BREWDOG

BREWED IN ELLON

ANNUAL REPORT

AND ACCOUNTS

FOR THE YEAR
ENDING 2021

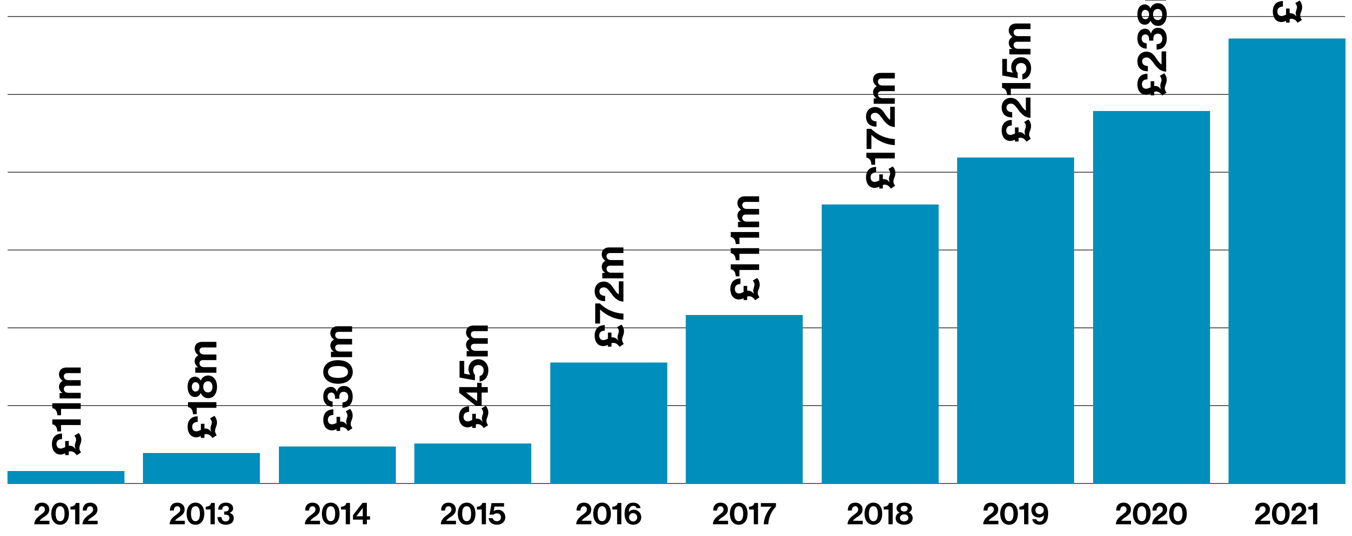
UNITED WE STAND FOR BETTER BEER

FIERCELY DEFIANT AND INDEPENDENT

CONTENTS

2021 IN NUMBERS

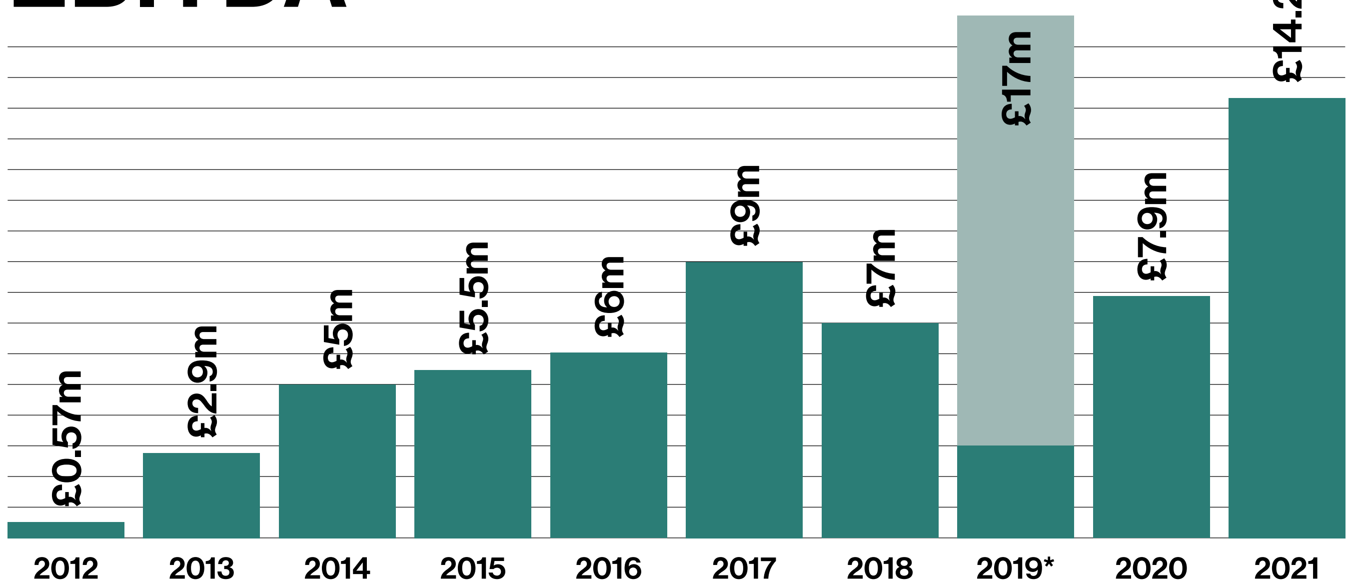
GROUP REVENUE



OUR GROSS MARGIN GREW TO **53%**

OVER **200k** EQUITY PUNK INVESTORS IN OUR COMMUNITY

2021 ADJUSTED EBITDA



*2019 adjusted EBITDA included a one-off gain on acquisition of £14million

For full breakdown please see page 42

PUNK IPA IS THE NO.1 CRAFT BEER IN THE UK

5 OF THE TOP 10 CRAFT BEER PRODUCTS SOLD IN UK SUPERMARKETS ARE BREWDOG PRODUCTS!

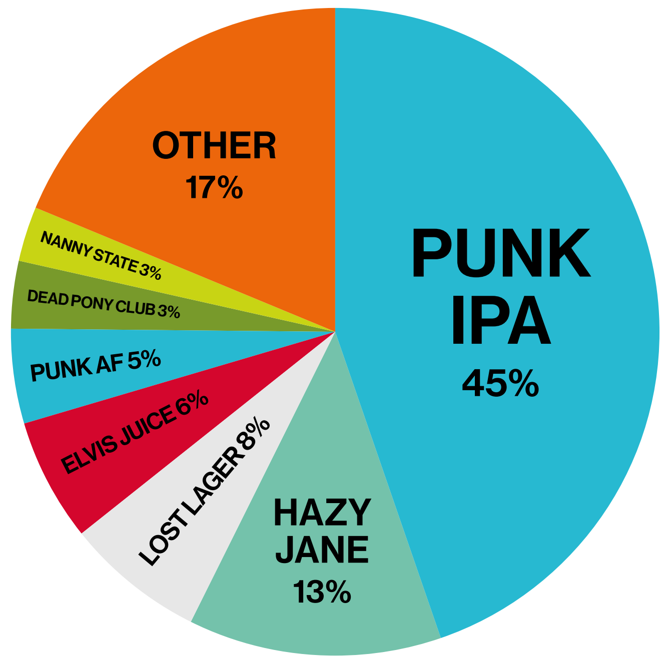
	BREWDOG PUNK IPA	BREWDOG HAZY JANE	BREWDOG LOST LAGER	BREWDOG MIXED PACK	BREWDOG ELVIS JUICE
Value Sales ('M)	£60.72	£22.67	£14.82	£9.58	£8.64
Value % Share	18.75	7	4.58	2.96	2.67

*Source - Nielsen Scantrack- Data To WE 01.01.22

IN 2021, WE GREW OUR GROUP REVENUE BY **21%** DESPITE THE PANDEMIC

962k HL OF BEER SOLD WORLDWIDE

BEST SELLING BEERS



GLOBALLY, WE NOW EMPLOY OVER **2,300 PEOPLE**

724% ECOMMERCE GROWTH VERSUS 2019

A LETTER FROM THE CHAIR

It gives me great pleasure to write to you in my first Chair statement at BrewDog. As a business and brand that I have long admired, it has been really exciting to join the BrewDog board and work closely with James and the rest of the leadership team. I have always believed that the best brands and products will win over the biggest brands and products, and it is clear to me that the BrewDog brand and its products are truly world class.

BrewDog has three very clear pillars that are at the heart of everything we do - producing world class beer, with a huge focus on sustainability, together with the goal of being the best company to work for.

Beer

BrewDog is spearheading the movement to make people across the world as passionate about great beer as we are. The potential for the brand and products globally is really exciting. BrewDog continues to be the global leader in craft beer, and leads the majority of the market in the UK. Our flagship beer, Punk IPA, continues to be the dominant brand with great progress seen elsewhere across the range too. Hazy Jane grew by more than double and has outstanding momentum and potential, which we will lean heavily into in 2022. Lost Lager has also had a stand-out year, now sitting as the UK's #1 craft lager and accounting for 5% of the total craft beer sales in the UK in 2021, despite being only 8% of BrewDog's total volume.

Planet

BrewDog's investment into a range of planet-focused projects continues to be ground-breaking. For example, The Lost Forest in Scotland will be one of the biggest afforestation projects in Europe, and work to prepare the relevant approvals to commence tree planting and peatland restoration was undertaken in 2021. Our effort to utilise our own waste to power our brewery continues apace, as does our focused and important work reducing our overall emissions, as we strive to be net zero by 2023. We also installed solar panels on the roof of our Australian brewery, planted our hop farm on our Columbus campus, and established a dedicated department for our sustainability efforts ensuring it gets the full attention it needs for the future of our people, beer, and planet.

People

Having joined the business in September 2021, it was clear that a significant amount of work was already underway in addressing the concerns raised in an open letter by former employees in June 2021. We have taken and continue to take many actions to be the best employer we can be, to ensure our people and their welfare are central to everything we do. Core to the response to the open letter was the decision to conduct an independent review into our culture overseen by the Deputy Chair, Blythe Jack. The review was completed as promised before the end of the year and findings were published on our website in December. The review highlighted that despite the criticism at the time of the open letter, the vast majority of our crew enjoy working at BrewDog. It also showed that we have moved on a long way in terms of how we look after our people, and that we now have an outstanding leadership team in place, as well as a much stronger and more supportive culture.

But it also made clear there were areas for improvement – in particular around ensuring our teams are given the development and training they need, as well as ensuring a clear pathway to progression is made available to all crew members, and putting in place greater resource throughout the business. Those initiatives are ongoing, and we will announce further exciting new initiatives during the year.

In 2022, we have already made great strides with how we recognise our people. James has donated 5% of the company to our teams, which means our community and our crew collectively are the largest shareholder in the business. We also updated our Unicorn Fund to better reward our hardworking, frontline people in our bars, who now share 50% of their bars' profits between them. Their incredible work and passion for our industry deserves recognition in this way.

Although we reported an operating loss of £5.5m in 2021, this was an improvement of 19% on 2020 and was driven by the heavy hospitality restrictions during most of 2021. BrewDog has delivered significant growth over the years and continues to develop ambitious plans to continue that growth on a global basis. The work we have undertaken and will continue to undertake to develop our people will ensure we have significant potential to fulfil those aspirations.

I'd like to thank all of the crew for their amazing efforts and hard work, in being resilient to the challenges faced In the last 12 months and being energised for the exciting times ahead.

ALLAN LEIGHTON
CHAIR

CAPTAIN'S UPDATE

HI EVERYONE,

AFTER AN INCREDIBLE 15 YEARS, THE BUSINESS THAT MARTIN AND MYSELF STARTED IN A GARAGE IS NOW 91 DOG YEARS OLD. IT HAS BEEN A PRETTY REMARKABLE JOURNEY SO FAR; AS A TEAM WE HAVE BUILT THE WORLD'S MOST VALUABLE INDEPENDENT BEER BRAND, BROKEN CROWDFUNDING WORLD RECORDS, AND BECOME THE WORLD'S FIRST CARBON NEGATIVE BREWERY.

Looking ahead we have a once-in-a-generation opportunity to build a business and a brand that has a huge positive impact on the world. We firmly believe in our goal of becoming one of the world's five most valuable beer brands over the next five years, all whilst flying the flag for sustainability and better business.

As we emerge from the pandemic and what has been an incredibly challenging couple of years for our business, I wanted to reflect on 2021, share our plans for the next 12 months, and also reiterate our long-term ambition for BrewDog.

When the pandemic hit in March 2020, we lost 70% of our revenue overnight and I honestly thought we would not make it through the storm. Due to a remarkable effort from our team, we not only survived but we managed to grow our business overall despite the fact that most of our 100 bars were closed for the majority of the last 2 years. We grew revenue 10% in 2020 and 21% in 2021 to over £285m. Adjusted EBITDA increased by 79% to £14.2m, demonstrating the strong progress even with the majority of the bars being heavily restricted for much of the year. Despite these restrictions, there was a 19% improvement in the operating loss of £5.5m. As well as surviving, we also helped our community make it through the pandemic by making and donating huge volumes of hand sanitiser, and in 2020 we became the world's first carbon negative brewery.

Furthermore, the open letter we received from former team members in June 2021 certainly gave us cause to pause and reflect on both our plans and our people strategy. We decided to use the letter as a catalyst to get better; to listen to the amazing people in our business and to use their feedback to become

the best employer we can be. We undertook a full independent review of our culture with WISER. The results of that review can be found here:
www.brewdog.com/uk/independent-culture-review

Over the last 12 months, we introduced many new measures focused on our people, and ensuring we are the best employer we can be. To mark our 15-year anniversary, we recently announced two ground-breaking new initiatives in the BrewDog Blueprint.

Firstly, I gave 5% of BrewDog to our team directly from my own shareholding; this is worth almost £100m at the last Equity for Punks valuation. These shares in BrewDog will be distributed evenly among all our salaried team members with each and every one of them receiving around £30,000* in shares per year, over the next 4 years. This is worth around £120,000 at the moment, but if we reach our goals as a business, that value could become considerably more. This radical new initiative is about ensuring we win collectively, and we all benefit from the hard work we are putting into the business.

Secondly, we want to create a radically new business model for hospitality, and to that end we now share 50% of our bar profits evenly with the team members who work in each of our locations. People make places special, and our BrewDog retail crew make our bars places that we are all very proud of. By sharing 50% of profits with our crew, we're setting the bar higher for hospitality workers everywhere, and democratising the benefits of working for a successful bar or business.

*refer to page 21 for further details.

WE WANT TO CREATE A RADICALLY NEW TYPE OF BUSINESS MODEL, AND THESE 2 INITIATIVES HELP US DO JUST THAT; ENSURING EVERY SINGLE PERSON IN THE TEAM CAN BENEFIT FROM THE GROWTH AND SUCCESS THAT WE COLLECTIVELY CREATE.

You can read more about our people-focused initiatives on page 16.

We want to create a radically new type of business model, and as such, we constantly strive to find ways to support our people at every level in the business and we are working on some fantastic new people initiatives that we will announce over the course of 2022.

In 2021 we added an independent Chair in Allan Leighton to our board and also appointed Blythe Jack as Deputy Chair. We continued to build our leadership team with Niall McCallum joining as CFO, Adrian Klie joining as our German CEO, and Lauren Carrol being promoted to be our Brand & Marketing Director. We opened 14 amazing new locations including flagship sites in Cleveland, New Albany, Mumbai, Frankfurt, and two brilliant hotels in Edinburgh and Manchester. Lost Lager proved a big success as we look to penetrate the lager space, and Hazy Jane has seen a brilliant year of growth.
2022 is all about continued growth for BrewDog. Our Ellon HQ brewery is currently undergoing a £40m expansion in a year where we are investing over £70m globally to further grow our business. We grew our sales strongly in 2020 and 2021, and this new investment puts in place the foundation for continued future growth. We also have over 25 new locations opening

over the course of 2022, with iconic flagship locations in both Las Vegas and Waterloo station due to open in Q3. We are also continuing to focus on our sustainability initiatives, making huge investments in both reducing our emissions and removing carbon from our atmosphere with our beautiful Lost Forest project.

OVER THE NEXT DECADE, WE WANT TO BUILD ONE OF THE WORLD'S LEADING BEER BRANDS. FOR CONTEXT, WE ARE CURRENTLY 16TH ON THE GLOBAL LIST. WE WILL DO THIS BY MAKING GREAT BEER, THAT IS GREAT FOR THE PLANET, FOR US ALL.

Given the level of innovation we have seen in other industries over the last decade, it is staggering how little innovation, premiumisation or disruption we have seen in beer at the global level. It is startling, but if we look at the world's top 10 leading beer brands, they were all founded over 100 years ago. For example; Budweiser (1875), Guinness (1759), Heineken (1864) and Miller (1855).

THERE HAS BEEN NO PREMIUM GLOBAL BEER BRAND SUCCESSFULLY LAUNCHED IN THE LAST 100 YEARS. OUR MISSION SIMPLY MUST BE TO CHANGE THAT.

THIS IS NOT ABOUT WINNING IN CRAFT; THIS IS ABOUT CHANGING THE WORLD OF BEER FOREVER.

We are determined to turn BrewDog into one of the world's top 5 beer brands and we are fully focused on that goal.

Hold Fast
James

BREWDOG IS ON A MISSION TO MAKE OTHER PEOPLE AS PASSIONATE ABOUT GREAT BEER AS WE ARE

FOR BETTER BEER
FOR BETTER PLANET
POWERED BY PEOPLE
FOR US ALL

SINCE 2007, WE HAVE BEEN CHANGING THE WAY PEOPLE THINK ABOUT BEER, AND MORE RECENTLY, WE HAVE INTEGRATED AN URGENT NEED FOR CRITICAL CHANGE TO PREVENT FURTHER DAMAGE TO PLANET EARTH

BEER

WORLD CLASS BEER IS OUR TRUE NORTH

We strive to get our beer into the hands of as many people as possible, whether that's via our growing ecommerce business, our international sales team, or our collection of over 100 craft beer venues worldwide.

We train more staff to Cicerone certification than any other business on the planet, so our people can level-up their beer knowledge and see an increase in pay for every exam they pass.

We give away our recipes annually via DIY Dog so people can try their hand at making amazing beer at home.

And we support and promote other incredible breweries in our bars as well through our annual Collabfest, whereby each of our venues partners with a local brewery, and collaborates on a beer. All those beers are launched simultaneously, worldwide, promoting the diversity and eclecticism of great craft beer.

PLANET

WE CAN'T GROW HOPS IN A DESERT

We are dedicated to proving that business can be a force for good, and it is therefore imperative that we prioritise reducing our emissions and increasing our sustainability every single day.

From planting our own forest across more than 9,000 acres of land in Scotland, to installing an anaerobic digester to turn our waste into gas to power our brewery (and give back to the grid, too), through to growing our own hops in America and switching to an electric vehicle fleet – we are fully focused on having the lowest possible impact on our planet.

PEOPLE

WITHOUT US, WE ARE NOTHING

As a business we strive to be the best company to work for. Ever. We offer a world-class benefits package to all our teams including enhanced healthcare, sustainable pensions and enhanced parental leave, as well as puppy leave for any new dog-owners! In 2022, we unveiled two of the most important initiatives for our people to date; We have reimagined our Unicorn fund, meaning we now share 50% of the profits from our bars equally among everyone in that part of our business. Plus, our salaried staff will soon own 5% of the business themselves, too.

We also focus on career progression and internal promotion, offer mental health support across a variety of channels and access points, and high-end training for a variety of disciplines.

WE HAVE HUGE AMBITIONS TO BE THE BEST COMPANY TO WORK FOR IN THE WORLD, TO MAINTAIN OUR POSITION AS THE WORLD'S MOST SUSTAINABLE BEER BUSINESS, AND TO BECOME THE WORLD'S MOST SUCCESSFUL BREWERY

WE ARE BREWDOG

BREWDOG'S HISTORY

2007

BrewDog was born. BrewDog was started by two men and a dog in a ramshackle outfit in rugged North East Scotland. James Watt & Martin Dickie set out with a desire to change the way people see beer in the UK, taking inspiration from US brewers such as Sierra Nevada.

2008

BrewDog releases Tokyo, the world's strongest beer at the time, and press accuse BrewDog of being responsible for 'the downfall of Western civilisation'. The brewery starts export into Sweden, Japan and America.

2009

Having exhausted traditional financing options, BrewDog was on the brink of incredible growth, but lacked the investment to achieve it. So, they turned to their community, raising £750,000 from 1,329 people, and the brewer's crowdfunding journey began. By the end of the year, the business had grown 200%.

2010

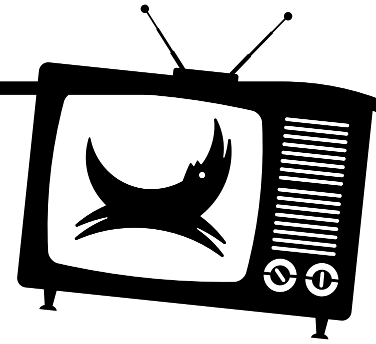
BrewDog Aberdeen opens its doors as the first craft beer bar under the BrewDog banner. Hardcore IPA wins gold at the World Beer Cup, and BrewDog released the new world's strongest beer - The End of History – a 55% ice-distilled Belgian-style beer brewed with nettles and juniper.

2011

Bars open in Edinburgh, Glasgow and London, Sunk Punk – a beer brewed at the bottom of the ocean – is released, the business grows 200% again, and £2.2million is raised via Equity for Punks II, with 5,000 new shareholders joining the ranks.

2012

6 new venues are added to the roster of BrewDog bars, Dead Pony Club is launched, and BrewDog moves its brewing operations to a brand new purpose-built facility in Ellon, Aberdeenshire.



2013

10,000 investors buy in to Equity for Punks III from 22 countries, and the Brew Dogs TV show airs in the USA. A new look was unveiled for BrewDog.

2014

12 new BrewDog bars open their doors as far afield as Shepherd's Bush and Tokyo, as well as a taproom at BrewDog HQ.

2015

The first canning line is installed in BrewDog's brewery in Aberdeenshire, our US facility is announced, and 17 BrewDog bars arrive on the scene.

2016

The first edition of DIY Dog is released – unveiling the recipes to all our beers for anyone to try at home.

2017

The Unicorn Fund is launched – our pledge to give 10% of our profits to our teams every year. Equity for Punks V launches.

2018

BrewDog opens The DogHouse – the world's first hotel inside a brewery – in Columbus Ohio, and Equity for Punks V closes on a world record £22.6million.

2019

We launch breweries in Berlin and Brisbane, shortening the distance our beer travels to reach craft beer fans around the world.

2020

A rebrand kicked off 2020, before COVID-19 took hold in one of the most challenging years in living memory. We found ways to support our community by pivoting our distillery to produce hand sanitiser, donating hundreds of thousands of bottles to key workers and the NHS. We also became the world's first carbon negative brewery.

2021

Our crowdfunding round focused on sustainability initiatives breaks our own world record, achieving £30.2million from 73,000 people, bringing our total shareholder community to more than 200,000 people worldwide!

2022 (and beyond!)

We continue our ambitious journey to be one of the world's leading beer brands, the most sustainable business we can possibly be and the best company to work for in the world. Onwards...

2021 AT A GLANCE

Lost Lager was the Top Beer & Cider Launch of 2021*

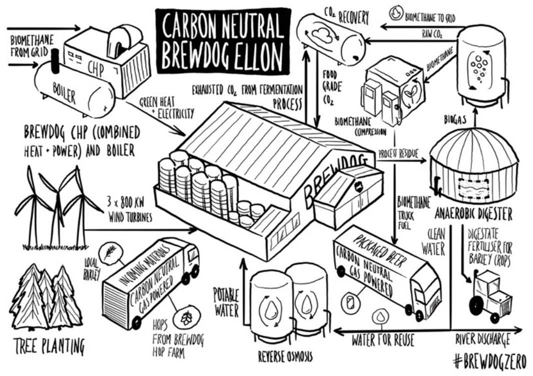
Hazy Jane became the fastest growing IPA in UK supermarkets

We offered to give everyone in France a free 4-pack of Punk IPA!

We closed Equity for Punks Tomorrow, raising a world-record £30.2million in total from 73,000 people!

Launched new bars in Cleveland, New Albany, Huddersfield, Frankfurt, Mumbai and beyond!

Shipped 962k HL of beer



Building work started on our £10m Anaerobic Digester plant, turning our brewery effluent into biogas

Opened two new hotels in Manchester and Edinburgh

Launched our electric beer truck – the first of its kind - reducing emissions by 500kg CO_2e per week!

Progressed the development of 9,308 acres of land for our Lost Forest tree planting and peatland restoration projects

We announced a joint venture with Asahi for BrewDog beer distribution & marketing in Japan

Our TV ad – Beer For All – aired in August

Appointed Allan Leighton as Chair

Grew our ecommerce business by 724% since pre-pandemic

Launch of the BrewDog workplace code

*The Grocer, 2021

THE BREWDOG BLUEPRINT

IN MAY 2022, WE UNVEILED THE LATEST BREWDOG BLUEPRINT – A ROADMAP FOR THE FUTURE OF OUR BUSINESS AS WE LOOK TO BUILD OF OUR 3 FOUNDATIONAL PILLARS; BEER, PEOPLE, PLANET. YOU CAN FIND THE BLUEPRINT BY VISITING WWW.BREWDOG.COM/BREWDOG-BLUEPRINT BUT HERE ARE SOME OF THE HIGHLIGHTS...

PEOPLE

BREWDOG 50/50 PROFIT SHARE

THIS BAR NOW SHARES HALF OF ITS PROFITS WITH THE AMAZING PEOPLE WHO WORK HERE.

BREWDOG ALUMNI CLUB

HOPSTOCK

We are sharing almost £100m of BrewDog equity with our team members.

James is giving away 5% of BrewDog to our team. This is worth almost £100m at our last capital raising valuation, and all of these shares will come directly from James' shareholding. This means 3.7 million shares in BrewDog will be distributed evenly amongst all of our salaried team members with each of them receiving approximately £30,000* per year in shares over the next 4 years with the first award of shares due in June 2022. This means we are now more than 25% owned by the people who matter most to us; our incredible team and our Equity Punk community who have been with us every step of the way on this crazy ride.

They collectively are now our largest shareholder and will play a huge part in the next chapter of the story of this remarkable business.

BAR 50% PROFIT SHARE

By sharing 50% of profits with our bars crew, we're setting the bar higher for hospitality workers everywhere, and democratising the benefits of working for a successful business in our industry. We want to incentivise our amazing people to act like business owners, by rewarding them just like business owners.

THE BREWDOG ALUMNI CLUB

Throughout our first 15 years, so many fantastic team members have played key roles in our journey and then moved onto other things professionally. With the BrewDog Alumni Club we want to formally recognise the contribution that all of our former team members have made and also thank them for their efforts, giving them lifetime discounts and access to newsletters and exclusive events.

*refer to page 21 for further details.

PLANET

THE LOST FOREST

THE LOST FOREST IS A £15M INVESTMENT THAT WILL HELP US TAKE CARBON DIOXIDE OUT OF OUR ATMOSPHERE AS WELL AS CONSERVE AND RESTORE A BEAUTIFUL PART OF SCOTLAND CREATING MUCH NEEDED BIODIVERSE NATURAL HABITS TOO, FOR FUTURE GENERATIONS.

THERE ARE NO NON-RADICAL SOLUTIONS LEFT.

BREWDOG BIOPLANT

Our new onsite bioplant facility is a £12m+ investment, and will be one of the most advanced in the global brewing industry in terms of sustainability. It is currently being commissioned.

CO2 RECOVERY

The next phase of the bioplant project is to capture the CO2 produced by the AD plant and during fermentation, to be fed back to the brewery.

ELECTRIC VEHICLES

We launched our electric HGV truck in London in 2021, and within the first five months, it had already saved 12.7 tonnes CO2e in emissions!

BIOGAS TRUCKS

We are converting our effluent and spent yeast and hops from the brewing process into biogas, which will further power our brewery as well as our HGVs.

WIND POWER

All of our UK business is now wind powered and our other businesses globally also purchase green electricity supplies.

BEER

ALPHA DOG

We are converting our former DogTap space in BrewDog HQ into a new, cutting edge small batch experimental brewery

NANODOG

NanoDog is based in Ohio and it's a tiny, tiny brewery brewing some of our most eclectic and unique beers which constantly rank amongst the world's very best on Untappd.

HIGH OCTANE

High Octane is the name given to our monthly small-batch releases. It's all about doing things a little bit differently, with the ABV cranked up that little bit higher.

BREWDOG & FRIENDS

A beer club with a difference. BrewDog & Friends beers are all made at our HQ which ensures all of the beers are fresh and our environmental impact is much lower than traditional beer clubs that ship beer all over the planet.

OUR PEOPLE

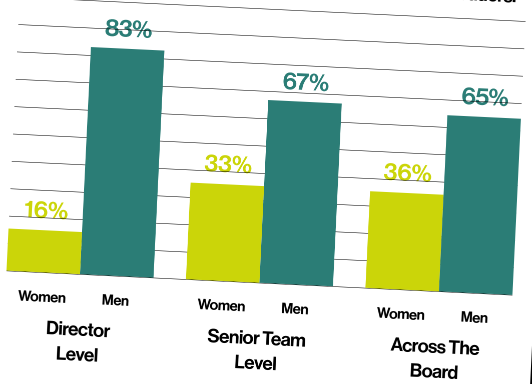
In 2021, we doubled down on our commitment to our teams. We took time to reflect and re-evaluate what's most important to our crew, and made adjustments and improvements across the business accordingly. Most critically of all, we implemented an independent review of our business culture and inclusion practices, and are actively working to improve BrewDog as an employer as a result. The review included a detailed survey of almost 1,000 current and former staff, as well as interviews with over 400 former and current employees. Some of the measures we introduced both before and after the review included...

- Launching an independently managed ethics hotline;
- A company wide salary review;
- A structure review to identify where the business was constrained and recruit additional roles;
- A set of initiatives into mental health support including a 24/7 Employee Assistance Programme;
- The creation of new Employee Representative Groups to give our people a direct say in the direction of the company;
- Considerable investment into our L&D and Career Development programme;
- We introduced a Workplace Code this year, outlining all the things we expect of our teams, and how to access all the support BrewDog offers its crew.

WE CONTINUE TO STRIVE TO BE THE BEST EMPLOYER WE POSSIBLY CAN, AND BELIEVE WE HAVE ESTABLISHED THE BEST POSSIBLE STRUCTURE & INITIATIVES UNDER WHICH WE CAN DEVELOP OUR BUSINESS AND OUR PEOPLE.

GENDER DIVERSITY

Gender diversity is a key priority for us as a business, and we are conscious we need to focus on balance here. Although our balance is currently not where we would like, we are committed to inspiring and supporting the next generation of women leaders.



BrewDog now employs over 2,300 people worldwide. Since the pandemic started in early 2020, we have grown our workforce by 40% and we continue to hire into an expanding business both on the retail side as well as in our breweries and operations around the world.

We re-launched our Diversity, Equality and Inclusion forum in 2021 with the overall aim of creating a brand that is open, diverse and welcoming to everyone. Attended by a cross section of crew from across BrewDog, we are implementing changes internally with an overall aim of helping to shape the agenda across the industry.

We prioritise internal promotion at BrewDog, leading to people who have been integral to our journey step into newly formed, exciting roles including Director of Sustainability, Director of Marketing, and Director of Community and Engagement to name just a few. BrewDog introduced a salary cap in 2019, meaning we cannot hire any new staff member for more than 7 times the salary of the lowest-paid member of staff.

THE UNICORN FUND

Every year, we distribute 10% of the profits of our brewing business equally among our teams regardless of their level of seniority. In 2021, £1.5million was distributed between team members across the business. For our bar division, we also recently announced we will be sharing 50% of the profits equally amongst our retail crew!

THE REAL LIVING WAGE

BrewDog is proud to have been a Real Living Wage Employer since 2014 and offers all its team members the Real Living Wage.

PAWTERNITY LEAVE

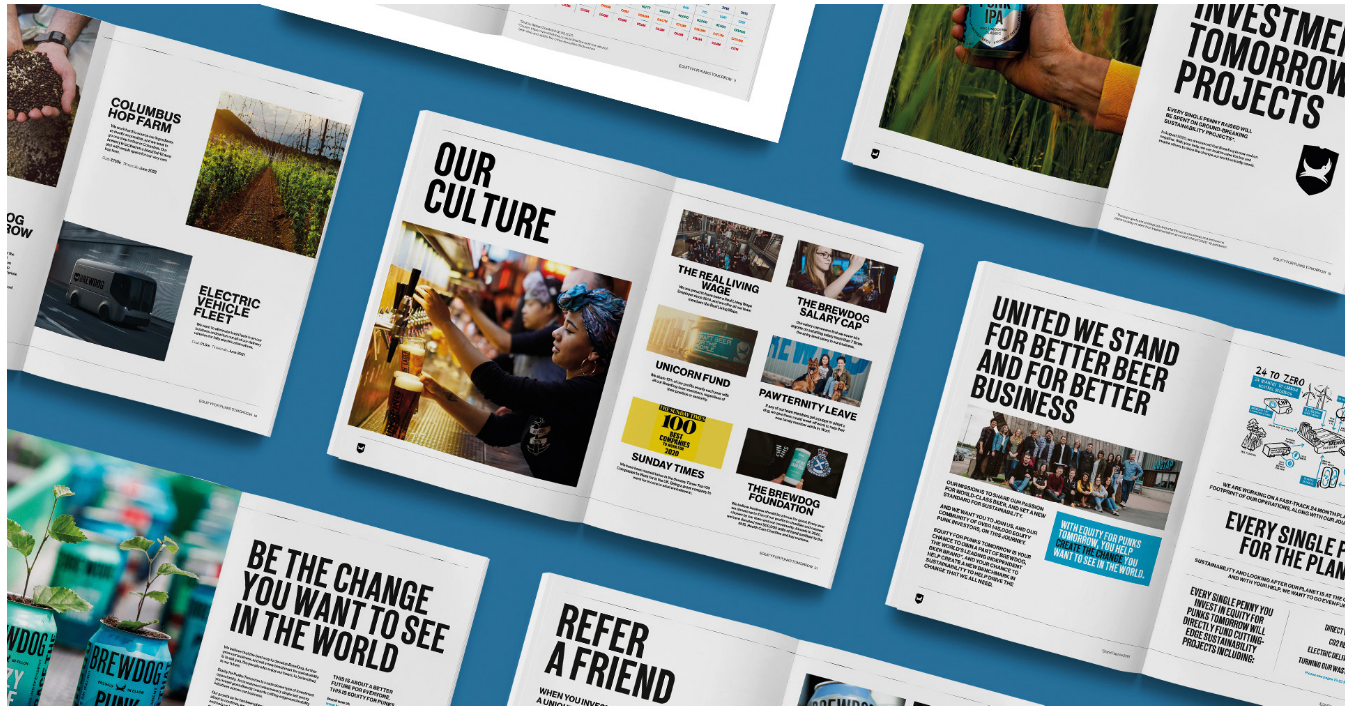
If any BrewDog team member gets a puppy or adopts a dog, they receive a paid week off work to help their new family member settle in.

CREW OWNERSHIP

Our team will soon be given 5% of the business, meaning our crew will own 3.7million shares in BrewDog, worth around £120,000 per person!*

*Each salaried member of staff will receive around £30,000 in shares per year for the next 4 years (exact number subject to headcount each year), valued at a total of £120,000 based on our most recent equity offering, which closed in September 2021.

BREWDOG COMMUNITY



In 2009 we launched Equity for Punks. Our groundbreaking approach to funding our business. Through successive rounds, we have now seen more than 200,000 people invest in our business, and 2021 saw the close of our last ever equity crowdfunding round; Equity for Punks Tomorrow.

This last hurrah for our crowdfunding journey was the most successful of all time, not just for us, but for any equity crowdfunded business in the world. We saw more than £30.2million invested by over 73,000 people, and their investment enabled us to complete our purchase of the Lost Forest, as well as pursue many of our ambitious sustainability initiatives such as our Anaerobic Digester plant, Electric Trucks, and CO_2 recovery projects.

Our community has also expanded significantly outside of our investor base, with the launch of Planet BrewDog, and the relaunch of our Beer Visa.

Via Planet BrewDog, our community can unlock offers by achieving badges on our website, and our Beer Visa allows people to rack up stamps, stickers and rewards when they visit our venues around the world. More than 200,000 people have signed up to Planet BrewDog to date, and despite having only launched in November, the Beer Visa has already seen more than 32,000 people collect their first stamp.

We are committed to supporting and growing our community, and engaging with them on all facets of our business. They set the course for the good ship BrewDog, and act as ambassadors for our business around planet Earth.

BREWDOG TOMORROW

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

BREWDOG HAS COME A LONG WAY.

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

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

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

CHANGE ISN'T HAPPENING FAST ENOUGH.

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

Climate change is close to a tipping point.

We created this problem, and now, it is time for us to solve it.

ACTIONS NOT PROMISES.

Our mission has evolved to provide a blueprint for modern business; one which puts the planet first in every decision we make.

BREWDOG

UNITED WE STAND FOR BETTER BEER FIERCELY DEFIANT AND INDEPENDENT

DESPITE A RECORD-BREAKING NUMBER OF DELEGATES ARRIVING IN GLASGOW FOR COP 26 IN 2021, AND AS THE WORLD WATCHED ON WITH HOPE, OUR LEADERS WERE ONCE AGAIN NOT CAPABLE OF TAKING THE REQUIRED STEPS TO SAVE OUR PLANET LEAVING THE CRUCIAL TARGET OF 1.5 DEGREES CELSIUS IN TATTERS.

It should also be noted that even with limiting temperature rise to 1.5 degrees the consequences would be very grim. The intergovernmental panel on climate change (IPCC) predicts 1.5 degrees will see extreme heatwaves, oceans rising, and the destruction of 70 to 90 per cent of coral reefs. Yet we ended up with an agreement, where even if all governments meet their 2030 commitments, experts predict we will see 2.7 degrees of warming. Time and time again our politicians have proven themselves incapable of addressing the gravest threat that humans have ever faced. Once again, we remain very firmly of the view that if we are going to avert a climate disaster then it is going to be down to cutting edge businesses working hand in hand with the world's best scientists to lead that change.

How the public spend their money, and the companies they choose to support week in, week out will have a far bigger impact on our climate change battle than who they choose to vote for every 4 years.

With that in mind, we have spent 2021 doubling down financially on our sustainability commitments and have continued to make huge investments across our business to reduce our environmental impact, and work has now started on the huge carbon removal project that is our Lost Forest.

MAKING SURE THAT FUTURE GENERATIONS HAVE A PLANET TO BREW BEER ON IS OUR FOREMOST PRIORITY.

BREWDOG'S CARBON REDUCTION PLAN INCLUDES

AD PLANT

With our Anaerobic Digester plant, we will be leading the European Brewery industry in waste management. The end of 2021 saw the plant set up ready to commence gas to grid in Q1 2022.

CO_2 RECOVERY

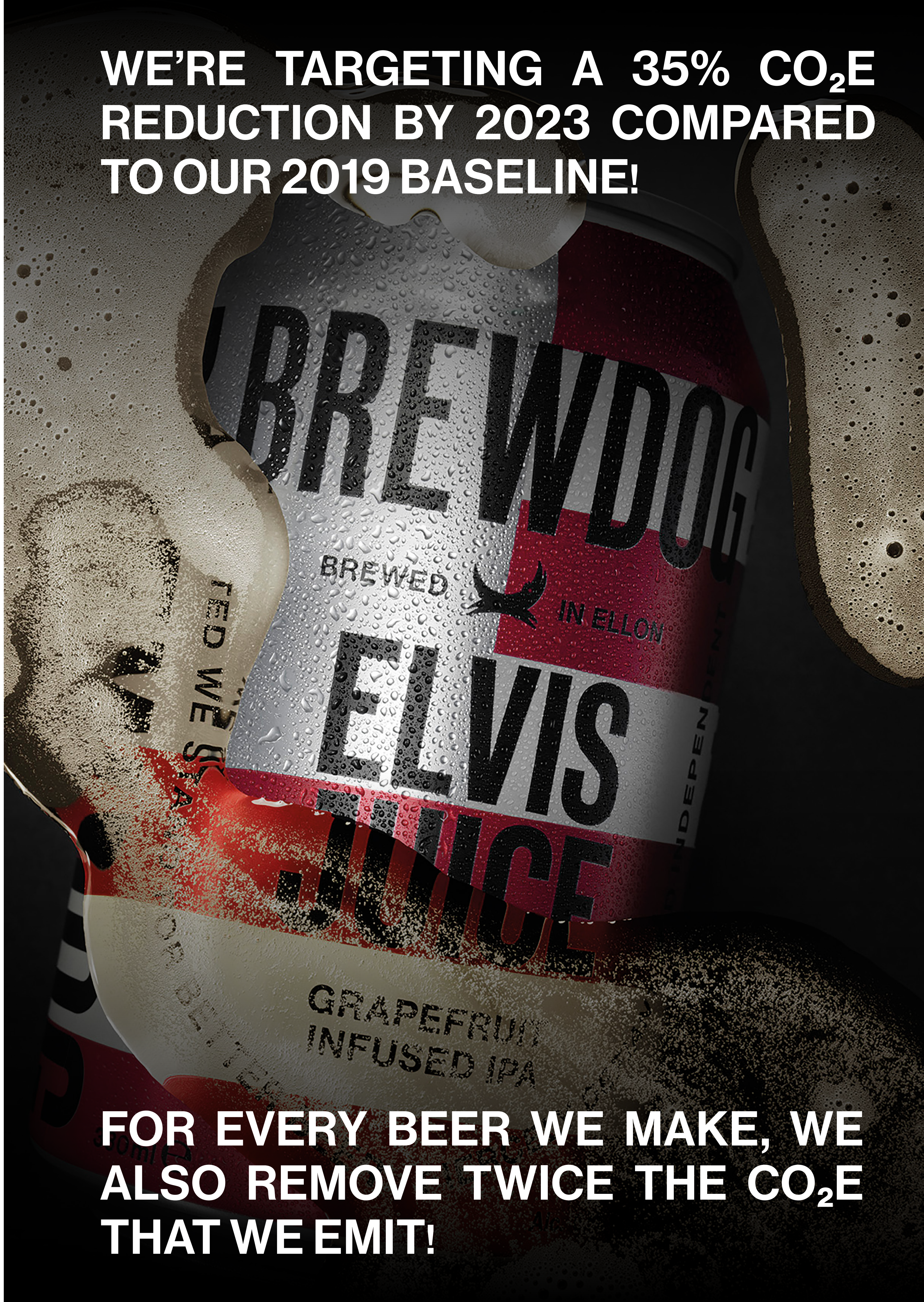
During the fermentation process within the beer brewing cycle, CO_2 is directly produced. We're installing a carbon capture facility to capture the CO_2 produced, so we can feed this back into our delicious beer.

ELECTRIC TRUCK

We deliver our beer directly to our London customers in the UK's first electric 19-tonne vehicle. The electric truck has 100 miles of range and DOUBLE the peak torque of a Bugatti Chiron!

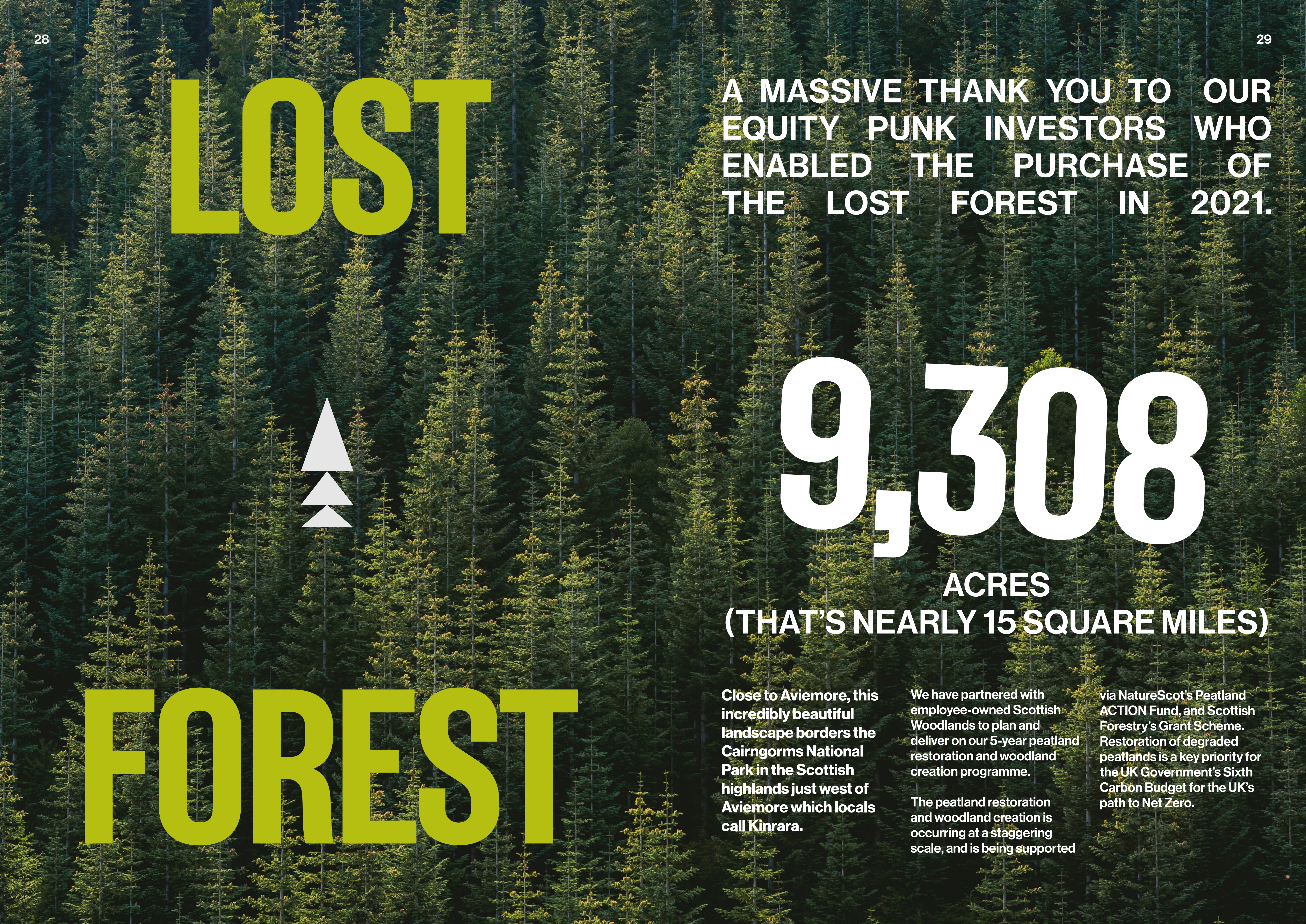
DIRECT WIND POWER

We're working with a local farmer to gain a direct wire from his wind turbine to our brewery in Ellon to reduce our Scope 2 emissions.



WE'RE TARGETING A 35% CO_2E REDUCTION BY 2023 COMPARED TO OUR 2019 BASELINE!

FOR EVERY BEER WE MAKE, WE ALSO REMOVE TWICE THE CO_2E THAT WE EMIT!



LOST FOREST

A MASSIVE THANK YOU TO OUR EQUITY PUNK INVESTORS WHO ENABLED THE PURCHASE OF THE LOST FOREST IN 2021.

9,308

ACRES (THAT'S NEARLY 15 SQUARE MILES)

Close to Aviemore, this incredibly beautiful landscape borders the Cairngorms National Park in the Scottish highlands just west of Aviemore which locals call Kinrara.

We have partnered with employee-owned Scottish Woodlands to plan and deliver on our 5-year peatland restoration and woodland creation programme.

The peatland restoration and woodland creation is occurring at a staggering scale, and is being supported via NatureScot's Peatland ACTION Fund, and Scottish Forestry's Grant Scheme. Restoration of degraded peatlands is a key priority for the UK Government's Sixth Carbon Budget for the UK's path to Net Zero.

FOREST FUTURE

THESE ARE JUST THE START OF OUR PLANS TO OPTIMISE THE OPPORTUNITIES FOR NATURE, CLIMATE AND PEOPLE BUT THERE IS MUCH MORE WORK TO BE DONE. WE WANT THE LOST FOREST TO ENABLE PEOPLE TO RECONNECT WITH NATURE AND BY DOING SO BECOME FAR MORE COGNISANT OF THE IMPACT THAT WE, AS HUMANS, ARE HAVING ON OUR PLANET.

EXTENSIVE SURVEYS

TAKING OUR RESPONSIBILITIES SERIOUSLY WITH THE BENEFIT OF SCOTTISH WOODLAND'S EXPERIENCE IN RURAL DEVELOPMENT AND SUSTAINABLE LAND USE WE HAVE UNDERTAKEN EXTENSIVE ENVIRONMENTAL AND ECOLOGICAL SURVEYS AND WORKED WITH KEY STAKEHOLDERS SUCH AS THE CAIRNGORMS NATIONAL PARK AND MONADHLIATH DEER MANAGEMENT GROUP, TO DEVELOP OUR PLANS. THE SMALL WORLD TEAM ALSO SET US THE CHALLENGE OF DEVELOPING HOLISTIC NATURE-BASED SOLUTIONS FOR RESILIENT ECO-SYSTEMS AND COMMUNITIES. THIS MEANS SUPPORTING A HEALTHY RIVER BASIN CATCHMENT; SUPPORTING AND RESTORING NATURE FOR BIO-DIVERSITY NET GAIN; PROTECTING ENDANGERED SPECIES AND FRAGILE HABITATS; AND MAINTAINING A POSITIVE RELATIONSHIP BETWEEN PEOPLE AND THE LANDSCAPE; AS WELL AS MITIGATING THE IMPACT OF AIR POLLUTION.

TALKING TO PEOPLE

MAKING SURE OUR PLANS SUPPORT CLIMATE ADAPTATION AND MITIGATION, WHILST BEING SENSITIVE TO THE NEEDS OF THE LOCAL AREA, COMMUNITY, AND SPECIAL LANDSCAPE DESIGNATIONS IS ALWAYS A CHALLENGE, SO CONSULTATION PROCESSES HAVE TAKEN TIME. SCOTTISH WOODLANDS ARE LIAISING WITH THE LOCAL COMMUNITY AND A RANGE OF STATUTORY AND NON-STATUTORY ORGANISATIONS ON OUR BEHALF IN PREPARING AND SUBMITTING APPLICATIONS FOR PROJECT APPROVALS UNDER THE PEATLAND ACTION AND FORESTRY GRANT SCHEME.

2 PHASES OF WOODLAND CREATION

WE ARE ALSO PLANNING INITIALLY FOR TWO PHASES OF WOODLAND CREATION SEEING THE LOST FOREST COME INTO REALITY, BASED ON THE PRINCIPLE OF 'RIGHT TREE, RIGHT PLACE'. SUBJECT TO APPROVAL OF OUR APPLICATION TO THE FORESTRY GRANT SCHEME WE AIM TO PLANT OVER 1.1 MILLION NATIVE TREES TO CREATE A BIO-DIVERSE BROADLEAF WOODLAND AND ECOSYSTEM ACROSS 760 HA.

4 PHASES OF PEATLAND RESTORATION

WE ARE PLANNING FOR FOUR PHASES OF PEATLAND RESTORATION. THESE CONTRIBUTE TO A WIDER PROGRAMME OF WORK FOR THE WHOLE MONADHLIATH PROJECT AREA IDENTIFIED BY NATURESCOT PEATLAND ACTION. PEATLANDS ARE THE LARGEST NATURAL TERRESTRIAL CARBON STORE, ALSO IMPORTANT FOR WATER REGULATION AND BIODIVERSITY. OUR PEATLANDS ARE DEGRADED AND ACTIVELY ERODING, LARGELY DUE TO DRAINAGE AND LAND MANAGEMENT PRACTICES OVER THE LAST HALF-CENTURY. BY RESTORING THESE, WE ENVISAGE BEING ABLE TO AVOID OVER 200,000 T CO_2E GREENHOUSE GAS EMISSIONS BEING RELEASED INTO THE ATMOSPHERE (PEATLAND PENDING ISSUANCE UNITS IN TOTAL OVER 100-YEAR PERIOD) AND INCREASE SOIL CARBON STOCKS.

TIMESCALE (INDICATIVE)	APR 2021 — MAR 2022	APR 2022 — MAR 2023	APR 2023 — MAR 2024	APR 2024 — MAR 2025
PEATLAND RESTORATION	PHASE 1	PHASE 2	PHASE 3	PHASE 4
WOODLAND CREATION		PHASE 1	PHASE 2	

Our projects will be registered on the UK Land Carbon Registry. Jointly they are estimated to sequester 308,122 t CO_2e (Woodland Pending Issuance Units in total over 100-year period).

LOST LAGER

THE GLOBAL LAGER MARKET IS VALUED AT AROUND £303BILLION* AND DESPITE AN OVERALL DECLINE AS CRAFT BEER ACQUIRES MARKET SHARE, 71% OF BEER DRINKERS ARE ENJOYING LAGER ON A REGULAR BASIS**. SO WHILE CRAFT BEER CONTINUES ITS METEORIC RISE IN POPULARITY AT THE EXPENSE OF THE WIDER BEER CATEGORY, THERE IS HUGE VALUE TO BE PLACED ON AN EXCELLENT-TASTING LAGER BREWED FOR QUALITY AND CHARACTER. THAT BEER IS LOST LAGER.

In our portfolio, Lost Lager has experienced an unprecedented year, growing off-trade volume sales by 127.0% vs YA, and accounting for 5% of total craft beer sales in the UK in 2021. And yet, it only accounts for 8% of BrewDog's volume***. The potential here is astronomical.

Lost lager is the UK's #1 craft lager and the #3 brand in off-trade craft beer sales. Its momentum shows no sign of slowing in a category that is shifting towards craft, bringing the traditional lager drinker on a journey they are excited by.

*Source: https://www.imarcgroup.com/prefeasibility-report-lager-manufacturing-plant FX $USD on 9th March 2022
** SIBA British Craft Beer Report 2020 https://www.siba.co.uk/SIBA-British-Craft-Beer-Report-2020.pdf
***Source: Nielsen Scantrack Total Off-trade MAT @ 01.01.22

DISTILLING OVERVIEW

IN 2021, BREWDOG DISTILLING CO. SET ABOUT LAYING THE FOUNDATIONS FOR TURBO CHARGING GROWTH IN 2022 AND BEYOND. KEY TO THIS WAS REPOSITIONING OUR PORTFOLIO TO SIT FIRMLY UNDER THE BREWDOG BRAND, CAPITALISING ON OUR BRAND EQUITY, AND OPTIMISING OUR RANGE BY ADDING A FEW MORE INCREDIBLE SPIRITS TO OUR LINE-UP.

Due to uncertainty in 2021 after a runaway 2020, many grocery customers reduced their range which impacted us, and delayed our growth until 2022. Regardless, we still managed to deliver £9.13million in sales.

Our focus on optimising the branding, moving our facility, and refining our product range has made 2021 a foundation year for future performance.

We added 3 rums and 3 vodkas to our core lineup, which saw us treble our distribution within Sainsbury's in Q4 2021, securing 3 new listings. We also laid the groundwork to achieve significant opportunities with Morrisons, Tesco and Asda into 2022.

The biggest effort for our distilling team in 2021 was in increasing the capacity of our distillery by three-fold. To facilitate this, we relocated the entire operation to a new purpose-built building. The new distillery will see us increase our whisky and dark rum distilling capacity to over 250,000 litres per year as we begin to lay down this stock in cask for future release over the next decade. The new distillery is on track to be commissioned in May 2022 with spirit flowing into bottles the same month.

ECOMMERCE GROWTH

THE PAST 2 YEARS HAVE BEEN TRANSFORMATIVE FOR OUR DIRECT-TO-CONSUMER BUSINESS. WE PIVOTED HARD TO OUR ONLINE SHOP OFFERING IN 2020 WHEN THE PANDEMIC HIT, FORCING US TO FOCUS OUR EFFORTS ON OUR SERVICE OFFERING AND EFFICIENCY. AFTER THE CHALLENGING BUT SUCCESSFUL 2020, IN 2021 WE CONTINUED TO CAPITALISE ON THE DEMAND.

We've launched initiatives such as a sustainable craft beer subscription service, opening stores in the Netherlands and France in the wake of Brexit's impact on our ability to ship alcohol outside the UK, and releasing our most successful advent calendar ever. We also grew our Amazon business to reach 7% of total market share in just a year.

The result is that our ecommerce business now has 1469% more monthly customers versus 2019, and revenue has increased to £41.4m, which is a 724% increase versus pre- pandemic levels.

90,000
ADVENT CALENDARS SOLD.

£3.7M
REVENUE FROM OUR #1 STANDARD PRODUCT - THE 48 CAN HEADLINER BUNDLE.

22,000
PUNK IPA 48 CAN PACKS SOLD - OUR BEST-SELLING SINGLE BEER PRODUCT.

£3.2M
REVENUE FROM BREWDOG & FRIENDS SUBSCRIPTION SERVICE.

200,000
USERS ON PLANET BREWDOG, OUR BRAND NEW LOYALTY PLATFORM.

€600,000
IN Q4 ALONE FROM OUR FRENCH & DUTCH ECOMMERCE STORES, BOTH LAUNCHED IN 2021.

97% GROWTH
FOR OUR USA ECOMMERCE BUSINESS.

71% GROWTH
FOR OUR AUSTRALIAN ECOMMERCE BUSINESS.

£2.3M
REVENUE FROM AF (ALCOHOL-FREE) RANGE, UP 85% YOY.

OUR BARS

BrewDog now has now more than 100 bars globally, places where you can indulge in everything that is great about craft beer. Our amazing staff are knowledgeable and passionately evangelical when it comes to craft beers and we pride ourselves on showcasing only the best, most exciting and flavoursome craft beers that we can get our paws on from all over the planet. Our bars serve as key focal points in the craft beer revolution as we continue our mission to share the passion we have for everything craft beer.


TOWER HILL OUTPOST


READING


CANARY WHARF


SHEPHERD'S BUSH


LEICESTER


SHORT NORTH


BRIXTON


LOTHIAN ROAD


SEVEN DIALS


FRANKLINTON


BATH


DUBLIN OUTPOST


SHANGHAI


EXETER


MANCHESTER OUTPOST

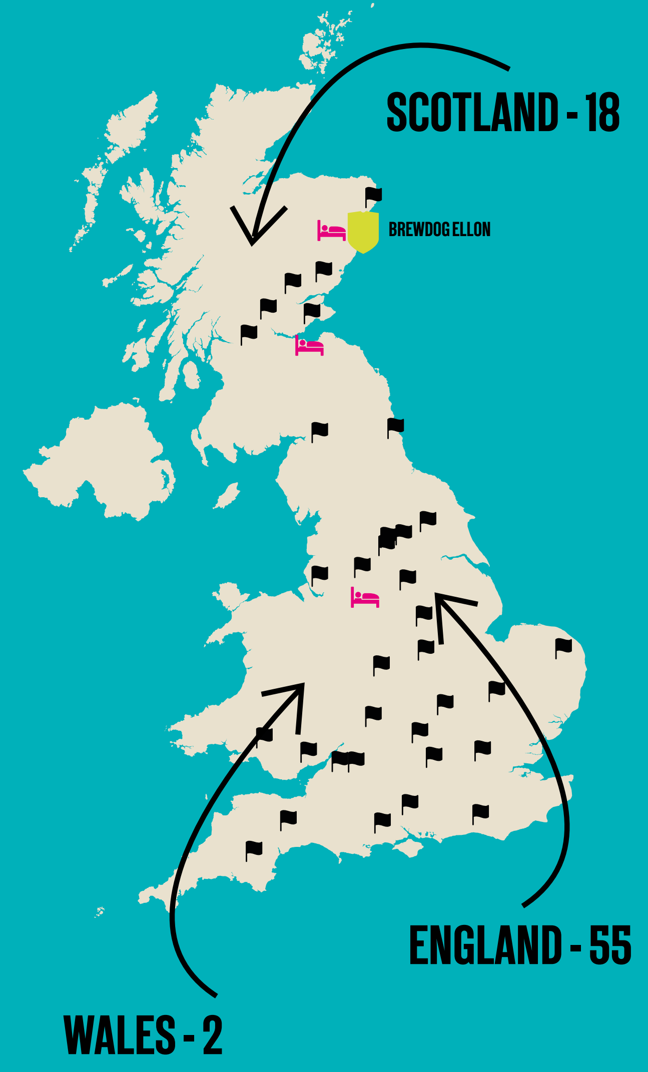
HERO VENUES

In 2021, we opened a series of landmark venues including 2 incredible hotels in Manchester and Edinburgh, as well as expanding our BrewDog bar footprint globally by opening the doors to venues in Plymouth, Exeter, Ealing, New Albany, Bath and Cleveland. We also worked closely with our franchise partners and opened bars in Mumbai, Weisbaden, Frankfurt, Bradford and Huddersfield.

Beyond that, we secured icon sites in Waterloo, London, and Las Vegas, where we will be launching high-impact venues in the next 12 months.

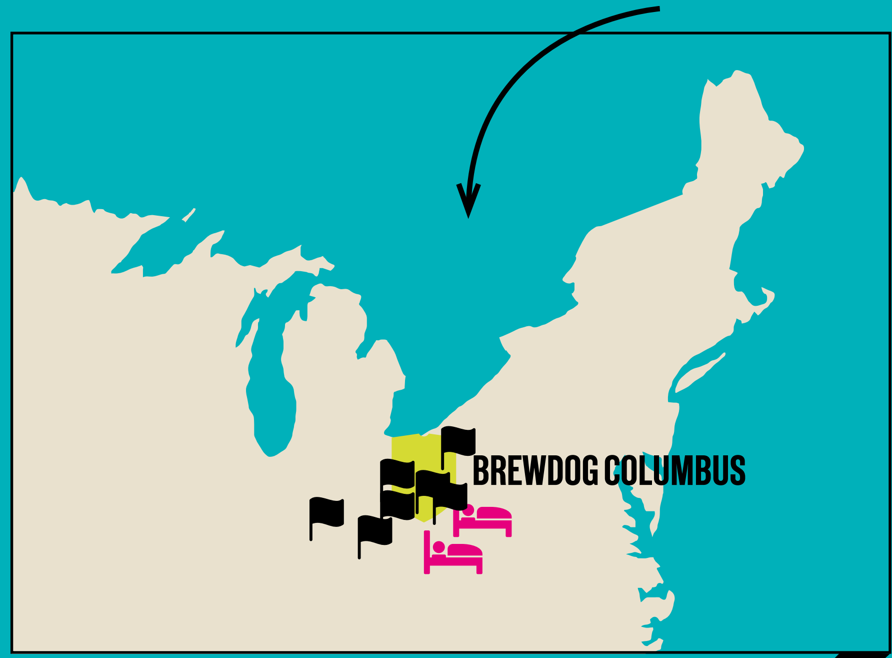
BREWDOG AROUND THE WORLD

UNITED KINGDOM



EUROPE

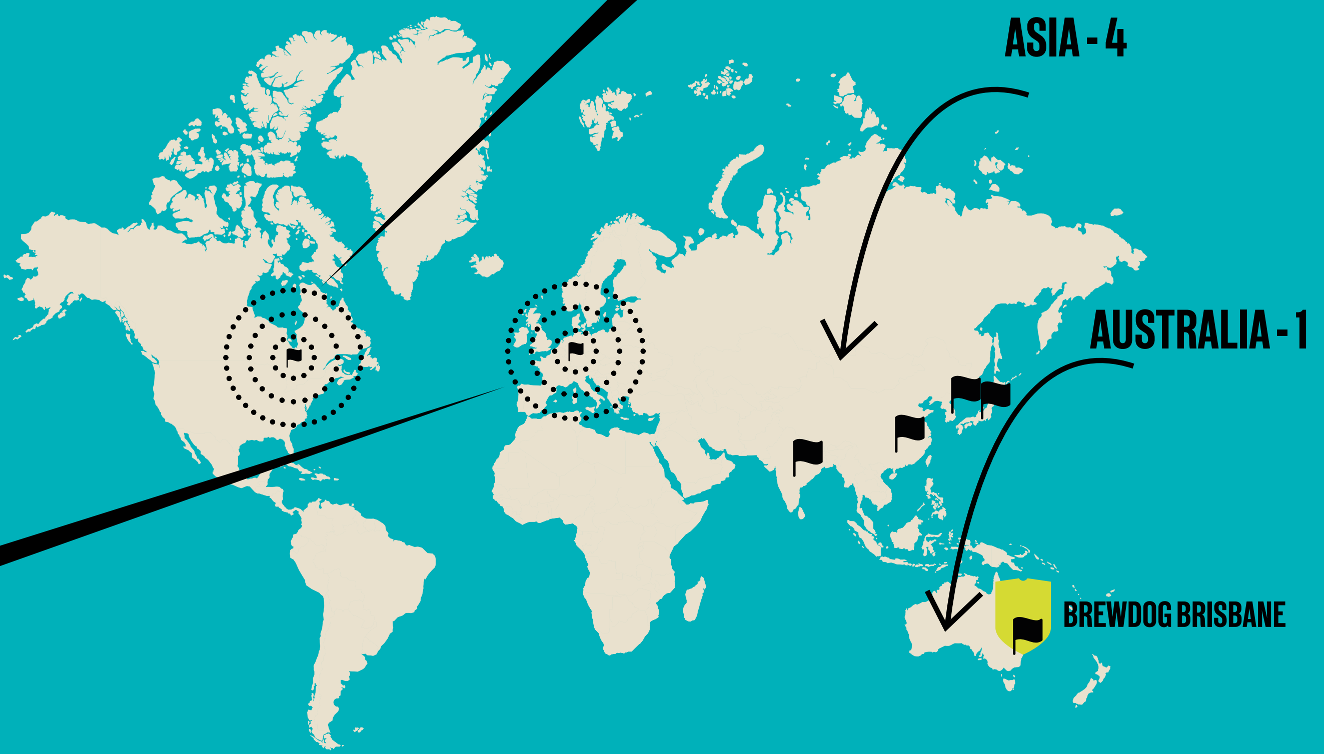
UNITED STATES OF AMERICA - 7



LOTHIAN ROAD, EDINBURGH

SEVEN DIALS, LONDON

INTERNATIONAL



KEY:

- BREWDOG BARS
- BREWDOG BREWERIES
- BREWDOG HOTELS

TOTAL:

107	4	5
BREWDOG BARS	BREWDOG BREWERIES	BREWDOG HOTELS

OUR BREWERIES

ELLON

Located in our homeland of Scotland, our Ellon HQ continues to be one of the most technologically-advanced brewing sites in Europe. The global headquarters for our business, this site also employs more than 250 people in Scotland.

COLUMBUS

Launched in 2017, our site in Columbus now brews beer for a total of 31 American states, as well as being the home of our biggest DogTap worldwide, and The DogHouse hotel, named as one of TIME magazine's top 100 places on the planet.

BRISBANE

Our brewing facility in Brisbane began operating in 2020, but we previewed the launch by opening DogTap Brisbane in 2019. The response from the local community blew us away, as sales tripled forecast in the first few weeks alone.

BERLIN

This brewing facility in the capital of Germany offers us a site on mainland Europe from which to distribute BrewDog-brewed beer. The site itself is also home to a destination craft beer bar and educational centre for homebrewers.

FINANCIAL REVIEW

For year ended 31 December 2021

	2021 £000	2020 £000
Revenue	285,602	237,763
Duty	(66,276)	(55,825)
Net revenue	219,326	181,938
Gross Profit	116,494	87,870
Operating loss	(5,461)	(6,759)
Adjustments:		
Share based payment charge	2,320	584
Non cash FX	573	807
Depreciation	13,470	12,868
EBITDA	**10,902**	**7,500**
Pre-opening costs	1,738	391
COVID 19 related	274	979
Loss / (gain) on disposal of fixed assets	1,292	(927)
Adjusted EBITDA	**14,206**	**7,943**

The financial highlights above give an overview of the year which demonstrate another strong performance by the group, particularly given the challenges of the restrictions related to the global pandemic for much of the year.

The group has continued to generate a loss in the year however this has improved by 19% to an operating loss of £5.5m from £6.8m in 2020. This was expected given the on-going impact of COVID within the hospitality industry with periods of closure or restricted trading.

FINANCIAL PERFORMANCE

Revenue growth of 21% in 2021 from 2020 was delivered reflecting the combination of continued growth of beer volumes across the global operations and a partial re-opening of the on-trade as the year progressed.

The 2021 volume of 977k hl's (all products) was up 23% on 2020 which was largely driven by the UK, Germany and Australia. The UK performance was strong in the Grocery and Impulse channels, with increased points of distribution and improved rate of sale across many customers, resulting in BrewDog continuing to be the fastest growing beer brand. The E-comm channel continued to grow, as we expanded operations across Europe, added marketplace partners and launched the beer subscription model, BrewDog & Friends.

The gradual return of hospitality during 2021 benefitted our on-trade customers and our bars. Global bars achieved revenue growth of 31% in 2021 from 2020, despite being closed or with heavily restricted trade for much of the year across all our geographies.

The group has continued to improve gross margin, with 53% in 2021 being a 5% improvement on the 48% achieved in 2020. This has been delivered through continued operational improvements including investment in production efficiencies, working closely with both new and existing suppliers, together with scale benefits from increased production volumes. Gross margins were partly offset by the well documented supply chain pressures during 2021, both with increasing costs of transportation and CO2 taking effect in the year. There will continue to be focus on internal programmes towards cost improvements particularly with a view to the continued cost challenges which lie ahead.

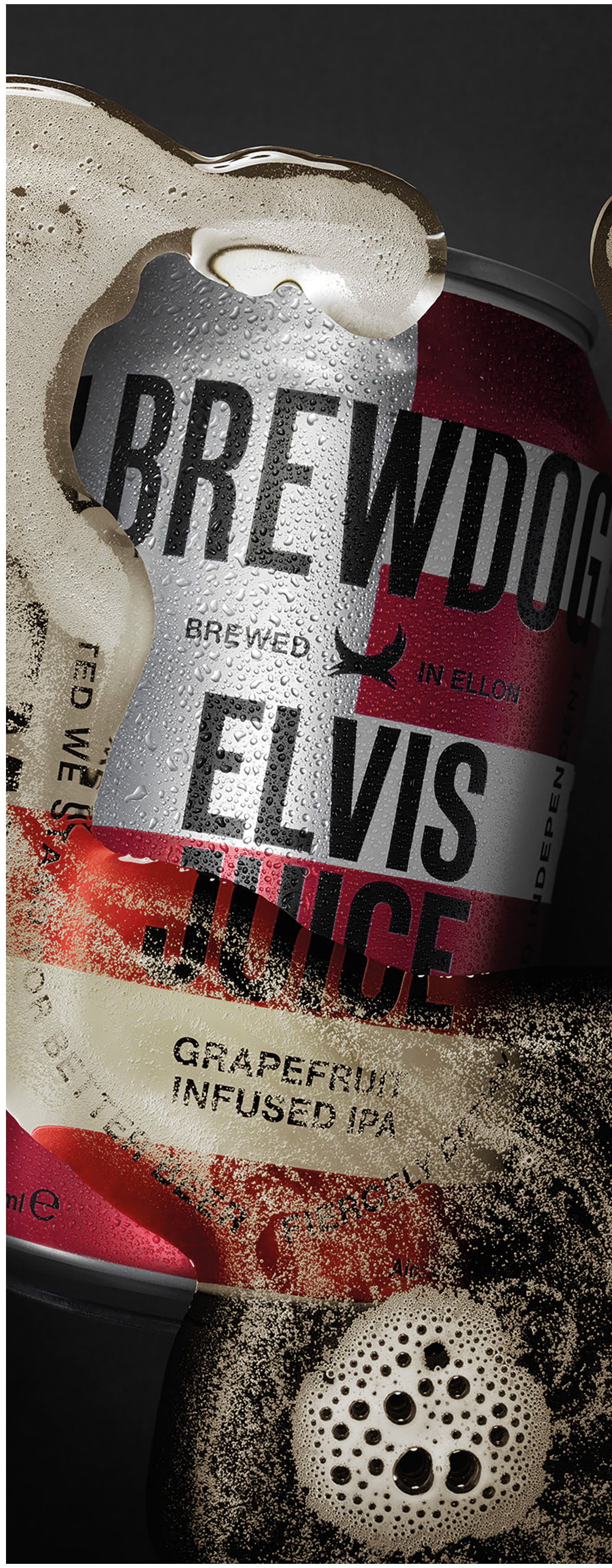
There has been significant investment in the Group's people, increasing headcount from 1,507 to 2,346. This was necessary to support the continued growth and to scale the Group operations. As part of this initiative, the Group also completed an extensive global review and implemented improved salary and benefits.

The Group has invested significantly in the brand throughout 2021 with an increase in marketing activities across all channels of the business. A number of these included the LOST Lager launch giveaway, the launch of BrewDog & Friends and the Group's first mainstream TV advert and large scale Out of Home billboard for the Beer For All campaign.

Sustainability activity and investments have continued with extensive activity as the world's first carbon negative brewery. This ranged from the disposal of one of the bottling lines in the year, significant investment in the Anaerobic Digester facility in Ellon, progression of the operations at the Lost Forest, continued investment in an electric vehicle fleet and the investment in high quality carbon offsets only until the double offsets are achieved through the Group's operations.

Adjusted EBITDA

This is a financial measure which is not defined under IFRS and accordingly is an Alternative Performance Measure (APMs). The Group believe this APM provides a measure of determining the underlying performance of the business when adjusting for either non-recurring or items of an exceptional nature. This is also consistent with how the business is monitored internally by the directors.



BREWDOG BOARD OF DIRECTORS

JAMES WATT | Co-founder & CEO

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

DAVID MCDOWALL | COO & President

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. Prior to being appointed COO & President, David was responsible for overseeing the strategic growth and management of BrewDog's bar division as Chief Executive Officer of BrewDog Retail.

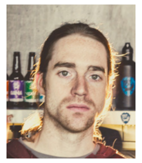
NEIL SIMPSON | Business Development Director

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 responsible for all growth activities including significant CAPEX projects and joint ventures. Neil is a qualified chartered accountant with the Institute of Chartered Accountants in Scotland.

BLYTHE JACK | Non-Executive Director & Deputy Chairperson

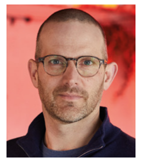
Blythe is Managing Director at TSG Consumer. She joined TSG with extensive private equity and branded consumer experience, having spent over 10 years at Rosewood Capital and having served as CEO of a high-growth consumer products company. She has also served as a National Judge for Ernst & Young's acclaimed Entrepreneur of the Year® program. Blythe received a BA, with honors, in Communication Studies from Vanderbilt University.

MARTIN DICKIE | Co-founder & Board member



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 hosted the hit international TV show Brew Dogs. He was awarded an MBE in the 2016 Queen's birthday honours list.

NIALL MCCALLUM | CFO



Niall joined BrewDog in October 2020, bringing significant financial leadership expertise. Niall has over 20 years' experience as an adviser, investor, and CFO across a range of global industries and is responsible for all aspects of finance and IT, including procurement and legal matters, as we scale the systems and processes across the group. Niall is a chartered accountant with the Institute of Chartered Accountants in Scotland.

ALLAN LEIGHTON | Executive Chair of BrewDog PLC

Allan has had an extensive and varied business career holding a series of high profile roles for major corporations in retail, FMCG and communication sectors including Chief Executive of Asda and Non Executive Chair of the Royal Mail. In addition to his role on the Board of BrewDog, Allan is currently Chair of Pizza Express, Non Executive Chair of the Co-Operative Group, Chair of Element Materials Technology, Chair of the Canal & River Trust, Chairman of Allbright, Chairman of C&A AG and Non Executive Chairman of Simba Sleep. Allan holds an honorary degree from Cranfield University, an honorary fellowship from the University of Lancaster and a Doctorate in Business Administration from York St John University.

JAMIE O'HARA | Non-Executive Director

Jamie's experience 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. He holds a BA in Economics and Philosophy and a JD, both from Georgetown University.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

Continuing operations

	NOTES	2021 £000	Restated 2020 £000
Gross Revenue	4	285,602	237,763
Duty		(66,276)	(55,825)
Net revenue		219,326	181,938
Cost of sales		(102,835)	(94,068)
Gross Profit		116,491	87,870
Operating expenses		(122,558)	(96,269)
(Loss) / gain on disposal of property, plant and equipment		(1,292)	927
Other operating income	5	1,898	713
Operating Loss	6	(5,461)	(6,759)
Finance income	9	177	316
Finance costs	10	(4,121)	(6,074)
Loss before taxation		(9,405)	(12,517)
Income tax expense	11	(1,193)	(120)
Loss for the year		**(10,598)**	**(12,637)**
Attributable to:			
Equity holders of the parent		(10,417)	(12,564)
Non-controlling interests		(181)	(73)
		(10,598)	**(12,637)**

Other comprehensive income

		2021 £000	Restated 2020 £000
Exchange differences on translation of foreign operations		97	39
Other comprehensive income for the year, net of tax		**97**	**39**
Total comprehensive income for the year, net of tax		**(10,501)**	**(12,598)**
Attributable to:			
Equity holders of the parent		(10,320)	(12,525)
Non-controlling interests		(181)	(73)
		(10,501)	**(12,598)**

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTES	2021 £000	Restated 2020 £000
Non-current assets			
Property, plant and equipment	12	174,932	156,638
Right-of-use asset	23	111,625	96,523
Intangible assets	13	20,851	20,814
Other non-current financial assets	14	157	157
		307,565	274,133
Current assets			
Trade and other receivables	16	61,425	48,334
Inventory	17	20,160	15,213
Corporation tax receivable		602	509
Cash and cash equivalents	18	45,274	54,871
		127,461	118,927
Total assets		435,026	393,060
Current liabilities			
Trade and other payables	19	60,403	49,293
Financial liabilities	20	14,305	23,772
		74,708	73,065
Non-current liabilities			
Deferred tax liabilities	11	3,963	2,370
Financial liabilities	20	170,737	141,652
Government grants	27	3,118	3,172
		177,818	147,194
Total liabilities		252,526	220,259
Net Assets		**182,500**	**172,801**
Equity			
Called up share capital	25	75	74
Share premium account	25	183,679	168,585
Treasury shares	26	(1,857)	(1,857)
Foreign currency translation reserve	26	306	209
Share based payment reserve		4,134	1,814
Retained earnings		(5,794)	4,063
Equity attributable to equity holders of the parent		180,543	172,888
Non-controlling interests		1,957	(87)
Total Equity		**182,500**	**172,801**

Signed on behalf of the Board of Directors on on 26 May 2022.

J B Watt
Director

N J McCallum
Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTES	2021 £000	Restated 2020 £000
Non-current assets			
Property, plant and equipment	12	87,589	73,885
Right-of-use assets	23	6,226	6,659
Intangible assets	13	1,294	1,294
Other non-current financial assets	14	30,786	27,076
		125,895	108,914
Current assets			
Trade and other receivables	16	147,544	122,368
Inventory	17	14,426	11,321
Corporation tax receivable		800	629
Cash and cash equivalents	18	37,808	51,753
		200,578	186,071
Total assets		326,473	294,985
Current liabilities			
Trade and other payables	19	35,556	30,881
Financial liabilities	20	6,374	15,892
		41,930	46,773
Non-current liabilities			
Deferred tax liabilities	11	4,819	2,884
Financial liabilities	20	62,232	54,266
Government grants	27	1,899	2,025
		68,950	59,175
Total liabilities		110,880	105,948
Net assets		**215,593**	**189,037**
Equity			
Called up share capital	25	75	74
Share premium account	25	183,679	168,585
Treasury shares	26	(1,857)	(1,857)
Share based payment reserve		4,134	1,814
Retained earnings		29,562	20,421
Total Equity		**215,593**	**189,037**

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 after tax recorded by the company for the year was £9,141,000 (2020: profit of £4,663,000).

Signed on behalf of the Board of Directors on on 26 May 2022.

J B Watt
Director

N J McCallum
Director

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital £000	Share premium £000	Treasury shares £000	Foreign currency translation reserve £000	Share based payment reserve £000	Retained Earnings £000	Total £000	Controlling interests £000	Non-total equity £000
At 1 January 2020	73	158,266	(1,185)	170	-	19,955	177,239	(179)	177,060
Changes in accounting treatment (note 2)	-	(1,230)	-	-	1,230	(3,945)	(3,945)	-	(3,945)
Restated at 1 January 2020	**73**	**156,996**	**(1,185)**	**170**	**1,230**	**16,010**	**173,294**	**(179)**	**173,115**
Loss for the year (restated – note 2)	-	-	-	-	-	(12,564)	(12,564)	(73)	(12,637)
Other comprehensive income	-	-	-	39	-	-	39	-	39
Issue of share capital	1	12,613	-	-	-	-	12,614	-	12,614
Issue of share capital in subsidiary	-	-	-	-	-	617	617	18	635
Purchase of treasury shares	-	-	(672)	-	-	-	(672)	-	(672)
Share options granted	-	-	-	-	584	-	584	-	584
Disposal of subsidiary (note 14)	-	-	-	-	-	-	-	147	147
Transaction costs	-	(1,024)	-	-	-	-	(1,024)	-	(1,024)
At 1 January 2021	74	168,585	(1,857)	209	1,814	4,063	172,888	(87)	172,801
Loss for the year	-	-	-	-	-	(10,417)	(10,417)	(181)	(10,598)
Other comprehensive income	-	-	-	97	-	-	97	-	97
Non-controlling interests arising on establishment of subsidiary	-	-	-	-	-	-	-	2,213	2,213
Issue of share capital	1	19,736	-	-	-	-	19,737	-	19,737
Issue of share capital in subsidiaries	-	-	-	-		560	560	12	572
Share options granted	-	-	-	-	2,320	-	2,320	-	2,320
Transaction costs	-	(4,642)	-	-	-	-	(4,642)	-	(4,642)
At 31 December 2021	**75**	**183,679**	**(1,857)**	**306**	**4,134**	**(5,794)**	**180,543**	**1,957**	**182,500**

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital £000	Share premium £000	Treasury shares £000	Share based payment reserve £000	Retained earnings £000	Total equity £000
At 1 January 2020	73	158,226	(1,815)	-	18,686	175,800
Changes in accounting treatment (note 2)	-	(1,230)	-	1,230	(2,928)	(2,928)
At 1 January 2020 - Restated	**73**	**156,996**	**(1,185)**	**1,230**	**15,758**	**172,872**
Profit for the year (restated – note 2)	-	-	-	-	4,663	4,663
Issue of share capital	1	12,613	-	-	-	12,614
Purchase of treasury shares	-	-	(672)	-	-	(672)
Share options granted	-	-	-	584	-	584
Transaction costs	-	(1,024)	-	-	-	(1,024)
At 1 January 2021	**74**	**168,585**	**(1,857)**	**1,814**	**20,421**	**189,037**
Profit for the year	-	-	-	-	9,141	9,141
Issue of share capital	1	19,736	-	-	-	19,737
Share options granted	-	-	-	2,320	-	2,320
Transaction costs	-	(4,642)	-	-	-	(4,642)
At 31 December 2021	**75**	**183,679**	**(1,857)**	**4,134**	**29,562**	**215,593**

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	NOTES	2021 £000	Restated 2020 £000
Net cash flow from operating activities	30	10,921	11,459
Investing activities			
Purchase of property, plant and equipment		(36,867)	(25,599)
Proceeds from sale of property, plant and equipment		3,302	2,340
Purchase of intangible assets		(69)	(520)
Net cash flow used in investing activities		(33,634)	(23,779)
Financing activities			
Issue of ordinary share capital		20,308	13,230
Purchase of treasury shares		-	(672)
Transaction costs of issue of shares		(4,642)	(1,024)
Proceeds from government grant		-	6
Proceeds from landlord contributions		4,077	575
Proceeds from joint venture partner		2,213	-
Repayment of bonds		(9,999)	(6)
Proceeds from bond issue		-	2,668
Proceeds from new borrowings		-	26,463
Repayment of borrowings		(201)	(182)
Principle elements of lease payments		(7,442)	(6,686)
Hire purchase receipts		10,406	-
Hire purchase payments		(1,604)	(2,345)
Net cash flow from financing activities		13,116	32,027
Net (decrease)/increase in cash and cash equivalents		(9,597)	19,707
Cash and cash equivalents at beginning of year		54,871	35,164
Cash and cash equivalents at end of year		45,274	54,871

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	NOTES	2021 £000	Restated 2020 £000
Net cash flows from operating activities	30	12,575	17,012
Investing activities			
Purchase of property, plant and equipment		(21,413)	(9,324)
Proceeds from sale of property, plant and equipment		1,950	255
Loan provided to subsidiaries		(19,912)	(20,967)
Net cash flows used in investing activities		(39,375)	(30,036)
Financing activities			
Issue of ordinary share capital		19,737	12,613
Purchase of treasury shares		-	(672)
Transaction costs of issue of shares		(4,642)	(1,024)
Proceeds from government grant		-	2
Repayment of bond		(9,999)	(6)
Proceeds from bond issue		-	2,668
Proceeds from new bank loan		-	25,000
Repayment of borrowings		(201)	(182)
Principal elements of lease payments		(842)	(799)
Hire purchase receipts		10,406	-
Hire purchase payments		(1,604)	(2,302)
Net cash flows from financing activities		12,855	35,298
Net (decrease)/increase in cash and cash equivalents		(13,945)	22,274
Cash and cash equivalents at beginning of year		51,753	29,479
Cash and cash equivalents at end of year		37,808	51,753

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2021

1. GENERAL INFORMATION

The financial statements of BrewDog PLC (the company) and its subsidiaries (collectively, the group) for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 26 May 2022. The company is incorporated in the United Kingdom under the Companies Act 2006.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements, which have been prepared under the historical cost convention, in accordance with UK adopted international accounting standards and incorporate the financial statements of the Company and its subsidiaries, joint ventures and associates from the effective date of acquisition or to the date of deemed disposal.

The parent company financial statements have been prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006. The company has taken advantage of section 408 of the Companies Act 2006 not to present the parent company profit and loss account.

The consolidated financial statements are presented in sterling, which is the company's functional currency and all values are rounded to the nearest thousand (£000), except as otherwise indicated.

Correction of accounting treatment

Following the correction of the previous accounting treatment, the comparative balances for intangible assets, prepayments and equity have been restated.

Intangible assets in the prior year related to internally developed branding costs which were previously capitalised. Following a review of the accounting policy it was determined that these costs did not meet the criteria for capitalisation per IAS 38 Intangible Assets as they related to internally generated costs. These costs were subsequently written off in the period in which they were incurred, and any previously recorded amortisation reversed. Opening reserves as at 1 January 2020 were restated by £807k to reflect this, representing the write off in 2019 of these assets. The 2020 income statement was debited by £174k with the credit going to intangible assets representing the reversal of the amortisation previously booked, netted with additions to brand development in 2020. The comparative cashflow statement was also adjusted to reflect the difference in the result for the year through the income statement and was debited with £174k and the corresponding reduction of £455k within intangible asset additions.

Prepaid content rights were previously capitalised. Following a review of the accounting policy it was determined that these costs did not meet the criteria for capitalisation as there was limited future revenue generation attributed to them. These costs were subsequently written off in the period in which they were capitalised and subsequent amortisation reversed. Opening reserves as at 1 January 2020 were restated by £3,138k to reflect this, representing the write off in 2019 of these assets. The 2020 income statement was credited by £789k with the debit going to prepayments representing the reversal of the amortisation previously booked. The comparative cashflow statement was also adjusted to reflect the difference in the result for the year through the income statement and was credited with £789k and the corresponding reduction within the movement of trade and other debtors of £1,595k.

In the prior year amounts in relation to share based payments were credited to share premium in the statement of changes in equity. In the current year a separate reserve, share based payment reserve, was established and therefore the opening balance of £1,230k representing cumulative impact of the error and prior year credits of £584k in relation to share based payments have been reclassified from share premium to this reserve.

In the prior year in relation to interest on lease payments these were included within lease payments within the financing section of the cash flow statement. These amounts have been reclassified and included within interest paid within the operating cashflows, amounting to £2,686k.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group disposes of a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Going concern

The directors have a reasonable expectation that the Group as a whole has adequate resources to continue its operational existence for the foreseeable future and until 30 June 2023. For this reason, they continue to adopt the going concern basis in the accounts. The Group's activities, together with factors likely to affect its future development, performance and position are considered by the Directors on an on-going basis. In addition, notes 20,21

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

and 24 include details of the Group's treasury activities, long term funding arrangements, financial instruments and financial risk management activities.

The directors continue to monitor the impact of world events, such as the Coronavirus pandemic, with particular regard to the wellbeing of their people and their ability to make, distribute and sell great beers.

The directors have performed stress testing of cashflow forecasts to take account of events which could impact the financial position of the Group. The range of stress tests included a prolonged impact on the recovery of on-trade and retail outlets following the Coronavirus pandemic, a reduction in demand for its products and related impacts on working capital along with a range of extreme but plausible downsides. These stress tests demonstrate that the group has access to sufficient liquidity through the going concern period to 30 June 2023. As such, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3. ACCOUNTING POLICIES

New standards and interpretations

The company has considered all new and amended IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the year ended 31 December 2021. Where the changes affect the company, the relevant application and disclosure has been made during the year to 31 December 2021. The new and amended IFRSs during the year are as detailed below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. The Group has received Covid-19-related rent concessions and has applied the practical expedient for the period where it is applicable.

The company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

New standards and interpretations - not yet adopted

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting period beginning on or after 1 January 2022 or later periods, but the company has not early adopted them:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets) (1 January 2022);
- Annual improvements to IFRS Standards 2018-2020 (1 January 2022);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 Property, Plant and Equipment) (1 January 2022);
- Reference to the Conceptual Framework (Amendments to IFRS 3) (1 January 2022); and
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (1 January 2023).

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

Cash and cash equivalents

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

Property, plant and equipment

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

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

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

Intangible assets

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

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

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. Intangible assets with indefinite useful lives consistent of distribution rights and goodwill.

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

Investments are shown at fair value. The company assesses at each reporting date whether there is any objective evidence that an asset is impaired.

Impairment of non-financial assets

The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Business combinations and goodwill

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

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

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

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.

Goodwill is allocated to each of the Groups 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 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

Revenue recognition

Revenue comprises revenue recognised by the group in respect of goods 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 goods are shipped to customers and the entity has satisfied its performance obligations under the contract. Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business.

Cost of sales

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

Taxation

Current income tax

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

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

Deferred income tax

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

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

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

Foreign currency translation

Transactions and balances

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

Group companies

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

Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

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. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Where the income relates to a distinct identifiable expense, the income is offset against the relevant expenses for example, income received under the Coronavirus Job Retention Scheme (CJRS) has been offset against staff costs. 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

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis or reducing balance over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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.

Trade and other receivables

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

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.

Trade and other payables

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

Loans and borrowings

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 statement of comprehensive income using the effective interest rate 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

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 at the date when the grant is made using an appropriate valuation model, further details are included in note 28. 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 based payment reserve when the options are exercised and new shares are issued.

Treasury shares

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

Inventories

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

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

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

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

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

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.

Alternative performance measures (APMs)

Management exercises judgement in determining adjustments which are applied to IFRS measurements to derive suitable APMs. APMs are used where management believe the measures provide additional meaningful information on the underlying business performance and these measures are used when assessing performance of the business. APMs are not defined by IFRS and may not be directly comparable with other companies and they are not intended to be a substitute to IFRS measures.

Site pre-opening costs

Site pre-opening costs refer to costs incurred in getting new sites fully operational and primarily include costs incurred before opening and in preparing for launch. These costs are disclosed separately to provide a more accurate indication of the Group's underlying performance.

Significant judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts within the financial statements. However, the nature of estimation means that actual outcomes may differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements:

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have had the most significant effect on the amounts recognised in the consolidated financial statements.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using the Black-Scholes-Merton ("BSM") pricing model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions used for estimating fair value for share-based payment transactions are disclosed in note 28. A 5% change in the estimate regarding marketability discount results in a £193,000 change in the charge for the year.

4. REVENUE

Revenue represents the invoiced amount of goods supplied, inclusive of excise duty, in respect of the production and sale of beer, which is the group's principal activity. Revenue is recognised in the financial statements when goods are transferred to customers and the entity has satisfied its performance obligations under the contract. Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business. All items are stated net of value added tax and trade discounts.

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

	2021	2020
Geographical segment	£000	£000
UK	217,999	181,045
Europe	35,315	28,114
USA and Canada	21,258	19,223
Rest of the world	11,030	9,381
	285,602	237,763

The company has one major customer who contributed 14.7% (£41.9 million) of its revenue in the 2021 financial year. In 2020, one major customer contributed 11.6% (£27.7 million) of the company's revenue.

5. OTHER OPERATING INCOME

	2021	2020
	£000	£000
R&D tax credit	-	384
Other income	1,898	329
	1,898	713

6. OPERATING LOSS

This is stated after charging/(crediting)

	2021	2020
	£000	£000
Depreciation of tangible assets (note 12)	13,470	12,868
Amortisation of right-of-use assets (note 23)	9,479	9,329
CJRS grant income	(3,854)	(4,913)
Auditors remuneration (note 7)	531	415
Research and development	1,700	1,666
Loss on foreign exchange	573	715
Impairment – property, plant and equipment (note 12)	-	(337)
Share based payment expense (note 28)	2,320	584
Pre-opening costs	1,738	391
Covid related	274	979

The Covid 19 related costs are in respect of the write off of food and drink inventory resulting from forced closures alongside additional costs for COVID safety measures within the bars.

7. AUDITORS' REMUNERATION

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

	2021	2020
	£000	£000
Audit of the financial statements	505	400
Tax advisory services	26	15
	531	415

8. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

a. Staff Costs	2021	2020
	£000	£000
Wages and salaries	48,185	44,160
Pension costs	2,075	1,594
Social security costs	4,372	4,141
Share based payment expense	(234)	270
CJRS	(3,854)	(4,913)
	50,544	45,252

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

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

	2021	2020
	No.	No.
Directors	6	7
Administration	162	136
Production	168	194
Selling and distribution	119	111
Bar staff	1,426	1,151
	1,881	1,599

b. Director's remuneration	2021	2020
	£000	£000
Director's remuneration	1,381	897
Pension contributions	99	48
Share based payment expense	2,554	314
	4,034	1,259

Directors' remuneration also represents key management personnel compensation.

	2021	2020
Highest paid director:	£000	£000
Aggregate remuneration	412	550
Pension contributions	30	61
	442	611

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

	2021	2020
	£000	£000
Number of directors who received share options during the year.	3	-

9. FINANCE INCOME

	2021	2020
	£000	£000
Bank interest received	7	137
Capital grant release (note 27)	170	179
Total finance income	177	316

10. FINANCE COST

	2021	2020
	£000	£000
Bank loans and overdrafts	770	2,129
Lease liability interest (note 23)	2,747	2,686
Hire purchase interest	322	278
Bond interest	282	981
Total finance costs	4,121	6,074

11. INCOME TAX

Group

a) Income tax on loss for the year	2021	2020
	£000	£000
UK corporation tax on the loss for the year	-	445
Amounts over provided in previous years	(445)	-
Foreign taxes	50	(15)
Total current income tax	**(395)**	**430**
Deferred income tax:		
Origination and reversal of temporary differences	787	(560)
Adjustments in respect of prior periods	124	250
Deferred tax adjustments in previous periods	677	-
Total deferred income tax charge	**1,588**	**(310)**
Income tax charge in the group statement of comprehensive income	**1,193**	**120**

b) Reconciliation of the total income tax charge	2021	2020
	£000	£000
Loss from continuing operations	(9,405)	(12,517)
Tax calculated at UK standard rate of corporation tax of 19% (2019 – 19%)	(1,787)	(2,378)
Expenses not deductible for tax purposes	60	410
Other fixed asset related movements	105	286
Foreign tax	50	(15)
Tax over provided in previous years	(321)	250
Tax losses utilised	631	-
Change in tax laws and rate	889	(23)
Deferred tax not recognised	21	(193)
Non-taxable income	(24)	(26)
Unrecognised tax losses in other jurisdictions	1,569	1,809
Income tax charge in the group statement of comprehensive income	1,193	120

The income tax expense above is computed at loss before taxation multiplied by the effective rate of corporation tax in the UK of 19% (2020: 19%).

c) Deferred income tax

The deferred income tax included in the statement of financial position is as follows:	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Deferred tax liability				
Temporary differences relating to property, plant and equipment	8,962	5,374	8,426	4,834
Deferred tax asset				
Tax losses carried forward	(3,930)	(2,565)	(2,538)	(1,511)
Short term temporary differences	(1,069)	(439)	(1,069)	(439)
Net deferred tax liability	**3,963**	**2,370**	**4,819**	**2,884**
Deferred tax in the income statement				
Temporary differences relating to property, plant and equipment	1,588	(310)	1,936	484
	1,588	(310)	1,936	484

The Group has tax losses arising in a number of locations that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for the last few years due to difficult trading conditions, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Long term leasehold property	Fixtures and fittings	Motor vehicle	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost:								
At 1 January 2020	49,130	25,380	36,211	366	60,336	2,879	470	174,772
Additions	9,136	1,792	4,761	48	1,936	154	7,759	25,586
Disposals	(264)	(597)	(1,046)	-	(274)	(12)	-	(2,193)
Transfers	(499)	7,819	(7,120)	(4)	(374)	(1)	100	(79)
Exchange differences	(1,122)	1,120	1,063	-	367	185	(14)	1,599
At 31 December 2020	56,381	35,514	33,869	410	61,991	3,205	8,315	199,685
Additions	440	8,949	5,597	39	6,746	2,585	13,086	37,442
Disposals	(1,331)	(20)	(144)	(35)	(4,113)	-	-	(5,643)
Transfers	-	113	(113)	-	7,753	-	(7,753)	-
Exchange differences	144	(720)	(190)	-	(563)	4	-	(1,325)
At 31 December 2021	55,634	43,836	39,019	414	71,814	5,794	13,648	230,159
Depreciation:								
At 1 January 2020	2,474	3,671	13,415	193	8,241	1,586	-	29,580
Charge for the year	720	2,677	5,406	32	3,285	748	-	12,868
On disposals	(25)	(129)	(598)	-	(17)	(11)	-	(780)
Impairment	-	(337)	-	-	-	-	-	(337)
Transfers	33	452	(361)	(4)	(199)	(1)	-	(80)
Exchange differences	(350)	548	827	7	618	146	-	1,796
At 31 December 2020	2,852	6,882	18,689	228	11,928	2,468	-	43,047
Charge for the year	785	2,862	5,549	118	3,508	648	-	13,470
On disposals	(20)	-	(62)	(11)	(976)	-	-	(1,069)
Exchange differences	5	(128)	(75)	-	(25)	2	-	(221)
At 31 December 2021	3,622	9,616	24,101	335	14,435	3,118	-	55,227
Net book value:								
At 31 December 2021	52,012	34,220	14,918	79	57,379	2,676	13,648	174,932
At 31 December 2020	53,529	28,632	15,180	182	50,063	737	8,315	156,638

Land and buildings have been pledged as security (note 20).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

Included above are assets held under hire purchase contracts as follows:

	Plant and machinery
	£000
Net book value:	
At 31 December 2021	27,188
At 31 December 2020	21,527
Depreciation charge for the year:	
31 December 2021	1,877
31 December 2020	1,480

The Group have financing arrangements whereby assets are secured against borrowings from a commercial bank. The legal form of these transaction is a sale and leaseback. IFRS 16 requires consideration to be given over whether the control of the assets in such transaction have been passed to the buyer-lessor. The control of assets placed under these arrangements remain with the Group, therefore the conditions for recognising a sale under IFRS 15 are not met. As such, these transactions are accounted for as financing transactions (and not as a sale and leaseback under IFRS 16). All assets secured in such arrangements are recognised as property, plant, and equipment within the balance sheet, initially measured at cost, in accordance with IAS 16. A financial liability is recognised on the balance sheet for the borrowings received, initially measured at fair value of consideration received and subsequently measured at their amortised cost applying the effective interest rate method, in accordance with IFRS 9.

The nature of assets secured in these arrangements are those used in the production line of the Group's brewing activities.

Company	Land and buildings	Long term leasehold property	Fixtures and fittings	Motor vehicle	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost:								
At 1 January 2020	33,151	134	9,020	280	36,585	2,455	-	81,625
Additions	336	-	41	23	1,054	111	7,759	9,324
Disposals	(3)	(3)	(614)	-	(2)	-	-	(622)
Transfers	(556)	66	3	3	177	2	556	251
At 31 December 2020	32,928	197	8,450	306	37,814	2,568	8,315	90,578
Additions	258	-	152	-	5,875	2,328	12,800	21,413
Disposals	-	-	(36)	-	(4,093)	-	-	(4,129)
Transfers	-	-	-	-	7,753	-	(7,753)	-
Exchange differences	-	-	-	-	(89)	-	-	(89)
At 31 December 2021	33,186	197	8,566	306	47,260	4,896	13,362	107,773
Depreciation:								
At 1 January 2020	1,416	7	4,144	155	5,975	1,353	-	13,050
Charge for the year	432	147	903	33	1,958	616	-	4,089
Disposals	-	-	(446)	-	-	-	-	(446)
At 31 December 2020	1,848	154	4,601	188	7,933	1,969	-	16,693
Charge for the year	451	40	1,103	48	2,314	526	-	4,482
Disposals	-	-	(21)	-	(970)	-	-	(991)
At 31 December 2021	2,299	194	5,683	236	9,277	2,495	-	20,184
Net book value:								
At 31 December 2021	30,887	3	2,883	70	37,983	2,401	13,362	87,589
At 31 December 2020	31,080	43	3,849	118	29,881	599	8,315	73,885

Land and buildings have been pledged as security (note 20).

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

	Plant and machinery
	£000
Net book value:	
At 31 December 2021	27,188
At 31 December 2020	21,527
Depreciation charge for the year:	
31 December 2021	1,877
31 December 2020	1,480

The Group have financing arrangements whereby assets are secured against borrowings from a commercial bank. The legal form of these transaction is a sale and leaseback. IFRS 16 requires consideration to be given over whether the control of the assets in such transaction have been passed to the buyer-lessor. The control of assets placed under these arrangements remain with the Group, therefore the conditions for recognising a sale under IFRS 15 are not met. As such, these transactions are accounted for as financing transactions (and not as a sale and leaseback under IFRS 16). All assets secured in such arrangements are recognised as property, plant, and equipment within the balance sheet, initially measured at cost, in accordance with IAS 16. A financial liability is recognised on the balance sheet for the borrowings received, initially measured at fair value of consideration received and subsequently measured at their amortised cost applying the effective interest rate method, in accordance with IFRS 9.

The nature of assets secured in these arrangements are those used in the production line of the Group's brewing activities.

13. INTANGIBLE FIXED ASSETS

Group	Other	Goodwill	Distribution Rights	Total
	£000	£000	£000	£000
Cost:				
At 1 January 2020 - Restated	115	19,274	1,336	20,725
Additions	151	369	-	520
Transfer	42	-	(42)	-
Exchange differences	(1)	-	-	(1)
At 31 December 2020	307	19,643	1,294	21,244
Additions	44	-	25	69
Exchange differences	(5)	(27)	-	(32)
At 31 December 2021	346	19,616	1,319	21,281
Impairment:				
At 1 January 2020	115	315	-	430
At 31 December 2020	115	315	-	430
At 31 December 2021	115	315	-	430
Net book value:				
At 31 December 2021	231	19,301	1,319	20,851
At 31 December 2020	192	19,328	1,294	20,814

During the year to 31 December 2021, Goodwill was impaired by £nil (2020: £nil). Further details can be found at note 15.

Company	Distribution Rights	Total
	£000	£000
Cost:		
At 1 January 2020 - Restated	1,294	1,294
At 31 December 2020	1,294	1,294
At 31 December 2021	1,294	1,294
Amortisation:		
At 1 January 2020	-	-
At 31 December 2020	-	-
At 31 December 2021	-	-
Net book value:		
At 31 December 2021	1,294	1,294
At 31 December 2020	1,294	1,294

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

14. OTHER NON-CURRENT FINANCIAL ASSETS

Group	Unlisted investments
Fair value	£000
At 1 January 2021 & 31 December 2021	157
Net book value	
At 31 December 2021	157
At 31 December 2020	157

Company	Unlisted investments	Shares in group undertakings	Total
Cost	£000	£000	£000
At 1 January 2020	157	32,418	32,575
Additions	-	927	927
At 31 December 2020	157	33,345	33,502
Additions	-	3,710	3,710
At 31 December 2021	157	37,055	37,212
Depreciation	£000	£000	£000
At 1 January 2020	-	1,479	1,479
Impairment	-	4,947	4,947
At 31 December 2020	-	6,426	6,426
At 31 December 2021	-	6,426	6,426
Net book value:			
At 31 December 2021	157	30,629	30,786
At 31 December 2020	157	26,919	27,076

The trading and net assets of Hawkes Cider Limited was transferred to the company during the previous year, and the investment in Hawkes Cider Limited was fully impaired, resulting in a charge to the company statement of comprehensive income of £4,947,000

For the year ended 31 December 2021, the following subsidiaries are entitled to an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies; Lone Wolf Spirits Limited, Hawkes Cider Limited, BrewDog International Limited and Lost Forest Limited.

During the year, the Group established a subsidiary with a non-controlling interest of 40%, the activity during the year was not significant.

During the previous year the group dissolved its investment in BrewDog Bar Korea.

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

Name of company	Holdings	Country of registration or incorporation	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:				
BrewDog Retail Limited (1)	Ordinary	Scotland	100%	Bar operator
Lone Wolf Spirits Limited (1)	Ordinary	Scotland	100%	Dormant
Lost Forest Limited (1)	Ordinary	Scotland	100%	Land owner
Overworks Limited (1)	Ordinary	Scotland	100%	Dormant
BrewDog International Limited (1)	Ordinary	Scotland	100%	Holding company
Draft House Holding Limited (2)	Ordinary	England	100%	Bar operator
Hawkes Cider Limited (3)	Ordinary	England	100%	Dormant
BrewDog GmbH (4)	Ordinary	Germany	100%	Bar operator & brewery
BrewDog Group Australia Ltd (5)	Ordinary	Australia	100%	Holding company
BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda (6)	Ordinary	Brazil	100%	Dormant
BrewDog Belgium SPRL (7)	Ordinary	Belgium	100%	Bar operator
BrewDog Group HK Ltd (10)	Ordinary	Hong Kong	100%	Holding company
BD Casanova SL (11)	Ordinary	Spain	100%	Bar operator
BrewDog USA Inc (14)	Ordinary	USA	97%	Holding company
BrewDog Media Inc (14)	Ordinary	USA	100%	Holding company
BrewDog Sweden AB (20)	Ordinary	Sweden	100%	Holding company
BrewDog Holding Company Japan Ltd (21)	Ordinary	Japan	60%	Holding company

Indirectly held:		
Draft House TB Limited (2)	Ordinary	England
Draft House NC Limited (2)	Ordinary	England
BrewDog Brewing Australia Pty Ltd (5)	Ordinary	Australia
BrewDog Canada Ltd (8)	Ordinary	Canada
BrewDog Bars France SAS (9)	Ordinary	France
Bryggmester Bob AS (12)	Ordinary	Norway
BrewDog Brewing Company LLC (14)	Ordinary	USA
BrewDog Franchising LLC (14)	Ordinary	USA
BrewDog Dogtap LLC (14)	Ordinary	USA
BrewDog Las Vegas LLC (14)	Ordinary	USA
BrewDog San Francisco LLC (14)	Ordinary	USA
BrewDog Licensing LLC (14)	Ordinary	USA
BrewDog Pittsburgh LLC (14)	Ordinary	USA
BrewDog Indianapolis LLC (14) USA	Ordinary	USA
BrewDog Columbus LLC (15)	Ordinary	USA
DrinkTV LLC (16)	Ordinary	USA
BrewDog Ireland Ltd (17)	Ordinary	Ireland
Kabushi Kaisha BrewDog Japan (18)	Ordinary	Japan
BrewDog Italy S.R.L (19)	Ordinary	Italy
BruDog Malmo AB (20)	Ordinary	Sweden
BruDog Bar GBG AB (20)	Ordinary	Sweden
BruDog Norrkoping AB (20)	Ordinary	Sweden
BruDog Sodermalm AB (20)	Ordinary	Sweden
BruDog Bar St Eriksgatan AB (20)	Ordinary	Sweden
BrewDog Shanghai (13)	Ordinary	China
BrewDog Company Japan Ltd (21)	Ordinary	Japan

(1) Registered office address; Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX
(2) Registered office address; 3rd and 4th Floor, Fergusson House, 124-128 City Road, London, EC1V 2NJ
(3) Registered office address; 92 and 96 Druid Street, London, SE1 2HQ
(4) Registered office address; IM Marienpark 23, 12107, Berlin, Germany
(5) Registered office address; Level 29/12 Creek Street, Brisbane City, QLD 4000
(6) Registered office address; 41 Rua Corope's – Pinheiros, Sao Paulo-SP, 05426-010, Brazil
(7) Registered office address; Putterie 20, 1000 Brussels, Belgium
(8) Registered office address; 2800 Park Place, 666 Burrard Street, Vancouver, BC V6C 2Z7
(9) Registered office address; 1 rue Favart, 75002 Paris
(10) Registered office address; Suites 3701-3710, 37/F Jardine House, 1 Connought Place, Central, Hong Kong
(11) Registered office address; Calle Casanova 69, 08011, Barcelona, Spain
(12) Registered office address; Markveien 57, 0505 Oslo

(13) Registered office address; Unit 107 & 108, 1F, South Building, China Merchants Plaza, No333 North Chengdu Road, Jing'an District, Shanghai
(14) Registered office address; 96 Gender Rd, Canal Winchester, OH 43110
(15) Registered office address; PO Box 361715, Columbus, OH 43236
(16) Registered office address; 1209 Orange St, Wilmington, DE 19801
(17) Registered office address; 2 Grand Canal Square, Dublin, Ireland, D02 A342
(18) Registered office address; Saitoh Building 1F, 5-3-2, Roppongi, Minato-ku, Tokyo
(19) Registered office address; Corso Vercelli 40, 20145, Milan
(20) Registered office address; Baltzarsgatan 25 211 36 MALMÖ
(21) Registered office address; 4-31, Minami Aoyama 5-chome, Minato-ku, Tokyo

15. GOODWILL AND INTANGIBLES ASSETS WITH INDEFINITE USEFUL LIVES

Group	2021 £000	2020 £000
Goodwill		
Draft House	10,680	10,680
Hawkes	3,716	3,716
Sweden	3,639	3,642
Belgium	646	646
France	338	362
Norway	165	165
Other	117	117
Distribution rights	1,319	1,294
Other	231	192
	20,851	20,814

The Group performed its annual impairment test in December 2021 and 2020 over goodwill. The recoverable amount of goodwill has been determined by a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The pre-tax discount rate applied to cashflow is 14.9% (2020 – 11.5%) and cash flows beyond the five-year period use a growth rate of 5% (2020 – 5%). It was concluded that the value in use exceeded the fair value. As a result, management has recognised an impairment charge of £nil (2020 - £nil) against goodwill.

The distribution rights and other intangible assets have been included within value in use calculations for the US business and have been considered within the overall calculation for that area.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for cash generating units (CGUs) is most sensitive to the following assumptions:

- Operating cash flows
- Discount rates

Operating cash flows – The main assumptions within forecast operating cash flows include the achievement of future growth, volume and cost structures in line with the financial budgets.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Management have considered whether there are any sensitivies in the assumptions which could give rise to an impairment however these would need to be severe and therefore not considered further.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

16. TRADE AND OTHER RECEIVABLES

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

Group	2021	2020
	£000	£000
Trade receivables	37,507	31,952
Prepayments and other receivables	23,918	17,399
	61,425	49,351

Trade and other receivables due after one year amounted to £2,147,000 (2020: £2,147,000).

Company	2021	2020
	£000	£000
Trade receivables	35,629	31,227
Prepayments and other receivables	9,609	8,748
Receivable from group undertakings	102,306	82,393
	147,544	122,368

Amounts receivable from group undertakings are repayable on demand as there are no extended contractual terms agreed. Amounts will be repaid dependant on results within the relevant company and associated local requirements regarding repayment of funds.

Group		Neither past due nor impaired			Past due but not impaired	
	Total	< 30 days	30-60 days	60-90 days	60-90 days	Over 90 days
	£000	£000	£000	£000	£000	£000
2021	37,507	35,726	924	188	107	562
2020	31,952	13,789	13,733	2,250	585	1,595

Company		Neither past due nor impaired			Past due but not impaired	
	Total	< 30 days	30-60 days	60-90 days	60-90 days	Over 90 days
	£000	£000	£000	£000	£000	£000
2021	35,629	34,716	634	32	95	152
2020	31,227	13,394	13,696	2,250	580	1,307

17. INVENTORY

Group	2021	2020
	£000	£000
Raw materials	7,018	6,085
Work in progress	2,761	1,109
Finished goods and goods for resale	10,381	8,019
	20,160	15,213

Company	2021	2020
	£000	£000
Raw materials	4,705	4,251
Work in progress	2,524	909
Finished goods and goods for resale	7,197	6,161
	14,426	11,321

18. CASH AND CASH EQUIVALENTS

Group	2021	2020
	£000	£000
Cash at bank and in hand	45,274	54,871

Company	2021	2020
	£000	£000
Cash at bank and in hand	37,808	51,753

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

19. TRADE AND OTHER PAYABLES

The carrying value of financial instruments approximates fair value.

Group	2021	2020
	£000	£000
Trade payables	19,501	13,225
Accruals and other payables	34,252	28,563
Taxes and social security	6,650	7,505
	60,403	49,293

Company	2021	2020
	£000	£000
Trade payables	9,233	6,637
Accruals and other payables	21,456	17,997
Taxes and social security	4,867	6,247
	35,556	30,881

20. FINANCIAL LIABILITIES

Group	2021	2020
	£000	£000
Current:		
£1,820,000 bank loan	113	137
£2,000,000 bank loan	119	140
£5,000,000 bank loan	375	500
Other loans	1	510
7.5% non-convertible bonds	-	9,993
Obligations under hire purchase contacts	4,926	4,347
Lease liabilities	8,771	8,145
Total current borrowings	14,305	23,772
Non-current:		
£1,820,000 bank loan	724	736
£2,000,000 bank loan	1,097	1,116
£5,000,000 bank loan	4,500	4,500
£25,000,000 bank loan	25,000	25,000
Other loans	117	953
6% non-convertible bonds	3,303	3,309
Obligations under hire purchase contracts	15,991	7,768
Lease liabilities	120,005	98,270
Total non-current borrowings	170,737	141,652

Company	2021	2020
	£000	£000
Current:		
£1,820,000 bank loan	113	137
£2,000,000 bank loan	119	140
£5,000,000 bank loan	375	500
7.5% non-convertible bonds	-	9,993
Obligations under hire purchase contacts	4,926	4,347
Lease liabilities	841	775
Total current borrowings	6,374	15,892
Non-current:		
£1,820,000 bank loan	724	736
£2,000,000 bank loan	1,097	1,116
£5,000,000 bank loan	4,500	4,500
£25,000,000 bank loan	25,000	25,000
6% non-convertible bonds	3,303	3,309
Obligations under hire purchase contracts	15,991	7,768
Lease liabilities	11,617	11,837
Total non-current borrowings	62,232	54,266

Bank loans

£1,820,000 bank loan
This 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 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 loan is in the name of the parent company, originally for a maximum of £5,000,000 and is repayable by quarterly instalments of £125,000 until January 2025 and a single balancing instalment in April 2025. It bears interest at 2.1% over the base rate. This loan is secured by a mortgage over the land and buildings.

£25,000,000 bank loan
This loan is in the name of the parent company, originally for a maximum of £25,000,000 under the CLBILS coronavirus support and is repayable in a single instalment in August 2023. It bears interest at 2.1% over the base rate. This loan is secured by a mortgage over the land and buildings with a 80% government guarantee.

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

6% non-convertible bonds
In January 2020, the group issued £3,309,000 non-convertible bonds with a maturity in January 2024. The purpose of the bond was to finance expansion. The bonds were issued with an interest rate of 6%. Interest is paid bi-annually with subsequent repayment of £3,303,000 in January 2024.

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.

Other loans

The other loans are in the name of Brewdog Brewing Company LLC. There is £110,000 which is repayable in monthly instalments until May 2051 and bears interest at 3.75%.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

Maturity profile

The tables below summarises the maturity profile of financial liabilities based on contractual undiscounted payments:

Group	On demand £000	Less than 3 months £000	3 to 12 months £000	1-5 years £000	>5 years £000	Total £000
Year ended 31 December 2021						
Interest bearing loans and borrowings	-	289	5,245	48,717	2,015	56,266
Lease liabilities	-	3,022	9,097	44,381	100,788	157,288
Trade and other payables	-	60,403	-	-	-	60,403
	-	63,714	14,342	93,098	102,803	273,957
Year ended 31 December 2020						
Interest bearing loans and borrowings	-	11,402	4,225	42,663	719	59,009
Lease liabilities	-	2,628	8,065	39,171	77,865	127,729
Trade and other payables	-	49,293	-	-	-	49,293
	-	63,323	12,290	81,834	78,584	236,031

Company	On demand £000	Less than 3 months £000	3 to 12 months £000	1-5 years £000	>5 years £000	Total £000
Year ended 31 December 2021						
Interest bearing loans and borrowings	-	289	5,245	48,707	1,907	56,148
Lease liabilities	-	332	958	4,177	11,502	16,969
Trade and other payables	-	35,556	-	-	-	35,556
	-	36,177	6,203	52,884	13,409	108,673
Year ended 31 December 2020						
Interest bearing loans and borrowings	-	11,274	3,843	41,818	611	57,546
Lease liabilities	-	306	783	3,991	12,322	17,402
Trade and other payables	-	30,881	-	-	-	30,891
	-	42,461	4,626	45,809	12,933	105,829

Change in liabilities arising from financing activites

Group	1 January 2021	Cashflows	Other	New leases	31 December 2021
	£000	£000	£000	£000	£000
Year ended 31 December 2021					
Current interest bearing loans and borrowings	15,627	(1,398)	(8,695)	-	5,534
Current lease liabilities	8,145	(7,427)	3,444	4,609	8,771
Non-current interest bearings and borrowings	43,382	-	7,350	-	50,732
Non-current lease liabilities	98,270	-	(3,444)	25,179	120,005
Total liabilities arising from financing activites	165,424	(8,928)	(1,242)	29,788	185,042

Group	1 January 2020	Cashflows	Other	New leases	31 December 2020
	£000	£000	£000	£000	£000
Year ended 31 December 2020					
Current interest bearing loans and borrowings	10,583	(1,980)	7,024	-	15,627
Current lease liabilities	7,791	(6,686)	5,562	1,478	8,145
Non-current interest bearings and borrowings	21,828	28,621	(7,067)	-	43,382
Non-current lease liabilities	97,922	-	(5,562)	5,910	98,270
Total liabilities arising from financing activites	138,124	19,995	(43)	7,388	165,424

Company	1 January 2021	Cashflows	Other	New leases	31 December 2021
	£000	£000	£000	£000	£000
Year ended 31 December 2021					
Current interest bearing loans and borrowings	15,117	(1,398)	(8,186)	-	5,533
Current lease liabilities	775	(842)	770	138	841
Non-current interest bearings and borrowings	42,429	-	8,186	-	50,615
Non-current lease liabilities	11,837	-	(770)	550	11,617
Total liabilities arising from financing activites	70,158	2,343	103	688	68,606

Company	1 January 2020	Cashflows	Other	New leases	31 December 2020
	£000	£000	£000	£000	£000
Year ended 31 December 2020					
Current interest bearing loans and borrowings	10,540	(2,490)	7,067	-	15,117
Current lease liabilities	705	(799)	752	117	775
Non-current interest bearings and borrowings	21,828	27,668	(7,067)	-	42,429
Non-current lease liabilities	12,122	-	(752)	467	11,837
Total liabilities arising from financing activites	45,195	24,379	-	584	70,158

The 'Other' column includes the effect of reclassification of non-current portion of interest bearing loans and borrowings, including lease liabilities to current due to the passage of time and the waiver of other loans in the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

21. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the financial outlook. To maintain or adjust the capital structure, the Group may adjust its approach to equity capital raises, review the dividend policy when appropriate and review its borrowing facilities.

The Group monitors its capital on a liquidity basis and a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans, borrowings, trade and other payables less cash and cash equivalents. The Group's policy is to ensure we have sufficient liquidity to fund the day to day cash requirements of the Group and also ensure the Group can fund its long term strategic investments.

Group	2021	2020
	£000	£000
Total current borrowings (Note 20)	14,305	23,772
Total non-current borrowings (Note 20)	170,737	141,652
Trade and other payables (Note 19)	60,403	49,293
Less: cash and cash equivalents	(45,274)	(54,871)
Net debt	200,171	159,846

	2021	2020
	£000	£000
Total equity	180,543	173,905
Total equity (excluding NCI)	180,543	173,905
Capital and net debt	380,714	333,751
Gearing ratio	53%	48%

22. CAPITAL COMMITMENTS

Group	2021	2020
	£000	£000
Contracted for but not provided in the financial statements	5,350	1,903

Company	2021	2020
	£000	£000
Contracted for but not provided in the financial statements	5,350	1,721

23. LEASES

Lease agreements where the group is lessee

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

The group also has certain leases of property, plant and equipment with lease terms of 12 months or less or where the value of the underlying asset is low. The group applies the "short-term lease" and "leases of low-value assets" recognition exemptions for these leases.

Group

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings	Vehicles	Equipment	Total
	£000	£000	£000	£000
As at 1 January 2020	97,709	535	220	98,464
Additions	4,919	28	31	4,978
Remeasurements	4,435	-	-	4,435
Terminations	(2,025)	-	-	(2,025)
Depreciation expense	(8,946)	(325)	(58)	(9,329)
As at 31 December 2020	96,092	238	193	96,523
Additions	20,553	622	6	21,181
Remeasurements	3,619	150	8	3,777
Terminations	(318)	-	-	(318)
Depreciation expense	(8,951)	(515)	(72)	(9,538)
As at 31 December 2021	110,995	495	135	111,625

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021	2020
	£000	£000
Lease liabilities		
As at 1 January	106,415	105,713
Additions	26,343	4,978
Remeasurements	3,777	4,435
Terminations	(318)	(2,025)
Accretion of interest	2,747	2,686
Payments	(10,188)	(9,372)
As at 31 December	128,776	106,415
Current	8,771	8,145
Non-current	120,005	98,270
	128,776	106,415

The following are the amounts recognised in profit or loss:

	2021	2020
	£000	£000
Depreciation expense of right-of-use assets	9,479	9,329
Interest expense on lease liabilities	2,761	2,686
Expense related to short-term leases	950	1,138
Expense relating to leases of low-value assets	317	383
Total amount recognised in profit or loss	13,507	13,536

The group had total cash outflows for leases of £10,188,000 (2020: £9,372,000). The future cash outflows relating to leases that have not yet commenced were £nil (2020: £nil). The cash equivalent of lease concessions relating to Covid-19 obtained in the year was £784,000 (2020: £960,000).

The group has certain property lease agreements that include an option for renewal, with such options being exercisable three months before the expiry of the lease term at rents based on market prices at the time of exercise. Management exercises judgement in determining whether these renewal options are reasonably certain to be exercised.

Company

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings	Vehicles	Equipment	Total
	£000	£000	£000	£000
As at 1 January 2020	6,367	494	140	7,001
Additions	302	-	31	333
Remeasurements	267	-	-	267
Terminations	(16)	-	-	(16)
Depreciation expense	(583)	(296)	(47)	(926)
As at 31 December 2020	6,337	198	124	6,659
Additions	-	523	6	529
Remeasurements	-	150	9	159
Depreciation expense	(595)	(473)	(53)	(1,121)
As at 31 December 2021	5,742	398	86	6,226

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021	2020
	£000	£000
Lease liabilities		
As at 1 January	12,612	12,827
Additions	529	333
Remeasurements	159	267
Terminations	-	(16)
Accretion of interest	471	483
Payments	(1,313)	(1,282)
As at 31 December	12,458	12,612
Current	841	775
Non-current	11,617	11,837
	12,458	12,612

The following are the amounts recognised in profit or loss:

	2021	2020
	£000	£000
Depreciation expense of right-of-use assets	1,121	926
Interest expense on lease liabilities	471	485
Expense related to short-term leases	-	240
Expense relating to leases of low-value assets	-	81
Total amount recognised in profit or loss	1,592	1,731

The company had total cash outflows for leases of £1,313,000 (2020: £1,282,000). The future cash outflows relating to leases that have not yet commenced were £nil (2020: £nil).

The company has certain property lease agreements that include an option for renewal, with such options being exercisable three months before the expiry of the lease term at rents based on market prices at the time of exercise. Management exercises judgement in determining whether these renewal options are reasonably certain to be exercised.

24. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk and this is overseen by the senior management of the Group.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk to the Group comprises of currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at 31 December in 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Foreign currency sensitivity

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
2021		
US Dollar/Sterling	+10%	(3,417)
	-10%	3,417
Euro/Sterling	+10%	(1,903)
	-10%	1,903
2020		
US Dollar/Sterling	+10%	(3,176)
	-10%	3,176
Euro/Sterling	+10%	(1,986)
	-10%	1,986

25. SHARE CAPITAL

Group and company	2021	2021	2020	2020
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Ordinary A shares				
At 1 January and 31 December	43,791	43	43,791	43

Group and company	2021	2021	2020	2020
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Ordinary B shares				
At 1 January	13,801	14	13,440	13
Issued through Equity for Punks	573	1	361	1
At 31 December	14,374	15	13,801	14

Group and company	2021	2021	2020	2020
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Preferred C Ordinary shares				
At 1 January and 31 December	16,161	17	16,161	17
Total	**74,326**	**75**	**73,753**	**74**

During the year the company issued 573,000 (2020: 361,000) Ordinary B shares to the public under its Equity for Punks Tomorrow (2020: Equity for Punks VI and Equity for Punks Tomorrow) crowdfunding initiatives with an issue price of £25.15 (2020: £25 and £25.15 respectively) per share. This created additional share premium of £19,736,000 (2020: £12,613,000) 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 (2020: £nil) of share capital and share premium remains unpaid.

At the year-end there were 3,791,864 (2020: 3,159,668) share options granted and not exercised.

Group and company	2021	2020
	Share premium account £000	Share premium account £000
At 1 January	168,585	156,996
Issued through Equity for Punks	19,736	12,613
Transaction costs	(4,642)	(1,024)
At 31 December	183,679	168,585

26. RESERVES

Treasury shares

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

Group and company	2021	2021	2020	2020
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Treasury shares				
At 1 January	137	1,857	63	1,185
Acquired	-	-	74	672
At 31 December	137	1,857	137	1,857

Purchase of own shares

During the previous year the group acquired 23,662 of its own Ordinary A shares at a cost of £1.10 per share. The shares have a nominal value of £0.001p and the acquisition represents less than 0.06% of the Ordinary A shares in issue.

During the previous year the group acquired 50,000 of its own Ordinary B shares at a cost of £13 per share. The shares have a nominal value of £0.001p and the acquisition represents less than 0.4% of the Ordinary B shares in issue.

The shares were acquired as part of arrangements under termination of service agreements.

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.

27. GOVERNMENT GRANTS

Group	2021	2020
	£000	£000
At 1 January	3,172	3,304
Received during the year	-	6
Translation of grants denominated in foreign currency	116	41
Released to the statement of comprehensive income	(170)	(179)
At 31 December	3,118	3,172

	2021	2020
	£000	£000
Current	158	172
Non-current	2,960	3,000
	3,118	3,172

Company	2021	2020
	£000	£000
At 1 January	2,025	2,157
Received during the year	-	2
Released to the statement of comprehensive income	(126)	(134)
At 31 December	1,899	2,025

	2021	2020
	£000	£000
Current	115	127
Non-current	1,784	1,898
	1,899	2,025

Government grants have been received for the purchase of certain items of land, property, plant and equipment.

28. SHARE BASED PAYMENTS

The company operates three share-based payment schemes for the benefit of senior management.

EMI, Approved and Unapproved Company Share Option Plans (CSOPs)

Options granted under the EMI plan are exercisable four to ten years following the date of grant. One award under this scheme has both service vesting conditions, and a non-market performance vesting condition attached to their exercise: annual net profit target of 10%. If not met in any year then an average can be applied over the term to meet target.

Options granted under the approved CSOP are exercisable four to nine years following the date of grant, subject to service vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

The following table details the number, weighted average exercise price (WAEP) and weighted average contractual life (WACL) of share options for the approved and unapproved schemes as at the balance sheet date:

	EMI			Approved CSOP			Unapproved CSOP		
	Number	WAEP	WACL	Number	WAEP	WACL	Number	WAEP	WACL
		£	Years		£	Years		£	Years
Outstanding at 1 January 2020	391,300	0.14	6.88	43,270	2.18	6.36	883,398	1.02	2.93
Granted during the year	-	-	-	-	-	-	2,093,700	1.00	3.00
Lapsed during the year	-	-	-	(10,000)	5.00	7.00	(242,000)	1.00	2.17
Outstanding at 31 December 2020	391,300	0.14	6.88	33,270	1.33	6.16	2,735,098	1.01	3.01
Granted during the year	-	-	-	-	-	-	632,166	1.00	2.88
Lapsed during the year	-	-	-	-	-	-	-	-	
Outstanding at 31 December 2021	391,300	0.14	6.88	33,270	1.33	6.16	3,367,294	1.01	3.02
Exercisable at 31 December 2021	-	-		-	-		478,832	1.03	
Exercisable at 31 December 2020	-	-		-	-		210,260	1.02	

The following table lists the inputs to the BSM pricing model to determine the fair value of the options granted in the year:

	2021	2020
Weighted average fair values at the measurement date (£)	7.28	N/A
Dividend yield (%)	0%	N/A
Expected volatility (%)	35%	N/A
Risk-free interest rate (%)	0.90%	N/A
Expected life of share options (years)	3	N/A
Marketability discount (%)	25%	N/A
Weighted average share price (£)	5.46	5.00

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome

29. RELATED PARTY TRANSACTIONS

Group
The financial statements include the financial statements of the group and the subsidiaries listed in note 14. The directors are the only key management personnel and information can be found in note 8.

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured and cash settlement terms vary. The company has provided guarantees for a number of related party payables. The company has not made any provision for doubtful debts relating to amounts owed by related parties.

Company
The following table provides the total amount of transactions that have been entered into with related parties for the relevant year:

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	£000	£000	£000	£000
Subsidiaries:				
BrewDog Retail Ltd				
2021	6,436	-	25,962	-
2020	5,112	-	17,071	-
BrewDog USA Inc				
2021	10	814	34,168	-
2020	5	2,031	29,942	-
BrewDog GMBH				
2021	349	325	10,382	-
2020	467	638	7,304	-
BrewDog Belgium SPRL				
2021	-	-	1,425	-
2020	34	-	1,090	-
BD Casanova SL				
2021	-	-	422	-
2020	26	-	296	-
Draft House Holding Ltd				
2021	622	-	6,521	-
2020	572	-	4,305	-
BrewDog Brasil				
2021	-	-	-	-
2020	-	-	267	-
Bryggmester Bob AS				
2021	-	-	481	-
2020	-	-	413	-
BrewDog International				
2021	-	-	666	-
2020	-	-	659	-

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	£000	£000	£000	£000
Subsidiaries:				
BrewDog Sweden				
2021	12	-	57	-
2020	6	-	272	-
BrewDog Australia				
2021	51	-	3,986	-
2020	112	-	3553	-
BrewDog Ireland				
2021	1	-	2,243	-
2020	18	-	2,728	-
BrewDog France				
2021	-	-	4,001	-
2020	16	-	3,001	-
Drink TV				
2021	-	-	-	-
2020	-	-	1,465	-
BrewDog Group HK Ltd				
2021	-	-	2,112	-
2020	-	-	1,555	-
Kabushi Kaisha BrewDog Japan				
2021	-	-	409	-
2020	-	-	300	-
BrewDog Japan				
2021	550	-	-	-
2020	-	-	-	-
Lost Forest				
2021	-	-	9,298	-
2020	-	-	9,300	-
BrewDog Italy S.R.L.				
2021	-	-	21	-
2020	-	-	-	-
BrewDog Shanghai				
2021	-	-	152	-
2020	-	-	8	-
Other directors' interests				
2021	-	37	-	-
2020	232	288	18	70

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

During 2020 a number of assets held by one of the directors were divested, resulting in lower levels of purchases from related parties.

	Amounts owed by related parties	Amounts owed to related parties
	£000	£000
Directors' loans		
2021	23	-
2020	36	-

Director's loan

Amounts due from directors are non-interest bearing and are repayable on demand. Directors' loans were repaid during the year.

Other directors' interests

During 2021, purchases at normal market prices were made by group companies from Pie & Mouse Limited and 63DCMH LLC, companies controlled by one of the directors.

During 2020, purchases at normal market prices were made by group companies from JBW (77) Limited, Pie & Mouse Limited, Jet Pack Pie Limited, 63DCMH LLC and Ten Tonne Mouse Inc, companies controlled by one of the directors.

30. NOTES TO THE CASHFLOW

Group	2021	Restated 2020
	£000	£000
Cashflows from operating activities:		
Loss before tax	(9,405)	(12,517)
Adjustments to reconcile profit before tax to net cash flows:		
Loss/(Gain) on disposal of property, plant and equipment	1,292	(927)
Depreciation	13,470	12,868
Depreciation of ROU assets	9,538	9,329
Impairment	-	(337)
Grant amortisation	(170)	(179)
Foreign exchange	573	715
Finance income	(7)	(316)
Finance charges	4,121	6,074
Share based payment expense	2,320	584
Working capital adjustments:		
Increase in inventory	(4,947)	(560)
Increase in trade and other receivables	(12,074)	(6,356)
Increase in trade and other payables	9,928	8,875
Interest received	7	137
Interest paid	(3,999)	(6,074)
Taxation refunded	274	143
Net cash flow from operating activities	10,921	**11,459**

Company	2021	Restated 2020
	£000	£000
Cashflows from operating activities:		
Profit before tax	10,631	5,591
Adjustments to reconcile loss before tax to net cash flows:		
Loss/(Gain) on disposal of property, plant and equipment	1,188	(79)
Gain on sale of brand rights	(3,320)	-
Depreciation	4,483	4,089
Depreciation of ROU assets	1,121	926
Impairment	370	4,947
Grant amortisation	(126)	(134)
Foreign exchange loss	567	706
Finance income	(228)	(575)
Finance charges	1,827	3,856
Share based payment expense	2,320	584
Working capital adjustments:		
Increase in inventory	(3,105)	(468)
Increase in trade and other receivables	(5,264)	(6,692)
Increase in trade and other payables	3,534	7,836
Interest received	6	137
Interest paid	(1,703)	(3,855)
Taxation refunded	274	143
Net cash flow from operating activities	12,575	**17,012**

31. POST BALANCE SHEET EVENTS

Subsequent to the year end we announced the BrewDog Blueprint which further shapes the future of our business by focusing on the three pillars of beer, planet and people, further details can be found on pages 16-19.

Between the end of the financial year and the date of this report no item, transaction or event of a material nature has occurred, in the opinion of the Directors, that is likely to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

INDEPENDENT AUDITOR'S 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 2021 which comprise Group Profit and Loss Account, the Group and Parent company Balance Sheet, Group and Parent Company statement of cash flows, the Group statement of comprehensive income, the Group and Parent statement of changes in equity and the related notes 1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 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
WWe 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. We are independent of the group 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.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue to 30 June 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 83, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, being United Kingdom Accounting Standards, including IFRS and the Companies Act 2006, and the relevant tax compliance regulations in the UK.
- We understood how BrewDog PLC is complying with those frameworks by making enquiries of management, those charged with governance, and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of board minutes and any correspondence with relevant counterparties and noted that there was no contradictory evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by making enquiries of management from various parts of the business and performing a walkthrough of the financial statement close process. We also considered performance targets and their propensity to influence efforts made by management to manage results.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures, in addition to those set out above, included a review of board minutes to identify any non-compliance with laws and regulations. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with all applicable requirements. We also utilised data analytical tools to review for potential non-compliance with laws and regulations and tested manual journal entries to supporting evidence.

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.

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.

Jamie Dixon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

26 May 2022.

DIRECTORS' REPORT

Registered No. SC311560
The Directors present their report and financial statements for the year ended 31 December 2021. These financial statements have been prepared under UK adopted international accounts standards ("IFRSs").

Results and dividends
The loss after taxation for the year amounted to £10,598,000 (2020 loss: £12,637,000). No dividend has been paid or proposed (2020: £nil).

Review of the business
The principal activity of the group continues to be that of brewing beer and operating bars. The results of the group show a pre-tax loss of £9,405,000 (2020 restated pre-tax loss: £12,517,000 (note 2)) for the year and turnover of £285,602,000 (2020: £237,763,000).

Future developments
We are in business to make other people as passionate about great craft beer as we are. We will continue to invest in our people, our beer, our infrastructure and our breweries. We are significantly focused on improving sustainability and transparency, to ensure that we make great beer and have a planet to drink it on.

Directors
The directors who served the company during the year, and up to the date of signing, were as follows:

N A Simpson
A M Dickie
J B Watt
D McDowall
J L O'Hara
F B Jack
N J McCallum
A Leighton (appointed 10 September 2021)
C K Greggor (resigned 22 January 2022)

Going concern
The directors have a reasonable expectation that the Group as a whole has adequate resources to continue its operational existence for the foreseeable future and until 30 June 2023. For this reason, they continue to adopt the going concern basis in the accounts. The Group's activities, together with factors likely to affect its future development, performance and position are considered by the Directors on an on-going basis. In addition, notes 20,21 and 24 include details of the Group's treasury activities, long term funding arrangements, financial instruments and financial risk management activities.

The directors continue to monitor the impact of world events, such as the Coronavirus pandemic, with particular regard to the wellbeing of their people and their ability to make, distribute and sell great beers.

The directors have performed stress testing of cashflow forecasts to take account of events which could impact the financial position of the Group. The range of stress tests included a prolonged impact on the recovery of on-trade and retail outlets following the Coronavirus pandemic, a reduction in demand for its products and related impacts on working capital along with a range of extreme but plausible downsides. These stress tests demonstrate that the group has access to sufficient liquidity through the going concern period to 30 June 2023. As such, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Events since the balance sheet date
Subsequent to the year end we announced the BrewDog Blueprint which further shapes the future of our business by focusing on the three pillars of beer, planet and people, further details can be found on pages 16-19.

Between the end of the financial year and the date of this report no item, transaction or event of a material nature has occurred, in the opinion of the Directors, that is likely to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Principal risks and uncertainties
We consider the key risks and uncertainties affecting the group to be the availability and cost of ingredients for our beers and the growing prominence of the craft beer market bringing with it more competition. In order to mitigate these risks and uncertainties, we continue to source quality hops and malt to brew our innovative beers and continue to look for opportunities to bring our beers to the wider public.

Financial risk management objectives and policies
The group's activities expose it to a number of financial risks including liquidity and credit risk.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long, medium and short-term debt finance. Forecasts are produced to assist management in identifying liquidity requirements and maintaining adequate reserves.

Credit risk
The group's financial assets are cash and cash equivalents and trade and other receivables.

The group's credit risk is primarily attributable to its trade receivables for beer sales. The amounts presented in the balance sheet are net of an allowance for the expected credit loss. An allowance for impairment is made where there is an identified loss event which is evidence of a reduction in the recoverability of cash flows.

Beer sales are concentrated towards a number of key customers. Credit risk is managed through maintaining good customer relationships and the monitoring of credit levels and settlement periods.

The credit risk on liquid funds is limited because the counter party is a bank with an investment grade credit rating assigned by international credit rating agencies.

Brexit risk
Following the UK's exit from the EU on 31st January 2020 and the end of the transition period on 31st December 2020, the directors continue to monitor the potential impact on the group due to the international nature of the business. We have implemented a range of measures to ensure there is minimal impact on the group, in addition to the investment in 2019 of the Berlin brewery to produce and distribute our products in the EU, we are partnering with a range of European based logistics service providers, maintaining control over potential currency fluctuations and intellectual property, ensuring we have the appropriate measures in place to allow the movement of our people and their right to work.

Disabled persons
The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement
The group's policy is to consult and discuss with employees at meetings any matters likely to affect their interests. Information on matters of concern to employees is given through information bulletins and communications which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance. During 2020 we invested in and launched Huddle, a communication tool that allows quick, efficient and effective communication with all of the crew.

Research and development
During the year the group continued to undertake research and development which is aimed at improving processes, creating new brewing methods and techniques and continued expansion of our product range. Further detail can be found within note 3 to the financial statements.

Purchase of own shares
During the previous year the group acquired 23,662 of its own Ordinary A shares at a cost of £1.10 per share. The shares have a nominal value of £0.001p and the acquisition represents less than 0.06% of the Ordinary A shares in issue.

During the previous year the group acquired 50,000 of its own Ordinary B shares at a cost of £13 per share. The shares have a nominal value of £0.001p and the acquisition represents less than 0.4% of the Ordinary B shares in issue.

The shares were acquired as part of arrangements under termination of service agreements.

Directors' liability
The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

Disclosure of information to the auditors
So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

Section 172 of the UK Companies Act 2006 Statement and our commitment to transparent and constructive dialogue with all of our stakeholders

The UK Corporate Governance Code (the Code) requires the Board to understand the views of the Company's other key stakeholders and report how their interests and the matters set out in Section 172 of the UK Companies Act 2006 have been considered in Board discussions and decision making.

During the year, the Directors believe that they have acted in a way, and have made decisions that would, most likely promote the success of the Group for the benefit of its members as a whole, with particular regard for the following key stakeholders:

Our Customers
Our mission is to make people as passionate about great beer as we are, so our customers are at the heart of the business. We achieve this through ensuring our products are of the highest quality and staying ahead of the consumer trends. We operate across an increasing range of channels to reach the end consumer, including grocery, impulse, wholesale, e-comm, on trade and our own bars. We are continually engaging with consumers and the channel partners to ensure we are delivering incredible beer and brand experiences.

Our People
BrewDog is built on a commitment to its people, who are essential to our success and growth. We continue to focus on key matters for our crew including being paid a Real Living Wage, charitable giving, and learning and development, and which are detailed in the 'Our People' section. Regular updates are provided by the Chief Operating Officer for all our crew, which are in addition to regular 'all hands meetings' hosted by a director are held with employees that can either be attended in person or watched on demand. These sessions cover trading, strategic priorities and new initiatives, with time for Q&A.

Our Equity for Punks and other investors
We actively engage with our EFPs and other investors to support an understanding of our business, progress against strategic priorities and to address any concerns. Our EFP team has the primary responsibility for managing and developing our relationship with EFPs. In addition to help build our EFP community the forum facilitates communication between our investors and the business, including directors. The AGM is an opportunity for shareholders to hear from the founders on the Group's performance and strategic direction and to ask questions – in addition to tasting our fantastic range of beers and spirits with other likeminded people. Due to the ongoing restrictions in place related to the coronavirus, the AGM's in 2020 and 2021 have been held via a webcast to allow as many EFPs to participate. BrewDog's shareholder base is managed by the EFP team with support from the Company's registrars, Computershare.

Our Communities
Our belief is that business should be a force for good. Given the current climate crisis, we have launched six major initiatives to ensure that in addition to making great beer, we ensure that we have a planet to drink it on. These include giving waste cans a second life, reducing waste by turning imperfect beer into great Vodka, and investing up to £1m a year to support research initiatives that help our industry have a positive impact on the world. The 'BrewDog Tomorrow' section provides further detail on these initiatives. We also seek to benefit the communities in which we work, whether it is those surrounding our four Breweries or our 100 bars. This includes community events, such as Christmas parties, charitable giving of both time and resources, and working closely with local businesses. We are really proud to have become a registered B-Corporation, which are an external validation of all the focus on sustainability.

Our suppliers
To allow us to make great beer, our suppliers are fundamental to the quality of our products. To ensure we obtain quality raw materials, we partner closely with key suppliers. This includes providing support for research and development, providing updates on our business, strategic priorities and new product development.

DIRECTORS' REPORT CONTINUED...

Make Earth Great Again

The Group announced that it had become a carbon negative business in August 2020. The Group double offsets the scope 1, 2 and upstream scope 3 carbon. The Group is working with a lead scientific adviser, Professor Mike Berners-Lee, to drive emissions to zero, whilst removing twice as much carbon from our atmosphere as the Group emits each year from both our operations and our supply chains.

We are working on a range of initiatives to reduce the Group's carbon footprint per HL of beer by 40% within the next twelve months. This is alongside a complimentary carbon removal plan for all our remaining emissions. Although only announced with four months remaining of 2020, the initiative has already reduced the Tonnes of CO2e per hL of beer by 18% in 2020 compared to 2019 full year.

In addition, we are working to reduce the efficiency of energy intensity and water use. All measures have reduced between 17% and 23% year on year. There are a range of initiatives underway to reduce the carbon footprint and then offset the carbon cannot currently be reduced. Some of those initiatives are:

- Investing in an anaerobic digester plant in the Ellon brewery, which will turn our waste water into clean water, green gas, organic fertiliser, food grade CO2. The green gas and clear water produced will be reused in our Ellon brewery, and any excess gas will be pumped back into the UK's gas supply grid
- Installing a CO2 recovery system which will capture all of this CO2 and use it downstream in our beers, reducing material requirements
- Ensure that wind turbines provide the majority of the power in the Ellon brewery
- Invested in a range of electric vehicles for deliveries and distribution
- Constructing a hop farm in our Columbus brewery
- Working with all our supply chain and operational partners to cut the carbon impact as fast as possible
- Continuing to create innovative products focused on minimising the carbon footprint, including Mega Trash Can beer, Lost Lager, partnering with Loop, Bad Beer Vodka and Planet First Local. In addition, we launched the Buy One Get One Tree campaign
- Acquired a forest in Scotland, which is 9,308 acres of land where we will embark on native woodland establishment and peatland restoration, which is branded the Lost Forest
- Working with a range of carbon removal partners, until the Lost Forest starts sequestering carbon, including The Woodland Trust, Carbon Neutral, Ribble Rivers Trust, Natural Conservancy of Canada and Eden Reforestation Projects
- Achieved B Corp certification, which requires the demonstration of the highest verified standards of social and environmental performance, transparency and accountability

For further detail on the energy and carbon reporting, please see the MEGA report on the Group's website.

The Directors Report and Strategic Report on pages 7-9, 42-43, 80-82 was approved by the Board of Directors on 26 May 2022 and signed on its behalf below.

On behalf of the Board

J B Watt
Director
26 May 2022

N J McCallum
Director
26 May 2022

Scope 1, 2 and 3 Tonnes of CO_{2e}	2021	2020
	T CO_{2e}	T CO_{2e}
Scope 1	4,646	4,157
Scope 2	5,169	4,249
Scope 3	69,379	66,246
Total	79,194	74,652

	2021	2020
Output hectolitres	1,071,865	800,180
Total TCO2e per hL	0.07	0.09

Energy intensity and Water Use	2021	2020
Electricity (MJ per hL)	31.6	36.1
Gas (MJ per hL)	66.9	71.5
Water (hL per hL of beer)	3.0	3.1

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK adopted international accounts standards ("IFRSs").

Under Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and the company's financial position and financial performance;
- in respect of group and company financial statements, state whether UK adopted IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/or group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the group and company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

COMPANY INFORMATION AND ADVISORS

REGISTERED OFFICE	COMPANY REGISTRATION NUMBER	AUDITORS	BANKER	SOLICITOR
Balmacassie Commercial Park, Ellon AB41 8BX	SC311560	Ernst & Young LLP 4th Floor, 2 Marischal Square Broad Street Aberdeen AB10 1BL	HSBC 95-99 Union Street Aberdeen AB11 6BD	DLA Piper Rutland Square Edinburgh, EH1 2AA