

JAMES WATT: CAPTAIN'S LOG JULY 2023

Hey Everyone,

I just wanted to give you an update from across our business as we finish the first half of a very eventful 2023 so far. As we look across our business, we have some brilliant things happening and some great momentum building.

What Rocked in 2023 So Far:

1) June Performance

2023 started slowly, but since the end of February our sales have continually built momentum. This upward trend culminated in June, our biggest ever month (by far!) in terms of the amount of beer we shipped coming in at an amazing 103,500 HL in HQ Beer, breaking our previous record of 94,000 HL.

Massive thanks to everyone in the team who worked so hard to help us sell, brew, pack, ship such a huge amount of beer.

2) UK Grocery Performance

- Our share of total beer is now higher than it has ever been at 3.4%. This is 36% higher than at the end of January 2023!
- Our share of Craft beer now at 55.9%.
- We are now 7x the size of any other craft supplier in Tesco!
- In the latest 4 weeks, Hazy Jane is the 2nd fastest growing craft brand growing at 25%.
- Punk has grown at 11% in the latest 4 weeks.
- 12 months ago, Lost Lager was the 28th largest beer brand. Lost is now a top 20 beer brand (19th) and is the second fastest growing beer brand behind Madri with 25% growth in the last 12 weeks. In the next read, we should move ahead of Estrella and Bud Light into 17th.

3) Impulse Performance

- Our share of craft beer in Impulse (ex. Lost + Black Heart) is at a record high – 61.4%.
- We have transformed our business with the UK's largest wholesaler, Booker, growing at 91% YTD, unlocking over 16k new distribution points for Lost, Black Heart, Punk IPA & Hazy Jane across Bookers network of franchised symbols & national accounts.
- Since the May range review in Co-Op, our IPA business (Punk, Hazy, Mixed packs & Elvis juice) has grown by +39%.

4) Brand Health Metrics

Our brand health metrics continue to trend massively and positively in 2023, with us taking further huge strides over the last few months.

From April to June, our Brand Awareness went up from 83.4% to 84.8%, our Consideration increased from 20.8% to 24.4%, and our Purchase Intent increased a staggering 3.7% from 6.4% to 10.1%.

5) Top Employer Accreditation

Hot on the heels of being named one of the Sunday Times Best Places to Work in the UK for 2023, I am delighted to share that BrewDog is now Top Employer accredited by The Top Employers Institute.

That's not one, but two outstanding achievements which say so much about how far we have come as a business.

I am incredibly proud of these two bits of well-deserved recognition, but I am far prouder of the amazing 3,000 people who make up our fantastic team and all the hard work you have put in to get us here.

Being certified as a Top Employer by the esteemed Top Employers Institute showcases our dedication to a better world of work and exhibits this through excellence in our HR policies and in our people practices.

This isn't a journey that reaches an endpoint. We are always looking to get better, recruit and retain the best talent around, and help our people build fantastic careers with us. But I am also really pleased to see our efforts are now being recognised.



Cool Things Coming Up:

1) National Rollout of Black Heart

Black Heart has been our best-ever launch so far! We launched it at the end of Q1 as a Tesco exclusive, and the sales have been amazing. Despite being slightly more expensive, we are selling roughly achieved 18% of the level of Guinness Draft sales in Tesco! Given Guinness has been around for over 250 years and Black Heart is only 6 months old, this is a remarkable achievement for us.



The sales have also been over double Tesco's expectations so far. We have done so in a way that both attract a younger and more affluent shopper to the category without being cannibalistic to the BrewDog core.

In September, we are rolling Black Heart out nationwide across Sainsbury's, ASDA and Morrisons, and we are looking to roll out internationally soon thereafter. We are also working on Black Heart AF for Tesco to launch in January.

A massive thanks to everyone in the team – from brewing and packaging to marketing and sales for executing so well on this one!

2) Shore Leave

As well as the national rollout of Black Heart, we also have 2 more really exciting launches in September this year. The biggest of those will be Shore Leave, which we will be launching nationally across all of our key retail partners.

Shore Leave is our first foray into the ale category, which is mainly dominated by older, legacy brands and is long overdue for some great quality liquid. All the beer on shelf in this category tends to be pasteurised, yet these more delicate, nuanced beer styles are really poorly suited to pasteurisation.



Shore Leave is a delicious, moreish amber ale combining our house yeast with the best British malts and a dash of American hops. It is a great beer to drink by the pint and our attempt to take a brilliant, classic British beer style kicking and screaming into the 21st century.

The strength of the concept can be seen from the fact we have secured over 6,000 distribution points so far – which is almost unheard of for a brand-new beer!

3) Wingman

Wingman will eventually replace Planet Pale. With Planet Pale, we brewed a great session IPA which masqueraded as a Pale Ale and a liquid that people really loved. We are keeping that same great liquid but evolving the brand to Wingman and positioning it to Session IPA, which is what the beer truly is.



For the unique design, we worked with an amazing illustrator and an agency called Earthlings.

This beer will have a phased launch in September with a full launch at some point over the next few months.

4) NanoDog UK

The expanded pilot kit in Ellon is almost ready to go, and we are now doing test runs on the small canning line there. We are looking to launch the first few NanoDog beers in kegs in our bars and with cans for the online shop in around 4 weeks' time!



NanoDog UK will run independently from NanoDog in the US, headed up by Nick Manolas, who has been brewing brilliant small batch beers for us over in the US for a couple of years now.

5) New Bars

Lots of exciting things happening with new bars. Our 5th India location is due to open in the coming weeks. We are opening a brilliant Hong Kong site later in August. Planning is now underway for our outstanding Gatwick location, and our Denver location is under construction. We also have just signed very exciting partnership deals for some great new overseas bars. We will share more details on these soon!

Onwards

We have some brilliant things happening across our business at the moment, with fantastic launches, new initiatives and world-class new locations planned for the 2nd half of 2023.

However, we continue operating in an unprecedented economic climate with record inflation, combined with skyrocketing interest rates and record falls in house values. All of this means that consumers have significantly less disposable income to spend on luxury items like craft beer. Moreover, our input costs have increased rapidly, further adding to the economic challenges we face. Whilst our wholesale sales are ahead of plan, the pressure on our cost base means profitability is behind plan and this is something we are working hard as a team to address.

For H2 we are steadfastly focussed on continuing to build the outstanding momentum in the core of our business whilst working as hard as we can on profitability through these challenging economic times.

And thank you, as always, for the continued support!

Any questions either ask on here or join the Q&A this evening.

Hold Fast,

James