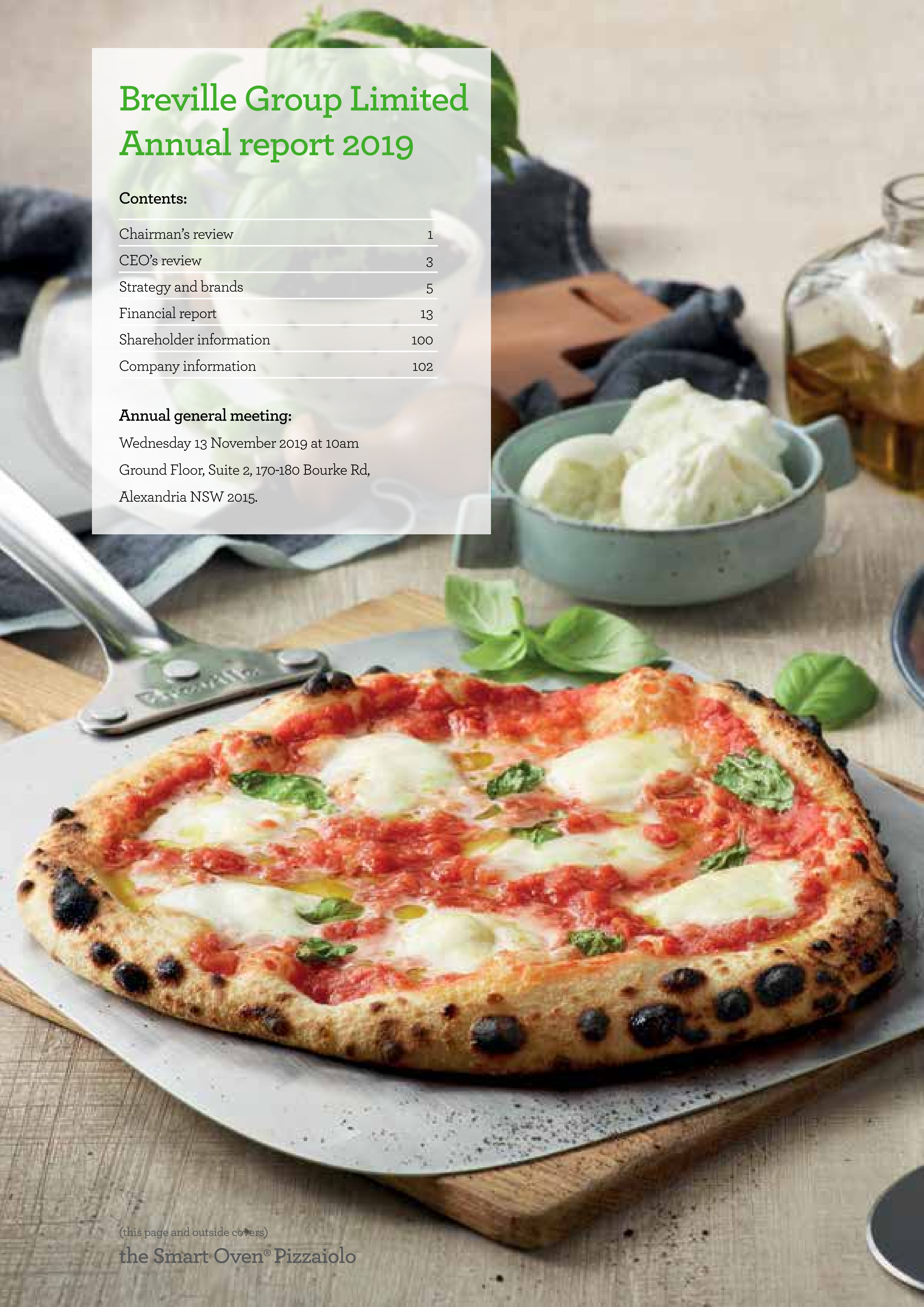
Annual report 2019

Breville®

Master Every Moment™



Breville Group Limited Annual report 2019

Contents:

Annual general meeting:

Wednesday 13 November 2019 at 10am

Ground Floor, Suite 2, 170-180 Bourke Rd,

Alexandria NSW 2015.

(this page and outside covers)

the Smart Oven® Pizzaiolo

Chairman's review

"Another strong year of growth, geographic expansion and execution of our acceleration program."

The 2019 financial year was a significant year for the Breville Group with continued double-digit sales and profit growth, European expansion and ongoing implementation of the Group's acceleration program.

The Group delivered a 17.5% increase in revenue with the core Global Product segment growing by 17.2%, or 12.0% in constant currency terms, to $612.0m. The Distribution segment revenue grew 18.8% to $148.0m.

Group EBIT of $97.3m, represented a 12.0% increase on the prior year. Group EBIT margins of 12.8% were slightly lower compared to 13.4% in the prior year due to the strong USD. Net profit after tax increased by 15.2% to $67.4m.

Net cash flow generated from operating activities of $30.3m was lower than the $88.7m in the prior year primarily due to an investment in inventory to support growth. The group tactically increased stock in the USA by bringing forward seasonal stock, in the UK as an insurance against potential Brexit disruption and in Europe to support accelerated expansion. Net cash at 30 June 2019 decreased to $9.8m.

Under the leadership of CEO Jim Clayton, we also made significant progress in our business model transformation, increasing our marketing and R&D spend to 11.0% of revenue and expanding into Benelux and Switzerland whilst still accelerating earnings growth.

The Board increased the full year dividend to 37.0 cents from 33.0 cents in the prior year, in line with the ongoing commitment to providing strong returns to shareholders.

On behalf of the Board, I would like to take this opportunity to thank Jim Clayton and his team of talented, motivated and passionate team members around the world for their continued hard work and enthusiasm.

Finally, I would like to thank my Board colleagues and our shareholders, customers and suppliers for their continued support. I encourage all shareholders to attend our annual general meeting in November.

Steven Fisher
Non-executive chairman


the Bambino™ Plus

CEO's review

"The Group delivered another strong year in FY19 with double digit EBIT growth, robust revenue growth, increased investment in Marketing/R&D, and successful European expansion."

Financial summary

	REVENUE			EBIT		
$ Millions except where indicated	**FY19**	FY18	% Change	**FY19**	FY18	% Change
Global Product segment	**612.0**	522.2	17.2%	**78.3**	73.3	7.5%
Constant currency growth			*12.0%*			
Distribution segment	**148.0**	124.6	18.8%	**18.5**	13.6	36.0%
TOTAL	**760.0**	646.8	17.5%	**97.3**	86.9	12.0%

Minor differences may arise due to rounding

In FY19 Breville Group delivered robust revenue growth of 17.5% driven by successful European expansion and a strong year of growth in the USA as well as translation gains from a strong US dollar.

Global Product segment revenue increased by 17.2%, or 12.0% in constant currency, with North America growing by 12.8%, ANZ by 7.0% and Europe by 35.1% with the first full year of German sales and expansion into Benelux and Switzerland. Our Rest of World (ROW) segment, which is lumpy in nature, saw a decline caused by reduced purchases from our Russian partner in the face of a weaker Ruble. Excluding Russian export sales, our Global Segment revenue grew by 14.2% on a constant currency basis.

Our growth was balanced across product categories, with Beverage, Cooking, and Food Preparation all posting positive growth in FY19, benefiting from new product launches and geographic expansion.

Distribution segment revenues of $148.0m were 18.8% higher than the 2018 financial year, driven by strong Nespresso® growth in North America and improved performances for Breville Local and Kambrook® in ANZ.

Group EBIT for the year finished at $97.3m, with EBIT growth accelerating to 12.0% from 10% in the prior year. The Distribution segment fulfilled its strategic role and grew EBIT by $4.9m, which was reinvested in the Global segment marketing and NPD. The overall Group EBIT margin reduced to 12.9% from 13.4% primarily because of the strong US dollar. In constant currency our EBIT margin was unchanged.

The 2019 financial year saw continued progress on the Group's acceleration journey, with notable achievements including launching the Sage® brand direct into Switzerland and Benelux; the development of a product information management (PIM) system to centralise all product related data; a middleware platform improving flexibility and scalability; and a point of sale (POS) module giving access to sell-out data for better decision making. The Group also acquired ChefSteps in early FY20 to further category-based innovation in the *sous vide* cooking space.

On a personal note, I am encouraged by the progress we have made during the year, and I thank the Breville | Sage team for their spirit and collaborative efforts in the execution of the transformation. I also would like to thank the Board for their ongoing support and counsel.

Jim Clayton
Chief executive officer

the Barista Pro™

Strategy and brands

Breville Group's primary strategy is the design and development of the world's best kitchen appliances together with expanding distribution and dynamic marketing on a global scale.

The Breville and Sage brands are at the core of this strategy, representing the majority of the Group's revenues and marketing activities. There are, however a number of additional company owned brands and brand partners in different geographies that assist in the delivery of the business strategy.

In line with its global strategy, the Group's is focused on the design, development and sale of Breville branded and Sage branded products supplied in currently 69 countries to the premium kitchen segment of the market ('Global Product'). The Distribution segment sells products that are distributed 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 Breville® (Breville®, Kambrook®, Aquaport®, Cli-mate®) or they may be distributed under a third-party brand (Nespresso®).

North America

In North America, the Group distributes its range of internally designed and developed kitchen products under the Breville brand through premium channels and its own direct-to-consumer e-commerce platform. From the second half of the 2018 financial year, the Breville brand included a range of Breville co-branded Nespresso coffee machines as one of Nespresso's machine partners in North America.

North American revenues also include a USA based culinary division - PolyScience, one of the world's market leaders in premier sous vide cooking in both the commercial and professional markets.

Australia and New Zealand

In Australia and New Zealand, the Group primarily trades under its company owned brands, Breville®, Kambrook®, Aquaport® and Cli-mate®).

The Kambrook brand extends to categories beyond the kitchen; offering not just a full range of kitchen appliances, but also irons, vacuums, heating and cooling products, all at an affordable price point without any compromise on quality and performance.

Europe

In the United Kingdom and Europe, the Group markets and distributes its premium designed and developed global kitchen products under the company owned brand, Sage®. It is also a supplier for Sage® branded goods to certain distributors located throughout Europe.

In Europe the Breville brand is not owned or operated by the Breville Group.

Rest of the World

In the Asia Pacific region and the Middle East, the Group markets its premium designed and developed kitchen products under the Breville brand as well as selected products under the Kambrook brand in parts of Asia and Africa. Distribution in these regions is managed using local third party distributors supplied via the Group's Hong Kong office.

A History of Innovation

On Melbourne Cup day in 1932, two Australian entrepreneurs, Bill O'Brien and Harry Norville, combined their surnames together to form the name 'Breville' and founded a company manufacturing radios out of Sydney.

During the 1960's, Bill's son John focused the organisation on solving common kitchen problems and founded the Breville small appliance research and development centre, which led to the invention of the now iconic Breville toasted sandwich maker.

The toasted sandwich maker kick-started a long list of award-winning innovative Breville products developed in Australia and distributed throughout the world. From the original Kitchen Wizz™ food processor and High-Wall Wok, to the launch of the world's first wide feed chute Juicer, Breville has become synonymous with ground-breaking innovation in the kitchen.


the Super Q™

Strategy and brands continued

Growth of the Brand

In 2000, Breville embarked on a project to expand its design and innovation capabilities, building a much larger internal team that has today become Australia's leading product development team. This investment culminated in the 2003 launch of its premium range of products into the United States and other international markets.

In 2009, Breville combined its design and development capabilities with a more focused marketing, recruitment and cultural initiative entitled "Food Thinking". As a part of this strategy, internal teams work closely with professional chefs and consumers to develop insight and an integrated approach to product development

- Deeper understanding of food, friction points, and the challenges consumers face;
- Innovation to solve these challenges, protectable as IP; marketed as "Simple Moments of Brilliance"
- Superior quality and engaging design

Breville's ethos of 'Food Thinking' and creativity remains as relevant today as it did then and continues to gain momentum and win over a new generation of consumers, driving accelerated innovation and increased product development. Furthermore, the Group's appreciation for food science and culinary trends has led to the fostering of relationships with high profile food thinkers, including world renowned baristas and chefs, some of whom have directly helped the Group in a product development capacity.

The Consumer at the Core of the Business

More recently, the Group has increased focus on driving consumer understanding of, and engagement with, the Group's product and proposition. The Group believes that consumers should be able to produce and enjoy a perfect result every time, and that they should never have to settle or compromise just because they are making it at home. Through "Food Thinking", the Group provides consumers with "Mastery in a Box" - innovative products which simplify and make the process of creation more of a pleasure, and the end result more perfect, each and every time.

At the heart of this proposition lies a passionately-held belief that consumers should feel empowered to share these results with those who are most important to them; their family and friends. After all, the opportunities to make everyday moments an occasion exist in the tens of thousands, and Breville believes that use of its products will help consumers "Master Every Moment" and enjoy life to the fullest extent.

Sage®

In the United Kingdom and Europe, the Group distributes its premium designed and developed products under the Group owned brand, Sage®. The brand identity and positioning of Sage® is aligned closely to the global Breville brand identity, "Food Thinking" approach, and "Master Every Moment" empowerment strategy.

The Sage® distribution strategy is also very similar to that of Breville in North America, with distribution limited primarily to premium retailers and its own direct to consumer e-commerce platform. The Group continues to invest in engaging marketing activity for the Sage® brand to drive targeted expansion and accelerate the brand's presence in the premium channel across Europe and the United Kingdom.

Additionally, since 2017, distribution partners have decided to take advantage of the Group's investment in the Sage® brand and have set aside their own brand names and adopted the Sage® brand in their territories. Countries such as Denmark, Sweden, Norway, Finland, Estonia, Lithuania, Latvia, Czech Republic and Slovakia, amongst others, were the first to transition.

Kambrook®

Kambrook® has become known for quality, durable products at an affordable price point. The ever-expanding product range encompasses appliances for the kitchen, living room, laundry and bedroom. Kambrook® continues to highlight the durability of its appliances and the rigorous testing process that each new product undergoes. Products are subjected to extensive laboratory and quality testing before receiving the Kambrook® seal of approval. To help emphasise that aspect of the brand, a new logo incorporating the "infinity symbol" in place of the two letter "o"s in the Kambrook® name was introduced during FY17 and continues to find some success and recognition in the marketplace as a mark for quality assurance.

the Juice Fountain® Cold Plus

Strategy and brands continued

PolyScience®

The PolyScience® brand (culinary division) is distributed around the world under one the following two names as locally relevant; 1) Breville | Polyscience and 2) Sage | Polyscience. The PolyScience culinary division includes the world's premier immersion cooking circulators (for sous vide cooking), as well as various specialty cooking accessories such as the Smoking Gun™ (for rapid food smoking), the Control Freak™ (for precision cooktop applications) vacuum sealers, cold plates and vacuum evaporations systems.

Innovation and product development

The core driving the Group's growth continues to be investment in product development and a focus on design and innovation. Breville has further deepened its understanding of food, and how the consumer interacts with it, applying this to solving problems in ways that are both valuable to people, and differentiated from competitors.

Breville actively protects this customer value through increased investment in intellectual property protection and via the development of a portfolio of patented innovative products for future sustainable growth.

People – creative food thinkers

Breville enjoys the benefits of highly experienced talent across all departments and geographies. Integrated throughout its food thinking culture, the passion, creativity and insight of staff has helped to consistently bring world class innovative products to consumers around the world. The team continues to be awarded both domestically and internationally, with multiple design awards, and recognition through mainstream media.

Breville Group invests in the training and education of its team; building strong, collaborative links with world experts in food thinking and technology. The Group is also involved in several consumer facing and chef liaison activities.

Strongly committed to its core values of creativity, simplicity, insight and excellence in all departments, Breville recruits, trains, assesses and rewards employees on this basis. With a team anchored around these common values, the business is able to foster a workplace that stimulates idea generation, a passion for learning, and the continuous search for new and better solutions.

During the 2019 financial year, the Group continued to grow its highly talented and experienced team, bringing on board additional experience and expertise, particularly in the areas of marketing, product design, research and development, IT and logistics.

Process and mindset change for the future

With an aligned calendar setting process, within both Breville itself and its external manufacturing and retail channel partners, the Group seeks to fully leverage an increasing number of new product introductions to continue to drive its business and iconic brands forward.

By ensuring that the 'go-to-market' process is aligned functionally, regionally and with its external partners, the Group launches product, with impact, at a single moment in time, across a number of markets under the global distribution footprint, in order to ensure that the Group will reap the full potential of its innovation and design excellence.

The Group has established this process in the 2019 financial year, and has begun to see benefit, as shown through the successful launch of the Pizzaiolo™ concept during the fiscal year.

KITCHEN

the Luxe Collec


N BLANC
tion in *Sea Salt*

Accolades

2019 BTM700 the Tea Maker Compact
2019 BBL920 the Super Q
2018 BES880 the Barista Touch
2017 BES990 the Oracle Touch
2017 BFS800 the Steam Zone
2016 CMC800 Control Freak Cooker
2016 BEM825 the Bakery Boss
2015 BMO700 Quick Touch Microwave
2015 BCP600 Citrus Press
2015 BBL405 the Kinetix Twist
2014 BES980 the Oracle Espresso
2013 BSG1974 the Original '74
2012 BDC600 You-Brew Drip Coffee Machine
2011 BFP800 Food Processor
2010 BGR820 Smart Grill

BEST IN CATEGORY - Domestic Appliances

2016 BSM600 the Smoking Gun

2019 BPZ800 the Smart Oven Pizzaiolo
2019 BES878 the Barista Pro
2019 BES500 the Bambino Plus
2018 BDC450 the Precision Brewer Thermal
2018 BJE830 the Juice Fountain Cold XL
2018 BNE500 Creatista Uno
2017 BOV900 the Smart Oven Air
2017 BTA735 the Toast Select Luxe
2017 BNE800 Creatista Plus
2016 BPB620 Boss To Go Personal Blender
2014 BBL910 the Boss Superblender
2013 BRC600 the Multi Chef
2013 BEF100 the Thermal Pro Grill
2012 BCI600 Smart Scoop Ice Cream Maker
2012 BES900 Dual Boiler Espresso Machine
2011 BCG800 Smart Grinder
2011 BTM800 Tea Maker
2010 BEM800 Wizz Planetary Mixer
2010 BOV800 Smart Oven
2010 BES820 Variable Temperature Kettle
2010 BES860 Fresca Espresso Machine

Red Dot Design Award - Best of the Best

2017 BNE800 Creatista Plus

Red Dot Design Award

2019 BES500 the Bambino Plus
2019 BES878 the Barista Pro
2019 BTM700 the Tea Maker Compact
2019 BBL920 the Super Q
2019 BPZ800 the Smart Oven Pizzaiolo
2018 BES880 the Barista Touch
2018 BDC450 the Precision Brewer Thermal
2018 BJE830 the Juice Fountain Cold XL
2018 BFP820 the Kitchen Wizz Peel and Dice
2017 BES990 the Oracle Touch
2017 BSG600 the Perfect Press
2017 BFS800 the Steam Zone
2017 BSM600 the Smoking Gun
2017 BOV900 the Smart Oven Air
2017 BTA735 the Toast Select Luxe
2017 BKE735 the Soft Top Luxe
2016 CMC800 Control Freak Cooker
2016 BEM825 the Bakery Boss
2016 Thermal Pro Cookware
2016 BPB620 Boss To Go Personal Blender
2015 BMO700 Quick Touch Microwave
2015 BCP600 Citrus Press
2014 BES980 the Oracle Espresso
2014 BMO734 the Quick Touch
2014 BTA720/730 the Lift and Look Pro
2014 BWM640 the Smart Waffle
2013 BEF100 the Thermal Grill Pro
2013 BRC600 the Multi Chef
2012 BDC600XL You-Brew Drip Coffee Machine
2012 BFP800 Kitchen Wizz Pro

Honourable Mention

2013 BBL605 Kinetix Control Blender
2011 BKE820 Kettle Honourable Mention

IDSA Design Award – USA IDEA International Design Excellence Awards

Silver Award

2019 BES878 the Barista Pro
2017 BES990 the Oracle Touch

Bronze Award

2019 BTM700 the Tea Maker Compact
2019 BOV860the Smart Oven Air Fryer
2017 BES990 the Oracle Touch
2017 BNE800 Creatista Plus
2017 BSM600 the Smoking Gun
2014 BES980 the Oracle Espresso
2013 BES900 Dual Boiler Espresso

Finalists

2019 BPZ800 the Smart Oven Pizzaiolo
2019 BES500 the Bambino Plus
2018 BES880 the Barista Touch
2018 BDC450 the Precision Brewer Thermal
2018 BJE830 the Juice Fountain Cold XL
2018 BFP820 the Kitchen Wizz Peel and Dice
2017 BOV900 the Smart Oven Air
2014 BWM640 the Smart Waffle
2014 BTA720/730 the Lift and Look Pro
2013 BFP800 Kitchen Wizz Food Processor
2013 BBL 605 Kinetix Control Blender
2013 BDC600 You-Brew Drip Coffee Machine

iF Design Award

2016 Thermal Pro Cookware
2016 BPB620 Boss To Go Personal Blender

Gold iF Design Selection

2016 Thermal Pro Cookware
2015 BES980 the Oracle Espresso
2015 BWM640 the Smart Waffle

Breville Group Limited Financial report 2019

Contents:

Directors' report

The Board of Directors of Breville Group Limited (company) has pleasure in submitting its report in respect of the Group for the year ended 30 June 2019.

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.

Steven Fisher

Non-executive chairperson

B.ACC, CA(SA)

Mr Fisher has more than 30 years' experience in general management positions in the wholesale consumer goods industry and was the former chief executive of the Voyager Group. Prior to entering into the consumer goods industry Mr Fisher was a practising chartered accountant having qualified in South Africa with a Bachelor of Accounting degree.

During the last three years he has served as a director of the following other listed company:

- Reject Shop Limited #

denotes current directorship

Timothy Antonie

Non-executive director

BEcon

Mr Antonie has more than 20 years' experience in investment banking 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. He holds a Bachelor of Economics degree from Monash University and qualified as a Chartered Accountant with Price Waterhouse.

During the last three years he has served as a non-executive director of the following other listed companies:

- Premier Investments Limited #
- Village Roadshow Limited #
- Netwealth Group Limited #

denotes current directorship

Peter Cowan – *appointed 1st September 2018*

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.

During the last three 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 both public and private company 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 based in Sydney and 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 three years she has served as a non-executive director of the following other listed companies:

- Suncorp Group Limited #
- Premier Investments Limited #
- Evans Dixon Limited #
- Investec Property Limited (the responsible entity of listed trust Investec Australia Property Fund) #

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. He is also a director of Peter MacCallum Cancer Foundation Ltd.

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

Lawrence Myers

Non-executive director

B.Acct, CA, CTA

Mr Myers has over 20 years' experience as a practising Chartered Accountant. He is the Managing Director and founder of MBP Advisory Pty Limited, a high end Sydney firm of Chartered Accountants. Mr Myers sits on numerous 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. He is a registered auditor and his specialist areas of practice include business and corporate advisory as well as mergers and acquisitions. Mr Myers is Chairperson of the audit and risk committee (A&RC) and is the company's lead independent director.

During the last three years he has served as a director of the following other listed company:

- VGI Partners Global Investments Limited #

denotes current directorship

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 and performance committee (P&PC).

During the last three 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. Unless indicated otherwise, the company secretaries were in office for this entire period.

Sasha Kitto

LLB, FCA

Ms Kitto is a chartered accountant and has over 15 years' experience as a practising chartered accountant and in senior finance roles.

Craig Robinson – *appointed 26th June 2019*

BA, ACMA

Mr Robinson is a Chartered Management Accountant with over 20 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

The financial 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 financial performance of the Group by measuring actual results against expectations as developed through an annual business planning and budgeting process.

Appropriate key performance indicators (KPI's) 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 with additional information regarding the Group's operations, financial position, business strategies 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, is the design and development of innovative world class, small electrical kitchen appliances and the effective marketing of these products across multiple geographies to drive growth in sales and profits.

In line with this strategy, the Group has:

- A strong, competitive and growing product portfolio with proven success across the globe;
- An innovative, committed, high-quality team;
- An R&D culture that focuses on consumer value and emerging food and beverage technologies when developing new products, enabling the Group to maintain its premium product and market positioning;
- A track record of successfully expanding into new geographies;
- A strong balance sheet which provides a platform to take advantage of future opportunities.

During the year, the Group has continued to refine its strategic direction and has continued the execution of its acceleration program, further detail of which is provided on page 19.

The Group operates a global centralised business structure with two business segments and geographic sales regions as described below:

- The Global Product segment sells premium products designed and developed by Breville, which are sold globally (currently 69 countries). Products included in this segment may be sold directly or through third parties, and may be branded Breville®, Sage®, Polyscience® or other Group owned brands
- The Distribution segment sells products that are designed and developed by a third party. Products are distributed 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 Breville® (e.g. Breville®, Kambrook®), or they may be distributed under a third party brand (e.g. Nespresso®).

Operating and financial review continued

Company overview and principal activities continued

For both business segments, the geographic regions execute the sales and distribution functions, supported by centralised functions (including product development, marketing, operations, IT, Finance and HR). The centralised functions, specifically marketing and product development are part of the global, innovation driven product business and thus form part of the Global Product segment.

In Australia and New Zealand, the Group principally trades under its company owned brands, Breville®, Kambrook® and Aquaport® and also distributes products under a machine partnership with Nespresso® and Nestlé® Dolce Gusto®.

In North America, the Group distributes Breville® and Polyscience® branded products through premium channels and Nespresso® products, under a machine partnership.

In Europe the marketing and distribution of Breville® designed products to premium retailers is under the company owned brand, Sage®. The region also supplies Sage® branded goods to certain distributors located in Europe.

The Group's Hong Kong office performs the functions of a group procurement and quality assurance centre and is also, a supplier of primarily Breville® designed products to distributors globally (excluding the Sage® European distributors). These distributors are located outside of the Group's principal markets and include the Asia Pacific region, the Middle East and South America.

Group operating results

AUDm[1]	**FY19**	FY18	**% Change**
Revenue	**760.0**	646.8[3]	**17.5%**
EBITDA	**114.0**	100.2	**13.7%**
EBIT	**97.3**	86.9	**12.0%**
EBIT margin (%)	**12.8%**	13.4%	
NPAT	**67.4**	58.5	**15.2%**
Basic EPS (cents)	**51.8**	45.0	**15.2%**
ROE[2] (%)	**22.7%**	21.5%	
Div per share - ordinary (cents)	**37.0**	33.0	**12.1%**
Franked (%)	**60.0%**	60.0%	
Net cash ($m)	**9.8**	58.0	**83.1%**
Marketing and R&D[4] (% of revenue)	**11.0%**	10.5%	**0.5%**

1 Minor differences may arise due to rounding.

2 ROE is calculated based on NPAT for the 12 months ended 30 June 2019 (FY18: 12 months ended 30 June 2018) divided by the average of shareholders' equity at the beginning and the end of the financial year

3 FY18 Revenue restated to a comparable basis with FY19 after adoption of IFRS15

4 Marketing and R&D related spend included in the income statement is comprised of the following:

Group Marketing and R&D spend

AUDm[1]	**FY19**	FY18
Advertising & marketing expenses	**32.2**	26.2
Marketing operational expenses[5]	**16.1**	10.9
R&D operational expenses[5]	**25.9**	23.7
R&D development cost amortisation	**9.1**	7.9
Total Marketing and R&D	**83.3**	68.7
% Revenue	***11.0%***	*10.5%*

5 Including overhead allocation and plant and equipment depreciation

Results Highlights

- Group revenue increased by +17.5% (FY18 +7.7%) with strong growth in both the Global Product and Distribution segments partly boosted by the strength of the USD
- In constant currency, the Global Product segment delivered a +12.0% increase in revenue (FY18 +13.4%) driven by European expansion and a strong performance in the USA offset partially by weaker export sales to Russia
- Group EBIT growth accelerated to +12.0% (FY18 +10.0%) however EBIT margin at 12.8% was lower than FY18 at 13.4%. This year-over-year decrease primarily reflects the strengthening US dollar, as well as our sustained increase in marketing and product development investment. A strong US dollar boosts top line via translation, but reduces our EBIT margin because our hedged position effectively shields EBIT from foreign exchange effects
- NPAT grew +15.2% with FY18 being impacted by one-off tax adjustments arising from the US corporate tax rate change
- Total dividends for the year increased by 12.1% to 37.0 cents per share, 60% franked

Operating and financial review continued

Results Highlights continued

- Working capital investments were made during the year. The continued growth of the business, as well as some specific tactical inventory holdings, saw an increased investment in stock. Strong Q4 sales growth, partly driven by the buy up for Amazon Prime Day in July, and partly by a weak prior year comparator naturally increased receivables. The move to an onshore Europe model rather than a cash-on-shipment export model also impacted the level of year end receivables. Both core debtor days and core inventory stock turns remained in line with prior year
- As a result of these investments in working capital Net Cash declined to $9.8m (FY18 $58.0m)
- Good progress was made in the implementation of our Acceleration Strategy with a first full year of German sales, entry into Benelux and Switzerland and an increase in investment in marketing and R&D to 11% of revenue.

Segment results

	REVENUE			EBIT			EBIT MARGIN (%)	
AUDm[1]	**FY19**	FY18	**% Change**	**FY19**	FY18	**% Change**	**FY19**	FY18
Global Product	**612.0**	522.2	**17.2%**	**78.8**	73.3	**7.5%**	**12.9%**	14.0%
Distribution	**148.0**	124.6	**18.8%**	**18.5**	13.6	**36.0%**	**12.5%**	10.8%
TOTAL	**760.0**	646.8	**17.5%**	**97.3**	86.9	**12.0%**	**12.8%**	13.4%

[1] *Minor differences may arise due to rounding.*

Global Product segment revenue

	GLOBAL PRODUCT SEGMENT REVENUE			
AUDm[1]	**FY19**	FY18	**% Change AUD**	**% Change Constant Currency**
North America	**357.4**	298.9	**19.6%**	**12.8%**
Australia and New Zealand (ANZ)	**132.9**	123.9	**7.2%**	**7.0%**
Europe	**89.6**	63.0	**42.1%**	**35.1%**
Rest of World (ROW)	**32.1**	36.4	**(11.4)%**	**(17.7)%**
TOTAL	**612.0**	522.2	**17.2%**	**12.0%**

[1] *Minor differences may arise due to rounding.*

The Global Product segment revenue for the year increased by +17.2% to $612.0m (FY18: $522.2m) and +12.0% in constant currency.

In **North America**, the Group achieved strong mid-teens growth in the key US market driven by a strong performance across both Beverages and Juicing. Overall, strong USA growth was partially moderated by a “reset” year in Canada with retailer rationalisation and some major retailers reducing inventories. Pleasingly sell out continued at historic levels.

In **ANZ** the Group saw resilient growth in Australia offsetting lower growth in New Zealand where our business was realigned to a less-promoted business model, in turn improving margins.

In **Europe** the Group delivered 35.1% constant currency revenue growth with the UK again posting double digit growth, a strong first full year for Germany, and successful expansion into Benelux and Switzerland. The fast-growing European region is now over two thirds the size of the Global segment in our ANZ business.

The **ROW** segment is by nature lumpy and this year saw a decline in revenue, caused by a Russian partner reducing purchases in the face of a much weaker Ruble. However, the sell-out trend in Russia remained double digit. Excluding this Russia effect, Global segment constant currency growth was 14.2% with all key regions performing well.

The Global Product segment EBIT for the year was $78.8m (FY18: $73.3m), representing a 7.5% increase. The segment’s EBIT margin of 12.9% compares to 14.0% in FY18 with the decline driven by the strength of USD and the increased investment in marketing and R&D.

The Distribution segment also grew revenue strongly increasing sales by +18.8% (against a FY18 decline (7.3%)) with strong Nespresso growth in the US. Importantly the segment fulfilled its strategic role by delivering an incremental $4.9m in EBIT supported by Nespresso growth and improved Kambrook and Breville local performance in ANZ. This incremental EBIT was reinvested into Global segment marketing and R&D.

Directors' report
continued

Operating and financial review continued

Financial position

The Group's total investment in working capital increased in FY19 by $64.7m at 30 June 2019 compared to 30 June 2018 primarily driven by an increase in inventory. Debtors and creditors movements largely offset each other with the exception of a $10.0m increase in receivables arising from the transition from a Hong Kong cash-on-despatch model to an onshore normal retail receivable model for our European customers.

Inventory balances of $152.3m at 30 June 2019 were $52.6m higher than prior year (30 June 2018: $99.7m), primarily driven by the continued growth of the business as well as some specific tactical inventory holdings. In the USA $8.0m of seasonal stock build was purchased earlier than in FY18 to smooth growing demands on our supplier base. $11.0m, or 20 weeks of inventory, has been built in the UK as a buffer against Brexit disruption. Also, approximately $14.0m of extra stock holding has been built in Europe as we run an unconstrained stock position in Europe until expansion normalises and a predictable demand curve emerges. These three tactical stock investments added $33.0m inventory to the $19.0m arising from core growth in the business.

Receivables grew $50.2m over FY18 and payables by $38.1m with the excess in receivables growth largely driven by the switch of revenue from a Hong Kong export model to onshore European retail model.

Net cash at 30 June 2019 was $9.8m compared to $58.0m at 30 June 2018.

Dividends

A final dividend of 18.5 cents per share (60% franked) has been declared (FY18: 16.50 cents, 60% franked) bringing the total dividends to 37.0 cents per share, 60% franked. This final dividend has a record date of 13 September 2019 and is payable on 27 September 2019.

The Directors have resolved to continue to suspend the operation of the Dividend Reinvestment Plan.

The ongoing expected increase in relative contribution of the businesses outside of Australia will impact the extent to which the Group is able to frank future dividends.

Material business risks

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

Risk	Nature of risk	Key actions to mitigate risk
Product development and innovation	Insufficient investment in product development and innovation may result in loss of competitive advantage.	Strategic reallocation of funds to increase investment in product development and marketing functions and their associated resources and technology. Securing of world class leadership for product development and go to market functions. Annual investment has doubled over 4 years from FY15 to FY19 with spend increasing from 8% of revenue to 11%.
Margin risk	The competitive nature of the small domestic appliance market together with changes in manufacturing costs, including commodity prices, will have an impact on the Group's financial results.	Active protection and management of the Group's intellectual property arising from Product development protects uniqueness of range. Focused brand building initiatives enhancing strength of brand awareness and desirability. On going variabilisation of key elements of cost structure and strengthening of long term supplier relationships helps to buffer cost increases.
Adverse global economic and geopolitical conditions	Adverse changes to the general global economic and geopolitical conditions and the retail landscape as well as consumer sentiment in the principal markets in which the Group operates will impact its financial results. Geopolitical tension such as Sino-American tariff esclation and threat of Brexit may specifically impact consumer demand as well as our ability to supply markets.	Focus on communication with consumers to gain ever greater insight into the changing world of food and beverage trends. As well as monitoring global economic and consumer data and key industry trends. Increasingly broad regional foot print mitigates impact of any specific market on Group results. With regard to specific Brexit risk extra inventory holdings have been built in the UK to mitigate against disruption to borders and supply. With regard to tariff tensions, specific negotiations with suppliers are in play alongside communications and strategies with retailers to protect consumer demand.

Material business risks continued

Foreign exchange exposures	Transactional exposure as product purchases are primarily paid for in US dollars.	The transactional and translational USD exposures are considered to result in a partial natural hedge from a Group perspective.
	Translational exposure as international earnings contains a large portion denominated in US dollars and Euros, which are translated into Australian dollars for reporting purposes.	A weak Australian dollar is likely to have an adverse impact on ANZ earnings (as a result of higher landed costs) but a positive impact on the translation of non-Australian dollar denominated results. Treasury policy requires hedging of a portion of expected purchases up to 12 months in advance.

Group strategic acceleration program update

During FY19, the Group has continued to progress its Acceleration program, the impacts of which have helped drive the FY19 operational and financial performance.

Product

The Group is widening its aperture from specific new product development innovation to the commercialisation of a range within a category. We are expanding our thinking to account for differing customer requirements, thereby extending the applicability of innovations and ultimately improving our return on investment, while simultaneously growing the end market.

We now have the ability to deliver a range with a common look and feel, offering retailers a more compelling range presentation opportunity and allowing customers to have a truly coordinated kitchen.

The Group is now leveraging innovations through the product range. For example, the *ThermoJet*™ heating system, already available in three products, was added into a further two products released in FY19: the *Barista Express™ Pro* and the *Bambino™ Plus*. In addition, the core technology in our oven range, *Element IQ®*, was applied to a pizza oven, the *Smart Oven™ Pizzaiolo*, launched in the USA in 1H19 .

Further category based innovations in Sous Vide cooking, supported by the ChefSteps acquisition in early FY20, a combined blender and juicer juicing range the *3x Bluicer*™ and the *Creatista Pro*™, delivering the world's fastest flat white, are planned for FY20.

Market

The Group's brand platform, a fundamental building block in our go-to-market process, has been completed with updated vision, mission, and guiding principles. The *Smart Oven™ Pizzaiolo* represented the Group's first ever "Brand Launch" in FY19. The *3x Bluicer*™ a combined blender and juicer will be the second in FY20.

In terms of geographic expansion we launched the Sage® brand into Germany and Austria on 1 April 2018 and in April 2019 expanded into Belgium, Luxembourg, the Netherlands and Switzerland. We also introduced the Creatista® range in 2H19 to our European customers. We plan to enter Spain in 1H20 and France by the end of FY20. As the Group continues to make progress on its strategy of unifying Europe under the Sage® brand existing European Sage® Distributors are now buying product directly from our European warehouse instead of Hong Kong.

Scalable, global platform

The Group has made signification progress during FY19 in delivering a centralised scalable global platform, and in FY20 this will be enhanced to include:

- A third party logistics model in all geographies
- A product information management (PIM) system to centralize all product related data
- A middle ware platform improving flexibility and scalability
- and a point of sale module giving access to sell-out data for better decision making.

Acceleration program performance

The Acceleration program has now been in place for four years, and is delivering on plan:

- Revenue and EBIT have grown ~40.0% compared to FY15
- EBIT growth rate pa of 12.0% in FY19 compares to 10.0% in FY18, 7.2% in FY17, 5.9% in FY16 and (1.2%) in FY15;
- Marketing and R&D spend as a percentage of net sales represents 11.0% in FY19 compared to 8.0% in FY15
- ROE% has improved to 22.7% from 21.0% in FY15.

Directors' report
continued

Operating and financial review continued

Our commitment to sustainability and social responsibility

The Group is committed to ethical, responsible and sustainable conduct across the entire business and acknowledges the importance of respecting our stakeholders, including employees, shareholders, customers and suppliers. In order to ensure this commitment is being met, the Group has a sustainability committee and a sustainability co-ordinator to drive initiatives. This committee is comprised of representatives from each area of the business to ensure sustainability issues company-wide are addressed. The role of this committee is to discuss all matters relating to sustainability and make strategic decisions regarding the Group's approach to sustainability.

People

- Attracting Talent
- Diversity
- Reward and recognition
- Workplace safety
- Training & Development

Community

- Charitable donations
- Community engagement

Environment

- Energy and emissions
- Packaging stewardship
- Waste and recycling

Business

- Ethical sourcing principles and policies
- Modern slavery
- Vendor audits
- Product responsibility
- Anti-bribery and corruption

People

Attracting Talent

The Group enjoys the benefits of a highly experienced and talented team across all departments and geographies. Underpinning Breville's food thinking culture, the passion, creativity and insight of employees is critical to consistently delivering world-class innovative products to consumers. The Breville team continues to be acknowledged both domestically and internationally, with multiple design awards, and recognition through mainstream media. Breville remains one of the largest employers of industrial designers in Australia. To ensure that we continue to attract these and other key professionals, we offer career development opportunities within a nurturing yet challenging work environment.

Diversity

Our diversity is represented in many ways including gender, age, origin, race, cultural heritage, language and location. Some examples include;

- Gender: Our Board has 29% female representation. At the senior management level, the percentage of females is currently 29%.
- Global Diversity: Our 520 employees are spread across 9 countries speaking a variety of languages. 47% of our people live outside of Australia and 50% of our senior leadership now reside outside of Australia.
- Global Policies and Practices: Noting the changing demographics above, Breville consistently reviews its policies to ensure that they are applicable in every country where we operate.

Recognising the many business benefits that a diverse workforce can deliver, Breville continues to seek out ways to further increase our diversity and to this end;

- a Diversity Committee has been established with the aim of ensuring that our business represents our diverse customer base and the communities in which we operate and encourages all our people irrespective of race, language, ethnic origin or ability to contribute to our success
- Policies have been reviewed with a focus on identifying more flexible employment practices sympathetic to work-life balance
- Intensive anti-discrimination and anti-bullying training was conducted during FY19 to ensure that our values are always consistently translated into appropriate working behaviours.

Reward & Recognition

Breville's reward philosophy aims to attract, motivate and retain staff through monetary and non-monetary means. This includes establishing competitive salary and benefit levels and the design of variable pay plans for relevant employee groups. During FY19, the Group embarked on a design review of global recognition and reward policies and practices with the intent of embedding a strong performance and reward culture across the Group.

Currently 50% of all Breville employees participate in some form of incentive program and our intention is to ensure that all our people are recognised through the appropriate monetary and/ or non-monetary means. Recognition is encouraged across the Group and, as an example, our Global Product Department hosts a formal Annual Awards event aimed at recognising contributions and achievements within the Global Product Team.

Workplace Safety

Ensuring a safe workplace is another key area of focus and the Group strives for continuous improvement and consistency in safety practices across all departments and geographies. During this year, all safety-related policies were updated and are now available on a common SharePoint site for all our employees to access.

Our commitment to sustainability and social responsibility continued

The Work Health & Safety Consultation Group has also partnered with the Sustainability Team to ensure environmental initiatives are aligned within Breville. The objective of the Consultation Group is to reduce employee injuries and as such appropriate targets have been set supported by staff communication and awareness campaigns that will continue through FY20.

Training & Development

The Group invests in the training and education of its team, building strong, collaborative links with world experts in food thinking and technology.

Strongly committed to our core values of *creativity, simplicity, insight and excellence* in all departments, the Group recruits, trains, assesses and rewards employees on this basis. With a team anchored around these common values, the business strives to foster a learning culture that stimulates idea generation, a passion for learning, and the continuous search for new and better solutions.

To further support Breville's training and development initiatives, a new online learning channel was introduced during FY19 which will continue to be developed in FY20.

Environment

Energy, packaging and waste are our key environmental impact areas. The Group is striving to incorporate sustainable decisions into operational facilities and has a number of energy efficient features to reduce energy usage including movement and light sensors to minimise use of lighting, limitations/timers on plant use (air conditioning, heating) and measurement of power usage.

The Group has been a committed signatory to the Australian Packaging Covenant for over 8 years, a voluntary agreement between government and industry which provides a framework for the reduction of the potential impact of products, packaging and warehouse operations on the environment. The Group integrates actions and goals into existing business systems so that sustainable packaging considerations become 'just how we do business'. Success is being achieved via cross functional teams working together to implement the Group's Sustainability Policy.

The Group has implemented improved waste reduction and recycling practices including enhanced recycling of cardboard, paper, plastics, electronics, appliances, expanded polystyrene (EPS) and organic waste. Employing the use of streamlined bins, each waste stream now has its own disposal outlet, ensuring minimal contamination of recyclable waste and increasing the recovery yield. This year we identified electronic waste, organic waste and EPS as 3 critical waste products, which we were able to remove from general waste and divert away from landfill. This has resulted in approximately 4.8 tonnes of waste being diverted from landfill from these 3 areas.

Business

Ethical sourcing

The Group is committed to conducting business in a socially responsible manner and managing its business to reflect high ethical and moral values. The Group expects its supply partners to uphold and respect the same core values and commitment in the operation and management of their businesses.

The Group expects that its supply partners will not be a party to any violation of basic Human Rights including:

- freedom from discrimination
- freedom from slavery or servitude
- freedom of movement
- freedom of expression
- freedom of thought.

The Group will not do business with vendors that do not share and demonstrate commitment to compliance with local and internationally accepted labour and employment laws.

The Group has an ethical sourcing policy which includes an ethical sourcing requirements code ('code') which sets out the minimum requirements and expectations that all vendors, including sub-contractors engaged by vendors, must comply with. The code specifies compliance in areas such as:

- wages, benefit policies (including transparent record keeping)
- child labour
- working hours
- forced and bonded labour
- discrimination
- harassment and abuse
- freedom of association
- health and safety
- environmental practices
- business integrity.

The company has zero tolerance for the use of child labour, prison labour or forced labour in the manufacture of its products.

Suppliers are required to contractually recognise the code and acknowledge their acceptance of its requirements. New key suppliers are required to undergo an independent audit to verify that they are in compliance with local laws and safety conditions.

The Group recognises the difficulties in dealing with a large and complex supply chain and therefore is dedicated to integrating ethics into its core business practices and continuously investing in its ethical sourcing program.

Directors' report
continued

Operating and financial review continued

Our commitment to sustainability and social responsibility continued

Modern slavery and human trafficking

We respect universal principles regarding human rights and labour practices worldwide, including the Universal Declaration of Human Rights, through sound business activities. We are taking steps during the financial year to ensure that modern slavery and human trafficking is not taking place in any of our supply chains or in any part of our business. We are updating our corporate policies, including our ethical sourcing policy, employee handbooks and codes of conduct. We require our suppliers to be bound by our ethical sourcing policy and we are working with our main suppliers to mitigate supply chain risks and ensure their compliance with applicable laws and our policy.

Vendor Audits

The Group conducts factory visits to vendors by senior management on a regular basis, as well as using internationally recognised independent audit firms to verify compliance with local laws and safety conditions as well as the Breville Group ethical sourcing policy. When an independent audit firm is engaged, an ethical trade audit report is issued, which is to an industry recognised standard.

The audits which are performed by independent audit firms are 4-pillar audits and assess the following areas;

- Labour Standards
- Health and Safety
- Environment
- Business Ethics.

The scope of the vendor audits provides coverage (using a sample-based method) of all workers at each site, including direct employees, agency workers and workers employed by service providers or provided by other contractors, in order to determine compliance by the vendor.

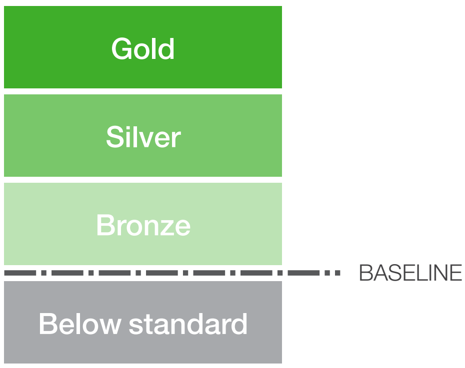
Vendor compliance is assessed and determined according to the following compliance metrics:

- the Ethical Trading Initiative (ETI) Base Code
- the Group's ethical sourcing policy
- assessment of management systems
- assessment of entitlement to work and immigration
- assessment of sub-contracting
- assessment of environment and;
- assessment of business ethics.

	30 June 2018	30 June 2019	Target for June 2023
Vendor audits completed	5	6	10

The Group has a target to increase vendor audits from 5 to 10 per annum over a 5-year period to June 2023 starting in June 2018. This financial year, the Group performed audits on 6 individual vendors. Each year, the vendors selected for audit will be based on the Group's internal risk assessment framework which takes into consideration the size of the vendor, levels of purchases made and results from previous audits conducted. Vendors are audited on a rotational basis over a multi-year period taking these factors into consideration.

For those vendors which have been audited, a rating system has been applied and based on the results of the audit, each vendor is given a vendor audit rating. Based on the vendor compliance metrics above, the Group has defined an internal 'baseline' standard which defines the minimum level of compliance expected from any vendor. This baseline is subsequently used to benchmark the results of vendor audits to determine the outcome of the rating awarded. Vendors who meet, exceed or greatly exceed the Group's internal 'baseline' standard can be rated bronze, silver or gold (gold being the highest rating). Higher ratings are awarded as a direct result of lower occurrences and severity of non-compliances found in the audit.



The severity of each non-compliance, and hence the rating of the vendor, is decided by the Group's sustainability committee. Vendors who do not meet the Group's internal 'baseline' standard are categorised into a 'below standard' category and are actively monitored to ensure all remediate action is taken against identified non-compliance in the most effective and efficient method possible. Evidence of corrective action to remediate non-compliance is collated through inquiry, inspection and follow-up observation. Where the Group requires zero tolerance or where the vendor or factory does not demonstrate a willingness to comply, the Group will discontinue doing business with the vendor/factory.

Operating and financial review continued

Our commitment to sustainability and social responsibility continued

Product responsibility

The Group takes pride in the quality of its products. The Group has extensive compliance processes in place to ensure that its products are safe and compliant with labelling and safety requirements in relevant markets.

Anti-bribery and corruption

The Group is committed to operating in a manner consistent with the laws of the jurisdictions in which its businesses operate, including those relating to anti-bribery and corruption. Honesty, integrity and trust are considered integral to the ethos of the Group, its products and its brands. Conduct associated with bribery and corruption is inconsistent with these values. Accordingly, the Group adopts a "zero tolerance" approach in relation to these matters.

The Group has an anti-bribery policy which, in conjunction with the code of conduct and whistleblowing policy, sets out the responsibilities of all the Group's employees (including contractors) and directors with regard to dealing with outside parties and prohibits all Group personnel in all jurisdictions in which the company operates or conducts commercial activities, from engaging in any activity that constitutes bribery or corruption and other improper inducements and/or payments.

In order 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.

Risk management

The company's risk management is discussed in the corporate governance statement on page 46.

Dividends

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

	Cents per ordinary share	$'000
Final dividend recommended:	**18.5**	**24,068**
Dividends paid in the year:		
Interim FY19 dividend paid	**18.5**	**24,068**
Final FY18 dividend paid	**16.5**	**21,466**

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.

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
S. Fisher	**118,000**
T. Antonie	**36,349**
P. Cowan	**5,000**
S. Herman	**36,000**
D. Howell	**127,500**
L. Myers	**250,000**
K. Wright	**20,000**

Remuneration report (audited)

1. Introduction

The Directors are pleased to present the Group's remuneration report for the financial year ended 30 June 2019 which has been prepared in accordance with section 300A of the *Corporations Act 2001* and has been audited by PricewaterhouseCoopers as required by section 308(3c) of the *Corporations Act 2001*.

The report sets out the Group's remuneration strategy, framework and compensation arrangements in place for the Key Management Personnel (KMP), defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group. The report also sets out the link between performance and remuneration outcomes for FY19.

This report is made in the context of another strong result for the Group in FY19, arising from the continued execution of our acceleration strategy including the ongoing implementation of our European expansion.

Specifically for FY19: -

• Sales increased to \$760.0m or	+ 17.5% growth
• EBIT increased to \$97.3m or	+ 12.0% growth
• NPAT increased to \$67.4m or	+ 15.2% growth
• DPS increased to 37.0 cents or	+ 12.1% growth
• Share price[1] increased to \$16.36 or	+ 41.0% growth
• One-year TSR[1] was	+ 43.8%
• STI was awarded at	76% of maximum potential
• LTI (second tranche of FY16 scheme and first tranche FY17 scheme) vested at	100% of maximum potential

[1] 30th June, 2019 compared to 30th June, 2018

2. Overview Remuneration Approach and FY19 Outcomes

In FY19 the below remuneration arrangements were approved for the year. The arrangements are designed to reward, motivate and retain a high performing international CEO and a global team of executives by aligning their reward structure with sustained business performance and superior shareholder return.

Remuneration Component	Purpose & Execution	FY19 Outcomes
Fixed Cash Remuneration	Aims to provide competitive salary, including superannuation and non-monetary benefits, to attract and retain a high performing team. Fixed cash remuneration is reviewed annually, with outside assistance where needed, and set with reference to: - • Size and complexity of role • Market benchmarks (relevant international and domestic peers) • Experience, skills and competencies.	• CEO, Jim Clayton, received an increase in his fixed cash remuneration of 5.6%, or $50,000, effective from September 1st, 2018 increasing his fixed cash remuneration to $950,000 per annum. This is considered in line with the domestic peer Group but at the low end of international peers. • Benchmarking of fixed cash remuneration for KMPs will again be undertaken in FY20.
Fixed Deferred Remuneration	Aims to deliver fixed deferred remuneration to the executive, competitively rewarding KMPs, via a mechanism that aligns interests with shareholders and supports the retention of high performing executives by increasing individual potential shareholdings in the Group. As part of the fixed deferred remuneration the executive receives a grant of deferred share rights exercisable in 3 years at no cost. The rights are surrendered if the executive resigns before the vesting date, unless agreed otherwise by the Board. The rights will vest on a pro-rata basis if the executive is dismissed without cause. The rights will lapse if the executive is dismissed with cause.	• A grant of 60,000[1] rights was made to Jim Clayton in FY18 and remains in place as fixed deferred remuneration. This forms part of the CEO's short term employment benefits shown in tables 6 and 7. • No fixed deferred remuneration grant was made to Jim Clayton in FY19. • To ensure total fixed remuneration packages remain competitive, a further fixed deferred remuneration grant of rights will be issued in FY20.
Short term incentives (STI)	Aims to reward and incentivise executives for over achieving stretch company targets and is paid in cash each year. A maximum Group bonus pool is calculated as the sum of maximum STI % opportunities of fixed cash remuneration for each participant. The CEO has a maximum STI opportunity of 50%, other KMPs 35% and other staff in a range of 5-35%. A stretch EBIT target is set by the Board in advance of the financial year. No bonus pool is awarded until this pre-bonus EBIT is exceeded. As pre-bonus EBIT exceeds the pre-bonus target the STI bonus pool is funded until the maximum is reached. The pool is distributed based on each individual's maximum opportunity % and the achievement of targets which include Group EBIT, divisional performance, and, in some cases, personal targets.	• The FY19 base pre-bonus EBIT target was $97.3m representing a +12.0% EBIT growth over FY18. • In FY19 the Group pre-bonus EBIT target was exceeded, and a bonus pool was funded. In FY19 76% of the maximum potential pool was awarded (FY18 78%). • In FY19 Jim Clayton received an STI award of $357,991 representing 76% of his maximum opportunity of 50% of fixed cash remuneration. This represents a 2% increase from the FY18 award $350,865 when 78% of the maximum opportunity was achieved. • Details of other KMP awards are shown in section 8 in tables 6,7 and 8.

[1] In FY18 Remuneration Report this fixed deferred remuneration share grant was shown as an LTI grant, but it is in fact fixed deferred remuneration and has been shown as such and is separately reported in the FY19 Remuneration Report.

Remuneration report (audited) continued

2. Overview Remuneration Approach and FY19 Outcomes continued

Remuneration Component	Purpose & Execution	FY19 Outcomes
Long term incentives (LTI)	Aims to reward and incentivise executives to deliver sustained shareholder value. Annual performance right grants are made to the CEO, KMPs and other managers based on a % of fixed cash remuneration. 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. Percent of fixed cash remuneration ranges from 20% up to 125% for the CEO. An average performance period of 3 years is used with three equal tranches of rights vesting after 2,3 and 4 years. This incentivises sustained shareholder value creation over multiple periods. A gate of absolute positive TSR must be met for rights to vest. If this gate is met then the % vesting is determined on *relative TSR* achieved vs a peer Group of approximately 60 companies within the ASX200 Consumer Staples, Consumer Discretionary and Industrials indices. • 0% vests at 50% TSR percentile • 50% at above 50% TSR percentile • Rising in a straight line to 100% at 75% TSR percentile. After vesting shares are subject to a two-year trading lock which may be waived at Board discretion in exceptional circumstances. • Historically (2016 and earlier) the Group also issued time bound rights to foster retention. This practice is no longer a part of the Group's target remuneration framework and KMP packages.	In Year grants • In FY19 Jim Clayton received an LTI performance rights grant of 125% of fixed cash remuneration. This an increase from 87.5% in FY18 in order to enhance the CEO's total fixed remuneration in line with comparable peers in a manner directly aligned to sustained shareholder return. • Other KMPs received a grant of 50% of fixed cash remuneration with other managers in a range from 20-50% In Year LTI Vesting • In FY19 71,400 rights vested in Jim Clayton's favour under the below schemes. • In FY19 86,210 rights vested in favour of the other KMPs. *2016 Performance Rights* • 10,000 shares vested to Jim Clayton and 17,760 to other KMPs as part of second tranche of the 2016 performance-based grant. 100% of the potential rights in the tranche vested, and 0% lapsed, based on 3-year positive TSR of 105% which was above the 75th percentile of the peer Group • 74,450 shares vested (30,100 to Jim Clayton and 44,350 to other KMPs) based on continuing employment as part of a 2016-time bound grant. *2017 Performance Rights* • 31,300 shares vested to Jim Clayton and 24,100 to other KMPs as part of the first tranche of the 2017 performance-based grant. 100% of the potential rights in the tranche vested, and 0% lapsed, based on 2-year positive TSR of 70% which was above the 75th percentile of the peer Group.
Non-Executive Director Fees	Aims to attract, reward and retain high calibre Directors suitable for a fast-growing international business. Each Director receives a fee or base remuneration as a Director of the Group with an additional fee for acting as Chairperson or Chairperson of a Board committee recognising the additional time commitment required. • Non-Executive Director remuneration is reviewed annually within the aggregate compensation pool of $1,400,000 per annum approved by the AGM held in November 2016.	• There was no increase in Non-Executive Director remuneration in FY19. • The total fees paid of $1,050,416 represent 75.0% of the approved fee cap.

Remuneration report (audited) continued

3. Key Management Personnel

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

All KMPs served for a full year with the exception of Peter Cowan, who joined as a Non-Executive Director on 1st September, 2018 and Martin Nicholas who joined as Group CFO on 10th September, 2018.

Table 1 Key Management Personnel (KMP)

Name	Position	Term as KMP
Non-Executive Directors		
Steven Fisher	Non-Executive Chairperson	Full Year
Tim Antonie	Non-Executive Director	Full Year
Peter Cowan	Non-Executive Director	Appointed 01/09/2018
Sally Herman	Non-Executive Director	Full Year
Dean Howell	Non-Executive Director [(a),(b)]	Full Year
Lawrence Myers	Non-Executive Director [(c),(b)]	Full Year
Kate Wright	Non-Executive Director [(a),(d)]	Full Year
Executives		
Jim Clayton	Group Chief Executive Officer	Full Year
Scott Brady	Global Product Officer	Full Year
Martin Nicholas	Group Chief Financial Officer	Appointed 10/09/2018
Mark Payne	Chief Operating Officer	Full Year
Cliff Torng	Global Go-to-Market Officer	Full Year

(a) Member of Audit and Risk Committee

(b) Member of People and Performance Committee

(c) Chair of Audit and Risk Committee

(d) Chair of People and Performance Committee

4. Remuneration Framework

The People and Performance Committee of the Board reviews and recommends executive and employee remuneration arrangements within an annually reviewed framework that is designed to support the achievement of strategic goals, sustainable financial performance and sustained growth in shareholder value. From time to time the committee may also engage external remuneration consultants to assist with this review.

Key principles that guide the remuneration framework include:

- **Fair and Competitive** — Provide appropriate rewards to attract and retain high calibre employees for an international and growing business. Market benchmarks are used and may include domestic and international peers depending on the role being evaluated and location of the role
- **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

4. Remuneration Framework continued

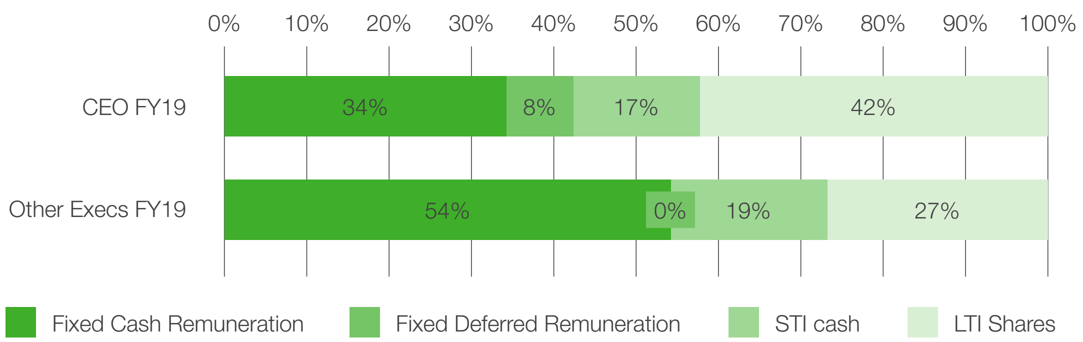
In implementing its remuneration framework and ensuring proper oversight the committee:

- Designs compensation to motivate and retain a high performing CEO and executive team in line with shareholder interests
- Encourages increasing level of executive shareholdings
- Aligns interest of shareholders and executives via increasing payments in equity
- Grants equity rights based on value
- Retrospectively discloses performance hurdles and calculation of award and payments made to ensure transparency
- Encourages increased variabilisation of pay linked to short and long-term performance
- Limits executive termination packages to less than 12 months' pay plus accrued leave
- Rewards sustained long term performance, not just single year peak performance
- Utilises measurable, shareholder relevant targets
- Retains Board discretion over level of award.

In establishing the remuneration arrangements each year the Board specifically reviews the proportion of the fixed compensation and variable compensation (potential short term and long term incentives). The Board aims to steadily increase the proportion of variable, and specifically share based and longer term performance related, remuneration.

The target remuneration mix for FY19 is shown in table 2 below. It reflects the maximum STI opportunity for the current year that would be available if the performance conditions were satisfied in full at target date, and the value of the LTI performance rights granted during the year, as determined at full value as of the grant date.

Table 2: Target Remuneration Mix for FY19



- **Contracts** – Employment contracts are entered into with executives designed to attract and retain the employees whilst safeguarding the Group's interests. None of the KMPs have fixed terms contracts. Amounts payable on termination vary from a minimum statutory entitlement to a maximum of 12 months of fixed pay plus accrued leave balances. In accordance with the terms of the LTI performance rights plan any performance rights not vested at the date of termination will be 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.
- **Hedging Prohibited** – The Group has a policy that prohibits KMPs 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*.
- **Measurement** – The people and performance committee is responsible for assessing performance against KPIs and determining the STI and LTI to be awarded. To assist in this assessment, the committee receives detailed reports on performance from management which are based on independently verifiable data. From time to time the committee may also engage external remuneration consultants to assist with this review. An external specialist is always used to calculate and report on TSR and relative TSR performance against a peer group 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.

5. Linking Remuneration to Performance

The Group's remuneration principles and framework aim 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 applied to Executive KMP incentive plans – EBIT and relative TSR – are both measurable, verifiable and well aligned to shareholder value creation.

- **EBIT** – Earnings before interest and tax (EBIT) 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.

  The EBIT measure used by the Group is on a reported statutory basis and NOT on an "adjusted" or "underlying basis". EBIT is preferred to EBITDA given the strategic importance of investment in new product development and associated amortisation costs.

  Also, importantly, no STI pool is earned until a stretch EBIT target, set by the Board at the beginning of the year, is delivered, thus protecting sustained core financial performance for shareholders.

- **Relative TSR** – Total Shareholder Return (TSR) is a measure of share price appreciation, and dividends paid, expressed as a % of the opening share price. The Group measures its relative TSR against an index of approximately 60 peers within the S&P/ASX200 Consumer Staples, Consumer Discretionary and Industrials indices and rewards executives for outperforming the peer group. 50% vesting is achieved if the Group's TSR is in top half of the peer group, rising to 100% vesting if a 75th percentile performance is achieved.

  The Group uses an average 3-year performance period. To incentivise sustained shareholder value delivery over multiple periods, rather than a single point, the LTI grant is split into three tranches and TSR performance is measured over a 2, 3 and 4-year period with an average performance period of 3 years.

  No vesting occurs unless absolute TSR is positive in a particular performance period. TSR performance is calculated by an independent specialist at the end of each performance period.

Table 3 below shows the Group's sales, profit and share price performance over the last 5 years.

The measures shown are consistent with the measures used in determining the variable amounts of remuneration to be awarded to executives. There is a strong alignment between Executive reward and shareholder return as seen in the below table.

Table 3: Five Year Group Performance ($m)

Year ended	30 June 2015	30 June 2016	30 June 2017	30 June 2018	**30 June 2019**
Group Revenue	527.0	576.6	605.7	646.8	**760.0**
Revenue Growth	*(2.7)%*	*9.4%*	*5.0%*	*6.8%*	***17.5%***
Group EBIT	69.6	73.7	79.0	86.9	**97.3**
EBIT Growth	*(1.2)%*	*5.9%*	*7.2%*	*10.0%*	***12.0%***
NPAT	46.7	50.2	53.8	58.5	**67.4**
Earnings per share (cents)	35.9	38.6	41.4	45.0	**51.8**
EPS Growth	*(4.3)%*	*7.5%*	*7.2%*	*8.7%*	***15.2%***
Total dividends per share (cents)	27.0	28.5	30.5	33.0	**37.0**
Share price at 30 June ($)	6.21	7.49	10.45	11.62	**16.36**
Share Price Change	*(22.7)%*	*20.6%*	*39.5%*	*11.2%*	***40.8%***
One Year TSR	*(20.1)%*	*25.0%*	*43.5%*	*14.2%*	***43.8%***
Average STI as % Maximum Opportunity	0%	39.6%	39.7%	78.0%	**76.0%**
Percentage of Executive LTI performance rights that vested related to schemes maturing in the year	0%	0%	100%	100%	**100%**

- The Group's annual FY20 STI plan has a stretch financial target based on Group EBIT which will be retrospectively disclosed as a part of the FY20 remuneration report.
- Since FY16 the LTI performance rights awarded have used relative TSR as the performance measure. TSR performance and associated rights vesting in FY20 will be retrospectively disclosed as part of the FY20 remuneration report.
- In 2016 a limited number of time based / continuing performance LTI rights were also issued to KMPs. This mechanism has not been used since 2016 with the Group issuing only performance-based rights after FY16.

Directors' report
continued

Remuneration report (audited) continued

6. Executive Remuneration - detailed elements

There are four key components in Executive Remuneration:

i) Fixed Cash Remuneration
ii) Fixed Deferred Remuneration
iii) Short Term Performance Incentive
iv) Long Term Performance Incentive

i) Fixed Cash Remuneration

Executives receive their fixed cash remuneration in cash or other non-cash benefits. Fixed cash remuneration is reviewed annually by the People and Performance Committee, or on role change. The committee reviews company and individual performance, relevant comparative market compensation, considers internal relativities and, where appropriate, external advice on policies and practices. Breville increasingly competes in a global market for talent and employs both Australian and international managers, thus the Group increasingly benchmarks both domestically, and internationally, when reviewing suitability of remuneration.

Details of fixed cash remuneration by KMP is shown in the remuneration tables 6 and 7.

ii) Fixed Deferred Remuneration in Rights

Fixed remuneration may also be delivered by way of a deferred grant of share rights. These rights will vest, and are exercisable, in 3 years at no cost to the executive as long as the executive is still employed at the vesting date. 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.

Details of fixed deferred remuneration grants for which compensation has been included in the remuneration tables 4,6 and 7. All grants are shown in table 11.

Table 4: Fixed Deferred Remuneration included in Remuneration tables 6 and 7

Fixed Deferred Remuneration – share rights year of issue	Conditions	Issue Price / Fair value	Number outstanding 30 June 2019	Number outstanding 30 June 2018
FY18 [1]	• Issued for nil consideration • Exercise price is $0. • Participant (Jim Clayton) must be employed by the company on 30 June 2020. • 0% vested at 30 June 2019.	$10.12	**60,000**	60,000

[1] This grant was reported as an LTI performance grant in FY18 remuneration report. Now separately shown as Fixed Deferred Remuneration.

iii) Short term performance incentives (STI)

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

Who participates?	Executives and other employees
How is STI delivered?	Cash
What is the STI opportunity?	Executives and other employees are eligible for an annual maximum incentive of between 5% and 50% of fixed cash remuneration.
What are the performance conditions for each financial year?	The STI rewards executives and other employees for their contribution to achievement of Group financial outcomes. The total Group incentive payment is based on the achievement of a stretch target pre-bonus EBIT set by the Board. No bonus pool is awarded or bonus payable to any employee until this pre-bonus EBIT is exceeded. As pre-bonus EBIT exceeds the target, the pool is funded until the maximum is reached. Actual STI payments are awarded to each executive or employee depending on the extent to which the bonus pool is funded, their maximum % achievable and the delivery of divisional and individual targets.

Remuneration report (audited) continued

6. Executive Remuneration - detailed elements continued

iii) Short term performance incentives (STI) continued

How is performance assessed?	After measurement and audit of Group EBIT • the People and Performance Committee recommends the amount of STI to be paid to the Group Chief Executive Officer for Board approval; and • for the other executives and employees, the people and performance committee will seek recommendations on total and individual pay outs from the Group Chief Executive Officer based on Group EBIT, divisional profits and, in some cases, personal targets.

iv) Long term performance incentives (LTI)

The Group operates an LTI scheme with an annual grant of LTI share rights that vest in the future reliant on sustained shareholder value creation. The objective of the LTI plan is to reward and incentivise executives in a manner that aligns with sustainable long-term value creation.

Who participates?	The LTI plan is made available to executives who are able to influence the generation of shareholder value and have a direct impact on the company's performance against long-term performance hurdles. LTI grants to participants (excluding the Group Chief Executive Officer) are recommended by the Group Chief Executive Officer to the People and Performance Committee. This recommendation, together with a recommendation by the People and Performance Committee of an LTI grant to the Group Chief Executive Officer, is then put to the Board for approval.
How is LTI delivered?	Upon satisfaction of the performance hurdles, the performance rights will vest and convert into fully paid ordinary shares in the company.
What is the LTI opportunity?	Depending upon their position and seniority in the organisation, executives and other employees are eligible for an annual LTI award of between 10% - 125% of their fixed cash remuneration.
What are the performance hurdles for the FY19 LTI grant?	The Group uses TSR as the performance measure for the LTI plan, applying both an absolute and relative test. The absolute test requires that over the testing period, the TSR needs to be positive. If the TSR is negative over the testing period, then the performance rights lapse. If the TSR is positive, the Group then uses a relative TSR compared to a defined peer group of approximately 60 companies (in the S&P/ASX200 in the Consumer Staples, Consumer Discretionary and Industrials sectors) with percentile ranking to determine the percentage of rights that vest. The grant is split into three equal tranches with a 2, 3 and 4 year vesting period respectively with an average performance period of 3 years. The vesting schedule is as follows:

The Group (BRG) TSR performance ranking relative to peer group	Proportion of performance rights that will vest
Below 50th percentile	0%
Above 50th percentile	50%
Between 51st and 75th percentile	Pro rata between 50% and 100%, based on the relative TSR performance
75th percentile and above	100%

Each of the three tranches will vest and are measured independently. If any tranche does not achieve its vesting conditions, that tranche lapses but this shall not preclude the other tranches from vesting if their respective performance conditions are met.

How is performance assessed?	TSR performance is calculated by an independent external adviser at the end of each performance period. Table 12 provides details of the KMP performance rights granted under the FY19 plan.

Remuneration report (audited) continued

6. Executive Remuneration - detailed elements continued

iv) Long term incentives (LTI) continued

When does the FY19 LTI vest?	The performance rights will vest over a period of four years, with an average performance period of 3 years. Each tranche, which comprises 33% of the total award is required to meet its performance measures applying both an absolute test and a relative test as follows: Tranche 1: TSR from 30 June 2018 to 30 June 2020 Tranche 2: TSR from 30 June 2018 to 30 June 2021 Tranche 3: TSR from 30 June 2018 to 30 June 2022 If the performance hurdle is not met, any unvested performance rights will lapse unless otherwise determined by the Board.
How are grants treated on termination?	All outstanding unvested performance rights automatically lapse upon an executive ceasing to be employed by the Group unless otherwise determined by the Board.
Are there restrictions on disposal of performance shares following the vesting and exercise of FY19 performance rights?	The participant cannot sell, dispose, encumber or trade in performance shares without the prior written consent of the Board until the earlier of: a) 2 years after the date of issue, transfer or allocation; b) 12 months after the date of cessation of employment; or c) Such other date as the Board determines. Notwithstanding the foregoing, any trading in performance shares is at all times subject to the company's share trading policy.
Do participants receive dividends on unvested performance rights?	Participants do not receive distributions or dividends on unvested performance rights.
What happens if there is a change of control?	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 pro rata 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.

Table 5: LTI plans for which compensation is included in the remuneration tables 6 & 7

LTI Plan for the year ended	Performance hurdles/conditions	Fair value per performance right at Grant date $	Number outstanding 30 June 2019 (Executive only)	Number outstanding 30 June 2018 (Executive only)
FY16 Performance based LTI rights June 2016	Issued for nil consideration. - Exercise price is $0. - Term of two to four years with vesting as follows, each representing 33% of the total number of performance rights:		**27,760**	55,520
	(a) Total shareholder return (TSR) from 30 June 2015 to 30 June 2017 applying both an Absolute Test and a Relative Test.	$1.90		
	(b) Total shareholder return (TSR) from 30 June 2015 to 30 June 2018 applying both an Absolute Test and a Relative Test.	$2.07		
	(c) Total shareholder return (TSR) from 30 June 2015 to 30 June 2019 applying both an Absolute Test and a Relative Test.	$2.15		
	66% vested (64,080 shares) as at 30 June 2019 (16,860 lapsed[1])			

Remuneration report (audited) continued

6. Executive Remuneration - detailed elements continued

iv) Long term incentives (LTI) continued

Table 5: LTI plans for which compensation is included in the remuneration tables 6 & 7 continued

LTI Plan for the year ended	Performance hurdles/conditions	Fair value per performance right at Grant date $	Number outstanding 30 June 2019 (Executive only)	Number outstanding 30 June 2018 (Executive only)
FY16 Time based rights June 2016	(a) Issued for nil consideration to Jim Clayton - Exercise price is $0. - Participant must be employed by the company on 31 December 2018. - 100% vested at 30 June 2019.	$4.56	-	30,100
	(b) Issued for nil consideration to other KMPs - Exercise price is $0. - Participant must be employed by the company on 25 January 2019. - 100% vested at 30 June 2019.	$4.56	-	44,350
	(c) Issued for nil consideration to other KMPs - Exercise price is $0. - Participant must be employed by the company on 25 January 2020. - 0% vested at 30 June 2019.	$4.35	**44,350**	44,350
FY17 Performance based LTI rights June 2017	Issued for nil consideration. - Exercise price is $0. - Term of two to four years with vesting as follows, each representing 33% of the total number of performance rights:		**110,200**	165,600
	(a) Total shareholder return (TSR) from 30 June 2016 to 30 June 2018 applying both an Absolute Test and a Relative Test.	$3.43		
	(b) Total shareholder return (TSR) from 30 June 2016 to 30 June 2019 applying both an Absolute Test and a Relative Test.	$3.49		
	(c) Total shareholder return (TSR) from 30 June 2016 to 30 June 2020 applying both an Absolute Test and a Relative Test. 33% vested (55,400 shares) as at 30 June 2019 (22,500 lapsed[1])	$3.51		
FY18 Performance based LTI rights June 2018	Issued for nil consideration. - Exercise price is $0. - Term of two to four years with vesting as follows, each representing 33% of the total number of performance rights:		**144,900**	144,900
	(a) Total shareholder return (TSR) from 30 June 2017 to 30 June 2019 applying both an Absolute Test and a Relative Test.	$7.05		
	(b) Total shareholder return (TSR) from 30 June 2017 to 30 June 2020 applying both an Absolute Test and a Relative Test.	$6.81		
	(c) Total shareholder return (TSR) from 30 June 2017 to 30 June 2021 applying both an Absolute Test and a Relative Test. 0% vested as at 30 June 2019 (nil lapsed).	$6.68		

Remuneration report (audited) continued

6. Executive Remuneration - detailed elements continued

iv) Long term incentives (LTI) continued

Table 5: LTI plans for which compensation is included in the remuneration tables 6 & 7 continued

LTI Plan for the year ended	Performance hurdles/conditions	Fair value per performance right at Grant date $	Number outstanding 30 June 2019 (Executive only)	Number outstanding 30 June 2018 (Executive only)
FY19 Performance based LTI rights June 2019	Issued for nil consideration. - Exercise price is $0. - Term of two to four years with vesting as follows, each representing 33% of the total number of performance rights:		**197,700**	-
	(a) Total shareholder return (TSR) from 30 June 2018 to 30 June 2020 applying both an Absolute Test and a Relative Test.	$7.07		
	(b) Total shareholder return (TSR) from 30 June 2018 to 30 June 2021 applying both an Absolute Test and a Relative Test.	$6.81		
	(c) Total shareholder return (TSR) from 30 June 2018 to 30 June 2022 applying both an Absolute Test and a Relative Test.	$6.58		
	0% vested as at 30 June 2019 (nil lapsed).			

[1] Performance-based LTI rights lapsed for June 2016 and June 2017 relate to resignation of M. Cohen on 17 November 2017.

7. Non-Executive Director Remuneration

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct. The Board seeks to set non-executive director compensation at a suitable level to attract and retain directors of high calibre whilst being commensurate with growing international companies of a similar size and type.

The compensation 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 chairperson 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 compensation of non-executive directors shall be determined from time to time by general meeting. The aggregate compensation of $1,400,000 per year was approved by shareholders at the annual general meeting held in November 2016. The compensation of non-executive directors for the year ended 30 June 2019 is detailed in Table 6 on page 35 with the total fees paid of $1,050,416 representing 75.0% of the approved fee cap.

Remuneration report (audited) continued

8. Statutory Remuneration Tables

Table 6: KMP Remuneration for the year ended 30 June 2019 (FY19)

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 FY19

	Short-term employee benefits					Post employment benefits	Long-term employee benefits	Share-based payment	Total	Fixed remuneration	Performance related	
	Salary & fees	Cash bonuses	Other	Fixed deferred remuneration in shares	Total short term employee benefits	Superannuation	Long service leave	LTI Performance rights			STI	LTI
	$	$	$	$	$	$	$	$	$	%	%	%
Non-executive directors												
S. Fisher – Chairperson	273,972	-	-	-	273,972	26,028	-	-	300,000	100%	-	-
T. Antonie	112,785	-	-	-	112,785	10,715	-	-	123,500	100%	-	-
P. Cowan [(a)]	93,987	-	-	-	93,987	8,929	-	-	102,916	100%	-	-
S. Herman	112,785	-	-	-	112,785	10,715	-	-	123,500	100%	-	-
D. Howell	112,785	-	-	-	112,785	10,715	-	-	123,500	100%	-	-
L. Myers	126,484	-	-	-	126,484	12,016	-	-	138,500	100%	-	-
K. Wright	126,484	-	-	-	126,484	12,016	-	-	138,500	100%	-	-
Sub-total non-executive directors	959,282	-	-	-	959,282	91,134	-	-	1,050,416			
Other key management personnel												
J. Clayton	915,385	357,991	-	214,036	1,487,412	25,000	17,676	511,532	2,041,620	57.4%	17.5%	25.1%
S. Brady	522,235	156,167	30,000	-	708,402	51,797	40,613	120,377	921,189	70.0%	17.0%	13.1%
M. Nicholas [(b)]	433,654	96,911	-	-	530,565	20,236	7,359	44,022	602,182	76.6%	16.1%	7.3%
M. Payne	538,273	128,729	45,482	-	712,484	-	-	116,389	828,873	70.5%	15.5%	14.0%
C. Torng	479,951	128,069	-	-	608,020	20,531	7,842	190,473	826,866	61.5%	15.5%	23.0%
Sub-total executive KMP	2,889,498	867,867	75,482	214,036	4,046,883	117,564	73,490	982,793	5,220,730			
Totals	3,848,780	867,867	75,482	214,036	5,006,165	208,698	73,490	982,793	6,271,146			

(a) P. Cowan joined the Board on 1st September, 2018.

(b) M. Nicholas joined on 10th September, 2018.

Remuneration report (audited) continued

8. Statutory Remuneration Tables continued

Table 7: KMP Remuneration for the year ended 30 June 2018 (FY18)

	Short-term employee benefits				Post employment benefits	Long-term employee benefits	Share-based payment (c)	Total	Fixed remuneration (c)	Performance related	
	Salary & fees	Cash bonuses	Other	Total short term employee benefits	Superannuation	Long service leave	Performance rights			STI	LTI
	$	$	$	$	$	$	$	$	%	%	%
Non-executive directors											
S. Fisher – chairman	273,971	-	-	273,971	26,027	-	-	299,998	100%	-	-
T. Antonie	112,784	-	-	112,784	10,715	-	-	123,499	100%	-	-
S. Herman	112,784	-	-	112,784	10,715	-	-	123,499	100%	-	-
D. Howell	112,784	-	-	112,784	10,715	-	-	123,499	100%	-	-
S. Klein [a]	45,619	-	-	45,619	-	-	-	45,619	100%	-	-
L. Myers	126,484	-	-	126,484	12,016	-	-	138,500	100%	-	-
K. Wright	126,484	-	-	126,484	12,016	-	-	138,500	100%	-	-
Sub-total non-executive directors	910,910	-	-	910,910	82,204	-	-	993,114			
Other key management personnel											
J. Clayton [c]	875,000	350,865	-	1,225,865	25,000	18,532	423,180	1,692,577	54.27%	20.73%	25.00%
S. Brady	426,621	116,955	30,000	573,576	42,714	7,343	68,936	692,569	73.16%	16.89%	9.95%
M. Cohen [b]	829,954	-	12,115	842,069	10,096	-	(43,498)	808,667	105.38%	-	(5.38%)
M. Payne	517,853	139,927	38,617	696,397	-	-	69,381	765,778	72.67%	18.27%	9.06%
C. Torng	479,951	136,448	-	616,399	20,049	8,243	178,735	823,426	61.72%	16.57%	21.71%
Sub-total executive KMP	3,129,379	744,195	80,732	3,954,306	97,859	34,118	696,734	4,783,017			
Totals	4,040,289	744,195	80,732	4,865,216	180,063	34,118	696,734	5,776,131			

(a) S. Klein resigned on 13 November 2017. S. Klein is a principal of the legal firm SBA Law. His director's fees (which are subject to GST) were paid to SBA Law and are shown above net of GST, up to the date of resignation.

(b) M. Cohen resigned on 17 November 2017 and ceased to be key management personnel on that date. Salary and fees include an ex-gratia payment paid to him on his resignation. Share-based payment for M. Cohen includes the write-back of unvested performance rights following the cessation of employment and the forfeiture and lapse of those rights.

(c) SBP LTI Performance rights reported in FY18 included $142,691 attributable to fixed deferred remuneration payable in share rights to Jim Clayton. Adjusting for these, Fixed Remuneration would be shown as 62.7% of total remuneration and LTI as 16.6%.

Remuneration report (audited) continued

8. Statutory Remuneration Tables continued

Table 8: KMP STI cash bonuses awards in FY19 and FY18 and LTI Performance rights vesting in FY19

Name	STI Cash bonuses			Share-based LTI performance base compensation vesting in FY19		
		% Earned	% Forfeited	Year granted	% Vested	% Forfeited
J. Clayton	**2019**	**76.0%**	**24.0%**	**2017**	**100%**	**0%**
	2018	78.0%	22.0%	2016	**100%**	**0%**
S. Brady	**2019**	**76.5%**	**23.5%**	**2017**	**100%**	**0%**
	2018	78.0%	22.0%	2016	**100%**	**0%**
M. Nicholas	**2019**	**60.8%**	**39.2%**	**2017**	**-**	**-**
	2018	-	-	2016	**-**	**-**
M. Payne	**2019**	**64.6%**	**35.4%**	**2017**	**100%**	**0%**
	2018	74.1%	25.9%	2016	**100%**	**0%**
C. Torng	**2019**	**73.2%**	**26.8%**	**2017**	**100%**	**0%**
	2018	78.0%	22.0%	2016	**100%**	**0%**

Table 9: KMP shareholdings

Ordinary shares held* in Breville Group Limited (number)

30 June 2019	Balance at 1 July 2018	On exercise of performance rights	Net change other [a]	Balance at 30 June 2019
Directors				
S. Fisher	**100,288**	**-**	**17,712**	**118,000**
P Cowan[b]	**-**	**-**	**5,000**	**5,000**
T. Antonie	**28,286**	**-**	**8,063**	**36,349**
S. Herman	**30,000**	**-**	**6,000**	**36,000**
D. Howell	**120,000**	**-**	**7,500**	**127,500**
L. Myers	**200,000**	**-**	**50,000**	**250,000**
K. Wright	**15,000**	**-**	**5,000**	**20,000**
Other key management personnel				
J. Clayton	**170,100**	**71,400**	**19,200**	**260,700**
S. Brady	**359,502**	**16,565**	**22,000**	**398,067**
M. Nicholas[c]	**-**	**-**	**20,578**	**20,578**
M. Payne	**16,655**	**13,830**	**-**	**30,485**
C. Torng	**3,670**	**55,815**	**-**	**59,485**
Total [d]	**1,043,501**	**157,610**	**161,053**	**1,362,163**

* Held directly, indirectly or beneficially.

[a] All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

[b] P Cowan joined on 1 September 2018.

[c] M. Nicholas joined on 10 September 2018.

[d] 1% of total share capital is owned by KMPs up from 0.8% in FY18

Remuneration report (audited) continued

8. Statutory Remuneration Tables continued

Table 9: KMP shareholdings continued

Ordinary shares held* in Breville Group Limited (number)

30 June 2018	Balance at 1 July 2017	On exercise of performance rights	Net change other [e]	Balance at 30 June 2018
Directors				
S. Fisher	92,288	-	8,000	100,288
T. Antonie	20,753	-	7,533	28,286
S. Herman	25,000	-	5,000	30,000
D. Howell	120,000	-	-	120,000
S. Klein [f]	147,189	-	(147,189)	-
L. Myers	200,000	-	-	200,000
K. Wright	5,000	-	10,000	15,000
Other key management personnel				
J. Clayton	160,000	10,100	-	170,100
S. Brady	350,732	8,770	-	359,502
M. Cohen [g]	168,000	8,440	(176,440)	-
M. Payne	-	5,340	11,315	16,655
C. Torng	-	3,670	-	3,670
Total	1,288,962	36,320	(281,781)	1,043,501

* Held directly, indirectly or beneficially.

(e) All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(f) S. Klein resigned on 13 November 2017 and Net Change Other column reflects the impact of ceasing to be a KMP

(g) M. Cohen resigned on 17 November 2017 and Net Change Other column reflects the impact of ceasing to be a KMP

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	First exercise date	Last exercise date	Expiry Date	Exercise price	Fair value per performance right at grant date ($) (Note 18)	Vested and exercised 30 June 2019	Number of Rights
FY16 Performance based	12 Feb 16 [(a)*]	29 Aug 19	3 Oct 19	3 Oct 19	0.00	2.15		27,760
FY16 time based	12 Feb 16 [(b)]	31 Dec 18	31 Mar 19	31 Mar 19	0.00	4.56	Y	30,100
FY16 time based	12 Feb 16 [(b)]	25 Jan 19	31 Mar 19	31 Mar 19	0.00	4.56	Y	44,350
FY16 time based	12 Feb 16 [(b)]	25 Jan 20	31 Mar 20	31 Mar 20	0.00	4.35		44,350
FY17 Performance based	9 Aug 16 [(c)*]	29 Aug 19	3 Oct 19	3 Oct 19	0.00	3.49		55,100
FY17 Performance based	9 Aug 16 [(c)*]	31 Aug 20	2 Oct 20	2 Oct 20	0.00	3.51		55,100
FY18 Performance based	13 Nov 17 [(d)*]	29 Aug 19	1 Oct 19	1 Oct 19	0.00	7.05		48,500
FY18 Performance based	13 Nov 17 [(d)*]	28 Aug 20	1 Oct 20	1 Oct 20	0.00	6.81		48,200
FY18 Performance based	13 Nov 17 [(d)*]	27 Aug 21	1 Oct 21	1 Oct 21	0.00	6.68		48,200
FY19 Performance based	11 Sep 18 [(e)*]	28 Aug 20	1 Oct 20	1 Oct 20	0.00	7.07		66,100
FY19 Performance based	11 Sep 18 [(e)*]	27 Aug 21	1 Oct 21	1 Oct 21	0.00	6.81		65,900
FY19 Performance based	11 Sep 18 [(e)*]	29 Aug 22	1 Oct 22	1 Oct 22	0.00	6.58		65,700

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

(a) There were three equal tranches to be tested at 30 June 2017, 30 June 2018 and 30 June 2019 all with a total shareholder return hurdle (TSR) applying an absolute test and a relative test. The last tranche is to be tested at 30 June 2019

Remuneration report (audited) continued

8. Statutory Remuneration Tables continued

Table 10: KMP Performance rights granted continued

(b) There are three grants impacting FY19 with two vesting in FY19 and one remaining to impact FY20. For the three grants the affected executive needed to be employed on 31/12/18, 25/01/19 and 25/01/20 respectively

(c) There are three equal tranches to be tested at 30 June 2018, 30 June 2019 and 30 June 2020 all with a total shareholder return hurdle (TSR) applying an absolute test and a relative test. Two tranches remain to be tested at 30 June 2019 and 30 June 2020 respectively.

(d) There are three equal tranches to be tested at 30 June 2019, 30 June 2020 and 30 June 2021 all with a total shareholder return hurdle (TSR) applying an absolute test and a relative test.

(e) There are three equal tranches to be tested at 30 June 2020, 30 June 2021 and 30 June 2022 all with a total shareholder return hurdle (TSR) applying an absolute test and a relative test.

Table 11: Fixed Deferred Remuneration rights holding of KMPs

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

Grant Date	First exercise date	Last exercise date	Expiry Date	Exercise price	Fair value at grant date ($) (Note 18)	Number of rights	Vested and exercised 30 June 2019	Vested and exercised 30 June 2018
13 Nov 17 [f]	31 Aug 20	1 Oct 20	1 Oct 20	0.00	10.12	60,000	-	-

(f) Participant, in this case Jim Clayton, must be employed by the company on 30 June 2020 for the rights to vest.

Table 12: Performance rights holdings of KMP

30 June 2019	**Balance 30 June 2018 [e]**	**Granted as remuneration [a]**	**Vested and exercised**	**Other [b]**	**Balance 30 June 2019**
Other key management personnel					
J. Clayton	**238,700**	**102,400**	**(71,400)**	**-**	**269,700**
S. Brady	**57,230**	**25,900**	**(16,565)**	**-**	**66,565**
M. Nicholas [c]	**-**	**24,800**	**-**	**-**	**24,800**
M. Payne	**53,160**	**23,000**	**(13,830)**	**-**	**62,330**
C. Torng	**135,730**	**21,600**	**(55,815)**	**-**	**101,515**
	484,820	**197,700**	**(157,610)**	**-**	**584,910**

30 June 2018	Balance 30 June 2017	Granted as remuneration [a]	Vested and exercised	Other [b]	Balance 30 June 2018 [e]
Other key management personnel					
J. Clayton	153,700	155,100	(10,100)	-	298,700
S. Brady	64,700	16,300	(8,770)	(15,000)	57,230
M. Cohen [d]	65,800	-	(8,440)	(57,360)	-
M. Payne	41,300	17,200	(5,340)	-	53,160
C. Torng	123,100	16,300	(3,670)	-	135,730
	448,600	204,900	(36,320)	(72,360)	544,820

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

(b) Includes forfeitures and lapses.

(c) M. Nicholas joined on 10 September 2018.

(d) M Cohen resigned on 17 November 2017 and ceased to be key management personnel on that date.

(e) 60,000 Fixed Deferred Remuneration shown in closing balance in FY18, now shown separately so not included in FY19 opening balance. Refer to Table 11

Directors' report
continued

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of Board meetings attended by each director or by each committee member, in the case of the audit and risk committee (A&RC) and the people and performance committee (P&PC), was as follows:

	Full board	Audit & risk (A&RC)	People and performance (P&PC)
Number of meetings	**12**	**4**	**3**
S. Fisher	12 [c]	[a]	[a]
T. Antonie	12	[a]	[a]
P. Cowan [b]	9 [b]	[a]	[a]
S. Herman	12	[a]	[a]
D. Howell	12	4	3
L. Myers	12	4 [c]	3
K. Wright	12	4	3 [c]

Notes

(a) Not a member of the relevant committee.

(b) P. Cowan was appointed on 1 September 2018.

(c) Designates the current chairperson of the Board or committee.

Committee membership

As at the date of this report, the company had an audit and risk committee and a people and performance committee. The details of the functions and memberships of the committees are presented in the corporate governance statement.

The current members, as at the date of this report, of the A&RC are L. Myers (chairperson), D. Howell and K. Wright.

The current members, as at the date of this report, of the P&PC are K. Wright (chairperson), D. Howell and L. Myers.

All Chairs and members of the above committees are independent.

Indemnification of directors and officers

The directors and officers of the company are indemnified by the company against losses or liabilities which they may sustain or incur as 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.

Indemnification of auditors

To the extent permitted by law, the company has agreed to indemnify its auditors, PricewaterhouseCoopers, as part of the terms of its audit engagement agreement, against certain liabilities to third parties arising from the audit engagement, except to the extent that any losses are due to PricewaterhouseCoopers negligent, wrongful or wilful acts or omissions. No payments have been made to indemnify PricewaterhouseCoopers during or since the financial year.

Likely developments and expected results

Disclosure of information as to likely 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.

Corporate governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Breville Group Limited support the principles of good corporate governance. The company's corporate governance statement is on page 42.

Performance rights

Unissued shares

As at the date of this report there were 1,106,255 potential unissued shares under the performance rights and fixed deferred remuneration schemes (2018: 978,440). Refer to note 18 of the financial report for further details of the performance rights outstanding. Performance right holders do not have any right, by virtue of the performance right, to participate in any share issue of the company.

Lapse of unvested performance rights

During the year, 15,165 unvested performance rights lapsed following the cessation of employment of employees or executives and no unvested performance rights lapsed as a result of performance hurdles not being met. (2018: 66,360 unvested performance rights lapsed following the cessation of employment of employees or executives and 139,500 unvested performance rights lapsed as performance hurdles were not met).

Auditor’s declaration of independence

Attached on page 99 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 2019. This auditor’s declaration forms part of this directors’ report.

Non-audit services

During the financial year ended 30 June 2019 the company’s auditor, PricewaterhouseCoopers, provided non-audit services to Breville Group entities. Details of the amounts paid to the auditor PricewaterhouseCoopers, for the provision of non-audit services during the year ended 30 June 2019 are set out in Note 20. These services primarily relate to tax compliance and advisory services.

In accordance with the recommendation from the audit and risk committee of the company, 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 audit and risk committee, 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 audit and risk committee 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

The assets of ChefSteps, a US-based business was acquired on 16 July 2019, which will be included within the Global Product segment. The acquisition is not expected to have any material impact on the business of the Group.

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

Signed in accordance with a resolution of directors.

Steven Fisher
Non-executive Chairperson

Sydney
15 August 2019

Corporate governance statement

The Board of directors is responsible for the corporate governance practices of the company and is committed to adhering to the Australian Securities Exchange ('ASX') Corporate Governance Council ('council') 'Corporate Governance Principles and Recommendations (3rd Edition)'.

The ASX principles that have been adopted are outlined below.

The company's corporate governance practices throughout the year ended 30 June 2019 were compliant with the council's principles and recommendations, 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**

- Audit and risk committee charter
- Board charter
- Anti-bribery and corruption
- Diversity policy
- Share trading policy
- Code of conduct
- People and performance committee charter
- Continuous disclosure policy
- Selection and appointment of directors
- Criteria for assessing independence of directors
- Shareholder communications policy
- Workplace gender equality agency report
- Ethical sourcing policy.

Board skills matrix

The skills, diversity and term in office of the current directors as at the date of this annual report are as follows:

Director	Appointed	Term in office	Qualifications	Non-executive	Independent	Last elected
Steven Fisher (Chairperson)	2004	15 years	B.ACC, CA (SA)	Yes	No	2018
Timothy Antonie	2013	5 years	BEcon	Yes	No	2017
Peter Cowan	2018	1 year	Other	Yes	Yes	2018
Sally Herman	2013	6 years	BA, GAICD	Yes	No	2016
Dean Howell	2008	11 years	FCA, CTA	Yes	Yes	2017
Lawrence Myers	2013	5 years	B.Acct, CA, CTA	Yes	Yes	2018
Kate Wright	2016	3 years	BA	Yes	Yes	2016

The Board has a wide range of skills which are necessary for the effective management of the business including in the following areas:

- Corporate strategy and executive leadership
- Multinational businesses
- Marketing
- Consumer goods
- Risk management
- Banking
- Compliance and governance
- Accounting, tax, reporting, and financial analysis
- Mergers, acquisitions and capital raisings
- Human resources and executive remuneration
- Investor relations.

Principle 1: Lay solid foundations for management and oversight

Role of the board and management

The Board guides and monitors the business and affairs of the company on behalf of the shareholders, by whom it is elected and to whom it is accountable. The Board has adopted formal guidelines for Board operation and membership. These guidelines outline the roles and responsibilities of the Board and its members and establish the relationship between the Board and management.

The Board is responsible for approving the strategic direction of the company, establishing goals for management, monitoring the achievement of those goals and establishing a sound system of risk oversight and management.

The Board will regularly review its performance and the performance of its committees. The respective roles and responsibilities of the Board and management are outlined further in the Board charter.

Principle 1: Lay solid foundations for management and oversight continued

Appointment of Board members

A detailed process is undertaken for the appointment of new Board members, including appropriate checks as to background, history and any potential conflicts of interest.

As at the date of this annual report, all directors have a written agreement outlining their roles and responsibilities.

New directors receive a comprehensive briefing package prior to their appointment.

Company secretaries

The company secretaries are directly accountable to 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, culture, disability, ethnicity and lifestyle choices. The company's diversity policy aims to ensure a corporate culture that supports workplace diversity whilst providing access to equal opportunities at work based on merit. This policy is available on the company's website at the corporate, corporate governance section and is subject to periodic review by, and may be changed by resolution of, the Board. The policy has no contractual effect.

Diversity policy objectives

The objectives set by the Board in accordance with the diversity policy and progress towards achieving them are:

- Representation of women trained in recruitment and selection panels: Ongoing progress was made during the year with further women being trained;
- Issuing the company equal opportunity statement to recruiting agencies: This continued during the year;
- Explicit requirement of recruiting agencies to provide a gender balance of suitable, qualified, shortlisted candidates for interview: This initiative continued to progress during the year;
- Promoting a safe workplace free from harassment or discrimination of any kind: Training and education programs which included topics on harassment, bullying, victimisation and discrimination were conducted during the year;
- Enhancing the gender balance in career development in senior and managerial roles; and
- Continue flexible working arrangements where operationally appropriate.

The proportion of women employees in the company at 30 June 2019 is shown in the below table

	30 June 2019	**30 June 2018**
Women on the Board [1]	29%	33%
Women in senior executive roles [2]	27%	29%
Women in senior roles [2]	29%	32%
Women in company	45%	46%

1 Peter Cowan joined the Board on 1st September 2018. The number of women on the Board remained at 2.

2 The number of women in senior executive roles increased from 14 to 15 and the number of women in senior roles from 18 to 19.

Senior executives are direct reports to the CEO or a functional head. Senior roles include senior executives and direct reports to senior executives or other employees with a strategically important role.

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

- report to the Board at least annually, on the company's progress in achieving the objectives set for achieving gender diversity;
- regularly oversee a review of the relative proportion of women across the company and their relative positions; and
- consider other initiatives to promote diversity in the workplace.

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 company's website at the corporate, corporate governance section.

Evaluating the performance of the Board

The Chairperson is responsible for evaluating the Board's performance by way of an annual internal assessment. Each director provides written feedback in relation to the performance of the Board and directors against a set of agreed criteria. This feedback is reported by the Chairperson to the Board following the assessment. This performance assessment was completed by the Chairperson during the year.

Corporate governance statement
continued

Principle 1: Lay solid foundations for management and oversight continued

Evaluating the performance of key executives

The performance of key executives is reviewed against specific and measurable qualitative and quantitative performance criteria and includes:

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

Performance evaluation

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

Principle 2: Structure the Board to add value

Board composition

The company's constitution states that there must be a minimum of three directors and contains detailed provisions concerning the tenure of directors. The Board currently comprises seven non-executive directors. The directors' report, on pages 14 and 15, outlines the relevant skills, experience and expertise held by each director in office at the date of this report.

In accordance with good corporate governance, where the Chairperson of the Board is not an independent director, the Board considers it to be useful and appropriate to designate an independent director to serve in a lead capacity to co-ordinate the activities of the other independent directors, including acting as principal liaison between the independent directors and the Chairperson and representing the Board as the lead independent director when the Chairperson is unable to do so because of his non-independent status.

As Mr Fisher is not an independent director, the Board has appointed Mr Myers as its lead independent director.

Director independence

In considering whether a director is independent, the Board refers to the company's "Criteria for assessing independence of directors" at the corporate governance section of the company's website, which is consistent with the council's recommendations. Independent directors of the company are those that are not involved in the day-to-day management of the company and are free from any real or reasonably perceived business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement.

In accordance with the definition of independence above, and the materiality thresholds outlined in the company's policy 'Criteria for assessing independence of directors', it is the Board's view that Mr Peter Cowan, Mr Dean Howell, Mr Lawrence Myers and Ms Kate Wright are independent directors. The following directors are not independent directors:

- Mr Steven Fisher (non-executive Chairperson) was employed by an entity associated with a substantial shareholder of the company during the year;
- Mr Timothy Antonie (non-executive director) is a non-executive director of Premier Investments Ltd, a substantial shareholder of the company; and
- Ms Sally Herman (non-executive director) is a non-executive director of Premier Investments Ltd, a substantial shareholder of the company.

Regardless of whether directors are defined as independent, all directors are expected to bring independent views and judgement to Board deliberations.

Since the appointment of Mr Peter Cowan on 1st September 2018, the majority of the Board members are independent directors.

Material personal interest requirement

The Corporations Act provides that unless agreed by the Board, where any director has a material personal interest in a matter, the director will not be permitted to be present during discussions, or to vote on the matter.

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 Chairperson is required, which will not be unreasonably withheld.

Board committees

The Board has established the audit and risk committee and people and performance committee to assist in the execution of its duties and to allow detailed consideration of complex issues. The composition of these committees is shown on page 40 and comprises only independent directors.

Principle 2: Structure the board to add value continued

Nomination committee

During the year ended 30 June 2019, the company did not have a separately established nomination committee.

All duties and responsibilities typically delegated to such a committee are the responsibility of the full Board. Although the council's recommendation 2.1 recommends that a nomination committee can be a more efficient mechanism for the detailed examination of selection and appointment practices, particularly in larger companies, the Board does not believe at this time that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

The Board brings independent judgement to decisions regarding the composition of the Board. The process of recruiting a new director includes the evaluation of relevant skills, knowledge, experience, independence and diversity. The Board endeavours to ensure appropriate succession planning, both at a Board and senior executive level.

Principle 3: Promote ethical and responsible decision making

Code of conduct

The Board has formally adopted a code of conduct ("code") for all employees (including directors). The code aims at maintaining the highest ethical standards, corporate behaviour and accountability across the Group. These obligations are also consistent with the duties imposed on directors by the Corporations Act. In addition, directors are obliged to be independent in judgement and to ensure that all reasonable steps are taken to be satisfied as to the soundness of Board decisions.

Principle 4: Safeguard integrity in financial reporting

Audit and risk committee

The Board has an audit and risk committee (A&RC), which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the consolidated entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The Board has delegated the responsibility for monitoring and maintaining the framework of internal control and ethical standards of the company to the A&RC.

Among its responsibilities, the A&RC:

- ensures that company accounting policies and practices are in accordance with current and emerging accounting standards;
- reviews all accounts of the Group to be publicly released;
- recommends to the Board the appointment and remuneration of the external auditors;
- reviews the scope of external audits;
- assesses the performance and independence of the external auditors, including procedures governing partner rotation;
- reviews corporate governance practices;
- monitors and assesses the systems for internal compliance and control, legal compliance and risk management including operational and strategic risks; and
- reviews and carries out an annual assessment of the company's risk management framework.

Composition of committee

The members of the A&RC as at the date of this report are:

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

The directors' report, on page 40, outlines the number of A&RC meetings held during the year and the member's attendance at those meetings. It also outlines the qualifications of A&RC members on pages 14 and 15.

Board members, group chief executive officer; company secretaries; group chief financial officer; the external auditors and any other persons considered appropriate may attend meetings of the A&RC by invitation. The committee also meets from time to time with the external auditors independent of management.

In accordance with the council's recommendation 4.2, the A&RC is structured so that it:

- comprises only non-executive directors;
- is chaired by an independent chair, who is not chair of the Board; and
- has at least three members, in Breville's case, all of whom are independent directors.

In accordance with the council's recommendation 4.2 the group chief executive officer and group chief financial officer provided the Board with a written declaration confirming that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system operated effectively in all material respects.

Corporate governance statement
continued

Principle 5: Make timely and balanced disclosure

The company's continuous disclosure policy complies with the council's recommendation 5.1. This policy is available on the company's website at the corporate, corporate governance section.

Principle 6: Respect the rights of shareholders

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 at the corporate, corporate governance section.

Electronic communication

The company's website displays recent ASX announcements and contains information about the company.

Shareholders can elect to receive communications from the company's share registry electronically which also gives shareholders the opportunity to manage their account details and holdings electronically. Shareholders are also able to send communications to the company and receive responses to these communications electronically.

Briefings

The company keeps a record of briefings held with investors and analysts, including a record of those present and the time and place of the meeting.

Principle 7: Recognise and manage risk

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

These include:

- guidelines and limits for approval of capital expenditure;
- policies and procedures for the management of financial risk and treasury operations including exposures to foreign currencies and movements in interest rates;
- annual budgeting and monthly reporting systems for all businesses which enable the monitoring of progress against performance targets and the evaluation of trends;
- policies and procedures which enable management of the company's material business risks;
- formal strategic planning sessions; and
- presentation of periodic reports to the Board and the A&RC identifying items that represent a potential risk and the manner in which these are being managed and responded to.

The company does not have an internal audit function and management is ultimately responsible to the Board for the system of internal control and risk management and has reported to the Board as to the effectiveness of the company's management of its material business risks. The A&RC assists the Board in monitoring this function.

During the year ended 30 June 2019, the company did not have a separately established risk committee. All duties and responsibilities typically delegated to such a committee are the responsibility of the full Board, with assistance from the A&RC.

The Group'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.

Principle 8: Remunerate fairly and responsibly

People and performance committee

The Board has a people and performance committee (P&PC), comprising the following directors as at the date of this report:

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

In accordance with the council's recommendation 8.1, the P&PC comprises:

- an independent chairperson; and
- at least three members, in Breville's case all of whom are indepenedent.

The P&PC is considered to be independent as at the date of this report.

For details on the number of meetings of the P&PC held during the year and the members attendance at those meetings, refer to the directors' report on page 40.

Remuneration disclosure

For details of the company's remuneration philosophy and framework, and the remuneration received by directors and executives in the current period, please refer to the remuneration report contained in the directors' report on pages 24 to 39.

[This page is left deliberately blank]

Consolidated income statement
for the year ended 30 June 2019

	Note	Consolidated 30 June 2019 $'000	30 June 2018 $'000
Revenue	3(a)	**759,967**	646,765
Cost of sales	3(b)	**(488,767)**	(414,505)
Gross profit		**271,200**	232,260
Other income		**287**	689
Employee benefits expenses	3(e)	**(82,402)**	(68,417)
Premises, lease & utilities expenses		**(15,686)**	(14,108)
Advertising and marketing expenses		**(32,221)**	(26,177)
Other expenses		**(27,217)**	(24,036)
Earnings before interest, tax, depreciation & amortisation (EBITDA)		**113,961**	100,211
Depreciation & amortisation expense	3(c)	**(16,616)**	(13,302)
Earnings before interest & tax (EBIT)		**97,345**	86,909
Finance costs	3(f)	**(3,483)**	(3,580)
Finance income	3(f)	**449**	1,044
Profit before income tax		**94,311**	84,373
Income tax expense	4	**(26,926)**	(25,854)
Net profit after income tax for the year attributable to members of Breville Group Limited		**67,385**	58,519
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of Breville Group Limited:			
- basic earnings per share	12	**51.8**	45.0
- diluted earnings per share	12	**51.8**	45.0

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

Consolidated statement of comprehensive income for the year ended 30 June 2019

		Consolidated	
	Note	**30 June 2019 $'000**	30 June 2018 $'000
Net profit after income tax for the year		**67,385**	58,519
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		**6,391**	1,789
Net change in fair value of cash flow hedges		**(1,878)**	4,846
Income tax on other comprehensive income/(loss)	4	**2,326**	(823)
Other comprehensive income/(loss) for the year, net of income tax		**6,839**	5,812
Total comprehensive income for the year attributable to members of Breville Group Limited		**74,224**	64,331

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

Consolidated statement of financial position as at 30 June 2019

		Consolidated	
	Note	**30 June 2019 $'000**	30 June 2018 $'000
Current assets			
Cash and cash equivalents	5	**57,129**	103,316
Trade and other receivables	6	**154,595**	104,420
Inventories	7	**152,325**	99,669
Other financial assets	15	**2,016**	3,721
Current tax assets	4	**1,923**	4,579
Total current assets		**367,988**	315,705
Non-current assets			
Plant and equipment	8	**12,043**	11,379
Deferred tax assets	4	**6,322**	5,677
Intangible assets	9	**123,414**	112,588
Total non-current assets		**141,779**	129,644
Total assets		**509,767**	445,349
Current liabilities			
Trade and other payables	6	**122,700**	84,585
Current tax liabilities	4	**6,276**	10,180
Provisions	6	**13,960**	13,745
Other financial liabilities	15	**464**	291
Total current liabilities		**143,400**	108,801
Non-current liabilities			
Other payables	6	**3,395**	3,690
Borrowings	14	**47,283**	45,324
Deferred tax liabilities	4	**4,346**	3,422
Provisions	6	**1,008**	877
Total non-current liabilities		**56,032**	53,313
Total liabilities		**199,432**	162,114
Net assets		**310,335**	283,235
Equity			
Equity attributable to equity holders of the parent			
Issued capital	13	**140,050**	140,050
Reserves	13	**4,553**	(695)
Retained earnings		**165,732**	143,880
Total equity		**310,335**	283,235

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 2019

Consolidated	Note	Issued capital $'000	Foreign currency trans-lation reserve $'000	Employee equity benefits reserve $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Total equity $'000
2019							
At 1 July 2018		**140,050**	**(1,124)**	**(1,972)**	**2,401**	**143,880**	**283,235**
Foreign currency translation reserve		**-**	**6,391**	**-**	**-**	**-**	**6,391**
Cash flow hedges		**-**	**-**	**-**	**(1,878)**	**-**	**(1,878)**
Income tax on items taken directly to equity	4	**-**	**-**	**1,763**	**563**	**-**	**2,326**
Total other comprehensive income for the year		**-**	**6,391**	**1,763**	**(1,315)**	**-**	**6,839**
Profit for the year		**-**	**-**	**-**	**-**	**67,385**	**67,385**
Total comprehensive income for the year		**-**	**6,391**	**1,763**	**(1,315)**	**67,385**	**74,224**
Dividends paid	11	**-**	**-**	**-**	**-**	**(45,533)**	**(45,533)**
Ordinary shares acquired by the Trustee of the Breville Group Performance Share Plan Trust	13(b)	**(3,767)**	**-**	**-**	**-**	**-**	**(3,767)**
Transferred to participants of the performance rights plan	13(b)	**3,767**	**-**	**(3,767)**	**-**	**-**	**-**
Share-based payments		**-**	**-**	**2,176**	**-**	**-**	**2,176**
At 30 June 2019		**140,050**	**5,267**	**(1,800)**	**1,086**	**165,732**	**310,335**
2018							
At 1 July 2017		140,050	(2,913)	(2,878)	(991)	126,341	259,609
Foreign currency translation reserve		-	1,789	-	-	-	1,789
Cash flow hedges		-	-	-	4,846	-	4,846
Income tax on items taken directly to equity	4	-	-	631	(1,454)	-	(823)
Total other comprehensive income for the year		-	1,789	631	3,392	-	5,812
Profit for the year		-	-	-	-	58,519	58,519
Total comprehensive income for the year		-	1,789	631	3,392	58,519	64,331
Dividends paid	11	-	-	-	-	(40,980)	(40,980)
Ordinary shares acquired by the Trustee of the Breville Group Performance Share Plan Trust	13(b)	(956)	-	-	-	-	(956)
Transferred to participants of the performance rights plan	13(b)	956	-	(956)	-	-	-
Share-based payments		-	-	1,231	-	-	1,231
At 30 June 2018		140,050	(1,124)	(1,972)	2,401	143,880	283,235

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

Consolidated cash flow statement
for the year ended 30 June 2019

		Consolidated	
	Note	**30 June 2019 $'000**	30 June 2018 $'000
Cash flows from operating activities			
Receipts from customers		**775,992**	692,023
Payments to suppliers and employees		**(717,668)**	(579,185)
Finance costs paid		**(2,996)**	(2,904)
Income tax paid		**(25,436)**	(22,326)
Finance income received		**449**	1,044
Net cash flows from operating activities	5(b)	**30,341**	88,652
Cash flows used in investing activities			
Purchase of plant and equipment		**(5,473)**	(4,295)
Proceeds from sale of plant and equipment		**95**	-
Purchase of intangible assets		**(23,003)**	(15,170)
Purchase of business		**-**	(9,071)
Net cash flows used in investing activities		**(28,381)**	(28,536)
Cash flows used in financing activities			
Proceeds from borrowings		**99,577**	76,630
Repayment of borrowings		**(99,603)**	(68,576)
Irretrievable cash contributions paid to the Trustee of the Breville Group Performance Share Plan Trust to acquire ordinary shares	13(b)	**(3,767)**	(956)
Equity dividends paid	11(a)	**(45,533)**	(40,980)
Net cash flows used in financing activities		**(49,326)**	(33,882)
Net increase in cash and cash equivalents		**(47,366)**	26,234
Cash and cash equivalents at beginning of the year		**103,316**	77,124
Net foreign exchange difference		**1,179**	(42)
Cash and cash equivalents at end of the year	5(a)	**57,129**	103,316

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

Notes to the financial statements
for the year ended 30 June 2019

Notes to the financial statements
for the year ended 30 June 2019

Key numbers

Note 1. Summary of significant 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 15 to 23. 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) Statement of compliance

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) 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 & 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 10.

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 is determined by an external valuer using either the Black-Scholes or Monte-Carlo option pricing model, using the assumptions detailed in note 18.

Note 1. Summary of significant accounting policies continued

(d) Significant accounting judgements, estimates and assumptions continued

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 Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

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 productivity and quality initiatives, as well as parts and labour costs. The related carrying amounts are disclosed in note 6.

(e) 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 23 of the financial report.

Note 2. Operating segments

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 (group 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 Breville, which are sold globally. Products may be sold directly or through 3rd parties, and may be branded Breville®, Sage® or carry a 3rd party brand.

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

Notes to the financial statements
for the year ended 30 June 2019

Note 2. Operating segments continued

	Note	30 June 2019 Global Product $'000	30 June 2019 Distribution $'000	30 June 2019 Total $'000	30 June 2018 Global Product $'000	30 June 2018 Distribution $'000	30 June 2018 Total $'000
		Consolidated					
Segment revenue	(a)	**611,960**	**148,007**	**759,967**	522,185	124,580	646,765
Segment results							
EBITDA		**94,754**	**19,207**	**113,961**	86,051	14,160	100,211
Depreciation and amortisation		**(15,932)**	**(684)**	**(16,616)**	(12,758)	(544)	(13,302)
EBIT		**78,822**	**18,523**	**97,345**	73,293	13,616	86,909
Finance income				**449**			1,044
Finance costs				**(3,483)**			(3,580)
Profit before income tax				**94,311**			84,373
Other segment information							
Capital expenditure - plant and equipment		**4,513**	**859**	**5,372**	3,254	754	4,008
Capital expenditure - intangibles		**22,771**	**-**	**22,771**	14,904	-	14,904

	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
(a) Segment revenue		
Global Product		
North America	**357,429**	298,953
ANZ	**132,860**	123,897
Europe	**89,580**	63,049
Rest of World	**32,091**	36,286
Total Global Product revenue	**611,960**	522,185

Distribution

Revenue generated from ANZ and North America

Note 3. Revenue and expenses

	Note	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
(a) Revenue			
Sale of goods		**759,967**	646,765
Total revenue		**759,967**	646,765
(b) Cost of sales			
Costs of inventories recognised as an expense (includes write-down of inventory to net realisable value (note 7))		**431,373**	368,541
Costs of delivering goods to customers		**31,665**	24,106
Warranty expense		**25,729**	21,858
Total cost of sales		**488,767**	414,505
(c) Depreciation and amortisation expense			
Depreciation – plant and equipment	8	**4,633**	3,398
Amortisation – computer software	9	**2,750**	1,835
Amortisation – development costs	9	**9,054**	7,891
Amortisation – customer relationships	9	**179**	178
Total depreciation and amortisation expense		**16,616**	13,302
(d) Lease payments and other expenses included in consolidated income statement			
Included in premises, lease & utilities expenses:			
• Minimum lease payments – operating lease		**8,635**	7,636
Included in other income/expenses:			
• Net foreign exchange (gain)/loss		**(616)**	522
• Other product related costs		**4,365**	4,026
• Impairment charge	9	**-**	554
(e) Employee benefits expenses			
Wages & salaries, leave and other employee related benefits		**76,867**	64,358
Defined contribution plan expense		**3,359**	2,828
Share-based payments expense		**2,176**	1,231
Total employee benefits expenses		**82,402**	68,417

Note 3. Revenue and expenses continued

	Note	Consolidated 30 June 2019 $'000	30 June 2018 $'000
(f) Finance costs/(income)			
Finance costs paid or payable on borrowings and bank overdrafts:			
• interest		**1,047**	1,465
• other borrowing costs		**1,949**	1,439
Interest on other payables – non current		**487**	676
Finance costs		**3,483**	3,580
Finance income		**(449)**	(1,044)
Total net finance costs		**3,034**	2,536
(g) Research and development costs			
Amortisation of previously capitalised development costs included in amortisation expense	3(c)	**9,054**	7,891
Research and development costs charged directly to the income statement		**21,464**	19,826
Total research and development costs		**30,518**	27,717

Recognition and measurement

(i) Sale of goods

In accordance with AASB 15, 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.

(ii) Finance costs/income

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. Borrowing costs are recognised as an expense when incurred.

Note 4. Income tax

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
The major components of income tax expense are:		
Income statement		
Current income tax		
Current income tax charge	**25,438**	23,852
Adjustments in respect of current income tax of previous years	**(434)**	(743)
Deferred income tax		
Relating to the origination and reversal of temporary differences	**1,922**	2,745
Total income tax expense reported in the income statement	**26,926**	25,854
Deferred income tax related to items charged or credited directly to other comprehensive income		
Employee equity benefits reserve	**(1,763)**	(631)
Net (loss)/gain on revaluation of cash flow hedges	**(563)**	1,454
Income tax (benefit)/expense reported in other comprehensive income	**(2,326)**	823
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:		
Profit before income tax	**94,311**	84,373
At the parent entity's statutory income tax rate of 30% (2018: 30%)	**28,293**	25,312
• adjustments in respect of current income tax of previous years	**(436)**	(743)
• effect of different rates of tax on overseas income	**(559)**	(139)
• expenditure not allowable for income tax purposes	**1,139**	850
• one-off adjustment to deferred taxes for change in US federal tax rate	**-**	1,571
• other	**(1,511)**	(997)
Income tax expense reported in the income statement	**26,926**	25,854

Note 4. Income tax continued

	Consolidated		Consolidated	
	Statement of financial position		Income statement	
	30 June 2019 $'000	30 June 2018 $'000	**30 June 2019 $'000**	30 June 2018 $'000
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities				
Brand names	**1,875**	1,875	**-**	-
Development costs	**11,806**	8,613	**(3,193)**	(1,254)
Intangibles	**281**	335	**54**	54
Cash flow hedge reserve	**466**	1,029	**563**	-
Accelerated depreciation for tax purposes	**482**	45	**(437)**	(21)
Gross deferred income tax liabilities	**14,910**	11,897		
Deferred tax assets				
Losses available for offset against future taxable income	**311**	586	**(275)**	586
Provisions and accruals	**6,636**	6,007	**410**	(1,068)
Other long term payables	**859**	950	**(91)**	(192)
Employee benefits	**3,608**	3,244	**355**	572
Revaluation of inventories	**1,051**	519	**492**	(18)
Employee equity benefits reserve	**3,160**	1,874	**384**	316
Other	**1,261**	972	**(184)**	(1,720)
Gross deferred income tax assets	**16,886**	14,152		
Net deferred income tax assets	**1,976**	2,255		
Deferred tax expense			**(1,922)**	(2,745)

	30 June 2019 $'000	30 June 2018 $'000
Current income tax		
Current tax asset	**1,923**	4,579
Current tax liabilities	**6,276**	10,180

At 30 June 2019, there is no recognised or unrecognised deferred income tax liability (2018: $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.

Note 4. Income tax continued

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.

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 17.

Notes to the financial statements
for the year ended 30 June 2019

Note 5. Cash and cash equivalents

	Note	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
Cash at bank and on hand	(a)	**57,129**	103,316

Notes:
- Cash at bank earns interest at floating rates based on daily bank deposit rates.
- At 30 June 2019, the Group had available $35,109,000 (2018: $30,715,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.
- The fair value of cash and cash equivalents is $57,129,000 (2018: $103,316,000).

	Note	30 June 2019 $'000	30 June 2018 $'000
Cash and cash equivalents	(a)	**57,129**	103,316
Non-current borrowings	14	**(47,283)**	(45,324)
Net cash	(b)	**9,846**	57,992

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

	30 June 2019 $'000	30 June 2018 $'000
Net profit for the year	**67,385**	58,519
Adjustments for:		
Depreciation and amortisation	**16,616**	13,302
Impairment charge	**-**	554
Share-based payments	**2,176**	1,231
Foreign exchange (gains)/losses	**(616)**	522
Changes in assets and liabilities:		
Decrease/(increase) in:		
Trade receivables, prepayments and other receivables	**(28,758)**	2,657
Inventories	**(49,004)**	20,856
Other current assets	**3,135**	(4,776)
Non-current assets	**1,203**	2,797
(Decrease)/increase in:		
Current liabilities	**18,240**	(7,865)
Non-current liabilities	**(36)**	855
Net cash flows from operating activities	**30,341**	88,652

(b) Net debt reconciliation

Consolidated	**Cash $'000**	**Borrowings $'000**	**Total $'000**
Net cash at 30 June 2017	77,124	(35,841)	41,283
Cash flows	26,234	(8,054)	18,180
FX adjustments	(42)	(1,429)	(1,471)
Net cash at 30 June 2018	103,316	(45,324)	57,992
Cash flows	**(47,366)**	**26**	**(47,340)**
FX adjustments	**1,179**	**(1,985)**	**(806)**
Net cash at 30 June 2019	**57,129**	**(47,283)**	**9,846**

Note 5. Cash and cash equivalents continued

(c) Disclosure of financing facilities

Refer to note 14.

Recognition and measurement

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less 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.

Note 6. Receivables, payables and provisions

		Consolidated	
	Note	**30 June 2019 $'000**	30 June 2018 $'000
Trade and other receivables			
Current			
Trade receivables	(a)	**152,325**	101,787
Allowance for uncollectible receivables		**(457)**	(247)
Trade receivables, net		**151,868**	101,540
Prepayments		**1,750**	1,349
Other receivables	(b)	**977**	1,531
Total current trade receivables, prepayments and other receivables		**154,595**	104,420

Notes:

(a) Trade receivables are non-interest bearing and are generally on 30-60 day terms. An allowance for uncollectible receivables is made when there is objective evidence on a case by case basis that a trade receivable is impaired. A charge of $312,000 (2018: $133,000) has been recognised by the Group as an expense in 'other expenses' for the current year for specific debtors for which such evidence exists.

At 30 June 2019 an ageing analysis of those trade receivables are as follows:

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Current	**143,608**	101,229
31 – 60 days overdue	**4,402**	210
61+ days overdue	**4,315**	348
Trade receivables	**152,325**	101,787

Trade receivables past due but not impaired amount to $8,717,000 (2018: $558,000). Of this balance, $4,281,000 (2018: $88,000) is covered by insurance in the event of default of payment. Insurance is taken up based on an assessment of the riskiness of customer collections and the financial standing of each customer. In all instances each operating unit has been in contact with the relevant debtor and is satisfied that payment will be received in full.

(b) Non-trade other receivables are non-interest bearing and have repayment terms between 30 and 60 days. Balances within other receivables do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

Note 6. Receivables, payables and provisions continued

Trade and other receivables continued

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 receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the allowance is recognised in the income statement. 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 15.

		Consolidated	
	Note	**30 June 2019 $'000**	30 June 2018 $'000
Trade and other payables			
Current			
Trade and other payables – unsecured		**122,700**	84,585
Total current trade and other payables		**122,700**	84,585
Non current			
Other payables	(a)	**3,395**	3,690
		3,395	3,690

Notes:

(a) Relates to an earn-out in relation to the acquisition of PolyScience.

Recognition and measurement

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 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 15.

		Consolidated	
	Note	**30 June 2019 $'000**	30 June 2018 $'000
Provisions			
Current			
Warranty and faulty goods	(a)	**7,630**	7,773
Employee benefits – annual leave	(a)	**3,942**	3,529
Employee benefits – long service	(a)	**2,338**	2,273
Other provisions	(a)	**50**	170
Total current provisions	(a)	**13,960**	13,745
Non current			
Employee benefits – long service	(a)	**1,008**	877
Total non-current provisions	(a)	**1,008**	877

Note 6. Receivables, payables and provisions continued

Provisions continued

Consolidated	Warranty and faulty goods $'000	Employee benefits - annual leave $'000	Employee benefits - long service $'000	Other Provisions $'000	Total $'000
(a) Movement in provisions					
Carrying amount at the beginning of the year:					
Current	7,773	3,529	2,273	170	13,745
Non-current	-	-	877	-	877
Total	7,773	3,529	3,150	170	14,622
Movement in provisions during the year:					
Additional provisions made in the year	25,582	3,299	478	50	29,409
Amounts utilised during the year	(26,031)	(2,947)	(290)	(170)	(29,438)
Net exchange differences	306	61	8	-	375
Net movement	(143)	413	196	(120)	346
Carrying amount at the end of the year:					
Current	**7,630**	**3,942**	**2,338**	**50**	**13,960**
Non-current	**-**	**-**	**1,008**	**-**	**1,008**
Total	**7,630**	**3,942**	**3,346**	**50**	**14,968**

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. It is expected that these costs will be incurred in the next year. 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.

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.

Notes to the financial statements
for the year ended 30 June 2019

Note 6. Receivables, payables and provisions continued

Provisions continued

Recognition and measurement continued

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	
	Note	**30 June 2019 $'000**	30 June 2018 $'000
Finished goods (at lower of cost and net realisable value)	(a)	**123,255**	87,687
Stock in transit (at cost)		**29,070**	11,982
Total inventories		**152,325**	99,669

Notes:

(a) Total net finished goods provision movements recognised in the income statement totalled a $326,000 debit (2018: $42,000 credit) for the Group. This net debit/credit is included in the cost of inventories line in the cost of sales.

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 qualifying 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.

Note 8. Non-current assets - plant and equipment

		Consolidated	
	Note	**30 June 2019 $'000**	30 June 2018 $'000
At the beginning of the year			
At cost (gross carrying amount)		**39,696**	35,556
Accumulated depreciation and impairment		**(28,317)**	(24,850)
Net carrying amount		**11,379**	10,706
Reconciliation of the carrying amount:			
Carrying amount at the beginning of year		**11,379**	10,706
Additions		**5,372**	4,008
Disposals		**(180)**	-
Reclassifications		**(10)**	-
Depreciation	3(c)	**(4,633)**	(3,398)
Net exchange difference		**115**	63
Carrying amount at the end of year		**12,043**	11,379
At the end of the year			
At cost (gross carrying amount)		**44,628**	39,696
Accumulated depreciation and impairment		**(32,585)**	(28,317)
Net carrying amount		**12,043**	11,379

Recognition and measurement

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on plant and equipment is calculated on a straight line basis over the estimated useful life of between 2 and 10 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each year end. An item of plant and equipment 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.

Note 9. Non-current assets - intangible assets

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Development costs	**39,352**	28,710
Computer software	**12,946**	12,609
Brand names	**31,575**	31,575
Customer relationships	**938**	1,117
Goodwill	**38,603**	38,577
Total intangible assets (net carrying amount)	**123,414**	112,588

Notes to the financial statements
for the year ended 30 June 2019

Note 9. Non-current assets - intangible assets continued

Consolidated 2019	Note	Development costs $'000	Computer software $'000	Brand names $'000	Customer relationships $'000	Goodwill $'000	Total $'000
At the beginning of the year							
At cost (gross carrying amount)		79,680	18,010	31,575	1,835	38,577	**169,677**
Accumulated amortisation and impairment		(50,970)	(5,401)	-	(718)	-	**(57,089)**
Net carrying amount		28,710	12,609	31,575	1,117	38,577	**112,588**
Reconciliation of the carrying amount:							
Carrying amount at the beginning of year		28,710	12,609	31,575	1,117	38,577	**112,588**
Additions		19,696	3,075	-	-	26	**22,797**
Reclassifications		-	10	-	-	-	**10**
Amortisation	3(c)	(9,054)	(2,750)	-	(179)	-	**(11,983)**
Net exchange difference		-	2	-	-	-	**2**
Carrying amount at the end of year		**39,352**	**12,946**	**31,575**	**938**	**38,603**	**123,414**
At the end of the year							
At cost (gross carrying amount)		**99,376**	**21,098**	**31,575**	**1,835**	**38,603**	**192,487**
Accumulated amortisation and impairment		**(60,024)**	**(8,152)**	**-**	**(897)**	**-**	**(69,073)**
Net carrying amount		**39,352**	**12,946**	**31,575**	**938**	**38,603**	**123,414**

Consolidated 2018	Note	Development costs $'000	Computer software $'000	Brand names $'000	Customer relationships $'000	Goodwill $'000	Total $'000
At the beginning of the year							
At cost (gross carrying amount)		67,609	15,990	31,575	1,835	30,494	147,503
Accumulated amortisation and impairment		(43,079)	(3,824)	-	(540)	-	(47,443)
Net carrying amount		24,530	12,166	31,575	1,295	30,494	100,060
Reconciliation of the carrying amount:							
Carrying amount at the beginning of year		24,530	12,166	31,575	1,295	30,494	100,060
Additions		12,071	2,833	-	-	8,083	22,987
Amortisation		(7,891)	(1,835)	-	(178)	-	(9,904)
Impairment	3(c)	-	(554)	-	-	-	(554)
Net exchange difference		-	(1)	-	-	-	(1)
Carrying amount at the end of year		28,710	12,609	31,575	1,117	38,577	112,588
At the end of the year							
At cost (gross carrying amount)		79,680	18,010	31,575	1,835	38,577	169,677
Accumulated amortisation and impairment		(50,970)	(5,401)	-	(718)	-	(57,089)
Net carrying amount		28,710	12,609	31,575	1,117	38,577	112,588

Note 9. Non-current assets - intangible assets continued

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

(a) Development costs	
Internally generated or Acquired	Internally generated
Recognition	Capitalised at cost and recognised only when the Group can demonstrate the technical feasibility of completing 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.
Useful lives	Finite
Amortisation method	Amortised straight line over the period of expected future sales, not exceeding 3 years, from the related project on a straight line basis.
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. The amortisation method is reviewed at each year end.
(b) Computer software	
Internally generated or Acquired	Internally generated and acquired
Recognition	Capitalised at cost
Useful lives	Finite
Amortisation method	Amortised over the useful life, not exceeding 7 years, on a straight line basis.
Impairment test	When an indication of impairment exists. The amortisation method is reviewed at each year end.
(c) Brand names	
Internally generated or Acquired	Acquired
Recognition	Capitalised at cost or if acquired as part of a business combination at fair value at the date of acquisition.
Useful lives	Indefinite
Amortisation method	No amortisation.
Impairment test	Annually and more frequently when an indication of impairment exists.
(d) Customer relationships	
Internally generated or Acquired	Acquired
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.
Impairment test	Annually and more frequently when an indication of impairment exists. The amortisation method is reviewed at each year end.
(e) Goodwill	
Internally generated or Acquired	Acquired
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. 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.

Note 9. Non-current assets - intangible assets continued

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the 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 income statement when the asset is derecognised.

Note 10. Impairment testing of goodwill and intangibles with indefinite lives

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

- Global Product ANZ
- Global Product North America
- Global Product Europe & Rest of World
- Distribution

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

The pre-tax discount rates applied to cash flow projections are in the range of 7.2% to 11.7% (2018: 8.2% to 11.1%), 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 beyond the approved 30 June 2020 budgets are extrapolated using a 3% growth rate (2018: 3.0%), which is considered a reasonable estimate of the long-term average growth rate for the wholesale consumer products industry.

Management has performed sensitivity testing by cash generating unit (CGU), based on assessing the effect of changes in revenue growth rates as well as discount rates. Management consider 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 2019 and 30 June 2018

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 margins. The basis used to determine the value assigned to the budgeted revenue and gross margins are based on past performance and expectations for the future.

Note 10. Impairment testing of goodwill and intangibles with indefinite lives
continued

	Note	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
Carrying amount of goodwill and brand names are allocated as follows:			
Breville Group			
- brand names with indefinite useful lives		**13,800**	13,800
Global Product ANZ			
- goodwill		**20,553**	20,553
Global Product North America			
- goodwill		**7,700**	7,700
Global Product Europe & Rest of World			
- goodwill		**2,241**	2,241
Distribution			
- goodwill		**8,109**	8,083
- brand names with indefinite useful lives		**17,775**	17,775
		70,178	70,152
All cash generating units			
- goodwill	9	**38,603**	38,577
- brand names with indefinite useful lives	9	**31,575**	31,575
Total carrying amount of goodwill and brand names		**70,178**	70,152

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
for the year ended 30 June 2019

Capital management

Note 11. Dividends

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
(a) Dividends on ordinary shares declared and paid during the year:		
Final partially franked dividend for the year ending 30 June 2018 of 16.5 cents per share, 9.9 cents (60%) franked (2018: final partially franked dividend for 2017 of 15.0 cents per share, 9.0 cents (60%) franked)		
• Paid in cash	**21,466**	19,514
Final dividend	**21,466**	19,514
Partially franked interim dividend for the year ending 30 June 2019 of 18.5 cents per share, 11.1 cents (60%) franked (2018: interim partially franked dividend for 2018 of 16.5 cents per share, 9.9 cents (60%) franked))		
• Paid in cash	**24,068**	21,466
Interim dividend	**24,068**	21,466
Total partially franked dividends declared and paid during the year of 35.0 cents per share, 21.0 cents (60%) franked (2018: 31.5 cents per share (18.9 cents (60%) franked))		
• Paid in cash	**45,533**	40,980
Total dividends	**45,533**	40,980
(b) Dividends on ordinary shares proposed and not recognised as a liability:		
Final partially franked dividend for 2019 of 18.5 cents per share, 11.1 cents (60%) franked (2018: final partially franked dividend of 16.5 cents per share, 9.9 cents (60%) franked)	**24,068**	21,466
(c) Franking credit balance		
The amount of franking credits in the parent available for the subsequent year are:		
• franking account balance as at the end of the year at 30% (2018: 30%)	**8,089**	1,464
• franking credits that will arise from the payment of income tax payable as at the end of the year	**2,932**	6,564
	11,021	8,028
The amount of franking credits in the parent available for future reporting periods:		
• impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as distribution to equity holders during the period	**(6,189)**	(5,520)
Total franking credit balance	**4,832**	2,508

The tax rate at which dividends are franked is 30% (2018: 30%).

Note 12. Earnings per share

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

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Earnings used in calculating basic and diluted earnings per share:		
Net profit attributable to ordinary equity holders of Breville Group Limited	**67,385**	58,519
	Thousands	Thousands
Weighted average number of shares:		
Weighted average number of ordinary shares for basic and diluted earnings per share	**130,095**	130,095
Weighted average number of exercised, forfeited or expired potential ordinary shares included in diluted earnings per share	**-**	-

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

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.

Note 13. Issued capital and reserves

	Note	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
Issued capital			
Ordinary shares – authorised, issued and fully paid	(a)	**140,050**	140,050
Ordinary shares – held by the Breville Group Performance Share Plan Trust	(b)	**-**	-
Total contributed equity		**140,050**	140,050

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.

Ordinary shares held by the Breville Group Performance Share Plan Trust

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

The ordinary shares held by the Breville Group Performance Share Plan Trust, if any, are yet to be allocated to LTI participants. They will be allocated to participants once performance rights vest and they are exercised. The ordinary shares held by the Breville Group Performance Share Plan 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 Performance Share Plan 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 16(b) and note 18.

	Note	Consolidated 30 June 2019 Number of shares	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 Number of shares	Consolidated 30 June 2018 $'000
(a) Movements in ordinary issued shares:					
Beginning and end of the year		**130,095,322**	**140,050**	130,095,322	140,050
(b) Movements in ordinary shares held by the Breville Group Performance Share Plan Trust:					
Beginning of the year		**-**	**-**	-	-
Movements during the year					
Transferred to participants of the Breville Group Limited Performance Rights Plan	(i)	**268,720**	**3,767**	94,000	956
Ordinary shares acquired by the Breville Group Performance Share Plan Trust during the year - cash	(ii)	**(268,720)**	**(3,767)**	(94,000)	(956)
End of the year		**-**	**-**	-	-

(i) During the year the Trustee of the Breville Group Performance Share Plan Trust transferred 268,720 ordinary company shares (2018: 94,000) to participants in order to fulfil its obligations under the Breville Group Limited Performance Rights Plan.

(ii) During the year the Trustee of the Breville Group Performance Share Plan Trust acquired 268,720 ordinary shares (2018: 94,000) in order to fulfil its obligations under the Breville Group Limited Performance Rights Plan. The average value placed on these acquisitions was $14.02 per share (2018: $10.15). Details are provided in note 16(b) and note 18.

Note 13. Issued capital and reserves continued

Issued capital continued

(c) Performance rights over ordinary shares:

The company has a share-based payment performance rights scheme under which rights to subscribe for the company's shares have been granted to certain executives and other employees (refer note 18). At the end of the year there were 1,106,255 (2018: 978,400) potential unissued ordinary shares in respect of performance rights that were outstanding.

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Reserves		
Foreign currency translation reserve	**5,267**	(1,124)
Employee equity benefits reserve	**(1,800)**	(1,972)
Cash flow hedge reserve	**1,086**	2,401
Total reserves	**4,553**	(695)

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 18 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 14. Borrowings

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Non-current		
Other loans:		
- Cash advance facilities	**47,283**	45,324
Total non-current borrowings	**47,283**	45,324

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 2019 and 30 June 2018.

The Australia and New Zealand financing facilities are secured by a first ranking fixed and floating registered charge (or general security for Breville New Zealand Limited), over all the assets and undertakings of Thebe International Pty Limited, Breville Pty Limited, Breville Holdings Pty Limited, Breville R&D Pty Limited and Breville New Zealand Limited and are guaranteed by Breville Group Limited. The Hong Kong facility is secured via a security agreement over the assets and undertakings of HWI International Limited. A security agreement in favour of ANZ is in existence over the assets and undertakings of Breville USA, Inc. Breville Group Limited has issued corporate guarantees in favour of the local bank (HSBC) which provides the day to day US, Canadian, UK and German transactional banking facilities. Borrowings may include Australian dollar, US dollar, Canadian dollar, British pounds, Euro and New Zealand dollar denominated amounts.

Notes to the financial statements
for the year ended 30 June 2019

Note 14. Borrowings continued

Fair value

The carrying value and estimated net fair values of the borrowings held with banks (determined under Level 2, as described in note 15) approximates their fair value. Fair values of the company's interest-bearing loans are determined by using a discounted cash flow method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The non-performance risk as at 30 June 2019 was assessed to be insignificant (2018: insignificant). Details regarding interest rate, foreign exchange and liquidity risk are disclosed in note 15.

		Consolidated	
	Note	**30 June 2019 $'000**	30 June 2018 $'000
Financing facilities available			
At reporting date, the following financial facilities have been negotiated and were available to the group:			
Facilities used at the reporting date	(a)	**52,057**	49,587
Facilities unused at the reporting date	(b)	**66,518**	53,036
Total facilities	(c)	**118,575**	102,623
(a) Facilities used at the reporting date:			
- Non-current cash advance facilities – committed		**47,283**	45,324
- Non-current cash advance facilities – uncommitted		**-**	-
- Overdraft facilities		**-**	-
- Business transactions facilities		**698**	496
- Indemnity/guarantee facilities		**4,076**	3,767
- Documentary credit facilities		**-**	-
Facilities used as at reporting date		**52,057**	49,587
(b) Facilities unused at the reporting date:			
- Non-current cash advance facilities – committed		**23,222**	20,750
- Non-current cash advance facilities – uncommitted		**30,000**	20,747
- Overdraft facilities		**11,887**	9,965
- Business transactions facilities		**698**	495
- Indemnity/guarantee facilities		**-**	-
- Documentary credit facilities		**711**	1,079
Facilities unused as at reporting date		**66,518**	53,036
(c) Total facilities:			
- Non-current cash advance facilities – committed		**70,505**	66,074
- Non-current cash advance facilities – uncommitted		**30,000**	20,747
- Overdraft facilities		**11,887**	9,965
- Business transactions facilities		**1,396**	991
- Indemnity/guarantee facilities		**4,076**	3,767
- Documentary credit facilities		**711**	1,079
Total facilities		**118,575**	102,623

Note 14. Borrowings continued

Seasonal facility

Under the primary facility with ANZ, the Group also has a committed seasonal facility available between August 2019 and December 2019 which ranges from $42,682,000 up to $71,137,000 and a committed seasonal facility available between September 2019 and January 2020 which ranges from $9,710,000 up to $18,401,000 (2018: $26,987,000 to $48,576,000 available between August 2018 and January 2019 and $7,187,000 available between September 2018 and December 2018). The Group also has an uncommitted seasonal facility available from July 2019 to June 2020 of $30,000,000 (2018: $6,747,000 available between February 2018 to January 2019. These facilities are under the same terms and conditions as described above.

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

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.

Non-current borrowings at 30 June 2019 fall due in July 2020.

Note 15. 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
for the year ended 30 June 2019

Note 15. Financial risk management continued

Recognition and measurement 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.

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.

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 2019, the group has the following exposure to interest rate risk:

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Cash at bank	**57,129**	103,316
Cash advance facilities	**(47,283)**	(45,324)
Net exposure	**9,846**	57,992

At 30 June 2019, 100% of the Groups borrowings (2018: 100%) are exposed to floating rates. On a principal net cash receivable of $9,846,000 (2018: $57,992,000), at an average payable rate including line fee and margin of 2.5% (2018: 2.5%) and average receivable rate of 0.6% (2018: 1.1%), an increment of 0.5% in the market rates would result in a decrease in finance costs of $49,000 (2018: $310,000), conversely a decrement of 0.5% in the market rates would result in an increase in finance costs of $81,000 (2018: $227,000).

The Group's net exposure to interest rate risk calculated as at 30 June 2019 is not representative of its exposure during the financial year due to seasonality in the volume of sales such that financial performance is historically weighted in favour of the half to 31 December. This seasonality results in a higher level of receivable and inventory balances and a consequent increase in working capital requirements. All of the Group's borrowings during the year (2018 average borrowings: 100%) are at a floating rate of interest. On an average principal net cash receivable during the year of $6,546,000 (2018: $23,699,000), at an average payable rate including margin of 2.5% (2018: 2.5%) and average receivable rate of 0.6% (2018: 1.1%), an increment of 0.5% in the market rates would result in a decrease in finance costs of $33,000 (2018: $85,000), conversely a decrement of 0.5% in the market rates would result in an increase in finance costs of $60,000 (2018: $41,000).

Note 15. Financial risk management continued

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.

At 30 June 2019, the Group has the following financial assets and liabilities exposed to foreign currency risk:

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Cash at bank	**9,873**	10,000
Trade and other receivables	**4,404**	2,065
Trade and other payables	**(15,826)**	(9,070)
Other financial assets – derivative assets – forward exchange contracts	**2,016**	3,721
Other financial liabilities – derivative liabilities – forward exchange contracts	**(464)**	(291)
Net exposure	**3**	6,425

Of the total net exposure above, an increment of 10% in the foreign exchange rates would result in a decrease in other expenses of $145,000 (2018: increase $272,000). A decrement of 10% in the foreign exchange rates would result in an increase in other expenses of $167,000 (2018: decrease $333,000).

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 have been determined under Level 2.

Note 15. Financial risk management continued

Instruments used by the group continued

(i) Forward exchange contracts – cash flow hedges

The majority of the Group's inventory purchases from suppliers are denominated in US dollars (US$). 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 (2018: 0-12 months).

The cash flows are expected to occur between 0-12 months from 1 July 2019 (2018: 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 2019 A$'000	30 June 2018 A$'000
Buy USD	**107,844**	97,220
Buy Euro	**15,779**	3,027
Buy CHF	**15,432**	8,572

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. Where the contracts are hedging highly probable forecasted payments, when the payments are made the amount recognised in equity is adjusted to the income statement. During the year $4,289,000 was credited to inventory (2018: $2,447,000 debited) and $2,411,000 was credited (2018: $2,398,000 credited) to equity in respect of the Group.

At 30 June 2019, the Group had hedged 50% (2018: 44%) of its foreign currency purchases extending to June 2020 (2018: June 2019). The remaining 50% (2018: 56%) is 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 $9,702,000 (2018: $10,243,000). 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 $7,608,000 (2018: $7,089,000).

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's gearing ratio at 30 June 2019 and 30 June 2018 is nil due to the Group being in a net cash position. The gearing ratio is defined as Group net borrowings divided by capital employed (net borrowings plus shareholders' equity).

Note 15. Financial risk management continued

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, receivable insurance is acquired to offset the Group's exposure to credit risk.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk across the Group.

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.

Since the Group trades only with recognised third parties, there is no requirement for collateral.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash advances and bank overdrafts. The Group's bank facilities carry a thirteen-month term in Australia, New Zealand, USA, Canada, UK and Germany. As at 30 June 2019, 100% of the Group's borrowings will mature in greater than one year (2018: 100%) and nil (2018: nil) in less than one year.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. See note 14 for details of available facilities.

At 30 June 2019, the remaining contractual maturities of the Group's financial liabilities are:

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Less than 1 year	**123,164**	84,876
Between 1 and 5 years	**50,678**	49,014
	173,842	133,890

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			Consolidated		
	30 June 2019			30 June 2018		
	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	**122,700**	**3,395**	**126,095**	84,585	3,690	88,275
Borrowings	**-**	**47,283**	**47,283**	-	45,324	45,324
Other financial liabilities	**464**	**-**	**464**	291	-	291
	123,164	**50,678**	**173,842**	84,876	49,014	133,890

Contractual maturities disclosed in the tables above include contracted interest payments. Total borrowings disclosed in note 14 exclude such contracted interest payments.

Notes to the financial statements
for the year ended 30 June 2019

Group structure

Note 16. Interests in other entities

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

			Equity interest	
Legal entity	**Country of incorporation**	Note	**30 June 2019 %**	30 June 2018 %
Thebe International Pty Limited	Australia	(a)	**100**	100
Investments not held directly by Breville Group Limited:				
Breville Holdings Pty Limited	Australia	(a)	**100**	100
Breville Pty Limited	Australia	(a)	**100**	100
Breville R&D Pty Limited	Australia		**100**	100
Breville Group Performance Share Plan Trust	Australia	(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
Holding HWI Canada, Inc.	Canada		**100**	100
HWI Canada, Inc.	Canada		**100**	100
Breville Canada, L.P.	Canada		**100**	100
BRG Appliances Limited	UK		**100**	100
Sage Appliances GmbH	Germany		**100**	100

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

(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 notes 19(i) and 19(ii).

(b) Breville Group Performance Share Plan Trust

A trust fund has been established with the appointment of an independent Trustee. The trust is funded by funds 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 Performance Rights Plan.

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

During the financial year ended 30 June 2019, the Trustee acquired 269,000 company shares (2018: 94,000). The average value placed on these acquisitions was $14.02 per share (2018: $10.15).

Note 17. Parent entity information

As at and throughout the financial year ended 30 June 2019 the parent company of the Group was Breville Group Limited.

	30 June 2019 $'000	30 June 2018 $'000
Results of the parent entity		
Profit of the parent entity	**47,220**	40,467
Total comprehensive income of the parent entity	**47,220**	40,467
Financial position of the parent entity		
Current assets	**66,862**	73,753
Total assets	**147,376**	148,875
Current liabilities	**(2,774)**	(6,132)
Total liabilities	**(2,774)**	(6,132)
Net assets	**144,602**	142,743
Equity attributable to the equity holders of the parent		
Issued capital	**140,050**	140,050
Employee equity benefits reserve	**(1,800)**	(1,972)
Retained earnings	**6,352**	4,665
Total shareholders' equity	**144,602**	142,743

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.

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

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 stand alone tax payer 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 Breville Group Limited 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.

Other

Note 18. Share-based payments

Performance rights plan and fixed deferred remuneration plan

Under the performance rights plan and fixed deferred remuneration plan participants are issued with performance rights over the ordinary shares of Breville Group Limited issued in accordance with the Breville Group Limited Performance Rights Plan (PRP). See pages 25 and 26 of the Remuneration report for details of the two plans.

At 30 June 2019 there were 1,106,255 (2018: 978,440) performance rights outstanding under both plans. 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 by an external valuer using a Black Scholes or Monte-Carlo model, 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.

Rights granted and outstanding under the performance rights and Fixed Deferred Remuneration plan

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

		30 June 2019		30 June 2018	
	Note	**Number of performance rights**	**WAEP**	Number of performance rights	WAEP
Outstanding at the beginning of the year		**978,440**	**0.0000**	914,400	0.0000
Performance rights granted during the year		**411,700**	**0.0000**	363,900	0.0000
Performance rights exercised during the year		**(268,720)**	**0.0000**	(94,000)	0.0000
Performance rights lapsed during the year		**(15,165)**	**0.0000**	(205,860)	0.0000
Outstanding at the end of the year	(a)	**1,106,255**	**0.0000**	978,440	0.0000
Exercisable at the end of the year		**-**	**-**	-	-

Note 18. Share-based payments continued

Rights granted and outstanding under the performance rights and Fixed Deferred Remuneration plan continued

Notes

(a) The outstanding balance as at 30 June 2019 is represented by:

Number of performance rights	Note*	Grant date	Vesting date	Expiry date	WAEP $	Fair value at grant date ($)
76,605	(i)	12-Feb-16	29-Aug-19	3-Oct-19	0.0000	2.15
44,350	(ii)	12-Feb-16	25-Jan-20	31-Mar-20	0.0000	4.35
1,100	(i)	16-Mar-16	29-Aug-19	3-Oct-19	0.0000	2.15
109,700	(iii)	9-Aug-16	29-Aug-19	3-Oct-19	0.0000	3.49
109,700	(iv)	9-Aug-16	31-Aug-20	2-Oct-20	0.0000	3.51
60,000	(v)	13-Nov-17	31-Aug-20	1-Oct-20	0.0000	10.12
2,500	(vi)	13-Nov-17	29-Aug-19	1-Oct-19	0.0000	10.56
96,900	(vii)	13-Nov-17	29-Aug-19	1-Oct-19	0.0000	7.05
98,000	(viii)	13-Nov-17	28-Aug-20	1-Oct-20	0.0000	6.81
97,300	(ix)	13-Nov-17	27-Aug-21	1-Oct-21	0.0000	6.68
118,400	(x)	11-Sep-18	28-Aug-20	1-Oct-20	0.0000	7.07
117,600	(xi)	11-Sep-18	27-Aug-21	1-Oct-21	0.0000	6.81
116,400	(xii)	11-Sep-18	29-Aug-22	3-Oct-22	0.0000	6.58
19,200	(x)	16-Nov-18	28-Aug-20	1-Oct-20	0.0000	7.07
19,300	(xi)	16-Nov-18	27-Aug-21	1-Oct-21	0.0000	6.81
19,200	(xii)	16-Nov-18	29-Aug-22	3-Oct-22	0.0000	6.58
1,106,255					0.0000	

(i) These performance rights vest based on the Group's total shareholder return (TSR) from 30 June 2015 to 30 June 2019 applying both an absolute test and a relative test measured against a TSR peer Group.

(ii) Performance condition being that the participant must be employed by the company on 25 January 2020.

(iii) These performance rights vest based on the Group's total shareholder return (TSR) from 30 June 2016 to 30 June 2019 applying both an absolute test and a relative test measured against a TSR peer Group.

(iv) These performance rights vest based on the Group's total shareholder return (TSR) from 30 June 2016 to 30 June 2020 applying both an absolute test and a relative test measured against a TSR peer Group.

(v) Rights granted as fixed deferred remuneration with vesting condition that the participant must still be employed by the company on 30 June 2020.

(vi) Non market based performance condition being that the participant must meet an internal KPI measure.

(vii) These performance rights vest based on the Group's total shareholder return (TSR) from 30 June 2017 to 30 June 2019 applying both an absolute test and a relative test measured against a TSR peer Group.

(viii) These performance rights vest based on the Group's total shareholder return (TSR) from 30 June 2017 to 30 June 2020 applying both an absolute test and a relative test measured against a TSR peer Group.

(ix) These performance rights vest based on the Group's total shareholder return (TSR) from 30 June 2017 to 30 June 2021 applying both an absolute test and a relative test measured against a TSR peer Group.

(x) These performance rights vest based on the Group's total shareholder return (TSR) from 30 June 2018 to 30 June 2020 applying both an absolute test and a relative test measured against a TSR peer Group.

(xi) These performance rights vest based on the Group's total shareholder return (TSR) from 30 June 2018 to 30 June 2021 applying both an absolute test and a relative test measured against a TSR peer Group.

(xii) These performance rights vest based on the Group's total shareholder return (TSR) from 30 June 2018 to 30 June 2022 applying both an absolute test and a relative test measured against a TSR peer Group.

* Excluding (ii) and (v), in addition to the TSR or internal KPI measure performance hurdle, the participant must be employed by the company on the vesting date.

Note 18. Share-based payments continued

Rights granted and outstanding under the performance rights and Fixed Deferred Remuneration plan continued

The average remaining contractual life for the performance rights outstanding at 30 June 2019 is between 1 and 4 years (2018: 1 and 4 years).

The exercise price for performance rights outstanding at the end of the year was $nil (2018: $nil).

The weighted average fair value of performance rights granted during the year was $6.82 (2018: $7.41).

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

The following table lists the inputs to the model used for the grants during the year ended 30 June 2019 and 30 June 2018:

	30 June 2019	**30 June 2019**	**30 June 2019**	30 June 2018	30 June 2018	30 June 2018	30 June 2018	30 June 2018
	(Monte-Carlo)	**(Monte-Carlo)**	**(Monte-Carlo)**	(Black-Scholes)	(Black-Scholes)	(Monte-Carlo)	(Monte-Carlo)	(Monte-Carlo)
Grant date	**11 Sept 18/ 16 Nov 18**	**11 Sept 18/ 16 Nov 18**	**11 Sept 18/ 16 Nov 18**	13 Nov 17	13 Nov 17	13 Nov 17	13 Nov 17	13 Nov 17
Vesting date	**28 Aug 20**	**27 Aug 21**	**29 Aug 22**	31 Aug 20	29 Aug 19	29 Aug 19	28 Aug 20	27 Aug 21
Dividend yield (%)	**3.50**	**3.50**	**3.50**	3.50	3.50	3.50	3.50	3.50
Expected volatility (%)	**25.00**	**25.00**	**25.00**	32.00	32.00	32.00	32.00	32.00
Historical volatility (%)	**25.00**	**25.00**	**25.00**	32.00	32.00	32.00	32.00	32.00
Risk-free interest rate (%)	**2.00**	**2.00**	**2.00**	1.80	1.80	1.80	1.80	1.80
Expected life of performance right	**1.8 years**	**2.8 years**	**3.8 years**	2.8 years	1.8 years	1.8 years	2.8 years	3.8 years
Performance right exercise price ($)	**0.00**	**0.00**	**0.00**	0.00	0.00	0.00	0.00	0.00
Weighted average share price ($)[1]	**10.75**	**10.75**	**10.75**	12.64	12.64	12.64	12.64	12.64
Weighted average fair value ($)[1]	**7.07**	**6.81**	**6.58**	10.12	10.56	7.05	6.81	6.68

1 At grant date

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of performance rights granted were incorporated into the measurement of fair value.

Note 19. Related party transactions

	30 June 2019 $'000	30 June 2018 $'000
(i) Consolidated statement of financial position for class order closed group		
Current assets		
Cash and cash equivalents	**24,059**	79,957
Trade and other receivables	**47,401**	40,405
Inventories	**34,286**	26,813
Other financial assets	**2,016**	3,721
Total current assets	**107,762**	150,896
Non-current assets		
Other financial assets	**70,028**	22,714
Plant and equipment	**8,867**	9,410
Intangible assets	**109,336**	98,511
Total non-current assets	**188,231**	130,635
Total assets	**295,993**	281,531
Current liabilities		
Trade and other payables	**57,689**	51,432
Current tax liabilities	**2,932**	6,132
Provisions	**6,540**	6,608
Other financial liabilities	**463**	291
Total current liabilities	**67,624**	64,463
Non-current liabilities		
Other payables	**2,862**	3,167
Deferred tax liabilities	**4,307**	3,809
Provisions	**864**	742
Total non-current liabilities	**8,033**	7,718
Total liabilities	**75,657**	72,181
Net assets	**220,336**	209,350
Equity		
Issued capital	**140,050**	140,050
Reserves	**(713)**	428
Retained earnings	**80,999**	68,872
Total equity	**220,336**	209,350

Note 19. Related party transactions continued

	30 June 2019 $'000	30 June 2018 $'000
(ii) Consolidated income statement for class order closed group		
Profit from ordinary activities before income tax expense	**80,910**	76,099
Income tax expense relating to ordinary activities	**(23,250)**	(21,075)
Net profit	**57,660**	55,024
Accumulated profits at the beginning of the year	**68,872**	54,828
Dividends paid or reinvested	**(45,533)**	(40,980)
Accumulated profits at the end of the year	**80,999**	68,872

(a) Ultimate controlling entity

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

(b) 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.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in the Remuneration Report and below:

		Consolidated	
	Note	30 June 2019 $	30 June 2018 $
Compensation by category: key management personnel			
Short-term		**5,006,165**	4,865,216
Post-employment	(i)	**208,698**	180,063
Other long-term		**73,490**	34,118
LTI Share-based payment		**982,792**	696,734
Total		**6,271,146**	5,776,131

(i) This comprises defined contribution plans expense of $208,698 (2018: $180,063).

Note 20. Auditor's remuneration

	Consolidated	
	30 June 2019 $	30 June 2018 $
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	**431,424**	416,099
Taxation and accounting advisory services	**138,740**	208,604
Network Firms of PricewaterhouseCoopers Australia		
Controlled entities		
Audit or review services	**139,701**	136,576
Taxation and accounting advisory services	**521,416**	333,266
Total auditor's remuneration	**1,231,281**	1,094,545

Note 21. Commitments and contingencies

Operating lease commitments – group as lessee

Operating leases are entered into mainly as a means of acquiring access to commercial property and storage facilities and the use of minor items of plant and equipment. Rental payments are generally fixed; however certain property leases contain a rental inflation escalation clause, an agreed rental percentage increase clause, a market rental review clause or a mix of these clauses over the term of the operating lease.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Within one year	**8,203**	7,787
After one year but not later than five years	**22,081**	23,817
More than five years	**1,182**	3,808
Total future minimum rentals payable	**31,466**	35,412

Contingent rentals are determined with reference to known existing rental payments and known rental increases during the existing term of each operating lease.

No purchase options exist in relation to operating leases and no operating lease contains restrictions on financing or other leasing activities. Certain property leases contain renewal option clauses.

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 16(a).

Breville Group Limited has issued corporate guarantees in favour of the local bank (HSBC) which provides the day to day US, Canadian, UK and German transactional banking facilities.

Notes to the financial statements
for the year ended 30 June 2019

Note 22. Significant events after year end

The assets of ChefSteps, a US-based business were acquired on 16 July 2019, which will be included within the Global Product segment. The acquisition is not expected to have any material impact on the business of the Group.

No 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 2019 was authorised for issue in accordance with a resolution of the directors on 15 August 2019.

Note 23. Other accounting policies

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 currency of the foreign subsidiaries is either:

- 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.);
- NZD - New Zealand dollar (Breville New Zealand Limited);
- GBP - British pound (BRG Appliances Limited);
- RMB - Chinese Renminbi (Breville Services (Shenzhen) Company Limited); and
- EUR – Euro (Sage Appliances GmbH).

As at 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.

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.

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 the asset. 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.

(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.

Note 23. Other accounting policies
continued

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Any lease incentives are recognised in the income statement as an integral part of the total lease expense.

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.

New accounting standards and interpretations

(i) Changes to accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

The Group adopted all new and amended Australian Accounting Standards and Interpretations that became applicable during the current financial year.

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

AASB 9: Financial Instruments:

The Group adopted this new standard from 1 July 2018 after completing an impact assessment of this standard, including review of its current classification and measurement of financial assets and liabilities, as well as review of hedge accounting documentation. The adoption of this new standard did not have a material impact on the Group.

AASB 15: Revenue from Contracts with Customers:

The Group adopted this new standard from 1 July 2018 after completing an impact assessment of this standard, including review of its revenue recognition policy, customer contracts and internal documents. The adoption of this new standard did not have a material impact on the Group, however FY18 revenue was restated to a comparible basis with FY19 after adoption.

(ii) Accounting Standards and Interpretations issued but not yet effective

Relevant accounting standards that have been issued but are not yet effective are outlined as follows:

AASB 16: Leases (applicable for reporting periods beginning on or after 1 January 2019):

The new standard will replace *AASB 117 Leases*. Once effective, the new requirements will apply to new and pre-existing lease arrangements. The key changes have been outlined below:

- Lessees will recognise a lease liability reflecting future lease payments and a 'right-of-use' asset for virtually all lease contracts (optional exemption available for short-term leases and leases of low-value assets);
- Lessees will have to present interest expense on the lease liability and depreciation on the right-of-use asset in their income statement;
- Lease payments that reflect interest on the lease liability can be presented as an operating cash flow. Cash payments for the principal portion of the lease liability should be classified within financing activities. Payments for short-term leases and for leases of low-value assets should be presented within operating activities.

The Group has completed an internal process of accessing the impact of *AASB 16* on 1 July 2019 for the Statement of Financial Position and estimated the impact to EBIT for the FY20 financial year. The Group will be implementing the new standard using the modified retrospective approach which does not require restating the previous financial years. The impact on key areas of the financial statements are summarised below:

- A right of use asset will be recognised on 1 July 2019 valued between $20.0m to $25.0m.
- A lease liability will be recognised on 1 July 2019 valued between $25.0m to $30.0m.
- The impact to EBIT for the FY20 financial year from reclassifying operating expenses under *AASB 117* to depreciation and interest expense under *AASB 16* is expected to be an increase to EBIT of $2.0m to $3.0m.
- The impact to Net Profit after income tax for the FY20 financial year is expected to be an increase to NPAT of $0.5m to $1.0m.

Directors' declaration

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

1. In the opinion of the directors:
   (a) the financial statements and notes of the consolidated entity 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 2019 and of its performance for the year ended on that date; and
      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
   (b) the financial statements and notes also comply with International Financial Reporting Standards 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) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 16(a) 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 has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

On behalf of the board

Steven Fisher
Non-executive chairman

Sydney
15 August 2019

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 2019 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 Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2019
- 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 cash flow statement for the year then ended
- the consolidated income statement for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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, www.pwc.com.au

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, www.pwc.com.au

Independent auditor's report continued

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.

Materiality

- For the purpose of our audit we used overall Group materiality of $4.7 million, which represents approximately 5% of the Group's profit before tax.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.

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 entities located in Australia/New Zealand, North America, and the 'Rest of World' comprising its entities in Hong Kong, United Kingdom, Germany and China, with the most financially significant operations being Breville Australia and Breville United States. Accordingly, we structured our audit as follows:
- The Group audit was led by our team from the Australian PwC firm ("Group audit team"). The Group audit team conducted an audit of the special purpose financial information of Breville Australia and Breville United States used to prepare the consolidated financial statements.
- Component auditors in Canada and Hong Kong, under instructions from the Group audit team, performed specified audit procedures over targeted financial statement items within the respective special purpose financial information for those locations used to prepare the consolidated financial statements.
- The Group audit team undertook the remaining audit procedures, including over significant financial statement items controlled at the Group level, the Group consolidation and the audit of the financial report and remuneration report.
- The Group audit team decided on their level of involvement needed in the work performed by the component auditors, to be satisfied that sufficient appropriate evidence had been obtained for the purpose of our opinion. Review of the work undertaken by the component teams and regular dialogue between the teams up to the reporting date supplemented the specific direct written instruction provided by PwC Australia and augmented the reporting provided by the component auditors.

The combination of all these procedures provided us with sufficient and appropriate audit evidence to express an opinion on the Group's financial report as a whole.

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*
Estimated recoverable amount of goodwill and indefinite life intangibles *(Refer to note 9) – $70.2m* The Group recognises assets for goodwill and indefinite life intangibles in respect of its brand names. Under Australian Accounting Standards, the Group is required to test the goodwill and indefinite lived intangible assets annually for impairment, irrespective of whether there are indications of impairment. This assessment is inherently complex and judgemental, and requires judgement by the Group in forecasting the operational cash flows of the cash generating units of the Group, and determining discount rates and terminal value growth rates used in the discounted cash flow models used to assess impairment (the models). The recoverable amount of goodwill and other indefinite life intangible assets was a key audit matter given the: - financial significance of the intangible assets to the statement of financial position; and - judgement applied by the Group in completing the impairment assessment.	We focused our efforts on developing an understanding and testing the overall calculation and methodology of the Group's impairment assessment, including identification of the cash generating units of the Group for the purposes of impairment testing, and the attribution of net assets, revenues and costs to those components. In obtaining sufficient audit evidence, our procedures included, amongst others: - assessing the cash flow forecasts included in the models with reference to actual historical earnings - testing the mathematical calculations within the models - assessing the terminal value growth rates and discount rates applied in the models - performing sensitivity analyses over the key assumptions used in the models; and - evaluating the related financial statement disclosures for consistency with Australian Accounting Standards requirements.
Estimated recoverable amount of capitalised development costs *(Refer to note 9) $39.4m* The Group recognises assets for development costs which meet the recognition criteria required by Australian Accounting Standards. Development costs capitalised in respect of projects that have not yet been completed are referred to in the Australian Accounting Standards as 'intangible assets not yet available for use' and are required to be tested annually for impairment, irrespective of whether there are indicators of impairment. This assessment is inherently complex and judgemental, and requires judgement by the Group in forecasting the total costs, economic returns and operational cash flows of these projects and in determining discount rates and terminal value growth rates used in the discounted cash flow models used to assess impairment (the models). The recoverable amount of development costs was a key audit matter given the: - financial significance of these assets to the statement of financial position; and - judgement applied by the Group in completing the impairment assessment.	We focused our efforts on developing an understanding and testing the overall calculation and methodology of the Group's impairment assessment, including identifying the projects with the highest magnitudes of capitalised costs and those with significant deviations when compared to the original business cases. In obtaining sufficient audit evidence, our procedures included, amongst others: - assessing the cash flow forecasts included in the models with reference to actual historical accuracy in forecasting costs and economic returns for past projects; - testing the mathematical calculations within the models; - assessing the terminal value growth rates and discount rates applied in the models; - performing sensitivity analyses over the key assumptions used in the models; and - evaluating 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 2019, 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.

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 that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

pwc

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 24 to 39 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Breville Group Limited for the year ended 30 June 2019 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

PricewaterhouseCoopers

Mark Dow
Partner

Sydney
15 August 2019

Auditor’s independence declaration

Auditor’s Independence Declaration

As lead auditor for the audit of Breville Group Limited for the year ended 30 June 2019, 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.

Mark Dow
Partner
PricewaterhouseCoopers

Sydney
15 August 2019

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, www.pwc.com.au

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, www.pwc.com.au

Shareholder information

Substantial shareholders as at 2 September 2019

The following information is extracted from the company's register of substantial shareholder notices:

Name	Number of ordinary shares	% of issued ordinary shares
S. Lew Custodians Pty Limited	43,429,879	33.40%
Matthews International Capital Management, LLC	9,318,737	7.16%
Bennelong Australian Equity Partners Ltd	7,262,595	5.58%

Distribution of shareholdings as at 2 September 2019

Size of holding	Ordinary shareholders
1 to 1,000	1,673
1,001 to 5,000	1,286
5,001 to 10,000	275
10,001 to 100,000	209
100,001 and over	44
Total shareholders	**3,487**
Number of ordinary shareholders with less than a marketable parcel	131

Voting rights

All ordinary shares issued by Breville Group Limited carry one vote per share without restriction.

Twenty largest shareholders as at 2 September 2019

Name	Shares	% IC
Premier Investments Limited	35,761,415	27.49%
HSBC Custody Nominees (Australia) Limited	34,306,683	26.37%
J P Morgan Nominees Australia Limited	13,268,280	10.20%
Citicorp Nominees Pty Limited	11,239,126	8.64%
National Nominees Limited	5,406,120	4.16%
SL Superannuation No1 Pty Ltd	3,000,000	2.31%
BNP Paribas Noms Pty Ltd	2,291,218	1.76%
Lew Family Investments Pty Ltd	1,891,461	1.45%
Lew Family Investments Ltd	1,535,718	1.18%
BNP Paribas Nominees Pty Ltd	1,242,016	0.95%
S L Nominees Pty Ltd	711,667	0.55%
Mirrabooka Investments Limited	565,000	0.43%
National Nominees Limited	503,000	0.39%
Nofusa Pty Ltd	500,000	0.38%
Citicorp Nominees Pty Limited	490,844	0.38%
McNeil Nominees Pty Limited	431,181	0.33%
AMP Life Limited	368,004	0.28%
HSBC Custody Nominees (Australia) Limited	366,788	0.28%
Mr Scott Laurence Brady	360,157	0.28%
HSBC Custody Nominees (Australia) Limited-GSCO ECA	335,694	0.26%
Total	**114,574,372**	**88.07%**

Unquoted equity securities as at 2 September 2019

	Number on issue	Number of holders
Performance rights issued under the Breville Group Performance Rights Plan and Fixed Deferred Remuneration Plan to take up ordinary shares	1,106,255*	33

* Number of unissued ordinary shares under the performance rights plans.

Company information

Directors

Steven Fisher
Non-executive chairman

Timothy Antonie
Non-executive director

Peter Cowan *(appointed 01/09/2018)*
Non-executive director

Sally Herman
Non-executive director

Dean Howell
Non-executive director

Lawrence Myers
Non-executive director
Lead independent director

Kate Wright
Non-executive director

Company secretaries

Sasha Kitto
Craig Robinson *(appointed 26/06/2019)*

Registered office and principal place of business

Ground Floor, Suite 2
170-180 Bourke Road
Alexandria NSW 2015

Telephone (+61 2) 9384 8100

Company websites

brevillegroup.com
breville.com
kambrook.com.au
sageappliances.com

ABN

Breville Group Limited ABN 90 086 933 431

Share register

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Enquiries within Australia: (02) 8280 7111
Enquiries outside Australia: (+61 2) 8280 7111
Website: linkmarketservices.com.au

Auditors

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000
Australia

Bankers

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

ARCHIVAL GUARANTEED
ISO14001 EMS
PAPER MADE CARBON NEUTRAL
PROCESS CHLORINE FREE
RECYCLED
RESPONSIBLE FORESTRY PRACTICES

This report is printed on ecoStar+ which is an environmentally responsible paper made carbon neutral, and the fibre source is FSC Recycled certified. ecoStar+ is manufactured from 100% post consumer recycled paper in a process chlorine free environment under the ISO 14001 environmental management system.

Design: **Buzzsaw**. Print: **Hogan Print**

Breville®

Master Every Moment™


Breville