



CLIVE BERGHOFER CENTRE

81 FULCHER ROAD
RED HILL QLD 4059
AUSTRALIA

T 07 3858 9111 F 07 3858 9112

INFO@BRONCOS.COM.AU
BRONCOS.COM.AU

11 August 2020

To: ASX Company Announcements Platform

BRISBANE BRONCOS LIMITED AND CONTROLLED ENTITIES 2020 HALF-YEAR FINANCIAL RESULTS

Please find attached the following documents in relation to the 30 June 2020 half-year financial results for Brisbane Broncos Limited and its controlled entities:

- Earnings Release
- Appendix 4D – Half-Year Report
- 2020 Half-Year Financial Report
- Independent Review Report

Yours sincerely

Brisbane Broncos Limited
Louise Lanigan
Company Secretary





Earnings Release: 11 August 2020

**BRISBANE BRONCOS LIMITED
and its controlled entities
30 June 2020 Half-Year Results**

The Board of Brisbane Broncos Limited today announced the trading results for the half year ended 30 June 2020. The consolidated entity achieved a profit from ordinary activities before income tax of \$0.02 million.

The comparison between the 2020 and 2019 half-year results is as follows:

	June 2020 \$	June 2019 \$
Profit from ordinary activities before tax	21,958	1,301,609
Profit/(loss) from ordinary activities after tax	(10,237)	871,611

The current period result reflects the negative impact of the coronavirus (COVID-19) pandemic restrictions on the business.

The whole of NRL game has been negatively impacted with only the first round of the 2020 NRL Telstra Premiership being played to regular crowd attendance. The second round, our first home game, was played with no crowd in attendance. The 2020 season was suspended on 24 March 2020 and over the ensuing period the business acted quickly, making hard decisions to rationalise, to be in the best possible position to navigate through the uncertain times. The 2020 season recommenced on 28 May 2020 with our second home game played to no crowd. From round six, limited crowds were permitted to attend NRL matches. The NRL continues to work closely with federal and state governments to ensure rugby league specific protocols and public health regulations are strictly adhered to. The landscape is evolving constantly and the NRL and clubs will continue to be flexible and adapt to changes in government guidelines and restrictions as required. The health and wellbeing of the players, staff and general public remain our absolute priority.

Total revenues decreased to \$16.74 million (2019: \$25.8 million). Items of note include:

- The National Rugby League (NRL) Club Grant increased in line with the salary cap increase. In addition, during the period the NRL refunded \$0.43 million in contributions previously made to the Distressed Club Fund, in accordance with the Further Deed of Agreement. This revenue has been applied across the NRL grant year with \$0.14 million remaining on the balance sheet as unearned income at reporting date. The second half result will include an increase in the NRL Club Grant, to sustain clubs and incentivise participation for the remainder of the 2020 season with no or limited crowds;
- Sponsorship revenue decreased by 32% on the comparative period, reflecting the impact of COVID restrictions on the Group's ability to deliver some game day benefits. The support from our sponsor family over the 2020 season has been exceptional, and we have been able to work together to innovate and where possible, deliver alternate benefits;

- The first half of 2020 included four home games, with no crowds at the first three and only limited crowds at the fourth game therefore game day related revenue is minimal for the reporting period. This compares with six games played under normal circumstances in the comparative period;
- 2020 season memberships sold have largely been reallocated to the 2021 season and accordingly minimal season membership has been recognised in the reporting period. \$4.47 million remains on the balance sheet as unearned membership income at the reporting date. It has been wonderful to see the ongoing support from our loyal member base;
- As a result of the abovementioned factors, game day and season membership revenue reported in the first half reflects a 93% shortfall on the comparative period;
- Government assistance has been accessed where possible, and as a result, employees who were initially stood down at the outset of the pandemic, have been reengaged with the business;
- An increase in government funding (cost recovery revenue) for the Indigenous and community programs of \$0.5 million has been recognised in the period largely due to the expanded Beyond the Broncos Girls Academy program; and
- Merchandise trading revenue is 52% down on the comparative period, with no game day sales able to be conducted at the home game venue as well as the impact on discretionary spending of the current economic situation. Merchandise royalty income received from the NRL is down 95% with the NRL limiting payments to clubs to the extent of receipts from applicable licencees.

Total expenditure decreased to \$16.72 million (2019: \$24.5 million) reflecting the cost saving initiatives which have been identified and implemented to mitigate the financial impact of the coronavirus disease restrictions, whilst continuing to protect the underlying strength of the business. In addition to widespread operational cost reductions across all areas, a review has been undertaken of the fixed cost base of the business including remuneration levels, and both current and future staffing requirements. In conducting this review, a measured approach has been taken, balancing both the need for job preservation for when 'business as usual' resumes whilst also considering the current and future operating environment of the NRL competition. Given the extraordinary circumstances and the associated impacts on the industry, some difficult decisions have been made. In summary, the following actions were taken:

- Director remuneration reduced by 75% from 1 April 2020 to 31 December 2020;
- Chief Executive Officer remuneration reduced by 50% from 1 April 2020 to 31 October 2020 (expiry of current contract term);
- Executive team and selected senior staff remuneration reduced by 20% from 1 April 2020 to 31 December 2020;
- Senior coaching staff remuneration reduced by 20% from 1 April 2020 to 31 December 2020;
- 22 redundancies were made effective from 27 March 2020; and
- Employees utilised available annual leave and long service leave provisions from 1 April 2020 when not usefully employed during the stand down period.
- During the reporting period, in response to the financial impact of the pandemic on the whole of game, negotiations were undertaken and agreement reached between players, the NRL and the Rugby League Players' Association (RLPA) for a 20% reduction in player salaries for the 2020 salary cap year. Accordingly, at reporting date, a portion of player salaries effectively paid in advance has been recognised as a prepayment. From a cashflow perspective, players received 100% of their 2020 salaries for the first seven months of the salary cap year and receive 52% of their 2020 salaries for the final five months to October 2020; and
- Additional resourcing and community program costs for the expanded funded community programs were incurred.

It is anticipated that the complex and evolving situation with respect to the impact of the coronavirus disease on the NRL competition and the Brisbane Broncos business model, will result in a significant reduction in the Group's revenue and profits for the 2020 financial year. Given the constantly evolving nature and uncertainty of the situation, it is not possible to accurately forecast the quantum of the full year financial effect on the Group and accordingly, the first half result cannot be taken as an indication of a full year trend.



BRISBANE BRONCOS LIMITED
(ABN 41 009 570 030)

APPENDIX 4D
HALF-YEAR REPORT FOR THE
SIX MONTHS ENDED 30 JUNE 2020

This information should be read in conjunction with the annual financial report for the year ended 31 December 2019.

RESULTS FOR ANNOUNCEMENT TO THE MARKET				
Revenues from ordinary activities (\$000)	Down	35.1%	to	16,742
Profit from ordinary activities before tax attributable to members (\$000)	Down	98.3%	to	22
Profit/(loss) from ordinary activities after tax attributable to members (\$000)	Down	101.2%	to	(10)
Basic earnings/(losses) per share (cents)	Down	101.2%	to	(0.01)
Diluted earnings per share (cents)	Down	101.2%	to	(0.01)
Net tangible asset backing per ordinary share		24.02 cents (2019: 22.61 cents)		

DIVIDENDS	Amount per security	Franked amount per security
Interim Dividend	Nil	Nil
Total amount per share relating to the half-year ended 30 June 2020	Nil	Nil
Previous corresponding period (2019 Final Dividend)	1.0 cent	1.0 cent

AUDIT INFORMATION

The financial statements have been reviewed and a copy of the independent review report is attached to the financial statements.

Louise Lanigan
Company Secretary



BRISBANE BRONCOS LIMITED

AND ITS CONTROLLED ENTITIES

ACN 009 570 030

HALF-YEAR FINANCIAL REPORT

30 June 2020

BRISBANE BRONCOS LIMITED

Half-Year Report

CONTENTS

CORPORATE INFORMATION	2
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION	19
INDEPENDENT REVIEW REPORT TO MEMBERS OF BRISBANE BRONCOS LIMITED	20

BRISBANE BRONCOS LIMITED

Half-Year Report

CORPORATE INFORMATION

A.B.N. 41 009 570 030

This half-year report covers the consolidated entity comprising Brisbane Broncos Limited and its subsidiaries (the Group). The Group's functional and presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report on pages 3 to 4. The Directors' Report is unaudited and does not form part of the financial report.

Directors

K D Morris AO (Chairman)
A J Joseph
D J Lockyer
N Monaghan
V S Wilson (appointed 12 May 2020)
K M Lawlor (Alternate Director)

Company Secretary

L A Lanigan

Registered Office and Principal Place of Business

Clive Berghofer Centre
81 Fulcher Road
Red Hill Qld 4059

Securities Register

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001

Telephone: (within Australia) 1300 850 505; (outside Australia) +61 3 9415 4000

Facsimile: +61 3 9473 2500

Website: www.computershare.com.au

Brisbane Broncos Limited shares are listed on the Australian Securities Exchange.

Solicitors

Creagh Weightman
Level 1, 179 Mary Street
Brisbane Qld 4000

Bankers

Commonwealth Bank of Australia
201 Sussex Street
Sydney NSW 2000

Auditors

Ernst & Young
111 Eagle Street
Brisbane Qld 4000

BRISBANE BRONCOS LIMITED

Half-Year Report

DIRECTORS' REPORT

Report for the half-year ended 30 June 2020.

DIRECTORS

The names of the Brisbane Broncos Limited (the Company) directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

K D Morris AO (Chairman)

A J Joseph

D J Lockyer

N Monaghan

V S Wilson (appointed 12 May 2020)

K M Lawlor (Alternate Director)

REVIEW AND RESULTS OF OPERATIONS

Net result before tax for the half-year ended 30 June 2020 is a profit of \$0.02 million compared to a profit of \$1.3 million for the corresponding 2019 period. The current period result reflects the negative impact of the coronavirus (COVID-19) pandemic restrictions on the business.

The whole of NRL game has been negatively impacted with only the first round of the 2020 NRL Telstra Premiership being played to regular crowd attendance. The second round, our first home game, was played with no crowd in attendance. The 2020 season was suspended on 24 March 2020 and over the ensuing period the business acted quickly, making hard decisions to rationalise, to be in the best possible position to navigate through the uncertain times. The 2020 season recommenced on 28 May 2020 with our second home game played to no crowd. From round six, limited crowds were permitted to attend NRL matches. The NRL continues to work closely with federal and state governments to ensure rugby league specific protocols and public health regulations are strictly adhered to. The landscape is evolving constantly and the NRL and clubs will continue to be flexible and adapt to changes in government guidelines and restrictions as required. The health and wellbeing of the players, staff and general public remain our absolute priority.

Total revenues decreased to \$16.74 million (2019: \$25.8 million). Items of note include:

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BRISBANE BRONCOS LIMITED

Half-Year Report

DIRECTORS' REPORT (continued)

REVIEW AND RESULTS OF OPERATIONS (continued)

- 2020 season memberships sold have largely been reallocated to the 2021 season and accordingly minimal season membership has been recognised in the reporting period. \$4.47 million remains on the balance sheet as unearned membership income at the reporting date. It has been wonderful to see the ongoing support from our loyal member base;
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BRISBANE BRONCOS LIMITED

Half-Year Report

DIRECTORS' REPORT (continued)

REVIEW AND RESULTS OF OPERATIONS (continued)

It is anticipated that the complex and evolving situation with respect to the impact of the coronavirus disease on the NRL competition and the Brisbane Broncos business model, will result in a significant reduction in the Group's revenue and profits for the 2020 financial year. Given the constantly evolving nature and uncertainty of the situation, it is not possible to accurately forecast the quantum of the full year financial effect on the Group and accordingly, the first half result cannot be taken as an indication of a full year trend.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors received the declaration on page 6 from the auditor of Brisbane Broncos Limited.

Signed in accordance with a resolution of directors:



Karl Morris
Chairman
Brisbane
11 August 2020



**Building a better
working world**

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's Independence Declaration to the Directors of Brisbane Broncos Limited

As lead auditor for the review of Brisbane Broncos Limited for the half-year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Brisbane Broncos Limited and the entities it controlled during the financial period.

Ernst & Young

Kellie McKenzie
Partner
Brisbane
11 August 2020

BRISBANE BRONCOS LIMITED

Half-Year Report

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Notes	Consolidated	
		30 June 2020 \$	31 December 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	16,578,051	14,879,039
Trade and other receivables	7	2,410,474	1,602,264
Inventories		151,568	164,312
Income tax receivable		-	305,583
Other current assets	8	1,817,714	733,830
Total Current Assets		20,957,807	17,685,028
Non-Current Assets			
Property, plant and equipment	10	20,024,196	20,595,409
Intangible assets		12,510,580	12,510,580
Lease straight-line asset		233,245	211,484
Deferred income tax asset		49,028	60,552
Other non-current assets		11,667	29,167
Total Non-Current Assets		32,828,716	33,407,192
TOTAL ASSETS		53,786,523	51,092,220
LIABILITIES			
Current Liabilities			
Trade and other payables		4,940,526	3,476,100
Provisions		1,442,091	1,784,487
Income tax payable		20,671	-
Unearned revenue	11	6,127,690	6,806,716
Total Current Liabilities		12,530,978	12,067,303
Non-Current Liabilities			
Trade and other payables		643,348	879,720
Provisions		156,310	194,756
Unearned revenue	11	4,393,871	1,878,188
Total Non-Current Liabilities		5,193,529	2,952,664
TOTAL LIABILITIES		17,724,507	15,019,967
NET ASSETS		36,062,016	36,072,253
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Contributed equity	12	28,991,500	28,991,500
Accumulated earnings		7,070,516	7,080,753
TOTAL EQUITY		36,062,016	36,072,253

The above statement of financial position should be read in conjunction with the accompanying notes.

BRISBANE BRONCOS LIMITED

Half-Year Report

STATEMENT OF COMPREHENSIVE INCOME

for the half-year ended 30 June 2020

		Consolidated	
	Notes	2020 \$	2019 \$
Continuing operations			
Revenue from contracts with customers	3	8,880,263	18,857,062
Grant Received National Rugby League		7,224,635	6,776,438
Interest revenue		80,795	137,642
Other revenue		556,792	8,172
		<hr/>	<hr/>
<i>Revenue</i>		16,742,485	25,779,314
		<hr/>	<hr/>
Expenses	4	(16,720,527)	(24,477,705)
		<hr/>	<hr/>
Profit from continuing operations before income tax		21,958	1,301,609
		<hr/>	<hr/>
Income tax expense	5	(32,195)	(429,998)
		<hr/>	<hr/>
Net profit/(loss) and comprehensive income attributable to members of the parent		(10,237)	871,611
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share (cents per share):			
- basic, for profit/(loss) for the half-year attributable to ordinary equity holders of the parent		(0.01)	0.89
- diluted, for profit/(loss) for the half-year attributable to ordinary equity holders of the parent		(0.01)	0.89

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

BRISBANE BRONCOS LIMITED

Half-Year Report

STATEMENT OF CHANGES IN EQUITY

for the half-year ended 30 June 2020

CONSOLIDATED	Attributable to equity holders of the parent		
	Issued Capital	Accumulated Earnings	Total Equity
At 1 January 2019	28,991,500	5,797,382	34,788,882
Profit for the period	-	871,611	871,611
Dividends Paid	-	(980,406)	(980,406)
At 30 June 2019	28,991,500	5,688,587	34,680,087

CONSOLIDATED	Attributable to equity holders of the parent		
	Issued Capital	Accumulated Earnings	Total Equity
At 1 January 2020	28,991,500	7,080,753	36,072,253
Profit/(loss) for the period	-	(10,237)	(10,237)
Dividends Paid	-	-	-
At 30 June 2020	28,991,500	7,070,516	36,062,016

The above statement of changes in equity should be read in conjunction with the accompanying notes.

BRISBANE BRONCOS LIMITED

Half-Year Report

STATEMENT OF CASH FLOWS

for the half-year ended 30 June 2020

Notes	2020 \$	Consolidated 2019 \$
Cash flows from operating activities		
Receipts from customers	10,062,196	16,973,073
Payments to suppliers and employees	(16,564,385)	(24,379,635)
NRL grants received	7,684,703	6,965,957
Inventories	(331,567)	(761,093)
Rent received	171,880	178,078
Interest received	81,241	142,633
Income taxes (paid)/received	39,958	(680,864)
Donations received	65,917	21,962
Other revenue received	549,905	180,224
Net cash inflows/(outflows) from operating activities	1,759,848	(1,359,665)
Cash flows from investing activities		
Purchase of property, plant and equipment	(60,836)	(212,765)
Net cash inflows/(outflows) from investing activities	(60,836)	(212,765)
Cash flows from financing activities		
Dividends paid	-	(980,406)
Net cash inflows/(outflows) from financing activities	-	(980,406)
Net increase/(decrease) in cash and cash equivalents	1,699,012	(2,552,836)
Cash and cash equivalents at beginning of period	14,879,039	13,076,351
Cash and cash equivalents at the end of period	16,578,051	10,523,515

6

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

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 30 June 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

This general purpose condensed financial report for the half-year ended 30 June 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 31 December 2019 and considered together with any public announcements made by Brisbane Broncos Limited during the half-year ended 30 June 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the change in accounting policy noted below, the accounting policies and methods of computation are consistent with those adopted in the most recent annual financial report.

Change in Accounting Policies, Accounting standards and interpretations

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. As required by AASB 134 *Interim Financial Reporting*, the nature and effect of these changes are disclosed below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the half-year financial report.

Amendments to IFRS 3: *Definition of a Business*

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform*

The amendments to IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2020

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Comparative Information

Australian Accounting Standard AASB 101 *Presentation of Financial Statements* allows an entity to change the presentation or classification of items in its financial statements, if the change in presentation provides information that is reliable and more relevant to the users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. Certain comparative revenue and cashflow items in the notes to the financial statements have been reclassified to align with the 30 June 2020 disclosures.

2. SEGMENT REPORTING

The consolidated entity operates solely in the business of sports management and entertainment and operates in Australia only.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2020

	Consolidated	
	2020	2019
	\$	\$
3. REVENUE		
Revenue from contracts with customers:		
Membership, ticketing, corporate sales and game day	549,841	8,045,168
Sponsorship	5,033,599	7,362,788
Development, community and indigenous programs	2,411,103	1,945,241
Sale of goods	458,902	956,689
Royalties and commissions	14,435	308,631
Other	412,383	238,545
	8,880,263	18,857,062
4. EXPENSES		
Cost of sales	344,311	630,592
Administration expense	3,605,714	4,860,373
Stadium operations expense	220,791	2,934,048
Corporate sales, merchandise and ticketing expense	1,190,546	2,194,693
Marketing, sponsorship and advertising expense	1,804,408	2,992,139
Development, community and indigenous program costs	1,904,419	1,921,358
Football related expense	7,650,338	8,944,502
	16,720,527	24,477,705

Seasonality of Operations

The consolidated entity recognises game day related revenue and expenses on a home game basis. Accordingly, the half-year result is impacted by the number of Brisbane Broncos home games scheduled during each six-month period to 30 June as well as crowd attendance. The first half result reflects the impact of the coronavirus pandemic restrictions on our business model, with four home games in the reporting period. There were no crowds in attendance at the first three home games and only limited crowds at the fourth game. There were six home games played under normal circumstances in the comparative period.

With the support of our loyal members, 2020 season memberships have been largely reallocated to the 2021 season. Accordingly, minimal season membership has been recognised in the reporting period. As a result of the abovementioned factors, game day and season membership revenue reported in the first half reflects a 93% decrease compared to the comparative period.

Other revenue includes the receipt of \$0.4 million from the RLPA, being a 50% contribution towards the cost of players' salaries paid in May 2020.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2020

5. INCOME TAX

The major components of income tax expense for the half-year ended 30 June 2020 and 30 June 2019 are:

Statement of Comprehensive Income	Consolidated	
	2020 \$	2019 \$
<i>Current Income Tax</i>		
Current income tax charge	20,671	381,870
<i>Deferred Income Tax</i>		
Relating to origination and reversal of temporary differences	11,524	48,128
Income tax expense reported in the statement of comprehensive income	32,195	429,998

6. CASH AND CASH EQUIVALENTS

Reconciliation of Cash	Consolidated		
	30 June 2020 \$	31 December 2019 \$	30 June 2019 \$
For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:			
Cash at bank and in hand	5,937,426	4,238,414	2,273,515
Short term deposit	10,640,625	10,640,625	8,250,000
	16,578,051	14,879,039	10,523,515

Cash at bank earns interest at variable rates based on the Group's bank deposit rates. Excess cash is placed on short-term deposit for varying periods depending on the immediate cash requirements of the Group and earn interest at Westpac's short-term deposit rate.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2020

	Consolidated	
	30 June 2020	31 December 2019
	\$	\$
7. TRADE AND OTHER RECEIVABLES		
Trade receivables	1,756,203	1,031,757
Allowance for expected credit losses (a)	(71,424)	-
	<hr/>	<hr/>
	1,684,779	1,031,757
Other receivables	725,695	570,507
	<hr/>	<hr/>
	2,410,474	1,602,264

Other receivables for the Group include Sundry Debtors of \$602,817 (2019: \$28,083), GST receivable of \$74,656 (2019: \$217,230) and NRL Merchandise Royalties receivable of \$14,435 (2019: \$60,962).

(a) Allowance for expected credit losses

The Group applies a simplified approach in calculating expected credit losses (ECL). Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on life-time ECL at each reporting date. The Group has established a provision matrix that is based on its historic credit loss experience, adjusted for forward looking factors. A specific impairment provision is raised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, together with lack of payment or commitment following correspondence from the Group's solicitor and debts that are more than 90 days old are considered objective evidence of impairment.

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

	30 June 2020	31 December 2019
	\$	\$
8. PREPAYMENTS		
Player salaries	1,066,626	135,826
Membership costs	194,349	285,508
Other	556,739	312,496
	<hr/>	<hr/>
	1,817,714	733,830

During the reporting period, in response to the financial impact of the pandemic on the whole of game, negotiations were undertaken and agreement reached between players, the NRL and the Rugby League Players' Association (RLPA) for a 20% reduction in player salaries for the 2020 salary cap year. Accordingly, an adjustment has been posted at reporting date to recognise a portion of player salaries effectively paid in advance. From a cashflow perspective, players received 100% of their 2020 salaries for the first seven months of the salary cap year and receive 52% of their 2020 salaries for the final five months to October 2020.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2020

9. COMMITMENTS AND CONTINGENCIES

During the reporting period, as a result of the financial impact of the coronavirus pandemic, a review was undertaken of the fixed cost base of the business including remuneration levels, and both current and future staffing requirements. Given the extraordinary circumstances and the associated impacts on the industry, some difficult decisions were made which have resulted in a material change in total contracted commitments since 31 December 2019 including:

- Chief Executive Officer remuneration reduced by 50% from 1 April 2020 to 31 October 2020 (expiry of current contract term);
- Senior coaching staff remuneration reduced by 20% from 1 April 2020 to 31 December 2020;
- A number of coaching staff redundancies were made effective from 27 March 2020; and
- During the reporting period, an agreement was reached between players, the NRL and the Rugby League Players' Association (RLPA) for a 20% reduction in player salaries for the 2020 salary cap year. The reduction takes effect over the period June to October 2020. Accordingly, at reporting date, future commitments for player salaries are reduced by \$1.7 million compared to the 2019 full year disclosure.

During the ordinary course of business, the Group has continued to sign player contracts in the period to 30 June 2020. This impacts the value of football related commitments at the period end.

Since the last annual reporting date, there has been no material change to any contingent liabilities or contingent assets. From time to time, the Group is also subject to various claims and litigation from third parties during the ordinary course of business. The directors have given consideration to such matters which are or may be subject to claims or litigation at year end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims or litigation exists.

10. PROPERTY, PLANT AND EQUIPMENT

No material additions have been made in the reporting period.

11. UNEARNED INCOME

During the six months ended 30 June 2020, the Group's unearned income liability increased largely as a result of the reallocation of 2020 season memberships sales to the 2021 season. At reporting date, a total of \$4.47 million remains on the balance sheet as unearned membership income to be recognised in the 2021 financial year, with 50% recognised as non-current.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2020

12. CONTRIBUTED EQUITY	Consolidated	
	30 June 2020	31 December 2019
Ordinary shares - issued and fully paid	\$28,991,500	\$28,991,500
Number of ordinary shares on issue	98,040,631	98,040,631

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

At 30 June 2020, there were no outstanding options to purchase shares in the Company.

13. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that were entered into with related parties for the half-years ended 30 June 2020 and 2019:

		Sales and other receipts with related parties \$	Grants from related parties \$	Purchases from related parties \$	Advances from related parties \$
CONSOLIDATED					
Major shareholder					
News Corporation	2020	54,925	-	51,595	-
	2019	124,326	-	99,873	-
Associate					
National Rugby League Limited	2020	506,612	6,532,969	80,000	1,243,348
	2019	250,469	6,332,688	385,305	1,706,347

Inter-group loans and advances

During the half-year ended 30 June 2020, loans were advanced and repayments received on short-term inter-company accounts between Brisbane Broncos Limited and its subsidiaries.

Major shareholder

News Corporation, via its subsidiary Nationwide News Pty Ltd, owned 68.87% (2019: 68.87%) of the Group as at 30 June 2020. News Corp Australia and its related entities provided the Group with sponsorship and commercial income during the half-year ended 30 June 2020. Advertising and other services were also provided during the period.

BRISBANE BRONCOS LIMITED

Half-Year Report

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

for the half-year ended 30 June 2020

13. RELATED PARTY DISCLOSURES (continued)

Other

The licence held by the Group during the half year was provided by National Rugby League Limited. The licence entitles the Group to receive an annual grant from National Rugby League Limited. Further grants and merchandise royalty income were also provided to the Group. Various amounts were paid to the National Rugby League by the Group during the half year relating to insurances, software and other miscellaneous items.

Negotiations between the NRL and clubs focused on funding and cost cutting measures to sustain clubs and the NRL competition throughout the unprecedented period of coronavirus restrictions and into the future. Amounts previously contributed to the Distressed Club Fund were refunded to clubs during the half year.

During the reporting period, a new agreement was entered into between Mr Lockyer and a subsidiary of Brisbane Broncos Limited. The purpose of the agreement is for Mr Lockyer to provide leadership coaching services to the Brisbane Broncos. The term of this agreement is one year which commenced on 1 January 2020 plus an option in the Group's favour to renew for a further one year. The Consultancy Fee payable in the first year of this agreement is \$80,000 (GST exclusive) per annum. In accordance with the agreement, payments totalling \$26,667 excluding GST (2019: nil) were made to Mr Lockyer in consideration for his services provided during the half year.

14. DIVIDENDS

	Consolidated	
	2020	2019
	\$	\$
(a) Dividends Paid		
A fully franked dividend of one cent per share for the financial year ended 31 December 2019 has been deferred from the original payment date of 15 April 2020 to a proposed deferral date of 15 October 2020 (2018 dividend of one cent per share paid on 10 April 2019).	-	980,406
(b) Dividends Proposed		
No interim dividend is proposed (2019: Nil)	-	-

15. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the balance sheet date.

BRISBANE BRONCOS LIMITED

Half-Year Report

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Brisbane Broncos Limited, I state that:

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) give a true and fair view of the financial position as at 30 June 2020 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Karl Morris
Chairman
Brisbane
11 August 2020



**Building a better
working world**

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent Auditor's Review Report to the Members of Brisbane Broncos Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Brisbane Broncos Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 30 June 2020, the condensed statement of comprehensive income, condensed statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Group a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Ernst & Young

Kellie McKenzie
Partner
Brisbane
11 August 2020