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16 February 2022



ASX Market Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Breville Group Limited – Half Year Ended 31 December 2021
Appendix 4D

Attached is a copy of the Breville Group Limited Appendix 4D including Independent Auditor's Review Report and Auditor's Independence Declaration for the Half Year Ended 31 December 2021.

The release of this announcement was authorised by the Board.

Yours faithfully

Sasha Kitto and Craig Robinson
Joint Company Secretaries

Telephone: +61 2 9384 8100

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Breville Group Limited

ABN 90 086 933 431

Appendix 4D – Half year report

Note: The numbering marked with [ ] within this half year report is consistent with the numbering used in the guidelines issued by the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3.

Current reporting period [1]: **half year ended 31 December 2021**
Previous corresponding period [1]: **half year ended 31 December 2020**

Results for announcement to the market

	Percentage change Up or down	%		Amount A$'000
Total revenues [2.1]	Up	23.6%	to	**878,659**
Earnings before interest, tax, depreciation & amortisation (EBITDA)	Up	16.6%	to	**125,500**
Earnings before interest and tax (EBIT)	Up	22.8%	to	**112,511**
Net profit after income tax for the half year attributable to members (NPAT) [2.2] [2.3]	Up	25.1%	to	**77,696**

Dividends [2.4]	**Date paid / payable [5]**	**Amount per security [2.4]**	**Franked amount per security at 30% tax [2.4]**	**Amount per security of foreign source dividend [5]**
Interim dividend				
Current reporting period	17 MAR 2022	15.0¢	15.0¢	0.0¢
Previous corresponding period	18 MAR 2021	13.0¢	13.0¢	0.0¢

Ex-dividend date for the interim dividend: 24 February 2022
The record date for determining entitlements to the interim dividend [2.5]: 25 February 2022

Dividend reinvestment plan [6]

The dividend reinvestment plan will not be in operation for the current reporting period interim dividend.

Brief explanation [2.6]

Please refer to the commentary in the review of results and operations section of the directors' report.

For further explanation please refer to the ASX report announcement accompanying this half year report.

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Net tangible assets [3]

	Current period	Previous corresponding period
Net tangible assets per security	**245.6¢**	**185.6¢**

Control gained or lost over entities [4]

The group has not lost control of any entities during the half year ended 31 December 2021.

Total dividend paid / payable [5]

	Current period A$'000	Previous corresponding period A$'000
Final dividend paid	**18,814**	28,078
Interim dividend payable / paid	**20,904**	18,062

Associates and joint venture entities [7]

The group held no interests in associates or joint ventures during the half year ended 31 December 2021.

For foreign entities, which set of accounting standards are used in compiling the report [8]

Not applicable.

Compliance statement

The results for announcement to the market should be read in conjunction with the attached half year report for the half year ended 31 December 2021 and the 2021 Annual Report.

No review dispute or qualification is contained in the attached independent auditor's review report for the half year ended 31 December 2021[9].

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Breville Group Limited

ABN 90 086 933 431

Half year report

FOR THE HALF YEAR ENDED

31 December 2021

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Corporate information

This half year report covers the consolidated entity comprising Breville Group Limited and its subsidiaries (company or group).

A description of the group's operations and of its principal activities is included in the review of results and operations and principal activities in the directors' report on page 5. The directors' report is unaudited and does not form part of the financial report.

Directors

Timothy Antonie
Non-executive chairperson

Lawrence Myers
Non-executive director
Deputy chairperson

Jim Clayton
Managing Director
Chief Executive Officer

Peter Cowan
Non-executive director

Sally Herman
Non-executive director

Dean Howell
Non-executive director

Kate Wright
Non-executive director

Company secretaries

Sasha Kitto
Craig Robinson

Registered office and principal place of business

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170 -180 Bourke Road
Alexandria NSW 2015
Telephone: (+61 2) 9384 8100

Company websites

brevillegroup.com
breville.com
kambrook.com.au
sageappliances.com
chefsteps.com
baratza.com
beanz.com

ABN

Breville Group Limited ABN 90 086 933 431

Share register

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Sydney NSW 2000

GPO Box 3993
Sydney NSW 2001

Phone:
Within Australia: 1300 737 760
Outside Australia: +61 2 9290 9600
Website: www.boardroomlimited.com.au

Auditors

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000
Australia

Bankers

Australia and New Zealand Banking Group Limited
242 Pitt Street
Sydney NSW 2000

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Directors' report

The board of directors of Breville Group Limited has pleasure in submitting its report in respect of the financial half year ended 31 December 2021.

Directors

The names of the company's directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Timothy Antonie	Non-executive chairperson *(appointed as chairperson: 11 November 2021)*
Lawrence Myers	Non-executive deputy chairperson *(appointed as deputy chairperson: 18 August 2021)*
Jim Clayton	Managing Director and CEO *(joined board: 18 August 2021)*
Peter Cowan	Non-executive director
Sally Herman	Non-executive director
Dean Howell	Non-executive director
Kate Wright	Non-executive director
Steve Fisher	Non-executive chairperson *(retired: 11 November 2021)*

Review of results and operations

Revenues of the Group for the half year to 31 December 2021 were $878,659,000 (half year to 31 December 2020: $710,958,000), an increase of 23.6% on the previous corresponding period (pcp).

The increase in revenue was driven by strong growth in the Global Product segment, with revenue increasing by 23.8% to $733,949,000 (pcp: $592,876,000). All regions delivered double-digit growth with solid gains across all categories (Coffee, Cooking and Food Preparation). The Distribution segment delivered revenue of $144,710,000 (pcp: $118,082,000), growing by 22.6%.

Group EBIT increased by 22.8% to $112,511,000 (pcp: $91,651,000) for the half year ended 31 December 2021.

The Global Product segment EBIT for the half year increased by 26.1% to $96,242,000 (pcp: $76,313,000) with increased gross profits being reinvested in marketing, technology and R&D.

Distribution segment EBIT of $16,269,000 (pcp: $15,338,000) delivered a $931,000 increase with well controlled operating expenses.

The basic earnings per share for the Group was 55.8 cents per share (pcp: 45.1 cents per share).

Principal activities

During the half year, the principal activities of the consolidated entity were the innovation, development, marketing and distribution of small electrical appliances through two distinct business models as follows:

'Global Product' segment sells premium products designed and developed by Breville. Products may be sold directly or through 3rd parties, and may be branded *Breville*®, *Sage*®, *Baratza*® or carry a 3rd party brand.

'Distribution' segment sells products that are designed and developed by a 3rd party. Breville distributes these products pursuant to a license or distribution agreement, or they are sourced directly from manufacturers. Products in this business unit may be sold under a brand owned by the group (e.g. *Kambrook*®, *Breville*®), or they may be distributed under a 3rd party brand (e.g. *Nespresso*®).

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Directors' report (continued)

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191. The company is an entity to which the Instrument applies.

Auditor's independence declaration

Attached on page 23 is a copy of the auditor's independence declaration provided under section 307C of the *Corporations Act 2001* in relation to the review for the half year ended 31 December 2021. This auditor's independence declaration forms part of this directors' report.

Signed in accordance with a resolution of the directors.



Timothy Antonie
Non-executive chairperson

Sydney
16 February 2022

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Consolidated statement of comprehensive income

for the half year ended 31 December 2021

	Note	Half year ended 31 Dec 2021 $'000	Half year ended 31 Dec 2020 Restated* $'000
Revenue		**878,659**	710,958
Cost of sales		**(578,660)**	(462,016)
Gross profit		**299,999**	248,942
Other income		**150**	108
Employee benefits expenses	3	**(83,551)**	(61,053)
Premises, lease & utilities expenses		**(7,333)**	(6,154)
Advertising & marketing expenses	3	**(40,862)**	(33,427)
Doubtful debt expense	3	**(7,944)**	(8,523)
Other expenses	3	**(34,959)**	(32,262)
Earnings before interest, tax, depreciation & amortisation (EBITDA)		**125,500**	107,631
Depreciation & amortisation expenses		**(12,989)**	(15,980)
Earnings before interest and tax (EBIT)		**112,511**	91,651
Finance costs	10	**(3,586)**	(4,566)
Finance income	10	**84**	58
Profit before income tax		**109,009**	87,143
Income tax expense		**(31,313)**	(25,052)
Net profit after income tax for the half year attributable to members of Breville Group Limited		**77,696**	62,091
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		**7,698**	(22,819)
Net change in fair value of cash flow hedges	6	**6,861**	(9,845)
Income tax on other comprehensive income and other items taken directly to equity		**(279)**	5,104
Other comprehensive (loss)/income for the half year, net of income tax		**14,280**	(27,560)
Total comprehensive income for the half year attributable to members of Breville Group Limited		**91,976**	34,531
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of Breville Group Limited:			
- basic earnings per share		**55.8**	45.1
- diluted earnings per share		**55.4**	45.1

The accompanying notes form an integral part of this consolidated statement of comprehensive income.
*Refer to Note 1 for description and impact of restatement.

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Consolidated statement of financial position

as at 31 December 2021

	Note	31 Dec 2021 $'000	30 June 2021 $'000	31 Dec 2020 Restated* $'000
Current assets				
Cash and cash equivalents	5	**178,119**	129,907	105,372
Trade and other receivables		**375,406**	119,335	270,659
Inventories		**293,306**	216,670	160,513
Other financial assets	6	**9,008**	2,625	274
Current tax assets		**-**	4,927	97
Total current assets		**855,839**	473,464	536,915
Non-current assets				
Plant and equipment	7	**14,368**	14,434	12,184
Deferred tax assets		**25,128**	17,426	26,360
Right-of-use assets		**31,310**	33,186	14,353
Intangible assets	8	**241,811**	229,804	217,961
Other financial assets		**2,192**	2,326	-
Total non-current assets		**314,809**	297,176	270,858
Total assets		**1,170,648**	770,640	807,773
Current liabilities				
Trade and other payables		**335,136**	175,796	228,062
Borrowings	5	**-**	-	14,776
Lease liabilities		**7,973**	7,210	7,122
Current tax liabilities		**20,901**	11,861	17,518
Provisions		**33,973**	23,592	29,445
Other financial liabilities	6	**218**	626	8,892
Total current liabilities		**398,201**	219,085	305,815
Non-current liabilities				
Other payables		**12,350**	12,194	11,402
Borrowings	5	**146,411**	-	-
Lease liabilities		**27,899**	31,506	13,539
Deferred tax liabilities		**58**	61	45
Provisions		**1,637**	1,309	1,196
Total non-current liabilities		**188,355**	45,070	26,182
Total liabilities		**586,556**	264,155	331,997
Net assets		**584,092**	506,485	475,776
Equity				
Equity attributable to equity holders of the parent				
Issued capital	9	**323,165**	309,615	309,615
Reserves		**(9,362)**	(14,537)	(34,431)
Retained earnings		**270,289**	211,407	200,592
Total equity		**584,092**	506,485	475,776

The accompanying notes form an integral part of this consolidated statement of financial position.
*Refer to Note 1 for description and impact of restatement.

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Consolidated cash flow statement

for the half year ended 31 December 2021

	Note	Half year ended 31 Dec 2021 $'000	Half year ended 31 Dec 2020 Restated* $'000
Cash flows (used in)/from operating activities			
Receipts from customers		**745,612**	673,375
Payments to suppliers and employees		**(774,367)**	(606,528)
Finance costs paid		**(3,137)**	(4,031)
Income tax paid		**(25,546)**	(19,517)
Finance income received		**139**	58
Net cash flows (used in)/from operating activities		**(57,299)**	43,357
Cash flows used in investing activities			
Proceeds from sale of plant and equipment	7	**-**	46
Purchase of plant and equipment	7	**(2,876)**	(1,956)
Development of intangible assets		**(15,060)**	(11,374)
Cash consideration paid on acquisition of business		**-**	(58,788)
Net cash flows used in investing activities		**(17,936)**	(72,072)
Cash flows from financing activities			
Proceeds from borrowings		**153,386**	51,330
Repayment of borrowings		**(7,386)**	(35,209)
Principal elements of lease payments		**(4,136)**	(3,758)
Equity dividends paid	4(a)	**(18,814)**	(27,566)
Proceeds from ordinary shares issued to underwriters of Dividend Reinvestment Plan (DRP)	9(a)	**-**	27,607
Net cash flows from financing activities		**123,050**	12,404
Net increase/(decrease) in cash and cash equivalents		**47,815**	**(16,311)**
Cash and cash equivalents at beginning of the half year		**129,907**	128,457
Net foreign exchange difference		**397**	(6,774)
Cash and cash equivalents at end of the half year	5	**178,119**	105,372

The accompanying notes form an integral part of this consolidated cash flow statement.
*Refer to Note 1 for description and impact of restatement.

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Consolidated statement of changes in equity

for the half year ended 31 December 2021

Consolidated	Note	Issued capital $'000	Foreign currency translation reserve $'000	Employee equity benefits reserve $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Total equity $'000
2021							
At 1 July 2021		**309,615**	**(11,821)**	**(3,916)**	**1,200**	**211,407**	**506,485**
Foreign currency translation reserve		**-**	**7,698**	**-**	**-**	**-**	**7,698**
Cash flow hedges		**-**	**-**	**-**	**6,861**	**-**	**6,861**
Income tax on items taken directly to equity		**-**	**-**	**1,779**	**(2,058)**	**-**	**(279)**
Total other comprehensive (loss)/income for the half year		**-**	**7,698**	**1,779**	**4,803**	**-**	**14,280**
Profit for the half year		**-**	**-**	**-**	**-**	**77,696**	**77,696**
Total comprehensive (loss)/income for the half year		**-**	**7,698**	**1,779**	**4,803**	**77,696**	**91,976**
Dividends paid	4(a)	**-**	**-**	**-**	**-**	**(18,814)**	**(18,814)**
Ordinary shares issued for Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan	9(a)	**13,576**	**-**	**(13,576)**	**-**	**-**	**-**
Transaction costs		**(26)**	**-**	**-**	**-**	**-**	**(26)**
Share-based payments expense		**-**	**-**	**4,471**	**-**	**-**	**4,471**
At 31 December 2021		**323,165**	**(4,123)**	**(11,242)**	**6,003**	**270,289**	**584,092**
2020							
At 1 July 2020 (Restated*)		246,445	2,921	(1,721)	859	166,579	415,083
Foreign currency translation reserve		-	(22,819)	-	-	-	(22,819)
Cash flow hedges		-	-	-	(9,845)	-	(9,845)
Income tax on items taken directly to equity		-	-	2,150	2,954	-	5,104
Total other comprehensive (loss)/income for the half year		-	(22,819)	2,150	(6,891)	-	(27,560)
Profit for the half year		-	-	-	-	62,091	62,091
Total comprehensive (loss)/income for the half year		-	(22,819)	2,150	(6,891)	62,091	34,531
Dividends paid	4(a)	-	-	-	-	(28,078)	(28,078)
Ordinary shares issued for Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan	9(a)	11,659	-	(453)	-	-	11,206
Ordinary shares issued to underwriters, net of transaction costs and tax, and participants of the DRP	9(a)	27,971	-	-	-	-	27,971
Ordinary shares issued, net of transaction costs and tax, on acquisition of Baratza	9(a)	23,540	-	-	-	-	23,540
Ordinary shares acquired by the Trustee of the Performance Rights Plan (LTI)	9(b)	(11,206)	-	-	-	-	(11,206)
Transferred to participants of the Performance Rights Plan (LTI)	9(b)	11,206	-	(11,206)	-	-	-
Share-based payments expense		-	-	2,729	-	-	2,729
At 31 December 2020		309,615	(19,898)	(8,501)	(6,032)	200,592	475,776

The accompanying notes form an integral part of this consolidated statement of changes in equity.
*Refer to Note 1 for description and impact of restatement.

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Notes to the half year report

for the half year ended 31 December 2021

Note 1. Basis of preparation of the half year financial report

(a) Corporate information

The financial report of Breville Group Limited (the company) for the half year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 16 February 2022. Breville Group Limited is a for profit company limited by shares incorporated in Australia. Breville Group Limited shares are quoted on the Australian Securities Exchange.

The nature of the operations and principal activities of the group are described in the directors' report.

(b) Summary of significant accounting policies

The half year consolidated financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year report should be read in conjunction with the annual report of Breville Group Limited for the year ended 30 June 2021.

It is also recommended that the half year report be considered together with any public announcements by Breville Group Limited and its controlled entities during the half year ended 31 December 2021 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Where necessary, comparatives have been reclassified and repositioned for consistency with current half year disclosures.

(i) Basis of accounting

The half year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

The half year financial report has been prepared on a historical cost basis, except for derivative financial instruments and non-current other payables which have been measured at fair value.

The amounts contained in this report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which this applies.

(ii) Significant accounting policies

The accounting policies adopted in the preparation of the half year consolidated financial statements are consistent with those followed in the preparation of the group's annual consolidated financial statements for the year ended 30 June 2021.

(iii) Basis of consolidation

The half year consolidated financial statements comprise the financial statements of Breville Group Limited and its subsidiaries as at 31 December 2021 (the group).

(c) Seasonality of operations

The financial performance of the group is exposed to seasonality in the volume of sales; such that the company's financial performance is historically weighted in favour of the half year to 31 December. This seasonality is a reflection of the additional retail sales generated during the Christmas trading period each year.

The seasonality in the volume of sales also generally results in a higher level of receivable and inventory balances at the half year compared to year end, usually resulting in a higher working capital requirement and lower operating cash flows at the half year.

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Notes to the half year report (continued)

for the half year ended 31 December 2021

Note 1. Basis of preparation of the half year financial report (continued)

(d) New accounting standards and interpretations

(i) Changes to accounting policy and disclosures

All accounting policies of the group are consistent with those of the previous financial year.

The group adopted all other new and amended Australian Accounting Standards and Interpretations that became applicable during the current financial half-year.

The adoption of other Standards and Interpretations did not have a significant impact on the group's financial results or statement of financial position.

(ii) Change of accounting policy – Intangible assets - Restatement

The group previously capitalised costs incurred in configuring or customising a supplier's application software in a cloud computing arrangement as intangible assets, as the group considered that it would benefit from those costs to implement the cloud-based software over the life of the software.

Following the IFRS Interpretations Committee decision in April 2021 regarding cloud computing arrangements, the group has revised its accounting treatment. As a result, costs that do not meeting the revised interpretations definition of an intangible asset, are expensed as incurred, unless they are paid to the supplier of the cloud-based software to significantly customise the cloud-based software for the group. In this instance, the costs are recorded as a prepayment for services and amortised over the expected renewable term of the cloud computing arrangement.

The change has been applied retrospectively and first reported in the 2021 Annual report. Therefore, comparative information has been restated for the comparative first half ending 31 December 2020.

There will be no change to, or restatement presented in the year end results presented at 30 June 2022.

The following impacts to the financial statements have been identified as follows:

Consolidated income statement

Increase / (decrease) profit	Half year ended 31 Dec 20 $'000
Other expenses	(4,790)
Depreciation and amortisation	1,835
EBIT	(2,955)
Income tax expense	887
NPAT	(2,068)
Increase / (decrease)	**Cents**
Basic EPS	(1.5)
Diluted EPS	(1.5)

Other Comprehensive Income

Increase / (decrease) profit	Half year ended 31 Dec 20 $'000
Total comprehensive income	(2,069)

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Notes to the half year report (continued)

for the half year ended 31 December 2021

Note 1. Basis of preparation of the half year financial report (continued)

(a) Change of accounting policy – Intangible assets – Restatement continued

Consolidated statement of financial position

Increase / (decrease)	31 Dec 2020 $'000
Intangible assets	(19,123)
Deferred tax assets	5,737
Retained earnings	(13,386)

Consolidated cash flow statement

Inflow / (outflow)	Half year ended 31 Dec 20 $'000
Payments to suppliers and employees (inclusive of GST)	(4,790)
Development of intangible assets	4,790

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Notes to the half year report (continued)

for the half year ended 31 December 2021

Note 2. Operating segments

The following tables present the revenue and profit information regarding operating segments for the half year periods ended 31 December 2021 and 31 December 2020.

The company's external reporting segments are 'Global Product' and 'Distribution'. The two segments reflect the two business models in the company: (i) a global, innovation driven, product business, and (ii) a distribution business. For both business units, the geographic regions execute the sales and distribution functions, supported by centralised functions (specifically, product development, marketing, technology, finance, HR and operations).

'Global Product' sells premium products designed and developed by Breville. Products may be sold directly or through 3rd parties, and may be branded *Breville*®, *Sage*®, *Baratza*® or carry a 3rd party brand.

'Distribution' sells products that are designed and developed by a 3rd party. Breville distributes these products pursuant to a license or distribution agreement, or they are sourced directly from manufacturers. Products in this business unit may be sold under a brand owned by the group (e.g. *Kambrook*®, *Breville*®), or they may be distributed under a 3rd party brand (e.g. *Nespresso*®).

		Half year ended 31 Dec 2021			Half year ended 31 Dec 2020 Restated*		
	Note	**Global Product $'000**	**Distrib-ution $'000**	**Total $'000**	Global Product $'000	Distrib-ution $'000	Total $'000
Segment revenue	(a)	**733,949**	**144,710**	**878,659**	592,876	118,082	710,958
Segment results							
EBITDA		**108,872**	**16,628**	**125,500**	91,895	15,736	107,631
Depreciation and amortisation		**(12,630)**	**(359)**	**(12,989)**	(15,582)	(398)	(15,980)
EBIT		**96,242**	**16,269**	**112,511**	76,313	15,338	91,651
Finance income				**84**			58
Finance costs				**(3,586)**			(4,566)
Profit before income tax				**109,009**			87,143

	Half year ended 31 Dec 2021 $'000	Half year ended 31 Dec 2020 $'000
(a) Segment revenue		
Global Product		
Americas	**370,079**	314,871
EMEA	**201,112**	145,251
APAC	**162,758**	132,754
Total Global Product revenue	**733,949**	592,876

Distribution
All revenue is generated from Americas and APAC.
*Refer to Note 1 for description and impact of restatement.

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Notes to the half year report (continued)

for the half year ended 31 December 2021

Note 3. Expenses

Employee benefit expenses increased $22,498,000 or +36.8%, in 1H22 to $83,551,000, over the pcp ($61,053,000) primarily driven by the hiring of new staff in the product development, marketing and technology teams as well as functions managing our increased business scale, e.g. supply chain and customer service.

Advertising and marketing expenses increased $7,435,000, or +22.2%, to $40,862,000 in 1H22 from $33,427,000 in the pcp, driven by an increasing investment in the Group's digital platforms including the delivery of the Customer Experience Platform.

The provision for doubtful debts reflects the seasonal peak in receivables. Our risk stance is consistent with FY21, global retailers are still facing challenges and the insurance market remaining cautious.

Other expenses of $34,959,000 (pcp $32,262,000) primarily reflect an increase in logistics costs driven by global supply constraints and technology services expenditure.

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Notes to the half year report (continued)

for the half year ended 31 December 2021

	Half year ended 31 Dec 2021 $'000	Half year ended 31 Dec 2020 $'000
Note 4. Dividends		
(a) Dividends on ordinary shares paid during the half year to equity holders		
Fully franked final dividend for the financial year ended 30 June 2021 of 13.5 cents per share, 13.5 cents (100%) franked (2020: final partially franked dividend for the financial year ended 30 June 2020 of 20.5 cents per share, 12.3 cents (60%) franked)		
Dividend paid	**18,814**	28,078
Final dividend	**18,814**	28,078
(b) Dividends proposed and not recognised as a liability to equity holders		
Fully franked interim dividend for the half year ending 31 Dec 2021 of 15.0 cents per share, 15.0 cents (100%) franked (2020: 13.0 cents per share, 13.0 cents (100%) franked)	**20,904**	18,062

	31 Dec 2021 $'000	30 June 2021 $'000	31 Dec 2020 $'000
Note 5. Cash, Borrowings and Net Debt			
(i) Cash and cash equivalents			
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:			
Cash and cash equivalents	**178,119**	129,907	105,372
Total cash and cash equivalents, net	**178,119**	129,907	105,372
(ii) Borrowings			
Current	**-**	-	14,776
Non-current	**146,411**	-	-
Total borrowings	**146,411**	-	14,776
(iii) Net cash / (debt)	**31,708**	129,907	90,596

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Notes to the half year report (continued)

for the half year ended 31 December 2021

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Note 6. Financial assets and liabilities

Financial instruments

During the half year, the group designated forward exchange contracts as hedges of highly probable forecasted purchases of inventory, principally in USD. The forecast purchases are expected to occur between 0-12 months from 1 January 2022. The terms of the forward exchange contracts have been negotiated to match the terms of the forecasted transactions. Consequently, the hedges were assessed to be highly effective. As of 31 December 2021, an unrealised gain of $6,861,000 (pcp: loss of $9,845,000) is included in other comprehensive income.

Forward exchange contracts are initially recognised in the statement of financial position at fair value and subsequently remeasured to their fair value. Accordingly, there is no difference between the carrying value and the fair value of derivative financial instruments at reporting date. The carrying value and estimated net fair values of the borrowings held with banks is assumed to approximate their fair value, being the amount at which the liability could be settled in a current transaction between willing parties.

Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1 — quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2 — other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3 — techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The fair value of all derivative assets and liabilities have been determined under Level 2. The fair value of Non-current other payables of $12,350,000 has been determined under Level 3. Expected cash outflows are estimated based on the terms of the sale contract and the entity's knowledge of the business and how the current economic environment is likely to impact the valuation. Changes in the fair value are not expected to differ significantly from the carrying value.

Valuation technique

The forward exchange contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies, as well as the currency basis spreads between the respective currencies.

Note 7. Plant and equipment

During the half year ended 31 December 2021, the group capitalised items into plant and equipment with a cost of $2,876,000 (pcp: $1,985,000). Depreciation of $2,987,000 was expensed during the half year (pcp: $2,860,000).

Note 8. Intangibles

During the half year ended 31 December 2021, the group capitalised development costs of $14,741,000 (pcp: development costs of $10,561,000). The capitalised development costs represent the Group's strategic investment in new product development with costs only capitalised when a project has a high likelihood of commercialisation, normally on investment in tooling.

Notes to the half year report (continued)

for the half year ended 31 December 2021

	Note	31 Dec 2021 $'000	30 June 2021 $'000	31 Dec 2020 $'000
Note 9. Issued capital				
Ordinary shares – issued	(a)	**323,165**	309,615	309,615
Total contributed equity		**323,165**	309,615	309,615

		Half year ended 31 Dec 2021		Half year ended 31 Dec 2020	
		Number of shares	**$'000**	Number of shares	$'000
(a) Movements in ordinary shares issued during the half year:					
Beginning of the half year		**138,940,804**	**309,615**	136,544,125	246,445
Movements during the half year					
Ordinary shares issued during the half year for Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan.	(i)	**418,740**	**13,576**	423,167	11,659
Transaction costs		**-**	**(26)**	-	-
Ordinary shares issued, net of transaction costs and tax, as part of DRP		**-**	**-**	1,088,556	27,971
Ordinary shares issued on acquisition of Baratza		**-**	**-**	884,956	23,540
End of the half year		**139,359,544**	**323,165**	138,940,804	309,615

(i) During the half year the group issued 418,740 fully paid ordinary shares (pcp: 423,167) of Breville Group Limited as a result of the vesting of Rights issued under the Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan. The average value attributable to these issued shares was $32.42 (pcp: 27.55), as of the date of issue.

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Notes to the half year report (continued)

for the half year ended 31 December 2021

Note 10. Finance costs/income

	31 Dec 2021 $'000	31 Dec 2020 $'000
Finance costs paid or payable on borrowings and bank overdrafts:		
- interest and other borrowing costs	**2,614**	3,375
Interest on other payables – non-current (deferred consideration)	**500**	535
Interest on lease liabilities	**472**	656
Finance costs	**3,586**	4,566
Finance income	**(84)**	(58)
Total net finance costs	**3,502**	4,508

Note 11. Contingencies

At 31 December 2021, there are no material contingent liabilities or contingent assets.

Note 12. Events after the balance date

There are no other matters or circumstances that have arisen since the end of the half year that significantly affected or may affect the operations of the consolidated entity.

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Directors' declaration

In accordance with a resolution of the directors of Breville Group Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes set out on pages 7 to 19 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards and the *Corporations Regulations 2001*; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that Breville Group Limited will be able to pay its debts as and when they become due and payable.

On behalf of the board



Timothy Antonie
Non-executive chairperson

Sydney
16 February 2022

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Independent auditor's review report to the members of Breville Group Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Breville Group Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Breville Group Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Aishwarya Chandran
Partner

Sydney
16 February 2022

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Auditor's Independence Declaration

As lead auditor for the review of Breville Group Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Breville Group Limited and the entities it controlled during the period.



Aishwarya Chandran
Partner
PricewaterhouseCoopers

Sydney
16 February 2022