



BREWDOG

EQUITY FOR PUNKS

SECURITIES NOTE

JOIN THE REVOLUTION





IMPORTANT NOTICE & RISK FACTORS

This document constitutes a securities note dated 5 April 2019 (the "Securities Note") issued by BrewDog plc (the "Company", "BrewDog", "we" or "us"), prepared in accordance with the Prospectus Rules made under 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.

Additional information relating to the Company is contained in a registration document issued by us on 5 April 2019 (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 5 April 2019 (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 Rules and you are advised to read the Prospectus in full. The Company and the Directors (whose names are set out on page 10) 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 of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

BREWDOG PLC

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

Offer for subscription to raise £7 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 £2,004 will be sought at the Company's annual general meeting of the Company to be held on 6 April 2019. New B Shares will be issued a price of £25 per share with no minimum subscription.

The Offer opens on 6 April 2019. 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 section 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). The Offer will close on 5 July 2019 (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, Eilon, Aberdeenshire, AB41 5BX, Scotland on the BrewDog website at www.brewdog.com/equityforpunks and from the offices of RW Blears LLP, the Company's legal adviser, at 29 Lincoln's Inn Fields, London WC2A 3EG.

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 for other leading craft beer brands included on page 7, 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:

• 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 not yet listed on any stock exchange so shares can only be sold once a year via our trading platform (see page 20 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 Offer is dependent on the approval of 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 will still progress with the projects set out herein, but they may shift in order of priority.

• 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 up to £1 million per year to charities through the BrewDog Foundation. As such, the Company will have reduced profits, which will be reinvested in the business.

• 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.

• Like all businesses, the uncertainties surrounding Brexit, along with other macro-economic factors, could have a negative effect on our business.





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HELLO, AND WELCOME TO PLANET BREWDOG

SINCE 2007, WE HAVE BEEN ON A MISSION TO MAKE OTHER PEOPLE AS PASSIONATE ABOUT GREAT CRAFT BEER AS WE ARE. WE ARE AN ALTERNATIVE COMPANY OWNED BY OVER 97,000 PEOPLE WHO LOVE CRAFT BEER AS MUCH AS WE DO. THEY ARE OUR EQUITY PUNK INVESTORS; OUR FRIENDS, OUR COMMUNITY, AND THE HEART AND SOUL OF OUR BUSINESS.

AND THIS IS YOUR CHANCE

TO JOIN THEM



BREWDOG STATS

£67MILLION RAISED THROUGH CROWDFUNDING SINCE 2009

97,000 EQUITY PUNK INVESTORS GLOBALLY

1,500 PEOPLE ON OUR CREW **60** EXPORT MARKETS GLOBALLY

75 AMAZING BREWDOG BARS **4** WORLD-CLASS BREWERIES (AND 1 BEING BUILT)





OUR BUSINESS

WE MAKE BEER...



ELLON BREWERY



COLUMBUS BREWERY



OVERWORKS ALTERNATIVE BREWERY



BREWERY IN BRISBANE AUSTRALIA



BREWERY IN BERLIN GERMANY

WE HAVE AMAZING CRAFT BEER BARS...



47 BARS IN THE UK



21 BARS IN EUROPE



4 BARS IN THE USA



3 IN THE REST OF THE WORLD

AND WE HAVE SOME OTHER THINGS WE LOVE TOO...



THE DOGHOUSE HOTEL



BREWDOG DISTILLING COMPANY



HAWKES CIDER



DRAFT HOUSE



BREWDOG IN THE MEDIA

BRANDZ

IN 2018, BREWDOG WAS ANNOUNCED AS THE ONLY BEER BRAND TO APPEAR IN BRANDZ'S MOST VALUABLE BRANDS IN THE UK. THIS REPORT CALCULATED THE BREWDOG BRAND'S VALUE AT \$866 MILLION - AND THAT'S JUST FOR THE BRAND ITSELF. OTHER BRANDS TO APPEAR IN THE TOP 75 INCLUDED DELIVEROO, VIRGIN MEDIA, ASOS, DYSON AND SKY.



"WATT AND DICKIE ARE CERTAINLY MAVERICKS"

Forbes

"THE AGGRESSIVE, OUTRAGEOUS, [...] AND INGENIOUS RISE OF BREWDOG"

theguardian

"DISRUPTIVE BEER MAKER"

The Telegraph

"BEER DRINKERS AROUND THE WORLD ARE PAYING ATTENTION"



"BREWDOG, THE TRAILBLAZING SCOTTISH CRAFT BREWERY"

BUSINESS INSIDER

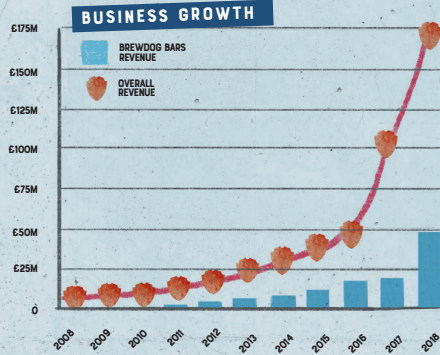
"BREWDOG IS OFFICIALLY A BIG DEAL"

Marketing Week



OUR GROWTH

BREWDOG IS THE LARGEST CRAFT BREWER IN EUROPE, AND THE ONLY COMPANY TO APPEAR AS ONE OF THE UK'S FASTEST GROWING BUSINESSES FOR SEVEN CONSECUTIVE YEARS*



PEOPLE & GROWTH

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

£41.9M



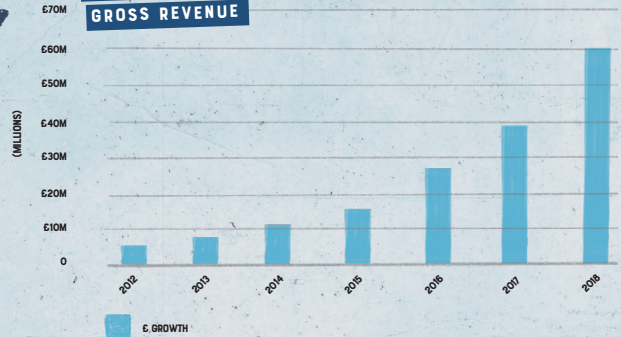
BREWDOG PUNK IPA

TOP 10 CRAFT BEER BRANDS BY OFF-TRADE SALES

BREWDOG HAS THE TOP 3 OFF-TRADE BEER BRANDS IN THE UK, AND ACCOUNTS FOR ALMOST 75% OF THE TOP 10'S SALES



INCREASE IN GROSS REVENUE





YOUR INVESTMENT WILL ...



**...REVOLUTIONISE
BEER**

AND CREATE A BLUEPRINT FOR A COMPLETELY NEW TYPE OF BUSINESS.

WE ARE COMMUNITY-OWNED, AND DRIVEN BY THE PASSION AND COMMITMENT OF OUR INCREDIBLE PEOPLE. WE ALSO COMMIT TO GIVING BACK, VIA BOTH OUR GROUND-BREAKING UNICORN FUND, AS WELL AS THROUGH THE BREWDOG FOUNDATION, AND SUPPORTING OTHER BUSINESSES THAT ARE CHANGING THE WORLD OF BEER.



**...CREATE
MORE JOBS**

A SUCCESSFUL EQUITY FOR PUNKS RAISE WILL SUPPORT THE CREATION OF 300 NEW, WELL-PAID JOBS, ALL THANKS TO YOU!

WE HAVE APPEARED ON THE SUNDAY TIMES 'BEST COMPANIES TO WORK FOR' LIST FOR THE PAST 3 YEARS, AND IT IS OUR MISSION TO TOP THIS LEAGUE TABLE.

WE COMMIT TO THE LIVING WAGE FOR ALL OUR STAFF, AND WE OFFER A BENEFITS PACKAGE UNRIVALLED IN OUR INDUSTRY.



**...TAKE CRAFT BEER
TO NEW AUDIENCES**

WE ARE ESTABLISHING CRAFT BEER IN DEVELOPING MARKETS AS WELL AS AT HOME, AND YOUR INVESTMENT WILL HELP US CREATE THE INFRASTRUCTURE AND IMPACT WE NEED TO MAKE THIS A SUCCESS.

WE WILL ALSO LAUNCH NEW BARS GLOBALLY, INTRODUCING NEWCOMERS TO THE WORLD OF CRAFT BEER ONE GLASS AT A TIME.

OUR OUTPOST SERIES OF BREWPUBS WILL ALSO BE GIVEN A BOOST, ENABLING US TO CREATE EVEN MORE BREWING FACILITIES AROUND THE WORLD.

...CONTINUE OUR RECORD-BREAKING GROWTH

GROSS REVENUE ANALYSIS

	£'000 GROSS REVENUE	£'000 GROWTH	% GROWTH
2018	171,619	60,749	55%
2017	110,870	39,020	54%
2016	71,850	27,120	61%
2015	44,730	15,115	51%
2014	29,615	11,527	64%
2013	18,088	7,433	70%
2012	10,655	4,736	80%
2011	5,919	2,587	78%
2010	3,332	1,551	87%
2009	1,781		

BASED ON LATEST VIEW OF 2018 UNAUDITED FINANCIAL RESULTS

SO YOU CAN BENEFIT TOO!



YOUR INVESTMENT WILL HELP FUND...



...THE DOGHOUSE
LONDON

IN 2018, WE LAUNCHED THE WORLD'S FIRST HOTEL LOCATED INSIDE A BREWERY. WITH THE DOGHOUSE COLUMBUS, THIS HOTEL HAS BEEN AT MAX CAPACITY EVERY WEEKEND SINCE, AND IS FAR EXCEEDING ALL EXPECTATIONS! THIS WAS LAUNCHED ALONGSIDE A CRAFT BEER MUSEUM, AND WE WILL BE BRINGING BOTH OF THESE VENTURES TO THE UK WITH A FULLY-IMMERSIVE BEER EXPERIENCE FEATURING A HOTEL, BREWERY AND BEER MUSEUM IN LONDON.



...NEW
BREWERIES

ASIA IS ONE OF THE MOST EXCITING AND PROMISING MARKETS FOR US GLOBALLY, AND WITH YOUR HELP, WE CAN ESTABLISH NOT ONE, BUT TWO INCREDIBLE BREWING FACILITIES ON THE CONTINENT.

WE INTEND TO LAUNCH A BREWERY IN CHINA BEFORE 2020.



...NEW BARS
& OUTPOSTS

WE WILL BE ALLOCATING A PORTION OF THE MONEY RAISED TO EXPANDING OUR BAR DIVISION. WITH GERMANY, ITALY, FRANCE AND SPAIN PROVING SUCH MASSIVE POTENTIAL FOR OUR BUSINESS, AND DEMAND FOR OUR BEERS STEADILY RISING ACROSS THESE KEY EUROPEAN MARKETS OVER THE PAST 10 YEARS, IF WE HIT OUR STRETCH GOAL WE WILL BE ALLOCATING €5M PER MARKET TO LAUNCHING LOCALISED BREWPUBS, AND ESTABLISHING A SERIES OF AMAZING CRAFT BEER BARS.



...NEW
PRODUCTS

AT BREWDOG, WE ARE SELFISH. WE MAKE THE BEERS THAT WE WANT TO DRINK. SO FAR, THAT HAS SEEN US BREW SOME CRAZY EXPERIMENTAL BEERS: BEERS BREWED AT THE BOTTOM OF THE NORTH SEA, BEERS MADE WITH RARE SCANDINAVIAN BERRIES, EVEN BEERS PACKAGED IN TAXIDERMIST SQUIRRELS TO HIGHLIGHT THE DANGERS OF CLIMATE CHANGE! WITH YOUR INVESTMENT, WE WILL BE ABLE TO FURTHER PUSH THE BOUNDARIES OF BREWING, AND CREATE NEW, EXCITING FLAVOURS THAT EXCITE THE PALATE AND TELL A STORY. PRODUCT DEVELOPMENT ON THE HORIZON JUST NOW INCLUDES A NON-ALCOHOLIC VERSION OF OUR FLAGSHIP BEER, PUNK IPA, SMALL-BATCH INNOVATION USING WEIRD AND WONDERFUL INGREDIENTS, AND - OF COURSE - GETTING WILD AT OUR ALTERNATIVE SOUR BEER FACILITY, OVERWORKS.



OUR KEY INTERNATIONAL MARKETS

GERMANY



CURRENT STATS

- 1 Brewery in Germany
- 1 Bar in Germany
- 1,374 Equity Punks in Germany

WE ARE LOOKING AT OPENING UP TO **5 NEW BARS IN GERMANY** WITH OUR EYES ON CITIES SUCH AS HAMBURG, MUNICH AND LEIPZIG.

IN APRIL 2019 WE ANNOUNCED PLANS FOR OUR FIRST EVER BREWERY IN MAINLAND EUROPE, SITUATED IN THE MARIENDORF NEIGHBOURHOOD OF BERLIN, THE NEW BREWERY IS IN A HISTORIC GASWORKS BUILDING WHICH DATES TO 1901. OUR BERLIN BAR OPENED IN 2017 AND BREWDOG HAMBURG IS CURRENTLY UNDER CONSTRUCTION. WE ARE LOOKING TO OPEN MORE BREWDOG BARS IN GERMANY AND AN AMAZING BREWPUB AS WE LOOK TO FURTHER BUILD OUR SALES AND DISTRIBUTION THERE TOO.

EQUITY FOR PUNKS GERMANY:
BREWDOG.COM/DE/EQUITYFORPUNKS

FRANCE



CURRENT STATS

- 1 Bar in France
- 1,116 Equity Punks in France

WE ARE LOOKING AT OPENING UP TO **5 NEW BARS IN FRANCE** WITH OUR EYES ON CITIES SUCH AS PARIS, BORDEAUX AND LYON.

OUR FIRST BAR IN PARIS JUST OPENED AND FRANCE IS CURRENTLY OUR NUMBER 1 MARKET OUTSIDE OF THE UK IN TERMS OF BEER SALES. WITH YOUR HELP WE ARE LOOKING TO CONTINUE TO BUILD OUR BUSINESS IN FRANCE AND OPEN SOME GREAT NEW BARS AND A KILLER BREWPUB TOO. FIND OUT MORE ABOUT INVESTING:

EQUITY FOR PUNKS FRANCE:
BREWDOG.COM/FR/EQUITYFORPUNKS

ITALY



CURRENT STATS

- 3 Bars in Italy
- 516 Equity Punks in Italy

WE ARE LOOKING AT OPENING UP TO **5 NEW BARS IN ITALY** WITH OUR EYES ON CITIES SUCH AS MILAN, NAPLES AND TURIN.

ITALY WAS ONE OF OUR FIRST EVER INTERNATIONAL MARKETS AND WE WANT TO BUILD ON OUR SALES AND DISTRIBUTION THERE AS WELL AS OPENING SOME GREAT NEW BARS IN CITIES SUCH AS MILAN, NAPLES AND TURIN AS WELL AS BUILDING A FLAGSHIP BREWPUB IN ITALY TOO. FIND OUT MORE ABOUT INVESTING IN ITALY:

EQUITY FOR PUNKS ITALY:
BREWDOG.COM/IT/EQUITYFORPUNKS

SPAIN



CURRENT STATS

- 1 Bar in Spain
- 616 Equity Punks in Spain

WE ARE LOOKING AT OPENING UP TO **5 NEW BARS IN SPAIN** WITH OUR EYES ON CITIES SUCH AS MADRID, VALENCIA AND BILBAO.

WE ALREADY HAVE ONE BREWDOG BAR IN BARCELONA AND WE ARE LOOKING AT OPENING UP TO NEW FLAGSHIP BREWPUB AND 5 NEW BREWDOG BARS IN SPAIN WITH OUR EYES ON CITIES SUCH AS MADRID, VALENCIA AND BILBAO. YOU CAN HELP US MAKE THAT HAPPEN BY INVESTING:

EQUITY FOR PUNKS SPAIN:
BREWDOG.COM/ES/EQUITYFORPUNKS



OUR EQUITY PUNK COMMUNITY

AGM

ALL OUR SHAREHOLDERS EACH RECEIVE AN INVITE AND A +1 TO OUR ANNUAL BEER, FOOD AND MUSIC FESTIVAL, CELEBRATING EVERY YEAR TOGETHER.



THE FORUM

AS AN INVESTOR, YOU'LL GET ACCESS TO OUR EXCLUSIVE SOCIAL NETWORK JUST FOR EQUITY PUNKS. HERE, YOU CAN ENGAGE WITH OUR TEAMS AND FOUNDERS ON YOUR IDEAS RELATED TO BREWDOG, AS WELL AS MEETING LIKE-MINDED SHAREHOLDERS FROM AROUND THE WORLD.



EQUITY PUNK MISSION CONTROL

OUR COMMUNITY PROVIDES US WITH AN UNPARALLELED OPPORTUNITY TO SOUND OUT NEW IDEAS WITH OUR CLOSEST FRIENDS AND HARSHTEST CRITICS BEFORE MAKING THEM A REALITY. YOU CAN HELP SHAPE OUR FUTURE BUSINESS.



DISCOUNT & BENEFITS

AS A SHAREHOLDER, YOU'LL GET YOUR PAWS ON A RAFT OF INCREDIBLE, EXCLUSIVE PERKS UNAVAILABLE TO ANYONE ELSE. FROM DISCOUNTS ONLINE AND IN OUR BARS, THROUGH TO TURBO-CHARGED BENEFITS FOR THOSE INVESTING A LITTLE MORE, YOU CAN READ ALL ABOUT OUR BENEFITS ON PAGE 12



EQUITY PUNK TASTE PANEL

BEER IS THE BEATING HEART OF OUR BUSINESS, AND QUALITY IS OUR #1 FOCUS, FOREVER AND ALWAYS. WE INVITE OUR SHAREHOLDERS TO CONTRIBUTE TO HELPING US MAINTAIN THE BEST POSSIBLE CONSISTENCY FOR OUR BEERS.



PRIORITY ACCESS TO NEW BEERS

GET ACCESS TO EVERY NEW BREWDOG SMALL BATCH BEER BEFORE THE GENERAL PUBLIC.



EVENTS

WANNA BE THE FIRST TO GRAB A PINT IN OUR NEWEST BREWDOG BAR? OUR SHAREHOLDERS ARE THE FIRST BEHIND THE SCENES AT EVERY NEW VENUE LAUNCH. YOU'LL ALSO GET ACCESS TO ALL OF OUR EVENTS, SUCH AS METRO MAYHEM - OUR BEER-FUELED PARTY IN THE CAPITAL - BEFORE THE GENERAL PUBLIC.

THE CROW'S NEST COLLECTIVE

LIVE NEAR A BREWDOG BAR? AS A MEMBER OF THE CROW'S NEST COLLECTIVE, YOU CAN JOIN OTHER SHAREHOLDERS IN SHAPING THE FUTURE OF YOUR LOCAL.





BENEFITS OF INVESTING

BY INVESTING IN EQUITY FOR PUNKS, YOU'LL GAIN ACCESS TO SOME AWESOME REWARDS, JUST FOR BEING A PART OF OUR COMMUNITY!

CORE BENEFITS

INVEST **£25**

APPLICABLE TO EVERYONE INVESTING IN EFP

- Own a part of BrewDog
- ID card
- AGM invite with a +1
- Birthday beer
- 5% discount in BrewDog bars
- 10% discount online
- Invites to Beatnik brew days
- Priority access to new beers
- Entry into the BrewDog's Millionaire competition¹
- A Copy of Craft Beer for the People²

¹ Except for discount benefits, Tiered benefits are not available via a top-up, must be invested in this round of Equity for Punks.

² Minimum spend per order £50, available in Europe and the UK.

³ All physical benefits will be fulfilled at the end of the raise. All Equity for Punks discounts will be applied immediately upon investing the valid amount, except family & friends discount which will be managed on a monthly basis, with us sending physical cards to your nominated pet every 4 weeks! These cards will be valid for 3 months from first swipe.

⁴ Only redeemable online through our online shop as an add on item.

TIERED BENEFITS¹

INVEST MORE THAN THE MINIMUM, AND YOU COULD PICK UP SOME EXTRA PERKS ALONG THE WAY! ALL OF THESE WILL BE UNLOCKED ON YOUR ACCOUNT ON BREWDOG.COM AS SOON AS YOU INVEST³, SO YOU CAN START CLAIMING YOUR BENEFITS.

INVEST **£200**

DEAD PONY CLUB PACKAGE

- 15% discount on our online shop
- An exclusive BrewDog T-shirt just for our Equity for Punk investors

INVEST **£250**

ELVIS JUICE PACKAGE

- 20% discount on our online shop
- 6 months Fanzine, our amazing monthly beer club, for free!

INVEST **£500**

LIBERTINE PACKAGE

- 10% discount in our bars
- Free online shop shipping for 1 year²

INVEST **£1000**

ALPHA DOGS PACKAGE

- Punk Day privilege – get a meal and 2 drinks (any standard serve of BrewDog draft) for you for free on annual Punk Day, the first Saturday in September
- Family & friends discount; nominate a friend to receive a 3 month access to your discount

INVEST **£2000**

PARADOX PACKAGE

- Level up your discount to what our staff get for 1 year! At the end of the raise you will get to choose either our bar discount of 25% off food and drinks or our online discount of 30% off your order

INVEST **£3500**

SQUID ASSASSINS PACKAGE

- BrewDog home bar kit – exclusive bar runner, tin sign & bottle opener
- 1 case of 12 mixed headliner beers free per month, for 6 months to stock your bar

INVEST **£4975**

BLACK EYED KING IMPVESTORS

- Beer Fridge, with custom vinyl artwork



INVESTORS SHOULD NOTE THAT WHILST ABOVE MENTIONED BENEFITS DON'T ATTACH TO THE B SHARES SO COULD BE CHANGED OR DISCONTINUED, BREWD OG IS COMMITTED TO HONOURING THESE BENEFITS FOR ALL EQUITY PUNKS WHO INVEST IN THE CURRENT OFFER.



BREWDOG MILLIONAIRE

OVER THE PAST 10 YEARS, WE HAVE BROKEN RECORD AFTER RECORD AS WE RECRUITED ALMOST 100,000 CRAFT BEER CRUSADERS TO OUR COMMUNITY VIA CROWDFUNDING. A DECADE LATER, AS PART OF OUR LATEST ROUND OF FUNDING, WE'RE OFFERING SOMETHING HUGE. AND TRULY UNPRECEDENTED.

INTRODUCING

BREWDOG MILLIONAIRE

EVERY SINGLE PERSON WHO INVESTS ANY AMOUNT IN EQUITY FOR PUNKS WILL GET THE OPPORTUNITY TO WIN AN ADDITIONAL £1,000,000 WORTH OF SHARES IN BREWDOG PLC.

YES, THAT IS ENOUGH ZEROS TO READ 'MILLION'.

NOT ONLY WILL YOU OWN PART OF BREWDOG BUT YOU COULD BE IN WITH A CHANCE OF WALKING AWAY WITH A LIFE-CHANGING £1MILLION SHARES.

WITH YOUR INVESTMENT, WE CAN TURBO-CHARGE OUR BUSINESS GLOBALLY, AND JUST BY BEING A PART OF OUR FUTURE, YOU TOO COULD SEE SOME COLOSSAL RETURNS!

JUST ANSWER THE QUESTION AT THE BOTTOM OF THE FORM WHEN YOU INVEST (DON'T WORRY, IT'S BEERY!), AND CHECK THE BOX TO BE IN WITH A CHANCE OF SCOOPING £1MILLION IN SHARES FROM ONE OF THE UK'S FASTEST GROWING BUSINESSES.



WILL YOU BECOME THE FIRST
BREWDOG MILLIONAIRE?



REFER A FRIEND

IN ADDITION TO ALL THE PERKS OF INVESTING, YOU CAN ALSO EARN YOURSELF MONEY-CAN'T-BUY ADDITIONAL REWARDS BY REFERRING FRIENDS TO INVEST IN EQUITY FOR PUNKS FOR THE FIRST TIME.

WHEN YOU INVEST YOU WILL BE PROVIDED WITH A UNIQUE REFERRAL CODE. THEN, WHEN YOUR FRIENDS INVEST IN BREWDOG FOR THE FIRST TIME, THEY'LL HAVE A CHANCE TO ADD TO THE RELEVANT FIELD ON THE APPLICATION FORM AND RACK UP EXTRA REWARDS FOR YOU!

SECURE THE FOLLOWING NUMBER OF REFERRED FRIENDS TO GET YOURSELF SOME EXTRA PERKS*:



5 REFERRAL POINTS

RECEIVE THREE LIMITED CANS OF 'HELLO MY NAME IS... WITH YOUR NAME! AS WELL AS THIS YOU WILL RECEIVE THREE CANS OF AN EXCLUSIVE BEER BREWED AT BREWD OG COLUMBUS, OHIO.

10 REFERRAL POINTS

ALL OF THE ABOVE, PLUS THREE BOTTLES OF AN EXCLUSIVE BREWD OG BARREL AGED BEER. YOU'LL ALSO GET AN EQUITY FOR PUNKS SWAG BAG WITH A LIMITED RELEASE ENAMEL PIN SET, BAR BLADE AND BEANIE!

20 REFERRAL POINTS

ALL OF THE ABOVE, PLUS A LIMITED EDITION BREWD OG DISTILLING COMPANY GIN AND A BREWD OG JACKET.

30 REFERRAL POINTS

ALL OF THE ABOVE PLUS A SPECIAL EQUITY FOR PUNK BLACK CARD GIVING YOU ONE FREE PINT OF PUNK IPA A MONTH FOR LIFE IN ANY BREWD OG BAR!

40 REFERRAL POINTS

ALL OF THE ABOVE, PLUS AN EXCLUSIVE INVITE TO AN AWESOME DOGDAY AT OUR BREWERY IN ELLON! YOU'LL GET AN ALL-EXPENSES-PAID TRIP UP TO VISIT US AND BREW AN EXCLUSIVE, SPECIAL EDITION BEER. THERE'LL ALSO BE A VIP TOUR, TASTING SESSION AND DINNER AND O&A WITH ONE OF OUR DIRECTORS!

TOP 10

THE TOP TEN REFERRERS FROM THE LATEST ROUND OF EQUITY FOR PUNKS WILL ALSO GET TICKETS TO ATTEND THE NEXT BREWD OG AIRLINES FLIGHT** AND A STAY IN THE DOGHOUSE.

*All referral perks to be fulfilled at the end of the raise

**Or alternative trip to Columbus, after the close of Equity for Punks



GIVING BACK

AT BREWDOG WE BELIEVE BUSINESS, AND CRAFT BEER, SHOULD BE A FORCE FOR GOOD.

THE UNICORN FUND

OUR PEOPLE ARE THE POWERHOUSE OF OUR BUSINESS, AND THE REASON WE ARE ABLE TO DO ALL THE AWESOME THINGS WE HAVE PLANNED. THAT'S WHY, EVERY YEAR, WE GIVE 10% OF OUR PROFITS BACK TO EVERY SINGLE MEMBER OF OUR TEAM, REGARDLESS OF THEIR POSITION OR SENIORITY.



OUR CULTURE

EVERY SINGLE THING WE DO ALIGNS TOTALLY WITH OUR CLEARLY DEFINED CULTURE. FROM OUR CHARTER, DETAILING THE ATTITUDES WE HOLD DEAR, TO OUR OUTSTANDING BENEFITS PACKAGE FOR OUR CREW, TO THE WAYS WE GIVE BACK - MAINTAINING CULTURE IS CRITICAL TO OUR SUCCESS. YOU CAN FIND OUT MORE ABOUT BREWDOG'S CULTURE BY VISITING WWW.BREWDOG.COM/COMMUNITY/CULTURE.

BREWGOODER

SINCE 2016, WE HAVE BEEN BREWING BEER FOR THIS OUTSTANDING CHANGE-MAKING STARTUP BY MAKING CLEAN WATER LAGER FOR THEM AT COST, WE WORK CLOSELY WITH BREWGOODER TO HELP ESTABLISH CLEAN WATER SOURCES ACROSS AFRICA.



THE BREWDOG DEVELOPMENT FUND

THERE ARE SOME INCREDIBLE, INNOVATIVE AND GROUNDBREAKING STARTUPS AROUND THE WORLD, LOOKING TO SHAKE UP THE DRINKS INDUSTRY, AND WE WANT TO HELP SUPPORT THESE PROJECTS. THROUGH THE DEVELOPMENT FUND, WE MAKE £200,000 AVAILABLE ANNUALLY FOR BEER AND DRINKS INVESTMENT OPPORTUNITIES THAT HAVE THE POTENTIAL TO REVOLUTIONISE ASPECTS OF OUR BURGEONING INDUSTRY.



THE BREWDOG FOUNDATION

WE BELIEVE THAT IT IS OUR RESPONSIBILITY TO MAKE THIS WORLD A BETTER PLACE FOR EVERYONE. THAT'S WHY WE COMMIT UP TO £1MILLION EVERY YEAR TO PROJECTS AND CHARITIES THAT ARE TRYING TO CHANGE THE WORLD FOR THE BETTER.



100,000 EQUITY PUNKS

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

WE BELIEVE THAT THE BEST WAY TO DEVELOP BREWDOG AND FURTHER GROW OUR BUSINESS IS TO ASK YOU, THE PEOPLE WHO ENJOY OUR BEERS, TO BE INVOLVED IN OUR FUTURE. 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 CLAIM YOUR VERY OWN PART OF BREWDOG.

THIS IS GOING TO BE AN AWESOME JOURNEY AND WE WANT YOU TO JOIN US ON IT. WITH YOUR INVESTMENT THERE IS NO TELLING HOW FAR WE CAN GO.

OUR STRATEGY HAS ALWAYS BEEN TO TRY TO SHORTEN THE DISTANCE BETWEEN OURSELVES AND THE PEOPLE WHO ENJOY OUR BEERS; EQUITY FOR PUNKS IS THE ULTIMATE INCARNATION OF THIS PHILOSOPHY.

THIS IS YOUR FRONT ROW SEAT TO THE CRAFT BEER REVOLUTION

THIS IS EQUITY FOR PUNKS.

INVEST NOW AT

WWW.BREWDOG.COM/EQUITYFORPUNKS





KEY ELEMENTS

WE'RE AIMING TO RAISE UP TO **£7MILLION**
WITH A STRETCH GOAL OF UP TO **£50MILLION**

- The Offer opens on 6th April 2019 and will close on 5th July 2019 unless extended at the discretion of directors
- Shares cost £25 each, and the minimum investment is 1 share
- If you're applying online, the maximum subscription is £4,975 for 199 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 £6.5m with 280,000 new shares issued if we're fully subscribed
- If we do reach our stretch goal of £50million raised, that would equate to 2,000,000 shares issued, and estimated net proceeds of £49.1million
- 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 (which is this document plus the Summary and Registration Document, which are available here: www.brewdog.com/equityforpunks)

Make sure you're cool with the risks of investing – the risk factors are on page 2

HOW DO I GO ABOUT INVESTING?

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 www.brewdog.com/equityforpunks/prospectus-download

WHAT WILL YOU SPEND THE MONEY ON?

If the full initial goal of £7million is achieved the Company will look to fund the following projects:

- Brewpubs in France, Germany, Italy & Spain - £1m each - £4m
 - Increase to production capacity in Ellon - £1m
 - 'Hop Drop' chilled beer delivery service - £1m
 - Initial planning for The DogHouse hotel, London - £1m
- If the Offer raises more than £7million, up to a maximum stretch goal of £50million, we will pursue the below projects. The projects above are listed roughly in order of priority but this may change.
- 5 additional bars in France, Germany, Italy & Spain - £4m each - £16m
 - Further investment in The DogHouse Hotel, Brewery & Craft Beer Museum in London - £9m
 - Further increase to production, capacity in Ellon - £8m
 - US Distillery and Events space on USA Campus - £4m
 - Bars and Brewpubs in Asia - £6m

WE ARE THE ONLY COMPANY TO APPEAR AS ONE OF THE UK'S FASTEST GROWING BUSINESSES FOR SEVEN CONSECUTIVE YEARS* WITH YOUR INVESTMENT, WE CAN MAKE IT TEN.



ADDITIONAL INFORMATION

1. The Offer

The Offer is an opportunity for persons who reside in the UK or the Approved Jurisdictions to apply to subscribe for New B Shares (with a nominal value of £0.001 each) at the Issue Price of £25 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 million (but no increase of the Offer pursuant to the stretch goal target of up to £50 million), are estimated at £6.5 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, a maximum of 2,000,000 New B Shares will be issued pursuant to the Offer, along with 40,000 B Shares issued at their nominal value under the BrewDog Millionaire prize draw. In aggregate, these B Shares will represent approximately 2.73% of the total issued Shares in the Company following the Offer (and approximately 13.65% of the total B Shares in issue as at the date of this document), 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.

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, Martin Dickie, Neil Simpson, Keith Greggor, David McDowall, Jason Marshall, Allison Green, Blythe Jack, Andy Shaw and Jamie O'Hara.

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 as at 31 December 2018, the most recent date in respect of which audited financial information of the Company has been produced.

	£ 000
Total current debt	10,776
Guaranteed	
Secured	8,476
Unguaranteed/secured	2,300
Total non-current debt	16,555
Guaranteed	
Secured	6,556
Unguaranteed/secured	9,999
Shareholders' equity	164,994
Share capital	73
Other reserves	164,921

There has been no material change in the capitalisation of the Company, total debt or shareholder equity since 31 December 2018.

The following table shows the Company's net indebtedness as at 31 December 2018.

	£'000
A Cash	38,978
B Cash equivalent	-
C Trading Securities	-
D Liquidity (A+B+C)	38,978
E Current financial receivables	
F Current bank debt	5,300
G Current position of non-current debt	3,176
H Other current financial debt	2,300
I Current financial debt (F+G+H)	10,776
J Net current financial indebtedness (I-E-D)	(28,202)
K Non-current bank loans	2,258
L Bonds issued	9,999
M Other non-current loans	4,298
N Non-current financial indebtedness (K+L+M)	16,555
O Net financial indebtedness (J+N)	(11,647)

The Company does not have any contingent or indirect indebtedness.

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 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 199 New B Shares (£4,975), 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 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 5th July 2019 (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 199 New B Shares and pay using Electronic Payment. If an Applicant wishes to subscribe for more than 199 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 5 July 2019 (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 0870 707 1816, or, if calling from overseas, +44 870 707 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 €5,000 (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 0870 707 1816, or, if calling from overseas, +44 870 707 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 €5,000 (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

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 Restricted 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 Company shall, in its discretion, and after consultation with its financial and legal advisers, be entitled to amend or extend the latest date for acceptance under the Offer and all related dates set out in the Prospectus by way of an announcement on the Company's website but Applicants may not receive any further written communication.

If a supplementary document is published by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Offer specified in the Prospectus, the latest date for acceptance under the Offer shall be extended to the date that is at least three Business Days after the date of publication of the supplementary document (and the dates and times of principal events due to take place following such date shall be extended accordingly).

10. Taxation

Certain statements regarding UK taxation in respect of the New B Shares and the Offer are set out on pages 28-29. 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

Subject to certain limited exceptions, an Applicant which is a corporate and resident (for tax purposes) in the UK will not be liable to UK corporation tax on any dividend received from the Company.

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.

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 (Solidaritätzuschlag)) 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 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 18 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, Allison Green, David McDowall, Jason Marshall, Andy Shaw 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 12,901,173 B ordinary shares of £0.001 each in issue prior to the date of this Offer Document

"Group" means the Company and all of its subsidiaries as described and set out on page 30 of this 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” £25.00 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 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 £6,500,000 (or up to £49,100,000 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 Gregg, 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 and www.equityforpunks.com

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 PLC

**REGISTRATION DOCUMENT
OFFER FOR SUBSCRIPTION**

5 APRIL 2019

This document, the Securities Note and the Summary, which together comprise a prospectus (the “Prospectus”) relating to the Company, have been prepared in accordance with the Prospectus 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.

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 pages 10 to 15 of this document, accept responsibility for the information contained in this Registration Document. 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 the Registration Document is in accordance with the facts and 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 million worth of New B Shares
(with an overallotment facility for up to an additional £50 million)
at a subscription price of £25.00 per New B Share

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	43,697,247	£0.001
Existing B Shares	12,901,173	£0.001
New B Shares	320,000	£0.001
Preferred C Ordinary shares	16,160,849	£0.001
Total	73,079,269	

The subscription list for the Offer will open on 6 April 2019 and will close on 5 July 2019 unless fully subscribed at an earlier date or extended at the discretion of the Directors. There is no minimum subscription and 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 million before issue costs.

Your attention is drawn to the risk factors set out on page 4-7 of this document. 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 Securities Note, which may be obtained from the Company’s website www.brewdog.com and the offices of the Company’s solicitors:

RW Blears LLP
29 Lincoln’s Inn Fields
London WC2A 3EG

telephone: 020 773 5213
website: www.blears.com
email: frank@blears.com

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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, prospective Investors 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 and are not set out in any particular order of priority. 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 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 protections available to shareholders in publicly quoted companies.
- The Offer is dependent on the approval of 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 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. As such, 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. As such, B Shareholders 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 Share 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 B Shares subscribed for under the Offer 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 up to £1 million per year is given by the Company to the BrewDog Foundation, which then distributes the money to selected charities. To date, £207,774 has been paid out. 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.

Risks associated with the Company's operations and business

- Whilst the Company has recently completed construction of a new brewing facility in the US and has commenced construction of a further facility in Australia, the Company's UK and European brewing business is highly concentrated on one site at Ellon and a prolonged disruption to brewing activities (e.g. due to fire or industrial action) at its brewing site could have a negative effect on the Company's ability to brew its products. This could have a negative effect on the Company's operating results, financial condition and prospects.
- The Company has made an investment of approximately \$38.59 million in a new brewing facility in Columbus, Ohio through its subsidiary BrewDog USA Inc. through which it has launched its US brewing and commercial operations and to which it has consequently provided a line of credit, repayable on demand and with a coupon in line with IRS guidelines for short term debt of this nature. It is not currently envisaged that the amount of credit to be extended to BrewDog USA Inc. by the Company will exceed \$40 million. In the event that the Group's US operations prove unsuccessful, this could have a detrimental impact on the Company's profitability.
- BrewDog USA Inc., a subsidiary of the Company, in 2017 closed an offer for stock in the US where it is raised \$7.1 million for approximately 2.0% of its total issued stock (the remainder being held by the Company). On 27 April 2018, BrewDog USA Inc. published an offering circular to raise up to \$40 million overall through an offer of its common stock. If the maximum amount is raised by this offering, the Company will own 86.944% of BrewDog USA Inc., prior investors from the first US offer will own 2.044% and new investors will own 11.012%. The proceeds of these offers will be used to fund salaries, construction costs, equipment purchases, working capital and marketing expenses associated with the launch of the Group's US operations through its subsidiary BrewDog USA Inc. and centred around its newly constructed brewery in Columbus, Ohio. In the event that this 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 £38.98 million as at 31 December 2018), 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 2018, the Company's total finance costs were £1.32 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 in which 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 outwith 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 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 could 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 laws, regulations or government policies which increase the costs of compliance with such laws, regulations or policies;
 - (d) significant increases in insurance premiums; and
 - (e) increases in borrowing costs.
- The Company has agreements with all of 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.
- 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 reduce 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

- 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 factors 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 BrewDog, and as a UK company with significant exports to Europe (accounting for approximately 18.7% of total exports), tariffs and other measures could negatively impact the Company's profitability, although it remains too early to estimate the potential impact on of Brexit on UK businesses.
- Despite the strong growth of the Company's business and the craft beer market as a whole over the last seven years, there is no certainty that this will continue.

Risks associated with the regulatory framework applicable to the Company

- The brewing industry in the United Kingdom 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 United Kingdom 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 forward-looking statements. 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 Rules.

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" – 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 21 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 Rules" – prospectus rules issued by the FCA pursuant to Part VI of the FSMA

"Registrar" – Computershare Investor Services PLC (registered number 03498808)

"Registration Document" – this document

"Securities Note" – document which has been prepared in accordance with the Prospectus Rules 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 Rules 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

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, reported in 2016 at a rate of one new brewery every three days¹. 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 seven years² with distribution into more than 60 countries. There now 75 BrewDog bars across the UK and internationally, some of which are operated by local partners, and more under construction. These bars promote craft beers from BrewDog as well as other breweries from around the world and offer an environment in which to indulge in and explore the world of beer. BrewDog has previously carried out five crowd-funding style public offers in the UK and Europe and one in the USA. Our most recent equity offer raised £26.2 million, a UK equity crowdfunding record³. BrewDog raised a further £10 million in 2017 through a crowdfunded mini-bond issue. BrewDog now has over 95,000 shareholders each of whom enjoy a range of 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 users⁴.

BrewDog recently launched BrewDog USA, creating a new brewing facility in the world's most exciting craft beer market. The brewery, located in Columbus, Ohio, will provide BrewDog beer for the United States, Canada and South America. The Brewers' Association has reported that the craft beer industry is still growing rapidly, now accounting for more than 12% of the total beer industry in the US. BrewDog USA Inc has also launched a series of American craft beer BrewPubs and also a craft beer hotel.

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 Small Batch range is a series of limited release beers, which are released throughout the year and feature custom artwork on the labels. The Tuned Range offers an array of specialist beers that cater for dietary requirements, and BrewDog also offers a series of High Octane brews, which are often stronger and more extreme beers.

BrewDog does not currently own any patents but it has pending patent applications for the "Hop Cannon" and the "Wort Cooler", pieces of equipment used at the Ellon brewery, and two specific improvements in the brewing process it has developed including "Live Beer".

¹ <https://www.ft.com/content/9397c49c-88c1-11e6-8cb7-e7ada1d123b1>

² http://www.fasttrack.co.uk/company_profile/brewdog-8/ and https://www.fasttrack.co.uk/company_profile/brewdog-14/

³ https://en.wikipedia.org/wiki/List_of_highest-funded_equity_crowdfunding_projects

⁴ Combined Twitter and Instagram followers and Facebook page 'likes'

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 Cicerone⁵. 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.

ALLISON DAWN GREEN

Ally joined BrewDog from B&M Retail (a FTSE 250 listed company) at the beginning of 2016 with the brief to make BrewDog the best employer. Ever. She is on a one-woman mission to convert rural Aberdeenshire pubs to stock Jack Hammer at all times.

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.

JASON MARSHALL

Chief Financial Officer Jason joined BrewDog in 2018, having spent over 20 years at Coca-Cola where he was a key member of the finance leadership team, leaving as VP Finance for Supply Chain. At BrewDog, Jason is responsible for enhancing the brewery's finance function as we prepare for a period of accelerated domestic and international growth in 2019 and beyond.

ANDY SHAW

Andy Shaw was recently appointed to the role of CEO Beer. Andy brings with him a vast wealth in various senior roles at Red Bull, where he spent 14 years. Most recently, he held the position of Managing Director of Red Bull UK. Previous roles include MD of Spain and Portugal, and Sales and Marketing Manager for Red Bull Europe.

Remuneration

In the financial year ended 31 December 2018, 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 £1,140,897 as set out in the table below.

DIRECTOR	FEE/BASIC SALARY	BONUS	BENEFITS	PENSION CONTRIBUTION	TOTAL
James Bruce Watt	£169,583	£786	£3,193	£10,289	£183,851
Alan Martin Dickie	£190,000	£786	£2,759	£11,514	£205,059
Charles Keith Greggor	Nil	Nil	Nil	Nil	Nil
Neil Allan Simpson	£185,000	£786	£3,078	£18,690	£207,554
David McDowall	£192,863	£7,225	£1,517	£20,043	£221,648
Allison Green	£235,000	£786	£947	£23,690	£260,423
Jason Marshall	£58,333	£514	£0	£3,515	£62,362
Frances Blythe Jack	n/a	n/a	n/a	n/a	n/a
James Lewis O'Hara	n/a	n/a	n/a	n/a	n/a
Andy Shaw	n/a	n/a	n/a	n/a	n/a
TOTAL	£1,030,779	£10,883	£11,494	£87,741	£1,140,897

In the financial year ended 31 December 2018 the Company paid/set aside or accrued £87,741 to provide pension benefits to the Directors.

⁵ 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.

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	24.74%	24.07%
Alan Martin Dickie	15,744,233	21.64%	21.05%
Charles Keith Greggor*	3,822,039	5.25%	5.11%
Neil Allan Simpson	597,736	0.82%	0.80%
David McDowall	45,450	0.06%	0.06%
Allison Dawn Green	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
Jason Keith Marshall	n/a	n/a	n/a
Andy Shaw	n/a	n/a	n/a
TOTAL	38,259,145	52.57%	51.15%

*Held through Griffin Group LLC and Kelso Ventures LLC

Options

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

OPTION HOLDER	NUMBER OF A SHARES	EXERCISE PRICE PER A SHARE
Neil Simpson	391,300	£0.14
David McDowall	279,550	£1.10
Alison Green	14,550	£1.10
Alison Green	120,000	£1.00
Martin Dempster	250,000	£0.47
Martin Dempster	30,000	£1.00
Richard Kilcullen	5,000	£5.00
Richard Kilcullen	15,000	£1.00
Jason Pond	5,000	£5.00
Jason Pond	25,000	£1.00
Fraser Gormley	3,000	£2.38
Fraser Gormley	15,000	£1.00
Jason Marshall	150,000	£1.00
Tanisha Robinson	80,000	£1.00
Simon Wright	42,000	£1.00
James Brown	25,000	£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
Adam Lambert	20,000	£1.00
Jesse Ebert	2,500	£1.00
TOTAL	1,528,900	

OPTION HOLDER	NUMBER OF B SHARES	EXERCISE PRICE PER B SHARE
Rachel Berry	5	£19.00
Reece Brown	63	£19.00
Daniel Buckle	10	£19.00
Bethany Burns	26	£19.00
Petar Chomakov	5	£19.00
Mark Dalgarno	5	£19.00
Edmund Peter Falk	30	£19.00
Craig Fallenstein	13	£19.00
Sarah Florence	2	£19.00
Dario Frenda	5	£19.00
Iwona Frosina	20	£19.00
Peter Garrow	1	£19.00
Faidra Gialitakis	2	£19.00
Ruben Gillespie	16	£19.00
Erin Golden	1	£19.00
Fraser James Gormley	54	£19.00
Norma Grant	10	£19.00
Michelle Nancy Elizabeth Hall	2	£19.00
Andrew Hamilton	3	£19.00
Arne Jach	2	£19.00
Jennifer Jackson	2	£19.00
Martin Keith	26	£19.00
Chloe Loftus	5	£19.00
Joel Masson	5	£19.00
Ariane McCallan	1	£19.00
Colin Mowat	20	£19.00
Jason Palmer	5	£19.00
Jason Pond	20	£19.00
Christopher Queen	9	£19.00
Kathryn Dee Riddell	10	£19.00
Cameron Robertson	10	£19.00
Matt Shingler	1	£19.00
Szymon Slusarski	10	£19.00
Andrew Statham	5	£19.00
Mieczyslaw Sudelski	52	£19.00
Fabio Todde	2	£19.00
Gabriela Townes	5	£19.00
Greg John George Urquhart	55	£19.00
Andrew Yule	59	£19.00
Dzeti Zait	10	£19.00
Reece Brown	53	£19.00
Mark Dalgarno	3	£19.00
Dario Frenda	5	£19.00

OPTION HOLDER	NUMBER OF B SHARES	EXERCISE PRICE PER B SHARE
Norma Grant	20	£19.00
Mindaugas Marozas	19	£19.00
Ariane McCallan	1	£19.00
Jason Palmer	5	£19.00
Clare Ryan	2	£19.00
Thomas Joshua Shaw	10	£19.00
Lisa Watson	10	£19.00
Mariusz Wlodarczyk	26	£19.00
Andrew Yule	49	£19.00
Andrew Ahmad-Walsh	6	£19.00
Liam Annetts	3	£19.00
Elaine Baker	4	£19.00
Reece Brown	6	£19.00
Colin Cooper	1	£19.00
Dario Frenda	18	£19.00
Oliver Lees	20	£19.00
Gary MacTaggart	6	£19.00
James McCallum	3	£19.00
Laura Mitchell	2	£19.00
Gregor Monson	3	£19.00
Jason Palmer	5	£19.00
Christopher Queen	10	£19.00
Norbert Reichert	3	£19.00
Guilherme Theiss De Rosso	5	£19.00
David Wood	10	£19.00
Andrew Yule	6	£19.00
TOTAL	901	

Save in respect of two loans of £22,558 each, with no fixed repayment date or interest chargeable, made to David McDowall and Allison Green, 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 4 April 2019 (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:

- had any convictions in relation to fraudulent offences;
- 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);
- 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
Allison Dawn Green – director since 04/01/2016
Frances Blythe Jack – director since 06/04/2017
James Lewis O'Hara – director since 06/04/2017
Jason Keith Marshall – director since 14/09/2018
Andy Shaw – director since 15/02/2019

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 BrewDog 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	Mikkeller BrewDog Limited 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	JBW (77) Limited BrewDog Franklinton LLC
Charles Keith Greggor	The Company Kelso Ventures, LLC The Griffin Group, LLC Griffin Brewers & Distillers, LLC D.A. Folkes, LLC	Anchor Brewers & Distillers, LLC Anchor Distilling Company, LLC Anchor Brewing Company, LLC Anchor Properties, LLC Anchor Taphouses, LLC Vin de Soleil, 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 Verwaltungs UG 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	Mikkeller BrewDog Limited BrewDog Franklinton LLC

DIRECTOR	CURRENT DIRECTORSHIPS/ PARTNERSHIPS	PREVIOUS DIRECTORSHIPS/ PARTNERSHIPS
Neil Allan Simpson cont.	Draft House NC BrewDog do Brazil Comercio de Alimentos e Bebidas LTDA BrewDog Canada Limited BrewDog Ireland Limited BrewDog Bars France SAS Bryggmester Bob AS BrewDog Canada BrewDog Group HK Limited BrewDog Media Inc BrewDog Indianapolis LLC	
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 BD Casanova SL BrewDog Ireland Limited	House Restaurants No. 1 Limited House Restaurants No. 2 Limited House Restaurants No. 3 Limited Kilmarnock Road Properties Limited West End Developments (Glasgow) Limited Q Street Properties (Edinburgh) Limited Glasgow and Edinburgh Investments Limited Shelfco (No 301) Limited Corinthian Catering Limited Morrison Court Limited Shelf Company (No.10) Limited Lister Square (No. 53) Limited Lister Square (No. 54) Limited EH1 Limited G1 Cinemas Ltd G1 Group plc G1 Group (Holdings) plc G1 Nightclubs Ltd G1 Restaurants Limited G1 Pubs Limited G1 Hotels Ltd G1 Greenfield Limited G1 Venues Limited D'Arcy's (Glasgow) Limited October Café Limited Fouquets Limited South Methven Street (Perth) Limited The Bothy (St. Andrews) Limited
Allison Dawn Green	The Company Manor Court Management (Nantwich) Limited	County Sports Partnership Network
Frances Blythe Jack	The Company TSG Consumer Partners BackCountry.com LLC Beauty Brands LLC Canyon Bicycles GmbH SW Brewing Company LLC Rosewood Capital LP Dutch Bros. Coffee Prive Revaux	My Fit Holdings LLC IT Cosmetics LLC VILLA Inc dba RUVilla

DIRECTOR	CURRENT DIRECTORSHIPS/ PARTNERSHIPS	PREVIOUS DIRECTORSHIPS/ PARTNERSHIPS
James Lewis O'Hara	The Company TSG Consumer Partners Backcountry.com LLC yon Bicycles GmbH SW Brewing Company LLC Mallard HoldCo LLC Powerstop Holdings LLC CG Group Holdings, LLC nuun & Company, Inc Lucky Vitamin LLC	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
Jason Keith Marshall	The Company	Coca-Cola European Partners Great Britain Limited Bottling Great Britain Limited Amalgamated Beverages Great Britain Limited Coca-Cola European Partners Holdings Great Britain Limited Coca-Cola European Partners Services Europe Limited Coca-Cola European Partners Sverige AB Coca-Cola European Partners Norge AS Classic Brand (Europe) Limited
Andy Shaw	The Company Seven Snacks Ltd Fifty Technology Limited	UK International 10857757 Beverage Co. Ltd Wings for Life UK Spinal Cord Research Foundation Red Bull Company Limited Red Bull Media House UK Limited The British Soft Drinks Association Limited

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 10 members, 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, no person or entity owns more than 3% of the Company's issued share capital or voting rights save for TSG AIV which holds 16,160,849 Preferred C Shares representing 22.2% of the Company issued share capital (at the date of this document). TSG AIV is an exempted limited partnership 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 4 April 2019 (being the latest practicable date prior to the publication of the Prospectus), the Company and its subsidiaries had approximately 1,500 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 4 April 2019 (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 bars in Leicester, Glasgow and Aberdeen (x2) from JBW (77) Limited. Annual rent from the four bars is approximately £150,000.	Anchor Brewers is indirectly controlled by Keith Gregor. The Company indirectly owns shares in Anchor Brewers as set out in section 7 below
The Company	JBW (77) Limited	The Company pays rent to JBW (77) Limited for the use of flat in London	James Watt owns 100% of the shares of JBW (77) Limited
The Company	Jet Pack Pie Limited	The Company paid £238,862 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, and purchased £121,617, and sold £184,835 of stock	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 paid £24,000 to rent a property in the US from 63DCMH LLC	James Watt owns 100% of the shares of 63DCMH LLC
The Company	Musa 77 Limited	The Company paid rent of £27,986 to Musa 77 Limited	James Watt owns 100% of the shares of Musa 77 Limited
The Company	Ten Tonne Mouse Inc	Ten Tonne Mouse Inc acquire the Franklinton bar in December 2017 for \$657,000 and receives \$12,500 per month in rent from the Company	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 interests and subsidiary undertakings:

COMPANY	HOLDING	DESCRIPTION
BrewDog Retail Limited (SC389114)	100% of the issued shares	Bar operating company
Lone Wolf Spirits Limited (SC534706)	100% of the issued shares	Spirit distilling company
BrewDog International Limited (SC311560)	100% of the issued shares	Holding company for the international bars business
Hawkes Cider Limited (08223038)	100% of the issued shares	Cider production company
Draft House Holding Limited (06947531)	100% of the issued shares	Bar operating company
BrewDog Admin Limited (SC589885)	100% of the issued shares	Dormant
OverWorks Limited (SC579924)	100% of the issued shares	Dormant
BrewDog USA Inc. (5733488)	98% of the issued stock (2% held by third party investors)	US holding company
BrewDog Media Inc (6759053)	100% of the issued shares	US holding company
BrewDog Group Australia Pty Ltd (623 403 841)	100% of the issued shares	Established to operate BrewDog bar in Australia and the brewing facility
BrewDog Belgium SPRL (0501 789 017)	100% of issued shares	Established to operate BrewDog bar in Brussels
BrewDog do Brasil Comércio de Alimentos e Bebidas Ltda (35.227.615.645)	100% of the issued shares	Established to operate BrewDog bar in Brazil
BrewDog GmbH (HRB 173836)	100% of the issued shares	Established to operate bars in Germany
Brüdog Sweden AB (556910-6320)	100% of the issued shares	Established to operate bars in Sweden
Crown & Hops Inc. (7206119)	4%	Minority holding in US brewing company
BrewDog Group HK Limited (2662477)	100% of the issued shares	Hong Kong holding company
BrewDog Bar Korea (110111-6540599)	a 70% owned Korean subsidiary	Established to operate BrewDog bar in South Korea
BD Casanova SL (B66312737)	100% of the issued shares	Established to operate BrewDog bar in Spain

The Company holds no shares in any other company, has no other investments (completed or in progress) and has made no firm commitments in respect of future investments.

8. PROPERTY, PLANT AND EQUIPMENT

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

PROPERTY	FORM OF TENURE / ENCUMBRANCES
Brewery at Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX	Owned
Brewery in Columbus, Ohio	Owned
Brewing Equipment	Owned
Distribution centre in Glasgow	Owned

The Company has recently commenced construction of its Australian brewery and the anticipated costs are £3 million, to be fulfilled from the Group's existing cash reserves.

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
 Allison Dawn Green
 Frances Blythe Jack
 James Lewis O'Hara
 Jason Keith Marshall
 Andy Shaw

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
 29 Lincoln's Inn Fields
 London WC2A 3EG

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 2016 and 2017 and 2018, and are available from the Company's registered office and from the registered offices of the Company's solicitors: RW Blears LLP, 29 Lincoln's Inn Fields, London WC2A 3EG.

The information below is extracted from the Company's audited financial statements for the years ended 31 December 2016, 31 December 2017 and 31 December 2018 (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 years ended 31 December 2016, 31 December 2017 and 31 December 2018 (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 2018	Audited year ended 31 December 2017	Audited year ended 31 December 2016
	£000	£000	£000
GROSS REVENUE	171,619	110,870	71,850
Cost of sales + Duty	(113,878)	(73,244)	(47,075)
GROSS PROFIT	57,741	37,626	24,775
Administrative expenses	(57,250)	(35,140)	(20,691)
Other operating income	341	218	293
OPERATING PROFIT	832	2,704	4,377
Finance income	216	121	-
Finance costs	(1,321)	(1,273)	(560)
Loss on property, plant and equipment	(303)	(146)	(56)
(LOSS) / PROFIT BEFORE TAXATION	(576)	1,406	3,761
Income tax expense	(917)	(536)	(592)
(LOSS) / PROFIT AFTER TAXATION	(1,493)	870	3,169

GROUP STATEMENT OF FINANCIAL POSITION

	Audited year ended 31 December 2018	Audited year ended 31 December 2017	Audited year ended 31 December 2016
	£000	£000	£000
FIXED ASSETS			
Property plant and equipment	124,477	80,329	61,469
Intangible assets	17,016	2,146	646
Other non-current financial assets	-	52	52
Investments in associates	-	-	100
CURRENT ASSETS			
Trade and other receivables	37,364	24,498	15,827
Inventory	15,033	7,283	5,354
Corporation tax receivable	331	418	-
Cash and cash equivalents	38,978	88,498	3,159
TOTAL ASSETS	233,199	203,224	86,607
CURRENT LIABILITIES			
Trade and other payables	35,967	21,482	11,680
Current tax payable	-	-	194
Financial liabilities	10,776	8,451	18,534
NON-CURRENT LIABILITIES			
Deferred tax liabilities	2,399	1,965	1,556
Financial liabilities	16,555	22,310	14,959
Government grants	2,508	2,193	2,079
TOTAL LIABILITIES	68,205	56,401	49,002
NET ASSETS	164,994	146,823	37,605
EQUITY			
Called up share capital	73	72	63
Share premium	147,535	128,880	23,188
Treasury shares	(1,185)	(1,185)	(495)
Foreign currency translation reserve	514	548	203
Retained earnings	18,149	18,515	14,631
Non-controlling interests	(92)	(7)	15
TOTAL SHAREHOLDERS' FUNDS	164,994	146,823	37,605

CONSOLIDATED CASH FLOW STATEMENT

	Audited year end to 31 December 2018	Audited year ended 31 December 2017	Audited year end to 31 December 2016
	£000	£000	£000
Operating Activities			
(Loss) / Profit before tax	(576)	1,406	3,761
Loss on disposal of property, plant and equipment	303	143	56
Depreciation	7,855	4,640	2,918
Foreign exchange	(1,651)	1,771	(1,071)
Write off of other payables	(37)	(803)	-
Financial income	(216)	(121)	-
Financial expense	1,321	1,273	560
Grant amortisation	(138)	(136)	(129)
Loss on disposal of associate	-	3	-
Increase in inventory	(7,466)	(1,885)	(1,742)
Increase in trade and other receivables	(11,058)	(8,275)	(7,491)
Increase in trade and other payables	6,080	8,436	1,416
Interest received	217	121	-
Interest paid	(842)	(943)	(560)
Taxation paid	(400)	(820)	(98)
Taxation refunded	78	55	115
Share based payment expense	501	-	-
Net cash inflow/(outflow) from operating activities	(6,029)	4,865	(2,265)
Investing activities			
Purchase of property, plant and equipment	(44,137)	(24,235)	(21,407)
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)	(13,091)	(290)	-
Proceeds from disposal of property, plant and equipment	-	-	137
Cash acquired on business combinations	20	-	-
Net cash inflow/(outflow) from investing activities	(57,208)	(25,216)	(20,711)
Financing activities			
Issue of ordinary share capital	17,683	112,360	8,172
Transaction costs of issue of shares	(989)	(3,726)	(236)
Proceeds from exercise of share options	-	59	-
Proceeds from new borrowings	-	897	16,181
Proceeds from new grants	(453)	250	778
Proceeds from bond issue	-	10,000	-
Repayment of bonds	(11)	-	(2)
Repayment of borrowings	(259)	(10,523)	(226)
Payments for finance leases and hire purchase contracts	(3,160)	(3,627)	(2,247)
Net cash flow used in financing activities	13,717	105,690	22,240
Net (decrease)/increase in cash and cash equivalents	(49,520)	85,339	(556)
Cash and cash equivalents at beginning of period	88,498	3,159	3,715
Cash and cash equivalents at end of period	39,978	88,498	3,159

PART III – CAPITAL RESOURCES AND OPERATING AND FINANCIAL REVIEW

3. Audited financial statements for years ended 31 December 2016, 31 December 2017 and 31 December 2018

Audited financial statements for years ended 31 December 2016, 31 December 2017 and 31 December 2018 are reproduced in the Annex to this document.

4. Significant Change

There has been no significant change in the financial or trading position of the Group which has occurred since 31 December 2018, the date to which the Company's last audited financial information was published.

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 2018, the Group had a net cash position of £38.98 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 £26.2 million during 2018.

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 2018:

	Total £000s	Within 1 year £000s	1 to 5 years £000s	Over 5 years £000s
Bank loans and borrowings	7,557	5,299	1,497	761
Bonds	12,299	2,300	9,999	-
Hire purchase obligations	7,474	3,176	4,298	-
Operating lease obligations	82,031	5,975	21,985	54,071
Capital commitments	9,657	9,657	-	-
	-----	-----	-----	-----
	119,018	26,407	37,779	54,832
	=====	=====	=====	=====

The capital commitments relate to buildings and equipment obligations that have been committed to by the Group as at 31 December 2018.

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 July 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 bearing interest at 1.40% over the base rate. This repayment date was initially 31 March 2017 and was extended to 30 September 2017. This facility has been renewed and the repayment date is now 31 January 2020.

Bonds

In November 2015, the Group issued £2,312,000 non-convertible bonds with a maturity in November 2019. In 2018 bonds totalling £9,000 were re-paid. The bonds were issued with an interest rate of 6.5%. Interest is paid bi-annually with subsequent repayment of the principal amount in November 2019.

In February 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.

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. Renewals are at the option of the lessee.

Operating leases

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.

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 brewery 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 has now seen over £67 million invested in the Company. 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 5 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 3 years ended 31 December 2016, 2017 and 2018:

	Year Ended 31 December		
	2018	2017	2016
	£ 000s	£ 000s	£000s
Revenue	171,619	110,870	71,850
Operating Profit	832	2,704	4,377
Profit after tax	(1,493)	870	3,169

Revenue increased 54.8% in 2018 compared to 54.3% in 2017. 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 3 years ended 31 December 2016, 2017 and 2018:

	Year Ended 31 December		
	2018	2017	2016
	£ 000s	£ 000s	£000s
UK	132,257	89,242	58,497
Europe	21,003	12,959	9,785
US and Canada	13,314	3,964	-
Rest of the World	4,945	4,705	3,568
	-----	-----	-----
	171,619	110,870	71,850
	=====	=====	=====

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 21 BrewDog bars in this period. 2016 to 2018 saw an increase in the sales teams for the UK and overseas to support the planned growth.

Gross profit increased by 53.4% in 2018 compared to 2017, an increase of 57.1% since 2016. Margins are being maintained despite volume pressures. The Company have secured raw material supplies along with economies of scale as we have continued to grow in our current facility in Ellon.

Administrative costs of revenues are approximately 33.3% in 2018 compared to 28.8% in 2016. 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 24 for the balance sheet.

CASH FLOW

Please see page 25 for the cash flow statement.

Cash inflow from operating activities grew steadily between 2016 and 2017 but reversed in 2018 due to investment in working capital and inventory to support growth.

Net cash out flow used for investing activities has increased steadily year on year as the Company has heavily invested in pursuing expansion opportunities.

The Company's net cash position as at 31 December 2018 was positive £38.98 million.

Capital Expenditure

The Company incurred £44 million of capital expenditure in 2018, with £8.8 million of this being the fit out costs of bars including 21 new bar sites and £7.8 million being spent on Hop Hub. The balance of the expenditure was on buildings and equipment in Ellon.

Total capital investment from 1 January 2016 to 31 December 2018 amounted to approximately £95.6 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 fifth round of Equity for Punks closed in October 2018 and, raised £26.2 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 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

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.

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 United Kingdom 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 United Kingdom. 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 in 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 4 April 2019, 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	43,697,247	43,697.25
B Ordinary	12,901,173	12,901.17
Preferred C Shares	16,160,849	16,160.85
TOTAL	72,759,269	72,759.27

2.2 At the Company's annual general meeting scheduled for 6 April 2019, resolutions are proposed to grant the Directors authority to allot and issue up to 2,040,000 new B Shares. The Directors intend to utilise this authority to allot Offer Shares.

2.3 Save for the options described on page 12, 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 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 significant effects on 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 of Association 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 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.

The provisions of paragraph 4.4 below, relating to discount rights and other benefits attaching to certain of the B Shares, form part of the Company's Articles as at the date of this Prospectus. A resolution to amend the Articles to remove these rights, which are now historic, will be proposed at the Company's 2019 annual general meeting.

4.4 B Shares

4.4.1 Discount Rights of B Shares:

Each holder of at least twenty (20) 'B' Ordinary Shares shall have the right to buy such products (to include all beer, ale and other brewed beverages) together with any such other products as the Board may determine ("Products") at www.brewdog.com (the "Website") for the retail price such Products are sold for on the Website less the percentage discount specified below relative to the number of 'B' Ordinary Shares held by that holder (the "Discount Right")

NUMBER OF 'B' ORDINARY SHARES HELD	DISCOUNT RIGHT
20 to 30	10%
40 to 50	15%
60+	20%

The Products purchased shall be for the personal consumption and use of the purchaser and the purchaser shall not be permitted to resell any Products. In the event the Board considers that a holder of B Shares is purchasing Products in contravention of the provisions of Article 46 of the Articles, the Board may (but shall not be required to) suspend that shareholder's Discount Rights. The holder may appeal such decision and the Board will take into account any information provided in determining whether to reinstate the Discount Right of that holder. Any further decision of the Board shall be final, which may take any decision in their entire discretion.

- 4.4.2 Each holder of at least twenty (20) B Shares shall have the right to buy any products at any BrewDog bar for five per cent (5%) less than the retail price such products are sold for at the relevant BrewDog bar.
- 4.4.3 The Discount Right shall exist for the lifetime of the holder of the 'B' Ordinary Share. Any person acquiring the 'B' Ordinary Shares shall be entitled to exercise the Discount Right.

4.4.4 Other Rights of B Shares:

Each holder of at least twenty (20) B Shares will have the right to:

- an Equity Punk membership card issued by the Company allowing the holder to take advantage of exclusive offers, Beatnik beers and BrewDog special event;
- a £10 'beer bucks' voucher which can redeemed at any BrewDog bar (where the shareholder has subscribed pursuant to the public offer made by the Company on 21 April 2015);
- a free 'birthday beer' (including any standard measure of any of the Company's draft beers) in any BrewDog bar on the birthday of the holder;
- an invitation to the Brew Day shareholder annual event;
- exclusive first access to limited release and special edition beers brewed by the Company;
- an invitation to all new BrewDog bar launches;
- membership of the Beatnik Brewing Collective, where shareholders have the opportunity to vote on what beers the Company brews and create Beatnik beers for sale only to shareholders;
- access to the members only section of the website (the Equity for Punks community);
- access to the bonus referral benefits when you refer friends who subscribe for B Shares in the Company:

5 referrals	Three bottles of special edition barrel-aged beer
10 referrals	A personalised Liberty growler engraved with your shareholder number, plus £20 beer bucks'
20 referrals	A personalized VIPUNK Dickies workshirt embroidered with your shareholder number
50 referrals	An all expense paid trip to the Brewery to brew a special edition Beatnik Brewing beer with James and Martin and join them for a beer dinner at MUSA

- membership of the Equity for Punks Beer Club which collates the best beers from all over the world and ships them to its members' doors - holders of 20 or more B Shares will have the first six crates shipped to them for free.

- 4.4.5 Each holder of at least ten (100) B Shares shall have the right to buy any products at any BrewDog bar for 10 per cent (10%) less than the retail price such products are sold for at the relevant BrewDog bar.
- 4.4.6 Each holder of at least twenty (200) B Shares shall receive a year's membership to Abstrakt Addicts entitling them to receive three bottles of artisanal, experimental beers for each of the next four releases following their subscription.
- 4.4.7 Each holder of at least forty (400) B Shares shall receive a year's membership to Bottlebox beer club, members of which are entitle to receive six shipments a year of the most exciting beers collated by BrewDog direct to their door.
- 4.4.8 A class meeting of the B ordinary shareholders is required to change the rights attributable to them.

4.5 Permitted Share Transfers

- 4.5.1 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.
- 4.5.2 Subject to such of the restrictions of the Articles as may be applicable, a member holding B Shares may transfer all or any of such B Shares by means of a relevant electronic system in such a manner as provided for in the Uncertificated Securities Rules and, subject to these rules and the statutes generally, the transferee shall be deemed to be the holder of the B Shares at the point of electronic settlement of the transfer.

4.6 Transfer of a Controlling Interest

- 4.6.1 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.
- 4.6.2 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.

4.7 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.

4.8 Right to Refuse Registration

- 4.8.1 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.

- 4.8.2 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.
- 4.8.3 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 not in favour of two or fewer 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.
- 4.8.4 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.

4.9 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.

4.10 Lien and Forfeiture

- 4.10.1 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.
- 4.10.2 If a call or instalment 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 instalment 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 instalment is payable will be liable to be forfeited.
- 4.10.3 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.

4.11 General Meetings

- 4.11.1 The Board may convene a general meeting whenever it thinks fit and shall do so on requisition in accordance with the Companies Act 2006.
- 4.11.2 An annual general meeting shall be convened by at least 21 clear days' notice. All other general meetings shall be convened by at least 14 clear days' notice.
- 4.11.3 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.

4.12 Directors

- 4.12.1 Unless otherwise determined by ordinary resolution of the Company, the number of directors (disregarding alternates) shall not be less than two but shall not be subject to any maximum number.
- 4.12.2 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.
- 4.12.3 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.
- 4.12.4 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.
- 4.12.5 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 to the existing Board, and any director so appointed shall hold office only until the next following annual general meeting.

4.13 Borrowing

The Company is empowered to borrow money.

4.14 Proxies

- 4.14.1 Appointments of proxies may only be in electronic form and the proxy shall be executed by or on behalf of the appointor.
- 4.14.2 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.
- 4.14.3 A proxy need not be a member of the Company.

4.15 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.

4.16 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.

4.17 Calls

- 4.17.1 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.
- 4.17.2 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.

4.20 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.

4.21 Authority to Allot

- 4.21.1 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.
- 4.21.2 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. Materials 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 20 (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 20 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 2019.
- (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) As at the date of this document, there are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect the Company's operations.
- (j) 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 5 July 2019 (unless previously extended by the Directors). Financial intermediaries may use the Prospectus only in the Approved Jurisdictions.
- (k) **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.**
- (l) 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 29 Lincoln's Inn Fields, London WC2A 3EG 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 2016, 31 December 2017 and 31 December 2018.

5 April 2019



BREWDOG

**BREWDOG PLC'S AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Restated	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) Classification 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

NOTES TO THE FINANCIAL STATEMENTS CONT...

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

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 amendments 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
	<u>171,619</u>	<u>110,870</u>

NOTES TO THE FINANCIAL STATEMENTS CONT...

5. OPERATING PROFIT

This is stated after charging/(crediting)

	2018	2017	2018	2017
	£000	£000	No.	No.
Depreciation of tangible assets	7,855	4,640	Directors	9
Operating lease rentals	5,024	2,528	Administration	147
Auditors remuneration (see note 6)	258	101	Production	199
(Profit)/loss on foreign exchange transactions	(1,497)	1,771	Selling and distribution	98
Research and development	244	550	Bar staff	794
Amortisation of government grants	(138)	(136)		1,247
				777

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.

	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

8. FINANCE COST

Group	2018	2017
	£000	£000
a) Income tax on profit for the year		
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	Plant and machinery	Motor vehicles	Total
	£000	£000	£000	£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:	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000
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:	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000
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 contracts as follows:

Net book value:	Plant and machinery	Motor vehicles	Total
	£000	£000	£000
At 31 December 2018	15,116	-	15,116
At 31 December 2017	18,262	9	18,271

Depreciation charge for the year:	Plant and machinery	Motor vehicles	Total
	£000	£000	£000
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

Cost:	Long term leasehold property	Land and buildings	Fixtures and fittings	Motor vehicles
	£000	£000	£000	£000
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:	Long term leasehold property	Land and buildings	Fixtures and fittings	Motor vehicles
	£000	£000	£000	£000
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:	Long term leasehold property	Land and buildings	Fixtures and fittings	Motor vehicles
	£000	£000	£000	£000
At 31 December 2018	38,415	9	214	82

At 31 December 2017	19,595	10	121	56
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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:	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000
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:	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000
At 31 December 2018	28,641	1,053	4,669	71,537

At 31 December 2017	27,752	459	-	47,993
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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:	Plant and machinery	Motor vehicles	Total
	£000	£000	£000
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
	£000
Cost	
At 1 January 2017	52
Impairment	(52)
At 31 December 2018	-

Net book value:	Unlisted investments
	£000
At 31 December 2018	-
At 31 December 2017	52

Company	Unlisted investments	Shares in group undertakings	Total
	£000	£000	£000
Cost			
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:	Unlisted investments	Shares in group undertakings	Total
	£000	£000	£000
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	Indirectly held
Subsidiary undertakings:					
BrewDog Retail Limited (1)	Ordinary	Scotland	100%	Bar operator	BrewDog Columbus LLC (15) Ordinary USA
BrewDog USA Inc (14)	Ordinary	USA	98%	Holding company	BrewDog Brewing Company LLC (14) Ordinary USA
BrewDog GmbH (4)	Ordinary	Germany	100%	Bar operator	BrewDog Brewing Company Franklinton LLC (14) Ordinary USA
Lone Wolf Spirits Limited (1)	Ordinary	Scotland	100%	Spirits producer	BrewDog Dogtap LLC (14) Ordinary USA
BrewDog Group Australia Pty Ltd (5)	Ordinary	Australia	100%	Holding company	BrewDog Doghouse LLC (14) Ordinary USA
BD Casanova SL (11)	Ordinary	Spain	100%	Bar operator	BrewDog Short North LLC (14) Ordinary USA
BrewDog Belgium SPRL (7)	Ordinary	Belgium	100%	Bar operator	BrewDog Verwaltungs UG (4) Ordinary Germany
Overworks Limited (1)	Ordinary	Scotland	100%	Dormant	BrewDog Brewing Australia Pty Ltd (5) Ordinary Australia
BrewDog International Limited (1)	Ordinary	Scotland	100%	Holding company	Draft House TB Limited (2) Ordinary England
Draft House Holding Limited (2)	Ordinary	England	100%	Bar operator	Draft House NC Limited (2) Ordinary England
BrewDog Admin Limited *(1)	Ordinary	Scotland	100%	Dormant	DrinkTV LLC (16) Ordinary USA
Hawkes Cider Limited (3)	Ordinary	England	100%	Cider producer	BrewDog Bars France SAS (9) Ordinary France
BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda (6)	Ordinary	Brazil	100%	Bar operator	Bryggmester Bob AS (12) Ordinary Norway
BrewDog Group HK Ltd (10)	Ordinary	Honk Kong	100%	Dormant	BrewDog Canada Ltd (8) Ordinary Canada
BrewDog Media Inc (14)	Ordinary	USA	100%	Holding company	(1) Registered office address; Balmacassie Commercial Park, Ellon, Aberdeen-shire, AB41 8BX
BrewDog Bar Korea (13)	Ordinary	South Korea	70%	Bar operator	(2) Registered office address; 3rd and 4th Floor, Fergusson House, 124-128 City Road, London, EC1V 2NJ

* Incorporated on 26 February 2018

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	Fair value recognised on acquisition £000
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	Fair value recognised on acquisition £000
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	Fair value recognised on acquisition £000
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	Fair value recognised on acquisition £000
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 £000	2017 £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 £000	2017 £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	Total £000	Neither past due not impaired			
		< 30 days £000	30-60 days £000	60-90 days £000	Over 90 days £000
2018	27,206	10,121	11,011	3,201	2,873
2017	19,201	6,807	8,061	2,017	2,316
Company	Total £000	Neither past due not impaired £000	Neither past due not impaired £000	Past due but not impaired £000	Past due but not impaired £000
2018	26,140	9,496	10,800	3,204	2,640
2017	20,019	7,616	8,070	2,017	2,316

Group	2018 £000	2017 £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 £000	2017 £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 £000	2017 £000
Cash at bank and in hand	38,978	88,498
Company	2018 £000	2017 £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 £000	2017 £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 £000	2017 £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 £000	2017 £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 £000	2017 £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.

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

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 finance 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	2018	2017	2017
	No. 000	£000	No. 000	£000
<i>Allotted called up and fully paid Ordinary A shares</i>				
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
<i>Allotted called up and fully paid Ordinary B shares</i>				
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
<i>Allotted called up and fully paid Ordinary C shares</i>				
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 convert 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	Director's loan	Amounts owed by related parties £000	Amounts owed to related parties £000
	£000	£000	£000	£000			
2018	-	-	-	-	-	45	-
2017	-	-	-	-	-	23	-

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 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.



BREWDOG

**BREWDOG PLC'S AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

NOTES TO THE FINANCIAL STATEMENTS CONT...

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.

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.

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 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 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 through 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	2017	2016
	£000	£000	No.	No.
Depreciation of tangible assets	4,640	2,918	Directors	6
Loss on disposal of tangible assets	143	56	Administration	90
Loss on disposal of associate	3	-	Production	155
Operating lease rentals	2,528	1,811	Selling and distribution	60
Fees payable to the group's auditors (see note 6)	101	50	Bar staff	466
Loss on foreign exchange transactions	1,771	-		777
Research and development	550	550		593
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.

	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

8. FINANCE COST

9. INCOME TAX

Group	2017	2016
	£000	£000
a) Income tax on profit on ordinary activities		
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	Plant and machinery	Motor vehicles	Total
	£000	£000	£000	£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:	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000
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:	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000
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 contracts as follows:

Company	Long term leasehold property	Land and buildings	Fixtures and fittings	Motor vehicles	Total
	£000	£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	

Company	Long term leasehold property	Land and buildings	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
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	

Company	Long term leasehold property	Land and buildings	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
Net book value:					
At 31 December 2017	10	19,595	121	56	
At 31 December 2016	22	14,706	188	75	

Company	Long term leasehold property	Land and buildings	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
Net book value:					
At 31 December 2017	10	19,595	121	56	
At 31 December 2016	22	14,706	188	75	

Company	Long term leasehold property	Land and buildings	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
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

Company	Plant and machinery	Computer equipment	Total
	£000	£000	£000
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

Company	Plant and machinery	Computer equipment	Total
	£000	£000	£000
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

Company	Plant and machinery	Motor vehicles	Total
	£000	£000	£000
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
	£000
Cost	
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
	£000	£000	£000
Cost			
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

* Incorporated on 26 October 2017
** Incorporated on 27 October 2017

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

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	Total	Neither past due not impaired				Past due but not impaired
		< 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	Total	Neither past due not impaired				Past due but not impaired
	£000	< 30 days	30-60 days	60-90 days	Over 90 days	
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 finance 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

NOTES TO THE FINANCIAL STATEMENTS CONT...

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 No. 000	2017 £000	2016 No. 000	2016 £000
<i>Allotted called up and fully paid Ordinary A shares</i>				
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
<i>Group and company</i>				
	2017 No. 000	2017 £000	2016 No. 000	2016 £000
<i>Allotted called up and fully paid Ordinary B shares</i>				
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 No. 000	2017 £000	2016 No. 000	2016 £000
<i>Allotted called up and fully paid Ordinary C shares</i>				
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 Enil (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 £000	2016 £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
<i>Group and company</i>		
	2017 £000	2016 £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 £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
<i>Wholly owned subsidiaries:</i>				
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

**BREWDOG PLC'S AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

GROUP STATEMENT OF COMPREHENSIVE INCOME

For year ended 31 December 2016	NOTE	2016 £000	2015 £000
Revenue	4	71,850	44,730
Cost of sales		(47,075)	(27,776)
Gross Profit		24,775	16,954
Administrative expenses		(20,691)	(14,113)
Other operating income		293	329
Operating Profit	5	4,377	3,170
Finance income		-	5
Finance costs	8	(560)	(326)
Loss on disposal of property, plant and equipment		(56)	(14)
Gain on disposal of investments		-	642
Profit before taxation		3,761	3,477
Income tax expense	9	(592)	(749)
Profit for the year		3,169	2,728
Other comprehensive income			
Reclassification adjustments for disposal of available-for-sale financial assets		-	(566)
Exchange differences on translation of foreign operations		189	14
Other comprehensive income for the year, net of tax		189	(552)
Total comprehensive income for the year, net of tax		3,358	2,176

Total comprehensive income for the period is attributable to the owners of the company, as there is no non-controlling interest.

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2016	NOTE	2016 £000	Restated 2015 £000
Non-current assets			
Property, plant and equipment	10	61,469	38,866
Intangible assets	11	646	646
Other non-current financial assets	12	52	52
Investments in associates	13	100	100
		62,267	39,664
Current assets			
Trade and other receivables	14	15,827	8,336
Inventory	15	5,354	3,612
Corporation tax receivable		-	243
Cash and cash equivalents	16	3,159	3,715
		24,340	15,906
Total assets		86,607	55,570
Current liabilities			
Trade and other payables	17	11,680	10,264
Current tax payable		194	-
Financial liabilities	18	18,534	7,555
		30,408	17,819
Non-current liabilities			
Deferred tax liabilities	9	1,556	1,389
Financial liabilities	18	14,959	8,126
Government grants	24	2,079	1,430
		18,594	10,945
Total liabilities		49,002	28,764
Net Assets		37,605	26,806
Equity			
Called up share capital	22	63	61
Share premium account	22	23,188	16,902
Treasury shares	23	(495)	-
Minority interest		1,648	-
Foreign currency translation reserve	23	203	14
Retained earnings		12,998	9,829
Total Shareholders' funds		37,605	26,806

Signed on behalf of the Board of Directors on 20 March 2017

J.B. Watt
Director

N.A. Simpson
Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	NOTE	2016 £000	2015 £000
Non-current assets			
Property, plant and equipment	10	37,460	29,864
Intangible assets	11	646	646
Other non-current financial assets	12	7,763	7,763
Investments in associates	13	100	100
		45,969	38,373
Current assets			
Trade and other receivables	14	31,843	7,615
Inventory	15	4,898	3,283
Corporation tax receivable		-	243
Cash and cash equivalents	16	2,284	2,860
		39,025	14,001
Total assets		84,994	52,374
Current liabilities			
Trade and other payables	17	8,769	6,041
Current tax payable		194	-
Financial liabilities	18	17,758	6,779
		26,721	12,820
Non-current liabilities			
Deferred tax liabilities	9	1,486	1,250
Financial liabilities	18	14,959	8,126
Government grants	24	2,079	1,430
		18,524	10,806
Total liabilities		45,245	23,626
Net assets		39,749	28,748
Equity			
Called up share capital	22	63	61
Share premium account	22	23,188	16,902
Treasury shares	23	(495)	-
Retained earnings		16,993	11,785
Total Shareholders' funds		39,749	28,748

Signed on behalf of the Board of Directors on 20 March 2017

J.B. Watt
Director

N.A. Simpson
Director

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital £000	Share premium £000	Treasury shares £000	Minority interest £000	Revaluation reserve £000	Retained Earnings £000	Foreign currency translation reserve £000	Total £000
At 1 January 2015	59	7,301	-	-	566	7,101	-	15,027
Profit of the year	-	-	-	-	-	2,728	-	2,728
Other comprehensive income	-	-	-	-	(566)	-	14	(552)
Issue of share capital	2	10,271	-	-	-	-	-	10,273
Transaction costs	-	(670)	-	-	-	-	-	(670)
At 31 December 2015	61	16,902	-	-	-	9,829	14	26,806
Profit for the year	-	-	-	-	-	3,169	-	3,169
Issue of share capital	2	6,522	-	1,648	-	-	-	8,172
Other comprehensive income	-	-	-	-	-	-	189	189
Transaction costs	-	(236)	-	-	-	-	-	(236)
Purchase of treasury shares	-	-	(495)	-	-	-	-	(495)
At 31 December 2016	63	23,188	(495)	1,648	-	12,998	203	37,605

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital £000	Share premium £000	Treasury shares £000	Revaluation reserve £000	Retained Earnings £000	Total equity £000
At 1 January 2015	59	7,301	-	566	7,467	15,393
Profit of the year	-	-	-	-	4,318	4,318
Other comprehensive income	-	-	-	(566)	-	(566)
Issue of share capital	2	10,271	-	-	-	10,273
Transaction costs	-	(670)	-	-	-	(670)
At 31 December 2015	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

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	NOTE	2016 £000	2015 £000
Operating activities			
Profit before tax		3,761	3,477
Adjustments to reconcile profit before tax to net cash flows:			
Loss on disposal of property, plant and equipment		56	14
Depreciation		2,918	1,722
Grant amortisation		(129)	(104)
Gain on disposal of investments		-	(642)
Working capital adjustments:			
Increase in inventory		(1,742)	(1,046)
Increase in trade and other receivables		(7,491)	(3,888)
Increase in trade and other payables		1,416	4,243
Taxation paid		(98)	(756)
Taxation refunded		115	-
Net cash flow from operating activities		(1,194)	3,020
Investing activities			
Purchase of property, plant and equipment		(21,407)	(17,617)
Purchase of intangible assets		-	(646)
Purchase of treasury shares		(495)	-
Transaction costs of purchase of treasury shares		(17)	-
Proceeds from disposal of other fixed asset investments		-	642
Proceeds from disposal of associate		-	50
Purchase of associate		-	(100)
Proceeds from disposal of property, plant and equipment		137	20
Net cash flow used in investing activities		(21,782)	(17,651)
Financing activities			
Issue of ordinary share capital		8,172	10,273
Transaction costs of issue of shares		(236)	(670)
Proceeds from new borrowings		16,181	5,201
Proceeds from government grant		778	450
Proceeds from bond issue		-	2,312
Repayment of bonds		(2)	-
Repayment of borrowings		(226)	(239)
Payments for finance leases and hire purchase contracts		(2,247)	(1,214)
Net cash flow used in financing activities		22,420	16,113
Net (decrease)/increase in cash and cash equivalents		(556)	1,482
Cash and cash equivalents at beginning of year		3,715	2,233
Cash and cash equivalents at end of year		3,159	3,715

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	NOTE	2016 £000	2015 £000
Operating activities			
Profit before tax		5,869	4,972
Adjustments to reconcile loss before tax to net cash flows:			
Loss on disposal of property, plant and equipment		56	8
Depreciation		1,616	1,011
Grant amortisation		(129)	(104)
Gain on disposal of investments		-	(642)
Working capital adjustments:			
Increase in inventory		(1,615)	(950)
Increase in trade and other receivables		(10,267)	(7,949)
Increase in trade and other payables		2,728	2,031
Taxation paid		(98)	(756)
Taxation refunded		115	-
Net cash flows (used in)/from operating activities		(1,725)	(2,379)
Investing activities			
Proceeds from disposal of associate		-	50
Purchase of treasury shares		(495)	-
Transaction costs of purchase of treasury shares		(17)	-
Loan provided to subsidiary		(13,961)	-
Purchase of associate		-	(100)
Purchase of intangible asset		-	(646)
Proceeds from disposal of property, plant and equipment		137	20
Proceeds from disposal of other fixed asset investments		-	642
Purchase of property, plant and equipment		(5,287)	(12,345)
Net cash flows used in investing activities		(19,623)	(12,379)
Financing activities			
Issue of ordinary share capital		6,524	10,273
Transaction costs of issue of shares		(236)	(670)
Proceeds from new borrowings		16,181	5,000
Proceeds from government grant		778	450
Proceeds from bond issue		-	2,312
Repayment of bond		(2)	-
Repayment of borrowings		(226)	(164)
Payments for finance leases and hire purchase contracts		(2,247)	(1,214)
Net cash flows used in financing activities		20,772	15,987
Net decrease in cash and cash equivalents		(576)	1,229
Cash and cash equivalents at beginning of year		2,860	1,631
Cash and cash equivalents at end of year		2,284	2,860

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2016

1. GENERAL INFORMATION

The financial statements of BrewDog PLC and its subsidiaries (collectively, the group) for the year ended 31 December 2016 were authorised for issue by the Board of Directors on 20 March 2017. 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 £5,208,000 (2015: £4,318,000).

Change in presentation

The comparative statement of financial position has been restated in respect of elimination of certain intercompany receivables and payables resulting in a reduction in trade and other receivables and trade and other payables of £635,000. The comparative disclosure in respect of obligations under leases and hire purchase contracts have been represented to show total future minimum payments.

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 2017 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 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.

NOTES TO THE FINANCIAL STATEMENTS CONT...

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.

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 and warehouse maintenance 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 recognised 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.

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 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 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 through 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:

	2016	2015
Geographical segment	£000	£000
UK	58,497	33,416
Europe	9,785	8,605
USA and Canada	-	765
Rest of the world	3,568	1,944
	71,850	44,730

NOTES TO THE FINANCIAL STATEMENTS CONT...

5. OPERATING PROFIT

This is stated after charging

	2016	2015	2016	2015
	£000	£000	No.	No.
Depreciation of tangible assets	2,918	1,722	Directors	7
Loss of disposal of tangible assets	56	14	Administration	74
Operating lease rentals	1,811	1,318	Production	119
Fees payable to the group's auditor for the audit of the group's annual financial statements	50	40	Selling and distribution	38
Research and development	550	400	Bar staff	355
				593
				403
and after crediting:			b. Director's remuneration	2016
Government grants	129	245	£000	2015
Profit on foreign exchange transactions	1,071	91	Director's remuneration	1,042
			Pension contributions	80
				5
				1,122
				654
			Number of directors who received share options during the year.	-
				1

Subsequent to the year-end share options were granted to 1 director.

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.

	2016	2015
	£000	£000
Audit of the financial statements	50	40
Audit related assurance services	-	10
	50	50

7. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

a. Staff Costs	2016	2015
	£000	£000
Wages and salaries	12,758	9,104
Pension costs	643	67
Social security costs	1,398	858
	14,799	10,029

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:

8. FINANCE COST

	2016	2015
	£000	£000
Bank loans and overdrafts	192	169
Hire purchase interest	210	144
Bond interest	158	13
Total finance costs	560	326

9. INCOME TAX

Group	2016	2015
	£000	£000
a) Income tax on profit on ordinary activities		
UK corporation tax on the profit for the year	561	134
Total current income tax	561	134
Amounts over provided in previous years	(136)	(71)
Total current income tax	425	63
Deferred income tax:		
Origination and reversal of temporary differences	262	652
Impact of change in tax laws and rates	(76)	-
Deferred tax adjustments in previous periods	(19)	34
Total deferred income tax charge	167	686
Income tax charge in the group statement of comprehensive income	592	749

b) Reconciliation of the total income tax charge	2016	2015
	£000	£000
Profit from continuing operations	3,761	3,477
Tax calculated at UK standard rate of corporation tax of 20% (2015 – 20.25%)	752	704
Expenses not deductible for tax purposes	73	81
Other fixed asset related movements	26	238
Other timing differences	1	(5)
Tax over provided in previous years	(155)	(71)
Change in tax laws and rate	(122)	(129)
Reduction for R&D expenditure	(143)	(104)
Non-taxable income	(26)	(151)
Unrecognised tax losses in other jurisdictions	186	56
Chargeable gains	-	130
Income tax charge in the group statement of comprehensive income	592	749

The income tax expense above is computed at profit before taxation multiplied by the effective rate of corporation tax in the UK of 20% (2015: 20.25%).

c) Deferred income tax

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

	Group 2016	Group 2015	Company 2016	Company 2015
	£000	£000	£000	£000
Deferred tax liability				
Temporary differences relating to property, plant and equipment	1,610	1,331	1,486	1,250
Deferred tax asset				
Tax losses carried forward	54	58	-	-
Net deferred tax liability	1,556	1,389	1,486	1,250
Deferred tax in the income statement				
Temporary differences relating to property, plant and equipment	167	686	236	592
	167	686	236	592

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 2016	7,573	4,491	3,878	191
Additions	3,007	1,417	1,247	33
Disposals	-	(64)	-	(34)
Transfers	5,327	-	1	-
At 31 December 2016	15,907	5,844	5,126	190
Depreciation:				
At 1 January 2016	243	516	1,069	84
Charge for the year	200	329	1,061	31
On disposals	-	(4)	-	(27)
At 31 December 2016	443	841	2,130	88
Net book value:				
At 31 December 2016	15,464	5,003	2,996	102
At 31 December 2015	7,330	3,975	2,809	107

NOTES TO THE FINANCIAL STATEMENTS CONT...

Group cont.	Plant and machinery £000	Computer equipment £000	Assets under construction £000	Total £000
Cost:				
At 1 January 2016	19,392	209	6,958	42,692
Additions	5,721	506	13,851	25,782
Disposals	(171)	-	(20)	(289)
Transfers	-	-	(5,359)	(31)
At 31 December 2016	24,942	715	15,430	68,154
Depreciation:				
At 1 January 2016	1,817	97	-	3,826
On disposals	(28)	-	-	(59)
Charge for the year	1,174	123	-	2,918
At 31 December 2016	2,963	220	-	6,685
Net book value:				
At 31 December 2016	21,979	495	15,430	61,469
At 31 December 2015	17,575	112	6,958	38,866

Included below are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £000	Motor vehicles £000	Total £000
Net book value:			
At 31 December 2016	18,089	16	18,105
At 31 December 2015	6,910	17	6,927
Depreciation charge for the year:			
31 December 2016	2,033	36	2,069
31 December 2015	1,077	15	1,092

Company	Long term leasehold property £000	Land and buildings £000	Fixtures and fittings £000	Motor vehicles £000
Cost:				
At 1 January 2016	14	6,815	220	191
Additions	11	3,007	172	-
Disposals	-	-	-	(34)
Transfers	-	5,327	1	-
At 31 December 2016	25	15,149	393	157
Depreciation:				
At 1 January 2016	2	243	111	84
On disposals	-	-	-	(27)
Charge for the year	1	200	94	25
At 31 December 2016	3	443	205	82
Net book value:				
At 31 December 2016	22	14,706	188	75
At 31 December 2015	12	6,572	109	107

Company	Plant and machinery £000	Computer equipment £000	Assets under construction £000	Total £000
Cost:				
At 1 January 2016	19,392	203	5,379	32,214
Additions	5,721	501	-	9,412
Disposals	(171)	-	(20)	(225)
Transfers	-	-	(5,359)	(31)
At 31 December 2016	24,942	704	-	41,370
Depreciation:				
At 1 January 2016	1,817	93	-	2,350
On disposals	(28)	-	-	(55)
Charge for the year	1,174	121	-	1,615
At 31 December 2016	2,963	214	-	3,910
Net book value:				
At 31 December 2016	21,979	490	-	37,460
At 31 December 2015	17,575	110	5,379	29,864

Included below are assets held under finance leases or hire purchase contracts as follows:

Company	Plant and machinery £000	Motor vehicles £000	Total £000
Net book value:			
At 31 December 2016	18,089	16	18,105
At 31 December 2015	6,910	17	6,927
Depreciation charge for the year:			
31 December 2016	2,033	36	2,069
31 December 2015	1,077	15	1,092

11. INTANGIBLE FIXED ASSETS

Group and company	Distribution rights £000
Cost	
At 1 January 2016 and 31 December 2016	646

12. OTHER NON-CURRENT FINANCIAL ASSETS

Group	Unlisted investments £000
Cost	
At 1 January 2016 and 31 December 2016	52
Net book value	
At 31 December 2016	52
At 31 December 2015	52

NOTES TO THE FINANCIAL STATEMENTS CONT...

Company	Unlisted investments	Shares in group undertakings	Total
	£000	£000	£000
Cost			
At 1 January 2016 and 31 December 2016	52	7,711	7,763
Net book value:			
At 31 December 2016	52	7,711	7,763
At 31 December 2015	52	7,711	7,763

13. INVESTMENTS IN ASSOCIATES

Group	Total
Cost	£000
At 1 January 2016 and 31 December 2016	100
Company	Total
Cost	£000
At 1 January 2016 and 31 December 2016	100

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	99%	Holding company
BrewDog GmbH	Ordinary	Germany	100%	Bar operator
Lone Wolf Spirits Ltd*	Ordinary	Scotland	100%	Dormant

During the previous year, BrewDog PLC acquired a 33% interest in Third Wave Coffee Limited, which is a coffee shop operator. Third Wave Coffee Limited is an incorporated entity and is not listed on any public exchange. The directors consider the group share of the financial results for Third Wave Coffee Limited for the period from acquisition are trivial and as such have not accounted for these within the group financial statements.

Third Wave Coffee Limited had no contingent liabilities or capital commitments as at 31 December 2016. The parent has no contingent liabilities relating to its interests in the associate.

* Incorporated on 6 May 2016

Indirectly held	Holdings	Country of registration or incorporation
BrewDog Columbus LLC	Ordinary	USA
BrewDog Brewing Company LLC	Ordinary	USA
BrewDog Franklinton LLC	Ordinary	USA

14. TRADE AND OTHER RECEIVABLES

The carrying value of financial instruments approximates fair value.

Group	2016	Restated 2015
	£000	£000
Trade receivables	13,529	5,723
Prepayments and other receivables	2,298	2,613
	15,827	8,336
Trade and other receivables due after one year amounted to £1,027,000 (2015 - £1,019,000)		
Company	2016	Restated 2015
	£000	£000
Trade receivables	13,529	5,723
Prepayments and other receivables	431	968
Receivable from group undertakings	17,883	924
	31,843	7,615

Group and company	Total	Neither past due not impaired		Past due but not impaired	
		< 30 days	30-60 days	60-90 day	Over 90 days
	£000	£000	£000	£000	£000
2016	13,529	6,114	4,306	1,877	1,232
2015	5,723	2,681	1,898	545	599

The carrying amount of the above items represents the maximum credit exposure.

15. INVENTORIES

Group	2016	2015
	£000	£000
Raw materials	1,265	813
Work in progress	692	494
Finished goods and goods for resale	3,397	2,305
	5,354	3,612
Company	2016	2015
	£000	£000
Raw materials	1,265	813
Work in progress	692	494
Finished goods and goods for resale	2,941	1,976
	4,898	3,283

16. CASH AND CASH EQUIVALENTS

Group	2016	2015
	£000	£000
Cash at bank and in hand	3,159	3,715
Company	2016	2015
	£000	£000
Cash at bank and in hand	2,284	2,860

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.

NOTES TO THE FINANCIAL STATEMENTS CONT...

17. TRADE AND OTHER PAYABLES

The carrying value of financial instruments approximates fair value.

Group	2016 £000	Restated 2015 £000
Trade and other payables	4,290	5,754
Taxes and social security	2,786	418
Other payables	4,604	4,093
	11,680	10,265

Company	2016 £000	2015 £000
Trade and other payables	3,548	3,764
Taxes and social security	2,108	412
Other payables	3,113	1,865
	8,769	6,041

18. FINANCIAL LIABILITIES

Group	2016 £000	2015 £000
Current:		
£800,000 loan	776	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	3,557	1,556
Invoice financing	6,478	-
	18,534	7,555
Non-current:		
£1,820,000 bank loan	1,244	1,354
£2,000,000 bank loan	1,597	1,713
Obligations under hire purchase contracts	9,808	2,747
6.5% non-convertible bonds	2,310	2,312
Total non-current borrowings	14,959	8,126

Company	2016 £000	2015 £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	3,557	1,556
Invoice financing	6,478	-
	17,758	6,779

Company	2016 £000	2015 £000
Non-current:		
£1,820,000 bank loan	1,244	1,354
£2,000,000 bank loan	1,597	1,713
Obligations under hire purchase contracts	9,808	2,747
6.5% non-convertible bonds	2,310	2,312
Total non-current borrowings	14,959	8,126

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 2.31% 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 2.31% 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. The facility will be reviewed at 30 June 2017.

£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 31 March 2017. It bears interest at 1.65% over the base rate.

£2,500,000 bank loan
During the year the parent company drew down the loan, originally for a maximum of £2,500,000. The loan is repayable by 28 February 2017 and bears interest at 2.75% over the base rate.

Invoice financing
During the 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%.

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 £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.

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	2016 £000	2015 £000
Contracted for but not provided in the financial statements	7,301	12,156

Company	2016 £000	2015 £000
Contracted for but not provided in the financial statements	1,333	2,115

20. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Obligations under finance 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	2016 £000	Restated 2015 £000
Not later than one year	3,557	1,556
In one to five years	9,808	2,747
	13,365	4,303

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	2016 £000	Restated 2015 £000
Not later than one year	1,595	1,393
In one to five years	6,442	5,888
In over five years	13,411	14,079
	21,448	21,360

Company	2016 £000	Restated 2015 £000
Not later than one year	319	210
In one to five years	1,093	814
In over five years	1,274	1,447
	2,686	2,471

21. 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
2016		
US Dollar/Sterling	+10%	(1,722)
	-10%	1,722
Euro/Sterling	+10%	(100)
	-10%	100
2015		
US Dollar/Sterling	+10%	(2)
	-10%	2
Euro/Sterling	+10%	(11)
	-10%	11

NOTES TO THE FINANCIAL STATEMENTS CONT...

22. SHARE CAPITAL

Group and company	2016		2015	
	No. 000	£000	No. 000	£000
<i>Authorised</i>				
Ordinary A shares of 1p each	5,075	102	5,075	51
Ordinary B shares of 1p each	1,348	25	1,348	13

Group and company	2016		2015	
	No. 000	£000	No. 000	£000
<i>Allotted called up and fully paid Ordinary A shares</i>				
At 1 January	5,075	51	1,015	51
Issue following resolution (see below)	-	-	4,060	-
	5,075	51	5,075	51

Group and company	2016		2015	
	No. 000	£000	No. 000	£000
<i>Allotted called up and fully paid Ordinary B shares</i>				
At 1 January	1,039	10	164	8
Issue following resolution (see below)	-	-	658	-
Issued through Equity for Punks	138	2	217	2
At 31 December	1,177	12	1,039	10

During the previous year a resolution to reduce the share capital nominal value from 5p each to 1p each was passed.

During the year the company issued a further 139,709 Ordinary B shares to the public under its Equity for Punks IV crowdfunding initiative, of these 134,943 were issued with an issue price of £47.50 per share, the remaining 4,766 were issued with an issue price of £23.75. This created additional share premium of £6,521,588 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.

Equity for Punks members are entitled to certain additional rights in relation to product purchases and other membership benefits.

At the year-end £nil (2015 - £50,113) of share capital and share premium remains unpaid.

At the year-end there were 51,546 (2015 - 50,546) share options granted and not exercised.

Group and company	2016		2015	
	Share premium account £000	Share premium account £000	Share premium account £000	Share premium account £000
At 1 January	16,902	7,301		
Issued through Equity for Punks	6,522	10,271		
Transaction costs	(236)	(670)		
At 31 December	23,188	16,902		

23. RESERVES

Treasury shares

Treasury shares represent the cost of BrewDog PLC shares purchased in the market and held by BrewDog PLC.

During the year the Group acquired 10,424 of its own shares at a cost of £47.50 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.

24. GOVERNMENT GRANTS

Group and company	2016		2015	
	£000	£000	£000	£000
At 1 January	1,430	1,084		
Received during the year	778	450		
Released through the statement of comprehensive income	(129)	(104)		
At 31 December	2,079	1,430		

	2016		2015	
	£000	£000	£000	£000
Current	146	145		
Non-current	1,933	1,285		
	2,079	1,430		

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.

25. 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	99
BrewDog GMBH	Germany	100
BrewDog Columbus LLC	USA	100
BrewDog Brewing Company LLC	USA	100
Lone Wolf Spirits Limited	Scotland	100
BrewDog Franklinton LLC	USA	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
<i>Wholly owned subsidiaries:</i>				
BrewDog Retail Ltd				
2016	6,231	-	2,273	-
2015	4,858	-	194	-
BrewDog USA Inc				
2016	-	-	13,961	-
2015	-	-	16	-
BrewDog GMBH				
2016	12	-	862	-
2015	-	-	79	-
<i>Associate</i>				
Brew by Numbers Ltd				
2016	-	-	-	-
2015	21	38	-	-
Other directors' interests				
2016	30	225	18	39
2015	97	115	8	28

Director's loan	Amounts owed to related parties £000
2016	9
2015	85

Director's loan

Amounts due to directors are non-interest bearing and are repayable on demand.

Other directors' interests

During both 2016 and 2015, purchases at normal market prices were made by group companies from JBW (77) Limited, a company controlled by one of the directors.

During both 2016 and 2015, 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.

26. POST BALANCE SHEET EVENTS

Subsequent to the year end the company raised £10m through a crowd funded bond issue

INDEPENDENT AUDITORS REPORT

To the members of BrewDog PLC

We have audited the financial statements of BrewDog PLC for the year ended 31 December 2016 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 26. 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.

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON THE FINANCIAL STATEMENTS IN OUR OPINION:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 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 UK Companies Act 2006.

OPINION 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.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where 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.

Jamie Dixon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Aberdeen

20 March 2017

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

BREWDOG PLC SUMMARY

5 APRIL 2019

BREWDOG PLC SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A to E.

This summary contains all the Elements required to be included in a summary for this type of securities and this type of issuer. The securities are being issued pursuant to the prospectus (constituted by this summary, the Securities Note and the Registration Document) issued by BrewDog plc (the “Prospectus”) containing an offer for subscription (“Offer”) of B Shares of £0.001 each in the Company (“New B Shares”). Some of the Elements are not required to be addressed and, as a result, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in this summary, it is possible that no relevant information can be given regarding that Element. In these instances, a short description of the Element is included, together with an appropriate ‘Not applicable’ statement.

A. Introduction and warnings

A1 Warning

This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only 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 it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

A2 Consent for intermediaries

The Company and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the closing date of the Offer which is expected to close on 5 July 2019 (or earlier if fully subscribed or later if extended at the discretion of the Directors). There are no conditions attaching to this consent.

In the event of an offer being made by a financial intermediary, financial intermediaries must give investors information on the terms and conditions of the Offer at the time they introduce the Offer to investors.

B. Issuer

B1 Legal and commercial name

BrewDog plc (the “Company” or “BrewDog”).

B2 Domicile / Legal form / Legislation / Country of incorporation

The Company is a public limited liability company which is registered in Scotland with registered number SC311560. The principal legislation under which the Company operates is the Companies Act 2006 (the “Act”) and the regulations made thereunder.

B3 Key factors of the Company’s current operations and principal activities

BrewDog has been one of the fastest growing food and drinks manufacturers in the UK over the last seven years. It is primarily a brewer of craft beers but also operates some 75 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 66.56% and since 2009 the Company and its US subsidiary BrewDog USA Inc. have raised over £67 million through its Equity for Punks crowdfunding offers and crowdfunded bond issues.

In April 2017, in a deal worth £213 million TSG Consumer Partners (through two Cayman Islands registered partnership vehicles) acquired approximately 23.5% of the Company (based on the number of shares issued at the time), with £100 million in proceeds going into the business for continued expansion, and the balance to create early shareholder liquidity. The transaction valued the Company at a £1 billion enterprise value and is designed to deliver long term capital with 7-year time horizon.

B4a Significant recent trends affecting the Company and its industry

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, reported at a rate of one every three days¹. 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. Despite the strong growth of the Company’s business and the craft beer market as a whole over the last seven years, there is no certainty that this will continue.

B5 Group description

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 the operating company in respect of the Group’s whiskey, gin and vodka distillery operations, 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 a cider production business acquired by the Company in April 2018.

The Company has two US subsidiaries, BrewDog USA Inc 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 Hong Kong subsidiary, Brewdog Group HK Limited, a 70% owned South Korean subsidiary Brewdog Bar Korea, a Spanish subsidiary BD Casanova SL.

B6 Material Shareholders / Different voting rights / Control

All Shareholders have the same voting rights in respect of the existing share capital of the Company.

As at 4 April 2019, 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 23.4% of the Company’s issued share capital).

As at 4 April 2019, the following key members of the Company’s management hold, in aggregate, A Shares representing approximately 52.58% of the total shares in issue as follows:

¹ <https://www.ft.com/content/9397c49c-88c1-11e6-8cb7-e7ada1d123b1>

SHAREHOLDER	NUMBER OF A SHARES HELD	PERCENTAGE OF ISSUED SHARE CAPITAL*
James Watt	18,004,237	24.74%
Martin Dickie	15,744,233	21.64%
Charles Keith Greggor*	3,822,039	5.25%
Neil Simpson	597,736	0.82%
Allison Green	45,450	0.06%
David McDowall	45,450	0.06%
Frances Jack	-	-
James O'Hara	-	-
Jason Keith Marshall	-	-
Andy Shaw	-	-

* Held through Griffin Group LLC and Kelso Ventures LLC.

B7 Selected financial information and statement of any significant changes

The Company's annual accounts for the years ended 31 December 2016, 2017 and 2018 were prepared in accordance with International Financial Reporting Standards (IFRS).

	Audited year ended 31 December 2018	Audited year ended 31 December 2017	Audited year ended 31 December 2016
	£000	£000	£000
GROUP STATEMENT OF INCOME			
Gross revenue	171,619	110,870	71,850
Cost of sales + Duty	(113,878)	(73,244)	(47,075)
Gross profit	57,741	37,626	24,775
Operating profit	832	2,704	4,377
(Loss) / Profit after Tax	(1,493)	870	3,169
CONSOLIDATED BALANCE SHEET			
Fixed assets	141,493	82,527	62,267
Current assets	91,706	120,697	24,340
Current liabilities	46,743	29,933	30,408
Non-current liabilities	21,462	26,468	18,594
Net assets	(1,493)	870	3,169

	Audited year ended 31 December 2018	Audited year ended 31 December 2017	Audited year ended 31 December 2016
	£000	£000	£000

CONSOLIDATED CASH FLOWS

Net cash inflow/(outflow) from operating activities	(6,029)	4,865	2,265
Net cash outflow used in investing activities	(57,208)	(25,216)	(20,711)
Net cash flow used in financing activities	13,717	105,690	22,420
Net (decrease) / increase in cash	(49,520)	85,339	(556)
Cash and cash equivalents at end of year	38,978	88,498	3,159

The Group's revenues have risen from £44,730,000 at 1 January 2016 to £171,619,000 at 31 December 2018. Gross profit has increased from £16,954,000 at 1 January 2016 to £57,741,000 at 31 December 2018. After-tax profits for the year ended 31 December 2017 of £870,000 reversed to an after-tax loss of £1,493,000 for the year ended 31 December 2018 as the Company made heavy investments into future growth plans. Net assets have increased from £26,806,000 at 1 January 2016 to £164,994,000 at 31 December 2018.

The key factor in driving these increases in 2017 and 2018 has been the continued growth of the UK business. We have also raised more than £66 million from crowdfunded equity and mini-bond issues since incorporation which has significantly increased our net assets and allowed us to invest to expand the business, including the opening of our US brewery in Columbus, Ohio.

As a result of shares issues pursuant to the fifth round of Equity For Punks offer between January 2018 and November 2018, the Company raised £26.2 million through the issue of B Shares of £0.001 each.

On 29 March 2017, the Board resolved that the Company's share capital be subdivided by dividing each A Share of £0.01 into 10 A Shares of £0.001 and by dividing each B Share of £0.01 into 10 B Shares of £0.001 and 8,383,915 of the Company's newly subdivided A Shares were converted into Preferred C Shares. On 6 April 2017, the holders of the converted A Shares sold their Preferred C Shares to two US-managed private equity vehicles, TSG AIV and TSG LL, who also subscribed for a further 7,776,934 Preferred C Shares respectively, investing a total of £102,499,990.10 in the Company and leaving them with a final aggregate holding of 16,160,849 Preferred C Shares and 891,383 warrants (equal to approximately 23.4% of the Company's issued share capital at the time of investment and on a fully diluted basis). The warrants have subsequently been exercised in full and converted into A Shares.

The Company has implemented proposals whereby 10% of its profits are distributed evenly amongst its staff each year and a further amount of up to £1 million each year is given to the BrewDog Foundation, which will give the money to the charities that it selects, with £207,774 paid out to date.

Save as set out above in respect of the period covered by the historical financial information and in the period between 31 December 2018 and the date of publication of the Prospectus, there has been no significant change to the Company's financial condition and operating results.

B8 Key pro forma financial information

There is no pro forma information contained in the Prospectus.

B9 Profit forecast

There are no profit forecasts contained in the Prospectus.

B10 Qualifications in the audit report

Not applicable. There were no qualifications included in any audit report on the historic financial information included in the Prospectus.

B11 Insufficient working capital

Not applicable. The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the twelve-month period from the date of this document.

C Securities

C1 Description and class of securities and authority

The securities being offered pursuant to the Offer are B Shares of £0.001 each ("New B Shares").

C2 Currency

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.

C3 Shares in issue

As at the date of this document 43,697,247 A Shares, 12,901,173 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 280,000 if the Offer is fully subscribed at £7 million. If the full stretch goal of £50 million is reached, approximately 2,000,000 New B Shares will be issued. A further 40,000 B Shares will be issued pursuant to the BrewDog Millionaire competition.

C4 Description of the rights attaching to the securities

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

C5 Restrictions on transfer

The Board may, in its absolute discretion, refuse to register any transfer of a Share.

C6 Admission

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.

C7 Dividend policy

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

D Risks

D1 Key information on the key risks specific to the Company or its industry

The Company

- Whilst the Company completed construction of a brewing facility in the US in 2017 and has commenced construction of a further facility in Australia, its UK and European brewing business is highly concentrated on one site at Ellon and a prolonged disruption to brewing activities (e.g. due to fire or industrial action) at its brewing site could have a negative effect on the Company's ability to brew its products. This 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 in which bars in which BrewDog has an interest are or may be located. This could have a negative effect on the Company's operating results, financial condition and prospects.

- The Company may undertake further equity financing which may be dilutive to existing Shareholders or result in an issuance of securities whose rights, preferences and privileges are senior to those of holders of B Shares, reducing the value of B Shares subscribed for under the Offer 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. As such, the Company will have reduced profits with which to pay dividends in future and reinvest in the Company.
- 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.
- 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.

D2 Key information on the key risks specific to the securities

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 there can be no guarantee that it will become listed or on what timescale. As such, for the time being our shares can only be sold once a year (provided we don't have an offer open) via our trading platform. Also, as we are not yet listed we are also not currently subject to all the rules and regulations which apply to listed companies.
- The Offer is dependent on the approval of Shareholders at our AGM. In the unlikely event the resolutions are not passed, the Offer will not go ahead.
- 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 each year a further amount up to £1 million per year is given to the BrewDog Foundation, to be distributed to the charities that it selects. As such, the Company will have reduced profits, which will be reinvested in the business.
- 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.

E Offer

E1 Offer net proceeds

The Company is proposing to raise up to £7 million pursuant to 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.

E2a Reasons for the Offer and use of proceeds

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 stretch goal of £50 million is achieved the Company will look to fund the following projects:

Head of Cost	Estimated Funding Requirement
Brewpubs in France, Germany, Italy & Spain	£4 million
Increase to production capacity in Ellon	£1 million
'Hop Drop' chilled beer delivery service	£1 million
Initial planning for The DogHouse hotel, London	£1 million
Five additional bars in France, Germany, Italy & Spain	£16 million
Further investment in The DogHouse Hotel, Brewery & Craft Beer Museum in London	£9 million
Further increase to production capacity in Ellon	£8 million
US Distillery and Events space on USA Campus	£4 million
Bars and Brewpubs in Asia	£6 million
TOTAL	£50 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.

E3 Terms and conditions of the Offer

The Offer comprises B Shares in the Company offered at a price of £25.00 each. Applications must be submitted no later than 5 July 2019 (unless the Offer has closed earlier due to reaching full subscription or extended at the discretion of the Directors). The minimum subscription is £25.00 for one New B Shares. The maximum subscription via online application is £4,975 for 199 New B Shares. There is no maximum subscription when investing by cheque with a paper Application Form. Pending the issue of the New B Shares, subscription monies will be held by the Receiving Agent in a non-interest bearing account.

E4 Description of any interest that is material to the issue

Not applicable. There are no interests that are material to the issue.

E5 Name of persons selling securities

Not applicable. No person is selling securities in the Company.

E6 Amount and percentage of immediate dilution

Approximately 280,000 B Shares will be issued pursuant to the Offer if fully subscribed at its initial target of £7 million, along with an additional 40,000 to be issued at their nominal value to the winner of the BrewDog Millionaire competition. The New B Shares issued under the Offer and these additional shares would therefore represent approximately 0.44% 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 2,000,000 New B Shares, along with 40,000 additional BrewDog Millionaire shares as noted above, will be issued together representing 2.73% of the total Shares in issue at the close of the Offer.

E7 Expenses charged to the investor

Not applicable. No expenses will be charged to the investor by the Company in respect of the Offer.

5 April 2019