United States

The Prospectus is intended for use only in connection with offers and sales of New B Shares outside the United States and is not to be downloaded by, sent, forwarded, transmitted or distributed, reproduced in whole or in part in any manner whatsoever, to any person within the United States whether in electronic, hard copy or any other format. The New B Shares offered hereby are not being registered under the Securities Act and subject to certain exceptions, the New B Shares will be distributed, offered or sold, as the case may be, outside the United States in offshore transactions within the meaning of, and in accordance with, Regulation S under the Securities Act.

Each person to which the New B Shares are distributed, offered or sold outside the United States will be deemed by its subscription for, or purchase of, the New B Shares to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing or purchasing the New B Shares, as the case may be, that:

(i) it is acquiring the New B Shares from the Company in an "offshore transaction" as defined in Regulation S under the Securities Act; and

(ii) the New B Shares have not been offered to it by the Company by means of any "directed selling efforts" as defined in Regulation S under the Securities Act.

Each subscriber or purchaser acknowledges that the Company will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by its subscription for, or purchase of, the New B Shares, as the case may be, are no longer accurate, it shall promptly notify the Company. If such subscriber or purchaser is subscribing for, or purchasing, the New B Shares as a fiduciary or agent for one or more investor accounts each subscriber or purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

7.3 Canada

The Prospectus is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of these securities in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the New B Shares, and any representation to the contrary is an offence.

In addition, the relevant exemptions are not being obtained from the appropriate provincial authorities in Canada. Accordingly, the New B Shares are not being offered for purchase by persons resident in Canada or any territory or possessions thereof. Applications from any Canadian Person who appears to be or whom the Company has reason to believe to be so resident or the agent of any person so resident will be deemed to be invalid. Neither the Prospectus (nor any part thereof) nor an Application Form may be downloaded or sent to any person whose registered address is in Canada. If any Application Form is received by any person whose registered address is elsewhere but who is, in fact, a Canadian Person or the agent of a Canadian Person so resident, he should not apply under the Offer.

For the purposes of this paragraph 7.3, "Canadian Person" means a citizen or resident of Canada, including the estate of any such person or any corporation, partnership or other entity created or organised under the laws of Canada or any political sub-division thereof.

7.4 Australia

Neither the Prospectus (nor any part thereof) nor the Application Form has been lodged with, or registered by, the Australian Securities and Investments Commission. A person may not: (i) directly or indirectly offer for subscription or purchase or issue an invitation to subscribe for or buy or sell, the New B Shares; or (ii) distribute any draft or definitive document in relation to any such offer, invitation or sale, in Australia or to any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of such a corporation or entity located outside Australia). Accordingly, neither the Prospectus (nor any part thereof) nor any Application Form will be available to be downloaded by Applicants with registered addresses in, or to residents of, Australia.

7.5 Other Restricted Jurisdictions

No offer of New B Shares is being made by virtue of the Prospectus or the Application Forms into any Restricted Jurisdiction.

The New B Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

7.6 Representations and warranties relating to Overseas Applicants

Any person completing and returning an Application Form or requesting registration of the New B Shares comprised therein represents and warrants to the Company and the Registrar that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant New B Shares from within any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire New B Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction; and (iv) such person is not acquiring New B Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New B Shares into any of the above territories.

The Company and/or the Registrar may treat as invalid any acceptance or purported acceptance of the allotment of New B Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) purports to exclude the representation and warranty required by this sub-paragraph.

7.7 Waiver

Applications may be waived, varied or modified as regards specific persons or on a general basis by the Company, in its absolute discretion.

Subject to this, the provisions of this paragraph 7 supersede any terms of the Offer inconsistent herewith. References in this paragraph 7 shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 7 shall apply to them jointly and to each of them.

8. Issue

The result of the Offer is expected to be periodically announced on the Company's website with the final results to be announced within five Business Days of the Offer closing. Share certificates in respect of the New B Shares validly applied for are expected to be uploaded to the Registrar's Investor Centre website (www.investorcentre.co.uk) within one week of the New B Shares being allotted. No temporary documents of title will be issued pending the issue of electronic share certificates. All documents sent by, to, from or on behalf of Applicants, or as they may direct, will be sent via email. In the event that an email or document is not received, Investors should contact the Receiving Agent to arrange the dispatch of a replacement.

9. Times and dates

The result of the Offer is expected to be periodically announced on the Company's website with the final results to be announced within five Business Days of the Offer closing. Share certificates in respect of the New B Shares validly applied for are expected to be uploaded to the Registrar's Investor Centre website (www.investorcentre.co.uk) within one week of the New B Shares being allotted. No temporary documents of title will be issued pending the issue of electronic share certificates. All documents sent by, to, from or on behalf of Applicants, or as they may direct, will be sent via email. In the event that an email or document is not received, Investors should contact the Receiving Agent to arrange the dispatch of a replacement.

10. Taxation

Certain statements regarding UK taxation in respect of the New B Shares and the Offer are set out on pages 42-43. Applicants who are in any doubt as to their tax position in relation to taking up their entitlements under the Offer, or who are subject to tax in any jurisdiction other than the UK, should immediately consult a suitable professional adviser.

11. Governing law and jurisdiction

The terms and conditions of the Offer as set out in the Prospectus, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of Scotland. The courts of Scotland are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offer, the Prospectus or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Offer, the Prospectus or the Application Forms. By taking up New B Shares under the Offer in accordance with the instructions set out in the Prospectus and, where applicable, either of the Application Forms, Applicants irrevocably submit to the jurisdiction of the courts of Scotland and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

Further information

Your attention is drawn to the further information set out in the Prospectus and also to the terms, conditions and other information printed on either Application Form.

TAXATION

1. UK Taxation

The following information, which sets out the taxation treatment for holders of New B Shares, is based on existing law in force in the UK and what is understood to be current HM Revenue & Customs ("HMRC") practice, each of which may be subject to change, possibly with retroactive effect. It is intended as a general guide only and applies to Shareholders (and potential Shareholders) who are resident or ordinarily resident in the UK for tax purposes (except to the extent that specific reference is made to persons resident or ordinarily resident outside the UK), who will hold the New B Shares as investments and who are the absolute beneficial owners of those New B Shares but is not applicable to all categories of potential shareholders, and in particular, is not addressed to (i) special classes of potential shareholders such as dealers in securities or currencies, broker-dealers or investment companies and (ii) potential shareholders who have acquired their New B Shares by virtue of or in connection with their or another's office or employment.

The information does not purport to be comprehensive or to describe all potential relevant tax considerations and does not generally consider tax relief or exemptions. Applicants who are in doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK, are strongly recommended to consult their professional advisers.

Dividends

Under current UK tax legislation, the Company will not be required to withhold UK tax from any dividends paid by the Company.

Individual Shareholders

Shareholders who are resident and domiciled in the UK for taxation purposes may, depending on their circumstances, be liable to UK income tax in respect of dividends paid by the Company. All dividends received from the company by an individual Shareholder who is resident and domiciled in the UK will, except to the extent that they are earned through a self-invested pension plan or other regime which exempts the dividend from tax, form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income.

From 6 April 2018, a nil rate amount of income tax applies to the first £2,000 of dividend income received by an individual shareholder in the tax year (the Nil Rate Amount) regardless of what tax rate would otherwise apply to that dividend income. If an individual shareholder receives dividends in excess of the Nil Rate Amount in a tax year, the excess will be taxed as income tax at the dividend ordinary rate (7.5%) for individual Shareholders who are basic rate taxpayers, the dividend upper rate of (32.5%) for individual Shareholders who are higher rate taxpayers and the dividend additional rate (38.1%) for individual Shareholders who are additional rate taxpayers. Dividend income that is within the Nil Rate Amount counts towards an individual's basic or higher rate limits – and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating into which tax band any dividend income over the Nil Rate Amount falls, savings and dividend income are treated as the highest part of an individual's income.

Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

Corporate shareholders

Shareholders within the charge to UK corporation tax which are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received provided certain conditions are met (including an anti-avoidance condition).

A UK resident shareholder within the charge to UK corporation tax that is not a "small company" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will be liable to UK corporation tax (currently at a rate of 19%) on any dividend received unless the dividend falls within one of the potentially exempt classes set out in Chapter 3 of Part 9A of the Corporation Tax Act 2009. Examples of exempt classes include: i) dividends paid on shares that are "ordinary shares" (that is, shares that do not carry any present or future preferential right to dividends or to the Company's assets on its winding up) and which are not "redeemable"; and ii) dividends paid to a person which holds less than 10% of the issued share capital of the payer (or of any class of that share capital in respect of which the distribution is made), which is entitled to less than 10% of the profits available for distribution to holders of the issued share capital of the payer (or of any class of that share capital in respect of which the distribution is made), and which would be entitled on a winding up to less than 10% of the assets of the company available for distribution to holders of the issued share capital of the payer (or of any class of that share capital in respect of which the distribution is made). However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

The right of an Applicant who is not resident (for tax purposes) in the UK to a tax credit in respect of a dividend received from the Company and to claim payment of any part of that tax credit from HMRC will depend on the existence of and the prevailing terms of any double taxation convention between the UK and the country in which the potential shareholder is resident. Such a potential shareholder should consult his own tax adviser concerning his tax liability on dividends received, whether he is entitled to claim any part of the tax credit, and if so, the procedure for doing so.

Chargeable Gains – Disposal of New B Shares

A disposal of New B Shares acquired under the Offer by an Applicant who is resident, or in the case of an individual, ordinarily resident in the UK for tax purposes in the relevant year of assessment may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax (where the Applicant is an individual) or UK corporation tax on chargeable gains (where the Applicant is a corporation and liable for UK corporation tax), depending on the circumstances and subject to any available exemption or relief.

An individual Applicant who ceases to be resident or ordinarily resident in the UK (for tax purposes) for a period broadly of less than five years and who disposes of the New B Shares during that period may also be liable to UK capital gains tax on his return to the UK (subject to any available exemption or relief).

An Applicant who is not resident or, in the case of an individual, ordinarily resident for tax purposes in the UK (and is not temporarily non-resident as described above) will not be liable for UK tax on capital gains realised on the sale or other disposal of his New B Shares unless such New B Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the UK through a branch or agency or, in the case of a corporate Applicant, through a permanent establishment. Such Applicant may be subject to foreign taxation on any gain subject to the terms of any applicable double tax treaty.

Inheritance Tax ("IHT")

The New B Shares are assets situated in the UK for the purposes of UK IHT. The gift of such shares by, or on the death of, an individual Applicant may give rise to a liability to pay IHT.

Stamp Duty and stamp duty reserve tax ("SDRT")

Any transfer by Applicants in the New B Shares will be subject to stamp duty or SDRT in the normal way. The transfer on sale of New B Shares will generally be liable to stamp duty at the rate of 0.5% (rounded to the nearest multiple of £5) of the consideration paid. An unconditional agreement to transfer such shares will generally be liable to SDRT at the rate of 0.5% of the consideration paid, but such liability will be cancelled if the agreement is completed by a duly-stamped transfer within six years of the agreement having become unconditional.

The statements in this paragraph are intended as a general guide to the current UK stamp duty and SDRT position and do not apply (i) to persons such as market makers, dealers, brokers, intermediaries and persons (or nominees or agents for such persons) who issue depositary receipts or operate clearance services to whom special rules apply or (ii) as regards transfers of shares to any of the persons mentioned in (i).

If New B Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services (a "Clearance Service") or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts (a "Depositary Receipts System"), stamp duty or SDRT will generally be payable at the higher rate of 1.5 percent of the consideration payable, or in certain circumstances, the value of the New B Shares (rounded up to the nearest multiple of £5 in the case of stamp duty).

2. Taxation outside the UK

Withholding taxation: Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Iceland, Ireland, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia and Sweden.

As far as the Company is aware, under the current law of the above named jurisdictions, the Company will not be required to withhold tax in that jurisdiction at source from dividend payments it makes. Please note however that the tax legislation of the Applicant's country of residence and of the Company's country of incorporation may have an impact on the income received from the New B Shares.

Austria: Withholding Taxation

Any payments of dividends in respect of the New B Shares will generally be made free of any withholding or deduction for or on account of any taxes in Austria, save as described below. Under certain conditions, withholding tax at a rate of up to 25% may apply if the New B Shares, as applicable, are deposited with an Austrian resident entity acting as depositary or custodian.

Belgium: Withholding Taxation

Dividends paid by the Company will be subject to withholding tax at the rate of 25% if paid or made available through a professional intermediary in Belgium, and subject to such relief as may be available under applicable domestic provisions. Dividends subject to the dividend withholding tax include all benefits paid on or attributed to the New B Shares, irrespective of their form, as well as reimbursements of statutory capital, except reimbursements of fiscal capital provided certain conditions are complied with. In principle, fiscal capital includes the paid-up statutory capital, paid-up issue premiums and the amounts subscribed to at the time of the issue of profit-sharing certificates, if treated in the same way as capital according to the articles of association of the Company.

France: Withholding Taxation

Any payments of dividends by the Company will generally be made free of any withholding or deduction for or on account of any taxes in France, save as described below. A mandatory withholding tax is levied at the rate of 21% on any dividends paid by a paying agent established in France to French tax resident individuals holding ordinary shares as part of their private assets, or upon election for such withholding at source by the individual if the paying agent is based elsewhere in the EU, in Iceland, Norway or Liechtenstein.

Germany: Withholding Taxation

Any payments of dividends by the Company will generally be made free of any withholding or deduction for or on account of any taxes in Germany, save as described below. A mandatory German withholding tax (Kapitalertragsteuer) will be levied at the rate of 26.375% (including solidarity surcharge (Solidarit tszuschlag)) against any German tax resident shareholders on dividends and on capitals gains realised upon the sale of New B Shares, subject to certain exceptions, if paid in its capacity as paying agent (auszahlende Stelle) by a German branch of a German or non-German credit or financial services institution or by a German securities trading business or a German securities trading bank established in Germany.

Italy: Withholding Taxation

Any payments of dividends by the Company will generally be made free of any withholding or deduction for or on account of any taxes in Italy, save as described below. Under certain conditions, withholding taxes may apply if the New B Shares are deposited with an Italian resident entity or in the event that an Italian financial intermediary intervenes, in any way, in the collection of the dividend payments.

Spain: Withholding Taxation

Any payments of dividends by the Company will generally be made free of any withholding or deduction for or on account of any taxes in Spain. However, under certain conditions, withholding taxes may apply if the New B Shares, as applicable, are deposited with a Spanish resident entity acting as depositary or custodian.

The statements above in relation to non-UK withholding tax do not amount to tax advice and Applicants in those jurisdictions should seek their own independent advice.

Definitions

The following definitions apply throughout the Prospectus, unless the context requires otherwise:

"2006 Act" the Companies Act 2006

"Applicants" means persons or corporate entities who complete and submit one or more Application Forms

"Application" an Online Application or a Hard Copy Application

"Application Forms" the Hard Copy Application Form and/or the Electronic Application (as the context requires)

"Articles" the articles of association of the Company (as amended or replaced from time to time)

"Approved Jurisdiction" includes and is limited to the following jurisdictions: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK

"A Shares" the A ordinary shares of £0.001 each in the capital of the Company with the rights and restrictions as set out in the Articles

"Asset Match" means Asset Match limited (company number 07681197) registered at 1 Bow Lane, London, EC4M 9EE

"B Shares" together the Existing B Shares and the New B Shares

"Board" the board of directors of the Company

"BrewDog" or "Company" BrewDog plc, a company registered in Scotland with registered number SC311560

"Business Day" any day on which banks are generally open in Aberdeen and London for the transaction of business, other than a Saturday or Sunday or a public holiday

"Computershare" Computershare Investor Services PLC (company number 03498808) registered at the Pavilions, Bridgwater Road, Bristol, BS13 8AE

"Directors" the directors of the Company, whose names are set out on page 36 of this Securities Note and "Director" shall mean any one of them

"Electronic Payment" payment by debit card or credit card as detailed on the Website will be accepted by the Receiving Agent, who may in its absolute discretion reject any payment

"EU" the European Union

"Excluded Overseas Applicant" other than as agreed in writing by the Company and as permitted by applicable law, Applicants who are located or have registered addresses in a Restricted Jurisdiction

"Executive Directors" James Watt, Martin Dickie, David McDowall and Neil Simpson, being the executive directors of the Company

"Existing Shares" or "Existing Ordinary Shares" the A and Existing B Shares in issue as at the date of the Prospectus

"Existing B Shares" the 13,352,887 B ordinary shares of £0.001 each in issue prior to the date of the Prospectus

"Group" means the Company and all of its subsidiaries as described and set out on page 20 of the Registration Document

"FCA" the Financial Conduct Authority

"FSMA" the Financial Services and Markets Act 2000 as amended

"Hard Copy Application" an application to subscribe for New B Shares pursuant to the Offer made via a Hard Copy Application Form

"Hard Copy Application Form" the Application Form which may be downloaded from the Website and completed in hard copy form for use by Applicants in applying for New B Shares when they wish to pay by cheque or bankers draft or apply for more than the maximum number of New B Shares than may be applied for through an Electronic Application

"HMRC" HM Revenue & Customs

"Issue" the issue of the New B Shares to the successful Applicants

"Issue Price" £25.15 per New B Share

"London Stock Exchange" London Stock Exchange plc

"Maximum Amount" means the prescribed maximum amount to be raised under the Offer which is £7.5 million unless the size of the Offer is increased at the discretion of the Directors to no more than £50 million

"Memorandum of Association" the Company's memorandum of association

"Money Laundering Regulations" the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692) (as amended, replaced and supplemented from time to time)

"Net Proceeds" approximately £7 million (or up to £49.1 million if the over-allotment facility is fully utilised) being the net proceeds from the issue of the New B Shares under the Offer

"New B Shares" those B ordinary shares of £0.001 each proposed to be issued by the Company pursuant to the Offer

"Non-Executive Directors" Keith Greggor, Blythe Jack and Jamie O'Hara

"Offer" or "Equity For Punks " the invitation by the Company to Applicants to apply to subscribe for New B Shares on the terms and conditions set out in the Prospectus

"Official List" the Official List of the UK Listing Authority

"Online Application" an application to subscribe for New B Shares pursuant to the Offer made via the Website

"Online Application Form" the application form which may be completed online from the Website for use by Applicants relating to applications for New B Shares when they wish to pay by Electronic Payment

"Order Book" an electronic order book containing details of the number of shares that a Shareholder would like to sell and the Reserve Price

"Ordinary Shares" means the A Shares and the B Shares

"Overseas Applicants" Applicants who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK which may be affected by the laws or regulatory requirements of the relevant jurisdictions

"Preferred C Shares" the preferred C shares of £0.001 each in the capital of the Company with the rights and restrictions as set out in the Articles

"Prospectus" together, this document, the Registration Document and the Summary

"Receiving Agent" Computershare

"Registrar" Computershare

"Registration Document" the registration document published by the Company of even date with this Securities Note, forming part of the Prospectus

"Regulation S" Regulation S promulgated under the Securities Act

"Reserve Price" the minimum price a Shareholder would be willing to sell each Share which they wish to sell through the Trading Platform

"Restricted Jurisdiction" each of Australia, Canada, Japan, New Zealand, South Africa and the United States

"Sale Price" the set price for shares to be sold on the Trading Platform which is calculated using an algorithm that determines the price at which most shares will change hands

"Securities Act" the United States Securities Act of 1933 (as amended)

"Securities Note" this document, forming part of the Prospectus

"Section 551 Amount" has the meaning set out in the Articles

"Shareholders" holders of A Shares, B Shares or Preferred C Shares, each individually being a "Shareholder"

"Statutes" the 2006 Act and every other statute (and any subordinate legislation, order or regulations made under any of them) concerning companies and affecting the Company, in each case, as they are for the time being in force

"Summary" the summary published by the Company of even date with the date of this Securities Note, forming part of the Prospectus

"Takeover Code" the City Code on Takeovers and Mergers

"Trading Platform" is an electronic trading platform hosted by Asset Match which provides a facility whereby Shareholders are able to buy and sell Ordinary Shares in the Company

"UK" or "United Kingdom" the United Kingdom of Great Britain and Northern Ireland

"UKLA" the FCA acting in its capacity as competent authority for Part VI of FSMA

"United States" or "US" the United States of America, its territories and possessions, any state of the United States and the District of Columbia

"Website" www.brewdog.com/equityforpunks

In the Prospectus all references to times and dates are a reference to those observed in London, UK. In this Prospectus the symbols "£" and "p" refer to pounds and pence sterling respectively.

BREWDOG

BREWDOG PLC

SUMMARY

SECTION 1: INTRODUCTION

This summary document forms part of a prospectus dated 9 September 2020 (the **"Prospectus"**) issued by BrewDog plc (the **"Company"**) and which has been approved, on that date, by the Financial Conduct Authority, the competent authority for the United Kingdom under Part IV of the Financial Services and Markets Act 2000. The FCA may be contacted at: Financial Conduct Authority, 12 Endeavour Square, London E20 1JN

The Prospectus is constituted of this summary, a registration document and a securities note published by BrewDog plc. The Prospectus describes an offer for subscription (**"Offer"**) of B Shares of £0.001 each in the Company (**"New B Shares"**). The Company is proposing to raise up to £7.5 million pursuant to the Offer. The Offer may be increased at the discretion of the Directors to no more than £50 million.

The Issuer's contact details are:

Address	**Email**	**Website**	**Telephone**	**LEI**
Balmacassie Industrial Estate, Ellon, Aberdeenshire, AB41 8BX	info@brewdog.com	www.brewdog.com	01358 724924	213800DAEV1 T2UOHJE09

Warning: This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities described herein should be based on a consideration of the prospectus as a whole by the prospective investor. Investors could lose all or part of the invested capital. Where a claim relating to the information contained in a prospectus is brought before a court, the claimant investor might, under national law, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or where it does not provide, when read together with other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in the New B Shares.

SECTION 2: KEY INFORMATION ON THE ISSUER

Who is the Issuer of the securities?

The issuer of the securities which are the subject of this Prospectus is BrewDog plc (the **"Company"**). The Company is a public limited liability company which is registered and domiciled in Scotland with registered number SC311560. Its Legal Entity Identifier is 213800DAEV1T2UOHJE09. The principal legislation under which the Company operates is the Companies Act 2006 (the **"Act"**) and the regulations made thereunder.

BrewDog has been one of the fastest growing food and drinks manufacturers in the UK over the last eight years. It is primarily a brewer of craft beers but also operates over 100 bars in the UK and internationally (which includes those operated under franchise) and one craft beer hotel. Over the last five years, BrewDog's revenues have grown by an average annual rate of approximately 49% and since 2009 the Company and its US subsidiary BrewDog USA Inc. have raised over £79 million through its Equity for Punks crowdfunding offers and crowdfunded bond issues.

The Company is the main trading company of the Group and has seven wholly owned UK subsidiaries, BrewDog Retail Limited, which is the operating company in respect of the Group's UK bars, Lone Wolf Spirits Limited, which is dormant, BrewDog Admin Limited, which is dormant, BrewDog International Limited, which is the holding company for the international bars business, Draft House Holding Limited, which is the holding company for a UK craft beer bar business, Overworks Limited, which is dormant and Hawkes Cider Limited, which is dormant.

The Company has two US subsidiaries, BrewDog USA Inc, which is the holding company for the US operations, and BrewDog Media Inc; an Australian subsidiary, BrewDog Group Australia Pty Ltd; a Belgian subsidiary, BrewDog Belgium SPRL; a Brazilian subsidiary, BrewDog do Brasil Comércio de Alimentos e Bebidas Ltda; a German subsidiary, BrewDog GmbH; a Swedish subsidiary, Brüdog Sweden AB, which is the holding company for the Swedish bars business; a Hong Kong subsidiary, Brewdog Group HK Limited; and a Spanish subsidiary, BD Casanova SL. A number of the Company's subsidiaries have their own subsidiaries.

As at 8 September 2020, TSG Consumer Partners, through two limited partnership vehicles registered in the Cayman Islands, hold 16,160,849 Preferred C Shares and 891,383 A Shares (representing approximately 23% of the Company's issued share capital).

As at 8 September 2020, the following key members of the Company's management hold, in aggregate, A Shares representing approximately 52.07% of the total shares in issue as follows:

The Company's auditors are Ernst & Young LLP of Blenheim House, Fountainhall Road, Aberdeen AB15 4DT.

Shareholder	**Number of A Shares held**	**Percentage of issued share capital**
James Watt	18,004,237	24.56%
Martin Dickie	15,744,233	21.48%
Charles Keith Greggor*	3,822,039	5.21%
Neil Simpson	597,736	0.82%

* Held through Griffin Group LLC and Kelso Ventures LLC

What is the key financial information regarding the Issuer?

Certain key historical information of the Company is set out below:

	Audited period end to 31 December 2019 (£'000)	**Audited period end to 31 December 2018 (£'000)**	**Audited period end to 31 December 2017 (£'000)**
Gross Revenue	214,896	171,619	110,870
Operating profit/loss	3,733	391	2,704
Net Profit	1,050	(1,493)	870

Balance Sheet

	Audited period end to 31 December 2019 (£'000)	**Audited period end to 31 December 2018 (£'000)**	**Audited period end to 31 December 2017 (£'000)**
Total assets	361,559	233,199	203,224
Total equity	177,060	164,994	146,823

Consolidated Cash Flows

	Audited period end to 31 December 2019 (£'000)	**Audited period end to 31 December 2018 (£'000)**	**Audited period end to 31 December 2017 (£'000)**
Net cash inflow/(outflow) from operating activities	4,700	(6,029)	4,865
Net cash outflow used in investing activities	(14,726)	(57,208	(25,216)
Net cash flow from financing activities	6,212	13,717	105,690
Net (decrease) / increase in cash	(3,814)	(49,520)	85,339
Cash and cash equivalents at end of year	35,164	38,978	

What are the key risks that are specific to the Issuer?

- On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The UK and other governments worldwide have taken steps to contain the outbreak of the virus, including advising self-isolation and implementing travel restrictions, quarantines and cancellations of gatherings and events. The effect on the UK and the global economy so far has been significant and has impacted the prospects of many businesses, including that of the Company. In respect of the period between the last financial year ending on 31 December 2019 and 30 June 2020 (being the date of the most recent unaudited management accounts of the Group), overall gross revenue was £108,025,463 (against a budget of £126,682,293). This has resulted in an overall net loss during this period of £8,151,071. The retail division which covers the Company's on-sales business has been particularly affected by the pandemic; it achieved gross revenues of just under half of the budgeted amount in the period between 31 December 2019 and 30 June 2020, which resulted in a net loss of £9,242,044 for this part of the business. The overall long term impact of the pandemic on the Group remains uncertain at the time of publication of this Prospectus. The Company has no current plans to alter or delay the implementation of its strategic priorities, and in the opinion of the Company, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of this document. However, it remains the case that any further tightening of restrictions (including any newly imposed 'lock-down' periods on the general public) in the future could have a material impact on the long term trading activity and growth ambitions of the Group, including its ability to execute it chosen growth strategies, and ultimately in the long term could reduce the value of the Company's shares.
- Whilst the Company has opened brewing facilities in Columbus (Ohio, USA), Germany (Berlin) and is about to launch its first brewing operation in Australia (Brisbane), the Company's UK and European brewing business is highly concentrated on one site at Ellon (Scotland) and a prolonged disruption to brewing activities (e.g. due to fire or industrial action) at the Ellon brewing site could have a negative effect on the Company's ability to brew its products. This in turn could have a negative effect on the Company's operating results, financial condition and prospects.
- Some or all of the BrewDog bars could lose their licences to sell alcoholic beverages or have their hours of operation curtailed as a result of hearings of the licensing boards in the relevant councils or borough areas where each of the bars is located, or as a result of any changes in legislation governing licensed premises in the various jurisdictions bars in which BrewDog has an interest are or may be located, with an adverse effect on the Company's profitability.
- The Company may undertake further equity financing which may be dilutive to Existing Shareholders or result in an issuance of securities (such as further Preferred C Shares or other classes with enhanced rights) whose rights, preferences and privileges are senior to those of holders of B Shares, reducing the value of the New B Shares and the Company may take such actions without the specific consent of the holders of B Shares.
- The Company has implemented proposals whereby 10% of its profits are distributed evenly amongst its staff each year and a further amount up to £1 million per year is given to the BrewDog Foundation, which will distribute the money to the charities that it selects. This policy of annual charitable donations will reduce the amount of profits available to pay dividends to Shareholders and to reinvest in the expansion of the Company's business.
- The Company has agreements with its key suppliers and is reliant on positive and continuing relationships with its suppliers. Termination of those agreements, variations in their terms or the failure of a key supplier to comply with its obligations under these agreements (including if a key supplier were to become insolvent) could have a negative effect on the Company's profitability.

SECTION 3: KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The securities being offered pursuant to the Offer are B Shares of £0.001 each (**"New B Shares"**). The Company's share capital currently comprises A Shares of £0.001 each, B Shares of £0.001 each and Preferred C Shares of £0.001 each. As at the date of this document 43,790,943 A Shares, 13,352,887 B Shares and 16,160,849 Preferred C Shares are in issue (all fully paid up).

The maximum number of New B Shares to be issued pursuant to the Offer is approximately 298,210 if the Offer is fully subscribed at £7.5 million. If the full stretch goal of £50 million is reached, approximately 1,988,071 New B Shares will be issued.

The New B Shares will rank equally in all respects with each other and with the existing B Shares.

The Board may, in its absolute discretion, refuse to register any transfer of a Share. It is the Company's current policy not to pay dividends but to reinvest profits to fuel the growth of the Company.

Where will the securities be traded?

The New B Shares will not be traded on any regulated market nor are the New B Shares the object of any application for admission to trading on any regulated market.

Is there a guarantee attached to the securities?

There is no guarantee attached to the New B Shares.

What are the key risks that are specific to the securities?

- The value of BrewDog shares can go down as well as up and, if you invest, you might not get your money back. Past performance is not necessarily a guide to future performance.
- Before making a decision, think about whether investing is right for you and don't invest more than you can afford.
- BrewDog is an unlisted company and whilst this may change in the future, there can be no guarantee that it will become listed or on what timescale. As such, BrewDog is not subject to the Listing Rules of the FCA, the AIM Rules, the UK Corporate Governance Code or any other similar rules or regulations applying to companies with securities admitted to or traded on a regulated market or exchange. Accordingly, shareholders in BrewDog will have neither the rights nor the protections available to shareholders in publicly quoted companies.
- The Offer is dependent on the approval of Shareholders at our AGM (expected to be held in September 2020). In the unlikely event the resolutions are not passed, the Offer will not go ahead.
- Over half of the shares in BrewDog are owned by our founders and staff. As such, they can vote decisions through at general meetings, even those which investors in the Offer, as minority shareholders, might disagree with.
- Just over 22% of the issued shares of BrewDog are Preferred C Shares which carry a liquidation preference over the A Shares and B Shares meaning B Shareholders could find their entitlement to the proceeds of a liquidation or total capital return reduced or nil.
- The Directors have the right to refuse to register any transfer of shares. This means we can prevent multinational monolithic beer companies from buying shares in BrewDog.
- The discounts and other benefits to which Investors are entitled may be changed (including being removed or replaced) at the discretion of the Company from time to time.

SECTION 4: KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC

Under which conditions and timetable can I invest in this security?

The Offer comprises B Shares in the Company offered at a price of £25.15 each in blocks of two B Shares. Applications must be submitted no later than 28 January 2021 (unless the Offer has closed earlier due to reaching full subscription or extended at the discretion of the Directors). The minimum subscription is £50.30 for two New B Shares. The maximum subscription via online application is £12,575 for 500 New B Shares. There is no maximum subscription when investing by cheque with a paper Application Form, which is appended to the Prospectus. Pending the issue of the New B Shares, subscription monies will be held by the Receiving Agent in a non-interest bearing account.

Copies of the Summary, the Securities Note and the Registration Document are available (and any supplementary prospectus published by the Company will be available) free of charge from the offices of BrewDog, at Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX, Scotland on the BrewDog website at www.brewdog.com/equityforpunks and from the offices of RW Blears LLP, the Company's legal adviser, at 15 Old Square, Lincoln's Inn, London WC2A 3UE.

Approximately 298,210 B Shares will be issued pursuant to the Offer if fully subscribed at its initial target of £7.5 million. The New

B Shares issued under the Offer would therefore represent approximately 0.41% of the total Shares in issue at the close of the Offer if the Offer is fully subscribed (but not increased). If the full stretch goal of £50 million is reached, approximately 1,988,071 New B Shares, will be issued together representing 2.64% of the total Shares in issue at the close of the Offer.

The total initial expenses of the Offer are estimated to be £500,000. The Offer may be increased at the discretion of the Directors to no more than £50 million and it is estimated that the expenses will be approximately a further £100,000 for each additional £10 million raised. No expenses will be charged to the investor by the Company in respect of the Offer.

Why is this prospectus being produced?

The Directors believe that the Offer will provide additional capital to support the further growth of the Company. The Company intends to use the net proceeds of the Offer for general corporate purposes and as more specifically set out below.

If the full initial goal of £7.5 million is achieved, the Company intends to fund the following projects:

Head of Cost	Estimated Funding Requirement
Direct Wind Power	£1 million
CO2 Recovery	£1 million
Anaerobic Digestor Unit	£1 million
Spent grain to green gas	£750,000
BrewDog tomorrow bar (x3)	£1 million
Columbus Hop Farm	£750,000
Electric Vehicle Fleet	£1.5 million

If the full stretch goal of £50 million is achieved, the Company intends to fund the following projects:

BrewDog Hubs	£1 million
Solar	£3 million
Canning line	£5 million
French brewery	£12.5 million
Asia brewery	£12.5 million
Eco Distillery	£5 million
Future-proof products	£2.5 million

If the Offer raises less than our full stretch goal of £50 million, we will still progress with these projects, but they may shift in order of priority. The projects above are listed roughly in order of priority but this may change.

The Offer is not underwritten.

As far as the Issuer is aware, no person involved in the issue of the New B Shares has an interest material to the Offer and there are no conflicts of interest which are material to the Offer.

BREWDOG

BREWDOG PLC

EQUITY FOR PUNKS TOMORROW: TOMORROW STARTS TODAY

REGISTRATION DOCUMENT
OFFER FOR SUBSCRIPTION
9 SEPTEMBER 2020

This Registration Document, the Summary and the Securities Note, which together comprise a prospectus (the "Prospectus") relating to the Company, have been prepared in accordance with the Prospectus Regulation Rules made under section 73A and in accordance with section 84 of FSMA and the Prospectus has been approved by and filed with the FCA as the competent authority under Regulation (EU) 2017/1129. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 and such approval shall not be considered as an endorsement of the Company.

No application has been made, nor is intended to be made, for any shares (including the New B Shares) in the capital of the Company to be dealt in or listed on any stock exchange or market. The New B Shares will rank pari passu with existing issued B Shares from the date of issue.

The Company and its Directors, whose names appear on page 21, accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Company and its Directors the information contained in this Registration Document is in accordance with the facts and this Registration Document does not omit anything likely to affect the import of such information.

BREWDOG PLC

Incorporated in Scotland under the Companies Act 2006
with registered number SC311560

OFFER FOR SUBSCRIPTION

for up to £7.5 million worth of New B Shares

(with an overallotment facility for up to an additional £50 million)

at a subscription price of £25.15 per New B Share (minimum investment of two New B Shares for £50.30)

Share capital of the Company immediately following the Offer, assuming Full Subscription (ignoring the Overallotment Facility):

Share class	No. of Shares	Nominal value
A Shares	43,790,943	£0.001
Existing B Shares	13,352,887	£0.001
New B Shares	298,210	£0.001
Preferred C Ordinary shares	16,160,849	£0.001
Total	73,602,889	

The subscription list for the Offer will open on 10 September 2020 and will close on 28 January 2021 unless fully subscribed at an earlier date or extended at the discretion of the Directors. There is a minimum subscription per Applicant of two New B Shares for £50.30. The Offer is not underwritten. Assuming Full Subscription but no increase to the size of the Offer, the total raised under the Offer will be approximately £7.5 million before issue costs.

Your attention is drawn to the risk factors set out on pages 4-7. An investment in the Company is only suitable for Investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might arise.

This document should be read in conjunction with the Summary and the Securities Note, which may both be obtained from either the Company's website www.brewdog.com or the offices of the Company's lawyers:

RW Blears LLP
15 Old Square, Lincoln's Inn, London WC2A 3UE
website: www.blears.com
email: frank@blears.com

CONTENTS

PAGE

RISK FACTORS

Your capital is at risk if you invest in the Company and you may lose some or all of your investment.

Any investment in New B Shares involves a high degree of risk. Accordingly, Applicants should carefully consider the specific risk factors set out below, in addition to the other information contained in the Prospectus, before making any investment decision.

The risks listed do not necessarily comprise all those associated with an investment in the New B Shares. Additional risks and uncertainties currently unknown to the Directors, or which they consider to be immaterial at this time, may also have an adverse effect on BrewDog's business and an investment in the New B Shares. An investment in BrewDog may not be suitable for all recipients of the Prospectus. Applicants are accordingly advised to consult an independent professional adviser authorised for the purposes of FSMA who specializes in investments of this kind before making any decision to invest. Applicants should consider carefully whether an investment in BrewDog is suitable in the light of their personal circumstances and the financial resources available to them.

Risks associated with the New B Shares

- BrewDog is an unlisted company and whilst this may change in the future, there can be no guarantee that it will become listed or on what timescale. As such, BrewDog is not subject to the Listing Rules of the FCA, the AIM Rules, the UK Corporate Governance Code or any other similar rules or regulations applying to companies with securities admitted to or traded on a regulated market or exchange. Accordingly, shareholders in BrewDog will have neither the rights nor the protections available to shareholders in publicly quoted companies.
- The Offer is dependent on the approval of Existing Shareholders at our AGM. In the unlikely event the resolutions are not passed, the Offer will not go ahead and any costs would be borne by the Company. The Company may seek to fund the intended projects from its own resources but won't necessarily be able to do all of those things.
- The holders of the A Shares, which represent more than 50% of the Company's issued shares, will usually be able to carry any vote to be made at a general meeting in relation to general commercial matters. The holders of the A Shares will not be capable of approving any resolution which would impact upon the rights of the B Shares without a separate resolution of the holders of the B Shares also being passed.
- Just over 22% of the issued shares of the Company are Preferred C Shares which are entitled to a liquidation preference over the B Shares. Therefore, in the event that the Company's entire capital is returned to shareholders or if the Company is wound up, the C Shareholders will be entitled to a sum equal to the greater of (a) that which they would receive were all shares in the Company to rank pari passu and (b) their subscription price plus an 18% compound annual return on that subscription price for the period from issue to the point at which capital was returned. Therefore, holders of B Shares may be subject to reduced (or nil) entitlement to liquidation or other capital proceeds in the event that the Company does not have enough capital to satisfy (or satisfy in full) the Preferred C Shares' liquidation preference.
- The Company may undertake further equity financing which may be dilutive to Existing Shareholders or result in an issuance of securities (such as further Preferred C Shares or other classes with enhanced rights) whose rights, preferences and privileges are senior to those of holders of B Shares, reducing the value of the New B Shares and the Company may take such actions without the specific consent of the holders of B Shares.
- A portion of the Company's annual profits per year is given by the Company to the BrewDog Foundation, which then distributes the money to selected charities. This policy of annual charitable donations will reduce the amount of profits available to pay dividends to Shareholders and to reinvest in the expansion of the Company's business.
- The Company distributes a further 10% of its annual profits evenly amongst its staff. While this will reduce the amount of profits available to pay dividends to Shareholders and to reinvest in the expansion of the Company's business, the Company consider this key in motivating and rewarding its most important resource, its people, and in attracting new talent.
- The Directors have the right to refuse to register any transfer of shares. This means we can prevent multinational monolithic beer companies from buying shares in BrewDog.
- It is the Company's current policy not to pay dividends but to reinvest profits to fuel the growth of the Company.

Risks associated with the Company's operations and business

- On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The UK and other governments worldwide have taken steps to contain the outbreak of the virus, including advising self-isolation and implementing travel restrictions, quarantines and cancellations of gatherings and events. The effect on the UK and the global economy has so far been significant and has impacted the prospects of many businesses, including that of the Company. In respect of the period between the last financial year ending on 31 December 2019 and 30 June 2020 (being the date of the most recent unaudited management accounts of the Group), overall gross revenue was £108,025,463 against a budget of £126,682,293. This has resulted in an overall net loss during this period of £8,151,071. The retail division which covers the Company's on-sales business has been particularly affected by the pandemic; it achieved gross revenues of just under half of the budgeted amount in the period between 31 December 2019 and 30 June 2020, which resulted in a net loss of £9,242,044 for this part of the business. The overall long term impact of the pandemic on the Group remains uncertain at the time of publication of this Prospectus. The Company has no current plans to alter or delay the implementation of its strategic priorities, and in the opinion of the Company, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of this document. However, it remains the case that further tightening of restrictions (including any newly imposed 'lock-down' periods on the general public) could yet have a material impact on the long term trading activity and growth ambitions of the Group, including its ability to execute its chosen growth strategies, and ultimately in the long term could reduce the value of the Company's shares.
- The Company has taken numerous operational and commercial steps to attempt to mitigate the impact of the COVID-19 pandemic on its employees and shareholders, but there can be no guarantee that these steps will be effective (or wholly effective) at preserving the value of investments in the Company (including the value of the New B Shares), particularly where 'lock-down' periods are re-introduced or if it takes longer for public attitudes towards frequenting bars and pubs to return to pre-crisis levels.
- Whilst the Company has opened brewing facilities in Columbus (Ohio, USA), Germany (Berlin) and is about to launch its first brewing operation in Australia (Brisbane), the Company's UK and European brewing business is highly concentrated on one site at Ellon (Scotland) and a prolonged disruption to brewing activities (e.g. due to fire or industrial action) at the Ellon brewing site could have a negative effect on the Company's ability to brew its products. This in turn could have a negative effect on the Company's operating results, financial condition and prospects.
- BrewDog USA Inc., the US subsidiary of the Company, launched its third common stock offering on 13 May 2020 ('Equity for Punks USA') with a target maximum offering of $39,000,000. If the maximum amount is raised by this offering, the Company will own 96.79 % of BrewDog USA Inc. and US investors (from this current offering and the previous two offerings) will in aggregate own 3.21%. BrewDog USA Inc. intends to use the proceeds of these offers to fund construction costs, salaries, equipment purchases, working capital and marketing expenses associated with the Group's US operations which are centered around its brewery in Columbus, Ohio. In the event that this latest offering programme is ultimately unsuccessful or additional costs are incurred as a consequence of this offering, the Company may need to provide further funding from its other reserves, in the first instance from its cash holdings (which were approximately £29.48 million as at 31 December 2019), to ensure the on-going operation of its US business and this could have a detrimental impact on the Company's profitability.
- The Company has incurred and intends to continue to incur debt finance in a number of forms including bank loans and overdrafts, hire purchase contracts and corporate bond issues. In the year ended 31 December 2019, the Company's total finance costs were £3.68 million. Whilst complying with its repayment obligations under this indebtedness on a continuing basis is an expense to the Company and breaches of financial covenants under these arrangements may lead to lenders to require repayment of the full amount of the loan which could have an adverse effect on the Company's profitability, the Directors do not consider these debt arrangements to be materially restrictive on its operations.

- Some or all of the BrewDog bars could lose their licences to sell alcoholic beverages or have their hours of operation curtailed as a result of hearings of the licensing boards in the relevant councils or borough areas where each of the bars is located, or as a result of any changes in legislation governing licensed premises in the various jurisdictions bars in which BrewDog has an interest are or may be located, with an adverse effect on the Company's profitability.
- The costs of establishing and operating new BrewDog bars, licensed to sell alcohol, may be higher than expected. Although the directors have undertaken projections and opened similar-sized licensed premises in other cities in the last year, costs may be greater in the other intended locations for new BrewDog bars and may increase as a result of economic or other factors outside of the Company's control, with a resulting adverse effect on the Company's profitability.
- The Company's success depends on the activities of its executive management team. If one or more of the current executive management team were unable or unwilling to continue in his or her position, the Company's business would be disrupted and it might not be able to find replacements on a timely basis or with the same level of skill and experience. Finding and hiring such replacements may be costly and might require the Company to grant significant equity awards or incentive compensation, which could adversely impact its financial results.
- The Company's operating and other expenses could increase without a corresponding increase in turnover, materially impacting the Company's financial results. Factors which could increase operating and other expenses include:
  (a) increases in the rate of inflation;
  (b) increases in taxes and other statutory charges;
  (c) changes in applicable laws, regulations or government policies which increase the costs of compliance with such laws, regulations or policies;
  (d) significant increases in insurance premiums; or
  (e) increases in borrowing costs.
- The Company has agreements with all of its key suppliers and is reliant on positive and continuing relationships with such suppliers. Termination of those agreements, variations in their terms or the failure of a key supplier to comply with its obligations under these agreements (including if a key supplier were to become insolvent) could have a negative effect on the Company's profitability.
- An increase in the cost of raw materials or energy could affect the Company's profitability. Commodity price changes may result in unexpected increases in the cost of raw materials, glass bottles and other packaging materials used by the Company. The Company may also be adversely affected by shortages of raw materials or packaging materials. In addition, energy cost increases could result in higher transportation, freight and other operating costs. The Company may not be able to increase its prices to offset these increased costs without suffering reduced volume, sales and operating profit.
- It is important that the Company has the ability to maintain and enhance the image of its existing products. The image and reputation of the Company's products may be impacted for various reasons including litigation, complaints from customers/regulatory bodies resulting from quality failure, illness or other health concerns. Such concerns, even when unsubstantiated, could be harmful to the Company's image and the reputation of its products.
- Deterioration in the Company's brand equity (brand image, reputation and product quality) may have a negative effect on its operating results, financial condition and prospects.
- Computer and/or website and/or information system breakdowns could impair the Company's ability to service its customers leading to reduced revenue from sales and/or reputational damage.
- BrewDog will not own the BrewDog bars which are or may be established overseas pursuant to a licensing arrangement and, although BrewDog will operate some of these, most of them will be operated by local operators. As a result, BrewDog will not always be able to directly influence their operation, save as may be specifically provided in the individual licence agreement between BrewDog and the respective licensees. The bars operators may, therefore, take decisions which lead to reductions in profitability and/or reputational damage negatively affecting the value of shares in BrewDog.

Risks associated with the brewing industry and the general economy

- As outlined in the section above (Risks associated with the Company's operations and business), the brewing industry and the general economy as a whole is currently under significant pressure as a result of the spread of the COVID-19 virus and the resulting policy measures taken by governments worldwide to impede its spread. As an industry particularly sensitive to a closure of all physical outlets for customers (save for supermarkets), the bar and brewing industry will take a long time to adjust to the new environment as policy restrictions begin to be lifted, and it remains to be seen the extent to which operational measures are imposed on a permanent basis by governments with respect to the trading of pubs and bars.
- Changes in the general economic climate could have a detrimental impact on consumer expenditure and therefore on the Company's revenue. It is possible that recessionary pressures and other economic factors (such as declining incomes, future potential rising interest rates, higher unemployment and tax increases) may decrease the disposable income that customers have available to spend on drinking and may adversely affect customers' confidence and willingness to spend. This could lead to a reduction in the Company's revenues.
- The Company uses agricultural commodities in the manufacturing of its beers. Commodity markets are volatile and unexpected changes in commodity prices can reduce a producer's profit margin, and make budgeting difficult. Many f actors can affect commodity prices, including but not limited to political and regulatory changes, weather, seasonal variations, technology and market conditions. Some of the commodities used by the Company are key ingredients in its beers and may not be easily substituted. In particular, the Company uses large quantities of hops from multiple suppliers but which are all grown in a single area of the United States and environmental or agricultural problems in this area could affect the Company's ability to source this essential ingredient of its product.
- Brexit and its effects, particularly the on-going weakness of sterling raising the cost of capital expenditure, may adversely affect the Company, and as a UK company with significant exports to Europe (accounting for approximately 14% of total exports), tariffs and other measures could negatively impact the Company's profitability. To mitigate potential disruption, BrewDog has been considering the impact on the Company's business of such tariffs, the physical movement of goods and people and any intellectual property implications.
- Despite the strong growth of the Company's business and the craft beer market as a whole over the last eight years, there is no certainty that this will continue, especially due to the recent COVID-19 virus and the changing policy measures which governments globally are implementing with a view to contain the virus in the future and the impact which those policies will have on the way that the Company's business has operated to date.

Risks associated with the regulatory framework applicable to the Company

- The brewing industry in the UK is highly regulated at both national and local levels and brewing operations require licences, permits and approvals. Delays and failures to obtain or renew required licences or permits could negatively affect the Company's operations and lead to increased costs, reducing profitability.
- Government sponsored campaigns (in the UK and in other countries where BrewDog has an interest in bars or where BrewDog sells its products) against excessive drinking, licensing reforms relating to the sale of alcoholic beverages and changes in drink driving laws may reduce demand for the Company's products and any change in the brewing legislation could impact upon future products which the Company may produce, reducing profitability.

FORWARD LOOKING STATEMENTS

You should not place undue reliance on any forward-looking statement. This Registration Document includes statements that are (or may be deemed to be) "forward-looking statements", which can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "intends", "may", "will", "would", "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Registration Document, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. Any such statements do not, nor are intended to, qualify the Company's working capital statement. Information in this document will be updated as required by the Prospectus Regulation Rules, the Listing Rules and the Disclosure and Transparency Rules (as appropriate).

DEFINITIONS

Where used in this document the following words and expressions will, unless the context otherwise requires, have the following meanings:

"2006 Act" – Companies Act 2006, as amended from time to time
"Applicant" – person who completes and submits an application form to subscriber for New B Shares
"Approved Jurisdictions" – jurisdictions into which the Offer is specifically made, being Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK
"Articles" – the articles of association of the Company as at the date of this document
"A Shares" – A ordinary shares of £0.001 each in the capital of the Company
"B Shares" – B ordinary shares of £0.001 each in the capital of the Company
"Business Days" – any day, other than a Saturday or Sunday, on which clearing banks in London are open for all normal banking business
"Company" or "BrewDog" – BrewDog plc (registered number SC311560)
"C Share Investors" – TSG AIV and TSG LL
"CREST" – the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited (registered number 02878738)
"Directors" or "Board" – directors of the Company
"Existing B Shares" – those B Shares in issue at the date of this document
"Existing Shareholders" – holders of Existing Shares
"Existing Shares" – Shares with are in issue at the date of this document
"FCA" – Financial Conduct Authority
"FSMA" – Financial Services and Markets Act 2000, as amended from time to time
"Full Subscription" – the raising of approximately £7 million under the Offer
"Group" – means together BrewDog plc, its subsidiaries set out on page 20 and such other subsidiaries of the Company from time to time
"Investor" – subscriber for New B Shares under the Offer
"Management" – individuals engaged in the business of the Company
"New B Shares" – those B Shares to be issued pursuant to the Offer
"Offer Price" – price per New B Share under the Offer being £25.00
"Offer" – offer for subscription of New B Shares being made on the terms set out in the Prospectus
"Overallotment Facility" – the facility pursuant to which the Directors may choose to increase the size of the Offer to no more than £50 million
"Preferred C Shares" – the preferred C Shares of £0.001 each in the capital of the Company, with the rights attaching to them in the Articles
"Prospectus" – this Registration Document, the Securities Note and the Summary which together describe the Offer in full
"Prospectus Regulation" - Prospectus Regulation (EU) 2017/1129
"Registrar" – Computershare Investor Services PLC (registered number 03498808)
"Registration Document" – this document
"Securities Note" – document which has been prepared in accordance with the Prospectus Regulation in connection with the Offer
"Share(s)" – A Shares and/or B Shares and/or Preferred C Shares (as the context dictates)
"Shareholders" – holders of Shares
"Summary" – summary of the Offer which has been prepared in accordance with the Prospectus Regulation in connection with the Offer
"TSG AIV" – TSG7 A AIV II (Cayman), L.P., an exempted limited liability partnership established and registered in the Cayman Island with registration number 89628
"TSG LL" – TSG7 A Lassies and Laddies (Cayman) LP, an exempted limited liability partnership established and registered in the Cayman Island with registration number 89627
"UK" United Kingdom

PART 1 - THE COMPANY

1. BUSINESS OVERVIEW

The number of pubs in the UK has declined steadily over the last few years and Britons are consuming less alcohol. However, the craft beer industry has grown rapidly over the last few years as craft beers are becoming more popular in the UK and globally. In the UK, more pubs are stocking craft beers and the number of breweries has increased significantly, it being reported by the Financial Times in 2018 that the UK then had the highest number of breweries per capita in the world . Due to the increasing popularity of craft beer and its faster growth than the wider beer industry, a number of large multinational beer companies have been acquiring craft breweries in an effort to share in this growth market .

BrewDog plc is a brewer of craft beers and one of the fastest growing food and drinks manufacturer of any kind in the UK over the last eight years with distribution into more than 60 countries. There are now over 100 BrewDog craft beer bars which are operational across the UK and internationally, some of which are operated by local partners, and more under construction. These bars promote craft beers brewed by BrewDog as well as craft beers from other breweries from around the world and offer an environment in which to indulge in and explore the world of craft beer. BrewDog has previously carried out six crowd-funding style public offers in the UK and Europe and three in the USA. BrewDog also raised a further £10 million in 2017 and £3.3 million in 2020 through two crowdfunded mini-bond issues. BrewDog now has over 130,000 shareholders each of whom enjoy a range of regular benefits and discounts as well as being part of the BrewDog story. BrewDog has amassed an international following in the hundreds of thousands. BrewDog's combined social media audiences account for more than 1.5 million users .

2017 saw the launch of BrewDog USA, with the establishment of a new brewing facility in the world's most exciting craft beer market. The brewery, located in Columbus, Ohio, provides BrewDog beer for the United States, Canada and South America. The US Brewers' Association has reported that the craft beer industry is still growing rapidly, with production volume for the industry having increased 4% during the first half of 2019 . BrewDog USA has also launched a series of American craft beer BrewPubs as well as a craft beer hotel.

In 2019, BrewDog took on a new brewing site in Berlin, and now brews craft beer for the German market locally in the capital. The site offers both a 100HL brewing facility as well as a bar, visitor centre and homebrew school.

BrewDog is about to launch its first brewing operation in Australia, located in Brisbane. The site will house a 25HL brewkit, and will brew beer for the Australian market locally as well as for New Zealand. In 2019, DogTap Brisbane opened, marking BrewDog's first footprint on Australian soil, and the business is aiming to start releasing its own beers in the next 12 months.

BrewDog produces a wide range of craft beers. The Headliners range consists of sub-6% beers of varying styles, often based on classic beer styles with a modern twist. The Amplified range offers slightly higher ABV beers with bolder flavour profiles than the Headliners. The Tuned Range offers an array of specialist beers that cater for dietary requirements, and BrewDog also offers a series of Overworks brews, which are dedicated to sour and wild beers with alternative fermentation techniques.

COVID-19

The international on-trade industry for bars and restaurants has been severely impacted by the COVID-19 pandemic and as a result BrewDog lost a significant portion of its expected revenue for this particular trading period. In respect of the period between the last financial year ending on 31 December 2019 and 30 June 2020 (being the date of the most recent unaudited management accounts of the Group), overall gross revenue was £108,025,463 against a budget of £126,682,293. This has resulted in an overall net loss during this period of £8,151,071.

[4] https://ftalphaville.ft.com/2018/09/17/1537185867000/Craft-beer-euphoria/

[5] https://www.ft.com/content/66b99bcb-1287-3d82-b3bb-023af63accda

[6] https://www.fasttrack.co.uk/?post_type%5B%5D=company_profile&s=brewdog

[7] Combined Twitter and Instagram followers and Facebook page 'likes'

[8] https://www.brewersassociation.org/press-releases/continued-growth-for-small-and-independent-brewers/

The retail division which covers the Company's on-sales business has been particularly affected by the pandemic; it achieved gross revenues of just under half of the budgeted amount in the period between 31 December 2019 and 30 June 2020, which resulted in a net loss of £9,242,044 for this part of the business. As described in more detail below, beer and spirit sales to the off-trade and through e-commerce channels have offset some of these losses.

In response to the trading headwinds, the Company has taken up all means of government support that have been made available internationally to mitigate the effects on its business. This has included business rate reliefs, tax deferrals and employee furlough schemes (in respect of which, 850 of the Company's employees were placed on furlough at the height of the crisis). In addition, the Company implemented a voluntary redundancy process which resulted in just over 4% of its total employees leaving the business, all of which were based in the UK.

This current impact of the pandemic on the Group has been offset to some degree by significant increases in off-trade and ecommerce sales and revenues generated by the 'BrewDog Now' delivery service, which allows for the direct delivery of beer from its UK bar network. In the same period gross revenues from the production of beer (including products sold through the grocery market and on e-commerce channels) are above the amount budgeted and have resulted in a net profit of £2,524,127. In particular, the Company has focused its resources on developing its online business, which has led to an increase in sales through e-commerce channels increasing tenfold from approximately £300,000 to approximately £3 million per month in response to the shift in consumer demand. Similarly, the Company has responded to increased demand for its products from its grocery customers, which has allowed the Company to maintain shelf space amongst its key customers in this sector. Efficiencies have also been introduced on the supply side, including a simplified product mix and packaging process. It was also widely reported that BrewDog pivoted its distilling facility to produce medical-grade hand sanitiser for the NHS and care homes across Scotland to aid in the response to the health crisis.

The overall long term impact of the pandemic on the Group remains uncertain at this time, but the Company has implemented measures throughout its international bar network to maintain consumer and staff confidence. This includes producing a 60 page re-opening deck, setting out the policies and procedures for staff to follow in all of its bars and takes into account any guidance that has been issued by the local government in each case. As a further demonstration of the Company's commitment to staff and customer safety, the Company achieved Covid certification from Food Alert (a food safety consultancy) in its Manchester Bar, being the first such venue in the UK to go through their new process. [9]

[9] See https://www.foodalert.com/covid-19-standard-certification-scheme

2. DIRECTORS

The Company has a Board, comprising seven executive Directors and three non-executive Directors.

JAMES BRUCE WATT, MBE

James was a fully qualified deep sea Captain, having earlier completed an honours degree in Law and Economics. He traded in being a salty sea dog to become a BrewDog in 2007, pursuing his passion for great craft beer by setting up the company with Martin Dickie. James was awarded Great British Entrepreneur of the Year in 2014, and is one of Europe's only holders of the title of Master Cicerone[5]. He was awarded the MBE in the 2016 Queen's birthday honours list.

ALAN MARTIN DICKIE, MBE

Martin Dickie has a first class honours degree in Brewing & Distilling from Herriot Watt University. He is a renegade artist on a mission to change people's perceptions about beer and challenge their taste buds. Along with James, Martin hosts the hit international TV show BrewDogs. He was awarded the MBE in the 2016 Queen's birthday honours list.

CHARLES KEITH GREGGOR

Keith has decades of successful brand building with brands such as Skyy Vodka. Former President & CEO of Anchor Brewers and Distillers in San Francisco, he plays an active role in management and guiding BrewDog's growth.

NEIL ALLAN SIMPSON

Neil Simpson joined BrewDog in August 2012 bringing with him over 20 years' experience (10 of those at partner level) advising and acting for a wide variety of businesses through the Ritson Smith accountancy practice. Neil is a qualified chartered accountant with the Institute of Chartered Accountants in Scotland.

DAVID MCDOWALL

David joined BrewDog from G1 Group PLC, where he held the position of Group Operations Director for six years. At G1, David was responsible for managing over 50 large scale sites across Scotland and heading up a team of over 2000 employees. For the past four years David has been responsible for overseeing the strategic growth and management of BrewDog's bar division around the globe as Chief Executive Officer of our bars division.

FRANCES BLYTHE JACK

Blythe is a partner and managing director at TSG Consumer Partners where she is responsible for originating new investment opportunities, diligence, new business opportunities, structuring transactions and working with our partner companies. She is also a member of the investment committee. Blythe has extensive private equity and consumer experience, having spent over 10 years at Rosewood Capital and, most recently, having served as CEO of a high-growth consumer products company. While a partner at Rosewood Capital, Blythe sourced and structured investments in the health & beauty, apparel, specialty retail, restaurant, consumer products and services segments. She has also served as a National Judge for Ernst & Young's acclaimed Entrepreneur of the Year® program. Blythe received a BA, with honors, in Communication Studies from Vanderbilt University.

JAMES LEWIS O'HARA

Jamie is a Partner and the President of TSG Consumer Partners where he oversees transaction structuring, diligence, financing and investment execution and is a member of the investment committee. His experience also includes business unit strategy, facility rationalization and new business development for consumer and household products companies. Jamie is a former practicing corporate and securities attorney and a former consultant at Bain & Company. At Bain, Jamie conducted strategic and operational due diligence and developed portfolio company strategy for leading private equity clients. He holds a BA in Economics and Philosophy and a JD, both from Georgetown University.

[10] Master Cicerone® is the fourth and highest level of the Cicerone Certification Program. It recognizes an exceptional understanding of brewing, beer, and pairing — combining outstanding tasting abilities with an encyclopaedic knowledge of commercial beers.

Remuneration

In the financial year ended 31 December 2019, the aggregate total remuneration paid (including contingent or deferred compensation) and benefits in kind granted (under any description) to each of the Directors of the Company was £890,776 as set out in the table below.

DIRECTOR	FEE/BASIC SALARY	BONUS	BENEFITS	PENSION CONTRIBUTION	TOTAL
James Bruce Watt	£163,125	£840	£3,291	£9,838	£177,094
Alan Martin Dickie	£190,000	£840	£2,913	£11,450	£205,203
Charles Keith Greggor	Nil	Nil	Nil	Nil	Nil
Neil Allan Simpson	£190,000	£840	£3,268	£19,084	£213,192
David McDowall	£246,667	£20,314	£113,500	£26,695	£407,176
Frances Blythe Jack	n/a	n/a	n/a	n/a	n/a
James Lewis O'Hara	£789,792	n/a	n/a	n/a	n/a
TOTAL	**£789,792**	**£22,834**	**£122,972**	**£67,067**	**£1,002,665**

In the financial year ended 31 December 2019 the Company paid/set aside or accrued £67,067 to provide pension benefits to the Directors.

Shareholdings

The directors hold the following shares in the Company as at the date of this Prospectus:

DIRECTOR	NUMBER OF "A" ORDINARY SHARES HELD PRIOR TO THE OFFER	PERCENTAGE OF COMPANY'S ISSUED SHARE CAPITAL PRIOR TO THE OFFER	PERCENTAGE OF COMPANY'S ISSUED SHARE CAPITAL AFTER TO THE OFFER (ASSUMING FULL SUBSCRIPTION)
James Bruce Watt	18,004,237	24.56%	24.46%
Alan Martin Dickie	15,744,233	21.48%	21.39%
Charles Keith Greggor*	3,822,039	5.21%	5.19%
Neil Allan Simpson	597,736	0.82%	0.81%
David McDowall	45,450	0.06%	0.06%
Frances Blythe Jack	n/a	n/a	n/a
James Lewis O'Hara	n/a	n/a	n/a
TOTAL	**38,213,695**	**52.13%**	**51.92%**

*Held through Griffin Group LLC and Kelso Ventures LLC

Options

The Company has granted the following share options over A Shares to certain of its directors and employees which remain outstanding as at the date of this Prospectus.

OPTION HOLDER	NUMBER OF A SHARES	EXERCISE PRICE PER A SHARE
Neil Simpson	391,300	£0.14
David McDowall	441,668	£1.10
Richard Kilcullen	5,000	£5.00
Richard Kilcullen	15,000	£1.00
Fraser Gormley	3,000	£2.38
Fraser Gormley	15,000	£1.00
Tanisha Robinson	40,000	£1.00
Simon Wright	42,000	£1.00
James Brown	50,000	£1.00
Bethany Burns	20,000	£1.00
Steven Kersley	10,000	£1.00
Sarah Warman	3,000	£2.38
Sarah Warman	15,000	£1.00
Ben Sanderson	8,000	£1.00
Jesse Ebert	2,500	£1.00
Dan Bolton	25,000	£1.00
Alex Dullard	15,000	£1.00
Jonathan Reid	2,500	£1.00
Michiel Herkemij	200,000	£1.00
Jason Block	60,000	£1.00
Karen Bates	10,000	£1.00
Karl Ottomar	5,000	£1.00
Lauren Carroll	5,000	£1.00
Richard Street	5,000	£1.00
Sam Hughes	5,000	£1.00
Martin Keith	5,000	£1.00
Sophie More	12,500	£1.00
Tom Reding	50,000	£1.00
Matt Richards	200	£1.00
Neil Sumner	15,000	£1.00
Simon Shaw	5,000	£1.00
Alan Moore	5,000	£1.00
Ross Watson	5,000	£1.00
TOTAL	**1,455,668**	

Save in respect of a loan of £22,558 made to David McDowall, with no fixed repayment date or interest chargeable, there are no outstanding loans granted by any member of the Company to any of the Directors and there are no guarantees provided by any member of the Company for the benefit of any of the Directors.

As at 8 September 2020 (being the latest practicable date prior to the publication of the Prospectus), the Directors had no options and other rights to acquire any shares in the Company beyond those set out above.

None of the Directors has, within the period of five years preceding the date of the Prospectus:

(a) had any convictions in relation to fraudulent offences;

(b) been a director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of any company at the time of any bankruptcy, receivership, liquidation, administration or other similar insolvency proceeding of such company (nor is any bankruptcy, receivership, liquidation, administration or insolvency proceeding pending or in progress);

(c) received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

Directors' Terms of Office

James Bruce Watt – director since 07/11/2006

Alan Martin Dickie – director since 07/11/2006

Charles Keith Greggor – director since 22/06/2009

Neil Allan Simpson – director since 06/08/2012

David McDowall – director since 21/09/2015

Frances Blythe Jack – director since 06/04/2017

James Lewis O'Hara – director since 06/04/2017

Directors' Other Interests

In addition to being directors of the Company, the Directors hold or have held directorships of the companies and/or are or were partners of the partnerships specified below within the five years prior to the date of the Prospectus.

DIRECTOR	CURRENT DIRECTORSHIPS/ PARTNERSHIPS	PREVIOUS DIRECTORSHIPS/ PARTNERSHIPS
James Bruce Watt	The Company JBW (77) Limited Musa 77 Limited Lone Wolf Spirits Limited BrewDog USA Inc. BrewDog Retail Limited BrewDog GmbH BrewDog Columbus LLC BrewDog Brewing Company LLC BrewDog Pittsburgh LLC Mouse House Franklinton LLC BrewDog Dogtap LLC BrewDog Licensing LLC Pie & Mouse Ltd Johanna Basford Ltd The BrewGooder Foundation Tollymore Investment Partners LLP Inky Lobster Limited Hawkes Cider Limited Draft House Holding Limited Jet Pack Pie Limited BrewDog International Limited Overworks Limited Big Teeth Media Limited Simcoe Ventures LLC Draft House NC Limited 64BCMH LLC 63DCMH LLC Ten Tonne Mouse Inc BrewDog Bars France SAS BrewDog Group Australia PTY Limited BrewDog Brewing Australia PTY Limited BrewDog Indianapolis LLC BrewDog NYC LLC BrewDog Media Inc Drink TV LLC Drink TV Inc	JBW (Aberdeen) Limited

DIRECTOR	CURRENT DIRECTORSHIPS/ PARTNERSHIPS	PREVIOUS DIRECTORSHIPS/ PARTNERSHIPS
Alan Martin Dickie	The Company BrewDog Retail Limited Lone Wolf Spirits Limited BrewDog Group Australia PTY Limited BrewDog Brewing Australia PTY Limited BrewDog Media Inc Drink TV Inc Drink TV LLC BrewDog USA Inc. BrewDog Columbus LLC BrewDog Brewing Company LLC BrewDog Pittsburgh LLC BrewDog Licensing LLC Akounts Limited Doctor Gonzo Limited Hawkes Cider Limited Draft House Holding Limited Draft House NC Limited BrewDog International Limited Overworks Limited Steadman Waterside Ltd Steadman Holdings Ltd BrewDog Dogtap LLC BrewDog NYC LLC BrewDog Indianapolis LLC Vertegrow Ltd Gonzo Holdings Ltd	BrewDog Franklinton LLC
Charles Keith Greggor	The Company Kelso Ventures, LLC The Griffin Group, LLC	Anchor Brewers & Distillers, LLC Anchor Distilling Company, LLC Anchor Brewing Company, LLC Anchor Properties, LLC Anchor Taphouses, LLC Vin de Soleil, LLC Griffin Brewers & Distillers, LLC D.A. Folkes, LLC
Neil Allan Simpson	The Company Lone Wolf Spirits Limited BrewDog GmbH BrewDog Retail Limited BrewDog USA Inc BrewDog Columbus LLC BrewDog Brewing Company LLC BrewDog Pittsburgh LLC BrewDog Dogtap LLC Brüdog Sweden AB BrewDog Licensing LLC BrewDog Belgium SPRL BrewDog International Limited Hawkes Cider Limited Draft House Holding Limited Draft House TB Limited BrewDog Admin Limited BrewDog Group Australia PTY Ltd BrewDog Brewing Australia PTY Ltd BD Casanova SL	BrewDog Verwaltungs UG BrewDog Franklinton LLC

DIRECTOR	CURRENT DIRECTORSHIPS/ PARTNERSHIPS	PREVIOUS DIRECTORSHIPS/PARTNERSHIPS
Neil Allan Simpson cont.	Draft House NC Limited BrewDog Canada Limited BrewDog Ireland Limited BrewDog Bars France SAS Bryggmester Bob AS BrewDog Canada Limited BrewDog Group HK Limited BrewDog Indianapolis LLC Kabushi Kaisha BrewDog Japan BrewDog Italy SRL BruDog Malmo AB BruDog Bar GBG AB BruDog Norrkoping AB BruDog Sodermalm AB BruDog Bar St Eriksgatan AB BrewDog NYC LLC BrewDog (Shanghai) Beer Co Limited	
David McDowall	The Company BrewDog Retail Limited BrewDog GmbH BrewDog Belgium SPRL Brüdog Sweden AB Draft House Holding Limited BrewDog Bars France SAS Bryggmester Bob AS Draft House NC Limited Kabushi Kaisha BrewDog Japan BrewDog Ireland Limited BrewDog Italy SRL BruDog Malmo AB BruDog Bar GBG AB BruDog Norrkoping AB BruDog Sodermalm AB BruDog Bar St Eriksgatan AB BrewDog (Shanghai) Beer Co Limited Verlog Consulting Limited	
Frances Blythe Jack	The Company TSG Consumer Partners and affiliates BackCountry.com LLC Canyon Bicycles GmbH SW Brewing Company LLC Rosewood Capital LP Dutch Bros. Coffee	My Fit Holdings LLC IT Cosmetics LLC VILLA Inc dba RUVilla Beauty Brands LLC Prive Revaux
James Lewis O'Hara	The Company TSG Consumer Partners and affiliates Backcountry.com LLC yon Bicycles GmbH SW Brewing Company LLC Mallard HoldCo LLC Powerstop Holdings LLC CG Group Holdings, LLC nuun & Company, Inc Georgetown University	J.A. Cosmetics US Inc. Alterna Holdings Corp. Garden Protein International Inc. Cytosport Holdings Inc. Pevonia International LLC MonaVie LLC Stumptown Coffee Corp. PPD Holding LLC Raybern Foods LLC Lucky Vitamin LLC

3. OPERATION OF THE COMPANY AND BOARD PRACTICES

The Company is an unlisted company and therefore does not specifically comply with the provisions of the UK Corporate Governance Code nor the AIM rules, Listing Rules or Disclosure and Transparency Rules of the UK Listing Authority.

The Board comprises 7 directors in total, three of whom are non-executive directors.

The Board as a whole is responsible for determining the remuneration of the Directors, reviewing the Company's annual and half yearly accounts and for supervising its auditors and has not delegated these responsibilities to any remuneration or audit committees respectively.

No member of the Board has a service contract with the Company which provides for any benefits on termination of employment.

4. MAJOR SHAREHOLDERS

Other than members of the Management and Digby Holdings LLC (the investment vehicle for a former associate of Charles Keith Greggor), no one person or entity owns more than 3% of the Company's issued share capital or voting rights save for TSG AIV and TSG LL which together hold an aggregate of 16,160,849 Preferred C Shares representing 22.05% of the Company's total issued share capital and TSG7A AIV II (Cayman), L.P. and TSG7 A Lassies and Laddies (Cayman) LP which together hold an aggregate of 891,383 Orindary A Shares, representing 1.2% of the Company's total issued share capital (as at the date of this document). TSG AIV and TSG LL are exempted limited partnerships established and registered in the Cayman Islands.

The Company is not directly or indirectly owned or controlled by any individual, company or other body.

No major shareholder in the Company has voting rights which are different from any other shareholder.

There are no arrangements in place which are known to the Company the operation of which may at a subsequent date result in a change of control of the Company.

5. EMPLOYEES

As at 8 September 2020 (being the latest practicable date prior to the publication of the Prospectus), the Group had approximately 1,600 employees.

6. RELATED PARTY TRANSACTIONS

Save as disclosed in the table below, no related party transactions between the Company or members of the Company were entered into in the three year period ended on 8 September 2020 (being the latest practicable date prior to the publication of the Prospectus) which are still subsisting.

CONTRACTING PARTY	COUNTERPARTY	CONTRACT	RELATION TO COMPANY
BrewDog Retail Limited	JBW (77) Limited	BrewDog Retail Limited leases BrewDog's a bar in Aberdeen from JBW (77) Limited. Annual rent from the bar is approximately £23,000.	James Watt owns 100% of the shares of JBW (77) Limited
The Company	JBW (77) Limited	The Company pays immaterial rent to JBW (77) Limited for the use of flat in London	James Watt owns 100% of the shares of JBW (77) Limited
Draft House Holding Limited	JBW (77) Limited	Draft House Holding Limited leases BrewDog's a bar in Aberdeen from JBW (77) Limited. Annual rent from the bar is approximately £30,000.	James Watt owns 100% of the shares of JBW (77) Limited
The Company	Jet Pack Pie Limited	The Company has paid a total of approximately £125,000 annually to Jet Pack Pie Limited for flights.	James Watt owns 100% of the shares of Jet Pack Pie Limited
The Company	The Brewgooder Foundation	The Company brews beer on behalf of The Brewgooder Foundation at cost at an average value of £170,000 per year.	James Watt and Martin Dickie are trustees of The Brewgooder Foundation
BrewDog USA Inc.	JBW (77) Limited	BrewDog USA INC reimbursed JBW (77) Limited £2,976 for entertainment costs	James Watt owns 100% of the shares of JBW (77) Limited
The Company	63DCMH LLC	The Company pays an annual rent of $43,200 to rent a property in the US from 63DCMH LLC.	James Watt owns 100% of the shares of 63DCMH LLC
BrewDog USA Inc.	Mouse House Franklinton LLC	BrewDog Brewing Company LLC pays a monthly rent of $12,500 for the Franklinton bar.	James Watt owns 100% of the shares in Mouse House Franklinton LLC
The Company	Ten Tonne Mouse Inc	Ten Tonne Mouse LLC acquired the company BrewDog Franklinton LLC (now Mouse House Franklinton LLC) in December 2017 for $657,000.	James Watt owns 100% of the shares in Ten Tonne Mouse Inc

7. THE COMPANY'S HOLDINGS

The Company is the principal operational and holding company of the Group and has the following direct interests and subsidiary undertakings:

COMPANY	HOLDING	DESCRIPTION
BrewDog Retail Limited (SC389114) Incorporated in Scotland	100% of the issued shares	Bar operating company
Lone Wolf Spirits Limited (SC534706) Incorporated in Scotland	100% of the issued shares	Dormant
BrewDog International Limited (SC311560) Incorporated in Scotland	100% of the issued shares	Holding company for the international bars business
Hawkes Cider Limited (08223038) Incorporated in England and Wales	100% of the issued shares	Dormant
Draft House Holding Limited (06947531) Incorporated in Scotland	100% of the issued shares	Bar operating company
BrewDog Admin Limited (SC589885) Incorporated in Scotland	100% of the issued shares	Dormant
OverWorks Limited (SC579924) Incorporated in Scotland	100% of the issued shares	Dormant
BrewDog USA Inc. (5733488) Incorporated in USA	96.79% of the issued stock (3.21% held by third party investors)	US holding company
BrewDog Media Inc (6759053) Incorporated in USA	100% of the issued shares	US holding company
BrewDog Group Australia Pty Ltd (623 403 841) Incorporated in Australia	100% of the issued shares	Australia Holding Co mpany
BrewDog Belgium SPRL (0501 789 017) Incorporated in Belgium	100% of issued shares	Established to operate BrewDog bar in Brussels
BrewDog do Brasil Comércio de Alimentos e Bebidas Ltda (35.227.615.645) Incorporated in Brasil	100% of the issued shares	Established to operate BrewDog bar in Brazil
BrewDog GmbH (HRB 173836) Incorporated in Germany	100% of the issued shares	Established to operate bars and brewery in Germany
Brüdog Sweden AB (556910-6320) Incorporated in Sweden	100% of the issued shares	Swedish holding company
Crown & Hops Inc. (7206119) Incorporated in USA	4% of the issued shares	Minority holding in US brewing company
BrewDog Group HK Limited (2662477) Incorporated in Hong Kong	100% of the issued shares	Hong Kong holding company
BrewDog Bar Korea (110111-6540599) Incorporated in South Korea	48% of the issued shares	Established to operate BrewDog bar in South Korea
BD Casanova SL (B66312737) Incorporated in Spain	100% of the issued shares	Established to operate BrewDog bar in Spain

8. PROPERTY, PLANT AND EQUIPMENT

The Company's material tangible fixed assets are as follows:

PROPERTY	FORM OF TENURE / ENCUMBRANCES
Brewery at Balmaccassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX	Owned
Brewery in Columbus, Ohio	Owned
Brewery in Brisbane, Australia	Leased
Brewery in Berlin, Germany	Leased
Brewing Equipment	Owned
Distribution centre in Glasgow	Leased

There are no known environmental issues which could affect the Company's utilisation of these fixed assets.

9. DIRECTORY

Directors	James Bruce Watt Alan Martin Dickie Neil Allan Simpson Charles Keith Greggor David McDowall Frances Blythe Jack James Lewis O'Hara
Company Secretary	Alan Martin Dickie
Registered Office	BrewDog plc, Balmacassie Commercial Park Ellon, Aberdeenshire AB41 8BX, Scotland
Company Number	SC311560
Solicitors to the Company	RW Blears LLP 15 Old Square Lincoln's Inn London WC2A 3UE
Auditors	Ernst & Young LLP Blenheim House Fountainhall Road Aberdeen, AB15 ADT
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

PART II - FINANCIAL INFORMATION

1. Introduction

Consolidated audited historical information for the Company and the Group, covering the latest three financial years, have been prepared in accordance with the International Financial Reporting Standards in respect of the years ended 31 December 2017, 2018 and 2019 (the "Relevant Years"), and are available from the Company's registered office and from the offices of the Company's lawyers: RW Blears LLP, 15 Old Square, Lincoln's Inn, London WC2A 3UE.

The information below is extracted from the Company's audited financial statements for the Relevant Years (the "Audited Financial Statements"). The Audited Financial Statements are available for viewing as set out above and are set out in the Annex to this document.

None of the audit reports for the Company's Audited Financial Statements for the Relevant Years (which are reproduced in the Annex hereto) contained any qualifications or disclaimers.

2. Selected Financial Information

GROUP STATEMENT OF INCOME

	Audited year ended 31 December 2019	Audited year ended 31 December 2018	Audited year ended 31 December 2017
	£000	£000	£000
GROSS REVENUE	214,896	171,619	110,870
Cost of sales + Duty	(139,457)	(113,878)	(73,244)
GROSS PROFIT	75,439	57,741	37,626
Operating expenses	(88,677)	(58,021)	(35,140)
Gain on acquistion of Berlin Brewey and Taproom	14,249	-	-
Gain/(Loss) on property, plant and equipment	766	(303)	(146)
Other operating income	1,956	974	218
OPERATING PROFIT	3,733	391	2,558
Finance income	1,053	354	121
Finance costs	(3,671)	(1,321)	(1,273)
PROFIT / (LOSS) BEFORE TAXATION	1,115	(576)	1,406
Income tax expense	(65)	(917)	(536)
PROFIT / (LOSS) AFTER TAXATION	(1,050)	1,493	870

GROUP STATEMENT OF FINANCIAL POSITION

	Audited year ended 31 December 2019	Audited year ended 31 December 2018	Audited year ended 31 December 2017
	£000	£000	£000
FIXED ASSETS			
Property plant and equipment	145,192	124,477	80,329
Right-of-use asset	98,464	-	-
Intangible assets	21,102	17,016	2,146
Other non-current financial assets	157	-	52
CURRENT ASSETS			
Trade and other receivables	45,923	37,364	24,498
Inventory	14,653	15,033	7,283
Corporation tax receivable	904	331	418
Cash and cash equivalents	35,164	38,978	88,498
TOTAL ASSETS	361,559	233,199	203,224
CURRENT LIABILITIES			
Trade and other payables	40,418	35,967	21,482
Lease Liabilities	7,791	-	-
Financial liabilities	10,583	10,776	8,451
NON-CURRENT LIABILITIES			
Deferred tax liabilities	2,653	2,399	1,965
Lease Liabilities	97,922	-	-
Financial liabilities	21,828	16,555	22,310
Government grants	3,304	2,508	2,193
TOTAL LIABILITIES	184,499	68,205	56,401
NET ASSETS	177,060	164,994	146,823
EQUITY			
Called up share capital	73	73	72
Share premium	158,226	147,535	128,880
Treasury shares	(1,185)	(1,185)	(1,185)
Foreign currency translation reserve	170	514	548
Retained earnings	19,955	18,149	18,515
Non-controlling interests	(179)	(92)	(7)
TOTAL SHAREHOLDERS' FUNDS	177,060	164,994	146,823

CONSOLIDATED CASH FLOW STATEMENT	Audited year end to 31 December 2019	Audited year ended 31 December 2018	Audited year end to 31 December 2017
	£000	£000	£000
Cashflows from operating activities			
(Loss) / Profit before tax	1,115	(576)	1,406
Loss on disposal of property, plant and equipment	(1,567)	303	143
Release of contingent consideration	(1,000)	-	-
Gain on acquisition of brewery and taproom	(14,249)	-	-
Depreciation	11,014	7,855	4,640
Amortisation of ROU assets	6,902	-	-
Impairment	614	-	-
Foreign exchange	1,585	(1,651)	1,771
Write off of other payables	-	(37)	(803)
Financial income	(1,053)	(216)	(121)
Financial charges	3,671	1,321	1,273
Grant amortisation	(149)	(138)	(136)
Loss on disposal of associate	-	-	3
Decrease/(Increase) in inventory	(380)	(7,466)	(1,885)
Increase in trade and other receivables	(8,559)	(11,058)	(8,275)
Increase in trade and other payables	5,486	6,043	8,436
Interest received	903	217	121
Interest paid	(1,640)	(842)	(943)
Taxation paid	(271)	(400)	(820)
Taxation refunded	876	78	55
Share based payment expense	642	501	-
Net cash inflow/(outflow) from operating activities	4,700	(6,029)	4,865
Cashflows from investing activities			
Purchase of property, plant and equipment	(26,888)	(44,137)	(24,235)
Purchase of intangible assets	(428)	-	(35)
Purchase of treasury shares	-	-	(705)
Investment in an unlisted entity	(157)	-	-
Proceeds from disposal of associate	-	-	49
Acquisition of subsidiaries (net of cash acquired)	(2,022)	(13,071)	(290)
Proceeds from disposal of property, plant and equipment	14,769	-	-
Net cash inflow/(outflow) from investing activities	(14,726)	(57,208)	(25,216)
Cashflows from financing activities			
Issue of ordinary share capital	9,016	17,683	112,360
Transaction costs of issue of shares	(705)	(989)	(3,726)
Proceeds from exercise of share options	-	-	59
Proceeds from new borrowings	-	-	897
Proceeds from government grants	251	453	250
Proceeds from bond issue		-	10,000
Repayment of bonds	(1,659)	(11)	-
Principle elements of lease payments	-	(7,340)	-
Repayment of borrowings	(247)	(259)	(10,523)
Payments for finance leases and hire purchase contracts	6,986	(3,160)	(3,627)
Net cash flow used in financing activities	5,888	13,717	105,690
Net (decrease)/increase in cash and cash equivalents	(3,814)	(49,520)	85,339
Cash and cash equivalents at beginning of period	38,978	88,498	3,159
Cash and cash equivalents at end of period	35,164	39,978	88,498

3. Audited financial statements for years ended 31 December 2017, 31 December 2018 and 31 December 2019

Audited Financial Statements for the Relevant Years are reproduced in the Annex to this document.

4. Significant Change

The impact of the COVID-19 pandemic has resulted in a significant change to the Group's financial performance and financial position since 31 December 2019 (the date to which the Company's last audited financial information was published). The international on-trade industry for bars and restaurants was severely impacted by the pandemic and as a result BrewDog lost a significant portion of its expected revenue for this particular trading period. In respect of the period between the last financial year ending on 31 December 2019 and 30 June 2020 (being the date of the most recent unaudited management accounts of the Group), overall gross revenue was £108,025,463 against a budget of £126,682,293. This has resulted in an overall net loss during this period of £8,151,071. The retail division which covers the Company's on-sales business has been particularly affected by the pandemic; it achieved gross revenues of just under half of the budgeted amount in the period between 31 December 2019 and 30 June 2020, which resulted in a net loss of £9,242,044 for this part of the business.

On 3 August 2020, the Company took out a Coronavirus Large Business Interruption Loan for £25 million with HSBC Bank PLC. The loan is repayable in a single repayment 3 years from the date of the loan agreement.

Save as noted above, as at the date of this document there has been no other significant change in the finanical performance or financial position of the Group which has occurred since 31 December 2019, the date to which the Company's last audited financial information was published.

PART III - CAPITAL RESOURCES AND OPERATING AND FINANCIAL REVIEW

Part A: Capital Resources

The Group's principal sources of liquidity are its existing cash and cash equivalents and its cash generated from operations along with existing debt facilities. As at 31 December 2019, the Group had a net cash position of £35.16 million. The Company's long-term positive cash position is mainly due to a very large investment received from TSG Consumer Partners in April 2017 and from the Company's successful crowdfunding raise of £8.67 million (less costs) which closed in April 2020.

Contractual obligations and commitments

The Group's contractual obligations consist mainly of payments related to loans and borrowings and related interest, operating leases and unconditional purchase obligations. The following table summarises the Group's contractual obligations as of 31 December 2019:

	Total	Within 1 year	1 to 5 years	Over 5 years
	£000s	£000s	£000s	£000s
Bank loans and borrowings	7,311	5,300	1,200	811
Bonds	10,640	641	9,999	
Hire purchase obligations x	14,460	4,642	9,23	585
Operating lease obligations	105,713	7,791	30,798	67,124
Capital commitments	1,835	1,835		
	-----------	----------	----------	----------
	139,959	20,209	51,230	68,520
	=====	=====	=====	=====

The capital commitments relate to buildings and equipment obligations that have been committed to by the Group as at 31 December 2019.

Details of the terms of the other obligations referred to in the table above are set out below.

Bank loans

£1,820,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £1,820,000 and is repayable by monthly instalments until October 2027 and bears interest at 1.40% over the base rate.

£2,000,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £2,000,000 and is repayable by monthly instalments until May 2029 and bears interest at 1.40% over the base rate. This loan is secured by a mortgage over the land and buildings.

£5,000,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £5,000,000 and is repayable by quarterly installments until January 2025. It bears interest at 2.1% over the base rate.

CLBILS Loan

On 3 August 2020, the Company took out a Coronavirus Large Business Interruption Loan for £25 million with HSBC Bank plc. The loan is repayable in a single repayment 3 years from the date of the loan agreement.

Bonds

In November 2015, the Group issued £2,312,000 non-convertible bonds, which matured in November 2019. During the year, bonds totaling £1,658,000 were re-paid. The purpose of these bonds was to finance expansion.

The bonds were issued with an interest rate of 6.5%, paid bi-annually. The amounts not repaid of £642,000 were reinvested into the new January 2020 bond (see below).

In January 2017, the Group issued a further £10,000,000 of non-convertible bonds with a maturity in January 2021. The purpose of the bond issue was to finance expansion. The bonds were issued with an interest rate of 7.5%. Interest is paid bi-annually with subsequent repayment of the principal amount in January 2021.

On 22 January 2020, the Group raised a further £3,309,000 through the issue of non-convertible bonds with a maturity in January 2024. The purpose of the bond was to finance further expansion. The bonds were issued with an interest rate of 6%, 5% payable in cash, 1% payable in 'Beer Interest' payable bi-annually.

Hire purchase

The Group uses finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses.

Operating leases

The Group has entered into commercial leases on certain land and buildings. These leases have an average duration of between three and 25 years. Only the property lease agreements contain an option for renewal, with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

Part B: Operating and Financial Review

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out below.

OVERVIEW

BrewDog has continued to grow year on year from formation in 2007. Notwithstanding the higher base each year growth has not slowed. The move to the state of the art new brewery in Ellon, Aberdeenshire at the end of 2012 helped to increase production and a significant investment of approximately $39 million in a new brewery in Columbus, Ohio will be key to continuing this growth by opening up BrewDog's beers to the much larger US craft market.

There has been major capital expenditure in both bars and breweries (including in Berlin and Australia) over the last few years and there are plans to increase this level of investment going forward. We have also significantly increased the team to over 1,450 people worldwide.

All of this has been made possible through Equity for Punks, our innovative public share offering which (together with the crowdfunded bond issues) has now seen over £79 million invested in the Group. Furthermore, in April 2017, a £102.5 million investment by private equity house TSG Consumer Partners which saw them take approximately 22% of the Company's shares (based on the number of shares in issue at the time), valuing the Company at £1 billion, will be used to accelerate our five year growth plan, turbo-charging our plans for breaking the US market and facilitating expansion into Asia and beyond.

The following table sets out the Group's revenue, operating profit and profit after tax for the three years ended 31 December 2017, 2018 and 2019:

	Year Ended 31 December		
	2019	2018	2017
	£ 000s	£ 000s	£000s
Revenue	214,896	171,619	110,870
Operating Profit	3,733	391	2,558
Profit after tax	1,050	(1,493)	870

Revenue increased 25.22% in 2019 compared to 54.8% in 2018. There are a number of risks which can have an impact on the Group's performance. These are referred to on pages 4-7.

All revenue streams for the Group have increased in the last three years. The table sets out the geographical breakdown of income for the three years ended 31 December 2017, 2018 and 2019:

	Year Ended 31 December		
	2019	2018	2017
	£ 000s	£ 000s	£000s
UK	154,981	132,357	89,242
Europe	30,062	21,003	912,959
US and Canada	21,004	13,314	3,964
Rest of the World	8,849	4,945	4,705
	------------	------------	-----------
	214,896	171,619	110,870
	=====	=====	=====

Export sales have increased as have sales in the UK to both the on and off trade. UK growth has been assisted by the opening of 19 BrewDog bars in this period. 2018 to 2019 saw an increase in the sales teams for the UK and overseas to support the planned growth.

Gross profit increased by 30.65% in 2019 compared to 2018, an increase of 2x since 2017. Margins are being maintained despite volume pressures. The Company has secured raw material supplies along with economies of scale as we have continued to grow in our current facility in Ellon.

Operating expenses are approximately 41.3% of revenue in 2019 compared to 33.8% in 2018. The costs have increased as the business has grown with the main increases being in staff wages and salaries costs as we grow the team to meet current business challenges and planned expansion.

BALANCE SHEET

Please see page 23 for the balance sheet.

CASH FLOW

Please see page 24 for the cash flow statement.

Cash inflow from operating activities grew steadily between 2016 and 2017 but reversed in 2018 with a further small reduction in 2019 due to continued investment in working capital and inventory to support growth.

Net cash out flow used for investing activities increased steadily year on year until 2018 as the Company heavily invested in pursuing expansion opportunities. 2019 however has seen net cash out flow used for investing activities reduce by 34%. As planned 2019 was another year of growth and investment, particualrly in our teams marketing our increasing bar network both in the UK and overseas and in acquisitions. This led to an increase in overheads.

The Company's net cash position as at 31 December 2019 was positive £29.48 million.

Capital Expenditure

The Group incurred £26.9 million of capital expenditure in 2019, with £16.8 million of this being the fit out costs of bars and £1.7 million being the costs of establishing the new brewery in Australia.

Total capital investment from 1 January 2017 to 31 December 2019 amounted to approximately £96.7 million on tangible fixed assets.

Financing

The significant investment in buildings, equipment and people has been financed in a number of ways. Improved profitability has generated cash inflows from operating activities. This has been supplemented by the following sources of finance referred to under the heading "Contractual obligations and commitments" in Part A above.

The sixth round of Equity for Punks closed in April 2020 and, raised approximately £8.7 million less costs.

PART IV - TAXATION

The following information, which sets out the taxation treatment for holders of New B Shares, is based on existing law in force in the UK and what is understood to be current HM Revenue & Customs ("HMRC") practice, each of which may be subject to change, possibly with retroactive effect. It is intended as a general guide only and applies to potential shareholders who are resident or ordinarily resident in the UK for tax purposes (except to the extent that specific reference is made to potential shareholders resident or ordinarily resident outside the UK), who will hold the New B Shares as investments and who are the absolute beneficial owners of those New B Shares but is not applicable to all categories of potential shareholders, and in particular, is not addressed to (i) special classes of potential shareholders such as dealers in securities or currencies, broker-dealers or investment companies and (ii) potential shareholders who have acquired their New B Shares by virtue of or in connection with their or another's office or employment.

The information does not purport to be comprehensive or to describe all potentially relevant tax considerations and does not generally consider tax relief or exemptions. Applicants who are in doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK, are strongly recommended to consult their professional advisers.

DIVIDENDS

Shareholders who are resident and domiciled in the UK for taxation purposes may, depending on their circumstances, be liable to UK income tax in respect of dividends paid by the Company. All dividends received from the company by an individual Shareholder who is resident and domiciled in the UK will, except to the extent that they are earned through a self-invested pension plan or other regime which exempts the dividend from tax, form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income.

From 6 April 2019, a nil rate amount of income tax applies to the first £2,000 of dividend income received by an individual shareholder in the tax year (the "Nil Rate Amount") regardless of what tax rate would otherwise apply to that dividend income. If an individual shareholder receives dividends in excess of the Nil Rate Amount in a tax year, the excess will be taxed as income tax at the dividend ordinary rate (7.5%) for individual Shareholders who are basic rate taxpayers, the dividend upper rate of (32.5%) for individual Shareholders who are higher rate taxpayers and the dividend additional rate (38.1%) for individual Shareholders who are additional rate taxpayers. Dividend income that is within the Nil Rate Amount counts towards an individual's basic or higher rate limits – and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating into which tax band any dividend income over the Nil Rate Amount falls, savings and dividend income are treated as the highest part of an individual's income.

Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

CHARGEABLE GAINS – DISPOSAL OF NEW B SHARES

A disposal of New B Shares acquired under the Offer by an Applicant who is resident, or in the case of an individual, ordinarily resident in the UK for tax purposes in the relevant year of assessment may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax (where the Shareholder is an individual) or UK corporation tax on chargeable gains (where the Applicant is within the charge to UK corporation tax), depending on the circumstances and subject to any available exemption or relief.

An individual Applicant who ceases to be resident or ordinarily resident in the UK (for tax purposes) for a period broadly of less than five years and who disposes of the B Shares during that period may also be liable to UK capital gains tax on his return to the UK (subject to any available exemption or relief).

An Applicant who is not resident or, in the case of an individual, ordinarily resident for tax purposes in the UK (and is not temporarily non-resident as described above) will not be liable for UK tax on capital gains realised on the sale or other disposal of his New B Shares unless such New B Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the UK through a branch or agency or, in the case of a corporate Shareholder, through a permanent establishment. Such an Applicant may be subject to foreign taxation on any gain subject to the terms of any applicable double tax treaty.

INHERITANCE TAX ("IHT")

The New B Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of New B Shares by, or on the death of, an individual Shareholder may (subject to certain exemptions and reliefs) be subject to UK inheritance tax, even if the Shareholder is neither domiciled nor deemed to be domiciled in the UK. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift. Special rules apply to gifts where the donor reserves or retains some benefit and these rules could give rise to a liability to UK inheritance tax on the death of the donor.

STAMP DUTY AND STAMP DUTY RESERVE TAX ("SDRT")

No stamp duty or SDRT will be payable on the issue of the New B Shares unless New B Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services (a **"Clearance Service"**) or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts (a **"Depositary Receipts System"**). In this event, stamp duty or SDRT will generally be payable at the higher rate of 1.5% the consideration payable, or in certain circumstances, the value of the New B Shares (rounded up to the nearest £5 in the case of stamp duty).

Any transfer by an Applicants in the New B Shares will be subject to stamp duty or SDRT in the normal way. The transfer on sale of New B Shares will generally be liable to stamp duty at the rate of 0.5% (rounded to the nearest multiple of £5) of the consideration paid. An unconditional agreement to transfer such shares will generally be liable to SDRT at the rate of 0.5% of the consideration paid, but such liability will be cancelled if the agreement is completed by a duly-stamped transfer within six years of the agreement having become unconditional.

The statements in this paragraph are intended as a general guide to the current UK stamp duty and SDRT position and do not apply (i) to persons such as market makers, dealers, brokers, intermediaries and persons (or nominees or agents for such persons) who issue depositary receipts or operate clearance services to whom special rules apply or (ii) as regards transfers of shares to any of the persons mentioned in (i).

PART V - GENERAL INFORMATION ON THE COMPANY

1. Incorporation and Administration

The Company was incorporated and registered Scotland as a private company with limited liability on 7 November 2006 with registered number SC311560, with the name BrewDog Limited. On 15 October 2009, it re-registered as a public limited company pursuant to section 90 of the 2006 Act and changed its name to BrewDog plc.

The principal legislation under which the Company operates is the 2006 Act. The principal activity of the Company since that date has been to operate as a brewer of craft beers. The Company is domiciled in Scotland in the UK. The registered office of the Company and its principal place of business is Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX. The telephone number is 01358 724924.

2. Share Capital

2.1 As at 8 September 2020, the last practicable date prior to the publication of this document, the issued share capital of the Company was:

Class of Share	Number of Shares	Aggregate Nominal Value (£)
A Ordinary	43,790,943	43,790.95
B Ordinary	13,352,887	13,352.89
Preferred C Shares	16,160,849	16,160.85
TOTAL	73,304,679	73,304.69

2.2 At the Company's AGM expected to be convened in September 2020, resolutions are proposed to grant the Directors authority to allot and issue up to 1,988,071 new B Shares. The Directors intend to utilise this authority to allot New B Shares pursuant to the Offer.

2.3 Save for the options described on page 13, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. No shares of the Company represent anything other than capital.

2.4 There are no convertible securities, exchangeable securities or other securities with warrants attached to them currently in issue by the Company.

2.5 No shares in the Company are held by or on behalf of the Company itself or any of its subsidiaries. The Company holds 157,673[22] B Shares in treasury.

3. The Company

3.1 There has not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) in the 12 months prior to the date of this Prospectus which may have or have had in the recent past a material effect on either the Company and/or the Group's financial position or profitability.

3.2 Other than pursuant to the Offer and the authorities referred to above in sub-paragraph 2.2 above, no material issue of shares (other than where offered to Shareholders pro rata to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.

3.3 The B Shares will be in registered form and can be held in certificated or uncertificated form. Title to certificated B Shares will be evidenced in the register of members of the Company and title to uncertificated B Shares will be evidenced by entry into the operator register maintained by the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE (which will form part of the register of members of the Company). CREST is a paperless settlement system enabling securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. The Company has applied for the B Shares to be admitted to CREST and the Articles permit the holding of B Shares under the CREST system. Accordingly, settlement of transactions in the B Shares may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of B Shares who wish to receive and retain share certificates will be able to do so.

3.4 It is the Company's current policy not to pay dividends but to reinvest profits to fuel the growth of the Company.

4. Memorandum of Association and Articles of Association

The Memorandum of Association and the Articles are available for inspection at the address specified in paragraph 8 below.

The Memorandum of Association is a historic document containing no substantive provisions.

The Articles contain provisions to the following effect:

4.1 Votes of Members

Each holder of an A Share, B Share or Preferred C Share has one vote in respect of each share held and accordingly such shares rank pari passu at any general meeting of the Company.

4.2 Dividends

4.2.1 Final Dividends

(a) Subject to the Companies Acts, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members but no dividend shall exceed the amount recommended by the Board. Subject to the Companies Acts, any determination by the Board of the amount of profits at any time available for distribution shall be conclusive

(b) The A Shares and B Shares rank pari passu in relation to the declaration and payment of any dividend.

4.2.2 Interim and Fixed Dividends

Subject to the Statutes, the Board may pay interim dividends if it appears to the Board that they are justified by the financial position of the Company. If the share capital of the Company is divided into different classes, the Board may pay interim dividends on shares which confer deferred or non-preferred rights to dividends as well as on shares which confer preferential or special rights to dividends, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Board may also pay at intervals settled by it any dividend payable at a fixed date if it appears to the Board that the financial position of the Company justifies the payment. If the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferred rights for any loss which they may suffer by reason of the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

4.3 Returns of capital, share sales, disposals and listing

4.3.1 On a return of the Company's entire capital or a winding, the Preferred C Shares shall have a first entitlement to greater of (i) their acquisition price plus an annual compounded return of 18% and (ii) such amount as would be applied to the Preferred C Shares were they to rank pari passu with the A Shares and B Shares, and thereafter shall be distributed pari passu amongst the holders of the A Share and B Shares.

4.3.2 Any return on a particular class of Share shall be made amongst their holders pro rata as nearly as possible to their respective holdings of Shares of that class.

4.3.3 Any consideration received by way of a Share Sale (an acquisition of 50% or more of the Company's shares) or disposal (an acquisition of all or substantially all of the Company's business or assets) shall be applied in accordance with 4.3.1.

4.3.4 The principles set out in 4.3.1 will be applied in calculating the allocation of shares to be listed in the Company immediately prior to such Listing.

4.3.5 Any holder of Preferred C Shares may, at any time prior to the first to occurrence of a Listing, a Share Sale, a Disposal, or a return of capital, require conversion of all of Preferred C Shares held by it into A Shares.

4.4 Permitted Share Transfers

4.4.1 Members shall be permitted to transfer the legal title to and/or beneficial ownership of a share if the member holds A Shares:

(a) if a company, to any holding company or subsidiary of that Member or to any other subsidiary of any such Member's holding company; or

(b) to a person who is the beneficial owner of such share or (in the case of the legal title only) to a different or additional nominee or trustee on behalf of such beneficial owner provided that such person has not become the beneficial owner thereof other than in accordance with the provisions of the Articles; or

(c) to a member of his or her immediate family, including spouse (or ex-spouse), parents, step-parents, adoptive parents, grandparents, children, step-children, adopted children, grandchildren, brothers, sisters, mother in law, father in law, brothers in law, sisters in law, daughters in law and sons in law; or

(d) with the prior written consent of the holders of not less than 90 per cent (by number) of the aggregate number of shares for the relevant time being in issue; or

(e) to a holder of Preferred C Shares.

4.5 Permitted Share Transfers

4.5.1 The Articles provide that in the event that an offer from a potential buyer is accepted for 66 per cent or more of the issued share capital of the Company, that buyer shall be obliged to extend such an offer to all other shareholders of the Company on the same terms. This is in addition to any obligations which the buyer may have in law or pursuant to the Takeover Code.

4.5.2 In the event that within the period prescribed in the Articles, all other shareholders have not accepted such an offer, they will be deemed to have accepted such an offer and be obliged to deliver up an executed stock transfer form and share certificate and failing which the Directors may instruct a person to execute the stock transfer form on behalf of such a shareholder and hold the remittance for such shares until instructed to transfer the sums to that shareholder.

4.6 Mandatory Transfer Notices

If any person shall purport to transfer or otherwise dispose of any share or any interest in or right arising from any share otherwise than as permitted under Article 38.1 of the Articles or otherwise in accordance with the provisions of the Articles, such person and any Associate of such person who is a Member shall, unless and to the extent (if any) that the Directors otherwise determine at the relevant time, be deemed to have given, on the date on which the Directors give notice to such person that they have become aware of the purported transfer or other disposal, a transfer notice in respect of all shares of which such person and any such Associate of such person is then the holder.

4.7 Right to Refuse Registration

4.7.1 The Board may, in its absolute discretion, refuse to register any transfer of any Certificated Share, whether or not it is a fully paid Share. For such a time as the Shares remain unlisted on any Recognised Investment Exchange, the Board may exercise its discretion to refuse to register any transfer of any Certificated Share to a transferee who is a monolithic purveyor of bland industrial beer.

4.7.2 If the Board refuses to register a transfer it shall within two months after the date on which the transfer was lodged or the instructions to the relevant electronic system were received, send the transferee notice of the refusal together with its reasons for the refusal.

4.7.3 The Board may also refuse to register a transfer of a share in the following circumstances:

(a) if it is not lodged, duly stamped (if necessary), at the registered office or at such other place as the Board may appoint and accompanied by the certificate for the shares to which it relates (where a certificate has been issued in respect of the shares and the Articles do not provide for such a transfer to be valid without production of the certificate) and/or such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(b) if it is not in respect of one class of share only;

(c) if it is in favour of more than four transferees;

(d) if it is in favour of a minor, bankrupt or person of mental ill health; or

(e) where the Board is obliged or entitled to refuse to do so as a result of any failure to comply with a notice under section 793 of the Companies Act 2006.

4.7.4 Holders of Preferred C Shares shall be permitted to transfer such shares (or A Shares held by them if they also hold Preferred C Shares) to certain of their associates and certain investment vehicles.

4.8 Pre-emption Rights

Except in the case of a Permitted Transfer, the right to transfer or otherwise dispose of a share or any interest or right in or arising from a share shall be subject to the provisions contained in the Articles and any such transfer or other disposal made otherwise than in accordance with those provisions shall be void.

4.9 Lien and Forfeiture

4.9.1 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company's lien on a share shall extend to any amount payable in respect of it.

4.9.2 If a call or installment of a call remains unpaid after it has become due and payable the Board may at any time serve a notice on the holder requiring payment of so much of the call or installment as remains unpaid together with any interest which may have accrued thereon and any costs, charges or expense incurred by the Company by reasons of such non-payment. The notice shall specify a further day (not being less than 14 clear days' from the date of the notice) on or before which, and the place where the payment required by the notice is to be made and shall indicate that if the notice is not complied with the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

4.9.3 The Board may accept the surrender of any share liable to be forfeited and, in such case, references in the Articles to forfeiture shall include surrender.

4.10 General Meetings

4.10.1 The Board may convene a general meeting whenever it thinks fit and shall do so on requisition in accordance with the Companies Act 2006.

4.10.2 An AGM shall be convened by at least 21 clear days' notice. All other general meetings shall be convened by at least 14 clear days' notice.

4.10.3 No business shall be transacted at any general meeting unless two members are present in person or by proxy and allowed to vote and that shall be a quorum for all purposes.

4.11 Directors

4.11.1 Unless otherwise determined by ordinary resolution of the Company, the number of directors (disregarding alternates) shall not be less than two and shall be subject to a maximum number of ten.

4.11.2 The Board may from time to time appoint one or more of its body to hold any employment or executive office with the Company for such period (subject to the Companies Acts) and on such other terms as the Board or any committee authorised by the Board may decide and may revoke or terminate any appointment so made. Any revocation or termination of the appointment shall be without prejudice to any claim for damages that the Director may have against the Company or that the Company may have against the Director for any breach of any contract of service between him and the Company. A Director so appointed may be paid such remuneration (whether by way of salary, commission, participation in profits or otherwise) in such manner as the Board or any committee authorised by the Board may decide.

4.11.3 Subject to the Articles, the Company may by ordinary resolution appoint any person who is willing to act to be a Director, either to fill a vacancy on or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with the Articles. A resolution for the appointment of two or more persons as Directors by a single resolution shall be void unless a resolution that it shall be so proposed has first been agreed to by the meeting without any vote being given against it.

4.11.4 No person other than a director retiring shall be appointed or reappointed as a director at any general meeting unless:

(a) he is recommended by the Board; or

(b) not less than seven nor more than 42 clear days' before the day appointed for the meeting, notice executed by a member qualified to vote at the meeting (not being the person to be proposed) has been delivered to the registered office of the Company (or received in electronic form at the electronic address at which the Company has or is deemed to have agreed to receive it) of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Company's register of directors together with notice executed by that person of his willingness to be appointed or reappointed.

4.11.5 Without prejudice to the power of the Company in general meeting under the Articles to appoint any person to be a director, the Board may appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition t o the existing Board, and any director so appointed shall hold office only until the next following AGM.

4.12 Borrowing

The Company is empowered to borrow money.

4.12 Proxies

4.13.1 Appointments of proxies may only be in electronic form and the proxy shall be executed by or on behalf of the appointor.

4.13.2 Subject as provided in the Articles, in the case of an appointment of proxy purporting to be executed on behalf of a corporation by an officer of that corporation it shall be assumed, unless the contrary is shown, that such officer was duly authorised to do so on behalf of that corporation without further evidence of that authorisation.

4.13.3 A proxy need not be a member of the Company.

4.14 Untraceable Shareholders

The Company shall be entitled to sell at the best price reasonably obtainable any shares of a holder where a shareholder is untraceable within the meaning of Article 35.

4.15 Transmission of Shares on Death

If a member dies, the survivor or survivors where he was a joint holder, and his executors where he was a sole holder or the only survivor of joint holders shall be the only persons recognised by the Company as having any title to his shares; but nothing contained in the Articles shall release the estate of a deceased member from any liability in respect of any share solely or jointly held by him.

4.16 Calls

4.16.1 Subject to the terms of issue, the Board may from time to time make calls upon the members in respect of any money unpaid on their shares (whether in respect of the nominal amount or by way of premium). Each member shall (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be made payable by instalments. A call may, at any time before receipt by the Company of any sum due under the call, be revoked in whole or in part and payment of a call may be postponed in whole or in part, as the Board may determine.

4.16.2 A person upon whom a call is made shall remain liable for all calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.

4.17 Certificates

Every person whose name is entered in the register of members as a holder of shares in the Company is entitled, within the time specified by the Statutes and without payment, to one certificate for all the shares of each class registered in his name.

4.18 Authority to Allot

4.18.1 The directors are generally authorised to allot shares in accordance with section 551 of the Companies Act 2006 for a prescribed period and up to an aggregate nominal amount equal to the Section 551 Amount.

4.18.2 In accordance with, and within the terms of, the above authority, the Directors may allot equity securities during a prescribed period wholly for cash:

(a) in connection with a rights issue, subject to section 561 of the Companies Act 2006;

(b) up to an aggregate nominal amount equal to the Section 561 Amount, otherwise than in connection with a rights issue, as if section 561 of the Companies Act 2006 did not apply.

5 Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, are all of the contracts which have been entered into by the Company since its incorporation and which are, or may be, material, or have been entered into by the Company and contain provisions under which the Company has obligations or entitlements which are material to it at the date of this document.

(a) An investment agreement dated 6 April 2017 between (1) the Company (2) James Watt, Martin Dickie, Griffin Group LLC, Digby Holdings LLC, Neil Simpson (3) TSG AIV and (4) TSG LL pursuant to which TSG AIV and TSG LL (the "C Share Investors") made investments totalling £102,449,990.12 in the Company and in which the Company was required to give undertaking in relation to the provision of information to the Investors and which contained certain obligations and restrictions on the Company in relation to its conduct.

Pursuant to this agreement and the Articles, the C Share Investors have the right to appoint two investor directors (the first such appointments being Blythe Jack and Jamie O'Hara) and the attendance of at least one investor director is required to transact business at a meeting of the Board. The Company has also given positive covenants, inter alia, to keeping full accounting records, protect its intellectual property and comply with all laws and licences as well as negative covenants to desist, without the prior consent of the C Share Investors, from making changes to the Company's business or board composition, incurring significant indebtedness or taking steps to list or dissolve the Company.

(b) A warranty and indemnity deed dated 6 April 2017 between (1) the Company (2) James Watt, Martin Dickie, Griffin Group LLC, Digby Holdings LLC, Neil Simpson and (3) the C Share Investors pursuant to which the Company gave warranties and indemnities to the C Share Investors in respect of its business, trading history and tax position.

Other than as set out above, there are no contracts, other than those entered into in the ordinary course of business, that have been entered into by the Company within the two years immediately preceding publication of the Prospectus which are or may be material to the Company and there are no other contracts (not being contracts entered into in the ordinary course of business) which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this document.

6 General

(a) Aside from those interests noted in the table on page 15 (Directors' Interests), the Company is not aware of any persons who, directly or indirectly, exercises or could exercise control over the Company.

(b) Other than the matters disclosed at paragraph 6 on page 19 (Related Party Transactions), there are no conflicts of interest between any Director or any member of the Company's administrative, management or supervisory bodies and his duties to the Company and the private interests and/or duties he may also have.

(c) None of the Company's major holders of Shares have voting rights different from other holders of Shares.

(d) Other than as set out in the table at paragraph 6 on page 19, the Company has not entered into any related party transactions since the date of its incorporation and up to the date of this document.

(e) Ernst & Young LLP are the auditors of the Company and are registered in accordance with the Statutory Audit Directive (2006/43/EC) and are a member of the Institute of Chartered Accountants of Scotland.

(f) Reporting to Shareholders - the Company's annual report and accounts are made up to 31 December in each year and are normally published in March. The Company's next accounting period will end on 31 December 2020.

(g) All material contracts of the Company will be in English and the Company will communicate with Investors and/or Shareholders in English.

(h) Complaints about the Company should be referred to the chairman of the Board of Directors of the Company at Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX.

(i) The Company operates in the brewing industry in the UK which is highly regulated at both national and local levels and brewing operations such as BrewDog's business requires a number of licences, permits and approvals. In the UK, the production of certain alcoholic products (notably spirits) requires a number of licences, approvals and confirmations from HMRC. Similarly, the warehousing of alcoholic products is subject to approval from HMRC. The Licensing Act 2003 imposes strict requirements on vaiours activitis including the retail sale of alcohol. A premises licence is required for any premises selling alcohol (which includes all of BrewDog's UK bars), which must be held by a named individual. Enforcement of these laws is undertaken by the applicable local authorities.

Similarly, the Group's worldwide operations are subject to extensive regulatory requirements regarding, among other things, production, distribution, importation, marketing, promotion, labelling, advertising and consumer protection. For example, the common system of licensed on-trade outlets applies in many countries throughout Europe. In the United States, federal and state laws regulate most aspects of the brewing, sale, marketing, labelling and wholesaling of Group products. At the federal level, the Alcohol & Tobacco Tax & Trade Bureau of the U.S. Treasury Department oversees the industry, and each state in which the Group sells or produces products, and some local authorities in jurisdictions in which it sells products also have regulations that affect the business conducted by the Group and other brewers and wholesalers. It is the Group's policy to abide by the laws and regulations that apply to it or to its business and the Group has an in-house function to ensure compliance with all local laws.

Labelling of the Group's products is also regulated in certain markets, varying from health warning labels to importer identification, alcohol strength and other consumer information. Specific warning statements related to the risks of drinking alcohol products, including beer, have also become prevalent in recent years. The Group believes that the regulatory environment in most countries in which it operates is becoming increasingly strict with respect to health issues and expects this trend to continue in the future.

(j) As at the date of this document, there are certain governmental policies in place to combat the spread of the COVID-19 pandemic which have affected (and continue to affect) the Company's operations. These measures have included the enforced closure of the Group's bars and restaurants, restrictions on the movement of both the Group's employees and customers and new measures implemented to ensure social distancing between such employees and customers (as the bars and restaurants have begun to re-open for business). As at the date of publication, it is unknown as to whether these measures will subsist, be tightened or be relaxed or on what timescale this may occur.

(k) The Company and the Directors consent to the use of the Prospectus by financial intermediaries and accept responsibility for the content of the Prospectus also with respect to subsequent resale or final placement of securities by financial intermediaries within the period of the Offer. This consent is valid from the date of the Prospectus until the close of the Offer, for the purpose of introducing subscribers for New B Shares. The Offer will close on the earlier of Full Subscription and 28 January 2021 (unless previously extended by the Directors). Financial intermediaries may use the Prospectus only in the Approved Jurisdictions.

(l) **In the event of an offer being made by a financial intermediary, the financial intermediary must provide information to investors on the terms and conditions of the Offer at the time that the Offer is made. Any financial intermediaries using the Prospectus must state on its website that it is using the Prospectus in accordance with the consent set out in paragraph (j) above.**

(m) All third party information in this document has been identified as such by reference to its source and has been accurately reproduced and, so far as the Company is aware, and is able to ascertain from information published by the relevant party, no facts have been omitted which would render such information inaccurate or misleading.

7 Stamp Duty, Stamp Duty Reserve Tax and Close Company Status

The Company has been advised that no stamp duty or stamp duty reserve tax (**"SDRT"**) will be payable on the issue of the Shares issued under the Offer.

The transfer on sale of any Shares will be liable to ad valorem stamp duty normally at the rate of 0.5% of the amount or value of the consideration (rounded up to the nearest £5). An unconditional agreement to transfer Shares also gives rise to an obligation to account for SDRT, which is payable within seven days of the start of the month following that in which the agreement was entered into. The payment of stamp duty gives rise to a right to repayment of any SDRT paid. There will be no stamp duty or SDRT on the transfer of the Shares into CREST unless such a transfer is made for consideration in money or money's worth, in which case a liability to SDRT will arise usually at a rate of 0.5%. A transfer of Shares effected on a paperless basis through CREST will generally be subject to SDRT at a rate of 0.5% of the value of the consideration. Following the issue of the Shares pursuant to the Offer, the Company is likely to be a close company for tax purposes.

8 Documents for Inspection

Copies of the following documents are available for inspection at the offices of RW Blears LLP at 15 Old Square, Lincoln's Inn, London WC2A 3UE and at the registered office of the Company at Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX during normal business hours on any weekday (public holidays excepted) from the date of this document until the closing date of the Offer:

(a) the Memorandum of Association and Articles of the Company;

(b) the Prospectus; and

(c) the Company's audited annual accounts for the years ended 31 December 2017, 31 December 2018 and 31 December 2019.

9 September 2020

[23] RWB: 2020 AGM rescheduled date to be confirmed (delayed due to COVID-19).

ANNUAL REPORT & ACCOUNTS FOR THE YEAR ENDING 2019

BREWDOG

GROUP STATEMENT OF COMPREHENSIVE INCOME

For year ended 31 December 2019

	NOTES	2019 £000	2018 £000
Gross Revenue	4	214,896	171,619
Duty		(40,290)	(31,966)
Net revenue		174,606	139,653
Cost of sales		(99,167)	(81,912)
Gross Profit		75,439	57,741
Operating expenses		(88,677)	(58,021)
Gain on acquisition of Berlin brewery and taproom	15	14,249	-
Gain/(Loss) on disposal of property, plant and equipment		766	(303)
Other operating income	5	1,956	974
Operating Profit	6	3,733	391
Finance income	9	1,053	354
Finance costs	10	(3,671)	(1,321)
Profit /(Loss) before taxation		1,115	(576)
Income tax expense	11	(65)	(917)
Profit /(Loss) for the year		1,050	(1,493)

Attributable to:		
Equity holders of the parent	1,162	(1,373)
Non-controlling interests	(112)	(120)
	1,050	(1,493)

OTHER COMPREHENSIVE INCOME

Exchange differences on translation of foreign operations	344	(34)
Other comprehensive (loss) for the year, net of tax	(344)	(34)
Total comprehensive income / (loss) for the year, net of tax	706	(1,527)

Attributable to:		
Equity holders of the parent	818	(1,407)
Non-controlling interests	(112)	(120)
	706	(1,527)

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTES	2019 £000	2018 £000
Non-current assets			
Property, plant and equipment	12	145,192	124,477
Right-of-use asset	22	98,464	-
Intangible assets	13	21,102	17,016
Other non-current financial assets	14	157	-
		264,915	141,493
Current assets			
Trade and other receivables	16	45,923	37,364
Inventory	17	14,653	15,033
Corporation tax receivable		904	331
Cash and cash equivalents	18	35,164	38,978
		96,644	91,706
Total assets		361,559	233,199
Current liabilities			
Trade and other payables	19	40,418	35,967
Lease liabilities	22	7,791	-
Financial liabilities	20	10,583	10,776
		58,792	46,743
Non-current liabilities			
Deferred tax liabilities	11	2,653	2,399
Lease liabilities	22	97,922	-
Financial liabilities	20	21,828	16,555
Government grants	26	3,304	2,508
		125,707	21,462
Total liabilities		184,499	68,205
Net Assets		177,060	164,994
Equity			
Called up share capital	24	73	73
Share premium account	24	158,226	147,535
Treasury shares	25	(1,185)	(1,185)
Foreign currency translation reserve	25	170	514
Retained earnings		19,955	18,149
Equity attributable to equity holders of the parent		177,239	165,086
Non-controlling interests		(179)	(92)
Total Equity		177,060	164,994

Signed on behalf of the Board of Directors on 28th August 2020

J.B.Watt
Director

N.A.Simpson
Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTES	2019 £000	2018 £000
Non-current assets			
Property, plant and equipment	12	68,575	71,537
Right-of-use assets	22	7,001	-
Intangible assets	13	2,101	1,294
Other non-current financial assets	14	31,096	28,098
		108,773	100,929
Current assets			
Trade and other receivables	16	98,689	76,860
Inventory	17	10,853	8,900
Corporation tax receivable		499	434
Cash and cash equivalents	18	29,479	34,633
		139,520	120,827
Total assets		248,293	221,756
Current liabilities			
Trade and other payables	19	22,741	18,948
Lease liabilities	22	705	-
Financial liabilities	20	10,540	10,690
		33,986	29,638
Non-current liabilities			
Deferred tax liabilities	11	2,400	2,241
Lease liabilities	22	12,122	-
Financial liabilities	20	21,828	16,555
Government grants	26	2,157	2,055
		38,507	20,851
Total liabilities		72,493	50,489
Net assets		175,800	171,267
Equity			
Called up share capital	24	73	73
Share premium account	24	158,226	147,535
Treasury shares	25	(1,185)	(1,185)
Retained earnings		18,686	24,844
Total Equity		175,800	171,267

The group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company income statement. The loss after tax recorded by the company for the year was £6,158,000 (2018: profit of £3,193,000).

Signed on behalf of the Board of Directors on 28 August 2020

J.B.Watt
Director

N.A.Simpson
Director

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital £000	Share premium £000	Treasury shares £000	Foreign currency translation reserve £000	Retained Earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At 1 January 2018	72	128,880	(1,185)	548	18,515	146,830	(7)	146,823
Loss for the year	-	-	-	-	(1,373)	(1,373)	(120)	(1,493)
Other comprehensive loss	-	-	-	(34)	-	(34)	-	(34)
Issue of share capital	1	19,143	-	-	-	19,144	-	19,144
Issue of share capital in subsidiary	-	-	-	-	1,007	1,007	35	1,042
Share options granted	-	501	-	-	-	501	-	501
Transaction costs	-	(989)	-	-	-	(989)	-	(989
At 1 January 2019	73	147,535	(1,185)	514	18,149	165,086	(92)	164,994
Profit for the year	-	-	-	-	1,162	1,162	(112)	1,050
Other comprehensive loss	-	-	-	(344)	-	(344)	-	(344)
Issue of share capital	-	10,667	-	-	-	10,667	-	10,667
Issue of share capital in subsidiary	-	-	-	-	644	644	25	669
Share options granted	-	642	-	-	-	642	-	642
Share options exercised	-	87	-	-	-	87	-	87
Transaction costs	-	(705)	-	-	-	(705)	-	(705)
At 31 December 2019	73	158,226	(1,185)	170	19,955	177,239	(179)	177,060

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital £000	Share premium £000	Treasury shares £000	Retained Earnings £000	Total equity £000
At 1 January 2018	72	128,880	(1,185)	21,651	149,418
Profit for the year	-	-	-	3,193	3,193
Issue of share capital	1	19,143	-	-	19,144
Share options granted	-	501	-	-	501
Transaction costs	-	(989)	-	-	(989)
At 1 January 2019	73	147,535	(1,185)	24,844	171,267
Loss for the year	-	-	-	(6,158)	(6,158)
Issue of share capital	-	10,667	-	-	10,667
Share options granted	-	642	-	-	642
Share options exercised	-	87	-	-	87
Transaction costs	-	(705)	-	-	(705)
At 31 December 2019	73	158,226	(1,185)	18,686	175,800

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	NOTES	2019 £000	2018 £000
Cashflows from operating activities			
Profit/(Loss) before tax		1,115	(576)
Adjustments to reconcile profit before tax to net cash flows:			
(Gain) / Loss on disposal of property, plant and equipment		(1,567)	303
Release of contingent consideration		(1,000)	-
Gain on Acquisition of Berlin brewery & taproom		(14,249)	-
Depreciation		11,014	7,855
Amortisation of ROU assets		6,902	-
Impairment		614	-
Grant amortisation		(149)	(138)
Foreign exchange		1,585	(1,651)
Financial income		(1,053)	(216)
Financial charges		3,671	1,321
Share based payment expense		642	501
Working capital adjustments:			
Decrease / (increase) in inventory		380	(7,466)
Increase in trade and other receivables		(8,559)	(11,058)
Increase in trade and other payables		5,486	6,043
Interest received		903	217
Interest paid		(1,640)	(842)
Taxation paid		(271)	(400)
Taxation refunded		876	78
Net cash flow from / (used in) operating activities		4,700	(6,029)
Investing activities			
Purchase of property, plant and equipment		(26,888)	(44,137)
Proceeds from sale of property, plant and equipment		14,769	-
Purchase of intangible assets		(428)	-
Investment in an unlisted entity		(157)	-
Acquisition of subsidiaries (net of cash acquired)		(2,022)	(13,071)
Net cash flow used in investing activities		(14,726)	(57,208)
Financing activities			
Issue of ordinary share capital		9,016	17,683
Transaction costs of issue of shares		(705)	(989)
Proceeds from government grants		251	453
Repayment of bonds		(1,659)	(11)
Repayment of borrowings		(247)	(259)
Principle elements of lease payments		(7,430)	-
Hire purchase Payments / (Receipts)		6,986	(3,160)
Net cash flow from financing activities		6,212	13,717
Net decrease in cash and cash equivalents		(3,814)	(49,520)
Cash and cash equivalents at beginning of year		38,978	88,498
Cash and cash equivalents at end of year		35,164	38,978

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	NOTE	2019 £000	2018 £000
Cashflows from operating activities			
(Loss)/Profit before tax		(5,918)	3,974
Adjustments to reconcile loss before tax to net cash flows:			
Gain on disposal of property, plant and equipment		(1,567)	-
Release of contingent consideration		(1,000)	-
Depreciation		4,008	3,065
Amortisation of ROU assets		441	-
Impairment		1,479	52
Grant amortisation		(149)	(138)
Foreign exchange loss/(gain)		1,555	(938)
Finance income		(1,053)	(804)
Finance Charges		1,753	1,308
Share based payment expense		642	501
Working capital adjustments:			
Increase in inventory		(1,953)	(3,267)
Increase in trade and other receivables		(3,802)	(9,113)
Increase in trade and other payables		2,787	3,567
Interest received		903	217
Interest paid		(1,622)	(975)
Taxation paid		(271)	(400)
Taxation refunded		876	78
Net cash flows used in operating activities		(2,891)	(2,873)
Investing activities			
Investment in Subsidiary		-	-
Purchase of property, plant and equipment		(8,845)	(26,109)
Proceeds from sale of property, plant and equipment		14,769	-
Purchase of intangible assets		(386)	-
Loan provided to subsidiaries		(18,517)	(22,574)
Investment in an unlisted associate		(157)	-
Acquisition of subsidiaries (net of cash acquired)		(1,674)	(12,856)
Net cash flows used in investing activities		(14,810)	(61,539)
Financing activities			
Issue of ordinary share capital		8,372	16,643
Transaction costs of issue of shares		(705)	(989)
Proceeds from government grants		251	-
Repayment of bond		(1,659)	(11)
Repayment of borrowings		(247)	(259)
Principal elements of lease payments		(494)	-
Hire Purchase Receipts / (Payments)		7,029	(3,143)
Net cash flows from financing activities		12,547	12,241
Net decrease in cash and cash equivalents		(5,154)	(52,171)
Cash and cash equivalents at beginning of year		34,633	86,804
Cash and cash equivalents at end of year		29,479	34,633

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

1. GENERAL INFORMATION

The financial statements of BrewDog PLC and its subsidiaries (collectively, the group) for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 28 August 2020. The company is incorporated in the United Kingdom under the Companies Act 2006.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated and parent company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis, except for other non-current financial assets that have been measured at fair value. The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), except as otherwise indicated.

Basis of consolidation

The group financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the group are eliminated in full on consolidation.

Non-controlling interests represent the equity in a subsidiary not attributable, directly and indirectly, to the parent company. This is presented within equity in the consolidated balance sheet, separately from equity attributable to owners of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Going concern

The directors continue to closely monitor the Coronavirus outbreak, with particular regard to the wellbeing of their people and their ability to make, distribute and sell great beers.

Widespread protective measures have been put in place throughout the Group globally to respond to the pandemic. All bars were closed and brewing facilities adjusted operating procedures to ensure social distancing was maintained. Staff who are not currently required given the reduced operations have been furloughed. For our office staff many were furloughed or are working from home.

These actions have significantly impacted the cash flows generated; however, the impact has been mitigated by the expansion of online sales and increased distribution through major retailers due to changes in consumers demands, and the utilisation of Government schemes such as the Coronavirus Job Retention Scheme and the deferral of HMRC payments. Such preparation and planning has allowed the Directors to maximise cash resources available to the Group and, as far as possible, mitigate the impact of the virus on the business.

As lockdown restrictions ease and we start to be allowed to reopen bars across our network we have put in place a number of protective measures to ensure we are complying with various governments guidelines on social distancing, track and trace, face coverings and also further enhanced our hygiene practices. Our brewing facilities continue to operate with our adjusted procedures and operation of shift patterns allows us to limit the number of staff onsite.

The directors do not yet know what further measures may need to be put in place to contain this virus, but are continuing to review and make plans to minimise the likelihood of transmission within BrewDog workplaces and retail outlets.

Management have performed stress testing of cashflow forecasts to take account of the potential impacts of Covid-19, including adjustments to capacity and expansion plans, and are satisfied in the most severe, yet plausible, 'Downside' scenario, including the potential for a second pandemic wave that would impact the group for a longer period including into 2021, that the group has access to sufficient liquidity through the going concern period. As such, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3. ACCOUNTING POLICIES

New standards and interpretations

The company has considered all new and amended IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the year ending 31 December 2019. Where the changes affect the company, the relevant application and disclosure has been made during the year to 31 December 2019. The new and amended IFRSs during the year are as detailed below:

- Annual Improvements to IFRS Standards 2015-2017 Cycle
- IFRS 16: Leases
- IFRIC 23 Uncertainty over Income Tax Treatments.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the group. The group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

IFRS 16 Leases

The group has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.23%.

Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is, or contains a, lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

The lease liabilities of the Group as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	£000
Operating lease commitments as at 31 December 2018	82,031
Less: Impact of discounting	(21,151)
Add: Extension and termination options reasonably certain to be exercised	6,365
Lease liabilities at 1 January 2019	67,245

New standards and interpretations - not yet adopted

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the company's accounting period beginning on or after 1 January 2020 or later periods, but the company has not early adopted them:

- References to Conceptual Framework in IFRS Standards (1 January 2020)
- IFRS 3 Business Combinations. References to Conceptual Framework in IFRS Standards and Definition of a Business
- IFRS 7 Financial Instruments: Disclosures. Interest rate benchmark reform (1 January 2020)
- IFRS 9 Financial Instruments. Interest Rate Benchmark Reform
- IAS 1 Presentation of Financial Statements. Definition of material (1 January 2020), References to Conceptual Framework in IFRS Standards and classification of liabilities as current or non-current (1 January 2022)
- IAS 8 Accounting policies, changes in accounting estimates and errors. Definition of material and References to Conceptual Framework in IFRS Standards (1 January 2020)
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement. Interest rate benchmark reform (1 January 2020).

It is not anticipated that the application of the above standards and amendments will have any material impact on the company's financial statements.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above and net of outstanding bank overdrafts.

Property, plant and equipment

Tangible fixed assets, other than land, are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land	not depreciated
Buildings	2% on cost
Long-term leasehold property	over lease term
Plant and machinery	10 - 25% on reducing balance and 33 - 50% on cost
Computer equipment	33% on cost
Fixtures and fittings	20 - 50% on cost
Motor vehicles	25% on reducing balance
Assets under construction	not depreciated

Certain brewing equipment, included within plant and machinery, is depreciated at 10% on reducing balance method and has been allocated a residual value of between 10% and 55% of cost, dependant on the equipment's use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Non-current financial assets

Fixed asset investments are shown at cost less any provision for impairment. The company assesses at each reporting date whether there is any objective evidence that an asset is impaired.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in operating expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Revenue recognition

Revenue comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts but inclusive of excise duty. Revenue is recognised in the financial statements when the risks and rewards of owning the goods have passed to the customer and when cash has been received or is receivable.

Cost of sales

Cost of sales comprises brewery, warehouse maintenance costs, ingredients, packaging and direct staff costs.

Taxation

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the statement of comprehensive income.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of comprehensive income. The principal foreign currencies used by the group are US dollars ($), Euro (€) and Australian dollars (AUS $).

Group companies

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Leases and hire purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter. The interest element of these obligations is charged to the statement of comprehensive income over the relevant period. The capital element of the future payments is treated as a liability.

As indicated in note 2 above, the group has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 2. On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.23%.

Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets

at fair value through profit or loss or loans and receivables, as appropriate. The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- the company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset, or
- the company has transferred substantially all the risks and rewards of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Impairment of financial assets

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Share-based payments

The group operates three equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount expensed over the vesting period is determined by reference to the fair value of the options at the date on which they were granted.

Fair value is calculated with reference to the last substantial share purchase. Non-market performance vesting and service conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the company revises its estimates of the number of options that are expected to vest.

The company recognises the impact of the revision to original estimates, if any, in the income statement, with corresponding adjustment to equity. No expense is recognised for awards that do not ultimately vest.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised and new shares are issued.

Treasury shares

BrewDog PLC shares held by the group are deducted from equity as "treasury shares" and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to reserves. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials - Purchase cost on a first-in, first-out basis.

Finished goods and work in progress - Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Trade and other receivables

Trade receivables, which generally have 60-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans

Loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Loans are subsequently measured at their amortised cost applying the effective interest rate method.

Finance charges on the loans are recognised as finance costs in the income statement.

Pensions

The pension plan in place is a defined contribution plan. Pension contributions are charged to the income statement as an expense in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

4. REVENUE

Revenue represents the invoiced amount of goods and services supplied, inclusive of excise duty. Revenue is recognised when the risks and rewards of owning the goods has passed to the customers. All items are stated net of value added tax and trade discounts.

The analysis by geographical area of the group's revenue is set out as below:

	2019	2018
Geographical segment	£000	£000
UK	154,981	132,357
Europe	30,062	21,003
USA and Canada	21,004	13,314
Rest of the world	8,849	4,945
	214,896	171,619

5. OTHER OPERATING INCOME

	2019	2018
	£000	£000
Release of contingent consideration	1,000	-
R&D tax credit	384	633
Other income	572	341
	1,956	974

6. OPERATING PROFIT

This is stated after charging/(crediting)

	2019	2018
	£000	£000
Depreciation of tangible assets (note 12)	11,014	7,855
Amortisation of right-of-use assets (note 22)	6,902	-
Operating lease rentals	-	5,024
Auditors remuneration (note 7)	307	258
Research and development	3,200	3,187
Loss/(profit) on foreign exchange	1,585	(1,497)
Impairment - property, plant and equipment (note 12)	337	
Impairment - goodwill (note 13)	277	-
Share based payment expense (note 24)	642	501

7. AUDITORS' REMUNERATION

The group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the group:

	2019	2018
	£000	£000
Audit of the financial statements	230	161
Tax advisory services	2	24
Other advisory services	75	73
	307	258

8. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

a. Staff Costs	2019	2018
	£000	£000
Wages and salaries	48,104	35,321
Pension costs	1,659	1,206
Social security costs	4,181	3,289
Share based payment expense	350	31
	54,294	39,847

The previous excludes directors' remuneration. The company makes contributions to a defined contribution scheme for all eligible employees up to a maximum of 10% of salary. Contributions are charged to the income statement as incurred.

The average monthly number of employees during the year was made up as follows:

	2019	2018
	No.	No.
Directors	8	9
Administration	180	147
Production	232	199
Selling and distribution	193	98
Bar staff	1,154	794
	1,767	1,247

b. Director's remuneration	2019	2018
	£000	£000
Director's remuneration	1,639	1,119
Pension contributions	123	89
Share based payment expense	292	470
	2,054	1,678

In respect of the highest paid director:

	2019	2018
	£000	£000
Aggregate remuneration	442	237
Pension contributions	43	24
	485	261

Payments include an extended notice payment agreed on taking on a new role and are non-recurring

	2019	2018
	£000	£000
Number of directors who received share options during the year.	1	3

9. FINANCE INCOME

	2019	2018
	£000	£000
Bank interest received	904	216
Capital grant release (note 26)	149	138
Total finance income	1,053	354

10. FINANCE COST

	2019	2018
	£000	£000
Bank loans and overdrafts	417	184
Lease interest from adoption of IFRS 16 (note 22)	2,031	-
Hire purchase interest	300	212
Bond interest	923	925
Total finance costs	3,671	1,321

11. INCOME TAX

Group

a) Income tax on profit for the year	2019	2018
	£000	£000
UK corporation tax on the profit for the year	-	571
Amounts over provided in previous years	(103)	(37)
Foreign taxes	(33)	6
Total current income tax	(136)	540
Deferred income tax:		
Origination and reversal of temporary differences	337	510
Deferred tax adjustments in previous periods	(136)	(133)
Total deferred income tax charge	201	377
Income tax charge in the group statement of comprehensive income	65	917

b) Reconciliation of the total income tax charge	2019	2018
	£000	£000
Profit / (Loss) from continuing operations	1,115	(576)
Tax calculated at UK standard rate of corporation tax of 19% (2018 – 19%)	212	(109)
Expenses not deductible for tax purposes	471	218
Other fixed asset related movements	55	326
Other timing differences	(471)	90
Foreign tax credits	5	6
Tax over provided in previous years	(267)	(37)
Change in tax laws and rate	2	(176)
Deferred tax not recognised	(2,161)	140
R&D expenditure	73	(47)
Non-taxable income	(28)	(174)
Unrecognised tax losses in other jurisdictions	873	690
Tax losses utilised	-	(10)
Chargeable Gains	1,301	-
Income tax charge in the group statement of comprehensive income	65	917

The income tax expense above is computed at profit before taxation multiplied by the effective rate of corporation tax in the UK of 19% (2018: 19%).

c) Deferred income tax

The deferred income tax included in the statement of financial position is as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
	£000	£000	£000	£000
Deferred tax liability				
Temporary differences relating to property, plant and equipment	3,712	2,471	3,459	2,241
Deferred tax asset				
Tax losses carried forward	(1,059)	(72)	(1,059)	-
Net deferred tax liability	2,653	2,399	2,400	2,241
Deferred tax in the income statement				
Temporary differences relating to property, plant and equipment	201	377	159	429
	201	377	159	429

12. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Long term leasehold property	Fixtures and fittings	Motor vehicle	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost:								
At 1 January 2019	54,527	16,699	13,729	290	51,392	2,137	4,669	143,443
Additions	1,462	9,432	8,982	135	5,725	682	470	26,888
Acquisition of subsidiaries	-	-	7,376	-	7,954	-	-	15,330
Disposals	(7,591)	(891)	(731)	(57)	(688)	(5)	-	(9,963)
Transfers	1,230	30	6,905	-	(3,572)	76	(4,669)	-
Exchange differences	(498)	110	(50)	(2)	(475)	(11)	-	(926)
At 31 December 2019	49,130	25,380	36,211	366	60,336	2,879	470	174,772
Depreciation:								
At 1 January 2019	1,454	2,533	6,101	147	7,919	812	-	18,966
Charge for the year	1,099	946	5,467	47	2,676	779	-	11,014
On disposals	(78)	(129)	(324)	-	(68)	(3)	-	(602)
Impairment	-	337	-	-	-	-	-	337
Transfers	-	(2)	2,237	-	(2,235)	-	-	-
Exchange differences	(1)	(14)	(66)	(1)	(51)	(2)	-	(135)
At 31 December 2019	2,474	3,671	13,415	193	8,241	1,586	-	29,580
Net book value:								
At 31 December 2019	46,656	21,709	22,796	173	52,095	1,293	470	145,192
At 31 December 2018	53,073	14,166	7,628	143	43,473	1,325	4,669	124,477

Included previous are assets held under finance leases or hire purchase contacts as follows:

	Plant and machinery
	£000
Net book value:	
At 31 December 2019	22,714
At 31 December 2018	15,116
Depreciation charge for the year:	
31 December 2019	2,764
31 December 2018	2,146

NOTES TO THE FINANCIAL STATEMENTS CONT...

Company	Land and buildings	Long term leasehold property	Fixtures and fittings	Motor vehicle	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost:								
At 1 January 2019	37,929	11	632	202	35,434	1,779	4,669	80,656
Additions	1,476	123	1,845	78	4,723	600	-	8,845
Disposals	(7,591)	-	(285)	-	-	-	-	(7,876)
Transfers	1,337	-	6,828	-	(3,572)	76	(4,669)	-
At 31 December 2019	33,151	134	9,020	280	36,585	2,455	-	81,625
Depreciation:								
At 1 January 2019	1,061	2	418	120	6,793	726	-	9,120
Charge for the year	433	5	1,492	35	1,416	627	-	4,008
Disposals	(78)	-	-	-	-	-	-	(78)
Transfers	-	-	2,234	-	(2,234)	-	-	-
At 31 December 2019	1,416	7	4,144	155	5,975	1,353	-	13,050
Net book value:								
At 31 December 2019	31,735	127	4,876	125	30,610	1,102	-	68,575
At 31 December 2018	36,868	9	214	82	28,641	1,053	4,669	71,537

Included previous are assets held under hire purchase contacts as follows:

	Plant and machinery
	£000
Net book value:	
At 31 December 2019	22,628
At 31 December 2018	15,116
Depreciation charge for the year:	
31 December 2019	2,754
31 December 2018	2,146

13. INTANGIBLE FIXED ASSETS

Group	Other	Goodwill	Brand development	Distribution Rights	Total
	£000	£000	£000		£000
Cost:					
At 1 January 2019	154	15,568	-	1,294	17,016
Additions	-	-	768	42	810
Acquisition of subsidiaries	-	3,706	-	-	3,706
Transfer	(39)	-	39	-	-
At 31 December 2019	115	19,274	807	1,336	21,532
Amortisation					
At 1 January 2019	-	-	-	-	-
Amortisation	115	38	-	-	153
Impairment	-	277	-	-	277
At 31 December 2019	115	315	-	-	430
Net book value:					
At 31 December 2019	-	18,959	807	1,336	21,102
At 31 December 2018	154	15,568	-	1,294	17,016

During the year to 31 December 2019, Goodwill relating to international retail cash generating units was impaired by £277,000. This was due to trading in these bars not meeting the company's expectations.

Company	Brand development	Distribution Rights	Total
	£000		£000
Cost:			
At 1 January 2019	-	1,294	1,294
Additions	768	-	768
Transfer from another group at cost	39	-	39
At 31 December 2019	807	1,294	2,101

14. OTHER NON-CURRENT FINANCIAL ASSETS

Group	Unlisted investments
Cost	£000
At 1 January 2019	-
Addition of Crown & Hops	157
At 31 December 2019	157
Net book value	
At 31 December 2019	157
At 31 December 2018	-

Company	Unlisted investments	Shares in group undertakings	Total
Cost	£000	£000	£000
At 1 January 2019	-	28,098	28,098
Additions	-	500	500
Acquisition of associate	157	-	157
Acquisition of subsidiaries	-	3,820	3,820
At 31 December 2019	157	32,418	32,575
Depreciation	£000	£000	£000
At 1 January 2019	-	-	-
Impairment	-	1,479	1,479
At 31 December 2019	-	1,479	1,479
Net book value:			
At 31 December 2019	157	30,939	31,096
At 31 December 2018	-	28,098	28,098

During the year to 31 December 2019, investments in international retail cash generating units were impaired by £229,000. This was due to trading in these bars not meeting our expectations.

The trading and net assets of Lone Wolf Spirits Limited was transferred to the Company during the year, and the investment in Lone Wolf was fully impaired, resulting in a charge to the Company income statement of £1,250,000.

For the year ended 31 December 2019, the following subsidiaries are entitled to an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies; Lone Wolf Spirits Limited, Hawkes Cider Limited and BrewDog International Limited.

NOTES TO THE FINANCIAL STATEMENTS CONT...

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holdings	Country of registration or incorporation	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:				
BrewDog Retail Limited (1)	Ordinary	Scotland	100%	Bar operator
Lone Wolf Spirits Limited (1)	Ordinary	Scotland	100%	Dormant
BrewDog Admin Limited (1)	Ordinary	Scotland	100%	Dormant
Overworks Limited (1)	Ordinary	Scotland	100%	Dormant
BrewDog International Limited (1)	Ordinary	Scotland	100%	Holding company
Draft House Holding Limited (2)	Ordinary	England	100%	Bar operator
Hawkes Cider Limited (3)	Ordinary	England	100%	Cider producer
BrewDog GmbH (4)	Ordinary	Germany	100%	Bar operator & brewery
BrewDog Group Australia Pty Ltd (5)	Ordinary	Australia	100%	Holding company
BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda (6)	Ordinary	Brazil	100%	Bar operator
BrewDog Belgium SPRL (7)	Ordinary	Belgium	100%	Bar operator
BrewDog Group HK Ltd (10)	Ordinary	Hong Kong	100%	Holding company
BD Casanova SL (11)	Ordinary	Spain	100%	Bar operator
BrewDog Bar Korea (13)	Ordinary	South Korea	70%	Bar operator
BrewDog USA Inc (14)	Ordinary	USA	97%	Holding company
BrewDog Media Inc (14)	Ordinary	USA	100%	Holding company
BrewDog Sweden AB (20)	Ordinary	Sweden	100%	Holding company

Indirectly held		
Draft House TB Limited (2)	Ordinary	England
Draft House NC Limited (2)	Ordinary	England
BrewDog Verwaltungs UG (4)	Ordinary	Germany
BrewDog Brewing Australia Pty Ltd (5)	Ordinary	Australia
BrewDog Canada Ltd (8)	Ordinary	Canada
BrewDog Bars France SAS (9)	Ordinary	France
Bryggmester Bob AS (12)	Ordinary	Norway
BrewDog Brewing Company LLC (14)	Ordinary	USA
BrewDog Brewing Company Franklinton LLC (14)	Ordinary	USA
BrewDog Dogtap LLC (14)	Ordinary	USA
BrewDog Doghouse LLC (14)	Ordinary	USA
BrewDog Short North LLC (14) Ordinary	Ordinary	USA
BrewDog Licensing LLC (14)	Ordinary	USA
BrewDog Pittsburgh LLC (14)	Ordinary	USA
BrewDog Indianapolis LLC (14) USA	Ordinary	USA
BrewDog NYC LLC (14)	Ordinary	USA
BrewDog Columbus LLC (15)	Ordinary	USA
DrinkTV LLC (16)	Ordinary	USA
Drink TV Inc (16)	Ordinary	USA
BrewDog Ireland Ltd (17)	Ordinary	Ireland
Kabushi Kaisha BrewDog Japan (18)	Ordinary	Japan
BrewDog Italy S.R.L (19)	Ordinary	Italy
BruDog Malmo AB (20)	Ordinary	Sweden
BruDog Bar GBG AB (20)	Ordinary	Sweden
BruDog Norrkoping AB (20)	Ordinary	Sweden
BruDog Sodermalm AB (20)	Ordinary	Sweden
BruDog Bar St Eriksgatan AB (20)	Ordinary	Sweden

(1) Registered office address; Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX

(2) Registered office address; 3rd and 4th Floor, Fergusson House, 124-128 City Road, London, EC1V 2NJ

(3) Registered office address; 92 and 96 Druid Street, London, SE1 2HQ

(4) Registered office address; IM Marienpark 23, 12107, Berlin, Germany

(5) Registered office address; Level 29/12 Creek Street, Brisbane City, QLD 4000

(6) Registered office address; 41 Rua Corope's – Pinheiros, Sao Paulo-SP, 05426-010, Brazil

(7) Registered office address; Putterie 20, 1000 Brussels, Belgium

(8) Registered office address; 2800 Park Place, 666 Burrard Street, Vancouver, BC V6C 2Z7

(9) Registered office address; 1 rue Favart, 75002 Paris

(10) Registered office address; Suites 3701-3710, 37/F Jardine House, 1 Connought Place, Central, Hong Kong

(11) Registered office address; Calle Casanova 69, 08011, Barcelona, Spain

(12) Registered office address; Markveien 57, 0505 Oslo

(13) Registered office address; (04780) 12, Seongsuil-ro 4-gil, Seongdong-gu, Seoul, Republic of Korea

(14) Registered office address; 96 Gender Rd, Canal Winchester, OH 43110

(15) Registered office address; PO Box 361715, Columbus, OH 43236

(16) Registered office address; 1209 Orange St, Wilmington, DE 19801

(17) Registered office address; 2 Grand Canal Square, Dublin, Ireland, D02 A342

(18) Registered office address; Saitoh Building 1F, 5-3-2, Roppongi, Minato-ku, Tokyo

(19) Registered office address; Corso Vercelli 40, 20145, Milan

(20) Registered office address; Baltzarsgatan 25 211 36 MALMÖ

15. BUSINESS COMBINATIONS

Acquisitions in 2019

Acquisition from Stone Brewing GmbH

On 30 April 2019, the Group acquired certain assets and employees from Stone Brewing GmbH.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the date of acquisition were

Assets	Fair value recognised on acquisition £000
Tangible fixed assets	15,029
Financial assets	514
	15,543
Liabilities	
Financial liabilities	(1,237)
	(1,237)
Total identifiable net assets at fair value	14,306
Gain on acquisition	14,249
Purchase consideration	58

The total consideration paid was £58,000 and was cash settled. The fair value of net assets acquired was £14,306,000, resulting in a gain of £14,249,000. This gain has been disclosed separately on the face of the income statement.

The revenue included in the consolidated income statement since 30 April 2019 contributed by the assets acquired was £3,317,000, with a loss of £1,375,000.

Had the assets been acquired and consolidated from 1 January 2019, the consolidated income statement would have included revenue of £4,976,000 and a loss of £2,063,000.

Stone operated the site in Berlin for three years, and despite best efforts, struggled to make inroads to the German market. This coupled with the ability of BrewDog to move quickly and complete the acquisition resulted in the purchase gain.

Acquisition of Brudog Sweden AB

On 1 March 2019, BrewDog plc acquired 100% of the voting shares of Brudog Sweden AB, an unlisted holding company based in Sweden. This company owns the share capital of five subsidiaries, each responsible for operating a bar in Sweden.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Brudog Sweden AB as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Fixtures and Fittings	242
Other assets	119
Inventory	32
Cash & Cash Equivalents	146
	539
Liabilities	
Financial liabilities	(353)
	(353)
Total identifiable net assets at fair value	186
Goodwill arising on acquisition	3,635
Purchase consideration	3,821

The total consideration paid for the acquisition was £3,821,000, with £1,821,000 settled in cash, and the remaining balance of £2,000,000 being settled by the issue of 84,211 shares to the owners of Brudog Sweden AB. The issue of shares to the owners of Brudog Sweden related wholly to the acquisition of control.

The revenue included in the consolidated income statement since 1 March 2019 were contributed by Brudog Sweden was £2,425,000. Brudog Sweden incurred a pretax profit of £23,000 over the same period.

Had Brudog Sweden been consolidated from 1 January 2019, the consolidated income would have included revenue of £2,910,000 and a profit of £28,000.

NOTES TO THE FINANCIAL STATEMENTS CONT...

Acquisition of Kabushiki Kaisha BrewDog Japan

On 8 January 2019, the Group acquired 100% of the share capital of Kabushiki Kaisha BrewDog Japan, an unlisted company that operates a bar in Roppongi, Japan.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Kabushiki Kaisha BrewDog Japan as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Fixtures and fittings	59
Financial assets	203
Inventory	19
Cash & Cash Equivalents	75
	356
Liabilities	
Financial liabilities	(63)
	(63)
Total identifiable net assets at fair value	293
Goodwill arising on acquisition	71
Purchase consideration	364

The total consideration paid for the acquisition was £364,000 and was cash settled.

The revenue included in the consolidated income statement since 8 January 2019 contributed from the Company was £710,000. The Company incurred a pre-tax loss of £68,000 over the same period.

Acquisitions in 2018

Acquisition of Draft House Holding Limited

On 26 March 2018, the Group acquired 100% of the voting shares of Draft House Holding Limited, an unlisted company based in London which operated bars, primarily in the London area.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Draft House Holding Limited as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	5,938
Financial assets	1,325
Inventory	203
	7,466
Liabilities	
Financial liabilities	(6,253)
	(6,253)
Total identifiable net liabilities at fair value	1,213
Goodwill arising on acquisition	10,453
Purchase consideration	11,666

The total consideration paid for the acquisition was £10,666,000, all cash settled. The remaining £1,000,000 was contingent upon Draft House meeting defined sales and EBITDA targets for the 12 months to 31 October 2019. As these targets were not met this amount has been recognised in the income statement in 2019.

The revenue included in the 2018 consolidated income statement since 26 March 2018 contributed by Draft House was £9,782,000. Draft House incurred a profit of £89,000 over the same period.

Had Draft House been consolidated from 1 January 2018, the consolidated income statement would have included revenue of £12,597,000 and a loss of £83,000.

Acquisition of Hawkes Brewing Company Ltd (name changed to Hawkes Cider Limited post acquisition)

On 4 April 2018, the Group acquired 100% of the voting shares of Hawkes Brewing Company Ltd, an unlisted company based in London which is a brewer of craft cider.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Hawkes Brewing Company Ltd as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	343
Financial assets	300
Inventory	46
	689
Liabilities	
Financial liabilities	(384)
	(384)
Total identifiable net assets at fair value	305
Goodwill arising on acquisition	3,715
Purchase consideration transferred	4,020

The total consideration paid for the acquisition was £4,020,000. £2,020,000 of the consideration was settled in cash at the completion date, and the remaining £2,000,000 was settled by the issue of 84,211 shares to the owners of Hawkes in May 2018. The issue of shares to the owners of Hawkes related wholly to the acquisition of control, and none relates to the provision of future services by a shareholder who remained employed by BrewDog following the acquisition.

The revenue included in the 2018 consolidated income statement since 4 April 2018 contributed by Hawkes was £1,658,000. Hawkes incurred a pre-tax loss of £142,000 over the same period.

Had Hawkes been consolidated from 1 January 2018, the consolidated income statement would have included revenue of £1,914,000 and a loss of £186,000.

Acquisition of Bryggmester Bob AS

In February 2018, the Group acquired 100% of the voting shares of Bryggmester Bob AS, an unlisted company based in Norway which operates a bar.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Bryggmester Bob AS at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	42
Financial assets	80
Inventory	35
Cash and cash equivalents	20
	177
Liabilities	
Financial liabilities	(196)
	(196)
Total identifiable net liabilities at fair value	(19)
Goodwill arising on acquisition	274
Purchase consideration transferred	255

The revenue included in the 2018 consolidated income statement since February 2018 contributed by the Company was £763,000. The loss incurred by the company over the period was £70,000.

Had Bryggmester Bob AS been consolidated from 1 January 2018, the consolidated income statement would have included revenue of £1,017,000 and a loss of £93,000.

Acquisition of BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda

On 4 January 2018, the Group acquired 100% of the voting shares of BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda, an unlisted company based in Brazil which operates a bar.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	174
Financial assets	19
	193
Liabilities	
Financial liabilities	(64)
	(64)
Total identifiable net assets at fair value	129
Goodwill arising on acquisition	41
Purchase consideration	170

Acquisition related costs of £24,000 were included within BrewDog's income statement for the year ended 31 December 2018.

The revenue included in the consolidated income statement since 4 January 2018 contributed by the Company was £489,000. The loss incurred by the company over the period was £89,000.

16. TRADE AND OTHER RECEIVABLES

The carrying value of financial assets approximates fair value. The carrying amount of these items represents the maximum credit exposure.

Group	2019	2018
	£000	£000
Trade receivables	34,132	27,206
Prepayments and other receivables	11,791	10,158
	45,923	37,364

Trade and other receivables due after one year amounted to £2,295,000 (2018: £2,119,000)

Company	2019	2018
	£000	£000
Trade receivables	31,918	26,140
Prepayments and other receivables	3,486	5,462
Receivable from group undertakings	63,285	45,258
	98,689	76,860

Group		Neither past due not impaired			Past due but not impaired	
	Total	< 30 days	30-60 days	60-90 days	60-90 days	Over 90 days
	£000	£000	£000	£000	£000	£000
2019	34,132	12,480	12,050	2,664	1,706	5,232
2018	27,206	10,121	11,011	1,570	1,631	2,873

Company		Neither past due not impaired			Past due but not impaired	
	Total	< 30 days	30-60 days	60-90 days	60-90 days	Over 90 days
	£000	£000	£000	£000	£000	£000
2019	31,918	11,967	11,922	2,539	1,706	3,784
2018	26,140	9,496	10,800	1,573	1,631	2,640

NOTES TO THE FINANCIAL STATEMENTS CONT...

17. INVENTORY

Group	2019	2018
	£000	£000
Raw materials	4,483	3,067
Work in progress	1,183	1,730
Finished goods and goods for resale	8,987	10,236
	14,653	15,033

Company	2019	2018
	£000	£000
Raw materials	3,158	2,989
Work in progress	1,056	1,179
Finished goods and goods for resale	6,639	4,732
	10,853	8,900

18. CASH AND CASH EQUIVALENTS

Group	2019	2018
	£000	£000
Cash at bank and in hand	35,164	38,978

Company	2019	2018
	£000	£000
Cash at bank and in hand	29,479	34,633

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying value of financial instruments approximates fair value. The carrying amount of the above items represents the maximum credit exposure.

19. TRADE AND OTHER PAYABLES

The carrying value of financial instruments approximates fair value.

Group	2019	2018
	£000	£000
Trade payables	10,431	14,477
Accruals and other payables	23,390	17,298
Taxes and social security	6,597	4,192
	40,418	35,967

Company	2019	2018
	£000	£000
Trade payables	4,502	9,359
Accruals and other payables	14,576	6,765
Taxes and social security	3,663	2,824
	22,741	18,948

20. FINANCIAL LIABILITIES

Group	2019	2018
	£000	£000
Current:		
£1,820,000 bank loan	143	143
£2,000,000 bank loan	157	157
£5,000,000 bank loan	5,000	5,000
6% non-convertible bonds	641	2,300
Obligations under hire purchase contracts	4,642	3,176
Total current borrowings	10,583	10,776
Non-current:		
£1,820,000 bank loan	844	964
£2,000,000 bank loan	1,167	1,294
Obligations under hire purchase contracts	9,818	4,298
7.5% non-convertible bonds	9,999	9,999
Total non-current borrowings	21,828	16,555

Company	2019	2018
	£000	£000
Current:		
£1,820,000 bank loan	143	143
£2,000,000 bank loan	157	157
£5,000,000 bank loan	5,000	5,000
6% non-convertible bonds	641	2,300
Obligations under hire purchase contracts	4,599	3,090
Total current borrowings	10,540	10,690
Non-current:		
£1,820,000 bank loan	844	964
£2,000,000 bank loan	1,167	1,294
Obligations under hire purchase contracts	9,818	4,298
7.5% non-convertible bonds	9,999	9,999
Total non-current borrowings	21,828	16,555

Bank loans

£1,820,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £1,820,000 and is repayable by monthly instalments until October 2027 and bears interest at 1.4% over the base rate.

£2,000,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £2,000,000 and is repayable by monthly instalments until May 2029 and bears interest at 1.4% over the base rate. This loan is secured by a mortgage over the land and buildings.

£5,000,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £5,000,000 and is repayable on demand. It bears interest at 1.4% over the base rate.

6.5% non-convertible bonds

In November 2015, the group issued £2,312,000 non-convertible bonds, which matured in November 2019. During the year bonds totalling £1,658,000 were re-paid. The purpose of the bond was to finance expansion. The bonds were issued with an interest rate of 6.5%, paid bi-annually. The amounts not repaid of £642,000 were reinvested into the new four year 6% bond. Applications for this new bond finalised in January 2020 and therefore at year end, these amounts were repayable on demand.

7.5% non-convertible bonds

In January 2017, the group issued £10,000,000 non-convertible bonds with a maturity in January 2021. The purpose of the bond was to finance expansion. The bonds were issued with an interest rate of 7.5%. Interest is paid bi-annually with subsequent repayment of £10,000,000 in January 2021.

The bank loans are secured by standing and floating charges over the assets of the group. In addition, there is an unlimited cross guarantee between BrewDog PLC and BrewDog Retail Limited.

The carrying value of financial instruments approximates fair value.

21. CAPITAL COMMITMENT

Group	2019	2018
	£000	£000
Contracted for but not provided in the financial statements	1,835	9,656

Company	2019	2018
	£000	£000
Contracted for but not provided in the financial statements	213	6,095

22. LEASES

Lease agreements where the group is lessee

The group has entered into commercial leases on certain land, buildings and equipment. These leases have an average duration of between 3 and 25 years. Certain property lease agreements contain an option for renewal, with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

Total future minimum lease payments under leases:

Group *Amounts recognised in the balance sheet*	31 Dec 2019	1 Jan 2019
	£000	£000
Right-of-use assets net book value		
Buildings	97,709	66,709
Vehicles	535	297
Equipment	220	239
	98,464	67,245

	31 Dec 2019	1 Jan 2019
	£000	£000
Lease liabilities		
Current	7,791	5,400
Non-current	97,922	61,845
	105,713	67,245

Additions to the right-of-use assets during the 2019 financial year were £38,122,000.

NOTES TO THE FINANCIAL STATEMENTS CONT...

Group *Amounts recognised in the statement of profit or loss*	2019	2019
	£000	£000
Amortisation of right-of-use assets		
Buildings	6,646	-
Vehicles	208	-
Equipment	48	-
Amortisation included in operating profit (note 6)	6,902	-

	2019	2019
	£000	£000
Interest expense included in finance costs (note 10)	2,031	-

Company *Amounts recognised in the balance sheet*	31 Dec 2019	1 Jan 2019
	£000	£000
Right-of-use assets net book value		
Buildings	6,367	416
Vehicles	494	228
Equipment	140	148
	7,001	792

	31 Dec 2019	1 Jan 2019
	£000	£000
Lease liabilities		
Current	705	363
Non-current	12,122	429
	12,827	792

Additions to the right-of-use assets during the 2019 financial year were £6,175,000. During the year a gain of £1,567,000 was recognised on the Sale and Leaseback of Hop Hub. Cash consideration of £14,769,000 was received for this property, which was acquired in June 2018 for £7,591,000.

Company *Amounts recognised in the statement of profit or loss*	2019	2019
	£000	£000
Amortisation of right-of-use assets		
Buildings	223	-
Vehicles	182	-
Equipment	36	-
Amortisation included in operating profit	441	-

	2019	2019
	£000	£000
Interest expense included in finance costs	131	-

23. FINANCIAL INSTRUMENTS

Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in Sterling against the US dollar and Euro exchange rates with all other variables held constant, of the group's profit before tax (due to foreign exchange translation of intercompany balances). The impact of translating the net assets of foreign operations into sterling is excluded from the sensitivity analysis. There are no effects on equity beyond those on profit before tax.

	Change in Sterling vs US Dollar / Euro rate	Effect on profit before tax £000
2019		
US Dollar/Sterling	+10%	(3,196)
	-10%	3,196
Euro/Sterling	+10%	799
	-10%	(799)
2018		
US Dollar/Sterling	+10%	(3,022)
	-10%	3,022
Euro/Sterling	+10%	153
	-10%	(153)

24. SHARE CAPITAL

Group and company	2019	2019	2018	2018
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Ordinary A shares				
At 1 January	43,625	43	43,625	43
Share options exercised	81	-	-	-
Issued during the year	85	-	-	-
	43,791	43	43,625	43

Group and company	2019	2019	2018	2018
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Ordinary B shares				
At 1 January	12,901	13	12,076	12
Issued through Equity for Punks	539	-	825	1
At 31 December	13,440	13	12,901	13

Group and company	2019	2019	2018	2018
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Preferred C Ordinary shares				
At 1 January and 31 December 2019	16,161	17	16,161	17
Total	**73,392**	**73**	**72,687**	**73**

During the year the company issued 279,000 (2018: 825,000) Ordinary B shares to the public under its Equity for Punks VI (2018: V) crowdfunding initiative with an issue price of £25.00 (2018: £23.75) per share. This created additional share premium of £6,985,000 (2018: £16,643,000) in the year.

All classes of shares rank equally in terms of rights to receive dividends, rights to participate in a distribution of the assets of the company and voting at general meetings, except that Preferred C shares have an 18% compounding liquidation preference in the event of certain conditions.

Equity for Punks members are entitled to certain additional rights in relation to product purchases and other membership benefits.

At the year-end £nil (2018: £nil) of share capital and share premium remains unpaid.

At the year-end there were 1,317,968 (2018: 1,526,370) share options granted and not exercised.

Group and company	2019	2018
	Share premium account £000	Share premium account £000
At 1 January	147,535	128,880
Issued through Equity for Punks	6,985	16,643
Issued during the year	3,682	2,500
Share options granted	642	501
Share options exercised	87	-
Transaction costs	(705)	(989)
At 31 December	158,226	147,535

25. RESERVES

Treasury shares

Treasury shares represent the cost of BrewDog PLC shares purchased in the market and held by BrewDog PLC.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

26. GOVERNMENT GRANTS

Group	2019	2018
	£000	£000
At 1 January	2,508	2,193
Received during the year	250	453
Acquired on business combinations	723	-
Translation of grants denominated in foreign currency	(28)	-
Released to the statement of comprehensive income	(149)	(138)
At 31 December	3,304	2,508

	2019	2018
	£000	£000
Current	291	185
Non-current	3,013	2,323
	3,304	2,508

Company	2019	2018
	£000	£000
At 1 January	2,055	2,193
Received during the year	251	-
Released to the statement of comprehensive income	(149)	(138)
At 31 December	2,157	2,055

	2019	2018
	£000	£000
Current	149	138
Non-current	2,008	1,917
	2,157	2,055

Government grants have been received for the purchase of certain items of land, property, plant and equipment. Provisions are made if required in relation to unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE FINANCIAL STATEMENTS CONT...

27. SHARE BASED PAYMENTS

The company operates three share based payment schemes for the benefit of senior management.

EMI, Approved and Unapproved Company Share Option Plans (CSOPs)

Options granted under the EMI plan are exercisable four to ten years following the date of grant. One award under this scheme has both service vesting conditions, and a non market performance vesting condition attached to their exercise: annual net profit target of 10%. If not met in any year then an average can be applied over the term to meet target.

Options granted under the approved CSOP are exercisable four to nine years following the date of grant, subject to service vesting conditions.

Options granted under the unapproved CSOP are generally exercisable between two and five years, with three awards made under this scheme being exercisable on grant. Three awards only have service vesting conditions, the remaining have non market performance vesting conditions attached to their exercise, including achievement of a strong individual performance rating, and sales exceeding, or no less than 10% below, the target for the most recent financial year ending prior to the relevant vesting date.

The following table details the number, weighted average exercise price (WAEP) and weighted average contractual life (WACL) of share options for the approved and unapproved schemes as at the balance sheet date:

	EMI			Approved CSOP			Unapproved CSOP		
	Number	WAEP	WACL	Number	WAEP	WACL	Number	WAEP	WACL
		£	Years		£	Years		£	Years
Outstanding at 1 January 2018	641,300	0.27	4.98	57,820	1.91	6.27	-	-	-
Granted during the year	-	-	-	-	-	-	827,250	1.03	3.85
Exercised during the year	-	-	-	-	-	-	-	-	-
Outstanding at 31 December 2018	641,300	0.27	4.98	57,820	1.91	6.27	827,250	1.03	3.85
Granted during the year	-	-	-	-	-	-	515,000	1.00	2.95
Exercised during the year	-	-	-	-	-	-	(81,064)	1.08	0.52
Lapsed during the year	(250,000)	0.48	2.00	(14,550)	1.10	6.00	(377,788)	1.00	3.14
Outstanding at 31 December 2019	391,300	0.14	6.88	43,270	2.18	6.36	883,398	1.02	2.93
Exercisable at 31 December 2019	-	-		-	-		51,598	1.10	
Exercisable at 31 December 2018	-	-		-	-		85,000	1.10	-

The fair value of the options granted during the period was £5 (2018: £5). This was calculated with reference to the last substantial share purchase.

During 2019 the company issued 15,297 Ordinary B shares with an issue price of £23.75 (consistent with EFPV) as consideration for services received. This created additional share premium of £382,000.

28. RELATED PARTY TRANSACTIONS

Group

The financial statements include the financial statements of the group and the subsidiaries listed in note 12.

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured and cash settlement terms vary. The company has provided guarantees for a number of related party payables. The company has not made any provision for doubtful debts relating to amounts owed by related parties.

Company

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year:

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	£000	£000	£000	£000
Subsidiaries:				
BrewDog Retail Ltd				
2019	9,578	-	11,430	-
2018	8,626	-	5,173	-
BrewDog USA Inc				
2019	22	-	31,652	-
2018	313	-	29,921	-

	Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Subsidiaries:				
BrewDog GMBH				
2019	429	-	3,663	-
2018	111	-	633	-
Lone Wolf Spirits Ltd				
2019	-	3,171	-	-
2018	-	1,228	1,415	-
BrewDog Belgium SPRL				
2019	116	-	734	-
2018	133	-	701	-
BD Casanova SL				
2019	64	-	607	-
2018	45	-	273	-
Draft House Holding Ltd				
2019	1,137	-	4,348	-
2018	625	-	4,084	-
Hawkes Cider Ltd				
2019	29	80	1,138	-
2018	-	278	367	-
BrewDog Korea				
2019	-	-	897	-
2018	17	-	788	-
BrewDog Brasil				
2019	-	-	214	-
2018	1	-	25	-
Bryggmester Bob AS				
2019	-	-	170	-
2018	-	-	95	-
BrewDog International				
2019	-	-	666	-
2018	-	-	285	-
BrewDog Sweden				
2019	11	-	57	-
2018	-	-	-	-
BrewDog Australia				
2019	140	-	2,357	-
2018	-	-	212	-
Kabushi Kaisha BrewDog Japan				
2019	-	-	142	-
2018	-	-	-	-
BrewDog Ireland				
2019	19	-	2,342	-
2018	-	-	-	-

	Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Subsidiaries:				
BrewDog France				
2019	52	-	1,983	-
2018	-	-	-	-
Drink TV				
2019	-	909	1,517	-
2018	-	-	-	-
BrewDog Group HK Ltd				
2019	-	-	628	-
2018	-	-	-	-
Other directors' interests				
2019	166	221	92	49
2018	185	661	47	5

During 2019 a number of assets held by one of the directors have been divested, resulting in lower levels of purchases from related parties.

Director's loan	Amounts owed by related parties £000	Amounts owed to related parties £000
2019	45	-
2018	45	-

Director's loan

Amounts due to directors are non-interest bearing and are repayable on demand.

Other directors' interests

During both 2019 and 2018, purchases at normal market prices were made by group companies from JBW (77) Limited, Musa 77 Limited, Jet Pack Pie Limited, 63FCMH LLC and Ten Tonne Mouse Inc, companies controlled by one of the directors.

During 2019, purchases at normal market prices were made by group companies from Pie & Mouse Limited, a company controlled by one of the directors.

29. POST BALANCE SHEET EVENTS

As a result of the COVID-19 pandemic, the company has conducted an assessment on the potential financial and operational risks to the business. This assessment is described in more detail under the Going Concern assessment. Despite the potential impact across the business, the Directors do not currently expect any impairments due to the headroom available when an impairment test was undertaken at the year end.

Subsequent to the year end the company raised £3,309,000 on issue of a bond on 22 January 2020 paying 6% interest (5% in cash and 1% in beer). There have been no other events since the balance sheet date.

The company also converted a repayable on demand loan into a structured term loan, repayable quarterly in equal instalments over 10 years. Interest will be calculated quarterly and charged at 2.1% per annum over the Base Rate.

Furthermore, the company entered into an invoice financing arrangement which states that the company can obtain a prepayment of up to 90% of outstanding accounts receivable in the UK, up to a facility limit of £20m.

It should be noted that the agreement does not contain any financial covenants which the company is to adhere to. The company also secured a £25,000,000 CLBILS loan, repayable over 3 years. There have been no other events since the balance sheet date.

ANNUAL REPORT & ACCOUNTS FOR THE YEAR ENDING 2018

BREWDOG

GROUP STATEMENT OF COMPREHENSIVE INCOME

For year ended 31 December 2018

	NOTES	2018 £000	Restated 2017 £000
Gross Revenue	4	171,619	110,870
Duty		(31,966)	(16,960)
Net revenue		139,653	93,910
Cost of sales		(81,912)	(56,284)
Gross Profit		57,741	37,626
Administrative expenses		(57,250)	(35,140)
Other operating income		341	218
Operating Profit	5	832	2,704
Finance income		216	121
Finance costs	8	(1,321)	(1,273)
Loss on disposal of property, plant and equipment		(303)	(146)
(Loss)/Profit before taxation		(576)	1,406
Income tax expense	9	(917)	(536)
(Loss)/Profit for the year		(1,493)	870

Attributable to:		
Equity holders of the parent	(1,373)	957
Non-controlling interests	(120)	(87)
	(1,493)	870

OTHER COMPREHENSIVE INCOME

Exchange differences on translation of foreign operations	(34)	345
Other comprehensive (loss)/income for the year, net of tax	(34)	345
Total comprehensive (loss)/income for the year, net of tax	(1,527)	1,215

Attributable to:		
Equity holders of the parent	(1,407)	1,302
Non-controlling interests	(120)	(87)
	(1,527)	1,215

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2018	NOTES	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment	10	124,477	80,329
Intangible assets	11	17,016	2,146
Other non-current financial assets	12	-	52
		141,493	82,527
Current assets			
Trade and other receivables	14	37,364	24,498
Inventory	15	15,033	7,283
Corporation tax receivable		331	418
Cash and cash equivalents	16	38,978	88,498
		91,706	120,697
Total assets		233,199	203,224
Current liabilities			
Trade and other payables	17	35,967	21,482
Financial liabilities	18	10,776	8,451
		46,743	29,933
Non-current liabilities			
Deferred tax liabilities	9	2,399	1,965
Financial liabilities	18	16,555	22,310
Government grants	24	2,508	2,193
		21,462	26,468
Total liabilities		68,205	56,401
Net Assets		164,994	146,823
Equity			
Called up share capital	22	73	72
Share premium account	22	147,535	128,880
Treasury shares	23	(1,185)	(1,185)
Foreign currency translation reserve	23	514	548
Retained earnings		18,149	18,515
Equity attributable to equity holders of the parent		165,086	146,830
Non-controlling interests		(92)	(7)
Total Equity		164,994	146,823

Signed on behalf of the Board of Directors on 15 March 2019 J.B.Watt Director J.K.Marshall Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2018	NOTES	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment	10	71,537	47,993
Intangible assets	11	1,294	1,294
Other non-current financial assets	12	28,098	12,291
		100,929	61,578
Current assets			
Trade and other receivables	14	76,860	45,086
Inventory	15	8,900	5,633
Corporation tax receivable		434	464
Cash and cash equivalents	16	34,633	86,804
		120,827	137,987
Total assets		221,756	199,565
Current liabilities			
Trade and other payables	17	18,948	15,381
Financial liabilities	18	10,690	8,451
		29,638	23,832
Non-current liabilities			
Deferred tax liabilities	9	2,241	1,812
Financial liabilities	18	16,555	22,310
Government grants	24	2,055	2,193
		20,851	26,315
Total liabilities		50,489	50,147
Net assets		171,267	149,418
Equity			
Called up share capital	22	73	72
Share premium account	22	147,535	128,880
Treasury shares	23	(1,185)	(1,185)
Retained earnings		24,844	21,651
Total Equity		171,267	149,418

The group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company income statement. The profit recorded by the company for the year was £3,193,000 (2017: £4,658,000).

Signed on behalf of the Board of Directors on 15 March 2019 J.B.Watt Director J.K.Marshall Director

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital £000	Share premium £000	Treasury shares £000	Foreign currency translation reserve £000	Retained Earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At 1 January 2017	63	23,188	(495)	203	14,631	37,590	15	37,605
Profit for the year	-	-	-	-	957	957	(87)	870
Other comprehensive income	-	-	-	345	-	345	-	345
Purchase of treasury shares	-	-	(690)	-	-	(690)	-	(690)
Issue of share capital	9	109,418	-	-	-	109,427	-	109,427
Issue of share capital in subsidiary	-	-	-	-	2,927	2,927	65	2,992
Transaction costs	-	(3,726)	-	-	-	(3,726)	-	(3,726)
At 31 December 2017	72	128,880	(1,185)	548	18,515	146,830	(7)	146,823
Loss for the year	-	-	-	-	(1,373)	(1,373)	(120)	(1,493)
Other comprehensive loss	-	-	-	(34)	-	(34)	-	(34)
Issue of share capital	1	19,143	-	-	-	19,144	-	19,144
Issue of share capital in subsidiary	-	-	-	-	1,007	1,007	35	1,042
Issue of share options	-	501	-	-	-	501	-	501
Transaction costs	-	(989)	-	-	-	(989)	-	(989)
At 31 December 2018	73	147,535	(1,185)	514	18,149	165,086	(92)	164,994

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital £000	Share premium £000	Treasury shares £000	Retained Earnings £000	Total equity £000
At 1 January 2017	63	23,188	(495)	16,993	39,749
Profit for the year	-	-	-	4,658	4,658
Purchase of treasury shares	-	-	(690)	-	(690)
Issue of share capital	9	109,418	-	-	109,427
Transaction costs	-	(3,726)	-	-	(3,726)
At 31 December 2017	72	128,880	(1,185)	21,651	149,418
Profit for the year	-	-	-	3,193	3,193
Issue of share capital	1	19,143	-	-	19,144
Issue of share options	-	501	-	-	501
Transaction costs	-	(989)	-	-	(989)
At 31 December 2018	73	147,535	(1,185)	24,844	171,267

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	NOTES	2018 £000	2017 £000
Cashflows from operating activities			
(Loss)/Profit before tax		(576)	1,406
Adjustments to reconcile profit before tax to net cash flows:			
Loss on disposal of property, plant and equipment		303	143
Depreciation		7,855	4,640
Grant amortisation		(138)	(136)
Loss on disposal of associate		-	3
Foreign exchange		(1,651)	1,771
Write off of other payables		(37)	(803)
Financial Income		(216)	(121)
Financial charges		1,321	1,273
Share based payment expense		501	-
Working capital adjustments:			
Increase in inventory		(7,466)	(1,885)
Increase in trade and other receivables		(11,058)	(8,275)
Increase in trade and other payables		6,080	8,436
Interest received		217	121
Interest paid		(842)	(943)
Taxation paid		(400)	(820)
Taxation refunded		78	55
Net cash flow from operating activities		(6,029)	4,865
Investing activities			
Purchase of property, plant and equipment		(44,137)	(24,235)
Purchase of intangible assets		-	(35)
Purchase of treasury shares		-	(705)
Cash acquired on business combinations		20	-
Proceeds from disposal of associate		-	49
Acquisition of subsidiaries (net of cash acquired)		(13,091)	(290)
Net cash flow used in investing activities		(57,208)	(25,216)
Financing activities			
Issue of ordinary share capital		17,683	112,360
Transaction costs of issue of shares		(989)	(3,726)
Proceeds from exercise of share options		-	59
Proceeds from new borrowings		-	897
Proceeds from bond issue		-	10,000
Proceeds government grant		453	250
Repayment of bonds		(11)	-
Repayment of borrowings		(259)	(10,523)
Payments for finance leases and hire purchase contracts		(3,160)	(3,627)
Net cash flow from financing activities		13,717	105,690
Net (decrease)/increase in cash and cash equivalents		(49,520)	85,339
Cash and cash equivalents at beginning of year		88,498	3,159
Cash and cash equivalents at end of year		38,978	88,498

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	NOTE	2018 £000	2017 £000
Cashflows from operating activities			
Profit before tax		3,974	5,091
Adjustments to reconcile loss before tax to net cash flows:			
Loss on disposal of property, plant and equipment		-	11
Loss on disposal of associate		-	3
Depreciation		3,065	2,186
Impairment		52	-
Grant amortisation		(138)	(136)
Foreign exchange		(938)	1,766
Finance Income		(804)	(121)
Finance Charges		1,308	1,264
Share based payment expense		501	-
Working capital adjustments:			
Increase in inventory		(3,267)	(735)
Increase in trade and other receivables		(9,113)	(11,864)
Increase in trade and other payables		3,567	5,635
Interest received		217	121
Interest paid		(975)	(935)
Taxation paid		(400)	(820)
Taxation refunded		78	55
Net cash flows (used in)/from in operating activities		(2,873)	1,701
Investing activities			
Proceeds from disposal of associate		-	49
Purchase of treasury shares		-	(705)
Loan provided to subsidiary		(22,574)	(6,712)
Acquisition of subsidiaries (net of cash acquired)		(12,856)	(280)
Purchase of property, plant and equipment		(26,109)	(13,553)
Net cash flows used in investing activities		(61,539)	(21,201)
Financing activities			
Issue of ordinary share capital		16,643	109,368
Transaction costs of issue of shares		(989)	(3,726)
Proceeds from exercise of share options		-	59
Proceeds from new borrowings		-	897
Proceeds from government grant		-	250
Proceeds from bond issue		-	10,000
Repayment of bond		(11)	-
Repayment of borrowings		(259)	(9,201)
Payments for finance leases and hire purchase contracts		(3,143)	(3,627)
Net cash flows used in financing activities		12,241	104,020
Net (decrease)/increase in cash and cash equivalents		(52,171)	84,520
Cash and cash equivalents at beginning of year		86,804	2,284
Cash and cash equivalents at end of year		34,633	86,804

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2018

1. GENERAL INFORMATION

The financial statements of BrewDog PLC and its subsidiaries (collectively, the group) for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 15 March 2019. The company is incorporated in the United Kingdom under the Companies Act 2006.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated and parent company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis, except for other non-current financial assets that have been measured at fair value. The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), except as otherwise indicated.

Change in presentation

The comprehensive income statement has been restated for 2017 in respect of contributions from non-controlling interests in a subsidiary, with the proceeds being recorded directly in equity. There is no change to the equity position of the group.

Basis of consolidation

The group financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the group are eliminated in full on consolidation.

Non-controlling interests represent the equity in a subsidiary not attributable, directly and indirectly, to the parent company. This is presented within equity in the consolidated balance sheet, separately from equity attributable to owners of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

3. ACCOUNTING POLICIES

New standards and interpretations

The group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the group. The group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

IFRS 15 Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed as this date. The group elected to apply the standard to all contracts as at 1 January 2017.

The presentation of revenue in the statement of comprehensive income has changed to show revenue both gross and net of duty. Gross revenue is inclusive of duty, as this is a production tax, which is not passed to the customer with the risks and rewards of ownership (or as a performance obligation under a sales contract).

Porterage agreements are now treated as consignment agreements, with revenue recognised when the substantial risks and rewards of ownership are transferred to the final customers. Revenue in the previous period has not been restated as the impact would be immaterial.

There is no impact on the income statement other than to present gross and net revenue and there has been no requirement to restate opening reserves.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The group applied IFRS 9 retrospectively, with an initial application date of 1 January 2018. The group has not restated the comparative information, which continues to be reported under IAS 39.

(a) Classifcation and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the group's business model for managing the assets; and whether the instrument's contractual cash flows represent 'solely payments of principal and interest' on the principal amounts outstanding.

The assessment of the group's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flow on debt instruments are solely comprised of principal and interest based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the group. The group continues measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the group's financial assets:

- Trade receivables and other non-current financial assets previously classified as Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as Debt instruments at amortised cost.

The group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the group's financial liabilities.

(b) Impairment

NOTES TO THE FINANCIAL STATEMENTS CONT...

The adoption of IFRS 9 has changed the group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 required the group to recognise an allowance for ECL's for all debt instruments not held at fair value through profit or loss and contract assets. The impact of the change adoption was not material and has not been adjusted.

New standards and interpretations - not yet adopted

The following standards and interpretations to existing standards have been published and are mandatory for the group's accounting period beginning on or after 1 January 2019 or later periods. The group has not early adopted these standards:

- IFRS 16 Leases
- IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- IFRS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity
- IAS 23 Borrowing Costs – Borrowing costs eligible for capitalisation
- Definition of a Business – Amendments to IFRS 3
- Definition of Material – Amendments to IAS 1 and IAS 8
- The Conceptual Framework for Financial Reporting

It is not anticipated that the application of these standards and amendments will have a material impact on the group's financial statements with the exception of IFRS 16.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. A right-of use asset and a corresponding lease liability will be recognised for all leases by the lessee except for short-term leases and leases of low value assets.

The group has commitments under operating leases in respect of property, plant and equipment which meet the definition of a lease under IFRS 16.

Additional disclosures will also be required under IFRS 16.

The group plans to apply IFRS 16 initially on 1 January 2019 using the modified retrospective approach whereby the cumulative impact of adopting the standard will be recognised in retained earnings as of 1 January 2019 and the comparative periods will not be restated. A right of use asset and corresponding lease liability will be recognised at 1 January 2019. Work is ongoing to quantify the impact of this change.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above and net of outstanding bank overdrafts.

Property, plant and equipment

Tangible fixed assets, other than land, are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Land	not depreciated
Buildings	2% on cost
Long-term leasehold property	over lease term
Plant and machinery	10 - 25% on reducing balance and 33 - 50% on cost
Computer equipment	33% on cost
Fixtures and fittings	25% on cost
Motor vehicles	25% on reducing balance
Assets under construction	not depreciated

Certain brewing equipment, included within plant and machinery, is depreciated at 10% on reducing balance method and has been allocated a residual value of between 10% and 55% of cost, dependant on the equipment's use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Non-current financial assets

Fixed asset investments are shown at cost less any provision for impairment. The company assesses at each reporting date whether there is any objective evidence that an asset is impaired.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Revenue recognition

Revenue comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts but inclusive of excise duty. Revenue is recognised in the financial statements when the risks and rewards of owning the goods have passed to the customer and when cash has been received or is receivable.

Cost of sales

Cost of sales comprises brewery, warehouse maintenance costs, ingredients, packaging and direct staff costs.

Taxation

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the statement of comprehensive income.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of comprehensive income. The principal foreign currencies used by the group are US dollars ($) and Euro (€).

Group companies

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Leases and hire purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the statement of comprehensive income over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss or loans and receivables, as appropriate. The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- the company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset, or
- the company has transferred substantially all the risks and rewards of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Impairment of financial assets

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Share-based payments

The group operates three equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount expensed over the vesting period is determined by reference to the fair value of the options at the date on which they were granted.

Fair value is determined with reference to the most recent non Equity for Punks share issue. Non-market performance vesting and service conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the company revises its estimates of the number of options that are expected to vest.

The company recognises the impact of the revision to original estimates, if any, in the income statement, with corresponding adjustment to equity. No expense is recognised for awards that do not ultimately vest.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised and new shares are issued.

Treasury shares

BrewDog PLC shares held by the group are deducted from equity as "treasury shares" and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to revenue reserves. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials - Purchase cost on a first-in, first-out basis.

Finished goods and work in progress - Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans

Loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Loans are subsequently measured at their amortised cost applying the effective interest rate method.

Finance charges on the loans are recognised as finance costs in the income statement.

Pensions

The pension plan in place is a defined contribution plan. Pension contributions are charged to the income statement as an expense in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

4. REVENUE

Revenue represents the invoiced amount of goods and services supplied, inclusive of excise duty. Revenue is recognised when the risks and rewards of owning the goods has passed to the customers. All items are stated net of value added tax and trade discounts.

The analysis by geographical area of the group's revenue is set out as follows:

	2018	2017
Geographical segment	£000	£000
UK	132,357	89,242
Europe	21,003	12,959
USA and Canada	13,314	3,964
Rest of the world	4,945	4,705
	171,619	110,870

NOTES TO THE FINANCIAL STATEMENTS CONT...

5. OPERATING PROFIT

This is stated after charging/(crediting)

	2018	2017
	£000	£000
Depreciation of tangible assets	7,855	4,640
Operating lease rentals	5,024	2,528
Auditors renumeration (see note 6)	258	101
(Profit)/loss on foreign exchange transactions	(1,497)	1,771
Research and development	244	550
Amortisation of government grants	(138)	(136)

6. AUDITORS' REMUNERATION

The group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the group:

	2018	2017
	£000	£000
Audit of the financial statements	161	91
Tax advisory services	24	10
Other advisory services	73	-
	258	101

7. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

a. Staff Costs	2018	2017
	£000	£000
Wages and salaries	35,321	19,400
Pension costs	1,206	820
Social security costs	3,289	1,873
Share based payment expense	31	-
	39,847	22,093

The above excludes directors' remuneration. The company makes contributions to a defined contribution scheme for all eligible employees up to a maximum of 10% of salary. Contributions are charged to the income statement as incurred.

The average monthly number of employees during the year was made up as follows:

	2018	2017
	No.	No.
Directors	9	6
Administration	147	90
Production	199	155
Selling and distribution	98	60
Bar staff	794	466
	1,247	777

b. Director's remuneration	2018	2017
	£000	£000
Director's remuneration	1,119	992
Pension contributions	89	87
Share based payment expense	470	-
	1,678	1,079

In respect of the highest paid director:

	2018	2017
	£000	£000
Aggregate remuneration	237	195
Pension contributions	24	19
	261	214
Number of directors who received share options during the year.	3	-

8. FINANCE COST

	2018	2017
	£000	£000
Bank loans and overdrafts	184	174
Hire purchase interest	212	253
Bond interest	925	846
Total finance costs	1,321	1,273

Group

a) Income tax on profit for the year	2018	2017
	£000	£000
UK corporation tax on the profit for the year	571	273
Amounts over provided in previous years	(37)	(121)
Foreign taxes	6	-
Total current income tax	540	153
Deferred income tax:		
Origination and reversal of temporary differences	510	377
Deferred tax adjustments in previous periods	(133)	7
Total deferred income tax charge	377	383
Income tax charge in the group statement of comprehensive income	917	536

b) Reconciliation of the total income tax charge	2018	2017
	£000	£000
(Loss)/profit from continuing operations	(576)	1,406
Tax calculated at UK standard rate of corporation tax of 19% (2017 – 19.25%)	(109)	271
Expenses not deductible for tax purposes	218	75
Other fixed asset related movements	326	124
Other timing differences	90	33
Foreign tax credits	6	-
Tax over provided in previous years	(37)	(114)
Change in tax laws and rate	(176)	(50)
Deferred tax not recognised	140	-
R&D expenditure	(47)	15
Non-taxable income	(174)	(26)
Unrecognised tax losses in other jurisdictions	690	816
Tax losses utilised	(10)	(155)
Share scheme deductions	-	(453)
Income tax charge in the group statement of comprehensive income	917	536

The income tax expense above is computed at profit before taxation multiplied by the effective rate of corporation tax in the UK of 19% (2017: 19.25%).

c) Deferred income tax

The deferred income tax included in the statement of financial position is as follows:

	Group 2018	Group 2017	Company 2018	Company 2017
	£000	£000	£000	£000
Deferred tax liability				
Temporary differences relating to property, plant and equipment	2,471	1,965	2,241	1,812
Deferred tax asset				
Tax losses carried forward	(72)	-	-	-
Net deferred tax liability	2,399	1,965	2,241	1,812
Deferred tax in the income statement				
Temporary differences relating to property, plant and equipment	377	383	429	326
	377	383	429	326

10. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Long term leasehold property	Fixtures and fittings	Motor vehicle
	£000	£000	£000	£000
Cost:				
At 1 January 2018	37,399	12,567	7,280	200
Additions	24,308	4,266	5,897	83
Acquisition of subsidiaries	-	5,232	641	7
Disposals	-	(134)	(125)	(2)
Transfers	(7,725)	(5,232)	-	-
Exchange differences	545	-	36	2
At 31 December 2018	54,527	16,699	13,729	290
Depreciation:				
At 1 January 2017	846	1,812	3,408	115
Charge for the year	608	745	2,777	33
On disposals	-	(24)	(84)	(2)
Exchange differences	-	-	-	1
At 31 December 2018	1,454	2,533	6,101	147
Net book value:				
At 31 December 2018	53,073	14,166	7,628	143
At 31 December 2017	36,553	10,755	3,872	85

NOTES TO THE FINANCIAL STATEMENTS CONT...

Group cont.	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000
Cost:				
At 1 January 2018	32,911	898	264	91,519
Additions	4,260	1,154	4,669	44,637
Acquisition of subsidiaries	384	84	-	6,348
Disposals	(152)	-	-	(413)
Transfers	13,221	-	(264)	-
Exchange differences	768	1	-	1,352
At 31 December 2018	51,392	2,137	4,669	143,443
Depreciation:				
At 1 January 2018	4,588	421	-	11,190
Charge for the year	3,301	391	-	7,855
On disposals	-	-	-	(110)
Exchange differences	30	-	-	31
At 31 December 2018	7,919	812	-	18,966
Net book value:				
At 31 December 2018	43,473	1,325	4,669	124,477
At 31 December 2017	28,323	477	264	80,329

Included above are assets held under finance leases or hire purchase contacts as follows:

	Plant and machinery	Motor vehicles	Total
	£000	£000	£000
Net book value:			
At 31 December 2018	15,116	-	15,116
At 31 December 2017	18,262	9	18,271
Depreciation charge for the year:			
31 December 2018	2,146	-	2,146
31 December 2017	1,556	3	1,559

Company	Long term leasehold property	Land and buildings	Fixtures and fittings	Motor vehicles
	£000	£000	£000	£000
Cost:				
At 1 January 2018	20,276	11	436	157
Additions	19,200	-	196	45
Disposals	-	-	-	-
At 31 December 2018	39,476	11	632	202
Depreciation:				
At 1 January 2018	681	1	315	101
Charge for the year	380	1	103	19
At 31 December 2018	1,061	2	418	120
Net book value:				
At 31 December 2018	38,415	9	214	82
At 31 December 2017	19,595	10	121	56

Company	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000
Cost:				
At 1 January 2018	32,301	867	-	54,048
Additions	3,133	912	4,669	26,609
At 31 December 2018	35,434	1,779	4,669	80,657
Depreciation:				
At 1 January 2018	4,549	408	-	6,055
Charge for the year	2,244	318	-	3,065
At 31 December 2018	6,793	726	-	9,120
Net book value:				
At 31 December 2018	28,641	1,053	4,669	71,537
At 31 December 2017	27,752	459	-	47,993

Included above are assets held under finance leases or hire purchase contracts as follows:

Company	Plant and machinery	Motor vehicles	Total
	£000	£000	£000
Net book value:			
At 31 December 2018	15,116	-	15,116
At 31 December 2017	18,262	9	18,271
Depreciation charge for the year:			
31 December 2018	2,146	-	2,146
31 December 2017	1,556	3	1,559

11. INTANGIBLE FIXED ASSETS

Group	Other	Goodwill	Distribution Rights	Total
	£000	£000	£000	£000
Cost:				
At 1 January 2018	35	817	1,294	2,146
Additions	4	-	-	4
Acquisition of subsidiaries	115	14,751	-	14,866
At 31 December 2018	154	15,568	1,294	17,016

Company	Distribution rights
	£000
Cost:	
At 1 January 2018 and 31 December 2018	1,294

12. OTHER NON-CURRENT FINANCIAL ASSETS

Group	Unlisted investments
Cost	£000
At 1 January 2017	52
Impairment	(52)
At 31 December 2018	-
Net book value	
At 31 December 2018	-
At 31 December 2017	52

Company	Unlisted investments	Shares in group undertakings	Total
Cost	£000	£000	£000
At 1 January 2018	52	12,239	12,291
Additions	-	15,859	15,859
Impairment	(52)	-	(52)
At 31 December 2018	-	28,098	28,098
Net book value:			
At 31 December 2018	-	28,098	28,098
At 31 December 2017	52	12,239	12,291

For the year ended 31 December 2018, the following subsidiaries are entitled to an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies; Lone Wolf Spirits Limited and Hawkes Cider Limited.

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

NOTES TO THE FINANCIAL STATEMENTS CONT...

Name of company	Holdings	Country of registration or incorporation	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:				
BrewDog Retail Limited (1)	Ordinary	Scotland	100%	Bar operator
BrewDog USA Inc (14)	Ordinary	USA	98%	Holding company
BrewDog GmbH (4)	Ordinary	Germany	100%	Bar operator
Lone Wolf Spirits Limited (1)	Ordinary	Scotland	100%	Spirits producer
BrewDog Group Australia Pty Ltd (5)	Ordinary	Australia	100%	Holding company
BD Casanova SL (11)	Ordinary	Spain	100%	Bar operator
BrewDog Belgium SPRL (7)	Ordinary	Belgium	100%	Bar operator
Overworks Limited (1)	Ordinary	Scotland	100%	Dormant
BrewDog International Limited (1)	Ordinary	Scotland	100%	Holding company
Draft House Holding Limited (2)	Ordinary	England	100%	Bar operator
BrewDog Admin Limited *(1)	Ordinary	Scotland	100%	Dormant
Hawkes Cider Limited (3)	Ordinary	England	100%	Cider producer
BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda (6)	Ordinary	Brazil	100%	Bar operator
BrewDog Group HK Ltd (10)	Ordinary	Honk Kong	100%	Dormant
BrewDog Media Inc (14)	Ordinary	USA	100%	Holding company
BrewDog Bar Korea (13)	Ordinary	South Korea	70%	Bar operator

* Incorporated on 26 February 2018

Indirectly held		
BrewDog Columbus LLC (15)	Ordinary	USA
BrewDog Brewing Company LLC (14)	Ordinary	USA
BrewDog Brewing Company Franklinton LLC (14)	Ordinary	USA
BrewDog Dogtap LLC (14)	Ordinary	USA
BrewDog Doghouse LLC (14)	Ordinary	USA
BrewDog Short North LLC (14)	Ordinary	USA
BrewDog Verwaltungs UG (4)	Ordinary	Germany
BrewDog Brewing Australia Pty Ltd (5)	Ordinary	Australia
Draft House TB Limited (2)	Ordinary	England
Draft House NC Limited (2)	Ordinary	England
DrinkTV LLC (16)	Ordinary	USA
BrewDog Bars France SAS (9)	Ordinary	France
Bryggmester Bob AS (12)	Ordinary	Norway
BrewDog Canada Ltd (8)	Ordinary	Canada

(1) Registered office address; Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX

(2) Registered office address; 3rd and 4th Floor, Fergusson House, 124-128 City Road, London, EC1V 2NJ

(3) Registered office address; 92 and 96 Druid Street, London, SE1 2HQ

(4) Registered office address; Ackerstraβe 29, 10115 Berlin

(5) Registered office address; Level 29/12 Creek Street, Brisbane City, QLD 4000

(6) Registered office address; 41 Rua Corope's – Pinheiros, Sao Paulo-SP, 05426-010, Brazil

(7) Registered office address; Putterie 20, 1000 Brussels, Belgium

(8) Registered office address; 2800 Park Place, 666 Burrard Street, Vancouver, BC V6C 2Z7

(9) Registered office address; 1 rue Favart, 75002 Paris

(10) Registered office address; Suites 3701-3710, 37/F Jardine House, 1 Connought Place, Central, Hong Kong

(11) Registered office address; Calle Casanova 69, 08011, Barcelona, Spain

(12) Registered office address; Markveien 57, 0505 Oslo

(13) Registered office address; (04780) 12, Seongsuil-ro 4-gil, Seongdong-gu, Seoul, Republic of Korea

(14) Registered office address; 96 Gender Rd, Canal Winchester, OH 43110

(15) Registered office address; PO Box 361715, Columbus, OH 43236

(16) Registered office address; 1209 Orange St, Wilmington, DE 19801

13. BUSINESS COMBINATIONS

Acquisitions in 2018

Acquisition of Draft House Holding Limited

On 26 March 2018, the Group acquired 100% of the voting shares of Draft House Holding Limited, an unlisted company based in London which operated bars, primarily in the London area.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Draft House Holding Limited as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	5,938
Financial assets	1,325
Inventory	203
	7,466
Liabilities	
Financial liabilities	(6,253)
	(6,253)
Total identifiable net liabilities at fair value	1,213
Goodwill arising on acquisition	10,453
Purchase consideration transferred	11,666

The total consideration paid for the acquisition was £10,666,000, all cash settled. The remaining £1,000,000 is contingent upon Draft House meeting defined sales and EBITDA targets for the 12 months to 31 October 2019. These targets are expected to be met and so the full amount has been recognised in the consideration.

The revenue included in the consolidated income statement since 26 March 2018 contributed by Draft House was £9,782,000. Draft House incurred a profit of £89,000 over the same period.

Had Draft House been consolidated from 1 January 2018, the consolidated income statement would have included revenue of £12,597,000 and a loss of £83,000

Acquisition of Hawkes Brewing Company Ltd
(name changed to Hawkes Cider Limited after acquisition)

On 4 April 2018, the Group acquired 100% of the voting shares of Hawkes Brewing Company Ltd, an unlisted company based in London which is a brewer of craft cider.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Hawkes Brewing Company Ltd as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	343
Financial assets	300
Inventory	46
	689
Liabilities	
Financial liabilities	(384)
	(384)
Total identifiable net liabilities at fair value	305
Goodwill arising on acquisition	3,715
Purchase consideration transferred	4,020

The total consideration paid for the acquisition was £4,020,000. £2,020,000 of the consideration was settled in cash at the completion date, and the remaining £2,000,000 was settled by the issue of 84,211 shares to the owners of Hawkes in May 2018. The issue of shares to the owners of Hawkes related wholly to the acquisition of control, and none relates to the provision of future services by a shareholders who remained employed by BrewDog following the acquisition.

The revenue included in the consolidated income statement since 4 April 2018 contributed by Hawkes was £1,658,000. Hawkes incurred a pre-tax loss of £142,000 over the same period.

Had Hawkes been consolidated from 1 January 2018, the consolidated income statement would have included revenue of £1,914,000 and a loss of £186,000.

Acquisition of Bryggmester Bob AS

On 4 April 2018, the Group acquired 100% of the voting shares of Bryggmester Bob AS, an unlisted company based in Norway which operates a bar.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Bryggmester Bob AS as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	42
Financial assets	80
Inventory	35
Cash and cash equivalents	20
	177
Liabilities	
Financial liabilities	(196)
	(196)
Total identifiable net liabilities at fair value	(19)
Goodwill arising on acquisition	274
Purchase consideration transferred	255

The revenue included in the consolidated income statement since 4 April 2018 contributed by the Company was £763,000. The loss incurred by the company over the period was £70,000.

Had Bryggmester Bob AS been consolidated from 1 January, the consolidated income statement would have included revenue of £1,017,000 and a loss of £93,000.

Acquisition of BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda

On 4 January 2018, the Group acquired 100% of the voting shares of BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda., an unlisted company based in Brazil which operates a bar.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	174
Financial assets	19
	193
Liabilities	
Financial liabilities	(64)
	(64)
Total identifiable net liabilities at fair value	129
Goodwill arising on acquisition	41
Purchase consideration transferred	170

Acquisition related costs of £24,000 were included within BrewDog's income statement for the year ended 31 December 2018.

The revenue included in the consolidated income statement since 4 January 2018 contributed by the Company was £489,000. The loss incurred by the company over the period was £89,000.

NOTES TO THE FINANCIAL STATEMENTS CONT...

Acquisitions in 2017

Acquisition of BrewDog Belgium SPRL

On 29 September 2017, the Group acquired 100% of the voting shares of BrewDog Belgium SPRL, an unlisted company based in Belgium which operates a bar.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of BrewDog Belgium SPRL as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	677
Intangible assets	1
Other non-current financial assets	1
Trade and other receivables	16
Inventory	43
Cash and cash equivalents	40
	778
Liabilities	
Trade and other payables	(869)
Financial liabilities	(528)
Deferred tax liability	(27)
	(1,424)
Total identifiable net liabilities at fair value	(646)
Goodwill arising on acquisition	646
Purchase consideration transferred	-

From the date of acquisition, BrewDog Belgium SPRL contributed £308,000 of revenue and £803,351 to profit before tax from continuing operations of the Group.

Acquisition of BD Casanova SL

On 1 December 2017, the Group acquired 100% of the voting shares of BD Casanova SL, an unlisted company based in Spain which operates a bar.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of BD Casanova SL as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	129
Trade and other receivables	29
Total identifiable net liabilities at fair value	158
Goodwill arising on acquisition	170
Purchase consideration transferred	328

Transaction costs of £19,000 were expensed and are included in administrative expenses.

14. TRADE AND OTHER RECEIVABLES

The carrying value of financial instruments approximates fair value. The carrying amount of these items represents the maximum credit exposure.

Group	2018	2017
	£000	£000
Trade receivables	27,206	19,201
Prepayments and other receivables	10,158	5,297
	37,364	24,498

Trade and other receivables due after one year amounted to £2,119,000 (2017 - £1,103,000)

Company	2018	2017
	£000	£000
Trade receivables	26,140	20,019
Prepayments and other receivables	5,462	2,383
Receivable from group undertakings	45,258	22,684
	76,860	45,086

Group		Neither past due not impaired	Past due but not impaired		
	Total	< 30 days	30-60 days	60-90 days	Over 90 days
	£000	£000	£000	£000	£000
2018	27,206	10,121	11,011	3,201	2,873
2017	19,201	6,807	8,061	2,017	2,316

Company		Neither past due not impaired	Past due but not impaired		
	Total	< 30 days	30-60 days	60-90 days	Over 90 days
	£000	£000	£000	£000	£000
2018	26,140	9,496	10,800	3,204	2,640
2017	20,019	7,616	8,070	2,017	2,316

15. INVENTORIES

Group	2018	2017
	£000	£000
Raw materials	3,067	2,069
Work in progress	1,730	865
Finished goods and goods for resale	10,236	4,349
	15,033	7,283

Company	2018	2017
	£000	£000
Raw materials	2,989	1,805
Work in progress	1,179	728
Finished goods and goods for resale	4,732	3,100
	8,900	5,633

16. CASH AND CASH EQUIVALENTS

Group	2018	2017
	£000	£000
Cash at bank and in hand	38,978	88,498

Company	2018	2017
	£000	£000
Cash at bank and in hand	34,633	86,804

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying value of financial instruments approximates fair value. The carrying amount of the above items represents the maximum credit exposure.

17. TRADE AND OTHER PAYABLES

The carrying value of financial instruments approximates fair value.

Group	2018	2017
	£000	£000
Trade and other payables	14,477	8,438
Taxes and social security	4,192	3,183
Other payables	17,298	9,861
	35,967	21,482

Company	2018	2017
	£000	£000
Trade and other payables	9,359	6,958
Taxes and social security	2,824	2,314
Other payables	6,765	6,109
	18,948	15,381

18.FINANCIAL LIABILITIES

Group	2018	2017
	£000	£000
Current:		
£1,820,000 bank loan	143	109
£2,000,000 bank loan	157	114
£5,000,000 bank loan	5,000	5,000
6.5% non-convertible bonds	2,300	-
Obligations under hire purchase contracts	3,176	3,228
Total current borrowings	10,776	8,451
Non-current:		
£1,820,000 bank loan	964	1,123
£2,000,000 bank loan	1,294	1,470
Obligations under hire purchase contracts	4,298	7,407
6.5% non-convertible bonds	-	2,310
7.5% non-convertible bonds	9,999	10,000
Total non-current borrowings	16,555	22,310

Company	2018	2017
	£000	£000
Current:		
£1,820,000 bank loan	143	109
£2,000,000 bank loan	157	114
£5,000,000 bank loan	5,000	5,000
6.5% non-convertible bonds	2,300	-
Obligations under hire purchase contracts	3,090	3,228
Total current borrowings	10,690	8,451
Non-current:		
£1,820,000 bank loan	964	1,123
£2,000,000 bank loan	1,294	1,470
Obligations under hire purchase contracts	4,298	7,407
6.5% non-convertible bonds	-	2,310
7.5% non-convertible bonds	9,999	10,000
Total non-current borrowings	16,555	22,310

NOTES TO THE FINANCIAL STATEMENTS CONT...

Bank loans

£1,820,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £1,820,000 and is repayable by monthly instalments until October 2027 and bears interest at 1.4% over the base rate.

£2,000,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £2,000,000 and is repayable by monthly instalments until May 2029 and bears interest at 1.4% over the base rate. This loan is secured by a mortgage over the land and buildings.

£5,000,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £5,000,000 and is repayable on demand. It bears interest at 1.4% over the base rate.

6.5% non-convertible bonds

In November 2015, the group issued £2,312,000 non-convertible bonds with a maturity in November 2019. During the year bonds totalling £9,000 were re-paid. The purpose of the bond was to finance expansion. The bonds were issued with an interest rate of 6.5%. Interest is paid bi-annually with subsequent repayment of £2,300,000 in November 2019.

7.5% non-convertible bonds

In January 2017, the group issued £10,000,000 non-convertible bonds with a maturity in January 2021. During the year bonds totalling £1,000 were re-paid. The purpose of the bond was to finance expansion. The bonds were issued with an interest rate of 7.5%. Interest is paid bi-annually with subsequent repayment of £10,000,000 in January 2021.

The bank loans are secured by standing and floating charges over the assets of the group. In addition, there is an unlimited cross guarantee between BrewDog PLC and BrewDog Retail Limited.

The carrying value of financial instruments approximates fair value.

19. CAPITAL COMMITMENT

Group	2018	2017
	£000	£000
Contracted for but not provided in the financial statements	9,656	14,449

Company	2018	2017
	£000	£000
Contracted for but not provided in the financial statements	6,095	9,122

20. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Obligations under finances leases and hire purchase contracts

The group uses finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Total future minimum lease payments under finance leases and hire purchase contracts are as follows:

Group and company	2018	2017
	£000	£000
Not later than one year	3,177	3,228
Later than one year but not later than five years	4,298	7,407
	7,475	10,635

Operating lease agreements where the group is lessee

The group has entered into commercial leases on certain land and buildings. These leases have an average duration of between 3 and 25 years. Only the property lease agreements contain an option for renewal, with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

Total future minimum rentals payable under non-cancellable operating leases are as follows:

Group	2018	2017
	£000	£000
Not later than one year	5,975	2,012
Later than one year but not later than five years	21,985	9,103
Later than five years	54,071	19,723
	82,031	30,838

Company	2018	2017
	£000	£000
Not later than one year	452	257
Later than one year but not later than five years	724	734
Later than five years	766	847
	1,942	1,838

21. FINANCIAL INSTRUMENTS

Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in Sterling against the US dollar and Euro exchange rates with all other variables held constant, of the group's profit before tax (due to foreign exchange translation of intercompany balances). The impact of translating the net assets of foreign operations into sterling is excluded from the sensitivity analysis. There are no effects on equity beyond those on profit before tax.

	Change in Sterling vs US Dollar / Euro rate	Effect on profit before tax £000
2018		
US Dollar/Sterling	+10%	(3,022)
	-10%	3,022
Euro/Sterling	+10%	153
	-10%	(153)
2017		
US Dollar/Sterling	+10%	(2,793)
	-10%	2,793
Euro/Sterling	+10%	(195)
	-10%	195

Group and company	2018	2018	2017	2017
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Ordinary A shares				
At 1 January	43,625	43	5,093	51
Issued through share options	-	-	2	-
Issue following resolution (see below)	-	-	45,855	-
Issued through share options	-	-	168	-
Conversion to Preferred C Ordinary shares	-	-	(8,384)	(8)
Issued during the year	-	-	891	-
	43,625	43	43,625	43

Group and company	2018	2018	2017	2017
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Ordinary B shares				
At 1 January	12,076	12	1,177	12
Issue following resolution (see below)	-	-	10,610	-
Issued through Equity for Punks	825	1	289	-
At 31 December	12,901	13	12,076	12

Group and company	2018	2018	2017	2017
	No. 000	£000	£000	£000
Allotted called up and fully paid Ordinary C shares				
At 1 January	16,161	17	-	-
Conversion from Ordinary A shares	-	-	8,384	8
Issued during the year	-	-	7,777	9
At 31 December	16,161	17	16,161	17
Total	72,687	73	71,862	72

During the previous year a resolution to reduce the share capital nominal value from 1p each to 0.001p each was passed. During the previous year a resolution to covert 8,383,915 of the Ordinary A shares to Preferred 'C' Ordinary shares was passed.

During the year the company issued 825,000 Ordinary B shares to the public under its Equity for Punks V crowdfunding initiative with an issue price of £23.75 per share. This created additional share premium of £16,643,000 in the year.

All classes of shares rank equally in terms of rights to receive dividends, rights to participate in a distribution of the assets of the company and voting at general meetings, except that Preferred C shares have an 18% compounding liquidation preference in the event of certain conditions.

Equity for Punks members are entitled to certain additional rights in relation to product purchases and other membership benefits.

At the year-end £nil (2017 - £ nil) of share capital and share premium remains unpaid.

At the year-end there were 1,526,370 (2017 – 951,400) share options granted and not exercised.

Group and company	2018	2017
	Share premium account £000	Share premium account £000
At 1 January	128,880	23,188
Issued through Equity for Punks	16,643	6,867
Issued through share options	501	59
Issued during the year	2,500	102,492
Transaction costs	(989)	(3,726)
At 31 December	147,535	128,880

23. RESERVES

Treasury shares

Treasury shares represent the cost of BrewDog PLC shares purchased in the market and held by BrewDog PLC.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

24. GOVERNMENT GRANTS

Group	2018	2017
	£000	£000
At 1 January	2,193	2,079
Received during the year	453	250
Released to the statement of comprehensive income	(138)	(136)
At 31 December	2,508	2,193

	2018	2017
	£000	£000
Current	185	150
Non-current	2,323	2,043
	2,508	2,193

Company	2018	2017
	£000	£000
At 1 January	2,193	2,079
Received during the year	-	250
Released to the statement of comprehensive income	(138)	(136)
At 31 December	2,055	2,193

	2018	2017
	£000	£000
Current	138	150
Non-current	1,917	2,043
	2,055	2,193

Government grants have been received for the purchase of certain items of land, property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE FINANCIAL STATEMENTS CONT...

25. SHARE BASED PAYMENTS

The company operates three share based payment schemes for the benefit of senior management.

EMI, Approved and Unapproved Company Share Option Plans (CSOP)

Options granted under the EMI plan are exercisable four to ten years following the date of grant. One award under this scheme has only service vesting conditions, and the other also has a non market performance vesting condition attached to their exercise: annual net profit target of 10%. If not met in any year then an average can be applied over the term to meet target.

Options granted under the approved CSOP are exercisable four to eight years following the date of grant, subject to service vesting conditions.

Options granted under the unapproved CSOP are generally exercisable between two and five years, with two awards made under this scheme being exercisable on grant. One award only has service vesting conditions, the remaining have non market performance vesting conditions attached to their exercise, including achievement of a strong individual performance rating, and sales exceeding, or no less than 10% below, the target for the most recent financial year ending prior to the relevant vesting date.

The following table details the number, weighted average exercise price (WAEP) and weighted average contractual life (WACL) of share options for the approved and unapproved schemes as at the balance sheet date:

	EMI			Approved CSOP			Unapproved CSOP		
	Number	WAEP	WACL	Number	WAEP	WACL	Number	WAEP	WACL
		£	Years		£	Years		£	Years
Outstanding at 31 January 2017	641,300	0.27	4.98	57,820	1.91	6.27	-	-	-
Granted during the year	-	-	-	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Outstanding at 31 December 2017	641,300	0.27	4.98	57,820	1.91	6.27	-	-	-
Granted during the year	-	-	-	-	-	-	827,250	1.03	3.85
Exercised during the year	-	-	-	-	-	-	-	-	-
Outstanding at 31 December 2018	641,300	0.27	4.98	57,820	1.91	6.27	827,250	1.03	3.85
Exercisable at 31 December 2018	-	-		-	-		85,000	1.1	
Exercisable at 31 December 2017	-	-		-	-		-	-	

The weighted average fair value of unapproved options granted during the period was £5. The fair value has been calculated with reference to the most recent non Equity for Punks share issue.

26. RELATED PARTY TRANSACTIONS

Group

The financial statements include the financial statements of the group and the subsidiaries listed in note 12.

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured and cash settlement terms vary. The company has provided guarantees for a number of related party payables. The company has not made any provision for doubtful debts relating to amounts owed by related parties.

Company

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year:

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	£000	£000	£000	£000
Subsidiaries:				
BrewDog Retail Ltd				
2018	8,626	-	5,173	-
2017	6,084	-	10	-
BrewDog USA Inc				
2018	313	-	29,921	-
2017	243	-	20,673	-
BrewDog GMBH				
2018	111	-	633	-
2017	142	-	859	-
Lone Wolf Spirits Ltd				
2018	-	1,228	1,415	-
2017	-	543	286	-
BrewDog Belgium SPRL				
2018	133	-	701	-
2017	30	-	845	-
BD Casanova SL				
2018	45	-	273	-
2017	-	-	11	-
Draft House Holding Ltd				
2018	625	-	4,084	-
2017	-	-	-	-
Hawkes Cider Ltd				
2018	-	278	367	-
2017	-	-	-	-
BrewDog Korea				
2018	17	-	788	-
2017	-	-	-	-
BrewDog Brasil				
2018	1	-	25	-
2017	-	-	-	-
BrewDog Norway				
2018	-	-	95	-
2017	-	-	-	-
Other directors' interests				
2018	185	661	47	5
2017	9	74	16	9

Director's loan	Amounts owed by related parties £000	Amounts owed to related parties £000
2018	45	-
2017	23	-

Director's loan

Amounts due to directors are non-interest bearing and are repayable on demand.

Other directors' interests

During both 2018 and 2017, purchases at normal market prices were made by group companies from JBW (77) Limited and Musa 77 Limited, a company controlled by one of the directors.

During 2018 purchases at normal market prices were made by group companies from Jet Pack Pie Limited, 63FCMH LLC and Ten Tonne Mouse Inc, companies controlled by one of the directors.

27. POST BALANCE SHEET EVENTS

Subsequent to the year end the company acquired five bars in Sweden and one bar in Japan from the franchise partners in those countries. There have been no other events since the balance sheet date.

INDEPENDENT AUDITORS REPORT

To the members of BrewDog PLC

OPINION

We have audited the financial statements of BrewDog PLC ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise group and parent company statements of financial position, the group statement of comprehensive income, the group and parent company statements of cash flows, the group and parent company statements of changes in equity and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006: and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CONCLUSIONS RELATING TO GOING CONCERN:

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 46, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Jamie Dixon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor), Aberdeen. 15 March 2019

Notes:

1. The maintenance and integrity of the BrewDog PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ANNUAL REPORT & ACCOUNTS FOR THE YEAR ENDING 2017

BREWDOG

GROUP STATEMENT OF COMPREHENSIVE INCOME

For year ended 31 December 2017	NOTES	2017 £000	2016 £000
Revenue	4	111,551	71,850
Cost of sales		(73,925)	(47,075)
Gross Profit		37,626	24,775
Administrative expenses		(35,140)	(20,691)
Other operating income		218	293
Operating Profit	5	2,704	4,377
Finance income		121	-
Finance costs	8	(1,273)	(560)
Loss on disposal of property, plant and equipment		(146)	(56)
Profit before taxation		1,406	3,761
Income tax expense	9	(536)	(592)
Profit for the year		870	3,169

Attributable to:		
Equity holders of the parent	957	3,176
Non-controlling interests	(87)	(7)
	870	3,169

OTHER COMPREHENSIVE INCOME

Contribution from non-controlling interests	2,927	1,626
Exchange differences on translation of foreign operations	345	189
Other comprehensive income for the year, net of tax	3,272	1,815
Total comprehensive income for the year, net of tax	4,142	4,984

Attributable to:		
Equity holders of the parent	4,229	4,991
Non-controlling interests	(87)	(7)
	4,142	4,984

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2017	NOTES	2017 £000	Restated 2016 £000
Non-current assets			
Property, plant and equipment	10	80,329	61,469
Intangible assets	11	2,146	646
Other non-current financial assets	12	52	52
Investments in associates	14	-	100
		82,527	62,267
Current assets			
Trade and other receivables	15	24,498	15,827
Inventory	16	7,283	5,354
Corporation tax receivable		418	-
Cash and cash equivalents	17	88,498	3,159
		120,697	24,340
Total assets		203,224	86,607
Current liabilities			
Trade and other payables	18	21,482	11,680
Current tax payable		-	194
Financial liabilities	19	8,451	18,534
		29,933	30,408
Non-current liabilities			
Deferred tax liabilities	9	1,965	1,556
Financial liabilities	19	22,310	14,959
Government grants	25	2,193	2,079
		26,468	18,594
Total liabilities		56,401	49,002
Net Assets		146,823	37,605
Equity			
Called up share capital	23	72	63
Share premium account	23	128,880	23,188
Treasury shares	24	(1,185)	(495)
Foreign currency translation reserve	24	548	203
Retained earnings		18,515	14,631
Equity attributable to equity holders of the parent		146,830	37,590
Non-controlling interests		(7)	15
Total Equity		146,823	37,605

Signed on behalf of the Board of Directors on 16 March 2018 J.B. Watt Director N.A. Simpson Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	NOTES	2017 £000	2016 £000
Non-current assets			
Property, plant and equipment	10	47,993	37,460
Intangible assets	11	1,294	646
Other non-current financial assets	12	12,291	7,763
Investments in associates	14	-	100
		61,578	45,969
Current assets			
Trade and other receivables	15	45,086	31,843
Inventory	16	5,633	4,898
Corporation tax receivable		464	-
Cash and cash equivalents	17	86,804	2,284
		137,987	39,025
Total assets		199,565	84,994
Current liabilities			
Trade and other payables	18	15,381	8,769
Current tax payable		-	194
Financial liabilities	19	8,451	17,758
		23,832	26,721
Non-current liabilities			
Deferred tax liabilities	9	1,812	1,486
Financial liabilities	19	22,310	14,959
Government grants	25	2,193	2,079
		26,315	18,524
Total liabilities		50,147	45,245
Net assets		149,418	39,749
Equity			
Called up share capital	23	72	63
Share premium account	23	128,880	23,188
Treasury shares	24	(1,185)	(495)
Retained earnings		21,651	16,993
Total Equity		149,418	39,749

Signed on behalf of the Board of Directors on 16 March 2018 J.B. Watt Director N.A. Simpson Director

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital £000	Share premium £000	Treasury shares £000	Foreign currency translation reserve £000	Retained Earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At 1 January 2016	61	16,902	-	14	9,829	26,806	-	26,806
Profit for the year	-	-	-	-	3,176	3,176	(7)	3,169
Other comprehensive income	-	-	-	189	1,626	1,815	-	1,815
Purchase of treasury shares	-	-	(495)	-	-	(495)	-	(495)
Issue of share capital	2	6,522	-	-	-	6,524	-	6,524
Issue of share capital in subsidiary	-	-	-	-	-	-	22	22
Transaction costs	-	(236)	-	-	-	(236)	-	(236)
At 31 December 2016	63	23,188	(495)	203	14,631	37,590	15	37,605
Profit for the year	-	-	-	-	957	957	(87)	870
Other comprehensive income	-	-	-	345	2,927	3,272	-	3,272
Issue of share capital	9	109,418	-	-	-	109,427	-	109,427
Issue of share capital in subsidiary	-	-	-	-	-	-	65	65
Transaction costs	-	(3,726)	-	-	-	(3,726)	-	(3,726)
Purchase of treasury shares	-	-	(690)	-	-	(690)	-	(690)
At 31 December 2017	72	128,880	(1,185)	548	18,515	146,830	(7)	146,823

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital £000	Share premium £000	Treasury shares £000	Retained Earnings £000	Total equity £000
At 1 January 2016	61	16,902	-	11,785	28,748
Profit for the year	-	-	-	5,208	5,208
Issue of share capital	2	6,522	-	-	6,524
Transaction costs	-	(236)	-	-	(236)
Purchase of treasury shares	-	-	(495)	-	(495)
At 31 December 2016	63	23,188	(495)	16,993	39,749
Profit for the year	-	-	-	4,658	4,658
Issue of share capital	9	109,418	-	-	109,427
Transaction costs	-	(3,726)	-	-	(3,726)
Purchase of treasury shares	-	-	(690)	-	(690)
At 31 December 2017	72	128,880	(1,185)	21,651	149,418

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	NOTES	2017 £000	2016 £000
Cashflows from operating activities			
Profit before tax		1,406	3,761
Adjustments to reconcile profit before tax to net cash flows:			
Loss on disposal of property, plant and equipment		143	56
Depreciation		4,640	2,918
Foreign exchange losses/(gains)		1,771	(1,071)
Write off of other payables		(803)	-
Financial Income		(121)	-
Financial Expense		1,273	560
Grant amortisation		(136)	(129)
Loss on disposal of associate		3	-
Working capital adjustments:			
Increase in inventory		(1,885)	(1,742)
Increase in trade and other receivables		(8,275)	(7,491)
Increase in trade and other payables		8,436	1,416
Interest received		121	-
Interest paid		(943)	(560)
Taxation paid		(820)	(98)
Taxation refunded		55	115
Net cash flow from operating activities		4,865	(2,265)
Investing activities			
Purchase of property, plant and equipment		(24,235)	(20,336)
Purchase of intangible assets		(35)	-
Purchase of treasury shares		(705)	(495)
Transaction costs of purchase of treasury shares		-	(17)
Proceeds from disposal of associate		49	-
Acquisition of subsidiaries (net of cash acquired)		(290)	-
Proceeds from disposal of property, plant and equipment		-	137
Net cash flow used in investing activities		(25,216)	(20,711)
Financing activities			
Issue of ordinary share capital		112,360	8,172
Transaction costs of issue of shares		(3,726)	(236)
Proceeds from exercise of share options		59	-
Proceeds from new borrowings		897	16,181
Proceeds from government grant		250	778
Proceeds from bond issue		10,000	-
Repayment of bonds		-	(2)
Repayment of borrowings		(10,523)	(226)
Payments for finance leases and hire purchase contracts		(3,627)	(2,247)
Net cash flow from financing activities		105,690	22,420
Net increase/(decrease) in cash and cash equivalents		85,339	(556)
Cash and cash equivalents at beginning of year		3,159	3,715
Cash and cash equivalents at end of year		88,498	3,159

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	NOTE	2017 £000	2016 £000
Cashflows from operating activities			
Profit before tax		5,091	5,869
Adjustments to reconcile loss before tax to net cash flows:			
Loss on disposal of property, plant and equipment		11	-
Loss on disposal of associate		3	1,616
Depreciation		2,186	(129)
Foreign exchange losses/(gains)		1,766	(1,071)
Financial Income		(121)	-
Financial Expense		1,264	273
Grant amortisation		(136)	(129)
Working capital adjustments:			
Increase in inventory		(735)	(1,615)
Increase in trade and other receivables		(11,684)	(9,196)
Increase in trade and other payables		5,635	2,728
Interest received		121	-
Interest paid		(935)	(273)
Taxation paid		(820)	(98)
Taxation refunded		55	115
Net cash flows from/(used in) operating activities		1,701	(1,725)
Investing activities			
Proceeds from disposal of associate		49	-
Purchase of treasury shares		(705)	(495)
Transaction costs of purchase of treasury shares		-	(17)
Loan provided to subsidiary		(6,712)	(13,961)
Acquisition of subsidiaries (net of cash acquired)		(280)	-
Proceeds from disposal of property, plant and equipment		-	137
Purchase of property, plant and equipment		(13,553)	(5,287)
Net cash flows used in investing activities		(21,201)	(19,623)
Financing activities			
Issue of ordinary share capital		109,368	6,524
Transaction costs of issue of shares		(3,726)	(236)
Proceeds from exercise of share options		59	-
Proceeds from new borrowings		897	16,181
Proceeds from government grant		250	778
Proceeds from bond issue		10,000	-
Repayment of bond		-	(2)
Repayment of borrowings		(9,201)	(226)
Payments for finance leases and hire purchase contracts		(3,627)	(2,247)
Net cash flows from financing activities		104,020	20,772
Net increase/(decrease) in cash and cash equivalents		84,520	(576)
Cash and cash equivalents at beginning of year		2,284	2,860
Cash and cash equivalents at end of year		86,804	2,284

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2017

1. GENERAL INFORMATION

The financial statements of BrewDog PLC and its subsidiaries (collectively, the group) for the year ended 31 December 2017 were authorised for issue by the Board of Directors 16 March 2018. The company is incorporated in the United Kingdom under the Companies Act 2006.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis, except for other non-current financial assets that have been measured at fair value. The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), except otherwise indicated.

The group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company income statement. The profit recorded by the company for the year was £4,658,000 (2016: £5,208,000).

The capital contributions from non-controlling interests in a subsidiary results in an increase in retained earnings from other Comprehensive Income.

Change in Presentation

The comparative retained earnings have been restated in respect of contributions from non-controlling interests in a subsidiary resulting in an increase in retained earnings from other comprehensive income.

Basis of consolidation

The group financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the group are eliminated in full on consolidation.

Non-controlling interests represent the equity in a subsidiary not attributable, directly and indirectly, to the parent company and is presented separately within equity in the consolidated balance sheet, separately from equity attributable to owners of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

3. ACCOUNTING POLICIES

New standards and interpretations

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the group's accounting period beginning on or after 1 January 2018 or later periods, but the group has not early adopted them:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

IFRS 15 is not expected to have a material impact on the group's financial statements. IFRS 16, which is effective from 1 January 2019, eliminates the classification of leases as either operating leases or finance leases for a lessee, and all leases are 'capitalised' by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements in IFRS 16 will be an increase in lease assets and financial liabilities.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above and net of outstanding bank overdrafts.

Property, plant and equipment

Tangible fixed assets other than land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land	not depreciated
Buildings	2% on cost
Long-term leasehold property	over lease term
Plant and machinery	10 - 25% on reducing balance and 33 - 50% on cost
Computer equipment	33% on cost
Fixtures and fittings	25% on cost
Motor vehicles	25% on reducing balance
Assets under construction	not depreciated

Certain brewing equipment, included within plant and machinery, is depreciated at 10% on reducing balance method and has been allocated a residual value of between 10% and 55% of cost, dependant on the tank's use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of comprehensive income when it is incurred.
The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Non-current financial assets

Fixed asset investments are shown at cost less any provision for impairment. The company assesses at each reporting date whether there is any objective evidence that an asset is impaired.

Investments in associates

Investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of associate's profit or losses while the group's share of the net assets of the associate is shown in the consolidated statement of financial position.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS CONT...

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IAS 39. Other contingent consideration that is not within the scope of IAS 39 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Revenue recognition

Revenue comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts but inclusive of excise duty. Revenue is recognised in the financial statements when the risks and rewards of owning the goods have passed to the customer and when cash has been received or is receivable.

Cost of sales

Cost of sales comprises brewery, warehouse maintenance costs and direct staff costs.

Taxation

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.
Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the statement of comprehensive income.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of comprehensive income. The principal foreign currencies used by the group are US dollars ($) and Euro (€).

Group companies

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Leases and hire purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.
The interest element of these obligations is charged to the statement of comprehensive income over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss or loans and receivables, as appropriate. The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- the company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset, or
- the company has transferred substantially all the risks and rewards of the asset.

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.
In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. difficulties of the debtor) that the company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Share-based payments

Equity-settled transactions
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Treasury shares

BrewDog PLC shares held by the Group are deducted from equity as "treasury shares" and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to revenue reserves. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

Available-for-sale financial assets

Available-for-sale financial investments include equity securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value though profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the unrealised gains and losses reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in other expenses and removed from the unrealised gains and losses reserve.

Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials:

• Purchase cost on a first-in, first-out basis.

Finished goods and work in progress:

• Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans

Loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Loans are subsequently measured at their amortised cost applying the effective interest rate method.
Finance charges on the loans are recognised as finance costs in the income statement.

Pensions

The pension plan in place is a defined contribution plan. Pension contributions are charged to the income statement as an expense in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

4. REVENUE

Revenue represents the invoiced amount of goods and services supplied, inclusive of excise duty, during the year. Revenue is recognised when the risks and rewards of owning the goods has passed to the customers. All items are stated net of value added tax and trade discounts.

The analysis by geographical area of the group's turnover is set out as below:

	2017	2016
Geographical segment	£000	£000
UK	89,923	58,497
Europe	12,959	9,785
USA and Canada	3,964	-
Rest of the world	4,705	3,568
	111,551	71,850

NOTES TO THE FINANCIAL STATEMENTS CONT...

5. OPERATING PROFIT

This is stated after charging

	2017	2016
	£000	£000
Depreciation of tangible assets	4,640	2,918
Loss on disposal of tangible assets	143	56
Loss on disposal of associate	3	-
Operating lease rentals	2,528	1,811
Fees payable to the group's auditors (see note 6)	101	50
Loss on foreign exchange transactions	1,771	-
Research and development	550	550
and after crediting:		
Government grants	136	129
Profit on foreign exchange transactions	-	1,071

6. AUDITORS' REMUNERATION

The group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the group.

	2017	2016
	£000	£000
Audit of the financial statements	91	50
Tax advisory services	10	-
	101	50

7. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

a. Staff Costs	2017	2016
	£000	£000
Wages and salaries	19,400	12,758
Pension costs	820	643
Social security costs	1,873	1,398
	22,093	14,799

The above excludes directors' remuneration. The company makes contributions to a defined contribution scheme for all eligible employees up to a maximum of 10% of salary. Contributions are charged to the income statement as incurred.

The average monthly number of employees during the year was made up as follows:

	2017	2016
	No.	No.
Directors	6	7
Administration	90	74
Production	155	119
Selling and distribution	60	38
Bar staff	466	355
	777	593

b. Director's remuneration	2017	2016
	£000	£000
Director's remuneration	992	1,042
Pension contributions	87	80
	1,079	1,122

In respect of the highest paid director:

	2017	2016
	£000	£000
Aggregate remuneration	195	167
Pension contributions	19	17
	214	184
Number of directors who received share options during the year.	-	-

8. FINANCE COST

	2017	2016
	£000	£000
Bank loans and overdrafts	174	192
Hire purchase interest	253	210
Bond interest	846	158
Total finance costs	1,273	560

9. INCOME TAX

Group

a) Income tax on profit on ordinary activities	2017	2016
	£000	£000
UK corporation tax on the profit for the year	273	561
Amounts over provided in previous years	(121)	(136)
Total current income tax	153	425
Deferred income tax:		
Origination and reversal of temporary differences	377	262
Impact of change in tax laws and rates	-	(76)
Deferred tax adjustments in previous periods	7	(19)
Total deferred income tax charge	383	167
Income tax charge in the group statement of comprehensive income	536	592

b) Reconciliation of the total income tax charge	2017	2016
	£000	£000
Profit from continuing operations	1,406	3,761
Tax calculated at UK standard rate of corporation tax of 19.25% (2016 – 20%)	271	752
Expenses not deductible for tax purposes	75	73
Other fixed asset related movements	124	26
Other timing differences	33	1
Tax over provided in previous years	(114)	(155)
Change in tax laws and rate	(50)	(122)
Reduction for R&D expenditure	-	(143)
R&D expenditure credits	15	-
Non-taxable income	(26)	(26)
Unrecognised tax losses in other jurisdictions	816	186
Tax losses utilised	(155)	-
Share scheme deductions	(453)	-
Income tax charge in the group statement of comprehensive income	536	592

The income tax expense above is computed at profit before taxation multiplied by the effective rate of corporation tax in the UK of 19.25% (2016: 20%).

c) Deferred income tax

The deferred income tax included in the statement of financial position is as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
	£000	£000	£000	£000
Deferred tax liability				
Temporary differences relating to property, plant and equipment	1,965	1,610	1,812	1,486
Deferred tax asset				
Tax losses carried forward	-	54	-	-
Net deferred tax liability	1,965	1,556	1,812	1,486
Deferred tax in the income statement				
Temporary differences relating to property, plant and equipment	383	167	326	236
	383	167	326	236

10. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Long term leasehold property	Fixtures and fittings	Motor vehicle
	£000	£000	£000	£000
Cost:				
At 1 January 2017	15,907	5,844	5,126	190
Additions	6,799	6,842	2,224	12
Disposals	(17)	(133)	(80)	-
Transfers	15,430	-	-	-
Exchange differences	(721)	14	10	(2)
At 31 December 2017	37,399	12,567	7,280	200
Depreciation:				
At 1 January 2017	443	841	2,130	88
Charge for the year	403	1,004	1,342	27
On disposals	-	(33)	(64)	-
At 31 December 2017	846	1,812	3,408	115
Net book value:				
At 31 December 2017	36,553	10,755	3,872	85
At 31 December 2016	15,464	5,003	2,996	102

NOTES TO THE FINANCIAL STATEMENTS CONT...

Group cont.	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000
Cost:				
At 1 January 2017	24,942	715	15,430	68,154
Additions	8,705	358	264	25,205
Disposals	(50)	(175)	-	(455)
Transfers	-	-	(15,430)	-
Exchange differences	(686)	-	-	(1,385)
At 31 December 2017	32,911	898	264	91,518
Depreciation:				
At 1 January 2017	2,963	220	-	6,685
On disposals	(38)	(1)	-	(136)
Charge for the year	1,663	201	-	4,640
At 31 December 2017	4,588	421	-	11,189
Net book value:				
At 31 December 2017	28,323	477	264	80,329
At 31 December 2016	21,979	495	15,430	61,469

Included above are assets held under finance leases or hire purchase contacts as follows:

	Plant and machinery	Motor vehicles	Total
	£000	£000	£000
Net book value:			
At 31 December 2017	18,262	9	18,271
At 31 December 2016	18,089	16	18,105
Depreciation charge for the year:			
31 December 2017	1,556	3	1,559
31 December 2016	2,033	36	2,069

Company	Long term leasehold property	Land and buildings	Fixtures and fittings	Motor vehicles
	£000	£000	£000	£000
Cost:				
At 1 January 2017	25	15,149	393	157
Additions	-	5,127	43	-
Disposals	(14)	-	-	-
At 31 December 2017	11	20,276	436	157
Depreciation:				
At 1 January 2017	3	443	205	82
On disposals	(3)	-	-	-
Charge for the year	1	238	110	19
At 31 December 2017	1	681	315	101
Net book value:				
At 31 December 2017	10	19,595	121	56
At 31 December 2016	22	14,706	188	75

Company	Plant and machinery	Computer equipment	Total
	£000	£000	£000
Cost:			
At 1 January 2017	24,942	704	41,370
Additions	8,038	337	13,545
Disposals	(679)	(174)	(867)
At 31 December 2017	32,301	867	54,048
Depreciation:			
At 1 January 2017	2,963	214	3,910
On disposals	(38)	-	(41)
Charge for the year	1,624	194	2,186
At 31 December 2017	4,549	408	6,055
Net book value:			
At 31 December 2017	27,752	459	47,993
At 31 December 2016	21,979	490	37,460

Included above are assets held under finance leases or hire purchase contracts as follows:

Company	Plant and machinery	Motor vehicles	Total
	£000	£000	£000
Net book value:			
At 31 December 2017	18,262	9	18,271
At 31 December 2016	18,089	16	18,105
Depreciation charge for the year:			
31 December 2017	1,556	3	1,559
31 December 2016	2,033	36	2,069

11. INTANGIBLE ASSETS

Group	Other	Goodwill	Distribution Rights	Total
	£000	£000	£000	£000
Cost:				
At 1 January 2017	-	-	646	646
Additions	35	817	648	1,500
At 31 December 2017	35	817	1,294	2,146

Company	Distribution rights
	£000
Cost:	
At 1 January 2017	646
Additions	648
At 31 December 2017	1,294

12. OTHER NON-CURRENT FINANCIAL ASSETS

Group	Unlisted investments
Cost	£000
At 1 January 2017 and 31 December 2017	52
Net book value	
At 31 December 2017	52
At 31 December 2016	52

NOTES TO THE FINANCIAL STATEMENTS CONT...

Company	Unlisted investments	Shares in group undertakings	Total
Cost	£000	£000	£000
At 1 January 2017	52	7,711	7,763
Additions	-	4,528	4,528
At 31 December 2017	52	12,239	12,291
Net book value:			
At 31 December 2017	52	12,239	12,291
At 31 December 2016	52	7,711	7,763

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holdings	Country of registration or incorporation	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:				
BrewDog Retail Limited	Ordinary	Scotland	100%	Bar operator
BrewDog USA Inc	Ordinary	USA	98%	Holding company
BrewDog GmbH	Ordinary	Germany	100%	Bar operator
Lone Wolf Spirits Limited	Ordinary	Scotland	100%	Spirits producer
BrewDog Group Australia Pty Ltd	Ordinary	Australia	100%	Dormant
BD Casanova SL	Ordinary	Spain	100%	Bar operator
BrewDog Belgium SPRL	Ordinary	Belgium	100%	Bar operator
Overworks Limited *	Ordinary	Scotland	100%	Dormant
BrewDog International Limited **	Ordinary	Scotland	100%	Dormant
Indirectly held				
BrewDog Columbus LLC	Ordinary	USA		
BrewDog Brewing Company LLC	Ordinary	USA		
BrewDog Brewing Company Franklinton LLC	Ordinary	USA		
BrewDog Dogtap LLC	Ordinary	USA		
BrewDog Doghouse LLC	Ordinary	USA		
BrewDog Short North LLC	Ordinary	USA		
BrewDog Verwaltungs UG	Ordinary	Germany		
BrewDog Brewing Australia Pty Ltd	Ordinary	Australia		

* Incorporated on 26 October 2017
** Incorporated on 27 October 2017

13. BUSINESS COMBINATIONS

Acquisitions in 2017

Acquisition of BrewDog Belgium SPRL

On 29 September 2017, the Group acquired 100% of the voting shares of BrewDog Belgium SPRL, an unlisted company based in Belgium which operates a bar.

Assets acquired and liabilities assumed.

The fair values of the identifiable assets and liabilities of BrewDog Belgium SPRL as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	677
Intangible assets	1
Other non-current financial assets	1
Trade and other receivables	16
Inventory	43
Cash and cash equivalents	40
	778
Liabilities	
Trade and other payables	(869)
Financial liabilities	(528)
Deferred tax liability	(27)
	(1,424)
Total identifiable net liabilities at fair value	(646)
Goodwill arising on acquisition	646

From the date of acquisition, BrewDog Belgium SPRL contributed £308,000 of revenue and £803,351 to profit before tax from continuing operations of the Group.

Acquisition of BD Casanova SL

On 1 December 2017, the Group acquired 100% of the voting shares of BD Casanova SL, an unlisted company based in Spain which operates a bar.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of BD Casanova SL as at the date of acquisition were:

Assets	Fair value recognised on acquisition £000
Property, plant and equipment	129
Trade and other receivables	29
Total identifiable net assets at fair value	158
Goodwill arising on acquisition	170
Purchase consideration transferred	328

Transaction costs of £19,000 were expensed and are included in administrative expenses.

14. INVESTMENTS IN ASSOCIATES

Group & Company	Total
Cost	£000
At 1 January 2017	100
Disposals	(100)
At 31 December 2017	-

During the year, BrewDog PLC disposed of its investment in Third Wave Coffee Limited, which is a coffee shop operator.

15. TRADE AND OTHER RECEIVABLES

The carrying value of financial instruments approximates fair value. The carrying amount of the above items represents the maximum credit exposure.

Group	2017	2016
	£000	£000
Trade receivables	19,201	13,529
Prepayments and other receivables	5,297	2,298
	24,498	15,827

Trade and other receivables due after one year amounted to £1,103,000 (2016 - £1,027,000)

Company	2017	2016
	£000	£000
Trade receivables	20,019	13,529
Prepayments and other receivables	2,383	431
Receivable from group undertakings	22,684	17,883
	45,086	31,843

Group		Neither past due not impaired	Past due but not impaired		
	Total	< 30 days	30-60 days	60-90 days	Over 90 days
	£000	£000	£000	£000	£000
2017	19,201	6,807	8,061	2,017	2,316
2016	13,529	6,114	4,306	1,877	1,232

Company		Neither past due not impaired	Past due but not impaired		
	Total	< 30 days	30-60 days	60-90 days	Over 90 days
	£000	£000	£000	£000	£000
2017	20,019	7,615	8,070	2,017	2,316
2016	13,529	6,114	4,306	1,877	1,232

NOTES TO THE FINANCIAL STATEMENTS CONT...

16. INVENTORIES

Group	2017	2016
	£000	£000
Raw materials	2,069	1,265
Work in progress	865	692
Finished goods and goods for resale	4,349	3,397
	7,283	5,354

Company	2017	2016
	£000	£000
Raw materials	1,805	1,265
Work in progress	728	692
Finished goods and goods for resale	3,100	2,941
	5,633	4,898

17. CASH AND CASH EQUIVALENTS

Group	2017	2016
	£000	£000
Cash at bank and in hand	88,498	3,159

Company	2017	2016
	£000	£000
Cash at bank and in hand	86,804	2,284

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying value of financial instruments approximates fair value. The carrying amount of the above items represents the maximum credit exposure.

18. TRADE AND OTHER PAYABLES

The carrying value of financial instruments approximates fair value.

Group	2017	2016
	£000	£000
Trade and other payables	8,438	4,290
Taxes and social security	3,183	2,786
Other payables	9,861	4,604
	21,482	11,680

Company	2017	2016
	£000	£000
Trade and other payables	6,958	3,548
Taxes and social security	2,314	2,108
Other payables	6,109	3,113
	15,381	8,769

19.FINANCIAL LIABILITIES

Group	2017	2016
	£000	£000
Current:		
£800,000 loan	-	776
£1,820,000 bank loan	109	109
£2,000,000 bank loan	114	114
£5,000,000 bank loan	5,000	5,000
£2,500,000 bank loan	-	2,500
Obligations under hire purchase contracts	3,228	3,557
Invoice financing	-	6,478
	8,451	18,534
Non-current:		
£1,820,000 bank loan	1,123	1,244
£2,000,000 bank loan	1,470	1,597
Obligations under hire purchase contracts	7,407	9,808
6.5% non-convertible bonds	2,310	2,310
7.5% non-convertible bonds	10,000	-
Total non-current borrowings	22,310	14,959

Company	2017	2016
	£000	£000
Current:		
£1,820,000 bank loan	109	109
£2,000,000 bank loan	114	114
£5,000,000 bank loan	5,000	5,000
£2,500,000 bank loan	-	2,500
Obligations under hire purchase contracts	3,228	3,557
Invoice financing	-	6,478
	8,451	17,758
Non-current:		
£1,820,000 bank loan	1,123	1,244
£2,000,000 bank loan	1,470	1,597
Obligations under hire purchase contracts	7,407	9,808
6.5% non-convertible bonds	2,310	2,310
7.5% non-convertible bonds	10,000	-
Total non-current borrowings	22,310	14,959

Bank loans

£1,820,000 bank loan
This fixed rate loan is in the name of the parent company, originally for a maximum of £1,820,000 and is repayable by monthly instalments until October 2027 and bears interest at 1.40% over the base rate.

£2,000,000 bank loan
This fixed rate loan is in the name of the parent company, originally for a maximum of £2,000,000 and is repayable by monthly instalments until May 2029 and bears interest at 1.40% over the base rate. This loan is secured by a mortgage over the land and buildings.

£800,000 loan
This fixed rate loan is in the name of the subsidiary, BrewDog Retail Limited, originally for a maximum of £800,000. It bears interest at 2.31% over the base rate and was re-paid during the year.

£5,000,000 bank loan
This fixed rate loan is in the name of the parent company, originally for a maximum of £5,000,000 and is repayable on 30 September 2018. It bears interest at 1.40% over the base rate.

£2,500,000 bank loan
During the previous year the parent company drew down the loan, originally for a maximum of £2,500,000. The loan was repaid during the year and bore interest at 2.75% over the base rate.

Invoice financing
During the previous year the parent company entered into an agreement for the purchase of debt, for a maximum £8,500,000. This facility attracts a financing fee of 1.65%. This arrangement ceased during the year.

6.5% non-convertible bonds
In November 2015, the group issued £2,312,000 non-convertible bonds with a maturity in November 2019. During the previous year bonds totalling £2,000 were re-paid. The purpose of the bond was to finance expansion. The bonds were issued with an interest rate of 6.5%. Interest is paid bi-annually with subsequent repayment of £2,310,000 in November 2019.

7.5% non-convertible bonds
In January 2017, the group issued £10,000,000 non-convertible bonds with a maturity in January 2021. The purpose of the bond was to finance expansion. The bonds were issued with an interest rate of 7.5%. Interest is paid bi-annually with subsequent repayment of £10,000 in January 2021.

The bank loans are secured by standing and floating charges over the assets of the group. In addition, there is an unlimited cross guarantee between BrewDog PLC and BrewDog Retail Limited.

The carrying value of financial instruments approximates fair value.

20. CAPITAL COMMITMENT

Group	2017	2016
	£000	£000
Contracted for but not provided in the financial statements	14,449	7,301

Company	2017	2016
	£000	£000
Contracted for but not provided in the financial statements	9,122	1,333

21. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Obligations under finances leases and hire purchase contracts

The group uses finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Total future minimum lease payments under finance leases and hire purchase contracts are as follows:

Group and company	2017	2016
	£000	£000
Not later than one year	3,228	3,557
In one to five years	7,407	9,808
	10,635	13,365

Operating lease agreements where the group is lessee

The group has entered into commercial leases on certain land and buildings. These leases have an average duration of between 3 and 25 years. Only the property lease agreements contain an option for renewal, with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

Total future minimum rentals payable under non-cancellable operating leases are as follows:

Group	2017	2016
	£000	£000
Not later than one year	2,012	1,595
In one to five years	9,103	6,442
In over five years	19,723	13,411
	30,838	21,448

Company	2017	2016
	£000	£000
Not later than one year	257	319
In one to five years	734	1,093
In over five years	847	1,274
	1,838	2,686

22. FINANCIAL INSTRUMENTS

Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling against the US dollar and Euro exchange rates with all other variables held constant, of the Group's profit before tax (due to foreign exchange translation of intercompany balances). The impact of translating the net assets of foreign operations into sterling is excluded from the sensitivity analysis. There are no effects on equity beyond those on profit before tax.

	Change in Sterling vs US Dollar / Euro rate	Effect on profit before tax £000
2017		
US Dollar/Sterling	+10%	(2,793)
	-10%	2,793
Euro/Sterling	+10%	(195)
	-10%	195
2016		
US Dollar/Sterling	+10%	(1,722)
	-10%	1,722
Euro/Sterling	+10%	(100)
	-10%	100

23. SHARE CAPITAL

Group and company	2017	2017	2016	2016
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Ordinary A shares				
At 1 January	5,093	51	5,075	51
Issued through share options	2	-	-	-
Issue following resolution (see below)	45,855	-	-	-
Issued through share options	168	-	-	-
Conversion to Preferred C Ordinary shares	(8,384)	(8)	-	-
Issued during the year	891	-	-	-
	43,625	43	5,075	51

Group and company	2017	2017	2016	2016
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Ordinary B shares				
At 1 January	1,177	12	1,039	10
Issue following resolution (see below)	10,610	-	-	-
Issued through Equity for Punks	289	-	138	2
At 31 December	12,076	12	1,177	12

Group and company	2017	2017	2016	2016
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Ordinary C shares				
At 1 January	-	-	-	-
Conversion from Ordinary A shares	8,384	8	-	-
Issued during the year	7,777	9	-	-
At 31 December	16,161	17	-	-

During the year a resolution to reduce the share capital nominal value from 0.01p each to 0.001p each was passed. During the year a resolution to convert 8,383,915 of the Ordinary A shares to Preferred 'C' Ordinary shares was passed.

During the year the company issued 891,383 Ordinary A Shares at par value.

During the year the company issued 289,124 Ordinary B shares to the public under its Equity for Punks V crowdfunding initiative with an issue price of £23.75 per share. This created additional share premium of £6,866,406 in the year.

During the year the company also issued 7,776,934 Preferred C Ordinary shares with an issue price of £13.18 per share. This created additional share premium of £102,492,213 in the year.

Both A and B Ordinary shares rank equally in terms of rights to receive dividends, rights to participate in a distribution of the assets of the company and voting at general meetings, except that Preferred C shares have an 18% compounding liquidation preference in the event of certain conditions.

Equity for Punks members are entitled to certain additional rights in relation to product purchases and other membership benefits.

At the year-end £nil (2016 - £ nil) of share capital and share premium remains unpaid.

At the year-end there were 951,400 (2016 – 51,546) share options granted and not exercised.

Group and company	2017 Share premium account £000	2016 Share premium account £000
At 1 January	23,188	16,902
Issued through Equity for Punks	6,867	6,522
Issued through share options	59	-
Issued during the year	102,492	-
Transaction costs	(3,726)	(236)
At 31 December	128,880	23,188

24. RESERVES

Treasury shares

Treasury shares represent the cost of BrewDog PLC shares purchased in the market and held by the BrewDog PLC.

During the year the Group acquired 53,493 of its own shares at a cost of £13.18 per share

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

25. GOVERNMENT GRANTS

Group and company	2017	2016
	£000	£000
At 1 January	2,079	1,430
Received during the year	250	778
Released through the statement of comprehensive income	(136)	(129)
At 31 December	2,193	2,079

	2017	2016
	£000	£000
Current	150	146
Non-current	2,043	1,933
	2,193	2,079

Government grants have been received for the purchase of certain items of land, property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

26. RELATED PARTY TRANSACTIONS

Group

The financial statements include the financial statements of the group and the subsidiaries listed following:

Name	Country of Incorporation	% Interest
BrewDog Retail Limited	Scotland	100
BrewDog USA Inc	USA	98
BrewDog GMBH	Germany	100
BrewDog Columbus LLC	USA	100
BrewDog Brewing Company LLC	USA	100
Lone Wolf Spirits Limited	Scotland	100
BD Casanova SL	Spain	100
BrewDog Belgium SPRL	Belgium	100

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured and cash settlement terms vary between 30 and 90 days. The company has provided guarantees for a number of related party payables. The company has not made any provision for doubtful debts relating to amounts owed by related parties.

Company

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year:

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	£000	£000	£000	£000
Wholly owned subsidiaries:				
BrewDog Retail Ltd				
2017	6,084	-	10	-
2016	6,231	-	2,273	-
BrewDog USA Inc				
2017	243	-	20,673	-
2016	-	-	13,961	-
BrewDog GMBH				
2017	142	-	859	-
2016	12	-	862	-
Lone Wolf Spirits Ltd				
2017	-	543	286	-
2016	-	-	-	-
BrewDog SPRL				
2017	30	-	845	-
2016	-	-	-	-
BD Casanova SL				
2017	-	-	11	-
2016	-	-	-	-
Other directors' interests				
2017	9	74	16	9
2016	30	43	18	39

Director's loan	Amounts owed by related parties £000	Amounts owed to related parties £000
2017	23	-
2016	-	9

Director's loan

Amounts due to directors are non-interest bearing and are repayable on demand.

Other directors' interests

During both 2017 and 2016, purchases at normal market prices were made by group companies from JBW (77) Limited, a company controlled by one of the directors.

During both 2017 and 2016, sales and purchases at normal market prices were made by group companies to and from Musa 77 Limited, a company controlled by one of the directors.

27. POST BALANCE SHEET EVENTS

Subsequent to the year end the company concluded a lease for the construction of a new brewery in Brisbane, Australia.

INDEPENDENT AUDITORS REPORT

To the members of BrewDog PLC

OPINION

We have audited the financial statements of BrewDog PLC ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise group and parent company statements of financial position, the group statement of comprehensive income, the group and parent company statements of cash flows, the group and parent company statements of changes in equity and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006: and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CONCLUSIONS RELATING TO GOING CONCERN:

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Jamie Dixon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor), Aberdeen. 19 March 2018

Notes:

1. The maintenance and integrity of the BrewDog PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BREWDOG

SUPPLEMENTARY PROSPECTUS – BREWDOG PLC
EQUITY FOR PUNKS TOMORROW: TOMORROW STARTS TODAY

22 December 2020

IMPORTANT NOTICE

This document is important requires your immediate attention. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (“**FSMA**”).

This document has been prepared in accordance with the Prospectus Regulation (EU) 2017/1129 and the delegated legislation made thereunder (the "**Prospectus Regulation**") and has been approved by the Financial Conduct Authority (“**FCA**”) in accordance with FSMA and constitutes a supplementary prospectus (the “**Supplementary Prospectus**”) issued by BrewDog plc (the “**Company**” or “**BrewDog**”). This Supplementary Prospectus is supplemental to and should be read in conjunction with the Securities Note, Registration Document and Summary, each dated 9 September 2020, together constituting a prospectus (the “**Prospectus**”) issued by the Company pursuant to an offer for subscription (the “**Offer**”) of up the £7.5 million by the issue of B ordinary shares in the capital of the Company (with an overallotment facility for up to an additional £50 million) (“**Offer Shares**”). Except as expressly stated herein, or unless the context otherwise requires, the definitions used or referred to in the Prospectus also apply in this Supplementary Prospectus.

This document has been prepared for the purposes of complying with the Prospectus Regulation, English law and the rules of the FCA and the information disclosed may not be the same as that which would be disclosed if this document had been prepared in accordance with the laws of a jurisdiction outside England.

The Company and each of the Directors accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Company and its Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The third party information contained in this supplementary prospectus has been accurately reproduced and, as far as BrewDog is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

BrewDog plc

(Incorporated in Scotland under the Companies Act 2006 with registered number SC311560)

Events arising since publishing the Prospectus

This Supplementary Prospectus is being published in relation to the Offer. The publication of this Supplementary Prospectus is a regulatory requirement under the Prospectus Regulation following an amendment to the terms of the Offer to close the offer in EU jurisdictions in response to the United Kingdom’s withdrawal from the European Union and the ending of the transition period, which is anticipated to take place on 31 December 2020.

The Prospectus Regulation and Section 87G of FSMA require the issue of a supplementary prospectus if, in the relevant period (being, for these purposes, from the date of the issue of the Prospectus until the date when the Offer closes), there exists or is noted a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus relating to the Offer. The Offer is being made on the terms and subject to the conditions set out in full in the Prospectus. Investors who have already submitted applications for New B Shares which have been received on behalf of the Company, and who have not yet received delivery of New B Shares with regard to such applications, may withdraw such applications with respect to the Offer, with the Company accepting withdrawals of such applications until 5.30 p.m. on 24 December 2020. Investors should seek their own legal advice in regard to such withdrawal rights.

This Supplementary Prospectus has been approved for publication by the FCA. Copies of this Supplementary Prospectus and the Prospectus may be viewed on the National Storage Mechanism (NSM) of the FCA at https://data.fca.org.uk/#/nsm/nationalstoragemechanism, and this Supplementary Prospectus and the Prospectus are available free of charge from the Company's the offices of Brewdog, at Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX, Scotland on the Brewdog website at www.brewdog.com/equityforpunks.

1. Significant New Factors

Close of the Offer in EEA countries

As at the date of this Supplementary Prospectus, the Offer is open in the Approved Jurisdictions, which are as follows:

Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.

Pursuant to the passporting provisions of FSMA, the Company requested that the FCA provides a certificate of approval and a copy of the Prospectus to the relevant competent authorities (with a translation into the appropriate language of the Summary, where relevant) in the Approved Jurisdictions, in order to allow the Offer to be made to those Approved Jurisdictions that are within the EEA.

Following the end of the transition period agreed as part of the United Kingdom's withdrawal from the European Union (the "**Transition Period**"), it is anticipated that the United Kingdom will no longer be able to take advantage of the passporting regime available under the Prospectus Regulation.

Therefore, subject to the following paragraph, the Offer will be closed in all of the Approved Jurisdictions, except for the United Kingdom, on and from 10:59 p.m. (GMT) on 31 December 2020 ("**EU Closing Date**").

In the event that, prior to the EU Closing Date, the Transition Period is extended or an agreement is reached between the United Kingdom and the EU that includes provision for existing passported prospectuses to remain valid after 31 December 2020 (the "**Condition**"), an announcement will be made on the Company's website, www.brewdog.com/equityforpunks, to the effect that the Offer will remain open in the above noted jurisdictions.

2. Supplements to the Prospectus

Further to the amendment to the terms of the terms of the Offer noted above, the following amendments are made to the Securities Note, which, together with the Summary and Registration Document, form the Prospectus. Where applicable, strikethrough text denotes deletions and underlined text denotes additions.

2.1 Securities Note

As a result of the matters noted at paragraph 1 above, and subject to the Condition noted above, the Securities Note which forms part of the Prospectus is amended, with effect from 10.59 p.m. (GMT) on 31 December 2020, as follows:

Page	*Change*
2	Additional information relating to the Company is contained in a registration document issued by us on 9 September 2020 (the "Registration Document"). A brief summary written in non-technical language and conveying the essential characteristics and risks associated with the Company and the B Shares of £0.001 each in the Company (the "New B Shares") which are being offered to the public (the "Offer") is contained in a summary issued by the Company also dated 9 September 2020 (the "Summary"). The Summary, this Securities Note and the Registration Document together comprise a prospectus (the "Prospectus") which has been approved by the FCA in accordance with the Prospectus Regulation Rules and you are advised to read the Prospectus in full. The Company and the Directors (whose names are set out on page 36 and whose function, where applicable, is set out on page 36) accept responsibility for the information contained in the Prospectus. ~~The Company has requested that the FCA provides a certificate of approval and a copy of the Prospectus to the relevant competent authorities (with a translation into the appropriate language of the summary contained in this document, where relevant) in Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK (together, the "Approved Jurisdictions") pursuant to the passporting provisions of FSMA.~~ The distribution of the Prospectus and/or any related documents into a jurisdiction other than the ~~Approved Jurisdictions~~ UK may be restricted by law and therefore persons into whose possession the Prospectus and/or any related documents comes should inform themselves about and observe any such restrictions.
5	~~**The Offer will be open in 31 Approved Jurisdictions across Europe**~~
37	The Offer is an opportunity for persons who reside in the UK ~~and the other Approved Jurisdictions~~ to apply to subscribe for New B Shares (with a nominal value of £0.001 each) at the Issue Price of £25.15 per New B Share in accordance with the terms of the Offer up to the Maximum Amount. In the event that applications are received in excess of the Maximum Amount, the Directors reserve the right to use their absolute discretion in the allocation of successful

	applications. No notification will be made to successful applicants prior to allotment and/or dispatch of definitive share certificates.
40	This Offer is being made only to persons who have registered addresses in, or who are resident in, or citizens of, the UK ~~and the Approved Jurisdictions~~. This Prospectus has been approved by the FCA in the UK. ~~Pursuant to the passporting provisions of FSMA, the Company has requested that the FCA provides a certificate of approval and a copy of this document to the relevant competent authorities (with a translation into the appropriate language of the Summary, where relevant) in the Approved Jurisdictions.~~ The distribution or downloading of the Prospectus and an Application Form and the making of the Offer to (or its acceptance by) persons who have registered addresses in, or who are resident in, or citizens of, countries other than the UK ~~but within the Approved Jurisdictions~~ may be affected by the laws of the relevant jurisdiction. The comments set out in this paragraph 7 are intended as a general guide only and any Applicant who is in doubt as to their position should consult their professional advisers. It remains the responsibility of any person outside the UK wishing to take up rights to New B Shares to satisfy him or herself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. For the avoidance of doubt, this Offer is not made to any persons who have registered addresses in, or who are resident in, or citizens of, countries that are Restricted Jurisdictions. The Company reserves the right to treat as invalid any application or purported application for New B Shares that appears to the Company or its agents to have been executed, effected or dispatched by an Applicant who is resident in a Restricted Jurisdiction or on behalf of such a person by their agent or intermediary or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements. Notwithstanding any other provision of the Prospectus or the Application Form, the Company reserves the right to permit any Applicant who is resident in, or a citizen of, a Restriction Jurisdiction to apply for New B Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question. Receipt of the Prospectus and/or an Application Form will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, the Prospectus and/or the Application Form must be treated as sent for information only and should not be copied or redistributed. No action has been or will be taken by the Company or any other person to permit a public offering or distribution of the Prospectus (or any other offering or publicity materials or application form(s) relating to the New B Shares) in any jurisdiction where action for that purpose may be required, other than in the UK ~~and the Approved Jurisdictions~~.

	Neither the Company nor any of its representatives is making any representation to any offeree or purchaser of New B Shares regarding the legality of an investment in the New B Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Persons (including, without limitation, custodians, agents, nominees and trustees) downloading a copy of the Prospectus and/or an Application Form, in connection with the Offer or otherwise, should not distribute or send either of those documents in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of the Prospectus (or any part thereof) and/or an Application Form is downloaded or received (by whichever means) by any person in any such territory, or by his custodian, agent, nominee or trustee, he must not seek to apply for New B Shares unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of the Prospectus and/or an Application Form into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph. Overseas Applicants who wish, and are permitted, to apply for New B Shares should note that payment must be made in sterling denominated cheques or bankers' drafts in respect of Hard Copy Applications and Electronic Payment in the case of Online Applications.
45	~~"Approved Jurisdiction" includes and is limited to the following jurisdictions: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK~~

3. No Significant Change

Save for the changes to the terms of the Offer, as disclosed in this document, there has been no significant change and no significant new matter relating to the financial or trading position of the Company since the publication of the Prospectus.