



ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDING 2020

BREWDOG



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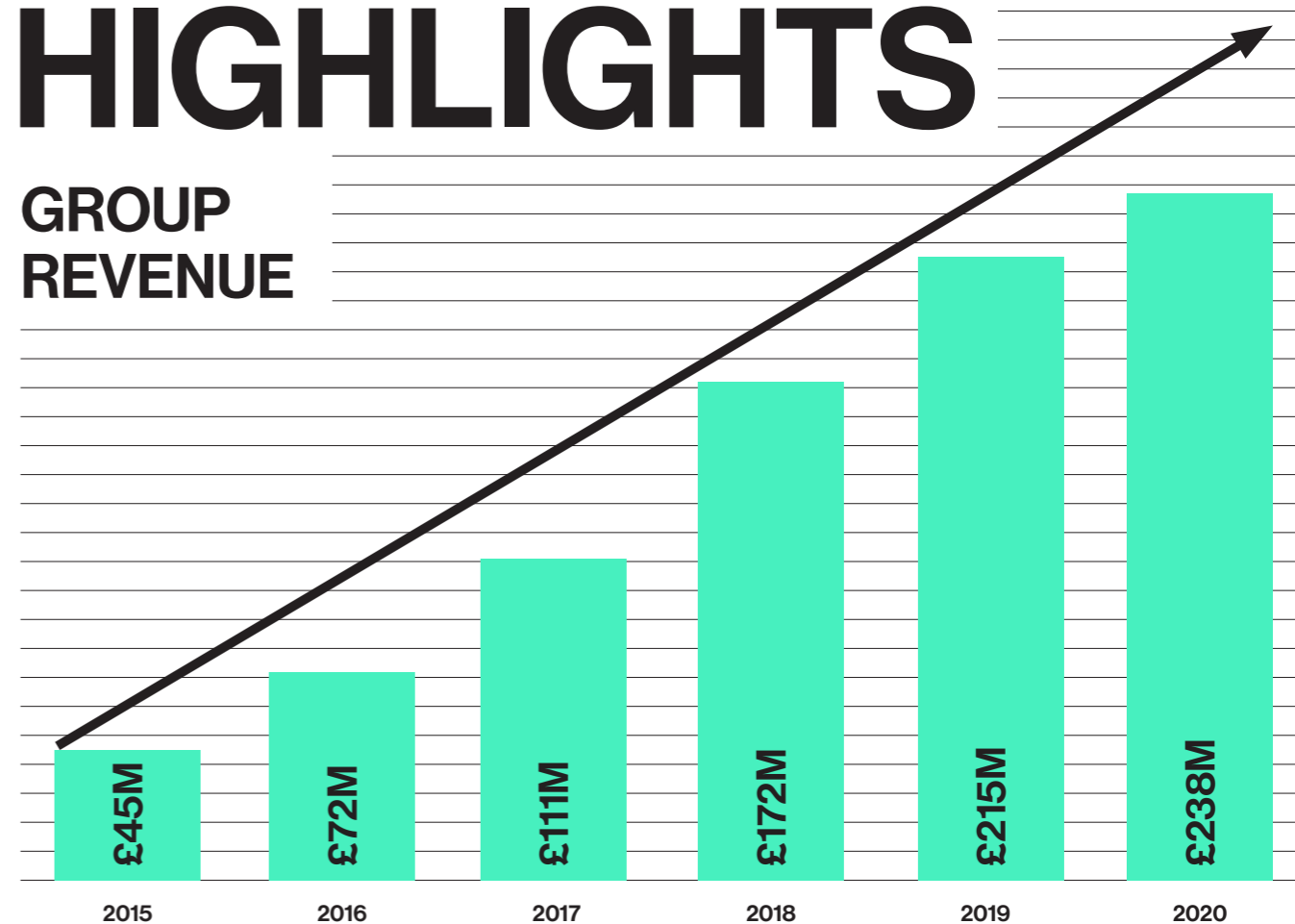
CRAFT BREWER
IN EUROPE

250 MILLION
CANS OF BEER
SHIPPED

MORE THAN 200,000
EQUITY PUNKS

HIGHLIGHTS

GROUP REVENUE



2015 2016 2017 2018 2019 2020

IN 2020,
WE GREW
OUR GROUP
REVENUE BY

10%
DESPITE THE PANDEMIC

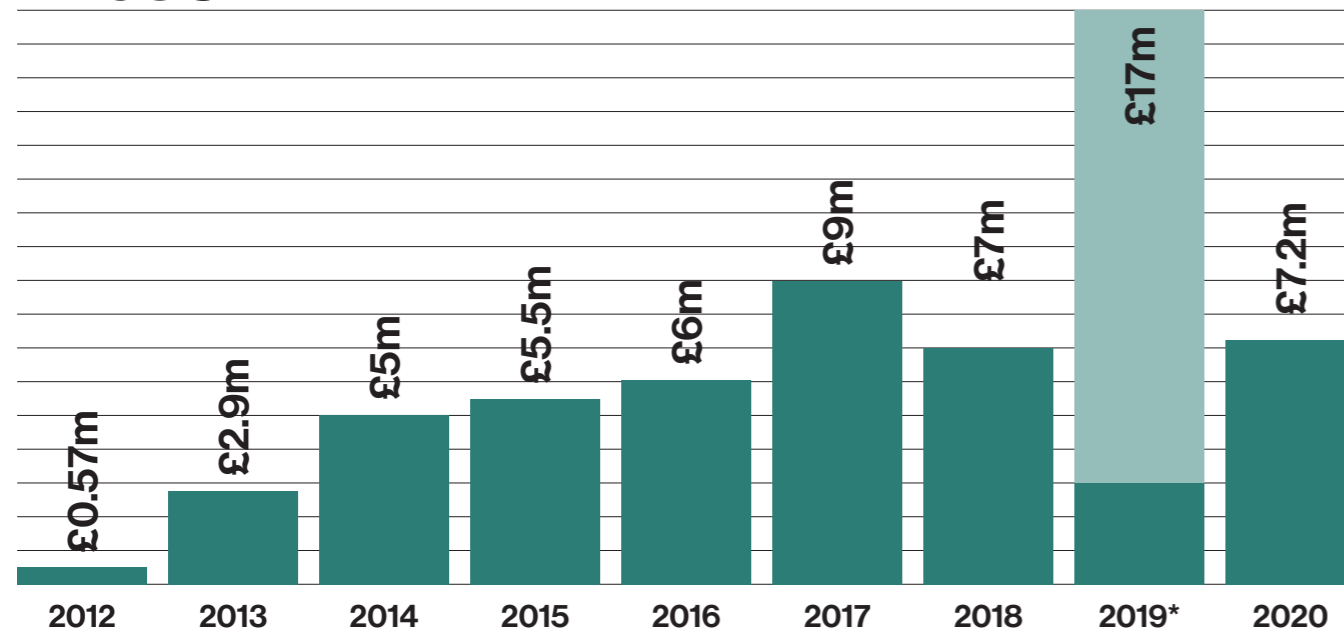
OUR GROSS
MARGIN
GREW TO

48%

IN 2020 WE
GREW OUR
ECOMMERCE
REVENUE BY
900%

2020 IN NUMBERS

ADJUSTED EBITDA



GLOBALLY, WE NOW EMPLOY OVER
1,600 PEOPLE

GROCERY & IMPULSE SALES
GREW 66%



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

2020 was without a doubt the toughest year in our 13 year history. By a long, long way. A tempestuous rollercoaster of emotion. C-19 descended our world into a chaos that would have been completely unimaginable at the start of the year. Yet somehow, through the darkness we managed not only to survive but also to show that business can be a force for good as we fought our way through the storm.

The last 12 months were just like being a start up again. In a start-up you can easily go from celebrating your biggest success one moment to fighting to stay alive the next. High highs, low lows and incredibly high stakes. In a start-up you also make big bets, you put everything on the line for what you believe in and then you do it over and over again. We had to do that throughout 2020.

To grow our overall revenues by 10% despite the fact that the vast majority of our 100 bars were closed for huge chunks of the year (this was budgeted to account for 40% of revenue in 2020) and the global on-premise market was essentially closed is without doubt the most significant achievement in our short history.

Here are 5 reasons why we are very excited about 2021:

Firstly, we have significantly strengthened our brand in 2020. Our reputation and brand awareness has never been higher. Our C-19 response projects such as sanitiser and Barnard Castle Eye Test had a big positive impact for us. Our new packaging and branding has landed really well and is a timely evolution of our positioning as we look forward to the next few years. The high impact launches of Hazy Jane & Lost Lager also landed extremely well across all of our major customers.

Secondly, and perhaps most significantly, we became the world's first and only carbon negative brewery as we decided to put absolutely everything on the line to try and set a new standard in sustainability and lead the way on saving our planet. We worked with world renowned expert Professor Mike Berners-Lee as we built a strategy to reduce our emissions overall and ensure that as a business we have a positive impact on the planet.

**MORE THAN
12,000 BOTTLES
PRODUCED**



Big business has pushed our planet to the brink. We want to show that business can also help save our planet by inspiring others to join us on this path.

Thirdly, as we move into 2021 our team, galvanised in the fire and adversity of the last 9 months, is also stronger than it has ever been. At every level of our business we have amazingly bright and passionate people who love good beer and are passionate about our mission. Our BrewDog Salary Cap means we have to develop the next generation of leaders from within our business and we currently have some amazing people progressing through the ranks all throughout our business.



CAPTAIN'S UPDATE

Fourthly, we are continuing to expand our retail footprint, despite the challenging conditions. It may seem like a very strange time to expand our retail business. But where others see challenges we see opportunities and given the turmoil in the sector we are able to expand with very minimal expenditure as landlords look to fund our costs in order to secure a long term tenant. We are currently working on 30 brand new BrewDog locations including hotels in Manchester, Berlin & Brisbane and iconic locations in Mumbai, Amsterdam, Sydney, Cleveland and Milan.

And fifthly, 2020 was transformational for our E-commerce business as we grew by 900% in a single year. We are now focussed on building out our DTC infrastructure and looking to manage more of our volume through our own E-commerce channels. By selling direct we can ensure better beer quality, less carbon emissions and better connect with our drinkers. In 2021 we are planning to continue building our DTC platform internationally and also launch an amazing new beer club.

The aftermath of C-19 is going to be a brave new world. The impact of the pandemic is going to accelerate the pace of change and we will see more change in the second 6 months of 2021 than we have seen in the previous 10 years. We know customers are changing to brands with purpose, brands with solid sustainability credentials, brands with quality at their core and brands who genuinely care. Next year we will see the pace of this change accelerate.

My dad, who has spent over 60 years on the north Atlantic, always says to me that it is only in times of real adversity that you see what someone is really made of. I like to think that in 2020 we showed the world what BrewDog was really made of.

We are determined to make sure we do the same in 2021 as we look to really take the fight to big beer and set a new global benchmark in sustainability.

Hold Fast,

James



5.4% ABV

POST MODERN CLASSIC

Our flagship, the first ever beer we brewed and based on a beer we first made as home brewers in our garage. Combining British malts, an English ale yeast with American and New Zealand hops Punk IPA is a modern day liquid rebellion. Layered with new world hops to create an explosion of tropical fruit and an all-out riot of grapefruit, pineapple and lychee before a spiky bitter finish.

2020 AT A GLANCE



Grew sales of Hazy Jane by 1,115%



Launched the new 19,000 sq ft DogTap venue at our brewery in Aberdeen



Opened BrewDog Shanghai, and BrewDog Headingley, England



Launch of Lost Lager

Launch of BrewDog Tomorrow - our new sustainability mission



Produced 12,000 bottles of hand sanitiser for the NHS (and funded them with a special beer...!)

Appeared in the Sunday Times Fast Track 100 for the 10th consecutive year



Shipped a record 800,000 HL beer



Grew our Equity Punk community to more than 200,000 worldwide

BREWDOG ECOMMERCE



INCREASED THE NUMBER OF
BREWDOG.COM CUSTOMERS BY

859%

IN 2020, OUR ONLINE SHOP REVOLUTIONISED OUR BUSINESS, AND BECAME ONE OF THE MOST IMPORTANT DIVISIONS OF OUR ENTIRE GLOBAL OPERATION. AS THE WORLD MOVED TO ENJOY BEERS FROM THE SAFETY OF THEIR HOMES, WE SAW A DRAMATIC UPLIFT IN DEMAND FOR AWESOME CRAFT BEERS AT HOME, OVERNIGHT.

Alongside optimising our business to respond to the greater demand for online grocery sales, we also pivoted quickly to respond to this direct to consumer opportunity, and the result is something we will be leaning into long-term.

We have now rolled out our successful ecommerce platform across Europe, the USA and Australia, with massive plans for continued growth.

TOTAL PAGE VIEWS
63 MILLION

SHIPPED MORE THAN
750,000
ORDERS IN 12 MONTHS

ONLINE SALES UP
900%

BREWDOG TOMORROW

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

**BREWDOG HAS
COME A LONG WAY.**

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

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

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

**CHANGE ISN'T
HAPPENING FAST
ENOUGH.**



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

Climate change is close
to a tipping point.

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

**ACTIONS NOT
PROMISES.**

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

BrewDog is built on a commitment to its crew. Our people are the beating heart of our business, they are the reason we exist and the thing we must work hardest to protect and develop.

In 2020, we launched our brand new team engagement platform, Huddle, on which we share news and announcements from across the business, and provide a private social network for our crew.

Alongside the Real Living Wage, private medical, Pawternity leave, enhanced parental leave, Cicerone training & bonuses for all our crew, our profit sharing scheme the Unicorn Fund, and 'Hop Stock' share options, we have introduced a series of new benefits for our teams including:



OUR PEOPLE

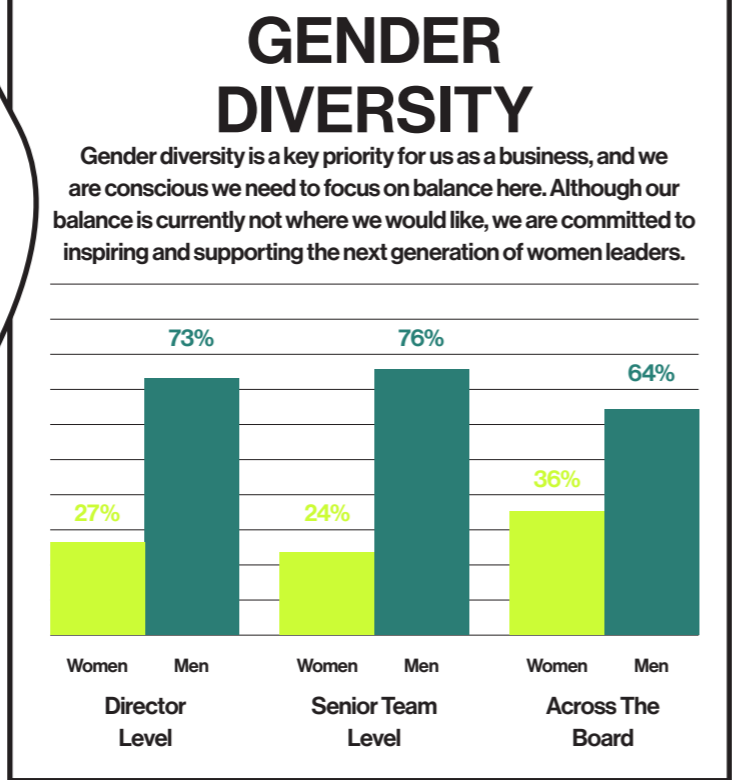
THE UNICORN FUND
 Every year, we distribute 10% of our profits equally among our teams regardless of their level of seniority. This enables our people to benefit directly from their hard work, and in 2020, we wiped the slate clean for the first 6 months of the year when COVID hit us hardest, so our teams were not affected by the pandemic's impact on our revenue.

BREWDOG FOUNDATION
 We will give away up to £1m per year to charities chosen by our teams.

GIVING BACK
 We will fund 1 day of charity work for each team member per year, and match charitable giving up to £200.

WAGESTREAM
 Empowering our teams to unlock their wages when they need them, we introduced this salary benefit to all staff in 2019.

SALARY CAP
 As we seek to promote internally, no new hires can earn more than 7 times our entry level positions.

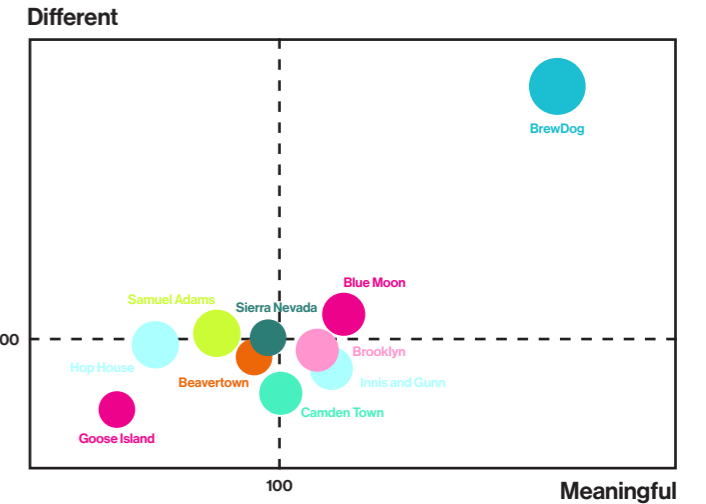


BREWDOG AWARENESS

In spite of an incredibly tough year, our brand is in the strongest position it has ever been. Our new branding & packaging landed exceptionally well, and our revised, honed mission is clearly resonating among planet-friendly beer drinkers all around the world.

WE ARE STRONGER THAN OUR COMPETITORS IN CRAFT.

BrewDog demonstrates differentiation from the 'craft' competitive set, with the strongest results in all areas: meaningful, different and salient.



Source: BrandZ UK 2020 Craft Beer brand report

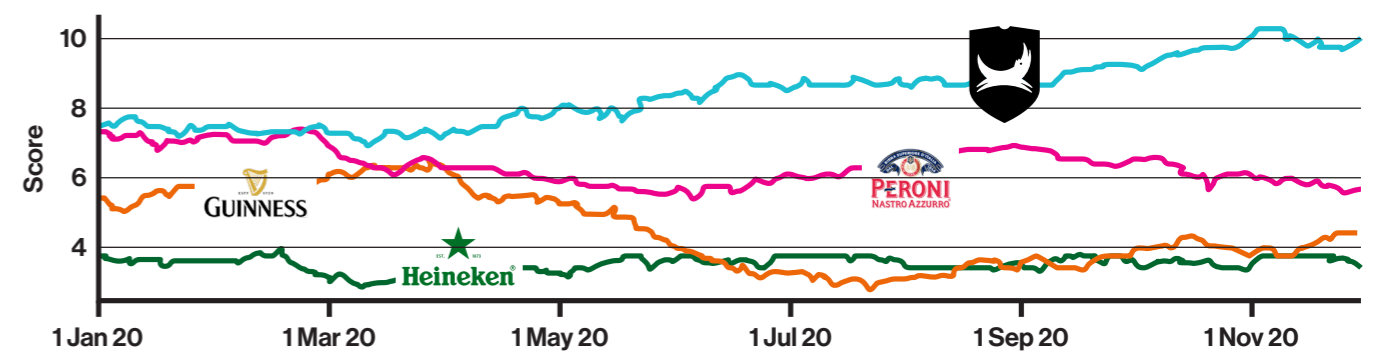
WORLD'S MOST VALUABLE BEER BRANDS 2020

BrewDog has moved from 21st to 18th. We are STILL the only UK brand. We are STILL the only independent brand. We are STILL the only craft beer brand.



WE'VE GOT HUGE PLANS FOR OUR BUSINESS, AND OUR COLLECTIVE IMPACT ON THE PLANET IN THE COMING MONTHS AND YEARS TO DATE. THIS IS JUST THE BEGINNING OF A NEW DAWN FOR BREWDOG. PAY ATTENTION. IT'S ABOUT TO GET INTERESTING.

"WHICH OF THESE BRANDS ARE YOU MOST LIKELY TO PURCHASE?"



Source: YouGov UK consumer questionnaire, 18-49yr olds 2020

BrewDog stands out as achieving greater scores for purchase intent versus some of the best-selling beer brands in the UK. This intent has been growing during the pandemic, as our community-driven activations, and carbon negative status positively impacted the BrewDog brand.

WE ARE CARBON NEGATIVE

In 2020, we took the scientific consensus about the bleak future of our planet, and turned it into action for our business. We announced that we had become the world's first carbon negative beer business.

Via our sustainability report (which you can read by visiting [brewdog.com/tomorrow](https://www.brewdog.com/tomorrow)), we unveiled a raft of plans to reduce our carbon footprint drastically, as we step up and make things right.

At BrewDog, when we count carbon, we count all of it. Not just the superficial stuff that some businesses refer to. We double offset our scope 1, 2 and upstream scope 3 carbon emissions, meaning we're including everything in our supply chain. We worked closely with Professor Mike Berners-Lee to calculate our carbon footprint, and design our removal initiatives.

We also presented our plans for the BrewDog forest, where we will be planting over 1million trees ourselves, and we opened Equity for Punks Tomorrow, enabling our community to support our sustainability initiatives in exchange for green rewards such as growler clubs, discounts on vegan meals in our bars, wind-powered beers, and sustainably-sourced merch. So far, over 60,000 people have invested more than £25million in this raise, meaning we can move even faster when it comes to our greener infrastructure, and a blueprint for better business.



WE ARE NOW A B CORP

B Corps are a global community of businesses that meet the highest standards of verified social and environmental performance to help build a better world. In 2021, we achieved this status, as part of our mission for better beer and for better business.



**FOR BETTER BEER.
FOR A BETTER PLANET.
POWERED BY THE PEOPLE.**

FOR US ALL.



FINANCIAL REVIEW

For year ended 31 December 2020

	2020 £000	2019 £000
Gross Revenue	237,763	214,896
Duty	(55,825)	(40,290)
Net revenue	181,938	174,606
Cost of sales	(94,068)	(99,167)
Gross Profit	87,870	75,439
Operating expenses	(96,884)	(88,677)
Gain on acquisition of Berlin brewery and taproom	-	14,249
Gain on disposal of property, plant and equipment	927	766
Other operating income	713	1,956
Operating (loss) / profit	(7,374)	3,733
Adjusted EBITDA*	7,166	17,075

REVENUE

2020 delivered revenue growth of 11% which is exceptional given the impact of Covid-19 across the on-trade and our bars. This growth was driven by the significant volume increases across the UK and International grocery, convenience and e-comm channels.

Operations in the US, Germany and Australia continued to grow as the market and brand develops in these relatively newer geographies.

The Covid-19 impact across the on-trade and our bar network was significant, with volumes and revenue around 50% down on prior year.

GROSS PROFIT AND OPERATING EXPENSES

2020 delivered improvement in the Gross Profit to 48% from 43% in the prior year, which reflects the focus on operational improvement.

Operating expenses increased during the year, but less than the growth in revenue, due to the strong control over the cost base during the challenging year.

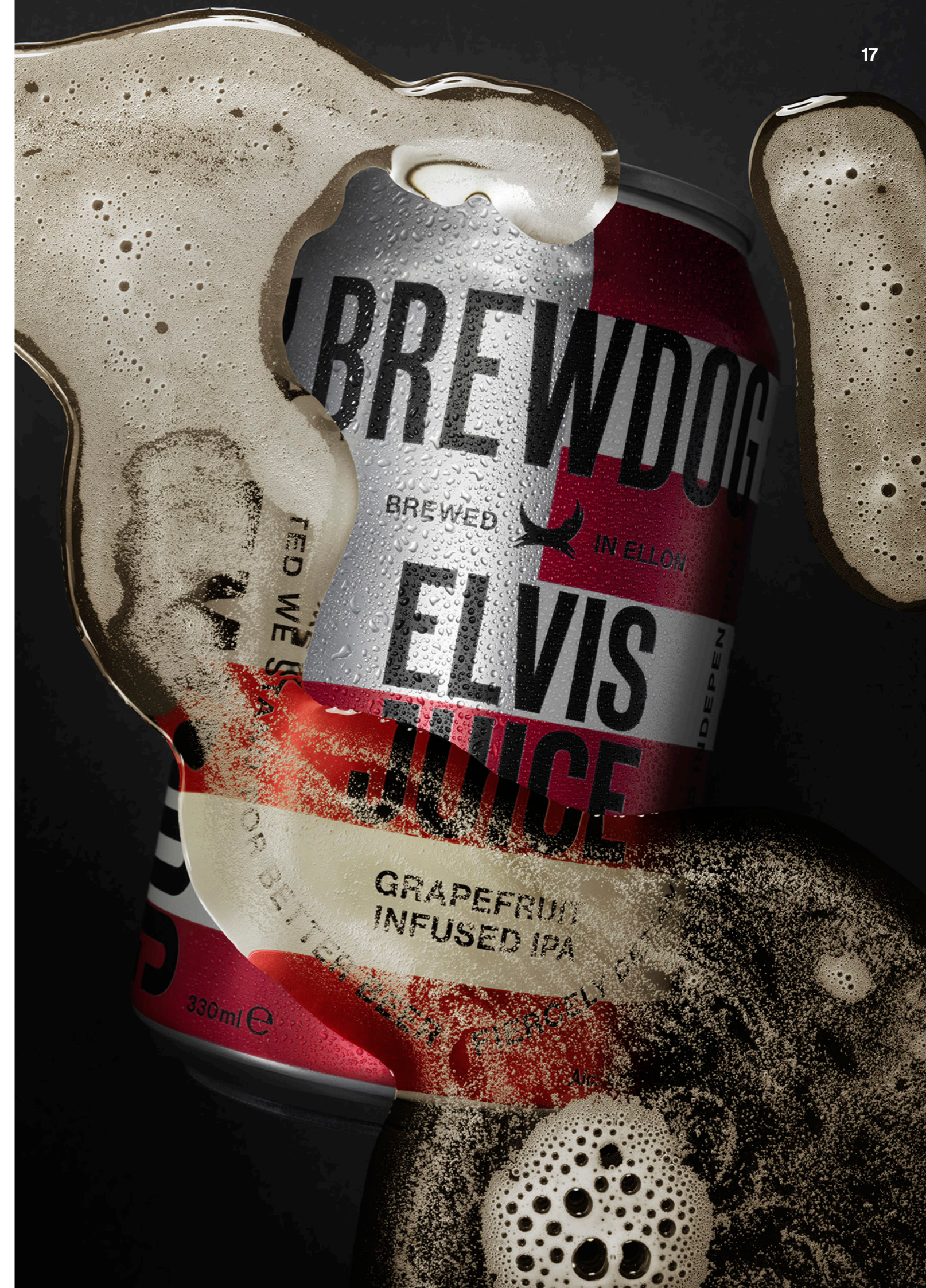
ADJUSTED EBITDA AND OPERATING RESULT

Although in 2020 an operating loss was incurred and Adjusted EBITDA is lower than in 2019, the prior year included a non trading gain from the acquisition of the Berlin brewery and taproom.

In addition, during 2020, the operating loss and Adjusted EBITDA were also impacted by the significant losses from the global retail activity.

After the impact of these two factors, the operating loss and Adjusted EBITDA in 2020 reflects the significant progress in revenue growth, coupled with the improvement in underlying efficiencies and cost base which demonstrates the business progress in the last twelve months.

* Adjusted for non-cash foreign exchange transactions and share based payments and before IFRS16





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.



Launched in 2017, our site in Columbus now brews beer for a total of 13 American states, as well as being the home of our biggest DogTap worldwide, and The DogHouse hotel, named as one of TIME magazine's top 100 places on the planet.

OUR BREWERIES

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

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.



OUR BARS

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



TOWER HILL OUTPOST



READING



CANARY WHARF



SHEPHERD'S BUSH



LEICESTER



SHORT NORTH



BRIXTON



LOTHIAN ROAD



SEVEN DIALS



FRANKLINTON



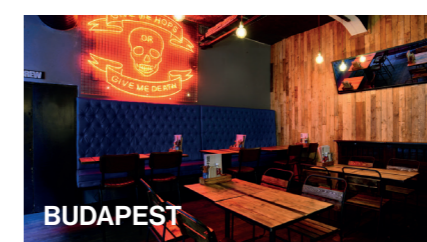
OLD STREET



DUBLIN OUTPOST



SHANGHAI



BUDAPEST



MANCHESTER OUTPOST

GROUP STATEMENT OF COMPREHENSIVE INCOME

For year ended 31 December 2020

Continuing operations	NOTES	2020 £000	2019 £000
Gross Revenue	4	237,763	214,896
Duty		(55,825)	(40,290)
Net revenue		181,938	174,606
Cost of sales		(94,068)	(99,167)
Gross Profit		87,870	75,439
Operating expenses		(96,884)	(88,677)
Gain on acquisition of Berlin brewery and taproom	15	-	14,249
Gain on disposal of property, plant and equipment		927	766
Other operating income	5	713	1,956
Operating (Loss)/Profit	6	(7,374)	3,733
Finance income	9	316	1,053
Finance costs	10	(6,074)	(3,671)
(Loss)/Profit before taxation		(13,132)	1,115
Income tax expense	11	(120)	(65)
(Loss)/Profit for the year		(13,252)	1,050
Attributable to:			
Equity holders of the parent		(13,179)	1,162
Non-controlling interests		(73)	(112)
		(13,252)	1,050
Other comprehensive income			
Exchange differences on translation of foreign operations		39	(344)
Other comprehensive income/(loss) for the year, net of tax		39	(344)
Total comprehensive (loss)/income for the year, net of tax		(13,213)	706
Attributable to:			
Equity holders of the parent		(13,140)	818
Non-controlling interests		(73)	(112)
		(13,213)	706

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	NOTES	2020 £000	2019 £000
Non-current assets			
Property, plant and equipment	12	156,638	145,192
Right-of-use asset	23	96,523	98,464
Intangible assets	13	21,795	21,102
Other non-current financial assets	14	157	157
		275,113	264,915
Current assets			
Trade and other receivables	16	50,684	45,923
Inventory	17	15,213	14,653
Corporation tax receivable		509	904
Cash and cash equivalents	18	54,871	35,164
		121,277	96,644
Total assets		396,390	361,559
Current liabilities			
Trade and other payables	19	49,293	40,418
Lease liabilities	23	8,145	7,791
Financial liabilities	20	15,627	10,583
		73,065	58,792
Non-current liabilities			
Deferred tax liabilities	11	2,370	2,653
Lease liabilities	23	98,270	97,922
Financial liabilities	20	43,382	21,828
Government grants	27	3,172	3,304
		147,194	125,707
Total liabilities		220,259	184,499
Net Assets		176,131	177,060
Equity			
Called up share capital	25	74	73
Share premium account	25	170,399	158,226
Treasury shares	26	(1,857)	(1,185)
Foreign currency translation reserve	26	209	170
Retained earnings		7,393	19,955
Equity attributable to equity holders of the parent		176,218	177,239
Non-controlling interests		(87)	(179)
Total Equity		176,131	177,060

Signed on behalf of the Board of Directors on 14 May 2021

J B Watt
Director

N J McCallum
Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	NOTES	2020 £000	2019 £000
Non-current assets			
Property, plant and equipment	12	73,885	68,575
Right-of-use assets	23	6,659	7,001
Intangible assets	13	2,275	2,101
Other non-current financial assets	14	27,076	31,096
		109,895	108,773
Current assets			
Trade and other receivables	16	123,700	98,689
Inventory	17	11,321	10,853
Corporation tax receivable		629	499
Cash and cash equivalents	18	51,753	29,479
		187,403	139,520
Total assets		297,298	248,293
Current liabilities			
Trade and other payables	19	30,881	22,741
Lease liabilities	23	775	705
Financial liabilities	20	15,117	10,540
		46,773	33,986
Non-current liabilities			
Deferred tax liabilities	11	2,884	2,400
Lease liabilities	23	11,837	12,122
Financial liabilities	20	42,429	21,828
Government grants	27	2,025	2,157
		59,175	38,507
Total liabilities		105,948	72,493
Net assets		191,350	175,800
Equity			
Called up share capital	25	74	73
Share premium account	25	170,399	158,226
Treasury shares	26	(1,857)	(1,185)
Retained earnings		22,734	18,686
Total Equity		191,350	175,800

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 £4,048,000 (2019: loss of £6,158,000).

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital £000	Share premium £000	Treasury shares £000	Foreign currency translation reserve £000	Retained Earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At 1 January 2019	73	147,535	(1,185)	514	18,149	165,086	(92)	164,994
Profit for the year	-	-	-	-	1,162	1,162	(112)	1,050
Other comprehensive loss	-	-	-	(344)	-	(344)	-	(344)
Issue of share capital	-	10,667	-	-	-	10,667	-	10,667
Issue of share capital in subsidiary	-	-	-	-	644	644	25	669
Share options granted	-	642	-	-	-	642	-	642
Share options exercised	-	87	-	-	-	87	-	87
Transaction costs	-	(705)	-	-	-	(705)	-	(705)
At 1 January 2020	73	158,226	(1,185)	170	19,955	177,239	(179)	177,060
Loss for the year	-	-	-	-	(13,179)	(13,179)	(73)	(13,252)
Other comprehensive income	-	-	-	39	-	39	-	39
Disposal of subsidiary (note 14)	-	-	-	-	-	-	147	147
Purchase of treasury shares	-	-	(672)	-	-	(672)	-	(672)
Issue of share capital	1	12,613	-	-	-	12,614	-	12,614
Issue of share capital in subsidiary	-	-	-	-	617	617	18	635
Share options granted	-	584	-	-	-	584	-	584
Transaction costs	-	(1,024)	-	-	-	(1,024)	-	(1,024)
At 31 December 2020	74	170,399	(1,857)	209	7,393	176,218	(87)	176,131

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital £000	Share premium £000	Treasury shares £000	Retained Earnings £000	Total equity £000
At 1 January 2019	73	147,535	(1,185)	24,844	171,267
Loss for the year	-	-	-	(6,158)	(6,158)
Issue of share capital	-	10,667	-	-	10,667
Share options granted	-	642	-	-	642
Share options exercised	-	87	-	-	87
Transaction costs	-	(705)	-	-	(705)
At 1 January 2020	73	158,226	(1,185)	18,686	175,800
Profit for the year	-	-	-	4,048	4,048
Purchase of treasury shares	-	-	(672)	-	(672)
Issue of share capital	1	12,613	-	-	12,614
Share options granted	-	584	-	-	584
Transaction costs	-	(1,024)	-	-	(1,024)
At 31 December 2020	74	170,399	(1,857)	22,734	191,350

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 £000	2019 £000
Cashflows from operating activities		
(Loss)/Profit before tax	(13,132)	1,115
Adjustments to reconcile profit before tax to net cash flows:		
Gain on disposal of property, plant and equipment	(927)	(1,567)
Release of contingent consideration	-	(1,000)
Gain on acquisition of Berlin brewery & taproom	-	(14,249)
Depreciation	12,868	11,014
Depreciation of ROU assets	9,329	6,902
Amortisation of intangibles	281	-
Impairment	(337)	614
Grant amortisation	(179)	(149)
Foreign exchange	715	1,585
Finance income	(316)	(1,053)
Finance charges	6,074	3,671
Share based payment expense	584	642
Working capital adjustments:		
(Increase)/decrease in inventory	(560)	380
Increase in trade and other receivables	(4,761)	(8,559)
Increase in trade and other payables	8,631	5,486
Interest received	137	903
Interest paid	(3,388)	(1,640)
Taxation paid	-	(271)
Taxation refunded	143	876
Net cash flow from operating activities	15,162	4,700
Investing activities		
Purchase of property, plant and equipment	(25,586)	(26,888)
Proceeds from sale of property, plant and equipment	2,340	14,769
Purchase of intangible assets	(975)	(428)
Investment in an unlisted entity	-	(157)
Acquisition of subsidiaries (net of cash acquired)	-	(2,022)
Net cash flow used in investing activities	(24,221)	(14,726)
Financing activities		
Issue of ordinary share capital	13,230	9,016
Purchase of treasury shares	(672)	-
Transaction costs of issue of shares	(1,024)	(705)
Proceeds from government grant	6	251
Repayment of bonds	(6)	(1,659)
Proceeds from bond issue	2,668	-
Proceeds from new borrowings	26,463	-
Repayment of borrowings	(182)	(247)
Principle elements of lease payments	(9,372)	(7,430)
Hire Purchase (Payments)/Receipts	(2,345)	6,986
Net cash flow from financing activities	28,766	6,212
Net increase/(decrease) in cash and cash equivalents	19,707	(3,814)
Cash and cash equivalents at beginning of year	35,164	38,978
Cash and cash equivalents at end of year	54,871	35,164

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 £000	2019 £000
Cashflows from operating activities		
Profit/(Loss) before tax	4,976	(5,918)
Adjustments to reconcile loss before tax to net cash flows:		
Gain on disposal of property, plant and equipment	(79)	(1,567)
Release of contingent consideration	-	(1,000)
Depreciation	4,089	4,008
Depreciation of ROU assets	926	441
Amortisation of intangibles	281	-
Impairment	4,947	1,479
Grant amortisation	(134)	(149)
Foreign exchange	706	1,555
Finance income	(575)	(1,053)
Finance charges	3,856	1,753
Share based payment expense	584	642
Working capital adjustments:		
Increase in inventory	(468)	(1,953)
Increase in trade and other receivables	(5,903)	(3,802)
Increase in trade and other payables	7,836	2,787
Interest received	137	903
Interest paid	(3,372)	(1,622)
Taxation paid	-	(271)
Taxation refunded	143	876
Net cash flows from/(used) in operating expenses	17,950	(2,891)
Investing activities		
Purchase of property, plant and equipment	(9,324)	(8,845)
Proceeds from sale of property, plant and equipment	255	14,769
Purchase of intangible assets	(455)	(386)
Loan provided to subsidiaries	(20,967)	(18,517)
Investment in an unlisted associate	-	(157)
Acquisition of subsidiaries (net of cash acquired)	-	(1,674)
Net cash flows used in investing activities	(30,491)	(14,810)
Financing activities		
Issue of ordinary share capital	12,613	8,372
Purchase of treasury shares	(672)	-
Transaction costs of issue of shares	(1,024)	(705)
Proceeds from government grant	2	251
Repayment of bond	(6)	(1,659)
Proceeds from bond issue	2,668	-
Proceeds from new bank loan	25,000	-
Repayment of borrowings	(182)	(247)
Principal elements of lease payments	(1,282)	(494)
Hire Purchase (Payments)/Receipts	(2,302)	7,029
Net cash flows from financing activities	34,815	12,547
Net increase/(decrease) in cash and cash equivalents	22,274	(5,154)
Cash and cash equivalents at beginning of year	29,479	34,633
Cash and cash equivalents at end of year	51,753	29,479

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020

1. GENERAL INFORMATION

The financial statements of BrewDog PLC (the company) and its subsidiaries (collectively, the group) for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 14 May 2021. The company is incorporated in the United Kingdom under the Companies Act 2006.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated and parent company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis. 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.

Basis of consolidation

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

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

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

Going concern

The directors have a reasonable expectation that the Group as a whole has adequate resources to continue its operational existence for the foreseeable future and at least until 30 June 2022. For this reason, they continue to adopt the going concern basis in the accounts. The Group's activities, together with factors likely to affect its future development, performance and position are considered by the Directors on an on going basis. In addition, notes 20, 21 and 24 include details of the Group's treasury activities, long term funding arrangements, financial instruments and financial risk management activities.

The directors continue to closely monitor the impact of the on-going Coronavirus pandemic globally, with particular regard to the wellbeing of their people and their ability to make, distribute and sell great beers.

We have invested significantly in protective measures in all of our brewing facilities and retail locations, to ensure our crew and

customers are as protected as possible. We have implemented revised operating procedures at all locations to ensure social distancing and compliance with the required and relevant government regulations.

During 2020 the directors acted quickly to adapt to the changing market conditions, including significant expansion of our e-commerce operations, introduction of a delivery and take-away app, launching a range of new products and a significant restructure of our operations to ensure we took the appropriate cost control actions. Given the significant impact of the Coronavirus related restrictions on our retail operations and our on-trade customers, we have utilised the relevant governments support packages, including furlough or equivalent schemes and the range of grants and support measures available.

Owing to the early and decisive action taken at the onset of the Coronavirus outbreak, the directors ensured the Group's cash position was protected. These actions included accessing the UK Governments CLBILS scheme for £25m, in addition to the on going actions to ensure sufficient liquidity in the existing banking facilities.

The directors have performed stress testing of cashflow forecasts to take account of the potential on going impact of the Coronavirus pandemic and related events which could impact the financial position of the Group. The range of stress tests included a further prolonged impact of the pandemic related restrictions, a reduction in demand for its products and related impacts on working capital along with a range of extreme but plausible downsides. These stress tests demonstrate that the group has access to sufficient liquidity through the going concern period to 30 June 2022. 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 2020. Where the changes affect the company, the relevant application and disclosure has been made during the year to 31 December 2020. The new and amended IFRSs during the year are as detailed below:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of Material (Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Definition of a Business (Amendments to IFRS 3 Business Combinations); and
- Interest Rate Benchmark Reform (Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures).

The application of the above standards and amendments have not had any material impact on the group's financial statements. The company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

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 2021 or later periods, but the company has not early adopted them:

- COVID-19 Related Rent Concessions (Amendment to IFRS 16 Leases) (1 June 2020);
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16) (1 January 2021);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets) (1 January 2022);
- Annual improvements to IFRS Standards 2018-2020 (1 January 2022);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 Property, Plant and Equipment) (1 January 2022);
- Reference to the Conceptual Framework (Amendments to IFRS 3) (1 January 2022); and
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (1 January 2023).

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

Cash and cash equivalents

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

Property, plant and equipment

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

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

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

Intangible assets

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

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

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

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

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

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

Non-current financial assets

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

Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of

disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation. 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 unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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

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

Business combinations and goodwill

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

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

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

Goodwill is initially measured at cost (being the excess of the aggregate

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

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

Where goodwill has been allocated to a 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 the risks and rewards of owning the goods have passed to the customer and when cash has been received or is receivable.

Cost of sales

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

Taxation

Current income tax

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

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

Deferred income tax

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

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

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

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of comprehensive income. The principal foreign currencies used by the group are US dollars (\$), Euro (€) and Australian dollars (AUS\$).

Group companies

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

Research and development

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

Government grants

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

Leases

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.

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

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

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

Treasury shares

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

Inventories

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

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

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

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

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

Pensions

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

4. REVENUE

Revenue represents the invoiced amount of goods supplied, inclusive of excise duty, in respect of the production and sale of beer, which is the group's principal activity. Revenue is recognised when the risks and rewards of owning the goods has passed to the customers. All items are stated net of value added tax and trade discounts.

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

	2020	2019
Geographical segment	£000	£000
UK	181,045	154,981
Europe	28,114	30,062
USA and Canada	19,223	21,004
Rest of the world	9,381	8,849
	237,763	214,896

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

5. OTHER OPERATING INCOME

	2020	2019
	£000	£000
Release of contingent consideration	-	1,000
R&D tax credit	384	384
Other income	329	572
	713	1,956

6. OPERATING (LOSS)/PROFIT

This is stated after charging/(crediting)

	2020	2019
	£000	£000
Depreciation of tangible assets (note 12)	12,868	11,014
Amortisation of right-of-use assets (note 23)	9,329	6,902
Amortisation of intangible assets (note 13)	281	-
Auditors remuneration (note 7)	415	307
Research and development	3,200	3,200
Loss on foreign exchange	715	1,585
Impairment – property, plant and equipment (note 12)	(337)	337
Impairment – goodwill (note 13)	-	277
Share based payment expense (note 28)	584	642

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:

	2020	2019
	£000	£000
Audit of the financial statements	400	230
Tax advisory services	15	2
Other advisory services	-	75
	415	307

8. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

a. Staff Costs	2020	2019
	£000	£000
Wages and salaries	39,247	48,104
Pension costs	1,594	1,659
Social security costs	4,141	4,181
Share based payment expense	270	350
	45,252	54,294

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 above is net of £4,913,000 received under the Coronavirus Job Retention Scheme.

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

	2020	2019
	No.	No.
Directors	7	8
Administration	136	180
Production	194	232
Selling and distribution	111	193
Bar staff	1,151	1,154
	1,599	1,767

b. Director's remuneration

	2020	2019
	£000	£000
Director's remuneration	897	1,639
Pension contributions	48	123
Share based payment expense	314	292
	1,259	2,054

Directors' remuneration also represents key management personnel compensation.

	2020	2019
	£000	£000
Aggregate remuneration	550	442
Pension contributions	61	43
	611	485

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

	2020	2019
	£000	£000
Number of directors who received share options during the year.	-	1

9. FINANCE INCOME

	2020	2019
	£000	£000
Bank interest received	137	904
Capital grant release (note 27)	179	149
Total finance income	316	1,053

10. FINANCE COST

	2020	2019
	£000	£000
Bank loans and overdrafts	2,129	417
Lease interest from adoption of IFRS 16 (note 23)	2,686	2,031
Hire purchase interest	278	300
Bond interest	981	923
Total finance costs	6,074	3,671

11. INCOME TAX

Group

a) Income tax (loss)/profit for the year	2020	2019
	£000	£000
UK corporation tax on the (loss)/profit for the year	445	-
Amounts over provided in previous years	-	(103)
Foreign taxes	(15)	(33)
Total current income tax	430	(136)
Deferred income tax:		
Origination and reversal of temporary differences	(560)	337
Deferred tax adjustments in previous periods	250	(136)
Total deferred income tax charge	(310)	201
Income tax charge in the group statement of comprehensive income	120	65

b) Reconciliation of the total income tax charge	2020	2019
	£000	£000
(Loss)/Profit from continuing operations	(13,132)	1,115
Tax calculated at UK standard rate of corporation tax of 19% (2019 – 19%)	(2,495)	212
Expenses not deductible for tax purposes	1,048	471
Other fixed asset related movements	286	55
Other timing differences	(521)	(471)
Foreign tax	(15)	5
Tax over provided in previous years	250	(267)
Change in tax laws and rate	(23)	2
Deferred tax not recognised	(193)	(2,161)
R&D expenditure	-	73
Non-taxable income	(26)	(28)
Unrecognised tax losses in other jurisdictions	1,809	873
Chargeable Gains	-	1,301
Income tax charge in the group statement of comprehensive income	120	65

The income tax expense above is computed at profit before taxation multiplied by the effective rate of corporation tax in the UK of 19% (2019: 19%).

c) Deferred income tax

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

	Group 2020	Group 2019	Company 2020	Company 2019
	£000	£000	£000	£000
Deferred tax liability				
Temporary differences relating to property, plant and equipment	4,935	3,712	4,395	3,459
Deferred tax asset				
Tax losses carried forward	(2,565)	(1,059)	(1,511)	(1,059)
Net deferred tax liability	2,370	2,653	2,884	2,400
Deferred tax in the income statement				
Temporary differences relating to property, plant and equipment	(310)	201	484	159
	(310)	201	484	159

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

12. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Long term leasehold property	Fixtures and fittings	Motor vehicle	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost:								
At 1 January 2020	49,130	25,380	36,211	366	60,336	2,879	470	174,772
Additions	9,136	1,792	4,761	48	1,936	154	7,759	25,586
Disposals	(264)	(597)	(1,046)	-	(274)	(12)	-	(2,193)
Transfers	(499)	7,819	(7,120)	(4)	(374)	(1)	100	(79)
Exchange differences	(1,122)	1,120	1,063	-	367	185	(14)	1,599
At 31 December 2020	56,381	35,514	33,869	410	61,991	3,205	8,315	199,685
Depreciation:								
At 1 January 2020	2,474	3,671	13,415	193	8,241	1,586	-	29,580
Charge for the year	720	2,677	5,406	32	3,285	748	-	12,868
On disposals	(25)	(129)	(598)	-	(17)	(11)	-	(780)
Impairment	-	(337)	-	-	-	-	-	(337)
Transfers	33	452	(361)	(4)	(199)	(1)	-	(80)
Exchange differences	(350)	548	827	7	618	146	-	1,796
At 31 December 2020	2,852	6,882	18,689	228	11,928	2,468	-	43,047
Net book value:								
At 31 December 2020	53,529	28,632	15,180	182	50,063	737	8,315	156,638
At 31 December 2019	46,656	21,709	22,796	173	52,095	1,293	470	145,192

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

	Plant and machinery
	£000
Net book value:	
At 31 December 2020	21,527
At 31 December 2019	22,714
Depreciation charge for the year:	
31 December 2020	1,480
31 December 2019	2,764

Company	Land and buildings	Long term leasehold property	Fixtures and fittings	Motor vehicle	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost:								
At 1 January 2020	33,151	134	9,020	280	36,585	2,455	-	81,625
Additions	336	-	41	23	1,054	111	7,759	9,324
Disposals	(3)	(3)	(614)	-	(2)	-	-	(622)
Transfers	(556)	66	3	3	177	2	556	251
At 31 December 2020	32,928	197	8,450	306	37,814	2,568	8,315	90,578
Depreciation:								
At 1 January 2020	1,416	7	4,144	155	5,975	1,353	-	13,050
Charge for the year	432	147	903	33	1,958	616	-	4,089
Disposals	-	-	(446)	-	-	-	-	(446)
At 31 December 2020	1,848	154	4,601	188	7,933	1,969	-	16,693
Net book value:								
At 31 December 2020	31,080	43	3,849	118	29,881	599	8,315	73,885
At 31 December 2019	31,735	127	4,876	125	30,610	1,102	-	68,575

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

	Plant and machinery
	£000
Net book value:	
At 31 December 2020	21,527
At 31 December 2019	22,628
Depreciation charge for the year:	
31 December 2020	1,480
31 December 2019	2,754

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

13. INTANGIBLE FIXED ASSETS

Group	Other	Goodwill	Brand development	Distribution Rights	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2020	115	19,274	807	1,336	21,532
Additions	151	369	455	-	975
Transfer	42	-	-	(42)	-
Exchange differences	(1)	-	-	-	(1)
At 31 December 2020	307	19,643	1,262	1,294	22,506
Amortisation					
At 1 January 2020	115	315	-	-	430
Amortisation	-	-	281	-	281
At 31 December 2020	115	315	281	-	711
Net book value:					
At 31 December 2020	192	19,328	981	1,294	21,795
At 31 December 2019	-	18,959	807	1,336	21,102

During the year to 31 December 2020, Goodwill relating to the international retail cash generating units was impaired by nil (2019: £277,000). This was due to trading in these bars not meeting the company's expectations.

Company	Brand development	Distribution Rights	Total
	£000	£000	£000
Cost:			
At 1 January 2020	807	1,294	2,101
Additions	455	-	455
At 31 December 2020	1,262	1,294	2,556
Amortisation:			
At 1 January 2020	-	-	-
Amortisation	281	-	281
At 31 December 2020	281	-	281
Net book value:			
At 31 December 2020	981	1,294	2,275
At 31 December 2019	807	1,294	2,101

14. OTHER NON-CURRENT FINANCIAL ASSETS

Group	Unlisted investments		
	£000		
Cost			
At 1 January 2020 & 31 December 2020			157
Net book value			
At 31 December 2020			157
At 31 December 2019			157
Company	Unlisted investments	Shares in group undertakings	Total
	£000	£000	£000
Cost			
At 1 January 2020	157	32,418	32,575
Additions	-	927	927
At 31 December 2020	157	33,345	33,502
Depreciation			
At 1 January 2020	-	1,479	1,479
Impairment	-	4,947	4,947
At 31 December 2020	-	6,426	6,426
Net book value:			
At 31 December 2020	157	26,919	27,076
At 31 December 2019	157	30,939	31,096

During the year to 31 December 2020, investments in international retail cash generating units were impaired by £nil (2019: £229,000). This was due to trading in these bars not meeting our expectations.

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

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

For the year ended 31 December 2020, the following subsidiaries are entitled to an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies; Lone Wolf Spirits Limited, Hawkes Cider Limited, BrewDog International Limited and Lost Forest Limited.

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 Pty Ltd (5)	Ordinary	Australia	100%	Holding company
BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda (6)	Ordinary	Brazil	100%	Bar operator
BrewDog Belgium SPRL (7)	Ordinary	Belgium	100%	Bar operator
BrewDog Group HK Ltd (10)	Ordinary	Hong Kong	100%	Holding company
BD Casanova SL (11)	Ordinary	Spain	100%	Bar operator
BrewDog USA Inc (14)	Ordinary	USA	97%	Holding company
BrewDog Media Inc (14)	Ordinary	USA	100%	Holding company
BrewDog Sweden AB (20)	Ordinary	Sweden	100%	Holding company

Indirectly held

Name of company	Holdings	Country of registration or incorporation	Proportion of voting rights and shares held	Nature of business
Draft House TB Limited (2)	Ordinary	England		
Draft House NC Limited (2)	Ordinary	England		
BrewDog Brewing Australia Pty Ltd (5)	Ordinary	Australia		
BrewDog Canada Ltd (8)	Ordinary	Canada		
BrewDog Bars France SAS (9)	Ordinary	France		
Bryggmester Bob AS (12)	Ordinary	Norway		
BrewDog Brewing Company LLC (14)	Ordinary	USA		
BrewDog Franchising LLC (14)	Ordinary	USA		
BrewDog Dogtap LLC (14)	Ordinary	USA		
BrewDog Las Vegas LLC (14)	Ordinary	USA		
BrewDog San Francisco LLC (14)	Ordinary	USA		
BrewDog Licensing LLC (14)	Ordinary	USA		
BrewDog Pittsburgh LLC (14)	Ordinary	USA		
BrewDog Indianapolis LLC (14) USA	Ordinary	USA		
BrewDog Columbus LLC (15)	Ordinary	USA		
DrinkTV LLC (16)	Ordinary	USA		
Drink TV Inc (16)	Ordinary	USA		
BrewDog Ireland Ltd (17)	Ordinary	Ireland		
Kabushi Kaisha BrewDog Japan (18)	Ordinary	Japan		
BrewDog Italy S.R.L (19)	Ordinary	Italy		
BruDog Malmo AB (20)	Ordinary	Sweden		
BruDog Bar GBG AB (20)	Ordinary	Sweden		
BruDog Norrkoping AB (20)	Ordinary	Sweden		
BruDog Sodermalm AB (20)	Ordinary	Sweden		
BruDog Bar St Eriksgatan AB (20)	Ordinary	Sweden		
BrewDog Shanghai (13)	Ordinary	China		

- (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, SE12HQ
- (4) Registered office address; IM Marienpark 23, 12107, Berlin, Germany
- (5) Registered office address; Level 29/12 Creek Street, Brisbane City, QLD 4000
- (6) Registered office address; 41 Rua Corope's - Pinheiros, Sao Paulo-SP, 05426-010, Brazil
- (7) Registered office address; Putterie 20, 1000 Brussels, Belgium
- (8) Registered office address; 2800 Park Place, 666 Burrard Street, Vancouver, BC V6C 2Z7
- (9) Registered office address; 1 rue Favart, 75002 Paris
- (10) Registered office address; Suites 3701-3710, 37/F Jardine House, 1 Connought Place, Central, Hong Kong
- (11) Registered office address; Calle Casanova 69, 08011, Barcelona, Spain
- (12) Registered office address; Markveien 57, 0505 Oslo
- (13) Registered office address; Unit 107 & 108, 1F, South Building, China Merchants Plaza, No333 North Chengdu Road, Jing'an District, Shanghai
- (14) Registered office address; 96 Gender Rd, Canal Winchester, OH 43110
- (15) Registered office address; PO Box 361715, Columbus, OH 43236
- (16) Registered office address; 1209 Orange St, Wilmington, DE 19801
- (17) Registered office address; 2 Grand Canal Square, Dublin, Ireland, D02 A342
- (18) Registered office address; Saitoh Building 1F, 5-3-2, Roppongi,

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

Minato-ku, Tokyo
(19) Registered office address; Corso Vercelli 40, 20145, Milan
(20) Registered office address; Baltzarsgatan 25 21136 MALMÖ

During the year the group reduced its shareholding in Brewdog Bar Korea resulting in it no longer being a subsidiary company.

15. BUSINESS COMBINATIONS

Acquisitions in 2020

Nil

Acquisitions in 2019

Acquisition from Stone Brewing GmbH

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

Assets acquired and liabilities assumed

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

Assets	Fair value recognised on acquisition £000
Tangible fixed assets	15,029
Financial assets	514
	15,543
Liabilities	
Financial liabilities	(1,237)
	(1,237)
Total identifiable net assets at fair value	14,306
Gain on acquisition	14,249
Purchase consideration	57

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

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

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

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

Acquisition of Brudog Sweden AB

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

Assets acquired and liabilities assumed

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

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

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

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

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

Acquisition of Kabushiki Kaisha BrewDog Japan

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

Assets acquired and liabilities assumed

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

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

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

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

16. TRADE AND OTHER RECEIVABLES

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

Group	2020	2019
	£000	£000
Trade receivables	31,952	34,132
Prepayments and other receivables	18,732	11,791
	50,684	45,923

Trade and other receivables due after one year amounted to £2,147,000 and (2019: £2,295,000)

Company	2020	2019
	£000	£000
Trade receivables	31,227	31,918
Prepayments and other receivables	10,080	3,486
Receivable from group undertakings	82,393	63,285
	123,700	98,689

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
2020	31,952	13,789	13,733	2,250	585	1,595
2019	34,132	12,480	12,050	2,664	1,706	5,232

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
2020	31,227	13,394	13,696	2,250	580	1,307
2019	31,918	11,967	11,922	2,539	1,706	3,784

17. INVENTORY

Group	2020	2019
	£000	£000
Raw materials	6,085	4,483
Work in progress	1,109	1,183
Finished goods and goods for resale	8,019	8,987
	15,213	14,653

Company	2020	2019
	£000	£000
Raw materials	4,251	3,158
Work in progress	909	1,056
Finished goods and goods for resale	6,161	6,639
	11,321	10,853

18. CASH AND CASH EQUIVALENTS

Group	2020	2019
	£000	£000
Cash at bank and in hand	54,871	35,164
Company	2020	2019
	£000	£000
Cash at bank and in hand	51,753	29,479

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

19. TRADE AND OTHER PAYABLES

The carrying value of financial instruments approximates fair value.

Group	2020	2019
	£000	£000
Trade payables	13,225	10,431
Accruals and other payables	28,563	23,390
Taxes and social security	7,505	6,597
	49,293	40,418

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

Company	2020	2019
	£000	£000
Trade payables	6,637	4,502
Accruals and other payables	17,997	14,576
Taxes and social security	6,247	3,663
	30,881	22,741

20. FINANCIAL LIABILITIES

Group	2020	2019
	£000	£000
Current:		
£1,820,000 bank loan	137	143
£2,000,000 bank loan	140	157
£5,000,000 bank loan	500	5,000
Other loans	510	-
6.5% non-convertible bonds	-	641
7.5% non-convertible bonds	9,993	-
Obligations under hire purchase contracts	4,347	4,642
Total current borrowings	15,627	10,583
Non-current:		
£1,820,000 bank loan	736	844
£2,000,000 bank loan	1,116	1,167
£5,000,000 bank loan	4,500	-
£25,000,000 bank loan	25,000	-
Other loans	953	-
6% non-convertible bonds	3,309	-
7.5% non-convertible bonds	-	9,999
Obligations under hire purchase contracts	7,768	9,818
Total non-current borrowings	43,382	21,828

Company	2020	2019
	£000	£000
Current:		
£1,820,000 bank loan	137	143
£2,000,000 bank loan	140	157
£5,000,000 bank loan	500	5,000
6.5% non-convertible bonds	-	641
7.5% non-convertible bonds	9,993	-
Obligations under hire purchase contracts	4,347	4,599
Total current borrowings	15,117	10,540
Non-current:		
£1,820,000 bank loan	736	844
£2,000,000 bank loan	1,116	1,167
£5,000,000 bank loan	4,500	-
£25,000,000 bank loan	25,000	-
6% non-convertible bonds	3,309	-
7.5% non-convertible bonds	-	9,999
Obligations under hire purchase contracts	7,768	9,818
Total non-current borrowings	42,429	21,828

Bank loans

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

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

£5,000,000 bank loan
This fixed rate loan is in the name of the parent company, originally for a maximum of £5,000,000 and is repayable 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 fixed rate 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.

6.5% non-convertible bonds
In November 2015, the group issued £2,312,000 non-convertible bonds, which matured in November 2019. During the previous year bonds totalling £1,658,000 were re-paid. The purpose of the bond

was to finance expansion. The bonds were issued with an interest rate of 6.5%, paid bi-annually. The amounts not repaid of £642,000 were reinvested into the new four year 6% bond. Applications for this new bond finalised in January 2020 and therefore at 31 December 2019, these amounts were repayable on demand.

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

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 £3,309,000 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 2049 and bears interest at 3.75%. There is also a loan for £1,353,000 which is repayable in monthly instalments until March 2023 and bears interest at 1%.

21. CAPITAL MANAGEMENT

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

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

The Group monitors its capital on a liquidity basis and a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans, borrowings, trade and other payables less cash and 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	2020	2019
	£000	£000
Total current borrowings (Note 20)	15,627	10,583
Total non-current borrowings (Note 20)	43,382	21,828
Trade and other payables (Note 19)	49,293	40,418
Less: cash and cash equivalents	(54,871)	(35,164)
Net debt	53,431	37,665

	2020	2019
	£000	£000
Total equity (Note 25)	176,218	177,239
Total equity	176,218	177,239
Capital and net debt	229,649	214,904
Gearing ratio	23%	18%

22. CAPITAL COMMITMENTS

Group	2020	2019
	£000	£000
Contracted for but not provided in the financial statements	1,903	1,835
Company	2020	2019
	£000	£000
Contracted for but not provided in the financial statements	1,721	213

23. LEASES

Lease agreements where the group is lessee

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

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

Group

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

	Buildings	Vehicles	Equipment	Total
	£000	£000	£000	£000
As at 1 January 2019	66,709	297	239	67,245
Additions	37,646	446	29	38,121
Depreciation expense	(6,646)	(208)	(48)	(6,902)
As at 31 December 2019	97,709	535	220	98,464
Additions	7,329	28	31	7,388
Depreciation expense	(8,946)	(325)	(58)	(9,329)
As at 31 December 2020	96,092	238	193	96,523

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

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

	2020	2019
	£000	£000
Lease liabilities		
As at 1 January	105,713	67,245
Additions	7,388	43,867
Accretion of interest	2,686	2,031
Payments	(9,372)	(7,430)
As at 31 December	106,415	105,713
Current	8,145	7,791
Non-current	98,270	97,922
	106,415	105,713

The following are the amounts recognised in profit or loss:

	2020	2019
	£000	£000
Depreciation expense of right-of-use assets	9,329	6,902
Interest expense on lease liabilities	2,686	2,031
Expense related to short-term leases	1,138	1,086
Expense relating to leases of low-value assets	383	462
Total amount recognised in profit or loss	13,536	10,481

The group had total cash outflows for leases of £9,372,000 (2019: £7,430,000). The group also had non-cash additions to right-of-use assets and lease liabilities of £nil (2019: £nil). The future cash outflows relating to leases that have not yet commenced were £nil (2019: £nil).

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.

There were no extension options not expected to be exercised and no termination options exercised in the year (2019 - £nil).

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 2019	891	228	148	1,267
Additions	5,699	448	28	6,175
Depreciation expense	(223)	(182)	(36)	(441)
As at 31 December 2019	6,367	494	140	7,001
Additions	553	-	31	584
Depreciation expense	(583)	(296)	(47)	(926)
As at 31 December 2020	6,337	198	124	6,659

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

	2020	2019
	£000	£000
Lease liabilities		
As at 1 January	12,827	1,267
Additions	584	11,923
Accretion of interest	483	131
Payments	(1,282)	(494)
As at 31 December	12,612	12,827
Current	775	705
Non-current	11,837	12,122
	12,612	12,827

The following are the amounts recognised in profit or loss:

	2020	2019
	£000	£000
Depreciation expense of right-of-use assets	926	441
Interest expense on lease liabilities	485	131
Expense related to short-term leases	240	229
Expense relating to leases of low-value assets	81	97
Total amount recognised in profit or loss	1,731	898

The company had total cash outflows for leases of £1,282,000 (2019: £494,000). The company also had non-cash additions to right-of-use assets and lease liabilities of £nil (2019: £nil). The future cash outflows relating to leases that have not yet commenced were £nil (2019: £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.

There were no extension options not expected to be exercised and no termination options exercised in the year (2019 - £nil).

24. FINANCIAL INSTRUMENTS

Foreign currency risk

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

	Change in Sterling vs US Dollar / Euro rate	Effect on profit before tax £000
2020		
US Dollar/Sterling	+10%	(3,176)
	-10%	3,176
Euro/Sterling	+10%	(1,986)
	-10%	1,986
2019		
US Dollar/Sterling	+10%	(3,196)
	-10%	3,196
Euro/Sterling	+10%	799
	-10%	(799)

25. SHARE CAPITAL

Group and company	2020	2020	2019	2019
	No. 000	£000	No. 000	£000
<i>Allotted called up and fully paid Ordinary A shares</i>				
At 1 January	43,791	43	43,625	43
Share options exercised	-	-	81	-
Issued during the year	-	-	85	-
At 31 December	43,791	43	43,791	43

Group and company	2020	2020	2019	2019
	No. 000	£000	No. 000	£000
<i>Allotted called up and fully paid Ordinary B shares</i>				
At 1 January	13,440	13	12,901	13
Issued through Equity for Punks	361	1	539	-
At 31 December	13,801	14	13,440	13

Group and company	2020	2020	2019	2019
	No. 000	£000	No. 000	£000

Allotted called up and fully paid Preferred C Ordinary shares

At 1 January and 31 December 2019	16,161	17	16,161	17
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Total	73,753	74	73,392	73
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During the year the company issued 361,000 (2019: 279,000) Ordinary B shares to the public under its Equity for Punks VI and Equity for Punks Tomorrow (2019: VI) crowdfunding initiatives with an issue price of £25.00 and £25.15 respectively (2019: £25) per share. This created additional share premium of £12,613,000 (2019: £6,985,000) in the year.

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

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

At the year-end £nil (2019: £nil) of share capital and share premium remains unpaid.

At the year-end there were 3,159,668 (2019: 1,317,968) share options granted and not exercised.

Group and company	2020	2019
	Share premium account £000	Share premium account £000
At 1 January	158,226	147,535
Issued through Equity for Punks	12,613	6,985
Issued during the year	-	3,682
Share options granted	584	642
Share options exercised	-	87
Transaction costs	(1,024)	(705)
At 31 December	170,399	158,226

26. RESERVES

Treasury shares

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

Purchase of own shares

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

27. GOVERNMENT GRANTS

Group	2020	2019
	£000	£000
At 1 January	3,304	2,508
Received during the year	6	250
Acquired on business combinations	-	723
Translation of grants denominated in foreign currency	41	(28)
Released to the statement of comprehensive income	(179)	(149)
At 31 December	3,172	3,304

	2020	2019
	£000	£000
Current	172	291
Non-current	3,000	3,013
	3,172	3,304

Company	2020	2019
	£000	£000
At 1 January	2,157	2,055
Received during the year	2	251
Released to the statement of comprehensive income	(134)	(149)
At 31 December	2,025	2,157

	2020	2019
	£000	£000
Current	127	149
Non-current	1,898	2,008
	2,025	2,157

Government grants have been received for the purchase of certain items of land, property, plant and equipment. Provisions are made if required in relation to unfulfilled conditions or contingencies attached to these grants.

28. SHARE BASED PAYMENTS

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

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

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

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

Options granted under the unapproved CSOP are generally exercisable between two and five years, with three awards made under this scheme being exercisable on grant. Three awards only have service vesting conditions, the remaining have non market performance vesting conditions attached to their exercise, including achievement of a strong individual performance rating, and sales exceeding, or no less than 10% below, the target for the most recent financial year ending prior to the relevant vesting date.

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

	EMI			Approved CSOP			Unapproved CSOP		
	Number	WAEP	WACL	Number	WAEP	WACL	Number	WAEP	WACL
		£	Years		£	Years		£	Years
Outstanding at 1 January 2019	641,300	0.27	4.98	57,820	1.91	6.27	827,250	1.03	3.85
Granted during the year	-	-	-	-	-	-	515,000	1.00	2.95
Exercised during the year							(81,064)	1.08	0.52
Lapsed during the year	(250,000)	0.48	2.00	(14,550)	1.10	6.00	(377,788)	1.00	3.14
Outstanding at 31 December 2019	391,300	0.14	6.88	43,270	2.18	6.36	883,398	1.02	2.93
Granted during the year	-	-	-	-	-	-	2,093,700	1.00	3.00
Exercised during the year	-	-	-	-	-	-	-	-	-
Lapsed during the year	-	-	-	(10,000)	5.00	7.00	(242,000)	1.00	2.17
Outstanding at 31 December 2020	391,300	0.14	6.88	33,270	1.33	6.16	2,735,098	1.01	3.01
Exercisable at 31 December 2020	-	-	-	-	-	-	210,260	1.04	-
Exercisable at 31 December 2019	-	-	-	-	-	-	51,598	1.10	-

The fair value of the options granted during the period was £5 (2019: £5). This was calculated with reference to the last substantial share purchase.

During 2019 the company issued 15,297 Ordinary B shares with an issue price of £23.75 (consistent with EFPV) as consideration for services received. This created additional share premium of £382,000.

29. RELATED PARTY TRANSACTIONS

Group

The financial statements include the financial statements of the group and the subsidiaries listed in note 14.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

Company

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

Company	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	
	£000	£000	£000	£000	£000	£000	£000	£000	
<i>Subsidiaries:</i>					<i>Subsidiaries:</i>				
BrewDog Retail Ltd					Bryggmester Bob AS				
2020	5,112	-	17,071	-	2020	-	-	413	
2019	9,578	-	11,430	-	2019	-	-	170	
BrewDog USA Inc					BrewDog International				
2020	5	2,031	29,942	-	2020	-	-	659	
2019	22	-	31,652	-	2019	-	-	666	
BrewDog GMBH					BrewDog Sweden				
2020	467	638	7,304	-	2020	6	-	272	
2019	429	-	3,663	-	2019	11	-	57	
Lone Wolf Spirits Ltd					BrewDog Australia				
2020	-	-	-	-	2020	112	-	3553	
2019	-	3,171	-	-	2019	140	-	2,357	
BrewDog Belgium SPRL					BrewDog Ireland				
2020	34	-	1,090	-	2020	18	-	2,728	
2019	116	-	734	-	2019	19	-	2,342	
BD Casanova SL					BrewDog France				
2020	26	-	296	-	2020	16	-	3,001	
2019	64	-	607	-	2019	52	-	1,983	
Draft House Holding Ltd					Drink TV				
2020	572	-	4,305	-	2020	-	-	1,465	
2019	1,137	-	4,348	-	2019	-	909	1,517	
Hawkes Cider Ltd					BrewDog Group HK Ltd				
2020	-	-	-	-	2020	-	-	1,555	
2019	29	80	1,138	-	2019	-	-	628	
BrewDog Korea					Kabushi Kaisha BrewDog Japan				
2020	-	-	-	-	2020	-	-	300	
2019	-	-	897	-	2019	-	-	142	
BrewDog Brasil					Lost Forest				
2020	-	-	267	-	2020	-	-	9,300	
2019	-	-	214	-	2019	-	-	-	
					Other directors' interests				
					2020	232	288	18	70
					2019	166	221	92	49

During 2019 a number of assets held by one of the directors were divested, resulting in lower levels of purchases from related parties.

	Amounts owed by related parties	Amounts owed to related parties
	£000	£000
Directors' loans		
2020	36	-
2019	45	-

Director's loan

Amounts due to directors are non-interest bearing and are repayable on demand. Directors' loans were repaid in November 2020.

Other directors' interests

During both 2020 and 2019, purchases at normal market prices were made by group companies from JBW (77) Limited, Pie & Mouse Limited, Jet Pack Pie Limited, 63DCMH LLC and Ten Tonne Mouse Inc, companies controlled by one of the directors.

During 2019, purchases at normal market prices were made by group companies from Musa 77 Limited, a company controlled by one of the directors.

30. POST BALANCE SHEET EVENTS

Since the year end the company has issued a further 451,000 Ordinary B shares to the public under the Equity for Punks Tomorrow crowdfunding initiative with an issue price of £25.15.

Between the end of the financial year and the date of this report, other than the issue of Ordinary B shares under Equity for Punks Tomorrow, 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 2020 which comprise the Group Profit and Loss Account, the Group and Parent company Balance Sheet, Group and Parent statement of cash flows, the Group and Parent statement of comprehensive income, the Group and Parent statement of changes in equity and the related notes 1 to 30, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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 30 June 2022 from when the financial statements are authorised for issue.

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 there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 53, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (IFRS and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations and health and safety.
- We understood how the Company is complying with those frameworks by making enquiries of management and inhouse legal advisors to understand how the Company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and assuming revenue to be a fraud risk. We incorporated data analytics into our testing of revenue, costs, manual journals and transactions recorded by management. We tested transactions identified back to independent evidence or source documentation. We obtained third party confirmations directly from the Company's banking partners to verify the cash held at the balance sheet date and the completeness of any commitments or contingencies.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of documentation, testing of specific journals identified based upon risk criteria and enquiries of management for correspondence with the relevant authorities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

14 May 2021

DIRECTORS' REPORT

Registered No. SC311560

The Directors present their report and financial statements for the year ended 31 December 2020. These financial statements have been prepared under International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Results and dividends

The loss after taxation for the year amounted to £13,252,000 (2019 profit: £1,050,000). No dividend has been paid or proposed (2019: £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 £13,132,000 (2019 pre-tax profit: £1,115,000) for the year and turnover of £237,763,000 (2019: £214,896,000).

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:

C K Greggor
 N A Simpson
 A M Dickie
 J B Watt
 D McDowall
 J L O'Hara
 F B Jack
 N J McCallum (appointed 19 October 2020)

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 at least until 30 June 2022. For this reason, they continue to adopt the going concern basis in the accounts. The Group's activities, together with factors likely to affect its future development, performance and position are considered by the Directors on an on going basis. In addition, notes 20, 21 and 24 include details of the Group's treasury activities, long term funding arrangements, financial instruments and financial risk management activities.

The directors continue to closely monitor the impact of the on-going Coronavirus pandemic globally, with particular regard to the wellbeing of their people and their ability to make, distribute and sell great beers.

We have invested significantly in protective measures in all of our brewing facilities and retail locations, to ensure our crew and customers are as protected as possible. We have implemented revised operating procedures at all locations to ensure social distancing and compliance with the required and relevant government regulations.

During 2020 the directors acted quickly to adapt to the changing market conditions, including significant expansion of our e-commerce operations, introduction of a delivery and take-away app, launching a range of new products and a significant restructure of our operations to ensure we took the appropriate cost control actions. Given the significant impact of the Coronavirus related restrictions on our retail operations and our on-trade customers, we have utilised the relevant governments support packages,

including furlough or equivalent schemes and the range of grants and support measures available.

Owing to the early and decisive action taken at the onset of the Coronavirus outbreak, the directors ensured the Group's cash position was protected. These actions included accessing the UK Governments CLBILS scheme for £25m, in addition to the on going actions to ensure sufficient liquidity in the existing banking facilities.

The directors have performed stress testing of cashflow forecasts to take account of the potential on going impact of the Coronavirus pandemic and related events which could impact the financial position of the Group. The range of stress tests included a further prolonged impact of the pandemic related restrictions, a reduction in demand for its products and related impacts on working capital along with a range of extreme but plausible downsides. These stress tests demonstrate that the group has access to sufficient liquidity through the going concern period to 30 June 2022. 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

Since the year end the company has issued a further 451,000 Ordinary B shares to the public under the Equity for Punks Tomorrow crowdfunding initiative with an issue price of £25.15.

Between the end of the financial year and the date of this report, other than the issue of Ordinary B shares under Equity for Punks Tomorrow, no item, transaction or event of a material nature has occurred, in the opinion of the Directors, that is likely to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Principal risks and uncertainties

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

Financial risk management objectives and policies

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

Liquidity risk

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

Credit risk

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

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

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

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

Brexit risk

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

Disabled persons

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

Employee involvement

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

Research and development

During the year the group continued to undertake research and development on new brewing methods and techniques.

Purchase of own shares

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

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

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

Directors' liability

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

Disclosure of information to the auditors

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

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

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

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

Our Customers

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

Our Equity for Punks and other investors

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

Our Communities

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

Our suppliers

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

DIRECTORS' REPORT CONTINUED...

Make Earth Great Again

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

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

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

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

Scope 1, 2 and 3 Tonnes of CO ₂ e	2020	2019
	T CO ₂ e	T CO ₂ e
Scope 1	4,157	4,550
Scope 2	4,249	5,320
Scope 3	66,246	60,609
Total	74,652	70,478

	2020	2019
Output hectolitres	800,180	621,436
Total TCO₂e per hL	0.09	0.11

Energy intensity and Water Use	2020	2019
Electricity (MJ per hL)	36.1	47.0
Gas (MJ per hL)	71.5	86.0
Water (hL per hL of beer)	3.1	4.2

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

By order of the Board of Directors

JB Watt
Director
14 May 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom company law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Under UK Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the group and company for that period. In preparing those financial statements the directors are required to:

- adopt the going concern basis, unless it is inappropriate to do so;
- present fairly the financial position, financial performance and cash flows of the group;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and the company's financial position and financial performance;
- state that the company and group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

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 financial statements comply with the UK 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.

BREWDOG MANAGEMENT TEAM

JAMES WATT

Captain & Co-founder

James was a fully qualified deep sea Captain, having earlier completed an honours degree in Law & 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 was Europe's first Master Cicerone.

NEIL SIMPSON

Global Business Development Director

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

BLYTHE JACK

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.

KEITH GREGGOR

Keith Greggor founded The Griffin Group in 2007 to pursue and create opportunities within the drinks industry. Prior to forming The Griffin Group, He served as COO and CMO of Skyy Spirits, which he helped grow from a small single brand company in 1998 to a significant multi-brand company in 2006. Keith has a long-standing history of leading embryonic brands and companies through their tipping points to prolonged success.

MARTIN DICKIE

Beer Pirate & Co-founder

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

DAVID MCDOWALL

Group COO

David joined BrewDog from G1 Group PLC, where he held the position of Group Operations Director for six years. He has experience managing over 50 sites in Scotland and heading up a team of over 2000 employees, and is now responsible for overseeing the strategic growth and management of the BrewDog bar division.

NIALL MCCALLUM

CFO

Niall joined BrewDog in October 2020, bringing significant financial leadership expertise. Niall has over 20 years experience as an adviser, investor and CFO across a range of global industries, and is a chartered accountant with the Institute of Chartered Accountants in Scotland.

JAMIE O'HARA

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.

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AM Dickie

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