

**BrewDog PLC**

**Annual Report and Financial Statements**

31 December 2023

## Strategic report

We present our Strategic Report for BrewDog plc and its subsidiaries (collectively known as “the group”) for the year ended 31 December 2023.

### Results and dividends

The loss after taxation for the year amounted to £63,569,000 (2022 loss: £24,836,000). No dividend has been paid or proposed (2022: £nil).

### Review of the business

The principal activity of the group continues to be that of brewing beer and operating bars. The results of the group show a pre-tax loss of £59,205,000 (2022 pre-tax loss: £30,526,000) for the year and turnover of £354,598,000 (2022: £321,206,000).

### Principal risks and uncertainties

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

### Financial risk management objectives and policies

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

#### *Liquidity risk*

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

#### *Credit risk*

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

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

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

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

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

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

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

#### *Our Customers*

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

## **Strategic report (continued)**

### ***Our People***

BrewDog is built on a commitment to its people, who are essential to our success and growth. We continue to focus on key matters for our crew including charitable giving, a focus on internal promotion, and learning and development, all of which are detailed in the ‘People’ section. Regular updates are provided by the Chief Executive Officer for all our crew, which are in addition to regular ‘all hands meetings’ hosted by a director where employees can either attend in person or watch on demand. These sessions cover trading, strategic priorities and new initiatives, with time for Q&A.

### ***Our Equity for Punks and other investors***

We actively engage with our EFPs and other investors to support an understanding of our business, progress against strategic priorities and to address any concerns. Our EFP team has the primary responsibility for managing and developing our relationship with EFPs. In addition to help build our EFP community the forum facilitates communication between our investors and the business, including directors. The AGM is an opportunity for shareholders to hear from the founders on the Group’s performance and strategic direction and to ask questions – in addition to tasting our fantastic range of beers and spirits with other likeminded people. BrewDog’s shareholder base is managed by the EFP team with support from the Company’s registrars, Computershare.

### ***Our Communities***

Our belief is that business should be a force for good. We are committed to ensuring that we set a new blueprint for business, supporting our community wherever possible. Our planet needs us more than ever before, and we have dedicated investment and resources to projects such as our bio-energy facility, our Lost Forest tree planting & peatland restoration programme, and a consistent effort to reduce our emissions across our operations. Our Positive Planet accreditation, granted in 2022, is evidence of our commitment to sustainability. We are also hoping to achieve further certification from Positive Planet in 2024, for 2023’s emissions reduction. We also seek to benefit the communities in which we work, whether it is those surrounding our four Breweries or our 100+ bars. This includes community events, such as Christmas parties, charitable giving of both time and resources, and working closely with local businesses. We’ve also trained a network of over 200 staff who hold the Mental Health First Aider qualification, enabling us to better support the wellbeing of our teams across every corner of our business, as well as assist our customers as needed. Our business is on track to become an accredited Menopause friendly employer, and we’ve also dedicated resources to supporting our teams through neurodivergence assessments and diagnoses.

### ***Our suppliers***

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

## Strategic report (continued)

### Streamlined Energy and Carbon Reporting (SECR)

The Directors present their Streamlined Energy and Carbon Report for the year ended 31 December 2023. This report represents the annual greenhouse gas (GHG) emissions for the Groups operations for the calendar year 2023. This report considers the amount of GHG emissions that can be directly attributed to the organisation's operations within the declared boundary and for the year to 31 December 2023.

The Group is taking urgent action to combat climate change and its impacts, including revisions to Group policies, procedures and production in order to implement actions aimed at reducing GHG emissions to align with global commitments.

In 2020, the Group established a target to reduce the UK carbon footprint of its business by 35% per HL of beer by the end of 2023, versus a 2019 baseline. The Group worked closely with its scientific advisor, Professor Mike Berners-Lee, to develop this target, and his team of experts at Small World Consulting were responsible for calculating the emissions annually to assess how the Group has performed against this target. By the end of 2024, the Group will have a clear picture of how effective its initiatives were in reducing emissions by 35%. In the 4 years since setting the target, the Group has become much more efficient and detailed in its ability to calculate emissions, enabling them to understand exactly where emissions are coming from and how they can address, and reduce them, with a view to eliminating them wherever possible. In addition to a range of projects across the business, the Group is working to improve the efficiency of energy intensity and water use, a challenge given increased production, activity and commissioning of new kit and services such as the AD Plant.

#### Initiatives

- Investment in an anaerobic digester plant in the Ellon brewery, which turns waste water and spent hops/yeast into clean water, green gas, and organic fertiliser. The green gas and clear water produced will be reused in the Ellon brewery, and any excess gas is pumped back into the UK's gas supply grid. In 2024, achieved 96.1% efficiency against mass balance for this site, despite some set backs in commissioning the plant in former years.
- Working to install a CO<sub>2</sub> recovery system which will capture all operational CO<sub>2</sub> and use it downstream in our beers, reducing material requirements.
- Ensure all UK energy supply is generated by a renewable source using RGGO and REGO-backed tariffs.
- Working with all teams in production to reduce operational impact by improving gas, electricity and water use. This includes installing new, more efficient boilers, a larger brewhouse to improve efficiency, a reverse osmosis plant to clean our waste water for use on site, a nitrogen generation system to reduce CO<sub>2</sub> consumption, and a brand new ammonia chiller to help reduce electricity consumption during processing.
- Invested in a range of low carbon vehicles for deliveries and distribution – this includes an electric delivery truck and gas powered distribution trucks.
- Working with all Bars, supply chain and operational partners to cut the carbon impact as fast as possible,
- The Lost Forest tree-planting programme commenced in 2022, with the first trees going in the ground as per plans created with Scottish Woodlands, our afforestation and peatland restoration partner. Since then half a million trees have been planted, and proactively replanted trees after issues with bad weather affecting the survival of saplings.
- The Group has previously been certified 'carbon negative' by Positive Planet, but moved away from this phrasing in 2023 to ensure the focus is on eliminating carbon from its own operations. BrewDog will still strive for Positive Planet Accreditation in 2024, without this phasing.
- All UK electricity supplied from 2023 October onwards has a location-based emissions factor reported against it, accounting for an increase in Scope 2 emissions. Electricity captured under the previous Virtual PPA was reported using a market-based approach. The current utility contract guarantees 100% renewable wind energy backed by independently verified REGO's.

## Strategic report (continued)

### Methodology

The calculations used for these disclosures were based on the carbon calculations for 2023 undertaken by Small World Consulting (SWC) and will be externally verified by Positive Planet. SWC verified the calculations used specifically in this report. SWC use their own methodology, which aligns to the Green House Gas Protocol and relevant government legislation and guidance for greenhouse gas emissions factors. More information on their methodology can be found [here](#). The emissions were classified under the following categories:

- Direct GHG emissions (Scope 1): emissions from sources that are owned or controlled by the Group.
- Indirect GHG emissions (Scope 2): emissions from the generation of purchased electricity, heat and steam consumed by the Group.
- Indirect GHG emissions (Scope 3): emissions that occur as a consequence of the Group's activities but from sources not owned or controlled by the Group.

### Operational boundaries

Definition of the operational boundaries began by identifying all GHG sources that the Group should include in its inventory. The carbon footprint for the Group has been developed by setting the boundary of assessment as defined by Scope 1,2,3 emissions of the Group globally. At this stage, BrewDog has accounted for:

- Scope 1 emissions (direct emissions): Group facilities, combusted fuel for heating and refrigerants utilised.
- Scope 2 emissions (indirect emissions): Purchased electricity.
- Scope 3 emissions (indirect): emissions that occur as a consequence of the Group's activities but from sources not owned or controlled by the Group, categorised by the GHGP as Purchased Goods and Services, Capital Goods, Fuel-and-Energy-Related Activities, Upstream Transportation and Distribution, Waste Generated in Operations, Business Travel, Employee Commuting, Downstream Transportation and Distribution and Use of Sold Products.

Other scope 3 emissions have been excluded on the grounds of immateriality (i.e Upstream Leased Assets). The Group continues to review the methodology utilised for carbon accounting and seeks continuous enhancement to carbon accounting.

### Total Energy Use for 2023

	<i>Gas</i> <i>kWh</i>	<i>Electricity</i> <i>kWh</i>
UK Brewing	24,642,001.7	10,559,294.7
Global Brewing	7,224,057.1	4,009,016.1
UK Retail	3,490,520.5	7,403,100.5
Global Retail	1,967,557.3	6,772,476.8
<b>Total</b>	<u>37,324,136.6</u>	<u>28,743,888.1</u>

## Strategic report (continued)

### Total Greenhouse Gas

Scope 1, 2 and 3 Tonnes of CO<sub>2e</sub>

	2023 UK Only T CO <sub>2e</sub>	2023 Global T CO <sub>2e</sub>	2022 Global T CO <sub>2e</sub>
Scope 1	4,036	5,598	3,331
Scope 2	1,015	4,289	2,929
Scope 3	83,885	102,638	102,887
<b>Total</b>	<b>88,936</b>	<b>112,525</b>	<b>109,147</b>

### Energy Intensity ratio

The Company assesses its emissions using an intensity ratio based on Hectolitres (hL) of beer produced.

	2023 UK Only	2023 Global	2022 Global
Output hectolitres	906,785	1,006,084	957,891
<b>Total TCO<sub>2e</sub> per hL (Scope 1, 2, 3)</b>	<b>0.09</b>	<b>0.11</b>	<b>0.11</b>

### Energy intensity and Water Use

	2023	2022
Electricity (MJ per hL)	41.9	32.3
Gas (MJ per hL)	97.8	66.5
Water (hL per hL of beer)	3.9	3.0

For further detail on the energy and carbon reporting, please see the MEGA report on the Group's website. Results may differ to the final published MEGA report.

On behalf of the board



A M Dickie  
Director

14 October 2024

## Directors' report

Registered No. SC311560

The Directors present their report and financial statements for the year ended 31 December 2023. The group financial statements have been prepared under UK adopted international accounts standards ("IFRSs") and the parent company financial statements prepared under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

### Future developments

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

### Directors

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

N A Simpson (resigned 17 May 2024)

A M Dickie

J B Watt

J L O'Hara

F B Jack

A Leighton

A R J Gilmore

E Johnson

G Boer

### Going concern

The directors have a reasonable expectation that the Group as a whole has adequate resources to continue its operational existence for the foreseeable future and until 31 October 2025. For this reason, they continue to adopt the going concern basis in the accounts. The Group's activities, together with factors likely to affect its future development, performance and position are considered by the Directors on an on-going basis. In addition, notes 22, 23 and 26 include details of the Group's treasury activities, long term funding arrangements, financial instruments and financial risk management activities.

The directors have performed stress testing of cashflow forecasts to take account of events which could impact the financial position of the Group. The range of stress tests included a reduction in demand for its products and related impacts on working capital along with a range of extreme but plausible downsides. These stress tests demonstrate that the group has access to sufficient liquidity through the going concern period to 31 October 2025. As such, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## **Directors' report (continued)**

### **Events since the balance sheet date**

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

### **Disabled persons**

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

### **Employee involvement**

The group's policy is to consult and discuss with employees at meetings any matters likely to affect their interests. Information on matters of concern to employees is given through information bulletins and communications, through Huddle, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

### **Research and development**

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

### **Directors' liability**

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

### **Disclosure of information to the auditors**

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

The Directors Report was approved by the Board of Directors on 14 October 2024 and signed on its behalf below.

On behalf of the Board



A M Dickie  
Director

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with UK adopted international accounts standards ("IFRSs") and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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

In preparing those financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the parent company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and the company's financial position and financial performance;
- in respect of group financial statements, state whether UK adopted international accounts standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/or group will continue in business.

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

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

# Independent auditors' report

to the members of BrewDog PLC

## Opinion

We have audited the financial statements of BrewDog PLC ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise Group Statement of Comprehensive Income, the Group and Parent company Balance Sheet, Group Statement of Cash Flows, the Group and Parent statement of changes in equity and the related notes 1 to 33, including a summary of material accounting policy information. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 31 October 2025.

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

# **Independent auditors' report (continued)**

to the members of BrewDog PLC

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **Matters on which we are required to report by exception**

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

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

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

# Independent auditors' report (continued)

to the members of BrewDog PLC

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards and United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006 and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Group has to comply with laws and regulations relating to its operations and health and safety.
- We understood how BrewDog PLC is complying with those frameworks by making enquiries of management, those charged with governance, and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of board minutes and any correspondence with relevant counterparties and noted that there was no contradictory evidence.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by making enquiries of management from various parts of the business and performing a walkthrough of the financial statement close process. We considered performance targets and their propensity to influence efforts made by management to manage results. We also considered the risk of management override and assumed revenue to be a fraud risk. We incorporated data analytics into our testing of revenue recognition and tested specific transactions back to source documentation.

## **Independent auditors' report (continued)**

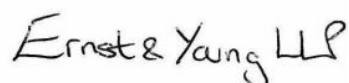
**to the members of BrewDog PLC**

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures, in addition to those set out above, included a review of board minutes to identify any non-compliance with laws and regulations. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with all applicable requirements. We also utilised data analytical tools to review for potential non-compliance with laws and regulations and tested manual journal entries to supporting evidence. Our procedures also involved obtaining and reading correspondence with relevant management specialists and involving EY specialists to assist in the design of audit procedures responsive to identified instances of non-compliance, where required.

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

### **Use of our report**

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



Kevin Weston (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Aberdeen

15 October 2024

## Group statement of comprehensive income

for the year ended 31 December 2023

	<i>Notes</i>	<i>2023</i> £000	<i>2022</i> £000
<i>Continuing operations</i>			
<i>Gross revenue</i>	4	354,598	321,206
Duty		(73,726)	(68,110)
Net revenue		280,872	253,096
Cost of sales		(160,354)	(143,008)
<i>Gross Profit</i>		120,518	110,088
Operating expenses		(153,125)	(137,662)
Impairment	17	(14,533)	-
Loss on disposal of property, plant and equipment		(741)	(1,849)
Gain on acquisition of German subsidiary		-	2,289
Gain on disposal of subsidiary		-	1,764
Other operating income	5	2,130	1,346
<i>Operating Loss</i>	6	(45,751)	(24,024)
Finance income	9	338	252
Finance costs	10	(13,289)	(6,754)
Share of loss from associate		(503)	-
<i>Loss before taxation</i>		(59,205)	(30,526)
Income tax (expense)/credit	11	(4,364)	5,690
<i>Loss for the year</i>		<b>(63,569)</b>	<b>(24,836)</b>
Attributable to:			
Equity holders of the parent		(62,862)	(23,843)
Non-controlling interests		(707)	(993)
		<b>(63,569)</b>	<b>(24,836)</b>
<i>Other comprehensive income</i>			
Exchange differences on translation of foreign operations		2,393	(1,523)
<i>Other comprehensive income for the year, net of tax</i>		<b>2,393</b>	<b>(1,523)</b>
<i>Total comprehensive income for the year, net of tax</i>		<b>(61,176)</b>	<b>(26,359)</b>
Attributable to:			
Equity holders of the parent		(60,469)	(25,366)
Non-controlling interests		(707)	(993)
		<b>(61,176)</b>	<b>(26,359)</b>

## Group statement of financial position

as at 31 December 2023

		2023	2022
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
<b><i>Non-current assets</i></b>			
Property, plant and equipment	12	217,279	225,955
Right-of-use asset	25	132,842	145,280
Intangible assets	13	7,613	20,890
Other non-current financial assets	14	-	157
Investment in a joint venture	15	2,449	2,952
Deferred tax assets	11	-	2,269
		<u>360,183</u>	<u>397,503</u>
<b><i>Current assets</i></b>			
Trade and other receivables	18	67,388	62,174
Inventory	19	22,983	26,574
Cash and cash equivalents	20	19,984	10,336
		<u>110,355</u>	<u>99,084</u>
<b>Total assets</b>		<u>470,538</u>	<u>496,587</u>
<b><i>Current liabilities</i></b>			
Trade and other payables	21	111,620	110,887
Financial liabilities	22	24,043	30,670
Lease liabilities	22	14,037	12,139
Corporation tax payable		65	88
		<u>149,765</u>	<u>153,784</u>
<b><i>Non-current liabilities</i></b>			
Financial liabilities	22	68,899	22,682
Lease liabilities	22	151,611	162,542
Government grants	29	4,274	3,240
Deferred tax liabilities	11	2,197	-
		<u>226,981</u>	<u>188,464</u>
<b>Total liabilities</b>		<u>376,746</u>	<u>342,248</u>
<b><i>Net Assets</i></b>		<u>93,792</u>	<u>154,339</u>

**Group statement of financial position (continued)**

as at 31 December 2023

**Equity**

Called up share capital	27	75	75
Share premium account	27	183,679	183,679
Treasury shares	28	(1,857)	(1,857)
Foreign currency translation reserve	28	1,176	(1,217)
Share based payment reserve		2,487	1,861
Retained earnings		(92,440)	(29,581)
<i>Equity attributable to equity holders of the parent</i>		93,120	152,960
Non-controlling interests		672	1,379
<b>Total equity</b>		<b>93,792</b>	<b>154,339</b>

Signed on behalf of the Board of Directors on 14 October 2024.


A M Dickie  
Director

## Company statement of financial position

as at 31 December 2023

	<i>Notes</i>	<i>2023</i> £000	<i>2022</i> £000
<b><i>Non-current assets</i></b>			
Property, plant and equipment	12	106,525	103,993
Right-of-use assets	25	9,546	10,268
Intangible assets	13	1,294	1,294
Other non-current financial assets	14	25,845	33,444
Investment in a joint venture	15	2,448	2,952
		<u>145,658</u>	<u>151,951</u>
<b><i>Current assets</i></b>			
Trade and other receivables	18	204,141	186,315
Inventory	19	15,994	18,391
Cash and cash equivalents	20	10,466	694
		<u>230,601</u>	<u>205,400</u>
<b><i>Total assets</i></b>		<u>376,259</u>	<u>357,351</u>
<b><i>Current liabilities</i></b>			
Trade and other payables	21	74,257	67,405
Corporation tax payable		12	-
Financial liabilities	22	23,969	30,667
Lease liabilities	22	873	849
		<u>99,111</u>	<u>98,921</u>
<b><i>Non-current liabilities</i></b>			
Deferred tax liabilities	11	7,094	3,703
Financial liabilities	22	67,478	22,544
Lease liabilities	22	15,531	16,282
Government grants	29	1,678	1,784
		<u>91,781</u>	<u>44,313</u>
<b><i>Total liabilities</i></b>		<u>190,892</u>	<u>143,234</u>
<b><i>Net Assets</i></b>		<u>185,367</u>	<u>214,117</u>

**Company statement of financial position (continued)**

as at 31 December 2023

*Equity*

Called up share capital	27	75	75
Share premium account	27	183,679	183,679
Treasury shares	28	(1,857)	(1,857)
Share based payment reserve		1,998	1,687
Retained earnings		1,472	30,533
<i>Total equity</i>		<u>185,367</u>	<u>214,117</u>

The group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company income statement. The loss after tax recorded by the company for the year was £29,061,000 (2022: profit of £971,000).

Signed on behalf of the Board of Directors on 14 October 2024.



A M Dickie  
Director

## Group statement of changes in equity

for the year ended 31 December 2023

	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Foreign Currency translation reserve</i>	<i>Share based payment reserve</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>At 1 January 2022</b>	<b>75</b>	<b>183,679</b>	<b>(1,857)</b>	<b>306</b>	<b>4,134</b>	<b>(5,794)</b>	<b>180,543</b>	<b>1,957</b>	<b>182,500</b>
Loss for the year	-	-	-	-	-	(23,843)	(23,843)	(993)	(24,836)
Other comprehensive income	-	-	-	(1,523)	-	-	(1,523)	-	(1,523)
Issue of share capital in subsidiary	-	-	-	-	-	56	56	42	98
Share options granted	-	-	-	-	(2,447)	-	(2,447)	-	(2,447)
Non-controlling interests arising on establishment of subsidiary	-	-	-	-	-	-	-	373	373
Shares options granted through EBT	-	-	-	-	174	-	174	-	174
<b>At 1 January 2023</b>	<b>75</b>	<b>183,679</b>	<b>(1,857)</b>	<b>(1,217)</b>	<b>1,861</b>	<b>(29,581)</b>	<b>152,960</b>	<b>1,379</b>	<b>154,339</b>
Loss for the year	-	-	-	-	-	(62,862)	(62,862)	(707)	(63,569)
Other comprehensive income	-	-	-	2,393	-	-	2,393	-	2,393
Issue of share capital in subsidiary	-	-	-	-	-	3	3	-	3
Share options granted	-	-	-	-	311	-	311	-	311
Shares options granted through EBT	-	-	-	-	315	-	315	-	315
<b>At 31 December 2023</b>	<b>75</b>	<b>183,679</b>	<b>(1,857)</b>	<b>1,176</b>	<b>2,487</b>	<b>(94,440)</b>	<b>93,120</b>	<b>672</b>	<b>93,792</b>

## Company statement of changes in equity

for the year ended 31 December 2023

	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Share based payment reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>At 1 January 2022</b>	<b>75</b>	<b>183,679</b>	<b>(1,857)</b>	<b>4,134</b>	<b>29,562</b>	<b>215,593</b>
Profit for the year	-	-	-	-	971	971
Share options granted	-	-	-	(2,447)	-	(2,447)
<b>At 1 January 2023</b>	<b>75</b>	<b>183,679</b>	<b>(1,857)</b>	<b>1,687</b>	<b>30,533</b>	<b>214,117</b>
Loss for the year	-	-	-	-	(29,061)	(29,061)
Share options granted	-	-	-	311	-	311
<b>At 31 December 2023</b>	<b>75</b>	<b>183,679</b>	<b>(1,857)</b>	<b>1,998</b>	<b>1,472</b>	<b>185,367</b>

## Group Statement of cash flows

For the year ended 31 December 2023

	2023	2022
<i>Note</i>	<i>£000</i>	<i>£000</i>
<b><i>Net cash flow (used)/from operating activities</i></b>	32 <u>(7,169)</u>	<u>30,605</u>
<b><i>Investing activities</i></b>		
Purchase of property, plant and equipment	(16,031)	(61,557)
Proceeds from sale of property, plant and equipment	1,206	802
Purchase of intangible assets	-	(9)
Acquisition of subsidiaries (net of cash)	-	45
Disposal of subsidiaries (net of cash)	-	(58)
<b><i>Net cash flow used in investing activities</i></b>	<u>(14,825)</u>	<u>(60,777)</u>
<b><i>Financing activities</i></b>		
Proceeds from government grants	1,211	219
Proceeds from landlord contributions	2,839	7,120
Proceeds from joint venture partner	-	373
Proceeds from loan notes	15,950	-
Repayment of borrowings	(875)	(510)
Principle elements of lease payments	(10,216)	(9,516)
Hire purchase receipts	19,266	2,907
Hire purchase payments	(7,257)	(5,204)
<b><i>Net cash flow from/(used in) financing activities</i></b>	<u>20,918</u>	<u>(4,611)</u>
Net decrease in cash and cash equivalents	(1,239)	(34,783)
Net foreign exchange differences	145	(155)
<b><i>Cash and cash equivalents at beginning of year</i></b>	<u>10,336</u>	<u>45,274</u>
<b><i>Cash and cash equivalents at end of year</i></b>	<u>9,242</u>	<u>10,336</u>

## Notes to the financial statements

At 31 December 2023

### 1. General information

The financial statements of BrewDog PLC (the company) and its subsidiaries (collectively, the group) for the year ended 31 December 2023 were authorised for issue by the Board of Directors on 14 October 2024. The company is incorporated in the United Kingdom under the Companies Act 2006.

### 2. Basis of preparation

#### *Statement of compliance*

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

The parent company financial statements have been prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework ("FRS 101") and using the historical cost convention. In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), but makes amendments where necessary in order to comply with the Companies Act and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

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

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

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

## Notes to the financial statements

At 31 December 2023

### 2. Basis of preparation (continued)

#### *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

#### *Going concern*

The directors have a reasonable expectation that the Group as a whole has adequate resources to continue its operational existence for the foreseeable future and until 31 October 2025. For this reason, they continue to adopt the going concern basis in the accounts. The Group's activities, together with factors likely to affect its future development, performance and position are considered by the Directors on an on-going basis. In addition, notes 22, 23 and 26 include details of the Group's treasury activities, long term funding arrangements, financial instruments and financial risk management activities.

The directors have performed stress testing of cashflow forecasts to take account of events which could impact the financial position of the Group. The range of stress tests included a reduction in demand for its products and related impacts on working capital along with a range of extreme but plausible downsides. These stress tests demonstrate that the group has access to sufficient liquidity through the going concern period to 31 October 2025. As such, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## Notes to the financial statements

At 31 December 2023

### 3. Accounting policies

#### *New standards and interpretations*

The company has considered all new and amended IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the year ended 31 December 2023. Where the changes affect the company, the relevant application and disclosure has been made during the year to 31 December 2023. The new and amended IFRSs during the year are as detailed below:

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

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

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

#### *Cash and cash equivalents*

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

#### *Property, plant and equipment*

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

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

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

## Notes to the financial statements

At 31 December 2023

### 3. Accounting policies (continued)

#### *Intangible assets*

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

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

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

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

#### *Interest in equity accounted investments*

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

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

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

#### *Non-current financial assets*

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

#### *Impairment of non-financial assets*

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by

## Notes to the financial statements

At 31 December 2023

### 3. Accounting policies (continued)

#### *Impairment of non-financial assets (continued)*

valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

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

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

#### *Business combinations and goodwill*

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

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

Goodwill is allocated to each of the Groups cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

## Notes to the financial statements

At 31 December 2023

### 3. Accounting policies (continued)

#### *Revenue recognition*

Revenue comprises revenue recognised by the group in respect of goods supplied during the year, exclusive of value added tax and trade discounts but inclusive of excise duty. Revenue is recognised in the financial statements when goods are shipped to customers and the entity has satisfied its performance obligations under the contract. Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business.

#### *Cost of sales*

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

#### *Operating expenses*

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

#### *Taxation*

##### *Current income tax*

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

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

##### *Deferred income tax*

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

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

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

#### *Foreign currency translation*

##### *Transactions and balances*

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

##### *Group companies*

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

#### *Research and development*

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

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

## Notes to the financial statements

At 31 December 2023

### 3. Accounting policies (continued)

#### *Research and development (continued)*

- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

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

#### *Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Where the income relates to a distinct identifiable expense, the income is offset against the relevant expenses. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

#### *Leases*

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

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

#### *Right-of-use assets*

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

#### *Lease liabilities*

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

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments

## Notes to the financial statements

At 31 December 2023

### 3. Accounting policies (continued)

#### *Leases (continued)*

resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### *Short-term leases and leases of low-value assets*

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

#### *Financial assets*

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss or loans and receivables, as appropriate. The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

#### *Trade and other receivables*

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

#### *Derecognition of financial assets*

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

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

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

#### *Impairment of financial assets*

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

## Notes to the financial statements

At 31 December 2023

### 3. Accounting policies (continued)

#### *Impairment of financial assets (continued)*

For trade receivables and contract assets, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### *Financial liabilities*

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

#### *Trade and other payables*

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

#### *Loans and borrowings*

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

Finance charges on the loans are recognised as finance costs in the statement of comprehensive income using the effective interest rate method.

#### *Derecognition of financial liabilities*

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

#### *Share-based payments*

The group operates three equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount expensed over the vesting period is determined by reference to the fair value of the options at the date on which they were granted.

Fair value is determined at the date when the grant is made using an appropriate valuation model, further details are included in note 30. Non-market performance vesting and service conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the company revises its estimates of the number of options that are expected to vest.

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

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

#### *Treasury shares*

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

## Notes to the financial statements

At 31 December 2023

### 3. Accounting policies (continued)

#### *Inventories*

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

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

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

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

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

#### *Pensions*

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

#### *Alternative performance measures (APMs)*

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

#### *Site pre-opening costs*

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

#### *Site closing costs*

Site closing costs refer to costs incurred in sites which have been closed in the year and exited. These primarily include costs of disposal of assets, trading losses and removal of stocks. These costs are disclosed separately to provide a more accurate indication of the Group's underlying performance.

#### *Significant judgements and estimates*

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

#### *Judgements*

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

#### *Determining the lease term of contracts with renewal and termination options*

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

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

## Notes to the financial statements

At 31 December 2023

### 3. Accounting policies (continued)

#### *Estimates and assumptions*

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

#### *Share-based payments*

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using the Black-Scholes-Merton ("BSM") pricing model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions used for estimating fair value for share-based payment transactions are disclosed in note 30. A 5% change in the estimate regarding marketability discount results in a £29,000 change in the charge for the year.

### 4. Revenue

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

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

	2023	2022
	£000	£000
<i>Geographical segment</i>		
UK	249,462	234,917
Europe	47,316	40,117
USA and Canada	40,344	31,505
Rest of the world	17,476	14,667
	<u>354,598</u>	<u>321,206</u>

The company has one major customer who contributed 12.3% (£41.1 million) of its revenue in the 2023 financial year. In 2022, there were no major customer which contributed more than 10% of group revenue.

### 5. Other Operating Income

	2023	2022
	£000	£000
Other income	<u>2,130</u>	<u>1,346</u>

## Notes to the financial statements

At 31 December 2023

### 6. Operating Loss

This is stated after charging/(crediting):

	2023 £000	2022 £000
Depreciation of tangible assets (note 12)	17,664	15,653
Amortisation of right-of-use assets (note 25)	12,010	11,942
Impairment	14,533	-
Auditors remuneration (note 7)	536	548
Research and development	1,500	1,420
Loss / (gain) on foreign exchange	2,205	(3,275)
Share based payment expense (note 30)	626	(2,273)
Pre-opening costs	-	5,201
Site closing costs	3,591	3,572

### 7. Auditors' remuneration

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

	2023 £000	2022 £000
Audit of the financial statements	536	548
	<u>536</u>	<u>548</u>

### 8. Staff costs and directors' emoluments

(a) Staff Costs

	2023 £000	2022 £000
Wages and salaries	70,091	60,220
Pension costs	3,524	3,110
Social security costs	6,785	6,457
Share based payment expense	626	456
	<u>81,026</u>	<u>70,243</u>

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

## Notes to the financial statements

At 31 December 2023

### 8. Staff costs and directors' emoluments (continued)

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

	2023	2022
	<i>No.</i>	<i>No.</i>
Directors	8	6
Administration	196	185
Production	244	240
Selling and distribution	111	121
Bar staff	2,059	1,973
	<u>2,618</u>	<u>2,525</u>

#### (b) Directors' remuneration

	2023	2022
	<i>£000</i>	<i>£000</i>
Directors' remuneration	1,420	1,545
Pension contributions	46	53
Share based payment expense	333	(2,729)
	<u>1,799</u>	<u>(1,131)</u>

Directors' remuneration also represents key management personnel compensation.

	2023	2022
	<i>£000</i>	<i>£000</i>
<i>Highest paid director:</i>		
Aggregate remuneration	461	577
Pension contributions	-	9
	<u>461</u>	<u>586</u>

	2023	2022
	<i>£000</i>	<i>£000</i>
Number of directors who received share options during the year	<u>-</u>	<u>-</u>

### 9. Finance income

	2023	2022
	<i>£000</i>	<i>£000</i>
Bank interest received	190	92
Capital grant release (note 29)	148	160
Total finance income	<u>338</u>	<u>252</u>

## Notes to the financial statements

At 31 December 2023

### 10. Finance cost

	2023	2022
	£000	£000
Bank loans and overdrafts	3,828	1,286
Lease liability interest (note 25)	5,084	4,569
Loan note interest	2,135	-
Hire purchase interest	2,083	692
Bond interest	159	207
<b>Total finance costs</b>	<b>13,289</b>	<b>6,754</b>

### 11. Income tax

#### Group

#### (a) Income tax on loss for the year

	2023	2022
	£000	£000
UK corporation tax on the loss for the year	-	-
Amounts (under)/over provided in previous years	(20)	479
Research and development credits	(297)	-
Foreign taxes	125	83
<b>Total current income tax (credit)/charge</b>	<b>(192)</b>	<b>562</b>
Deferred income tax:		
Origination and reversal of temporary differences	3,700	(3,630)
Adjustments in respect of prior periods	855	(1,475)
Deferred tax adjustments in respect of rate changes	-	(1,147)
<b>Total deferred income tax charge/(credit)</b>	<b>4,555</b>	<b>(6,252)</b>
<b>Income tax charge/(credit) in the group statement of comprehensive income</b>	<b>4,364</b>	<b>(5,690)</b>

#### Group

#### (b) Reconciliation of the total income tax charge

	2023	2022
	£000	£000
Loss from continuing operations	(59,205)	(30,526)
Tax calculated at UK standard rate of corporation tax of 23.52% (2022 – 19%)	(13,925)	(5,800)
Expenses not deductible for tax purposes	4,769	493
Other fixed asset related movements	637	(1,620)
Foreign tax	105	83
Tax over provided in previous years	855	(996)
Research and development expenditure credits	(297)	-
Change in tax laws and rate	(275)	(1,147)
Deferred tax not recognised	8,341	(6)
Chargeable gains	-	16
Other differences	47	25
Non-taxable income	(55)	(22)
Unrecognised tax losses in other jurisdictions	4,162	3,284
<b>Income tax charge/(credit) in the group statement of comprehensive income</b>	<b>4,364</b>	<b>(5,690)</b>

## Notes to the financial statements

At 31 December 2023

### 11. Income tax (continued)

The income tax expense above is computed at loss before taxation multiplied by the effective rate of corporation tax in the UK of 23.52% (2022: 19%).

#### (c) Deferred income tax

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

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Deferred tax liability</i>				
Temporary differences relating to property, plant and equipment	14,572	12,971	12,582	11,440
Capital gains	1,711	1,711	1,711	1,711
	<u>16,283</u>	<u>14,682</u>	<u>14,293</u>	<u>13,151</u>
<i>Deferred tax asset</i>				
Tax losses carried forward	(13,548)	(16,353)	(6,696)	(8,969)
Short term temporary differences	(538)	(598)	(503)	(479)
Net deferred tax liability/(asset)	<u>2,197</u>	<u>(2,269)</u>	<u>7,094</u>	<u>3,703</u>
	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Deferred tax in the income statement</i>				
Temporary differences relating to property, plant and equipment	4,555	(6,252)	3,390	(1,115)
	<u>4,555</u>	<u>(6,252)</u>	<u>3,390</u>	<u>(1,115)</u>

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

The Group has tax losses of £61,897,000 (2022 - £49,751,000) arising in a number of locations, all amounts are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, with the exception of £12,322,000 (2022 - £12,973,000) which expire in 2037. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in the company and subsidiaries that have been loss-making for the last few years due to difficult trading conditions, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

## Notes to the financial statements

At 31 December 2023

### 12. Property, plant and equipment

<i>Group</i>	<i>Land and buildings</i>	<i>Leasehold improvements</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Plant and machinery</i>	<i>Computer equipment</i>	<i>Assets under construction</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:								
At 1 January 2022	55,634	43,836	39,019	414	71,814	5,794	13,648	230,159
Additions	355	30,709	7,449	7	2,194	789	20,054	61,557
Acquisition of subsidiaries	-	1,654	-	-	398	-	-	2,052
Disposals	(652)	(2,370)	(1,834)	(11)	(148)	(39)	(556)	(5,610)
Transfers	393	-	-	-	1,862	430	(2,685)	-
Exchange differences	1,724	2,962	642	13	2,240	66	34	7,681
<b>At 31 December 2022</b>	<b>57,454</b>	<b>76,791</b>	<b>45,276</b>	<b>423</b>	<b>78,360</b>	<b>7,040</b>	<b>30,495</b>	<b>295,839</b>
Additions	3,293	1,239	4,038	-	3,540	305	5,088	17,503
Disposals	(53)	(1,078)	(3,804)	(3)	(213)	(28)	(2)	(5,181)
Impairment	-	(2,774)	(1,039)	-	-	(23)	-	(3,836)
Transfers	2,825	5	31	-	29,057	3,638	(35,556)	-
Exchange differences	(894)	(3,120)	(517)	(6)	(1,134)	(52)	(19)	(5,742)
<b>At 31 December 2023</b>	<b>62,625</b>	<b>71,063</b>	<b>43,985</b>	<b>414</b>	<b>109,610</b>	<b>10,880</b>	<b>6</b>	<b>298,583</b>
Depreciation:								
At 1 January 2022	3,622	9,616	24,101	335	14,435	3,118	-	55,227
Charge for the year	797	3,896	6,179	22	3,554	1,205	-	15,653
On disposals	(30)	(746)	(1,377)	(8)	(137)	(18)	-	(2,316)
Transfers	(14)	-	-	-	14	-	-	-
Exchange differences	142	276	334	11	509	48	-	1,320
<b>At 31 December 2022</b>	<b>4,517</b>	<b>13,042</b>	<b>29,237</b>	<b>360</b>	<b>18,375</b>	<b>4,353</b>	<b>-</b>	<b>69,884</b>
Charge for the year	793	4,605	5,491	16	4,649	2,110	-	17,664
On disposals	-	(578)	(2,537)	(3)	(92)	(24)	-	(3,234)
Impairment	-	(1,298)	(908)	-	-	(23)	-	(2,229)
Exchange differences	(89)	(126)	(228)	(5)	(303)	(30)	-	(781)
<b>At 31 December 2023</b>	<b>5,221</b>	<b>15,645</b>	<b>31,055</b>	<b>368</b>	<b>22,629</b>	<b>6,386</b>	<b>-</b>	<b>81,304</b>

## Notes to the financial statements

At 31 December 2023

Net book value:

<b>At 31 December 2023</b>	<b>57,404</b>	<b>55,418</b>	<b>12,930</b>	<b>46</b>	<b>86,981</b>	<b>4,494</b>	<b>6</b>	<b>217,279</b>
At 31 December 2022	52,937	63,749	16,039	63	59,985	2,687	30,495	225,955

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

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

	<i>Plant and machinery</i>
	<i>£000</i>
Net book value:	
At 31 December 2023	47,813
At 31 December 2022	<u>23,442</u>
Depreciation charge for the year to:	
31 December 2023	2,490
31 December 2022	<u>1,666</u>

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

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

## Notes to the financial statements

At 31 December 2023

### 12. Property, plant and equipment (continued)

<i>Company</i>	<i>Land and buildings</i>	<i>Leasehold improvements</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Plant and machinery</i>	<i>Computer equipment</i>	<i>Assets under construction</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:								
At 1 January 2022	33,186	197	8,566	306	47,260	4,896	13,362	107,773
Additions	-	96	337	-	936	453	19,989	21,811
Disposals	(9)	-	(36)	-	(94)	(12)	(556)	(707)
Transfers	393	-	-	-	1,862	430	(2,685)	-
<b>At 31 December 2022</b>	<b>33,570</b>	<b>293</b>	<b>8,867</b>	<b>306</b>	<b>49,964</b>	<b>5,767</b>	<b>30,110</b>	<b>128,877</b>
Additions	2,010	-	240	-	2,933	107	5,082	10,372
Disposals	-	(198)	(3,374)	(3)	(205)	-	-	(3,780)
Transfers	2,825	-	30	-	28,699	3,638	(35,192)	-
<b>At 31 December 2023</b>	<b>38,405</b>	<b>95</b>	<b>5,763</b>	<b>303</b>	<b>81,391</b>	<b>9,512</b>	<b>-</b>	<b>135,469</b>
Depreciation:								
At 1 January 2022	2,299	194	5,683	236	9,277	2,495	-	20,184
Charge for the year	457	7	1,007	18	2,290	1,058	-	4,837
Disposals	(9)	-	(28)	-	(92)	(8)	-	(137)
Transfers	(14)	-	-	-	14	-	-	-
<b>At 31 December 2022</b>	<b>2,733</b>	<b>201</b>	<b>6,662</b>	<b>254</b>	<b>11,489</b>	<b>3,545</b>	<b>-</b>	<b>24,884</b>
Charge for the year	521	5	638	13	3,512	1,871	-	6,560
Disposals	-	(197)	(2,215)	(3)	(85)	-	-	(2,500)
<b>At 31 December 2023</b>	<b>3,254</b>	<b>9</b>	<b>5,085</b>	<b>264</b>	<b>14,916</b>	<b>5,416</b>	<b>-</b>	<b>28,944</b>
Net book value:								
<b>At 31 December 2023</b>	<b>35,151</b>	<b>86</b>	<b>678</b>	<b>39</b>	<b>66,475</b>	<b>4,096</b>	<b>-</b>	<b>106,525</b>
At 31 December 2022	30,837	92	2,205	52	38,475	2,222	30,110	103,993

## Notes to the financial statements

At 31 December 2023

### 12. Property, plant and equipment (continued)

*Company (continued)*

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

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

	<i>Plant and machinery</i>
	<i>£000</i>
Net book value:	
At 31 December 2023	47,813
At 31 December 2022	<u>23,442</u>
Depreciation charge for the year to:	
31 December 2023	2,490
31 December 2022	<u>1,666</u>

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

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

## Notes to the financial statements

At 31 December 2023

### 13. Intangible fixed assets

<i>Group</i>	<i>Distribution</i>			<i>Total</i>
	<i>Other</i>	<i>Goodwill</i>	<i>rights</i>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:				
At 1 January 2022	346	19,616	1,319	21,281
Additions	9	-	-	9
Disposals	(1)	-	-	(1)
Exchange differences	15	16	-	31
At 31 December 2022	369	19,632	1,319	21,320
Disposals	(26)	-	-	(26)
Exchange differences	(15)	(9)	(3)	(27)
<b>At 31 December 2023</b>	<b>328</b>	<b>19,623</b>	<b>1,316</b>	<b>21,267</b>
Impairment:				
At 1 January 2022	115	315	-	430
At 31 December 2022	115	315	-	430
Impairment charge	-	13,224	-	13,224
<b>At 31 December 2023</b>	<b>115</b>	<b>13,539</b>	<b>-</b>	<b>13,654</b>
Net book value:				
<b>At 31 December 2023</b>	<b>213</b>	<b>6,084</b>	<b>1,316</b>	<b>7,613</b>
At 31 December 2022	254	19,317	1,319	20,890

During the year to 31 December 2023, Goodwill was impaired by £13,224,000 (2022: £nil). Further details can be found at note 17.

## Notes to the financial statements

At 31 December 2023

### 13. Intangible fixed assets (continued)

<i>Company</i>	<i>Distribution rights £000</i>	<i>Total £000</i>
Cost:		
At 1 January 2022	1,294	1,294
<b>At 31 December 2022</b>	<b>1,294</b>	<b>1,294</b>
<b>At 31 December 2023</b>	<b>1,294</b>	<b>1,294</b>
Amortisation:		
At 1 January 2022	-	-
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2023</b>	<b>-</b>	<b>-</b>
Net book value:		
<b>At 31 December 2023</b>	<b>1,294</b>	<b>1,294</b>
At 31 December 2022	1,294	1,294

### 14. Other non-current financial assets

<i>Group</i>	<i>Unlisted investments £000</i>
Fair value	
<b>At 1 January 2021, 31 December 2021 &amp; 31 December 2022</b>	<b>157</b>
Impairment:	
At 1 January 2022 & 31 December 2022	-
Impairment charge	157
<b>At 31 December 2023</b>	<b>157</b>
Net book value:	
<b>At 31 December 2023</b>	<b>-</b>
At 31 December 2022	157

## Notes to the financial statements

At 31 December 2023

### 14. Other non-current financial assets (continued)

<i>Company</i>	<i>Unlisted investments £000</i>	<i>Shares in group undertakings £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2022	157	37,055	37,212
Additions	-	2,658	2,658
<b>At 31 December 2022 &amp; 31 December 2023</b>	<b>157</b>	<b>39,713</b>	<b>39,870</b>
Impairment:			
At 1 January 2022 & 31 December 2022	-	6,426	6,426
Impairment charge	157	7,443	7,600
<b>At 31 December 2023</b>	<b>157</b>	<b>13,869</b>	<b>14,026</b>
Net book value:			
<b>At 31 December 2023</b>	<b>-</b>	<b>25,844</b>	<b>25,844</b>
At 31 December 2022	157	33,287	33,444

During the year to 31 December 2023, investments in international retail cash generating units were impaired by £7,443,000 (2022 - £nil). This was due to trading in these bars not meeting our expectations. An unlisted investment was also impaired by £157,000 (2022 - £nil) due to unavailable financial information.

For the year ended 31 December 2023, the following subsidiaries are entitled to an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies; BrewDog Employee Benefit Trust Limited, BrewDog International Limited and Lost Forest Limited.

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

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:

<i>Name of company</i>	<i>Holdings</i>	<i>Country of registration or incorporation</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
<i>Subsidiary undertakings:</i>				
BrewDog Retail Limited (1)	Ordinary	Scotland	100%	Bar operator
Lone Wolf Spirits Limited (1)	Ordinary	Scotland	100%	Dormant
Lost Forest Limited (1)	Ordinary	Scotland	100%	Land owner
Overworks Limited (1)	Ordinary	Scotland	100%	Dormant
BrewDog International Limited (1)	Ordinary	Scotland	100%	Holding company
Draft House Holding Limited (2)	Ordinary	England	100%	Bar operator

## Notes to the financial statements

At 31 December 2023

### 14. Other non-current financial assets (continued)

Hawkes Cider Limited (3)	Ordinary	England	100%	Dormant
BrewDog GmbH (4)	Ordinary	Germany	100%	Bar operator & brewery
BrewDog Group Australia Ltd (5)	Ordinary	Australia	100%	Holding company
BrewDog do Brasil Comercio de Alimentos e Bebidas Ltda (6)	Ordinary	Brazil	100%	Dormant
BrewDog Belgium SPRL (7)	Ordinary	Belgium	100%	Bar operator
BrewDog Group HK Ltd (10)	Ordinary	Hong Kong	49%	Holding company
BD Casanova SL (11)	Ordinary	Spain	100%	Bar operator
BrewDog USA Inc (14)	Ordinary	USA	97%	Holding company
BrewDog Sweden AB (19)	Ordinary	Sweden	100%	Holding company
BrewDog Holding Company Japan Ltd (20)	Ordinary	Japan	60%	Holding company
BrewDog Employee Benefit Trust Limited (1)	Ordinary	Scotland	100%	Employee Trust
<i>Indirectly held:</i>				
Draft House TB Limited (2)	Ordinary	England	100%	
Draft House NC Limited (2)	Ordinary	England	100%	
BrewDog Brewing Australia Pty Ltd (5)	Ordinary	Australia	100%	
BrewDog Canada Ltd (8)	Ordinary	Canada	100%	
BrewDog Bars France SAS (9)	Ordinary	France	100%	
Bryggmester Bob AS (12)	Ordinary	Norway	100%	
BrewDog Brewing Company LLC (14)	Ordinary	USA	100%	
BrewDog Franchising LLC (14)	Ordinary	USA	100%	
BrewDog Dogtap LLC (14)	Ordinary	USA	100%	
BrewDog Las Vegas LLC (14)	Ordinary	USA	100%	
BrewDog San Francisco LLC (14)	Ordinary	USA	100%	
BrewDog Licensing LLC (14)	Ordinary	USA	100%	
BrewDog Pittsburgh LLC (14)	Ordinary	USA	100%	
BrewDog Indianapolis LLC (14)	Ordinary	USA	100%	
BrewDog Columbus LLC (15)	Ordinary	USA	100%	
BrewDog Ireland Ltd (16)	Ordinary	Ireland	100%	
Kabushi Kaisha BrewDog Japan (17)	Ordinary	Japan	100%	
BrewDog Italy S.R.L (18)	Ordinary	Italy	100%	
BruDog Malmo AB (19)	Ordinary	Sweden	100%	
BruDog Bar GBG AB (19)	Ordinary	Sweden	100%	
BruDog Sodermalm AB (19)	Ordinary	Sweden	100%	
BruDog Bar St Eriksgatan AB (19)	Ordinary	Sweden	100%	
BrewDog Shanghai (13)	Ordinary	China	100%	
BrewDog Company Japan Ltd (20)	Ordinary	Japan	100%	
BrewDog Retail Germany GmbH (4)	Ordinary	Germany	100%	

## Notes to the financial statements

At 31 December 2023

### 14. Other non-current financial assets (continued)

- (1) Registered office address; Balmacassie Commercial Park, Ellon, Aberdeenshire, AB41 8BX
- (2) Registered office address; 3<sup>rd</sup> and 4<sup>th</sup> Floor, Fergusson House, 124-128 City Road, London, EC1V 2NJ
- (3) Registered office address; 92 and 96 Druid Street, London, SE1 2HQ
- (4) Registered office address; IM Marienpark 23, 12107, Berlin, Germany
- (5) Registered office address; Level 29/12 Creek Street, Brisbane City, QLD 4000
- (6) Registered office address; 41 Rua Corope's – Pinheiros, Sao Paulo-SP, 05426-010, Brazil
- (7) Registered office address; Putterie 20, 1000 Brussels, Belgium
- (8) Registered office address; 2800 Park Place, 666 Burrard Street, Vancouver, BC V6C 2Z7
- (9) Registered office address; 1 rue Favart, 75002 Paris
- (10) Registered office address; 5/F Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong
- (11) Registered office address; Calle Casanova 69, 08011, Barcelona, Spain
- (12) Registered office address; Markveien 57, 0505 Oslo
- (13) Registered office address; Unit 107 & 108, 1F, South Building, China Merchants Plaza, No333 North Chengdu Road, Jing'an District, Shanghai
- (14) Registered office address; 96 Gender Rd, Canal Winchester, OH 43110
- (15) Registered office address; PO Box 361715, Columbus, OH 43236
- (16) Registered office address; 2 Grand Canal Square, Dublin, Ireland, D02 A342
- (17) Registered office address; Saitoh Building 1F, 5-3-2, Roppongi, Minato-ku, Tokyo
- (18) Registered office address; Corso Vercelli 40, 20145, Milan
- (19) Registered office address; Baltzarsgatan 25 211 36 MALMÖ
- (20) Registered office address; 4-31, Minami Aoyama 5-chome, Minato-ku, Tokyo

### 15. Interest in a joint venture

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

## Notes to the financial statements

At 31 December 2023

### 16. Business combinations

#### Acquisition of Bruton Hospitality GmbH

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

#### *Assets acquired and liabilities assumed*

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

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

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

The total consideration paid for the acquisition was £nil.

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

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

## Notes to the financial statements

At 31 December 2023

### 17. Goodwill and intangibles assets with indefinite useful lives

	2023 £000	2022 £000
Goodwill		
- Draft House	4,858	10,680
- Hawkes	-	3,716
- Sweden	647	3,637
- Belgium	-	646
- France	349	356
- Norway	154	165
- Other	76	117
Distribution rights	1,316	1,319
Other	213	254
	<u>7,613</u>	<u>20,890</u>

The Group performed its annual impairment test in December 2023 and 2022 over goodwill. The recoverable amount of goodwill has been determined by a value in use calculation using cash flow projections from financial budgets approved by senior management. The pre-tax discount rate applied to cashflow is 16.5% (2022 – 15.5%) and cash flows beyond the budget period use a growth rate of between 2-5% (2022 – 5%). It was concluded that the value in use did not exceed the fair value in the following areas: Draft House, Hawkes, Sweden, Belgium, Spain and Norway. As a result, management has recognised an impairment charge of £13,224,000 (2022 - £nil) against goodwill and £1,152,000 (2022 - £nil) impairment charge against assets.

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

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

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

- Operating cash flows
- Discount rates

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

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

Management have considered whether there are any sensitivities in the assumptions which could give rise to a further impairment however these would need to be severe and therefore not considered further because they are not considered plausible.

## Notes to the financial statements

At 31 December 2023

### 18. Trade and other receivables

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

<i>Group</i>	<i>2023</i>	<i>2022</i>
	<i>£000</i>	<i>£000</i>
Trade receivables	48,961	39,670
Prepayments and other receivables	18,427	22,504
	<u>67,388</u>	<u>62,174</u>

Trade and other receivables due after one year amounted to £1,369,000 (2022: £1,701,000).

<i>Company</i>	<i>2023</i>	<i>2022</i>
	<i>£000</i>	<i>£000</i>
Trade receivables	45,027	37,014
Prepayments and other receivables	2,948	3,841
Receivable from group undertakings	156,166	145,460
	<u>204,141</u>	<u>186,315</u>

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

<i>Group</i>	<i>Total</i>	<i>Neither past due not impaired</i>			<i>Past due but not impaired</i>	
		<i>&lt; 30 days</i>	<i>30-60 days</i>	<i>60-90 days</i>	<i>60-90 days</i>	<i>Over 90 days</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>2023</i>	<i>48,961</i>	<i>22,187</i>	<i>17,706</i>	<i>3,289</i>	<i>7</i>	<i>5,772</i>
<i>2022</i>	<i>39,670</i>	<i>38,875</i>	<i>156</i>	<i>199</i>	<i>7</i>	<i>433</i>

<i>Company</i>	<i>Total</i>	<i>Neither past due not impaired</i>			<i>Past due but not impaired</i>	
		<i>&lt; 30 days</i>	<i>30-60 days</i>	<i>60-90 days</i>	<i>60-90 days</i>	<i>Over 90 days</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>2023</i>	<i>45,027</i>	<i>19,209</i>	<i>17,371</i>	<i>3,228</i>	<i>-</i>	<i>5,219</i>
<i>2022</i>	<i>37,014</i>	<i>36,933</i>	<i>-</i>	<i>74</i>	<i>7</i>	<i>-</i>

## Notes to the financial statements

At 31 December 2023

### 19. Inventory

<i>Group</i>	<i>2023</i>	<i>2022</i>
	<i>£000</i>	<i>£000</i>
Raw materials	9,783	13,526
Work in progress	1,883	1,509
Finished goods and goods for resale	11,317	11,539
	<u>22,983</u>	<u>26,574</u>
 <i>Company</i>	 <i>2023</i>	 <i>2022</i>
	<i>£000</i>	<i>£000</i>
Raw materials	7,900	10,869
Work in progress	1,539	1,096
Finished goods and goods for resale	6,555	6,426
	<u>15,994</u>	<u>18,391</u>

### 20. Cash and cash equivalents

<i>Group</i>	<i>2023</i>	<i>2022</i>
	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	<u>19,984</u>	<u>10,336</u>
 <i>Company</i>	 <i>2023</i>	 <i>2022</i>
	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	<u>10,466</u>	<u>694</u>

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

At 31 December 2023

### 21. Trade and other payables

The carrying value of financial liabilities approximates fair value.

<i>Group</i>	2023 £000	2022 £000
Trade payables	37,023	41,372
Accruals and other payables	66,552	63,163
Taxes and social security	8,045	6,352
	<u>111,620</u>	<u>110,807</u>
 <i>Company</i>	 2023 £000	 2022 £000
Trade payables	19,777	17,356
Accruals and other payables	49,703	46,614
Taxes and social security	4,777	3,435
	<u>74,257</u>	<u>67,405</u>

### 22. Financial liabilities

*Group*

	2023 £000	2022 £000
Current:		
Bank overdrafts	10,742	-
£1,820,000 bank loan	159	171
£2,000,000 bank loan	164	188
£5,000,000 bank loan	500	500
£25,000,000 bank loan	-	25,000
Other loans	2	3
6% non-convertible bonds	3,303	-
Obligations under hire purchase contracts	9,173	4,808
Lease liabilities	14,037	12,139
<b><i>Total current borrowings</i></b>	<u>38,080</u>	<u>42,809</u>
Non-current:		
£1,820,000 bank loan	375	539
£2,000,000 bank loan	719	890
£5,000,000 bank loan	3,500	4,000
£25,000,000 bank loan	25,000	-
Other loans	123	138
6% non-convertible bonds	-	3,303
Loan notes	17,726	-
Obligations under hire purchase contracts	21,456	13,812
Lease liabilities	151,611	162,542
<b><i>Total non-current borrowings</i></b>	<u>220,510</u>	<u>185,224</u>

## Notes to the financial statements

At 31 December 2023

### 22. Financial liabilities (continued)

*Company*

	2023	2022
	£000	£000
Current:		
Bank overdrafts	10,742	-
£1,820,000 bank loan	159	171
£2,000,000 bank loan	164	188
£5,000,000 bank loan	500	500
£25,000,000 bank loan	-	25,000
6% non-convertible bonds	3,303	-
Obligations under hire purchase contracts	9,101	4,808
Lease liabilities (note 25)	873	849
<b>Total current borrowings</b>	<b>24,842</b>	<b>31,516</b>
Non-current:		
£1,820,000 bank loan	375	539
£2,000,000 bank loan	719	890
£5,000,000 bank loan	3,500	4,000
£25,000,000 bank loan	25,000	-
6% non-convertible bonds	-	3,303
Loan notes	17,726	-
Obligations under hire purchase contracts	20,158	13,812
Lease liabilities (note 25)	15,531	16,282
<b>Total non-current borrowings</b>	<b>83,009</b>	<b>38,826</b>

#### **Bank loans**

Bank overdrafts

The bank overdrafts are repayable on demand and bear interest at 2.6% over the base rate.

£1,820,000 bank loan

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

£2,000,000 bank loan

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

£5,000,000 bank loan

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

£25,000,000 bank loan

This loan is in the name of the parent company, originally for a maximum of £25,000,000 under the CLBILS coronavirus support and is repayable in a single instalment in August 2026. It bears interest at 2.1% over the base rate. This loan is secured by a mortgage over the land and buildings with a 80% government guarantee.

## Notes to the financial statements

At 31 December 2023

### 22. Financial liabilities (continued)

#### *Bank loans (continued)*

6% non-convertible bonds

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

Loan notes

In September 2022 and January 2023, the company agreed loan note instruments with shareholders. The loan notes were issued with an interest rate of 15-18% with repayment linked to an exit event. During 2023 the company has drawn down in respect of these loan notes.

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

The carrying value of financial instruments approximates fair value.

#### *Other loans*

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

#### *Maturity profile*

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

<i>Group</i>	<i>Less than 3 months £000</i>	<i>3 to 12 months £000</i>	<i>1 to 5 years £000</i>	<i>&gt;5 years £000</i>	<i>Total £000</i>
<b>Year ended 31 December 2023</b>					
Interest bearing loans and borrowings	7,899	7,045	69,996	1,472	86,412
Lease liabilities	3,612	11,507	58,274	132,788	206,181
Trade and other payables	111,620	-	-	-	111,620
	<u>123,131</u>	<u>18,552</u>	<u>110,545</u>	<u>134,260</u>	<u>404,213</u>
<b>Year ended 31 December 2022</b>					
Interest bearing loans and borrowings	1,896	30,159	23,401	268	55,724
Lease liabilities	3,793	11,303	60,643	145,140	220,879
Trade and other payables	110,887	-	-	-	110,887
	<u>116,576</u>	<u>41,462</u>	<u>84,044</u>	<u>145,408</u>	<u>385,117</u>

## Notes to the financial statements

At 31 December 2023

### 22. Financial liabilities (continued)

#### *Change in liabilities arising from financing activities*

<i>Group</i>	<i>1 January</i>			<i>New</i>	<i>31</i>
	<i>2023</i>	<i>Cashflows</i>	<i>Other</i>	<i>leases</i>	<i>December</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>2023</i>
					<i>£000</i>
<b>Year ended 31 December 2023</b>					
Current interest bearing loans and borrowings	30,670	392	(7,019)	-	24,043
Current lease liabilities	12,139	(7,377)	9,004	271	14,037
Non-current interest bearing loans and borrowings	22,682	15,590	30,627	-	68,899
Non-current lease liabilities	162,542	-	(14,720)	3,789	151,611
<b>Total liabilities from financing activities</b>	<b>228,033</b>	<b>8,605</b>	<b>17,892</b>	<b>4,060</b>	<b>258,590</b>

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

The 'Other' column includes the effect of reclassification of non-current portion of interest bearing loans and borrowings, including lease liabilities to current due to the passage of time and interest accrued using the effective interest rate method.

### 23. Capital management

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

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

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

## Notes to the financial statements

At 31 December 2023

### 23. Capital management (continued)

*Group*

	2023	2022
	£000	£000
Total current borrowings (Note 22)	38,080	42,809
Total non-current borrowings (Note 22)	220,510	185,224
Trade and other payables (Note 21)	111,620	110,887
Less: cash and cash equivalents	(19,984)	(10,336)
<b>Net debt</b>	<b>350,226</b>	<b>328,584</b>
	2023	2022
	£000	£000
Total equity	93,120	152,960
Total equity (excluding NCI)	93,120	152,960
<b>Capital and net debt</b>	<b>443,346</b>	<b>481,544</b>
<i>Gearing ratio</i>	79%	68%

### 24. Capital commitments

*Group*

	2023	2022
	£000	£000
Contracted for but not provided in the financial statements	-	5,601

*Company*

	2023	2022
	£000	£000
Contracted for but not provided in the financial statements	-	5,601

## Notes to the financial statements

At 31 December 2023

### 25. Leases

*Lease agreements where the group is lessee*

The group has entered into commercial leases on certain land, buildings and equipment. These leases have an average duration of between 3 and 25 years. There are no restrictions placed upon the lessee by entering into these leases. The group's obligations under its leases are secured by the lessor's title to the leased assets.

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

#### Group

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

	<i>Buildings</i>	<i>Vehicles</i>	<i>Equipment</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
As at 1 January 2022	110,995	495	135	111,625
Additions	49,124	36	-	49,160
Remeasurements	(1,432)	-	-	(1,432)
Terminations	(4,734)	-	-	(4,734)
Depreciation expense	(11,614)	(262)	(66)	(11,942)
Exchange differences	2,586	11	6	2,603
As at 31 December 2022	144,925	280	75	145,280
Additions	3,617	-	128	3,745
Remeasurements	282	-	-	282
Terminations	(4,709)	-	-	(4,709)
Depreciation expense	(11,812)	(148)	(50)	(12,010)
Exchange differences	254	-	-	254
As at 31 December 2023	132,557	132	153	132,842

## Notes to the financial statements

At 31 December 2023

### 25. Leases (continued)

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

	2023	2022
	£'000	£'000
<b>Lease liabilities</b>		
As at 1 January	174,681	128,776
Additions	3,745	55,223
Remeasurements	5,788	2,085
Terminations	(5,473)	(4,969)
Exchange differences	(2,876)	3,082
Accretion of interest	5,084	4,569
Payments	(15,301)	(14,085)
As at 31 December	<u>165,648</u>	<u>174,681</u>
Current	14,037	12,139
Non-current	151,611	162,542
	<u>165,648</u>	<u>174,681</u>

The following are the amounts recognised in profit or loss:

	2023	2022
	£'000	£'000
Depreciation expense of right-of-use assets	12,010	11,942
Interest expense on lease liabilities	5,084	4,569
Expense related to short-term leases	1,707	1,347
Expense relating to leases of low-value assets	569	449
Total amount recognised in profit or loss	<u>19,370</u>	<u>18,307</u>

The group had total cash outflows for leases of £15,301,000 (2022: £14,085,000). The future cash outflows relating to leases that have not yet commenced were £nil (2022: £nil).

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

## Notes to the financial statements

At 31 December 2023

### 25. Leases (continued)

#### Company

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

	<i>Buildings</i> £'000	<i>Vehicles</i> £'000	<i>Equipment</i> £'000	<i>Total</i> £'000
As at 1 January 2022	5,742	398	86	6,226
Additions	5,102	36	-	5,138
Depreciation expense	(818)	(225)	(53)	(1,096)
As at 31 December 2022	10,026	209	33	10,268
Additions	-	-	128	128
Depreciation expense	(698)	(115)	(37)	(850)
As at 31 December 2023	<u>9,328</u>	<u>94</u>	<u>124</u>	<u>9,546</u>

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

	2023 £'000	2022 £'000
<b>Lease liabilities</b>		
As at 1 January	17,131	12,458
Additions	128	5,138
Remeasurements	-	-
Accretion of interest	714	711
Payments	(1,569)	(1,176)
As at 31 December	<u>16,404</u>	<u>17,131</u>
Current	873	849
Non-current	<u>15,531</u>	<u>16,282</u>
	<u>16,404</u>	<u>17,131</u>

The following are the amounts recognised in profit or loss:

	2023 £'000	2022 £'000
Depreciation expense of right-of-use assets	850	1,096
Interest expense on lease liabilities	714	711
Expense related to short-term leases	351	92
Expense relating to leases of low-value assets	117	31
Total amount recognised in profit or loss	<u>2,032</u>	<u>1,930</u>

## Notes to the financial statements

At 31 December 2023

### 25. Leases (continued)

The company had total cash outflows for leases of £1,569,000 (2022: £1,176,000). The future cash outflows relating to leases that have not yet commenced were £nil (2022: £nil).

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

### 26. Financial instruments risk management objectives and policies

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

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

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk to the Group comprises of currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments. The sensitivity analyses in the following sections relate to the position as at 31 December in 2023 and 2022.

#### Foreign currency risk

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

#### Foreign currency sensitivity

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

	<i>Change in Sterling vs US Dollar/ Euro rate</i>	<i>Effect on profit before tax £000</i>
2023		
US Dollar/Sterling	+10%	(6,469)
	-10%	6,469
Euro/Sterling	+10%	(2,478)
	-10%	2,478
2022		
US Dollar/Sterling	+10%	(5,796)
	-10%	5,796
Euro/Sterling	+10%	(2,263)
	-10%	2,263

## Notes to the financial statements

At 31 December 2023

### 26. Financial instruments risk management objectives and policies (continued)

#### *Liquidity risk*

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

#### *Credit risk*

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

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

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

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

#### *Interest rate risk*

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

### 27. Share capital

#### *Group and Company*

	2023 <i>No.000</i>	2023 <i>£000</i>	2022 <i>No.000</i>	2022 <i>£000</i>
<i>Group and company</i>				
<i>Allotted called up and fully paid</i>				
<i>Ordinary A shares</i>				
At 1 January and 31 December	43,791	43	43,791	43
<i>Group and company</i>				
<i>Allotted called up and fully paid</i>				
<i>Ordinary B shares</i>				
At 1 January and 31 December	14,374	15	14,374	15
<i>Group and company</i>				
<i>Allotted called up and fully paid</i>				
<i>Preferred C Ordinary shares</i>				
At 1 January and 31 December	16,161	17	16,161	17
<b>Total</b>	<b>74,326</b>	<b>75</b>	<b>74,326</b>	<b>75</b>

## Notes to the financial statements

At 31 December 2023

### 27. Share capital (continued)

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

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

At the year-end £nil (2022: £nil) of share capital and share premium remains unpaid.

At the year-end there were 945,700 (2022: 1,030,700) share options granted and not exercised.

#### *Group and Company*

	<i>2023</i>	<i>2022</i>
	<i>Share premium account</i>	<i>Share premium account</i>
	<i>£000</i>	<i>£000</i>
At 1 January & 31 December	183,679	183,679

### 28. Reserves

#### *Treasury shares*

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

	<i>2023</i>	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>No.000</i>	<i>£000</i>	<i>No.000</i>	<i>£000</i>
<i>Group and company</i>				
<i>Allotted called up and fully paid</i>				
<i>Treasury shares</i>				
At 1 January & 31 December	137	1,857	137	1,857

#### *Foreign currency translation reserve*

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

## Notes to the financial statements

At 31 December 2023

### 29. Government grants

	2023	2022
<i>Group</i>	<i>£000</i>	<i>£000</i>
At 1 January	3,240	3,118
Received during the year	1,211	219
Translation of grants denominated in foreign currency	(29)	63
Released to the statement of comprehensive income	(148)	(160)
At 31 December	<u>4,274</u>	<u>3,240</u>
	<i>2023</i>	<i>2022</i>
	<i>£000</i>	<i>£000</i>
Current	149	160
Non-current	4,125	3,080
	<u>4,274</u>	<u>3,240</u>
	<i>2023</i>	<i>2022</i>
	<i>£000</i>	<i>£000</i>
<i>Company</i>		
At 1 January	1,784	1,899
Released to the statement of comprehensive income	(106)	(115)
At 31 December	<u>1,678</u>	<u>1,784</u>
	<i>2023</i>	<i>2022</i>
	<i>£000</i>	<i>£000</i>
Current	106	115
Non-current	1,572	1,669
	<u>1,678</u>	<u>1,784</u>

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

### 30. Share based payments

#### *Group*

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

Options granted under the EBT are exercisable upon an exit event which is determined as either i) when BrewDog PLC goes to an IPO (Initial Public Offering) or, ii) a majority of its shares are sold by the current shareholders, subject to service vesting conditions.

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

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

## Notes to the financial statements

At 31 December 2023

### 30. Share based payments (continued)

	Employee Benefit Trust		
	Number	WAEP £	WACL Years
Outstanding at 1 January 2022	-	-	-
Granted during the year	937,528	-	2.42
Lapsed during the year	(68,971)	-	-
Outstanding at 31 December 2022	868,557	-	2.42
Granted during the year	931,563	-	1.42
Lapsed during the year	(316,142)	-	-
Outstanding at 31 December 2023	1,483,978	-	-
Exercisable at 31 December 2023	-	-	-
Exercisable at 31 December 2022	-	-	-

#### Company

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

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

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

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

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

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

## Notes to the financial statements

At 31 December 2023

### 30. Share based payments (continued)

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

	EMI			Approved CSOP			Unapproved CSOP		
	Number	WAEP £	WACL Years	Number	WAEP £	WACL Years	Number	WAE P £	WACL Years
Outstanding at 1 January 2022	391,300	0.14	6.88	33,270	1.33	6.16	3,367,294	1.01	3.02
Granted during the year	-	-	-	-	-	-	90,000	1.00	2.40
Lapsed during the year	(391,300)	(0.14)	(6.88)	(27,270)	(4.99)	(27.26)	(2,426,594)	1.00	0.44
Outstanding at 31 December 2022	-	-	-	6,000	2.38	6.92	1,030,700	1.00	2.67
Granted during the year	-	-	-	-	-	-	170,000	1.00	3.00
Exercised during the year	-	-	-	-	-	-	(13,500)	1.00	2.45
Lapsed during the year	-	-	-	-	-	-	(241,500)	1.00	0.43
Outstanding at 31 December 2023	-	-	-	6,000	2.38	6.92	945,700	1.00	2.51
Exercisable at 31 December 2023	-	-	-	2,400	2.38	-	366,000	1.00	-
Exercisable at 31 December 2022	-	-	-	1,200	2.38	-	266,500	1.00	-

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

	2023	2022
Weighted average fair values at the measurement date (£)	0.39	2.50
Dividend yield (%)	0%	0%
Expected volatility (%)	35%	35%
Risk-free interest rate (%)	3.5%	3.28%
Expected life of share options (years)	3	3
Marketability discount (%)	%	25%
Weighted average price (£)	0.29	1.88

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

## Notes to the financial statements

At 31 December 2023

### 31. Related party transactions

#### *Group*

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

The directors are the only key management personnel and information can be found in note 8.

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

#### *Company*

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

#### *Other directors' interests*

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

During 2023, purchases at normal market prices were made by Steadman Partners, a company controlled by the directors.

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

## Notes to the financial statements

At 31 December 2023

### 32. Notes to the cashflow

<i>Group</i>	<i>2023</i>	<i>2022</i>
	<i>£000</i>	<i>£000</i>
<b><i>Cashflows from operating activities</i></b>		
Loss before tax	(59,205)	(30,526)
Adjustments to reconcile profit before tax to net cash flows:		
Loss on disposal of property, plant and equipment	741	1,849
Impairment	14,533	-
Gain on acquisition of German subsidiary	-	(2,289)
Gain on disposal of subsidiary	-	(1,764)
Share of loss from as associate	503	-
Depreciation	17,664	15,653
Depreciation of ROU assets	12,010	11,942
Grant amortisation	(148)	(160)
Foreign exchange loss / (gains)	2,565	(4,482)
Finance income	(189)	(92)
Finance charges	13,290	6,754
Share based payment expense/(credit)	626	(2,273)
Working capital adjustments:		
Decrease/(Increase) in inventory	3,591	(6,414)
Increase in trade and other receivables	(5,214)	(749)
Increase in trade and other payables	1,518	49,275
Interest received	189	92
Interest paid	(9,818)	(6,384)
Taxation paid	-	(127)
Taxation refunded	12	300
<b><i>Net cash flow (used)/from operating activities</i></b>	<b><u>(7,332)</u></b>	<b><u>30,605</u></b>

### 33. Post balance sheet events

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

**Directors**

A M Dickie  
J B Watt  
J L O'Hara  
F B Jack  
A Leighton  
A R J Gilmore  
E Johnson  
G Boer

**Secretary**

A M Dickie

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