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# EQUITY FOR PUNKS V

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**SHARE OFFER INFORMATION**

**SECURITIES NOTE**



## IMPORTANT NOTICE

This document constitutes a securities note dated 16 October 2017 (the "Securities Note") issued by Brewdog plc (the "Company," "Brewdog," "we" or "us"), prepared in accordance with the Prospectus Rules made under Section 84 of the Financial Services and Markets Act 2000 ("FSMA") and has been approved by the Financial Conduct Authority ("FCA") in accordance with FSMA.

Additional information relating to the Company is contained in a registration document issued by us on 16 October 2017 (the "Registration Document"). A brief summary written in non-technical language and conveying the essential characteristics and risks associated with the Company and the B Shares of £0.001 each in the Company (the "New B Shares") which are being offered to the public (the "Offer") is contained in a summary issued by the Company also dated 16 October 2017 (the "Summary"). The Summary, this Securities Note and the Registration Document together comprise a prospectus (the "Prospectus") which has been approved by the FCA in accordance with the Prospectus Rules and you are advised to read the Prospectus in full. The Company and the Directors (whose names are set out on page 38) accept responsibility for the information contained in the Prospectus. The Company has requested that the FCA provides a certificate of approval and a copy of the Prospectus to the relevant competent authorities (with a translation into the appropriate language of the summary contained in this document, where relevant) in Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK (together, the "Approved Jurisdictions") pursuant to the passporting provisions of FSMA. The distribution of the Prospectus and/or any related documents into a jurisdiction other than the Approved Jurisdictions may be restricted by law and therefore persons into whose possession the Prospectus and/or any related documents comes should inform themselves about and observe any such restrictions.

In particular, the Prospectus and the Application Forms should not be distributed, forwarded to or transmitted in, into or from any of the Restricted Jurisdictions or into any other jurisdiction where the extension or availability of the Offer would breach any applicable law. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. It remains the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the UK wishing to take up the Offer to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories.

To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

## BREWDOG PLC

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

Offer for subscription to raise £10 million (subject to increase at the discretion of the Directors to no more than £50 million)

No application has been made, nor is intended to be made, for any shares (including the New B Shares) in the capital of the Company to be dealt in or listed on any stock exchange or market. Shareholders' authority to create, allot and issue new equity shares (with pre-emption rights disapplied) up to an aggregate maximum nominal value of £23,000 was granted at a general meeting of the Company held on 29 March 2017. New B Shares will be issued a price of £23.75 per share with a minimum subscription of 2 shares per investor and investors may only subscribe in multiples of 2 shares for £47.50.

The Offer opens on 16 October 2017. Once the Offer is open, it is expected that New B Shares will be issued on a monthly basis thereafter. The New B Shares will rank pari passu with existing issued B Shares from the date of issue. No change may be made to the rights attaching to the B Shares without the approval of the holders of B Shares. A summary of the full rights and restrictions attributable to the B Shares are set out in paragraph 4 of section V of the Registration Document, available as described below. The New B Shares are created under the Companies Act 2006 and will be issued in registered form and be transferable in both certificated and uncertificated form and will rank for all dividends and other distributions declared, paid or made by the Company in respect of the New B Shares thereafter. Applications, once made, may not be withdrawn save where a supplementary prospectus is published by the Company in which case investors may withdraw their applications during the two Business Days following the publication of the supplementary prospectus. Share certificates will be dispatched in electronic form, via email. The Offer will close on 15 January 2018 or earlier if fully subscribed or at the discretion of the Directors.

Copies of this document, the Summary and the Registration Document are available (and any supplementary prospectus published by the Company will be available) free of charge from the offices of Brewdog, at Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX, Scotland on the Brewdog website at [www.brewdog.com/equityforpunks](http://www.brewdog.com/equityforpunks) and from the offices of RW Blears LLP, the Company's legal adviser, at 29 Lincoln's Inn Fields, London WC2A 3EG.

All statements of opinion contained in this Prospectus, all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Company represent the Company's own assessment based on information available to it as at the date of this Prospectus.

The third party information contained in the Prospectus, such as sales figures for other leading craft beer brands included on page 8, has been accurately reproduced and, as far as BrewDog is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Your attention is drawn to the risk factors set out on page 3 of this document. If you are in doubt as to the action you should take, you should consult an independent financial adviser authorised under FSMA.



## RISK FACTORS

You should read the Prospectus in full before deciding whether to invest and bear in mind the risks of investing, such as:

- The value of BrewDog shares can go down as well as up and, if you invest you might not get your money back. Past performance is not necessarily a guide to future performance.
- Before making a decision, think about whether investing is right for you and don't invest more than you can afford.
- BrewDog is not yet listed on any stock exchange so shares can only be sold once a year (when we don't have an offer open) via our trading platform (see page 39 for details). Also, as we are not yet listed we are also not subject to all the rules and regulations which apply to listed companies.
- It is our current policy not to pay any dividends but to reinvest profits to fuel further growth. BrewDog has recently resolved to distribute 10% of its annual profits evenly amongst its staff and to donate a further 10% of its profits to charities chosen by staff and Equity Punk investors. As such, the Company will have reduced profits which will be reinvested in the Company.
- Over half of the shares in BrewDog are owned by our founders and staff. As such, they can vote decisions through at general meetings, even those which investors in the Offer, as minority shareholders, might disagree with.
- Approximately 23% of the issued shares of BrewDog are Preferred C Shares which carry a liquidation preference over the A Shares and B Shares meaning B Shareholders could find their entitlement to the proceeds of a liquidation or total capital return reduced or nil.
- The directors have the right to refuse to register any transfer of shares. This means we can prevent multinational monolithic beer companies from buying shares in BrewDog

# HELLO, WE ARE BREWDOG

Since 2007, we have been on a mission to make other people as passionate about great craft beer as we are.

We are an alternative company owned by over 50,000 people who love craft beer as much as we do. They are our Equity Punk investors; our friends, our community, and the heart and soul of our business.

# AND THIS IS YOUR CHANCE TO JOIN THEM

# BREWDOG STATS

- £41MILLION RAISED THROUGH CROWDFUNDING SINCE 2009
- 50,000 EQUITY PUNK INVESTORS WORLDWIDE
- 800 PEOPLE ON OUR TEAM
- 60 EXPORT MARKETS GLOBALLY
- 50 AMAZING BREWDOG BARS
- 2 WORLD-CLASS BREWERIES



# WELCOME TO EQUITY FOR PUNKS



BrewDog Brewery  
Ellon



BrewDog Brewery  
Columbus

# 2 PUNKS, 1 MISSION;

## A NOTE FROM BREWDOG'S CAPTAIN

**BREWDOG IS AN ALTERNATIVE SMALL BUSINESS OWNED BY A COMMUNITY OF OVER 50,000 PEOPLE WHO LOVE CRAFT BEER. THEY ARE OUR SHAREHOLDERS, OUR FRIENDS, OUR COMMUNITY AND THE HEART AND SOUL OF OUR BUSINESS.**

In 2010, we tore up convention, turned the traditional business model on its head and launched Equity for Punks, giving thousands of people a front row seat to the craft beer revolution.

And now it's back. Bigger and better than ever, giving you the opportunity to own part of BrewDog and share in our future growth.

Rewind to 2007, based in a shed in the north east of Scotland, BrewDog came howling into the world.

Martin and I (James) put all our savings into the new business. We wanted to build our brewery on our passion for great beer, and that passion still underpins every single thing we do.

What started as 2 humans and 1 dog has grown into a thriving small business that employs over 800 talented people, ships beers to over 60 countries, and has 50 craft beer bars around the world. With your help we can continue expanding BrewDog as we continue on our mission to make other people as passionate about great craft beer as we are.

We have a community of 50,000 Equity Punk investors, and this is your chance to join them.

Keep on rocking in the free world.

- James

# EQUITY FOR PUNKS V: KEY ELEMENTS

- We're aiming to raise up to £10 million, with a stretch goal of £50 million\*.
- The Offer opens on 16 October 2017 and will close on 15 October 2018.
- Shares cost £23.75 each, and the minimum investment is 2 shares for £47.50. Thereafter additional shares may only be subscribed in blocks of two costing £47.50.
- If you're applying online, the maximum subscription is £12,967.50 for 546 shares. No limit applies if you're applying with a paper form and you can apply more than once.
- A full list of countries is set out on page 2.
- The Offer isn't underwritten by anyone.
- The total costs of making the Offer we estimate as £500k so the net proceeds should be £9.5 million with 421,052 new shares issued if we're fully subscribed.
- If we do reach our stretch goal of £50 million raised that would equate to 2,105,262 shares issued and net proceeds of £49.5 million.
- Shareholders with an existing shareholding should include their existing Shareholder number when investing to ensure no duplicate accounts are created. When investing online, entering the email address linked to your existing shareholding is sufficient.

## WHAT SHOULD YOU DO BEFORE DECIDING TO GET INVOLVED?

- Read the Prospectus (which is this document plus the Summary and Registration Document, which are available here: [www.brewdog.com/equityforpunks](http://www.brewdog.com/equityforpunks))
- Make sure you're cool with the risks of investing – the risk factors are on page 3.

## HOW DO I GO ABOUT INVESTING?

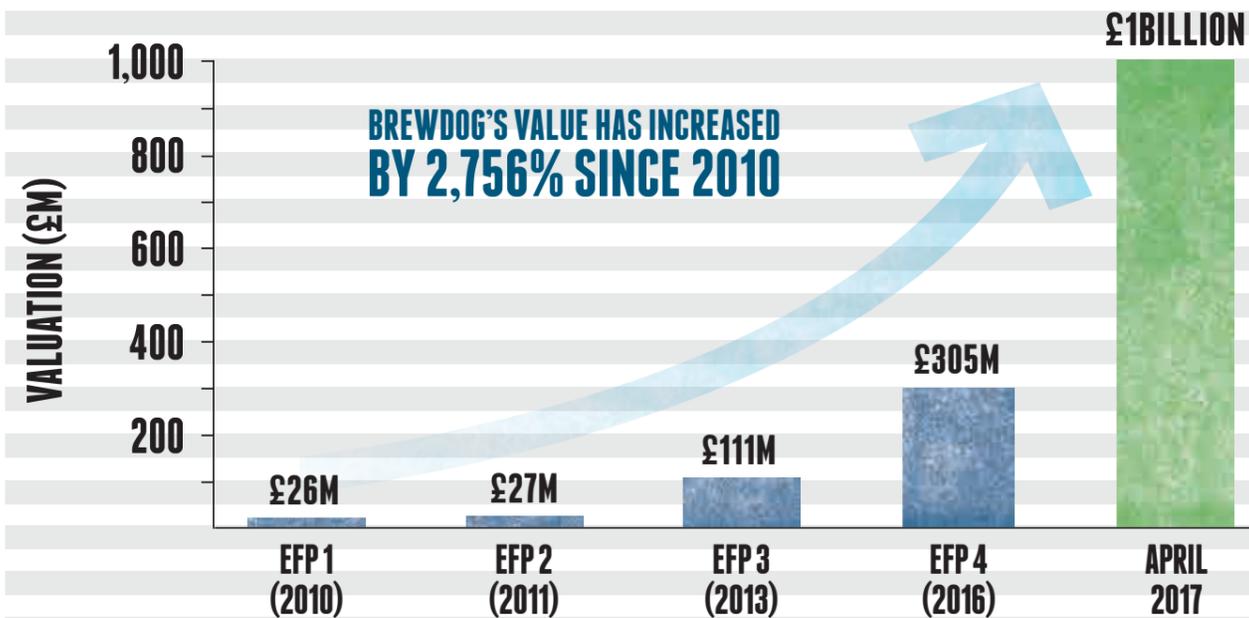
- You can visit [www.brewdog.com/equityforpunks](http://www.brewdog.com/equityforpunks) and invest via our website. Alternatively, you can download and complete a paper application form, which can be found on [www.brewdog.com/equityforpunks/paper-application](http://www.brewdog.com/equityforpunks/paper-application)

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

On page 28, you can find out what we're planning to spend the money raised on.

# BREWDOG AS A BUSINESS

## TOTAL ENTERPRISE VALUE\*

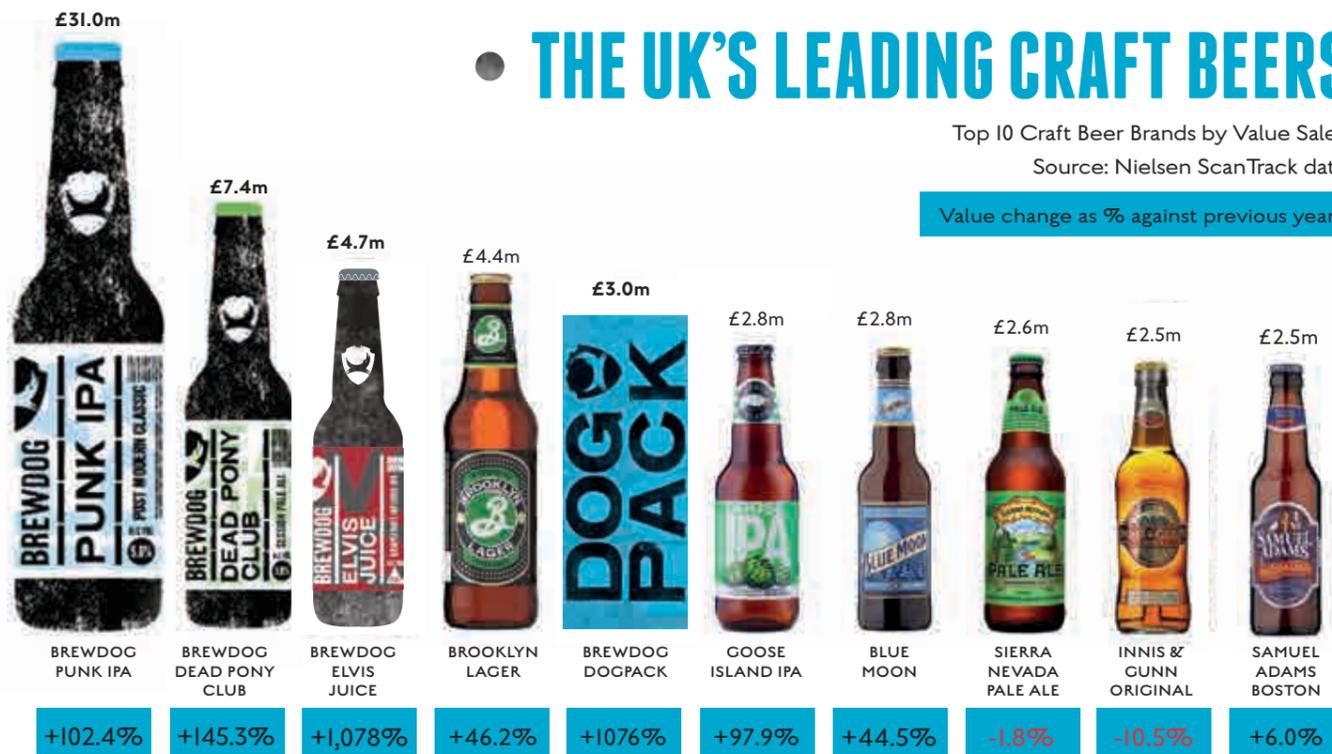


\*Calculated as the most recent price paid per share times the number of shares in issue, from Equity for Punks I until the TSG investment in April 2017

## THE UK'S LEADING CRAFT BEERS

Top 10 Craft Beer Brands by Value Sales  
Source: Nielsen ScanTrack data

Value change as % against previous year

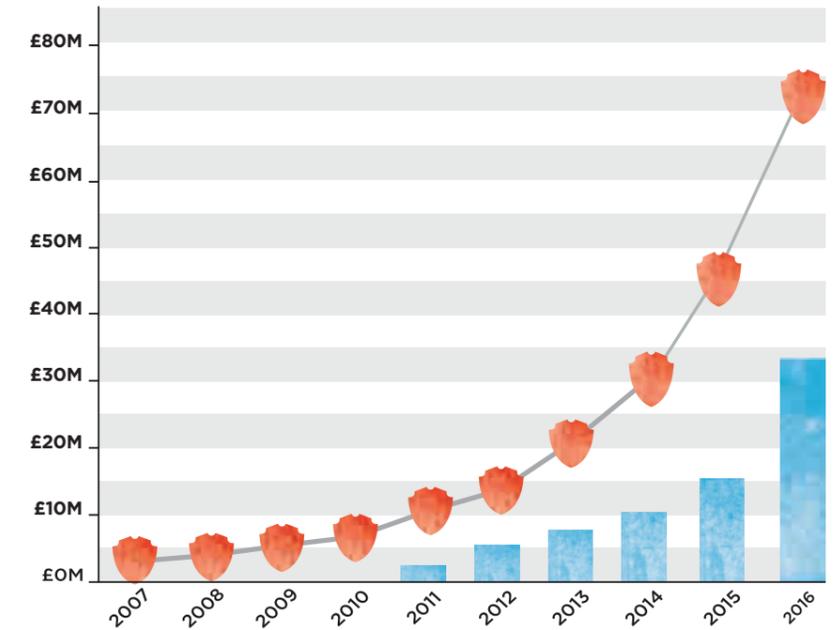


## BUSINESS GROWTH

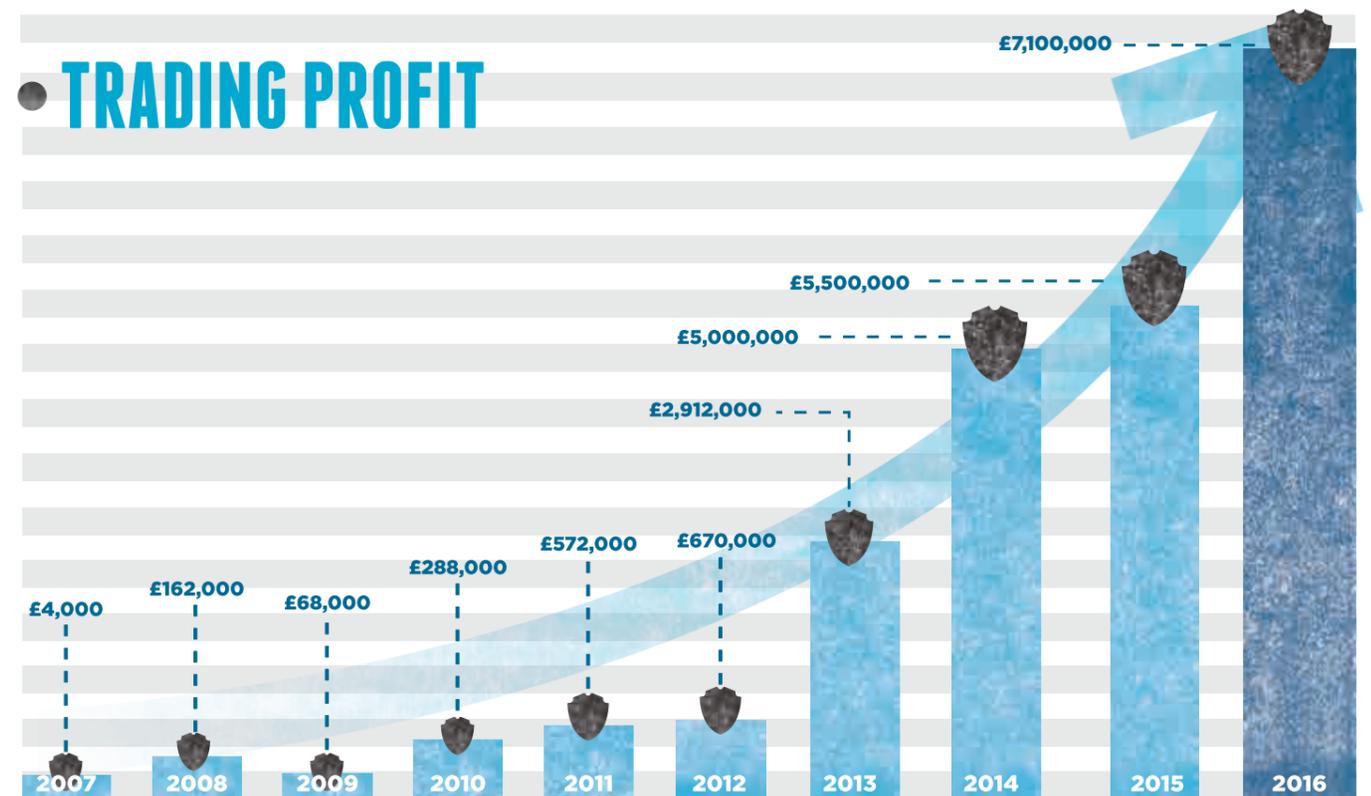
Key: BrewDog Bars Revenue  
 Overall Revenue

“ BREWDOG IS THE UK'S FASTEST GROWING FOOD & DRINKS BRAND\* ”

\* SundayTimes 2012 & 2013, The Grocer 2014



## TRADING PROFIT



## PEOPLE & GROWTH

	2010	2011	2012	2013	2014	2015	2016
EMPLOYEES	37	61	126	186	277	540	645
SHAREHOLDERS	1,329	6,597	6,567	14,208	14,777	34,000	46,000
REVENUE	£3.3m	£5.9m	£10.6m	£18m	£29.6m	£44.7m	£71.9m
OPERATING PROFIT	£0.2m	£0.5m	£0.5m	£2.5m	£3.9m	£3.2m	£4.4m

# BREWDOG'S GROWTH

**WE HAVE BEEN NAMED AS ONE OF THE UK'S FASTEST GROWING BUSINESSES EVERY YEAR FOR THE LAST FIVE YEARS<sup>1</sup>. OUR INTERNATIONAL EXPANSION PLANS PRESENT A SIGNIFICANT OPPORTUNITY TO DEVELOP THE BUSINESS ON A GLOBAL SCALE, AND REALISE THE POTENTIAL OF CRAFT BEER AROUND THE WORLD.**

## The UK & Europe:

Our UK sales grew by 97% in the year ended 2016, with the UK craft beer category expanding by 89% in the 12 months to June 2017<sup>2</sup>. BrewDog is the market leader in terms of sales driving that growth, and our UK sales are up 99% in the year to date at the end of August 2017<sup>3</sup>. We employ over 650 people in our UK operations, and our flagship beer, Punk IPA, is the leading craft beer in the UK<sup>4</sup>.

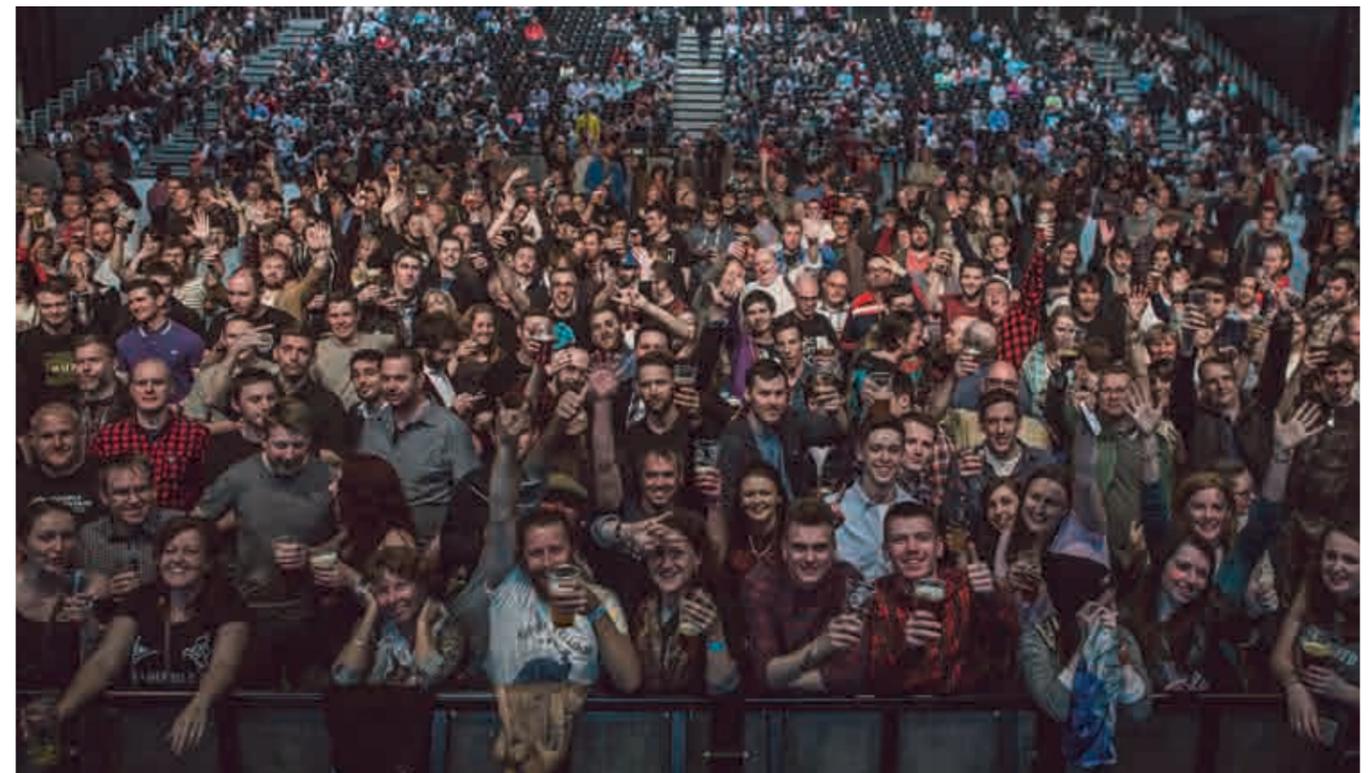
## The USA:

Our new, state-of-the-art brewery in Columbus, Ohio is well-positioned to serve 50% of the US population within 500 miles, and we have built our

US brewery with scale in mind; the site will launch a craft beer-themed hotel in 2018, along with a sour beer brewery. Our experienced team and purpose-built brewery put us in the best possible position to contribute to the American craft beer market.

## Asia & Australia:

Our export volume to Asia is also growing rapidly. In 2016 alone, we grew our export into China by 117%, and our plans to launch an Asian brewery by 2019 will enable us to truly realise the potential in the East. We are also launching a brewery in Australia to serve this market, which represents a significant opportunity for the BrewDog brand.



<sup>1</sup> [http://www.fasttrack.co.uk/company\\_profile/brewdog-8/](http://www.fasttrack.co.uk/company_profile/brewdog-8/)

<sup>2</sup> Source: Nielsen ScanTrack, MAT to WE 17.06.17

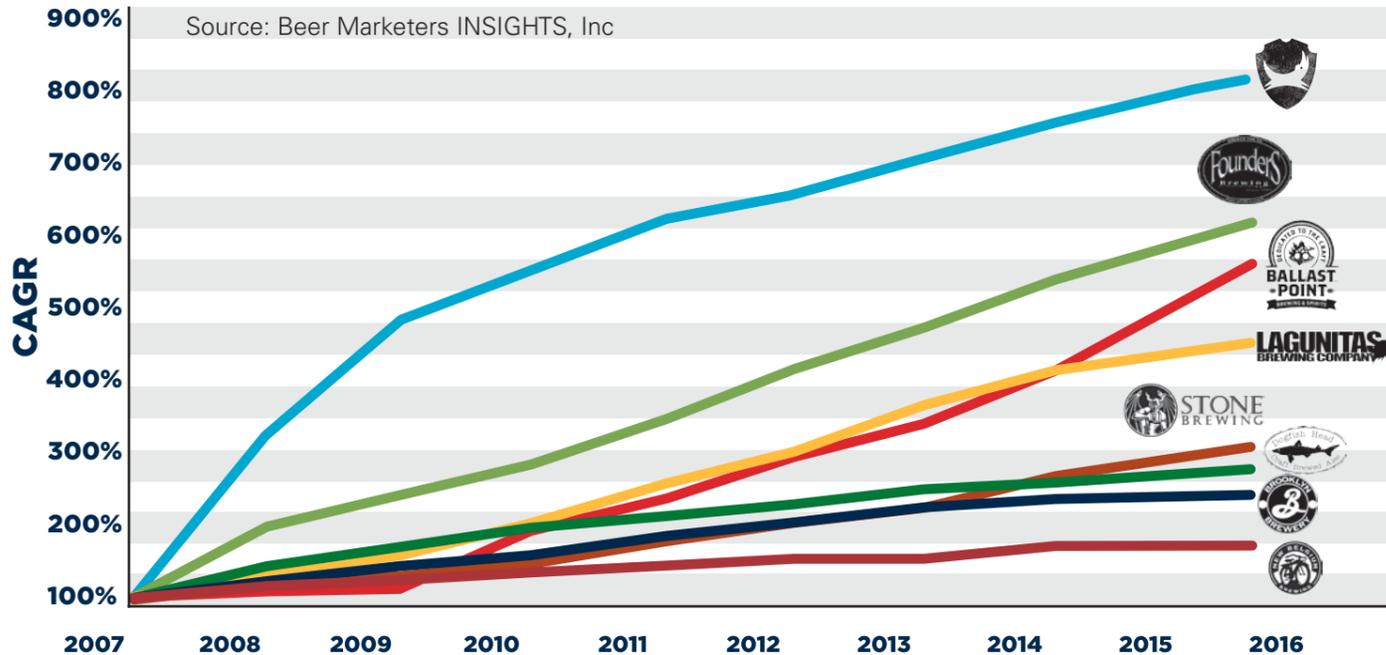
<sup>3</sup> Source: Lumira Volume reports 2016 & 2017

<sup>4</sup> Source: Nielsen MAT £ Total Off Trade Data to 17.06.17

# OUR INDUSTRY

**BREWDOG IS THE LARGEST CRAFT BREWER IN EUROPE AND THE FASTEST GROWING CRAFT BREWER IN THE WORLD.**

## COMPOUND ANNUAL GROWTH RATE SINCE 2007



The craft beer industry is growing worldwide, and we have positioned ourselves at the forefront of this thriving scene. As a company, our growth exceeds

that of every other craft brewery, including many of our most inspiring peers such as Stone Brewing Co, DogFish Head and Founders.



**WITHIN 2 YEARS, BREWDOG WILL BECOME THE ONLY CRAFT BREWER WITH PRODUCTION FACILITIES IN EUROPE, THE U.S. AND ASIA. PLANET EARTH IS ABOUT TO GET A WHOLE LOT MORE AWESOME.**

# BREWDOG'S BARK

**BREWDOG'S MARKETING DOES NOT PLAY BY THE RULES. WE HAVE CHALLENGED THE STATUS QUO, CREATED HEADLINES AND DONE THINGS ON OUR OWN TERMS SINCE DAY 1.**

We have brewed a beer at the bottom of the North Atlantic, created the world's most alcoholic beer and packaged it in taxidermy coats and squirrels, driven a tank outside the Bank of England to launch our Equity for Punks crowdfunding campaign, and sent up the Russian Premier with 'Hello my Name is Vladimir'; the world's first pro-LGBTQI+ protest beer. Across our social media platforms, we have in excess of 1million engaged followers, and this is growing every day.



# OUR BREWERIES



## ELLON, SCOTLAND

**LOCATED IN ELLON, JUST NORTH OF ABERDEEN, OUR STATE OF THE ART BREWERY IS ONE OF THE MOST TECHNOLOGICALLY ADVANCED AND ENVIRONMENTALLY FRIENDLY BREWERIES IN THE WORLD.**

Our Ellon brewery was built and kitted out with the best quality equipment in the world, all funded by our Equity Punk community. Everything and everyone at our brewery is completely focused on one thing and one thing only; making the best beers we possibly can, as we look to put the passion and the artisanal craftsmanship back into people's beer glasses. Environmental technology is also something that is very important to us at BrewDog. Our brewhouse features a progressive heat recovery system, which drastically cuts our energy consumption, and all our brewing by-products, spent malt, hops, and yeast are utilised by local farmers.

Our brewery also boasts a taproom called DogTap and a high-tech pilot brewhouse where we develop and experiment with new beers.



### VITAL STATS

**x3 BREWHOUSES**

**x69 FERMENTATION TANKS**

**x40 HEAD HI-SPEED CANNING LINE**

**175,000 SQ FT BUILDING**

**23 ACRE SITE**

**x1 MILLION HL BREWHOUSE CAPACITY PA**

**x1 HOPINATOR (IT ROCKS!)**

## COLUMBUS, OHIO

**LOCATED ON AN AMAZING 42 ACRE SITE JUST 10 MILES FROM DOWNTOWN COLUMBUS, OUR 100,000 SQ FT BREWERY IN OHIO ALSO FEATURES A RESTAURANT, TAPROOM AND BEER GARDEN. EVERYTHING ABOUT OUR COLUMBUS BREWERY IS SET UP FOR RAPID GROWTH.**

Launched in early 2017, our initial 200 hectolitre (HL) brewhouse can support an annual capacity of 640,000HL and fermentation capacity for 100,000HL. The site is primed for the future in terms of space, transport links, utilities, infrastructure and brewing equipment. Like our Ellon brewery, our site in Columbus focuses on brewing world-class beers with the

best equipment available. By launching a brewery on the other side of the Atlantic, we are delivering incredible, fresh beer that does not compromise on quality, and can ship that beer directly into the paws on our American friends.

**WITH BREWDOG USA, WE'RE COMBINING THE UK'S MOST SUCCESSFUL CRAFT BEER BUSINESS WITH THE PLANET'S MOST EXCITING BEER SCENE. EXPECT FIREWORKS.**



### VITAL STATS

**x200 HL BREWHOUSE**

**x22 FERMENTATION TANKS**

**x40 HEAD HI-SPEED CANNING LINE**

**42 ACRE SITE**

**x640,000 HL BREWHOUSE CAPACITY PA**

**x1 HOPINATOR (IT ROCKS!)**

# OUR BEER

AT BREWDOG, WE BELIEVE IN PUTTING THE FLAVOUR AND CRAFTSMANSHIP BACK INTO PEOPLE'S BEER GLASSES.

## HEADLINERS 2018



## AMPLIFIED 2018



# FUTURE BREWDOG BEER PROJECTS

**YOUR INVESTMENT IN EQUITY FOR PUNKS V WILL ENABLE US TO EXPAND UPON OUR EXISTING BEER RANGE, AND ALSO TO EXPAND OUR BREWING CAPACITY. IT WILL ALSO ENABLE US TO RELEASE EVEN MORE EXCITING, CUTTING-EDGE BEERS, AND KEEP UP WITH OUR FORECASTED DEMAND.**

## ELLON BREWHOUSE



Our brewery in Ellon produces beer for all our major markets except the USA. We are investing in a new 300 hectolitre brewhouse at our HQ, with a funding requirement of approximately £5 million, to further underpin our growth potential across the UK & Europe. With our UK growth at almost 100% in the year to date, this further investment will ensure that we have the capacity to fulfil demand, and facilitate our next 5 years of growth.

## THE OVERWORKS



In 2016, we acquired additional land in Ellon opposite our HQ & brewery. In 2017, we are turning this site into a world-class sour beer facility, The Overworks. This is a huge opportunity for us as a business, and we are now planning a larger facility and a total investment of £3m. At the Overworks, we will ferment and age beer in barrels, wooden vessels and also steel, as we look to further push the boundaries of craft beer.

# OUR BARS



BERLIN



BRISTOL



BRUSSELS



CARDIFF



CASTLEGATE



CLERKENWELL



DOGHOUSE MERCHANT CITY



DOGTAP COLUMBUS



DUNDEE



LEICESTER



LIVERPOOL



NORWICH



SÃO PAULO



SHEFFIELD



SOUTHAMPTON



TALLINN



YORK

# BREWDOG BARS

BEER MECCAS. HOP TEMPLES. CATHEDRALS OF MALT. BEACONS OF HOPE, LAUGHTER AND OCCASIONAL HELL-RAISING IN THE CITADEL.

## YOUR INVESTMENT WILL HELP US OPEN NEW BREWDOG BARS BOTH IN THE UK AND OVERSEAS.

The first BrewDog bar opened in 2010 in our hometown of Aberdeen, and as of October 2017, we have 50 venues worldwide; 30 in the UK, 1 in America, 15 internationally, plus a handful under construction.

In 2018, we plan to open 15 new bar sites worldwide, including four brewpub locations. We currently have venues in our crosshairs in Edinburgh, Manchester, Glasgow and London in the UK, as well as Hamburg and Berlin in Germany, plus we have secured sites in Franklinton and The Short North in Columbus. We're also working on the plans for an Overworks taproom and a new venue in Ellon, Aberdeenshire.

All these new venues will not only provide you, our shareholders, with more awesome places in which to enjoy amazing craft beer, (and with an Equity Punk discount), but also help to promote the craft beer scene as a whole.



AT BREWDOG WE LIVE AND DIE BY WHAT IS IN YOUR BEER GLASS. EACH AND EVERY SINGLE TIME.

# THE BENEFITS OF INVESTING

## 1 OWN PART OF BREWDOG

You will own part of our company, our brewery, our bars and our beers; your very own equity stake in BrewDog. As we grow, you will have the opportunity to sell your shares on our trading platform (see page 35 for information on the return our Equity Punks have seen already!), or stay in for the long haul. By investing, you can share in the financial success of our future growth through a potential increase in the value of your shareholding.



## 2 EPIC DISCOUNTS ONLINE AND IN OUR BARS

As a BrewDog shareholder, you will entitle yourself to amazing discounts in all our bars and our online shop. Our bars and online stores specialise in making available the best beers & spirits on planet earth, and as an Equity Punk you'll get access to exclusive discounts on all our beery selections

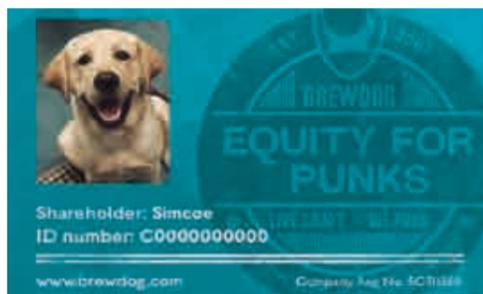
INVESTMENT	BAR DISCOUNT
2-19 SHARES (<£475)	5%
20 SHARES OR MORE (>£475)	10%

INVESTMENT	ONLINE DISCOUNT
2 SHARES (£47.50)	10%
8 SHARES (£190)	15%
12 SHARES OR MORE (>£285)	20%

## 3 FREE ID CARD

When you become an Equity Punk, you'll be able to apply for an exclusive shareholder ID Card. This will allow you to claim all your beery perks, and toast your new investment with your shareholder discount!



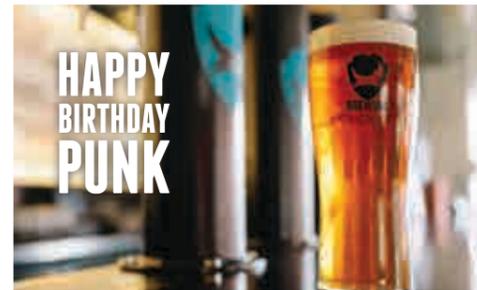
## 4 CRAFT BEER FOR THE PEOPLE

Our mission is to make people as passionate about craft beer as we are, so we have put pen to paper to create the ultimate beer bible. As an investor in Equity for Punks V, you'll receive your very own, signed copy of BrewDog's new book, 'Craft Beer For The People'.



## 5 FREE BEER ON YOUR BIRTHDAY

As an Equity Punk, you'll be able to enjoy a free standard measure of any draft BrewDog beer, in any of our bars, on your birthday, every year, for life. Happy birthday, Punk!



## 6 AGM INVITE

BrewDog shareholders receive an annual invite for you and a friend to our legendary AGM. Awesome live music, beer tastings, loads of cool people and the lowdown on all things BrewDog and our company performance. 2017's AGM featured Twin Atlantic and The Stranglers, and 7,000 Equity Punks descended on Aberdeen for the event.



## 7 BEATNIK BREWING & THE SHAREHOLDER BREW DAY

The Beatnik Brewing Collective is completely controlled by our Equity Punk shareholders. You have the opportunity to vote on what we brew and dictate our next instalment of bottled anarchy. You are then invited to join us at the brewery for our annual shareholder brew day to brew the beer you created. Expect live music, a BBQ and some other fun stuff too



## 8 EXCLUSIVE FIRST OPTIONS ON ALL NEW BEERS

All Equity Punk shareholders receive the first access on all our limited release and special edition beers. Investing is a great way to ensure you don't miss out on these highly coveted small batch brews. You'll also receive an invite to all new BrewDog bar launches, so you get a chance to see our latest venues before anyone else.



## 9 POST PUNK CLUB

Our strategy has always been to shorten the distance between the people who make our beers and the people who drink them. This, combined with the knowledge that hoppy beer is best fresh, led us to pioneer a brand new approach to beer delivery. This year, we will launch our 'canning line to fridge' concept, getting amazing canned BrewDog beer direct to your door, 24 hours after it leaves the brewery. Equity Punks will be the first to get access to this special service, which will see the freshest beer on the planet in your fridge, every month.



**THIS IS MUCH MORE THAN AN INVESTMENT.  
THIS IS ABOUT BUYING INTO THE BREWDOG VISION, PHILOSOPHY AND IDEAL.**

# CLUB BENEFITS

On top of the raft of cool everyday benefits reserved exclusively for our Equity Punks, you can also get yourself some extra perks by investing more than the £47.50 minimum.

There are two awesome clubs you can join, as detailed below. Due to the exclusive nature of many of the beers contained within these extra special clubs, we cannot guarantee availability, as they will only be released in limited quantities! Be quick to ensure you bag the clubs you're keen on!

Visit [brewdog.com/equityforpunks/benefits](http://brewdog.com/equityforpunks/benefits) to check the clubs have space remaining, and then just pick your perks in your account after you invest! These clubs will be redeemed on a first-come, first-served basis.

**INVEST £950, AND CHOOSE ONE CLUB**  
**INVEST £1,425, AND GET BOTH!**

## ABSTRAKT ADDICTS

### 3 BOTTLES OF 4 ABSTRAKT RELEASES

Our Abstrakt range has become a cult club for craft beer connoisseurs. Invest £950 and you can secure three bottles of the next four Abstrakt beers delivered direct to your door!



## OVERWORKS OVERLORDS

### 3 BOTTLES OF 4 EXCLUSIVE RELEASES

Our new sour beer brewery in Ellon will create weird, funky beers brewed with wild abandon and reckless spontaneity. For £1,425, you'll get three bottles of four exclusive releases, which will not be available in bottles to anyone else!



**THIS IS YOUR FRONT ROW SEAT TO THE CRAFT BEER REVOLUTION -**  
**THIS IS EQUITY FOR PUNKS**



# REFER A FRIEND

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

When you invest at [brewdog.com/equityforpunks](http://brewdog.com/equityforpunks), you will be provided with a unique referral code. Then, when your friends invest, they'll have the chance to add that code to the relevant field and rack up extra rewards for you!

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



5

You will receive three cans of Radio Zombie Phone In, a Russian Imperial Stout brewed in Columbus, Ohio! You'll also get your paws on a signed, hard-copy of DIY Dog 2018 – the latest release of our homebrew bible featuring scaled-down recipes of every beer we have ever made.



10

All of the above, plus three cans of an exclusive, barrel aged release of Radio Zombie Phone In. You'll also get an Equity for Punks swag bag with a limited release enamel pin set, bar blade and beanie!



20

All of the above, plus six exclusive Equity for Punks Teku glasses to raise a glass to the craft beer revolution, a much sought-after BrewDog tin sign, a bottle of Uncle Duke's Whisky, AND three bottles of Paradox Uncle Duke's!



40

All of the above, plus an exclusive invite to an awesome DogDay at our brewery in Ellon! You'll get an all-expenses-paid trip up to visit us and brew an exclusive, special edition beer. There'll also be a VIP tour, tasting session and dinner and Q&A with our directors!

TOP 10

The Top Ten referrers in Equity for Punks V will win a trip to Columbus, a day brewing on our amazing pilot kit at our Ohio Brew HQ, tours at 5 of Columbus' best craft breweries, and tickets to a Blue Jackets NHL ice hockey game.





# THE DOGHOUSE, OHIO

# BOOSTED BENEFITS

Equity Punks can unlock access to some extra special, turbo-charged ‘boosted benefits’, which offer amazing exclusives and experiences as well as increased ownership in our company.

With these benefits, you can choose one perk from each tier that you qualify for. For example, if you invest £20,000, you can choose a benefit from the £5,000, £10,000 and £20,000 tiers.

INVESTMENT	CHOOSE ONE FROM EACH TIER YOU QUALIFY FOR!			
£50,000	<b>BREWDOG YOUR HOUSE!</b> We will install a fully functional BrewDog bar in your home! Just show us the space, and we will come and fit it with your very own mini BrewDog bar, with three taps and a fridge for your bottled collection. We'll even supply you with a keg for when you launch!			
£20,000	<b>LONEWOLF CASK</b> Your own cask of LoneWolf Whisky. You decide when we bottle it for you, plus you get to design and distil your own gin on our pilot still.	<b>BREWDOG HQ WEEKENDER*</b> You'll get to spend a whole weekend at BrewDog HQ, brewing at our main brewhouse, and blending beer in our new Overworks sour facility creating some great brews as well as distilling with LoneWolf!		
£10,000	<b>FREE BEER TO YOUR DOOR</b> One free case of 24 headliners & amplified, delivered on next-day delivery to your door, every month for 1 year.	<b>BREW YOUR OWN BEER*</b> Come and brew a beer with us, and bring four friends! You keep 10 cases of bottles and the rest is kegged for our bars.	<b>AGM DOGHOUSE*</b> This benefit will get you three nights' stay for two people at The Doghouse Columbus, with breakfast & dinner, guaranteed for the next US AGM after the hotel launches.	
£5,000	<b>BEER FRIDGE</b> We'll decorate a custom beer fridge especially for you! The perfect home for your beloved bottle collection.	<b>'WE BLEED CRAFT BEER' DOG DAY*</b> You'll get a VIP tour, tasting session and dinner, plus a Q&A with our directors!	<b>'WE ARE GEEKS' DOG DAY*</b> You'll spend a day nerding out with our quality team over a taste panel, a session in our lab, a VIP tour and dinner & a Q&A with our masters of quality.	<b>IN THE DOGHOUSE*</b> This benefit will get you three nights' accommodation for two people at The Doghouse Columbus, with breakfast and dinner, as well as a Columbus beer day!

\*Some of these benefits have a maximum capacity to ensure quality and guarantee the best possible experience for all recipients. Perks will be released on a first-come, first-served basis and you can find out what's available by visiting [brewdog.com/equityforpunks/benefits](http://brewdog.com/equityforpunks/benefits). Unlock these benefits and pick your perks when you invest at [brewdog.com/equityforpunks](http://brewdog.com/equityforpunks).

# OUR PLANS FOR THE MONEY RAISED



**WE HAVE BEEN ONE OF THE FASTEST GROWING COMPANIES IN THE UK FOR THE PAST FIVE YEARS, AND WE HAVE BIG PLANS FOR THE FUTURE. WE ARE LOOKING TO RAISE AN INITIAL £10 MILLION IN EQUITY FOR PUNKS V, WITH A STRETCH GOAL OF £50 MILLION.**

With your investment, we will be able to grow faster, and move more quickly to meet the ever-increasing demand for our beers. Here are some details on how we will use your investment.

## TARGET £10 MILLION

The target raise for Equity for Punks V is £10 million, which will be committed to the most important projects on our hit list.

### THE OVERWORKS - £3 MILLION

We have been planning for our new sour beer facility in Ellon for 18 months, and your investment will enable us to turbo-charge our progress here. The investment from Equity for Punks V will enable us to move faster, grow this side of our business quicker, and launch a range of incredible beers.



### NEW ELLON BREWHOUSE - £5 MILLION

Our brewery in Aberdeenshire serves all markets across Europe, and with our existing capacity being far outstripped by demand, we are now in a position to further extend our capacity to allow for even more beer to be produced in our homeland in Scotland.

### INFRASTRUCTURE - £2 MILLION

We are forecasting to more than double our production output over the next 12 months so we need to invest in people, in systems, in warehousing space and in operations capabilities to be able to facilitate this expansion and provide a platform for future growth.

## STRETCH GOAL - £50 MILLION

Any funds raised above our initial target will enable us to invest more quickly in even more exciting projects that bear significant potential for BrewDog as a business. Here is where we will initially plan to distribute funds raised up to the maximum £50million:

### FERMENTATION VESSELS - £4 MILLION

Investment in further fermentation capacity at our brewery HQ in Ellon, Scotland.

### UK BREWDOG BARS - £3 MILLION

Expansion of our bar division, which now rocks 50 bars globally.

### BREW DOGS TV NETWORK - £2 MILLION

Our TV show, Brew Dogs, holds the title as both the longest-running and most-watched TV show about beer ever to hit the small screen. We will be investing in a craft-focused digital channel showcasing everything craft from all walks of life.

### LONEWOLF BARREL WAREHOUSE - £1 MILLION

LoneWolf spirits launched in early 2017 and we will be investing in a dedicated space for ageing these amazing, hand-crafted spirits.

### ADDITIONAL ELLON WAREHOUSE - £2 MILLION

We need more room! As we grow and as we invest in more equipment, we need more space to house our beer before it leaves our brewery.

### LONDON BREWPUB - £2 MILLION

The London beer scene is an incredible landscape of brilliant brewing. Adding a London-based BrewDog brewpub will offer yet another craft beer outpost, with the freshest possible beer brewed on site.

### INTERNATIONAL BREWPUBS - £10 MILLION

Expanding our successful series of amazing craft beer bars across the planet, reaching even more corners of the globe with awesome beer in an inimitable setting.

### BREWDOG ASIA - £10 MILLION

Shipping beer from Scotland to Asia is logistically challenging. As such, we're looking to open a brewing facility on the Asian continent to provide amazing, fresh BrewDog beer locally.

### BREWDOG AUSTRALIA - £5 MILLION

The Australian market has been one of our most exciting prospects since we launched back in 2007, but shipping beer half way around the planet is tough! We will look to open a standalone brewing facility in Australia to meet demand locally.

### PILOT PLANT EXTENSION - £1 MILLION

Experimentation breeds innovation, and our pilot plant is at the heart of this. We trial all new beers on this scaled-down kit in order to dial in the recipe before we put it into full production.

If we raise less than £50million, we won't be able to do all of these things, but they are listed in (roughly) the order of priority.

# COMPANY STRUCTURE

# BREWDOG MANAGEMENT TEAM

100% of our business operations are held by BrewDog PLC, thus owning a stake in our company means you own part of all our other operations.



## 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 is one of Europe's only holders of the title of Master Cicerone. He was awarded the MBE in the 2016 Queen's birthday honours list.



## 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. He was awarded the MBE in the 2016 Queen's birthday honours list.



## NEIL SIMPSON

Finance 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.



## ALLISON GREEN

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



## DAVID MCDOWALL

David joined BrewDog from G1 Group PLC where he held the position of Group Operations Director for six years. At G1, David was responsible for managing over 50 large scale sites across Scotland and heading up a team of over 2000 employees. For the past three years David has been responsible for overseeing the strategic growth and management of BrewDog's bar division around the globe.

# OUR PEOPLE

**AT BREWDOG, WE CARE ABOUT TWO THINGS ABOVE ALL ELSE; OUR BEER AND OUR PEOPLE. WE HAVE AMBITIONS TO BE THE BEST COMPANY TO WORK FOR. EVER.**

Our people are the beating heart of our business. In 2017, we were included in the Sunday Times 'Best Companies to Work For' league table, showing our dogged commitment to our people, and our aim to be the very best company to work for.

In order to be an amazing employer, we are focused on delivering an amazing benefits package for our staff. Here are just a handful of the things we offer our teams to ensure their wellbeing is catered for, and that they are valued members of our crew:

- ♥ Living Wage employer
- ♥ Paid Cicerone beer training, with pay increase for every level passed
- ♥ Enhanced pension contributions
- ♥ Enhanced maternity & paternity pay
- ♥ Shared parental leave
- ♥ 'Paw-ternity leave' time off when you get a new dog
- ♥ Four week sabbatical every five years' service
- ♥ Internal promotion rate of 48%
- ♥ Private medical care
- ♥ Beer!



**WITHOUT US, WE ARE NOTHING.**

# THE UNICORN FUND

In August 2017, we announced that we would commit to giving away 20% of our profits, forever. Under The Unicorn Fund, we will take 10% of our profits and distribute them equally among every single member of staff, and then take a further 10% and give it to charities selected by our teams, and by our Equity Punks.

As a shareholder, you will be invited to choose from a list of nominated charities, giving you the power to decide where your portion of the Unicorn Fund is donated.

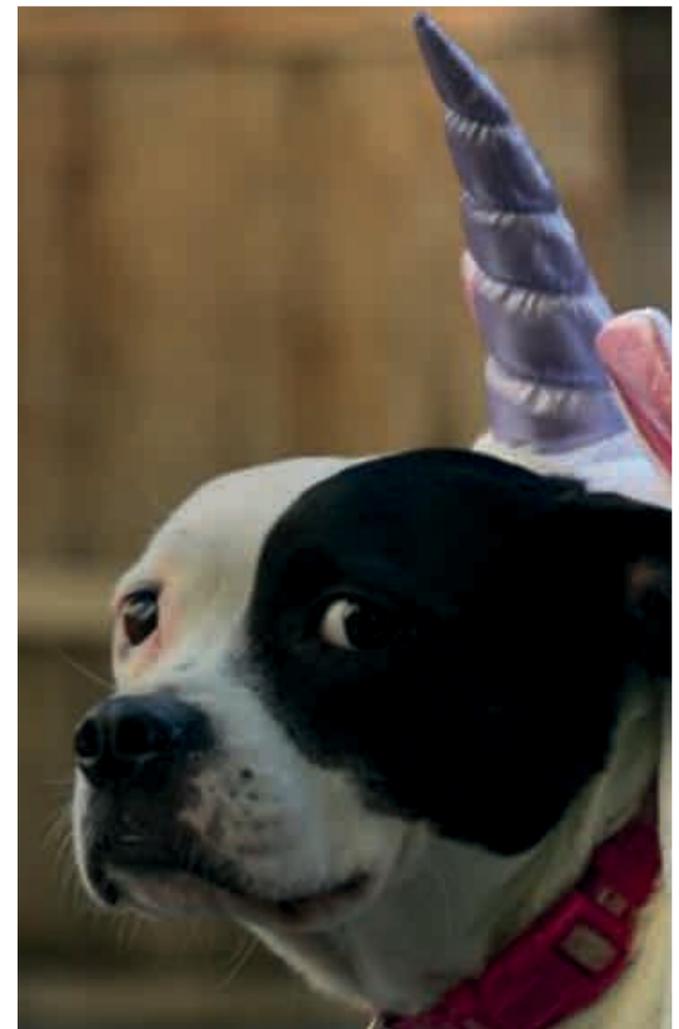
In addition, we have formally committed to reinvesting the entire balance of our profits

each year, for at least the next 7 years, into the two things we care about most - our beer and our people - in order to fuel further growth.

**THIS IS NOT ABOUT ALTRUISM,  
IT IS ABOUT IMPACT.**

**THIS IS NOT ABOUT PROFITS,  
IT IS ABOUT PURPOSE.**

**THIS IS THE BIGGEST COMMUNITY-  
FUELLED, CROWDFUNDED CHARITY  
CONTRIBUTION IN HISTORY.**



**THIS IS THE UNICORN FUND**

# BREWDOG & TSG

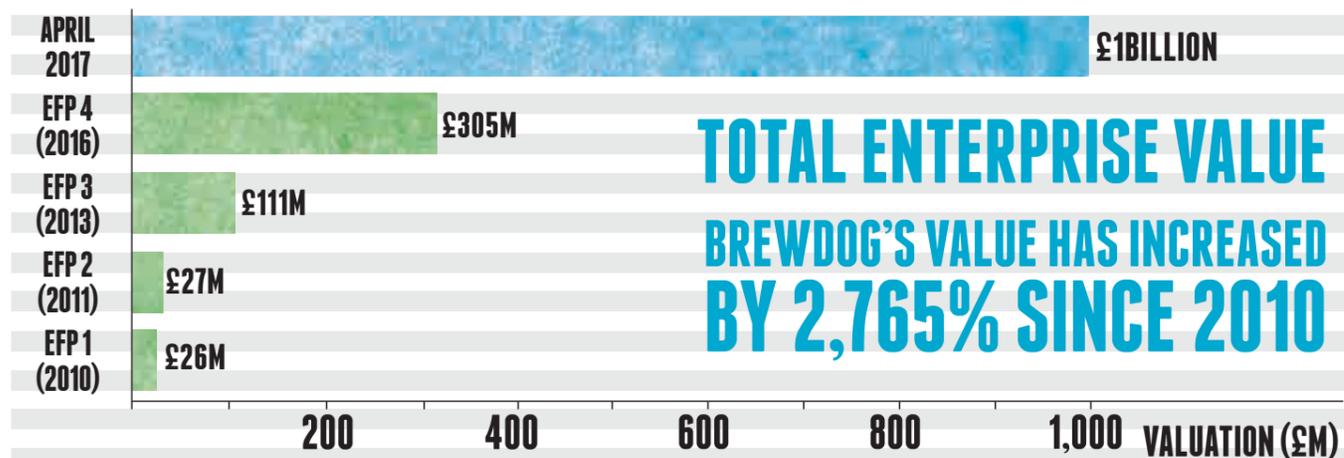
**IN APRIL 2017, BREWDOG ANNOUNCED AN EXCITING NEW PARTNERSHIP WITH SAN FRANCISCO BASED TSG CONSUMER PARTNERS. THE DEAL INVOLVED A £100MILLION INVESTMENT INTO BREWDOG, RESULTING IN A COMPANY VALUATION OF £1BILLION.**

Our growth has been exponential over the past 5 years, and bringing on board a new partner in TSG will enable us to accelerate our momentum in the coming years. TSG, based in San Francisco, are one of the world's leading growth investors with successful investments in global brands like Pop Chips and Vitamin Water.

At the £1billion valuation, shares purchased in Equity for Punks I, which closed in February 2010, are now worth 2,800% of their original value. Even craft beer fans who invested in Equity for Punks IV in April 2016 have seen the value of their shareholding increase by 177% in just one year.

Our partnership with TSG is not just a launch pad for us to turbocharge our mission to make the world as passionate about craft beer as we are. It is also a validation of our alternative business model.

**CROWDFUNDING CAN NO LONGER BE VIEWED AS ALTERNATIVE FINANCE; THIS IS THE DEMOCRATISATION OF FINANCE.**



# YOUR INVESTMENT

In April 2017, Equity Punks were offered the opportunity to cash in 15% of their shares, up to a maximum of 40 shares. Only 3% of our Equity Punks took us up on this opportunity to see up to 2,765% ROI on their investment, and the remaining 97% of our shareholders retained 100% of their shares, with many opting to celebrate with a free beer, on us, in our bars. Cheers, Equity Punks!



	CAMPAIGN	CLOSING DATE	INCREASE AT APR 2017
EQUITY FOR PUNKS SHARE VALUE INCREASE	EFP I	FEB 2010	2,765%
	EFP II	DEC 2011	2,675%
	EFP III	DEC 2013	594%
	EFP IV	APR 2016	177%

**THE GROWTH IN THE VALUE OF BREWDOG'S SHARES HAS OUTPACED THE TOP PERFORMING FTSE 100 COMPANY BY OVER 300% AND THE TOP PERFORMING FTSE 250 COMPANY BY OVER 70%†.**

† Growth measured by comparing the subscription price under the Equity for Punks II offer (closed 31st December 2011) with Company's per share valuation following TSG investment (completed 6th April 2017)



# ARE YOU AN EQUITY FOR PUNKS, PUNK?

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

We believe that the best way to develop BrewDog and further grow our business is to ask you, the people who enjoy our beers, to be involved in our future. Our growth so far has been phenomenal and, with that growth all set to continue, we want you to share in our future success and claim your very own part of BrewDog.

This is going to be an awesome journey and we want you to join us on it. With your investment there is no telling how far we can go.

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

**“HERE’S TO THE CRAZY ONES. THE MISFITS. THE REBELS. THE ONES WHO SEE THINGS DIFFERENTLY. BECAUSE THE PEOPLE WHO ARE CRAZY ENOUGH TO THINK THEY CAN CHANGE THE WORLD, ARE THE ONES WHO DO.”**

Steve Jobs

**THIS IS YOUR FRONT ROW SEAT TO THE CRAFT BEER REVOLUTION. THIS IS EQUITY FOR PUNKS. INVEST NOW AT [WWW.BREWDOG.COM/EQUITYFORPUNKS](http://WWW.BREWDOG.COM/EQUITYFORPUNKS)**



## ADDITIONAL INFORMATION

### 1. The Offer

The Offer is an opportunity for Potential Applicants who reside in the UK or the Approved Jurisdictions to apply to subscribe for New B Shares (with a nominal value of £0.001 each) at the Issue Price in accordance with the terms of the Offer up to the Maximum Amount. In the event that applications are received in excess of the Maximum Amount, the Directors reserve the right to use their absolute discretion in the allocation of successful applications. No notification will be made to successful applicants prior to allotment and/or dispatch of definitive share certificates.

New B Shares will be allotted and issued in respect of valid applications on a monthly basis following the opening of the Offer and on any other dates on which the Directors decide.

Prior to the allotment of the New B Shares, the proceeds of the Offer shall be held by the Receiving Agent in a non-interest bearing client account and shall not be released to the Company until the date that allotments take place.

Settlement of transactions in the New B Shares may take place within the CREST system if Shareholders wish. CREST is a voluntary system and Shareholders who wish to receive and retain electronic share certificates will be able to do so. New B Shares may be issued in certified or uncertified form.

The total costs, charges and expenses payable by the Company in connection with the Offer are estimated to be £500,000 and the total net proceeds of the Offer, assuming full subscription of the initial target of £10 million (but no increase of the Offer pursuant to the stretch goal target of up to £50 million), are estimated at £9.5 million. In the event that the stretch goal is reached, the total net proceeds of the Offer are estimated to be £49.5 million.

If the Offer is fully subscribed, and is extended to its maximum amount of £50 million, a maximum of 2,105,262 New B Shares will be issued pursuant to the Offer, such New B Shares will represent approximately 2.8% of the total issued Ordinary Shares in the Company following the Offer (and approximately 18% of the total B Shares in issue), so an existing holder of B Shares who does not subscribe for New B Shares pursuant to the Offer will experience dilution.

To the best of the Company's knowledge, no existing major shareholders in the Company nor members of the Company's management, supervisory or administrative bodies intend to participate in the Offer.

Shareholders should note that the Directors may, in their absolute discretion, refuse to register any transfer of Shares whether or not they are fully paid but shall be required to provide reasons for doing so within two months. There are no other restrictions on the free transferability of the B Shares of the Company save where imposed by statute or regulation.

The New B Shares which are the subject of the Offer are unquoted and are not the subject of an application for admission to trading on any regulated market.

Further details on the procedure for, and conditions applicable to, the Offer are set out as section 5 below.

Copies of the Prospectus relating to the Offer and any related supplementary prospectus published by the Company are available for download at the National Storage Mechanism ([www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM)) and may be obtained, free of charge, from the Company's registered office, where they are also on display. The contact details of the Company are as follows:

Registered office Brewdog plc, Balmacassie Commercial Park, Ellon, Aberdeenshire, Scotland, AB41 8BX  
Website [www.brewdog.com](http://www.brewdog.com)  
Email [info@brewdog.com](mailto:info@brewdog.com)  
Telephone number 01358 724924

The directors of the Company are James Watt, Martin Dickie, Neil Simpson, Keith Greggor, David McDowall, Allsion Green, Blythe Jack and Jamie O'Hara.

### 2. Working Capital

In the opinion of the Company, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of this document.

### 3. Capitalisation and Indebtedness

The tables below show the capitalisation and indebtedness of the Company as at 30 June 2017, the most recent date in respect of which unaudited financial information of the Company has been produced.

	£ 000
<b>Total current debt</b>	<b>9,365</b>
Guaranteed	776
Secured	8,589
Unguaranteed/secured	-
<b>Total non-current debt</b>	<b>23,197</b>
Guaranteed	-
Secured	10,887
Unguaranteed/secured	12,310
<b>Shareholders' equity</b>	<b>136,863</b>
Share capital	70
Other reserves	136,863

There has been no material change in the capitalisation of the Company, total debt or shareholder equity since 30 June 2017.

The following table shows the Company's net indebtedness as at 30 June 2017

	£'000	
<b>A</b>	<b>Cash</b>	<b>92,425</b>
<b>B</b>	<b>Cash equivalent</b>	<b>-</b>
<b>C</b>	<b>Trading Securities</b>	<b>-</b>
<b>D</b>	<b>Liquidity (A+B+C)</b>	<b>92,425</b>
<b>E</b>	<b>Current financial receivables</b>	<b>9,365</b>
<b>F</b>	<b>Current bank debt</b>	<b>776</b>
<b>G</b>	<b>Current position of non-current debt</b>	<b>8,589</b>
<b>H</b>	<b>Other current financial debt</b>	<b>-</b>
<b>I</b>	<b>Current financial debt (F+G+H)</b>	<b>9,365</b>
<b>J</b>	<b>Net current financial indebtedness (I-E-D)</b>	<b>-83,060</b>
<b>K</b>	<b>Non-current bank loans</b>	<b>2,711</b>
<b>L</b>	<b>Bonds issued</b>	<b>12,310</b>
<b>M</b>	<b>Other non-current loans</b>	<b>8,176</b>
<b>N</b>	<b>Non-current financial indebtedness (K+L+M)</b>	<b>23,197</b>
<b>O</b>	<b>Net financial indebtedness (J+N)</b>	<b>-59,863</b>

The Company does not have any contingent or indirect indebtedness.

### 4. Trading Platform

In the opinion of the Company, the Company offers Shareholders the opportunity to trade their shares on a Trading Platform provided by Asset Match once a year. Currently, only existing Shareholders can buy more shares or sell their shares through the Trading Platform.

To use this system, a Shareholder informs Asset Match of the number of B Shares that he or she would like to sell and the minimum price he or she would like to sell their shares for (the Reserve Price). The platform then adds the details to an Order Book and once compiled an auction is held to match potential buyers and sellers. The Order Book is visible to all participants to aid transparency. When the auction closes a Sale Price is calculated to protect buyers and sellers from unfair or inequitable prices. A Shareholder's shares will not be sold if this price is lower than their Reserve Price. Participants are able to monitor the order book and amend their bids until the auction closes.

For running the Trading Platform and the auction process, Asset Match shall receive a fee for each transaction, which amounts to 6% of each transaction price which shall be split equally between the buyer and the seller (3% payable by the buyer and 3% payable by the seller). Asset Match is authorised and regulated by the FCA.

Shareholders should note that there can be no guarantee that there will be sufficient bidders to allow shares to be sold. Shareholders may also not be able to sell shares for more than they originally paid for them.



## 5. Procedure for application and payment

### 5.1 Conditions of Application

Potential Applicants can apply to subscribe for New B Shares by either completing a Hard Copy Application Form or an Electronic Application Form. The instructions and other terms set out in the Application Form are incorporated as part of the terms and conditions of the Offer to Potential Applicants. Details of how to subscribe by either method are set out below. If Potential Applicants wish to subscribe for more than 546 New B Shares they must apply using a Hard Copy Application Form.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions, or if it otherwise does not strictly comply with the terms and conditions of the Offer.

Multiple applications may be accepted.

If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer New B Shares than the number applied for, or if in any other circumstances there is an excess payment in relation to an application, the application monies or the balance of the amount paid or the excess paid on application will be returned without interest to the Potential Applicant.

### 5.2 Hard Copy Application Forms

#### (a) General

Save as provided for in paragraph 7 below in relation to Overseas Applicants, Potential Applicants may complete a Hard Copy Application Form to subscribe for any number of New B Shares. If Potential Applicants complete a Hard Copy Application Form then payment must be made by either cheque or bankers draft.

#### (b) Application Procedures

Potential Applicants should print off and complete the Hard Copy Application Form in accordance with the instructions printed on it. Completed Hard Copy Application Forms should be returned to Computershare by post at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal office hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol BS13 8AE (who will act as Receiving Agent and Registrar in relation to the Offer), so as to be received by Computershare in either case, by no later than 11.00a.m. on 15 January 2018 (though the Offer may close earlier than this if fully subscribed or be extended at the discretion of the Directors), after which time Hard Copy Application Forms will not be valid. If a Hard Copy Application Form is being sent by first-class post in the UK, Potential Applicants are recommended to allow at least four working days for delivery. Hard Copy Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided. Potential Applicants should note that Hard Copy Applications, once made, will be irrevocable and receipt thereof will not be acknowledged.

Completed Hard Copy Application Forms must be accompanied with either a cheque or banker's draft drawn in sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of these two companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner and must be for the full amount payable on application.

Cheques should be drawn on a personal account in respect of which the Potential Applicant has sole or joint title to the funds and should be made payable to "Computershare re BrewDog plc" and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/ bankers' draft to such effect. However, third party cheques will be subject to the Money Laundering Regulations which could delay Potential Applicants receiving their New B Shares. The account name should be the same as that shown on the Application Form. Payments via CHAPS, BACS or electronic transfer will not be accepted when completing a Hard Copy Application Form.

Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Offer that cheques and banker's drafts will be honoured on first presentation. The Company may elect to treat as valid or invalid any applications made by Potential Applicants in respect of which cheques are not so honoured. Pending allotment of New B Shares, the application monies will be kept in a separate interest bearing bank account with any interest being retained for the Company.

All documents and remittances sent by post by, from or on behalf of a Potential Applicant (or as the Potential Applicant may direct) will be sent at the Potential Applicant's own risk. In the event that a document or remittance is not received, the Receiving Agent will not be liable. Potential Applicants bear the risk of documents or remittances being lost and should contact the Receiving Agent to arrange the dispatch of replacements if this occurs.

### 5.3 Electronic Application Forms

#### (a) General

Save as provided for in paragraph 7 below in relation to Overseas Applicants, Potential Applicants may complete the Electronic Application Form if they wish to subscribe for up to 546 New B Shares and pay using Electronic Payment. If Potential Applicants wish to subscribe for more than 546 New B Shares they should do so by using the Hard Copy Application Form.

### (b) Application Procedures

Potential Applicants wishing to apply to acquire New B Shares and pay by Electronic Payment should complete the Electronic Application Form in accordance with the instructions on it. Completed Electronic Application Forms should be submitted via the Website no later than 11.00 a.m. on 15 January 2018 (though the Offer may close earlier than this if fully subscribed), after which time Electronic Application Forms will not be valid. Potential Applicants should note that applications, once submitted via the Website, will be irrevocable and receipt thereof will not be acknowledged. All Electronic Application Forms must be submitted while making Electronic Payment via the Website. Any checks which the Registrar requires to carry out under the Money Laundering Regulations may delay Potential Applicants receiving their New B Shares (see paragraph 6 below)

### 5.4 Effect of Application

By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company and the Receiving Agent that he has the right, power and authority, and has taken all action necessary, to make the application under the Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New B Shares or acting on behalf of any such person on a non-discretionary basis.
- (ii) agrees that all applications under the Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by and construed in accordance with the laws of Scotland;
- (iii) confirms that in making the application he is not relying on any information or representation in relation to the Company other than those contained in the Prospectus and any documents incorporated by reference, and the applicant accordingly agrees that no person responsible solely or jointly for the Prospectus including any documents incorporated by reference or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read the Prospectus, including any documents incorporated by reference, he will be deemed to have had notice of all information in relation to the Company contained in the Prospectus (including information incorporated by reference);
- (iv) confirms that he is 18 years of age or older;
- (v) confirms that no person has been authorised to give any information or to make any representation concerning the Company or the New B Shares (other than as contained in the Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company;
- (vi) requests that the New B Shares be issued to him on the terms set out in the Prospectus and the Application Form, subject to the provisions of the Articles;
- (vii) represents and warrants to the Company and the Receiving Agent that he is not, nor is he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for New B Shares is prevented by law and he is not applying with a view to reoffering, reselling, transferring or delivering any of the New B Shares which are the subject of this application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for New B Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for New B Shares under the Offer; and
- (viii) represents and warrants to the Company and the Receiving Agent that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986 (as amended or replaced from time to time).

All enquiries in connection with the procedure for application and completion of either of the Application Forms should be made to the Registrar on the helpline 0870 707 1816, or, if calling from overseas, +44 870 707 1816. Calls are charged at the standard geographic rate and will vary by provider. Calls outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services PLC cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

### 6. Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations, the Registrar may require, in its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements is the responsibility of such broker or intermediary and not of the Registrar. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment including any person who appears to the Registrar to be acting on behalf of some other person, accepts the Offer and shall thereby be deemed to agree to provide the Registrar with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.



If the Registrar determines that certain verification of identity requirements are required, the relevant New B Shares (notwithstanding any other term of the Offer) will not be issued to the Potential Applicant unless and until the verification of identity requirements have been satisfied in respect of that Potential Applicant. The Registrar is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Potential Applicant and whether such requirements have been satisfied, and neither the Registrar nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the acceptance of applications. If, within a reasonable time following a request for verification of identity, the Registrar has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Receiving Agent and the Company from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) if the Potential Applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or
- (ii) if the Potential Applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (iii) if the Potential Applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (iv) if the aggregate subscription price for the New B Shares is less than €5,000 (approximately £13,300).

In other cases, the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in sterling drawn on a branch in the UK of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to "Computershare re BrewDog plc" in respect of an application by a Potential Applicant and crossed "A/C Payee Only" in each case. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. However, third party cheques will be subject to the Money Laundering Regulations which could delay Potential Applicants receiving their New B Shares. The account name should be the same as that shown on the Application Form; or
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 5.1(i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrar. If the agent is not such an organisation, it should contact the Registrar on the telephone number below.

To confirm the acceptability of any written assurance referred to in paragraph 5.1(b) above, or in any other case, the acceptor should contact the Registrar on the helpline 0870 707 1816, or, if calling from overseas, +44 870 707 1816. Calls are charged at the standard geographic rate and will vary by provider. Calls outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services PLC cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If the Application Form(s) is/are in respect of New B Shares with an aggregate subscription price per applicant of €5,000 (approximately £13,300) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of New B Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and separate evidence of his address.

If, within a reasonable period of time following a request for verification of identity the Registrar has not received evidence satisfactory to it, the Registrar may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest by cheque or directly to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence).

## 7. Overseas Applications

### 7.1 General

This Offer is being made only to persons who have registered addresses in, or who are resident in, or citizens of, the UK and the Approved Jurisdictions.

This Prospectus has been approved by the FCA in the UK. Pursuant to the passporting provisions of FSMA, the Company has requested that the FCA provides a certificate of approval and a copy of this document to the relevant competent authorities (with a translation into the appropriate language of the Summary, where relevant) in the Approved Jurisdictions.

The distribution or downloading of the Prospectus and an Application Form and the making of the Offer to (or its acceptance by) persons who have registered addresses in, or who are resident in, or citizens of, countries other than the UK but within the Approved Jurisdictions may be affected by the laws of the relevant jurisdiction. The comments set out in this paragraph 7 are intended as a general guide only and any Potential Applicant who is in doubt as to his position should consult their professional advisers. It remains the responsibility of any person outside the UK wishing to take up rights to New B Shares to satisfy him or herself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. For the avoidance of doubt, this Offer is not made to any persons who have registered addresses in, or who are resident in, or citizens of, countries that are Restricted Jurisdictions.

The Company reserves the right to treat as invalid any application or purported application for New B Shares that appears to the Company or its agents to have been executed, effected or dispatched by an Excluded Overseas Applicant or on behalf of such a person by their agent or intermediary or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements. Notwithstanding any other provision of the Prospectus or the Application Form, the Company reserves the right to permit any Potential Applicant who is an Excluded Overseas Applicant to apply for New B Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Receipt of the Prospectus and/or an Application Form will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, the Prospectus and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

No action has been or will be taken by the Company or any other person to permit a public offering or distribution of the Prospectus (or any other offering or publicity materials or application form(s) relating to the New B Shares) in any jurisdiction where action for that purpose may be required, other than in the UK and the Approved Jurisdictions.

Neither the Company nor any of its representatives is making any representation to any offeree or purchaser of New B Shares regarding the legality of an investment in the New B Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) downloading a copy of the Prospectus and/or an Application Form, in connection with the Offer or otherwise, should not distribute or send either of those documents in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exceptions, Excluded Overseas Applicants or their agents or intermediaries will not qualify to participate in the Offer and will not be entitled to download, print or complete an Application Form except where the Company is satisfied, at its sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in the relevant jurisdiction. For the avoidance of doubt, no public offer of New B Shares is being made by virtue of the Prospectus or the Application Forms into any Restricted Jurisdiction and these New B Shares may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

If a copy of the Prospectus (or any part thereof) and/or an Application Form is downloaded or received (by whichever means) by any person in any such territory, or by his custodian, agent, nominee or trustee, he must not seek to apply for New B Shares unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of the Prospectus and/or an Application Form into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph.

Overseas Applicants who wish, and are permitted, to apply for New B Shares should note that payment must be made in sterling denominated cheques or bankers' drafts in respect of Hard Copy Applications and Electronic Payment in the case of Electronic Applications.



## 7.2 United States

The Prospectus is intended for use only in connection with offers and sales of New B Shares outside the United States and is not to be downloaded by, sent, forwarded, transmitted or distributed, reproduced in whole or in part in any manner whatsoever, to any person within the United States whether in electronic, hard copy or any other format. The New B Shares offered hereby are not being registered under the Securities Act and subject to certain exceptions, the New B Shares will be distributed, offered or sold, as the case may be, outside the United States in offshore transactions within the meaning of, and in accordance with, Regulation S under the Securities Act.

Each person to which the New B Shares are distributed, offered or sold outside the United States will be deemed by its subscription for, or purchase of, the New B Shares to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing or purchasing the New B Shares, as the case may be, that:

- (i) it is acquiring the New B Shares from the Company in an "offshore transaction" as defined in Regulation S under the Securities Act; and
- (ii) the New B Shares have not been offered to it by the Company by means of any "directed selling efforts" as defined in Regulation S under the Securities Act.

Each subscriber or purchaser acknowledges that the Company will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by its subscription for, or purchase of, the New B Shares, as the case may be, are no longer accurate, it shall promptly notify the Company. If such subscriber or purchaser is subscribing for, or purchasing, the New B Shares as a fiduciary or agent for one or more investor accounts each subscriber or purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

## 7.3 Canada

The Prospectus is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of these securities in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the New B Shares, and any representation to the contrary is an offence.

In addition, the relevant exemptions are not being obtained from the appropriate provincial authorities in Canada. Accordingly, the New B Shares are not being offered for purchase by persons resident in Canada or any territory or possessions thereof. Applications from any Canadian Person who appears to be or whom the Company has reason to believe to be so resident or the agent of any person so resident will be deemed to be invalid. Neither the Prospectus (nor any part thereof) nor an Application Form may be downloaded or sent to any person whose registered address is in Canada. If any Application Form is received by any person whose registered address is elsewhere but who is, in fact, a Canadian Person or the agent of a Canadian Person so resident, he should not apply under the Offer.

For the purposes of this paragraph 7.3, "Canadian Person" means a citizen or resident of Canada, including the estate of any such person or any corporation, partnership or other entity created or organised under the laws of Canada or any political sub-division thereof.

## 7.4 Australia

Neither the Prospectus (nor any part thereof) nor the Application Form has been lodged with, or registered by, the Australian Securities and Investments Commission. A person may not: (i) directly or indirectly offer for subscription or purchase or issue an invitation to subscribe for or buy or sell, the New B Shares; or (ii) distribute any draft or definitive document in relation to any such offer, invitation or sale, in Australia or to any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of such a corporation or entity located outside Australia). Accordingly, neither the Prospectus (nor any part thereof) nor any Application Form will be available to be downloaded by Potential Applicants with registered addresses in, or to residents of, Australia.

## 7.5 Other Restricted Jurisdictions

No offer of New B Shares is being made by virtue of the Prospectus or the Application Forms into any Restricted Jurisdiction.

The New B Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

## 7.6 Representations and warranties relating to Overseas Applicants

Any person completing and returning an Application Form or requesting registration of the New B Shares comprised therein represents and warrants to the Company and the Registrar that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant New B Shares from within any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire New B Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction; and (iv) such person is not acquiring New B Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New B Shares into any of the above territories.

The Company and/or the Registrar may treat as invalid any acceptance or purported acceptance of the allotment of New B Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) purports to exclude the representation and warranty required by this sub-paragraph.

## 7.7 Waiver

Potential Applicants may be waived, varied or modified as regards specific persons or on a general basis by the Company, in its absolute discretion.

Subject to this, the provisions of this paragraph 7 supersede any terms of the Offer inconsistent herewith. References in this paragraph 7 shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 7 shall apply to them jointly and to each of them.

## 8. Issue

The result of the Offer is expected to be periodically announced on the Company's website with the final results to be announced within five Business Days of the Offer closing. Share certificates in respect of the New B Shares validly applied for are expected to be dispatched by email within one week of the New B Shares being allotted. No temporary documents of title will be issued pending the issue of electronic share certificates. All documents sent by, to, from or on behalf of applicants, or as they may direct, will be sent via email. In the event that an email or document is not received, Investors should contact the Receiving Agent to arrange the dispatch of a replacement.

## 9. Times and dates

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

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

## 10. Taxation

Certain statements regarding UK taxation in respect of the New B Shares and the Offer are set out on pages 46-47. Potential Applicants who are in any doubt as to their tax position in relation to taking up their entitlements under the Offer, or who are subject to tax in any jurisdiction other than the UK, should immediately consult a suitable professional adviser.

## 11. Governing law and jurisdiction

The terms and conditions of the Offer as set out in the Prospectus, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of Scotland. The courts of Scotland are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offer, the Prospectus or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Offer, the Prospectus or the Application Forms. By taking up New B Shares under the Offer in accordance with the instructions set out in the Prospectus and, where applicable, either of the Application Forms, Potential Applicants irrevocably submit to the jurisdiction of the courts of Scotland and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## Further information

Your attention is drawn to the further information set out in the Prospectus and also to the terms, conditions and other information printed on either Application Form.



## TAXATION

### 1. UK Taxation

The following information, which sets out the taxation treatment for holders of New B Shares, is based on existing law in force in the UK and what is understood to be current HM Revenue & Customs ("HMRC") practice, each of which may be subject to change, possibly with retroactive effect. It is intended as a general guide only and applies to potential shareholders who are resident or ordinarily resident in the UK for tax purposes (except to the extent that specific reference is made to potential shareholders resident or ordinarily resident outside the UK), who will hold the New B Shares as investments and who are the absolute beneficial owners of those New B Shares but is not applicable to all categories of potential shareholders, and in particular, is not addressed to (i) special classes of potential shareholders such as dealers in securities or currencies, broker-dealers or investment companies and (ii) potential shareholders who have acquired their New B Shares by virtue of or in connection with their or another's office or employment.

The information does not purport to be comprehensive or to describe all potential relevant tax considerations and does not generally consider tax relief or exemptions. Potential Applicants who are in doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK, are strongly recommended to consult their professional advisers.

#### Dividends

Under current UK tax legislation the Company will not be required to withhold UK tax from any dividends paid by the Company.

A Potential Applicant who is an individual and resident (for tax purposes) in the UK who receives a dividend from the Company will be entitled to a tax credit equal to one-ninth of the cash dividend received which he may set off against his total income tax liability for the tax year in which the dividend is received. Basic rate taxpayers will normally have no further liability to tax on the dividend. In the current tax year, higher rate taxpayers will be liable to tax on the sum of the dividend plus the tax credit at the higher rate of 32.5% against which liability the tax credit can be offset. The effective rate of tax to a higher rate taxpayer is 25% of the cash dividend received.

Subject to certain limited exceptions, a Potential Applicant who is a corporate and resident (for tax purposes) in the UK will not be liable to UK corporation tax on any dividend received from the Company. Such corporate shareholders will not be able to reclaim repayment of the tax credit attaching to any dividend.

UK pension funds are generally exempt from tax on dividends they receive and will not be able to reclaim the tax credit attaching to any dividend paid by the Company.

The right of a Potential Applicant who is not resident (for tax purposes) in the UK to a tax credit in respect of a dividend received from the Company and to claim payment of any part of that tax credit from HMRC will depend on the existence of and the prevailing terms of any double taxation convention between the UK and the country in which the potential shareholder is resident. Such a potential shareholder should consult his own tax adviser concerning his tax liability on dividends received, whether he is entitled to claim any part of the tax credit, and if so, the procedure for doing so.

#### Chargeable Gains – Disposal of New B Shares

A disposal of New B Shares acquired under the Offer by a Potential Applicant who is resident, or in the case of an individual, ordinarily resident in the UK for tax purposes in the relevant year of assessment may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax (where the Potential Applicant is an individual) or UK corporation tax on chargeable gains (where the Potential Applicant is a corporation and liable for UK corporation tax), depending on the circumstances and subject to any available exemption or relief.

An individual Potential Applicant who ceases to be resident or ordinarily resident in the UK (for tax purposes) for a period broadly of less than five years and who disposes of the New B Shares during that period may also be liable to UK capital gains tax on his return to the UK (subject to any available exemption or relief).

A Potential Applicant who is not resident or, in the case of an individual, ordinarily resident for tax purposes in the UK (and is not temporarily non-resident as described above) will not be liable for UK tax on capital gains realised on the sale or other disposal of his New B Shares unless such New B Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the UK through a branch or agency or, in the case of a corporate Potential Applicant, through a permanent establishment. Such Potential Applicant may be subject to foreign taxation on any gain subject to the terms of any applicable double tax treaty.

#### Inheritance Tax ("IHT")

The New B Shares are assets situated in the UK for the purposes of UK IHT. The gift of such shares by, or on the death of, an individual Potential Applicant may give rise to a liability to pay IHT.

#### Stamp Duty and stamp duty reserve tax ("SDRT")

Any transfer by Potential Applicants in the New B Shares will be subject to stamp duty or SDRT in the normal way. The transfer on sale of New B Shares will generally be liable to stamp duty at the rate of 0.5 per cent. (rounded to the nearest multiple of £5) of the consideration paid. An unconditional agreement to transfer such shares will generally be liable to SDRT at the rate of 0.5 percent of the consideration paid, but such liability will be cancelled if the agreement is completed by a duly-stamped transfer within six years of the agreement having become unconditional.

The statements in this paragraph are intended as a general guide to the current UK stamp duty and SDRT position and do not apply (i) to persons such as market makers, dealers, brokers, intermediaries and persons (or nominees or agents for such persons) who issue depositary receipts or operate clearance services to whom special rules apply or (ii) as regards transfers of shares to any of the persons mentioned in (i).

If New B Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services (a "Clearance

Service") or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts (a "Depositary Receipts System"), stamp duty or SDRT will generally be payable at the higher rate of 1.5 percent of the consideration payable, or in certain circumstances, the value of the New B Shares (rounded up to the nearest multiple of £5 in the case of stamp duty).

### 2. Taxation outside the UK

Withholding taxation: Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Iceland, Ireland, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia and Sweden.

As far as the Company is aware, under the current law of the above named jurisdictions, the Company will not be required to withhold tax in that jurisdiction at source from dividend payments it makes.

#### Austria: Withholding Taxation

Any payments of dividends in respect of the New B Shares will generally be made free of any withholding or deduction for or on account of any taxes in Austria, save as described below. Under certain conditions, withholding tax at a rate of up to 25% may apply if the New B Shares, as applicable, are deposited with an Austrian resident entity acting as depositary or custodian.

#### Belgium: Withholding Taxation

Dividends paid by the Company will be subject to withholding tax at the rate of 25% if paid or made available through a professional intermediary in Belgium, and subject to such relief as may be available under applicable domestic provisions. Dividends subject to the dividend withholding tax include all benefits paid on or attributed to the New B Shares, irrespective of their form, as well as reimbursements of statutory capital, except reimbursements of fiscal capital provided certain conditions are complied with. In principle, fiscal capital includes the paid-up statutory capital, paid-up issue premiums and the amounts subscribed to at the time of the issue of profit-sharing certificates, if treated in the same way as capital according to the articles of association of the Company.

#### France: Withholding Taxation

Any payments of dividends by the Company will generally be made free of any withholding or deduction for or on account of any taxes in France, save as described below. A mandatory withholding tax is levied at the rate of 21% on any dividends paid by a paying agent established in France to French tax resident individuals holding ordinary shares as part of their private assets, or upon election for such withholding at source by the individual if the paying agent is based elsewhere in the EU, in Iceland, Norway or Liechtenstein.

#### Germany: Withholding Taxation

Any payments of dividends by the Company will generally be made free of any withholding or deduction for or on account of any taxes in Germany, save as described below. A mandatory German withholding tax (Kapitalertragsteuer) will be levied at the rate of 26.375% (including solidarity surcharge (Solidarit.tszuschlag)) against any German tax resident shareholders on dividends and on capitals gains realised upon the sale of New B Shares, subject to certain exceptions, if paid in its capacity as paying agent (auszahlende Stelle) by a German branch of a German or non-German credit or financial services institution or by a German securities trading business or a German securities trading bank established in Germany.

#### Italy: Withholding Taxation

Any payments of dividends by the Company will generally be made free of any withholding or deduction for or on account of any taxes in Italy, save as described below. Under certain conditions, withholding taxes may apply if the New B Shares are deposited with an Italian resident entity or in the event that an Italian financial intermediary intervenes, in any way, in the collection of the dividend payments.

#### Spain: Withholding Taxation

Any payments of dividends by the Company will generally be made free of any withholding or deduction for or on account of any taxes in Spain. However, under certain conditions, withholding taxes may apply if the New B Shares, as applicable, are deposited with a Spanish resident entity acting as depositary or custodian.

**The statements above in relation to non-UK withholding tax do not amount to tax advice and Potential Applicants in those jurisdictions should seek their own independent advice.**



## TAXATION

### Definitions

The following definitions apply throughout the Prospectus, unless the context requires otherwise:

**"1985 Act"** the Companies Act 1985

**"2006 Act"** the Companies Act 2006

**"Application Forms"** the Hard Copy Application Form and/or the Electronic Application (as the context requires)

**"Articles"** the articles of association of the Company (as amended or replaced from time to time)

**"Approved Jurisdiction"** includes and is limited to the following jurisdictions: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK

**"Asset Match"** means Asset Match limited (company number 07681197) registered at 1 Bow Lane, London, EC4M 9EE

**"A Shares"** the A ordinary shares of £0.001 each in the capital of the Company with the rights and restrictions as set out in the Articles

**"B Shares"** together the Existing B Shares and the New B Shares

**"Board"** the board of directors of the Company

**"BrewDog"** or **"Company"** BrewDog plc, a company registered in Scotland with registered number SC311560

**"Business Day"** any day on which banks are generally open in Aberdeen and London for the transaction of business, other than a Saturday or Sunday or a public holiday

**"Computershare"** Computershare Investor Services PLC (company number 03498808) registered at the Pavilions, Bridgwater Road, Bristol, BS13 8AE

**"Directors"** the directors of the Company, whose names are set out on page 38 of this Securities Note and "Director" shall mean any one of them

**"Electronic Application Form"** the application form which may be completed online from the Website for use by Potential Applicants relating to applications for New B Shares when they wish to pay by Electronic Payment

**"Electronic Payment"** payment by debit card or credit card as detailed on the Website will be accepted by the Receiving Agent, who may in its absolute discretion reject any payment

**"EU"** the European Union

**"Excluded Overseas Applicant"** other than as agreed in writing by the Company and as permitted by applicable law, Potential Applicants who are located or have registered addresses in a Restricted Jurisdiction

**"Executive Directors"** James Bruce Watt, Alan Martin Dickie, Gareth Bath, Allison Dawn Green, David McDowall, Luis Gaston Garrido and Neil Allan Simpson, being the executive directors of the Company

**"Existing Shares"** or **"Existing Ordinary Shares"** the A and Existing B Shares in issue as at the date of the Prospectus

**"Existing B Shares"** the 11,786,830 B ordinary shares of £0.001 each in issue prior to the date of this Offer Document

**"Group"** means the Company and all of its subsidiaries as described and set out on page 30 of this document

**"FCA"** the Financial Conduct Authority

**"FSMA"** the Financial Services and Markets Act 2000 as amended

**"Hard Copy Application Form"** the Application Form which may be downloaded from the Website and completed in hard copy form for use by Potential Applicants relating to applications for New B Shares when they wish to pay by cheque or bankers draft

**"HMRC"** HM Revenue & Customs

**"Issue"** the issue of the New B Shares to the successful Potential Applicants

**"Issue Price"** £23.75 per New B Share

**"London Stock Exchange"** London Stock Exchange plc

**"Maximum Amount"** means the prescribed maximum amount to be raised under the Offer which is £10 million unless the size of the Offer is increased at the discretion of the Directors to no more than £50 million

**"Memorandum of Association"** the Company's memorandum of association

**"Money Laundering Regulations"** the Money Laundering Regulations 2007 (SI 2007/2 157)

**"Net Proceeds"** approximately £9,500,000 (or up to £45,500,000 if the over-allotment facility is fully utilised) being the net proceeds from the issue of the New B Shares under the Offer

**"New B Shares"** up to 2,105,262 B ordinary shares of £0.001 each proposed to be issued by the Company pursuant to the Offer

**"Non-Executive Directors"** Charles Keith Greggor, Frances Blythe Jack and James Lewis O'Hara

**"Offer"** or **"Equity For Punks V"** the invitation by the Company to Potential Applicants to apply to subscribe for New B Shares on the terms and conditions set out in the Prospectus and in the Application Form

**"Official List"** the Official List of the UK Listing Authority

**"Order Book"** an electronic order book containing details of the number of shares that a shareholder would like to sell and the Reserve Price

**"Ordinary Shares"** means the A Shares and the B Shares

**"Overseas Applicants"** Potential Applicants who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK which may be affected by the laws or regulatory requirements of the relevant jurisdictions

**"Potential Applicants"** means applicants for New B Shares who have registered addresses in, or who are resident in, or citizens of the UK or an Approved Jurisdiction

**"Prospectus"** together, this document, the Registration Document and the Summary

**"Receiving Agent"** Computershare

**"Registrar"** Computershare

**"Registration Document"** the registration document published by the Company of even date with this Securities Note, forming part of the Prospectus

**"Regulation S"** Regulation S promulgated under the Securities Act

**"Reserve Price"** the minimum price a Shareholder would be willing to sell each Share which they wish to sell through the Trading Platform

**"Restricted Jurisdiction"** each of Australia, Canada, Japan, New Zealand, South Africa and the United States

**"Sale Price"** the set price for shares to be sold on the Trading Platform which is calculated using an algorithm that determines the price at which most shares will change hands

**"Securities Act"** the United States Securities Act of 1933 (as amended)

**"Securities Note"** this document, forming part of the Prospectus

**"Section 551 Amount"** has the meaning set out in the Articles

**"Shareholders"** holders of A Shares or B Shares, each individually being a "Shareholder"

**"Statutes"** the 1985 Act, the 2006 Act and every other statute (and any subordinate legislation, order or regulations made under any of them) concerning companies and affecting the Company, in each case, as they are for the time being in force

**"Summary"** the summary published by the Company of even date with the date of this Securities Note, forming part of the Prospectus

**"Takeover Code"** the City Code on Takeovers and Mergers

**"Trading Platform"** is an electronic trading platform hosted by Asset Match which provides a facility whereby Shareholders are able to buy and sell Ordinary Shares in the Company

**"UK"** or **"United Kingdom"** the United Kingdom of Great Britain and Northern Ireland

**"UKLA"** the FCA acting in its capacity as competent authority for Part VI of FSMA

**"United States"** or **"US"** the United States of America, its territories and possessions, any state of the United States and the District of Columbia

**"Website"** www.brewdog.com/equityforpunks and www.equityforpunks.com

In the Prospectus all references to times and dates are a reference to those observed in London, UK. In this Prospectus the symbols "£" and "p" refer to pounds and pence sterling respectively.

**IF WE DISBELIEVE EVERYTHING, BECAUSE WE CANNOT CERTAINLY KNOW ALL THINGS, WE SHALL DO MUCH WHAT AS WISELY AS HE, WHO WOULD NOT USE HIS LEGS, BUT SIT STILL AND PERISH, BECAUSE HE HAD NO WINGS TO FLY**

John Locke.

**FOR MORE INFORMATION, VISIT [WWW.BREWDOG.COM/EQUITYFORPUNKS](http://WWW.BREWDOG.COM/EQUITYFORPUNKS)**



# **BREWDOG PLC**

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**REGISTRATION DOCUMENT  
OFFER FOR SUBSCRIPTION  
16 OCTOBER 2017**

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This document, the Securities Note and the Summary, which together comprise a prospectus (the "Prospectus") relating to the Company, have been prepared in accordance with the Prospectus Rules made under section 73A and in accordance with section 84 of FSMA and the Prospectus has been approved by and filed with the FCA.

No application has been made, nor is intended to be made, for any shares (including the New B Shares) in the capital of the Company to be dealt in or listed on any stock exchange or market. The New B Shares will rank pari passu with existing issued B Shares from the date of issue.

The Company and its Directors, whose names appear on pages 10 to 11 of this document, accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Company and its Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

## BREWDOG PLC

Incorporated in Scotland under the Companies Act 2006  
with registered number SC311560

### OFFER FOR SUBSCRIPTION

for up to £10 million worth of New B Shares  
(with an overallotment facility for up to an additional £40 million)  
at a subscription price of £23.75 per New B Share  
with a minimum subscription of two New B Shares

Share capital of the Company immediately following the Offer, assuming Full Subscription (ignoring the Overallotment Facility):

Share class	No. of Shares	Nominal value
A Shares	43,625,668	£0.001
Existing B Shares	11,786,830	£0.001
New B Shares	421,052	£0.001
Preferred C Ordinary shares	16,160,849	£0.001
Total	71,994,399	

The subscription list for the Offer will open on 16 October 2017 and will close on the earlier of Full Subscription and 15 January 2018. The minimum subscription under the Offer is £47.50 for two New B Shares (and New B Shares may only be subscribed in blocks of two thereafter) and the Offer is not underwritten. Assuming Full Subscription but no increase to the size of the Offer, the total raised under the Offer will be approximately £10 million before issue costs.

Your attention is drawn to the risk factors set out on pages 4-6 of this document. An investment in the Company is only suitable for Investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might arise.

This document should be read in conjunction with the Summary and Securities Note, which may be obtained from the Company's website [www.brewdog.com](http://www.brewdog.com) and the offices of the Company's solicitors:

RW Blears LLP      telephone: 020 773 5213  
29 Lincoln's Inn Fields      website: [www.blears.com](http://www.blears.com)  
London WC2A 3EG      email: [frank@blears.com](mailto:frank@blears.com)

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# RISK FACTORS

## Your capital is at risk if you invest in the Company and you may lose some or all of your investment.

Any investment in New B Shares involves a high degree of risk. Accordingly, prospective Investors should carefully consider the specific risk factors set out below, in addition to the other information contained in the Prospectus, before making any investment decision.

The risks listed do not necessarily comprise all those associated with an investment in the New B Shares and are not set out in any particular order of priority. Additional risks and uncertainties currently unknown to the directors, or which they consider to be immaterial at this time, may also have an adverse effect on BrewDog's business and an investment in the New B Shares. An investment in BrewDog may not be suitable for all recipients of the Prospectus. Potential Applicants are accordingly advised to consult an independent professional adviser authorised for the purposes of FSMA who specializes in investments of this kind before making any decision to invest. A Potential Applicant should consider carefully whether an investment in BrewDog is suitable in the light of his or her personal circumstances and the financial resources available to him or her.

## Risks associated with the New B Shares

- BrewDog is an unlisted company and whilst this may change in the future, there are no specific plans in place to seek a public quotation on any recognised investment exchange or other market for the New B Shares and there can be no guarantee of when or if this will occur. As such, BrewDog is not subject to the Listing Rules of the UKLA, the AIM Rules, the UK Corporate Governance Code or any other similar rules or regulations applying to companies with securities admitted to or traded on a regulated market or exchange. Accordingly, shareholders in BrewDog will have neither the rights nor protections available to shareholders in publicly quoted companies.
- The holders of the A Shares, which represent more than 50% of the Company's issued shares, will usually be able to carry any vote to be made at a general meeting in relation to general commercial matters. The holders of the A Shares will not be capable of approving any resolution which would impact upon the rights of the B Shares without a separate resolution of the holders of the B Shares being passed.
- The Company has issued Preferred C Shares which are entitled to a liquidation preference over the B Shares. As such, in the event that the Company's entire capital is returned to shareholders or if the Company is wound up, the C Shareholders will be entitled to a sum equal to the greater of (a) that which they would receive were all shares in the Company to rank pari passu and (b) their subscription price plus an 18% compound annual return on that subscription price for the period from issue to the point at which capital was returned. As such, B Shareholders may be subject to reduced (or nil) entitlement to liquidation or other capital proceeds in the event that the Company does not have enough capital to satisfy (or satisfy in full) the Preferred C Share liquidation preference.
- The Company may undertake further equity financing which may be dilutive to existing Shareholders or result in an issuance of securities (such as further Preferred C Shares or other classes with enhanced rights) whose rights, preferences and privileges are senior to those of holders of B Shares, reducing the value of B Shares subscribed for under the Offer and the Company may take such actions without the specific consent of the holders of B Shares.
- The Company has recently resolved that 10% of its annual profits will be donated to charities selected by its Equity Punk investors and members of staff. This will reduce the amount of profits available to pay dividends to shareholders and to reinvest in the expansion of the Company's business.
- The Company has also resolved to distribute a further 10% of its annual profits evenly amongst its staff. While this will reduce the amount of profits available to pay dividends to shareholders and to reinvest in the expansion of the Company's business, the Company consider this key in motivating and rewarding its most important resource, its people, and in attracting new talent.

## Risks associated with the Company's operations and business

- Whilst the Company has recently completed construction of a new brewing facility in the US, the Company's UK and European brewing business is highly concentrated on one site at Ellon and a prolonged disruption to brewing activities (e.g. due to fire or industrial action) at its brewing site could have a negative effect on the Company's ability to brew its products. This could have a negative effect on the Company's operating results, financial condition and prospects.
- The Company has made an investment of approximately \$24.5 million in a new brewing facility in Columbus, Ohio through its subsidiary BrewDog USA Inc. through which it has launched its US brewing and commercial operations and to which it has consequently provided a line of credit, repayable on demand and with a coupon in line with IRS guidelines for short term debt of this nature. It is not currently envisaged that the amount of credit to be extended to BrewDog USA Inc. by the Company will exceed \$30 million. In the event that the Group's US operations prove unsuccessful, this could have a detrimental impact on the Company's profitability.
- BrewDog USA Inc., a subsidiary of the Company, recently closed an offer for stock in the US where it is raised \$7.1 million for approximately 2.0% of its total issued stock (the remainder being held by the Company). BrewDog USA Inc. is seeking to raise up to \$50 million overall in the next 12 months through a series of offers for its stock subject to a maximum of 14.29% of BrewDog USA Inc.'s overall stock being subscribed for. The proceeds of these offers will be used to fund salaries, construction costs, equipment purchases, working capital and marketing expenses associated with the launch of the Group's US operations through its subsidiary BrewDog USA Inc. and centered around its newly constructed brewery in Columbus, Ohio. In the event that this offering programme is ultimately unsuccessful or additional costs are incurred as a consequence of this offering, the Company may need to provide further funding from its other reserves, in the first instance from its cash holdings (which were approximately £60 million as at 30 June 2017), to ensure the on-going operation of its US business and this could have a detrimental impact on the Company's profitability.
- The Company has incurred and intends to continue to incur debt finance in a number of forms including bank loans and overdrafts, hire purchase contracts and corporate bond issues. In the year ended 31 December 2016, the Company's total finance costs were £560,000. Whilst complying with its repayment obligations under this indebtedness on a continuing basis is an expense to the Company which may have an adverse effect on the Company's profitability, the directors do not consider these debt arrangements to be materially restrictive on its operations and the directors consider the danger of breach of any applicable financial covenants to be low, particularly in the next 12 to 18 months.
- Some or all of the BrewDog bars could lose their licences to sell alcoholic beverages or have their hours of operation curtailed as a result of hearings of the licensing boards in the relevant councils or borough areas where each of the bars is located or as a result of any changes in legislation governing licensed premises in the various jurisdictions in which bars in which BrewDog has an interest are or may be located, with an adverse effect on the Company's profitability.
- The costs of establishing and operating new BrewDog bars, licensed to sell alcohol, may be higher than expected. Although the directors have undertaken projections and opened similar sized licensed premises in other cities in the last year, costs may be greater in the other intended locations for new BrewDog bars and may increase as a result of economic or other factors outwith the Company's control, with a resulting adverse effect on the Company's profitability.
- The Company's success depends on the activities of its executive management team. If one or more of the current management team were unable or unwilling to continue in his or her position, the Company's business would be disrupted and it might not be able to find replacements on a timely basis or with the same level of skill and experience. Finding and hiring such replacements could be costly and might require the Company to grant significant equity awards or incentive compensation, which could adversely impact its financial results.
- The Company's operating and other expenses could increase without a corresponding increase in turnover, materially impacting the Company's financial results. Factors which could increase operating and other expenses include:

- (a) increases in the rate of inflation;
- (b) increases in taxes and other statutory charges;
- (c) changes in laws, regulations or government policies which increase the costs of compliance with such laws, regulations or policies;
- (d) significant increases in insurance premiums; and
- (e) increases in borrowing costs.

- The Company has agreements with all of its key suppliers and is reliant on positive and continuing relationships with its suppliers. Termination of those agreements, variations in their terms or the failure of a key supplier to comply with its obligations under these agreements (including if a key supplier were to become insolvent) could have a negative effect on the Company's profitability.
- An increase in the cost of raw materials or energy could affect the Company's profitability. Commodity price changes may result in unexpected increases in the cost of raw materials, glass bottles and other packaging materials used by the Company. The Company may also be adversely affected by shortages of raw materials or packaging materials. In addition, energy cost increases could result in higher transportation, freight and other operating costs. The Company may not be able to increase its prices to offset these increased costs without suffering reduced volume, sales and operating profit.
- It is important that the Company has the ability to maintain and enhance the image of its existing products. The image and reputation of the Company's products may be impacted for various reasons including litigation, complaints from customers/regulatory bodies resulting from quality failure, illness or other health concerns. Such concerns, even when unsubstantiated, could be harmful to the Company's image and the reputation of its products.
- Deterioration in the Company's brand equity (brand image, reputation and product quality) may have a negative effect on its operating results, financial condition and prospects.
- Computer and/or website and/or information system breakdowns could impair the Company's ability to service its customers leading to reduce revenue from sales and/or reputational damage.
- BrewDog will not own the BrewDog bars which are or may be established overseas pursuant to a licensing arrangement and, although BrewDog will operate some of these, most of them will be operated by local operators. As a result, BrewDog will not always be able to directly influence their operation, save as may be specifically provided in the individual licence agreement between BrewDog and the respective licensees. The bars operators may, therefore, take decisions which lead to reductions in profitability and/or reputational damage negatively affecting the value of shares in BrewDog.

#### **Risks associated with the brewing industry and the general economy**

- Changes in the general economic climate could have a detrimental impact on consumer expenditure and therefore on the Company's revenue. It is possible that recessionary pressures and other economic factors (such as declining incomes, future potential rising interest rates, higher unemployment and tax increases) may decrease the disposable income that customers have available to spend on drinking and may adversely affect customers' confidence and willingness to spend. This could lead to a reduction in the Company's revenues.
- The Company uses agricultural commodities in the manufacturing of its beers. Commodity markets are volatile and unexpected changes in commodity prices can reduce a producer's profit margin, and make budgeting difficult. Many factors can affect commodity prices, including but not limited to political and regulatory changes, weather, seasonal variations, technology and market conditions. Some of the commodities used by the Company are key ingredients in its beers and may not be easily substituted. In particular, the Company uses large quantities of hops from multiple suppliers but which are all grown in a single area of the United States and environmental or agricultural problems in this area could affect the Company's ability to source this essential ingredient of its product.
- Brexit and its effects, particularly the on-going weakness of sterling raising the cost of capital expenditure, may adversely affect the BrewDog, and as a UK company with significant exports to Europe (accounting for approximately 73% of total exports), tariffs and other measures could negatively impact the Company's profitability, although it remains too early to estimate the potential impact on of Brexit on UK businesses.

#### **Risks associated with the regulatory framework applicable to the Company**

- The brewing industry in the United Kingdom is highly regulated at both national and local levels and brewing operations require licences, permits and approvals. Delays and failures to obtain or renew required licences or permits could negatively affect the Company's operations and lead to increased costs, reducing profitability.
- Government sponsored campaigns (in the United Kingdom and in other countries where BrewDog has an interest in bars or where BrewDog sells its products) against excessive drinking, licensing reforms relating to the sale of alcoholic beverages and changes in drink driving laws may reduce demand for the Company's products and any change in the brewing legislation could impact upon future products which the Company may produce, reducing profitability.

## **FORWARD LOOKING STATEMENTS**

You should not place undue reliance on forward-looking statements. This Registration Document includes statements that are (or may be deemed to be) "forward-looking statements", which can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "intends", "may", "will", "would", "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Registration Document, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. Any such statements do not, nor are intended to, qualify the Company's working capital statement. Information in this document will be updated as required by the Prospectus Rules.

# DEFINITIONS

Where used in this document the following words and expressions will, unless the context otherwise requires, have the following meanings:

“**2006 Act**” - Companies Act 2006, as amended from time to time

“**Applicant**” - Investor who subscribes for New B Shares pursuant to the Prospectus

“**Approved Jurisdictions**” - jurisdictions into which the Offer is specifically made, being Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK

“**Articles**” - the articles of association of the Company as at the date of this document

“**A Shares**” - A ordinary shares of £0.001 each in the capital of the Company

“**B Shares**” - B ordinary shares of £0.001 each in the capital of the Company

“**Business Days**” - any day, other than a Saturday or Sunday, on which clearing banks in London are open for all normal banking business

“**Company**” - BrewDog plc (registered number SC311560)

“**C Share Investors**” - TSG AIV and TSG LL

“**CREST**” - the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited (registered number 02878738)

“**C Share Investment**” - as defined on page 21

“**Directors**” or “**Board**” - directors of the Company

“**Existing B Shares**” - those B Shares in issue at the date of this document

“**Existing Shareholders**” - holders of Existing Shares

“**Existing Shares**” - Shares with are in issue at the date of this document

“**FCA**” - Financial Conduct Authority

“**FSMA**” - Financial Services and Markets Act 2000, as amended from time to time

“**Full Subscription**” - the raising of approximately £10 million under the Offer

“**Group**” - means together BrewDog plc, BrewDog USA Inc., BrewDog Retail Limited, BrewDog USA Inc. and Lone Wolf Spirits Limited

“**Investor**” - subscriber for New B Shares under the Offer

“**IRR**” - internal rate of return, which, when applied to the relevant cash flows, produces a net present value of zero (expressed as a percentage)

“**Management**” - individuals engaged in the business of the Company

“**New B Shares**” - those B Shares to be issued pursuant to the Offer

“**Offer Price**” - price per New B Share under the Offer being £23.75

“**Offer**” - offer for subscription of New B Shares being made on the terms set out in the Prospectus

“**Overallotment Facility**” - the facility pursuant to which the Directors may choose to increase the size of the Offer to no more than £50 million

“**Potential Applicants**” - applicants for New B Shares pursuant to the Offer

“**Preferred C Shares**” - the preferred C Shares of £0.001 each in the capital of the Company, with the rights attaching to them in the Articles

“**Prospectus**” - this Registration Document, the Securities Note and the Summary which together describe the Offer in full

“**Prospectus Rules**” - prospectus rules issued by the FCA pursuant to Part VI of the FSMA

“**Registrar**” - Computershare Investor Services PLC (registered number 03498808)

“**Registration Document**” - this document which has been prepared in accordance with the Prospectus Rules in connection with the Offer

“**Securities Note**” - document which has been prepared in accordance with the Prospectus Rules in connection with the Offer

“**Share(s)**” - A Shares and/or B Shares and/or Preferred C Shares (as the context dictates)

“**Shareholders**” - holders of Shares

“**Summary**” - summary of the Offer which has been prepared in accordance with the Prospectus Rules in connection with the Offer

“**TSG AIV**” - TSG7 A AIV II (Cayman), L.P., an exempted limited liability partnership established and registered in the Cayman Island with registration number 89628

“**TSG LL**” - TSG7 A Lassies and Laddies (Cayman) LP, an exempted limited liability partnership established and registered in the Cayman Island with registration number 89627

# PART 1 - THE COMPANY

## 1. BUSINESS OVERVIEW

The number of pubs in the UK has declined steadily over the last few years and Britons are consuming less alcohol. However, the craft beer industry has grown rapidly over the last few years as craft beers are becoming more popular in the UK and globally. In the UK, more pubs are stocking craft beers and the number of breweries has increased significantly, reported at a rate of one every three days<sup>1</sup>. Due to the increasing popularity of craft beer and its faster growth than the wider beer industry, a number of large multinational beer companies have been acquiring craft breweries in an effort to share in this growth market.

BrewDog plc is a brewer of craft beers and one of the fastest growing food and drinks manufacturer of any kind in the UK over the last five years<sup>2</sup>. There are more than 40 BrewDog bars across the UK and internationally, some of which are operated by local partners. These bars promote craft beers from BrewDog as well as other breweries from around the world, and offer an environment in which to indulge in and explore the world of beer. BrewDog has previously carried out four crowd-funding style public offers in the UK and Europe and one in the USA. Our most recent combined offer raised £19 million via bonds and equity, a UK crowdfunding record<sup>3</sup>, and the two previous raises were oversubscribed and closed ahead of schedule. BrewDog raised a further £10 million in 2017 through a crowdfunded mini-bond issue. BrewDog now has over 50,000 shareholders each of whom enjoy a range of benefits and discounts as well as being part of the BrewDog story. With more than 40 bars across the world, and distribution into more than 60 countries, BrewDog has amassed an international following in the hundreds of thousands. BrewDog's combined social media audiences account for more than 1 million users<sup>4</sup>.

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

BrewDog produces a wide range of craft beers. The Headliners range consists of sub-6% beers of varying styles, often based on classic beer styles with a modern twist. The Amplified range offers slightly higher ABV beers with bolder flavour profiles than the Headliners. The Small Batch range is a series of limited release beers, which are released throughout the year and feature custom artwork on the labels. The Tuned Range offers an array of specialist beers that cater for dietary requirements, and BrewDog also offers a series of High Octane brews, which are often stronger and more extreme beers.

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

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

<sup>2</sup> [http://www.fasttrack.co.uk/company\\_profile/brewdog-8/](http://www.fasttrack.co.uk/company_profile/brewdog-8/)

<sup>3</sup> <https://www.crowdfundinsider.com/2015/10/75245-new-uk-crowdfunding-record-set-on-crowdcube-brewdog-equity-beer-worlds-biggest-round/>

<sup>4</sup> Combined Twitter and Instagram followers and Facebook page 'likes'

## 2. DIRECTORS

The Company has a Board, comprising five executive Directors and three non-executive Directors.

### JAMES BRUCE WATT, MBE

James was a fully qualified deep sea Captain, having earlier completed an honours degree in Law and Economics. He traded in being a salty sea dog to become a BrewDog in 2007, pursuing his passion for great craft beer by setting up the company with Martin Dickie. James was awarded Great British Entrepreneur of the Year in 2014, and is one of Europe's only holders of the title of Master Cicerone<sup>5</sup>. He was awarded the MBE in the 2016 Queen's birthday honours list.

### ALAN MARTIN DICKIE, MBE

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

### CHARLES KEITH GREGGOR

Keith has decades of successful brand building with brands such as Skyy Vodka. Now President & CEO of Anchor Brewers and Distillers in San Francisco, he plays an active role in management and guiding BrewDog's growth.

### NEIL ALLAN SIMPSON

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

### DAVID MCDOWALL

David joined BrewDog from G1 Group PLC, where he held the position of Group Operations Director for six years. He was responsible there for managing over 50 large scale sites across Scotland and heading up a team of over 2000 employees. For the past three years, David has been responsible for overseeing the strategic growth and management of the BrewDog bar division around the globe.

### ALLISON DAWN GREEN

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

### FRANCES BLYTHE JACK

Blythe is a partner and managing director at TSG Consumer Partners where she is responsible for originating new investment opportunities, diligence new business opportunities, structuring transactions and working with our partner companies. She is also a member of the investment committee. Blythe has extensive private equity and consumer experience, having spent over 10 years at Rosewood Capital and, most recently, having served as CEO of a high-growth consumer products company. While a partner at Rosewood Capital, Blythe sourced and structured investments in the health & beauty, apparel, specialty retail, restaurant, consumer products and services segments. She has also served as a National Judge for Ernst & Young's acclaimed Entrepreneur of the Year® program. Blythe received a BA, with honors, in Communication Studies from Vanderbilt University.

### JAMES LEWIS O'HARA

Jamie is a Partner and the President of TSG Consumer Partners where he oversees transaction structuring, diligence, financing and investment execution and is a member of the investment committee. His experience also includes business unit strategy, facility rationalization and new business development for consumer and household products companies. Jamie is a former practicing corporate and securities attorney and a former consultant at Bain & Company. At Bain, Jamie conducted strategic and operational due diligence and developed portfolio company strategy for leading private equity clients. He holds a BA in Economics and Philosophy and a JD, both from Georgetown University.

### Remuneration

In the financial year ended 31 December 2016, the aggregate total remuneration paid (including contingent or deferred compensation) and benefits in kind granted (under any description) to each of the Directors of the Company was £1,124,435 as set out in the table below.

DIRECTOR	FEE/BASIC SALARY	BONUS	BENEFITS	PENSION CONTRIBUTION	TOTAL
James Bruce Watt	£158,125	£1,643	£483	£9,586	£169,835
Alan Martin Dickie	£165,000	£1,643	£332	£9,999	£176,974
Charles Keith Greggor	Nil	Nil	Nil	Nil	Nil
Neil Allan Simpson	£165,000	£1,643	£702	£16,664	£184,009
David McDowall	£130,000	£1771	£622	£7,906	£140,299
Gareth Bath*	£117,882	£1,643	£249	£13,752	£150,026
Luis Gaston Garrido**	£132,867	£1,643	Nil	£11,650	£146,160
Allison Green	£145,000	£1,643	£176	£80	£10,314
Frances Blythe Jack	n/a	n/a	n/a	n/a	n/a
James Lewis O'Hara	n/a	n/a	n/a	n/a	n/a
<b>TOTAL</b>	<b>£1,013,874</b>	<b>£28,128</b>	<b>£2,562</b>	<b>£79,871</b>	<b>£1,124,435</b>

\* Ceased to be a director on 30 June 2017.

\*\* Ceased to be a director on 7 July 2017.

In the financial year ended 31 December 2016 the Company paid/set aside or accrued £79,871 to provide pension benefits to the Directors.

<sup>5</sup> Master Cicerone® is the fourth and highest level of the Cicerone Certification Program. It recognizes an exceptional understanding of brewing, beer, and pairing — combining outstanding tasting abilities with an encyclopaedic knowledge of commercial beers.

DIRECTOR	NUMBER OF "A" ORDINARY SHARES HELD PRIOR TO THE OFFER	PERCENTAGE OF COMPANY'S ISSUED SHARE CAPITAL PRIOR TO THE OFFER	PERCENTAGE OF COMPANY'S ISSUED SHARE CAPITAL AFTER TO THE OFFER (ASSUMING FULL SUBSCRIPTION)
James Bruce Watt	17,958,787	25.1%	24.9%
Alan Martin Dickie	15,698,783	21.9%	21.6%
Charles Keith Greggor*	3,822,039	5.3%	5.2%
Neil Allan Simpson	597,736	0.8%	0.8%
David McDowall	45,450	0.06%	0.06%
Allison Dawn Green	45,450	0.06%	0.06%
Frances Blythe Jack	n/a	n/a	n/a
James Lewis O'Hara	n/a	n/a	n/a
<b>TOTAL</b>	<b>38,168,245</b>	<b>53.2%</b>	<b>52.6%</b>

\*Held through Griffin Group LLC and Kelso Ventures LLC

## Options

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

OPTION HOLDER	NUMBER OF A SHARES	EXERCISE PRICE PER A SHARE
Neil Simpson	391,300	£1.39
David McDowall	279,550	£1.10
Allison Green	14,550	£1.10
Martin Dempster	25,000	£4.75
Richard Kilcullen	5,000	£5.00
Jason Pond	5,000	£5.00
Fraser Gormley	3,000	£2.38
Sarah Warman	3,000	£2.38
<b>TOTAL</b>	<b>726,400</b>	

Save in respect of a loan of £22,558, with no fixed repayment date or interest chargeable, made to David McDowall, there are no outstanding loans granted by any member of the Company to any of the Directors and there are no guarantees provided by any member of the Company for the benefit of any of the Directors.

As at 15 October 2017 (being the latest practicable date prior to the publication of the Prospectus), the Directors had no options and other rights to acquire any shares in the Company beyond those set out above.

None of the Directors has, within the period of five years preceding the date of the Prospectus:

- (a) had any convictions in relation to fraudulent offences;
- (b) been a director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of any company at the time of any bankruptcy, receivership, liquidation, administration or other similar insolvency proceeding of such company (nor is any bankruptcy, receivership, liquidation, administration or insolvency proceeding pending or in progress);
- (c) received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

## Directors' Terms of Office

James Bruce Watt – director since 07/11/2006  
 Alan Martin Dickie – director since 07/11/2006  
 Charles Keith Greggor – director since 22/06/2009  
 Neil Allan Simpson – director since 06/08/2012  
 David McDowall – director since 21/09/2015  
 Allison Dawn Green – director since 04/01/2016  
 Frances Blythe Jack – director since 06/04/2017  
 James Lewis O'Hara – director since 06/04/2017

## Directors' Other Interests

In addition to being directors of the Company, the Directors hold or have held directorships of the companies and/or are or were partners of the partnerships specified below within the five years prior to the date of the Prospectus.

DIRECTOR	CURRENT DIRECTORSHIPS/PARTNERSHIPS	PREVIOUS DIRECTORSHIPS/PARTNERSHIPS
James Bruce Watt	The Company JBW (77) Limited Musa 77 Limited Lone Wolf Spirits Limited BrewDog USA Inc. BrewDog Retail Limited BrewDog GmbH BrewDog Columbus LLC BrewDog Brewing Company LLC BrewDog Doghouse LLC BrewDog Franklinton LLC BrewDog Dogtap LLC BrewDog Short North LLC Pie & Mouse Ltd Johanna Basford Ltd The BrewGooder Foundation	Buzzfire Limited Mikkeller BrewDog Limited JBW (Aberdeen) Limited
Alan Martin Dickie	The Company BrewDog Retail Limited Lone Wolf Spirits Limited BrewDog USA Inc. BrewDog Columbus LLC BrewDog Brewing Company LLC BrewDog Doghouse LLC BrewDog Franklinton LLC BrewDog Short North LLC Akounts Limited Doctor Gonzo Limited	JBW (77) Limited
Charles Keith Greggor	The Company Kelso Ventures, LLC The Griffin Group, LLC Griffin Brewers & Distillers, LLC Anchor Brewers & Distillers, LLC Anchor Distilling Company, LLC Anchor Brewing Company, LLC Anchor Properties, LLC Anchor Taphouses, LLC D.A. Folkes, LLC	Vin de Soleil, LLC

DIRECTOR	CURRENT DIRECTORSHIPS/ PARTNERSHIPS	PREVIOUS DIRECTORSHIPS/PARTNERSHIPS
Neil Allan Simpson	The Company Lone Wolf Spirits Limited BrewDog GmbH BrewDog Retail Limited BrewDog USA Inc BrewDog Columbus LLC BrewDog Brewing Company LLC BrewDog Doghouse LLC BrewDog Franklinton LLC BrewDog Dogtap LLC BrewDog Short North LLC BrewDog Belgium SPRL BrewDog Verwaltungs UG	Mikkeller BrewDog Limited
David McDowall	The Company BrewDog Retail Limited BrewDog GmbH BrewDog Belgium SPRL	House Restaurants No. 1 Limited House Restaurants No. 2 Limited House Restaurants No. 3 Limited Kilmarnock Road Properties Limited West End Developments (Glasgow) Limited Q Street Properties (Edinburgh) Limited Glasgow and Edinburgh Investments Limited Shelfco (No 301) Limited Corinthian Catering Limited Morrison Court Limited Shelf Company (No.10) Limited Lister Square (No. 53) Limited Lister Square (No. 54) Limited EH1 Limited G1 Cinemas Ltd G1 Group plc G1 Group (Holdings) plc G1 Nightclubs Ltd G1 Restaurants Limited G1 Pubs Limited G1 Hotels Ltd G1 Greenfield Limited G1 Venues Limited D'Arcy's (Glasgow) Limited October Café Limited Fouquets Limited South Methven Street (Perth) Limited The Bothy (St. Andrews) Limited
Allison Dawn Green	The Company Manor Court Management (Nantwich) Limited	County Sports Partnership Network
Frances Blythe Jack	The Company TSG Consumer Partners BackCountry.com LLC Beauty Brands LLC Canyon Bicycles GmbH SW Brewing Company LLC	My Fit Holdings LLC IT Cosmetics LLC VILLA Inc dba RUVilla
James Lewis O'Hara	The Company TSG Consumer Partners BackCountry.com LLC Beauty Brands LLC Canyon Bicycles GmbH SW Brewing Company LLC Mallard HoldCo LLC Raybern Foods LLC	J.A. Cosmetics US Inc. Alterna Holdings Corp. Garden Protein International Inc. Cytosport Holdings Inc. Pevonia International LLC MonaVie LLC Stumptown Coffee Corp. PPD Holding LLC

### 3. OPERATION OF THE COMPANY AND BOARD PRACTICES

The Company is an unlisted company and therefore does not specifically comply with the provisions of the UK Corporate Governance Code nor the AIM rules, Listing Rules or Disclosure and Transparency Rules of the UK Listing Authority.

The Board comprises 8 members, three of whom are non-executive directors.

The Board as a whole is responsible for determining the remuneration of the Directors, reviewing the Company's annual and half yearly accounts and for supervising its auditors and has not delegated these responsibilities to any remuneration or audit committees respectively.

No member of the Board has a service contract with the Company which provides for any benefits on termination of employment.

### 4. MAJOR SHAREHOLDERS

Other than members of the Management, no person or entity owns more than 3% of the Company's issued share capital or voting rights save for TSG AIV which holds 14,443,759 Preferred C Shares representing 18.3% of the Company issued share capital (at the date of this document). TSG AIV is an exempted limited partnership established and registered in the Cayman Islands.

The Company is not directly or indirectly owned or controlled by any individual, company or other body.

No major shareholder in the Company has voting rights which are different from any other shareholder.

There are no arrangements in place which are known to the Company the operation of which may at a subsequent date result in a change of control of the Company.

### 5. EMPLOYEES

As at 15 October 2017 (being the latest practicable date prior to the publication of the Prospectus), the Company and its subsidiaries had approximately 800 employees.

## 6. RELATED PARTY TRANSACTIONS

Save as disclosed in the table below, no related party transactions between the Company or members of the Company were entered into in the three year period ended on 15 October 2017 (being the latest practicable date prior to the publication of the Prospectus) which are still subsisting.

CONTRACTING PARTY	COUNTERPARTY	CONTRACT	RELATION TO COMPANY
The Company	Anchor Brewing Company LLC (a subsidiary of Anchor Brewers)	Import of beer into the US	Anchor Brewers is indirectly controlled by Keith Greggor. The Company indirectly owns shares in Anchor Brewers as set out in section 7 below
BrewDog Retail Limited	JBW (77) Limited	BrewDog Retail Limited leases BrewDog's bars in Leicester, Glasgow and Aberdeen (x2) from JBW (77) Limited. Annual rent from the four bars is approximately £150,000.	James Watt owns 100% of the shares of JBW (77) Limited
The Company	JBW (77) Limited	The Company pays rent to JBW (77) Limited for the use of flat in London and a house in Columbus Ohio	James Watt owns 100% of the shares of JBW (77) Limited
The Company	BrewDog Belgium SPRL	Licence Agreement in respect of BrewDog brand	The Company owns 100% of shares in BrewDog Belgium SPRL
The Company	Musa (77) Limited	Musa (77) Limited operates a restaurant in Aberdeen which the Company uses for entertaining. The Company supplies Musa (77) Limited with beer and was charged a book-keeping fee by the Company up to December 2016	James Watt owns 100% of the shares in this company

## 7. THE COMPANY'S HOLDINGS

The Company is the principal operational and holding company of the Group and has the following interests and subsidiary undertakings:

COMPANY	HOLDING	DESCRIPTION
BrewDog Retail Limited (SC389114)	100% of the issued shares	Bar operating company
Lone Wolf Spirits Limited (SC534706)	100% of the issued shares	Spirit brewing company
BrewDog USA Inc. (5733488)	99% of the issued stock (1% held by third party investors)	US holding company
BrewDog GmbH (HRB 173836)	100% of issued shares	Established to operate bars in Germany
BrewDog Belgium SPRL	100% of issued shares	Established to operate BrewDog bar in Brussels
Curious Audacious Products AB (Swedish registered company)	8% of the issued shares	Swedish brewing and distilling company
Third Wave Coffee Limited (SC409657)	33% of the issued shares	Edinburgh based coffee company

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

## 8. PROPERTY, PLANT AND EQUIPMENT

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

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

There are no known environmental issues which could affect the Company's utilisation of these fixed assets.

## 9. DIRECTORY

### Directors

James Bruce Watt  
 Alan Martin Dickie  
 Neil Allan Simpson  
 Charles Keith Greggor  
 David McDowall  
 Allison Dawn Green  
 Frances Blythe Jack  
 James Lewis O'Hara

### Company Secretary

Alan Martin Dickie

### Registered Office

BrewDog plc, Balmacassie Commerical Park  
 Ellon, Aberdeenshire AB41 8BX, Scotland

### Company Number

SC311560

### Solicitors to the Company

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

### Auditors

Ernst & Young LLP  
 Blenheim House  
 Fountainhall Road  
 Aberdeen, AB15 ADT

### Registrar

Computershare Investor Services PLC  
 The Pavilions  
 Bridgwater Road  
 Bristol  
 BS13 8AE

## PART II – FINANCIAL INFORMATION

### 1. Introduction

Consolidated audited historical information for the Company and the Group, covering the latest three financial years, have been prepared in accordance with UK Generally Accepted Accounting Practice in respect of the year ended 31 December 2014 and with the International Financial Reporting Standards in respect of the years ended 31 December 2015 and 2016, and are available from the Company's registered office and from the registered offices of the Company's solicitors: RW Blears LLP, 29 Lincoln's Inn Fields, London WC2A 3EG.

The information below is extracted from the Company's audited financial statements for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 (the "Audited Financial Statements") and the Company's unaudited managements accounts for the periods ended 30 June 2016 and 30 June 2017. The Audited Financial Statements are available for viewing as set out above and are set out in the Annex to this document.

None of the audit reports for the Company's Audited Financial Statements for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 (which are reproduced in the Annex hereto) contained any qualifications or disclaimers.

### 2. Selected Financial Information

#### GROUP STATEMENT OF INCOME

	Unaudited six month period to 30 June 2017	Audited year ended 31 December 2016	Unaudited six month period to 30 June 2016	Audited year ended 31 December 2015	Audited year ended 31 December 2014
	£000	£000	£000	£000	£000
<b>REVENUE</b>	50,371	71,850	31,320	44,730	29,615
Cost of sales	(32,863)	(47,075)	(21,267)	(27,776)	(18,158)
<b>GROSS PROFIT</b>	17,508	24,775	10,053	16,954	11,457
Administrative expenses	(16,387)	(20,691)	(10,307)	(14,113)	(7,778)
Other operating income	50	293	210	329	174
<b>OPERATING PROFIT</b>	1,171	4,377	(44)	3,170	3,853
Finance income	32	-	-	-	-
Finance costs	(935)	(560)	(253)	(326)	(209)
Loss on property, plant and equipment	-	(56)	-	(14)	1
Gain on disposal of investments	-	-	-	642	-
<b>PROFIT BEFORE TAXATION</b>	268	3,761	(297)	3,477	3,652
Income tax expense	(546)	(592)	-	(749)	(1,001)
<b>PROFIT AFTER TAXATION</b>	(278)	3,169	(297)	2,728	2,651

## GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited six month period to 30 June 2017	Audited year ended 31 December 2016	Unaudited six month period to 30 June 2016	Audited year ended 31 December 2015	Audited year ended 31 December 2014	Audited figures as at 1 January 2014
	£000	£000	£000	£000	£000	£000
<b>FIXED ASSETS</b>						
Property plant and equipment	69,975	61,469	47,617	38,866	20,101	12,991
Intangible assets	727	646	693	646	-	-
Other non-current financial assets	100	100	100	100	50	81
Investments in associates	100	100	100	100	50	81
<b>CURRENT ASSETS</b>						
Trade and other receivables	22,354	15,827	12,651	8,336	5,083	2,711
Inventory	6,910	5,354	4,543	3,612	2,565	1,599
Corporation tax receivable	-	-	195	243	-	-
		92,425		4,907	2,233	3,242
<b>TOTAL ASSETS</b>	<b>192,543</b>	<b>86,607</b>	<b>70,758</b>	<b>55,570</b>	<b>30,650</b>	<b>7,552</b>
<b>CURRENT LIABILITIES</b>						
Trade and other payables	18,937	11,680	11,315	10,264	5,369	3,159
Current tax payable	543	194	-	-	488	8
Financial liabilities	9,365	18,534	14,867	7,555	2,044	971
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities	1,556	1,556	1,294	1,389	702	208
Financial liabilities	23,197	14,959	8,563	8,126	5,976	3,775
Government grants	2,012	2,079	1,877	1,430	1,084	937
<b>TOTAL LIABILITIES</b>	<b>55,610</b>	<b>49,002</b>	<b>37,916</b>	<b>28,764</b>	<b>15,623</b>	<b>9,058</b>
<b>NET ASSETS</b>	<b>136,933</b>	<b>37,605</b>	<b>32,842</b>	<b>26,806</b>	<b>15,027</b>	<b>12,134</b>
<b>EQUITY</b>						
Called up share capital	70	63	63	61	59	59
Share premium	122,375	23,188	23,145	16,902	7,301	7,059
Treasury shares	(1,178)	(495)	-	-	-	-
Minority interest	2,747	1,648	-	-	-	-
Foreign currency translation reserve	199	203	102	14	-	-
Revaluation reserve	-	-	-	-	566	566
Retained earnings	12,720	12,998	9,532	9,829	7,101	4,450
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>136,933</b>	<b>37,605</b>	<b>32,842</b>	<b>26,806</b>	<b>15,027</b>	<b>12,134</b>

## CONSOLIDATED CASH FLOW STATEMENT

	Unaudited six month period to 30 June 2017	Audited year ended 31 December 2016	Unaudited six month period to 30 June 2016	Audited year ended 31 December 2015	Audited year ended 31 December 2014
	£000	£000	£000	£000	£000
<b>Operating Activities</b>					
Profit before tax	268	3,761	(297)	3,477	3,651
Loss on disposal of property, plant and equipment	-	56	-	14	(8)
Depreciation	2,021	2,918	1,343	1,722	1,055
Grant amortisation	(67)	(129)	(53)	(104)	(84)
Increase in inventory	(1,556)	(1,742)	(931)	(1,046)	(967)
Increase in trade and other receivables	(6,527)	(7,491)	(4,315)	(3,888)	(2,372)
Increase in trade and other payables	7,257	1,416	1,043	4,243	1,237
Taxation paid	(197)	(98)	-	(756)	(66)
Taxation refunded	-	115	48	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,199</b>	<b>(1,194)</b>	<b>(3,162)</b>	<b>3,020</b>	<b>2,462</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	(10,527)	(21,407)	(10,094)	(17,617)	(5,358)
Purchase of intangible assets	(81)	-	(47)	(646)	(100)
Purchase of treasury shares	(683)	(495)	-	-	(21)
Transaction costs of purchase of treasury shares	-	(17)	-	-	-
Proceeds from disposal of other fixed asset investments	-	-	-	642	-
Proceeds from disposal of association	-	-	-	50	67
Purchase of associate	-	-	-	(100)	-
Proceeds from disposal of property, plant and equipment	-	137	-	20	67
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(11,291)</b>	<b>(21,792)</b>	<b>(10,141)</b>	<b>(17,651)</b>	<b>(5,345)</b>
<b>Financing activities</b>					
Issue of ordinary share capital	103,658	8,172	6,243	10,273	242
Transaction costs of issue of shares	(3,368)	(236)	-	(670)	-
Proceeds from new borrowings	-	16,181	8,681	5,201	2,575
Proceeds from new grants	-	778	500	450	230
Proceeds from bond issue	10,000	-	-	2,312	-
Repayment of bonds	-	(2)	(2)	-	-
Repayment of borrowings	(9,096)	(226)	(110)	(239)	(316)
Payments for finance leases and hire purchase contracts	(1,836)	(2,247)	(817)	(1,214)	(857)
<b>Net cash flow used in financing activities</b>	<b>99,358</b>	<b>22,240</b>	<b>14,495</b>	<b>16,113</b>	<b>1,874</b>
Net (decrease)/increase in cash and cash equivalents	89,266	(556)	1,192	1,482	(1,009)
<b>Cash and cash equivalents at beginning of period</b>	<b>3,159</b>	<b>3,715</b>	<b>3,715</b>	<b>2,233</b>	<b>3,242</b>
<b>Cash and cash equivalents at end of period</b>	<b>92,425</b>	<b>3,159</b>	<b>4,907</b>	<b>3,715</b>	<b>2,233</b>

### 3. Auditors' Reports for years ended 31 December 2014, 31 December 2015 and 31 December 2016

Audited financial statements for years ended 31 December 2014, 31 December 2015 and 31 December 2016 are reproduced in the Annex to this document.

### 4. Notes to financial statements for years ended 31 December 2014, 31 December 2015 and 31 December 2016

Unaudited interim financial statements for the periods ended 31 July 2016 and 31 July 2017 are reproduced in the Annex to this document.

### 5. Significant Change

In February 2017, the Company raised £10 million through the issue of mini-bonds with a four year term and an annual interest rate of 7.5% (the "Bond Issue").

On 29 March 2017, the Company's share capital was subdivided by dividing each A Share of £0.01 into 10 A Shares of £0.001 and by dividing each B Share of £0.01 into 10 B Shares of £0.001 and 8,383,915 of the Company's newly subdivided A Shares were converted into Preferred C Shares. On 6 April 2017, the holders of the converted A Shares sold their Preferred C Shares to two US-managed private equity vehicles, TSG AIV and TSG LL, who also subscribed for a further 7,776,934 Preferred C Shares respectively, investing a total of £102,499,990.10 in the Company and leaving them with a final aggregate holding of 16,160,849 Preferred C Shares and 891,383 warrants (equal to approximately 22.3% of the Company's issued share capital on a fully diluted basis) (the "C Share Investment"). The warrants have subsequently been exercised in full and converted into A Shares.

On 29 August 2017, the Company announced its intention to give away 20% of its annual profits; 10% to charities selected by investors and employees, and 10% to be distributed among its staff ("Unicorn Fund").

Aside from the Bond Issue, the C Share Investment and the launch of the Unicorn Fund, since 31 December 2016, being the date of the last published audited accounts of the Company, there have been no significant changes in the financial or trading position of the Group.

### 6. Previous profit forecast

In December 2016, the Company published a profit forecast at the request of certain investors who subscribed for shares and bonds via Crowdcube. This profit forecast has subsequently been invalidated following the C Share Investment noted above which has had material impact on the assumptions used to create it and on the Company's expected revenue and profit figures for each of the years ended 2017 through to 2020 which were covered by the forecast.

The primary reasons why the Company considers the previous forecast to have been invalidated, following the C Share Investment, are as follows:

- significant additional marketing expenditure, travel costs, staffing costs and other expenses have been incurred in the pursuance of opportunities afforded by the C Share Investment;
- additional management time has been taken up, and additional costs incurred, in the negotiation and completion of the C Share Investment with attendant opportunity costs including delay in commencement of production at the Company's US brewery;
- planned borrowing costs have been reduced; and
- leverage of the funds raised is expected to significantly increase revenues and profitability in the medium term.

## PART III – CAPITAL RESOURCES AND OPERATING AND FINANCIAL REVIEW

### Part A: Capital Resources

The Group's principal sources of liquidity are its existing cash and cash equivalents and its cash generated from operations along with existing debt facilities. As at 30 June 2017 the group had a net cash position of £59.9 million. This positive cash position is mainly due to the £102.5 million invested into the company in April 2017 by TSG AIV and TSG LL as described on page 21.

#### Contractual obligations and commitments

The Group's contractual obligations consist mainly of payments related to loans and borrowings and related interest, operating leases and unconditional purchase obligations. The following table summarises the Group's contractual obligations as of 30 June 2017:

	Total £000s	Within 1 year £000s	1 to 5 years £000s	Over 5 years £000s
Bank loans and borrowings	8,722	6,011	941	1,770
Bonds	12,310	-	12,310	-
Hire purchase obligations	11,529	3,354	8,175	-
Operating lease obligations	22,290	1,643	8,018	12,629
Capital commitments	9,094	8,194	900	-
	-----	-----	-----	-----
	63,945	19,202	30,344	14,399
	=====	=====	=====	=====

The capital commitments relate to buildings and equipment obligations that have been committed to by the Group as at 30 June 2017.

Details of the terms of the other obligations referred to in the table above are set out below.

#### Bank loans

£1,820,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £1,820,000 and is repayable by monthly instalments until October 2027 and bears interest at 1.40% over the base rate.

£2,000,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £2,000,000 and is repayable by monthly instalments until May 2029 and bears interest at 1.40% over the base rate. This loan is secured by a mortgage over the land and buildings.

£800,000 loan

This fixed rate loan is in the name of the subsidiary, BrewDog Retail Limited, originally for a maximum of £800,000. It bears interest at 2.31% over the base rate. The facility was repaid in full in July 2017.

£5,000,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £5,000,000, and bearing interest at 1.40% over the base rate. This repayment date was initially 31 March 2017 and was extended to 30 September 2017. Renewal has just taken place and the repayment date has now rolled to 30 September 2018.

#### Bonds

In November 2015, the group issued £2,312,000 non-convertible bonds with a maturity in November 2019. In 2016 bonds totaling £2,000 were re-paid. The bonds were issued with an interest rate of 6.5%. Interest is paid bi-annually with subsequent repayment of the principal amount in November 2019.

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

#### Hire purchase

The group uses finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee.

#### Operating leases

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

## Part B: Operating and Financial Review

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out below.

### OVERVIEW

BrewDog has continued to grow year on year from formation in 2007. Notwithstanding the higher base each year growth has not slowed. The move to the state of the art new brewery in Ellon, Aberdeenshire at the end of 2012 helped to increase production and recent significant investment of approximately \$25 million in a new brewery in Columbus, Ohio will be key to continuing this growth by opening up BrewDog's beers to the much larger US craft market.

There has been major capital expenditure in both bars and brewery over the last few years and there are plans to increase this level of investment going forward. We have also significantly increased the team to over 800 people worldwide.

All of this has been made possible through Equity for Punks, our innovative public share offering which has now seen over 50,000 invest in the Company. Furthermore, in April 2017, a £102.5 million investment by private equity house TSG Consumer Partners which saw them take approximately 22% of the Company's shares, valuing the Company at £1 billion, will be used to accelerate our 5 year growth plan, turbo-charging our plans for breaking the US market and facilitating expansion into Asia and beyond.

The following table sets out the Group's revenue, operating profit and profit after tax for the 3 years ended 31 December 2014, 2015 and 2016:

	Year Ended 31 December		
	2016	2015	2014
	£ 000s	£ 000s	£000s
Revenue	71,850	44,730	29,615
Operating Profit	4,377	3,170	3,853
Profit after tax	3,169	2,728	2,651

Revenue increased 60.6% in 2016 compared to 51% in 2015. Operating profit fell in 2015, due to a significant increase in administrative expenses as the Company prepared for the next stage of its expansion, but subsequently increased by 13.6% over 2014's figure in 2016. There are a number of risks which can have an impact on the Group's performance. These are referred to on pages 4 to 7.

All revenue streams for the Group have increased in the last 3 years. The table sets out the geographical breakdown of income for the 3 years ended 31 December 2014, 2015 and 2016:

	Year Ended 31 December		
	2016	2015	2014
	£ 000s	£ 000s	£000s
UK	58,497	33,416	19,891
Europe	9,785	8,605	7,468
Americas	-	765	645
Rest of the World	3,568	1,944	1,611
	-----	-----	-----
	71,850	44,730	29,615
	=====	=====	=====

Export sales have increased as have sales in the UK to both the on and off trade. UK growth has been assisted by the opening of 21 BrewDog bars in this period. 2015 and 2016 saw an increase in the sales teams for the UK and overseas to support the planned growth.

Gross profit increased by 46% in 2016 compared to 2015, an increase of 116% since 2014. Margins are being maintained despite volume pressures. The Company have secured raw material supplies along with economies of scale as we have continued to grow in our current facility in Ellon.

Administrative costs remain a constant percentage of revenues at approximately 30% in 2016 compared to 2015. The costs have increased as the business has grown with the main increases being in staff wages and salaries costs as we grow the team to meet current business challenges and planned expansion.

### BALANCE SHEET

Please see page 19 for the balance sheet.

### CASH FLOW

Please see page 20 for the cash flow statement.

Cash inflow from operating activities grew steadily between 2014 and 2015 but dipped in 2016 due to increased working capital requirements associated with expansion.

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

Following the TSG investment in April 2017, the Company's net cash position as at 30 June 2017 was positive £92 million.

### Capital Expenditure

The Company incurred £21.4 million of capital expenditure in 2016, with £1.9 million of this being the fit out costs of bars including 4 new bar sites and £14.7 million being on the construction of our new brewery in Columbus, Ohio. The balance of the expenditure was on buildings and equipment in Ellon.

Total capital investment from 1 January 2014 to 31 December 2016 amounted to approximately £44 million on tangible fixed assets.

### Financing

The significant investment in buildings, equipment and people has been financed in a number of ways. Improved profitability has generated cash inflows from operating activities. This has been supplemented by the following sources of finance referred to under the heading "Contractual obligations and commitments" in Part A above.

The fourth round of Equity for Punks closed in April 2016 and, combined with a mini-bond offer issued through Crowdcube, raised £19 million less costs.

## PART IV – TAXATION

The following information, which sets out the taxation treatment for holders of New B Shares, is based on existing law in force in the UK and what is understood to be current HM Revenue & Customs (“HMRC”) practice, each of which may be subject to change, possibly with retroactive effect. It is intended as a general guide only and applies to potential shareholders who are resident or ordinarily resident in the UK for tax purposes (except to the extent that specific reference is made to potential shareholders resident or ordinarily resident outside the UK), who will hold the New B Shares as investments and who are the absolute beneficial owners of those New B Shares but is not applicable to all categories of potential shareholders, and in particular, is not addressed to (i) special classes of potential shareholders such as dealers in securities or currencies, broker-dealers or investment companies and (ii) potential shareholders who have acquired their New B Shares by virtue of or in connection with their or another’s office or employment.

The information does not purport to be comprehensive or to describe all potential relevant tax considerations and does not generally consider tax relief or exemptions. Potential Applicants who are in doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK, are strongly recommended to consult their professional advisers.

### DIVIDENDS

Under current UK tax legislation, the Company will not be required to withhold UK tax from any dividends paid by the Company.

An individual potential shareholder resident (for tax purposes) in the UK who receives a dividend from the Company will be entitled to a tax credit equal to one-ninth of the cash dividend received which he may set off against his total income tax liability for the tax year in which the dividend is received. Basic rate taxpayers will normally have no further liability to tax on the dividend. In the current tax year, higher rate taxpayers will be liable to tax on the sum of the dividend plus the tax credit at the higher rate of 32.5% against which liability the tax credit can be offset. The effective rate of tax to a higher rate taxpayer is 25% of the cash dividend received.

Subject to certain limited exceptions, a corporate shareholder resident (for tax purposes) in the UK will not be liable to UK corporation tax on any dividend received from the Company. Such corporate shareholders will not be able to reclaim repayment of the tax credit attaching to any dividend.

The right of a potential shareholder who is not resident (for tax purposes) in the UK to a tax credit in respect of a dividend received from the Company and to claim payment of any part of that tax credit from HMRC will depend on the existence of and the prevailing terms of any double taxation convention between the UK and the country in which the potential shareholder is resident. Such a potential shareholder should consult his own tax adviser concerning his tax liability on dividends received, whether he is entitled to claim any part of the tax credit, and if so, the procedure for doing so.

### CHARGEABLE GAINS – DISPOSAL OF NEW B SHARES

A disposal of New B Shares acquired under the Offer by a Potential Applicant who is resident, or in the case of an individual, ordinarily resident in the UK for tax purposes in the relevant year of assessment may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax (where the Shareholder is an individual) or UK corporation tax on chargeable gains (where the Potential Applicant is within the charge to UK corporation tax), depending on the circumstances and subject to any available exemption or relief.

An individual Potential Applicant who ceases to be resident or ordinarily resident in the UK (for tax purposes) for a period broadly of less than five years and who disposes of the B Shares during that period may also be liable to UK capital gains tax on his return to the UK (subject to any available exemption or relief).

A Potential Applicant who is not resident or, in the case of an individual, ordinarily resident for tax purposes in the UK (and is not temporarily non-resident as described above) will not be liable for UK tax on capital gains realised on the sale or other disposal of his New B Shares unless such New B Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the UK through a branch or agency or, in the case of a corporate Shareholder, through a permanent establishment. Such Potential Applicant may be subject to foreign taxation on any gain subject to the terms of any applicable double tax treaty.

### INHERITANCE TAX (“IHT”)

The New B Shares will be assets situated in the United Kingdom for the purposes of UK inheritance tax. A gift of New B Shares by, or on the death of, an individual Shareholder may (subject to certain exemptions and reliefs) be subject to UK inheritance tax, even if the Shareholder is neither domiciled nor deemed to be domiciled in the United Kingdom. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift. Special rules apply to gifts where the donor reserves or retains some benefit and these rules could give rise to a liability to UK inheritance tax on the death of the donor.

### STAMP DUTY AND STAMP DUTY RESERVE TAX (“SDRT”)

No stamp duty or SDRT will be payable on the issue of the New B Shares unless New B Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services (a “**Clearance Service**”) or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts (a “**Depositary Receipts System**”). In this event, stamp duty or SDRT will generally be payable at the higher rate of 1.5% the consideration payable, or in certain circumstances, the value of the New B Shares (rounded up to the nearest £5 in the case of stamp duty).

Any transfer by Potential Applicants in the New B Shares will be subject to stamp duty or SDRT in the normal way. The transfer on sale of New B Shares will generally be liable to stamp duty at the rate of 0.5% (rounded to the nearest multiple of £5) of the consideration paid. An unconditional agreement to transfer such shares will generally be liable to SDRT at the rate of 0.5% of the consideration paid, but such liability will be cancelled if the agreement is completed by a duly-stamped transfer within six years of the agreement having become unconditional.

**The statements in this paragraph are intended as a general guide to the current UK stamp duty and SDRT position and do not apply (i) to persons such as market makers, dealers, brokers, intermediaries and persons (or nominees or agents for such persons) who issue depositary receipts or operate clearance services to whom special rules apply or (ii) as regards transfers of shares to any of the persons mentioned in (i).**

# PART V – GENERAL INFORMATION ON THE COMPANY

## 1. Incorporation and Administration

The Company was incorporated and registered in Scotland as a private company with limited liability on 7 November 2006 with registered number SC311560, with the name BrewDog Limited. On 15 October 2009, it re-registered as a public limited company pursuant to section 90 of the 2006 Act and changed its name to BrewDog plc.

The principal legislation under which the Company operates is the 2006 Act. The principal activity of the Company since that date has been to operate as a brewer of craft beers. The Company is domiciled in Scotland in the UK. The registered office of the Company and its principal place of business is Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX. The telephone number is 01358 724924.

## 2. Share Capital

2.1 As at 15 October 2017, the last practicable date prior to the publication of this document, the issued share capital of the Company was:

Class of Share	Number of Shares	Aggregate Nominal Value (£)
A Ordinary	43,625,668	43,625.67
B Ordinary	11,786,830	11,786.83
Preferred C Shares	16,160,849	16,160.85
TOTAL	71,573,347	71,573.35

2.2 At a general meeting of the Company held on 29 March 2017, the Directors were granted the authority to allot equity securities in the Company up to an aggregate nominal amount of £23,000. The Directors intend to utilise this authority to allot up to 2,105,262 New B Shares to investors pursuant to the Offer.

2.3 Save for the options described on page 12, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. No shares of the Company represent anything other than capital.

2.4 There are no convertible securities, exchangeable securities or other securities with warrants attached to them currently in issue by the Company.

2.5 No shares in the Company are held by or on behalf of the Company itself or any of its subsidiaries. The Company holds 65,757 B Shares in treasury.

## 3. The Company

3.1 There has not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) in the 12 months prior to the date of this Prospectus which may have or have had in the recent past significant effects on the Company and/or the Group's financial position or profitability.

3.2 Other than pursuant to the Offer and the authorities referred to above in sub-paragraph 2.3 above, no material issue of shares (other than where offered to Shareholders pro rata to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.

3.3 The B Shares will be in registered form and can be held in certificated or uncertificated form. Title to certificated B Shares will be evidenced in the register of members of the Company and title to uncertificated B Shares will be evidenced by entry into the operator register maintained by the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE (which will form part of the register of members of the Company). CREST is a paperless settlement system enabling securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. The Company has applied for the B Shares to be admitted to CREST and the Articles permit the holding of B Shares under the CREST system. Accordingly, settlement of transactions in the B Shares may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of B Shares who wish to receive and retain share certificates will be able to do so.

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

## 4. Memorandum of Association and Articles of Association

The Memorandum of Association and the Articles of Association are available for inspection at the address specified in paragraph 9 below.

The Memorandum of Association is a historic document containing no substantive provisions.

The Articles contain provisions to the following effect:

### 4.1 Votes of Members

Each holder of an A Share, B Share or Preferred C Share has one vote in respect of each share held and accordingly such shares rank pari passu at any general meeting of the Company.

### 4.2 Dividends

#### 4.2.1 Final Dividends

- (a) Subject to the Companies Acts, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members but no dividend shall exceed the amount recommended by the Board. Subject to the Companies Acts, any determination by the Board of the amount of profits at any time available for distribution shall be conclusive.
- (b) The A Shares and B Shares rank pari passu in relation to the declaration and payment of any dividend.

#### 4.2.2 Interim and Fixed Dividends

Subject to the Statutes, the Board may pay interim dividends if it appears to the Board that they are justified by the financial position of the Company. If the share capital of the Company is divided into different classes, the Board may pay interim dividends on shares which confer deferred or non-preferred rights to dividends as well as on shares which confer preferential or special rights to dividends, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Board may also pay at intervals settled by it any dividend payable at a fixed date if it appears to the Board that the financial position of the Company justifies the payment. If the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferred rights for any loss which they may suffer by reason of the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

### 4.3 Returns of capital, share sales, disposals and listing

4.3.1 On a return of the Company's entire capital or a winding, the Preferred C Shares shall have a first entitlement to greater of (i) their acquisition price plus an annual return of 18% and (ii) such amount as would be applied to the Preferred C Shares were they to rank pari passu with the A Shares and B Shares, and thereafter shall be distributed pari passu amongst the holders of the A Share and B Shares.

- 4.3.2 Any return on a particular class of Share shall be made amongst their holders pro rata as nearly as possible to their respective holdings of Shares of that class.
- 4.3.3 Any consideration received by way of a share sale (an acquisition of 50% or more of the Company's shares) or disposal (an acquisition of all or substantially all of the Company's business or assets) shall be applied in accordance with 4.3.1.
- 4.3.4 The principles set out in 4.3.1 will be applied in calculating the allocation of shares to be listed in the Company immediately prior to such Listing.
- 4.3.5 Any holder of Preferred C Shares may, at any time prior to the first to occurrence of a listing, a share sale, a disposal, or a return of capital, require conversion of all of Preferred C Shares held by it into A Shares.

#### 4.4 B Shares

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

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

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

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

#### 4.4.4 Other Rights of B Shares:

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

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

5 referrals	Three bottles of special edition barrel-aged beer
10 referrals	A personalised Liberty growler engraved with your shareholder number, plus £20 beer bucks'
20 referrals	A personalized VIPUNK Dickies workshirt embroidered with your shareholder number

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

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

#### 4.5 Permitted Share Transfers

- 4.5.1 Members shall be permitted to transfer the legal title to and/or beneficial ownership of a share if the member holds A Shares:
- (a) if a company, to any holding company or subsidiary of that Member or to any other subsidiary of any such Member's holding company; or
  - (b) to a person who is the beneficial owner of such share or (in the case of the legal title only) to a different or additional nominee or trustee on behalf of such beneficial owner provided that such person has not become the beneficial owner thereof other than in accordance with the provisions of the Articles; or
  - (c) to a member of his or her immediate family, including spouse (or ex spouse), parents, step-parents, adoptive parents, grandparents, children, step-children, adopted children, grandchildren, brothers, sisters, mother in law, father in law, brothers in law, sisters in law, daughters in law and sons in law; or
  - (d) with the prior written consent of the holders of not less than 90 per cent (by number) of the aggregate number of shares for the relevant time being in issue.
- 4.5.2 Subject to such of the restrictions of the Articles as may be applicable, a member holding B Shares may transfer all or any of such B Shares by means of a relevant electronic system in such a manner as provided for in the Uncertificated Securities Rules and, subject to these rules and the statutes generally, the transferee shall be deemed to be the holder of the B Shares at the point of electronic settlement of the transfer.

#### 4.6 Transfer of a Controlling Interest

- 4.6.1 The Articles provide that in the event that an offer from a potential buyer is accepted for 66 per cent or more of the issued share capital of the Company, that buyer shall be obliged to extend such an offer to all other shareholders of the Company on the same terms. This is in addition to any obligations which the buyer may have in law or pursuant to the Takeover Code.
- 4.6.2 In the event that within the period prescribed in the Articles, all other shareholders have not accepted such an offer, they will be deemed to have accepted such an offer and be obliged to deliver up an executed stock transfer form and share certificate and failing which the Directors may instruct a person to execute the stock transfer form on behalf of such a shareholder and hold the remittance for such shares until instructed to transfer the sums to that shareholder.

#### 4.7 Mandatory Transfer Notices

If any person shall purport to transfer or otherwise dispose of any share or any interest in or right arising from any share otherwise than as permitted under Article 38.1 of the Articles or otherwise in accordance with the provisions of the Articles, such person and any Associate of such person who is a Member shall, unless and to the extent (if any) that the Directors otherwise determine at the relevant time, be deemed to have given, on the date on which the Directors give notice to such person that they have become aware of the purported transfer or other disposal, a transfer notice in respect of all shares of which such person and any such Associate of such person is then the holder.

#### 4.8 Right to Refuse Registration

- 4.8.1 The Board may, in its absolute discretion, refuse to register any transfer of any Certificated Share, whether or not it is a fully paid Share. For such a time as the Shares remain unlisted on any Recognised Investment Exchange, the Board may exercise its discretion to refuse to register any transfer of any Certificated Share to a transferee who is a monolithic purveyor of bland industrial beer.

- 4.8.2 If the board refuses to register a transfer it shall within two months after the date on which the transfer was lodged or the instructions to the relevant electronic system were received, send the transferee notice of the refusal together with its reasons for the refusal.
- 4.8.3 The Board may also refuse to register a transfer of a share in the following circumstances:
- (a) if it is not lodged, duly stamped (if necessary), at the registered office or at such other place as the Board may appoint and accompanied by the certificate for the shares to which it relates (where a certificate has been issued in respect of the shares and the Articles do not provide for such a transfer to be valid without production of the certificate) and/or such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - (b) if it is not in respect of one class of share only;
  - (c) if it is not in favour of two or fewer transferees;
  - (d) if it is in favour of a minor, bankrupt or person of mental ill health; or
  - (e) where the Board is obliged or entitled to refuse to do so as a result of any failure to comply with a notice under section 793 of the Companies Act 2006.
- 4.8.4 Holders of Preferred C Shares shall be permitted to transfer such shares (or A Shares held by them if they also hold Preferred C Shares) to certain of their associates and certain investment vehicles.

#### 4.9 Pre-emption Rights

Except in the case of a Permitted Transfer, the right to transfer or otherwise dispose of a share or any interest or right in or arising from a share shall be subject to the provisions contained in the Articles and any such transfer or other disposal made otherwise than in accordance with those provisions shall be void.

#### 4.10 Lien and Forfeiture

- 4.10.1 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company's lien on a share shall extend to any amount payable in respect of it.
- 4.10.2 If a call or instalment of a call remains unpaid after it has become due and payable the Board may at any time serve a notice on the holder requiring payment of so much of the call or instalment as remains unpaid together with any interest which may have accrued thereon and any costs, charges or expense incurred by the Company by reasons of such non-payment. The notice shall specify a further day (not being less than 14 clear days' from the date of the notice) on or before which, and the place where the payment required by the notice is to be made and shall indicate that if the notice is not complied with the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.
- 4.10.3 The Board may accept the surrender of any share liable to be forfeited and, in such case, references in the Articles to forfeiture shall include surrender.

#### 4.11 General Meetings

- 4.11.1 The Board may convene a general meeting whenever it thinks fit and shall do so on requisition in accordance with the Companies Act 2006.
- 4.11.2 An annual general meeting shall be convened by at least 21 clear days' notice. All other general meetings shall be convened by at least 14 clear days' notice.
- 4.11.3 No business shall be transacted at any general meeting unless two members are present in person or by proxy and allowed to vote and that shall be a quorum for all purposes.

#### 4.12 Directors

- 4.12.1 Unless otherwise determined by ordinary resolution of the Company, the number of directors (disregarding alternates) shall not be less than two but shall not be subject to any maximum number.
- 4.12.2 The Board may from time to time appoint one or more of its body to hold any employment or executive office with the Company for such period (subject to the Companies Acts) and on such other terms as the Board or any committee authorised by the Board may decide and may revoke or terminate any appointment so made. Any revocation or termination of the appointment shall be without prejudice to any claim for damages that the Director may have against the Company or that the Company may have against the Director for any breach of any contract of service between him and the Company. A Director so appointed may be paid such remuneration (whether by way of salary, commission, participation in profits or otherwise) in such manner as the Board or any committee authorised by the Board may decide.
- 4.12.3 Subject to the Articles, the Company may by ordinary resolution appoint any person who is willing to act to be a Director, either to fill a vacancy on or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with the Articles. A resolution for the appointment of two or more persons as Directors by a single resolution shall be void unless a resolution that it shall be so proposed has first been agreed to by the meeting without any vote being given against it.
- 4.12.4 No person other than a director retiring shall be appointed or reappointed as a director at any general meeting unless:
- (a) he is recommended by the Board; or
  - (b) not less than seven nor more than 42 clear days' before the day appointed for the meeting, notice executed by a member qualified to vote at the meeting (not being the person to be proposed) has been delivered to the registered office of the Company (or received in electronic form at the electronic address at which the Company has or is deemed to have agreed to receive it) of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Company's register of directors together with notice executed by that person of his willingness to be appointed or reappointed.
- 4.12.5 Without prejudice to the power of the Company in general meeting under the Articles to appoint any person to be a director, the Board may appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing Board, and any director so appointed shall hold office only until the next following annual general meeting.

#### 4.13 Borrowing

The Company is empowered to borrow money.

#### 4.14 Proxies

- 4.14.1 Appointments of proxies may only be in electronic form and the proxy shall be executed by or on behalf of the appointor.
- 4.14.2 Subject as provided in the Articles, in the case of an appointment of proxy purporting to be executed on behalf of a corporation by an officer of that corporation it shall be assumed, unless the contrary is shown, that such officer was duly authorised to do so on behalf of that corporation without further evidence of that authorisation.
- 5.14.3 A proxy need not be a member of the Company.

#### 4.15 Untraceable Shareholders

The Company shall be entitled to sell at the best price reasonably obtainable any shares of a holder where a shareholder is untraceable within the meaning of Article 35.

#### 4.16 Transmission of Shares on Death

If a member dies, the survivor or survivors where he was a joint holder, and his executors where he was a sole holder or the only survivor of joint holders shall be the only persons recognised by the Company as having any title to his shares; but nothing contained in the Articles shall release the estate of a deceased member from any liability in respect of any share solely or jointly held by him.

#### 4.17 Calls

- 4.17.1 Subject to the terms of issue, the Board may from time to time make calls upon the members in respect of any money unpaid on their shares (whether in respect of the nominal amount or by way of premium). Each member shall (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be made payable by instalments. A call may, at any time before receipt by the Company of any sum due under the call, be revoked in whole or in part and payment of a call may be postponed in whole or in part, as the Board may determine.
- 4.17.2 A person upon whom a call is made shall remain liable for all calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.

#### 4.20 Certificates

Every person whose name is entered in the register of members as a holder of shares in the Company is entitled, within the time specified by the Statutes and without payment, to one certificate for all the shares of each class registered in his name.

#### 4.21 Authority to Allot

- 4.21.1 The directors are generally authorised to allot shares in accordance with section 551 of the Companies Act 2006 for a prescribed period and up to an aggregate nominal amount equal to the Section 551 Amount.
- 4.21.2 In accordance with, and within the terms of, the above authority, the Directors may allot equity securities during a prescribed period wholly for cash:
- (a) in connection with a rights issue, subject to section 561 of the Companies Act 2006;
  - (b) up to an aggregate nominal amount equal to the Section 561 Amount, otherwise than in connection with a rights issue, as if section 561 of the Companies Act 2006 did not apply.

## 5. Materials Contracts

The following contracts, not being contracts entered into in the ordinary course of business, are all of the contracts which have been entered into by the Company since its incorporation and which are, or may be, material, or have been entered into by the Company and contain provisions under which the Company has obligations or entitlements which are material to it at the date of this document.

- (a) An investment agreement dated 6 April 2017 between (1) the Company (2) James Watt, Martin Dickie, Griffin Group LLC, Digby Holdings LLC, Neil Simpson (3) TSG AIV and (4) TSG LL pursuant to which TSG AIV and TSG LL (the "C Share Investors") made investments totalling £102,449,990.12 in the Company and in which the Company was required to give undertaking in relation to the provision of information to the Investors and which contained certain obligations and restrictions on the Company in relation to its conduct.

Pursuant to this agreement and the Articles, the C Share Investors have the right to appoint two investor directors (the first such appointments being Blythe Jack and Jamie O'Hara) and the attendance of at least one investor director is required to transact business at a meeting of the Board. The Company has also given positive covenants, inter alia, to keeping full accounting records, protect its intellectual property and comply with all laws and licences as well as negative covenants to desist, without the prior consent of the C Share Investors, from making changes to the Company's business or board composition, incurring significant indebtedness or taking steps to list or dissolve the Company.

- (b) A warranty and indemnity deed dated 6 April 2017 between (1) the Company (2) James Watt, Martin Dickie, Griffin Group LLC, Digby Holdings LLC, Neil Simpson and (3) the C Share Investors pursuant to which the Company gave warranties and indemnities to the C Share Investors in respect of its business, trading history and tax position.

Other than as set out above, there are no contracts, other than those entered into in the ordinary course of business, that have been entered into by the Company within the two years immediately preceding publication of the Prospectus which are or may be material to the Company and there are no other contracts (not being contracts entered into in the ordinary course of business) which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this document.

## 6. General

- (a) Aside from those interests noted in the table on pages 13-14 (Directors' Interests), the Company is not aware of any persons who, directly or indirectly, exercises or could exercise control over the Company.
- (b) Other than the matters disclosed at paragraph 6 on page 15 (Related Party Transactions), there are no conflicts of interest between any Director or any member of the Company's administrative, management or supervisory bodies and his duties to the Company and the private interests and/or duties he may also have.
- (c) None of the Company's major holders of Shares have voting rights different from other holders of Shares.
- (d) Other than as set out in the table at paragraph 6 on page 15 the Company has not entered into any related party transactions since the date of its incorporation and up to the date of this document.
- (e) Ernst & Young LLP are the auditors of the Company and are registered in accordance with the Statutory Audit Directive (2006/43/EC) and are a member of the Institute of Chartered Accountants of Scotland. Johnston Carmichael audited the statutory financial statements of the Company for the financial year ended 31 December 2014.
- (f) Reporting to Shareholders - the Company's annual report and accounts are made up to 31 December in each year and are normally published in March. The Company's next accounting period will end on 31 December 2017.
- (g) All material contracts of the Company will be in English and the Company will communicate with Investors and/or Shareholders in English.
- (h) Complaints about the Company should be referred to the chairman of the Board of Directors of the Company at Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX.

- (i) As at the date of this document, there are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect the Company's operations.
- (j) The Company and the Directors consent to the use of the Prospectus and accept responsibility for the content of the Prospectus also with respect to subsequent resale or final placement of securities by any financial intermediary which was given consent to use the prospectus. This consent is valid from the date of the Prospectus until the close of the Offer, for the purpose of introducing subscribers for New B Shares. The Offer will close on the earlier of Full Subscription and 15 January 2018. Advisers may use the Prospectus only in the Approved Jurisdictions.
- (k) **In the event of an offer being made by a financial intermediary, the financial intermediary will provide information to investors on the terms and conditions of the Offer at the time that the Offer is made. Any Adviser using the Prospectus must state on its website that it is using the Prospectus in accordance with the consent set out in paragraph (j) above.**
- (l) All third party information in this document has been identified as such by reference to its source and has been accurately reproduced and, so far as the Company is aware, and is able to ascertain from information published by the relevant party, no facts have been omitted which would render such information inaccurate or misleading.

## 7. Stamp Duty, Stamp Duty Reserve Tax and Close Company Status

The Company has been advised that no stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue of the Shares issued under the Offer.

The transfer on sale of any Shares will be liable to ad valorem stamp duty normally at the rate of 0.5% of the amount or value of the consideration (rounded up to the nearest £5). An unconditional agreement to transfer Shares also gives rise to an obligation to account for SDRT, which is payable within seven days of the start of the month following that in which the agreement was entered into. The payment of stamp duty gives rise to a right to repayment of any SDRT paid. There will be no stamp duty or SDRT on the transfer of the Shares into CREST unless such a transfer is made for consideration in money or money's worth, in which case a liability to SDRT will arise usually at a rate of 0.5%. A transfer of Shares effected on a paperless basis through CREST will generally be subject to SDRT at a rate of 0.5% of the value of the consideration. Following the issue of the Shares pursuant to the Offer, the Company is likely to be a close company for tax purposes.

## 8. Consents

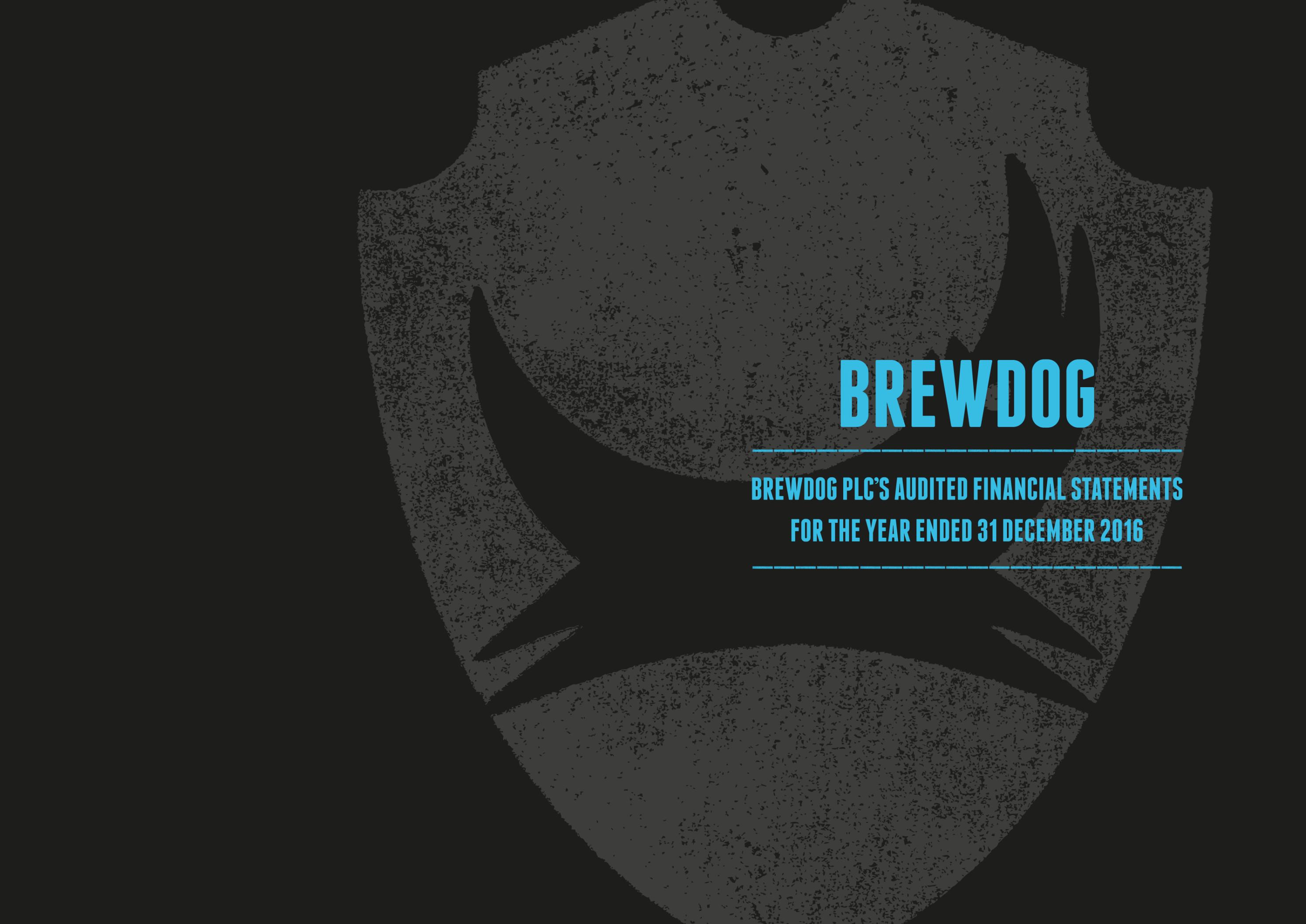
RW Blears LLP, Ernst & Young LLP and Computershare Investor Services PLC have each given and have not withdrawn their written consents to the issue of the Prospectus with the references to them in the form and context in which they appear and letters of consent in this respect are held at the offices of RW Blears LLP.

## 9. Documents for Inspection

Copies of the following documents are available for inspection at the offices of RW Blears LLP at 29 Lincoln's Inn Fields, London WC2A 3EG and at the registered office of the Company at Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX during normal business hours on any weekday (public holidays excepted) from the date of this document until the closing date of the Offer:

- (a) the Memorandum of Association and Articles of the Company;
- (b) the consent letters referred to in paragraph 8 above;
- (c) the Prospectus; and
- (d) the Company's audited annual accounts for the years ended 31 December 2014, 31 December 2015 and 31 December 2016.

16 October 2017



# **BREWDOG**

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

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## GROUP STATEMENT OF COMPREHENSIVE INCOME

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

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

## GROUP STATEMENT OF FINANCIAL POSITION

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

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

J.B. Watt  
Director

N.A. Simpson  
Director

## COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

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

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

J.B. Watt  
Director

N.A. Simpson  
Director

## GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

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

# COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital £000	Share premium £000	Treasury shares £000	Revaluation reserve £000	Retained Earnings £000	Total equity £000
<b>At 1 January 2015</b>	59	7,301	-	566	7,467	15,393
Profit of the year	-	-	-	-	4,318	4,318
Other comprehensive income	-	-	-	(566)	-	(566)
Issue of share capital	2	10,271	-	-	-	10,273
Transaction costs	-	(670)	-	-	-	(670)
<b>At 31 December 2015</b>	61	16,902	-	-	11,785	28,748
Profit for the year	-	-	-	-	5,208	5,208
Issue of share capital	2	6,522	-	-	-	6,524
Transaction costs	-	(236)	-	-	-	(236)
Purchase of treasury shares	-	-	(495)	-	-	(495)
<b>At 31 December 2016</b>	63	23,188	(495)	-	16,993	39,749

# GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

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

# COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

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

# NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2016

## 1. GENERAL INFORMATION

The financial statements of BrewDog PLC and its subsidiaries (collectively, the group) for the year ended 31 December 2016 were authorised for issue by the Board of Directors on 20 March 2017. The company is incorporated in the United Kingdom under the Companies Act 2006.

## 2. BASIS OF PREPARATION

### Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis, except for other non-current financial assets that have been measured at fair value. The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), except otherwise indicated.

The group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company income statement. The profit recorded by the company for the year was £5,208,000 (2015: £4,318,000).

### Change in presentation

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

### Basis of consolidation

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

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

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

## 3. ACCOUNTING POLICIES

### New standards and interpretations

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the group's accounting period beginning on or after 1 January 2017 or later periods, but the group has not early adopted them:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

IFRS 15 is not expected to have a material impact on the group's financial statements. IFRS 16, which is effective from 1 January 2019, eliminates the classification of leases as either operating

leases or finance leases for a lessee, and all leases are 'capitalised' by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements in IFRS 16 will be an increase in lease assets and financial liabilities.

### Cash and cash equivalents

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

### Property, plant and equipment

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

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

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

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of profit or loss when it is incurred.

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

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

# NOTES TO THE FINANCIAL STATEMENTS CONT...

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

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

## Non-current financial assets

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

## Investments in associates

Investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of associate's profit or losses while the group's share of the net assets of the associate is shown in the consolidated statement of financial position.

## Revenue recognition

Revenue comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts but inclusive of excise duty. Revenue is recognised in the financial statements when the risks and rewards of owning the goods have passed to the customer and when cash has been received or is receivable.

## Cost of sales

Cost of sales comprises brewery and warehouse maintenance costs.

## Taxation

### Current income tax

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

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

### Deferred income tax

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

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

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

## Foreign currency translation

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the statement of comprehensive

income. The principal foreign currencies used by the group are US dollars (\$) and Euro (€).

### Group companies

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

## Research and development

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

## Government grants

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

## Leases and hire purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the statement of comprehensive income over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

## Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss or loans and receivables, as appropriate. The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

## De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - the company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset, or
  - the company has transferred substantially all the risks and rewards of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred of the asset, the asset is recognised to the extent of the company's continuing involvement in

the asset. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

## Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

## Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

## Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

## Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

## Share-based payments

### Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

## Treasury shares

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

## Available-for-sale financial assets

Available-for-sale financial investments include equity securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the unrealised gains and losses reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in other expenses and removed from the unrealised gains and losses reserve.

## Inventories

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

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

Raw materials:

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

Finished goods and work in progress:

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

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

## Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

## Trade and other payables

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

## Loans

Loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Loans are subsequently measured at their amortised cost applying the effective interest rate method.

Finance charges on the loans are recognised as finance costs in the income statement.

## Pensions

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

## 4. REVENUE

Revenue represents the invoiced amount of goods and services supplied, inclusive of excise duty, during the year. Revenue is recognised when the risks and rewards of owning the goods has passed to the customers. All items are stated net of value added tax and trade discounts.

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

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

# NOTES TO THE FINANCIAL STATEMENTS CONT...

## 5. OPERATING PROFIT

This is stated after charging

	2016	2015		2016	2015
	£000	£000	No.	No.	
Depreciation of tangible assets	2,918	1,722	Directors	7	5
Loss of disposal of tangible assets	56	14	Administration	74	43
Operating lease rentals	1,811	1,318	Production	119	79
Fees payable to the group's auditor for the audit of the group's annual financial statements	50	40	Selling and distribution	38	24
Research and development	550	400	Bar staff	355	252
				593	403
and after crediting:			<b>b. Director's remuneration</b>	2016	2015
Government grants	129	245		£000	£000
Profit on foreign exchange transactions	1,071	91	Director's remuneration	1,042	649
			Pension contributions	80	5
				1,122	654
			Number of directors who received share options during the year.	-	1

## 6. AUDITORS' REMUNERATION

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

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

## 7. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

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

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

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

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

## 9. INCOME TAX

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

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

## 8. FINANCE COST

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

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

## c) Deferred income tax

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

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

## 10. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Long term leasehold property	Fixtures and fittings	Motor vehicle
	£000	£000	£000	£000
Cost:				
At 1 January 2016	7,573	4,491	3,878	191
Additions	3,007	1,417	1,247	33
Disposals	-	(64)	-	(34)
Transfers	5,327	-	1	-
At 31 December 2016	15,907	5,844	5,126	190
Depreciation:				
At 1 January 2016	243	516	1,069	84
Charge for the year	200	329	1,061	31
On disposals	-	(4)	-	(27)
At 31 December 2016	443	841	2,130	88
Net book value:				
At 31 December 2016	15,464	5,003	2,996	102
At 31 December 2015	7,330	3,975	2,809	107

# NOTES TO THE FINANCIAL STATEMENTS CONT...

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

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

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

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

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

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

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

## 11. INTANGIBLE FIXED ASSETS

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

## 12. OTHER NON-CURRENT FINANCIAL ASSETS

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

# NOTES TO THE FINANCIAL STATEMENTS CONT...

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

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

Name of company	Holdings	Country of registration or incorporation	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:				
BrewDog Retail Limited	Ordinary	Scotland	100%	Bar operator
BrewDog USA Inc	Ordinary	USA	99%	Holding company
BrewDog GmbH	Ordinary	Germany	100%	Bar operator
Lone Wolf Spirits Ltd*	Ordinary	Scotland	100%	Dormant
* Incorporated on 6 May 2016				
Indirectly held				
BrewDog Columbus LLC	Ordinary	USA		
BrewDog Brewing Company LLC	Ordinary	USA		
BrewDog Franklinton LLC	Ordinary	USA		

## 13. INVESTMENTS IN ASSOCIATES

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

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

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

## 14. TRADE AND OTHER RECEIVABLES

The carrying value of financial instruments approximates fair value.

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

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

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

## 15. INVENTORIES

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

## 16. CASH AND CASH EQUIVALENTS

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

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying value of financial instruments approximates fair value.

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

# NOTES TO THE FINANCIAL STATEMENTS CONT...

## 17. TRADE AND OTHER PAYABLES

The carrying value of financial instruments approximates fair value.

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

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

## 18. FINANCIAL LIABILITIES

Group	2016	2015
	£000	£000
Current:		
£800,000 loan	776	776
£1,820,000 bank loan	109	109
£2,000,000 bank loan	114	114
£5,000,000 bank loan	5,000	5,000
£2,500,000 bank loan	2,500	-
Obligations under hire purchase contracts	3,557	1,556
Invoice financing	6,478	-
	18,534	7,555
Non-current:		
£1,820,000 bank loan	1,244	1,354
£2,000,000 bank loan	1,597	1,713
Obligations under hire purchase contracts	9,808	2,747
6.5% non-convertible bonds	2,310	2,312
<b>Total non-current borrowings</b>	<b>14,959</b>	<b>8,126</b>

Company	2016	2015
	£000	£000
Current:		
£1,820,000 bank loan	109	109
£2,000,000 bank loan	114	114
£5,000,000 bank loan	5,000	5,000
£2,500,000 bank loan	2,500	-
Obligations under hire purchase contracts	3,557	1,556
Invoice financing	6,478	-
	17,758	6,779

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

### Bank loans

£1,820,000 bank loan  
This fixed rate loan is in the name of the parent company, originally for a maximum of £1,820,000 and is repayable by monthly instalments until October 2027 and bears interest at 2.31% over the base rate.

£2,000,000 bank loan  
This fixed rate loan is in the name of the parent company, originally for a maximum of £2,000,000 and is repayable by monthly instalments until May 2029 and bears interest at 2.31% over the base rate. This loan is secured by a mortgage over the land and buildings.

£800,000 loan  
This fixed rate loan is in the name of the subsidiary, BrewDog Retail Limited, originally for a maximum of £800,000. It bears interest at 2.31% over the base rate. The facility will be reviewed at 30 June 2017.

£5,000,000 bank loan  
This fixed rate loan is in the name of the parent company, originally for a maximum of £5,000,000 and is repayable on 31 March 2017. It bears interest at 1.65% over the base rate.

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

Invoice financing  
During the year the parent company entered into an agreement for the purchase of debt, for a maximum £8,500,000. This facility attracts a financing fee of 1.65%.

6.5% non-convertible bonds  
In November 2015, the group issued £2,312,000 non-convertible bonds with a maturity in November 2019. During the year bonds totalling £2,000 were re-paid. The purpose of the bond was to finance expansion. The bonds were issued with an interest rate of 6.5%. Interest is paid bi-annually with subsequent repayment of £2,310,000 in November 2019.

The bank loans are secured by standing and floating charges over the assets of the group. In addition, there is an unlimited cross guarantee between BrewDog PLC and BrewDog Retail Limited.

The carrying value of financial instruments approximates fair value.

## 19. CAPITAL COMMITMENT

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

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

## 20. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

*Obligations under finance leases and hire purchase contracts*

The group uses finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Total future minimum lease payments under finance leases and hire purchase contracts are as follows:

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

*Operating lease agreements where the group is lessee*

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

Total future minimum rentals payable under non-cancellable operating leases are as follows:

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

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

## 21. FINANCIAL INSTRUMENTS

*Foreign currency risk*

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

	2016	Change in Sterling vs US Dollar / Euro rate	Effect on profit before tax £000
2016			
US Dollar/Sterling		+10%	(1,722)
		-10%	1,722
Euro/Sterling		+10%	(100)
		-10%	100
2015			
US Dollar/Sterling		+10%	(2)
		-10%	2
Euro/Sterling		+10%	(11)
		-10%	11

# NOTES TO THE FINANCIAL STATEMENTS CONT...

## 22. SHARE CAPITAL

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

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

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

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

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

Both A and B Ordinary shares rank equally in terms of rights to receive dividends, rights to participate in a distribution of the assets of the company and voting at general meetings.

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

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

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

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

## 23. RESERVES

### Treasury shares

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

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

### Foreign currency translation reserve

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

## 24. GOVERNMENT GRANTS

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

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

Government grants have been received for the purchase of certain items of land, property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

## 25. RELATED PARTY TRANSACTIONS

### Group

The financial statements include the financial statements of the group and the subsidiaries listed following:

Name	Country of Incorporation	% Interest
BrewDog Retail Limited	Scotland	100
BrewDog USA Inc	USA	99
BrewDog GMBH	Germany	100
BrewDog Columbus LLC	USA	100
BrewDog Brewing Company LLC	USA	100
Lone Wolf Spirits Limited	Scotland	100
BrewDog Franklinton LLC	USA	100

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured and cash settlement terms vary between 30 and 90 days. The company has provided guarantees for a number of related party payables. The company has not made any provision for doubtful debts relating to amounts owed by related parties.

### Company

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

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	£000	£000	£000	£000
<i>Wholly owned subsidiaries:</i>				
<b>BrewDog Retail Ltd</b>				
2016	6,231	-	2,273	-
2015	4,858	-	194	-
<b>BrewDog USA Inc</b>				
2016	-	-	13,961	-
2015	-	-	16	-
<b>BrewDog GMBH</b>				
2016	12	-	862	-
2015	-	-	79	-
<i>Associate</i>				
<b>Brew by Numbers Ltd</b>				
2016	-	-	-	-
2015	21	38	-	-
<b>Other directors' interests</b>				
2016	30	225	18	39
2015	97	115	8	28

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

### Director's loan

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

### Other directors' interests

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

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

## 26. POST BALANCE SHEET EVENTS

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

# INDEPENDENT AUDITORS REPORT

## To the members of BrewDog PLC

We have audited the financial statements of BrewDog PLC for the year ended 31 December 2016 which comprise group and parent company statements of financial position, the group statement of comprehensive income, the group and parent company statements of cash flows, the group and parent company statements of changes in equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

### OPINION ON THE FINANCIAL STATEMENTS IN OUR OPINION:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006: and
- the financial statements have been prepared in accordance with the requirements of the UK Companies Act 2006.

### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

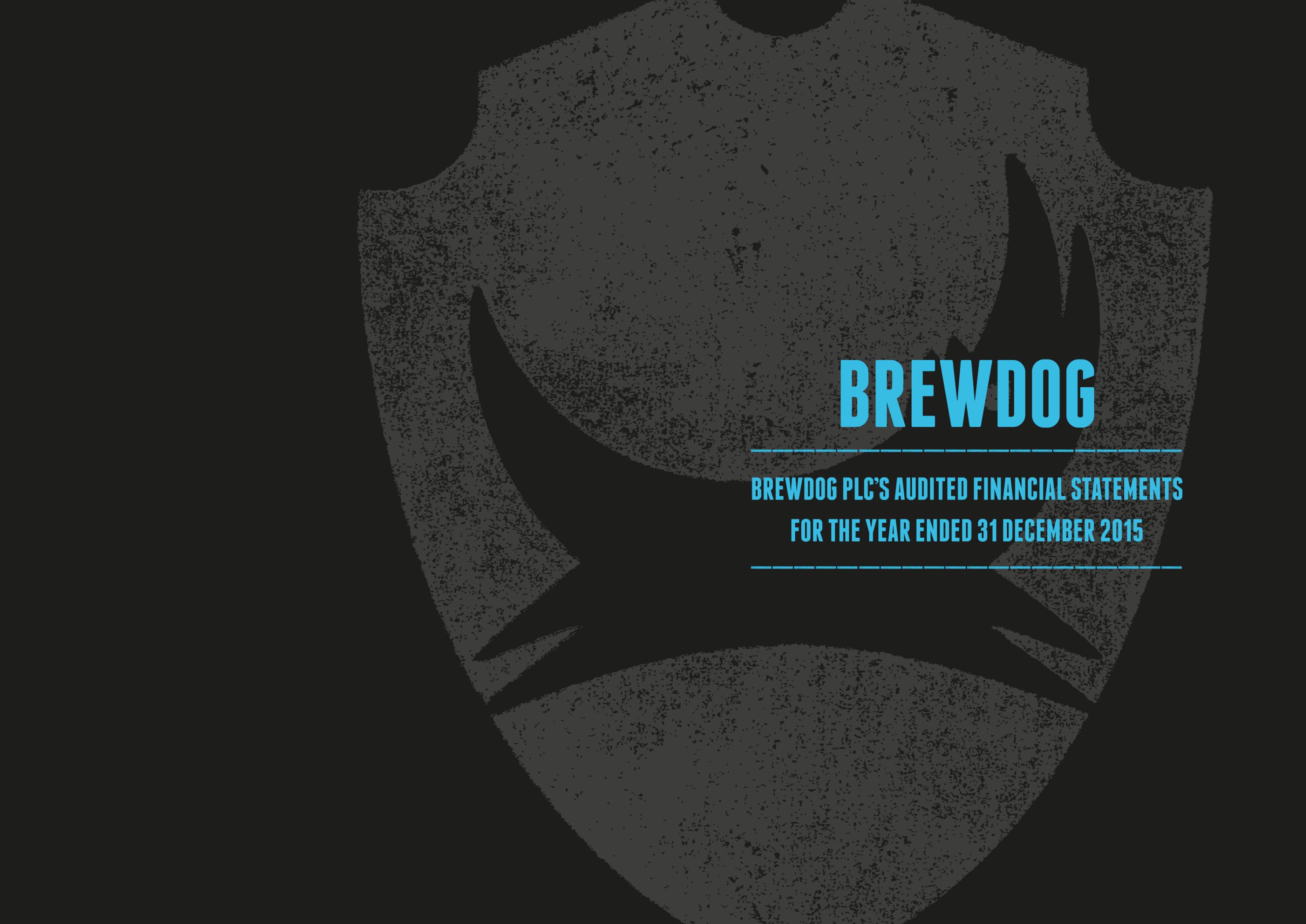
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors'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

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

20 March 2017

#### Notes:

1. The maintenance and integrity of the BrewDog PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# **BREWDOG**

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**BREWDOG PLC'S AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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## GROUP STATEMENT OF COMPREHENSIVE INCOME

As at 31 December 2015	NOTE	2015 £000	2014 £000
<b>Revenue</b>	4	44,730	29,615
Cost of sales		(27,776)	(18,158)
<b>Gross Profit</b>		16,954	11,457
Administrative expenses		(14,113)	(7,778)
Other operating income		329	174
<b>Operating Profit</b>	5	3,170	3,853
Finance income		5	4
Finance costs	8	(326)	(209)
(Loss) / gain on disposal of property, plant and equipment		(14)	1
Gain on disposal of investments		642	-
Share of profit of an associate		-	3
<b>Profit before taxation</b>		3,477	3,652
Income tax expense	9	(749)	(1,001)
<b>Profit for the year</b>		2,728	2,651
<b>Other comprehensive income</b>			
Reclassification adjustments for disposal of available-for-sale financial assets		(566)	-
Exchange differences on translation of foreign operations		14	-
Income tax effect		-	-
<b>Other comprehensive income for the year, net of tax</b>		(552)	-
<b>Total comprehensive income for the year, net of tax</b>		2,176	2,651

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

## GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2015	NOTE	2015 £000	2014 £000	As at 1 January 2014 £000
<b>Non-current assets</b>				
Property, plant and equipment	10	38,866	20,101	12,991
Intangible assets	11	646	-	-
Other non-current financial assets	12	52	618	568
Investments in associates	13	100	50	81
		39,664	20,769	13,640
<b>Current assets</b>				
Trade and other receivables	14	8,971	5,083	2,711
Inventory	15	3,612	2,565	1,599
Corporation tax receivable		243	-	-
Cash and cash equivalents	16	3,715	2,233	3,242
		16,541	9,881	7,552
<b>Total assets</b>		56,205	30,650	21,192
<b>Current liabilities</b>				
Trade and other payables	17	10,899	5,369	3,159
Current tax payable		-	448	8
Financial liabilities	18	7,555	2,044	971
		18,454	7,861	4,138
<b>Non-current liabilities</b>				
Deferred tax liabilities	9	1,389	702	208
Financial liabilities	18	8,126	5,976	3,775
Government grants	22	1,430	1,084	937
		10,945	7,762	4,920
<b>Total liabilities</b>		29,399	15,623	9,058
<b>Net Assets</b>		26,806	15,027	12,134
<b>Equity</b>				
Called up share capital	21	61	59	59
Share premium account	21	16,902	7,301	7,059
Foreign currency translation reserve		14	-	-
Revaluation reserve		-	566	566
Retained earnings		9,829	7,101	4,450
<b>Total Shareholders' funds</b>		26,806	15,027	12,134

Signed on behalf of the Board of Directors on 25 March 2016

J.B. Watt  
Director

N.A. Simpson  
Director

# COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTE	2015 £000	2014 £000	As at 1 January 2014 £000
<b>Non-current assets</b>				
Property, plant and equipment	10	29,864	16,907	11,244
Intangible assets	11	646	-	-
Other non-current financial assets	12	7,763	2,154	2,083
Investments in associates	13	100	50	80
		<b>38,373</b>	<b>19,111</b>	<b>13,407</b>
<b>Current assets</b>				
Trade and other receivables	14	7,615	5,841	2,526
Inventory	15	3,283	2,333	1,409
Corporation tax receivable		243	-	-
Cash and cash equivalents	16	2,860	1,631	2,991
		<b>14,001</b>	<b>9,805</b>	<b>6,926</b>
<b>Total assets</b>		<b>52,374</b>	<b>28,916</b>	<b>20,333</b>
<b>Current liabilities</b>				
Trade and other payables	17	6,041	3,963	2,267
Current tax payable		-	448	9
Financial liabilities	18	6,779	1,394	821
		<b>12,820</b>	<b>5,805</b>	<b>3,096</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	9	1,250	658	208
Financial liabilities	18	8,126	5,976	3,700
Government grants	22	1,430	1,084	937
		<b>10,806</b>	<b>7,718</b>	<b>4,845</b>
<b>Total liabilities</b>		<b>23,626</b>	<b>13,523</b>	<b>7,941</b>
<b>Net assets</b>		<b>28,748</b>	<b>15,393</b>	<b>12,392</b>
<b>Equity</b>				
Called up share capital	21	61	59	59
Share premium account	21	16,902	7,301	7,059
Revaluation reserve		-	566	566
Retained earnings		11,785	7,467	4,708
<b>Total Shareholders' funds</b>		<b>28,748</b>	<b>15,393</b>	<b>12,392</b>

Signed on behalf of the Board of Directors on 25 March 2016

J.B. Watt  
Director

N.A. Simpson  
Director

# GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital £000	Share premium £000	Revaluation reserve £000	Retained earnings £000	Foreign currency translation reserve £000	Total £000
<b>At 1 January 2014</b>	59	7,059	566	4,450	-	12,134
Total comprehensive profit for the year	-	-	-	2,651	-	2,651
Premium on shares issued during the year	-	242	-	-	-	242
<b>At 31 December 2014</b>	59	7,301	566	7,101	-	15,027
Profit for the year	-	-	-	2,728	-	2,728
Issue of share capital	2	10,271	-	-	-	10,273
Other comprehensive income	-	-	(566)	-	14	(552)
Transaction costs	-	(670)	-	-	-	(670)
<b>At 31 December 2015</b>	61	16,902	-	9,829	14	26,806

## COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital £000	Share premium £000	Revaluation reserve £000	Retained earnings £000	Total £000
<b>At 1 January 2014</b>	59	7,059	566	4,708	12,392
Total comprehensive profit for the year	-	-	-	2,759	2,759
Premium on shares issued during the year	-	242	-	-	242
<b>At 31 December 2014</b>	59	7,301	566	7,467	15,393
Profit for the year	-	-	-	4,318	4,318
Issue of share capital	2	10,271	-	-	10,273
Other comprehensive income	-	-	(566)	-	(566)
Transaction costs	-	(670)	-	-	(670)
<b>At 31 December 2015</b>	61	16,902	-	11,785	28,748

## GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	NOTE	2015 £000	2014 £000
<b>Operating activities</b>			
Profit before tax		3,477	3,651
Adjustments to reconcile profit before tax to net cash flows:			
Loss/(gain) on disposal of property, plant and equipment		14	(8)
Depreciation		1,722	1,055
Grant amortisation		(104)	(84)
(Gain)/ loss on disposal of investments		(642)	16
Working capital adjustments:			
Increase in inventory		(1,046)	(967)
Increase in trade and other receivables		(3,888)	(2,372)
Increase in trade and other payables		4,243	1,237
Taxation paid		(756)	(66)
<b>Net cash flow from operating activities</b>		<b>3,020</b>	<b>2,462</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(17,617)	(5,358)
Purchase of investments		-	(100)
Acquisition of subsidiary undertakings, net of cash acquired		-	(21)
Purchase of intangible assets		(646)	-
Proceeds from disposal of other fixed asset investments		642	-
Proceeds from disposal of associate		50	67
Purchase of associate		(100)	-
Proceeds from disposal of property, plant and equipment		20	67
<b>Net cash flow used in investing activities</b>		<b>(17,651)</b>	<b>(5,345)</b>
<b>Financing activities</b>			
Issue of ordinary share capital		10,273	242
Transaction costs of issue of shares		(670)	-
Proceeds from new borrowings		5,201	2,575
Proceeds from government grant		450	230
Proceeds from bond issue		2,312	-
Repayment of borrowings		(239)	(316)
Repayment of finance leases and hire purchase contracts		(1,214)	(857)
<b>Net cash flow used in financing activities</b>		<b>16,113</b>	<b>1,874</b>
Net increase /(decrease) in cash and cash equivalents		1,482	(1,009)
<b>Cash and cash equivalents at beginning of year</b>		<b>2,233</b>	<b>3,242</b>
<b>Cash and cash equivalents at end of year</b>		<b>3,715</b>	<b>2,233</b>

# COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	NOTE	2015 £000	2014 £000
<b>Operating activities</b>			
Profit before tax		4,972	2,759
Adjustments to reconcile loss before tax to net cash flows:			
Loss/(gain) on disposal of property, plant and equipment		8	(9)
Depreciation		1,011	637
Grant amortisation		(104)	(84)
(Gain)/loss on disposal of investments		(642)	12
Working capital adjustments:			
Increase in inventory		(950)	(924)
Increase in trade and other receivables		(7,949)	(3,314)
Increase in trade and other payables		2,031	2,561
Taxation paid		(756)	(66)
<b>Net cash flows (used in)/from operating activities</b>		<b>(2,379)</b>	<b>1,572</b>
<b>Investing activities</b>			
Proceeds from disposal of associate		50	67
Purchase of investments		-	(100)
Acquisition of subsidiary undertakings, net of cash acquired		-	(21)
Purchase of associate		(100)	-
Purchase of intangible asset		(646)	-
Proceeds from disposal of property, plant and equipment		20	67
Proceeds from disposal of other fixed asset investments		642	-
Purchase of property, plant and equipment		(12,345)	(4,394)
<b>Net cash flows used in investing activities</b>		<b>(12,379)</b>	<b>(4,381)</b>
<b>Financing activities</b>			
Issue of ordinary share capital		10,273	242
Transaction costs of issue of shares		(670)	-
Proceeds from new borrowings		5,000	2,000
Proceeds from government grant		450	230
Proceeds from bond issue		2,312	-
Repayment of borrowings		(164)	(166)
Repayment of finance leases and hire purchase contracts		(1,214)	(857)
<b>Net cash flows used in financing activities</b>		<b>15,987</b>	<b>1,449</b>
Net decrease in cash and cash equivalents		1,229	(1,360)
<b>Cash and cash equivalents at beginning of year</b>		<b>1,631</b>	<b>2,991</b>
<b>Cash and cash equivalents at end of year</b>		<b>2,860</b>	<b>1,631</b>

# NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2015

## 1. GENERAL INFORMATION

The consolidated financial statements of BrewDog PLC and its subsidiaries (collectively, the group) for the year ended 31 December 2015 were authorised for issue by the Board of Directors on 25 March 2016. The company is incorporated in the United Kingdom under the Companies Act 2006.

## 2. BASIS OF PREPARATION

### Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applied in accordance with the provisions of the Companies Act 2006.

For all periods up to and including the year ended 31 December 2014, the group prepared its financial statements in accordance with United Kingdom generally accepted accounting principles (UK GAAP). These financial statements for the year ended 31 December 2015 are the first the group has prepared in accordance with IFRS. Refer to Note 24 for information on how the group adopted IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for other non-current financial assets that have been measured at fair value. The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), except otherwise indicated.

The group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company income statement. The profit recorded by the company for the year was £4,318,000 (2014: £2,759,000).

### 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.

## 3. ACCOUNTING POLICIES

New standards and interpretations

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the group's accounting period beginning on or after 1 January 2015 or later periods, but the group has not early adopted them:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

It is not anticipated that the application of these standards and amendments will have any material impact on the group's financial statements, however the group is still looking at the impact of IFRS 15 and IFRS 16 given they are new standards still subject to interpretation. The group plans to adopt the amendments to these standards when they become effective.

### Cash and cash equivalents

Cash and short-term deposits 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 provided

Buildings 2% on cost

Long-term leasehold property over lease term

Plant and machinery 10 - 25% on reducing balance and 33 - 50% on cost

Computer equipment 33% on cost

Fixtures and fittings 25% on cost

Motor vehicles 25% on reducing balance

Assets under construction not provided

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

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of profit or loss when it is incurred.

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

# NOTES TO THE FINANCIAL STATEMENTS CONT...

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 de-recognition 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 comprehensive income when the asset is de-recognised.

## Non-current financial assets

Fixed asset investments are shown at cost less any provision for impairment.

## Investments in associates

Investments in associates are accounted for using the equity method. The consolidated statement of comprehensive income includes the group's share of associate's profit less losses while the group's share of the net assets of the associate is shown in the consolidated statement of financial position.

## Revenue recognition

Revenue comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts but inclusive of excise duty. Revenue is recognised in the financial statements when the risks and rewards of owning the goods have passed to the customer and when cash has been received or is receivable.

## Cost of sales

Cost of sales comprises brewery and warehouse maintenance costs.

## Taxation

### Current income tax

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

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

### Deferred income tax

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

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

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

### Foreign currency translation

Transactions and balances

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

### Research and development

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

### Government grants

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

## Leases and hire purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the statement of comprehensive income over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

## Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss or loans and receivables, as appropriate. The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

## De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - the company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset, or
  - the company has transferred substantially all the risks and rewards of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

## Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

## 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.

Initial cost of raw materials includes the transfer of gains and losses on qualifying cash flow hedges, recognised in other comprehensive income.

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

## Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

## Trade and other payables

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

## Loans

Loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Loans are subsequently measured at their amortised cost applying the effective interest rate method.

Finance charges on the loans are recognised as finance costs in the income statement.

## De-recognition 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

# NOTES TO THE FINANCIAL STATEMENTS CONT...

## Pension

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

## 4. REVENUE

Revenue represents the invoiced amount of goods and services supplied, inclusive of excise duty, during the year. Revenue is recognised when the risks and rewards of owning the goods has passed to the customers. All items are stated net of value added tax and trade discounts.

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

	2015	2014
Geographical segment	£000	£000
UK	33,416	19,891
Europe	8,605	7,468
USA and Canada	765	645
Rest of the world	1,944	1,611
	44,730	29,615

## 5. OPERATING PROFIT

This is stated after charging/(crediting)

	2015	2014
	£000	£000
Depreciation of tangible assets	1,722	1,055
Loss on disposal of associate investment	-	17
Loss of disposal of tangible assets	14	-
Operating lease rentals	1,318	779
Fees payable to the group's auditor for the audit of the group's annual financial statements	40	27
Remuneration for non-audit fees	-	99
Research and development	400	200
and after crediting:		
Government grants	245	169
Profit on disposal of tangible assets	-	8
Profit on disposal of unlisted investment	642	-
Profit on foreign exchange transactions	91	59

## 6. AUDITORS' REMUNERATION

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

	2015	2014
	£000	£000
Audit of the financial statements	40	27
Audit related assurance services	10	-
Non audit fees	-	99
	50	126

## 7. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

Staff Costs	2015	2014
	£000	£000
Wages and salaries	9,104	5,716
Pension costs	67	-
Social security costs	858	680
	10,029	6,396

The above excludes directors' remuneration. The company makes contributions to a defined contribution scheme for all eligible employees up to a maximum of 1% of salary. Contributions are charged to the income statement as incurred.

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

	2015	2014
	No.	No.
Directors	5	6
Administration	67	32
Production	79	60
Bar staff	252	179
	403	277
Director's remuneration	2015	2014
	£000	£000
Director's remuneration	649	451
Pension contributions	5	-
	654	451

## 8. FINANCE COSTS

	2015	2014
	£000	£000
Bank loans and overdrafts	169	87
Hire purchase interest	144	122
Bond interest	13	-
Total finance costs	326	209

## 9. INCOME TAX

a) Income tax on profit on ordinary activities	2015	2014
	£000	£000
UK corporation tax on the profit for the year	134	456
Total current income tax	134	456
Amounts (over)/under provided in previous years	(71)	50
Total current income tax	63	506
Deferred income tax:		
Origination and reversal of temporary differences	652	481
Deferred tax adjustments in previous periods	34	14
Total deferred income tax charge	686	495
Income tax charge in the group statement of comprehensive income	749	1,001
b) Reconciliation of the total income tax charge	2015	2014
	£000	£000
Profit from continuing operations	3,477	3,651

Tax calculated at UK standard rate of corporation tax of 20.25% (2014 - 20%)	704	730
Expenses not deductible for tax purposes	81	38
Other fixed asset related movements	238	243
Other timing differences	(5)	7
Tax (over)/under provided in previous years	(71)	50
Change in tax laws and rate	(129)	-
Reduction for R&D expenditure	(104)	(53)
Non-taxable income	(151)	(17)
Unrecognised tax losses in other jurisdictions	56	-
Chargeable gains	130	3
Income tax charge in the group statement of comprehensive income	749	1,001

The income tax expense above is computed at profit before taxation multiplied by the effective rate of corporation tax in the UK of 20.25% (2014: 20%)

## c) Deferred income tax

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

	Group 2015	Group 2014	Company 2015	Company 2014
	£000	£000	£000	£000
Deferred tax liability				
Temporary differences relating to property, plant and equipment	1,331	638	1,250	658
Deferred tax asset				
Tax losses carried forward	58	64	-	-
Net deferred tax liability	1,389	702	1,250	658
Deferred tax in the income statement				
Temporary differences relating to property, plant and equipment	686	494	592	450
	686	494	592	450

# NOTES TO THE FINANCIAL STATEMENTS CONT...

## 10. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings £000	Long term leasehold property £000	Fixtures and fittings £000	Motor vehicle £000	Group cont.	Plant and machinery	Computer equipment	Assets under construction	Total
						£000	£000	£000	£000
Cost:									
At 1 January 2014	3,540	1,376	780	70	At 1 January 2014	6,623	57	1,670	14,116
Additions	1,269	1,059	930	99	Additions	4,710	59	97	8,223
Transfer	1,648	-	2	-	Transfers	-	-	(1,650)	-
					Disposals	(102)	-	-	(102)
At 31 December 2014	6,457	2,435	1,712	169	At 31 December 2014	11,231	116	117	22,237
Additions	1,116	2,068	2,195	22	Additions	8,197	93	6,841	20,532
Disposals	-	(12)	(29)	-	Disposals	(36)	-	-	(77)
At 31 December 2015	7,573	4,491	3,878	191	At 31 December 2015	19,392	209	6,958	42,692
Depreciation:					Depreciation:				
At 1 January 2014	49	161	221	35	At 1 January 2014	621	37	-	1,124
On disposals	-	-	-	-	On disposals	(43)	-	-	(43)
Charge for the year	87	139	311	18	Charge for the year	480	20	-	1,055
At 31 December 2014	136	300	532	53	At 31 December 2014	1,058	57	-	2,136
Charge for the year	107	218	559	31	On disposals	(8)	-	-	(32)
On disposals	-	(2)	(22)	-	Charge for the year	767	40	-	1,722
At 31 December 2015	243	516	1,069	84	At 31 December 2015	1,817	97	-	3,826
Net book value:					Net book value:				
At 31 December 2015	7,330	3,975	2,809	107	At 31 December 2015	17,575	112	6,958	38,866
At 31 December 2014	6,321	2,135	1,180	116	At 31 December 2014	10,173	59	117	20,101
At 1 January 2014	3,491	1,215	559	35	At 1 January 2014	6,001	20	1,670	12,991

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

	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Net book value:				
At 31 December 2015	6,910	-	17	6,927
At 31 December 2014	5,050	146	22	5,218
At 1 January 2014	3,777	69	31	3,877
Depreciation charge for the year:				
31 December 2015	1,077	-	15	1,092
31 December 2014	256	33	11	300

Company	Long term leasehold property £000	Land and buildings £000	Fixtures and fittings £000	Motor vehicle £000
Cost:				
At 1 January 2014	-	3,540	58	70
Additions	14	1,269	112	99
Transfer	-	1,648	2	-
At 31 December 2014	14	6,457	172	169
Additions	-	358	66	22
Disposals	-	-	(18)	-
At 31 December 2015	14	6,815	220	191
Depreciation:				
At 1 January 2014	-	49	29	35
Charge for the year	1	87	34	18
At 31 December 2014	1	136	63	53
On disposals	-	-	(18)	-
Charge for the year	1	107	66	31
At 31 December 2015	2	243	111	84
Net book value:				
At 31 December 2015	12	6,572	109	107
At 31 December 2014	13	6,321	109	116
At 1 January 2014	-	3,491	29	35

# NOTES TO THE FINANCIAL STATEMENTS CONT...

Company	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000
Cost:				
At 1 January 2014	6,623	53	1,670	12,014
Additions	4,710	59	97	6,360
Transfers	-	-	(1,650)	-
Disposals	(102)	-	-	(102)
At 31 December 2014	11,231	112	117	18,272
Additions	8,197	91	5,262	13,996
Disposals	(36)	-	-	(54)
At 31 December 2015	19,392	203	5,379	32,214
Depreciation:				
At 1 January 2014	621	35	-	769
On disposals	(43)	-	-	(43)
Charge for the year	480	19	-	639
At 31 December 2014	1,058	54	-	1,365
On disposals	(8)	-	-	(26)
Charge for the year	767	39	-	1,011
At 31 December 2015	1,817	93	-	2,350
Net book value:				
At 31 December 2015	17,575	110	5,379	29,864
At 31 December 2014	10,173	58	117	16,907
At 1 January 2014	6,001	18	1,670	11,244

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

Company	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000
Net book value:				
At 31 December 2015	6,910	-	17	6,927
At 31 December 2014	5,050	146	22	5,218
At 1 January 2014	3,777	69	31	3,877
Depreciation charge for the year:				
31 December 2015	1,077	-	15	1,092
31 December 2014	256	33	11	300

## 11. INTANGIBLE FIXED ASSETS

Group and company	Distribution rights
	£000
Cost	-
At 1 January 2014 and 31 December 2014	-
Additions	646
At 31 December 2015	646

## 12. OTHER NON-CURRENT FINANCIAL ASSETS

Group	Unlisted investments
	£000
Cost	568
At 1 January 2014	568
Additions	50
At 31 December 2014	618
Disposals	(566)
At 31 December 2015	52
Net book value	
At 31 December 2015	52
At 31 December 2014	618
At 1 January 2014	568

Company	Unlisted investments	Shares in group undertakings	Total
	£000	£000	£000
Cost	568	1,515	2,083
At 1 January 2014	568	1,515	2,083
Additions	50	21	71
At 31 December 2014	618	1,536	2,154
Additions	-	6,175	6,175
Disposals	(566)	-	(566)
At 31 December 2015	52	7,711	7,763
Net book value:			
At 31 December 2015	52	7,711	7,763
At 31 December 2014	618	1,536	2,154
At 1 January 2014	568	1,515	2,083

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

Name of company	Holdings	Country of registration or incorporation	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:				
BrewDog Retail Limited	Ordinary	Scotland	100%	Bar operator
BrewDog USA Inc *	Ordinary	USA	100%	Holding company
BrewDog GmbH	Ordinary	Germany	100%	Bar operator
* Acquired on 22 April 2015				
Indirectly held				
BrewDog Columbus LLC	Ordinary	USA		
BrewDog Brewing Company LLC	Ordinary	USA		

## 13. INVESTMENTS IN ASSOCIATES

Group	Total
Cost	£000
At 1 January 2014	81
Additions	53
Disposals	(84)
At 31 December 2014	50
Additions	100
Disposals	(50)
At 31 December 2015	100
At 31 December 2014	50
At 1 January 2014	81
Company	
Cost	£000
At 1 January 2014	80
Additions	50
Disposals	(80)
At 31 December 2014	50
Additions	100
Disposals	(50)
At 31 December 2015	100
At 31 December 2014	50
At 1 January 2014	80

## NOTES TO THE FINANCIAL STATEMENTS CONT...

During the year, BrewDog PLC disposed of an associate interest, Brew by Numbers Limited for no gain or loss. The directors consider the group share of the financial results for Brew by Numbers Limited for the period to disposal are trivial and as such have not accounted for these within the group financial statements.

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

Third Wave Coffee Limited had no contingent liabilities or capital commitments as at 31 December 2015. The parent has no contingent liabilities relating to its interests in the associate.

### 14. TRADE AND OTHER RECEIVABLES

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Trade receivables	6,358	3,809	1,577
Prepayments and other receivables	2,613	1,262	1,076
Receivables from participating interests	-	12	58
	8,971	5,083	2,711

Trade and other receivables due after one year amounted to £1,218,000 (2014 - £216,000, 1 January 2014 - £nil)

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Trade receivables	6,358	3,846	1,562
Prepayments and other receivables	968	516	588
Receivable from group undertakings	289	1,467	318
Receivables from participating interests	-	12	58
	7,615	5,841	2,526

Trade and other receivables due after one year amounted to £1,019,000 (2014 - £nil, 1 January 2014 - £nil)

Group	Total	Neither past due not impaired				Past due but not impaired
		< 30 days	30-60 days	60-90 day	Over 90 days	
	£000	£000	£000	£000	£000	£000
2015	6,358	3,316	1,898	545	599	
2014	3,809	1,826	1,246	523	214	
At 1 January 2014	1,577	790	631	77	79	

Company	Total	Neither past due not impaired				Past due but not impaired
		< 30 days	30-60 days	60-90 day	Over 90 days	
	£000	£000	£000	£000	£000	£000
2015	6,358	3,316	1,898	545	599	
2014	3,846	1,863	1,246	523	214	
At 1 January 2014	1,562	775	631	77	79	

### 15. INVENTORIES

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Raw materials	813	696	407
Work in progress	494	577	378
Finished goods and goods for resale	2,305	1,292	814
	3,612	2,565	1,599

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Raw materials	813	696	407
Work in progress	494	577	378
Finished goods and goods for resale	1,976	1,060	624
	3,283	2,333	1,409

### 16. CASH AND SHORT-TERM DEPOSITS

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Cash at bank and in hand	3,715	2,233	3,242

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Cash at bank and in hand	2,860	1,631	2,991

Cash on deposit earns interest at a rate of 0.3% on a monthly basis.

### 17. TRADE AND OTHER PAYABLES

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Trade and other payables	6,388	3,123	1,936
Taxes and social security	418	752	259
Other payables	4,093	1,494	964
	10,899	5,369	3,159

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Trade and other payables	3,764	2,484	1,450
Taxes and social security	412	409	94
Other payables	1,865	1,070	723
	6,041	3,963	2,267

### 18. FINANCIAL LIABILITIES

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Current:			
Bank overdrafts	776	650	150
£1,820,000 bank loan	109	106	103
£2,000,000 bank loan	114	111	-
£5,000,000 bank loan	5,000	-	-
Obligations under hire purchase contracts	1,556	1,177	718
	7,555	2,044	971

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Non-current:			
£1,820,000 bank loan	1,354	1,463	1,569
£2,000,000 bank loan	1,713	1,826	-
£250,000 bank loan	-	-	75
Obligations under hire purchase contracts	2,747	2,687	2,131
6.5% non-convertible bonds	2,312	-	-
<b>Total non-current borrowings</b>	<b>8,126</b>	<b>5,976</b>	<b>3,775</b>

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Current:			
£1,820,000 bank loan	109	106	103
£2,000,000 bank loan	114	111	-
£5,000,000 bank loan	5,000	-	-
Obligations under hire purchase contracts	1,556	1,177	718
	6,779	1,394	821

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Non-current:			
£1,820,000 bank loan	1,354	1,463	1,569
£2,000,000 bank loan	1,713	1,826	-
Obligations under hire purchase contracts	2,747	2,687	2,131
6.5% non-convertible bonds	2,312	-	-
<b>Total non-current borrowings</b>	<b>8,126</b>	<b>5,976</b>	<b>3,700</b>

# NOTES TO THE FINANCIAL STATEMENTS CONT...

## Bank loans

£1,820,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £1,820,000 and is repayable by monthly instalments until October 2027.

£2,000,000 fixed rate 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 May 2029. This loan is secured by a mortgage over the land and buildings.

£800,000 bank overdraft

This fixed rate loan is in the name of the subsidiary. It is a facility up to £800,000 and is available for the company to draw down as required. The facility will be reviewed at 30 June 2016 and is currently disclosed as repayable on demand until such time as it reverts to a time loan.

£5,000,000 bank loan

During the year the parent company drew down the loan, originally for a maximum of £5,000,000. The loan is repayable on demand. The facility will be reviewed at 30 June 2016 and is currently disclosed as current.

6.5% non-convertible bonds

In November 2015, the group issued £2,312,000 non-convertible bonds with a maturity in November 2019. The purpose of the bond was to finance expansion. The bonds were issued with an interest rate of 6.5%. Interest is paid bi-annually with subsequent repayment of £2,312,000 in November 2019.

The bank loans are secured by standing and floating charges over the assets of the group. In addition, there is an unlimited cross guarantee between BrewDog PLC and BrewDog Retail Limited.

## 19. CAPITAL COMMITMENT

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Contracted for but not provided in the financial statements	12,156	2,570	1,325

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Contracted for but not provided in the financial statements	2,115	2,570	1,325

## 20. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

*Obligations under finances leases and hire purchase contracts*

The group uses finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments under finance leases and hire purchase contracts are as follows:

Group and company	2015	2014	At 1 January 2014
	£000	£000	£000
Not later than one year	5	2	22
In one to five years	1,358	1,128	705
	1,363	1,130	727

## Operating lease agreements where the group is lessee

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

Future minimum rentals payable under non-cancellable operating leases are as follows:

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Not later than one year	60	17	7
In one to five years	48	70	49
In over five years	1,143	682	450
	1,251	769	506

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Not later than one year	9	17	6
In one to five years	30	24	33
In over five years	185	73	-
	224	114	39

## 21. SHARE CAPITAL

Group and company	2015	2015	2014	2014
	No. 000	£000	No. 000	£000
<i>Authorised</i>				
Ordinary A shares of 1p each (2014 – 5p each)	5,075	51	1,015	51
Ordinary B shares of 1p each (2014 – 5p each)	1,348	13	164	8

Group and company	2015	2015	2014	2014
	No. 000	£000	No. 000	£000
<i>Allotted called up and fully paid Ordinary A shares</i>				
At 1 January	1,015	51	1,015	51
Issue following resolution (see below)	4,060	-	-	-
	5,075	51	1,015	51

Group and company	2015	2015	2014	2014
	No. 000	£000	No. 000	£000
<i>Allotted called up and fully paid Ordinary B shares</i>				
At 1 January	164	8	161	8
Issue following resolution (see below)	658	-	-	-
Issued Equity for Punks	217	2	3	-
At 31 December	1,039	10	164	8

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

During the year the company issued a further 216,822 Ordinary B shares to the public under its Equity for Punks IV crowdfunding initiative, of these 215,826 were issued with an issue price of £47.50 per share, the remaining 996 were issued with an issue price of £23.75. This created additional share premium of £10,271,417 in the year.

Both A and B Ordinary shares rank equally in terms of rights to receive dividends, rights to participate in a distribution of the assets of the company and voting at general meetings.

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

At the year-end £50,113 (2014 - £46,634) of share capital and share premium remains unpaid.

Group and company	2015	2014
	Share premium account £000	Share premium account £000
At 1 January	7,301	7,059
Issued Equity for Punks	10,271	242
Transaction costs	(670)	-
At 31 December	16,902	7,301

# NOTES TO THE FINANCIAL STATEMENTS CONT...

## Company

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

	Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
<b>Wholly owned subsidiaries:</b>				
<b>BrewDog Retail Ltd</b>				
2015	4,858	-	194	-
2014	3,484	-	1,467	-
At 1 January 2014	-	-	318	-
<b>BrewDog USA Inc</b>				
2015	-	-	16	-
2014	-	-	-	-
At 1 January 2014	-	-	-	-
<b>BrewDog GMBH</b>				
2015	-	-	79	-
2014	-	-	12	-
At 1 January 2014	-	-	-	-
<b>Associate</b>				
<b>Brew by Numbers Ltd</b>				
2015	21	38	-	-
2014	51	19	12	-
At 1 January 2014	-	-	-	-
<b>Key management personnel of the group:</b>				
<b>Other directors' interests</b>				
2015	97	115	8	28
2014	233	75	107	53
At 1 January 2014	-	-	142	31

Key management personnel of the group: Director's loan	Interest received £000	Amounts owed to related parties £000
2015	-	85
2014	-	-
At 1 January 2014	-	-

Transactions with key management personnel:

### Director's loan

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

### Other directors' interests

During both 2015 and 2014, sales and purchases at normal market prices were made by group companies from JBW (77) Limited, a company controlled by one of the directors.

During both 2015 and 2014, purchases at normal market prices were made by group companies from JBW (Aberdeen) Limited, a company controlled by one of the directors.

During both 2015 and 2014, sales and purchases at normal market prices were made by group companies from Musa 77 Limited, a company controlled by one of the directors.

One director has a equity interest in Anchor Brewing Company. During 2015 and 2014, the group made sales at normal market prices.

## 24. TRANSITION TO IFRS

These financial statements, for the year ended 31 December 2015, are the first the group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2014, the group prepared its financial statements in accordance with United Kingdom generally accepted accounting principle (UK GAAP).

Accordingly, the group has prepared financial statements that comply with IFRS applicable as at 31 December 2015, together with the comparative period data for the year ended 31 December 2014, as described in the summary of significant accounting policies. In preparing the financial statements, the group's opening statement of financial position was prepared as at 1 January 2014, the group's date of transition to IFRS. This note explains the principal adjustments made by the group in restating its UK GAAP financial statements, including the statement of financial position as at 1 January 2014 and the financial statements for the year ended 31 December 2014.

In the statement of financial position prepared in accordance with UK GAAP land was carried at market value. Under IFRS, the group has adopted a policy of measuring land at cost and not revaluation. The effect of this change was reduction of land at 1 January 2014 of £259,144.

## 22. GOVERNMENT GRANTS

Group and company	2015 £000	2014 £000
At 1 January	1,084	937
Received during the year	450	231
Released to the statement of financial position	(104)	(84)
At 31 December	1,430	1,084
	2015 £000	2014 £000
Current	145	104
Non-current	1,285	980
	1,430	1,084

Government grants have been received for the purchase of certain items of land, property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

## 23. RELATED PARTY TRANSACTIONS

### Group

The financial statements include the financial statements of the group and the subsidiaries listed following:

Name	Country of Incorporation	% Interest
BrewDog Retail Limited	Scotland	100
BrewDog USA Inc	USA	100
BrewDog GMBH	Germany	100
BrewDog Columbus LLC	USA	100
BrewDog Brewing Company LLC	USA	100

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured, interest free and cash settlement terms vary between 30 and 90 days. The company has not provided or benefited from any guarantees for any related party receivables or payables. The company has not made any provision for doubtful debts relating to amounts owed by related parties.

# INDEPENDENT AUDITORS REPORT

## to the members of BrewDog PLC

We have audited the financial statements of BrewDog plc for the year ended 31 December 2015 which comprise group and parent company statements of financial position, the group statement of comprehensive income, the group and parent company statements of cash flows, the group and parent company statements of changes in equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

## OPINION ON THE FINANCIAL STATEMENTS IN OUR OPINION:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the UK Companies Act 2006.

## OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Jamie Dixon (Senior Statutory Auditor)

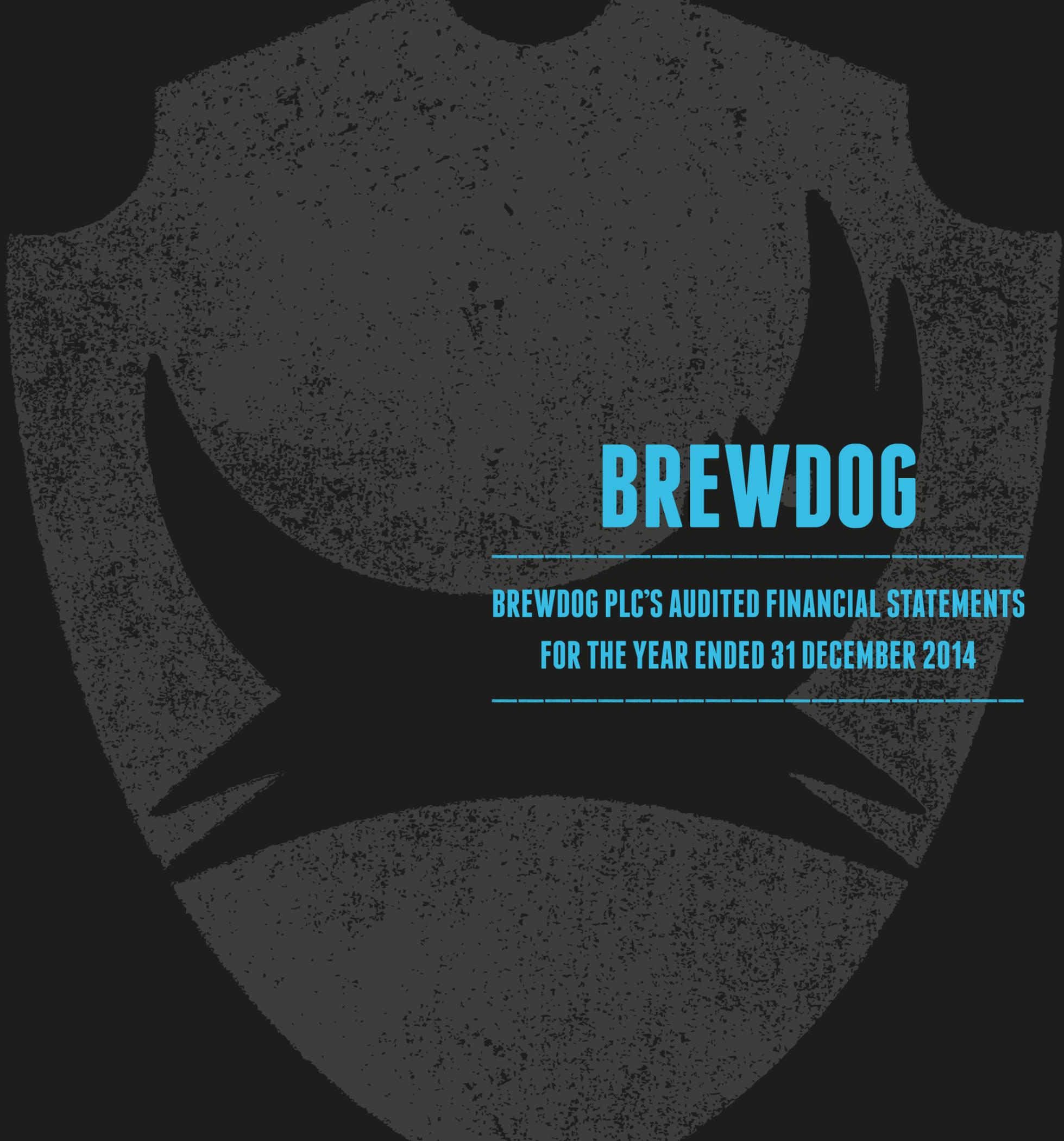
For and on behalf of Ernst & Young LLP (Statutory Auditor)

Aberdeen

25 March 2016

Notes:

1. The maintenance and integrity of the BrewDog PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# **BREWDOG**

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**BREWDOG PLC'S AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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# BREWDOG PLC

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BREWDOG PLC

We have audited the financial statements of Brewdog plc for the year ended 31 December 2014 set out on pages 8 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out within the Directors' Report on pages 3 - 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

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

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

David Wilson (Senior Statutory Auditor) for and on behalf of Johnston Carmichael LLP

01-04-2015

Chartered Accountants  
Statutory Auditor Bishop's Court, 29 Albyn Place, Aberdeen, AB10 1YL

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For year ending 31 December 2014	NOTE	2014	2013
Turnover	2	29,614,985	18,087,583
Cost of sales		(18,157,781)	(11,202,251)
<b>Gross Profit</b>		11,457,204	6,885,332
Administrative expenses		(7,778,734)	(4,652,562)
Other operating income		173,559	281,725
<b>Operating Profit</b>	3	3,852,029	2,514,495
Income from interests in associated undertakings		2,972	24,058
Other interest receivable and similar income		4,807	11,462
Interest payable and similar charges	4	(209,144)	(189,246)
<b>Profit on ordinary activities before taxation</b>		3,650,664	2,360,769
Tax on profit on ordinary activities	5	(1,000,597)	(142,475)
<b>Profit on ordinary activities after taxation</b>		2,650,067	2,218,294

The profit and loss account has been prepared on the basis that all operations are continuing operations.

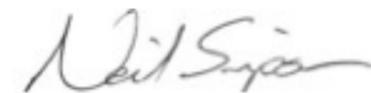
There are no recognised gains and losses other than those passing through the profit and loss account

# BALANCE SHEETS

For year ending 31 December 2014

	NOTE	Group		Company	
		2014	2013	£	£
<b>Fixed assets</b>		£	£	£	£
Intangible assets	7	1,962	2,942	-	-
Tangible assets	8	20,359,978	13,250,122	17,167,617	11,502,796
Investments	9	667,241	648,343	2,203,464	2,162,356
		<u>21,029,181</u>	<u>13,901,407</u>	<u>19,371,081</u>	<u>13,665,152</u>
<b>Current assets</b>					
Stocks	10	2,565,821	1,599,032	2,333,460	1,408,864
Debtors	11	5,083,309	2,710,965	5,840,913	2,527,090
Cash at bank and in hand		2,233,209	3,242,012	1,631,030	2,990,558
		<u>9,882,339</u>	<u>7,552,009</u>	<u>9,805,403</u>	<u>6,926,512</u>
<b>Creditors: amounts falling due within one year</b>	12	(7,861,251)	(4,138,382)	(5,805,270)	(3,095,918)
<b>Net current assets</b>		<u>2,021,088</u>	<u>3,413,627</u>	<u>4,000,133</u>	<u>3,830,594</u>
<b>Total assets less current liabilities</b>		23,050,269	17,315,034	23,371,214	17,495,746
<b>Creditors: amounts falling due after more than one year</b>	13	(5,976,435)	(3,774,794)	(5,976,435)	(3,699,794)
<b>Provisions for liabilities</b>	14	(702,314)	(207,968)	(658,204)	(207,968)
<b>Accruals and deferred income</b>	15	(1,083,778)	(936,878)	(1,083,778)	(936,878)
		<u>15,287,742</u>	<u>12,395,394</u>	<u>15,652,797</u>	<u>12,651,106</u>
<b>Capital and reserves</b>	16				
Called up share capital	17	58,969	58,825	58,969	58,825
Share premium account	17	7,301,206	7,059,069	7,301,206	7,059,069
Revaluation reserve	17	824,679	824,679	824,679	824,679
Profit and loss account	17	7,102,888	4,452,821	7,467,943	4,708,533
<b>Shareholders' funds</b>	18	<u>15,287,742</u>	<u>12,395,394</u>	<u>15,652,797</u>	<u>12,651,106</u>

Approved by the board and authorised for issue on 1 April 2015 by:



N A Simpson  
Director  
Company Registration No. SC311560



J B Watt  
Director

# CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

	2014	2013
	£	£
<b>Net cash inflow from operating activities</b>	2,731,143	2,228,151
<b>Returns on investments and servicing of finance</b>		
Interest received	4,807	11,462
Interest paid	(87,505)	(70,287)
Hire purchase interest	(121,639)	(118,959)
Dividends received from participating interests	-	17,500
<b>Net cash outflow for returns on investments and servicing of finance</b>	(204,337)	(160,284)
<b>Taxation</b>	(65,752)	(1,799)
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	(5,358,352)	(3,712,228)
Payments to acquire investments	(100,000)	-
Receipts from disposal of tangible assets	67,500	250
<b>Net cash outflow for capital expenditure</b>	(5,390,852)	(3,711,978)
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertakings (net of cash acquired)	(21,222)	-
Receipts from disposal of associate	67,500	6,621
<b>Net cash outflow for acquisitions and disposals</b>	46,278	6,621
<b>Net cash outflow before management of liquid resources and financing</b>	(2,883,520)	(1,639,289)
<b>Financing</b>		
Issue of ordinary share capital	242,281	3,813,060
New long term bank loan	2,000,000	-
Other new short term loans	574,776	-
Government grant received	230,508	783,067
Repayment of long term bank loan	(316,176)	(95,234)
Repayment of other long term loans	-	(3,644)
Capital element of hire purchase contracts	(856,672)	(664,112)
<b>Net cash inflow from financing</b>	1,874,717	3,833,137
<b>(Decrease)/increase in cash in the year</b>	(1,008,803)	2,193,848

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

<b>1.Reconciliation of operating profit to net cash inflow from operating activities</b>	2014	2013
	£	£
Operating profit	3,852,029	2,514,495
Depreciation of tangible assets	1,054,953	636,301
Amortisation of intangible assets	980	1,960
(Profit)/loss on disposal of tangible assets	(8,506)	1,758
Loss on disposal of investments	16,574	-
Increase in stocks	(966,789)	(530,130)
Increase in debtors	(2,372,344)	(1,219,860)
Increase in creditors	1,237,853	909,230
Grant amortisation	(83,607)	(85,603)
<b>Net cash inflow from operating activities</b>	<b>2,731,143</b>	<b>2,228,151</b>

## 2. Analysis of net debt

	1 January 2014	Cash flow	Other non-cash charges	31 December 2014
	£	£	£	£
Net cash:				
Cash at bank and in hand	3,242,012	(1,008,803)	-	2,233,209
Finance leases	(2,848,617)	856,672	(1,872,662)	(3,864,607)
Debts falling due within one year	(253,087)	(613,295)	-	(866,382)
Debts falling due after one year	(1,644,002)	(1,645,306)	-	(3,289,308)
	(4,745,706)	(1,401,929)	(1,872,662)	(8,020,297)
Net debt	(1,503,694)	(2,410,732)	(1,872,662)	(5,787,088)

## 3.Reconciliation of net cash flow to movement in net debt

	2014	2013
	£	£
(Decrease)/increase in cash in the year	(1,008,803)	2,193,848
Cash (inflow)/outflow from (increase)/decrease in debt	(1,401,929)	762,990
Change in net debt resulting from cash flows	(2,410,732)	2,956,838
New finance lease	(1,872,662)	(930,318)
<b>Movement in net debt in the year</b>	<b>(4,283,394)</b>	<b>2,026,520</b>
Opening net debt	(1,503,694)	(3,530,214)
<b>Closing net debt</b>	<b>(5,787,088)</b>	<b>(1,503,694)</b>

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 1 Accounting policies

### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

### 1.3 Basis of consolidation

The financial statements consolidate the financial statements of BrewDog Plc and all of its subsidiary undertakings.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

### 1.4 Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts. Revenue is recognised in the financial statements when the risks and rewards of owning the goods has passed to the customer and when cash has been received or is receivable.

### 1.5 Goodwill

On consolidation the excess of the parent's investment in the subsidiary's equity is treated as goodwill. It is amortised to the profit and loss account over its estimated useful life of five years.

### 1.6 Tangible fixed assets and depreciation

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

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

### 1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

### 1.8 Investments

Except as stated below, fixed asset investments are shown at cost less any provision for impairment. Unlisted investments are held at valuation as derived by the directors.

In the group financial statements, investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of associate's profit less losses while the group's share of the net assets of the associate is shown in the consolidated balance sheet.

### 1.9 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress is valued using cost of materials, labour and a proportion of overheads to reflect the cost of beer being brewed.

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 1.10 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date, to pay more tax, or a right to pay less tax at a future date, at the rates expected to apply when the crystallise based on current rates and law. Deferred tax is not provided on non-monetary asset revaluations unless there is a binding commitment to sell the asset at the balance sheet date.

Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more than likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## 1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

## 1.12 Research and development

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

## 1.13 Government grants

Government grants received for revenue expenditure are recognised in the profit and loss account in the same period as the relevant expenditure. Government grants received for capital expenditure are deferred and released to the profit and loss account over the useful life of the associated asset.

## 1.14 Financial instruments

Financial instruments are classified and accounted for, according to the subsistence of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all liabilities.

## 2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

## Segmental analysis by geographical area

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

	2014	2013
	£	£
<b>Geographical segment</b>		
UK	19,891,131	11,470,238
Europe	7,467,449	5,060,247
USA and Canada	645,084	484,258
Rest of the world	1,611,321	1,072,840
	<u>29,614,985</u>	<u>18,087,583</u>

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 3 Operating profit

	2014	2013
	£	£
Operating profit is stated after charging:		
Amortisation of goodwill	980	1,960
Depreciation of tangible assets	1,054,953	636,301
Loss on disposal of tangible assets	-	1,758
Loss on disposal of associate investment	16,574	-
Loss on foreign exchange transactions	-	27,128
Operating lease rentals	779,198	465,382
Fees payable to the group's auditor for the audit of the group's annual financial statements	27,000	27,000
Remuneration for non audit fees	99,088	51,747
Research and development	200,000	610,000

and after crediting:

Government grants	168,759	143,097
Profit on disposal of tangible assets	8,506	-
Profit on foreign exchange transactions	58,597	-

## 4. Interest payable and similar charges

	2014	2013
	£	£
On bank loans and overdrafts	87,505	55,331
Hire purchase interest	121,639	118,959
Other interest	-	14,956
	<u>209,144</u>	<u>189,246</u>

## 5. Taxation

	2014	2013
	£	£
<b>Domestic current year tax</b>		
U.K. corporation tax	456,104	15,251
Adjustment for prior years	50,147	-
<b>Total current tax</b>	506,251	15,251
<b>Deferred tax</b>		
Origination and reversal of timing differences	480,864	155,556
Deferred tax adjustments arising in previous periods	13,482	(28,332)
	<u>494,346</u>	<u>127,224</u>
	<u>1,000,597</u>	<u>142,475</u>

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 5. Taxation (continued)

	2014 £	2013 £
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	3,650,664	2,360,769
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2013 - 20%)	730,133	472,154
Effects of:		
Non-deductible expenses	38,226	4,352
Capital allowances in excess of depreciation	(318,053)	(133,757)
Tax losses utilised	(33,755)	(179,916)
Other fixed asset related movements	32,386	-
Other timing differences	6,505	(1,970)
Prior period adjustment	50,147	-
Impact of tax rate differential	54,395	-
Deduction for R&D expenditure	(53,733)	(153,000)
Share of tax associate	-	7,388
	(223,882)	(456,903)
<b>Current tax charge for the year</b>	506,251	15,251

The estimated tax payable if the group's revalued assets are sold at the values shown is £38,755 (2013 - £45,158)

## 6 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2014 £	2013 £
Holding company's profit for the financial year	2,759,410	2,185,142

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 7. Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 January 2014 & at 31 December 2014	4,902
<b>Amortisation</b>	
At 1 January 2014	1,960
Charge for the year	980
	-
At 31 December 2014	2,940
	-
<b>Net book value</b>	
At 31 December 2014	1,962
At 31 December 2013	2,942

## 8. Tangible fixed assets

	Land and buildings £	Long-term leasehold property £	Fixtures and fittings £	Motor vehicles £
<b>Cost or valuation</b>				
At 1 January 2014	3,798,708	1,375,900	780,030	69,737
Additions	1,269,309	1,058,887	929,824	99,500
Transfers	1,648,284	-	1,429	-
At 31 December 2014	6,716,301	2,434,787	1,711,283	169,237
<b>Depreciation</b>				
At 1 January 2014	49,046	161,008	221,018	34,870
Charge for the year	86,711	138,498	312,246	17,734
At 31 December 2014	135,757	299,506	533,264	52,604
<b>Net book value</b>				
At 31 December 2014	6,580,544	2,135,281	1,178,019	116,633
At 31 December 2013	3,749,662	1,214,892	559,012	34,867

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 8. Tangible fixed assets continued

	Plant and machinery	Computer equipment	Assets under construction	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 January 2014	6,622,956	56,733	1,669,545	14,373,609
Additions	4,710,319	59,233	96,731	8,223,803
Transfers	-	-	(1,649,713)	-
Disposals	(102,049)	-	-	(102,049)
At 31 December 2014	11,231,226	115,966	116,563	22,495,363
<b>Depreciation</b>				
At 1 January 2014	620,494	37,051	-	1,123,487
On disposals	(43,055)	-	-	(43,055)
Charge for the year	480,110	19,654	-	1,054,953
At 31 December 2014	1,057,549	56,705	-	2,135,385
<b>Net book value</b>				
At 31 December 2014	10,173,677	59,261	116,563	20,359,978
At 31 December 2013	6,002,462	19,682	1,669,545	13,250,122

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

	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
<b>Net book values</b>				
At 31 December 2014	5,049,586	145,798	22,115	5,217,499
At 31 December 2013	3,776,835	69,298	30,810	3,876,943
<b>Depreciation charge for the year</b>				
31 December 2014	256,362	33,484	11,110	300,956
31 December 2013	218,106	4,002	1,779	223,887

Included within land and buildings of group and company is land at valuation of £1,638,213, and buildings at cost of £5,078,088.

Land at Potterton was valued on an open market basis on 30 March 2011 by Ryden LLP, chartered surveyors at a value of £299,199. Since 2012 the group has acquired land at Balmacassie (sites 1, 2 & 3) which cost £1,260,000. At the balance sheet date the directors believe these figures reflect the current market value of the land.

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## Company

	Land and buildings	Long-term leasehold property	Fixtures and fittings	Motor vehicles
	£	£	£	£
<b>Cost or valuation</b>				
At 1 January 2014	-	3,798,708	57,668	69,737
Additions	13,914	1,269,309	112,712	99,500
Transfers	-	1,648,284	1,429	-
At 31 December 2014	13,914	6,716,301	171,809	169,237
<b>Depreciation</b>				
At 1 January 2014	-	49,046	28,935	34,870
Charge for the year	696	86,711	34,061	17,734
At 31 December 2014	696	135,757	62,996	52,604
<b>Net book value</b>				
At 31 December 2014	13,218	6,580,544	108,813	116,633
At 31 December 2013	-	3,749,662	28,733	34,867

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 8. Tangible fixed assets continued

	Plant and machinery £	Computer equipment £	Assets under construction £	Total £
<b>Cost or valuation</b>				
At 1 January 2014	6,622,956	52,413	1,669,545	12,271,027
Additions	4,710,319	59,233	96,731	6,361,718
Transfers	-	-	(1,649,713)	-
Disposals	(102,049)	-	-	(102,049)
At 31 December 2014	11,231,226	111,646	116,563	18,530,696
<b>Depreciation</b>				
At 1 January 2014	620,494	34,886	-	768,231
On disposals	(43,055)	-	-	(43,055)
Charge for the year	480,110	18,591	-	637,903
At 31 December 2014	1,057,549	53,477	-	1,363,079
<b>Net book value</b>				
At 31 December 2014	10,173,677	58,169	116,563	17,167,617
At 31 December 2013	6,002,462	17,527	1,669,545	11,502,796

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

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Net book values</b>				
At 31 December 2014	5,049,586	145,798	22,115	5,217,499
At 31 December 2013	3,776,835	69,298	30,810	3,876,943
<b>Depreciation charge for the year</b>				
31 December 2014	256,362	33,484	11,110	300,956
31 December 2013	218,106	4,002	1,779	223,887

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 9 Fixed asset investments Group

	Unlisted investments £	Interests in associates £	Total £
<b>Cost or valuation</b>			
At 1 January 2014	567,241	81,102	648,343
Additions	50,000	52,972	102,972
Disposals	-	(84,074)	(84,074)
At 31 December 2014	617,241	50,000	667,241
<b>Net book value</b>			
At 31 December 2014	617,241	50,000	667,241
At 31 December 2013	567,241	81,102	648,343

Unlisted investments are valued on an open market basis by the directors. The historical cost of these unlisted investments is £51,656 (2013 - £1,656).

During the year, BrewDog plc disposed of its associate interest in JBW (77) Limited (formerly BrewDog Aberdeen Limited) to Mr J B Watt, a director, for £67,500. The date of disposal was 24 February 2014 - at that date, the trade and net assets of the bar business within JBW (77) Limited were transferred to BrewDog Bars Limited for book value of £18,446.

During the year, also BrewDog plc acquired an associate interest in Brew by Numbers Limited for £50,000, from Mr J B Watt. The directors' consider the group's share of the financial results for Brew By Numbers Limited for the period from acquisition to year end are trivial, and as such have not accounted for these within the group financial statements.

The cost and net book value of the group's associate interest in JBW (77) Limited up to the date of its disposal was as follows:

	2014 £	2013 £
Purchase price	87,500	87,500
Share of profits since acquisition	51,574	48,602
Dividends received	(55,000)	(55,000)
	84,074	81,102

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

<b>9.Fixed assets investments</b>	Unlisted investments	Interest in associate	Shares in group undertakings	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 January 2014	567,241	80,114	1,515,001	2,162,356
Additions	50,000	50,000	21,222	121,222
Disposals	-	(80,114)	-	(80,114)
At 31 December 2014	617,241	50,000	1,536,223	2,203,464
<b>Net book value</b>				
At 31 December 2014	617,241	50,000	1,536,223	2,203,464
At 31 December 2013	567,241	80,114	1,515,001	2,162,356

## Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
BrewDog Bars Limited	Scotland	Ordinary	100.00
BrewDog GmbH	Germany	Ordinary	100.00
<b>Participating interests</b>			
Brew By Numbers Limited	England & Wales	Ordinary	23.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	<b>Principal activity</b>
At 31 December 2013	
BrewDog Bars Limited	Bar operator
BrewDog GmbH	Bar operator
Brew By Numbers Limited	Brewing of beer

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

<b>10. Stocks and works in progress</b>	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Raw materials and consumables	696,188	407,071	696,188	407,071
Work in progress	577,023	378,052	577,023	378,052
Finished goods and goods for resale	1,292,610	813,909	1,060,249	623,741
	2,565,821	1,599,032	2,333,460	1,408,864

## 11. Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	3,809,201	1,576,894	3,845,395	1,563,420
Amounts owed by group undertakings	-	-	1,467,361	317,955
Amounts owed by participating interests	12,150	58,095	12,150	58,095
Other debtors	724,199	799,152	246,695	457,662
Prepayments and accrued income	537,759	276,824	269,312	129,958
	5,083,309	2,710,965	5,840,913	2,527,090

Amounts falling due after more than one year and included in the debtors above are:

	2014	2013	2014	2013
	£	£	£	£
Other debtors	216,159	249,264	-	-

## 12. Creditors: amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	866,382	253,087	216,606	103,087
Net obligations under finance lease and hire purchase contracts	1,177,479	717,824	1,177,479	717,824
Trade creditors	3,122,427	1,936,477	2,483,966	1,449,515
Corporation tax	448,364	7,865	448,364	7,865
Taxes and social security costs	752,386	258,700	408,846	93,957
Directors current accounts	278	-	278	-
Other creditors	144,410	312,146	48,662	293,493
Accruals and deferred income	1,349,525	652,283	1,021,069	430,177
	7,861,251	4,138,382	5,805,270	3,095,918

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 12. Creditors: amounts falling due after more than one year

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Bank loans	3,289,308	1,644,002	3,289,308	1,569,002
Net obligations under finance lease and hire purchase contracts	2,687,127	2,130,792	2,687,127	3,699,794
	<u>5,976,435</u>	<u>3,774,794</u>	<u>5,976,435</u>	<u>3,699,794</u>

### Analysis of loans

Wholly repayable	4,155,690	1,897,089	3,505,914	1,672,089
Included in current liabilities	(866,382)	(253,087)	(216,606)	(103,087)
	<u>3,289,308</u>	<u>1,644,002</u>	<u>3,289,308</u>	<u>1,569,002</u>

### Loan maturity analysis

In more than one year but not more than two years	222,660	181,022	222,660	106,022
In more than two years but not more than five years	707,079	336,397	707,079	336,397
In more than five years	<u>2,359,569</u>	<u>1,126,583</u>	<u>2,359,569</u>	<u>1,126,583</u>

The bank loans relate to four separate loans.

The first 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.

The second is in the name of the subsidiary, originally for a maximum of £250,000, and is repayable in four tranches during the period to June 2015.

The third, a new loan advanced during the year, is in the name of the parent company, for a maximum of £2,000,000, and is repayable by monthly instalments until May 2029.

The fourth, a new loan facility advanced during the year in the name of the subsidiary, is a facility up to £800,000 and is available for the company to draw down as required. The facility will be reviewed in April 2015 and is currently disclosed as repayable on demand until such time that it reverts to a term loan.

All loans are subject to interest charged at 2.31% over the bank's sterling base rate.

The bank loans are secured by standard and floating charges over the assets of the group. In addition, there is an unlimited cross guarantee between BrewDog plc and BrewDog Bars Limited. The new parent company loan advanced during the year is secured by a mortgage over its land and buildings.

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 13. Creditors: amounts falling due after more than one year (continued)

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
<b>Net obligations under finance leases and hire purchase contracts</b>				
Repayable between one and five years	3,864,606	2,848,616	3,864,606	2,848,616
	<u>3,864,606</u>	<u>2,848,616</u>	<u>3,864,606</u>	<u>2,848,616</u>
Included in liabilities falling due within one year	(1,177,479)	(717,824)	(1,177,479)	(717,824)
	<u>2,687,127</u>	<u>2,130,792</u>	<u>2,687,127</u>	<u>2,130,792</u>

The hire purchase contracts and finance leases are secured by a floating charge over the assets of BrewDog plc.

## 14 Provisions for liabilities

### Group

Balance at 1 January 2014	207,968
Profit and loss account	494,346
	<u>702,314</u>
Balance at 31 December 2014	702,314

### Company

Balance at 1 January 2014	207,968
Profit and loss account	450,236
	<u>658,204</u>
Balance at 31 December 2014	658,204

### The deferred tax liability is made up as follows:

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Accelerated capital allowances	<u>702,314</u>	<u>207,968</u>	<u>658,204</u>	<u>207,968</u>

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 15. Accruals and deferred income

### Group and company

	Government grants £
Balance at 1 January 2014	936,877
Amortisation in the year	(83,607)
Grants received during the year	230,508
Balance at 31 December 2014	<u>1,083,778</u>

## 16. Share capital

### Allotted and called up

	2014 £	2013 £
1,014,960 Ordinary A shares of 5p each	50,748	50,748
164,420 (2013 - 161,548) Ordinary B shares of 5p each	8,221	8,077
	<u>58,969</u>	<u>58,825</u>

During the year the company issued a further 2,872 Ordinary B shares to the public under its Equity for Punks III crowdfunding initiative, with an issue price of £95 per share. This created additional share premium of £242,137 in the year.

Both A and B Ordinary shares rank equally in terms of rights to receive dividends, rights to participate in a distribution of the assets of the company and voting at general meetings.

At the year end £46,634 (2013 - £49,756) of share capital and share premium remains unpaid.

## 17. Statement of movements on reserves

Group	Share premium account £	Revaluation reserves £	Profit and loss account £
Balance at 1 January 2014	7,059,069	7,059,069	4,452,821
Profit for the year	-	-	2,650,067
Premium on shares issued during the year	242,137	242,137	-
Balance at 31 December 2014	<u>7,301,206</u>	<u>7,301,206</u>	<u>7,102,888</u>

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 17. Statement of movements on reserves continued

### Company

	Share premium account £	Revaluation reserves £	Profit and loss account £
Balance at 1 January 2014	7,059,069	824,679	4,708,533
Profit for the year	-	-	2,759,410
Premium on shares issued during the year	242,137	-	-
Balance at 31 December 2014	<u>7,301,206</u>	<u>824,679</u>	<u>7,467,943</u>

## 18. Reconciliation of movements in shareholders' funds

### Group

	2014 £	2013 £
Profit for the financial year	2,650,067	2,218,294
Proceeds from issue of shares	242,281	3,813,060
Net addition to shareholders' funds	<u>2,892,348</u>	<u>6,031,354</u>
Opening shareholders' funds	12,395,394	6,364,040
Closing shareholders' funds	<u>15,287,742</u>	<u>12,395,394</u>

### Company

	2014 £	2013 £
Profit for the financial year	2,759,410	2,185,142
Proceeds from issue of shares	242,281	3,813,060
Net addition to shareholders' funds	<u>3,001,691</u>	<u>5,998,202</u>
Opening shareholders' funds	12,651,106	6,652,904
Closing shareholders' funds	<u>15,652,797</u>	<u>12,651,106</u>

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 19. Financial commitments

	Land and buildings		Other	
	2014 £	2013 £	2014 £	2013 £
Expiry date:				
Within one year	4,987	4,987	12,271	1,765
Between two and five years	32,000	-	38,487	48,488
In over five years	653,175	447,375	27,416	3,600
	<u>690,162</u>	<u>452,362</u>	<u>78,174</u>	<u>53,853</u>

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2014 £	2013 £	2014 £	2013 £
Expiry date:				
Within one year	4,987	4,987	11,949	729
Between two and five years	-	-	23,556	33,557
In over five years	48,500	-	23,816	-
	<u>53,487</u>	<u>4,987</u>	<u>59,321</u>	<u>34,286</u>

## 20. Capital commitments

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Contracted for but not provided in the financial statements	<u>2,570,054</u>	<u>1,325,296</u>	<u>2,570,054</u>	<u>1,325,296</u>

## 21. Directors' remuneration

	2014 £	2013 £
Remuneration for qualifying services	<u>451,370</u>	<u>288,184</u>
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	<u>129,080</u>	<u>100,000</u>

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 22. Employees

### Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Remuneration for qualifying services		
Directors	6	6
Administration	32	18
Production	60	48
Bar staff	179	114
	<u>277</u>	<u>186</u>

### Employment costs

	2014 £	2013 £
Wages and salaries	5,715,778	3,403,790
Social security costs	680,083	278,278
	<u>6,395,861</u>	<u>3,682,068</u>

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014

## 23 Control

The controlling parties of the group are Mr J Watt and Mr M Dickie by virtue of their controlling interest in the group.

## 24 Related party relationships and transactions

### Group

Under FRS 8 Related Party Disclosures, the group has taken the exemption available in not disclosing transactions with wholly owned parties within the group and transactions which are eliminated on consolidation.

During the year the group made sales of £26,233 (2013 - £211,398) to JBW (77) Limited (formerly BrewDog Aberdeen Limited), a company under the control of Mr J B Watt, a director. The balance due from JBW (77) Limited at the year end was £nil (2013 - £32,650). The group also paid rent of £18,333 (2013 - £nil) during the year to JBW (77) Limited of which £18,333 was due at the year end (2013 - £nil). The group received dividends £17,500 from JBW (77) Limited during 2013 when it was an associate of the group.

During the year the group paid rent of £34,500 (2013 - 46,000) to JBW (Aberdeen) Limited (formerly JBW (77) Limited), a company in which Mr J B Watt, a director, has an interest. The balance due to JBW (Aberdeen) Limited at the year end was £34,500 (2013 - £27,600).

During the year the group made sales of £14,564 (2013 - £8,211) and purchases of £22,280 (2013 - £14,723) from Musa 77 Limited, a company controlled by Mr J B Watt, a director. The balance due to Musa 77 Limited at the year end was £nil (2013 - £3,384).

During the year the group made sales of £192,089 (2013 - £411,969) to Anchor Brewing Company, a company in which Mr C K Greggor, a director, and Mr A P Foglio, a former director, have an interest. The balance due from Anchor Brewing Company at the year end was £107,336 (2013 - £109,465).

During the year the group made sales of £51,434 (2013 - £nil) to and purchases of £18,727 (2013 - £nil) from Brew By Numbers Limited, an associated company. The balance due from Brew By Numbers Limited at the year end was £12,150 (2013 - £nil).

BrewDog plc has provided guarantees in respect of a number of property leases for BrewDog Bars Limited.

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For year ending 31 December 2014



# BREWDOG

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**UNAUDITED FINANCIAL STATEMENTS FOR THE PERIODS  
ENDED 30 JUNE 2017 AND 30 JUNE 2016**

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**GROUP STATEMENT OF INCOME**

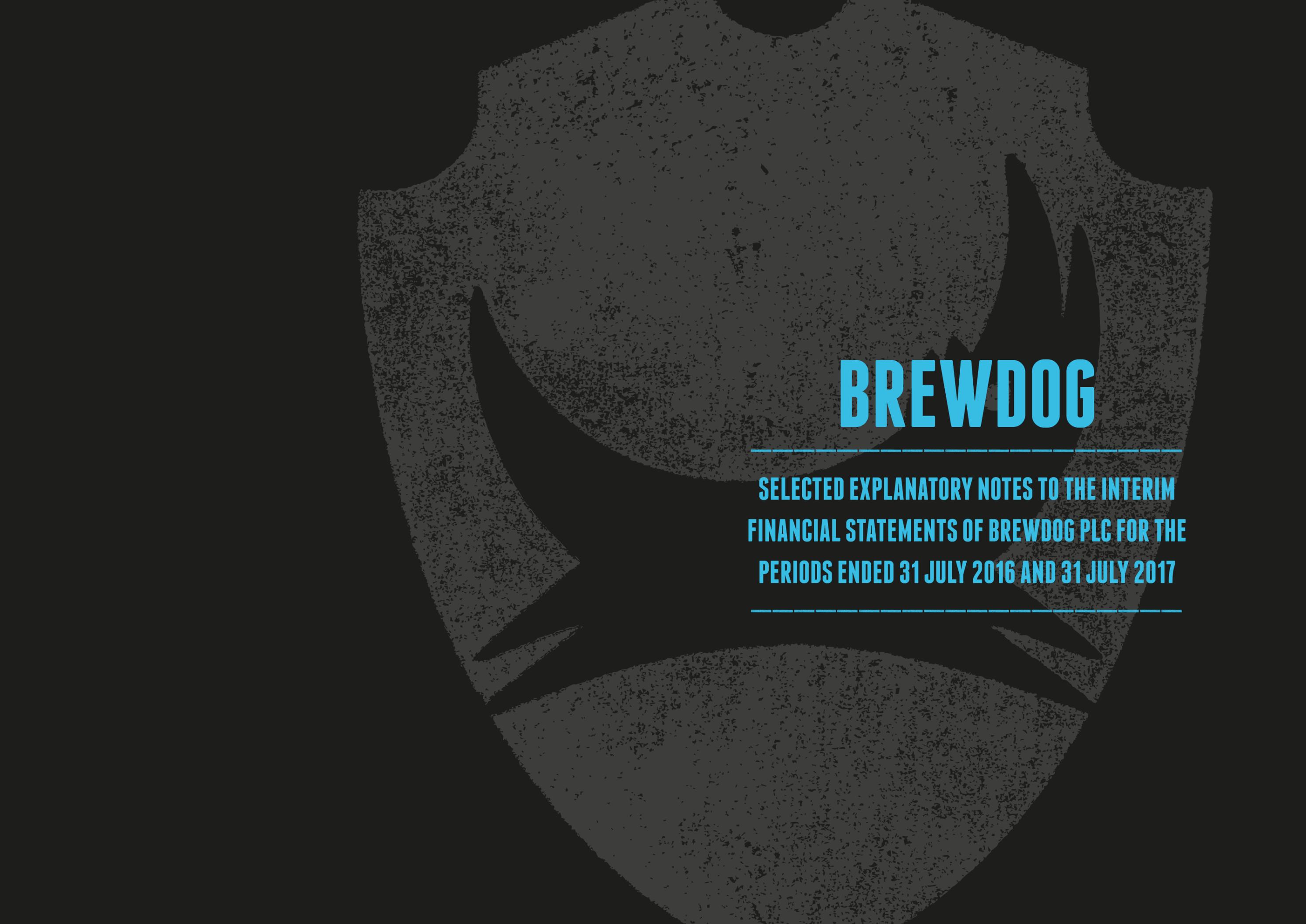
	Unaudited six month period to 30 June 2017	Unaudited six month period to 30 June 2016
	£000	£000
<b>REVENUE</b>	<b>50,371</b>	<b>31,320</b>
Cost of sales	(32,863)	(21,267)
<b>GROSS PROFIT</b>	<b>17,508</b>	<b>10,053</b>
Administrative expenses	(16,387)	(10,307)
Other operating income	50	210
<b>OPERATING PROFIT</b>	<b>1,171</b>	<b>(44)</b>
Finance income	32	-
Finance costs	(935)	(253)
Loss on property, plant and equipment	-	-
Gain on disposal of investments	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>268</b>	<b>(297)</b>
Income tax expense	(546)	-
<b>PROFIT AFTER TAXATION</b>	<b>(278)</b>	<b>(297)</b>

**GROUP STATEMENT OF FINANCIAL POSITION**

	Unaudited six month period to 30 June 2017	Unaudited six month period to 30 June 2016
	£000	£000
<b>FIXED ASSETS</b>		
1 Property plant and equipment	69,975	47,617
Intangible assets	727	693
Other non-current financial assets	52	52
Investments in associates	100	100
<b>CURRENT ASSETS</b>		
2 Trade and other receivables	22,354	12,651
Inventory	6,910	4,453
Corporation tax receivable	-	195
<b>TOTAL ASSETS</b>	<b>192,543</b>	<b>70,758</b>
<b>CURRENT LIABILITIES</b>		
3 Trade and other payables	18,937	11,351
Current tax payable	543	-
4 Financial liabilities	9,365	14,867
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	1,556	1,294
Financial liabilities	23,197	8,563
Government grants	2,012	1,877
<b>TOTAL LIABILITIES</b>	<b>55,610</b>	<b>37,916</b>
<b>NET ASSETS</b>	<b>136,933</b>	<b>32,842</b>
<b>EQUITY</b>		
Called up share capital	70	63
Share premium	122,375	23,145
Treasury shares	(1,178)	-
Minority interest	2,747	-
Foreign currency translation reserve	199	102
Revaluation reserve	-	-
Retained earnings	12,720	9,532
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>136,933</b>	<b>32,842</b>

## CONSOLIDATED CASH FLOW STATEMENT

	Unaudited six month period to 30 June 2017	Unaudited six month period to 30 June 2016
	£000	£000
<i>Operating Activities</i>		
Profit before tax	268	(297)
Loss on disposal of property, plant and equipment	-	-
Depreciation	2,021	1,343
Grant amortisation	(67)	(53)
Increase in inventory	(1,556)	(931)
Increase in trade and other receivables	(6,527)	(4,315)
Increase in trade and other payables	7,257	1,043
Taxation paid	(197)	-
Taxation refunded	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,199</b>	<b>(3,162)</b>
<i>Investing activities</i>		
Purchase of property, plant and equipment	(10,527)	(10,094)
Purchase of intangible assets	(81)	(47)
Purchase of treasury shares	(683)	-
Transaction costs of purchase of treasury shares	-	-
Proceeds from disposal of other fixed asset investments	-	-
Proceeds from disposal of association	-	-
Purchase of associate	-	-
Proceeds from disposal of property, plant and equipment	-	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(11,291)</b>	<b>(10,141)</b>
<i>Financing activities</i>		
Issue of ordinary share capital	103,658	6,243
Transaction costs of issue of shares	(3,368)	-
Proceeds from new borrowings	-	8,681
Proceeds from new grants	-	500
Proceeds from bond issue	10,000	-
Repayment of bonds	-	(2)
Repayment of borrowings	(9,096)	(110)
Payments for finance leases and hire purchase contracts	<b>(1,836)</b>	<b>(817)</b>
<b>Net cash flow used in financing activities</b>	<b>99,358</b>	<b>14,495</b>
Net (decrease)/increase in cash and cash equivalents	89,266	1,192
<b>Cash and cash equivalents at beginning of period</b>	<b>3,159</b>	<b>3,715</b>
<b>Cash and cash equivalents at end of period</b>	<b>92,425</b>	<b>4,907</b>



# **BREWDOG**

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**SELECTED EXPLANATORY NOTES TO THE INTERIM  
FINANCIAL STATEMENTS OF BREWDOG PLC FOR THE  
PERIODS ENDED 31 JULY 2016 AND 31 JULY 2017**

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See left hand column of the Group Statement of Financial Position for linked references to the notes below

### 1. PROPERTY, PLANT & EQUIPMENT

	Unaudited six month period to 30 June 2017	Unaudited six month period to 30 June 2016
	£000	£000
Cost		
At 1 January	68,154	42,692
Additions	10,527	10,094
At 30 June	78,681	52,786
Depreciation		
At 1 January	6,685	3,826
Additions	2,021	1,343
At 30 June	8,706	5,169
Net Book Value		
At 30 June	69,975	47,617

### 2. TRADE AND OTHER RECEIVABLES

Trade receivables	18,322	9,691
Prepayments and other receivables	4,032	2,960
	22,354	12,651

### 3. TRADE AND OTHER PAYABLES

Trade and other payables	6,265	4,198
Taxes and social security	2,702	1,966
Other payables	9,970	5,151
	18,937	11,315

### 4. FINANCIAL LIABILITIES

#### Current

Bank loans	6,011	5,997
Obligations under hire purchase contracts	3,354	1,685
Invoice financing	0	7,185
	9,365	14,867

#### Non-current

Bank loans	2,711	2,958
Obligations under hire purchase contracts	8,176	3,295
6.5% non-convertible bonds	2,310	2,310
7.5% non-convertible bonds	10,000	0
	23,197	8,563

**BREWDOG PLC**  
**SUMMARY**  
**16 October 2017**

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

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

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

<b>A</b>		<b>Introduction and warnings</b>
A1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A2	Consent for intermediaries	The Company and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the closing date of the Offer which is expected to close on 15 January 2018 (or earlier if fully subscribed or later if extended at the discretion of the Directors). There are no conditions attaching to this consent.  <b>In the event of an offer being made by a financial intermediary, financial intermediaries must give investors information on the terms and conditions of the Offer at the time they introduce the Offer to investors.</b>
<b>B</b>		<b>Issuer</b>
B1	Legal and commercial name	BrewDog plc (the “ <b>Company</b> ” or “ <b>BrewDog</b> ”).
B2	Domicile / Legal form / Legislation / Country of incorporation	The Company is a public limited liability company which is registered in Scotland with registered number SC311560. The principal legislation under which the Company operates is the Companies Act 2006 (the “ <b>Act</b> ”) and the regulations made thereunder.
B3	Key factors of the Company’s current operations and principal activities	BrewDog has been one of the fastest growing food and drinks manufacturers in the UK over the last five years. It is primarily a brewer of craft beers but also operates some 50 bars in the UK and internationally. Over the last five years, BrewDog’s revenues have grown by an average annual rate of 65% and since 2009 the Company and its US subsidiary BrewDog USA Inc. have raised over £41 million through its Equity for Punks crowdfunding offers and crowdfunded bond issues. In April 2017, BrewDog completed a £100 million plus investment led by TSG Consumer Partners who acquired 23.5% (on a fully diluted basis) of the Company’s issued shares through two Cayman Islands registered limited partnership vehicles, valuing the Company at £1 billion.

B4a	Significant recent trends affecting the Company and its industry	The number of pubs in the UK has declined steadily over and the last few years and Britons are consuming less alcohol, however, the craft beer industry has grown rapidly over the last few years as craft beers are becoming more popular in the UK and globally. In the UK, more pubs are stocking craft beers and the number of breweries has increased significantly, reported at a rate of one every three days <sup>1</sup> . Due to the increasing popularity of craft beer and its faster growth than the wider beer industry, a number of large multinational beer companies have been acquiring craft breweries in an effort to share in this growth market.																											
B5	Group description	The Company is the main trading company of the Group and has two wholly owned UK subsidiaries, BrewDog Retail Limited, which is the operating company in respect of the Group's UK bars, and Lone Wolf Spirits Limited, which is the operating company in respect of the Group's whiskey, gin and vodka distillery operations. The Company has one US subsidiary, BrewDog USA Inc and a German subsidiary, BrewDog GmbH.																											
B6	Material Shareholders / Different voting rights / Control	All Shareholders have the same voting rights in respect of the existing share capital of the Company. As at 15 October 2017, TSG Consumer Partners, through two limited partnership vehicles registered in the Cayman Islands, hold 16,160,849 Preferred C Shares and 891,383 A Shares (representing approximately 23.5% of the Company's issued share capital). As at 15 October 2017, the following key members of the Company's management hold, in aggregate, A Shares representing approximately 52.5% of the total shares in issue as follows:																											
		<table border="1"> <thead> <tr> <th>Shareholder</th> <th>Number of A Shares held</th> <th>Percentage of issued share capital*</th> </tr> </thead> <tbody> <tr> <td>James Watt</td> <td>17,958,787</td> <td>25.1%</td> </tr> <tr> <td>Martin Dickie</td> <td>15,744,233</td> <td>21.9%</td> </tr> <tr> <td>Charles Keith Greggor*</td> <td>3,822,039</td> <td>5.3%</td> </tr> <tr> <td>Neil Simpson</td> <td>597,736</td> <td>0.83%</td> </tr> <tr> <td>Allison Green</td> <td>45,450</td> <td>0.06%</td> </tr> <tr> <td>David McDowall</td> <td>45,450</td> <td>0.06%</td> </tr> <tr> <td>Frances Jack</td> <td>-</td> <td>-</td> </tr> <tr> <td>James O'Hara</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Shareholder	Number of A Shares held	Percentage of issued share capital*	James Watt	17,958,787	25.1%	Martin Dickie	15,744,233	21.9%	Charles Keith Greggor*	3,822,039	5.3%	Neil Simpson	597,736	0.83%	Allison Green	45,450	0.06%	David McDowall	45,450	0.06%	Frances Jack	-	-	James O'Hara	-	-
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		* Held through Griffin Group LLC and Kelso Ventures LLC																											
B7	Selected financial information and statement of any significant changes	The Company has published annual accounts for the year ended 31 December 2014 prepared in accordance with UK Generally Accepted Accounting Standards. The Company's annual accounts for the years ended 31 December 2015 and 2016 were prepared in accordance with International Financial Reporting Standards (IFRS). Certain key historical information of the Group is set out in the table below:																											

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

	Audited year end to 31 December 2016	Audited year end to 31 December 2015	Audited year end to 31 December 2014
<b>Consolidated income statement</b>			
	£ '000	£ '000	£ '000
Revenue	71,850	44,730	29,615
Cost of Sales	(47,075)	(27,776)	(18,158)
Gross Profit	24,775	16,954	11,457
Operating Profit	4,377	3,170	3,853
Profit after Tax	3,169	2,728	2,651
<b>Consolidated balance sheet</b>			
Fixed assets	62,267	39,664	20,769
Current assets	24,340	15,906	9,881
Current liabilities	30,408	17,819	7,861
Non-current liabilities	18,594	10,945	7,762
Net assets	37,605	26,806	15,207
<b>Consolidated cash flows</b>			
Net cash inflow from operating activities	(1,194)	3,020	2,462
Net cash outflow used in investing activities	(21,782)	(17,651)	(5,345)
Net cash flow used in financing activities	22,420	16,113	1,874
Net increase / (decrease) in cash	(556)	1,482	(1,009)
Cash and cash equivalents at end of year	3,159	3,715	2,233
	<p>The Group's revenues have risen from £29,615,000 at 31 December 2014 to £71,850,000 at 31 December 2016. Gross profit has increased from £11,457,000 at 31 December 2014 to £24,775,000 at 31 December 2016. Net assets have increased from £15,207,000 at 31 December 2014 to £37,605,000 at 31 December 2016.</p> <p>The key factor in driving these increases has been the development of our new brewery at Ellon which has allowed us to expand production to meet increasing demand for our beers fuelled by our marketing efforts.</p> <p>We have also raised a total of £23.5 million from crowdfunded equity and mini-bond issues in the period covered by the above financial information which has significantly increased our net assets and allowed us to invest to expand the business, including the opening of our US brewery in Columbus, Ohio.</p> <p>On 2 February 2017, the Company raised a further £10 million through the issue of mini-bonds with a four year term and an annual interest rate of 7.5%.</p> <p>On 29 March 2017, the Board resolved that the Company's share capital be subdivided by dividing each A Share of £0.01 into 10 A Shares of £0.001 and by dividing each B Share of £0.01 into 10 B Shares of £0.001 and 8,383,915 of the Company's newly subdivided A Shares were converted into Preferred C Shares. On 6 April 2017, the holders of the converted A Shares sold their Preferred C Shares to two US-managed private equity vehicles, TSG AIV and TSG LL, who also subscribed for a further 7,776,934 Preferred C Shares respectively, investing a total of £102,499,990.10 in the Company</p>		

		<p>and leaving them with a final aggregate holding of 16,160,849 Preferred C Shares and 891,383 warrants (equal to approximately 23.5% of the Company's issued share capital on a fully diluted basis). The warrants have subsequently been exercised in full and converted into A Shares.</p> <p>On 29 August 2017, the Company announced its intention to give away 20% of its annual profits; 10% to charities selected by investors and employees, and 10% to be distributed among its staff.</p> <p>Save as set out above in respect of the period covered by the historical financial information and in the period between 31 December 2016 and the date of publication of the Prospectus, there has been no significant change to the Company's financial condition and operating results.</p>
B8	Key pro forma financial information	There is no pro forma information contained in the Prospectus.
B9	Profit forecast	There are no profit forecasts contained in the Prospectus.
B10	Qualifications in the audit report	Not applicable. There were no qualifications included in any audit report on the historic financial information included in the Prospectus.
B11	Insufficient working capital	Not applicable. The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the twelve-month period from the date of this document.
<b>C</b>		<b>Securities</b>
C1	Description and class of securities and authority	The securities being offered pursuant to the Offer are B Shares of £0.001 each (" <b>New B Shares</b> ").
C2	Currency	The Company's share capital currently comprises A Shares of £0.001 each, B Shares of £0.001 each and Preferred C Shares of £0.001 each.
C3	Shares in issue	<p>As at the date of this document 43,625,668 A Shares, 11,786,830 B Shares and 16,160,849 Preferred C Shares are in issue (all fully paid up).</p> <p>The maximum number of New B Shares to be issued pursuant to the Offer is approximately 421,052 if the Offer is fully subscribed at £10 million. If the full stretch goal of £50 million is reached, approximately 2,105,262 New B Shares will be issued.</p>
C4	Description of the rights attaching to the securities	The New B Shares will rank equally in all respects with each other and with the existing B Shares.
C5	Restrictions on transfer	The Board may, in its absolute discretion, refuse to register any transfer of a Share.
C6	Admission	The New B Shares will not be traded on any regulated market nor are the New B Shares the object of any application for admission to trading on any regulated market.
C7	Dividend policy	It is the Company's current policy not to pay dividends but to reinvest profits to fuel the growth of the Company.
<b>D</b>		<b>Risks</b>
D1	Key information on the key risks specific to the Company or its industry	<p><i>The Company</i></p> <ul style="list-style-type: none"> <li>Whilst the Company has recently completed construction of a new brewing facility in the US, its UK and European brewing business is highly concentrated on one site at Ellon and a prolonged disruption to brewing activities (e.g. due to fire or industrial action) at its brewing site could have a negative effect on the Company's ability to brew its products. This could have a negative effect on the Company's</li> </ul>

		<p>operating results, financial condition and prospects.</p> <ul style="list-style-type: none"> <li>• Some or all of the BrewDog bars could lose their licences to sell alcoholic beverages or have their hours of operation curtailed as a result of hearings of the licensing boards in the relevant councils or borough areas where each of the bars is located or as a result of any changes in legislation governing licensed premises in the various jurisdictions in which bars in which BrewDog has an interest are or may be located. This could have a negative effect on the Company's operating results, financial condition and prospects.</li> <li>• The Company may undertake further equity financing which may be dilutive to existing Shareholders or result in an issuance of securities whose rights, preferences and privileges are senior to those of holders of B Shares, reducing the value of B Shares subscribed for under the Offer and the Company may take such actions without the specific consent of the holders of B Shares.</li> <li>• The Company has resolved to distribute 10% of its profits evenly amongst its staff and to donate a further 10% of its profits to charities chosen by staff and Equity Punk investors. As such, the Company will have reduced profits with which to pay dividends in future and reinvest in the Company.</li> <li>• The Company has agreements with its key suppliers and is reliant on positive and continuing relationships with its suppliers. Termination of those agreements, variations in their terms or the failure of a key supplier to comply with its obligations under these agreements (including if a key supplier were to become insolvent) could have a negative effect on the Company's profitability.</li> <li>• It is important that the Company has the ability to maintain and enhance the image of its existing products. The image and reputation of the Company's products may be impacted for various reasons including litigation, complaints from customers/regulatory bodies resulting from quality failure, illness or other health concerns. Such concerns, even when unsubstantiated, could be harmful to the Company's image and the reputation of its products.</li> </ul>
D3	Key information on the key risks specific to the securities	<p><i>The Securities</i></p> <ul style="list-style-type: none"> <li>• The value of BrewDog shares can go down as well as up and if you invest you might not get back your money back.</li> <li>• BrewDog is not yet listed on any stock exchange so shares can only be sold once a year via our trading platform and there is no guarantee of willing buyers or prices. Also, as we are not yet listed we are also not subject to all the rules and regulations which apply to listed companies.</li> <li>• It is our current policy not to pay any dividends but to reinvest available profits to fuel further growth and to distribute these (as to 20%) amongst staff and selected charities.</li> <li>• Over 50% of the shares in BrewDog are owned by our founders and staff. As such, they can usually vote decisions through at general meetings, even those which investors in the Offer, as minority shareholders, might disagree with.</li> <li>• 22.6% of the issued shares of BrewDog are Preferred C Shares which carry a liquidation preference over the A Shares and B Shares meaning B Shareholders could find their entitlement to the proceeds of a liquidation or total capital return reduced or nil.</li> <li>• The directors have the right to refuse to register any transfer of shares. This means we can prevent multinational monolithic beer companies from buying shares in BrewDog.</li> </ul>
E		<b>Offer</b>

E1	Offer net proceeds	The Company is proposing to raise up to £10 million pursuant to the Offer. The total initial expenses of the Offer are estimated to be £500,000. The Offer may be increased at the discretion of the Directors to no more than £50 million.																						
E2a	Reasons for the Offer and use of proceeds	The Directors believe that the Offer will provide additional capital to support the further growth of the Company, with benefits including the enhancement of its product range, increase capacity and output, the opening of further bars and the purchase of new brewing equipment and warehouse space. The Company intends to use the net proceeds of the Offer for general corporate purposes and as more specifically set out below.																						
		If the initial target raise of £10 million is achieved the Company will look to fund the following specific heads of cost:																						
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		If the stretch goal of £50 million is achieved the Company will look to fund the following further specific heads of cost:																						
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If the Offer raises more than £10 million but less than £50million, the Company won't be able to do all of these things, but they are listed in rough the order of priority.																								
E3	Terms and conditions of the Offer	The Offer comprises two B Shares in the Company offered at a price of £23.75 each. Applications must be submitted no later than 15 October 2018 (unless the Offer has closed earlier due to reaching full subscription). The minimum subscription is £47.50 for two New B Shares and New B Shares may only be subscribed for in blocks of two thereafter. The maximum subscription via online application is £12,967.50 for 546 New B Shares. There is no maximum subscription when investing by cheque with a paper Application Form. Pending the issue of the New B Shares, subscription monies will be held by the Receiving Agent in a non-interest bearing account.																						
E4	Description of any interest that is material to	Not applicable. There are no interests that are material to the issue.																						

	the issue	
E5	Name of persons selling securities	Not applicable. No person is selling securities in the Company.
E6	Amount and percentage of immediate dilution	<p>Approximately 421,052 B Shares will be issued pursuant to the Offer if fully subscribed at its initial target of £10 million. The New B Shares would therefore represent approximately 0.58% of the total Shares in issue at the close of the Offer if the Offer is fully subscribed (but not increased).</p> <p>If the full stretch goal of £50 million is reached, approximately 2,105,262 New B Shares will be issued representing 2.9% of the total Shares in issue at the close of the Offer.</p>
E7	Expenses charged to the investor	Not applicable. No expenses will be charged to the investor by the Company in respect of the Offer.

16 October 2017