

Breville Group Limited  
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14 February 2023

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



**Breville Group Limited – Half Year Ended 31 December 2022**  
**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 2022.

The release of this announcement was authorised by the Board.

Yours faithfully

Two handwritten signatures in black ink. The first signature is 'Sasha Kitto' and the second is 'Craig Robinson'.

Sasha Kitto and Craig Robinson  
Joint Company Secretaries

# Breville Group Limited

ABN 90 086 933 431

## Appendix 4D - Half year report

Note: The numbering marked with [ ] within this preliminary final report is consistent with the numbering used in the guidelines issued by the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3 A.

Current reporting period [1]: Half-year 31 December 2022

Previous corresponding period [1]: Half-year 31 December 2021

## Results for announcement to the market

	Percentage change Up or Down	%	Amount A\$'000
Total sales revenue [2.1]	Up	1.1%	to 887,997
Earnings before interest, tax, depreciation & amortisation (EBITDA)	Up	13.1%	to 141,886
Earnings before interest and tax (EBIT)	Up	7.6%	to 121,108
Net profit after income tax for the year attributable to members [2.2] [2.3]	Up	1.3%	to 78,719

Dividends [2.4]	Date paid / payable [5]	Amount per security [2.4]	Franked amount per security [2.4]	Amount per security of foreign source dividend [5]
Interim dividend				
Current reporting period	27 MAR 23	15.00	15.00	-
Previous corresponding period	17 MAR 22	15.00	15.00	-

Ex-dividend date for the interim dividend: 15 March 2023

The Record date for determining entitlements to the interim dividend [2.5]: 16 March 2023

## 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.

## Net tangible assets [3]

	Current period cents per security	Previous corresponding period cents per security
Net tangible assets per security	244.80	245.60

# Breville Group Limited

ABN 90 086 933 431

## Appendix 4D - Half year report

### Control gained or lost over entities [4]

The group acquired and gained control of Lelit Srl during the half year ended 31 December 2022. Refer to Note 9 in the notes to the Half year report.

The group has not lost control of any entities during the half year ended 31 December 2022.

### Total dividend paid / payable [5]

	Current Period A\$'000	Previous corresponding period A\$'000
Final dividend paid	21,417	18,814
Interim dividend payable / paid	21,417	20,903
	<b>42,834</b>	<b>39,717</b>

### Associates and joint venture entities [7]

The group held no interests in associates or joint ventures during the half year ended 31 December 2022.

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

Not applicable.

### Compliance statement

The results for the announcement to the market should be read in conjunction with the attached half year report for the half year ended 31 December 2022 and the 2022 Annual Report.

This report is based on the consolidated financial statements for the half-year ended 31 December 2022 which have been reviewed by PricewaterhouseCoopers.<sup>[9]</sup>

# **Breville Group Limited**

**ABN 90 086 933 431**

## **Half-year report**

**FOR THE HALF YEAR ENDED**

**31 December 2022**

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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 6. The directors' report is unaudited and does not form part of the financial report.

### Directors

Timothy Antonie  
*Non-executive Chairperson*

Lawrence Myers  
*Non-executive Deputy Chairperson*

Jim Clayton  
*Managing Director and CEO*

Tim Baxter  
*Non-executive Director*

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

### ABN

Breville Group Limited ABN 90 086 933 431

### Registered office and principal place of business

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

## Corporate information continued

### Share register

Boardroom Pty Limited  
Level 12, 225 George St  
Sydney NSW 2000

Enquiries within Australia: 1300 737 760  
Enquiries outside Australia: (+61 2) 9290 9600  
Website: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

### Auditors

PricewaterhouseCoopers  
One International Towers Sydney  
Watermans Quay  
Barangaroo NSW 2000

### Bankers

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

### Company websites

[brevillegroup.com](http://brevillegroup.com)  
[breville.com](http://breville.com)  
[kambrook.com.au](http://kambrook.com.au)  
[sageappliances.com](http://sageappliances.com)  
[chefsteps.com](http://chefsteps.com)  
[baratza.com](http://baratza.com)  
[beanz.com](http://beanz.com)  
[lelit.com](http://lelit.com)

# Directors' report

The Board of Breville Group Limited (company) has pleasure in submitting its report in respect of the Group for the Half-year 31 December 2022.

## Directors

The following persons held office as Directors of Breville Group Limited during the financial period:

Timothy Antonie	Non-executive Chairperson
Lawrence Myers	Non-executive Deputy Chairperson
Jim Clayton	Managing Director and CEO
Tim Baxter	Non-executive Director
Peter Cowan	Non-executive Director
Sally Herman	Non-executive Director
Dean Howell	Non-executive Director
Kate Wright	Non-executive Director

On the 7th February 2023 the Group announced the appointment of Tuula Ryttilä as a new independent non-executive director, effective 1 April 2023.

## Review of results and operations

Revenues of the Group for the half year to 31 December 2022 were \$887,997,000 (half year to 31 December 2021: \$878,659,000), an increase of 1.1% on the previous corresponding period (pcp). This was a record revenue for the half with relative geographic theatre performances in line with expectations - Americas solid growth, APAC steady and EMEA volatile.

Our strategically important Global Product segment grew revenue by 5.0% to \$770,454,000 (pcp: \$733,949,000). Getting Ovens back in supply allowed us to enjoy the "air fryer tailwind", making Cooking the fastest growing product category in the half. Coffee also grew well, with the tailwind of "at home quality coffee" still driving sales. As expected, the Food Preparation category is rebasing, post COVID. In the last six years the Global Product segment has nearly trebled with a CAGR of 18% driven by sustained investment in product development, digital marketing, geographic expansion, and a single global technology platform. During the period the acquisition of Lelit has been consolidated into the results of the Group.

Group EBIT increased by 7.6% to \$121,108,000 (pcp: \$112,511,000) for the half year ended 31 December 2022.

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

For further information please refer to the results announcement and the investor presentation for the half year ended 31 December 2022.

## 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 third parties, and may be branded Breville®, Sage®, Baratza®, LELIT® or carry a third party brand.

'Distribution' segment sells products that are designed and developed by a third 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 third party brand (e.g. Nespresso®).

## Directors' report continued

### Rounding of amounts

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 25 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 2022. 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  
14 February 2023



# Consolidated statement of comprehensive income

For the half-year 31 December 2022

		Half-year	
		31 December 2022	31 December 2021
	Notes	\$'000	\$'000
Revenue		887,997	878,659
Cost of sales		(576,731)	(578,660)
<b>Gross profit</b>		<b>311,266</b>	<b>299,999</b>
Other income		265	150
Employee benefits expenses	3	(101,227)	(83,551)
Premises and utilities expenses		(12,861)	(7,333)
Advertising and marketing expenses	3	(28,610)	(40,862)
Other expenses	3	(26,947)	(42,903)
<b>Earnings before interest, tax, depreciation &amp; amortisation (EBITDA)</b>		<b>141,886</b>	<b>125,500</b>
Depreciation and amortisation expense		(20,778)	(12,989)
<b>Earnings before interest &amp; tax (EBIT)</b>		<b>121,108</b>	<b>112,511</b>
Finance costs		(10,687)	(3,586)
Finance income		208	84
<b>Profit before income tax</b>		<b>110,629</b>	<b>109,009</b>
Income tax expense		(31,910)	(31,313)
<b>Net profit after income tax for the year attributable to members of Breville Group Limited</b>		<b>78,719</b>	<b>77,696</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Net change in fair value of cash flow hedges	6	(5,839)	6,861
Foreign currency translation differences		7,851	7,698
Income tax on other comprehensive income		1,721	(279)
<b>Other comprehensive income for the period, net of tax</b>		<b>3,733</b>	<b>14,280</b>
Total comprehensive income for the period is attributable to:			
Owners of Breville Group Limited		82,452	91,976
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share		55.8	55.8
Diluted earnings per share		55.5	55.4

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

# Consolidated statement of financial position

For the half-year 31 December 2022

	Notes	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	5	115,199	168,256	178,119
Trade and other receivables		388,835	194,202	375,406
Inventories		465,244	445,884	293,306
Derivative financial instruments		12,204	23,987	8,794
Other financial assets	6	2,173	9,497	214
Current tax receivables		269	2,464	-
<b>Total current assets</b>		<b>983,924</b>	<b>844,290</b>	<b>855,839</b>
<b>Non-current assets</b>				
Property, plant and equipment	7	45,032	33,477	29,256
Deferred tax assets		20,257	13,684	25,128
Right-of-use assets		73,861	44,656	31,310
Intangible assets	8	388,164	241,047	226,923
Derivative financial instruments		6,779	-	-
Other financial assets		2,068	1,998	2,192
<b>Total non-current assets</b>		<b>536,161</b>	<b>334,862</b>	<b>314,809</b>
<b>Total assets</b>		<b>1,520,085</b>	<b>1,179,152</b>	<b>1,170,648</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		303,766	292,272	335,136
Borrowings	5	80,993	-	-
Lease liabilities		19,056	12,172	7,973
Current tax liabilities		12,638	8,849	20,901
Provisions		35,399	29,482	33,973
Derivative financial instruments	6	1,166	330	218
<b>Total current liabilities</b>		<b>453,018</b>	<b>343,105</b>	<b>398,201</b>
<b>Non-current liabilities</b>				
Trade and other payables		9,165	9,770	12,350
Borrowings	5	246,382	172,349	146,411
Lease liabilities		59,640	37,643	27,899
Deferred tax liabilities		10,596	105	58
Provisions		3,635	1,763	1,637
<b>Total non-current liabilities</b>		<b>329,418</b>	<b>221,630</b>	<b>188,355</b>
<b>Total liabilities</b>		<b>782,436</b>	<b>564,735</b>	<b>586,556</b>
<b>Net assets</b>		<b>737,649</b>	<b>614,417</b>	<b>584,092</b>
<b>EQUITY</b>				
Issued capital	10	385,541	323,165	323,165
Other reserves		17,399	13,845	(9,362)
Retained earnings		334,709	277,407	270,289
<b>Total equity</b>		<b>737,649</b>	<b>614,417</b>	<b>584,092</b>

The accompanying notes form an integral part of this consolidated statement of financial position.

# Consolidated cash flow statement

For the half-year 31 December 2022

		Half-year 31 December 2022 \$'000	31 December 2021 \$'000
Notes			
<b>Cash flows from operating activities</b>			
		732,901	745,612
		(746,300)	(774,367)
		(10,591)	(3,137)
		(28,366)	(25,546)
		208	139
		<b>(52,148)</b>	<b>(57,299)</b>
<b>Cash flows from investing activities</b>			
7		(8,110)	(7,267)
		(15,696)	(10,669)
9		(83,830)	-
		<b>(107,636)</b>	<b>(17,936)</b>
<b>Cash flows from financing activities</b>			
		316,549	153,386
		(181,399)	(7,386)
		(8,550)	(4,136)
4(a)		(21,417)	(18,814)
		<b>105,183</b>	<b>123,050</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
		(54,601)	47,815
		168,256	129,907
		1,544	397
5		<b>115,199</b>	<b>178,119</b>

The accompanying notes form an integral part of this consolidated cash flow statement.

# Consolidated statement of changes in equity

For the half-year 31 December 2022

	Notes	Issued capital \$'000	Foreign currency translation \$'000	Employee equity benefits reserve \$'000	Cash flow hedges \$'000	Retained earnings \$'000	Total \$'000
<b>2022</b>							
<b>At 1 July 2022</b>		323,165	7,540	(10,255)	16,560	277,407	614,417
Foreign currency translation reserve		-	7,851	-	-	-	7,851
Cash flow hedges		-	-	-	(5,839)	-	(5,839)
Income tax on items taken directly to equity		-	-	(30)	1,751	-	1,721
<b>Total other comprehensive income for the year</b>		-	7,851	(30)	(4,088)	-	3,733
Profit for the Half-year		-	-	-	-	78,719	78,719
Total comprehensive income for the Half-year		-	7,851	(30)	(4,088)	78,719	82,452
<b>Transactions with owners in their capacity as owners:</b>							
Dividends paid	4(a)	-	-	-	-	(21,417)	(21,417)
Ordinary shares issued on acquisition of Lelit Srl	9	55,773	-	-	-	-	55,773
Ordinary shares issued for Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan, net of transaction costs and tax	10(a)	6,603	-	-	-	-	6,603
Ordinary shares acquired by the Trustee of the Breville Group Performance Share Plan (LTI)		(6,690)	-	-	-	-	(6,690)
Transferred to participants of the performance rights plan		6,690	-	(6,690)	-	-	-
Share-based payments		-	-	6,511	-	-	6,511
<b>At 31 December 2022</b>		385,541	15,391	(10,464)	12,472	334,709	737,649

The accompanying notes form an integral part of this consolidated statement of changes in equity.

# Consolidated statement of changes in equity

For the half-year 31 December 2022

	Notes	Issued capital \$'000	Foreign currency translation \$'000	Employee equity benefits reserve \$'000	Cash flow hedges \$'000	Retained earnings \$'000	Total equity \$'000
<b>2021</b>							
<b>At 1 July 2021</b>		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)
<b>Total other comprehensive income for the half year</b>		-	7,698	1,779	4,803	-	14,280
Profit for the Half-year		-	-	-	-	77,696	77,696
<b>Total comprehensive income for the Half-year</b>		-	<b>7,698</b>	<b>1,779</b>	<b>4,803</b>	<b>77,696</b>	<b>91,976</b>
Dividends paid	4(a)	-	-	-	-	(18,814)	(18,814)
Ordinary shares issued for Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan, net of transaction costs and tax	10(a)	13,550	-	(13,576)	-	-	(26)
Ordinary shares acquired by the Trustee of the Breville Group Performance Share Plan (LTI)		(12,626)	-	-	-	-	(12,626)
Transferred to participants of the performance rights plan		12,626	-	-	-	-	12,626
Share-based payments		-	-	4,471	-	-	4,471
<b>Balance at 31 December 2021</b>		<b>323,165</b>	<b>(4,123)</b>	<b>(11,242)</b>	<b>6,003</b>	<b>270,289</b>	<b>584,092</b>

The accompanying notes form an integral part of this consolidated statement of changes in equity.

# Notes to the half year report

For the half-year 31 December 2022

## Note 1. Basis of preparation of Half-year report

### (a) Corporate information

The financial report of Breville Group Limited (the company) for the half year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 14 February 2023. 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 2022.

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 2022 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 2022.

### (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 2022 (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.

## Notes to the half year report continued

For the half-year 31 December 2022

### **Note 1. Basis of preparation of Half-year 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.

# Notes to the half year report continued

For the half-year 31 December 2022

## Note 2. Operating segments

The following tables present the revenue and profit information regarding operating segments for the half year periods ended 31 December 2022 and 31 December 2021.

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®, LELIT® 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					
	31 December 2022			31 December 2021		
	Global Product \$'000	Distribution \$'000	Total \$'000	Global Product \$'000	Distribution \$'000	Total \$'000
<b>Segment revenue</b>	<b>770,454</b>	<b>117,543</b>	<b>887,997</b>	<b>733,949</b>	<b>144,710</b>	<b>878,659</b>
Cost of sales	(485,628)	(91,103)	(576,731)	(467,287)	(111,373)	(578,660)
<b>Gross Profit</b>	<b>284,826</b>	<b>26,440</b>	<b>311,266</b>	<b>266,662</b>	<b>33,337</b>	<b>299,999</b>
<b>GM%</b>	<b>37.0%</b>	<b>22.5%</b>	<b>35.1%</b>	<b>36.3%</b>	<b>23.0%</b>	<b>34.1%</b>
<b>EBIT</b>			<b>121,108</b>			<b>112,511</b>
Finance income			208			84
Finance costs			(10,687)			(3,586)
<b>Profit before income tax</b>			<b>110,629</b>			<b>109,009</b>



# Notes to the half year report continued

For the half-year 31 December 2022

## Note 2. Operating segments (continued)

### (a) Segment revenue

	Half-year	
	31 December 2022	31 December 2021
	\$'000	\$'000
<b>Global Product</b>		
Americas	450,718	370,079
EMEA	156,541	201,112
APAC	163,195	162,758
<b>Total Global Product revenue</b>	<b>770,454</b>	<b>733,949</b>

### Distribution

All revenue is generated from Americas and APAC.

## Note 3. Expenses

Total Expenses, including D&A, increased by \$2,785,000 or approximately 1.5% over the prior period. Spend on investment categories of marketing, R&D and technology were flat period on period with an increase in other expenses largely led by premises or storage related costs.

Cost by expense type shows employee benefit expenses increased \$17,676,000 or +21%, in 1H23 to \$101,227,000, over the pcip (\$83,551,000) primarily driven by salary adjustments and incentives to retain the existing team and the hiring of new staff in marketing, R&D and technology teams including the insourcing of some key activities. Third party advertising and marketing expenses decreased as a number of major "digital platform projects" were completed in FY22 allowing a reduction in third party spend whilst maintaining the level of consumer-facing communications and spend. The increase in D&A was led by an increase in right of use asset depreciation as key warehouse leases in Europe and the USA were extended and renewed. The decrease in other expenses includes a reduction in third party consultancy in tech services as a number of key projects have been completed as well as general expense reductions.

# Notes to the half year report continued

For the half-year 31 December 2022

## Note 4. Dividends

	31 December 2022 \$'000	Half-year 31 December 2021 \$'000
<b>(a) Dividends on ordinary shares paid during the half year to equity holders</b>		
Final dividend for the financial year ended 30 June 2022 of 15.00 cents per share 100% franked (2021: Final dividend for the financial year 30 June 2021 of 13.50 cents per share 100% franked)		
Paid in cash	21,417	18,814
<b>Final dividend</b>	<b>21,417</b>	<b>18,814</b>
<b>(b) Dividends proposed and not recognised as a liability to equity holders</b>		
Interim dividend for the period ending 31 December 2022 of 15 cents per share 100% franked (2021: Interim dividend for the period ending 31 December 2021 of 15 cents per share 100% franked)		
Interim fully franked dividend based on tax paid at 30.0%	21,417	20,903

## Note 5. Cash, Borrowings and Net Debt

	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Notes			
<b>(a) Cash and cash equivalents</b>			
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:			
Cash at bank	115,199	168,256	178,119
<b>Total cash and cash equivalents, net</b>	<b>115,199</b>	<b>168,256</b>	<b>178,119</b>
<b>(b) Borrowings</b>			
Borrowings - Current	80,993	-	-
Borrowings - Non-current	246,382	172,349	146,411
<b>Total borrowings</b>	<b>327,375</b>	<b>172,349</b>	<b>146,411</b>
<b>(c) Net cash / (debt)</b>			
Net cash / (debt)	(212,176)	(4,093)	31,708

Breville has \$203,668,000 undrawn on ANZ core bank facilities of \$520,000,000 as at 31 December 2022 and cash at bank of \$115,119,000.

# Notes to the half year report continued

For the half-year 31 December 2022

## Note 6. Financial assets and liabilities

### (a) 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 0-15 months from 31 December 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 2022, an unrealised loss of \$5,839,000 (pcp: gain of \$6,861,000) 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.

### (b) 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 \$9,165,000 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.

### (c) 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. Property, plant and equipment

During the half year ended 31 December 2022, the group capitalised items into plant and equipment and production tools at a cost of \$8,110,000 (pcp: \$6,949,000). Depreciation of \$4,832,000 was expensed during the half year (pcp: \$4,533,000).

Refer to Note 9 for details of property, plant and equipment acquired via business combination of Lelit.

## Note 8. Intangible assets

During the half year ended 31 December 2022, the group capitalised development costs and software of \$15,696,000 (pcp: development costs of \$10,669,000). 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. There were no other additions to Goodwill or Brands during the period. Refer to Note 9 for details of intangibles acquired via business combination of Lelit.

# Notes to the half year report continued

For the half-year 31 December 2022

## Note 9. Business combination

Breville Group Limited (ASX: BRG) completed the acquisition of 100% of the Italian-based prosumer coffee group, Lelit Srl and its associated subsidiaries, on 1 July 2022 (CET).

The assets acquired constitute the acquisition of a business. The acquisition is considered a business combination pursuant to AASB 3.

Total consideration comprises A\$84m in cash and the issue of 3,100,205 BRG ordinary shares ("Shares"). The share component was valued at market prices on the date of completion, share price on date of issue was \$17.99 (closing price on day before 1st July 2022). The accounting below is provisional and is subject to finalisation of certain asset valuations and working capital adjustments, this will be finalised within 12 months of the acquisition.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	<b>\$'000</b>
Purchase consideration	
Cash paid	83,830
Ordinary shares issued	55,773
Total purchase consideration	<u>139,603</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	<b>Fair value \$'000</b>
Cash and cash equivalents	10,788
Trade and other receivables	5,325
Inventories	34,141
Property, plant and equipment	8,002
Intangible assets	30,196
Other assets	3,251
Trade and other payables	(29,735)
Borrowings	(12,349)
Provisions	(1,962)
Deferred tax liability	(9,537)
Other liabilities	(1,130)
Net identifiable assets acquired	<u>36,990</u>
Add: goodwill	<u>102,613</u>
	<u>139,603</u>

Intangible assets includes an indefinite life Brand name asset of \$28,625,000.

# Notes to the half year report continued

For the half-year 31 December 2022

## Note 10. Issued capital

### (a) Issued Capital

	31 December 2022 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Ordinary shares – authorised, issued and fully paid	385,541	323,165	323,165
Ordinary shares – held by the Breville Group Employee Share Trust	-	-	-
<b>Total contributed equity</b>	<b>385,541</b>	<b>323,165</b>	<b>323,165</b>

### (a) Movements in ordinary shares:

Details	Consolidated 31 December 2022 Number of shares	\$'000	Consolidated 31 December 2021 Number of shares	\$'000
<b>Beginning of the year</b>	<b>139,359,544</b>	<b>323,165</b>	138,940,804	309,615
<b>Movements during the year</b>				
Ordinary shares issued during the year for Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan (net of transaction costs). (i)	321,616	6,690	418,740	13,576
Transaction costs	-	(87)	-	(26)
Ordinary shares issued on acquisition of Lelit Srl (ii)	3,100,205	55,773	-	-
<b>End of the year</b>	<b>142,781,365</b>	<b>385,541</b>	139,359,544	323,165

- (i) During the year the group issued 321,616 fully paid ordinary shares (2021: 418,740) of Breville Group Limited as a result of the vesting of performance and fixed deferred remuneration rights issued under the Breville Group share plan. The average value attributable to these issued shares was \$20.80 (2021: \$32.42), as of the date of issue.
- (ii) In July 2022 the group issued 3,100,205 shares at \$17.99 per share as part of the consideration for the acquisition of Lelit Srl.

# Notes to the half year report continued

For the half-year 31 December 2022

## Note 11. Finance costs/income

Notes	Half-year	
	31 December 2022 \$'000	31 December 2021 \$'000
Finance costs paid or payable on borrowings and bank overdrafts:		
Interest and borrowing costs	8,410	2,614
Interest on other payables – non current (deferred consideration)	322	500
Interest on lease liabilities	1,955	472
Finance costs	10,687	3,586
Finance income	(208)	(84)
<b>Total net finance costs</b>	<b>10,479</b>	<b>3,502</b>

## Note 12. Contingencies

The Group had no contingent liabilities at 31 December 2022 (2021: nil).

## Note 13. Events occurring after the reporting period

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.

## Directors' declaration

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

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 21 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 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  
14 February 2023

## ***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 2022, 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 2022 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.

#### ***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 2022 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.

The PricewaterhouseCoopers logo, featuring a stylized, handwritten-style signature of the firm's name in black ink.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Aishwarya Chandran'.

Aishwarya Chandran  
Partner

Sydney  
14 February 2023



## Auditor's Independence Declaration

As lead auditor for the review of Breville Group Limited for the half-year ended 31 December 2022, 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.

A handwritten signature in black ink, appearing to read 'Aishwarya Chandran', with a horizontal line underneath.

Aishwarya Chandran  
Partner  
PricewaterhouseCoopers

Sydney  
14 February 2023