BREWDOG

BREWED IN ELLON

ANNUAL REPORT

AND ACCOUNTS

FOR THE YEAR ENDING 2022

UNITED WE STAND FOR BETTER BEER

FIERCELY DEFIANT AND INDEPENDENT

"BrewDog has maintained its position as the **most valuable UK beer brand.** BrewDog is also the **most valuable independent beer brand in the world.** "

– Brand Finance 2022

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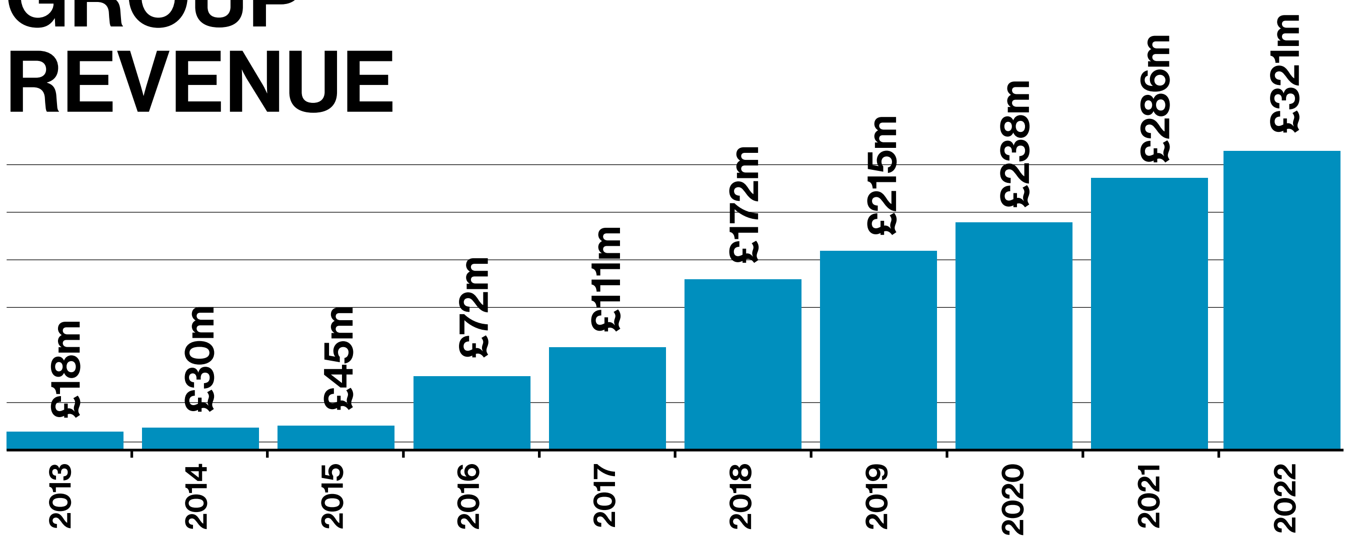
2022 IN NUMBERS

GROUP REVENUE



REVENUE GREW 13% IN 2022

ON TRADE GROWTH

OUR CORE 4 ARE RESPONSIBLE FOR 89% OF ALL DRAUGHT VALUE

PUNK IPA, LOST LAGER, HAZY JANE & PLANET PALE OUR CORE 4 HAVE GROWN

30%

OVER THE PAST 3 YEARS

Source - CGA OMPS P13 MAT 31.12.2022 Vs 3YA

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

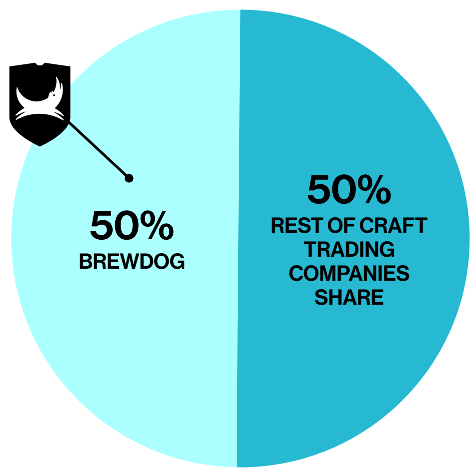
6 OF THE TOP 10 PRODUCTS IN UK SUPERMARKET CRAFT RANGES ARE BREWDOG PRODUCTS (WE'RE #1, #2 AND #3!)

	BREWDOG PUNK IPA	BREWDOG HAZY JANE	BREWDOG LOST LAGER	BREWDOG MIXED PACK	BREWDOG ELVIS JUICE	BREWDOG PUNK AF
Value Sales ('M)	£53.28	£27.22	£24.71	£12.39	£7.00	£6.14
Value % Share	16.39	8.37	7.60	3.81	2.15	1.89

*Source - Nielsen Scantrack- UK Off Trade- Total Coverage W/E 28.01.23

GLOBALLY, WE NOW EMPLOY OVER
2,600 PEOPLE

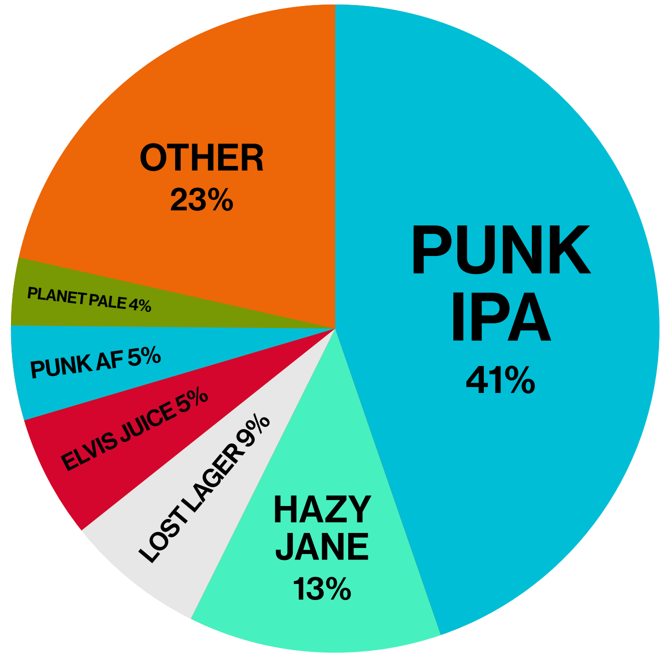
BREWDOG VALUE SHARE OF SUPERMARKET CRAFT BEER SALES



PUNK IPA 16.4%
HAZY JANE 8.3%
ELVIS JUICE 2.2%
PLANET PALE 1.9%
LOST 7.6%

*Source - Nielsen Scantrack- UK Off Trade- Total Coverage W/E 28.01.23

BEST SELLING BEERS 2022



BREWDOG HAS GROWN 109% IN THE UK OFF TRADE SINCE PRE-COVID, DESPITE THE MARKET ONLY GROWING 4%.

49% OF THAT GROWTH CAN BE ATTRIBUTED TO LOST LAGER!

A LETTER FROM THE CHAIR

All businesses across the world are facing challenging economic headwinds, and these are set against a backdrop of incredible suffering in Ukraine. Combined with the resulting cost of living crisis, it makes for a very difficult time for our teams, but I've been energised by the determination, resilience and drive of BrewDog's crew.

One of the priorities for the past year was to see BrewDog continue with the improvements made for crew wellbeing – from the appointment of a dedicated mental health & wellbeing lead, to training over 200 Mental Health First Aiders, and investing in menopause and neurodiversity support, there has been ongoing progress on this front. The participation and engagement from the team has been excellent, and there is a really uplifting culture of support for one another business-wide. This hard work has been recognised with BrewDog being awarded a top place in The Sunday Times Best Places to Work 2023, which is a great testament to the crew and leadership team.

BrewDog's beer business continues to thrive even in uncertain times. Investments in people, the brand, the infrastructure together with significant impact cost headwinds have had a detrimental effect on the financial performance of the company in 2022 resulting in an operating loss before tax of £24m and adjusted EBITDA of £600k. However the growth of key brands continues. 2022 delivered market leading beer volume growth of 66% versus pre-pandemic, reflecting the strength of the brand. Lost Lager is our fastest growing brand in UK supermarkets, and it's also delivering benefits for the category, with 31% of drinkers being new to craft beer and going on to try more beers in the craft aisle. Extensive work in 2022 was also undertaken to prepare for the launch of Black Heart, BrewDog's major play in the stout market. The results will be seen in next year's report, but initial sales and consumer reaction has been incredibly positive, with rate of sale in Tesco outperforming forecasts.

The appointment of an additional independent Non-Executive Director in Giny Boer adds a new and fresh perspective to the board. Giny adds further balance to the board, and her experience and expertise in global consumer brands will offer James and the leadership team an abundance of energy and ideas outside of the beer category to inspire our next phase of growth.

BrewDog's commitment to the environment is resolute, and we are proud of the leading position we take here. The progress at the Lost Forest is very impressive; there are extensive approval processes to adhere to with a project of this nature, and the BrewDog team along with their partners at Scottish Woodlands have shown exemplary adherence to requirements whilst managing to achieve rapid sign off at every step. The result is 400,000 trees already having been planted to date – outstanding progress towards our afforestation goals of more than 1 million native broadleaf trees to be planted in total. Furthermore, the team have worked incredibly hard on a very complex and instrumental sustainability project at the brewery, which will achieve significant benefits from the bio-energy facility at the brewery's HQ, along with a range of other initiatives. It is the responsibility of all businesses of all sizes to recognise their impact on the planet, and represent the change required in order to protect our future. I am proud of the ongoing commitment to sustainability shown at all levels of the business, and look forward to seeing this continue. The achievement of being awarded the Positive Planet Carbon Negative certification in 2022, with the logo displayed on packaging, was an important milestone.

I'd like to thank all of the crew for their continued hard work and passion for BrewDog and I look forward to seeing what the next 12 months brings, as the company continues to invest in its people, its beer, and our planet.

ALLAN LEIGHTON
CHAIR

CAPTAIN'S UPDATE

HI EVERYONE,

We should be very proud of our growth in 2022 but at the same time it proved a very challenging year, not just for BrewDog but for all businesses.

In the wake of the pandemic, we were looking forward to a new normal – revitalised consumer spending and more opportunities to meet friends, gather, and work collaboratively in office spaces. However, the catastrophic and devastating invasion of Ukraine stopped us all in our tracks as we witnessed the evolving humanitarian crisis. Our thoughts are with those families affected and displaced by the war in Ukraine.

The invasion and the consequential impact on energy costs set in motion a vicious cycle of inflation, the likes of which have not been seen by this generation, and an economic crisis that has impacted all our lives.

In 2022, we saw energy bills for our brewery increase a staggering threefold, and with price increases affecting nearly every element of our supply chain, the cost of producing Punk IPA increased by an eye-watering 34% year on year. We worked closely with our customers to implement modest and manageable price increases, effective from early 2023, and we are pleased that the response to this has been positive despite the difficult landscape.

Furthermore, we recognise that as consumers, the cost of living crisis has a significant impact on where people spend their hard-earned money. We value our community and their loyalty, which is why it always has been the case that every decision we make is for the good of the beer. We will never undermine our beers by cutting corners or reducing quality – our community trusts us to produce a premium product range, and this is something we will always uphold.

Whilst growing revenue by 13% was a good achievement, we are all disappointed by the increase in operating loss to £24m and adjusted EBITDA of £600k. Much of this loss is due to the continued investments in our people, the brand, our breweries and our bars, alongside the devastating increase in input costs, together with significant investment in capacity and new bars.

Despite increasing costs, and a very challenging economic outlook, we have an unshakeable confidence in the future of BrewDog. The growth we have seen over the past 16 years is undeniable, with our own business growing from two men and a dog to the world's biggest craft brewer by revenue. This is no mean feat, and it's a trend we absolutely believe is destined to continue. That's why, in 2022, we invested heavily in new locations including our two biggest craft beer venues globally, Waterloo and Las Vegas.

Waterloo is located in the heart of London, and features a mind-blowing, multi-level craft beer paradise. With two impressive bars, as well as a coffee bar, a secret cocktail speakeasy, podcast studio, ice cream van, florist and a slide (yes, a slide!), it's a statement of intent for the future of craft beer, and the venue has been outperforming forecasts since it opened its doors. As I mentioned, people are watching the pennies more than ever before, and as a result, they need to know that when they do indulge in a visit to a hospitality venue, they can expect next-level service, outstanding beer and food, and an experience to remember. Waterloo delivers on all fronts, and this has been recognised in the numerous industry awards the venue and team have won.

The opening of the phenomenal Las Vegas bar is one of our boldest moves yet. The rooftop venue has the best view of the strip and offers the premium craft beer experience that sin city was crying out for. The venue's amped up food menu and on-site brewery offer something unique in Vegas, and again – we have been blown away by the support and trade to date at this landmark, hero venue.

We also opened new locations in Atlanta, Brisbane, and a number of sites in the UK. We are also working closely with a growing number of amazing franchise partners, including the largest hospitality business in Australia where we've opened two phenomenal landmark bars in Sydney and Melbourne. It is absolutely in our plans to open more of these statement sites in the coming years, with a pipeline of venues around the world continuing to progress.

Elsewhere in the world, India is a really exciting market for us, and one which I firmly believe will become one of our most important international markets in the next five years. We've found an amazing partner to work with locally, and opened three venues with a series of more stunning craft beer bars planned for the coming years.

With fantastic joint ventures in place, we are now brewing beers locally in both Japan and China and we have rock solid sales and distribution channels ready to go in these key beer markets. Closer to home, in Ellon, Aberdeenshire we invested heavily in growing our capacity at the heart of our HQ. We now have enough headroom for the growth anticipated in the next 10 years with the ability to meet the increasing demand we have forecasted. We have also commissioned a brand-new distillery, located in a larger space on our footprint in Ellon, allowing us to meet the massive potential in gin, vodka, rum and whisky production. Our new packaging will be released this year, giving us a greater opportunity within a very competitive category.

In 2022, one of the highlights was taking 100 Equity Punk investors to the Lost Forest, our 9,308 acre site in Aviemore, for a mountain bike trail before we planted the very first trees in the ground. This site will eventually remove huge volumes of carbon from the air, as we plant one million trees and extensively restore peatland across the plot. Being able to show our community first-hand what we are doing to protect and future-proof our planet was incredible. We were also delighted to achieve the Positive Planet Carbon Negative accreditation in 2022. A further testament to our commitment to the environment.

Being named as one of the Sunday Times Best Places To Work was a massive moment for us, and is proof that our people are at the very heart of our company. Appearing on this list is something we are incredibly proud of, and shows that we have a wealth of incredible people in our ranks, and as a company we're committed to giving them the best possible opportunities in their career. We continue to strengthen the executive management team, with both internal promotions such as CEO Bars, Chief Marketing Officer and Chief Digital Officer and external hires such as a new US CEO and Group Chief Supply Chain Officer.

2022 was not without its challenges and we are proud to have delivered 13% topline growth in a difficult operating environment. I am very confident in our team's ability to rise to the occasion and continue to grow, continue to take market share and continue to grow our community despite the ever-evolving series of headwinds all businesses are currently facing. And as we have proven with Waterloo and Las Vegas, we have such a bright future ahead of us, and one that we will continue to back and invest in today, to ensure we realise it tomorrow.

**HOLD FAST
JAMES**

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

FOR BETTER BEER

FOR A BETTER PLANET

POWERED BY PEOPLE

FOR US ALL

BEER

WE BLEED CRAFT BEER

Our business lives and dies by the quality of the beer in every can, bottle or glass of BrewDog beer, everywhere around the world. We are laser focused on ensuring that those experiences are always best in class, and have invested heavily in the most technologically advanced beer brewery campus in Europe.

We work hard to ensure that every ingredient we buy, every experience we offer in our bars, and every packaging decision we make are rooted in what is best for the beer, never compromising on that for the customer. It's also why we train all our staff to Certified Beer Server standard under the Cicerone qualification programme.

PLANET

MAKE EARTH GREAT AGAIN

We announced in 2020 that we had become the world's first carbon negative brewery, and we continue to uphold that standard across our business. We work closely with Professor Mike Berners-Lee and his team to accurately calculate our carbon footprint each year, and remove more carbon from the atmosphere than we emit.

We've invested over £12 million in our anaerobic digester facility at our brewery in Aberdeenshire, enabling us to convert our waste into usable gas and water, and giving back to the grid when we make more than we need.

Our Lost Forest project continues apace, as we look to plant 1 million trees in beautiful Aviemore.

PEOPLE

WITHOUT US, WE ARE NOTHING

We want to be the best company to work for. Ever. We have invested heavily in mental health support programmes over the past few years, offering our teams a raft of support including training over 200 of our staff as accredited Mental Health First Aiders.

We also offer a gold-standard benefits package to our crew, including bumper pension contributions, healthcare packages, the Unicorn Fund profit sharing programme whereby we give 10% of our profits to our crew, hopstock whereby we are distributing shares in our business evenly among all our salaried team members, training programmes in a variety of fields, 'crew treats' offers and deals, and enhanced maternity and paternity leave and pay. Oh, and a week off if you get a new dog! Woof!

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

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.

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

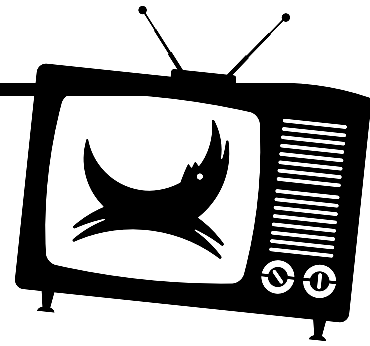
BrewDog Aberdeen opens its doors as the first craft beer bar under the BrewDog banner. Hardcore IPA wins gold at the World Beer Cup, and BrewDog released the new world's strongest beer - The End of History – a 55% ice-distilled Belgian-style beer brewed with nettles and juniper.

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 £2.2 million 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 £22.6 million.

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 £30.2 million from 73,000 people, bringing our total shareholder community to more than 200,000 people worldwide!

2022

We opened major landmark venues in Waterloo, London and Las Vegas, Nevada, and started planting trees in the Lost Forest.

2023

We are and always will be the most sustainable beer business on Planet Earth, bringing great craft beer to the people on every continent.

2022 AT A GLANCE

15 YEARS OF BREWDOG

We celebrated 15 years of BrewDog with special release beers commemorating our first decade and a half.

LOST FOREST

Planted the first trees in the Lost Forest, our 9,308 acre site in Aviemore, and restored over 190ha of peatland, helping to remove carbon from our atmosphere.

OPENED WATERLOO

Our biggest site outside the USA, featuring a cocktail speakeasy, coffee shop, microbrewery, podcast studio, ice cream truck, bowling alley, a slide and a florist (all essentials!)

VIVA LAS VEGAS

Launched BrewDog Las Vegas, our rooftop venue at the heart of the strip in sin city, and celebrated by giving away a $1million bar tab on opening night!

GLOBAL ICONS

Opened bars in Sydney, Melbourne and Atlanta.

FIGHTING HUMAN RIGHTS ABUSE

Challenged human rights violations in Qatar with all profits from our Lost Lager sold during the World Cup tournament going to fight human rights abuse.

BREWDOG CREW GAIN A STAKE

Co-founder James Watt donated a 5% stake in the business to BrewDog's 750 salaried crew members, representing a fifth of his personal stake in the business.

LAUNCHED SAD AF

We released Sad AF, in conjunction with I Am Whole, supporting a campaign with Rizzle Kicks' Jordan Stephens to encourage more people to have conversations about their mental health.

LOST IN GROWTH

Lost Lager won Best International Lager at the World Beer Awards.

CAPACITY INVESTMENT

We increased our brewery capacity by installing a new 500hl brewhouse, as well as a brand new canning line enabling us to package our beers as sustainably as possible.

BRAND STRENGTH

Brand Finance named us "the most valuable independent beer brand in the world".

BREWDOG PLUS

Released BrewDog Plus, our loyalty programme giving our best customers free online shop delivery, free coffee, and £150 credit for our bars.

LOST LAGER
IS THE UK'S FASTEST GROWING CRAFT BEER BRAND*

LOST IS ALSO GROWING FASTER IN THE ON-TRADE THAN MOST MAINSTREAM BEERS.**

OUR HERO LAGER IS PLAYING A HUGE PART IN BRINGING NEW PEOPLE INTO CRAFT BEER; 31% OF NEW LOST LAGER DRINKERS GO ON TO BUY MORE CRAFT BEER HAVING NEVER PURCHASED IT BEFORE!***

*Nielsen 30 largest (vol or value). MAT data to end of Feb 2023
** CGA OMPS P13 MAT 31.12.22 Vs MAT PY
*** BrewDog Bespoke research- Dunnhumby- Cross Shop L 52 Wks to 12.02.23- (including new to craft panel & no craft in previous 52 wk panel)

THE NEW FACE OF DISTILLING

IN 2023, THE NEXT CHAPTER OF BREWDOG DISTILLING COMPANY WILL BE UNVEILED. WE'VE BEEN WORKING HARD BEHIND THE SCENES OVER THE PAST FEW MONTHS TO REVAMP AND OVERHAUL OUR SPIRITS PORTFOLIO TO CREATE A TRIO OF NEW BRANDS THAT WILL DISRUPT THE GIN, VODKA AND RUM CATEGORIES.

LONEWOLF GIN - THE WOLF IS BACK

The truth is, we missed the wolf illustration. So, we've bought it back, softened the features and manoeuvred to purple – the colour of juniper berries, our main botanical. Housed in a bespoke bottle with a new stopper and debossing designed to mirror the bark of a juniper tree, we've tied the story of our gin together in one pristine and soon-to-be-iconic bottle.

ABSTRAKT VODKA – EXPRESS YOURSELF

Abstrakt is a name we owned from our legendary beer range of days gone by. We love the name and the creativity it lends to the design concept, giving us a bit of freedom to craft something with a nod to the art world. The result is a beautiful bespoke bottle with unique geometric glass detailing, supported by an abstract art label that wouldn't look out of place in a London gallery.

DUO RUM – UNITED IN CRAFTSMANSHIP

The final piece of the puzzle was our rum. We blend the rum we make at our Ellon distillery with authentically crafted Caribbean rum. This union of craftsmanship represents a meeting of two worlds: from the sun-drenched tropics with its rich heritage of rum production, to our Scottish homeland where distilling traditions run deep in our DNA.

FURTHER DEVELOPMENTS

To support our wild ambitions, we've also moved our distillery into a new, purpose-built site, increasing our capacity by 300%. We'll be laying down over 300 casks of whisky by the time 2024 rolls around, investing significantly in the next 18 months to build our brands.

This year we'll also be releasing some brand new products including a Tequila made from 100% agave, a new canned cocktail range, and, of course, whisky.

PLANET

BIOPLANT FACILITY

In 2022, we worked hard to ensure that our anaerobic digester operates effectively to recycle waste from the brewing process, enabling us to repurpose effluent across our operations. Here are the latest stats!

GAS GENERATED:
1,357KWh

GREENGAS CERTIFICATES:
397,241KWh

CO_2 EQUIVALENT:
397 TONNES

Equal to heating 250 homes in 2022!

SOLAR POWER GENERATED:
13,126KWh

That'd be enough to power 4 average houses for a year!

THE LOST FOREST

Our plot of 9,308 acres of land in Aviemore has passed all regulatory checks and approvals, and we have started planting trees and restoring peatland, sequestering CO_2 from the atmosphere. Our investment will also regenerate landscapes for improved biodiversity too. In 2022, we hosted our first bike ride in the forest, welcoming 100 Equity Punk investors to see the work we're undertaking first hand.

REVERSE OSMOSIS

We have implemented a new process at our water treatment facility that removes heavy materials from water, cleaning up the water from our effluent treatment plant to be reused in the brewery. This is designed to reduce our water consumption by over 30%!

ELECTRIC VEHICLES

Our electric truck in London has now been on the road since 2021, and avoids us adding harmful emissions to the capital's air or the atmosphere.

BIOGAS TRUCKS

These trucks travelled over 8,000km in 2022, and used a total of 13,509kg of biogas in the process!

WIND POWER

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

BEER

NEW RELEASES

WE RELEASED
OVER 100 BEERS
IN 2022 - HERE ARE SOME OF THE HIGHLIGHTS

SHANDY SHACK

LORD OF THE RINGS

KING KÖLSCH

EASY PUNK

IT'S A BEAUT

GLUTEN FREE PUNK

COLD BEER

SILK ROAD

PEOPLE

In 2022, we continued our commitment to our teams following the independent review in 2021. We took time to continue to reflect and re-evaluate what's most important to our crew, and made adjustments and improvements across the business accordingly.

James Watt gave away 5% of BrewDog to our team. All of these shares came directly from James' shareholding, representing around a fifth of his shares.

We were also recently named as one of The Sunday Times' Best Places to Work!

INDEPENDENTLY MANAGED
ETHICS HOTLINE

A TEAM OF
MENTAL HEALTH FIRST AIDERS
AVAILABLE FOR ALL CREW

ACCESS TO
EMPLOYEE ASSISTANCE PROGRAMMES

A WORKPLACE CODE
OUTLINING WHAT WE EXPECT FROM ALL OUR CREW AND HOW TO ACCESS SUPPORT

EMPLOYEE REPRESENTATIVE GROUPS TO GIVE OUR CREW
A DIRECT SAY
IN THE DIRECTION OF THE COMPANY

CONSIDERABLE INVESTMENT INTO OUR L&D AND
CAREER DEV PROGRAMME

6 MONTHLY
CREW REVIEWS
FOR ALL CREW

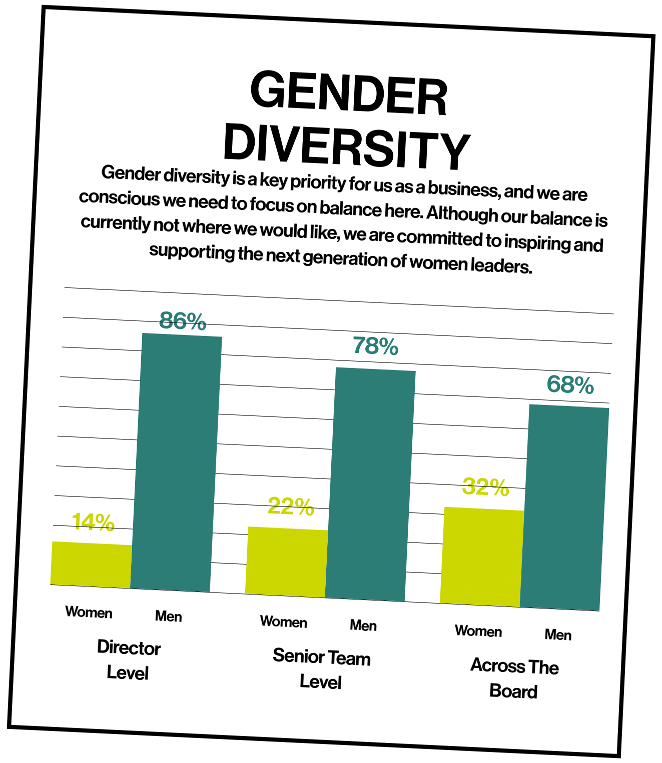
DIVERSITY AND
INCLUSION FORUM

'WE WERE RECENTLY NAMED AS ONE OF THE UK'S BEST PLACES TO WORK BY THE SUNDAY TIMES. THIS IS A TESTAMENT TO OUR EFFORTS TO BE THE BEST EMPLOYER WE CAN POSSIBLY BE, AND TO OFFER THE BEST STRUCTURE AND INITIATIVES UNDER WHICH WE CAN DEVELOP OUR BUSINESS AND OUR PEOPLE'

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
James Watt gave 5% of BrewDog to our team. Distributed evenly amongst all our salaried team members, each and every salaried team member will receive approximately 1,200 shares per year over the next 4 years from 2022.

SALARY CAP
We 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.



BrewDog now employs 2,649 people worldwide. Since the pandemic started in early 2020, we have grown our workforce by 60% 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.

BREWDOG'S COMMUNITY

At BrewDog, we are tight-knit with our communities, and we recognise that we represent a number of groups and people. Be it our HQ & brewing staff, our frontline hospitality teams across our venues, our 200,000-strong Equity Punk investor base, or our millions of customers who choose our beers every day of the week, it is important that we recognise the impact we have on them and their lives, livelihoods, and happiness. These are just some of the ways in which we consider BrewDog's place in the world.

MENTAL HEALTH FIRST AIDERS

We have trained over 200 people across our business to become accredited Mental Health First Aiders (MHFA). The result is that there is always an available contact point for anyone in need of mental health support and signposting, and our bar teams have extra training for supporting any customers who may show signs of needing support with their mental health. These staff are safeguarded through risk assessments, monthly meetings, refresher sessions and wellbeing labs, and we recognise their work through a monthly payment added to their paycheque.

I AM WHOLE

We launched the SAD AF and I AM WHOLE beers with our charity partner to get more people talking about mental health. It's an incredibly important topic, and beer is an excellent lubricant for conversation. The alcohol-free beers launched with a spoken-word piece by Rizzle Kicks' Jordan Stephens.

MENOPAUSE ACCREDITATION

By the end of 2023, we will be an accredited menopause-friendly employer. We're working towards long-term sustainable changes that foster an inclusive culture where everybody can be their best, true selves.

NEURODIVERSITY

We are aware that the assessment journey and diagnosis for many neurodiverse conditions can be long and difficult, so we have begun offering a fully funded referral, screening and assessment with an external clinical partner for ADHD and/or Autism diagnosis, for any staff who have been on an NHS waiting list for six months or more.

GOVERNANCE

As our business grows, we continue to adapt our governance approach as per the group's complexity and structure. As a very fast-growing company, in recent years we have stepped-up the attention we pay to corporate disciplines and the responsibility of our company.

The appointment of Allan Leighton as our Independent Chair was a major step forward for us in 2021 and his impact to date has helped shape the BrewDog of tomorrow. We've also appointed Giny Boer as Non-Executive Director, adding a fresh new perspective to our board. This follows an extensive search for new board members, and after listening to feedback from our teams who wanted to see greater representation on our board.

Our people are central to our strategy, being one of the three pillars of our business. As such, we commit to including their voice in major business decisions that will impact them. Our Employee Representation Group (ERG) meets every quarter, and they are consulted on upcoming changes and concepts that might impact their colleagues. Their feedback is then shared with senior teams to influence the path forward, and we have made significant changes to our plans as a result of their comments. Nominated team members are also able to field requests from the teams they represent to raise further questions and discussion topics at the regular ERG meetings. Listening to our teams who are the front line of our business has always been critical to the success of BrewDog, and the ERG is enabling us to reach all corners of the company as we grow. Since our inception, we've always promoted 'Dogs on Deck' shifts whereby team members of all levels undertake shifts to get a first-hand experience of what it's like to work alongside our teams on the ground, and also speak directly to our customers and understand what is important to them. These continue to be required of our senior team, enabling us to gain feedback from all angles.

Since 2019, we have maintained a salary cap, meaning no new team members can join with a salary more than seven x the lowest paid staff member in the business. This remains in place, and allows us to offer a fair package to all staff, regardless of seniority. It also encourages internal promotion, and we were delighted to make a series of senior appointments in 2022 from internal candidates. Lauren Carrol was appointed CMO, James Brown was promoted to CEO of BrewDog bars, and Tom Reding became Chief Digital Officer. All three had been with the business since pre-pandemic, and have shaped the business in their respective tenures.

Across the business, we have implemented a number of robust improvements that protect and futureproof our business, including the following:

- **Group Sanctions Policy** – this year we formalised our Group Sanction Policy to codify our approach to compliance with global sanctions laws.
- **Ethical Marketing Policy** – we codified our ethical marketing approach in a formal policy doc, proving our commitment to fair and honest communications as a brand.
- **Food Safety Management System** – we expanded our Food Safety Management Group and built a robust Food Safety Risk Analysis tool. This group reports to management, and meets at least quarterly to review the risk profile and develop approaches to risk mitigation.
- **Property Database** – we have consolidated our property databases, improving knowledge sharing across the business.

At the end of 2021, we introduced the Workplace Code, establishing a new set of expectations and standards for us and our team. 2022 saw the first full year's implementation of the code, and the feedback was that it not only provided clarity of what to do in almost any situation for staff across the company, but it also fast-tracked issues quickly.

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 TOMORROW

BREWDOG

UNITED WE STAND FOR BETTER BEER FIERCELY DEFIANT AND INDEPENDENT

IN 2020, WE ADJUSTED OUR FOCUS TO GIVE OUR WORLD A BETTER CHANCE OF SURVIVAL BY AIMING TO BE THE MOST SUSTAINABLE BEER BUSINESS ON THE PLANET. SINCE THEN, THERE HAVE BEEN COUNTLESS PROMISES, CONCEPTS AND MOON SHOOT IDEAS FLOATED BY PRIVATE BUSINESSES AND GOVERNMENTS ALIKE. HOWEVER, THE UNFORTUNATE REALITY IS THAT VERY LITTLE HAS ACTUALLY CHANGED.

Despite rallying cries from teenagers and a disrupted world, as society's most serious activists superglued themselves to roads and catapulted soup at famous artworks, there has actually been a miniscule shift in the effort contributed by those who can really make a difference.

Multinational conglomerates, the wealthiest of society, and governments at the helm of the world's richest countries all have the power to affect change. They have the power to implement limits to waste, maintain and nurture our wildlife and our environment, and support the countries whose communities are most disadvantaged by the effects of climate change.

Ultimately, at BrewDog, we stand firm in our belief that we are out of time. And it is our responsibility to show a steadfast, serious commitment towards cutting emissions, and removing carbon from our atmosphere.

BREWDOG BEER IS BEER FOR EVERYONE. AFTER ALL, WHAT GOOD IS BEER, IF WE DON'T HAVE A PLANET TO DRINK IT ON?

LOST FOREST

RECLAIMING THE STUNNING SCOTTISH LANDSCAPE FOR FUTURE GENERATIONS IS AT THE HEART OF OUR DECISION TO ACQUIRE LAND IN AVIEMORE FOR REFORESTATION AND PEATLAND RESTORATION. WORK HAS BEEN PROGRESSING REALLY WELL.

WOODLAND CREATION

Following the extensive survey and consultation work completed over the past two years, an afforestation scheme was designed specifically for the 9,308 acres of land we have acquired in Aviemore. This was split into two phases for implementation, and the planting, natural regeneration and maintenance will take many years to implement.

Phase one was approved by Scottish Forestry in June 2022. This was for a total of 426ha of new woodland creation, including 102ha through natural regeneration.

Tree planting commenced on schedule in March 2023 and will be completed by the end of June with 400,000 trees having been planted.

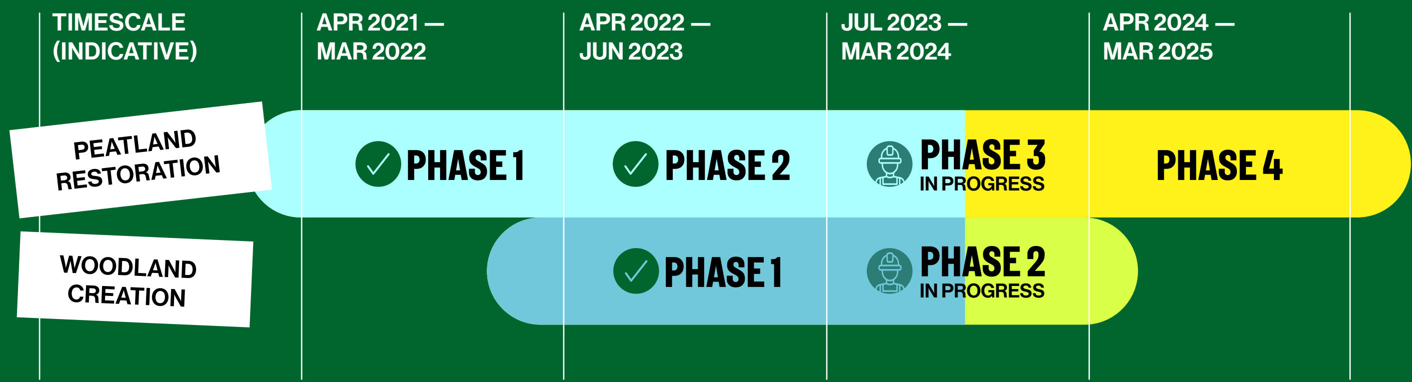
The areas identified for new woodland through natural regeneration have been based on soil types and proximity to potential seed source.

Phase two was submitted to Scottish Forestry in February 2023, and it is anticipated that works will commence Summer 2023, after completion of Phase one. This is a total of 434ha of new woodland creation, including 34ha through natural regeneration. The natural regeneration component is smaller, as the existing trees are more sparse. The initial planting work will be split over two years to be completed Spring 2025.

PEATLAND RESTORATION

Peatland restoration commenced in Autumn 2021, and work has been hitting all target dates so far.

190ha of peatland restoration has been completed to date, and over the next 2-3 years there is a further 300ha of potential peatland to restore, all of which will effectively sequester carbon from our atmosphere.



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).

OUR BARS

BrewDog now has 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


DOGHOUSE EDINBURGH


SHORT NORTH


GURUGRAM


LOTHIAN ROAD


SEVEN DIALS


FRANKLINTON


PENTRIDGE


DUBLIN OUTPOST


SHANGHAI


EXETER


MANCHESTER OUTPOST

UPCOMING SITES

We have plans to open more venues around the world in the next few years including the below...

INDIA

We have set an ambitious goal of opening 100 craft beer bars across India in the next 10 years. This is a really exciting region for us, and we're thrilled to be joining this bustling craft beer scene. Five sites are already planned to open in 2023.

UK

Our homeland is where you'll find the majority of our bars globally, but we've identified plenty of further potential to add to this thriving network of hop havens.

EUROPE

With breweries in Scotland and Germany, we're well-placed to serve craft beer venues across Europe, and we have identified sites in Italy and the Netherlands for imminent launches.

AND BEYOND...

We've got a shortlist of sites in Australia and the USA earmarked for openings this year, as well as a prospective venue in Thailand.

HERO VENUES

WATERLOO

BrewDog Waterloo is a multi-storey craft beer haven in the heart of London, adopting the space previously used by the Eurostar station. Featuring a cocktail speakeasy, bowling alley, microbrewery, podcast studio, GRIND coffee shop, ice cream truck, remote working area, slide and florist, it's our most comprehensive venue in the world and sees over 15,000 people visit every week.

LAS VEGAS

BrewDog Las Vegas is an impressive rooftop venue at the very centre of the famous strip. With 96 taps of incredible craft beer, including exclusive brews from the on-site microbrewery and a rotating line-up of top American guest breweries, it's quickly acquired a name for itself as the top spot in sin city for craft beer. The food menu reaches new heights with signature dishes including lobster mac 'n' cheese and wagyu beef burgers.

THE UNPRECEDENTED SUCCESS OF THESE MONUMENTAL HOPPY PARADISES MARKS A NEW ERA FOR CRAFT BEER DESTINATIONS AROUND THE WORLD, AND BREWDOG IS FIRMLY AT THE FOREFRONT OF THAT WAVE.

OUR BREWERIES

ELLON

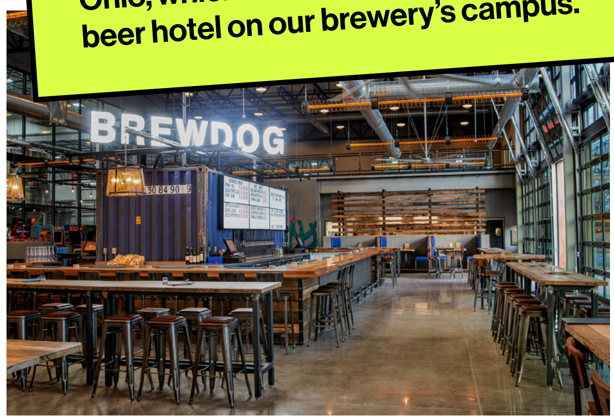
Located in our homeland of Scotland, our Ellon HQ continues to be one of the most technologically-advanced brewing sites in Europe. The global headquarters for our business, this site also employs more than 250 people in Scotland.

BRISBANE

Our brewery in Australia is now joined by three incredible craft beer bars in the country's major cities. We produce all our beers for the market in Brisbane, along with local favourite, Brown Snake Ginger Beer. Annual output surpassed the 500,000L mark for the first time in the past 12 months.

COLUMBUS

Our Columbus brewery now distributes beer to 35 US states as far away as California—the largest US craft beer market. The USA is home to our largest and busiest bar in the world on the world-famous Las Vegas Strip; this is in addition to seven venues in Atlanta and Ohio, which is also home to the world's first craft beer hotel on our brewery's campus.



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.

BREWDOG AROUND THE WORLD

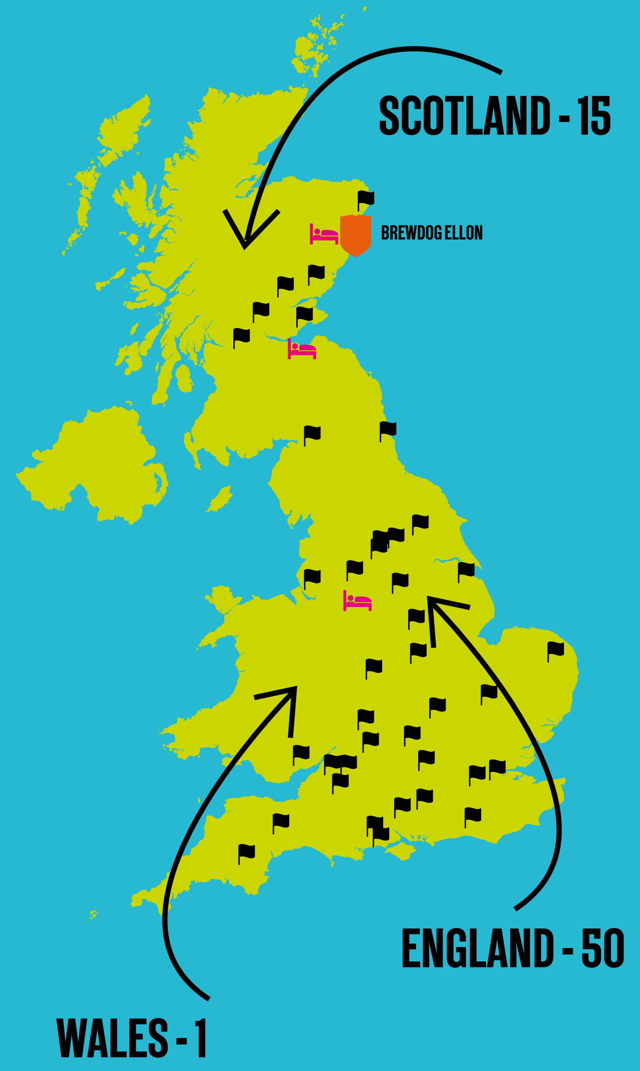
KEY:

BREWDOG BARS

BREWDOG BREWERIES

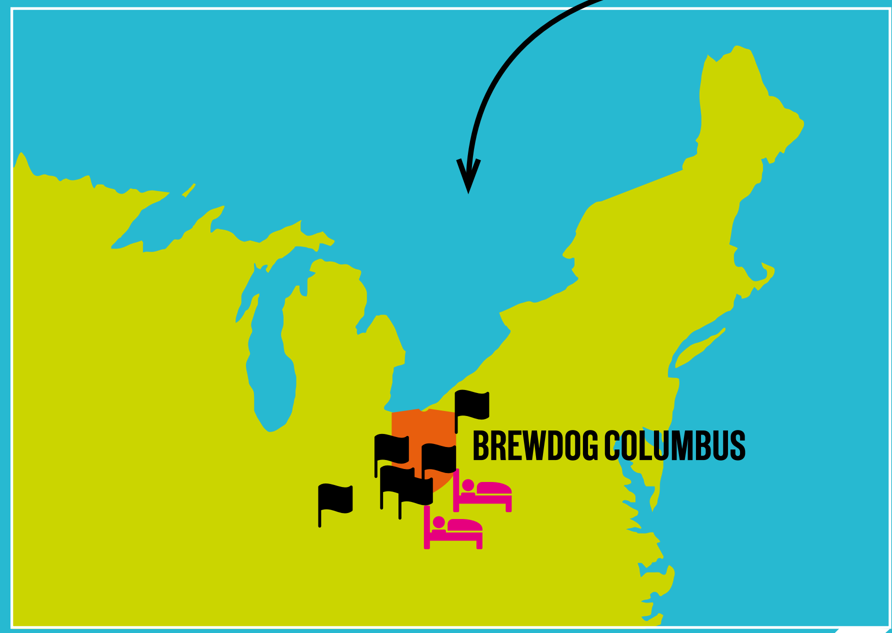
BREWDOG HOTELS

UNITED KINGDOM



EUROPE

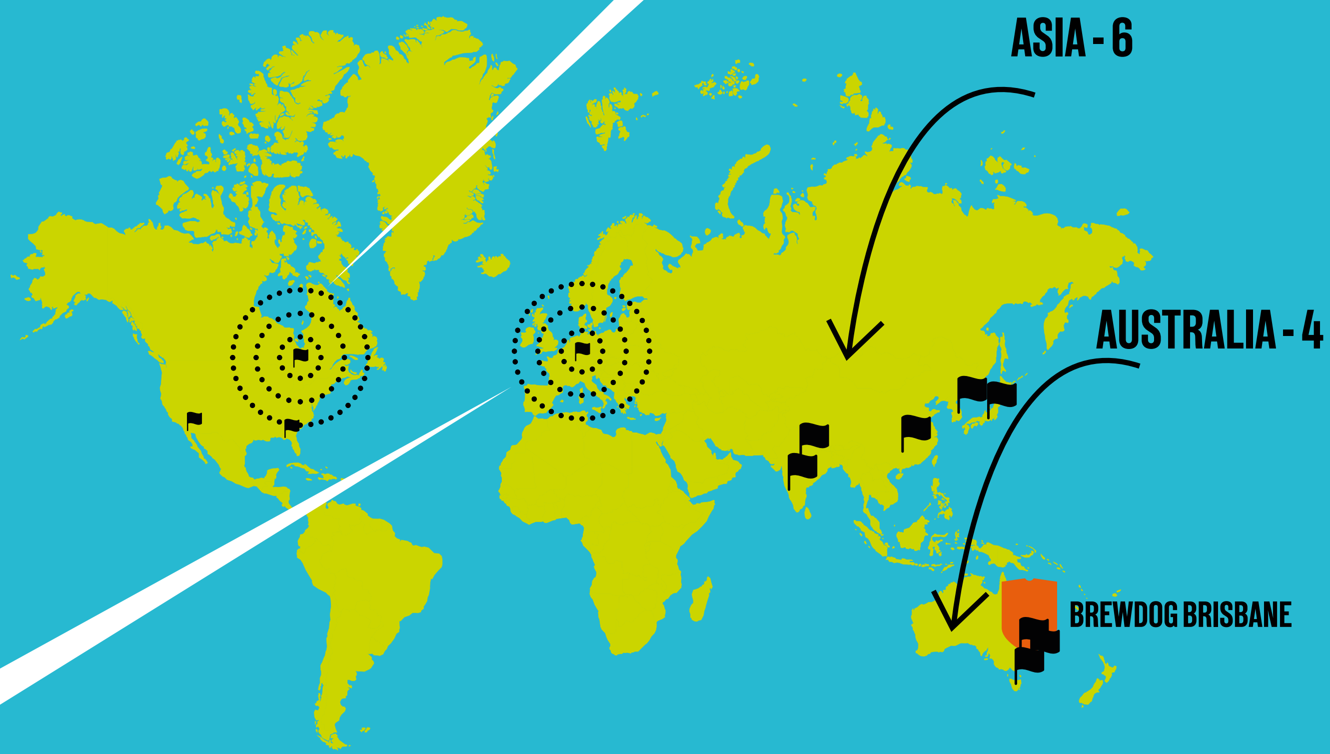
UNITED STATES OF AMERICA - 8




LOTHIAN ROAD, EDINBURGH


SEVEN DIALS, LONDON

INTERNATIONAL



TOTAL:	104	4	5
	BREWDOG BARS	BREWDOG BREWERIES	BREWDOG HOTELS

INTERNATIONAL PARTNERS

OUR MISSION HAS ALWAYS BEEN TO MAKE OTHER PEOPLE AS PASSIONATE ABOUT GREAT CRAFT BEER AS WE ARE.

And that mission involves ensuring we get our beer into as many people's hands as possible all around the world.

Going global as an independent business, in an industry dominated by giants, is incredibly tough yet we have managed to do this and retain our independence which is massively important to us.

One of our strategies which enables us to do just that is to work with larger beer companies as partners in key geographies. We have longstanding partnerships in place with global partners such as Molson Coors, Heineken, Estrella Galicia, Warsteiner and Swinkels.

These partnerships enable us to get our beer into more people's hands, and in some cases brew our beer far closer to the end consumer which is great for beer quality and importantly lower impact for our planet.

In 2023, we announced a brand new partnership with Bud APAC. About a fifth of the world's beer is drunk in China, and yet the country accounts for less than one percent of our global sales – this is something we are determined to change.

We have been in the market since 2015 and we opened our bar in Shanghai in 2020. But to say we've barely scratched the surface of this dynamic and fast-growing market would be a massive understatement. China is one of those markets where you really need to work with an established partner who has a sales and distribution infrastructure in place and local market knowledge. That's why we're really pleased to have signed a partnership agreement with Bud APAC to enable us to fast track our Chinese business.

We also launched a JV with Asahi in 2021, enabling us to reach a much larger audience in Japan than we were ever capable of on our own. This partnership has performed really well already, and we have established a close, dynamic relationship with our team on the ground.

FINANCIAL REVIEW

For year ended 31 December 2022

	2022	2021
Revenue	321,206	285,602
Duty	(68,110)	(66,276)
Net revenue	253,096	219,326
Gross Profit	110,088	116,491
Operating loss	(24,024)	(5,461)
Adjustments:		
Share based payment charge	(2,273)	2,320
Non cash FX	(4,482)	573
Depreciation	15,379	13,470
IFRS 16 amortisation	11,871	9,538
EBITDA	**(3,529)**	**20,440**
Pre-opening costs of new retail locations	5,201	1,738
COVID 19 related	0	274
Closed sites	3,572	0
Gain on disposal (note 14)	(1,764)	0
Gain on acquisition (note 16)	(2,289)	0
(Loss)/gain on disposal of fixed assets	(552)	1,292
Adjusted EBITDA	**639**	**23,744**
Loss for the year after tax	**(24,836)**	**(10,598)**

The financial highlights above give an overview of the year which demonstrate another year of strong revenue growth for the Group. The Group invested significantly in brand building activity, people development, new retail locations and brewing capacity whilst being severely impacted by exceptionally high input prices in both brewing and retail activities. The loss in the year reflects the impact of the significant investment together with the input prices which were not passed onto consumers during the year. The investments made during 2022 result in an excellent platform for continued growth.

FINANCIAL PERFORMANCE

Revenue growth of 13% in 2022 from 2021 was delivered with growth in the retail sector with a return to more normal trading following the pandemic.

The 2022 volume of around 1m hl was broadly flat on 2021 volumes, which reflects the impact of the channel switch seen during the year as the pandemic restrictions were gradually eased across the globe. The off trade and ecomm channels were impacted, where we are clear market leaders across Europe, as the on trade channels re-opened, where we have a lower market share. During 2022 we did not pass on any significant price increases to customers or consumers, which impacted the overall revenue performance in brewing.

Global bars achieved revenue growth of 69% in 2022 from 2021, reflecting the strong return of the hospitality sector bounce-back, despite continued pandemic restrictions in place in Europe and the Far East for much of the year.

Gross margins were impacted in 2022 due to the widely publicised inflationary pressures resulting in significant cost increases across all key inputs due to the supply chain pressures of post pandemic and the conflict in Ukraine. We were impacted by previously unprecedented increases in hops, malt, Co2, cans, bottles, packaging, food ingredients and utilities. Significant work was undertaken to mitigate the impact of these increases, with rationalisation and competitive tendering of suppliers, efficiency improvements in production and menu engineering in retail, which mitigated the impact of these increases to an extent. These efficiency improvements will continue into 2023 and beyond.

The Group has continued to heavily invest in our crew and have increased headcount from 2,346 to 2,649 to further support the continued growth and scale of the Group operations. The Group continues to monitor mechanisms to improve the wellbeing of our people through crew ownership and benefits.

BrewDog continued to invest in considerable brand building activity, at higher levels than in previous years. This included two mainstream television campaigns and continued ground breaking out of home advertising campaigns, together with the investment in continued social media activity to build the brand.

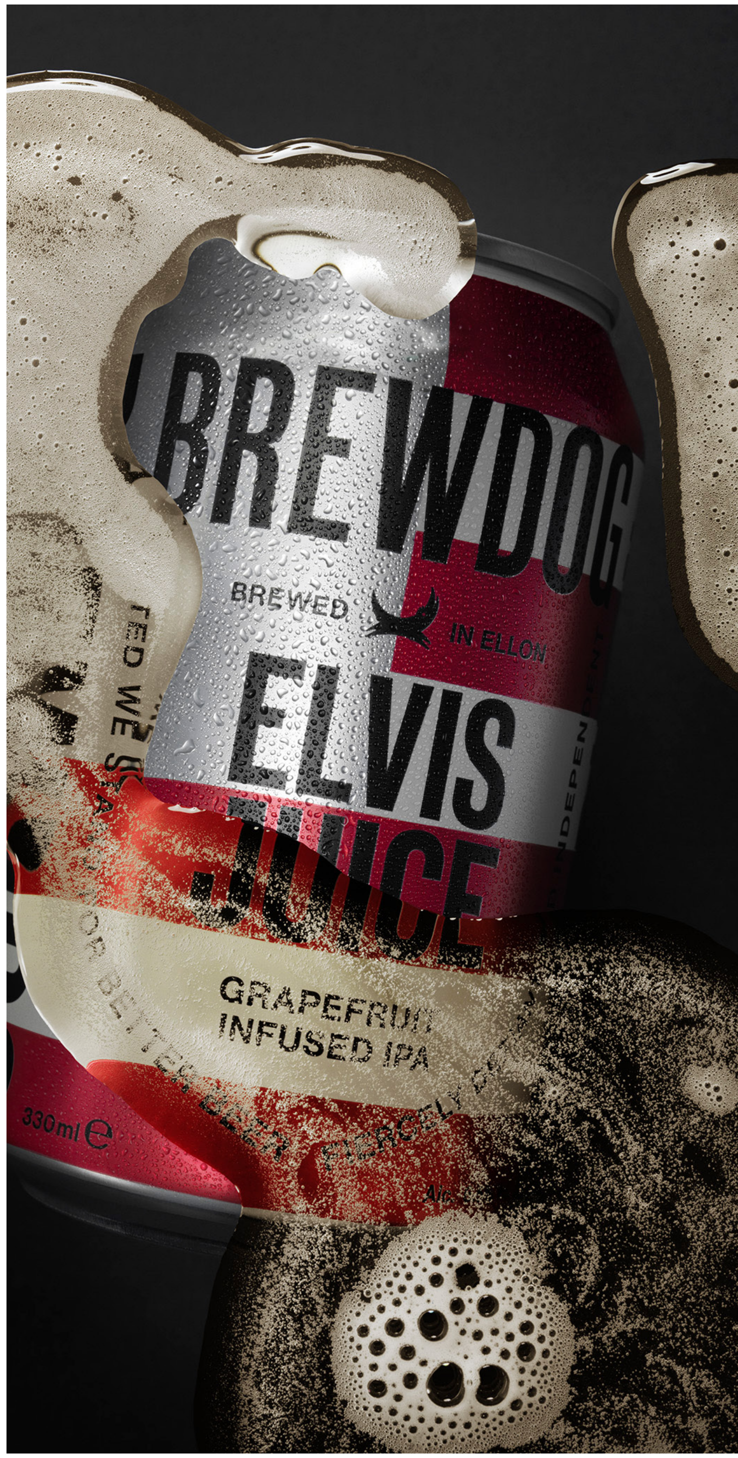
The Group has invested significantly in 2022 with the launch of two of our largest ever sites in Waterloo and Las Vegas, together with new sites in Atlanta, Brisbane and a number of smaller locations in the UK. Significant investment was also undertaken in the largest brewing facility in Ellon, with a new brewhouse and additional canning line which has more than doubled capacity in order to meet forthcoming demand and future proof the UK operations.

Sustainability activity and investments have continued at pace with continued investment in the Anaerobic Digestor facility in Ellon, tree planting commenced on our 9,308 acre site at the Lost Forest alongside peatland restoration work.

The resultant operating loss of £24m in 2022 is disappointing, but reflects the significant investment in people, beer and the planet together with the impact of the unprecedented supply chain and input costs. Huge focus continues on growing the business, whilst also increasing efficiencies to improve the financial operating performance of the Group.

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.

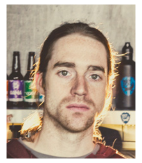


BREWDOG BOARD OF DIRECTORS

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.

MARTIN DICKIE — Co-founder & Board Member

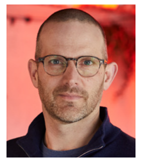


Martin Dickie has a first class honours degree in Brewing & Distilling from Herriot Watt University. He is a renegade artist on a mission to change people's perceptions about beer and challenge their taste buds. Along with James, Martin hosted the hit international TV show Brew Dogs. He was awarded an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

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.

NIALL MCCALLUM — CFO



Niall joined BrewDog in October 2020, bringing significant financial leadership expertise. Niall has over 26 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, where he is a member of its council.

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.

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.

GINY BOER — Non-Executive Director

Giny joins the BrewDog board with a wealth of retail experience, having held extensive tenures at IKEA on an international scale and holding a board position at the brand, before moving into the role of CEO at fashion retail pioneer business, C&A Europe. She brings extensive leadership experience and bold, creative perspective to our senior team.

ERIK JOHNSON — Non-Executive Director

Erik is a Managing Director at TSG Consumer Partners. He focuses on originating, structuring, and due diligence for new investment opportunities across consumer sectors. He works closely with TSG's partner companies on their growth strategies and initiatives. Erik joined TSG in 2011 and has worked with BrewDog since TSG's investment in 2017. Before joining TSG, Erik was an investment banker where he advised consumer businesses on mergers and acquisitions. Erik received a BA, with honours, in Economics and Corporate Strategy from Vanderbilt University.

ALEXANDER GILMORE — Non-Executive Director

Alex is a Vice President at TSG Consumer Partners, where he works on new investment opportunities and supports TSG's partner companies in Europe. Alex is a former consultant at Boston Consulting Group (BCG) where he advised clients across a range of industries, including travel and hospitality. Alex received a Bachelor of Arts in Physics, from The University of Oxford.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

Continuing operations

	NOTES	2022 £000	2021 £000
Gross Revenue	4	321,206	285,602
Duty		(68,110)	(66,276)
Net revenue		253,096	219,326
Cost of sales		(143,008)	(102,835)
Gross Profit		110,088	116,491
Operating expenses		(137,662)	(122,558)
Loss on disposal of property, plant and equipment		(1,849)	(1,292)
Gain on acquisition of German subsidiary		2,289	-
Gain on disposal of subsidiary		1,764	-
Other operating income	5	1,346	1,898
Operating Loss	6	(24,024)	(5,461)
Finance income	9	252	177
Finance costs	10	(6,754)	(4,121)
Loss before taxation		(30,526)	(9,405)
Income tax credit/(expense)	11	5,690	(1,193)
Loss for the year		**(24,836)**	**(10,598)**
Attributable to:			
Equity holders of the parent		(23,843)	(10,417)
Non-controlling interests		(993)	(181)
		(24,836)	**(10,598)**

Other comprehensive income

Exchange differences on translation of foreign operations	(1,523)	97
Other comprehensive income for the year, net of tax	**(1,523)**	**97**
Total comprehensive income for the year, net of tax	**(26,359)**	**(10,501)**
Attributable to:		
Equity holders of the parent	(25,366)	(10,320)
Non-controlling interests	(993)	(181)
	(26,359)	**(10,501)**

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	NOTES	2022 £000	2021 £000
Non-current assets			
Property, plant and equipment	12	225,955	174,932
Right-of-use asset	25	145,280	111,625
Intangible assets	13	20,890	20,851
Other non-current financial assets	14	157	157
Investment in a joint venture	15	2,952	-
Deferred tax assets	11	2,269	-
		397,503	307,565
Current assets			
Trade and other receivables	18	62,174	61,425
Inventory	19	26,574	20,160
Corporation tax receivable		-	602
Cash and cash equivalents	20	10,336	45,274
		99,084	127,461
Total assets		**496,587**	**435,026**
Current liabilities			
Trade and other payables	21	110,887	60,403
Financial liabilities	22	42,809	14,305
Corporation tax payable		88	-
		153,784	74,708
Non-current liabilities			
Deferred tax liabilities	11	-	3,963
Financial liabilities	22	185,224	170,737
Government grants	29	3,240	3,118
		188,464	177,818
Total liabilities		342,248	252,526
Net Assets		**154,339**	**182,500**
Equity			
Called up share capital	27	75	75
Share premium account	27	183,679	183,679
Treasury shares	28	(1,857)	(1,857)
Foreign currency translation reserve	28	(1,217)	306
Share based payment reserve		1,861	4,134
Retained earnings		(29,581)	(5,794)
Equity attributable to equity holders of the parent		152,960	180,543
Non-controlling interests		1,379	1,957
Total Equity		**154,339**	**182,500**

Signed on behalf of the Board of Directors on on 31 May 2023.

J B Watt
Director

N J McCallum
Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	NOTES	2022 £000	2021 £000
Non-current assets			
Property, plant and equipment	12	103,993	87,589
Right-of-use assets	25	10,268	6,226
Intangible assets	13	1,294	1,294
Other non-current financial assets	14	33,444	30,786
Investment in a joint venture	15	2,952	-
		151,951	125,895
Current assets			
Trade and other receivables	18	186,315	147,544
Inventory	19	18,391	14,426
Corporation tax receivable		-	800
Cash and cash equivalents	20	694	37,808
		205,400	200,578
Total assets		**357,351**	**326,473**
Current liabilities			
Trade and other payables	21	67,405	35,556
Financial liabilities	22	31,516	6,374
		98,921	41,930
Non-current liabilities			
Deferred tax liabilities	11	3,703	4,819
Financial liabilities	22	38,826	62,232
Government grants	29	1,784	1,899
		44,313	68,950
Total liabilities		143,234	110,880
Net assets		**214,117**	**215,593**
Equity			
Called up share capital	27	75	75
Share premium account	27	183,679	183,679
Treasury shares	28	(1,857)	(1,857)
Share based payment reserve		1,687	4,134
Retained earnings		30,533	29,562
Total Equity		**214,117**	**215,593**

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 £971,000 (2021: profit of £9,141,000).

Signed on behalf of the Board of Directors on on 31 May 2023.

J B Watt
Director

N J McCallum
Director

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital £000	Share premium £000	Treasury shares £000	Foreign currency translation reserve £000	Share based payment reserve £000	Retained Earnings £000	Total £000	Non-controlling interests £000	Total equity £000
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
Issue of share capital	1	19,736	-	-	-	-	19,737	-	19,737
Issue of share capital in subsidiary	-	-	-	-	-	560	560	12	572
Share options granted	-	-	-	-	2,320	-	2,320	-	2,320
Non-controlling interests arising on establishment of subsidiary	-	-	-	-	-	-	-	2,213	2,213
Transaction costs	-	(4,642)	-	-	-	-	(4,642)	-	(4,642)
At 1 January 2022	**75**	**183,679**	**(1,857)**	**306**	**4,134**	**(5,794)**	**180,543**	**1,957**	**182,500**
Loss for the year	-	-	-	-	-	(23,843)	(23,843)	(993)	(24,836)
Other comprehensive income	-	-	-	(1,523)	-	-	(1,523)	-	(1,523)
Non-controlling interests arising on subsidiary	-	-	-	-	-	-	-	373	373
Issue of share capital in subsidiaries	-	-	-	-	-	56	56	42	98
Share options granted	-	-	-	-	(2,447)	-	(2,447)	-	(2,447)
Share options granted through EBT	-	-	-	-	174	-	174	-	174
At 31 December 2022	**75**	**183,679**	**(1,857)**	**(1,217)**	**1,861**	**(29,581)**	**152,960**	**1,379**	**154,339**

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital £000	Share premium £000	Treasury shares £000	Share based payment reserve £000	Retained earnings £000	Total equity £000
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 1 January 2022	**75**	**183,679**	**(1,857)**	**4,134**	**29,562**	**215,593**
Profit for the year	-	-	-	-	971	971
Share options granted	-	-	-	(2,447)	-	(2,447)
At 31 December 2022	**75**	**183,679**	**(1,857)**	**1,687**	**30,533**	**214,117**

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	NOTES	2022 £000	2021 £000
Net cash flow from operating activities	32	30,605	10,921
Investing activities			
Purchase of property, plant and equipment		(61,557)	(36,867)
Proceeds from sale of property, plant and equipment		802	3,302
Purchase of intangible assets		(9)	(69)
Acquisition of subsidiaries (net of cash)		45	-
Disposal of subsidiaries (net of cash)		(58)	-
Net cash flow used in investing activities		(60,777)	(33,634)
Financing activities			
Issue of ordinary share capital		-	20,308
Transaction costs of issue of shares		-	(4,642)
Proceeds from government grant		219	-
Proceeds from landlord contributions		7,120	4,077
Proceeds from joint venture partner		373	2,213
Repayment of bonds		-	(9,999)
Repayment of borrowings		(510)	(201)
Principle elements of lease payments		(9,516)	(7,442)
Hire purchase receipts		2,907	10,406
Hire purchase payments		(5,204)	(1,604)
Net cash flow from financing activities		(4,611)	13,116
Net decrease in cash and cash equivalents		(34,783)	(9,597)
Net foreign exchange differences		(155)	-
Cash and cash equivalents at beginning of year		45,274	54,871
Cash and cash equivalents at end of year		10,336	45,274

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2022

1. GENERAL INFORMATION

The financial statements of BrewDog PLC (the company) and its subsidiaries (collectively, the group) for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 31 May 2023. 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 Financial Reporting Standard 101 - Reduced Disclosure Framework ("FRS 101") and using the historical cost convention. In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), but makes amendments where necessary in order to comply with the Companies Act and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The company has taken advantage of the following disclosure exemptions under FRS 101:

(i) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
(ii) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;
(iii) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
(iv) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
(v) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
(vi) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and
(vii) The requirements of IAS 24 'Related Party Disclosures' relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.
(viii) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
(ix) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

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.

Transition to FRS 101

These financial statements, for the year ended 31 December 2022, are the first the parent company has prepared in accordance with FRS 101, the parent company previously prepared its financial statements in accordance with UK adopted international accounting standards. Accordingly the parent company has prepared financial statements that comply with FRS 101 applicable as at 31 December 2022, together with the comparative period for the year ended 31 December 2021 as described in the summary of significant accounting policies. In performing the transition to FRS 101 there were no adjustments required to the parent company financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. 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 31 May 2024. 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 22, 23 and 26 include details of the Group's treasury activities, long term funding arrangements, financial instruments and financial risk management activities.

The directors have performed stress testing of cash flow forecasts to take account of events which could impact the financial position of the Group. The range of stress tests included 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 31 May 2024. 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 2022. Where the changes affect the company, the relevant application and disclosure has been made during the year to 31 December 2022. The new and amended IFRSs during the year are as detailed below:

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37.
- Reference to the Conceptual Framework – Amendments to IFRS 3.
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.
- IAS 41 Agriculture – Taxation in fair value measurements.

These amendments had no impact on the consolidated financial statements of the Group.

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 2023 or later periods, but the company has not early adopted them:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (1 January 2023);
- Definition of Accounting Estimates (Amendments to IAS 8) (1 January 2023);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS 2 Practice Statement 2) (1 January 2023);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

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 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 consist 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.

Interest in equity accounted investments

The Group applies the equity method to investments where it has either joint control or significant influence. Under the equity method, the investment is initially recognised at cost (which in the case of investees which were previously consolidated subsidiaries, is based on their fair value on the date control was lost). Subsequently, the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value.

Non-current financial assets

Non-current financial assets comprise investments in unlisted equity securities. The investments are measured at fair value, with changes in fair value recognised in profit or loss.

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 three 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.

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.

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.

Operating expenses

Operating expenses comprises indirect staff costs, advertising, marketing, distribution and other expenditure which is indirect in nature.

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 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

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.

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 30. 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.

Site closing costs

Site closing costs refer to costs incurred in sites which have been closed in the year and exited. These primarily include costs of disposal of assets, trading losses and removal of stocks. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

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 30. A 5% change in the estimate regarding marketability discount results in a £29,000 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:

	2022	2021
Geographical segment	£000	£000
UK	234,917	217,999
Europe	40,117	35,315
USA and Canada	31,505	21,258
Rest of the world	14,667	11,030
	321,206	285,602

There were no customers which contributed more than 10% of group revenue for the year. In 2021, one major customer contributed 14.7% (£41.9 million) of the company's revenue.

5. OTHER OPERATING INCOME

	2022	2021
	£000	£000
Other income	1,346	1,898

6. OPERATING LOSS

This is stated after charging/(crediting)

	2022	2021
	£000	£000
Depreciation of tangible assets (note 12)	15,653	13,470
Amortisation of right-of-use assets (note 25)	11,942	9,479
CJRS grant income	-	(3,854)
Auditors remuneration (note 7)	548	531
Research and development	1,400	1,700
(Gain)/Loss on foreign exchange	(3,275)	573
Share based payment expense (note 30)	(2,273)	2,320
Pre-opening costs	5,201	1,738
Site closing costs	3,572	-
Covid related	-	274

During the prior year 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:

	2022	2021
	£000	£000
Audit of the financial statements	548	505
Tax advisory services	-	26
	548	531

8. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

a. Staff Costs	2022	2021
	£000	£000
Wages and salaries	60,220	48,185
Pension costs	3,110	2,075
Social security costs	6,457	4,372
Share based payment expense	456	(234)
CJRS	-	(3,854)
	70,243	50,544

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

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

	2022	2021
	No.	No.
Directors	6	6
Administration	185	162
Production	240	168
Selling and distribution	121	119
Bar staff	1,973	1,426
	2,525	1,881

b. Director's remuneration	2022	2021
	£000	£000
Director's remuneration	1,545	1,381
Pension contributions	53	99
Share based payment expense	(2,729)	2,554
	(1,131)	4,034

Directors' remuneration also represents key management personnel compensation.

	2022	2021
Highest paid director:	£000	£000
Aggregate remuneration	577	412
Pension contributions	9	30
	586	442

	2022	2021
	£000	£000
Number of directors who received share options during the year.	-	3

9. FINANCE INCOME

	2022	2021
	£000	£000
Bank interest received	92	7
Capital grant release (note 29)	160	170
Total finance income	252	177

10. FINANCE COST

	2022	2021
	£000	£000
Bank loans and overdrafts	1,286	770
Lease liability interest (note 25)	4,569	2,747
Hire purchase interest	692	322
Bond interest	207	282
Total finance costs	6,754	4,121

11. INCOME TAX

Group

a) Income tax on loss for the year	2022	2021
	£000	£000
UK corporation tax on the loss for the year	-	-
Amounts under/(over) provided in previous years	479	(445)
Foreign taxes	83	50
Total current income tax	**562**	**(395)**
Deferred income tax:		
Origination and reversal of temporary differences	(3,630)	787
Adjustments in respect of prior periods	(1,475)	124
Deferred tax adjustments in previous periods	(1,147)	677
Total deferred income tax (credit)/charge	**(6,252)**	**1,588**
Income tax (credit)/charge in the group statement of comprehensive income	**(5,690)**	**1,193**

b) Reconciliation of the total income tax charge	2022	2021
	£000	£000
Loss from continuing operations	(30,526)	(9,405)
Tax calculated at UK standard rate of corporation tax of 19% (2021: 19%)	(5,800)	(1,787)
Expenses not deductible for tax purposes	493	60
Other fixed asset related movements	(1,620)	105
Foreign tax	83	50
Tax over provided in previous years	(996)	(321)
Tax losses utilised	-	631
Change in tax laws and rate	(1,147)	889
Deferred tax not recognised	(6)	21
Chargeable gains	16	-
Other differences	25	-
Non-taxable income	(22)	(24)
Unrecognised tax losses in other jurisdictions	3,284	1,569
Income tax (credit)/charge in the group statement of comprehensive income	(5,690)	1,193

The income tax expense above is computed at loss before taxation multiplied by the effective rate of corporation tax in the UK of 19% (2021: 19%).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

c) Deferred income tax

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

	Group 2022	Group 2021	Company 2022	Company 2021
	£000	£000	£000	£000
Deferred tax liability				
Temporary differences relating to property, plant and equipment	12,971	8,962	11,440	8,426
Capital gains	1,711	-	1,711	-
	14,682	8,962	13,151	8,426
Deferred tax asset				
Tax losses carried forward	(16,353)	(3,930)	(8,969)	(2,538)
Short term temporary differences	(598)	(1,069)	(479)	(1,069)
Net deferred tax (asset)/liability	**(2,269)**	**3,963**	**3,703**	**4,819**
Deferred tax in the income statement				
Temporary differences relating to property, plant and equipment	(6,252)	1,588	(1,115)	1,936
	(6,252)	1,588	(1,115)	1,936

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where the directors believe these assets will be recovered based upon business forecasts. Where losses have arisen in previous years as a result of COVID, this is not expected to re-occur and a deferred tax asset has been recognised where relevant.

The Group has tax losses of £49,751,000 (2021 - £34,932,000) arising in a number of locations, all amounts are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, with the exception of £12,973,000 (2021 - £11,609,000) which expire in 2037. 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	Leasehold improvements	Fixtures and fittings	Motor vehicles	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost:								
At 1 January 2021	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**
Additions	355	30,709	7,449	7	2,194	789	20,054	61,557
Acquisition of subsidiaries	-	1,654	-	-	398	-	-	2,052
Disposals	(652)	(2,370)	(1,834)	(11)	(148)	(39)	(556)	(5,610)
Transfers	393	-	-	-	1,862	430	(2,685)	-
Exchange differences	1,724	2,962	642	13	2,240	66	34	7,681
At 31 December 2022	**57,454**	**76,791**	**45,276**	**423**	**78,360**	**7,040**	**30,495**	**295,839**
Depreciation:								
At 1 January 2021	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**
Charge for the year	797	3,896	6,179	22	3,554	1,205	-	15,653
On disposals	(30)	(746)	(1,377)	(8)	(137)	(18)	-	(2,316)
Transfers	(14)	-	-	-	14	-		-
Exchange differences	142	276	334	11	509	48	-	1,320
At 31 December 2022	**4,517**	**13,042**	**29,237**	**360**	**18,375**	**4,353**	**-**	**69,884**
Net book value:								
At 31 December 2022	**52,937**	**63,749**	**16,039**	**63**	**59,985**	**2,687**	**30,495**	**225,955**
At 31 December 2021	52,012	34,220	14,918	79	57,379	2,676	13,648	174,932

Land and buildings have been pledged as security (note 22).

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

	Plant and machinery
	£000
Net book value:	
At 31 December 2022	23,442
At 31 December 2021	27,188
Depreciation charge for the year:	
31 December 2022	1,666
31 December 2021	1,877

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

Company	Land and buildings	Leasehold improvements	Fixtures and fittings	Motor vehicles	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost:								
At 1 January 2021	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**
Additions	-	96	337	-	936	453	19,989	21,811
Disposals	(9)	-	(36)	-	(94)	(12)	(556)	(707)
Transfers	393	-	-	-	1,862	430	(2,685)	-
At 31 December 2022	**33,570**	**293**	**8,867**	**306**	**49,964**	**5,767**	**30,110**	**128,877**
Depreciation:							-	
At 1 January 2021	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**
Charge for the year	457	7	1,007	18	2,290	1,058	-	4,837
Disposals	(9)	-	(28)	-	(92)	(8)	-	(137)
Transfers	(14)	-	-	-	14	-	-	-
At 31 December 2022	**2,733**	**201**	**6,662**	**254**	**11,489**	**3,545**	**-**	**24,884**
Net book value:								
At 31 December 2022	**30,837**	**92**	**2,205**	**52**	**38,475**	**2,222**	**30,110**	**103,993**
At 31 December 2021	30,887	3	2,883	70	37,983	2,401	13,362	87,589

Land and buildings have been pledged as security (note 22).

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

	Plant and machinery
	£000
Net book value:	
At 31 December 2022	23,442
At 31 December 2021	27,188
Depreciation charge for the year:	
31 December 2022	1,666
31 December 2021	1,877

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 2021	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
Additions	9	-	-	9
Disposals	(1)	-	-	(1)
Exchange differences	15	16	-	31
At 31 December 2022	**369**	**19,632**	**1,319**	**21,320**
Impairment:				
At 1 January 2021	115	315	-	430
At 31 December 2021	115	315	-	430
At 31 December 2022	**115**	**315**	**-**	**430**
Net book value:				
At 31 December 2022	**254**	**19,317**	**1,319**	**20,890**
At 31 December 2021	231	19,301	1,319	20,851

During the year to 31 December 2022, Goodwill was impaired by £nil (2021: £nil). Further details can be found at note 17.

Company	Distribution Rights	Total
	£000	£000
Cost:		
At 1 January 2021	1,294	1,294
At 31 December 2021	1,294	1,294
At 31 December 2022	**1,294**	**1,294**
Amortisation:		
At 1 January 2021	-	-
At 31 December 2021	-	-
At 31 December 2022	**-**	**-**
Net book value:		
At 31 December 2022	**1,294**	**1,294**
At 31 December 2021	1,294	1,294

14. OTHER NON-CURRENT FINANCIAL ASSETS

Group	Unlisted investments
	£000
Fair value	
At 1 January 2021 & 31 December 2021 & 31 December 2022	157
At 31 December 2022	**157**

Company	Unlisted investments	Shares in group undertakings	Total
Cost	£000	£000	£000
At 1 January 2021	157	33,345	33,509
Additions	-	3,710	3,710
At 31 December 2021	157	37,055	37,212
Additions	-	2,658	2,658
At 31 December 2022	**157**	**39,713**	**39,870**
Impairment	£000	£000	£000
At 1 January 2021	-	6,426	6,426
At 31 December 2021	-	6,426	6,426
At 31 December 2022	**-**	**6,426**	**6,426**
Net book value:			
At 31 December 2022	**157**	**33,287**	**33,444**
At 31 December 2021	157	30,629	30,786

For the year ended 31 December 2022, the following subsidiaries are entitled to an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies; BrewDog International Limited and Lost Forest Limited.

During the previous year, the Group established a subsidiary with a non-controlling interest of 40%, the activity during the year was not significant. During the year a further investment was made in this subsidiary.

During the year the Group entered into an agreement to transfer 51% shareholding of BrewDog Group HK Ltd to another party, as such the company and its subsidiary BrewDog Shanghai is no longer controlled by the BrewDog group and has been deconsolidated from 18 August 2022. A gain of £1,764,000 arose on loss of control. The retained interest is accounted for as an equity accounted investment. See Note 15 for further information.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

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	49%	Holding company
BD Casanova SL (11)	Ordinary	Spain	100%	Bar operator
BrewDog USA Inc (14)	Ordinary	USA	97%	Holding company
BrewDog Sweden AB (19)	Ordinary	Sweden	100%	Holding company
BrewDog Holding Company Japan Ltd (20)	Ordinary	Japan	60%	Holding company
BrewDog Employee Benefit Trust Limited (1)	Ordinary	Scotland	100%	Employee Trust

Indirectly held:			
Draft House TB Limited (2)	Ordinary	England	100%
Draft House NC Limited (2)	Ordinary	England	100%
BrewDog Brewing Australia Pty Ltd (5)	Ordinary	Australia	100%
BrewDog Canada Ltd (8)	Ordinary	Canada	100%
BrewDog Bars France SAS (9)	Ordinary	France	100%
Bryggmester Bob AS (12)	Ordinary	Norway	100%
BrewDog Brewing Company LLC (14)	Ordinary	USA	100%
BrewDog Franchising LLC (14)	Ordinary	USA	100%
BrewDog Dogtap LLC (14)	Ordinary	USA	100%
BrewDog Las Vegas LLC (14)	Ordinary	USA	100%
BrewDog San Francisco LLC (14)	Ordinary	USA	100%
BrewDog Licensing LLC (14)	Ordinary	USA	100%
BrewDog Pittsburgh LLC (14)	Ordinary	USA	100%
BrewDog Indianapolis LLC (14) USA	Ordinary	USA	100%
BrewDog Columbus LLC (15)	Ordinary	USA	100%
BrewDog Ireland Ltd (16)	Ordinary	Ireland	100%
Kabushi Kaisha BrewDog Japan (17)	Ordinary	Japan	100%
BrewDog Italy S.R.L (18)	Ordinary	Italy	100%
BruDog Malmo AB (19)	Ordinary	Sweden	100%
BruDog Bar GBG AB (19)	Ordinary	Sweden	100%
BruDog Sodermalm AB (19)	Ordinary	Sweden	100%
BruDog Bar St Eriksgatan AB (19)	Ordinary	Sweden	100%
BrewDog Shanghai (13)	Ordinary	China	100%
BrewDog Company Japan Ltd (20)	Ordinary	Japan	100%
BrewDog Retail Germany GmbH (4)	Ordinary	Germany	100%

(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; 5/F Manulife Place, 348 Kwun Tong Road, Kowloon, 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; 2 Grand Canal Square, Dublin, Ireland, D02 A342
(17) Registered office address; Saitoh Building 1F, 5-3-2, Roppongi, Minato-ku, Tokyo
(18) Registered office address; Corso Vercelli 40, 20145, Milan
(19) Registered office address; Baltzarsgatan 25 211 36 MALMÖ
(20) Registered office address; 4-31, Minami Aoyama 5-chome, Minato-ku, Tokyo

15. INTEREST IN A JOINT VENTURE

The Group has a 49% interest in BrewDog Group HK Ltd, a joint venture which holds a 100% investment in BrewDog Shanghai in China. The Group's interest in BrewDog Group HK Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements have not been shown as the amounts are immaterial to the Group.

16. BUSINESS COMBINATIONS

Acquisition of Bruton Hospitality GmBH

On 16 September 2022, BrewDog GmBH acquired 100% of the voting shares of Bruton Hospitality GmBH, now known as BrewDog Retail Germany GmBH.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Bruton Hospitality GmBH as at the date of acquisition were:

Company	Fair value recognised on acquisition
Assets	€000
Property, plant & equipment	2,316
Inventory	69
Financial assets	718
	3,103
Liabilities	
Financial liabilities	(407)
Total identifiable net assets at fair value	**2,696**
Gain on acquisition	2,696
Purchase consideration	**-**

The net assets recognised at 31 December 2022 are draft subject to finalisation of completion accounting.

The total consideration paid for the acquisition was £nil.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition.

The revenue included in the consolidated income statement since 16 September 2022 contributed by Bruton Hospitality was £833,000. Bruton Hospitality incurred a pre-tax loss of £477,000 over the same period.

17. GOODWILL AND INTANGIBLES ASSETS WITH INDEFINITE USEFUL LIVES

Group	2022 £000	2021 £000
Goodwill		
Draft House	10,680	10,680
Hawkes	3,716	3,716
Sweden	3,637	3,639
Belgium	646	646
France	356	338
Norway	165	165
Other	117	117
Distribution rights	1,319	1,319
Other	254	231
	20,890	20,851

The Group performed its annual impairment test in December 2022 and 2021 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 three-year period. The pre-tax discount rate applied to cashflow is 15.5% (2021 – 14.9%) and cash flows beyond the three-year period use a growth rate of 5% (2021 – 5%). It was concluded that the value in use exceeded the fair value. As a result, management has recognised an impairment charge of £nil (2021 - £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 sensitivities 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...

18. 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	2022	2021
	£000	£000
Trade receivables	39,670	37,507
Prepayments and other receivables	22,504	23,918
	62,174	61,425

Trade and other receivables due after one year amounted to £1,701,000 (2021: £2,147,000).

Company	2022	2021
	£000	£000
Trade receivables	37,014	35,629
Prepayments and other receivables	3,841	9,609
Receivable from group undertakings	145,460	102,306
	186,315	147,544

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
2022	39,670	38,875	156	199	7	433
2021	37,507	35,726	924	188	107	562

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
2022	37,014	36,933	-	74	7	-
2021	35,629	34,716	634	32	95	152

19. INVENTORY

Group	2022	2021
	£000	£000
Raw materials	13,526	7,018
Work in progress	1,509	2,761
Finished goods and goods for resale	11,539	10,381
	26,574	20,160

Company	2022	2021
	£000	£000
Raw materials	10,869	4,705
Work in progress	1,096	2,524
Finished goods and goods for resale	6,426	7,197
	18,391	14,426

20. CASH AND CASH EQUIVALENTS

Group	2022	2021
	£000	£000
Cash at bank and in hand	10,336	45,274

Company	2022	2021
	£000	£000
Cash at bank and in hand	694	37,808

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.

21. TRADE AND OTHER PAYABLES

The carrying value of financial instruments approximates fair value.

Group	2022	2021
	£000	£000
Trade payables	41,372	19,501
Accruals and other payables	63,163	34,252
Taxes and social security	6,352	6,650
	110,807	60,403

Company	2022	2021
	£000	£000
Trade payables	17,356	9,233
Accruals and other payables	46,614	21,456
Taxes and social security	3,435	4,867
	67,405	35,556

22. FINANCIAL LIABILITIES

Group	2022	2021
	£000	£000
Current:		
£1,820,000 bank loan	171	113
£2,000,000 bank loan	188	119
£5,000,000 bank loan	500	375
£25,000,000 bank loan	25,000	-
Other loans	3	1
Obligations under hire purchase contacts	4,808	4,926
Lease liabilities	12,139	8,771
Total current borrowings	42,809	14,305
Non-current:		
£1,820,000 bank loan	539	724
£2,000,000 bank loan	890	1,097
£5,000,000 bank loan	4,000	4,500
£25,000,000 bank loan	-	25,000
Other loans	138	117
6% non-convertible bonds	3,303	3,303
Obligations under hire purchase contracts	13,812	15,991
Lease liabilities	162,542	120,005
Total non-current borrowings	185,224	170,737

Company	2022	2021
	£000	£000
Current:		
£1,820,000 bank loan	171	113
£2,000,000 bank loan	188	119
£5,000,000 bank loan	500	375
£25,000,000 bank loan	25,000	-
Obligations under hire purchase contacts	4,808	4,926
Lease liabilities	849	841
Total current borrowings	31,516	6,374
Non-current:		
£1,820,000 bank loan	539	724
£2,000,000 bank loan	890	1,097
£5,000,000 bank loan	4,000	4,500
£25,000,000 bank loan	-	25,000
6% non-convertible bonds	3,303	3,303
Obligations under hire purchase contracts	13,812	15,991
Lease liabilities	16,282	11,617
Total non-current borrowings	38,826	62,232

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.

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 2022						
Interest bearing loans and borrowings	-	1,896	30,159	23,401	268	55,724
Lease liabilities	-	3,793	11,303	60,643	145,140	220,879
Trade and other payables	-	110,887	-	-	-	110,887
	-	116,576	41,462	84,044	145,408	385,117
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

Change in liabilities arising from financing activites

Group	1 January 2022	Cashflows	Other	New leases	31 December 2022
	£000	£000	£000	£000	£000
Year ended 31 December 2022					
Current interest bearing loans and borrowings	5,534	(2,807)	27,943	-	30,670
Current lease liabilities	8,771	(2,367)	2,246	3,489	12,139
Non-current interest bearings and borrowings	50,732	-	(28,050)	-	22,682
Non-current lease liabilities	120,005	-	(6,313)	48,850	162,542
Total liabilities arising from financing activites	185,042	(5,174)	(4,174)	52,339	228,033

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

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 interest accrued using the effective interest rate method.

23. 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 short-term deposits. 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	2022	2021
	£000	£000
Total current borrowings (Note 22)	42,809	14,305
Total non-current borrowings (Note 22)	185,224	170,737
Trade and other payables (Note 21)	110,887	60,403
Less: cash and cash equivalents	(10,336)	(45,274)
Net debt	328,584	200,171

	2022	2021
	£000	£000
Total equity	152,960	180,543
Total equity (excluding NCI)	152,960	180,543
Capital and net debt	481,544	380,714
Gearing ratio	68%	53%

24. CAPITAL COMMITMENTS

Group	2022	2021
	£000	£000
Contracted for but not provided in the financial statements	5,601	5,350

Company	2022	2021
	£000	£000
Contracted for but not provided in the financial statements	5,601	5,350

25. 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. 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 2021	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
Additions	49,124	36	-	49,160
Remeasurements	(1,432)	-	-	(1,432)
Terminations	(4,734)	-	-	(4,734)
Depreciation expense	(11,614)	(262)	(66)	(11,942)
Exchange differences	2,586	11	6	2,603
As at 31 December 2022	144,925	280	75	145,280

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

	2022	2021
	£000	£000
Lease liabilities		
As at 1 January	128,776	106,415
Additions	55,223	26,343
Remeasurements	2,085	3,777
Terminations	(4,969)	(318)
Exchange differences	3,082	-
Accretion of interest	4,569	2,747
Payments	(14,085)	(10,188)
As at 31 December	174,681	128,776
Current	12,139	8,771
Non-current	162,542	120,005
	174,681	128,776

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

The following are the amounts recognised in profit or loss:

	2022	2021
	£000	£000
Depreciation expense of right-of-use assets	11,942	9,479
Interest expense on lease liabilities	4,569	2,761
Expense related to short-term leases	1,347	950
Expense relating to leases of low-value assets	449	317
Total amount recognised in profit or loss	18,307	13,507

The group had total cash outflows for leases of £14,085,000 (2021: £10,188,000). The future cash outflows relating to leases that have not yet commenced were £nil (2021: £nil). The cash equivalent of lease concessions relating to Covid-19 obtained in the year was £nil (2021: £784,000).

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 2021	6,367	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
Additions	5,102	36	-	5,138
Depreciation expense	(818)	(225)	(53)	(1,096)
As at 31 December 2022	10,026	209	33	10,268

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

	2022	2021
	£000	£000
Lease liabilities		
As at 1 January	12,458	12,612
Additions	5,138	529
Remeasurements	-	159
Accretion of interest	711	471
Payments	(1,176)	(1,313)
As at 31 December	17,131	12,458
Current	849	841
Non-current	16,282	11,617
	17,131	12,458

The following are the amounts recognised in profit or loss:

	2022	2021
	£000	£000
Depreciation expense of right-of-use assets	1,096	1,121
Interest expense on lease liabilities	711	471
Expense related to short-term leases	92	-
Expense relating to leases of low-value assets	31	-
Total amount recognised in profit or loss	1,930	1,592

The company had total cash outflows for leases of £1,176,000 (2021: £1,313,000). The future cash outflows relating to leases that have not yet commenced were £nil (2021: £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.

26. 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. The sensitivity analyses in the following sections relate to the position as at 31 December in 2022 and 2021.

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
2022		
US Dollar/Sterling	+10%	(5,796)
	-10%	5,796
Euro/Sterling	+10%	(2,263)
	-10%	2,263
2021		
US Dollar/Sterling	+10%	(3,417)
	-10%	3,417
Euro/Sterling	+10%	(1,903)
	-10%	1,903

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.

Interest rate risk

Interest rates are based on a fixed rate over the base rate. The group considers its exposure to be limited as changes in the rate, based on the long term view, are expected to be minimal. There would need to be a significant movement in the base rate to create a material risk.

27. SHARE CAPITAL

Group and company	2022	2022	2021	2021
	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	2022	2022	2021	2021
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Ordinary B shares				
At 1 January	14,374	15	13,801	14
Issued through Equity for Punks	-	-	573	1
At 31 December	14,374	15	14,374	15

Group and company	2022	2022	2021	2021
	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**	**74,326**	**75**

During the previous year the company issued 573,000 Ordinary B shares to the public under its Equity for Punks Tomorrow crowdfunding initiatives with an issue price of £25.15 per share. This created additional share premium of £19,736,000 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

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

At the year-end £nil (2021: £nil) of share capital and share premium remains unpaid.

At the year-end there were 1,030,700 (2021: 3,791,864) share options granted and not exercised.

Group and company	2022	2021
	Share premium account £000	Share premium account £000
At 1 January	183,679	168,585
Issued through Equity for Punks	-	19,736
Transaction costs	-	(4,642)
At 31 December	183,679	183,679

28. RESERVES

Treasury shares

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

Group and company	2022	2022	2021	2021
	No. 000	£000	No. 000	£000
Allotted called up and fully paid Treasury shares				
Treasury shares				
At 1 January & 31 December	137	1,857	137	1,857

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.

29. GOVERNMENT GRANTS

Group	2022	2021
	£000	£000
At 1 January	3,118	3,172
Received during the year	219	-
Translation of grants denominated in foreign currency	63	116
Released to the statement of comprehensive income	(160)	(170)
At 31 December	3,240	3,118

	2022	2021
	£000	£000
Current	160	158
Non-current	3,080	2,960
	3,240	3,118

Company	2022	2021
	£000	£000
At 1 January	1,899	2,025
Released to the statement of comprehensive income	(115)	(126)
At 31 December	1,784	1,899

	2022	2021
	£000	£000
Current	115	115
Non-current	1,669	1,784
	1,784	1,899

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

30. SHARE BASED PAYMENTS

During the year ended 31 December 2022, the BrewDog Group initiated and BrewDog Employee Benefit Trust Limited (EBT), the entity holds shares gifted by James Watt which are granted to employees at set time periods.

Options granted under the EBT are exercisable upon an exit event which is determined as either i) when BrewDog PLC goes to an IPO (Initial Public Offering) or, ii) a majority of its shares are sold by the current shareholders, subject to service vesting conditions.
The fair value of the options is estimated at the grant date using the Black-Scholes-Merton ("BSM") pricing model, taking into account the terms and conditions on which the share options were granted.

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:

	Employee Benefit Trust		
	Number	WAEP £	WACL Years
Outstanding at 1 January 2022	-	-	-
Granted during the year	937,528	-	2.42
Lapsed during the year	(68,971)	-	-
Outstanding at 31 December 2022	868,557	-	2.42
Exercisable at 31 December 2022	-		

Company

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

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

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

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

Options granted under the unapproved CSOP are generally exercisable between two and five years, with three awards made under this scheme being exercisable on grant. Three awards only have service vesting conditions, the remaining have non market performance vesting conditions attached to their exercise, including achievement of a strong individual performance rating, and sales exceeding, or no less than 10% below, the target for the most recent financial year ending prior to the relevant vesting date. The share options granted will not vest if the vesting conditions have not been met.

The fair value of the options is estimated at the grant date using the Black-Scholes-Merton ("BSM") pricing model, taking into account the terms and conditions on which the share options were granted.

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 Years	Number	WAEP £	WACL Years	Number	WAEP P	WACL Years
Outstanding at 1 January 2021	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
Granted during the year	-	-	-	-	-	-	90,000	1.00	2.40
Lapsed during the year	(391,300)	(0.14)	(6.88)	(27,270)	(4.99)	(27.26)	(2,432,594)	1.00	0.44
Outstanding at 31 December 2022	-	-	-	6,000	2.38	6.92	1,024,700	1.00	2.67
Exercisable at 31 December 2022	-	-		1,200	2.38		266,500	1.00	
Exercisable at 31 December 2021	-	-		-	-		478,832	1.03	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

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

	2022	2021
Weighted average fair values at the measurement date (£)	2.50	7.28
Dividend yield (%)	0%	0%
Expected volatility (%)	35%	35%
Risk-free interest rate (%)	3.28%	0.90%
Expected life of share options (years)	3	3
Marketability discount (%)	25%	25%
Weighted average price (£)	1.88	5.46

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.

31. 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

During the year the company entered into transactions, in the ordinary course of business, with related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

	Amounts owed by related parties	Amounts owed to related parties
	£000	£000
Directors' loans		
2022	-	-
2021	23	-

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 the year, James Watt, a director, gifted 20% of his shareholding to the BrewDog Employee Benefit Trust Limited, refer to note 30 for further details.

During 2022, purchases at normal market prices were made by group companies from Steadman Partners, Pie & Mouse Limited and JBW(77) Limited, companies controlled by the directors.

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.

32. NOTES TO THE CASHFLOW

Group	2022	2021
	£000	£000
Cashflows from operating activities:		
Loss before tax	(30,526)	(9,405)
Adjustments to reconcile profit before tax to net cash flows:		
Loss on disposal of property, plant and equipment	1,849	1,292
Gain on acquisition of German subsidiary	(2,289)	-
Gain on disposal of subsidiary	(1,764)	-
Depreciation	15,653	13,470
Depreciation of ROU assets	11,942	9,538
Grant amortisation	(160)	(170)
Foreign exchange	(4,482)	573
Finance income	(92)	(7)
Finance charges	6,754	4,121
Share based payment expense	(2,273)	2,320
Working capital adjustments:		
Increase in inventory	(6,414)	(4,947)
Increase in trade and other receivables	(749)	(12,074)
Increase in trade and other payables	49,275	9,928
Interest received	92	7
Interest paid	(6,384)	(3,999)
Taxation paid	(127)	-
Taxation refunded	300	274
Net cash flow from operating activities	30,605	10,921

33. POST BALANCE SHEET EVENTS

Subsequent to the year end, the Group has secured an extension to the £25,000,000 bank loan, originally repayable in a single instalment in August 2023, the extension has been granted to August 2026.

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 2022 which comprise Group Statement of Comprehensive Income, the Group and Parent company Balance Sheet, Group Statement of Cash Flows, the Group and Parent statement of changes in equity and the related notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 2022 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 United Kingdom Generally Accepted Accounting Practice.
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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 to 31 May 2024.

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.
- 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.
- The parent company financial statements are not in agreement with the accounting records and returns.
- Certain disclosures of directors' remuneration specified by law are not made.
- 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 76, 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED...

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.

Our approach was as follows:

- 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 (UK adopted international accounting standards and United Kingdom Generally Accepted Accounting Practice), 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 the risk of management override and assumed revenue to be a fraud risk. We incorporated data analytics into our testing of revenue recognition and tested specific transactions back to source documentation.
- 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.

Kevin Weston (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

31 May 2023

DIRECTORS' REPORT

Registered No. SC311560

The Directors present their report and financial statements for the year ended 31 December 2022. The group financial statements have been prepared under UK adopted international accounts standards ("IFRSs") and the parent company financial statements prepared under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Results and dividends

The loss after taxation for the year amounted to £24,836,000 (2021 loss: £10,598,000). No dividend has been paid or proposed (2021: £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 £30,526,000 (2021 pre-tax loss: £9,405,000) for the year and turnover of £321,206,000 (2021: £285,602,000).

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:

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 (resigned 21 December 2022)
J L O'Hara
F B Jack
N J McCallum
A Leighton
A R J Gilmore (appointed 30 January 2023)
E Johnson (appointed 30 January 2023)
G Boer (appointed 31 May 2023)

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 31 May 2024. 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 22, 23 and 26 include details of the Group's treasury activities, long term funding arrangements, financial instruments and financial risk management activities.

The directors have performed stress testing of cash flow forecasts to take account of events which could impact the financial position of the Group. The range of stress tests included 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 31 May 2024. 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, the Group has secured an extension to the £25,000,000 bank loan, originally repayable in a single instalment in August 2023, the extension has been granted to August 2026.

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.

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, through Huddle, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

DIRECTORS' REPORT CONTINUED...

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.

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 'People' section. Regular updates are provided by the Chief Executive Officer for all our crew, which are in addition to regular 'all hands meetings' hosted by a director where employees can either attend in person or watch 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. 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. We are committed to ensuring that we set a new blueprint for business, supporting our community wherever possible. Our planet needs us more than ever before, and we have dedicated investment and resources to projects such as our bio-energy facility, our Lost Forest tree planting & peatland restoration programme, and a consistent effort to reduce our emissions across our operations. This year, we also invited our Equity Punk community to join us at The Lost Forest to support the first tree-planting effort, and see our investment first-hand. Our Positive Planet accreditation, granted in 2022, is evidence of our commitment to sustainability. 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've also trained a network of over 200 staff who hold the Mental Health First Aider qualification, enabling us to better support the wellbeing of our teams across every corner of our business, as well as assist our customers as needed. Our business is on track to become an accredited Menopause friendly employer, and we've also dedicated resources to supporting our teams through neurodivergence assessments and diagnoses.

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.

Make Earth Great Again

The Group announced that it had become a carbon negative business in August 2020. The Group offsets the scope 1, 2 and upstream scope 3 carbon emissions to achieve this whilst working with a lead scientific adviser, Professor Mike Berners-Lee, to drive emissions to zero.

We are working on a range of initiatives to reduce the UK carbon footprint per HL of beer by 35% within the next twelve months. This is alongside a complimentary carbon removal plan for all our remaining emissions. In addition, we are working to improve the efficiency of energy intensity and water use which have successfully been reduced in onsite operations year on year.

There are a range of initiatives underway to reduce the carbon footprint further which include:

- Investing in an anaerobic digestor plant in the Ellon brewery, which turns our waste water and spent hops/yeast into clean water, green gas, and organic fertiliser. The green gas and clear water produced will be reused in our Ellon brewery, and any excess gas is pumped back into the UK's gas supply grid.
- Working to install a CO_2 recovery system which will capture all operational CO_2 and use it downstream in our beers, reducing material requirements.
- Ensure that wind turbines provide the majority of the power in the Ellon brewery.
- Working with all teams in production to reduce operational impact by improving gas, electricity and water use. This includes installing new, more efficient boilers, a larger brewhouse to improve efficiency, a reverse osmosis plant to clean our waste water for use on site, a nitrogen generation system to reduce CO2 consumption, and a brand new ammonia chiller to help reduce electricity consumption during processing.
- Invested in a range of low carbon vehicles for deliveries and distribution – this includes an electric delivery truck and gas powered distribution trucks.
- Working with all our bars, 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 Bad Beer Vodka and Planet First Locals. In addition, we launched the Buy One Get One Tree campaign, planting a tree for every redeemed pack of Lost lager purchased.
- The Lost Forest tree-planting programme commenced in 2022, with the first trees going in the ground as per plans created with Scottish Woodlands, our afforestation and peatland restoration partner.
- Working with a legitimate carbon removal partner until the Lost Forest starts sequestering carbon, Natural Conservancy of Canada which sustains and restores one of the largest forests in the world.
- We achieved Positive Planet Carbon Negative accreditation in 2022, validating our commitment to sustainability and our efforts to reduce emissions.

Scope 1, 2 and 3 Tonnes of CO_{2e}	2022	2021
	T CO_{2e}	T CO_{2e}
Scope 1	3,331	4,646
Scope 2	2,929	5,169
Scope 3	102,887	69,379
Total	109,147	79,194

	2022	2021
Output hectolitres	957,891	1,071,865
Total TCO_{2e} per hL	0.11	0.07

Energy intensity and Water Use	2022	2021
Electricity (MJ per hL)	32.3	31.6
Gas (MJ per hL)	66.5	66.9
Water (hL per hL of beer)	3.0	3.0

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, 38-39, 73-75 was approved by the Board of Directors on 29 May 2023 and signed on its behalf below.

On behalf of the Board

J B Watt
Director
31 May 2023

N J McCallum
Director
31 May 2023

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 financial statements in accordance with UK adopted international accounts standards ("IFRSs") and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 (and in respect of the parent company financial statements, FRS 101) 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 financial statements, state whether UK adopted international accounts standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.


BREWDOG
BREWED IN ELLON
PUNK IPA
POST MODERN CLASSIC
UNITED WE STAND FOR BETTER BEER
FIERCELY DEFIANT AND INDEPENDENT
BREWDOG

COMPANY INFORMATION AND ADVISORS

DIRECTORS	SECRETARY	AUDITORS	BANKERS	REGISTERED OFFICE
N A Simpson A M Dickie J B Watt J L O'Hara F B Jack N J McCallum A Leighton A R J Gilmore E Johnson G Boer	A M Dickie	Ernst & Young LLP 4th Floor, 2 Marischal Square Broad Street Aberdeen AB10 1BL	HSBC 95-99 Union Street Aberdeen AB11 6BD	Balmacassie Commercial Park, Ellon AB41 8BX