BRG GROUP

8 November 2023

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

Breville Group Limited – 2023 Annual General Meeting Presentation

Please find attached a copy of the Chairman's and CEO's addresses to shareholders to be delivered at the Annual General Meeting of Breville Group Limited at 10:00am AEDT today.

The release of this announcement was authorised by the Board.

Chairman’s Address at 2023 AGM

Slide 3

I would like to begin by acknowledging and paying respects to the traditional custodians of the land on which we work, and to their Elders, past and present, and we further extend that respect to all Aboriginal and Torres Straight Islanders present here today.

We celebrate the continuing contribution of their food and culture, and seek to support it, in Australia and the world.

Slide 6

The 2023 financial year was again a record year for BRG with revenues approaching $1.5 billion and EBIT of $172 million. This was achieved against a challenging and dynamic trading environment, with a subdued consumer, inflationary headwinds, a strong denominator, and retailer destocking.

Slide 7

Over the past 5 years revenues have grown at a compound average growth rate of 17.8% per annum.

EBIT has also grown at a very impressive compound average annual growth rate of 14.6% while increasing our spend in our investment drivers of R&D, marketing and technology services by 19.5% per annum over the same period.

Slide 8

Our Global Products segment grew by 19.6% per annum across the five years and our geographic expansion and diversification accelerated with almost 78% of BRG sales outside APAC in FY23 up from 73%, 5 years ago.

Slide 9

With more moderate revenue growth in FY23, gross margins were managed well demonstrating the pricing power of our premium products, and expenses were moderated.

BRG maintained its investment in R&D, marketing and technology ensuring that market facing activities, such as advertising and content creation, were kept largely flat year over year. The successful execution of these combined efforts enabled us to deliver 10% EBIT growth.

Slide 10

Net profit after tax increased by 4.2% to $110.2 million.

Earnings per share increased by 1.7% to 77.2 cents, and in line with the Board’s target payout ratio of 40% of EPS; dividends per share also increased by 1.7% to 30.5 cents.

BRG is well positioned for further growth in FY24, supported by a number of strategic initiatives which Jim will discuss in his address today.

Our balance sheet remains very strong with net debt to EBITDA of 0.6X at 30 June 2023.

With the operational impacts of Covid-19 now behind us, we plan to continue to reduce our inventories throughout FY24, particularly in the second half, resulting in substantially enhanced cash inflows.

BRG has recently made good progress on its sustainability and diversity goals and has set clear objectives for the coming years. I encourage you to read our Annual Report for more detail.

Slide 11

On behalf of the Board, I would like to congratulate our CEO, Jim Clayton, our executives and our global team for their ability to deliver record results in FY23 while continuing to make pivotal strategic decisions and investments to position us for further growth in the upcoming years.
I welcome Tuula to the board and thank my fellow directors for their diligence.

I would also like to thank our shareholders, customers, retail partners and suppliers for their continued support.

We look forward to sharing the exciting times ahead with you.

END CHAIRMAN'S ADDRESS

CEO's Address at 2023 AGM

Slide 12

Thank you, Tim, and good morning to everyone joining our AGM.

Slide 13

Today, I will walk through our FY23 year-end results, give a brief update on the first half of '24, and finish with some concluding remarks.

Slide 14

Given we presented these results back in August, I will hit the highlights. As with many other verticals, FY23 was a challenging period for the Small Domestic Appliance vertical. Despite the headwinds, we delivered 4.2% topline growth and 10.0% EBIT growth.

While I prefer growing more quickly, FY23 did present an opportunity to show how our annual management processes work in a deceleration scenario. Typically, we have the business tilted forward, with revenue growing faster than EBIT, enabling us to further increase our investment in Marketing, R&D, and Technology Services. In FY23, however, we were able to show this door swings both ways—we can also grow EBIT faster than revenue to protect shareholders from the headwinds. Across all the public companies I track around the world in our vertical and similar verticals, I didn't find another instance where a company successfully executed this inversion.

Slide 15

Looking at our segment performance, we saw deceleration in the Global Segment, delivering 4.1% growth in constant currency, and a shortfall in the distribution segment caused by a bumpy product range transition with Nespresso as well as the bankruptcy of Bed Bad & Beyond in the 2H of ‘23. The good news is the Distribution Segment represents a fairly small percent of total at the Gross Profit line, though we expect it to stabilise in FY24.

Slide 16

Across the Theatres, we were fortunate that both sell-in and sell-out remained positive. The Americas continued to deliver a solid performance, despite having to absorb the bankruptcy of BBB in the 2H. EMEA had a pretty turbulent year for sell-in: -22% in the 1H and +37% in the 2H. Sell-out performance was solid and consistent in both halves, so all of this noise was retailer driven. APAC was steady across both halves, with Korea performing particularly well.

Slide 17

This EBIT waterfall slide gives a graphical depiction of how we were able to grow EBIT more quickly than Revenue. We used our incremental Gross Profit and a bit of marketing expense to cover the increased costs coming from the annualization of FY22 hires and geographic expansion while keeping other costs flat. The reduction in marketing expenses didn’t come from customer-facing spend. Instead, the reduction in GTM platform spend came from the core solution platforms transitioning from their build phase to the run phase, which is less expensive.

Slide 18

Across the balance sheet, there were two primary changes: First, the increase in receivables. In the 2H of last year, retailers in EMEA were not buying. This year we had a more “normal” second half. This is showing as an increase over the prior year, but really it is a more typical end-of-year receivables number. The second is the acquisition of Lelit playing through the numbers, from Inventory to Goodwill and Brands.

Slide 19

I’ve included an updated version of the Acceleration Scorecard. I’ll only comment that while the strategy continues to deliver a nice long-term trajectory, the backdrop hidden within FY18 – FY23 is pretty remarkable: Brexit, Trump Tariffs, Covid, the Ukraine War, retailer bankruptcies, a volatile and weak Aussie Dollar, and Central Banks around the world trying to force a recession. With this context, the fairly steady, boring progression of the numbers is the true highlight.

Slide 20

I’ll now give an update on 1H24.

Slide 21

The Breville+ service is now live in the US. This service helps our customers get great results with our cooking products. Instead of talking about it, I’d like to show you the launch video, which does a great job of explaining the benefits of the service.

Slide 22

In addition to Breville+, we’ve also launched our Specialty Coffee Bundle Solution in the 1H24 in the US, the UK, and Australia. Through the Bundle, we’ve created a compelling case for our customers to get everything they need for café-quality coffee at home: a machine, specialty coffee, and training. What’s unique about this program is it is designed to be executed through our retail partners. This is not a “promotion”—instead, it is an “always on” offering for any Breville coffee machine. We’re seeing positive initial results and will continue to iterate and improve the program as we engage with our customers.

Slide 23

Now for a quick update on 1H24. Period to date, it’s as we expected: a challenging backdrop. Our new products are performing well, and we’re getting positive consumer and retailer feedback on both Breville+ and the Specialty Coffee Bundle. Across the theatres, Americas is performing as expected with a reminder it has a BBB overhang in its 1H denominator; APAC is moving from strength-to-strength in Asia with a weaker demand pattern in ANZ; and EMEA is posting solid period-over-period results, though it has a weak denominator. Input cost improvements are flowing through, and our inventory flow model is lining up to drive a working capital release in the 2H. Overall, we’re still between the goal posts (our low-end case and our high-end case), so we continue to operate within our FY24 parameters.

Slide 24

In closing, I would like to thank every employee at BRG for managing through another challenging year, always having a relentless focus on delivering for our customers. I’d also like to thank the Board for their guidance as we navigate the challenges and the opportunities.

With that, thank you to everyone for joining us today.

Disclaimer

To the extent this Presentation contains any forward-looking statements, such statements are not guarantees of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Breville, its directors and management, and involve elements of subjective judgement and assumptions as to future events which may or may not be correct. Actual performance may differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. The forward-looking statements are based on information available to Breville as at the date of this Presentation. Except as required by law, including the ASX Listing Rules, Breville undertakes no obligation to provide any additional or updated information, whether as a result of new information, future events or results or otherwise.

BRG GROUP

Annual General Meeting

8th November 2023

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Acknowledgement of Country

We would like to acknowledge the traditional custodians on whose land we meet today. We would like to pay respect to their Elders: past and present; and further extend that respect to all Aboriginal and Torres Straight Islanders present here today.

We celebrate the continuing contribution of their food culture, connection to, and custodianship of, this country.

Chairman’s Address

Mr. Tim Antonie

Introductions & Running Order

Items of Business

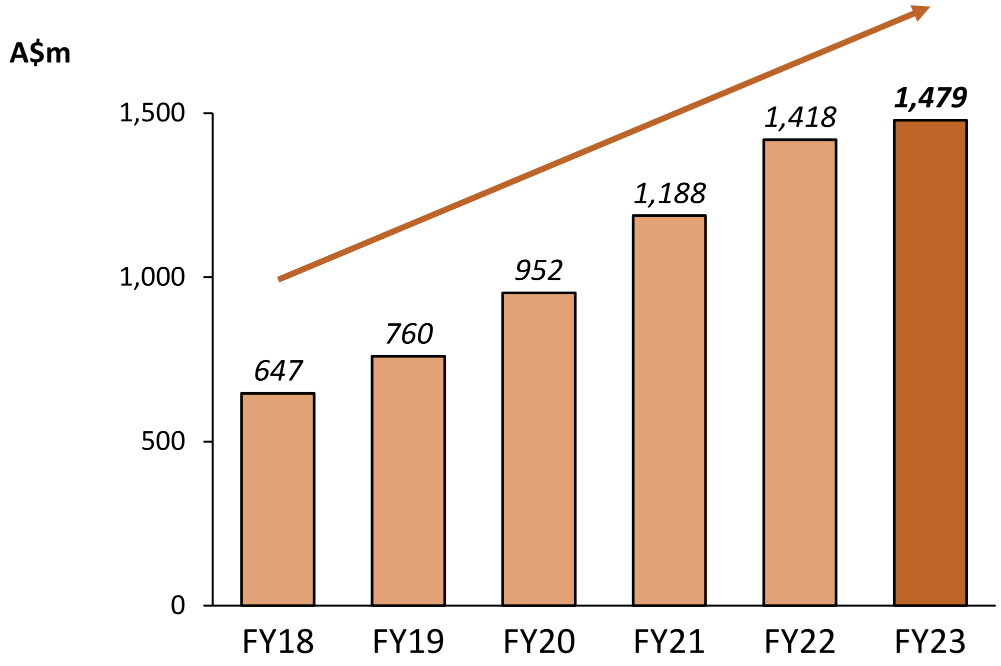
- 2023 Annual Report
- Remuneration Report
- Re-election and election of Non-Executive Directors
- Grant of rights to Managing Director and CEO

"A robust year for the Group with solid revenue and EBIT growth, delivered against a challenging backdrop"

FY23 Financial Highlights

FY23 Revenue - A$1,478.6m

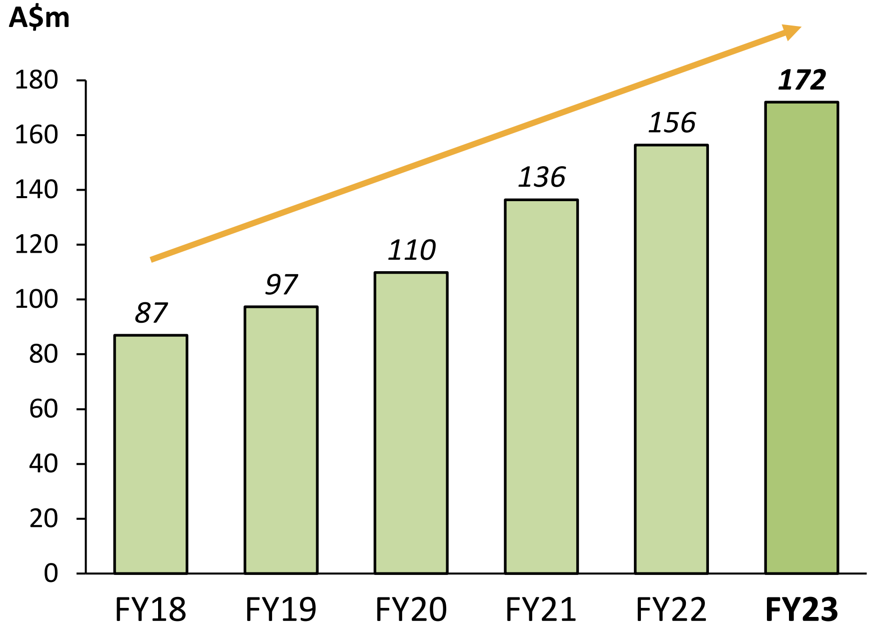
+4.2% vs FY22
+17.8% 5-year CAGR



Total Revenue by Financial Year

FY23 EBIT - A$172.0m

+10.0% vs FY22
+14.6% 5-year CAGR



Total EBIT by Financial Year

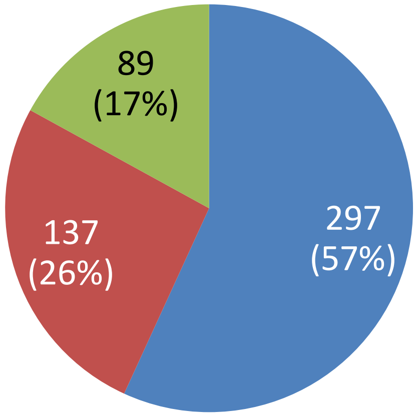
FY23 Financial Highlights

Global Product Segment Sales by Theatre: Growth from FY18 to FY23

FY18

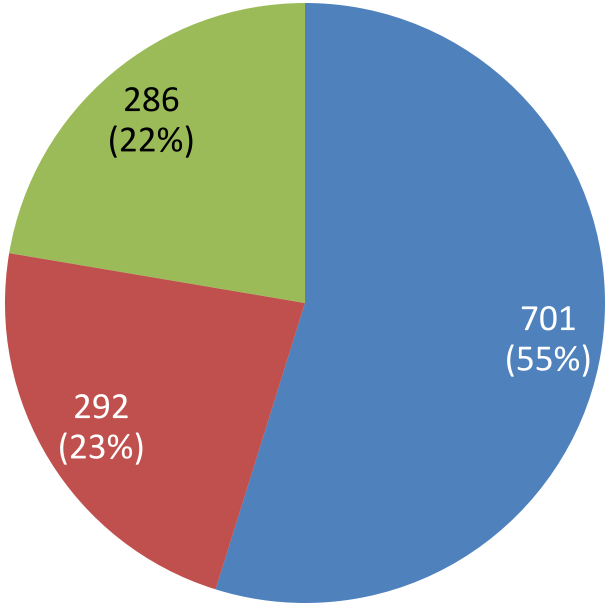
A$522m (81% of BRG)

<--- CAGR of 19.6% --->



FY23

A$1,279m (86% of BRG)

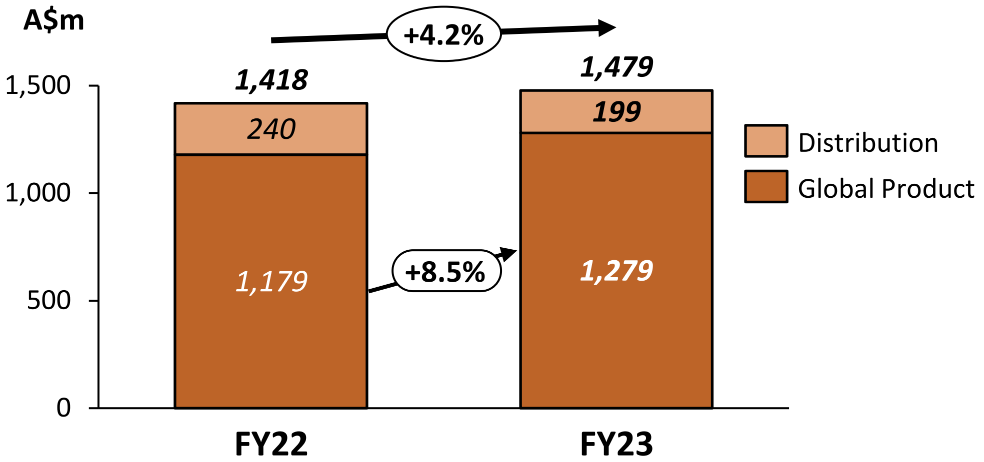


A$m

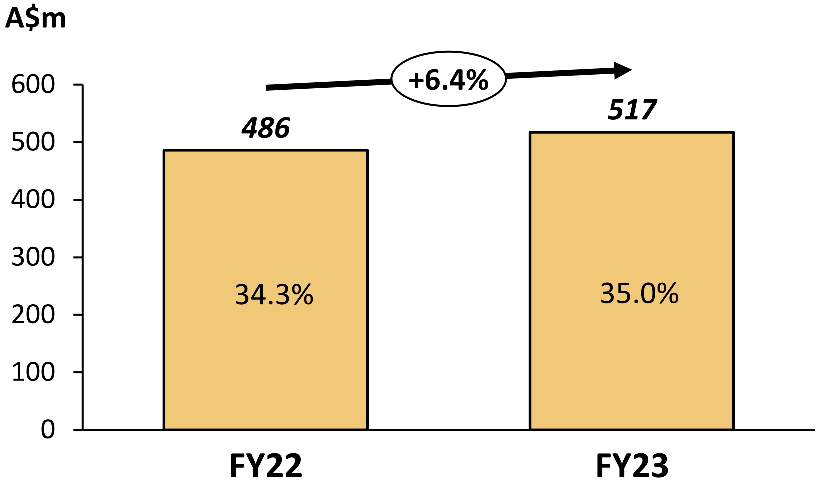
Americas APAC EMEA

FY23 Results Summary

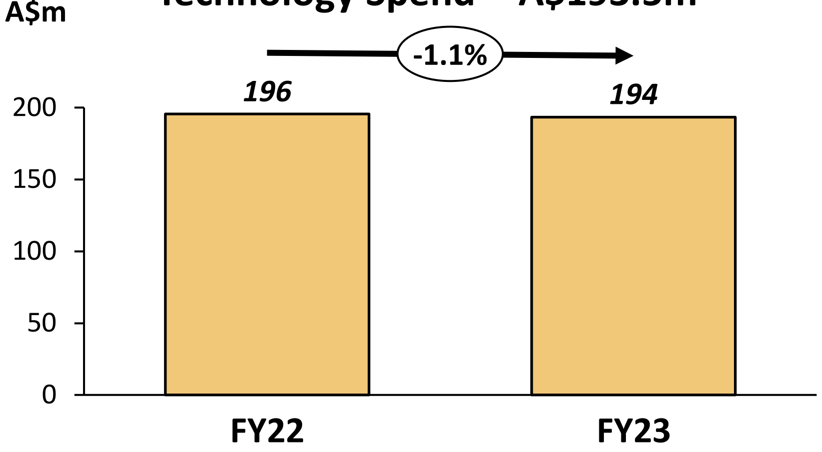
FY23 Revenue - A$1,478.6m



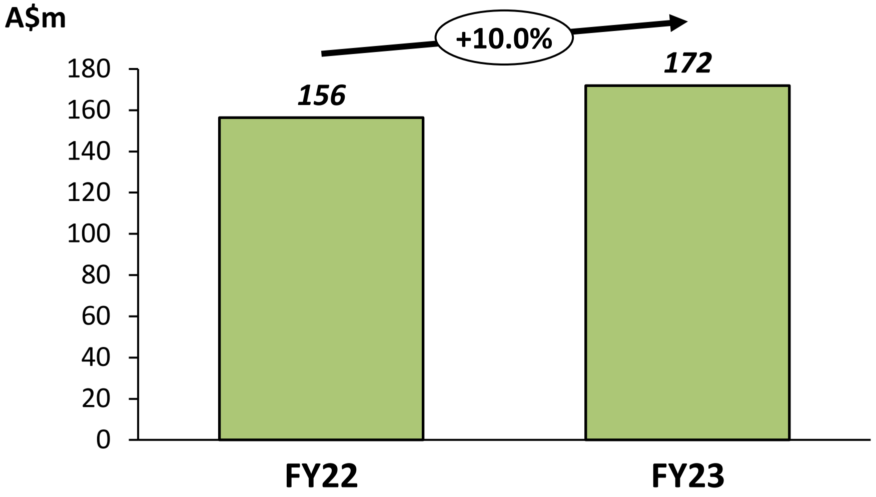
FY23 Gross Margin - A$516.9m



FY23 Marketing/R&D/ Technology Spend - A$193.5m

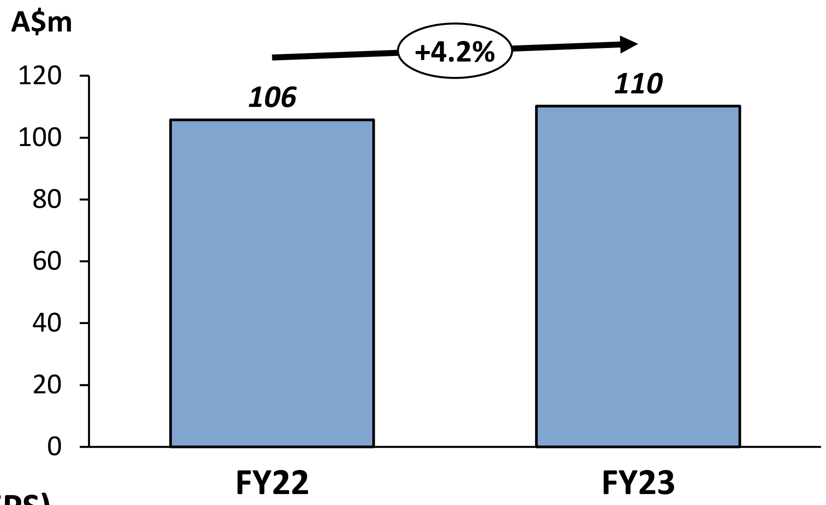


FY23 EBIT - A$172.0m

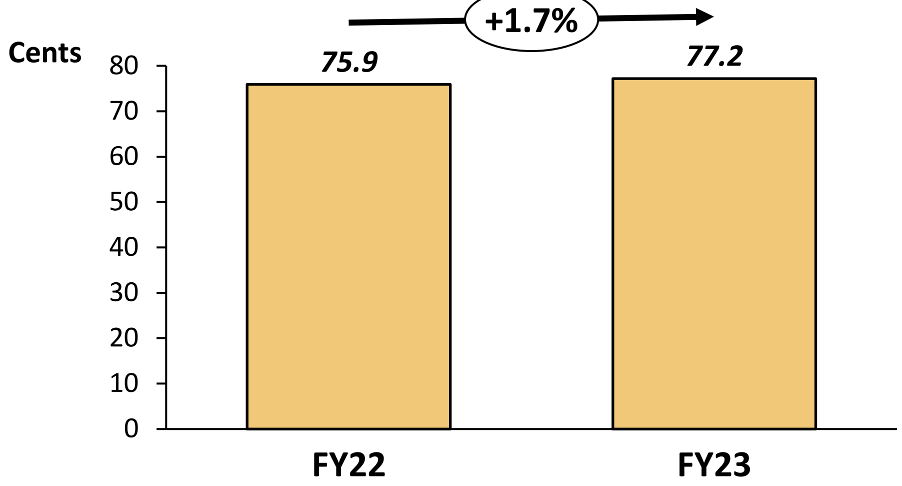


Group FY23 Results Summary

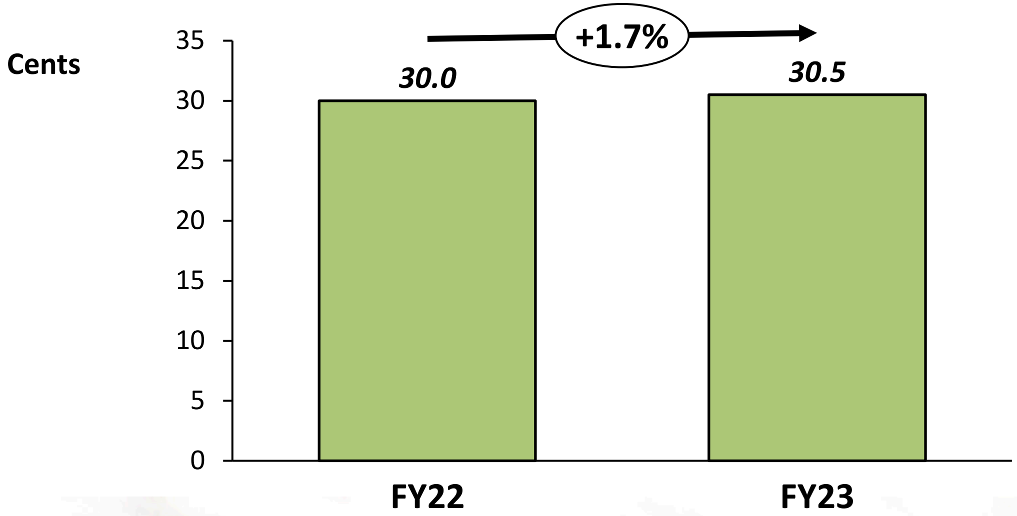
FY23 NPAT - A$110.2m



FY23 Basic Earnings Per Share (EPS)
77.2 cents



FY23 Dividend Per Share (DPS)
30.5 cents



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Thank You

- BRG global team
- Shareholders
- Suppliers, customers and consumers

CEO’s Address

Jim Clayton

AGM Agenda

- The Numbers
- 1HFY24 Update
- Closing Remarks

Group Summary Result

Solid year at top end of guidance

AUDm	FY23	FY22	% Chng
Revenue	**1,478.6**	1,418.4	**4.2%**
Gross Profit	**516.9**	485.9	**6.4%**
Gross margin (%)	**35.0%**	34.3%	
EBITDA	**218.2**	186.8	**16.8%**
EBIT	**172.0**	156.4	**10.0%**
EBIT margin (%)	**11.6%**	11.0%	
NPAT	**110.2**	105.7	**4.2%**
Basic EPS (cents)	**77.2**	75.9	**1.7%**
Dividend per share (cents)	**30.5**	30.0	**1.7%**
Franked (%)	**100%**	100%	
ROE[1] (%)	**15.9%**	18.9%	
Net (debt) / cash ($m)	**(121.3)**	(4.1)	

[1] *ROE is calculated based on NPAT for the 12 months ended 30 June 2023 (FY22: 12 months ended 30 June 2022) divided by the average of shareholders' equity in June each year and 12 months earlier.*

Commentary

- Solid revenue growth against a subdued consumer backdrop and strong prior year
- 2H23 revenue growth stepped up to 9.4% led by EMEA recovery against a poor 2H22
- Gross profit grew 6.4% (2H23 10.6%) with GM% strengthening as inflationary costs recovered and promotions well controlled
- Opex well managed, delivering EBIT at the top end of guidance with 10.0% growth over PY
- FY23 NPAT grew in line with sales at 4.2% (2H23 12.4%) after absorbing higher borrowing costs
- Seasonal total cash inflow of $90.9m in 2H23
- Full year cash outflow and an increase in net debt of $117.2m primarily due to acquisition of Lelit, $79.6m, and higher receivables following strong Q4 sales

Segmental Results

AUDm	Revenue			Gross Profit			Gross Margin (%)	
	FY23	FY22	**% Chng**	**FY23**	FY22	**% Chng**	**FY23**	FY22
Global Product	**1,279.2**	1,178.5	**8.5%**	**470.5**	428.7	**9.8%**	**36.8%**	36.4%
% Change CC*			***4.1%***					
Distribution	**199.3**	239.9	**(16.9)%**	**46.4**	57.2	**(18.9)%**	**23.3%**	23.8%
TOTAL	**1,478.6**	1,418.4	**4.2%**	**516.9**	485.9	**6.4%**	**35.0%**	34.3%

*Cc: constant currency

Commentary

- Solid revenue growth in premium Global Product segment outweighed decline in Distribution segment
- New Product launches well received, contributing to Global Product segment growth
- New Geographies (entered during and since Covid) grew revenue by over 96%, albeit off a small base
- Coffee and Cooking both grew solidly with Food Preparation proving more discretionary with revenue declining
- Bed Bath and Beyond (BBB) exit and Lelit acquisition balanced each other out in sales and margin impact
- Distribution segment decline led by weaker demand for Nespresso distribution products
- Improved gross margins despite inflationary pressures

Global Product Segment by Theatre

AUDm	GLOBAL PRODUCT SEGMENT REVENUE			
	FY23	FY22	% Chng	% Chng CC*
Americas	701.2	605.0	15.9%	7.0%
APAC	292.2	278.4	5.0%	4.3%
EMEA	285.8	295.2	(3.2)%	(3.1)%
TOTAL	1,279.2	1,178.6	8.5%	4.1%

*Cc: constant currency

Commentary

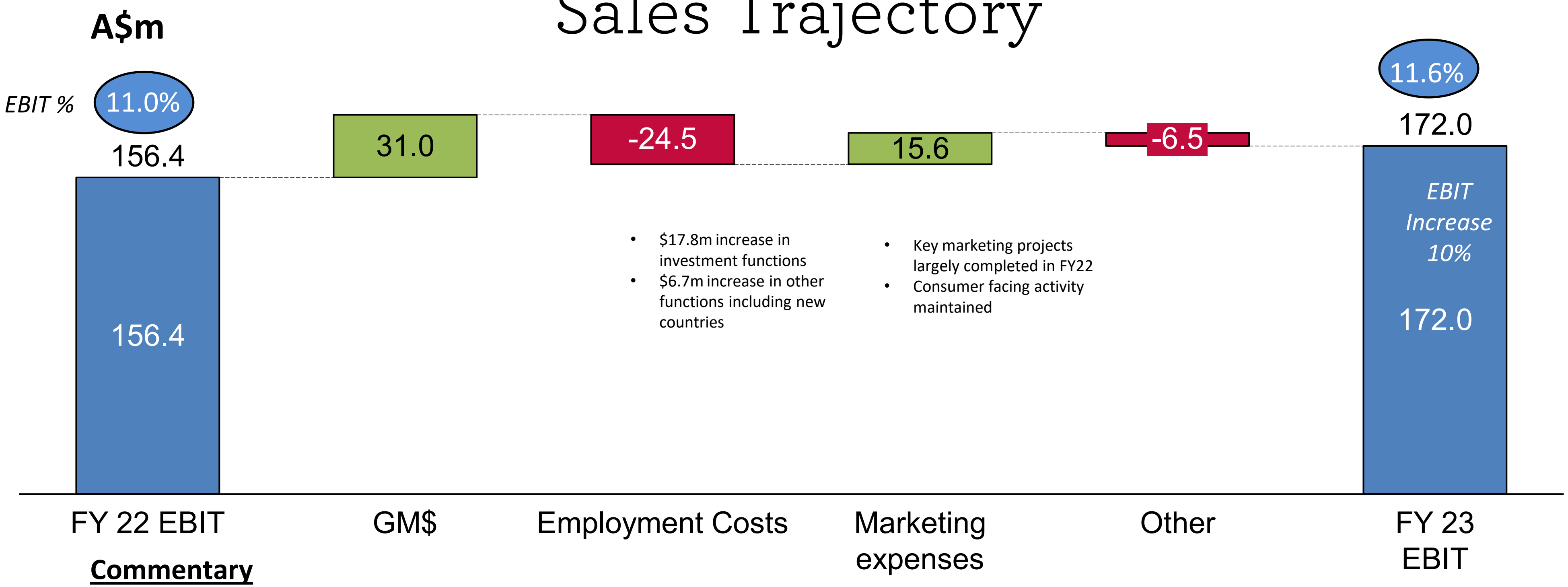
- All Theatres delivered positive sell-out unit growth in both halves
- Sell-in growth improved to 14.4%, or 9.8% cc in 2H23

Americas – continued to deliver solid regional performance, though had to absorb the bankruptcy of Bed Bath & Beyond in 2H

EMEA – after absorbing retailer destocking in 1H23, bounced back in the 2H (+37.4%), ending slightly negative for the year

APAC – relatively steady across both halves with NPD and Asia performing particularly well

Opex Well Controlled and Aligned to Sales Trajectory



Commentary

- Well managed year with opex successfully controlled to deliver EBIT at top end of guidance
- Like-for-like headcount kept flat during FY23. Employment cost increase relates to FY22 hires largely in R&D, Marketing and Tech Services (investment functions) as well as general pay rises
- Reduction in marketing expenses largely relates to completion of the intensive build phase of key GTM (go to market) platform projects expensed in FY22. Consumer facing activity kept broadly in line with pcp
- Total spend on investment functions at ~13.1% revenue

Financial Position at 30 June

AUDm[1]	June 23	June 22
Inventory	**439.6**	445.9
Receivables	**276.8**	194.2
Trade and other payables	**(261.3)**	(292.3)
WORKING CAPITAL	**455.1**	347.8
PPE	**53.8**	33.5
Development costs & software	**71.8**	56.2
Goodwill and Brands	**327.2**	184.8
Other (liabilities) / assets	**(16.9)**	(3.9)
NET ASSETS EMPLOYED	**891.0**	618.5
Net debt / (cash)	**121.3**	4.1
Shareholders' equity	**769.7**	614.4
CAPITAL EMPLOYED	**891.0**	618.5

ROE%[2]	***15.9%***	*18.9%*

[1] Minor differences may arise due to rounding
[2] ROE is calculated based on NPAT for the 12 months ended 30 June 2023 (FY22: 12 months ended 30 June 2022) divided by the average of shareholders' equity in June each year and 12 months earlier.

Commentary

- Working capital increase driven by receivables and payables
  - Receivables increased $82.6m, after strong Q4 sales, with days outstanding consistent with prior period
  - June 23 inventory roughly flat on prior year
  - Payables decrease of $(30.9)m reflects reduced 2H23 inventory purchases
- Increase in PPE led by Lelit acquisition and increased investment in tooling as products are prepared for production
- Capitalised development costs increase led by expanded R&D and a healthy pipeline of NPD. Amortisation will accelerate as new products are released
- Aggregate balance of capitalised PPE and development costs at 8.5% of revenue is in line with FY19 and FY20
- Increase in Goodwill and Brands arises from Lelit purchase
- Net debt increased $117.2m over PY due to Lelit acquisition $79.6m and higher working capital
- 2H23 cash inflow of $90.9m. FY24 inflow expected as a more predictable demand pattern supports a normal inventory flow
- Leverage below 0.6x EBITDA, with unused debt facilities of ~$265m and cash of ~$84m in place for expansion

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Acceleration Program Scorecard

Acceleration Program Scorecard	FY18	FY19	FY20	FY21	FY22	FY23	FY18-FY23 CAGR
BRG Revenue (AUDm)	**646.8**	**760.0**	**952.2**	**1,187.7**	**1,418.4**	**1,478.6**	**18.0%**
Revenue Yr/Yr Growth	*6.8%*	*17.5%*	*25.3%*	*24.7%*	*19.4%*	*4.2%*	
Global Segment Revenue	**522.2**	**612.0**	**764.4**	**984.2**	**1,178.5**	**1,279.2**	**19.6%**
Global Segment CC Growth	13.4%	12.0%	20.1%	37.0%	18.0%	4.1%	
Global Segment GM%	38.2%	38.2%	35.7%	36.9%	36.4%	36.8%	
Distribution Gross Profit	30.0	37.7	48.0	50.8	57.2	46.4	
BRG EBIT	**86.9**	**97.3**	**109.9***	**136.4**	**156.4**	**172.0**	**14.6%**
EBIT Yr/Yr Growth	*10.0%*	*12.0%*	*12.9%*	*24.1%*	*14.7%*	*10.0%*	
Marketing/R&D/Technology Spend	79.4	94.5	113.1	160.0	195.6	193.5	**19.5%**
Marketing/R&D/Tech as % Revenue	*12.3%*	*12.4%*	*11.9%*	*13.5%*	*13.8%*	*13.1%*	
ROE	21.5%	22.7%	17.9%	19.7%	18.9%	15.9%	
AUD:USD (yearly average)	0.775	0.716	0.671	0.747	0.726	0.671	-2.8%
Yr/Yr Change	*2.8%*	*-7.7%*	*-6.3%*	*11.3%*	*-2.8%*	*-7.6%*	

* Normalised EBIT as reported in FY21

Our core strategy continues to deliver a solid long-term trajectory for the business, despite the challenging currency and market environment:

Increase investment in marketing, R&D, and technology coupled with geographic expansion to drive Global Segment revenue acceleration while delivering consistent EBIT yr/yr growth.

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AGM Agenda

- The Numbers
- **1HFY24 Update**
- Closing Remarks

Breville+ Is Live

- Live in US
- Strong retailer support because it is providing value vs. discounting
- Service continues to evolve and improve
- Consumer reaction to date has been positive
- We’re in the test-learn-iterate phase of the service as we dial in where consumers want the help

Specialty Coffee Bundle is Live

- Live in US, UK, and Australia
- Fundamental driver is helping our customers get what they really want: café quality coffee at home
- Program executed through our retail partners
- This is not a “promotion”– it’s always on. Any promotional activity is “in addition”
- Will continue to iterate and fine tune the program

1HFY24 Update

- New products in coffee and cooking continuing to perform well.
- In a *test-learn-iterate* cycle for both Breville+ and the Coffee Solution. Consumer reaction to both has been positive.
- Regional sell-in performance YTD: Americas performing as expected with BBB overhang in 1H; APAC continued strength in Asia coupled with continued weakness in Australia, though holding relative position; EMEA delivering solid pd/pd results.
- Logistics costs and FOBs are trending in the right direction--down.
- Inventory flow model playing through. Should see working capital release in 2H24.
- Currently the business is performing between the goal posts (low end-high end), so we continue to be within our FY24 plan parameters.

AGM Agenda

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Annual General Meeting

8th November 2023