

21 August 2024

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

Appendix 4E – Year Ended 30 June 2024

In accordance with ASX Listing Rule 4.3A, please find attached copies of the following documents relating to the full year ended 30 June 2024:

- Appendix 4E;
- Directors' Report (including the Remuneration Report and Operating and Financial Review);
- Corporate Governance Statement; and
- Financial Report.

The release of this announcement was authorised by the Board.

Yours faithfully



Sasha Kitto and Craig Robinson
Joint Company Secretaries

Breville Group Limited

ABN 90 086 933 431

Appendix 4E - Preliminary final 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]: year ended 30 June 2024

Previous corresponding period [1]: year ended 30 June 2023

Results for announcement to the market

	Percentage change		to	Amount
	Up or Down	%		
Total sales revenue [2.1]	Up	3.5%		1,529,993
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Up	12.5%		245,498
Earnings before interest and tax (EBIT)	Up	8.0%		185,713
Net profit after income tax for the year attributable to members [2.2] [2.3]	Up	7.5%		118,507
Earnings per share EPS (cents)	Up	7.1%		82.7

Dividends [2.4]	Date payable / paid [7]	Amount per security [2.4]	Franked
			amount per security [2.4]
Interim dividend			
Current reporting period	28 MAR 2024	16.00	16.00
Previous corresponding period	27 MAR 2023	15.00	15.00
Final dividend			
Current reporting period	04 OCT 2024	17.00	17.00
Previous corresponding period	05 OCT 2023	15.50	15.50

Ex-dividend date for the final dividend: 12 September 2024

Record date for determining entitlements to the final dividend [2.5]: 13 September 2024

Dividend reinvestment plan [8]

The Group Dividend Reinvestment Plan ("DRP") is not currently active. No DRP will apply to the final dividend for the year ending 30 June 2024.

Brief explanation of results [2.6]

Please refer to the commentary in the operating and financial review section of the Directors' report.

For further explanation please refer to the ASX report announcement accompanying this preliminary final report.

Breville Group Limited

ABN 90 086 933 431

Appendix 4E - Preliminary final report**Total dividends payable / paid [7]**

	Current Period A\$'000	Previous corresponding period A\$'000
Interim dividend paid	22,949	21,417
Final dividend payable / paid	24,383	22,231
	47,332	43,648

Net tangible assets [9]

Please refer to the commentary in the operating and financial review section of the Directors' report.

For further explanation please refer to the ASX report announcement accompanying this preliminary final report.

	Current period cents per security	Previous corresponding period cents per security
Net tangible assets per security	305.32	259.58

Control gained or lost over entities [10]

The Group has not lost control, acquired or gained control of any entities during the year ended 30 June 2024.

Associates and joint venture entities [11]

The Group held no interests in associates or joint ventures during the year ended 30 June 2024.

The Group has not lost control of any entities during the year ended 30 June 2024.

Compliance statement [15]

The results for announcement to the market should be read in conjunction with the attached preliminary final report for the year ended 30 June 2024.

This report is based on the consolidated financial statements for the year ended 30 June 2024 which have been audited by PricewaterhouseCoopers.

Sign
here:


Craig Robinson
Company secretary



Sasha Kitto
Company secretary

Date: 21 August 2024

BRGGROUP

Breville Group Limited

ABN 90 086 933 431

Preliminary final report

FOR THE YEAR ENDED

30 June 2024

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Company information

This financial report covers the consolidated entity comprising Breville Group Limited and its subsidiaries (company or Group) on pages 68 to 130.

A description of the Group's operations and of its principal activities is included in the operating and financial review in the Directors' report on pages 8 to 33. The Company information, Corporate governance statement and the Directors' report is unaudited (except for the remuneration report) and does not form part of the financial report.

Directors

Timothy Antonie
Non-Executive Chair

Lawrence Myers
Non-Executive Deputy Chair and Lead Independent Director

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

Tuula Ryttilä
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

Ground Floor, Suite 2
170 -180 Bourke Road
Alexandria NSW 2015
(+61 2) 9384 8100

Company information continued

Share register

Boardroom Pty Limited
Level 8, 210 George St
Sydney NSW 2000

Enquiries within Australia: 1300 737 760
Enquiries outside Australia: (+61 2) 9290 9600
Website: 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
breville.com
kambrook.com.au
sageappliances.com
chefsteps.com
baratza.com
beanz.com
lelit.com

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Directors' report

The Board of Breville Group Limited (company) has pleasure in submitting its report in respect of the Group for the year ended 30 June 2024.

Board of Directors

The names and details of the company's Directors in office during the year and until the date of this report are as below. Unless indicated otherwise, directors were in office for this entire period.

Timothy Antonie

Non-Executive Chair: BEcon

Mr Antonie has more than 25 years' experience in investment banking, corporate advisory and formerly held positions of Managing Director from 2004 to 2008 and Senior Advisor in 2009 at UBS Investment Banking, with particular focus on large scale mergers and acquisitions and capital raisings in the Australian retail, consumer, media and entertainment sectors. Mr Antonie is currently a principal of Stratford Advisory Group providing independent financial advice to Australian and international corporations. He holds a Bachelor of Economics degree from Monash University and qualified as a Chartered Accountant with Price Waterhouse.

During the last four years he has served as a Non-Executive Director of the following other listed companies:

Netwealth Group Limited # (Chair)

Premier Investments Limited #

denotes current directorship

Lawrence Myers

Non-Executive Deputy Chair and Lead Independent Director: B.Acct, CA, CTA

Mr Myers has over 25 years' experience as a practicing Chartered Accountant. He is the Managing Director and founder of MBP Advisory Pty Limited, a high-end Sydney firm of Chartered Accountants. He is also the Chief Executive Officer of Consolidated Press Holdings Pty. Limited. Mr. Myers sits on numerous public, private company and not-for-profit Boards, including the Foundation Board of the Art Gallery of New South Wales, and acts as a trusted advisor and mentor on business and financial matters. His specialist areas of practice include business and corporate advisory as well as mergers and acquisitions. Mr Myers is Chair of the Audit and Risk Committee (ARC) and is the company's lead independent director and Deputy Chair.

During the last four years he has served as a Director of the following other listed companies:

Accent Group #

Regal Asian Investments Limited #

VGI Partners Global Investments Limited #

denotes current directorship

Jim Clayton

Managing Director and CEO: BBA, JD

Mr Clayton was appointed Managing Director on 18 August 2021 and has been CEO since 1 July 2015. Mr Clayton has extensive international experience in consumer electronics, business transformation and strategy. He joined Breville from LG Electronics Inc., where he held a number of senior roles since 2009, including Executive Vice President, New Business Division for LG's Home Entertainment Company. Prior to this, Mr Clayton worked for Symphony Technology Group, a Silicon Valley based private equity firm focused on midmarket enterprise software and technology enabled service companies, and McKinsey & Company in the US, Germany and Singapore.

During the last four years he has not served as a Director of any other listed company.

Tim Baxter

Non-Executive Director: BS

Mr Baxter is an accomplished senior executive, with over 35 years' experience across the consumer electronics, retail, technology and telecom industries. He was previously Chief Executive Officer of Samsung Electronics North America, having been promoted to the role from Chief Operating Officer, America. Prior to this, he held several senior management positions across sales and marketing at Samsung, Sony Corporation and AT&T Inc. Mr Baxter serves as a Non-Executive Director on a number of public and private company boards.

During the last four years, he has served as a Non-Executive Director of the following listed companies:

PAVmed Inc. #

denotes current directorship

Directors' report continued

Board of Directors continued

Peter Cowan

Non-Executive Director

Mr Cowan has more than 30 years' experience in leading and building globally respected organisations and brands in the FMCG sector. He served as both Chairperson of the Board and CEO in key developing markets for Unilever and has held Managing Director roles at Lion Nathan and New Zealand Dairy Board (Fonterra). Mr Cowan also held Regional Vice President positions at Alberto Culver and Johnson & Johnson. Mr Cowan is Chair of the Sustainability Committee.

During the last four years he has not served as a Director of any other listed company.

Sally Herman

Non-Executive Director: BA, GAICD

Ms Herman is an experienced Non-Executive Director sitting on public and private Boards in financial services, retailing, property and consumer goods. She had a long career in financial services in both Australia and the United States, including 16 years with the Westpac Group, running business units in most operating divisions of the Group. Ms Herman is actively involved in the community, with a particular interest in education, the arts and social justice. She is a member of Chief Executive Women.

During the last four years she has served as a Non-Executive Director of the following other listed companies:

E&P Financial Group Limited

Irongate Funds Management Limited (the responsible entity for Irongate Property Fund I and Irongate Property Fund II)

Abacus Group #

Premier Investments Limited #

Suncorp Group Limited #

denotes current directorship

Dean Howell

Non-Executive Director: FCA, CTA

Mr Howell has had an extensive career in accounting, spanning over 40 years, and accordingly has a wealth of commercial and advisory experience. He was the former senior partner of a Melbourne firm of chartered accountants and also served on that firm's national and international Boards.

During the last four years he has not served as a Director of any other listed company.

Tuula Ryttilä (appointed 1 April 2023)

Non-Executive Director: MSc

Ms. Ryttilä is an accomplished senior executive, with over 30 years' experience across the consumer technology and product sector in technologies, digitisation and product management. Ms. Ryttilä brings an international perspective having worked across Europe, North America, Asia and Africa. Her most recent focus has been on driving global business model change and customer experience optimisation. Ms. Ryttilä has detailed insight into product roadmaps, product development, consumer insights as well as experience with global go-to-market strategies and e-commerce. Before joining the Board, Ms. Ryttilä worked for Microsoft for 9 years, with global responsibility for Microsoft Digital Stores. Prior to this, during her 15 years with Nokia, Ms. Ryttilä rose to the position of global CMO.

During the last four years she has served as a Non-Executive Director of the following listed company:

Bang & Olufsen A/S #

Kempower Oyj #

denotes current directorship

Directors' report continued

Board of Directors continued

Kate Wright

Non-Executive Director: BA

Ms Wright has more than 30 years' experience in the consumer industry across Australia, the South Pacific and the USA. Her career has spanned manufacturing operations, sales, marketing, human resources and general management within the consumer sector. Ms Wright has held the positions of Managing Director, Australia and South Pacific region at Philip Morris from 2001 to 2004 and Head of Korn Ferry Australia's Consumer and Retail Practice from 2005 to 2016. Ms Wright holds a Bachelor of Arts degree from the University of New South Wales. Ms Wright is chair of the People, Performance, Remuneration and Nominations Committee (PPRNC).

During the last four years she has not served as a Director of any other listed company.

Company secretaries

The names and details of the company secretaries in office during the year and until the date of this report are as below.

Sasha Kitto

LLB, FCA

Ms Kitto is a chartered accountant and has over 25 years' experience as a practising chartered accountant and in senior finance roles.

Craig Robinson

BA, ACMA

Mr Robinson is a Chartered Management Accountant with over 25 years' commercial finance experience. He has worked in FMCG, Medical Diagnostics and Sales Service industries in the UK, Australia, Switzerland and the USA.

Reporting currency and rounding

This preliminary final report is presented in Australian dollars and all amounts have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated 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.

Performance indicators

Management and the Board monitor the annual financial performance of the Group by measuring actual results against expectations as developed through an annual business planning and budgeting process and refreshed through in-year reforecasts.

Appropriate key performance indicators (KPIs) are used to monitor operating performance and management effectiveness.

Operating and financial review

The operating and financial review has been designed to enhance the periodic financial reporting and provide shareholders and other stakeholders with additional information regarding the Group's operations, financial position, business strategies, risks and prospects. This review complements the financial report and has been prepared in accordance with the guidance set out in ASIC Regulatory Guide 247.

Company overview and principal activities

The Group's principal activities, and underlying strategy, remains the design and development of innovative world class, small electrical kitchen appliances and the effective marketing and distribution of these products across the globe.

In line with this strategy, and to drive sustainable growth in both revenue and profits the Group has developed:

- a strong, competitive and growing product portfolio with proven international success;
- an innovative, committed and high-quality global team;
- a research and development (R&D) culture that focuses on consumer solutions, sustainability and emerging food and beverage technologies;
- a strategic marketing capability supporting new product launches and building brand awareness;
- unified global IT and SaaS platforms rolling out globally to bring speed and competitive advantage;
- a proven methodology of successfully expanding into new geographies;
- a track record of successfully integrating acquisitions; and,
- a strong balance sheet that provides a platform to take advantage of future opportunities.

Directors' report continued

Operating and financial review continued

Company overview and principal activities cont'd

With significant headroom to grow, the Group's objective is to deliver annual EBIT growth against a variety of trading backdrops, while reinvesting in R&D, marketing, technology services, solutions and geographic expansion to drive sustained growth in shareholder value. During FY24 the Group continued to invest in new product development, to enhance our digital marketing offense and product solutions, to roll out a global IT platform, and to grow in our newly entered markets thereby increasing geographic diversity.

The Group operates a global centralised business structure with two *business segments* and three *geographic theatres* as described below. The business segments comprise:

- The Global Product segment, which sells premium products designed and developed by BRG that may be sold directly or through third parties and may be branded Breville®, Sage®, Baratza®, Lelit® or other Group owned brands.
- The Distribution segment, which sells products that are designed and developed by a third party and are distributed pursuant to a license or distribution agreement or are sourced directly from manufacturers. Products in this business unit may be sold under a brand owned by the Group (e.g., Breville®, Kambrook®), or may be distributed under a third-party brand (e.g., Nespresso®).

The three geographic theatres execute the sales, distribution, and business development functions in each geography. The theatres are supported by centralised functions including product development, marketing, operations, technology services, finance, and HR.

- In Asia Pacific (APAC), the Group principally trades under its owned brands, including Breville®, Baratza®, Kambrook® and Lelit® branded products, and also distributes products under a machine partnership with Nespresso®.
- In the Americas, the Group markets and distributes Breville®, Baratza® and Lelit® branded products and distributes Nespresso® products, under a machine partnership.
- In Europe, Middle East, and Africa (EMEA), the Group markets and distributes BRG designed products under the owned brands Sage®, Baratza®, Lelit® and Breville® in select markets.

Group operating results

AUDm ¹	FY24	FY23	% Growth
Revenue	1,530.0	1,478.6	3.5%
Gross Profit	556.9	516.9	7.7%
Gross Margin	36.4%	35.0%	
EBITDA	245.5	218.2	12.5%
EBIT	185.7	172.0	8.0%
NPAT	118.5	110.2	7.5%

Dividend per share - ordinary (cents)	33.0	30.5	8.2%
Franked (%)	100%	100%	
Net cash / (debt) (\$m)	53.6	(121.3)	
ROE ² (%)	14.6%	15.9%	

¹ Minor differences may arise due to rounding.

In FY24, the Group delivered record revenue of \$1.53bn, or 3.5% growth, with a marked strengthening in 2H, including double-digit growth in the Americas, EMEA and in the Coffee category within the Global Products segment. This top line growth was supported by new product launches, the expansion of new markets and the continuing coffee tailwind and was delivered against a subdued consumer backdrop.

Directors' report continued

Operating and financial review continued

Group operating results cont'd

Importantly, in the current inflationary environment, Gross Profit grew by 7.7% (with the second half at 9.3%), as our Gross Margin improved year-on-year by 140bps.

The Group delivered EBIT of \$185.7m, or 8% growth, a result slightly above the top end of our guidance, with expenses successfully aligned to a lower growth environment.

NPAT grew at 7.5%, after the reversion of the effective tax rate to 28.5%.

As planned, a net cash position was delivered with strong cashflow of \$174.9m across the year, substantially driven by a reduction in inventory levels, whilst Gross Margin increased.

Segment results

AUDm ¹	Revenue			Gross Profit			Gross Margin	
	FY24	FY23	% Growth	FY24	FY23	% Growth	FY24	FY23
Global Product	1,336.0	1,279.2	4.4%	503.0	470.5	6.9%	37.7%	36.8%
% Growth in constant currency			2.0%					
Distribution	194.0	199.3	(2.7)%	53.9	46.4	16.1%	27.8%	23.3%
TOTAL	1,530.0	1,478.6	3.5%	556.9	516.9	7.7%	36.4%	35.0%

Our Global Product segment grew revenue by 4.4% (or 2.0% in constant currency) and Gross Profit grew by 6.9%. 2H24 revenue growth was markedly stronger at 8.7% (or 7.1% in constant currency) as Coffee delivered double-digit growth and Cooking and Food Prep slowed their rates of decline.

In the Global Product segment our NPD launches landed well, with strong sales from the *Barista Touch™ Impress*, the *Vertuo Creatista®*, the *Paradice™ Food Processors* and the *InFizz™ range*. After a quiet period during Covid, new product launches are firing with a healthy pipeline in place for FY25.

New geographies continued to outperform, as did DTC (direct to consumer) channels which grew strongly.

Our Distribution segment saw a small revenue decline, but Gross Profit grew by 16.1% as Gross Margin improved, and Gross Profit growth was prioritised over revenue in this segment.

Global Product Segment Revenue Growth – reported and constant currency

AUDm ¹	Global Product Segment Revenue				1H24 in constant currency	2H24 in constant currency
	FY24	FY23	% Growth	% in constant currency		
Americas	735.5	701.2	4.9%	2.9%	(2.2)%	12.0%
EMEA	325.2	285.8	13.8%	8.5%	5.5%	12.3%
APAC	275.4	292.2	(5.8)%	(6.4)%	(5.7)%	(7.1)%
TOTAL	1,336.0	1,279.2	4.4%	2.0%	(1.3)%	7.1%

Directors' report continued

Operating and financial review continued

Global Product Segment Revenue Growth – reported and constant currency cont'd

FY24 grew at 4.4%, led by the EMEA and the Americas. 2H24 saw a marked strengthening in sales growth to 7.1% (in constant currency), with two out of the three theatres in double-digit growth. With consumers across the globe resetting to the new economic reality at different rates, the Group's geographic diversity proved to be an asset, with improving second half overall growth.

The Americas grew revenue by 2.9% in constant currency for the full year, strengthening to 12.0% in 2H24 as all categories improved their growth rate with strong double-digit growth in Coffee and Food Preparation back into growth, supported by strong NPD activity.

In **EMEA** FY24 constant currency revenue growth of 8.5% was driven by 12.3% in the 2H24 as direct countries into which we sell continued their strong growth and markets still served by distributors improved their performance. NPD launches landed well driving double digit 2H24 growth, whilst our DTC channel continued its strong growth trajectory.

In **APAC** we saw a full year revenue decline of (6.4)% in constant currency, but we saw good signs of 2H24 recovery in our key direct markets of Australia, New Zealand and South Korea with the Coffee category delivering second half growth across the three markets combined. Performance was weaker in APAC distributor markets, which dampened the combined number for the Theatre. Encouragingly, South Korea continued its strong performance and reached its first milestone in 2H24, surpassing New Zealand in Gross Profit.

The second half performance was a good example of our diversified portfolio and growth levers working for us, delivering a promising return to stronger growth.

EBIT and NPAT

In a low-growth revenue year we optimised Gross Profit and contained operating expenses to deliver an 8.0% increase in EBIT.

Input cost savings flowed through the year in both product costs and freight, with the latter increasing somewhat towards the end of the year. Warranty costs reverted to slightly below historic norm at 3.2% of revenue. We were measured in our promotional calendar, only participating where we believed we would deliver a positive ROI. This approach drove Gross Margin gains of 140bps and maximised Gross Profit.

Across the year Gross Profit grew by 7.7% or \$40.0m of which approximately one third flowed through to EBIT, with two thirds funding increased operating expenses.

D&A expenses increased, in line with plan, by \$13.6m year-on-year due to the acceleration in the rate of new product launches post-Covid and an increase in depreciation of ROU (right of use) assets in line with our warehouse footprint expansion in FY23.

Employment expenses grew by \$13.5m driven by the team earning 100% STI (short term incentive) payout as opposed to 58% in the PY. Like-for-like headcount was relatively stable and other expenses, collectively, were flat year-on-year.

Investment functions expenses of marketing, R&D, technology services and solutions increased to 14.0% of sales vs 13.1% in the prior year.

NPAT grew 7.5% due to reduced finance costs in the second half as improved cashflow reduced debt, partially offset by the Group's effective tax rate reverting to the long-term norm of 28.5% from 27.0% in the pcp due to higher R&D tax credits.

Financial Position

The Group's lower net working capital position at 30 June 2024 of \$341.6m (\$455.1m in the pcp) largely reflects the reduction in inventory levels delivered through measured purchase reductions, rather than discounting, with Gross Margin strengthened as inventory balances were reduced by \$106.8m or 24.3% to \$332.8m (pcp \$439.6m).

The Group's receivables balance of \$282.0m was broadly flat year-on-year (pcp \$276.8m), and debtor days are in line with the prior period.

The development of new products and solutions is a key element of the Group's growth strategy and is reflected in the balance sheet as "Capitalised Development Costs and Computer Software". As more new products are developed and then launched, capitalisation increases, and with a lag so does amortisation, driven by the length of our development cycle.

Directors' report continued

Operating and financial review continued

In FY24 the Group capitalised Development Costs and Computer Software of \$37.2m (pcp: \$32.8m) and recognised an amortisation expense of \$22.4m (pcp: \$16.5m), increasing the capitalised value to \$86.3m. This intangible balance is a good leading indicator of future growth, with the growing balance signalling that the Group has larger projects moving toward launch or recently launched.

PPE balances increased by \$9.1m in the year mainly due to the above-mentioned acceleration in new product development increasing the number of projects investing in tooling, as well as investments to support the business (e.g. store fit out, manufacturing equipment and facilities).

Net Debt and Cash flow

Free cashflow (FCF) for the 12 months to 30 June 2024 was an inflow of \$240.8m (pcp \$37.1m) substantially driven by the reduction in inventory balances.

Strong cashflow over the last 12 months delivered a net cash position of \$53.6m at 30 June 2024 (pcp net debt of \$(121.3m), an improvement of \$174.9m.

The Group is now completely unleveraged and has significant cash of \$137.8m and unused debt facilities of \$190.8m, providing flexibility for seasonal working capital build and expansion.

Dividends

A final dividend of 17.0 cents per share (100% franked) has been declared (FY23: 15.5 cents, 100% franked), bringing the total dividends for the year to 33.0 cents per share (FY23: 30.5 cents).

The dividend reflects the target payout ratio of 40% of EPS on a full year basis.

The final dividend will have a record date of 13 September 2024 and will be paid on 4 October 2024.

Material business risks

The material business risks that may impact the achievement of the Group's strategy and its financial prospects are summarised below, together with key actions intended to mitigate these risks.

Risk	Nature of risk	Key actions to mitigate risk
Supply chain disruption and input cost risk	<p>Concentration of supply from one region and country (China) raises the risk of supply interruption due to geo-political tensions, public health decisions or extreme climate events.</p> <p>This potential puts the Company's ability to adequately supply its market, and thus Group revenue and profitability, at risk.</p> <p>Inflationary pressures on manufacturing and transport costs may arise either from high demand for consumer goods, shipping and labour or from general inflationary pressures and exchange rate movements or additional tariffs. Unless recoverable by pricing this puts the profitability of the Group at risk.</p>	<p>Inventory is held in market to provide a buffer against supply chain interruptions. In a period of heightened risk, inventory holdings may be increased or brought to market early.</p> <p>Alternative sourcing locations are being established, nearer to market, with the first, Mexico, having been commissioned for one key product.</p> <p>Core S&OP process gives long forward visibility to suppliers to help ensure that required components, labour etc. are secured.</p> <p>The Company uses multiple manufacturers where possible to de-risk dependence on single suppliers and establishes long-term partnerships to manage short-term cost fluctuations.</p> <p>Input cost inflation is monitored and negotiated by SKU and supplier in both USD and landed currency.</p> <p>Pricing power of our premium, innovative products is leveraged to protect margins where possible on a market-by-market basis.</p> <p>Contracted shipping and logistics rates are secured where possible. Exchange rates are hedged 12 months in advance. Both of these activities provide forward visibility of costs for 12 months to allow effective management of margins.</p>

Directors' report continued

Operating and financial review continued

Risk	Nature of risk	Key actions to mitigate risk
Demand pattern risk	<p>There is risk of volatility in the growth trajectory of the Company arising from consumer-based cost of living pressures including interest costs.</p> <p>This can be exacerbated in the short term by retailer destocking / restocking decisions sometimes effected by global shocks, as well as by the general risk stance of retailers in the current uncertain economic environment.</p> <p>This can impact revenue and profits and reputational risk with investors if expectations are not met.</p>	<p>The increasingly diversified global revenue footprint of the Group spreads this risk and mitigates the impact of disruption in a specific region, or country, on the Group results.</p> <p>Weekly sell-out is monitored by SKU and customer. This forward visibility allows informed adjustments in terms of market activity and promotion in a timely, effective manner to optimise revenue and margin.</p> <p>Rolling forecasting of annual gross profit delivery allows contraction, and expansion, of expenses as needed to deliver profit within a specific year. The Group has a strong track record of delivering EBIT growth against a variety of backdrops whilst still maintaining investment for sustainable long-term growth.</p> <p>The premium, innovative nature of the product range historically provides some resilience of demand to short term economic conditions.</p> <p>Investment in enhanced promotional programs and initiatives may be used to stimulate demand where there is an attractive ROI (return on investment).</p>
ESG risk and sustainability	<p>The potential exists for reputational risk with employees, customers, investors, regulators and society, and subsequent financial impact, if the Group fails to act adequately on ESG issues and/or fails to communicate its strategy and approach, including in response to relevant regulations.</p> <p>There is a risk to supply continuity from extreme climate events (see above).</p> <p>Changing consumer trends, preferences or expectations regarding sustainable product design could adversely influence demand for the Company's products if the Company fails to adapt to these.</p>	<p>The Company's approach to ESG issues and risks is detailed in the ESG report section of the Directors report page 16 to 32 which cover the Group's approach to climate emissions and ESG responsibilities more generally.</p> <p>The Group's commitment to a sustainable business model is guided by the Board Sustainability Committee.</p>
Product development and innovation risk	<p>Insufficient or ineffective investment in product development and innovation, and inadequate communication of the innovative range to customers and consumers may result in loss of revenues and competitive advantage.</p>	<p>Securing of proven, world class leadership for product development, technology services, marketing and solutions functions helps to mitigate this risk.</p> <p>The Company has a strategic annual target of increasing its investment in product development, technology and solutions as well as marketing and communications. This forms part of the LTI (long term incentive) plan.</p> <p>The prioritisation of investment in these growth drivers is communicated as a core part of Group strategy in investor engagements and results presentations.</p>
Cyber security risk	<p>Breaches of cyber security is a growing global risk as the volume and sophistication of threats has increased. Risks include:</p> <ul style="list-style-type: none"> • Unauthorised access to data / information leading to reputational damage and / or risk of litigation. • Malicious attacks that result in outages and service and revenue disruption. • Ransom demands with direct financial consequence to the business. • Failure to comply with regulatory standards risks financial fines or restrictions to conduct business. • Business interruption and availability of systems following a breach. 	<p>The technology services team has further developed the Group's cyber security and privacy programs in FY24 within an overall security and privacy framework, including:</p> <ul style="list-style-type: none"> • Deployment of modern IT infrastructure with latest security defences. • Penetration testing and vulnerability assessments. • Continuous cyber threat monitoring and a robust incident management process. • PCI Audits and external reviews of some of our key cloud operating environments. • Selection of a privacy and data mapping platform to facilitate compliance with multiple global privacy obligations. • Employee mandatory multi-factor authentication and annual cyber security and phishing training. • Annual cyber-attack simulation exercise.

Directors' report continued

Operating and financial review continued

Risk	Nature of risk	Key actions to mitigate risk
Health and safety risk	<p>Inadequate WHS and well-being practices can impact the safety, motivation and engagement of employees resulting in an impact on business performance as well as exposing the Group to reputational and financial risk via litigation and fines.</p> <p>Inherent in producing and selling kitchen appliances is also the risk of poor-quality products harming consumers, with a safety and reputational impact as well as financial risk from lost revenue and damages.</p>	<p>The Board receives and reviews WHS statistics and incidents on a monthly basis to ensure top-down ownership of this risk. WHS office ensures accurate monitoring and timely action on any issue.</p> <p>In recognition of the strain that employees can face to their mental and physical wellbeing, a range of wellbeing activities and support programs are available to employees.</p> <p>BRG has extensive compliance processes in place to ensure its products are safe and exceed regulatory standards in our various markets. Rigorous safety standards are a critical element in our approach to product development. Post design the Group maintains a zero-tolerance Pre-Shipment Inspection (PSI) program for all products before they leave the factory.</p> <p>Protocols are in place for rapid reaction to any reported in-use consumer event including product recalls. BRG has not had to issue a product recall since 7 November 2016.</p> <p>BRG has an outsourced business model for manufacturing and distribution with the exception of Lelit.</p>
Key employee risk	<p>High turnover of key staff may impact the performance of the Group if there is inadequate succession planning in place. Inadequate career planning and inadequate comparative remuneration may heighten turnover especially given the Group's increasing international footprint and the global "war for talent".</p>	<p>Annual high potential and succession planning identifies successors for key roles and individual development plans for key employees.</p> <p>Key roles are benchmarked to market domestically and internationally to ensure that they are competitive.</p> <p>Retention is encouraged through the use of LTI plans and deferred remuneration share rights.</p>

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Directors' report continued

Operating and financial review continued

Group acceleration strategy update

During FY24, the Group has continued to progress its acceleration program, the impacts of which helped drive the FY24 performance as well as position the Group for future growth.

The strategic decision made in 2016 to increase investment into the organic growth engines of the Company, and continued every year thereafter, materially supported the Group's growth in FY24.

Innovative new products, including the *Barista Touch™ Impress*, the *Vertuo Creatista®*, the *InFizz™* range and the *Paradice™ Food Processors* all performed well. Go-To-Market increasingly used its new Launch v2.0 process, enabling the entire retail channel of a country go live on a single day. The Technology Services team, in concert with the Go-To-Market team, continued to productise and improve the Group's digital offense, supporting the growth rate in all digital channels.

FY24 growth was also supported by the Group's geographic expansion efforts, which began in earnest in FY18. Countries entered since FY18 grew their aggregate revenue by 30.4% in FY24, outperforming the Group and contributing strongly to overall Group growth performance. In FY24 the Global Product segment revenue of EMEA comfortably surpassed APAC, the home region of the Group, and within APAC the Gross Profit of South Korea exceeded New Zealand in the 2H24. These are two examples of newer geographies not only growing fast but having the scale to impact overall Group results.

In early FY24, Breville-branded products were made available to Specialty Coffee retailers in the US through the new B2B portal, widening Breville's channel footprint in coffee and allowing all three brands, Lelit, Breville and Baratza to be sold side-by-side. The Group also continued the multi-country rollout of both Baratza and Lelit, transitioning from a distributor model to a direct model in multiple countries. Baratza was introduced in Europe and Australia, and Lelit was introduced in the US and Australia. This global rollout will continue as both Baratza and Lelit leverage the Group's global footprint and capability.

BRG also made significant progress in its development of solutions. In Coffee, the Beanz platform is live in Australia, the US and the UK, with further countries to follow. Supporting the Cooking category, the Breville+ service in the US now includes over 1200 recipes sourced from ChefSteps, the Breville Test Kitchen, the New York Times, Serious Eats, Americas' Test Kitchen, Williams Sonoma and many individual chefs; cooking guides to help consumers achieve great results with their own recipes; and live and on-demand cooking classes. All Breville+ content is specifically optimised for the individual Breville products supported by the service. The service now encompasses food processors as well as ovens and sous vides.

Underpinning these growth levers is the corporate platform, with the benefits of the platform visible in how quickly the team rolled out new websites and integrated new geographies.

In FY24 the total P&L expense on R&D, technology services, marketing and solutions was 14.0% of sales, an increase from 13.1% in the prior year.

Directors' report continued

Operating and financial review continued

Environmental, Society and Governance (ESG) Report

Our commitment to ESG

BRG is committed to ethical, responsible, and sustainable conduct across and throughout its business, reinforced through our culture, values, process, structure, and policies. Our ESG priorities and strategy are a central part of our overall business strategy and are a fundamental part of the way we work.

Our ESG strategy – *“to create innovative, attractive and energy efficient kitchen appliances, designed and sourced in a socially and environmentally responsible manner that delights our consumers, meets the expectations of our stakeholders and delivers sustainable value creation”* is embedded in our business operations and risk management process.

As a consumer-facing company that operates in the heart of our consumers' homes, *the kitchen*, our reputation, and ability to meet ethical and behavioural expectations, is core to our sustained sales, business health and value creation. Our ESG strategy and priorities are shaped by an ongoing engagement and dialogue with consumers and other stakeholders, allied with scientific analysis and measurement to ensure that we prioritise initiatives that empirically have the biggest impact on reducing carbon emissions.

Reporting and regulatory frameworks have continued to develop across the markets in which we operate in FY24.

During FY24 we completed an ASRS (Australian Sustainability Reporting Standards) gap assessment on our climate reporting, supported by Deloitte, to ensure that we are progressing on the path to be ASRS compliant in our reporting for the period 1 July 2025 to 30 June 2026. We have developed a road map to ensure timely compliance with both ASRS1 and ASRS2 and have adopted several of the upcoming requirements in this year's report.

We also acknowledge and work towards the 17 UN sustainable development goals in shaping our ESG priorities.

For FY24 our key ESG priority areas are described below.

Key Priorities

Environmental	Social	Governance
<p>1. Climate Change</p> <p>1.1 Climate risks & opportunities (ASRS)</p> <p>1.2 Carbon emissions - measurement and reduction</p> <p>1.3 Energy efficiency initiatives</p> <p>1.4 Sustainable design, reparability and end of life</p> <p>1.5 Sustainable packaging</p> <p>1.6 Waste Diversion</p>	<p>2. Ethical Sourcing: human rights and modern slavery</p> <p>3. Product Quality and Safety including Product Recall</p> <p>4. Community Relations</p> <p>4.1 Community engagement</p> <p>4.2 Reconciliation Action Plan</p> <p>5. Employee Wellbeing</p> <p>5.1 Diversity and inclusion</p> <p>5.2 Health, safety and wellbeing</p>	<p>6. Corporate Governance</p> <p>6.1 Board independence and diversity</p> <p>6.2 Sustainability governance and reporting</p> <p>7. Corporate Behaviour</p> <p>7.1 Anti-bribery and corruption and whistle blowing</p> <p>7.2 Cyber security and data privacy</p> <p>7.3 Policy availability</p>

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Environmental

1. Climate Change

1.1 Climate risks and opportunities (ASRS)

As recommended under ASRS we examine our exposure to climate-related risks, and the adequacy of mitigants, under two key scenarios. We seek to assess both how climate change could impact our sustainability as well as the impact that BRG is having on the climate, examining:

- i. How climate risks and opportunities should impact the type of products we design and produce;
- ii. How consumer and society expectations are evolving; and
- iii. How climate change and events can impact our business operations

We considered the potential impact of a *high global warming scenario* and *low global warming scenario*, with both scenarios being based on the draft guidance in the Supplementary Explanatory Memorandum concerning the *Climate Change Act* (section 296D(2B)) and chosen from the Network for Greening the Financial System (NGFS) scenarios.

1. **High global warming scenario**, defined as an increase of $>2.5^{\circ}\text{C}$ from pre-industrial levels in the global average temperature arising from the moderate and heterogeneous NDCs (Nationally Determined Contributions) in place at the beginning of 2021 being pursued across the 21st century resulting in an emissions decline, but nonetheless a $>2.5^{\circ}\text{C}$ of warming, and associated moderate to severe physical risks. Transition risks, in contrast, are relatively low.
 - i. Policy ambition: 2.6°C
 - ii. Policy reaction: NDCs
 - iii. Technology change: Slow change
 - iv. CDR (carbon dioxide removal) technologies: Low-medium use
 - v. Regional policy variation: Medium variation
2. **Low global warming scenario**, defined as an increase of 1.5°C above pre-industrial levels arising from the implementation of stringent climate policies and innovation, reaching global net zero emissions around 2050 with the US, EU and Japan also reaching net zero for all greenhouse gases by this point. Physical risks are relatively low, but transition risks are conversely high.
 - i. Policy ambition: 1.5°C
 - ii. Policy Reaction: Immediate and smooth
 - iii. Technology change: Fast change
 - iv. CDR technologies: Medium-high use
 - v. Regional policy variation: Medium variation

BRG has chosen to examine the impact of transition risks for the *low scenario*, and physical risks for the *high scenario*.

The key risks, impact, mitigants, and opportunities layout aligns with the emerging ASRS framework. Chosen timeframes of 3 years (Short-term), 7 years (Mid-term), and 15 years (Long-term) are relevant to our product innovation cycle.

Primary risks and opportunities include not only physical disruption from extreme weather events, but also changing consumer and employee expectations which will increasingly guide the type of products we develop, how they are packaged, how energy efficient they are and how we communicate this to consumers.

We have already made good progress in designing, engineering, and providing our customers with more energy efficient options (see ThermoJet on page 23). Our design and engineering teams increasingly look to optimise the strength and weight of the materials we use to reduce their consumption as well as identifying alternative recyclable materials. We also endeavour to engineer reparability into products to delay and reduce the end-of-life impact of appliances. Our packaging teams are committed to reducing our environmental footprint by minimising unnecessary packaging and aiming to use 100% recyclable materials.

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1.1 Climate risks and opportunities (ASRS) cont'd

Type of risk	Description of risk	Risk mitigation measures	Opportunities
<p>296D(2B) Low Global Warming Scenario: NGFS Net Zero 2050</p> <p>Category: Transition – reputational risk</p> <p>Internal assessment: High</p> <p>Business area: Strategic</p> <p>Timeframe: Short, Mid, and Long term</p>	<p>Initiatives and communication</p> <p>There is a risk that BRG will not meet consumer, employee, and investor expectations for sufficiently fast climate base initiatives and disclosures as both societal expectations and regulatory frameworks evolve.</p> <p><i>Potential financial impact</i></p> <ul style="list-style-type: none"> • Short-term: Reduced employee attraction and retention. • Mid-term: Reduced sales arising from consumer preferences • Long-term: Reduction in capital availability. 	<p>Implement accurate, complete, and reliable emissions measurement and undertake meaningful and quantifiable interventions.</p> <p>Effective communication with consumers, employees, investors, and other stakeholders.</p> <p>Increase our level of emission reduction activity, including:</p> <ul style="list-style-type: none"> • Product Design – energy efficiency • Product Design – materials, durability and recyclability • Product Design – repairability • Product Design – recyclable packaging <p>Upgrading our disclosure to better reflect our progress and to adopt the ASRS framework.</p>	<p>Increase the attractiveness of BRG to consumers, employees, and investors, by leading on initiatives and disclosures.</p> <p><i>Potential financial impact</i></p> <ul style="list-style-type: none"> • Short-term: Benefits to employee satisfaction resulting in lower turnover and higher productivity. • Mid-term: Sustained or increased sales. • Long-term: Increased access to capital due to higher ESG investor ratings reducing cost of capital.
<p>296D(2B) Low Global Warming Scenario: NGFS Net Zero 2050</p> <p>Category: Transition – market risk</p> <p>Internal assessment: Medium risk</p> <p>Business area: Strategic</p> <p>Timeframe: Short, Mid, and Long term</p>	<p>Innovation and technological advantage</p> <p>From a technology perspective in the transition to a low carbon economy there is a risk / opportunity that new materials, power sources and designs emerge that give a technological or cost advantage to our competitors.</p> <p><i>Potential financial impact</i></p> <ul style="list-style-type: none"> • Short-term: Reduced revenue from losing our premium product differentiation. • Mid-term: Cost disadvantage if cost-effective new materials are not adopted on a timely basis. • Long-term: Expensive research and development (R&D) expenditures required to catch up if BRG is left behind on new and alternative technologies. 	<ul style="list-style-type: none"> • R&D spending and quality – the quantum of investment in R&D has been increased over the last five years. Focus on emerging sustainable materials e.g. moulded paper pulp vs. expanded polystyrene (EPS) is embedded in R&D process. • Innovation pipeline – The BRG new product development (NPD) process uses an innovation funnel. The use of sustainable materials and repairability increasingly informs sales estimates and the commercial assessments of potential projects via use of Life-Cycle Analysis (LCA) for new products. • Project Forever – a specific deep dive R&D project identified a variety of opportunities for BRG to participate more fully in the circular economy. The findings will increasingly inform our NPD funnel and ESG priorities. 	<p>Clear opportunity to innovate and develop new low-emission products to improve our competitive position and capitalise on shifting consumer preferences.</p> <p>Existing examples include our energy efficient and proprietary ThermoJet heater technology used in our espresso machines.</p> <p><i>Potential financial impact</i></p> <ul style="list-style-type: none"> • Mid-term: Increased demand for goods and services due to shift in consumer preferences and cost advantage from early adoption of new materials.

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1.1 Climate risks and opportunities (ASRS) cont'd

Type of risk	Description of risk	Risk mitigation measures	Opportunities
<p>296D(2B) High Global Warming Scenario: NGFS Nationally Determined Contributions</p> <p>Category: Physical – chronic risk</p> <p>Internal assessment: Medium risk</p> <p>Business area: Operational</p> <p>Timeframe: Short, Mid, and Long term</p>	<p>Supply risk</p> <p>Chronic climate risks like drought, or repeated flooding, heightens the risk of unavailability of parts, disruption to production and delivery to the end consumer.</p> <p><i>Potential financial impact</i></p> <ul style="list-style-type: none"> • Mid-term: Reduced revenues from interruptions to market supply. • Mid-term: Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations. • Long-term: Increased cost of sustaining multiple sourcing locations. 	<ul style="list-style-type: none"> • Inventory in Market: holding of finished product inventory in end consumer market reduces periodic vulnerability to non-supply. • Globally Diverse operations: our wide geographic spread provides a hedge against sales disruption in one territory. Dual warehouses in bigger markets such as USA mitigate against in-country disruption. • Alternative Supply: qualifying suppliers in alternative geographies is a slow but effective way to mitigate this risk. A Mexico manufacturing plant was commissioned in FY23, and this initiative is continuing. • Operations and logistics: give forward demand visibility to suppliers to secure parts and materials well in advance to protect against supply interruptions including climate events. 	<p><i>Opportunity to sustain BRG's supply chain as competitively reliable.</i></p> <p><i>Potential financial impact</i></p> <ul style="list-style-type: none"> • Mid-term: Increased diversity of supply chain and ability to operate under various conditions should bring stability to product costs. • Mid-term: Reliability of supply in end consumer market can bring sales uplift if peers manage less effectively. • Mid-term: demonstrated ability to flex inventory up and down with negligible effect on discounting and obsolescence make this a relatively low cost mitigant.
<p>296D(2B) High Global Warming Scenario: NGFS Nationally Determined Contributions</p> <p>Category: Physical – acute risk</p> <p>Internal assessment: Medium risk</p> <p>Business area: Operational</p> <p>Timeframe: Short, Mid, and Long term</p>	<p>Business interruption</p> <p>After a violent disruptive event such as extreme weather events interruption could occur to supply.</p> <p><i>Potential financial impact</i></p> <ul style="list-style-type: none"> • Short-term: Reduced revenue from transportation challenges and lost stock as well as temporarily decreased production capacity. • Mid-term: Increased capital costs from damage to facilities. 	<ul style="list-style-type: none"> • Inventory in Market: holding of finished product inventory in end-consumer market reduces periodic vulnerability to non-supply. • Supply planning: retail partners hold stock in market, providing a further buffer against disruption to supply. • Business interruption insurance • Physical Diligence: sprinkler and fire extinguishers at our sites are regularly inspected and maintained. Supplier sites are reviewed as part of our SMETA audit program. Additionally, audits relating to fire safety and emergency response are completed at office locations and warehouses on a regular basis. 	<p><i>Opportunity to sustain BRG's supply chain as competitively reliable.</i></p> <p><i>Potential financial impact</i></p> <ul style="list-style-type: none"> • Mid-term: Opportunity to gain market share if more reliable supply chain is delivered and a competitor is interrupted. • Long-term: Increased market valuation through demonstrated supply chain resilience. • Mid-term: demonstrated ability to flex inventory up and down with negligible effect on discounting and obsolescence make this a relatively low cost mitigant.

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1.2 Carbon emissions – measurement and reduction

BRG is committed to comprehensively measuring and reducing its carbon footprint across Scope 1, 2 and 3 emissions.

In line with ASRS, BRG aligns all its metrics with the Greenhouse Gas Protocol (GHGP) and measures all carbon emissions against 100-year time horizon global warming potentials (GWP) relative to CO₂.

BRG has implemented and is populating SpheraCloud® Corporate Sustainability software (SCSS) to comprehensively record and model emissions. Scope 1 and 2 are relatively straightforward, whereas Scope 3 measurement is more complex and needs to be determined at an individual product level using LCA.

To enable this approach, we have also implemented the Sphera “LCA for Experts” package (LCAE) to perform in-house, cradle-to-grave, LCAs on our product range. This not only enables credible granular modelling and targets to be set but is also proving invaluable in methodically identifying priority areas for intervention e.g. the use of ThermoJet energy efficient espresso heaters.

Scope 1 and 2 Emissions

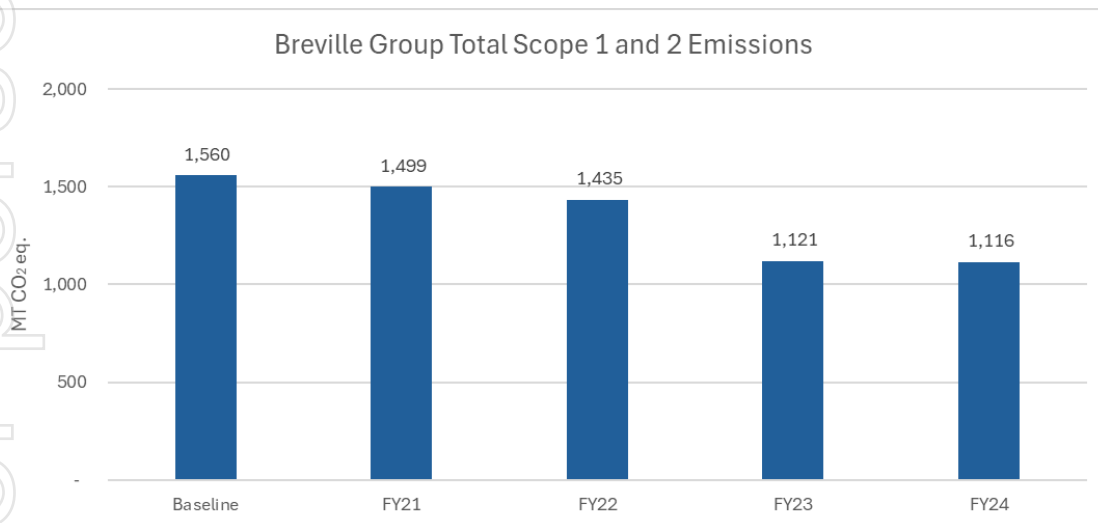
BRG has committed to reach net zero emissions for Scope 1 and 2 in our sites and operations in FY25.

To date we have:

- Moved to renewable electricity and solar in key locations;
- Implemented energy efficiency initiatives including optimised lighting and sensors; and
- Defined an offset strategy for unavoidable emissions.

Our Global headquarters and R&D facility in Alexandria, Sydney initially accounted for 79% of the baseline (2020) Scope 1 and 2 emissions. By FY24 we achieved a 59% emissions reduction from this key site. FY23 saw the inclusion of Lelit factory sites into Scope 1 and 2 emissions that partially masked this progress.

FY24 Scope 1 and 2 emissions were measured as 1,116 MT CO₂eq. and we remain confident of achieving our net zero emissions target by reducing gross emissions further and through the limited use of carbon credits. We have partnered with Clima who are assisting us in creating a robust offset portfolio including projects in Australia and relevant overseas locations where we have operations.



*Modelled using SCSS. Lelit manufacturing facilities added into scope in FY23

Scope 3 Emissions

The majority of BRG emissions are produced from activities not owned, or directly controlled, by BRG, such as the impact of third-party manufacturing including power, materials and parts used, third party logistics, the usage of our products in consumers' homes and finally their disposal. The Scope 3 emissions we estimate for the Group are modelled on a product-by-product basis for key products and then extrapolated to estimate the Group's total emissions.

Using LCAE we are able to build granular product-by-product LCAs. We have completed this detailed product level LCA modelling for our 17 highest revenue products (13 espresso machines and 4 ovens) which represented 62.5% of FY24 sales.

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1.2 Carbon emissions – measurement and reduction cont'd

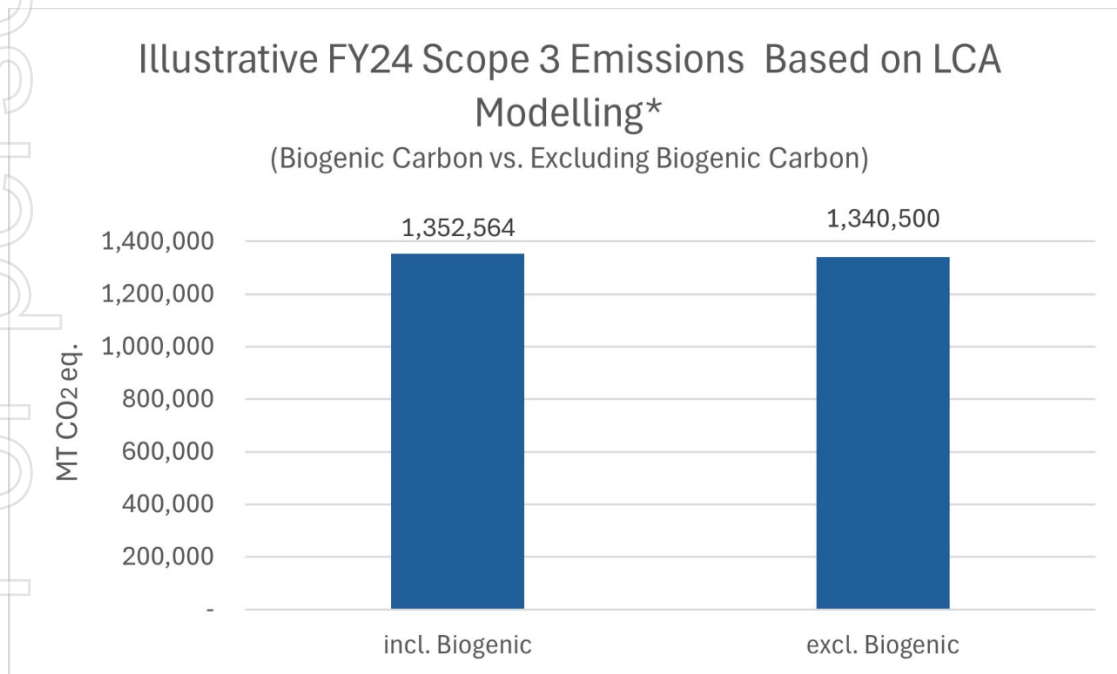
In building an LCA, material usage and energy consumption are specifically modelled for the individual product using the bill of materials and product testing respectively. However, to model a complete and full LCA, assumptions need to be made about frequency of product use, power source, transport type and distance, usage life span and final disposal route. These elements aren't recorded by product, so the LCA modelling estimates their impact based on our best estimate assumptions. We are deliberately conservative in our assumptions, so it is likely that our illustrative emissions estimates are towards the high end of a range of probable outcomes. Specifically, our best estimate assumptions are currently:

- Products are used for 7 years before disposal;
- Emissions impact of electricity consumption matches the Australian electricity matrix (which has a low renewables mix);
- Ovens' usage frequency is the same as the patterns we observe from our connected oven data;
- Espresso machines are used to make an average of 10 lattes per week, every week of ownership, for all users;
- Products are transported by road and sea travel from Shenzhen to our in-market warehouses;
- 1,000km of further road transport occurs from warehouse to the consumer's home;
- All paper packaging waste is recycled, and plastic packaging waste is sent to landfill; and
- At their end of life, all products are sent to landfill, with 150km of road transport (despite recycling options).

Using these assumptions, the LCAs for our top 17 products (62.5% of our total FY24 sales), multiplied by FY24 sales units, gives an estimated Scope 3 emissions for FY24 of 845,352.33 MT CO₂ eq. including biogenic carbon and 837,812.21 MT CO₂ eq. excluding biogenic carbon.

If we simply extrapolate this number to include the 37.5% of units not yet LCA modelled, we come to an illustrative carbon footprint for all products sold in FY24 of 1,352,563.74 MT CO₂ eq. including biogenic carbon and 1,340,499.54 MT CO₂ eq. excluding biogenic carbon.

This extrapolation implicitly assumes that the footprint of the products yet to be modelled is similar to the 17 that we have modelled. It is our working assumption that these remaining products will use less energy and material, and have a lower emissions footprint, as they are, on average, simpler and less frequently used appliances. Our illustrative estimate is therefore likely to have a further layer of conservatism built in. This will be updated across FY25 and FY26 as more products are modelled.



*Modelled using LCAE for 17 products and then extrapolated for illustrative purposes to show estimated Group emissions.

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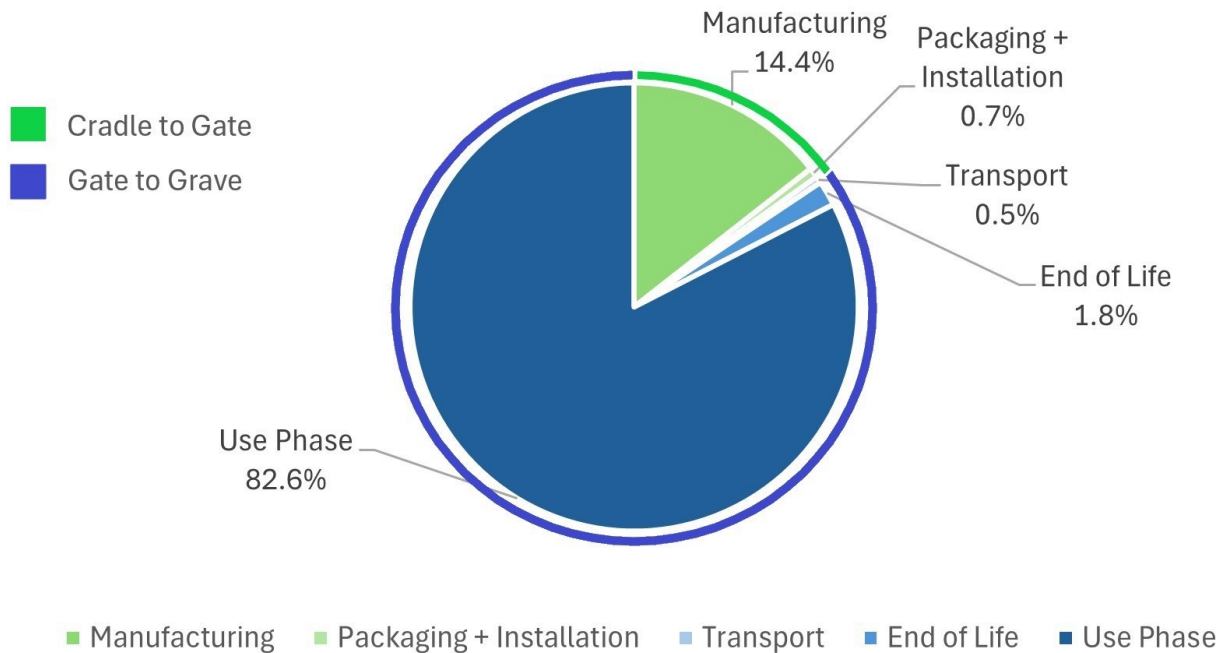
1.2 Carbon emissions – measurement and reduction cont'd

We currently measure the critical 7 Scope 3 categories for BRG of the 15 set out in the Greenhouse Gas Protocol. These 7 are estimated to make up over 90% of our Scope 3 emissions. In FY25 we will complete the assessment and measurement of the remaining minor categories and include these in our Scope 3 emissions estimate.

The LCA's we have completed (covering 62.5% of our FY24 sales) clearly show that the largest contributor to our product emissions is the in-use electricity, making up 82.6% of total product emissions. This is highest in ovens and lower in espresso machines. The manufacturing phase, led by material usage, is the second largest contributor. Packaging, transport and end of life disposal have a more minor impact.

These findings inform both our current focus on energy efficiency (i.e. ThermoJet initiative) as well as medium term product development strategies focused on alternative production material and reduced usage.

Average Scope 3 Emissions at Each Stage of a Cradle to Grave Product LCA*



*Average of 17 products for which detailed LCA modelling has been completed using LCAE.

The impact of Scope 3 emissions far outweighs that of our Scope 1 and 2 emissions, so whilst we will work towards net zero carbon emissions for Scope 1 and 2, the largest priority for the Group is Scope 3 targeted reductions.

1.3 Energy efficiency initiatives

As shown in the above pie chart the key emissions opportunity for an appliance company such as BRG is enhancing energy efficiency in the consumer use-phase. This is particularly relevant while the electricity matrices of our key consumer markets have a low renewables mix.

We assess our energy efficiency performance using the Swiss Energy Ratings label across our key appliances to monitor the relative energy efficiency of our range (star rating is currently not available for small domestic appliances). BRG also voluntarily tests its products against the European Union's Ecodesign Directive (Directive 2009/125/EC), which sets ecological requirements for energy use. All BRG products are also designed to comply with the EuP (Energy using Products) requirements set by the European Union meaning that products without a screen must use half a watt or less in stand-by mode and products with a screen must use one watt or less in stand-by mode and switch off before a maximum of 30 minutes.

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1.3 Energy efficiency initiatives cont'd

As a key energy saving initiative, BRG is proud to have jointly pioneered the **ThermoJet heating system** in its espresso machines addressing the major energy usage in a typical espresso machine – delivery of hot water and steam.

Traditional espresso machines are one of the highest energy consuming products in the small kitchen appliances world due to the need to heat up and keep a body of water at temperature, traditionally done using metal boilers. The alternative to boilers, thermocoils, still require the heating of blocks of aluminium to transfer energy, a process that consumes significant amounts of energy.

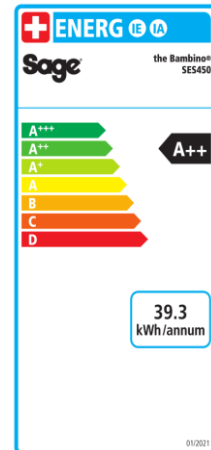
It was with this in mind that BRG helped pioneer a printed thick film heater for coffee makers (ThermoJet) that heats up instantly and delivers precise temperature control using a significantly less energy than traditional methods.

BRG espresso machines fitted with a ThermoJet heater:

- Use approximately 2.5 times less total energy during normal use than a BRG thermocoil machine, 6.6 times less energy than a BRG dual boiler machine, and 21.8 times less energy than a traditional boiler machine; and
- Save between 49 to 230 (kWh) per Thermojet machine vs. a thermocoil or dual boiler machine respectively.

We believe that this is one of the most significant climate-friendly innovations in small kitchen appliances in the last decade and it forms a key part of our path to reduce our in-use energy consumption. The technology scores an A rating in Swiss Energy Ratings for energy savings compared to a B or C rating for thermocoils and a D rating for boilers.

ThermoJet – a significant innovative impact on reducing CO₂ emissions



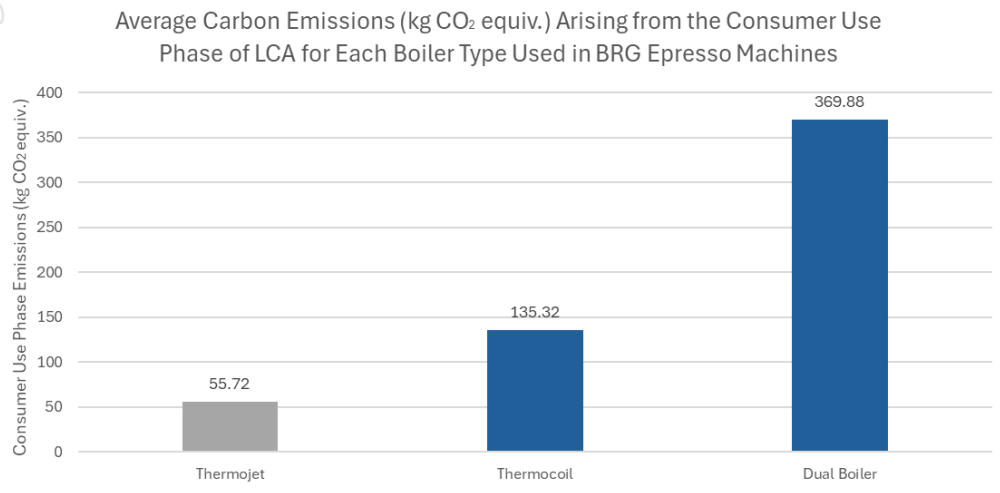
By examining detailed LCAs for different types of espresso machines we can see the difference between the carbon emissions from each type of boiler, with ThermoJet significantly lower than the alternative technologies.

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1.3 Energy efficiency initiatives cont'd



*Modelled using LCAE

BRG has embraced this energy efficient technology;

- Doubling the number of machines sold using a ThermoJet from FY20 to FY24 reaching over 677,000 in FY24;
- Increasing the percentage of BRG coffee machines using ThermoJet from 43% in FY20 to 53% in FY24
- Reducing the proportion of coffee machines using Boilers to 3.6% in FY24, down from 5.9% in FY20;
- All new BRG coffee machines launched in FY24 and 78% of new models currently under development use a ThermoJet;
- Based on units sold in FY20-24 the adoption of the ThermoJet technology is estimated to have saved approximately 1,104 million kilowatt hours (kWh) of lifetime electricity used against an equivalent range of thermocoil machines, and 4,402 million kilowatt hours (kWh) against a range of dual boiler machines. Both estimates based on assumed annual consumer usage and a 7-year lifecycle;
- Assuming 0.386 kgs of CO₂ was generated per kWh (sourced from US Energy Information Administration) BRG's transition to ThermoJet heaters over FY20-24 is estimated to have saved between 426,346 and 1,700,856 metric tonnes of CO₂ over the lifetime of the machines sold.

This progress reflects a significant, and innovative, contribution to our energy efficiency and emissions reduction journey. Looking forward, BRG remains committed to have at least 75% of our new coffee machines sold in FY28, and launched since 2020, using ThermoJet or equivalent technology.

This is a key, material and measurable initiative and target for our Emissions reduction ambition (see page 26).

1.4 Sustainable design, repairability and end of life

Our LCAs also highlight an emissions reduction opportunity from reducing key material usage, notably plastics and metals, in our products' manufacturing phase.

Our design and engineering teams are continually working to optimise the strength and weight of materials used in our key machines to reduce material consumption whilst maintaining desired quality, using Finite Element Analysis (FEA), Computational Fluid Dynamics (CFD), Design for Manufacturing studies (DFM), as well as Failure Mode and Effect Analysis tools (FMEA).

To complement this approach, our R&D team has completed the discovery phase of its Forever Project with the objective of identifying the most impactful design changes BRG could undertake to materially reduce the per unit carbon impact (Scope 3 emissions) of the products it designs and engineers. This phase of the project was undertaken by the strategic business unit of Design and Innovation known as 'deep dive', which is responsible for many of the innovations in our award-winning products.

The primary consideration of the project was to examine how circular economy principles could deliver sustainable outcomes for the environment whilst delivering elevated customer experiences and ongoing strong commercial growth. The project resulted in a detailed paper containing several promising avenues that were reviewed for priority, investment and action. An initial project has been moved into the next phase of the innovation funnel, the exploration phase, beginning in FY25.

Material usage emissions impact can also be reduced by extending the lifecycle of our products. BRG already sells key spare parts, filters, and cleaners for our most popular appliances to help extend their lifecycle. Baratza goes further, with its grinders explicitly designed to be user repairable. This approach is mirrored in the newly acquired Lelit business with repairability a key part of the brand identity and driver of consumer choice. In core BRG ranges a 'serviceability index,' has been introduced, to track and encourage repairability as a design criterion in new products.

Directors' report continued

Operating and financial review continued

ESG report continued

1.5 Sustainable packaging

Packaging materials constitute only an estimated 0.7% of our emissions impact but are important to our customers and employees, and this is an area where we are making rapid and significant progress.

We are a decade-long member of the Australian Packaging Covenant Organisation (APCO) and have entered into a voluntary agreement to reduce the impact of packaging on the environment. In FY24 our comprehensive packaging audit was extended to include all new SKUs to support the rapid roll out of key developments in recyclable packaging across all existing as well as new products.

BRG's key sustainable packaging commitments are:

- All packaging to be reusable, recyclable or compostable by end 2025 (aligned to APCO target);
- Removal of expanded polystyrene (EPS) from consumer packaging by July 2025; and
- Removal of non-essential packaging (ongoing target), for example the combination of shipper and inner display box.

In 2023 BRG launched the company-wide Sustainable Brown Box initiative to achieve best-in-class sustainable packaging including use of a recyclable outer box, the complete removal of EPS and minimal use of soft plastics.

The 'Brown Box Project' was formed with the intention of creating premium packaging using only materials that are kerbside recyclable. We are currently on track to have all EPS removed from the Australian market by the end of H1 FY25 and we continue to seek a suitable replacement for LDPE (Low Density Polyethylene) bags.



- 2x water-based printing inks
- Standard offset printing
- Process recyclable printed sticker
- Recycled & recyclable printed sticker
- Recycled & sustainable protective pulp
- 2 brand versions



- Full CMYK colour printing
- Standard offset printing
- Process spot UV plastic highlights
- Matte plastic coating
- Protective polystyrene foam
- 4 regional versions

Moving forward the priority is the removal of EPS globally from all product packaging with ANZ packaging configurations being rolled out across all countries and a further 20 products, not sold in ANZ, now being redesigned. Upon completion of this project, no BRG product packaging will incorporate EPS.

1.6 Waste diversion

All recyclable waste streams generated at our Sydney headquarters and global R&D centre are diverted from landfill. This means that our co-mingled recycling, organic, paper and cardboard, e-waste, and EPS waste are all disposed of in a sustainable way. Soft plastics remains an area of challenge and one where we continue to look for a recycling partner.

During FY24, BRG produced a total of 43.5 tonnes of waste, 21.3 tonnes (or 49%) of which was recycled. In FY25 the main priority in this area will be to continue to develop and implement initiatives designed to further reduce waste being sent to landfill.

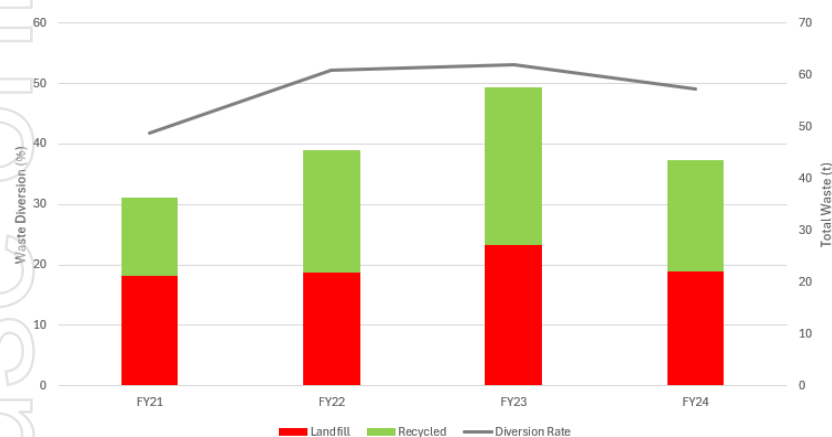
Directors' report continued

Operating and financial review continued

ESG report continued

1.6 Waste diversion cont'd

Total Waste Produced at Global Head Quarters and R&D Centre from FY21 to FY24 with Diversion Rate



*Data sourced from waste providers Remondis and Sircel

The following targets have been set and are monitored by the Sustainability Committee. Since FY24 they also form a part of the LTI (long term incentive) targets for management (see the Remuneration report pages 37 to 38 for more detail).

Key Areas	Metric	Target	FY24 Status
Scope 1 & Scope 2 emissions	MT CO ₂ eq.	Net Zero in FY25.	On track 1,116 MT CO ₂ eq. emitted in FY24. With good progress in solar, energy efficient lighting and green energy, and an offsetting strategy, we are confident of reaching net zero in FY25. Refer to page 20 above for more detail.
Scope 3 emissions	MT CO ₂ eq.	Robust auditable Scope 3 measurement methodology in place allowing ASRS compliance and fact-based prioritisation of reduction initiatives.	On track 62.5% of products sold in FY24 modelled using LCAE. Scope 3 product emissions estimated and reported as 1,352,563.74 MT CO ₂ eq. including biogenic carbon for FY24. Expansion of methodology to cover all 15 GHCP Scope 3 categories underway to allow empirically based reduction targets to be set in future periods. Refer to pages 20 to 22 above for more detail.
Energy Efficiency	% of espresso machines using ThermoJet or comparable technology	75% of espresso machines sold in 2028, (and launched since 2020) to utilise ThermoJet or comparable technology.	On track In FY24 68% was achieved and 100% of machines launched in FY24 utilised a ThermoJet.
Packaging	% reusable, recyclable or compostable.	100% by end of CY 2025.	On track Sustainable Brown box initiative has been launched. Roll out globally should deliver target by end of CY 2025.
Waste Generation	% waste produced that is recycled.	65% to be recycled by 2026.	On track 49% recycled in FY24.

Directors' report continued

Operating and financial review continued

ESG report continued

2. Ethical sourcing – human rights and modern slavery

Ethical procurement

The Group conducts its business in a socially responsible manner. This includes upholding consistently high ethical standards in our procurement decisions and processes. The consumer facing nature of BRG, and the importance of this issue to our stakeholders ensures that this is a key focus issue within our operations.

Our Ethical Sourcing Policy sets out our requirements for our manufacturing partners and sub-contractors including compliance with the protection of human rights and all local and international labour and employment laws, and generally ensuring a safe and fair work environment.

All our suppliers are required to sign and are held accountable to adhere to this policy. Ensuring compliance with the policy, and the highest ethical standards, is the responsibility of our Chief Operating Officer, who also manages the overall commercial relationship with suppliers, supported by our General Manager Quality who has frequent interaction with the suppliers via their QA team and procedures.

Human rights and modern slavery

BRG respects and upholds the Universal Declaration of Human Rights through its sound business activities. Our suppliers, bound by our Ethical Sourcing Policy, are required to do likewise to partner with us. This includes upholding the following human rights in their operations:

- Freedom from discrimination
- Freedom from slavery or servitude
- Freedom of movement
- Freedom of expression
- Freedom of thought

The Group's Code of Conduct for employees is predicated on the same principles. BRG is bound by the requirements of the Australian Modern Slavery Act 2018 (Cth), the United Kingdom's Modern Slavery Act (2015), the California Transparency in Supply Chain Act 2010 and Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act. Our Modern Slavery Act Statement is published on our website (<https://brevillegroup.com/corporate-governance/>) and the Australian government platform. The actions we are taking to identify and address modern slavery and human trafficking risks in our operations and supply chains corroborates our commitment to our Ethical Sourcing Policy.

The nature of our manufacturing, requiring high end, well trained and skilled assembly, rather than low skilled transitory labour, reduces the likelihood of any zero tolerance violations such as forced or child labour issues. There is, however, no complacency on this risk. Our frequent onsite visits provide visible reassurance that standards are being applied in practice, which we then systematically confirm through independent audits conducted by SMETA.

The Group's products are largely manufactured in the Shenzhen area of southern China with long-term manufacturing partners, many of whom we have partnered with for well over 20 years. Our long-term relationships with our partners are collaborative in terms of bringing innovation projects to commercialisation. This fosters a close understanding of each other's businesses. We represent a significant part of several of our manufacturing partners' businesses, giving us influence over adherence to expected standards.

We aim to give our suppliers reasonable advanced visibility of future volumes and pricing to avoid the types of business pressures that may encourage unethical behaviour. Our portal allows suppliers to view future purchase orders by SKU for a rolling one-year period, enabling our suppliers to have adequate lead time to scale production up and down, including the scheduling of labour. In addition, fair pricing is continuously monitored throughout the fiscal year by measuring currency, commodities, and capacity utilisation.

We regularly visit our partners' plants and obtain direct reassurance of how the plants are run. Our engineering teams make frequent visits to the plants during the commercialisation phase on innovation projects. Our Chief Operating Officer and operations teams normally make plant visits 3-4 times per annum to review operational plans and, critically, our quality assurance teams make plant visits on a weekly basis to quality assess and release production batches.

These visits are both frequent, and at times, unscheduled. We have consulted with IAST (Investors Against Slavery and Trafficking) and are seeking guidance on a simple awareness list to increase the effectiveness of these visits in identifying potential human rights issues, even if that is not the primary purpose of the visits.

To support our regular internal observations, BRG commissions SMETA Audits (Sedex Member Ethical Trade Audits) conducted by AACs (Affiliate Audit Companies) which comprehensively cover four pillars: labour standards, health and safety, the environment and business ethics.

Directors' report continued

Operating and financial review continued

ESG report continued

2. Ethical sourcing – human rights and modern slavery cont'd

In FY24, 21 audits were completed, and we increased our target to ensure that audits cover suppliers that contribute at least 75% of BRG's total order volume. We will always cover our biggest suppliers annually and seek to cover the majority of smaller suppliers on a rotational basis. These audits will comprise both those commissioned by the Group, along with those available to us on the Sedex platform as part of our ongoing membership.

Detailed audit reports and findings from the SMETA audits are received and reviewed by our General Manager Quality and COO. The severity of any non-compliance, and hence rating of the vendor, is reviewed, and any that do not meet our internal 'baseline' standard are placed into a 'below standard' category and are actively monitored until the non-compliance is addressed, normally within three months. Issues are resolved through direct engagement with the manufacturing partner and remediation is monitored by the General Manager Quality until satisfactorily remediated. A zero-tolerance matter such as modern slavery would result in us severing the relationship. As a matter of policy, BRG, and its supplier base, do not source products or components from the Xinjiang region.

FY2024 SMETA Audit Scorecard

	FY24	FY23
Audits Completed	21	12
Zero Tolerance	0	0
Critical Issues	12	9
Other Issues	96	182
Total Issues Raised	108	191

We are working closely with our suppliers to address any remaining non-compliances found in the FY24 audits and especially critical issues that typically centre around the level of overtime worked by some employees in the supplier plants.

All finished goods we are selling under Breville|Sage brands in the European Union, UK, and South Korea also comply with European RoHS legislation banning substances of concern. Furthermore, the Group ensures all parts and materials meet the food contact safety / REACH requirements.

3. Product Quality and Safety including Product Recall

BRG's reputation with consumers for innovative, high quality and safe products underpins our sustainable growth.

To protect this hard-earned reputation, BRG adheres to rigorous quality standards during design and production and has clear consumer focused protocols for product recalls.

BRG has a comprehensive quality regime to ensure that its products are safe and compliant with all labelling requirements. In addition to fulfilling all compliance and regulatory standards on product safety in our various markets, we implement additional safety requirements that exceed our legislative obligations. Rigorous safety standards are a critical marker of our approach to product development.

In approving all new products, we use the European Union's Rapid Exchange of Information System (RAPEX) analysis to estimate severity of harm and the related probability of occurrence of harm for any failure point of a product. This allows us to better understand the impact of potential product failures on our customer base and how to rectify / design these out of the product before they occur. BRG also maintains a rigorous Quality Assurance and Control program for our products that includes Pre-Shipment Inspection (PSI) of products before they leave the factory, as well as System and Process audits. A zero-tolerance approach to quality and safety within the Quality Assurance and Control programs gives us a high degree of confidence that the products shipped and sold to customers are free from safety-related defects. Our quality team is in our partners' factories daily qualifying the manufacturing processes and products before shipment.

Our General Manager Quality also monitors all returns and warranty claims, as well as any specific customer complaints, to identify and rectify any quality issues and identify any trends in quality. These are reported to the CEO and CFO monthly or immediately in the case of a serious issue.

Customer safety is a non-negotiable core responsibility of the Group.

For any alleged or actual injury to a consumer sustained through using one of our products, we follow the ACCC guidelines (or relevant regulatory framework in the affected market). If our customer care team receives a claim that a product has caused an injury requiring third party medical treatment, we lodge it with regulators within two days of notification. If later investigations show that treatment did *not* result from product failure, we contact the regulator, and the report is rescinded.

Directors' report continued

Operating and financial review continued

ESG report continued

3. Product quality and safety including product recall cont'd

Product failures caused by the manufacturing process or components are treated on a case-by-case basis. If a pattern is identified, we contact the regulator that issued the approval certificate to discuss the matter where appropriate.

Product recall

If potential for harm, arising from a BRG product, is identified, then a recall protocol may be triggered and recall procedures appropriate in each territory are started. These are accompanied by a vigorous all channel consumer communications approach.

The last product recall was on 7 November 2016.

All historic product recalls remain online on key websites and can be viewed at:

- <https://kambrook.com.au/pages/recall>
- <https://www.breville.com/au/en/support/Recall.html>
- <https://www.productsafety.gov.au/recalls>

4. Community relations

4.1 Community engagement

BRG recognises that the health and wellbeing of the communities we serve is directly linked to ongoing success of our business. In FY24, we partnered with several not-for-profit organisations on a range of initiatives including:

- *STEPtember* – in support of the Cerebral Palsy Alliance, 189 employees undertook 45,399,236 steps and raised over \$11,000.
- *Reconciliation Week* - CEO of Reconciliation NSW, Tristan Tipps-Webster, led an insightful discussion at our head office.
- *Clean Up Australia Day* – employees volunteered their time to clean up the corporate park where our head office is located.
- *Oz Harvest Food Drive* - BRG held a second annual Oz Harvest food drive helping people in need in our local community.
- *Volunteer Day Policy* – employees are encouraged to spend one day per year to support local charities of their choice.

BRG refrains from making any political donations and any engagement with its communities explicitly excludes those affiliated to any political cause.

4.2 Reconciliation Action Plan (RAP)

In FY24 we continued our efforts on reconciliation and engagement with the Aboriginal and Torres Strait Islander communities within Australia via our RAP, and the continued roll out of the Aboriginal Culinary Journey (ACJ) collection across the globe. Our charity partners, who receive 100% of our profits from the sale of this range, include the National Indigenous Culinary Institute, the 'Indi-Kindi Program' by the Moriarty Foundation and University of Technology Sydney (UTS) where we fund three scholarships, creating pathways for employment of Aboriginal Australians and Torres Strait Islanders in engineering, technology, and design. We are also committed to providing internship positions within BRG to support the students' transition from study to work.

Our progress is guided by an Advisory Council of elders and community stakeholders that provides the Breville RAP Working Group with advice and information on equity issues facing Aboriginal and Torres Strait Islander communities. More information on these initiatives, and our Reconciliation Action Plan, can be found on the Breville Group Corporate website

<https://brevillegroup.com/corporate-governance/>

5. Employee wellbeing

BRG promotes a safe, inclusive and healthy working environment for all employees, which we believe is core to our growth and sustainability as an organisation.

5.1 Diversity and inclusion (D&I)

BRG's approach to D&I is informed by its Diversity and Inclusion policy published on our corporate website in the corporate governance section of the Company's website: <https://brevillegroup.com/corporate-governance>

BRG believes that diversity includes differences in perspectives, thoughts, interests, and ideas; and that inclusion means ensuring that all employees are valued, heard, recognised, engaged, and involved at work, and have opportunities to collaborate, contribute, and grow professionally in line with our business objectives. BRG works towards gender balance through:

Directors' report continued

Operating and financial review continued

ESG report continued

5.1 Diversity and inclusion cont'd

- representation of women on the Board;
- representation of women in Senior Executive roles including succession planning;
- issuance of the BRG equal opportunity statement to recruiting agencies;
- explicit requirement of recruiting agencies to provide a gender balance in shortlisted candidates for interview; and
- flexible working arrangements where operationally appropriate.

BRG complies with the (Australian) Workplace Gender Equality Act, which requires the submission of an annual report on gender diversity practices and metrics. We do not tolerate any form of discrimination across our diverse employee community.

Globally in FY24, our Board was 33% female (or 37.5% of NEDs), the percentage across the whole organisation was 46%, with managerial roles at 36% percent and senior executive roles at 34%.

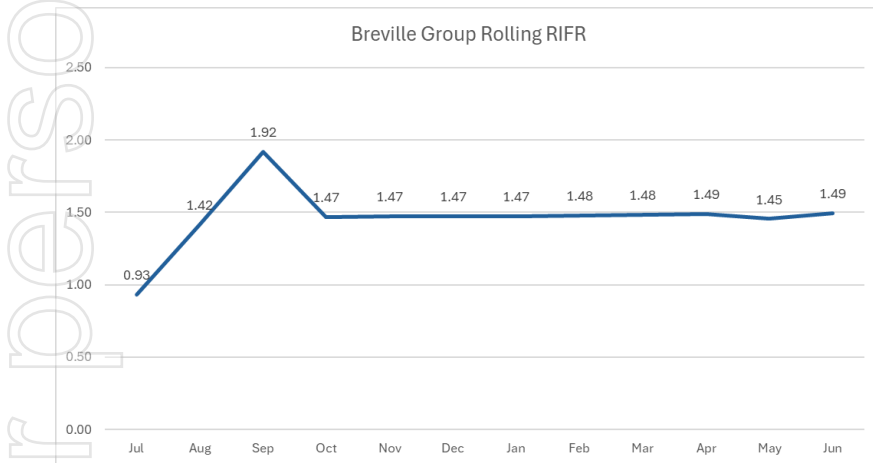
Our Diversity and Inclusion program provides continual recognition and educational activities including:

- *International Women's Day* – with guest speaker Mary Mauro (CEO of Sevensgrams);
- *Diwali, Eid and Lunar New Year* - office celebrations and education opportunities;
- *Men's Health Week* – personality Steve Willis delivered a talk on the importance physical and mental health; and
- *Nova Employment Services* – BRG partners with Nova to help people living with a disability find employment.

While we do not maintain specific quotas for individual facets of diversity, we continue to apply principles of equity and social justice to achieve equal employment opportunities for talented individuals of all backgrounds and cultures. We celebrate achievements and we endeavour to promote continued improvement. Our approach to Board diversity is noted in Section 6.1 below.

5.2 Health, safety and wellbeing

Ensuring a healthy and safe workplace is critical to our ongoing success as a growing business, and we strive for continuous improvement and consistency in our wellbeing and safety practices. A Group Health, Safety and Environment (HSE) Advisor oversees our global HSE systems, procedures, and compliance. The Workplace Health and Safety Committee (WHSC) is accountable for the Group's health and safety standards, rules, and procedures.



recordable injuries per million hours worked

In FY24, BRG employees worked 2,007,367 hours with 3 recordable injuries, one of which was a lost time accident. The Board receives monthly updates on key incidents and initiatives as well as safety KPIs.

BRG has an internal health and wellbeing program, branded 'Nourish', with FY24 initiatives including the following:

- *RUOK? Day* – presentation from Craig Hamilton, author and campaigner for mental health;
- *BRG Day* – a day off for all employees globally, to spend time with their friends and family free from work interruption;
- *Mental Health First Aiders* – mental health first aid training delivered through mental Health First Aid Australia;
- *Flu Vaccinations* – on site free influenza vaccinations for employees;
- *Response for Life* – two training sessions for employees addressing both general first aid and CPR; and
- *Employee Assistance Program (EAP)* – all global employees and their families now have access to EAP services.

Directors' report continued

Operating and financial review continued

ESG report continued

5.2 Health, safety and wellbeing cont'd

To promote work-life balance, BRG offers:

- *Flexible Work Policy* – allowing greater choice around work locations and hours and part time employment;
- *Technology* – allowing greater flexibility of work locations, supporting work efficiency without compromising personal time;
- *Paid Parental Leave* – 12 week paid parental leave in countries where this is not already provided by the state; and
- *Summertime Hours* – allowing extended hours during the week and an earlier finish on a Friday.

6. Corporate Governance

BRG is committed to high standards of corporate governance and delivers this through culture, demonstrated behaviours, effective risk management systems and policy.

The Company's governance framework is supported by its constitution, Board and committee charters and a suite of group governance policies, statements and guidelines which are available in the corporate governance section of the Company's website <https://brevillegroup.com/> and are listed in full in the Company's Corporate Governance Statement on page 60.

All documents within the Group governance framework are reviewed and refreshed periodically having regard to legal and regulatory requirements, the Company's operating environment and best practice governance standards.

6.1 Board independence and diversity

BRG maintains a majority independent Board and is steadily evolving its composition to benefit from diversity in all its forms.

The percentage of women on the Board was 33%, or 37.5% of NEDs. For an outline of the relevant skills, experience and expertise held by each director in office at the time of writing, please refer to pages 6 to 8 of the Directors report.

The Board regularly assesses the independence of each of its Non-Executive Directors in accordance with its 'Criteria for Assessing Independence of Directors'. Timothy Antonie, the Chair of the Board, and Sally Herman, are not independent due to their affiliation with a major shareholder. Lawrence Myers, Deputy Chair, is the Lead Independent Director. The members of the PPRNC and the ARC are all considered to be independent.

More detailed information regarding the Board's structure and composition, including Director independence, is included on pages 60 to 64 in the Corporate Governance Statement.

6.2 Sustainability governance and reporting

The Board has ultimate responsibility and oversight of the Company's sustainability strategy. It discharges this responsibility with the support of the Sustainability Committee, the ARC and the PPRNC, to which it has delegated certain ESG responsibilities.

The Sustainability Committee is responsible for overseeing and monitoring the development and implementation of the Company's sustainability strategy, policies, initiatives and climate related disclosures. The Committee is chaired by Peter Cowan. An executive sustainability team, led by the General Manager Sustainability, supports the Sustainability Committee and is accountable for initiative prioritisation, funding, monitoring legislative and regulatory developments and coordinating initiatives led by the various functional teams including Design and Engineering. A sustainability tracker covering progress on key initiatives and metrics is reviewed at each Sustainability Committee meeting.

The Audit and Risk Committee includes climate risk as an enterprise level risk as well as amplifier for several other material business risks in its enterprise-wide risk mapping and mitigation process. The risks, opportunities and mitigants identified against the two key climate scenarios (detailed on pages 17 to 19) directly inform this enterprise level risk assessment.

The PPRNC in turn has oversight on HSE, diversity and inclusion, and community related topics.

All three Board Committees receive regular briefings and updates by the executive sustainability team and functional leads. The Committee Chairs report to the full Board on material matters addressed after each meeting with all Directors receiving the minutes of Committee meetings.

7. Corporate Behaviour

The BRG Board encourages a positive corporate culture across the Group valuing honesty, openness and integrity. This is reinforced through visible leadership, policies, and a demonstrated risk appetite including zero tolerance issues.

The Company's published values are represented in the acronym, **CREATE** which can be seen in the "About" section of the corporate website <https://brevillegroup.com/our-values/>

Directors' report continued

Operating and financial review continued

ESG report continued

7.1 Anti-bribery and corruption, and whistleblowing

The high standards of ethical behaviour expected across the Group are laid out in the Code of Conduct <https://brevillegroup.com/corporate-governance/>

Bribery and corruption is a 'zero tolerance' issue and unacceptable under all circumstances. The Anti-bribery and Corruption Policy and Code of Conduct prohibits all personnel from engaging in any activity that constitutes bribery or corruption or involves improper inducements or payments. To ensure that these values and the Policy are properly adhered to, the Group has appointed an Anti-Bribery Compliance Officer who is responsible for monitoring the application of this Policy.

In addition, the Company has a Group Whistleblower Protection Policy, which seeks to ensure the safety and appropriate protection from recrimination of any employee reporting a breach of the abovementioned corporate conduct policies.

7.2 Cyber security and data privacy

Cyber security and data privacy are ongoing challenges. Cyber-crime-for-profit appears to escalate every year.

In response our Technology Services (TS) team continues to work to strengthen our cybersecurity and privacy programs globally, including alignment with the NIST Cybersecurity and Privacy frameworks. We have established cross-country governance bodies for both Cybersecurity and Privacy to support and guide the technical services team in this challenge.

All BRG staff are required to complete an annual cybersecurity awareness training with specific security training for our software development teams globally. The TS team continue to test overall security awareness via planned phishing campaigns identifying weaknesses and opportunities for further training.

In FY24 we completed several rounds of penetration testing, vulnerability assessments, PCI audits and external reviews of some of our key environments to assess their ongoing security readiness. Our ransomware response playbook was updated following a ransomware cyber simulation exercise with the Board and senior executives.

With respect to personal data, our privacy platform (OneTrust) is used to map data relationships across our systems and to meet the ongoing compliance obligations around the world. This platform allows us to track and respond to privacy queries from consumers and partners and act accordingly.

Cyber security and data security remain areas of ongoing threat and continual vigilance.

7.3 Policy availability

All Group policies, including those referred to in this ESG Report, are publicly available in the corporate governance section of the company's website (www.brevillegroup.com) and listed on page 60 in the Company's Corporate Governance Statement.

Directors' report continued

Operating and financial review continued

Risk management

The company's risk management approach is discussed in the Corporate Governance Statement on page 66.

Dividends

The following dividends have been paid, declared, or recommended since the end of the preceding year.

	Cents per ordinary share	\$'000
Final FY24 dividend declared:	17.0	24,383
Dividends paid in the year:		
Interim FY24 dividend paid	16.0	22,949
Final FY23 dividend paid	15.5	22,231

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity that occurred during the year that have not otherwise been disclosed in this report or the consolidated financial statements.

Annual general meeting (AGM) and Director nominations

The Group currently plans to hold its Annual General Meeting (AGM) in person on 7 November 2024.

In accordance with the Company's constitution and ASX requirements, the closing date for the receipt of Director nominations from persons wishing to be considered for election is 18 September 2024 (at least 35 business days prior to the AGM).

Should the nomination of a person for election be made by a Director, the closing date for the receipt of nomination is 23 October 2024 (10 business days prior to the AGM).

Directors' interests

As at the date of this report, the interests of the Directors in the shares or other instruments of Breville Group Limited were:

	Ordinary Shares	Unvested Rights
T. Antonie	43,791	-
L. Myers	163,000	-
T. Baxter	3,562	3,294
J. Clayton	277,903	492,961
P. Cowan	11,055	-
S. Herman	49,265	1,364
D. Howell	100,000	-
T. Rytälä	8,000	-
K. Wright	21,859	-

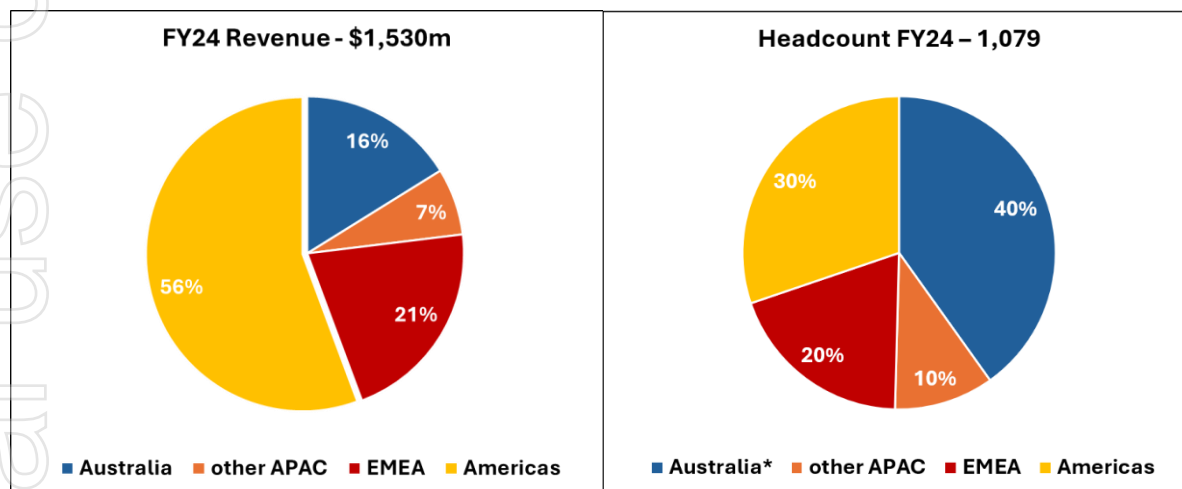
Directors' report continued

Remuneration report (audited)

The Directors are pleased to present the Group's Remuneration Report for the financial year ended 30 June 2024, which has been prepared in accordance with section 300A of the Corporations Act 2001 and has been audited by PwC as required by section 308(3c) of the Corporations Act 2001.

1. Remuneration Framework

BRG is one of a small number of ASX 200 listed companies that derives the majority of its revenue overseas. In FY24, 84% of BRG's revenues were generated overseas. This percentage has increased significantly over the last nine years, and the Directors expect this trend to continue given the significant international expansion opportunities in existing, and new, geographies. The Americas is by far BRG's largest market with 56% of total sales in FY24. As at 30 June 2024, 60% of Breville's employees were based overseas. This is again expected to increase as new market entries are pursued.



*Australia includes global R&D facility and headquarters

To ensure sustainable growth over the medium to long term BRG must continue to attract high performing leaders in major international markets including the United States. The United States remuneration market practices place a greater emphasis on at risk opportunities than in Australia and make use of longer-term rewards with significant equity grants commonly used for talent attraction and retention.

The People, Performance, Remuneration and Nominations Committee (PPRNC) reviews and recommends Executive and employee remuneration arrangements each year to the Board. Our remuneration framework is designed to support the achievement of strategic goals and sustained growth in shareholder value following our overall philosophy of linking remuneration to performance. To be globally competitive, and effective in retaining and motivating our leadership group and employees in each major market, we also need to be locally competitive. From time to time the committee may engage external remuneration consultants to assist with their review.

Key principles that guide the remuneration framework include:

- Fair and competitive** Provide appropriate reward and package structures to attract and retain high calibre employees for an international and growing business. Market benchmarks are used, and include domestic and international peers, depending on the role being evaluated.
- Simple** Clear, visible, and calculable reward linked to sustained company performance and shareholder value creation. Wherever possible Executives will be aware of the status of their incentive achievement mid-period.
- Aligned to strategy** Reward linked to achievement of strategic goals and sustainable performance of the company.
- Shareholder aligned** Reward explicitly linked to short and long-term shareholder value creation.
- Sustained delivery** Reward balanced to optimise long, medium, and short-term performance.

Directors' report continued

Remuneration report (audited) continued

1. Remuneration Framework cont'd

In implementing its remuneration framework and ensuring proper oversight, the committee:

- sets compensation to motivate and retain a high performing global team in line with shareholder interests;
- has regard to the remuneration structures within the geographic regions in which it is competing for talent;
- encourages an increasing level of Executive shareholdings, in excess of minimum shareholding guidelines;
- aligns interest of shareholders and Executives via increasing use of share-based payments;
- retrospectively discloses all performance hurdles and calculation of award and payments made to ensure transparency;
- encourages increased variability of pay linked to short and long-term performance;
- rewards sustained long-term performance; not just single year peak performance;
- utilises measurable and shareholder relevant targets; and
- retains Board discretion over the level of any award.

In establishing the remuneration arrangements each year, the Board and PPRNC specifically reviews the proportion of the fixed compensation and variable at-risk compensation (potential short-term and long-term incentives) and the percentage of share-based payments that the Executives are receiving.

The Board aims to steadily increase variable at-risk remuneration, and especially share-based and longer-term performance-related remuneration.

2. Linking pay to performance

The Group's remuneration principles and framework aims to align Executive remuneration to the Group's strategic and business objectives, sustained business performance and the creation of sustainable shareholder value.

The key measures that are used in Executive KMP incentive plans are measurable, verifiable, and well aligned to shareholder value creation.

- **Group Revenue** - A measure of the Group's success at growing the scale and scope of our operations. An auditable IFRS measure of marketplace success.
- **EBIT** - Earnings before interest and tax is a well-recognised measure of the Group's performance and ability to generate cash to fund growth and distribute dividends. It is well defined and measurable. EBIT is preferred to EBITDA given the strategic importance of investment in new product development and associated amortisation costs.
- **PBT** - Profit before tax is EBIT after accounting for the financing costs of the business and is also a well-recognised measure of the Group's performance and ability to generate cash to fund growth and distribute dividends. It is well defined and measurable, and in a period where the Group has a level of debt, it is an alternative to EBIT.
- **TSR** - Total Shareholder Return is a measure of share price appreciation, and dividends paid, expressed as a % of the opening share price. The Group measures both its own absolute TSR and its relative TSR, which compares the Company against a defined group of peers.
- **Strategic Priorities**. Objective measurement of the Group's success against Board approved pre-determined strategic priorities to generate long term sustainable growth.

Table 1 below shows the Group's revenue, profit, share price and TSR performance over the last 5 years.

Over these 5 years revenue has doubled, EBIT has grown by 13.8% compound annual growth rate (CAGR) per annum and \$1.7bn has been added to market capitalisation as the share price has grown by 66% or 10.7% CAGR per annum.

STI has varied year by year with short term performance, but LTI has consistently been earned at high levels, showing a strong alignment between Executive reward and these strong long-term share price gains and shareholder returns.

Directors' report continued

Remuneration report (audited) continued

2. Linking pay to performance cont'd

Table 1: Five Year Group Performance (\$m)

Year ended	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Group Revenue	760.0	952.2	1,187.7	1,418.4	1,478.6	1,530.0
Revenue Growth	17.5%	25.3%	24.7%	19.4%	4.2%	3.5%
Revenue CAGR (5 Year)						15.0%
Group EBIT	97.3	97.7	136.4	156.4	172.0	185.7
EBIT Growth	12.0%	0.4%	39.6%	14.6%	10.0%	8.0%
EBIT Growth CAGR (5 Year)						13.8%
NPAT	67.4	63.9	91.0	105.7	110.2	118.5
Earnings per share (cents)	51.8	48.8	65.8	75.9	77.2	82.7
EPS Growth	15.2%	(5.8)%	34.8%	15.4%	1.7%	7.1%
EPS Growth CAGR (5 Year)						9.8%
Total dividends per share (cents)	37.0	41.0	26.5	30.0	30.5	33.0
Share price at 30 June (\$)	16.36	22.76	29.87	17.99	19.94	27.14
Share Price Change	-	39.3%	31.2%	(39.8%)	10.8%	36.1%
5 Year share price change CAGR						10.7%
1 Year TSR	-	41.5%	32.6%	(38.8%)	12.4%	37.7%
5 Year TSR						77.7%
Average STI as % Maximum Opportunity	76.0%	0%	100%	100%	58.2%	100%
Percentage of Executive LTI performance rights that vested/will vest related to schemes maturing in the year	100%	100%	100%	91.9%	92.5%	100%

FY24 Incentive Outcomes

STI award: 100%

STI for FY24 will be awarded at 100% of potential (pcp 58.2%). Under the Group scheme, STI is only funded after the target EBIT has been delivered in full. The design of the scheme ensures that shareholders are rewarded first. In FY24 target EBIT was set at \$185m representing 7.5% growth over the pcp. This was in line with the top end of guidance given in February 2024. A pre-STI EBIT of \$205.7m was achieved, or \$185.7m post a potential 100% STI award of \$20m. 20% of the award was also subject to a second hurdle of delivering inventory reduction targets (reducing inventory to below \$365m). With actual inventory finishing at \$333m this hurdle was met and thus STI was awarded at 100%.

LTI vesting: 100%

A single tranche of LTI performance rights (FY22) were tested at 30 June 2024 and will vest at 100% in August 2024:

The targets for this tranche of rights were set in July 2021, when in response to the continuing uncertainty over relative asset values during the Covid pandemic the Board moved LTI targets for the FY22 and FY23 LTI grants to internal performance measures.

Targets set for this tranche (FY22) were a max and min revenue growth target and an EBIT gate of 10% growth per annum for 3 years (equivalent to FY24 EBIT of \$181.6m) to ensure that the quality of revenue growth was maintained. Revenue growth targets were set in July 2021 with the real possibility of a boom-and-bust Covid revenue cycle, so they were calibrated over a 5-year period from the pre-Covid year of FY19. 100% vesting was to be awarded for a 13% 5-year revenue CAGR and 50% for an 11% 5-year revenue CAGR, with zero% to be awarded for lower than this minimum 11%.

Directors' report continued

Remuneration report (audited) continued

FY24 Incentive Outcomes cont'd

LTI vesting: 100% cont'd

- FY24 EBIT of \$185.7m represented a 3-year CAGR EBIT growth of 10.8% so the EBIT *gate was met*
- Revenue of \$1,530.0m achieved in FY24 represented a 15% 5-year CAGR over FY19 so a *100% vesting was earned*

Across the three-year period, a strong year of revenue growth in FY22 was followed by two slower, but positive years, with many peers seeing declining sales as consumers demand for small kitchen appliances retreated in the post Covid environment. In this decelerating sales environment, the EBIT growth gate proved challenging, with many of the Group's peers reporting EBIT declines as sales slowed. BRG managed Gross Margin and expenses well to continue growing EBIT across both the up, and down, of the revenue cycle.

FY25 Incentive targets

STI FY25

- FY25 STI award will be 100% based on achievement of a pre-STI EBIT target with any STI funded from over achievement of this target.

EBIT targets have been set with reference to the budget for FY25 for the Group. Given the commercial sensitivity of the STI EBIT target, consistent with past practice, it will be fully disclosed on measurement, and testing, in the FY25 Remuneration report.

LTI FY25

- In line with the prior year, the LTI scheme will use the Board's preferred LTI measure of relative TSR, combined with two other targets, to capture business performance and delivery of the Group's strategic priorities.

The vesting of FY25 LTI performance rights will be assessed in June 2027 based on three separate criteria:

- 50% of rights will vest based on relative TSR performance and the achievement of an absolute positive TSR gateway. Half of the rights will vest if the Group TSR is in the top 50% of the peer group, and all of the rights will vest if Group TSR is in the top quartile of the peer group, with a straight-line pro rata between these points. The peer group will comprise 108 listed companies made up of the ASX200 less miners and banks (103 companies) plus 5 international competitors in the kitchen appliance sector.
- 30% of performance rights will vest based on achievement of 3-year business performance targets with the unifying measure of PBT (profit before tax) chosen as the best measure of performance over a 3-year period. 50% of this tranche will vest based on achieving a minimum PBT target, 100% for reaching a maximum target with a straight-line interpolation between these points. The minimum target will represent reasonable growth over FY24, and the maximum target will represent the Board's view of good growth, judged against the current and expected economic backdrop. The targets will be amended for any significant impact arising from a change in accounting standards or acquisitions during the measurement period. For reasons of commercial confidentiality, the PBT targets will be disclosed in arrears in the FY27 Remuneration Report. The Board has a track record of setting stretch profit targets as part of the Group's financial plan.
- 20% of rights will vest based on the level of progress against key strategic priorities as judged by the Board. Zero rights will vest for limited progress, 20% for good progress and a sliding scale between these two. Evaluation of the progress achieved will be based on both quantitative and qualitative measures in the following strategic priority areas:
 - Sustained investment in the growth drivers of the business measured as an increasing percentage of revenue invested in New Product Development, Go-to-Market, Technology Services and Solutions over the three-year period from a base of 14.0% in FY24;
 - Progress with alternative sourcing to China measured as the volume of products sourced outside of China (e.g., Mexico, Asia, Europe);
 - Continued geographic diversification measured as an increasing % revenue made outside of UK, USA, Canada, Australia and New Zealand;
 - Acceleration of the solutions agenda largely measured in qualitative terms on the success of key initiatives launched; and,

Directors' report continued

Remuneration report (audited) continued

FY25 Incentive targets cont'd

LTI FY25 cont'd

e. Progress on the Group's sustainability agenda including reduction in the Group's emissions footprint driven by:

- increasing the energy efficiency of products (measured as percentage of espresso machines using Thermojets or similar technology with a mid-term target of 75% of post 2020 launched products by 2028);
- recyclability of packaging (measured as % of range using fully recyclable packaging);
- marked progress on reparability and recyclability of products; and
- Net Zero Scope 1 and 2 emissions from FY25 and a step reduction in measured Scope 3 emissions.

The use of these 3 criteria is intended to deliver a balanced view of business progress, with the largest weighting linked to TSR.

Measurement – The PPRNC is responsible for assessing performance against KPIs and recommending the STI and LTI to be awarded each year to the Board. To assist in this assessment, the Committee receives detailed reports on performance from management that are based on independently verifiable, and in most cases, audited data. An external specialist is always used to calculate and report on actual and relative TSR performance for use in LTI evaluation. In the event of fraudulent or dishonest misconduct, the Board reserves the right to deem any unvested rights to have lapsed.

3. FY25 CEO Remuneration Package

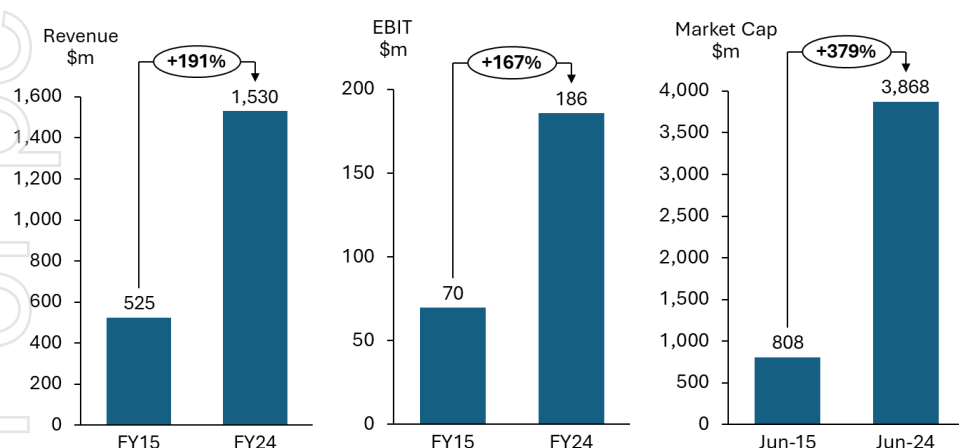
Jim Clayton joined Breville as CEO in July 2015 and joined the Board as Managing Director on 18th August 2021.

A review of the Group's financial performance over this 9-year period (shown below) clearly underlines that Mr Clayton has proven himself to be a transformative and high performing CEO who has delivered outstanding shareholder returns over a sustained period. He leads an international group, based in Australia, and has emerged as a proven, international growth CEO. He continues to set, and execute, a winning strategy for the Group against a range of significantly larger global competitors, delivering outstanding shareholder returns.

Under Mr Clayton's leadership BRG has delivered sustained, sector-leading performance. Over the 9 years since July 2015, BRG has grown revenue by 12.6% CAGR pa and EBIT by 11.5% CAGR pa while increasing our investment in R&D, marketing, technology and solutions from 9.3% of sales in FY15 to 14.0% in FY24. \$3.1bn has been added to the Group's market capitalisation with an over 4-fold increase in share price. Revenue, Gross Profit and EBIT have all grown every single year since FY2015.

These outstanding shareholder returns have been accompanied by an increased geographic diversification, with sales outside of Australia increasing to 84% of Group in FY24 from 61% in FY15 as the revenue of the Group has trebled. The expansion of the Americas and successful direct entry into Europe, Mexico and now South Korea has diversified the Group and has underpinned the consistency of this business performance.

Financial Performance during CEO's 9-year tenure[#]



[#] Jim Clayton joined as CEO in July 2015, so this CAGR represents returns in his tenure

Directors' report continued

Remuneration report (audited) continued

3. FY25 CEO Remuneration Package cont'd

In August 2024 (effective 1 July 2024) the Board finalised a new employment agreement with Mr Clayton which was announced via the ASX on 2 August 2024. This is the first change in Mr Clayton's package for three years, with the last changes announced in October 2021 being effective from 1 July 2021.

The new package was developed following an extensive external remuneration benchmarking exercise comparing BRG, and Mr Clayton's package, to three key peer groups:

- 55 companies in the ASX 80-140 ("ASX80-140")
- 22 international focussed ASX30-200 companies ("ASX International")
- 7 international Kitchen Appliance companies and 33 US based consumer companies ("International")

Given the international, and US weighting of BRG, its growing international complexity, and its geographic expansion ambitions, particular weight was given to the International group in designing an appropriate package.

Mr Clayton is a US citizen and conducts in person day-to-day business across our major international markets resulting in substantial periods abroad, particularly in North America. Mr Clayton's outstanding leadership over the last nine years has garnered increasing attention from international observers, including US listed companies, seeking new leadership. In response, the Board has developed a comprehensive package that not only recognises and rewards Mr Clayton's exceptional performance but also strengthens retention efforts, mitigating the risk of him being recruited by another international company.

The package was pegged in the bottom quartile of the International peer group, but still competitive enough to reward performance and encourage retention. This International peer group comparison also resulted in a strategic emphasis on share-based payments, including the use of long-term performance and retention (LTPR) rights to align pay and shareholder reward. Our analysis identified the substantial use of such time-based retention rights by international companies, and the majority of US companies, as a key component of long-term incentive awards.

As well as the performance during his 9-year tenure, the Board reviewed BRG's performance in absolute and relative terms over the three-year period since Mr Clayton's package was last adjusted. To understand BRG's relative performance the Board, with the assistance of an investment bank, selected 3 groups of listed peer groups for comparison – key competitors, key customers and high growth companies with substantial international sales.

In the three years to June 2024 Breville's absolute performance was strong with revenue up 29%, EBIT up 36% and NPAT up 30%. Despite the volatile global retail and economic environment, including trading through the Covid cycle, annual budget EBIT growth targets were achieved in each year.

BRG outperformed all key competitors / appliance companies, none of whom grew sales and profit over the three-year period and outperformed all but two companies in the wider comparator set.

This was achieved whilst continuing to invest in the medium-term growth drivers of the business: R&D, marketing and technology; developing a solutions offensive; acquiring and integrating Lelit; and geographically expanding into France, Spain, Portugal, Italy, Poland, Mexico, and South Korea thus further enhancing portfolio diversification.

Directors' report continued

Remuneration report (audited) continued

FY25 CEO Remuneration Package cont'd

3-Year Comparative Performance FY21-FY24



* Source: Publicly reported performance of listed companies compiled and compared by independent investment bank in August 2024.

- Key competitors - Listed international appliance companies (De'Longhi, Groupe SEB, Hamilton Beach, Whirlpool, Newell Brands, Traeger and Electrolux)
- Key customers - Listed international and Australian retailers (Williams-Sonoma, Best Buy, JB Hi-Fi, Ceconomy, Harvey Norman, Currys, and Myer)
- High growth international companies - (Yeti, TWE, Dominos, Cochlear, A2Milk, and ARB)

The Board believes that this benchmarked performance analysis further underlines the sustained shareholder value that Mr Clayton has driven over his nine-year tenure.

The Board is pleased to have secured Mr Clayton's ongoing leadership for the Group and considers the package appropriate reward for the value Mr Clayton brings to the Group.

Key aspects of the revised package include:

- An increase in annual fixed cash remuneration (including superannuation) from \$1,700,000 to \$1,850,000;
- An increase in maximum STI opportunity from 100% to 112.5% of fixed cash remuneration;
- Unchanged Fixed Deferred Remuneration with \$850,000 of rights to be issued each year with a 5-year vesting period;
- Unchanged maximum achievable LTI at 125% of cash base pay. Amount increases in line with cash base pay. LTI issued as performance rights with a 3-year performance and vesting period; and
- Long-term performance and retention (LTPR) rights: A one-off block of 200,000 LTPR rights, vesting into Breville shares on 31 August 2027, will be issued to Mr Clayton, subject to shareholder approval. Up to 100,000 rights will vest subject to performance against a 3-year Profit Before Tax growth hurdle and completion of the 3-year service term, and 100,000 rights will vest subject to completion of the service term.

In consideration for the above terms the Board achieved an increase in Mr Clayton's notice period (under his previous employment agreement it decreased to 6 months in October 2024) to 18-months until 28 Feb 2026, thereafter 12-months until 31 Aug 2027, and six months thereafter. For reasons noted above, the extended notice periods were a priority of the Board in securing Mr Clayton's employment agreement over the medium term.

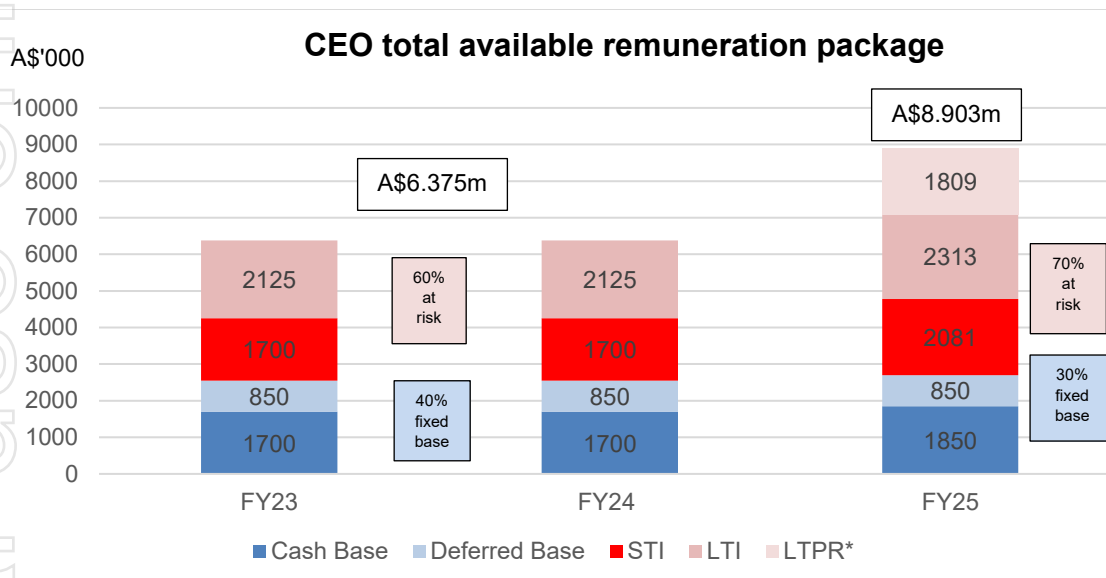
A 12-month non-compete restraint can also be activated at BRG's discretion. If enforced, Mr Clayton is entitled to a payment of his total fixed remuneration during the 12-month period following the cessation of his employment.

Directors' report continued

Remuneration report (audited) continued

3. FY25 CEO Remuneration Package cont'd

Mr Clayton's total available package in FY24 was \$6.375m in line with the package last agreed in October 2021. This increases to an estimated \$8.903m for FY25 onwards. Mr Clayton's new package represents a significant re-weighting towards longer term share-based payments which further aligns his remuneration with shareholder interests.



* Value of LTPR rights illustratively shown as number of rights multiplied by share price on 30 June 2024, then spread over three service years. LTPR is classed as "at risk" because 50% is tied to PBT performance hurdle and 3-year service requirement and 50% is tied to 3-year service requirement, but with no payment on resignation. If 50% were instead regarded as fixed base, the ratio of fixed to at risk would be 40%:60%. The FY24 statutory remuneration (shown in table 6 below) differs slightly from available remuneration, shown above, due to accounting for share based payments under AASB 2 and inclusion of movement in leave balances.

Shareholder approval will be sought for Mr Clayton's FY25 LTI, deferred remuneration and LTPR grants, as well as the payment of potential termination benefits, at the Annual General Meeting to be held in November 2024.

4. FY24 KMP and NED remuneration

In FY24 the Director fees paid to the Group's two overseas Directors was increased by \$30,000 to A\$175,000 per annum to remain market competitive.

No change to other Executive KMP packages was made in FY24. It is planned to review other Executive packages including KMP during FY25 for FY26 to ensure the retention of this high performing team.

5. Key management personnel (KMP)

KMP are the persons with authority and responsibility for planning, directing, and controlling the activities of the Group and comprise the Directors of the Group and the Executives listed below.

The Executives designated as KMP will be reviewed again in FY25 to ensure that they reflect those involved in guiding the total operations of the increasingly international Group.

The Group CEO and Group CFO have Group wide responsibility for the performance and management of the Group and meet at least 12 times a year to review overall progress against agreed plans.

Directors' report continued

Remuneration report (audited) continued

5. Key management personnel (KMP) cont'd

Table 2: Key management personnel (KMP)

Name	Position	Term as KMP
Non-Executive Directors		
Timothy Antonie	Non-Executive Chair	Full Year
Lawrence Myers	Non-Executive Deputy Chair / Lead Independent Director ^{(a),(d)}	Full Year
Tim Baxter	Non-Executive Director	Full Year
Peter Cowan	Non-Executive Director ^(e)	Full Year
Sally Herman	Non-Executive Director ^(f)	Full Year
Dean Howell	Non-Executive Director ^{(b),(d),(f)}	Full Year
Kate Wright	Non-Executive Director ^{(c),(b),(f)}	Full Year
Tuula Rytälä	Non-Executive Director	Full Year
Executive Directors		
Jim Clayton	Managing Director and Group Chief Executive Officer	Full Year
Executives		
Scott Brady	Global Product Officer	Full Year
Martin Nicholas	Group Chief Financial Officer	Full Year
Cliff Tornø	Global Go-to-Market Officer	Full Year

^a Chair of Audit and Risk Committee

^b Member of Audit and Risk Committee

^c Chair, People Performance Remuneration and Nominations Committee (PPRNC)

^d Member of PPRNC

^e Chair of Sustainability Committee

^f Member of Sustainability Committee

6. Executive remuneration - detailed elements

There are five key components in Executive remuneration:

- i) Fixed Cash Remuneration
- ii) Fixed Deferred Remuneration Rights
- iii) Short Term Performance Incentive (STI)
- iv) Long Term Performance Incentive (LTI) Rights
- v) Long Term Performance and Retention (LTPR) Rights

i) Fixed Cash Remuneration

Executives receive their fixed cash remuneration in the form of cash, car allowance, health insurance, annual leave benefits, long service leave benefits and superannuation. Fixed cash remuneration is reviewed annually by the PPRNC, and in the case of the CEO, the Board. The Committee considers company and individual performance, relevant comparative market compensation and internal relationships. BRG competes in a global market for talent and employs both Australian and international executives. The Group regularly benchmarks both domestically, and internationally, when reviewing suitability of remuneration.

Directors' report continued

Remuneration report (audited) continued

6. Executive remuneration - detailed elements cont'd

i) Fixed Cash Remuneration cont'd

Details of fixed cash remuneration by KMP are shown in the remuneration Tables 6 and 7.

Remuneration component	Purpose and execution	FY24 outcomes
Fixed Cash remuneration	<p>Aims to provide competitive salary, including superannuation and non-monetary benefits, to attract and retain a high performing team.</p> <p>Fixed cash remuneration is reviewed annually, with outside assistance where needed, and set with reference to:</p> <ul style="list-style-type: none"> • Size and complexity of role • Market benchmarks (domestic and international) • Experience, skills and competencies 	<ul style="list-style-type: none"> • CEO Fixed Cash remuneration remained at \$1.7m as detailed in the explanatory memorandum in the November 2021 AGM. No increases were awarded in FY24. • No Executive KMP were awarded increases in base salary in FY24.

Annual leave and long service leave benefits shown in Tables 6 and 7 reflect the movement in accrued benefit owing to the individual in accordance with accounting standards. If leave balances increase, or if base salary increases are implemented, then accrued benefits increase.

ii) Fixed Deferred Remuneration Rights

Fixed deferred remuneration rights are a core part of fixed base remuneration delivered in the form of share rights as opposed to cash. As with cash, fixed pay remuneration is only earned, and vests into shares, when the relevant period of service is completed.

The number of rights granted is calculated as the deferred base salary amount for a year divided by the relevant value of shares in the Company using a 20-trading day trailing volume weighted average price (VWAP) to the end of the previous financial year that the grant is agreed. The rights only vest if the service period is completed. Because the number of rights issued is calculated at the VWAP on the date of issue, any appreciation or depreciation of share price during the service period is to the effective benefit, or detriment, of the Executive versus taking a fixed cash base pay amount. This aligns shareholder and management interests in achieving sustained share price appreciation.

The accounting value of fixed deferred remuneration rights grants for which compensation is included in the remuneration tables 4, 6 and 7 is shown in table 11. Under AASB 2 accounting, although the rights relate to future periods of employment service, part of the cost is recognised in the current period.

Remuneration component	Purpose and execution	FY24 outcomes
Fixed Deferred remuneration rights	<p>Delivers fixed remuneration to the Executive in the form of an annual grant of deferred rights supporting the retention of high performing international executives especially in times of increased share price volatility.</p> <p><u>Conditions</u></p> <ul style="list-style-type: none"> • Upon completion of a specific period of employment service (the service condition) the rights will vest and convert into fully paid ordinary shares in the Company. • No consideration is payable by the Executive on granting or exercise of the share rights as the rights satisfy part of the Executive's base remuneration. • The rights automatically lapse if the Executive resigns before the vesting date, or is terminated with cause, and vest, on a pro-rata basis, if the Executive is terminated without cause. • No disposal restrictions apply to the shares received when the rights have vested. <p>The number of rights granted in each tranche is calculated as a deferred remuneration amount divided by the VWAP 20 days prior to the end of the previous financial year.</p>	<p><u>CEO Fixed Deferred Remuneration</u></p> <ul style="list-style-type: none"> • A single new tranche of CEO rights was issued after approval by shareholders at the AGM in November 2023 equivalent to \$850,000 vesting on completion of service through to 25 August 2028. • In FY24 42,017 of fixed deferred remuneration rights vested and 43,389 of fixed deferred remuneration rights were granted to the CEO. <p><u>Executive KMP Deferred Remuneration</u></p> <ul style="list-style-type: none"> • In FY24 no new fixed deferred remuneration rights were issued to Executive KMP. • 31,283 rights vested. <p>For accounting purposes, a fair value is determined of these rights and is expensed over the full vesting period so part of the costs for future periods are recognised in the current period.</p>

Directors' report continued

Remuneration report (audited) continued

6. Executive remuneration - detailed elements cont'd

ii) Fixed Deferred Remuneration Rights cont'd

Table 3: Fixed Deferred Remuneration included in Remuneration Tables 6 and 7

Year of Issue	Conditions	Fair value right at Grant date \$	Number outstanding 30 June 2024	Number outstanding 30 June 2023
FY20	<ul style="list-style-type: none"> - Issued for nil consideration - Exercise price is \$0 - Issue price of \$16.70 - Participant (Jim Clayton) must complete the service period between: <ul style="list-style-type: none"> • 26 August 2019 – 25 August 2020 • 26 August 2020 – 25 August 2021 • 26 August 2021– 25 August 2022 • 26 August 2022 – 25 August 2023 • 26 August 2023 – 25 August 2024 - 80% vested as of 30 June 2024 	<ul style="list-style-type: none"> \$16.70 \$16.70 \$16.70 \$16.70 \$16.70 	<ul style="list-style-type: none"> - - - - 29,940 	<ul style="list-style-type: none"> - - - 29,940 29,940
FY21	<ul style="list-style-type: none"> - Issued for nil consideration - Exercise price is \$0 - Issue price of \$22.41 - Participant (Jim Clayton) must complete the service period between: <ul style="list-style-type: none"> • 25 August 2024 – 25 August 2025 - 0% vested as of 30 June 2024 	<ul style="list-style-type: none"> \$19.60 	<ul style="list-style-type: none"> 22,311 	<ul style="list-style-type: none"> 22,311
FY22	<ul style="list-style-type: none"> - Issued for nil consideration - Exercise price is \$0 - Issue price of \$28.98 Jim Clayton must complete the service period between: <ul style="list-style-type: none"> • 26 August 2022 – 25 August 2023 • 26 August 2023 – 25 August 2024 • 26 August 2024 – 25 August 2025 • 26 August 2025 – 25 August 2026 -18% vested as of 30 June 2024 Executive KMP must complete the service period between: <ul style="list-style-type: none"> • 26 August 2021 – 25 August 2022 • 26 August 2022 – 25 August 2023 • 26 August 2023 – 25 August 2024 • 26 August 2024 – 25 August 2025 • 26 August 2025 – 25 August 2026 - 19% vested as of 30 June 2024 	<ul style="list-style-type: none"> \$29.28 \$28.91 \$28.54 \$28.17 \$27.21 \$26.87 \$26.52 \$26.18 \$25.85 	<ul style="list-style-type: none"> - 12,077 12,077 29,330 - - 20,370 30,555 45,834 	<ul style="list-style-type: none"> 12,077 12,077 12,077 29,330 - 13,581 20,370 30,555 45,834

Directors' report continued

Remuneration report (audited) continued

6. Executive remuneration - detailed elements cont'd

ii) Fixed Deferred Remuneration Rights cont'd

Table 3: Fixed Deferred Remuneration included in Remuneration Tables 6 and 7 cont'd

Year of Issue	Conditions	Fair value right at Grant date \$	Number outstanding 30 June 2024	Number outstanding 30 June 2023
FY23	- Issued for nil consideration			
	- Exercise price is \$0			
	- Issue price of \$18.36			
	Jim Clayton must complete the service period between: <ul style="list-style-type: none"> 26 August 2026 – 25 August 2027 	\$18.57	46,296	46,296
	- 0% vested as of 30 June 2024			
FY24	Executive KMP must complete the service period between: <ul style="list-style-type: none"> 26 August 2022 – 25 August 2023 26 August 2023 – 25 August 2024 26 August 2024 – 25 August 2025 26 August 2025 – 25 August 2026 	17.97	-	17,702
		17.66	17,702	17,702
		17.44	17,702	17,702
		17.18	17,702	17,702
	- 25% vested as of 30 June 2024			
FY24	- Issued for nil consideration			
	- Exercise price is \$0			
FY24	- Issue price of \$19.59			
	Jim Clayton must complete the service period between: <ul style="list-style-type: none"> 26 August 2027 – 25 August 2028 	\$22.11	43,389	-
	- 0% vested as of 30 June 2024			

Directors' report continued

Remuneration report (audited) continued

6. Executive remuneration - detailed elements cont'd

iii. Short term performance incentives (STI)

The Group operates an annual STI program available to Executives and other employees and awards a cash bonus subject to the attainment of clearly defined business targets.

Remuneration component	Purpose and execution	FY24 outcomes
Short term incentives (STI)	<p>Aims to reward and incentivise Executives and employees for achieving in-year company targets and is paid in cash.</p> <p>A pre-STI EBIT target is set by the Board in advance of the financial year. Until this pre-STI EBIT is exceeded no STI is awarded. If pre-STI EBIT exceeds the pre-STI target, the STI pool is funded until the maximum pool is reached. Shareholders are effectively rewarded before any STI is awarded.</p> <p>The maximum pool is calculated as the sum of maximum STI dollar opportunities for each eligible participant. The CEO has a maximum STI opportunity of 100% of Fixed cash remuneration, other KMP 35% and other staff are in a range of 5-35%.</p> <p>Once a pool is awarded it is distributed based on each individual's achievement of their individual targets.</p> <ul style="list-style-type: none"> The CEO and other KMP are targeted on Group EBIT and additionally in FY24 an inventory target. Regional Presidents and teams have Group EBIT and Regional EBIT targets and in FY24 inventory targets. Product Development teams have Group EBIT and Gross Profit from new-to-market product targets. Functional Teams have Group EBIT (in FY24 inventory) and specific deliverables. <p>Following finalisation of the annual audit, the PPRNC recommends the amount of STI to be paid to the Group CEO for Board approval. The PPRNC seeks and approves recommendations on other individual pay outs from the Group CEO.</p> <p>The level of STI pay out always remains at the discretion of the Board. As recently as FY21 the Board opted to withhold STI during the COVID Pandemic.</p>	<ul style="list-style-type: none"> In July 2023 a FY24 pre-STI EBIT target of \$185m was set with the pool only to be filled when this target is exceeded. An inventory target for June 30th inventory of \$365m (\$75m reduction) was also set with 20% of bonus to be withheld if this was not met. The Group achieved EBIT of \$185.7m having funded \$20m or 100% of the potential STI pool. Year-end inventory of \$333m was achieved so the inventory target was also met in full. STI at 100% of potential was awarded.

iv. Long term performance incentives (LTI)

The Group operates an annual LTI program available to Executives and other employees that grants performance rights that fully, or partially, vest into shares on the achievement of clearly defined medium-term targets.

LTI grants to participants (excluding the CEO) are recommended by the CEO to the PPRNC. This recommendation, together with a recommendation by the PPRNC of an LTI grant to the CEO, is then put to the Board for approval. Performance conditions for the 3 years ahead are agreed at the same time taking into account what the Board considers to be the most effective means of incentivising management to deliver sustained enhancement of shareholder value in the context of the existing environment.

Under AASB 2 accounting, although the share rights relate to future specific periods of employment, part of the cost is recognised in the current period.

Directors' report continued

Remuneration report (audited) continued

6. Executive remuneration - detailed elements cont'd

iv. Long term performance incentives (LTI) cont'd

Remuneration component	Purpose and execution	FY24 outcomes
<p>Long term incentives (LTI)</p>	<p>Aims to reward and incentivise Executives to deliver sustained shareholder value over multiple periods.</p> <p>Annual performance right grants are made to the CEO, Executive KMP and other managers based on a percentage of their fixed cash remuneration, ranging from 10% for employees to 65% for KMP and 125% for the CEO.</p> <p>The number of rights issued is based on the value of shares in the Company using a 20-trading day trailing volume weighted average price (VWAP) up to date of financial year end.</p> <p>The number of rights vesting in favour of the individual depends on the delivery of set performance metrics agreed each year.</p> <p><u>Conditions</u></p> <ul style="list-style-type: none"> • Upon satisfaction of the performance hurdles, the performance rights will vest into fully paid ordinary shares in the company. • All unvested performance rights automatically lapse upon a participant ceasing employment unless otherwise determined by the Board. • Participants do not receive distributions or dividends on unvested performance rights. • The number of rights vesting is guided by the achievement of performance metrics, but the Board retains absolute discretion on the number of rights that vest. • To make the scheme globally tax efficient (reflecting different timing of taxation) there are no disposal restrictions after vesting, notwithstanding that any trading in shares is, at all times, subject to the Company's share trading policy. • In the event of a takeover bid where the bidder and its associates become entitled to at least 50% of the voting shares of the company, any performance rights granted will vest where the Board, in its absolute discretion, is satisfied that performance is in line with any performance condition applicable to those performance rights. Any performance rights which do not vest will immediately lapse, unless otherwise determined by the Board. • Performance metrics are agreed and set each year to govern the potential vesting of the performance rights. 	<p><u>In-Year grants</u></p> <ul style="list-style-type: none"> • In FY24 the CEO received an LTI performance rights grant of 125% of Fixed Cash Remuneration or equivalent to 108,474 performance rights. The issue of these rights was approved at the AGM in November 2023. • Other KMP's received a grant of up to 65% of fixed cash remuneration or equivalent to 57,406 performance rights. <p><u>In-Year LTI Vesting</u></p> <ul style="list-style-type: none"> • During FY24 110,579 rights vested in the CEO's favour under the FY20 and FY21 schemes and 69,284 rights vested in favour of the other KMP. <p><u>FY25 Vesting</u> In FY25 it is expected that in August 2024:</p> <ul style="list-style-type: none"> • 100% of the single tranche of FY22 performance rights will vest based on meeting the EBIT gate and sales growth metrics detailed on page 36).

Directors' report continued

Remuneration report (audited) continued

6. Executive Remuneration - detailed elements continued

iv. Long term performance incentives (LTI) cont'd

Table 4: LTI plans for which compensation is included in the remuneration tables 6 and 7

LTI Plan for the year ended	Performance hurdles/conditions	Fair value per performance right at grant date \$	Number outstanding 30 June 2024	Number outstanding 30 June 2023
FY20 Performance based LTI rights	<p>Issued for nil consideration.</p> <ul style="list-style-type: none"> - Exercise price is \$0. - Term of two to four years with vesting as follows, each representing 33% of the total number of performance rights: <ol style="list-style-type: none"> Total shareholder return (TSR) from 30 June 2019 to 30 June 2021 applying both an Absolute Test and a Relative Test. Total shareholder return (TSR) from 30 June 2019 to 30 June 2022 applying both an Absolute Test and a Relative Test. Total shareholder return (TSR) from 30 June 2019 to 30 June 2023 applying both an Absolute Test and a Relative Test. <p>100% vested as of 30 June 2024.</p>	<p>\$6.51</p> <p>\$6.81</p> <p>\$7.06</p>	-	57,350
FY21 Performance based LTI rights	<p>Issued for nil consideration.</p> <ul style="list-style-type: none"> - Exercise price is \$0. - Term of three years with vesting based on Absolute Test of total shareholder return (TSR) from 30 June 2020 to 30 June 2023. - Minimum 0% and maximum 100% TSR targets set with straight line pro-rating between these two. - Potential Board discretion in deciding appropriate vesting was explicitly flagged given volatile environment in which original TSR targets were set. <p>100% vested as of 30 June 2024.</p>	\$14.69	-	131,058
FY22 Performance based LTI rights	<p>Issued for nil consideration.</p> <ul style="list-style-type: none"> - Exercise price is \$0. - Term of three years with vesting based on meeting a minimum EBIT CAGR growth target and Sales CAGR. - If threshold EBIT CAGR is met then 50% vesting is achieved. - To achieve higher than 50% vesting a Sales 3-year CAGR must exceed a minimum target. - To achieve 100% vesting a maximum target must be achieved - Sliding scale set between these 2 points. <p>0% vested as of 30 June 2024 (nil lapsed).</p> <p>Refer to section 2 of this remuneration report for vesting outcomes.</p>	<p>\$25.96</p> <p>\$28.91</p>	112,129	112,129
FY23 Performance based LTI rights	<p>Issued for nil consideration.</p> <ul style="list-style-type: none"> - Exercise price is \$0. - Term of three years with vesting based on EBIT growth delivery. - If threshold positive EBIT growth is met then 50% vesting is achieved. - If target EBIT growth is met then 100% vesting is achieved. - Sliding scale set between these 2 points. <p>0% vested as of 30 June 2024 (nil lapsed).</p>	<p>\$17.44</p> <p>\$19.13</p>	176,989	176,989
FY24 Performance based LTI rights	<p>Issued for nil consideration.</p> <ul style="list-style-type: none"> - Exercise price is \$0. - Term of three years with vesting percentage based on 3 individual targets described on page 37. <p>0% vested as of 30 June 2024 (nil lapsed).</p>	<p>\$12.95</p> <p>\$20.71</p> <p>\$15.36</p> <p>\$22.23</p>	165,880	-

Directors' report continued

Remuneration report (audited) continued

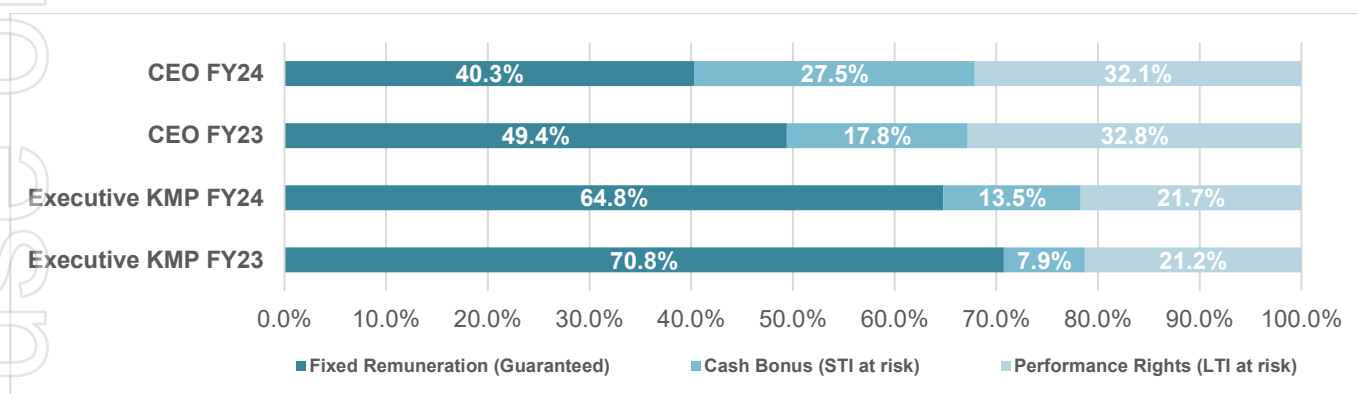
6. Executive Remuneration - detailed elements continued

The PPRNC aims to increasingly skew Executives reward towards at-risk pay and specifically share based payments as seen in the shape of the new CEO package for FY25.

The actual remuneration mix for FY24 and FY23, based on statutory remuneration Tables 6 and 7, is shown in Table 5 below.

The change in FY24 vs FY23 largely reflects the higher STI awarded in FY24.

Table 5: Actual Remuneration Mix of CEO and other Executive KMP for FY24 compared to FY23



- **Contracts** – Employment contracts are entered with Executives designed to attract and retain the employees whilst safeguarding the Group's interests. None of the KMP have fixed-term contracts.
- **Termination Provisions** – Executive Contracts include notice periods of 12 months for the CEO and 6 months for other KMP. Amounts payable on termination vary from statutory entitlements to 12 months of fixed pay plus accrued leave balances. Any LTI performance rights not vested at the date of termination are forfeited and will lapse unless otherwise determined by the Board. Rights under the fixed, deferred remuneration scheme will lapse on resignation but will be pro-rated for time served in the case of termination without cause. Specific termination arrangements, as part of the CEO's package, were proposed and approved by shareholders at the November 2021 AGM.
- **Hedging prohibited** – The Group has a policy that prohibits KMP, and Executives, and their closely related parties from entering into an arrangement that has the effect of limiting the exposure to risk relating to an element of that member's compensation. The policy complies with the requirements of s.206J of the *Corporations Act 2001*.

7. Non-Executive Director remuneration

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct. The Board seeks to set Non-Executive Director remuneration at a suitable level to attract and retain high calibre Directors, both Australian and internationally based, whilst being commensurate with growing international companies of a similar size and type.

The remuneration of Non-Executive Directors is reviewed annually. Each Director receives a fee for being a Director of the Company. An additional fee is also paid to each Director who also acts as Chair of a Board committee recognising the additional time commitment required by the Director to facilitate the running of the committee.

The Group's constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by general meeting. The aggregate remuneration of \$1,800,000 per year was approved by shareholders at the annual general meeting held in November 2021.

Directors' report continued

Remuneration report (audited) continued

7. Non-Executive Director remuneration cont'd

The remuneration of Non-Executive Directors for the year ended 30 June 2024 is detailed in Table 6 on page 51.

Remuneration component	Purpose and execution	FY24 outcomes
Non-Executive Director fees	<p>Aims to attract, reward, and retain high calibre Directors suitable for a fast-growing international business.</p> <p>Each Director receives a fee or base remuneration as a Director of the Group with an additional fee for acting as Chair of a Board committee recognising the additional time commitment required.</p> <p>Non-Executive Director remuneration is reviewed annually within the aggregate remuneration pool of \$1,800,000 approved by the AGM held in November 2021.</p> <p>Directors are entitled to defer a cash salary in lieu of Breville share rights to encourage Board share ownership.</p> <p>Participation is voluntary. A participant can elect how much of their salary they would like to exchange for share rights. The election must be performed by the 1st of December ahead of the calendar year vesting period of 1st of January to the 31st of December.</p> <p>Rights this year were issued determined on a VWAP for the period 20 days commencing on the 15th February 2024. Rights vest following the completion of the service period and are issued on a pro-rata basis based on service period.</p>	<ul style="list-style-type: none"> • Main Board Chair Fee: equivalent to \$350,000 p.a. inclusive of superannuation. • Main Board Member Fee: equivalent to \$145,000 p.a. inclusive of superannuation for Australian based Directors and \$175,000 p.a. for international Directors. • Lawrence Myers receives an additional \$40,000 p.a. for his role as Deputy Chair. • Board Committee Chair Fee: equivalent to \$30,000 p.a. inclusive of superannuation. Board subcommittees include the Audit and Risk Committee (ARC), the People Performance Remuneration and Nominations Committee (PPRNC) and the Sustainability Committee. • Lawrence Myers chairs the ARC; Kate Wright chairs the PPRNC; Peter Cowan chairs the Sustainability committee. • The total fees paid in FY24 of \$1,592,067 represents 88% of the shareholder approved aggregate remuneration of \$1,800,000. • Two Directors elected to defer a portion of their salary in exchange for rights for the period 1st January 2024 – 31st December 2024. The issued number of rights was determined based on VWAP of \$20.36 for the period 15th February 2024 – 14th March 2024.

Directors' report continued

Remuneration report (audited) continued

8. Statutory remuneration tables

Table 6: KMP remuneration for the year ended 30 June 2024

The following Tables 6 and 7 set out the statutory KMP remuneration disclosures, prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards. No termination benefits were paid in FY24.

	Salary & fees	Other	Superannuation	Leave entitlements	Fixed deferred remuneration Rights	Subtotal	Cash Bonuses (STI)	Performance Rights (LTI)	Total	Fixed Remuneration	STI	LTI
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	%
Non-Executive directors												
T. Antonie - <i>Chairperson</i>	322,500	-	27,500	-	-	350,000	-	-	350,000	100%	0%	0%
L. Myers - <i>Deputy Chairperson</i>	210,083	-	4,917	-	-	215,000	-	-	215,000	100%	0%	0%
T. Baxter	104,143	-	-	-	87,500	191,643	-	-	191,643	100%	0%	0%
P. Cowan	157,658	-	17,342	-	-	175,000	-	-	175,000	100%	0%	0%
S. Herman	97,973	-	14,369	-	36,250	148,592	-	-	148,592	100%	0%	0%
D. Howell	130,631	-	14,369	-	-	145,000	-	-	145,000	100%	0%	0%
K. Wright	157,658	-	17,342	-	-	175,000	-	-	175,000	100%	0%	0%
T. Rytälä	191,832	-	-	-	-	191,832	-	-	191,832	100%	0%	0%
Subtotal Non-Executive Directors	1,372,478	-	95,839	-	123,750	1,592,067	-	-	1,592,067	100%	0%	0%
J. Clayton - <i>Managing Director</i>	1,672,500	-	27,500	(92,751)	883,173	2,490,422	1,700,000	1,982,210	6,172,632	40%	28%	32%
Other key management personnel												
S. Brady	697,500	-	27,500	(53,178)	232,338	904,160	210,000	337,321	1,451,481	62%	14%	23%
M. Nicholas	547,500	-	27,500	32,505	474,319	1,081,824	201,250	323,246	1,606,320	67%	13%	20%
C. Torng	577,500	-	27,500	(11,715)	326,768	920,053	194,251	312,005	1,426,309	65%	14%	22%
Subtotal Executives	3,495,000	-	110,000	(125,139)	1,916,598	5,396,459	2,305,501	2,954,782	10,656,742	51%	22%	28%
Totals	4,867,478	-	205,839	(125,139)	2,040,348	6,988,526	2,305,501	2,954,782	12,248,809	57%	19%	24%

Directors' report continued

Remuneration report (audited) continued

8. Statutory remuneration tables continued

Table 7: KMP Remuneration for the year ended 30 June 2023

	Salary & fees	Other	Superannuation	Leave entitlements	Fixed deferred remuneration Rights	Subtotal	Cash Bonuses (STI)	Performance Rights (LTI)	Total	Fixed Remuneration	STI	LTI
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	%
Non-Executive directors												
T. Antonie - Chair	322,500	-	27,500	-	-	350,000	-	-	350,000	100%	0%	0%
L. Myers - Deputy Chair	194,570	-	20,430	-	-	215,000	-	-	215,000	100%	0%	0%
T. Baxter	109,247	-	-	-	59,929	169,176	-	-	169,176	100%	0%	0%
P. Cowan	158,371	-	16,629	-	-	175,000	-	-	175,000	100%	0%	0%
S. Herman	115,016	-	12,107	-	29,964	157,087	-	-	157,087	100%	0%	0%
D. Howell	131,222	-	13,778	-	-	145,000	-	-	145,000	100%	0%	0%
K. Wright	158,333	-	16,667	-	-	175,000	-	-	175,000	100%	0%	0%
T. Rytälä	35,753	-	-	-	-	35,753	-	-	35,753	100%	0%	0%
Subtotal Non-Executive Directors	1,225,012	-	107,111	-	89,893	1,422,016	-	-	1,422,016	100%	0%	0%
J. Clayton - Managing Director	1,672,500	-	27,500	129,269	924,678	2,753,947	989,400	1,827,795	5,571,142	49%	18%	33%
Other key management personnel												
S. Brady	668,281	9,644	27,500	69,879	244,752	1,020,056	122,220	326,873	1,469,149	69%	8%	22%
M. Nicholas	547,500	-	27,500	952	566,725	1,142,677	117,128	313,190	1,572,995	73%	7%	20%
C. Tornig	568,870	-	27,500	10,608	374,036	981,014	113,054	302,126	1,396,194	70%	8%	22%
Subtotal Executives	3,457,151	9,644	110,000	210,708	2,110,191	5,897,694	1,341,802	2,769,984	10,009,480	59%	13%	28%
Totals	4,682,163	9,644	217,111	210,708	2,200,084	7,319,710	1,341,802	2,769,984	11,431,496	64%	12%	24%

Directors' report continued

Remuneration report (audited) continued

8. Statutory remuneration tables continued

Table 8: KMP STI cash bonuses awards in FY24 and FY23 and LTI performance rights vesting in FY24

Name	STI Cash bonuses			Share-based LTI performance base compensation vesting in FY24		
	Financial Year	% Earned	% Forfeited	Financial Year Granted	% Vested	% Forfeited
J. Clayton	2024	100.0%	0.0%	2021	100%	0.0%
	2023	58.2%	41.8%	2020	85.1%	14.9%
S. Brady	2024	100.0%	0.0%	2021	100%	0.0%
	2023	58.2%	41.8%	2020	85.1%	14.9%
M. Nicholas	2024	100.0%	0.0%	2021	100%	0.0%
	2023	58.2%	41.8%	2020	85.1%	14.9%
C. Torng	2024	100.0%	0.0%	2021	100%	0.0%
	2023	58.2%	41.8%	2020	85.1%	14.9%

Table 9: KMP shareholdings

Ordinary shares held* in Breville Group Limited (number)

30 June 2024	Balance at 1 July 2023	On exercise of rights	Net change other	Balance at 30 June 2024
Directors				
T. Antonie	43,791	-	-	43,791
T. Baxter	-	3,562	-	3,562
L. Myers	163,000	-	-	163,000
P. Cowan	11,055	-	-	11,055
S. Herman	47,484	1,781	-	49,265
D. Howell	140,000	-	(40,000)	100,000
K. Wright	21,859	-	-	21,859
T. Ryttilä	-	-	8,000	8,000
Executive Director				
J. Clayton	277,903	152,596	(152,596)	277,903
Other KMP				
S. Brady	75,137	28,751	(43,888)	60,000
M. Nicholas	35,953	39,787	(25,108)	50,632
C. Torng	104,823	32,029	(28,675)	108,177
Total (a)	921,005	258,506	(282,267)	897,244

* Held directly, indirectly, or beneficially.

(a) ~0.6% of total share capital is owned by KMP (~0.6% in FY23).

Directors' report continued

Remuneration report (audited) continued

8. Statutory remuneration tables continued

Table 10: KMP Performance rights granted

The terms and conditions of each grant of performance rights affecting remuneration of key management personnel in this financial year or future reporting years are as follows:

	Grant Date*	Expiry Date	Exercise price	Fair value per performance right at grant date (\$)	Vested and exercised 30 June 2024	Number of Rights
FY20 Performance based	11 Oct 19 (a)	2-Oct-23	0.00	7.06	Yes	57,350
FY21 Performance based	7 Sep 20 (b)	1-Oct-23	0.00	14.69	Yes	131,058
FY22 Performance based	6 Oct 21 (c)	1-Oct-24	0.00	25.96	-	38,803
FY22 Performance based	11 Nov 21 (c)	1-Oct-24	0.00	28.91	-	73,326
FY23 Performance based	21 Oct 22 (d)	1-Oct-25	0.00	17.44	-	61,248
FY23 Performance based	10 Nov 22 (d)	1-Oct-25	0.00	19.13	-	115,741
FY24 Performance based	25-Jul-23 (e)	1-Oct-26	0.00	12.95	-	28,703
FY24 Performance based	25-Jul-23 (e)	1-Oct-26	0.00	20.71	-	28,703
FY24 Performance based	8-Nov-23 (e)	1-Oct-26	0.00	15.36	-	54,237
FY24 Performance based	8-Nov-23 (e)	1-Oct-26	0.00	22.23	-	54,237

* In addition to the relevant performance hurdle, the participant must be employed by the Company on the vesting date.

- (a) There are three equal tranches to be tested at 30 June 2021, 30 June 2022 and 30 June 2023 all with a total shareholder return hurdle (TSR) applying an absolute test and a relative test.
- (b) One tranche with an absolute total shareholder return hurdle (TSR) applying an absolute test.
- (c) One tranche with an EBIT CAGR gateway and max and min revenue CAGR target.
- (d) One tranche with a target EBIT growth %.
- (e) Two equal tranches based on TSR hurdle and the other on PBT / Key Strategic priorities (Refer Section 2 above)

Directors' report continued

Remuneration report (audited) continued

8. Statutory remuneration tables continued

Table 11: Fixed Deferred remuneration rights holding of KMP

The terms and conditions of each grant of rights issued as deferred remuneration affecting remuneration of KMP in this financial year or future reporting years are as follows:

	Grant Date	Expiry Date	Exercise price	Fair value at grant date (\$) (Note 19)	Vested and exercised 30 June 2024	Number of rights
Jim Clayton	29-Jan-20	2-Oct-23	0.00	19.6	Yes	29,940
Jim Clayton	29-Jan-20	1-Oct-24	0.00	16.7	-	29,940
Jim Clayton	7-Sep-20	3-Oct-25	0.00	19.6	-	22,311
Jim Clayton	11-Nov-21	3-Oct-23	0.00	29.28	Yes	12,077
Jim Clayton	11-Nov-21	2-Oct-24	0.00	28.91	-	12,077
Jim Clayton	11-Nov-21	1-Oct-25	0.00	28.54	-	12,077
Jim Clayton	11-Nov-21	3-Oct-26	0.00	28.17	-	29,330
Jim Clayton	10-Nov-22	1-Oct-27	0.00	18.57	-	46,296
Jim Clayton	8-Nov-23	1-Oct-28	0.00	22.11	-	43,389
Other KMP	5-Oct-21	2-Oct-23	0.00	26.87	Yes	13,581
Other KMP	5-Oct-21	1-Oct-24	0.00	26.52	-	20,370
Other KMP	5-Oct-21	3-Oct-25	0.00	26.18	-	30,555
Other KMP	5-Oct-21	3-Oct-26	0.00	25.85	-	45,834
Other KMP	21-Oct-22	2-Oct-23	0.00	17.97	Yes	17,702
Other KMP	21-Oct-22	1-Oct-24	0.00	17.66	-	17,702
Other KMP	21-Oct-22	1-Oct-25	0.00	17.44	-	17,702
Other KMP	21-Oct-22	1-Oct-26	0.00	17.18	-	17,702
NED	1-Dec-22	28-Feb-24	0.00	20.15	Yes	5,343
NED	22-Nov-23	28-Feb-25	0.00	23.50	-	4,658

Table 12: Unvested Performance and Fixed Deferred Remuneration Rights holdings of KMP

30 June 2024	Balance 30 June 2023	Granted as remuneration ^(a)	Vested and exercised	Other ^(b)	Balance 30 June 2024
T. Baxter	3,562	3,294	(3,562)	-	3,294
S. Herman	1,781	1,364	(1,781)	-	1,364
J. Clayton	498,894	151,863	(152,596)	(5,200)	492,961
Other KMP					
S. Brady	98,171	19,911	(28,751)	(1,162)	88,169
M. Nicholas	143,076	19,079	(39,787)	(1,110)	121,258
C. Tornig	112,581	18,416	(32,029)	(1,073)	97,895
	858,065	213,927	(258,506)	(8,545)	804,941

(a) Performance rights granted during the year are subject to performance hurdles and remaining in employment until the date of vesting.

(b) Includes forfeitures and lapses.

Directors' report continued

Remuneration report (audited) continued

9. LTI Relative TSR Peer group appendix

Table 13: Bloomberg ASX200 Consumer Staples, Consumer Discretionary and Industrials Peer Group along with comparable international competitors used for Relative TSR Measurement

ASX Code	Company	Sector
A2M	The a2 Milk Co Ltd	Consumer Staples
ABP	Abacus Property Group	Real Estate
AIA	Auckland International Airport Ltd	Industrials
ALL	Aristocrat Leisure Ltd	Consumer Discretionary
ALQ	ALS Ltd	Industrials
ALX	Atlas Arteria Ltd	Industrials
ANN	ANSELL LIMITED	Health Care
APE	Eagers Automotive Ltd	Consumer Discretionary
ARB	ARB Corp Ltd	Consumer Discretionary
ARF	Arena REIT	Real Estate
AZJ	Aurizon Holdings Ltd	Industrials
BAP	Bapcor Ltd	Consumer Discretionary
BGA	Bega Cheese Ltd	Consumer Staples
BWP	BWP TRUST	Real Estate
BXB	Brambles Ltd	Industrials
CAR	carsales.com Ltd	Communication Services
CGC	Costa Group Holdings Ltd	Consumer Staples
CHC	CHARTER HALL GROUP	Real Estate
CIP	CENTURIA INDUSTRIAL REIT	Real Estate
CKF	Collins Foods Ltd	Consumer Discretionary
CLW	CHARTER HALL LONG WALE REIT	Real Estate
CMW	Cromwell Property Group	Real Estate
CNI	Centuria Capital Group	Real Estate
CNU	Chorus Ltd	Communication Services
COH	COCHLEAR LIMITED	Health Care
COL	Coles Group Ltd	Consumer Staples
CPU	Computershare Ltd	Industrials
CQE	Charter Hall Social Infrastructure	Real Estate
CQR	CHARTER HALL RETAIL REIT	Real Estate
CSL	CSL LIMITED	Health Care
CTD	Corporate Travel Management Ltd	Consumer Discretionary
CWY	Cleanaway Waste Management Ltd	Industrials
DHG	Domain Holdings Australia Ltd	Communication Services
DMP	Domino's Pizza Enterprises Ltd	Consumer Discretionary
DOW	Downer EDI Ltd	Industrials
DXS	DEXUS	Real Estate
EDV	Endeavour Group Ltd/Australia	Consumer Staples
ELD	Elders Ltd	Consumer Staples
EVT	EVT Ltd	Communication Services
FBU	Fletcher Building Ltd	Industrials
FLT	Johns Lyng Group Ltd	Consumer Discretionary
FPH	FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED	Health Care
GMG	GOODMAN GROUP	Real Estate
GNC	GrainCorp Ltd	Consumer Staples
GOZ	GROWTHPOINT PROPERTIES AUSTRALIA	Real Estate
GPT	GPT GROUP	Real Estate
GUD	GUD Holdings Ltd	Consumer Discretionary
HDN	HOMEEO DAILY NEEDS REIT	Real Estate
HLS	Healius Ltd	Health Care
HMC	HMC CAPITAL LIMITED	Real Estate
HVN	Harvey Norman Holdings Ltd	Consumer Discretionary
IEL	IDP Education Ltd	Consumer Discretionary
IMU	Imugene Ltd	Health Care
INA	INGENIA COMMUNITIES GROUP	Real Estate
ING	Inghams Group Ltd	Consumer Staples
IPH	IPH Ltd	Industrials
JBH	Monadelphous Group Ltd	Consumer Discretionary
JLG	Johns Lyng Group Ltd	Industrials
KLS	Kelsian Group Ltd	Industrials
LIC	LIFESTYLE COMMUNITIES LIMITED	Real Estate
LLC	LENDLEASE GROUP	Real Estate
LNK	Link Administration Holdings Ltd	Industrials

9. LTI Relative TSR Peer group appendix (cont'd)

Table 13: Bloomberg ASX200 Consumer Staples, Consumer Discretionary and Industrials Peer Group along with comparable international competitors used for Relative TSR Measurement (cont'd)

ASX Code	Company	Sector
LOV	Lovisa holdings Ltd	Consumer Discretionary
MGR	MIRVAC GROUP	Real Estate
MND	Monadelphous Group Ltd	Industrials
MTS	Metcash Ltd	Consumer Staples
NAN	Nanosonics Ltd	Health Care
NEC	Nine Entertainment Co Holdings Ltd	Communication Services
NSR	NATIONAL STORAGE REIT	Real Estate
NWH	NRW Holdings Ltd	Industrials
NWS	News Corp	Communication Services
PME	PRO MEDICUS LIMITED	Health Care
PMV	Premier Investments Ltd	Consumer Discretionary
PNV	PolyNovo Ltd	Health Care
PXA	PEXA GROUP LIMITED	Real Estate
QAN	Qantas Airways Ltd	Industrials
QUB	Qube Holdings Ltd	Industrials
REA	REA Group Ltd	Communication Services
REH	Reece Ltd	Industrials
RHC	RAMSAY HEALTH CARE LIMITED	Health Care
RMD	RESMED INC	Health Care
RWC	Reliance Worldwide Corp Ltd	Industrials
SCG	SCENTRE GROUP	Real Estate
SEK	SEEK Ltd	Communication Services
SGP	STOCKLAND	Real Estate
SGR	Star Entertainment Grp Ltd/The	Consumer Discretionary
SHL	SONIC HEALTHCARE LIMITED	Health Care
SPK	Spark New Zealand Ltd	Communication Services
SUL	Super Retail Group Ltd	Consumer Discretionary
SVW	Seven Group Holdings Ltd	Industrials
TAH	Tabcorp Holdings Ltd	Consumer Discretionary
TCL	Transurban Group	Industrials
TLC	Lottery Corp Ltd/The	Consumer Discretionary
TLS	Telstra Corp Ltd	Communication Services
TLX	TELIX PHARMACEUTICALS LIMITED	Health Care
TPG	TPG Telecom Ltd	Communication Services
TWE	Treasury Wine Estates Ltd	Consumer Staples
WEB	Lovisa holdings Ltd	Consumer Discretionary
WES	NRW Holdings Ltd	Consumer Discretionary
WOR	Worley Ltd	Industrials
WOW	Woolworths Group Ltd	Consumer Staples
VCX	VICINITY CENTRES	Real Estate
WPR	Way Point REIT Ltd	Real Estate
DLG	Delonghi	International competitor
SK	Group SEB	International competitor
WHR	Whirlpool	International competitor
HBB	Hamilton Beach Brands	International competitor
NWL	Newell Brands	International competitor

Directors' report continued

Directors' meetings

The number of Board and Board committee meetings held and attended by Directors during the year is summarised below:

	Full Board	Audit & Risk (ARC)	People, Performance, Remuneration & Nominations (PPRNC)	Sustainability Committee (SCom)
Number of meetings	12 (c)	5	4	3
T. Antonie	12 (b)	5	4	2
L. Myers	12	5 (b)	4 (a)	0
J. Clayton	12	5	2	0
T. Baxter	9	1	2	0
P. Cowan	11	5	3	3 (b)
S. Herman	12	5	4	3 (a)
D. Howell	12	5 (a)	4 (a)	3 (a)
K. Wright	12	5 (a)	4 (b)	3 (a)
T. Rytälä	12	4	1	0

Notes

- (a) A member of the relevant committee. All Board members are invited to attend the committee meetings.
 (b) Designates the current Chair of the Board or committee.
 (c) In addition to these meetings, the Board held two special purpose subcommittee meetings.

Committee membership

As of the date of this report, the Company has three standing committees: the ARC, the PPRNC and the SCom. Details of the function and membership of these committees are included in the Corporate Governance Statement.

The current members of each committee, as at the date of this report, are as follows:

- The ARC: Lawrence Myers (Chair), Dean Howell and Kate Wright.
- The PPRNC: Kate Wright (Chair), Dean Howell and Lawrence Myers.
- The SCom: Peter Cowan (Chair), Kate Wright, Sally Herman and Dean Howell.

The Chairs and members of the ARC and PPRNC are all independent Directors, and the Chair and a majority of the members of the SCom are independent Directors.

Indemnification of Directors and Officers

The Directors and officers of the Company are indemnified by the Company against losses or liabilities that they may sustain or incur as a Director or an officer of the Company in the proper performance of their duties. During the financial year, the Company paid premiums in respect of contracts to insure the Directors and officers of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premiums.

Likely future developments and expected results

Disclosure of information as to likely future developments in the operations of the consolidated entity and expected results of those operations would be prejudicial to the interests of the consolidated entity. Accordingly, such information has not been included in this report.

Environmental regulations and performance

The consolidated entity is not involved in any activities that have a marked influence on the environment within its area of operation. The Group's commitment to sustainability including environmental initiatives is outlined in pages 16 to 32 of the Directors' Report.

Corporate governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support the principles of good corporate governance. The Company's Corporate Governance Statement is on pages 60 to 67.

Directors' report continued

Performance rights

Unissued shares

As of the date of this report there were 2,589,741 potential unissued shares under the performance rights, fixed deferred remuneration share rights and NED schemes (2023: 2,408,673). Refer to note 19 of the financial report for further details of the performance rights and fixed deferred remuneration share rights outstanding. Neither performance right holders, nor fixed deferred remuneration share rights holders, have any right by virtue of the rights to participate in any share issue of the Company.

Lapse of unvested performance rights

During the year 43,445 unvested performance rights lapsed following the cessation of employment of employees or Executives and 27,189 unvested performance rights lapsed as a result of performance hurdles not being met (2023: 38,822 unvested performance rights lapsed following the cessation of employment of employees or Executives and 25,082 unvested performance rights lapsed as a result of performance hurdles not being met).

Auditor's declaration of independence

Attached on page 131 is a copy of the auditor's declaration provided under section 307C of the *Corporations Act 2001* in relation to the audit for the year ended 30 June 2024. This auditor's declaration forms part of this Directors' report.

Non-audit services

During the financial year ended 30 June 2024 the Company's auditor, PwC, provided non-audit services to Breville Group entities. Details of the amounts paid to the auditor for the provision of non-audit services during the year ended 30 June 2024 are set out in note 22 on page 126. These services primarily relate to tax compliance and advisory services.

For FY24, the ratio between audit and non-audit fees is 1.0 to 0.9.

A significant amount of the non-audit fees associated with taxation and accounting advisory services in FY24 are of a project based non-recurring nature, including finalisation of the renewal of the Advanced Pricing Agreement (APA), initial Country by Country Reporting and work on indirect taxes.

In accordance with the recommendation from the ARC, the Directors are satisfied that the provision of the non-audit services during the year is compatible with the general standard of independence imposed by the Corporations Act. Also, in accordance with the recommendation from the ARC, the Directors are satisfied that the nature and scope of each type of non-audit service provided means that auditor independence was not compromised. The auditors have also provided the ARC with a report confirming that, in their professional judgement, they have maintained their independence in accordance with the firm's requirements, the provisions of APES 110 Code of Ethics for Professional Accountants and the applicable provisions of the Corporations Act.

Significant events after year end

No matters or circumstances have arisen since the end of the year that significantly affected or may affect the operations of the consolidated entity.

Signed in accordance with a resolution of Directors.



Timothy Antonie
Chair

Sydney
21 August 2024

Corporate governance statement

The Board of Directors is committed to high standards of corporate governance, including adhering to the 'Corporate Governance Principles and Recommendations (4th Edition)' of the ASX Corporate Governance Council (Council).

This statement sets out the Company's corporate governance practices and policies that were in place during the financial year ended 30 June 2024. The Company followed the Council's recommendations throughout the period, except for those differences disclosed and explained in this statement.

The following documents are available in the corporate governance section of the Company's website brevillegroup.com.

- Board Charter
- Audit and Risk Committee Charter
- People, Performance, Remuneration and Nomination Committee Charter
- Sustainability Committee Charter
- Code of Conduct
- Anti-bribery and Corruption Policy
- Whistleblower Protection Policy
- Ethical Sourcing Policy
- Modern Slavery Statement
- Diversity and Inclusion Policy
- Securities Trading Policy
- Continuous Disclosure Policy
- Selection and Appointment of Directors
- Criteria for Assessing Independence of Directors
- Shareholder Communications Policy
- Minimum Shareholding Guideline Policy
- Workplace Gender Equality Agency Report
- Reconciliation Action Plan

The current Directors as of the date of this report are as follows:

Director	Appointed	Term in Office	Qualifications	Non-Executive	Independent	Last elected
Timothy Antonie (<i>Chair</i>)	2013	11 years	BEcon	Yes	No	2023
Lawrence Myers (<i>Dep. Chair and Lead Ind. Dir.</i>)	2013	11 years	B.Acct, CA, CTA	Yes	Yes	2021
Tim Baxter	2022	2 years	BS	Yes	Yes	2022
Jim Clayton	2021	3 years	BBA, Finance, JD	No	No	N/A
Peter Cowan	2018	6 years	Other	Yes	Yes	2021
Sally Herman	2013	11 years	BA, GAICD	Yes	No	2022
Dean Howell	2008	16 years	FCA, CTA	Yes	Yes	2023
Kate Wright	2016	8 years	BA	Yes	Yes	2022
Tuula Ryttilä	2023	1 year	MSc	Yes	Yes	2023

Further information as to the experience and background of each Director is included in the Directors' Report on pages 6 to 8. The Company maintains a majority independent Board and has been steadily evolving its Board composition to benefit from diversity in all its forms including gender, skill set, experience, ethnicity and geography.

Principle 1: Lay solid foundations for management and oversight

Role of the Board and management

The role of the Board includes ensuring that the Company has an appropriate corporate governance structure to create and protect long-term shareholder value and providing leadership and strategic guidance to management in accordance with the Company's objectives and values.

The Board has delegated responsibility for the day-to-day management of the Company and its businesses to the Managing Director and Chief Executive Officer (Group CEO).

The Board has a charter, which sets out its structure, composition and procedures, as well as the allocation of responsibilities among the Board, the Board committees and management. The Board Charter is available on the corporate governance page of the Company's website: <https://brevillegroup.com/corporate-governance>.

Corporate governance statement continued

Principle 1: Lay solid foundations for management and oversight continued

Board committees

The Board has established three standing committees to assist in the execution of its duties and to allow detailed consideration of complex issues within or relevant to the Company's businesses. These committees are as follows:

- Audit and Risk Committee (ARC), which reviews and makes recommendations to the Board regarding the Company's financial reporting, external audit, risk management framework and tax management.
- People Performance Remuneration and Nominations Committee (PPRNC), which reviews and makes recommendations to the Board regarding employee health and safety, diversity and inclusion, human rights and modern slavery, community relations and Director and Executive nomination and remuneration matters.
- Sustainability Committee (SCom), which reviews and makes recommendations to the Board regarding the sustainability policies, strategies, programmes and disclosures of the Company.

Further information regarding these committees, including details of their respective composition, is provided in the sections below.

Appointment of Directors and Board renewal

A detailed process is undertaken for the appointment of new Directors, including appropriate checks as to the candidate's background, character, education, skills and experience, as well as any potential conflicts of interest.

Other than the Managing Director, Directors must not retain office without re-election for more than three years or past the third Annual General Meeting (AGM) following their last election, whichever is longer. In addition, a Director appointed to fill a casual vacancy must retire and seek election at the next AGM. Prior to a Director seeking election or re-election at an AGM, the Company provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect the Director in the notice of meeting.

All Directors have a written agreement outlining the terms of their appointment.

Company Secretaries

The Company has two Company Secretaries, appointed by the Board. The Company Secretaries are accountable directly to the Board, through the Chair of the Board, on all matters relating to the proper functioning of the Board.

Diversity Policy

The Company is an equal opportunity employer and values differences such as gender, age, sexuality, culture, disability and ethnicity. The Company's Diversity Policy aims to ensure a corporate culture that supports workplace diversity, while providing access to equal opportunities at work based on merit. This policy is available in the corporate governance section of the Company's website: <https://brevillegroup.com/corporate-governance>.

Diversity Policy objectives

The objectives and actions set by the Board in accordance with the Diversity Policy, and progress towards achieving them, are as follows:

- A target gender balance of at least 40% of each gender in managerial and Executive roles and 30% for the Board. Please see the table below. BRG is constantly striving to improve its gender balance and has and will continue to look at initiatives to do so, particularly for managerial and senior executive roles;
- Promoting a safe workplace free from harassment or discrimination of any kind: training and education programs which included topics on unconscious bias, harassment, bullying, victimisation and discrimination, were offered during the year;
- Explicit requirement of recruiting agencies to provide a gender balance of suitable, qualified, vetted candidates for interview: this continued during the year;
- Representation of women trained in recruitment and on selection panels: the process to train additional women in these skills continued during the year;
- Enhancing the gender balance in career development in senior and managerial roles: the Company has recently designed the Breville Emerging Leaders program, in which the initial program nominees were over two thirds female;
- Continued flexible working arrangements where operationally appropriate: Breville's policies on Flexible Work and Paid Parental Leave support the choice of work locations and timing of work.

The proportion of women employees in the Company at 30 June 2024 is shown in the table below.

Corporate governance statement continued

Principle 1: Lay solid foundations for management and oversight continued

	30 June 2024	30 June 2023
Women on the Board ¹	33%	33%
Women in senior and executive roles ²	34%	35%
Women in managerial roles ³	36%	37%
Women in Company	46%	45%

¹ The number of women on the Board is 3 and represents 37.5% of NEDs

² The senior and executive role measure is comprised of all executive staff reporting to the Group CEO and their direct reports.

³ Managerial roles include all executive, senior and management roles.

To assist the Board in fulfilling its responsibilities in relation to diversity, the implementation of these objectives is overseen by the PPRNC. The committee:

- reports to the Board, at least annually, on the Company's progress in achieving the objectives set for achieving diversity;
- regularly oversees a monthly review of the relative proportion of women across the Company and their relative positions; and
- champions initiatives to promote diversity in the workplace, including the Breville Emerging Leaders program.

Workplace equality

In accordance with the requirements of the Workplace Gender Equality Act 2012 (Act), Breville Pty Limited lodged its annual compliance report with the Workplace Gender Equality Agency. This report is available on the corporate governance section of the Company's website: <https://brevillegroup.com/corporate-governance>.

Evaluating the performance of the Board

The Lead Independent Director is responsible for evaluating the Board's performance by way of an annual internal assessment. This process involves a structured questionnaire, through which each Director provides feedback in relation to the performance of the Board, the Chair and other Board members. This feedback is reported by the Lead Independent Director to the Board following the assessment and a plan for improvements is implemented.

The Board conducted an internal evaluation of its performance during FY24.

Evaluating the performance of senior executives

The performance of the Company's senior executives is reviewed against specific and measurable qualitative and quantitative performance criteria, which includes:

- financial measures of the Company's performance;
- development and achievement of the Company's strategic objectives;
- development of management and staff;
- compliance with legislative and Company policy requirements; and
- achievement of key performance indicators.

All senior executives were subject to an annual performance review with their direct manager during the reporting period.

Board composition

The Company's constitution states that there must be a minimum of three Directors and contains detailed provisions concerning their tenure. The Board currently comprises eight Non-Executive Directors and one Executive Director.

Board Skills and Experience

The Board has developed a skills matrix to assess the skills, knowledge and experience of the Directors, comprising those it considers necessary for the effective governance of the business. Key skills and experience assessed include:

- **Strategy and leadership:** The ability to define and lead the implementation of strategic objectives in a large, complex organisation.
- **Product development:** Experience in product design, development and engineering.
- **Marketing:** Senior executive experience in sales, marketing, customer experience and/or business development.
- **Consumer-orientated digital technology:** Experience developing and applying digital and emerging technologies to consumer products, as well as knowledge of cyber-security and information-security frameworks.
- **Multinational businesses and global markets:** Senior executive experience in international business, with exposure to diverse political, cultural and regulatory operating environments.

Corporate governance statement continued

Principle 2: Structure the Board to be effective and add value continued

- **Retail and consumer goods:** Experience in, and knowledge of, the retail and consumer goods sector, including brand, inventory and supply chain management.
- **Risk management:** Experience anticipating, identifying and managing financial, non-financial and emerging risks, and overseeing the implementation and effectiveness of risk management strategies, frameworks and controls.
- **Corporate governance:** Experience in corporate governance, particularly the legal and regulatory frameworks relevant to listed companies.
- **Financial acumen:** Expertise in financial accounting and reporting, tax, the assessment of internal controls and / or corporate finance.
- **Mergers, acquisitions, and capital raisings:** Experience in the development and implementation of mergers and acquisitions, and other corporate transactions.
- **Human resources and remuneration:** Experience in human resources matters, including culture, workplace health and safety, diversity and inclusion, learning and development, Executive remuneration and incentivisation and succession planning.
- **Sustainability:** A sound understanding of sustainability best practice in managing the risks and opportunities arising from environmental and social matters, such as climate change, biodiversity, human rights and modern slavery.
- **Stakeholder relations:** Experience in the development and maintenance of relationships with stakeholders, including investors, regulators, suppliers and customers.

The Board considers that, collectively, it has the skills and experience to discharge its obligations effectively.

Director independence

The Board regularly reviews the independence of each Director with reference to the Company's 'Criteria for assessing independence of Directors'. Consistent with the Council's recommendations, independent Directors of the Company are those who are not involved in the day-to-day management of the Company and are free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on matters before the Board and to act in the best interests of the Company as a whole, rather than those of an individual shareholder or other party.

In accordance with this definition of independence, and the materiality thresholds outlined in the abovementioned policy, it is the Board's view that Tim Baxter, Peter Cowan, Dean Howell, Lawrence Myers, Kate Wright and Tuula Ryttilä are independent Directors. The Board therefore has a majority of independent directors. The independence of both Mr Myers and Mr Howell is reconfirmed in light of their tenure with the Company, given their track record of independent opinion and action, and the fact that the Executive team has substantially changed over the last 10 years. Thus, Mr Myers' and Mr Howell's tenure in working with the current leadership team is no longer than that of several other members of the Board.

The following Directors are not considered to be independent for the reasons outlined:

- Timothy Antonie (Non-Executive Chair) is a Non-Executive Director of Premier Investments Ltd, a substantial shareholder of the Company;
- Sally Herman (Non-Executive Director) is a Non-Executive Director of Premier Investments Ltd, a substantial shareholder of the Company; and,
- Jim Clayton (Managing Director) in his dual role as Managing Director and Group CEO is not considered independent.

Regardless of whether Directors are classified as independent, all Directors are expected to bring independent views and judgement to Board deliberations. In addition, Board members with a material personal interest in a matter before the Board are not permitted to be present during discussions or to vote on the matter, unless otherwise agreed by the Board.

In accordance with good corporate governance practice, where the Chair of the Board is not an independent Director, the Board considers it appropriate to designate an independent Director to serve in a lead capacity to coordinate the activities of the other independent Directors, including acting as principal liaison between the independent Directors and the Chair, and representing the Board as the Lead Independent Director when the Chair is unable to do so because of their non-independent status. As the current Chair, Mr Antonie, is not an independent Director, the Board has appointed Mr Myers as its Lead Independent Director and Deputy Chair.

People Performance Remuneration and Nominations Committee

The PPRNC's responsibilities include overseeing the nomination and succession of both key Executive roles and Non-Executive Board roles. These are in addition to its responsibilities relating to people and remuneration matters outlined on pages 61 and 67.

Further details regarding the PPRNC's operation and responsibilities are set out in its charter, available at <https://brevillegroup.com/corporate-governance>.

The PPRNC is currently structured such that:

- it is comprised solely of Non-Executive Directors;
- it is chaired by an independent Director; and
- has three members all of whom are independent.

Corporate governance statement continued

Principle 2: Structure the Board to be effective and add value continued

The members of the PPRNC as at the date of this report are:

- Kate Wright (Chair)
- Dean Howell
- Lawrence Myers

All Non-Executive Directors have an open invitation to attend PPRNC meetings. For details on the number of meetings of the PPRNC held during the year and Directors' attendance at those meetings, refer to the Directors' Report on page 58.

Access to independent advice

There are procedures in place to enable Directors, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the expense of the Company. Prior written approval of the Chair is required, which will not be unreasonably withheld.

Induction and continuing professional development

Newly appointed Directors participate in an extensive induction program. This includes the provision of information relevant to their role as a listed company Director, and briefings with other Directors and key members of management on the Company's strategy, operations, structure and material risks.

The Board annually assesses whether there is a need for Directors to undertake professional development to maintain the skills and knowledge required to perform their role effectively. It does this with reference to the Board skills matrix, the Board's annual performance review, as well as new and emerging business, governance or compliance issues relevant to the Company. More generally, the Board keeps up to date with industry and regulatory developments through regular briefings from senior management and external subject-matter experts at its Board and committee meetings. For example, during the year, the Board received educational sessions on cyber security, the implications of AI technology and the status of capital markets, and the SCom received a detailed briefing on the new Australian Sustainability Reporting Standards (ASRS).

Principle 3: Instil a culture of acting lawfully, ethically, and responsibly

Values

The culture and values of the Company, led by the Board and supported by policy and procedure, underpin the ethical and responsible behaviour expected of all Directors and employees of the Company. The Company's values can be found in the 'About' section of the Company's website www.brevillegroup.com. Relevant policies include the Code of Conduct, Anti-bribery and Corruption Policy and Whistleblower Protection Policy, as detailed below.

Code of Conduct

The Board has formally adopted a Code of Conduct for all Directors and employees. The Code aims at maintaining the highest ethical standards, corporate behaviour and accountability across the Company. These obligations are also consistent with the duties imposed on Directors by the Corporations Act. New employees are required to read and agree to the Code of Conduct as part of the onboarding process. Any breaches of the Code of Conduct are reported to the Board through the Group CFO.

A copy of the Code of Conduct is available on the Company's website: <https://brevillegroup.com/corporate-governance>.

Anti-bribery and Corruption Policy

The Company has an Anti-Bribery and Corruption Policy which prohibits Directors and employees from engaging in any activity that constitutes bribery or corruption and from accepting other improper inducements and/or payments.

Any material incidents of bribery or corruption are reported to the Board through the Group CFO.

A copy of the Anti-bribery and Corruption Policy is available on the Company's website: <https://brevillegroup.com/corporate-governance>

Whistleblower Protection Policy

The Company has a Whistleblower Protection Policy that sets out clear processes for employees and other parties to make protected disclosures regarding improper conduct. The Board is informed of material incidents reported under this policy.

A copy of the Whistleblower Protection Policy is available on the Company's website: <https://brevillegroup.com/corporate-governance>.

Corporate governance statement continued

Principle 4: Safeguard integrity of corporate reports

Audit and Risk Committee

The Board has a combined audit and risk committee in the form of the ARC. The audit-related responsibilities of the ARC include reviewing and assessing the adequacy of the Company's corporate reporting process, reviewing and approving the scope of the audit plan of the external auditor, and overseeing the Company's approach to internal risk management and tax management. The ARC also has other risk-related responsibilities, as outlined on page 66.

Details of the ARC's operation and responsibilities are set out in its charter, available at <https://brevillegroup.com/corporate-governance>.

The ARC is currently structured such that:

- it is comprised solely of Non-Executive Directors;
- it is chaired by an independent Director, who is not chair of the Board; and
- it has three members all of whom are independent Directors.

The members of the ARC as at the date of this report are:

- Mr Lawrence Myers (Chair)
- Mr Dean Howell
- Ms Kate Wright

All Non-Executive Directors have an open invitation to attend ARC meetings.

The Directors' Report, on page 58, outlines the number of ARC meetings held during the year and directors' attendance at those meetings. It also outlines the qualifications of the ARC members on pages 6 to 8.

CEO and CFO Declaration

Before the Board approves the Company's half-year and full-year financial statements, it receives from the Group CEO and Group CFO a written declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with all applicable accounting standards and give a true and fair view of the financial position and performance of the Company, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Periodic disclosures that are not subject to external audit are reviewed and presented to the Board for approval and are subject to rigorous internal review prior to publication.

Principle 5: Make timely and balanced disclosure

Continuous disclosure

The Board has adopted a Continuous Disclosure Policy that outlines how the Company seeks to comply with its continuous disclosure obligations under the ASX Listing Rules. This policy is available on the Company's website: <https://brevillegroup.com/corporate-governance>.

The Board receives and approves all material market announcements before release and is notified once an announcement has been released to the ASX.

Any substantive analyst presentations are released on the ASX Market Announcements Platform ahead of the any presentation or briefing.

Principle 6: Respect the rights of security holders

Communication policy

The Company is committed to providing all shareholders with comprehensive, timely and equal access to information about its activities to enable them to make informed investment decisions. The Company's Shareholder Communication Policy is available on the Company's website, together with relevant information regarding the Company's governance: <https://brevillegroup.com/corporate-governance>

The Company aims to facilitate effective communication with shareholders in numerous ways, including through:

- announcements released to the ASX Market Announcements Platform, including its annual and half year results;
- the Annual General Meeting (AGM), which shareholders are encouraged to attend and in which shareholders are encouraged to participate, including by exercising their voting rights and asking questions of the Chair and the Board and the external auditor; the Company requires that all substantive resolutions at the AGM, or any other meeting of shareholders, are decided by a poll rather than a show of hands;

Corporate governance statement continued

Principle 6: Respect the rights of security holders continued

Communication policy cont'd

- an investor relations program, which includes scheduled and ad-hoc briefing sessions with investors, analysts and other stakeholders;
- maintenance of the Company website which provides up-to-date information about the Company, its governance framework and recent ASX announcements;
- lodging with the ASX Market Announcements Platform any presentations to be provided at investor conferences before they are presented, and
- notifications from the Company's share registry.

Electronic communication

Shareholders may send and elect to receive communications from the Company's share registry electronically. Shareholders are also able to send communications to the Company and receive responses to these communications electronically.

Principle 7: Recognise and manage risk

Risk management

The Company is committed to the identification, monitoring and management of risks associated with its business activities including financial, operational, compliance, climate, ethical conduct, brand, technology, employee welfare and product quality risks. The Company has embedded in its management and reporting systems a number of risk management controls.

These include:

- a presentation delivered at least bi-annually to the ARC and Board of the risk register and risk matrix identifying key risks, mitigants and the residual risk relative to Board risk appetite;
- an extensive controls self-assessment process covering all units and key controls;
- policies and procedures for the management of financial risk and treasury operations including exposures to foreign currencies and movements in interest rates;
- annual strategic planning sessions at the Executive and Board level, with monitoring at each Board meeting;
- annual budgeting and monthly reporting systems for all business units that enable the monitoring of progress against performance targets and the evaluation of trends;
- policies and procedures that facilitate management of the Company's material business risks; and
- guidelines and limits for approval, including capital expenditure, significant contracts, acquisitions and disposals, actual or contingent liabilities, borrowings and legal matters.

Management reports to the Board on the Company's risk identification and management, internal control and governance systems, and the effectiveness of the underlying processes in managing the Company's material business risks. The Company does not currently operate with a dedicated internal audit function, a position that is reviewed periodically. As outlined above, the Company conducts an extensive control self-assessment, a twice-yearly enterprise-wide risk register review and external audits.

Audit and Risk Committee

As previously set out, the Company has a combined audit and risk committee in the form of the ARC. In addition to the audit-related responsibilities set out on page 65, the ARC is responsible for monitoring the adequacy of and management's performance against the Company's risk management framework, considering the effectiveness of the Company's internal controls relating to both financial and non-financial risks, reviewing material incidents involving fraud or a breakdown of the Company's risk controls and receiving reports from management on new and emerging sources of risk.

Each year, including in FY24, the ARC reviews the Company's risk management framework to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board.

Further details regarding the ARC, including its composition, are included on page 65.

Sustainability Committee

The SCom has oversight responsibilities in relation to the Company's environmental sustainability strategy, risks and opportunities, and the integrity of the Company's sustainability reporting.

The Company's exposure to economic, environmental and social sustainability risks, together with how these risks are managed, are detailed in the Operating and Financial Review section of the Directors' Report.

Details of the SCom's operation and responsibilities are set out its charter, available at <https://brevillegroup.com/corporate-governance>.

Corporate governance statement continued

Principle 7: Recognise and manage risk continued

Sustainability Committee cont'd

The SCom is currently structured such that:

- it is comprised of only Non-Executive Directors;
- it is chaired by an independent Director; and
- it has four members, a majority of whom are independent.

The members of the SCom as of the date of this report are:

- Mr Peter Cowan (Chair)
- Ms Sally Herman
- Ms Kate Wright
- Mr Dean Howell

All Non-Executive Directors have an open invitation to attend SCom meetings.

For details on the number of meetings of the Sustainability Committee held during the year and Directors' attendance at those meetings, refer to the Directors' Report on page 58.

Principle 8: Remunerate fairly and responsibly

People, Performance, Remuneration and Nominations Committee

In addition to its people and nomination related responsibilities outlined on pages 61 and 63, the PPRNC is responsible for overseeing the remuneration and incentivisation of both key Executive and Non-Executive Board roles, as well as the remuneration strategy for the Company. This includes reviewing and making recommendations to the Board in relation to short-term and long-term incentives, employee incentive plan terms and compliance with all applicable regulatory requirements.

Further details regarding the PPRNC, including its composition, are included on pages 63 and 64.

Remuneration disclosure

For details of the Company's remuneration philosophy and framework, and the remuneration received by Key Management Personnel (KMP) in the current period, please refer to the Remuneration Report contained in the Directors' report on pages 34 to 57.

Equity-based remuneration schemes and share trading

The Company currently operates an equity-based remuneration scheme, the details of which are disclosed in the Remuneration Report, as well as in any notice of meeting seeking shareholder approval for a Director to participate in a particular scheme.

The Company has established a Minimum Shareholding Guideline Policy, through which it encourages all Executive KMP and Non-Executive Directors to maintain a minimum holding of Company shares in order to strengthen alignment between their interests and the interests of shareholders.

The Company also has a Securities Trading Policy, available in the corporate governance section of the Company's website <https://brevillegroup.com/corporate-governance>, which assists Directors and employees to understand and comply with insider trading laws and outlines the procedures that must be followed when dealing in Company securities, including those received under an equity-based remuneration scheme.

Pursuant to the Securities Trading Policy, participants in the Company's equity-based remuneration schemes are not permitted to enter into any agreement or arrangement (including options and derivatives) which limits the economic risk of participating in the scheme.

Consolidated income statement

For the year ended 30 June 2024

	Notes	Consolidated	
		30 June 2024 \$'000	30 June 2023 \$'000
Revenue	3(a)	1,529,993	1,478,554
Cost of sales	3(b)	(973,055)	(961,612)
Gross profit		556,938	516,942
Other income		228	778
Employee benefits expenses	3(e)	(196,526)	(183,066)
Premises and utilities expenses		(13,486)	(13,670)
Advertising and marketing expenses		(54,905)	(52,721)
Other expenses	3(d)	(46,751)	(50,100)
Earnings before interest, tax, depreciation & amortisation (EBITDA)		245,498	218,163
Depreciation and amortisation expense	3(c)	(59,785)	(46,142)
Earnings before interest & tax (EBIT)		185,713	172,021
Finance costs	3(f)	(22,457)	(21,699)
Finance income	3(f)	2,431	669
Profit before income tax		165,687	150,991
Income tax expense	4	(47,180)	(40,783)
Net profit after income tax for the year attributable to members of Breville Group Limited		118,507	110,208
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	13	82.7	77.2
Diluted earnings per share	13	81.8	76.6

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

Consolidated statement of comprehensive income

	Notes	Consolidated	
		30 June 2024 \$'000	30 June 2023 \$'000
Net Profit after income tax for the year		118,507	110,208
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences		(7,988)	26,986
Net change in fair value of cash flow hedges		(9,036)	(10,887)
Income tax on other comprehensive income	4	7,318	4,163
Other comprehensive income for the year, net of income tax		(9,706)	20,262
Total comprehensive income for the year is attributable to:			
Owners of Breville Group Limited		108,801	130,470
Total comprehensive income for the year attributable to owners of Breville Group Limited arises from:			
Continuing operations		108,801	130,470

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

Consolidated statement of financial position

As at 30 June 2024

	Notes	Consolidated	
		30 June 2024 \$'000	30 June 2023 \$'000
Current assets			
Cash and cash equivalents	5	137,772	84,155
Trade and other receivables	6	282,017	276,753
Inventories	7	332,790	439,633
Current tax receivables	4	6,930	4,366
Derivative financial instruments	16	3,942	14,200
Other financial assets	16	559	1,711
Total current assets		764,010	820,818
Non-current assets			
Property, plant and equipment	8	62,858	53,766
Deferred tax assets	4	29,241	29,112
Right-of-use assets	10	65,431	69,968
Intangible assets	9	410,288	399,028
Other financial assets	16	9,243	2,160
Total non-current assets		577,061	554,034
Total assets		1,341,071	1,374,852
Current liabilities			
Trade and other payables	6	273,269	261,336
Lease liabilities	10	22,020	19,777
Current tax liabilities	4	9,376	6,285
Borrowings	15	2,735	3,245
Provisions	6	30,337	29,699
Derivative financial instruments	16	207	1,430
Total current liabilities		337,944	321,772
Non-current liabilities			
Borrowings	15	81,431	202,200
Lease liabilities	10	49,797	55,272
Deferred tax liabilities	4	19,413	22,155
Provisions	6	4,272	3,794
Total non-current liabilities		154,913	283,421
Total liabilities		492,857	605,193
Net assets		848,214	769,659
Equity			
Equity attributable to equity holders of Breville Group Limited			
Issued capital	14	401,129	385,541
Reserves	14	28,977	39,337
Retained earnings		418,108	344,781
Total equity		848,214	769,659

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

Consolidated statement of changes in equity

For the year ended 30 June 2024

Consolidated	Notes	Issued capital \$'000	Foreign currency translation \$'000	Employee equity benefits reserve \$'000	Cash flow hedges \$'000	Retained earnings \$'000	Total \$'000
2024							
At 1 July 2023		385,541	34,526	(4,128)	8,939	344,781	769,659
Foreign currency translation reserve		-	(7,988)	-	-	-	(7,988)
Cash flow hedges		-	-	-	(9,036)	-	(9,036)
Income tax on items taken directly to equity	4	-	-	4,607	2,711	-	7,318
Total other comprehensive income for the year		-	(7,988)	4,607	(6,325)	-	(9,706)
Profit for the year ended		-	-	-	-	118,507	118,507
Total comprehensive income for the year ended		-	(7,988)	4,607	(6,325)	118,507	108,801
Transactions with owners in their capacity as owners:							
Dividends paid	12	-	-	-	-	(45,180)	(45,180)
Ordinary shares issued for Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan, net of transaction costs and tax	14(a)	15,588	-	(15,620)	-	-	(32)
Ordinary shares acquired by the Trustee of the Breville Group Performance Share Plan Transferred to participants of the Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan	14(b)	(14,940)	-	-	-	-	(14,940)
Share-based payments	3(e)	-	-	14,966	-	-	14,966
At 30 June 2024		401,129	26,538	(175)	2,614	418,108	848,214

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

Consolidated statement of changes in equity continued

For the year ended 30 June 2024

Consolidated	Notes	Issued capital \$'000	Foreign currency translation \$'000	Employee equity benefits reserve \$'000	Cash flow hedges \$'000	Retained earnings \$'000	Total \$'000
2023							
At 1 July 2022		323,165	7,540	(10,255)	16,560	277,407	614,417
Foreign currency translation reserve		-	26,986	-	-	-	26,986
Cash flow hedges		-	-	-	(10,887)	-	(10,887)
Income tax on items taken directly to equity	4	-	-	897	3,266	-	4,163
Total other comprehensive income for the year		-	26,986	897	(7,621)	-	20,262
Profit for the year ended		-	-	-	-	110,208	110,208
Total comprehensive income for the year ended		-	26,986	897	(7,621)	110,208	130,470
Transactions with owners in their capacity as owners:							
Dividends paid	12	-	-	-	-	(42,834)	(42,834)
Ordinary shares issued on acquisition of Lelit Srl, net of transaction costs	14(a)	55,703	-	-	-	-	55,703
Ordinary shares issued for Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan, net of transaction costs and tax	14(a)	6,673	-	(6,690)	-	-	(17)
Ordinary shares acquired by the Trustee of the Breville Group Performance Share Plan Transferred to participants of the Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan	14(b)	(6,093)	-	-	-	-	(6,093)
Share-based payments	3(e)	-	-	11,920	-	-	11,920
At 30 June 2023		385,541	34,526	(4,128)	8,939	344,781	769,659

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

Consolidated statement of cash flows

For the year ended 30 June 2024

	Notes	Consolidated	
		30 June 2024 \$'000	30 June 2023 \$'000
Cash flows from operating activities			
Receipts from customers		1,617,072	1,474,092
Payments to suppliers and employees		(1,253,165)	(1,319,631)
Finance income received		2,431	669
Finance costs paid		(22,457)	(21,699)
Income tax paid		(41,266)	(43,177)
Net cash flows from operating activities	5(c)	302,615	90,254
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(24,925)	(20,479)
Proceeds from sale of property, plant and equipment		257	44
Development of intangible assets	9	(37,194)	(32,764)
Acquisition of subsidiary, net of cash acquired	21(a)	-	(79,647)
Net cash (used in) investing activities		(61,862)	(132,846)
Cash flows from financing activities			
Proceeds from borrowings	5(b)	202,036	399,471
Repayment of borrowings	5(b)	(322,722)	(387,212)
Equity dividends paid	12(a)	(45,180)	(42,834)
Principal elements of lease payments	10	(20,547)	(18,303)
Net cash (used in) financing activities		(186,413)	(48,878)
Net increase (decrease) in cash and cash equivalents		54,340	(91,470)
Cash and cash equivalents at the beginning of the financial year		84,155	168,256
Net foreign exchange difference		(723)	7,369
Cash and cash equivalents at end of year	5	137,772	84,155

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2024

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Notes to the financial statements continued

For the year ended 30 June 2024

Key numbers

Note 1. Summary of material accounting policies

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.

This financial 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 operating and financial review in the Directors' Report on pages 8 to 33. The Directors' Report is unaudited (except for the Remuneration Report) and does not form part of the financial report.

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated 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 class order applies.

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

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Breville Group Limited and its subsidiaries as at 30 June each year.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period, using consistent accounting policies. In preparing the consolidated financial statements, all inter-Group balances and transactions, income and expenses and profit and loss resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

(d) Business combinations

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Further details are provided in note 21.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 1. Summary of material accounting policies continued

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are presented in Australian dollars (\$), which is Breville Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(f) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 11.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the equity-settled performance rights granted is estimated as of the date of grant using a Monte-Carlo simulation model or Black Scholes option-pricing model, taking into account the terms and conditions upon which the performance rights were granted. These assumptions are detailed in note 19.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group Company's domicile. As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

The Organisation for Economic Co-operation and Development (OECD) / G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two model rules. These are aimed at ensuring that large corporate groups are subject to a minimum taxation at a 15 percent rate in each jurisdiction where they operate. The Group is in the scope of the Pillar Two Model Rules and has adopted the amendments to IAS 12. It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023 and 27 June 2023, respectively, the IASB and AASB issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognize or disclose information about deferred tax assets and liabilities related to the proposed OECD / G20 BEPS Pillar Two model rules. The Group applied the temporary exemption at 30 June 2024.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 1. Summary of material accounting policies continued

(f) Significant accounting judgements, estimates and assumptions continued

Warranty and faulty goods

Provision for warranty and faulty goods is recognised at the date of sale of the relevant products, at the Group's best estimate of the expenditure required to settle the Group's liability. Factors that could impact the estimated claim information include the success of the Group's quality initiatives, and allowable returns in agreed terms with retailers, as well as parts and labour costs. The related carrying amounts are disclosed in note 6.

Allowance for uncollectible receivables

Estimation is required to assess the risk of probability weighted outcomes in determining an adequate level of provisions for uncollectible receivables. As required by accounting standards the Group considers past, current and future economic conditions. The Group uses a matrix based approach and groups its customers into different risk portfolios when measuring its expected credit losses.

(g) Notes to the financial statements

Notes relating to individual line items in the financial statements include accounting policy information where it is considered relevant to an understanding of these items. Details of the impact of new accounting policies and all other accounting policy information are disclosed in note 25 of the financial report.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 2. Operating segments

The Group has identified its operating segments in line with AASB 8 *Operating Segments* based on the internal reports that are reviewed by the chief operating decision makers (Chief Executive Officer and Board of Directors) in assessing performance and in determining the allocation of resources. The Group's external reporting segments are 'Global Product' and 'Distribution'.

'Global Product' sells premium products designed and developed by BRG, which are sold globally. 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. BRG 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. Breville®, Kambrook®), or they may be distributed under a 3rd party brand.

(a) Segment results

Consolidated 2024	30 June 2024			30 June 2023		
	Global Product \$'000	Distribution \$'000	Total \$'000	Global Product \$'000	Distribution \$'000	Total \$'000
Segment revenue	1,336,031	193,962	1,529,993	1,279,224	199,330	1,478,554
Cost of sales	(832,966)	(140,089)	(973,055)	(808,656)	(152,956)	(961,612)
Gross Profit	503,065	53,873	556,938	470,568	46,374	516,942
GM%	37.7%	27.8%	36.4%	36.8%	23.3%	35.0%
Total Overhead expenses	-	-	(371,225)	-	-	(344,921)
EBIT			185,713			172,021
Finance costs			(22,457)			(21,699)
Finance income			2,431			669
Profit before income tax			165,687			150,991

(b) Segment revenue

Global Product	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Americas	735,454	701,232
EMEA	325,219	285,774
APAC	275,358	292,218
Total Global Product revenue	1,336,031	1,279,224

Distribution: Revenue generated from USA, Canada, Australia and New Zealand.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 3. Revenue and expenses

	Notes	Consolidated	
		30 June 2024 \$'000	30 June 2023 \$'000
(a) Revenue			
Sale of goods		1,529,993	1,478,554
Total revenue		1,529,993	1,478,554
(b) Cost of sales			
Costs of inventories recognised as an expense		866,831	856,637
Costs of delivering goods to customers		56,550	60,478
Warranty expense		49,674	44,497
Total cost of sales		973,055	961,612
(c) Depreciation and amortisation expense			
Depreciation - right-of-use assets		21,915	18,239
Depreciation - property, plant and equipment (excl. production tools)		7,151	6,550
Depreciation - production tools		7,578	4,073
Amortisation - computer software		2,453	1,065
Amortisation - development costs		19,970	15,464
Amortisation - customer relationships		718	751
Total depreciation and amortisation expense		59,785	46,142
(d) Other expenses:			
Net foreign exchange (gain)		(2,087)	(698)
Other product related costs		8,835	9,717
Information technology costs		19,778	19,074
Professional and administration costs		8,455	7,023
Other		11,770	14,984
Total other expenses		46,751	50,100
(e) Employee benefits expenses			
Wages and salaries, leave and other employee related benefits		151,610	151,512
Short term incentives		20,049	10,447
Defined contribution plan expense		9,901	9,187
Share-based payments expense		14,966	11,920
Total employee benefits expenses		196,526	183,066

Notes to the financial statements continued

For the year ended 30 June 2024

Note 3. Revenue and expenses continued

(f) Finance costs / income

	Notes	Consolidated	
		30 June 2024 \$'000	30 June 2023 \$'000
Finance costs paid or payable on borrowings and bank overdrafts:			
Interest and borrowing costs		17,927	17,559
Interest on lease liabilities		4,530	4,140
Finance costs		22,457	21,699
Finance income		(2,431)	(669)
Total net finance costs		20,026	21,030

Recognition and measurement

Sale of goods

Revenue from Contracts with Customers is recognised at a point in time when the performance obligation of transferring goods to the buyer has been satisfied and the transaction price can be measured. Goods are considered transferred to the buyer when the buyer obtains control of those goods, which is at the earlier of delivery of the goods or the transfer of legal title to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of returns, allowances, trade discounts and volume rebates.

Finance costs / income

Borrowing costs are recognised as an expense when incurred. Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 4. Income tax

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000

The major components of income tax expense are:

Income statement

Current income tax

Current income tax charge	46,402	40,940
Adjustments in respect of current income tax of previous years	(3,788)	(2,001)

Deferred income tax

Relating to the origination and reversal of temporary differences	1,828	2,076
Adjustments in respect of deferred income tax of previous years	2,738	(232)

Total income tax expense reported in the income statement	47,180	40,783
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	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000

Deferred income tax related to items charged or credited directly to other comprehensive income

Employee equity benefits reserve	(4,607)	(897)
Net (loss) / gain on revaluation of cash flow hedges	(2,711)	(3,266)

Income tax (benefit) / expense reported in other comprehensive income	(7,318)	(4,163)
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A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the parent entity's applicable income tax rate is as follows:

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Profit before income tax	165,687	150,991
Tax at the Australian tax rate of 30.0% (2023 - 30.0%)	49,706	45,297
Adjustments in respect of income tax of previous years	(1,050)	(2,233)
Effect of different rates of tax on overseas income	(1,657)	(1,368)
Expenditure not allowable for income tax purposes	2,711	1,363
Share Based Payments	(4,455)	(3,638)
Other	1,925	1,362
Income tax expense reported in the income statement	47,180	40,783

Notes to the financial statements continued

For the year ended 30 June 2024

Note 4. Income tax continued

Deferred income tax

Deferred income tax at 30 June relates to the following:

	Consolidated Statement of financial position	
	30 June 2024 \$'000	30 June 2023 \$'000
Deferred income tax		
Deferred income tax at 30 June relates to the following:		
Deferred tax assets		
Losses available for offset against future taxable income	2,016	2,044
Provisions and accruals	26,995	26,376
Employee benefits	10,755	8,048
Inventory	1,129	771
Employee equity benefits reserve	12,439	7,832
Leases	1,514	1,668
Other	1,909	3,211
Gross deferred income tax assets	56,757	49,950
Set-off of deferred tax assets pursuant to set-off provisions	(27,516)	(20,838)
Deferred tax assets	29,241	29,112
Deferred tax liabilities		
Brand names	11,335	12,720
Development costs and production tools	18,419	19,082
Other intangibles	8,449	5,887
Other	1,250	194
Cash flow hedge reserve	1,051	3,762
Accelerated depreciation for tax purposes	6,425	1,348
Gross deferred income tax liabilities	46,929	42,993
Set-off of deferred tax liabilities pursuant to set-off provisions	(27,516)	(20,838)
Deferred tax liabilities	19,413	22,155
Net deferred income tax assets	9,828	6,957

Notes to the financial statements continued

For the year ended 30 June 2024

Note 4. Income tax continued

Deferred income tax continued

	Notes	Consolidated	
		30 June 2024 \$'000	30 June 2023 \$'000
Movement			
Opening Balance		6,957	13,579
Credit / (Debit) to income statement		(4,566)	(1,844)
Credit / (Debit) to equity		7,318	4,163
Acquisition of Lelit Srl	21	-	(7,003)
FX		119	(1,938)
Closing Balance		9,828	6,957

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000

Current income tax

Current tax receivables	6,930	4,366
Current tax liabilities	9,376	6,285

At 30 June 2024, there is no recognised or unrecognised deferred income tax liability (2023: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, as the Group has no current intention of distributing existing retained earnings in jurisdictions where liability for additional taxation exists should such amounts be remitted.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The legislation will be effective for the Group's financial year beginning 1 July 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief may not apply and the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Recognition and measurement

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided on all temporary differences between the tax bases of assets / liabilities and their carrying amounts at balance sheet date for financial reporting purposes.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 4. Income tax continued

Recognition and measurement continued

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes in relation to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Breville Group Limited and its wholly-owned Australian resident controlled entities (excluding the Breville Group Performance Share Plan Trust) have implemented the tax consolidated legislation as of 1 July 2003.

Breville Group Limited is the head entity of the tax consolidated Group. For further information, refer to note 18.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 5. Cash and cash equivalents

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Cash at bank and on hand	137,772	84,155

Notes:

- At 30 June 2024, the Group had available \$184,200,000 (2023: \$266,771,000) of undrawn committed and uncommitted borrowing and overdraft facilities in respect of which all conditions precedent had been met (see note 15).
- The fair value of cash and cash equivalents is \$137,772,000 (2023: \$84,155,000).

Cash and cash equivalents	137,772	84,155
Borrowings - Current	(2,735)	(3,245)
Borrowings - Non-current	(81,431)	(202,200)
Net cash / (debt)	53,606	(121,290)

(a) Disclosure of financing facilities

Refer to note 15.

Recognition and measurement

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

Consolidated	Cash \$'000	Borrowings \$'000	Total \$'000
Net debt as at 1 July 2022	168,256	(172,349)	(4,093)
Cash flows	(91,470)	(12,259)	(103,729)
On Acquisition of Lelit Srl	3,289	(12,349)	(9,060)
Foreign exchange adjustments	4,080	(8,488)	(4,408)
Net (debt) / cash as at 30 June 2023	84,155	(205,445)	(121,290)
Cash flows	55,060	120,686	175,746
Foreign exchange adjustments	(1,443)	593	(850)
Net (debt) / cash as at 30 June 2024	137,772	(84,166)	53,606

Notes to the financial statements continued

For the year ended 30 June 2024

Note 5. Cash and cash equivalents continued

(c) Reconciliation of net profit after tax for the year to net cash flows from operating activities

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Profit for the year	118,507	110,208
Non-cash adjustments:		
Depreciation and amortisation	59,785	46,142
Share-based payments	14,966	11,920
Other	23	304
Net exchange differences	(922)	(2,375)
Changes in assets and liabilities:		
Decrease / (increase) in:		
Trade receivables, prepayments and other receivables	132	(81,631)
Inventories	102,879	62,366
Other current assets	(2,765)	(1,142)
Non-current assets	2,296	(12,616)
(Decrease) / increase in:		
Current liabilities	10,425	(44,617)
Non-current liabilities	(2,711)	1,695
Net cash from operating activities	302,615	90,254

Note 6. Receivables, payables and provisions

Trade and other receivables

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Current assets		
Trade receivables from contracts with customers	255,810	253,216
Allowance for uncollectible receivables	(9,709)	(9,609)
Trade receivables, net	246,101	243,607
Prepayments and Other receivables	35,916	33,146
Total current trade receivables, prepayments and other receivables	282,017	276,753

Notes to the financial statements continued

For the year ended 30 June 2024

Note 6. Receivables, payables and provisions continued

Trade and other receivables continued

Notes:

(a) Trade receivables are non-interest bearing and are generally on 30-60 day terms.

	Consolidated
	30 June
	2024
	\$'000
Allowance for uncollectible receivables	
Carrying amount at the beginning of the year:	9,609
Provision	440
Utilised	(41)
Net exchange differences	(299)
Carrying amount at the end of the year:	9,709

At 30 June 2024 an ageing analysis of those trade receivables (net of allowance for uncollected receivables) are as follows:

	Consolidated	
	30 June	30 June
	2024	2023
	\$'000	\$'000
Current	241,857	235,866
31 – 60 days overdue	2,606	3,987
61+ days overdue	1,638	3,754
Trade receivables, net	246,101	243,607

Trade receivables (net) past due, but not impaired, amount to \$4,244,000 (2023: \$7,741,000). In all instances each operating unit has been in contact with the relevant debtor and is satisfied that payment will be received in full or has been provided for.

Recognition and measurement

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost. Bad debts are written off when incurred. An allowance for uncollectible, or doubtful, receivables is calculated on a probability weighted measure of expected credit losses using historic, present and future economic conditions. The carrying value and estimated net fair values of the trade and other receivables is assumed to approximate their fair value, being the amount at which the asset could be exchanged between willing parties.

Details regarding the effective interest rate and credit risk of current receivables are disclosed in note 16.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 6. Receivables, payables and provisions continued

Trade and other payables

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Current		
Trade and other payables - unsecured	273,269	261,336
Total current trade and other payables	273,269	261,336

Recognition and measurement

Current trade and other payables are carried at amortised cost. Trade payables represent liabilities for goods and services provided to the Group prior to the end of the year, including customer rebates, that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, non-interest bearing and are usually settled on 30 day terms. The carrying value and estimated net fair values of the trade and other payables is assumed to approximate their fair value, being the amount at which the liability could be settled in a current transaction between willing parties. Details regarding interest rate, foreign exchange and liquidity risk exposure are disclosed in note 16.

Provisions	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Current		
Warranty and faulty goods	15,238	14,932
Employee benefits – annual leave	11,304	10,982
Employee benefits – long service leave	3,795	3,785
Total current provisions	30,337	29,699
Non-current		
Employee benefits - long service leave	4,272	3,794
Total non-current provisions	4,272	3,794

Notes to the financial statements continued

For the year ended 30 June 2024

Note 6. Receivables, payables and provisions continued

(a) Movements in provisions

Consolidated	Warranty and faulty goods \$'000	Employee benefits - annual leave \$'000	Employee benefits - long service \$'000	Total \$'000
Carrying amount at the beginning of the year:				
Current	14,932	10,982	3,785	29,699
Non-Current	-	-	3,794	3,794
Total	14,932	10,982	7,579	33,493
Movement in provisions during the year:				
Amounts utilised during the year	(50,082)	(8,150)	(713)	(58,945)
Additional provisions made in the year	49,674	8,550	1,231	59,455
Net exchange differences	714	(78)	(30)	606
Net movement	306	322	488	1,116
Carrying amount at the end of the year:				
Current	15,238	11,304	3,795	30,337
Non-Current	-	-	4,272	4,272
Total	15,238	11,304	8,067	34,609

Recognition and measurement

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranties and faulty goods

Provisions for warranty and faulty goods are recognised at the date of sale of the relevant products. A provision for warranty and faulty goods represents the present value of the best estimate of the future sacrifice of economic benefits expected that will be required for warranty and faulty goods claims on products sold. This estimate is based on the historical trends experienced on the level of repairs and returns. Assumptions used to calculate the provision for warranty and faulty goods were based on the level of warranty and faulty goods claims experienced during the last year.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 6. Receivables, payables and provisions continued

Recognition and measurement continued

Employee benefits - annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Contributions to the defined contribution fund are recognised as an expense as they become payable.

Employee benefits – long service

The provision for employee benefits represents the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using appropriate market yields at the reporting date to estimate the future cash outflows.

Note 7. Inventories

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Current assets		
Finished goods and materials	291,367	420,432
Stock in transit	41,423	19,201
Total inventories	<u>332,790</u>	<u>439,633</u>

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. This includes the transfer from equity of gains and losses on cash flow hedges of purchases of finished goods. Costs are assigned to individual items of inventory on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 8. Property, plant and equipment (PPE)

Consolidated 2024	Notes	PPE (excl. Production tools) \$'000	Production tools \$'000	Total \$'000
At the beginning of the year				
Cost or fair value		64,179	56,810	120,989
Accumulated depreciation		(44,012)	(23,211)	(67,223)
Net carrying amount		<u>20,167</u>	<u>33,599</u>	<u>53,766</u>
Reconciliation of the carrying amount:				
Carrying amount at the beginning of year		20,167	33,599	53,766
Additions		11,226	13,699	24,925
Disposals		(259)	(21)	(280)
Depreciation charge	3(c)	(7,151)	(7,578)	(14,729)
Net exchange difference		(824)	-	(824)
Carrying amount at the end of year		<u>23,159</u>	<u>39,699</u>	<u>62,858</u>
At the end of the year				
Cost or fair value		73,700	70,474	144,174
Accumulated depreciation and impairment		(50,541)	(30,775)	(81,316)
Net carrying amount		<u>23,159</u>	<u>39,699</u>	<u>62,858</u>
Consolidated 2023				
Consolidated 2023	Notes	PPE (excl. Production tools) \$'000	Production tools \$'000	Total \$'000
At the beginning of the year				
Cost or fair value		40,450	56,607	97,057
Accumulated depreciation		(31,010)	(32,570)	(63,580)
Net carrying amount		<u>9,440</u>	<u>24,037</u>	<u>33,477</u>
Reconciliation of the carrying amount:				
Carrying amount at the beginning of the year		9,440	24,037	33,477
Additions		8,258	12,221	20,479
Additions from acquisition of Lelit Srl	21	8,002	-	8,002
Disposals		(157)	-	(157)
Depreciation charge	3(c)	(6,550)	(4,073)	(10,623)
Net exchange difference		1,174	1,414	2,588
Carrying amount at the end of year		<u>20,167</u>	<u>33,599</u>	<u>53,766</u>
At the end of the year				
Cost or fair value		64,179	56,810	120,989
Accumulated depreciation		(44,012)	(23,211)	(67,223)
Net carrying amount		<u>20,167</u>	<u>33,599</u>	<u>53,766</u>

Notes to the financial statements continued

For the year ended 30 June 2024

Note 8. Property, plant and equipment (PPE) continued

A summary of the policies applied to the Group's property, plant and equipment is as follows:

(a) PPE (excl. Production tools)	
Internally generated / Acquired	Acquired
Recognition	PPE (excl. Production tools) is stated at cost less accumulated depreciation and any accumulated impairment losses. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each year end. An item of PPE (excl. Production tools) is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the time of derecognition) is included in the income statement in the year in which they arise.
Useful lives	Finite
Depreciation method	Depreciation on plant and equipment (excl. production tools) is calculated on a straight-line basis over the estimated useful life of between 2 and 10 years. Depreciation on property is calculated on a straight-line basis over the estimated useful life or in line with local tax regulations. The depreciation method is reviewed at each year end.
Impairment test	When an indication of impairment exists, an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.
(b) Production tools	
Internally generated / Acquired	Acquired
Recognition	Production tools are manufacturing components including moulds, dies, jigs, gauges, cutting equipment and patterns that are used in conjunction with manufacturing equipment. The tools are specified, purchased and owned by BRG, although they are deployed in our manufacturing partners' plants. Production tools are stated at cost less accumulated depreciation and any accumulated impairment losses. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each year end. An item of production tooling is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the time of derecognition) is included in the income statement in the year in which they arise.
Useful lives	Finite
Depreciation method	Depreciation on production tools is calculated on a straight-line basis over the estimated useful life of 5 years. The depreciation method is reviewed at each year end.
Impairment test	When an indication of impairment exists, an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 9. Non-current assets - intangible assets

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Development costs	79,077	66,720
Computer software	7,205	5,059
Customer relationships	331	1,301
Goodwill & Brand Names	323,675	325,948
Total intangible assets (net carrying amount)	410,288	399,028

Consolidated 2024	Notes	Development costs \$'000	Computer software \$'000	Customer relationships \$'000	Goodwill & Brand Names \$'000	Total \$'000
At the beginning of the year						
At cost (gross carrying amount)		178,253	6,798	3,784	325,948	514,783
Accumulated amortisation and impairment		(111,533)	(1,739)	(2,483)	-	(115,755)
Net carrying amount		66,720	5,059	1,301	325,948	399,028
Reconciliation of the carrying amount:						
Carrying amount at the beginning of year		66,720	5,059	1,301	325,948	399,028
Additions		32,553	4,641	-	-	37,194
Amortisation	3(c)	(19,970)	(2,453)	(718)	-	(23,141)
Net exchange difference		(226)	(42)	(252)	(2,273)	(2,793)
Carrying amount at the end of year		79,077	7,205	331	323,675	410,288
At the end of the year						
Cost (gross carrying amount)		210,337	11,181	3,715	323,675	548,908
Accumulated amortisation and impairment		(131,260)	(3,976)	(3,384)	-	(138,620)
Net carrying amount		79,077	7,205	331	323,675	410,288

Notes to the financial statements continued

For the year ended 30 June 2024

Note 9. Non-current assets - intangible assets continued

Consolidated 2023	Notes	Development costs \$'000	Computer software \$'000	Customer relationships \$'000	Goodwill & Brand Names \$'000	Total \$'000
At the beginning of the year						
At cost (gross carrying amount)		148,850	2,244	1,835	184,402	337,331
Accumulated amortisation and impairment		(94,277)	(573)	(1,434)	-	(96,284)
Net carrying amount		54,573	1,671	401	184,402	241,047
Reconciliation of the carrying amount:						
Carrying value at the beginning of the year		54,573	1,671	401	184,402	241,047
Additions		28,514	4,250	-	-	32,764
Additions from acquisition of Lelit Srl	21	34	241	1,296	129,933	131,504
Disposals		(15)	(66)	-	-	(81)
Amortisation	3(c)	(15,464)	(1,065)	(751)	-	(17,280)
Net exchange difference		(922)	28	355	11,613	11,074
Carrying amount at the end of year		66,720	5,059	1,301	325,948	399,028
At the end of the year						
At cost (gross carrying amount)		178,253	6,798	3,784	325,948	514,783
Accumulated amortisation and impairment		(111,533)	(1,739)	(2,483)	-	(115,755)
Net carrying amount		66,720	5,059	1,301	325,948	399,028

A summary of the policies applied to the Group's intangible assets is as follows:

(a) Development costs	
Internally generated / Acquired	Internally generated and acquired products and product platforms
Recognition	Capitalised at cost and recognised only after the Group can demonstrate the technical feasibility and commercial viability of the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Research costs are expensed as incurred. Therefore in practice a project is only capitalised when it becomes feasible and meets the development phase recognition criteria. All costs before this are expensed as incurred as deemed to be in the research phase.
Useful lives	Finite
Amortisation method	Amortised straight-line over the period of expected future sales, 5 years, from the related launch date on a straight-line basis. The amortisation method is reviewed at each year end.
Impairment test	Annually and more frequently when an indication of impairment exists. An impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 9. Non-current assets - intangible assets continued

(b) Computer software	
Internally generated / Acquired	Internally generated and acquired software
Recognition	Capitalised at cost
Useful lives	Finite
Amortisation method	Amortised over the useful life, not exceeding 7 years, on a straight-line basis. The amortisation method is reviewed at each year end.
Impairment test	Annually and more frequently when an indication of impairment exists.
(c) Customer relationships	
Internally generated / Acquired	Acquired customer relationships
Recognition	Capitalised at cost or if acquired as part of a business combination at fair value at the date of acquisition
Useful lives	Finite
Amortisation method	Amortised over the useful life, not exceeding 10 years, on a straight-line basis. The amortisation method is reviewed at each year end.
Impairment test	Annually and more frequently when an indication of impairment exists.
(d) Goodwill and brand names	
Internally generated / Acquired	Acquired goodwill and brand names
Recognition	Initially capitalised at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Capitalised at cost or if acquired as part of a business combination at fair value at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.
Useful lives	Indefinite
Amortisation method	No amortisation
Impairment test	Annually and more frequently when an indication of impairment exists.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset.

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 consolidated income statement when the asset is derecognised.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 10. Leases

This note provides information for leases where the Group is a lessee. The Group does not act as a lessor. BRG leases offices, vehicles and several of its warehouses. While the warehouses are operated by a third parties, in some instances BRG has the right to control use and therefore accounts for these contracts as leases.

(a) Amounts recognised in the consolidated statement of financial position

	Notes	Consolidated	
		30 June 2024 \$'000	30 June 2023 \$'000
Right-of-use assets			
Buildings		65,076	69,484
Vehicles		355	484
Total	10(a)(i)	65,431	69,968
Lease liabilities			
Current		22,020	19,777
Non-current		49,797	55,272
Total		71,817	75,049

(i) Additions to the right-of-use assets during FY24 were \$13,374,000 (FY23: \$40,398,000). Other movements of \$4,004,000 (FY23: \$3,153,000) includes foreign exchange differences.

(b) Amounts recognised in the consolidated income statement

	Notes	Consolidated	
		30 June 2024 \$'000	30 June 2023 \$'000
Depreciation charge of right-of-use assets			
Buildings		21,719	18,054
Vehicles		196	185
	3(c)	21,915	18,239
Finance expenses			
Interest expense on lease liabilities (included in finance cost)	3(f)	4,530	4,140

The total cash outflow in the consolidated statement of cash flows for leases during FY24 was \$25,077,000 (FY23: \$22,443,000). This amount includes principal lease repayments of \$20,547,000 plus interest expense on lease liabilities of \$4,530,000 (FY23 principal lease repayments of \$18,303,000 plus interest expense on lease liabilities of \$4,140,000).

Notes to the financial statements continued

For the year ended 30 June 2024

Note 10. Leases continued

(c) The group's leasing activities and how these are accounted for

The Group leases various office buildings, third party warehouses and motor vehicles, with rental contracts typically spanning fixed periods of 1 to 7 years, with some having options to extend.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Breville Group Limited, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 10. Leases continued

(c) The group's leasing activities and how these are accounted for continued

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Note 11. Impairment testing of goodwill and intangibles with indefinite lives

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Global Product APAC		
Goodwill	70,715	68,646
Brand names with indefinite useful lives	13,800	13,800
Global Product Americas		
Goodwill	173,707	178,804
Global Product EMEA		
Goodwill	10,649	10,189
Brand names with indefinite useful lives	28,920	28,625
Distribution		
Goodwill	8,109	8,109
Brand names with indefinite useful lives	17,775	17,775
	323,675	325,948
All cash generating units		
Goodwill	263,180	265,748
Brand names with indefinite useful lives	60,495	60,200
Total carrying amount of goodwill and brand names	323,675	325,948

On a consistent basis, goodwill and brand names acquired through business combinations have been allocated to these CGU's (cash generating units) or groups of CGU's for impairment testing as follows:

- Global Product APAC
- Global Product Americas
- Global Product EMEA
- Distribution

In all cases the recoverable amount of the individual CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the Board.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 11. Impairment testing of goodwill and intangibles with indefinite lives continued

The pre-tax discount rates applied to cash flow projections are in the range of 10.6% to 12.1% (2023: of 10.9% to 11.7%), depending on the CGU. This discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital. Cash flows are modelled upon budget year 2025. The next 4 years' growth rate is modelled in a range of 2% to 15%. Thereafter using a terminal growth rate of 1% to 3% (2023: 2%).

Management has performed sensitivity testing by CGU, based on assessing the effect of changes in revenue growth rates as well as discount rates. Management considers any reasonable likely combination of changes in these key assumptions would not result in the carrying value of the goodwill or brand names exceeding the recoverable amount.

Key assumptions used in value in use calculations for the cash generating units for 30 June 2024 and 30 June 2023

The key assumptions on which management has based its cash flow projections when determining the value in use of the cash generating units are budgeted revenue and Gross Margin. The basis used to determine the value assigned to the budgeted revenue and Gross Margin are based on past performance and expectations for the future.

Recognition and measurement

Intangible assets – goodwill

The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. When the recoverable amount of a cash generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Notes to the financial statements continued

For the year ended 30 June 2024

Capital management

Note 12. Dividends

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
(a) Dividends on ordinary shares declared and paid during the year:		
Final dividend for the year ended 30 June 2023 of 15.50 cents per share, 100% franked (2023: final dividend for 2022 of 15.00 cents per share, 100% franked)		
Final fully franked dividend	22,231	21,417
Interim dividend for the year ending 30 June 2024 of 16.00 cents per share, 100% franked (2023: interim dividend for 2023 of 15.00 cents per share, 100% franked)		
Interim fully franked dividend	22,949	21,417
Total dividends declared and paid during the year of 31.50 cents per share, 100% franked (2023: Total dividends of 30.00 cents per share, 100% franked)		
	45,180	42,834
(b) Dividends on ordinary shares proposed and not recognised as a liability:		
Final fully franked dividend for 2024 of 17.00 cents per share, 100% franked (2023: final franked dividend of 15.50 cents per share, 100% franked)		
	24,383	22,131
(c) Franking credit balance		
The amount of franking credits in the parent available for the subsequent year are:		
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2023 - 30.0%)		
	36,499	39,413
Franking (debits) / credits that will arise from the payment of income tax (receivable) / payable as at the end of the year		
	6,445	(1,751)
Franking debits that will be used on the payment of dividends subsequent to the end of the financial year		
	(10,450)	(9,517)
Total franking credit balance	32,494	28,145

The tax rate at which dividends are franked is 30.0% (2023: 30.0%).

Notes to the financial statements continued

For the year ended 30 June 2024

Note 13. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Earnings used in calculating basic and diluted earnings per share:

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Net profit attributable to ordinary equity holders of Breville Group Limited	118,507	110,208

Weighted average number of shares used as the denominator

	2024 Number '000's	2023 Number '000's
Weighted average number of ordinary shares for basic and diluted earnings per share	143,309	142,696
Weighted average number of exercised, forfeited or expired potential ordinary shares included in diluted earnings per share	144,890	143,788

(a) Basic earnings per share

	Consolidated	
	30 June 2024 Cents	30 June 2023 Cents
From continuing operations attributable to the ordinary equity holders of the company	82.70	77.20

(b) Diluted earnings per share

	Consolidated	
	30 June 2024 Cents	30 June 2023 Cents
From continuing operations attributable to the ordinary equity holders of the company	81.80	76.60

Recognition and measurement

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares. Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- cost of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares; and divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 14. Issued capital and reserves

Issued Capital

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Ordinary shares – authorised, issued and fully paid	401,129	385,541
Ordinary shares – held by the Breville Group Employee Share Trust	-	-
Total contributed equity	401,129	385,541

Ordinary shares held by the Breville Group Employee Share Trust

Ordinary shares held by the Breville Group Employee Share Trust to fulfil its obligations under the Breville Group Limited Share Plan are deducted from equity. No gain or loss is recognised in the consolidated income statement on the purchase of the Group's equity instruments by the Breville Group Employee Share Trust.

The ordinary shares held by the Breville Group Employee Share Trust, if any, are yet to be allocated to LTI or fixed deferred remuneration participants. They will be allocated to participants once performance rights vest and they are exercised. The ordinary shares held by the Breville Group Employee Share Trust, if any, have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. The ordinary shares held by the Breville Group Employee Share Trust, if any, entitle their holder to one vote, either in person or by proxy, at a meeting of the company. Details are provided in note 17(b) and note 19.

(a) Movements in ordinary shares:

Details	Consolidated		Consolidated	
	30 June 2024 Number of shares	\$'000	30 June 2023 Number of shares	\$'000
Beginning of the year	142,781,365	385,541	139,359,544	323,165
Movements during the year				
Ordinary shares issued during the year for Performance Rights Plan (LTI) and Fixed Deferred Remuneration Plan (net of transaction costs) (i)	643,983	15,450	321,616	6,673
Ordinary shares issued during the year for non-executive directors (NED)	5,343	138	-	-
Ordinary shares issued on acquisition of Lelit Srl (net of transaction costs) (ii)	-	-	3,100,205	55,703
End of the year	143,430,691	401,129	142,781,365	385,541

- (i) During the year the group issued 643,983 fully paid ordinary shares (2023: 321,616) 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 \$24.06 (2023: \$20.80), as of the date of issue.
- (ii) During the year the group issued 5,343 fully paid ordinary shares (2023: Nil) of Breville Group Limited to Non-Executive Directors as a result of the vesting of rights issued under the NED Plan. The average value attributable to these issued shares was \$25.91 as of the date of issue.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 14. Issued capital and reserves continued

Issued Capital continued

(b) Movements in ordinary shares held by the Breville Group Employee Share Trust:

Details	30 June 2024		30 June 2023	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the year	-	-	-	-
Movements during the year				
Ordinary shares transferred to participants of the Breville Group Share Plan (i)	621,056	14,940	292,978	6,093
Ordinary shares subscribed to / acquired by the Breville Group Employee Share Trust during the year - cash (ii)	(621,056)	(14,940)	(292,978)	(6,093)
End of the year	-	-	-	-

- (i) During the year the Trustee of the Breville Group Employee Share Trust transferred 621,056 ordinary company shares (2023: 292,978) to participants to fulfill its obligations under the Breville Group Limited Share plan.
- (ii) During the year the Trustee of the Breville Group Employee Share Trust subscribed to 621,056 ordinary shares of Breville Group Limited (2023: 292,978) in order to fulfill its obligations under the Breville Group Limited Share plan. The average value placed on these subscriptions was \$24.06 (2023: \$20.80). Details are provided in note 17(b) and note 19.

(c) Rights over ordinary shares:

The Company has a share-based payment rights scheme under which rights to subscribe for the Company's shares have been granted to certain executives and other employees (refer note 19). At the end of the year there were 2,589,741 (2023: 2,408,673) potential unissued ordinary shares in respect of rights that were outstanding.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Reserves

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Reserves		
Foreign currency translation	26,538	34,526
Employee equity benefits reserve	(175)	(4,128)
Cash flow hedges	2,614	8,939
Total reserves	28,977	39,337

Notes to the financial statements continued

For the year ended 30 June 2024

Note 14. Issued capital and reserves continued

Issued Capital continued

Reserves continued

Nature and purpose of reserves

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

Employee equity benefits reserve - This reserve is used to record the value of equity benefits provided to employees as part of their remuneration. Refer to note for further details of these plans.

Cash flow hedge reserve - This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Note 15. Borrowings

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Current		
Borrowings	(2,735)	(3,245)
Total current borrowings	<u>(2,735)</u>	<u>(3,245)</u>
Non-current		
Borrowings	(81,431)	(202,200)
Total non-current borrowings	<u>(81,431)</u>	<u>(202,200)</u>

Terms and conditions

The Group operates under one primary facility with Australia and New Zealand Banking Group Limited (ANZ) enabling all jurisdictions to borrow under one global facility. The facility agreement has a number of financial covenants all of which have been fully complied with as at the years ended 30 June 2024 and 30 June 2023.

Breville Group Limited has issued corporate guarantees in favour of the local bank (HSBC) in Canada and Mexico. HSBC also provides the day to day US, Canadian, UK, French, Mexican and German transactional banking facilities. Intesa Sanpaolo SpA, BCC Brescia and UniCredit SpA provide the day to day Italian transactional banking facilities.

Borrowings may include Australian dollar, US dollar, Canadian dollar, British pounds, Euro and New Zealand dollar denominated amounts.

Fair value

The carrying value and estimated net fair values of the borrowings held with banks (determined under Level 2, as described in note 16) approximates their fair value. Fair values of the company's interest-bearing loans are determined by using an effective interest rate method. The non-performance risk as at 30 June 2024 was assessed to be insignificant (2023: insignificant). Details regarding interest rate, foreign exchange and liquidity risk are disclosed in note 16.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 15. Borrowings continued

Fair value continued

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
At reporting date, the following financial facilities have been negotiated and were available to the Group:		
Facilities used as at reporting date	93,506	212,180
Facilities unused as at reporting date	190,834	273,843
Total facilities	284,340	486,023
(a) Facilities used at the reporting date:		
Non-current cash advance facilities – committed	84,166	205,445
Non-current cash advance facilities – uncommitted	-	-
Overdraft facilities	1,822	-
Business transactions facilities	1,157	654
Indemnity / guarantee facilities	6,298	6,015
Documentary credit facilities	63	66
Facilities used as at reporting date	93,506	212,180
(b) Facilities unused at the reporting date:		
Non-current cash advance facilities	173,831	255,998
Overdraft facilities	10,369	10,773
Business transactions facilities	3,077	3,207
Indemnity / guarantee facilities	2,871	3,179
Documentary credit facilities	686	686
Facilities unused as at reporting date	190,834	273,843
(c) Total facilities:		
Non-current cash advance facilities	257,997	461,443
Overdraft facilities	12,191	10,773
Business transactions facilities	4,234	3,861
Indemnity / guarantee facilities	9,169	9,194
Documentary credit facilities	749	752
Total Facilities	284,340	486,023

Financing facilities available

Group facilities

At 30 June 2024, the Group had debt facilities with ANZ bank including:

- \$100,000,000 committed multicurrency facilities with tenures between 1.7 and 3.2 years.
- \$150,000,000 one year uncommitted facility.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 15. Borrowings continued

Recognition and measurement

All borrowings, including cash advance facilities, are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings, including cash advance facilities, are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Note 16. Financial risk management

The Group's principal financial instruments, other than derivatives, comprises cash advances, bank overdrafts, cash at bank and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group also enters into derivative transactions, primarily forward exchange contracts. The purpose is to manage the currency risks arising from the Group's business operations and its sources of finance. It is the Group's policy that no speculative trading in derivatives shall be undertaken. The main risks arising from the Group's financial instruments are foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Recognition and measurement

Derivative financial instruments and hedging

The Group may use derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. The fair value of the forward exchange contracts is estimated using market observable inputs. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify for hedge accounting, are taken directly to the income statement for the year.

The fair value of forward exchange contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles and where applicable, exercise prices.

For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 16. Financial risk management continued

Recognition and measurement continued

Derivative financial instruments and hedging continued

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in income statement.

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Cash flow hedges		
Forward exchange contracts - Assets	3,942	14,200
Forward exchange contracts - Liabilities	(207)	(1,430)
	3,735	12,770

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

Other Financial assets at amortised cost

These amounts generally arise outside of the usual operating activities of the Group. Interest may be charged at commercial rates and collateral may be obtained over the balance. Non-current loans to suppliers are expected to be repaid within three years of the reporting period.

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Other financial assets		
Current		
Loans to suppliers	559	1,711
Total	559	1,711
Non-current		
Other financial assets	3,747	-
Loans to suppliers	5,496	2,160
Total	9,243	2,160

Notes to the financial statements continued

For the year ended 30 June 2024

Note 16. Financial risk management continued

Interest rate risk

The Group is exposed to interest rate risk on its borrowings, cash balances and derivative financial instruments. The Group's policy is to manage its interest rate risk using a mix of fixed and variable rate debt where appropriate. Cash advance facilities have short term fixed interest rates with maturities ranging between 1 and 3 months, therefore within the financial year they are exposed to interest rate risk.

At 30 June 2024, the Group has the following exposure to interest rate risk:

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Cash at bank	137,772	84,155
Borrowings	(84,166)	(205,445)
Net exposure	<u>53,606</u>	<u>(121,290)</u>

At 30 June 2024, 100% of the Groups borrowings are exposed to floating rates. On a principal net cash of \$53,606,000 (2023: \$121,290,000 debt), an increment / reduction of 0.5% in the market rates would result in a decrease / increase in finance costs of \$268,000 (2023: \$554,000).

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign exchange rate fluctuations. Such exposure arises primarily from purchases of inventory by a business unit in currencies other than the unit's functional currency (purchases are predominately US dollar denominated). Other foreign exchange risk only arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

To hedge exposure arising from the purchase of inventories or payments in currencies other than the business unit's functional currency, forward exchange contracts may be utilised. At inception these hedge contracts are designated as cash flow hedges to hedge the exposure to the variability in cash flows arising as a result of movements in exchange rates below contracted exchange rates for options and for movements above or below a contracted exchange rate for forward exchange contracts.

Also, as a result of the Group's investment in its overseas operations, the Group's balance sheet can be affected significantly by movements in the exchange rates of the jurisdictions it operates within.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 16. Financial risk management continued

Foreign currency risk continued

At 30 June 2024, the Group has the following financial assets and liabilities exposed to foreign currency risk:

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Cash at bank	4,487	2,857
Trade and other receivables	5,629	7,814
Trade and other payables	(6,965)	(15,925)
Other financial assets – derivative assets – forward exchange contracts	3,942	14,200
Other financial liabilities – derivative liabilities – forward exchange contracts	(208)	(1,430)
Loans to suppliers	6,055	3,871
Net exposure	12,940	11,387

Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposures to fluctuations in interest and foreign exchange rates.

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 has been determined under Level 2.

(i) Forward exchange contracts – cash flow hedges

The majority of the Group's inventory purchases from suppliers are denominated in US dollars (USD). In order to manage exchange rate movements and to manage the inventory costing process, the Group has entered into forward exchange contracts to purchase USD, Euro and CHF. These contracts are hedging highly probable forecasted purchases and highly probable forecasted payments and they are timed to mature when settlement of purchases or the payments are scheduled to be made. All forward exchange contracts have 0-12 months maturity (2023: 0-12 months).

The cash flows are expected to occur between 0-12 months from 1 July 2024 (2023: 0-12 months) and the cost of sales and where applicable the sale of goods within the income statement will be affected in the next financial year as the inventory is sold or the payments are made. At balance date, the details of outstanding contracts are:

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Buy USD	113,469	230,723
Buy CHF	917	21,620

Notes to the financial statements continued

For the year ended 30 June 2024

Note 16. Financial risk management continued

(i) Forward exchange contracts – cash flow hedges continued

The cash flow hedges of the forecast purchases and forecast payments are considered to be highly effective and any gain or loss on the contracts is taken directly to equity. Where the contracts are hedging highly probable forecasted inventory purchases, when the inventory is received or the risk is assumed, the amount recognised in equity is adjusted to the inventory account in the balance sheet. During the year \$7,750,000 was credited to inventory (2023: \$13,743,000) and \$1,286,000 was debited (2023: \$2,856,000 credited) to equity in respect of the Group.

At 30 June 2024, the Group had hedged 83% (2023: 100%) of its forecast foreign currency purchases extending to June 2025 (2023: June 2024) via foreign exchange contracts or by using the natural hedge that exists within the Group, and therefore is not fully exposed to foreign exchange risk.

In respect of net derivative assets and liabilities above, being the fair value of forward exchange contracts designated as cash flow hedges, a decrease of 10% in the US dollar exchange rate against local currencies, all other variables held constant, would result in an increase in equity of \$12,506,000 (2023: \$23,234,000). Conversely, an increase of 10% in the US dollar exchange rate against local currencies, all other variables held constant, would result in a decrease in equity of \$10,232,000 (2023: \$19,010,000).

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board monitors the Group's gearing ratio and compliance with debt covenants on a regular basis. The Group was ungeared at 30 June 2024 and at 30 June 2023 the gearing ratio was 0.56. The gearing ratio is defined as Group net borrowings divided by EBITDA.

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets (including trade receivables), excluding investments, of the Group that has been recognised on the balance sheet is the carrying value amount, net of any uncollectible receivables (measured on a collective basis).

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group appropriately provides for expected credit losses on a timely basis, and in calculating the expected credit loss rates, the Group considers historic loss rates for each category of customers, adjusting for forward looking macroeconomic data.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In certain instances, where deemed appropriate, receivables insurance is acquired to offset the Group's exposure to credit risk. The Group also uses other measures such as obtaining letters of credit.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is appropriately provided for.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risk arises from default of the counter party with a maximum exposure equal to the carrying amount of these instruments. These counter parties are large multi-national banks.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowing facilities and bank overdrafts.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 16. Financial risk management continued

Group financial liabilities

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. See note 15 for details of available facilities.

At 30 June 2024, the remaining contractual maturities of the Group's financial liabilities are:

	Consolidated	
	30 June 2024 \$'000	30 June 2023 \$'000
Less than 1 year	298,231	285,788
Between 1 and 5 years	131,228	257,472
	429,459	543,260

The table below analyses the Group's remaining contractual maturities by the type of financial liability. The amounts disclosed are the contractual undiscounted cash flows.

	Consolidated 30 June 2024			Consolidated 30 June 2023		
	Less than 1 year \$'000	Between 1 and 5 years \$'000	Total \$'000	Less than 1 year \$'000	Between 1 and 5 years \$'000	Total \$'000
Trade and other payables	273,269	-	273,269	261,336	-	261,336
Borrowings	2,735	81,431	84,166	3,245	202,200	205,445
Lease liabilities	22,020	49,797	71,817	19,777	55,272	75,049
Derivative financial instruments	207	-	207	1,430	-	1,430
	298,231	131,228	429,459	285,788	257,472	543,260

Notes to the financial statements continued

For the year ended 30 June 2024

Note 17. Interests in other entities

(a) Entities subject to reporting relief

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016 / 785, relief has been granted to Thebe International Pty Limited, Breville Pty Limited and Breville Holdings Pty Limited from the Corporations Act 2001 requirements for preparation, audit and lodgement of their financial reports.

As a condition of the instrument, Breville Group Limited and Thebe International Pty Limited entered into a Deed of Cross Guarantee on 4 November 1999. This deed was subsequently assumed by Breville Pty Limited and Breville Holdings Pty Limited under an assumption deed dated 19 December 2001. The effect of the deed is that Breville Group Limited has guaranteed to pay any deficiency in the event of winding up of either controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Breville Group Limited is wound up or if it does not meet its obligation under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

The entities comprising the "closed group" are Breville Group Limited, Thebe International Pty Limited, Breville Pty Limited and Breville Holdings Pty Limited. The Consolidated statement of financial position and income statement of the entities that are members of the "closed group" are detailed in note 20.

(b) Breville Group Employee Share Trust

A trust has been established with the appointment of an independent Trustee. The trust is funded by cash irretrievably contributed to it by the company and the Trustee uses these funds to either subscribe for a new issue of shares in the company or purchase shares on the ASX in order to fulfil its obligations under the Breville Group Limited Share Plan.

The trust does not form part of the Breville Group Limited Australian tax consolidation group.

During the year the Trustee of the Breville Group Employee Share Trust subscribed to 621,056 ordinary shares of Breville Group Limited (2023: 292,978 shares) in order to fulfil its obligations under the Breville Group Employee Share Trust. The average value placed on these subscriptions was \$24.06 per share (2023: \$20.80 per share). Details are provided in note 19.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 17. Interests in other entities continued

The consolidated financial statements include the financial statements of Breville Group Limited and the subsidiaries listed in the following table.

Legal entity	Country of incorporation	Note	Equity interest	
			30 June 2024 %	30 June 2023 %
Thebe International Pty Limited	Australia	17(a)	100	100
<i>Investments not held directly by Breville Group Limited:</i>				
Breville Holdings Pty Limited	Australia	17(a)	100	100
Breville Pty Limited	Australia	17(a)	100	100
Breville R&D Pty Limited	Australia		100	100
Breville Group Employee Share Trust	Australia	17(b)	-	-
Breville New Zealand Limited	New Zealand		100	100
HWI International Limited	Hong Kong		100	100
Breville Services (Shenzhen) Company Limited	China		100	100
Breville Holdings USA, Inc.	USA		100	100
Breville USA, Inc.	USA		100	100
Baratza LLC	USA		100	100
Holding HWI Canada, Inc.	Canada		100	100
HWI Canada, Inc.	Canada		100	100
Breville Canada, L.P.	Canada		100	100
1591114 Ontario Inc.	Canada		100	100
BRG Appliances Limited	UK		100	100
Sage Appliances GmbH	Germany		100	100
Sage Appliances France SaS	France		100	100
Breville Mexico, S.A. de C.V.	Mexico		100	100
Breville Korea Limited	Korea		100	100
Lelit Srl	Italy		100	100
Lelit Italy Srl	Italy		100	100
Seriveneta Srl	Italy		100	100
BRG Middle East Appliances LLC	UAE		100	-

Breville Group Limited, a company incorporated in Australia is the ultimate parent of the Group.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 18. Parent entity information

(a) Summary financial information

As at and throughout the financial year ended 30 June 2024 the parent company of the Group was Breville Group Limited.

	30 June 2024 \$'000	30 June 2023 \$'000
Results of the parent entity		
Profit of the parent entity	58,688	54,544
Total comprehensive income of the parent entity	58,688	54,544
Financial position of the parent entity		
Current assets	136,981	123,512
Total assets	448,615	415,566
Current liabilities	-	-
Total liabilities	-	-
Net assets	448,615	415,566
Equity attributable to the equity holders of the parent		
Issued capital	401,129	385,541
Employee equity benefits reserve	(175)	(4,128)
Retained earnings	47,661	34,153
Total shareholders' equity	448,615	415,566

Tax consolidation

Breville Group Limited and its 100% owned Australian resident subsidiaries (excluding the Breville Group Performance Share Plan Trust) have formed a tax consolidated Group with effect from 1 July 2003.

The head entity, Breville Group Limited and each subsidiary in the tax consolidated Group are required to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Breville Group Limited also recognises:

- (a) the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group; and
- (b) assets or liabilities arising for Group under the tax funding agreement as amounts receivable from or payable to other entities in the Group.

Members of the tax consolidated Group have entered into a tax funding agreement. The tax funding agreement supports the calculation of current tax liabilities (and assets) and deferred tax assets / liabilities on a stand-alone basis. Calculation is performed in accordance with AASB 112 Income Tax. The allocation of taxes under the tax funding agreement is recognised as an increase / decrease in the subsidiaries' intercompany accounts with the tax consolidated Group head company, Breville Group Limited.

No amounts have been recognised in the financial statements in respect of the tax sharing agreement should the head entity default on its tax payment obligations on the basis that the possibility of default is remote.

Contingencies

The parent company has guaranteed under the terms of an ASIC class order any deficiency of funds if Thebe International Pty Limited, Breville Pty Limited and Breville Holdings Pty Limited are wound up. No such deficiency currently exists.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 18. Parent entity information continued

Contingencies continued

The parent company has issued corporate guarantees in favour of HSBC local banks in Canada and Mexico. HSBC provides the day to day US, Canadian, Mexican, UK, French and German transactional banking facilities.

Further details

Note 19. Share-based payments

Performance rights plan (LTI) and fixed deferred remuneration rights plan

Under the performance rights plan (LTI) and fixed deferred remuneration rights plan participants are issued with rights over the ordinary shares of Breville Group Limited issued in accordance with the Breville Group Limited Share Plan. See pages 43 to 50 of the Remuneration report for details of the two plans.

At 30 June 2024 there were 2,589,741 (2023: 2,408,673) total rights outstanding under both plans, 1,889,840 (2023: 1,618,067) under the performance rights plan (LTI) and 699,901 (2023: 790,606) under the fixed deferred remuneration rights plan, also including non-executive director remuneration rights. The expense recognised in the income statement in relation to share-based payments is disclosed in note 3(e).

Recognition and measurement

Performance rights issued to employees (including key management personnel) are accounted for as share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value has been determined as of the date of grant using a Monte-Carlo simulation model or Black Scholes option-pricing model, taking into account the terms and conditions upon which the performance rights were granted (further details of which are given below).

Market based performance conditions are reflected within the fair value at grant date. Service and non-market performance conditions are not taken into account when determining the grant date fair value of the awards. The likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date). At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period. The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

No expense is recognised for awards that do not ultimately vest because non-market performance and / or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 19. Share-based payments continued

Rights granted and outstanding under the performance rights plan (LTI)

The following table illustrates the number and weighted average exercise prices ("WAEP") of and movements in performance rights issued during the year:

	30 June 2024		30 June 2023		
	Note	Number of performance rights	WAEP	Number of performance rights	WAEP
Outstanding at the beginning of the year		1,618,067	0.00	1,149,704	0.00
Performance rights granted during the year		822,745	0.00	796,735	0.00
Performance rights exercised during the year		(480,338)	0.00	(264,468)	0.00
Performance rights lapsed during the year		(70,634)	0.00	(63,904)	0.00
Outstanding at the end of the year (a)		1,889,840	-	1,618,067	-
Exercisable at the end of the year		-	-	-	-

Notes to the financial statements continued

For the year ended 30 June 2024

Note 19. Share-based payments continued

Rights granted and outstanding under the performance rights plan (LTI) continued

Rights outstanding under the performance rights plan (LTI)

(a) The outstanding balance as at 30 June 2024 is represented by:

Number of performance rights	Measure	Period start	Period End	Grant date	Vesting date	Expiry date	WAEP \$	Fair value at grant date (\$)
250,135	EBIT & Revenue CAGR	30-Jun-21	30-Jun-24	06-Oct-21	27-Aug-24	01-Oct-24	0.00	25.96
73,326	EBIT & Revenue CAGR	30-Jun-21	30-Jun-24	11-Nov-21	27-Aug-24	01-Oct-24	0.00	28.91
639,066	EBIT CAGR	30-Jun-22	30-Jun-25	24-Oct-22	25-Aug-25	01-Oct-25	0.00	17.44
115,741	EBIT CAGR	30-Jun-22	30-Jun-25	10-Nov-22	25-Aug-25	01-Oct-25	0.00	19.13
8,861	EBIT CAGR	30-Jun-23	30-Jun-25	25-Jul-23	25-Aug-25	01-Oct-25	0.00	20.71
347,118	Relative TSR	30-Jun-23	30-Jun-26	25-Jul-23	25-Aug-26	01-Oct-26	0.00	12.95
54,237	Relative TSR	30-Jun-23	30-Jun-26	8-Nov-23	25-Aug-26	01-Oct-26	0.00	15.36
347,119	PBT & Key Strategic Priorities	30-Jun-23	30-Jun-26	25-Jul-23	25-Aug-26	01-Oct-26	0.00	20.71
54,237	PBT & Key Strategic Priorities	30-Jun-23	30-Jun-26	8-Nov-23	25-Aug-26	01-Oct-26	0.00	22.23
1,889,840							0.00	

Notes to the financial statements continued

For the year ended 30 June 2024

Note 19. Share-based payments continued

Rights granted and outstanding under the fixed deferred remuneration plan

The following table illustrates the number and weighted average exercise prices ("WAEP") of and movements in fixed deferred remuneration rights and non-executive director remuneration rights issued during the year:

	Note	30 June 2024		30 June 2023	
		Number of performance rights	WAEP	Number of performance rights	WAEP
Outstanding at the beginning of the year		790,606	0.00	537,399	0.00
Rights granted during the year		78,283	0.00	310,355	0.00
Rights exercised during the year		(168,988)	0.00	(57,148)	0.00
Rights lapsed during the year		-	0.00	-	0.00
Outstanding at the end of the year (b)		699,901	-	790,606	-
Exercisable at the end of the year		-	-	-	-

Notes to the financial statements continued

For the year ended 30 June 2024

Note 19. Share-based payments continued

Rights granted and outstanding under the fixed deferred remuneration plan continued

Rights outstanding under the fixed deferred remuneration plan

(b) The outstanding balance as at 30 June 2024 is represented by:

Number of performance rights	Note	Grant date	Vesting date	Expiry date	WAEP \$	Fair value at grant date (\$)
29,940	(i)	29-Jan-20*	25-Aug-24	01-Oct-24	0.00	16.70
22,311	(ii)	7-Sep-20	25-Aug-25	03-Oct-25	0.00	19.60
70,570	(i)	5-Oct-21	25-Aug-24	01-Oct-24	0.00	26.52
81,991	(ii)	5-Oct-21	25-Aug-25	03-Oct-25	0.00	26.18
122,989	(iii)	5-Oct-21	25-Aug-26	03-Oct-26	0.00	25.85
12,077	(i)	11-Nov-21	25-Aug-24	02-Oct-24	0.00	28.91
12,077	(ii)	11-Nov-21	25-Aug-25	01-Oct-25	0.00	28.54
29,330	(iii)	11-Nov-21	25-Aug-26	03-Oct-26	0.00	28.17
64,679	(i)	21-Oct-22	25-Aug-24	01-Oct-24	0.00	17.66
64,679	(ii)	21-Oct-22	25-Aug-25	03-Oct-25	0.00	17.44
64,679	(iii)	21-Oct-22	25-Aug-26	03-Oct-26	0.00	17.18
46,296	(iv)	10-Nov-22	25-Aug-27	03-Oct-25	0.00	18.57
7,559	(i)	25-Jul-23	25-Aug-24	01-Oct-24	0.00	21.38
7,559	(ii)	25-Jul-23	25-Aug-25	03-Oct-25	0.00	21.15
7,559	(iii)	25-Jul-23	25-Aug-26	03-Oct-26	0.00	20.92
7,559	(iv)	25-Jul-23	25-Aug-27	01-Oct-27	0.00	20.69
43,389	(v)	8-Nov-23	25-Aug-28	01-Oct-28	0.00	22.11
4,658	(vi)	22-Nov-23	1-Jan-25	28-Feb-25	0.00	26.57
699,901					0.00	

* material terms and conditions of the grant were agreed in January 2020 but administrative finalisation of grants were delayed due to COVID-19 priorities. In line with AASB2, fair value was based on the price at the time when grant was agreed when VWAP for H1 FY20 was \$16.70.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 19. Share-based payments continued

Rights granted and outstanding under the fixed deferred remuneration plan continued

Rights outstanding under the fixed deferred remuneration plan continued

- (i) Rights granted as fixed deferred remuneration with vesting condition that the participants must complete the service period between 26 August 2023 - 25 August 2024.
- (ii) Rights granted as fixed deferred remuneration with vesting condition that the participant must complete the service period between 26 August 2024 - 25 August 2025.
- (iii) Rights granted as fixed deferred remuneration with vesting condition that the participant must complete the service period between 26 August 2025 - 25 August 2026.
- (iv) Rights granted as fixed deferred remuneration with vesting condition that the participant must complete the service period between 26 August 2026 - 25 August 2027.
- (v) Rights granted as fixed deferred remuneration with vesting condition that the participant must complete the service period between 26 August 2027 - 27 August 2028.
- (vi) Rights granted as non-executive director remuneration with vesting condition that the participant must complete the service period between 01 January 2024 - 01 January 2025.

Rights granted under the performance rights plan and fixed deferred remuneration plan

The remaining contractual life for the performance and the fixed deferred remuneration rights outstanding at 30 June 2024 is between 0 and 4 years (2023: 0 and 4 years).

The exercise price for performance rights and the fixed deferred remuneration rights outstanding at the end of the year was \$nil (2023: \$nil).

The weighted average fair value of performance rights granted under the performance rights plan during the year was \$17.09 (2023: \$20.46).

The fair value of the equity-settled performance rights granted under the performance rights plan is estimated as of the date of grant using a Monte-Carlo simulation model or Black Scholes option-pricing model, taking into account the terms and conditions upon which the performance rights were granted.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 19. Share-based payments continued

Rights granted under the performance rights plan and fixed deferred remuneration plan continued

The following table lists the inputs to the model used for the grants during the year ended 30 June 2024 and 30 June 2023:

	30 June 2024			
	Fixed Deferred Remuneration (NED)	Performance rights	Fixed Deferred Remuneration	Performance rights and Fixed Deferred Remuneration (Jim Clayton)
Grant date	22 Nov 23	25 Jul 23	25 Jul 23	08 Nov 23
Vesting Date - Performance Rights		25 Aug 26		25 Aug 26
Vesting Date - Fixed Deferred Remuneration Rights	01 Jan 25		25 Aug 24 25 Aug 25 25 Aug 26 25 Aug 27 25 Aug 28	25 Aug 28
Share price at the grant date	23.98	21.64	21.64	23.13
Dividend Yield	1.1%	1.1%	1.1%	1.1%
Right exercise price	0.00	0.00	0.00	0.00
				30 June 2023
	Fixed Deferred Remuneration (NED)	Performance rights	Fixed Deferred Remuneration	Performance rights and Fixed Deferred Remuneration (Jim Clayton)
Grant date	01 Dec 22	21 Oct 22	21 Oct 22	10 Nov 22
Vesting Date - Performance Rights		25 Aug 25	-	25 Aug 25
Vesting Date - Fixed Deferred Remuneration Rights	01 Jan 24		25 Aug 23 27 Aug 24 27 Aug 25 27 Aug 26	25 Aug 27
Share price at the grant date	20.60	18.20	18.20	19.13
Dividend Yield	1.61%	1.5%	1.5%	1.5%
Right exercise price	0.00	0.00	0.00	0.00

The weighted average fair value of share rights granted under the fixed deferred remuneration plan during the year was \$21.96 (2023: \$22.92).

Notes to the financial statements continued

For the year ended 30 June 2024

Note 20. Related party transactions

(i) Consolidated statement of financial position for class order closed group	30 June 2024 \$'000	30 June 2023 \$'000
Current assets		
Cash and cash equivalents	21,174	27,638
Trade and other receivables	65,043	53,385
Inventories	47,131	43,114
Current tax assets	-	1,751
Other financial assets	4,501	15,911
Total current assets	137,849	141,799
Non-current assets		
Investments	487,141	421,606
Right-of-use-assets	10,034	4,026
Plant and equipment	43,649	36,869
Intangible assets	149,111	137,402
Deferred tax assets	16,821	15,109
Other financial assets	5,496	2,160
Total non-current assets	712,252	617,172
Total assets	850,101	758,971
Current liabilities		
Trade and other payables	110,814	98,517
Current tax liabilities	6,445	-
Provisions	15,253	15,573
Lease liabilities	3,472	3,902
Other financial liabilities	208	1,430
Total current liabilities	136,192	119,422
Non-current liabilities		
Lease liabilities	8,179	2,287
Provisions	2,695	2,196
Total non-current liabilities	10,874	4,483
Total liabilities	147,066	123,905
Net assets	703,035	635,066
Equity		
Issued capital	401,129	385,541
Reserves	2,439	4,811
Retained earnings	299,467	244,714
Total equity	703,035	635,066

Notes to the financial statements continued

For the year ended 30 June 2024

Note 20. Related party transactions continued

(ii) Consolidated income statement for class order closed group	30 June 2024 \$'000	30 June 2023 \$'000
Profit from ordinary activities before income tax expense	140,448	162,331
Income tax expense relating to ordinary activities	(40,515)	(33,963)
Net profit	99,933	128,368
Accumulated profits at the beginning of the year	244,714	159,180
Dividends paid or reinvested	(45,180)	(42,834)
Accumulated profits at the end of the year	299,467	244,714

(a) Ultimate controlling entity

The ultimate controlling entity of the Group in Australia is Breville Group Limited.

(b) Key management personnel

	Consolidated	
	30 June 2024 \$	30 June 2023 \$
Compensation by category: key management personnel		
Short-term	9,213,327	8,233,693
Defined contribution plans expense	205,839	217,111
Other long-term	(125,139)	210,708
LTI Share-based payment	2,954,782	2,769,984
Total	12,248,809	11,431,496

(c) Wholly owned Group transactions

During the financial period, loans were advanced and repayments received on inter-Group accounts with subsidiaries in the wholly owned Group. These transactions were undertaken on commercial terms and conditions.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 21. 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 comprised \$82,936,000 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 1 July 2022). Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	30 June 2023 \$'000
Purchase consideration	
Cash paid	82,936
Ordinary shares issued	55,773
Total purchase consideration	<u>138,709</u>

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

	Fair value \$'000
Cash and cash equivalents	10,788
Trade and other receivables	5,325
Other Assets	666
Inventories	34,116
Property, plant and equipment	8,002
Deferred tax assets	1,973
Intangible assets	30,196
Trade and other payables	(20,696)
Cash advance	(7,499)
Borrowings	(12,349)
Provisions	(1,962)
Other liabilities	(2,183)
Deferred tax liability	(8,976)
Net identifiable assets acquired	<u>37,401</u>
Add: goodwill	101,308
	<u>138,709</u>

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

(i) Revenue and profit contribution

The acquired Lelit Srl business has been completely integrated into the Group and is managed within the Global Product segment and geographies alongside other brands within the Group. Lelit brand revenues during FY23 were \$64.5m.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 21. Business combination continued

(a) Purchase consideration - cash outflow

	30 June 2023 \$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	82,936
Less: Balances acquired	
Cash and cash equivalents	10,788
Cash advance repaid	(7,499)
	<u>3,289</u>
Net outflow of cash - investing activities	<u>79,647</u>

Recognition and measurement

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 22. Auditor's remuneration

	Consolidated	
	30 June 2024 \$	30 June 2023 \$
Amounts received or due and receivable from the entity and any other entity in the consolidated entity:		
PricewaterhouseCoopers Australia - primary auditors		
Parent entity		
Audit or review services - Parent	618,850	609,754
Taxation and accounting advisory services - Parent	183,269	253,341
Network Firms of PricewaterhouseCoopers Australia		
Controlled entities		
Audit or review services - Controlled entities	294,150	369,872
Taxation and accounting advisory services - Controlled entities	672,279	581,336
Total services provided by PricewaterhouseCoopers	1,768,548	1,814,303

A significant amount of the non-audit fees associated with taxation and accounting advisory services provided by PricewaterhouseCoopers Australia as the auditor of the parent entity, Breville Group Limited and by PricewaterhouseCoopers related network firms in FY24 are of a project based non-recurring nature, including finalisation of the renewal of the Advanced Pricing Agreement (APA), initial Country by Country Reporting and work on indirect taxes.

Note 23. Contingencies

Indemnity agreements have been entered into with certain officers of the Group in respect of expenses and liabilities they incur in their official capacities. No monetary limit applies to these agreements and no known obligations have emerged as a result of these agreements.

Cross guarantees given by Breville Group Limited, Thebe International Pty Limited, Breville Holdings Pty Limited and Breville Pty Limited are described in note 17(a).

Breville Group Limited has issued corporate guarantees in favour of the local bank (HSBC) in Canada and Mexico.

Note 24. Events occurring after the reporting period

Other than the events disclosed elsewhere in this report, no other matters or circumstances have arisen since the end of the year which significantly affected or may affect the operations of the consolidated entity.

The financial report of Breville Group Limited for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors on 21 August 2024.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 25. Other accounting policies

(a) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Breville Group Limited and its Australian subsidiaries are Australian dollars (AUD or A\$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the foreign subsidiaries are:

- USD - United States dollar (Breville Holdings USA, Inc. and Breville USA, Inc.);
- HKD - Hong Kong dollar (HWI International Limited);
- CAD - Canadian dollar (HWI Canada, Inc., Holding HWI Canada, Inc. and Breville Canada, L.P., 1591114 Ontario Inc.);
- NZD - New Zealand dollar (Breville New Zealand Limited);
- GBP - British pound (BRG Appliances Limited);
- RMB - Chinese Renminbi (Breville Services (Shenzhen) Company Limited);
- EUR - Euro (Sage Appliances GmbH, Sage Appliances France SaS, Lelit Srl, Lelit Italy Srl and Seriveneta Srl);
- MXN - Mexican Peso (Breville Mexico, S.A. de C.V.);
- KRW - South Korean Won (Breville Korea Limited); and
- AED - United Arab Emirates Dirham (BRG Middle East Appliances LLC).

As of the reporting date the assets and liabilities of these foreign subsidiaries are translated into the presentation currency of Breville Group Limited. They are translated at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the retranslation of the financial statements of foreign subsidiaries are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(iii) Disposal of foreign operations

In some instances companies in the Breville Group provide intra-Group funding to other Group entities by way of permanent equity loans. In these instances any foreign exchange movements are recognised in equity (foreign currency translation reserve) as these equity loans are considered to form part of the net investment in the subsidiary.

(b) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through the income statement, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each year end.

Notes to the financial statements continued

For the year ended 30 June 2024

Note 25. Other accounting policies continued

(b) Investments and other financial assets continued

Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace. All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

(i) Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(c) Other Taxes

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) or value added tax (VAT) except:

- where the GST / VAT incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST / VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the applicable amount of GST / VAT included.

The net amount of GST / VAT recoverable / payable is included in receivables / payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis and the GST / VAT component of cash flows arising from investing and financing activities are classified as operating cash flows.

Commitments and contingencies are disclosed net of recoverable / payable GST / VAT.

(d) New accounting standards and interpretations

(i) Changes to accounting policy and disclosures

The 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 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.

Consolidated entity disclosure statement

The ultimate controlling entity of the Breville Group is Breville Group Limited. Outlined below is the Group's consolidated entity disclosure statement as at 30 June 2024 prepared in accordance with the Corporations Act 2001 (Cth). Unless indicated, no entities are trustees, partners or participants in joint ventures.

As at 30 June 2024					
Name of entity	Type of entity	% of share capital held	Place of business/ country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Breville Group Limited	Body corporate	n/a	Australia	Australian	n/a
Thebe International Pty Ltd	Body corporate	100	Australia	Australian	n/a
Breville Holdings Pty Ltd	Body corporate	100	Australia	Australian	n/a
Breville Pty Limited	Body corporate	100	Australia	Australian	n/a
Breville R&D Pty Ltd	Body corporate	100	Australia	Australian	n/a
Breville Group Employee Share Trust	Trust	n/a	n/a	n/a	n/a
Breville New Zealand Limited	Body corporate	100	New Zealand	Foreign	New Zealand
HWI International Limited	Body corporate	100	Hong Kong	Foreign	Hong Kong
Breville Services (Shenzhen) Company Limited	Body Corporate	100	China	Foreign	China
Breville Holdings USA, Inc.	Body Corporate	100	United States	Foreign	United States
Breville USA, Inc.	Body Corporate	100	United States	Foreign	United States
Baratza LLC	Body Corporate	100	United States	Foreign	United States
Holding HWI Canada Inc.	Body Corporate	100	Canada	Foreign	Canada
HWI Canada Inc.	Body Corporate*	100	Canada	Foreign	Canada
1591114 Ontario Inc.	Body Corporate*	100	Canada	Foreign	Canada
Breville Canada, L.P.	Partnership*	n/a	n/a	n/a	n/a
BRG Appliances Limited	Body Corporate	100	United Kingdom	Foreign	United Kingdom
Sage Appliances GmbH	Body corporate	100	Germany	Foreign	Germany, Switzerland, Czech Republic, Poland
Sage Appliances France SaS	Body Corporate	100	France	Foreign	France
Breville Mexico, S.A. de C.V.	Body Corporate	100	Mexico	Foreign	Mexico
Breville Korea Limited	Body Corporate	100	Republic of Korea	Foreign	Republic of Korea
Lelit Srl	Body Corporate	100	Italy	Foreign	Italy
Lelit Italy Srl	Body Corporate	100	Italy	Foreign	Italy
Seriveneta Srl	Body Corporate	100	Italy	Foreign	Italy
BRG Middle East Appliances LLC	Body Corporate	100	United Arab Emirates	Foreign	United Arab Emirates

* Breville Canada, L.P. is a partnership between HWI Canada Inc. and 1591114 Ontario Inc. and is therefore consolidated by Breville Group Limited.

Directors' declaration

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

1. In the Directors' opinion:

- (a) the financial statements and notes set out on pages 68 to 128 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date, and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 1;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (d) the consolidated entity disclosure statement on page 129 is true and correct;
- (e) at the date of this declaration, there are reasonable grounds to believe that the members of the extended Closed Group will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

2. This declaration is made after receiving the declarations by the Chief Executive Officer and Chief Financial Officer required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2024.

On behalf of the Board



Timothy Antonie
Non-Executive Chair

Sydney
21 August 2024



Auditor's Independence Declaration

As lead auditor for the audit of Breville Group Limited for the year ended 30 June 2024, 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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', written over a horizontal line.

Aishwarya Chandran
Partner
PricewaterhouseCoopers

Sydney
21 August 2024



Independent auditor's report

To the members of Breville Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Breville Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 30 June 2024
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. The Group comprises of entities located globally, with the most financially significant operations located in Australia and the United States of America. We tailored the scope of our audit to ensure we performed sufficient work to give an opinion on the financial report as a whole, taking into account the geographical structure of the group. Under instruction and supervision from the group audit team, component auditors in Italy performed an audit of the special purpose financial information of significant financial statement line items used to prepare the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
<p>Estimated recoverable amount of goodwill and intangibles with indefinite lives (Refer to note 11)</p> <p>Under Australian Accounting Standards, the Group is required to test goodwill and intangibles with indefinite lives annually for impairment.</p> <p>The Group assesses goodwill and intangibles with indefinite lives for impairment at the cash generating unit ('CGU') level. This assessment is inherently complex and judgemental. It requires judgement by the Group in forecasting the operational cash flows of the CGUs, and determining discount rates and terminal value</p>	<ul style="list-style-type: none"> Assisted by PwC valuation experts in aspects of our work, our audit procedures included, amongst others: assessing the identification of CGUs and the allocation of carrying value of assets and liabilities and cash flows to those CGUs for consistency with our knowledge of the Group; assessing whether the models applied by the Group for impairment testing were prepared in accordance with the requirements of Australian Accounting Standards;

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>growth rates used in the discounted cash flow models used to assess impairment (the 'models').</p> <p>The recoverable amount of goodwill and intangibles with indefinite lives was a key audit matter given the:</p> <ul style="list-style-type: none"> • financial significance of intangible assets to the consolidated statement of financial position; and • judgement applied by the Group in performing the impairment assessments. 	<ul style="list-style-type: none"> • comparing the cash flow forecasts in the models to the Board approved budget; • testing the mathematical accuracy of the models; • assessing the terminal growth rates and discount rates applied in the models; • assessing cash flow forecasts, which contain key growth assumptions included in the models against historical performance and budget accuracy, future strategic plans, and other market information; • performing sensitivity analyses over the key assumptions used in the models to understand the impact of reasonably possible changes to key assumptions; and • assessing reasonableness of the related financial statement disclosures for consistency with Australian Accounting Standards requirements.

Revenue from contracts with customers (Refer to Note 3)

The Group's accounting policy is to recognise revenue when the performance obligation of transferring goods to the customer has been satisfied and the transaction price can be measured.

Revenue was a key audit matter given the financial significance of revenue to the financial report and the significant audit effort required to gather sufficient appropriate audit evidence for revenue recognition.

Our procedures over the recognition of revenue included, amongst others:

- considering the Group's accounting policy in line with Australian Accounting Standard requirements;
- developing an understanding, and evaluating the design and implementation of key controls over the revenue to receivables business process;
- obtaining a sample of revenue transactions and testing back to source documentation, including identifying performance obligations, assessing whether the transactions occurred and were recognised in the correct period;
- understanding any manual adjustments; and
- assessing reasonableness of the related financial statement disclosures for consistency with Australian Accounting Standards requirements



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Company information, Directors' report and Corporate governance statement. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 the financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Breville Group Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Aishwarya Chandran
Partner

Sydney
21 August 2024

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