



MAJOR PARTNER



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18 February 2021

To: ASX Company Announcements Platform

BRISBANE BRONCOS LIMITED AND ITS CONTROLLED ENTITIES 2020 FINANCIAL RESULTS

Please find attached the following documents in relation to the 2020 financial results for Brisbane Broncos Limited and its controlled entities ("the Group"):

- Earnings Release
- Appendix 4E – Preliminary Final Report
- 2020 Financial Report
- Independent Audit Report and Auditor's Independence Declaration

Yours faithfully

Brisbane Broncos Limited
Louise Lanigan
Company Secretary



Premier Partners



MAJOR PARTNER

BRISBANE BRONCOS LIMITED
(ABN 41 009 570 030)

EARNINGS RELEASE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Brisbane, 18 February 2021

FINANCIAL PERFORMANCE

Revenue

The Group recorded gross revenue for the 2020 financial year of \$34,905,511 which is a 32.8% decrease on 2019. Operating revenue decreased 32.7% whilst non-operating interest revenue decreased by 46.6%.

Sponsorship revenue decreased 32.7% compared to 2019, reflecting the impact of Covid-19 restrictions on the Group's ability to deliver game day benefits. The support from our corporate partner family over the 2020 season was exceptional, and we have been able to work together to innovate and where possible, deliver alternate benefits.

As previously reported, 2020 ticketed memberships sold were reallocated to the 2021 season and accordingly minimal season membership revenue was recognised in 2020. Total membership and ticketing revenue fell 85.2% compared with the prior year, impacted by the Covid-19 compromised season and the rollover of 2020 ticketed memberships to 2021. Covid-19 restrictions resulted in no crowds at the first three home games of the 2020 season and limited crowds from round four onwards, which significantly impacted membership and ticketing revenue. In addition, due to the season being suspended for a period in March 2020 there were a total of two less home games played in 2020 compared to 2019. As a result, 2020 home game attendance was down 70.8%, averaging 8,624 (2019: 29,521). Total 2020 membership numbers decreased to 28,087 (2019: 34,793) with ticketed membership numbers decreasing to 21,077 (2019: 24,757) and non-ticketed membership numbers decreasing to 7,010 (2019: 10,036).

Merchandise sales revenue declined 38.3% on the comparative period, with no game day sales able to be conducted at the home game venue for parts of the season. NRL merchandise royalty income decreased 78.0%, with the NRL limiting payments to clubs to the extent of receipts from applicable licensees.

Mitigating the revenue shortfalls, the NRL Club Grant increased throughout 2020 to sustain clubs and incentivise participation for the 2020 season, given the Covid-19 conditions and resultant impact on commercial operations. During 2020 the NRL refunded \$0.4m in contributions previously made to the Distressed Club Fund. An additional \$0.3m was received as a one-off payment for the 2020 NRL grant and \$0.15m received in 2020 NRLW participation funding. In addition, there was an increase in government funding (cost recovery revenue) for the Indigenous and community programs of \$0.5m recognised in 2020, due to the expanded Beyond the Broncos Girls Academy program.

Expenditure

Total Group expenditure for 2020 was \$35,374,711, a decrease of 27.2% compared to 2019. The decrease in total expenditure is reflective of cost saving initiatives identified and implemented to mitigate the financial impact of Covid-19 restrictions, whilst continuing to protect the underlying strength of the business. In addition to widespread operational cost reductions across all areas, a review was 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 was taken, balancing the need for job preservation for when 'business as usual' resumes. Given the extraordinary circumstances and the associated impacts on the industry, some difficult decisions were made. In summary, the following actions were taken in 2020:

- 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;
- Executive team and selected senior staff remuneration reduced by 20% from 1 April 2020 to 31 December 2020;
- 22 redundancies were made effective 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 2020, 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 in 2020. As part of the Covid-19 support measures, to assist all NRL clubs the RLPA contributed \$0.4m towards the cost of players' salaries for the month of May 2020. Government assistance was accessed where possible, and as a result, employees who were initially stood down at the outset of the pandemic were reengaged with the business. The Group accessed \$0.4m of Job Keeper and associated subsidies throughout 2020. Both the RLPA and Job Keeper amounts have been recognised within salaries and wages in the Statement of Comprehensive Income. Offsetting the cost saving initiatives were coaching and player related restructure costs as well as additional resourcing and community program costs with the continued expansion of the Beyond the Broncos Girls Academy program.

Result for the year

The Group recorded a net loss after tax for the 31 December 2020 financial year of \$376,227 compared to a profit after tax of \$2,263,777 in 2019. Profit / (loss) before tax for the 2020 and 2019 financial years were (\$469,200) and \$3,364,000 respectively. Earnings Before Interest, Tax and Depreciation (EBITDA) and doubtful debts expense decreased from \$4,494,532 in 2019 to \$746,881 in 2020.

The financial result reflects the negative impact of the Covid-19 pandemic on the Group's operations. The whole of the NRL competition was negatively impacted with only the first round of the 2020 NRL Telstra Premiership 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. These venue restrictions impacted the Group's commercial operations through home game related shortfalls and the inability to deliver all contracted game day benefits which resulted in a reduction in commercial revenue through sponsorship, ticketing and membership and merchandise sales. In addition, a review was undertaken of the fixed cost base of the business including remuneration levels, and both current and future staffing requirements. This resulted in redundancy and restructure related payroll costs.



MAJOR PARTNER
BRISBANE BRONCOS LIMITED
(ABN 41 009 570 030)

APPENDIX 4E

**PRELIMINARY FINAL REPORT
FOR YEAR ENDED 31 DECEMBER 2020**

RESULTS FOR ANNOUNCEMENT TO THE MARKET				
Revenues from ordinary activities (\$000)	Down	32.8%	to	34,906
Profit / (loss) from ordinary activities before tax attributable to members (\$000)	Down	113.9%	to	(469)
Profit / (loss) from ordinary activities after tax attributable to members (\$000)	Down	116.6%	to	(376)
Basic earnings / (loss) per share (cents)	Down	116.6%	to	(0.4 cents)
Diluted earnings / (loss) per share (cents)	Down	116.6%	to	(0.4 cents)
Net tangible asset backing per ordinary share (cents)	Down	5.2%	to	22.6 cents

DIVIDENDS	Amount per security	Franked amount per security
Final Dividend for 31 December 2020	0.5 cents	100%
Total amount per share relating to the year ended 31 December 2020	0.5 cents	100%
Previous corresponding period: Final Dividend for 31 December 2019	1 cent	100%

AUDIT INFORMATION

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

Louise Lanigan
Company Secretary
18 February 2021

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Corporate Information

A.B.N. 41 009 570 030

Directors

K D Morris AO (Chairman)
A J Joseph AM
D J Lockyer
N M Monaghan
V S Wilson OAM (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 Queensland 4059

Securities Register

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001

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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 Queensland 4000

Bankers

Commonwealth Bank of Australia
201 Sussex Street
Sydney New South Wales 2000

Auditors

Ernst & Young
111 Eagle Street
Brisbane, Queensland 4000

The Chairman's Report

Dear Shareholder

2020 was the most challenging year Brisbane Broncos Limited has faced in its 33-year history.

The global pandemic of Covid-19 disrupted and severely impacted our on and off field performance. The 'sudden stop recession' significantly impacted our financial performance while our football team did not adapt well to the NRL Apollo protocol bubble or rule changes. Our player roster also experienced record unavailability due to injury.

While 2020 did not meet our expectations, I acknowledge the efforts of a large number of our staff and players who gave it their all. Sadly, we had to reduce staff numbers due to the postponement of home games. NRL Chairman Peter V'landys must be applauded for getting the season back after only a relatively short break.

I would like to thank Anthony Siebold for his efforts as head coach and to assistant coach Peter Gentle for completing the season. They both tried their hardest, however sometimes, even for the best of people, things don't go their way.

The highlight of the year was our NRL Women's team led by captain Ali Briggingshaw and coach Kelvin Wright winning their third straight NRLW premiership. The team was rewarded for its hard working approach. NRLW CEO Tain Drinkwater is to be congratulated for her leadership.

Paul White finishes as CEO of the Broncos after 10 years. There were many highlights; the 2015 Grand Final, three NRLW Premierships, the Clive Berghofer Performance Centre and the growth of our community and commercial business. To Paul, thank you sincerely for your significant contribution to the success of the Broncos.

To all our stakeholders, especially our members, fans and corporate partners, thank you for supporting the Broncos. We never take it for granted, we are very grateful.

I can assure you that our new coach Kevin Walters, the team, directors and all staff are working as hard as we can for a more successful season in 2021.



Karl Morris AO

The CEO's Report

The 2020 year is one that we will never forget. Our first game was played against the North Queensland Cowboys in front of a sell-out crowd in Townsville. This was followed by another win in an empty Suncorp Stadium against South Sydney in a week where the impact of Covid-19 closed in around the world.

The unprecedented impact of Covid-19 on the NRL competition resulted in the need for widespread operational cost reductions across all areas of the business. Our workforce was stood down as a major re-structure of our business was commenced. Throughout 2020, the NRL and the Broncos faced the very real prospect of a cancelled season. I am pleased to say the Broncos remained at the forefront of many work streams across the game, to re-start the game and complete the season.

For our club on the field we weren't able to pass the test that was handed to us in this most extraordinary year. After a great start to the year there is no comfort or solace in where we finished the 2020 season. We need no reminding that we did not meet the expectations that all associated with the Broncos have come to know and expect. It was a dark period in the 33-year history of this great club.

Our NRL Women's team was successful for a third year in a row. The team welcomed some new players, farewelled some of the 2019 squad, and were able to rebuild and once again win the title. I congratulate our NRLW CEO Tain Drinkwater and coach Kelvin Wright.

Off the field, the support from our corporate partners, members and fans was exceptional. 2020 was the first full season with our major partner Kia Motors Australia and we thank them for their tremendous support. Due to decisive action taken throughout the year and with the continued support of our partners, we finished the 2020 year with Earnings Before Interest Tax and Depreciation of \$0.7m, positive cash flows from operations and strong cash reserves.

Despite the Covid-19 compromised year our Game Development and Community programs continued to grow and assist Queensland communities. Our programs promote health and educational outcomes. As a rugby league club, we are constantly trying to reimagine the power of sport and the role that it can play in transforming lives.

In this, my final year in the role I would like to acknowledge those who have supported me throughout my career and those who I have worked with over my tenure. The job as CEO of the Broncos has been a great privilege and a joy. I am grateful, I am thankful, and I am forever a Bronco.



Paul White

Partner Overview

The Brisbane Broncos will be forever grateful for the enduring support of our entire partnership family in 2020. The impact of the Covid-19 compromised NRL season meant that many contractual benefits were simply unable to be delivered due to the reduction in home games, reduced crowds, government restrictions and NRL Apollo protocols. Despite the many and varied setbacks that the global pandemic presented, we worked diligently with all partners to restructure our agreements for the 2020 season.

This resolute commitment of our terrific partners created a backing for the Brisbane Broncos business to consolidate upon in a time of uncertainty. This is a testament to the long-standing relationships that we have formed over many years and we value these greatly. We acknowledge in particular the following partners who helped enable the club to navigate through the many challenges of 2020 including major partner **Kia Motors Australia**, and premier partners **XXXX**, **ISC**, **Ladbrokes**, **Firstmac**, **Arrow Energy**, **National Storage**, **Deadly Choices**, **Coca-Cola**, **NRMA Insurance** and **The University of Queensland**.

Whilst 2020 will always be remembered for the year in which a global pandemic took hold, it was also the year in which the Brisbane Broncos commenced a new five-year agreement with Kia Motors Australia to become the major partner of the club. The Kia brand sits front and centre on the Brisbane Broncos NRL and NRLW playing jersey's – a brand that we are truly excited to be associated with. This relationship was made possible following our long-term major partner, NRMA Insurance transitioning to become major partner of our Community programs.

During the year we also managed to build new and innovative ways to leverage our partnership assets within the confines of the environment that we had to work with. The recommencement of the 2020 NRL Season which was viewed by a record television audience introduced us to Drive-In Footy which was proudly presented by Kia. Virtual signage took the place of the crowd and cardboard cut outs replaced our loyal members early in the season. We created new opportunities and found ways to provide value for our partners.

In the current economic climate, the Club is well positioned commercially with all major categories fulfilled for the 2021 season. We are confident that our product will remain an attractive option for brands looking to form strong partnerships after tremendous television audiences and strong exposure numbers produced outstanding results for our partner family in 2020.

The 2021 season sees the Broncos welcome ASICS Australia as our new Official Apparel Partner. The partnership will see ASICS supply apparel and footwear for the club's NRL and NRLW teams. The global sportswear brand places a focus on exceptional quality and high performance, with their values aligned with the Brisbane Broncos' consistent pursuit of improvement and success. This announcement of another premium quality brand joining our stable of partners positions the club well for the future.

In what was an often-challenging year we would like to take this opportunity to thank all our partners for their continued support and dedication to the Broncos throughout 2020, and we look forward to 2021.

2020 MAJOR PARTNER

Kia Motors Australia

Kia Motors Australia is part of the global Kia family, a mobility brand with a vision to create sustainable mobility solutions for consumers, communities, and societies around the world. Founded in 1944, Kia sells around 3 million vehicles a year worldwide, and is spearheading the popularisation of electrified and battery electric vehicles. The brand slogan – 'Movement that inspires' – encapsulates Kia's commitment to providing exciting, cutting-edge products and services. For Kia Motors Australia, it is critical to partner with Australian organisations with this same commitment to excellence.

2020 PREMIER PARTNERS

XXXX GOLD

Queensland's favourite beer is proud to continue its partnership of more than 25 years with the Brisbane Broncos as a Premier Sponsor. The partnership enables the two celebrated icons to unite as Queensland's most favoured identities.

ISC

The ISC Group is a full-service sportswear solution for all manner of elite professional sporting and non-sporting clubs, teams, schools, and corporates.

Ladbrokes

Ladbrokes strives to be the most innovative bookmaker in Australia. Ladbrokes offer a wide range of sports betting opportunities. Ladbrokes.com.au is managed from Australia, with offices in Sydney, Melbourne & Brisbane, by a team of local sports betting experts and enthusiasts. The website and software have been specifically developed for Australia, one of the most sophisticated wagering markets in the world.

Firstmac

Firstmac is a privately-owned company that has been in business for 40 years. Having grown from a small family business to become Australia's leading non-bank lender. Over time they have provided 130,000 home loans and currently manage \$12 billion in mortgages and \$300 million in cash investments. Headquartered in Brisbane, Firstmac have also diversified their offering with the introduction of the Loans.com.au brand which offers self-serve, online home and car loans to a wider market.

Arrow Energy

Arrow Energy is an integrated energy company that explores and develops gas fields, produces and sells coal seam gas and generates electricity. As a Premier Sponsor, Arrow provides a link between the Brisbane Broncos and Regional areas such as the Surat and Bowen Basins where they operate.

Partner Overview (continued)

National Storage

National Storage is one of Australasia's largest self-storage providers, tailoring self-storage solutions to residential and commercial customers at over 190 storage centres across Australia and New Zealand. In December 2013, National Storage listed on the Australian Securities Exchange becoming the first publicly listed independent, internally managed and fully integrated owner and operator of self-storage centres in Australia.

Deadly Choices

Deadly Choices is an initiative of the Institute for Urban Indigenous Health (IUIH) Limited in South East Queensland (SEQ) and is jointly funded by Queensland Health and the Commonwealth Department of Health. The IUIH was established in 2009 by four Aboriginal Medical Services to coordinate planning, development and delivery of comprehensive primary health care services to over 60,000 Aboriginal and Torres Strait Islander peoples within the SEQ Region – representing over a third of the total Indigenous population of Queensland and the fastest growing Indigenous population in the country.

Coca-Cola

Coca-Cola Amatil is Australia's largest premium branded beverage and food company and one of the top five Coca-Cola bottlers in the world. A proud partner of the Brisbane Broncos since inception of the club in 1988, Coca-Cola is the longest serving premier partner of the Brisbane Broncos. Major brands like Powerade, Coke Zero and Mount Franklin Spring Water hydrate the Broncos and their fans every day.

NRMA Insurance

NRMA Insurance is backed by IAG, the leading general insurer in Australia and New Zealand. NRMA Insurance aim to make your world a safer place with a wide range of insurance solutions to protect the things you care about.

The University of Queensland

The University of Queensland (UQ) is one of Australia's leading research and teaching institutions. For more than a century, they have educated and worked with outstanding people to deliver knowledge leadership for a better world. UQ ranks among the world's top universities, is one of only three Australian members of the global Universities 21, a founding member of the Group of Eight (Go8) universities, and a member of Universities Australia.



Partner Overview (continued)

BRISBANE BRONCOS SPONSOR HIERARCHY 2020

MAJOR PARTNER

Kia Motors Australia

PREMIER SPONSORS

XXXX | ISC | Ladbrokes | Firstmac
Arrow Energy | National Storage | Deadly Choices
Coca-Cola Amatil | NRMA Insurance | UQ

PLATINUM SPONSORS

Nova 106.9 | McDonald's
Channel 9 | News QLD

ASSOCIATE SPONSORS

CSQ | Ipswich City Council | Diageo
Radio 4BC | The Broncos Club | Ringers Western | Asics

SUPPORT SPONSORS

13cabs | Streets | Four'n Twenty | PFD Foods
Sirromet | QScan | New Era | Tourism Authority of Thailand

OFFICIAL SUPPLIERS

STATSports | Adsignz | Event Cinemas | Moreton Hire
PLAE Global | AlphaSport | Bioglan | Painaway | Elastoplast | Australian Venue Co. | YoPRO | Niagara Therapy | Top Cut Foods
HART Sport | Celissa Group | Cha Cha Char/Jellyfish/Il Centro | Treasury Wines

Directors' Report

Your directors submit their report for the year ended 31 December 2020.

DIRECTORS

The names and details of Brisbane Broncos Limited's (the Company) directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Karl Douglas Morris AO
Non-Executive Chairman
Independent

Mr Morris was appointed as Chairman on 5 December 2017. He is CEO and Managing Director of Ord Minnett Limited, with a career spanning over 30 years in financial services and wealth management. Mr Morris is a commerce graduate of Griffith University and holds diplomas from the Stockbrokers and Financial Advisers Association of Australia, FINSIA and the Australian Institute of Company Directors. Mr Morris is Chair of the Bravehearts Foundation Fund and Chair of the Mary MacKillop Brisbane Catholic School Access Fund. His other Board memberships include the Australian Catholic University Senate, JP Morgan Australia Advisory Council and the University of Queensland, Trust, Ethics & Government Alliance Industry Advisory Board. He is National Vice Patron of Bravehearts Inc (Child Protection Charity). Mr Morris is a Master Member (and former Chair 2012-2018) of the Stockbrokers and Financial Advisers Association of Australia. During the past three years, Mr Morris' directorships have included QSuper (former Chairman 2013 - 2019), the Royal Automobile Club of Queensland (RACQ) (former director 2010 - 2019), Chair of Griffith University Foundation Board (2017 - 2019), Governor of the University of Notre Dame Australia (2007 - 2019) and Director of Gallipoli Medical Research (2017 - 2019). Mr Morris was awarded an Officer of the Order of Australia (AO) on Australia Day 2019, for distinguished service to the financial and stockbroking sectors and to the community through a range of organisations.

Anthony John Joseph AM
Non-Executive Director
Independent

Mr Joseph was appointed as a director on 22 February 2011. Mr Joseph has been passionately involved in Queensland Rugby League since the Brisbane Broncos formed in 1988. He has more than 50 years' experience in the fruit and vegetable industry and is a director of a number of private companies. Mr Joseph has been Managing Director of Alfred E Chave Pty Ltd since 1975 and Chairman of Brisbane Markets Limited since incorporation in 1994. He was also a longstanding member of the Brisbane Market Trust prior to corporatisation. Mr Joseph was on the Brismark board from 1982 to 2017, five of those years as President. He was previously a committee member of the Queensland Surf Lifesaving Foundation and Men of League (Queensland). Mr Joseph was appointed a director of Brisbane Broncos Leagues Club on 20 November 2014. Mr Joseph is a member of the Australian Institute of Company Directors and is a registered Commissioner of Declarations. Mr Joseph was appointed as a Member (AM) of the Order of Australia (General Division) in recognition of his significant service to the fruit and vegetable industry.

Darren James Lockyer
Non-Executive Director
Independent

Mr Lockyer was appointed as a director on 30 October 2013. Mr Lockyer's credentials as a rugby league player are unprecedented and he is the most capped Australian and Brisbane Broncos player. He captained the club for seven years from 2005 to 2011 and remains the longest serving player in Broncos' history. Throughout his career, Mr Lockyer continuously engaged with the club's stakeholders, staff, members and supporters. His appointment to the Board enables him to have a greater involvement in the delivery of key variables to the club's loyal supporter base. Since retiring from rugby league in 2011, Mr Lockyer has established himself as a successful sports commentator, has worked as an ambassador for several large corporate entities, and has pursued a number of personal business interests. These post-career undertakings have provided him with relevant expertise which, in addition to his invaluable rugby league insight, is of significant benefit to the Brisbane Broncos. Mr Lockyer is a member of the Australian Institute of Company Directors.

Directors' Report (continued)

DIRECTORS (continued)

Names, qualifications, experience and special responsibilities (continued)

Neil Monaghan
Non-Executive Director

Mr Monaghan was appointed director and Chairman of the Audit & Risk Management committee on 9 April 2018. Mr Monaghan was formally the Managing Director - Publishing Operations for News Corp Australia, from 2017-2020. Prior to News Corp Australia, Mr Monaghan was the Chief Executive Officer of the Australian Regional Media business for three years and managed the sale and subsequent integration of the company into News Corp Australia. Mr Monaghan has more than 30 years' experience in business across various industries including media, mining and construction. He has a Master of Applied Law degree from The University of Queensland. He is a former director of News Media Works, Australia's industry advocate for digital and print news media and 3rd Space, one of Brisbane's largest drop-in centres for the homeless.

Vicki Wilson OAM
Non-Executive Director
Independent

Ms Wilson was appointed as a director on 12 May 2020. Ms Wilson is a former captain of the Australian Diamonds and one of Australia's most decorated and respected athletes through her strong and successful career both playing and coaching netball. Ms Wilson is a highly regarded high performance coach and works internationally with various clubs and teams around the world. Ms Wilson was awarded the Order of Australia Medal in 1992 for her services to the sport of netball. Ms Wilson is an experienced board member, previously serving with Stadiums Queensland and the Queensland Academy of Sport. Ms Wilson is an experienced public servant for State Government having fulfilled a number of sport and recreation advisory roles. Ms Wilson is also a former secondary school teacher.

Kevin Michael Lawlor
Non-Executive Alternate Director

Mr Lawlor was appointed Alternate Director to Mr Monaghan effective 9 April 2018. Mr Lawlor had previously been appointed director and Chairman of the Audit & Risk Management committee on 10 May 2016. He is currently the Finance Director - Publishing at News Corp Australia. Mr Lawlor joined News Corp Australia in April 2004 and has held a number of roles in the Finance function over that period. In his current role, Mr Lawlor has responsibility for commercial finance for all News Corp Australia publishing assets. Mr Lawlor holds a Bachelor of Commerce degree and a Master's degree in Business Studies from University College Dublin in Ireland. He has been a qualified accountant for more than 18 years and is a member of the Association of Certified Chartered Accountants (ACCA).

COMPANY SECRETARY

Louise Anna Lanigan
Company Secretary & Salary Cap Manager

Ms Lanigan was appointed Company Secretary and Chief Financial Officer on 3 July 2000. On 28 April 2011, Ms Lanigan resigned as Chief Financial Officer and continues in her dual role as Company Secretary & Salary Cap Manager. Ms Lanigan has been a Chartered Accountant for 27 years. Prior to holding these positions, she was Group Financial Controller of an ASX listed company for two years and worked in the Chartered Accounting industry for eight years. Ms Lanigan is a graduate of the Australian Institute of Company Directors.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, two directors hold shares in the Company as disclosed in the Remuneration Report. There were no options in the Company issued as at the date of this report.

EARNINGS / (LOSS) PER SHARE

	Cents
Basic earnings / (loss) per share	(0.4)
Diluted earnings / (loss) per share	(0.4)

Directors' Report (continued)

DIVIDENDS

On 18 February 2021, the Board of Directors declared a final dividend of half of one cent per share franked to 100% at the 30% corporate income tax rate to the holders of fully paid ordinary shares for the financial year ended 31 December 2020. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 December 2020 and will be recognised in the subsequent financial report.

On 15 October 2020, the 2019 final dividend of one cent per share franked to 100% at the 30% corporate income tax rate was paid to shareholders totalling \$980,406. Refer to note 8 of the financial statements for further details.

PRINCIPAL ACTIVITIES

The principal activity of the Brisbane Broncos Group ("the Group") during the 2020 financial year was the management and operation of the Brisbane Broncos Rugby League Football teams ("the Broncos"). There were no significant changes in the nature of those activities during the year.

OPERATING AND FINANCIAL REVIEW

Operating results for the year

The Group recorded a net loss after tax for the 31 December 2020 financial year of \$376,227 compared to a profit after tax of \$2,263,777 in 2019. Profit / (loss) before tax for the 2020 and 2019 financial years were (\$469,200) and \$3,364,000 respectively. Earnings Before Interest, Tax and Depreciation (EBITDA) and doubtful debts expense decreased from \$4,494,532 in 2019 to \$746,881 in 2020.

The financial result reflects the negative impact of the Covid-19 pandemic on the Group's operations. The whole of the NRL competition was negatively impacted with only the first round of the 2020 NRL Telstra Premiership 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. These venue restrictions impacted the Group's commercial operations through home game related shortfalls and the inability to deliver all contracted game day benefits which resulted in a reduction in commercial revenue through sponsorship, ticketing and membership and merchandise sales. In addition, a review was undertaken of the fixed cost base of the business including remuneration levels, and both current and future staffing requirements. This resulted in redundancy and restructure related payroll costs. The Board are pleased to announce a dividend of half of one cent per share, franked to 100% at the 30% corporate income tax rate to holders of fully paid ordinary shares.

Review of operations

Revenue

The Group recorded gross revenue for the 2020 financial year of \$34,905,511 which is a 32.8% decrease on 2019. Operating revenue decreased 32.7% whilst non-operating interest revenue decreased by 46.6%.

Sponsorship revenue decreased 32.7% compared to 2019, reflecting the impact of Covid-19 restrictions on the Group's ability to deliver game day benefits. The support from our corporate partner family over the 2020 season was exceptional, and we have been able to work together to innovate and where possible, deliver alternate benefits.

As previously reported, 2020 ticketed memberships sold were reallocated to the 2021 season and accordingly minimal season membership revenue was recognised in 2020. Total membership and ticketing revenue fell 85.2% compared with the prior year, impacted by the Covid-19 compromised season and the rollover of 2020 ticketed memberships to 2021. Covid-19 restrictions resulted in no crowds at the first three home games of the 2020 season and limited crowds from round four onwards, which significantly impacted membership and ticketing revenue. In addition, due to the season being suspended for a period in March 2020 there were a total of two less home games played in 2020 compared to 2019. As a result, 2020 home game attendance was down 70.8%, averaging 8,624 (2019: 29,521). Total 2020 membership numbers decreased to 28,087 (2019: 34,793) with ticketed membership numbers decreasing to 21,077 (2019: 24,757) and non-ticketed membership numbers decreasing to 7,010 (2019: 10,036).

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Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Mitigating the revenue shortfalls, the NRL Club Grant increased throughout 2020 to sustain clubs and incentivise participation for the 2020 season, given the Covid-19 conditions and resultant impact on commercial operations. During 2020 the NRL refunded \$0.4m in contributions previously made to the Distressed Club Fund. An additional \$0.3m was received as a one-off payment for the 2020 NRL grant and \$0.15m received in 2020 NRLW participation funding. In addition, there was an increase in government funding (cost recovery revenue) for the Indigenous and community programs of \$0.5m recognised in 2020, due to the expanded Beyond the Broncos Girls Academy program.

Expenditure

Total Group expenditure for 2020 was \$35,374,711, a decrease of 27.2% compared to 2019. The decrease in total expenditure is reflective of cost saving initiatives identified and implemented to mitigate the financial impact of Covid-19 restrictions, whilst continuing to protect the underlying strength of the business. In addition to widespread operational cost reductions across all areas, a review was 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 was taken, balancing the need for job preservation for when 'business as usual' resumes. Given the extraordinary circumstances and the associated impacts on the industry, some difficult decisions were made. In summary, the following actions were taken in 2020:

- 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;
- Executive team and selected senior staff remuneration reduced by 20% from 1 April 2020 to 31 December 2020;
- 22 redundancies were made effective 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 2020, 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 in 2020. As part of the Covid-19 support measures, to assist all NRL clubs the RLPA contributed \$0.4m towards the cost of players' salaries for the month of May 2020. Government assistance was accessed where possible, and as a result, employees who were initially stood down at the outset of the pandemic were reengaged with the business. The Group accessed \$0.4m of Job Keeper and associated subsidies throughout 2020. Both the RLPA and Job Keeper amounts have been recognised within salaries and wages in the Statement of Comprehensive Income. Offsetting the cost saving initiatives were coaching and player related restructure costs as well as additional resourcing and community program costs with the continued expansion of the Beyond the Broncos Girls Academy program.

Financial Position

The directors believe the Group continues to remain in a sound financial position with \$16,031,004 cash assets and \$34,715,620 in net assets.

Community

In 2020, the Broncos in the Community program adapted to respond to the limitations resulting from Covid-19. Players from the NRL squad were prevented from participating in community visits, however were able to contribute to virtual forums and video messages. After a brief disruption, the Beyond the Broncos Girls Academy program continued to support Indigenous students in 52 schools across Southern Queensland and Northern New South Wales to increase school attendance and to improve year 12 completions and post school career transitions. More than 2,100 young people benefited from the Broncos Indigenous programs in 2020, which support the Australian Government's commitment to Closing the Gap in educational and employment outcomes between Indigenous and non-Indigenous Australians. During 2020, current program targets were achieved with 1,800 students participating in the Beyond the Broncos Girls Academy. We are on track to complete expansion of this program to 2,300 students by the end of 2021.

Community staff travelled over 68,000 kilometres in 2020, visiting students in the Indigenous programs. Broncos staff in schools spent more than 1,200 hours each week mentoring more than 2,100 students across Brisbane, South West Queensland and northern New South Wales.

The Broncos continues to support the Brisbane Broncos Charity Fund and its Charity Partner Program, however due to Covid-19 most activities were suspended. The program supported twelve Queensland charities in 2020 including Act for Kids, Aunties and Uncles, Camp Quality, Foodbank Queensland, Men of League, MND and Me Foundation, PCYC Queensland, Ronald McDonald House Charities South East Queensland, Rural Lifestyle Options Australia, The Sunlight Centre, Wesley Mission and Queensland and Youngcare. Although the program was cut short in 2020, the charity partners were provided with financial and merchandise donations as well as player messages.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

National Rugby League Women's Premiership

In 2020 the NRL expanded the NRL Nines competition to include the four NRL Women's teams. The competition was held over 2 days in Perth with the Brisbane Broncos NRLW team going into the Finals undefeated, however were unfortunately unsuccessful in claiming the win, going down to the St George Illawarra Dragons 28-4, however the Nines format provided an opportunity to provide greater content for fans and members, and uncover new talent for the team in preparation for the NRL Women's Premiership.

With expansion plans for the 2020 season put on hold as a result of the Covid-19 pandemic, the preparation for the NRL Women's Premiership season was interrupted, with the team having only two training sessions before season commencement.

NRL Apollo Protocol restrictions meant that the team were required to forgo their employment and studies for the duration of the season, and similar to the NRL team, enter home quarantine for the season. Given the majority of the playing group and coaching staff are the primary care givers for their families, we acknowledge and appreciate the sacrifices made by the team, the coaching staff, their families and their employers in supporting the 2020 NRLW season.

Despite the challenging conditions, the Brisbane Broncos NRL Women's team again proved to be the benchmark team in the NRL Telstra Women's Premiership in 2020, securing a third straight NRLW Premiership title in a 20-10 win over the Sydney Roosters.

With significant changes to the team in 2020, the majority as a result of the stringent rules associated with the Apollo Protocols resulting in a number of experienced players and coaching staff unable to participate, there were three players who made their debut for the Club. Head Coach Kelvin Wright, supported by Assistant Coach Paul Stephenson, the high performance team and the NRLW leadership group, did an outstanding job in bringing the team together and creating an atmosphere and culture that was focused on delivering on the field, despite the challenging circumstances.

Further highlighting the quality of the Brisbane Broncos NRLW playing roster, Ali Brigginsshaw was awarded the Dally M Female Player of the Year, Amber Hall was named the Player of the Match and Tamika Upton finished as the NRLW's leading try-scorer with five tries.

Digital reach continued to grow in 2020 with the cumulative audience for the Broncos 2020 NRL Women's Premiership increasing 18% year on year, with the Grand Final the highest rating game in the history of the NRLW. The impact of Covid-19 on local communities and in particular community sporting clubs meant that participation rates were impacted in 2020, however with the NRL and club's focused on expanding the competition in 2021, we will continue to pursue funding opportunities for women's rugby league.

Performance indicators

Management and the Board monitor the Group's overall performance from a strategic level through to the operating and financial performance of the Group. They regularly compare actual results of the business to operating plans and financial budgets to assess the Group's overall ongoing performance.

The Board and management have identified key performance indicators (KPIs) that are used together with budgeted targets to measure performance. The Board receives monthly operational and financial reports to enable all directors to actively monitor the Group's performance. These reports provide an operational update of all aspects of the business and a comprehensive financial analysis of actual results compared to budgets, full year forecasts, KPIs and a detailed explanation of all variances.

The strategic plan, outlines the key pillars of our business, detailing the key result areas for each department and informing the budgeting process and strategic decisions for the business. Following the impact of Covid-19 in 2020, the business is in the process of refreshing the strategic plan to establish the future operating framework for the Group and associated financial and operating performance measures.

Dynamics of the business

With a strong leadership team and restructured football department, we move forward and are focused on delivering further growth and striving for on-field success.

The Broncos continue to expand our reach in the community, with growth in our Indigenous Education and Employment Programs. As a result, staffing has grown considerably to enable the delivery of program outcomes. A very strong focus will continue to remain on our discussions and presentations to government to secure updated funding commitments to provide long-term security for the delivery of these programs.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

The Brisbane Broncos remain one of the strongest sporting brands in the country having a strong balance sheet, backed by a stable commercial business and a disciplined focus on operating profits.

Following the unprecedented impact of Covid-19 in 2020 and resultant economic and health crisis that has impacted all industries, it is anticipated that challenging economic conditions will remain in 2021. These challenging conditions include impacts on consumer behaviour and spending. The business is aware of the need to constantly innovate to improve all commercial offerings. The club continues to work with the NRL and other stakeholders as part of the negotiations for a perpetual club licence agreement.

Your Board believes that the Company has more opportunities to achieve sports industry best practice to grow our business. Management believe they have taken appropriate steps to ensure that the Group is strongly positioned to deal with current economic uncertainties and capitalise on future opportunities to grow returns on investment.

Risk management

The Board has a proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an important part of the Group's approach to creating long-term shareholder value. In recognition of this, the Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. In doing so, the Board has taken the view that all Board members are to be a part of this process and as such has not established a separate Risk Management Committee.

The Board and management review the Company's risk management systems and strategies. Given the circumstances surrounding the Covid-19 pandemic, during 2020, the Board and management developed proactive management strategies and implemented additional risk management controls to secure the long term future of the club. The Board and management team provided leadership, technical expertise and advice to the National Rugby League and NRL clubs in the response strategy to Covid-19, including leading the Club Apollo Protocols response strategy and operational planning framework to support the reintroduction of the NRL competition in 2020.

The Group's risk register has been reviewed and updated, with action plans for the most significant risks documented.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature.
- Receipt of detailed monthly Board reports assessing actual performance of the Group and potential risks or issues foreseen by management.
- Monitoring the strategic plan which encompasses the Group's vision, mission and strategy statements designed to meet shareholders' needs and manage business risk.
- Annual review of the Group's insurance coverage.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 3 February 2021, the Board of Directors announced the appointment of Mr David Donaghy as the Company's new CEO. A summary of the material terms and conditions of Mr Donaghy's employment agreement are outlined in the 3 February 2021 ASX announcement. Following the appointment of Mr Donaghy, the Board announce that a mutual agreement has been reached with current CEO Mr Paul White regarding the cessation of his employment with the Brisbane Broncos. After 10 years in the role, Mr White will finish his tenure as CEO on 28 February 2021.

On 18 February 2021, the Board of Directors declared a final dividend of half of one cent per share franked to 100% at the 30% corporate income tax rate to the holders of fully paid ordinary shares for the financial year ended 31 December 2020. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 December 2020 and will be recognised in the subsequent financial report.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue its focus on improving the on-field performance of our NRL and NRLW teams. This improved performance, coupled with the strong commercial foundations which have been laid, will provide dual benefits for our business.

The growth and reach of our community programs will continue as a priority throughout 2021 as we look to further imbed our reach and presence in communities.

The competitive nature of sport within Australia will continue to provide both risk but also opportunities as we look to cultivate new innovation, both on and off the field. Women's rugby league is the fastest growing area of our game and we are well placed with the success of our NRLW program to capitalise on this growth. Technology and innovation will continue to remain a constant within all areas of our business as we seek to embrace innovation and seek out best practice across our entire business.

The directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the directors believe that it would be likely to result in unreasonable prejudice to one or more entities in the Group.

SHARE OPTIONS

At 31 December 2020, there were no share options granted to directors or relevant officers as part of their remuneration. There are no share options issued by the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

Insurance and indemnity arrangements established in the previous year concerning officers of the Group were renewed during the 2020 financial year. Each of the directors of the Company named earlier in this report and each full-time executive officer, director and secretary of all Group entities are indemnified via insurance cover against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. The combined monetary limit is \$20 million for each and every claim and in the aggregate during the policies' period, with an initial \$10m cover and an excess layer of \$10m.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

DIRECTORS' MEETINGS

Throughout 2020, the frequency of directors' meetings increased due to the effects of Covid-19 on the Group and the impact that the pandemic had on the 2020 NRL Telstra Premiership and football operations. The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

<i>Board or Committee</i>	<i>Number of Meetings</i>
Full Board	22
Audit	2

The attendance of the directors at meetings of the Board and of its Committees was:

	<i>Full Board</i>	<i>Audit & Risk Management Committee</i>
K D Morris AO	22 (22)	2 (2)
A J Joseph AM	22 (22)	2 (2)
D J Lockyer	22 (22)	n/a
N Monaghan	22 (22)	2 (2)
V S Wilson OAM (appointed 12 May 2020)	18 (18)	n/a
K M Lawlor (Alternate Director)	0 (0)	0 (0)

Where a director did not attend all meetings of the Board or relevant committee (or was not a director for the entire year), the number of meetings for which the director was eligible to attend is shown in brackets. The Audit & Risk Management Committee met twice during the 2020 financial year.

Directors' Report (continued)

REMUNERATION REPORT (audited)

This Remuneration Report for the year ended 31 December 2020 outlines the remuneration arrangements of the Company and its controlled entities in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent company, and includes executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the Chief Executive Officer (CEO), executive directors, senior executives, general managers and secretary of the Group and the term 'director' refers to non-executive directors only.

The remuneration report is presented under the following sections:

1. Individual key management personnel disclosures
2. Board oversight of remuneration
3. Non-executive director remuneration arrangements
4. Executive remuneration arrangements
5. Group performance
6. Key management personnel contractual arrangements

1. Individual key management personnel disclosures

Details of KMP of the Group as at the date of the report:

Key Management Personnel

(i) Directors

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

(ii) Executive

P M White	Chief Executive Officer
T M Reader (ceased employment 27 March 2020)	Chief Strategy Officer
P J Nolan	General Manager - Football Operations
S A Moro (ceased employment 29 July 2020)	Chief Financial Officer
C L Halliwell	General Manager – Community & Government Programs
L A Lanigan	Company Secretary & Salary Cap Manager
T M Drinkwater	General Manager – HR, Risk & Compliance
M L Friend (appointed 1 July 2020)	General Manager – Finance

2. Board oversight of remuneration

Remuneration Committee

Due to the small size of the Board, a separate Remuneration Committee has not been established. The Board, as a whole, assesses the appropriateness of the nature and the amount of remuneration of non-executive directors and executives on a periodic basis by reference to relevant employment market conditions. The overall objective of this process is to ensure maximum stakeholder benefit from the retention of a high quality, high performing Board and executive team. The Board also consider all matters relevant to the nomination of directors. The non-executive directors are responsible for evaluating the performance of the Chief Executive Officer, who in turn evaluates the performance of all other senior executives.

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

2. Board oversight of remuneration (continued)

Remuneration approval process

The Board approves the remuneration arrangements for the Chief Executive Officer and other executives. The Board also sets the aggregate remuneration of non-executive directors which is then subject to shareholder approval.

Remuneration philosophy

The performance of the Company depends on the quality of its directors and executives. Brisbane Broncos Limited's strategy is designed to attract, motivate and retain highly skilled employees and non-executive directors by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group.

To this end, key objectives of the Company are to ensure that its remuneration practices:

- Are aligned to the Group's business strategy;
- Offer competitive remuneration benchmarked against the external market;
- Provide a strong link between individual and Group performance and rewards;
- Incorporate annual performance reviews to ensure executives are meeting pre-determined performance benchmarks; and
- Feature an in-depth recruitment program to ensure executives with the appropriate skills and experience are employed.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

3. Non-executive director remuneration arrangements

Remuneration Policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Company's constitution and ASX Listing Rules specify that the non-executive director fee pool shall be determined from time to time by a general meeting. An amount not exceeding the determined amount is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 13 May 2010 where shareholders approved an aggregate remuneration of \$220,000 per year. Each director receives a fixed fee for being a director of the Company. Historically the Company's annual directors' fees paid have been below this limit. The total directors' fees paid for the 2020 financial year were \$84,999.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed periodically. The Board considers fees paid to non-executive directors of comparable companies when undertaking the periodical review process.

The Board will not seek an increase for the non-executive director pool at the 2021 Annual General Meeting.

Structure

Each non-executive director receives \$32,000 plus statutory superannuation per annum for being a director of the Company. The Chairman commenced on \$70,000 plus statutory superannuation per annum. Due to cost saving initiatives implemented to mitigate the financial impact of Covid-19 during the 2020 financial year, director remuneration reduced by 75% from 1 April 2020 to 31 December 2020. The directors' fees for Mr Monaghan and Mr Lawlor, as Alternate Director, both employed by News Corp Australia, are payable directly to their employer. The non-executive directors do not receive retirement benefits, nor do they participate in any incentive program.

The remuneration of non-executive directors for the period ended 31 December 2020 and 31 December 2019 is detailed in Table 1 and 2 respectively of this report.

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

4. Executive remuneration arrangements

Remuneration levels and mix

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for Company, business unit and individual performance against budgets and targets; and
- Ensure total remuneration is competitive by market standards.

Structure

The non-executive directors are responsible for evaluating the performance of the Chief Executive Officer, who in turn evaluates the performance of all other senior executives. In determining the level and composition of executive remuneration, comparable executive roles and individual skill and experience are taken into consideration. The executives of the Group are subject to a formal annual performance review. The results of this performance review, the financial and/or operational performance of the Company and market conditions are all taken into consideration when determining revisions to remuneration.

The Company has a detailed customised employment contract with the Chief Executive Officer and a standard contract with other executives. Details of the Chief Executive Officer's contract is provided below. Remuneration consists of the following key elements:

- Fixed remuneration; and
- Variable remuneration.

The proportion of fixed remuneration and variable remuneration (potential short-term and long-term incentives) for each executive is set out in Table 1 and 2 of this report.

Fixed remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of Company, business unit and individual performance, and relevant comparative remuneration internally and externally. The Board has access to external advice independent of management, if required.

Senior managers and executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles at the discretion of the Chief Executive Officer. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. Executive contracts do not include any guaranteed base pay increases.

The fixed remuneration component of the Group and Company executives is detailed in Tables 1 and 2.

Variable remuneration – Short-Term Incentive (STI) and Long-Term Incentive (LTI)

There are no formal STI or LTI payment programs in place for senior management. Senior management may be paid annual bonuses at the Chief Executive Officer's discretion with the approval of the Board of Directors. The Chief Executive Officer considers results of performance reviews, effort, commitment, the financial and/or operational performance of the Company, and market conditions when considering the payment of bonuses.

For the 2020 year, the Chief Executive Officer was incentivised for annual bonuses to be paid upon achievement of budgeted profit, membership growth targets and football team performance. In the event of these targets not being met, it is open to the Board to consider a discretionary bonus based on overall company performance and Mr White's personal efforts.

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

5. Group performance

Profit / (loss) before income tax has decreased to a loss of (\$469,200) in 2020, compared to a profit before income tax of \$3,364,000 in 2019. Earnings / (loss) per share for the current year and the past four financial years are shown below:

Year ended	2020	2019	2018	2017	2016
Profit / (loss) before tax	(\$0.47 million)	\$3.36 million	\$3.08 million	\$4.02 million	\$4.1 million
Basic earnings / (loss) per share (cents)	(0.4)	2.31	2.11	2.80	2.86
Share price	44 cents	41 cents	49 cents	55 cents	37 cents

The share price has moved from 41 cents at 1 January 2020 to 44 cents at 31 December 2020. The directors note that given the large shareholding of Nationwide News Pty Ltd (68.87%) and the low volume of trade, they do not necessarily consider the share price to reflect the true underlying value of the Company.

6. Key management personnel contractual arrangements

Chief Executive Officer

During 2020 and as previously reported, due to Covid-19 cost reduction measures, CEO remuneration was reduced by 50% from 1 April 2020 to 31 October 2020. Following this period, the Group signed an addendum to the existing employment contract with Mr White to extend the agreement with Mr White while the recruitment process for a Chief Executive Officer was undertaken. The structure, terms, conditions, and remuneration components of the extended agreement remained materially unchanged from the earlier agreement and are detailed below:

- The contract period was extended while the recruitment process for a Chief Executive Officer was completed. Mr White receives fixed remuneration of \$700,000 per annum plus statutory superannuation and a fully maintained motor vehicle.
- Mr White's salary package is reviewed annually by the Chairman and the Board of Directors. In its review, the Board considers overall company performance, Mr White's personal effort and commitment and market rates and salary packages for similar roles in Australia.
- Mr White is incentivised to be paid an annual bonus on achievement of budgeted profit, membership growth targets and football team performance. The performance measures were chosen as they reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the group and its shareholders. In the event of these targets not being met, the Board may also consider a discretionary bonus based on overall company performance and Mr White's personal efforts. A discretionary bonus was not paid to Mr White for the 2020 year.
- Mr White may resign from his position and thus terminate his contract by providing six months' written notice.
- The Company may terminate the contract immediately following written notice given by Mr White by providing payment of six months' salary in lieu of the notice period (based on the fixed component of Mr White's remuneration).
- The Company may terminate the contract by giving six months' written notice and providing a payment in lieu of six months' salary in lieu of the notice period. A payment of not less than six months' salary will also be paid in these circumstances. These payments are based on the fixed component of Mr White's remuneration.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Chief Executive Officer is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

On 3 February 2021, the Board of Directors announced the appointment of Mr David Donaghy as the Company's new CEO. A summary of the material terms and conditions of Mr Donaghy's employment agreement are outlined in the 3 February 2021 ASX announcement. Following the appointment of Mr Donaghy, the Board announce that a mutual agreement has been reached with current CEO Mr Paul White regarding the cessation of his employment with the Brisbane Broncos. After 10 years in the role, Mr White will finish his tenure as CEO on 28 February 2021.

Other KMP

Other KMP, excluding Mr White, have rolling contracts. The Company and KMP may terminate the KMP's employment by providing four weeks' notice in writing or providing payment in lieu of the notice period (based on the fixed component of the KMP's remuneration). The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the KMP is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Performance measures for all other KMP reflect the same overarching objectives as the CEO, further customised for departmental objectives. The performance measures were chosen as they reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the group and its shareholders.

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

Remuneration of key management personnel

Table 1: Remuneration for the year ended 31 December 2020

	Salary & Fees	Cash Bonus	Short-Term		Employment Post Superannuation	Long-Term Benefits Long Service Leave	Termination Benefits	Total	Performance Related
			Allowances #	Non-Monetary Benefits					
	\$	\$	\$	\$	\$	\$	\$	%	
Non-executive directors *									
K D Morris – Non-executive	30,625	-	-	-	2,909	-	-	33,534	-
A J Joseph – Non-executive	14,000	-	-	-	1,330	-	-	15,330	-
D J Lockyer – Non-executive +	14,000	-	-	-	1,330	-	-	15,330	-
N Monaghan – Non-executive ++	15,330	-	-	-	-	-	-	15,330	-
V S Wilson – Non-executive (appointed 12 May 2020)	5,000	-	-	-	475	-	-	5,475	-
K M Lawlor – Non-executive (Alternate Director)	-	-	-	-	-	-	-	-	-
++	-	-	-	-	-	-	-	-	-
Sub-total non-executive directors	78,955	-	-	-	6,044	-	-	84,999	-
Other key management personnel **									
P M White – Chief Executive Officer	495,833	-	-	20,000	21,349	10,999	-	548,181	-
T M Reader – Chief Strategy Officer (ceased employment 27 March 2020)	61,750	-	750	5,000	5,938	1,361	95,462	170,261	-
P J Nolan – General Manager - Football Operations	195,500	-	5,550	15,000	18,872	4,858	-	239,780	-
S A Moro – Chief Financial Officer (ceased employment 29 July 2020) ^	116,201	-	-	11,667	15,090	2,590	72,306	217,854	-
C L Halliwell – General Manager – Community & Government Programs ^	126,250	-	16,200	-	19,555	5,400	-	167,405	-
L A Lanigan – Company Secretary & Salary Cap Manager ^ ^^	143,187	-	15,000	-	20,864	3,230	-	182,281	-
T M Drinkwater – General Manager – HR, Risk & Compliance ^^	123,250	-	1,200	20,000	11,823	4,196	-	160,469	-
M L Friend – General Manager – Finance (appointed 1 July 2020)	90,000	-	1,790	8,333	8,720	-	-	108,843	-
Sub-total executive KMP	1,351,971	-	40,490	80,000	122,211	32,634	167,768	1,795,074	-
Totals	1,430,926	-	40,490	80,000	128,255	32,634	167,768	1,880,073	-

* Due to Covid-19 cost reduction measures in 2020, non-executive director remuneration reduced by 75% from 1 April 2020 to 31 December 2020.

+ Effective 1 January 2020, the Group engaged Mr Darren Lockyer to provide leadership consultancy services to the football department. A total of \$33,334 was paid to Mr Lockyer throughout 2020.

++ During 2020, fees for Mr Monaghan and Mr Lawlor were paid directly to their employer at an amount equivalent to the superannuation inclusive director fee.

** Due to Covid-19 cost reduction measures in 2020, CEO remuneration reduced by 50% from 1 April 2020 to 31 October 2020. Other KMPs employed for the full year had their remuneration reduced by 20% from 1 April 2020 to 31 December 2020.

^ Ms Moro, Ms Halliwell and Ms Lanigan salary sacrificed a portion of their wages.

^^ Ms Drinkwater and Ms Lanigan are remunerated for a 4-day week.

Allowances cover motor vehicle and other incidental administrative expenses.

If a person was not employed for the full year, the amounts above reflect the remuneration for the period the individual was employed.

If a bonus pool is approved by the Board, individual performance bonus amounts are determined by the Chairman and CEO following individual Performance Management Contract reviews. Bonus payments earned are recognised as an expense in the current year with actual payment made in the first pay cycle of the following year. Executive staff did not receive a discretionary bonus in respect of the 2020 year's performance.

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

Remuneration of key management personnel (continued)

Table 2: Remuneration for the year ended 31 December 2019

	Salary & Fees	Cash Bonus	Short-Term Allowances #	Non-Monetary Benefits	Post Employment Superannuation	Long-Term Benefits Long Service Leave	Termination Benefits	Total	Performance Related
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors									
K D Morris – Non-executive	70,000	-	-	-	6,650	-	-	76,650	-
K S Bickford – Non-executive (retired 13 December 2019)	32,000	-	-	-	3,040	-	-	35,040	-
A J Joseph – Non-executive	32,000	-	-	-	3,040	-	-	35,040	-
D J Lockyer – Non-executive	32,000	-	-	-	3,040	-	-	35,040	-
N Monaghan – Non-executive +	35,040	-	-	-	-	-	-	35,040	-
K M Lawlor – Non-executive (Alternate Director) +	-	-	-	-	-	-	-	-	-
Sub-total non-executive directors	201,040	-	-	-	15,770	-	-	216,810	
Other key management personnel									
P M White – Chief Executive Officer	700,000	-	-	20,000	66,500	15,470	-	801,970	-
T M Reader – Chief Strategy Officer	247,000	-	3,000	20,000	23,608	5,458	-	299,066	-
P J Nolan – General Manager - Football Operations	230,000	-	16,800	-	22,193	15,991	-	284,984	-
S A Moro – Chief Financial Officer	235,000	-	-	20,000	22,325	5,193	-	282,518	-
C L Halliwell – General Manager – Community & Government Programs ^	143,000	-	16,200	-	26,355	5,205	-	190,760	-
L A Lanigan – Company Secretary & Salary Cap Manager ^^	141,560	-	15,000	-	23,403	7,424	-	187,387	-
T M Drinkwater – General Manager – HR, Risk & Compliance ^^	145,000	-	13,700	9,182	14,307	3,789	-	185,978	-
Sub-total executive KMP	1,841,560	-	64,700	69,182	198,691	58,530	-	2,232,663	
Totals	2,042,600	-	64,700	69,182	214,461	58,530	-	2,449,473	

^ Ms Halliwell and Ms Lanigan salary sacrificed a portion of their wages.

+ Fees for Mr Monaghan and Mr Lawlor are payable directly to their employer at an amount equivalent to the superannuation inclusive director fee.

^^ Ms Drinkwater is remunerated for a 4-day week.

* Ms Lanigan is remunerated for a 3½-day week.

Allowances cover motor vehicle and other incidental administrative expenses.

If a person was not employed for the full year, the amounts above reflect the remuneration for the period the individual was employed.

If a bonus pool is approved by the Board, individual performance bonus amounts are determined by the Chairman and CEO following individual Performance Management Contract reviews. Bonus payments earned are recognised as an expense in the current year with actual payment made in the first pay cycle of the following year. Executive staff did not receive a discretionary bonus in respect of the 2019 year's performance.

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

Shareholdings of Key Management Personnel (Consolidated)

Two directors hold shares in Brisbane Broncos Limited. No other Key Management Personnel hold shares in the Company. Mr Joseph's total shareholding at reporting date was 120,000 ordinary shares, which did not change in 2020. Mr Lockyer's shareholding at reporting date was 43,778 ordinary shares, which did not change in 2020.

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

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Brisbane Broncos Limited support and adhere to, where practical, the principles of corporate governance. A copy of the Company's Corporate Governance Statement is available on the Brisbane Broncos' website www.broncos.com.au.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the declaration on page 21 from the auditor of Brisbane Broncos Limited.

NON-AUDIT SERVICES

Details of non-audit services provided by the entity's auditor, Ernst & Young, are included at note 28 of the financial report. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the directors.



Karl Morris AO
Chairman
Brisbane
18 February 2021



**Building a better
working world**

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Auditor's independence declaration to the directors of Brisbane Broncos Limited

As lead auditor for the audit of the financial report of Brisbane Broncos Limited for the financial year ended 31 December 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 audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink that reads "Kellie McKenzie".

Kellie McKenzie
Engagement Partner
Brisbane
18 February 2021

**Statement of Financial Position
as at 31 December 2020**

	Note	Consolidated	
		2020	2019
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	10	16,031,004	14,879,039
Trade and other receivables	11	1,814,708	1,602,264
Inventories	12	204,200	164,312
Income tax receivable		-	305,583
Other current assets		478,458	733,830
Total Current Assets		18,528,370	17,685,028
Non-current Assets			
Property, plant and equipment	13	19,459,907	20,595,409
Intangible assets	14(a)	12,510,580	12,510,580
Lease straight-line asset		238,388	211,484
Deferred tax asset	7(c)	153,525	60,552
Other non-current assets		-	29,167
Total Non-current Assets		32,362,400	33,407,192
TOTAL ASSETS		50,890,770	51,092,220
LIABILITIES			
Current Liabilities			
Trade and other payables	15	2,724,515	3,476,100
Provisions	16	1,443,075	1,784,487
Unearned revenue	17	9,194,429	6,806,716
Total Current Liabilities		13,362,019	12,067,303
Non-current Liabilities			
Trade and other payables	18	396,812	879,720
Provisions	19	187,800	194,756
Unearned revenue	20	2,228,519	1,878,188
Total Non-current Liabilities		2,813,131	2,952,664
TOTAL LIABILITIES		16,175,150	15,019,967
NET ASSETS		34,715,620	36,072,253
EQUITY			
Equity attributable to equity holders of the Parent			
Contributed equity	21	28,991,500	28,991,500
Accumulated profits	22	5,724,120	7,080,753
TOTAL EQUITY		34,715,620	36,072,253

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Statement of Comprehensive Income
for the year ended 31 December 2020**

	Note	2020 \$	Consolidated 2019 \$
Operations			
Revenue from contracts with customers	6	19,133,717	38,083,265
Grant received from National Rugby League Limited		15,500,302	13,597,292
Interest revenue		127,988	239,512
Other revenue		143,504	15,898
Revenue		34,905,511	51,935,967
Expenses	6	(35,374,711)	(48,571,967)
Profit / (loss) before income tax		(469,200)	3,364,000
Income tax (expense) / benefit	7(a)	92,973	(1,100,223)
Net profit / (loss) and other comprehensive income / (loss) for the year attributable to the ordinary equity holders of the parent		(376,227)	2,263,777
Earnings per share attributable to the ordinary equity holders of the parent:			
Basic earnings/(loss) per share	9	(0.4 cents)	2.3 cents
Diluted earnings/(loss) per share	9	(0.4 cents)	2.3 cents

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Statement of Cash Flows
for the year ended 31 December 2020**

	Note	2020 \$	Consolidated 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		23,925,847	39,963,404
Payments to suppliers & employees		(37,750,929)	(49,902,425)
NRL grants received		16,302,103	15,560,348
Other revenue received		50,436	9,020
Purchase of inventories		(693,613)	(1,097,105)
Interest received		147,633	240,906
Income tax received/(paid)		305,583	(859,480)
Net cash flows from/(used in) operating activities	23	2,287,060	3,914,668
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(154,689)	(1,131,574)
Net cash flows from/(used in) investing activities		(154,689)	(1,131,574)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	8(a)	(980,406)	(980,406)
Net cash flows from/(used in) financing activities		(980,406)	(980,406)
Net increase/(decrease) in cash and cash equivalents		1,151,965	1,802,688
Cash and cash equivalents at beginning of the period		14,879,039	13,076,351
Cash and cash equivalents at end of year	10	16,031,004	14,879,039

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity
for the year ended 31 December 2020**

CONSOLIDATED	Note	Attributable to equity holders of the Parent		Total Equity
		Contributed Equity	Accumulated Profits	
At 1 January 2019		28,991,500	5,797,382	34,788,882
Dividends paid	8(a)	-	(980,406)	(980,406)
Total comprehensive income / (loss) for the year		-	2,263,777	2,263,777
At 31 December 2019		28,991,500	7,080,753	36,072,253
Dividends paid	8(a)	-	(980,406)	(980,406)
Total comprehensive income / (loss) for the year		-	(376,227)	(376,227)
At 31 December 2020	21 & 22	28,991,500	5,724,120	34,715,620

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 31 December 2020

1. CORPORATE INFORMATION

The financial report of Brisbane Broncos Limited for the year ended 31 December 2020 was authorised for issue in accordance with a resolution of directors on 18 February 2021.

Brisbane Broncos Limited (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The immediate parent of Brisbane Broncos Limited is Nationwide News Pty Ltd which owns 68.87% of the ordinary shares, with the ultimate parent being News Corporation.

The nature of operations and principal activities of the Group are described in the Directors' Report.

The Group's financial statements are presented in Australian dollars, which is the functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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 and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost and going concern basis. The financial report is presented in Australian dollars.

The accounting policies and methods of computation are consistent with those adopted in the 2019 financial report, except as noted in note 2(b).

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 items in the financial statements have been reclassified to align with the 31 December 2020 disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Compliance with International Financial Reporting Standards

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

(b) New accounting standards and interpretations

The Group has applied and considered new and upcoming accounting standards, amendments and interpretations which apply for the first time in 2020, none of which had a material impact on the financial position or performance of the Group.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Brisbane Broncos Limited and its subsidiaries (as outlined in note 24) as at 31 December each year (the Group). Control is achieved when the Group is exposed, or has rights, to variable returns and has the ability to affect those returns through its power over the subsidiary. The financial statements of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

(d) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Operating segments have been identified based on the information and internal reports provided to the chief operating decision maker being the Chief Executive Officer.

(e) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits convertible to cash within 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 statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above. If applicable, bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Trade and other receivables

The classification of financial assets at initial recognition depends on the financial assets, contractual cash flow characteristics and the Group's business model for managing them. The Group's business model is to hold and collect the cash flows. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under AASB 15 *Revenue from contracts with customers*.

Collectability of trade receivables is reviewed on an ongoing basis. 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.

(g) Inventories

Inventories which consist of merchandise and apparel are valued at the lower of cost and net realisable value. Cost reflects the weighted average cost of each item. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred. The method of depreciation is straight-line basis over the estimated useful lives of the assets as follows:

Plant and equipment – over 1 to 30 years
Leasehold improvements – over 10 to 40 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year-end.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its 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) is included in profit or loss in the year the asset is derecognised.

(i) Leases

(i) Group as lessee

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date and requires 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, even if that right is not explicitly specified in the arrangement.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases, that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered low value. Exempt leases include the stadium hiring agreement and leases of gym equipment. Lease payments on short-term leases and leases of low-value assets are recognised as an expense as incurred. The total rental expense of exempt leases included in the Statement of Comprehensive Income is \$136,903.

The Group does not have any right-of-use assets nor lease liabilities therefore no carrying values are required to be recognised in the Statement of Financial Position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases (continued)

(ii) Group as lessor

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property, and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

(j) Impairment of non-financial assets other than indefinite life intangibles

Non-financial assets other than intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Brisbane Broncos Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors such as changes in expected future processes, technology and economic conditions are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

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 purpose 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 that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(k) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed at each report period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

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

	Sporting Franchise	Other Intangibles
Useful life	Indefinite	Indefinite
Method used	No amortisation	No amortisation
Internally generated/acquired	Acquired	Acquired
Impairment testing	Annually and more frequently where an indication of impairment exists	Annually and more frequently where an indication of impairment exists

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 profit or loss when the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial 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 and are usually paid within 30 days of recognition.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

(m) Interest-bearing loans and borrowings

All loans and borrowings are classified as financial liabilities at amortised cost and are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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

(n) Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual 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 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.

(ii) Long service leave

The liability for long service leave is recognised and measured as present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future

wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Government grants

When the government grant relates to an asset, the grant is offset against the carrying value of the asset. The grant is then recognised in the Statement of Comprehensive Income over the useful life of the depreciable asset by way of a reduced depreciation charge. Refer to note 2(q) for government grant revenue accounting. When the grant relates to an expense item, it is recognised against the expense for which it is intended to compensate in the Statement of Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Contributed equity

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.

(q) Revenue recognition

Membership, ticketing, corporate sales and game day revenue

In accordance with AASB 15, revenue related to memberships (included within membership, ticketing, corporate sales and game day revenue) comprise of three performance obligations being the merchandise pack, merchandise voucher and home game tickets.

Merchandise related revenue is recognised on delivery to or collection by the member of the merchandise pack and on presentation by the member of the merchandise voucher. The revenue for the ticket portion of the membership price is recognised when the Broncos perform their home games across the season.

Ticketing, corporate sales and game day revenue relating to Brisbane Broncos home games has one performance obligation. The Group has concluded that revenue from ticketing, corporate sales and game day revenue is recognised at the point in time which the game is held. Revenues received in advance of a playing season are deferred as unearned revenue in the Statement of Financial Position and brought to account over the relevant sporting season.

Sponsorship

The Group has concluded that revenue from sponsorship contracts should be recognised over time, on a monthly basis, wholly within the year to which the sponsorship contract relates and in line with relevant performance obligations.

Development, community and indigenous programs

The Group's contracts with customers for development, community and indigenous programs consists of one performance obligation. The Group has concluded that revenue is recognised at a point in time when the attached conditions and milestones have been complied with.

Sale of goods

The Group's contracts with customers for the sale of goods, which consists of one performance obligation. The Group has concluded that revenue from the sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Royalties and commissions

The Group's contracts with customers for royalties and commissions consists of one performance obligation. The Group has concluded that revenue from royalties and commissions should be recognised at the point in time when the royalties and commissions is generated and is receivable.

Other Group Revenue Accounting Policies

Grant Received from the National Rugby League

The Group has concluded that grant revenue from the National Rugby league should be recognised over time, on a monthly basis, wholly within the year to which the grant relates and in line with relevant performance obligations.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions have been complied with. Government grants are recognised as revenue over the period to match the costs that it is intended to recover, unless they relate to an asset and then note 2(o) is applied.

Prize money

Prize money is recognised in the financial year in which it is earned.

Interest

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 rate, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts 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, 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, associates and interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences 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 profit nor taxable profit or loss; or
- when the deductible temporary differences are associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences 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 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. 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

Brisbane Broncos Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 January 2004.

The head entity, Brisbane Broncos Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the stand-alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Brisbane Broncos Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in note 7(d).

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned consolidated entities.

Other Taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST 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 are stated with the amount of GST included.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax and other taxes (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Earnings / (loss) per share

Basic earnings / (loss) per share is calculated as net profit (loss) attributable to members of the Parent, adjusted to include any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short-term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from operations. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2. The Group does not have any exposure to foreign exchange movements. The financial risk management policies of the Parent are consistent with the Group's.

Risk exposures and responses

Interest rate risk

The Group has minimal exposure to market interest rates due to its debt free status. As at balance date, the only financial assets or liabilities exposed to Australian variable interest rate risk were cash and cash equivalents outlined below:

	Consolidated	
	2020	2019
	\$	\$
Cash at bank and in hand	4,531,004	4,238,414
Short-term deposit	11,500,000	10,640,625
	16,031,004	14,879,039

The Group invests its cash in short-term deposits earning interest at an average rate of 1.02% (2019: 2.28%) per annum. It is reasonably possible that movements in interest rates (+ 1%, - 1%) would impact interest revenue by approximately \$132,968 (2019: \$89,741) and not have any material effect on net profit / (loss) or total equity of the consolidated group for the year ended 31 December 2020.

Credit Risk

To minimise credit risk exposure, the Group trades only with recognised, creditworthy third parties. It is Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored, by regular assessment, for impairment of balances aged greater than 90 days with the result that the Group's exposure to bad debts is not significant.

Liquidity Risk

The Group's objective is to maintain sufficient funds to finance its current operations and to ensure its long-term financial stability. The Group currently maintains sufficient cash reserves to meet this objective. The Group has \$933,258 (2019: \$1,196,940) financial liabilities with six months or less contractual maturity and has \$696,812 (2019: \$1,179,720) financial liabilities with greater than six months to five years' contractual maturity.

Capital Risk

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to equity holders. The primary objective of the Group's capital management is to maximise the shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) *Significant accounting judgements*

Impairment of non-financial assets other than intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves a value in use calculation, which incorporates a number of key estimates and assumptions.

Consolidation of Brisbane Broncos Rugby League Club Limited

As disclosed in note 24(a)(ii), the Group consolidates the results and position of Brisbane Broncos Rugby League Club Limited ("BBRLC"). BBRLC is a company limited by guarantee and has no share capital. Through operating and other arrangements, for financial reporting purposes, the Group has the ability to control BBRLC. All Board members of BBRLC are directors of the Group. Based on these facts and circumstances, management determined that for financial reporting purposes, in substance the Group controls BBRLC with no non-controlling interests.

(ii) *Significant accounting estimates and assumptions*

Impairment of intangibles with indefinite lives

The Group determines whether 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 unit using a value in use discounted cash flow methodology to which the intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives are disclosed in note 14.

Estimate of useful lives of assets

The estimation of useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included at note 6.

5. SEGMENT INFORMATION

The principal activity of the Group during the 2020 financial year was the management and operation of the Brisbane Broncos Rugby League Football teams. This Group operates within one segment. There were no significant changes in the nature of those activities during the year. The Group operates in Australia only.

Revenue from one customer amounted to \$15,072,965 arising from sales and grants in respect of the 2020 financial year (2019: \$13,092,050).

	2020	Consolidated	2019
	\$		\$

6. REVENUE FROM CONTRACTS WITH CUSTOMERS AND EXPENSES

REVENUE FROM CONTRACTS WITH CUSTOMERS

For the year ended 31 December 2020, the Group's revenue is disaggregated in the Statement of Comprehensive Income with the exception of Revenue from Contracts with Customers which is disaggregated below:

Membership, ticketing, corporate sales and game day	2,379,453	16,047,539
Sponsorship	10,310,407	15,326,071
Development, community and indigenous programs	4,562,032	4,050,778
Sale of goods	1,017,913	1,650,803
Royalties and commissions	106,160	485,871
Rental income	423,751	419,203
Other	334,001	103,000
	19,133,717	38,083,265

EXPENSES

Cost of sales	653,725	1,129,160
Administration expense	6,891,432	9,140,423
Stadium operations expense	1,168,941	5,899,322
Corporate sales, merchandise and ticketing expense	1,903,739	4,651,064
Marketing, sponsorship and advertising expense	3,502,777	5,790,095
Development, community and indigenous program costs	4,058,763	4,050,972
Football related expenses	17,195,334	17,910,931
	35,374,711	48,571,967

Included in the above expenses are the following:

Lease payments – short-term and low value leases	136,903	1,896,736
Depreciation of property, plant and equipment	1,290,191	1,370,042
Movement in provision for employee benefits	764,919	1,028,248
Salary and wage expense	20,264,784	22,034,540

	2020	Consolidated	2019
	\$		\$
7. INCOME TAX			
(a) Income tax (expense) / benefit			
The major components of income tax (expense) / benefit are:			
Statement of Comprehensive Income			
<i>Current income tax</i>			
Current income tax (expense) / benefit	193,977		(1,004,955)
Over-provision prior year	-		1,774
<i>Deferred income tax</i>			
Relating to origination and reversal of temporary differences	(101,004)		(97,042)
Income tax (expense) / benefit reported in the Statement of Comprehensive Income	92,973		(1,100,223)
(b) Numerical reconciliation between aggregate tax expense recognised in the Statement of Comprehensive Income and tax expense calculated per the statutory income tax rate			
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:			
Accounting profit / (loss) before tax	(469,200)		3,364,000
At the Group's statutory income tax rate of 30% (2019: 30%)	140,760		(1,009,200)
<i>Expenditure not allowed for income tax purposes</i>			
Entertainment	(47,738)		(92,746)
Other	(49)		1,723
Aggregate income tax (expense) / benefit	92,973		(1,100,223)

Statement of Financial Position		Statement of Comprehensive Income	
2020	2019	2020	2019
\$	\$	\$	\$

7. INCOME TAX (continued)

(c) Recognised deferred tax assets and liabilities

Deferred income tax at 31 December relates to the following:

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(i) Deferred tax assets/(liabilities)

Sundry debtors	-	(24,802)	24,802	(16,246)
Provisions	8,682	8,241	441	(76)
Employee benefits	264,454	327,103	(62,649)	14,161
Prepayments	(2,161)	(4,585)	2,424	35
Lease straight-line asset	(71,516)	(63,445)	(8,071)	(7,664)
Fixed assets	(243,321)	(220,783)	(22,538)	(85,246)
Accruals	3,410	38,823	(35,413)	(2,006)
	(40,452)	60,552	(101,004)	(97,042)
Carried forward tax losses	193,977	-	193,977	-
<i>Deferred tax assets/(liabilities)</i>	<u>153,525</u>	<u>60,552</u>		
<i>Deferred tax income/(expense)</i>			<u>92,973</u>	<u>(97,042)</u>

(d) Tax Consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Brisbane Broncos Limited and its 100% owned Australian resident subsidiaries (except Brisbane Broncos Rugby League Club Limited) have formed a tax consolidated group with effect from 1 January 2004. Brisbane Broncos Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the separate taxpayer within group approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with broad principles in AASB 112 *Income Taxes*. The nature of the tax funding agreement is discussed further below.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement under which the wholly owned entities compensate the head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head entity under the tax consolidation legislation. The funding amounts are determined by reference to the current and deferred tax amounts recognised by the controlled entities.

The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable/(payable) which is at call. The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The terms and conditions for these transactions are disclosed in note 24.

Brisbane Broncos Limited and its controlled entities

	Consolidated	
	2020	2019
	\$	\$
8. DIVIDENDS PAID AND PROPOSED		
(a) Recognised Amounts		
<i>Paid during the year:</i>		
Final franked dividend for 2019: one cent paid in 2020 (2019: for 2018 one cent paid in 2019)	980,406	980,406
(b) Unrecognised Amounts		
Dividends on ordinary shares:		
Final franked dividend for 2020: 0.5 cents (2019: final franked dividend for 2019: one cent)	490,023	980,406
(c) Franking Account Balance		
The amount of franking credits available for the subsequent financial year are:		
- franking account balance as at the end of the financial year at 30% (2019: 30%)	7,221,485	7,947,242
- franking credits that will arise from the payment of income tax / (receipt of refund) as at the end of the financial year	-	(305,583)
- franking debits that will arise from the payment of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(210,087)	(420,174)
	7,011,398	7,221,485

(d) Tax Rates

The tax rate at which paid dividends have been franked is 30% (2019: 30%). Dividends proposed will be franked at the rate of 30% (2019: 30%).

9. EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share amounts are calculated by dividing net profit / (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. No dilution factors need to be taken into consideration for Brisbane Broncos Limited. The following reflects the profit / (loss) and share data used in the basic earnings / (loss) per share computation:

	Consolidated	
	2020	2019
Net profit / (loss) from continuing operations attributable to equity holders of the parent	(\$376,227)	\$2,263,777
Weighted average number of ordinary shares for basic earnings per share	98,040,631	98,040,631

There have been no transactions involving the issue or cancellation of ordinary shares since the reporting date and before the completion of these financial statements.

	Consolidated	
	2020	2019
	\$	\$
10. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	4,531,004	4,238,414
Short-term deposit	11,500,000	10,640,625
	16,031,004	14,879,039

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.

	Consolidated	
	2020	2019
	\$	\$
11. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade receivables	840,895	1,031,757
Allowance for expected credit losses (a)	(48,721)	-
	792,174	1,031,757
Other receivables (a)	1,022,534	570,507
Carrying amount of trade and other receivables	1,814,708	1,602,264

Other receivables for the Group includes GST receivable of \$299,150 (2019: \$217,230) and corporate partnership receivables of \$665,200 (2019: \$233,333).

(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. An 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 and debts that are more than 90 days old are considered objective evidence of impairment.

The majority of trade receivables at 31 December 2020 are aged within the 30-90 day terms with \$62,359 (2019: \$243,250) of trade receivables past due but not considered impaired.

(b) Fair value and credit risk

Due to the short-term nature of receivables, their carrying value is assumed to approximate 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.

Consolidated

2020
\$

2019
\$

12. CURRENT ASSETS - INVENTORIES

Finished goods – at cost	210,200	164,312
Provision for net realisable value write down	(6,000)	-
Total inventories at the lower of cost and net realisable value	<u>204,200</u>	<u>164,312</u>

Inventories recognised as an expense for the year ended 31 December 2020 totalled \$653,725 (2019: \$1,129,160) for the Group. This expense has been included in the cost of sales line item as a cost of inventories.

13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the period

	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$
Year ended 31 December 2020			
At 1 January 2019 net of accumulated depreciation, impairment and grant monies received	5,903,324	14,692,085	20,595,409
Additions	154,689	-	154,689
Depreciation charge for year	(871,051)	(419,140)	(1,290,191)
At 31 December 2020 net of accumulated depreciation, impairment and grant monies received	<u>5,186,962</u>	<u>14,272,945</u>	<u>19,459,907</u>
At 31 December 2020			
Cost	8,827,026	23,451,685	32,278,711
Accumulated grant monies received	(304,847)	(6,749,784)	(7,054,631)
Accumulated depreciation and impairment	(3,335,217)	(2,428,956)	(5,764,173)
Net carrying amount	<u>5,186,962</u>	<u>14,272,945</u>	<u>19,459,907</u>
Year ended 31 December 2019			
At 1 January 2018 net of accumulated depreciation, impairment and grant monies received	6,402,940	14,430,937	20,833,877
Additions	432,246	699,328	1,131,574
Depreciation charge for year	(931,862)	(438,180)	(1,370,042)
At 31 December 2019 net of accumulated depreciation, impairment and grant monies received	<u>5,903,324</u>	<u>14,692,085</u>	<u>20,595,409</u>
At 31 December 2019			
Cost	8,817,532	23,451,685	32,269,217
Accumulated grant monies received	(304,847)	(6,749,784)	(7,054,631)
Accumulated depreciation and impairment	(2,609,361)	(2,009,816)	(4,619,177)
Net carrying amount	<u>5,903,324</u>	<u>14,692,085</u>	<u>20,595,409</u>

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Sporting Franchise	Other Intangibles	Total
\$	\$	\$

14. NON-CURRENT ASSETS - INTANGIBLE ASSETS

(a) Reconciliation of carrying amounts at the beginning and end of the period

At 31 December 2020

Cost	13,382,857	28,000	13,410,857
Accumulated impairment	(900,277)	-	(900,277)
Net carrying amount	<u>12,482,580</u>	<u>28,000</u>	<u>12,510,580</u>

At 31 December 2019

Cost	13,382,857	28,000	13,410,857
Accumulated impairment	(900,277)	-	(900,277)
Net carrying amount	<u>12,482,580</u>	<u>28,000</u>	<u>12,510,580</u>

(b) Description of Group's intangible assets

Effective 10 February 2012, Brisbane Broncos Limited became a member of the Australian Rugby League Commission Limited ("ARLC"), as a Licensee. The ARLC was established to be, amongst other things, the single controlling body and administrator of the game of rugby league in Australia. National Rugby League Limited is a wholly controlled entity of the ARLC. As a Licensee, the Group enjoys the benefits from competing in the NRL competition. The Sporting Franchise is considered to have an indefinite useful life based on an analysis of all relevant factors. There is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. The licence granted by the National Rugby League may be renewed indefinitely at no cost. Management is confident that the conditions necessary to obtain renewal will continue to be met on an ongoing basis.

During the year, negotiations continued between the NRL and the 16 NRL clubs for terms of a perpetual Club Agreement. A Memorandum of Understanding (MOU) was issued by the NRL in 2016. In accordance with that document, additional funds of \$3,000,000 were paid to each club, in various instalments over the 2016 and 2017 years. A Further Deed of Agreement was entered into with the NRL in December 2016 which supplemented aspects of the MOU and Club Agreement. The Deed stated that the additional funds received by clubs would be characterised as a loan, to be forgiven over a five-year period from November 2017 to October 2022. In 2017, the NRL then advised that the nature of the additional funds is an advance of participation grant funds related to the same period. The advanced funds are being recognised as grant revenue over the five-year period in equal monthly instalments. At reporting date, \$600,000 (2019: \$600,000) in grant revenue has been recognised in the Statement of Comprehensive Income. Under the Deed, the term of the Club Agreement, which was due to expire on 31 October 2018, expires on 31 October 2023. Intangible assets are subject to annual impairment testing.

(c) Impairment testing of intangibles with indefinite lives

The Group's tangible and intangible assets are all used in the operation and management of the Brisbane Broncos Rugby League Football teams and all revenue streams are dependent and reliant upon these operations such as sponsorship, membership, ticketing, corporate sales and National Rugby League grant revenue. It is therefore considered that the cash generating unit to which the Sporting Franchise belongs is the Group and its operations, and as such the future maintainable earnings of the Group, excluding interest income, has been used to support the recoverable amount of the Group's net assets and therefore the Sporting Franchise.

14. NON-CURRENT ASSETS - INTANGIBLE ASSETS (continued)

(c) Impairment testing of intangibles with indefinite lives (continued)

For the purpose of determining whether the carrying amount of the Sporting Franchise is impaired, management has considered the future maintainable earnings of the Group based on financial budgets. Factors considered in the calculation of future maintainable earnings were:

- market research results on brand recognition;
- the success of the Brisbane Broncos Rugby League Team since its inception;
- the long-term tenancy at Suncorp Stadium;
- the level of sponsorship and corporate sales with Covid-19 impacts considered;
- crowd attendances, gate takings and season memberships taking into account the Covid-19 impacts on game day cash flows; and
- impacts of the Covid-19 pandemic on the Group's operating environment, the risk of delays in economic recovery and subsequent impact on performance.

An annual growth rate of 3% has been used in the future maintainable earnings calculation and a post-tax discount rate of 8.5% has been applied to the cash flow projections. Value in use has been calculated using a five-year model with a terminal value. There is no present indication that these factors will change in the foreseeable future. As a result, management is of the opinion that the future maintainable earnings calculation can be justified based on these assumptions.

As at 31 December 2020, the present value of the cash flow projections supported the carrying value of the cash generating unit and there is therefore no impairment.

	Consolidated	
	2020	2019
	\$	\$
15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Trade payables	633,258	896,940
Related party payables – National Rugby League Limited	600,000	600,000
Other payables	1,491,257	1,979,160
	2,724,515	3,476,100

For terms and conditions related to related party payables refer to note 14(b) and 24.

(a) Fair value

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing.

(b) Financial guarantees

The Group has not provided any external financial guarantees on these payables.

(c) Related party payables

For terms and conditions relating to related payables, refer to note 24.

(d) Interest rate risk

Information relating to interest rate risk is set out in note 3.

	Consolidated	
	2020	2019
	\$	\$
16. CURRENT LIABILITIES – PROVISIONS		
Fringe benefits tax	90,629	121,888
Annual leave	654,703	753,435
Long service leave	697,743	909,164
	1,443,075	1,784,487

Brisbane Broncos Limited and its controlled entities

	Consolidated	
	2020	2019
	\$	\$
17. CURRENT LIABILITIES - UNEARNED REVENUE		
Game Day	6,188,362	4,908,143
Community Grants	2,856,398	1,706,481
Naming Rights	75,000	75,000
Other	74,669	117,092
	<u>9,194,429</u>	<u>6,806,716</u>

All community grants, naming rights and other unearned revenue as at 31 December 2019 has been recognised as revenue throughout the year to 31 December 2020. As noted in the Directors Report, 2020 ticketed memberships sold were reallocated to the 2021 season and accordingly minimal season membership revenue has been recognised in 2020 from game day unearned revenue.

	Consolidated	
	2020	2019
	\$	\$
18. NON-CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Related party payables – National Rugby League Limited	396,812	879,720
	<u>396,812</u>	<u>879,720</u>

For terms and conditions related to related party payables refer to notes 14(b) and 24.

	Consolidated	
	2020	2019
	\$	\$
19. NON-CURRENT LIABILITIES – PROVISIONS		
Long service leave	187,800	194,756
	<u>187,800</u>	<u>194,756</u>

Long Service Leave

Refer to note 2(n) for the relevant accounting policy and a discussion of the estimations and assumptions applied in the measurement of this provision.

	Consolidated	
	2020	2019
	\$	\$
20. NON-CURRENT LIABILITIES - UNEARNED REVENUE		
Naming Rights	2,200,000	1,775,000
Other	28,519	103,188
	<u>2,228,519</u>	<u>1,878,188</u>

Naming Rights relates to the Advertising and Naming Rights agreement for the Clive Berghofer Centre and Clive Berghofer Field. The agreement is for an amount of \$3m of which \$2.5m has been received as at 31 December 2020. The agreement is for the 40-year term of the lease for the facility at Red Hill. Of the total unearned revenue at 31 December 2019, \$75,000 has been recognised as revenue throughout the year to 31 December 2020.

	Consolidated	
	2020	2019
21. CONTRIBUTED EQUITY		
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. When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns and the creation of long-term shareholder value.

	Consolidated	
	2020	2019
	\$	\$
22. ACCUMULATED PROFITS		
Balance 1 January	7,080,753	5,797,382
Net profit / (loss)	(376,227)	2,263,777
Dividends	(980,406)	(980,406)
Balance 31 December	5,724,120	7,080,753

	Consolidated	
	2020	2019
	\$	\$

23. CASH FLOW STATEMENT RECONCILIATION

Reconciliation of net profit after tax to net cash flows from operations

Net profit / (loss)	(376,227)	2,263,777
Adjustments for:		
Depreciation and amortisation	1,290,191	1,370,042
Doubtful debts	48,721	-
Movement in employee benefit provisions	(317,362)	170,784
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	49,567	(173,060)
(Increase)/decrease in inventories	(39,888)	32,055
(Increase)/decrease in lease straight-line asset	(26,904)	(25,545)
(Increase)/decrease in deferred tax asset	(92,973)	97,042
(Decrease)/increase in current tax liability	305,583	143,700
(Decrease)/increase in creditors and accruals	(753,504)	940,852
(Decrease)/increase in unearned revenue	2,230,863	(868,024)
(Decrease)/increase in provisions	(31,007)	(36,955)
Net cash from/(used in) operating activities	2,287,060	3,914,668

Brisbane Broncos Limited and its controlled entities

24. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of Brisbane Broncos Limited and the subsidiaries listed in the following table:

Name of Controlled Entity	Country of Incorporation		% of shares held	
			2020	2019
Brisbane Broncos Corporations Trust	Australia		100	100
Brisbane Broncos Corporation Pty Ltd (Trustee)	Australia		100	100
Brisbane Broncos Management Corporation Pty Ltd	Australia	(i)	100	100
Brisbane Broncos Rugby League Club Ltd	Australia	(ii)	n/a	n/a
Queensland Entertainment Services Pty Ltd	Australia	(i)	100	100
Laurelgrove Pty Ltd	Australia	(i)	100	100
Pacific Sports International Pty Ltd	Australia	(i)	100	100
Brisbane Broncos (Licencee) Pty Ltd	Australia		100	100
A.C.N. 067 052 386 Pty Ltd	Australia		100	100
Pacific Sports Holdings Pty Ltd (Trustee)	Australia	(i)	100	100
Brisbane Professional Sports Investment Pty Ltd	Australia		100	100
AH BR Pty Ltd	Australia		100	100

The financial years of all controlled entities are the same as that of the parent entity.

All controlled entities were incorporated in Australia, have only issued ordinary share capital, and are controlled either directly or through its subsidiaries by the parent entity.

- (i) These companies have entered into a deed of cross guarantee with Brisbane Broncos Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each Company participating in the deed on winding up of that company. Closed group disclosures are not presented as no company within the closed group is required to avail itself of the relief from preparation of financial statements granted by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
- (ii) Brisbane Broncos Rugby League Club Ltd is a company limited by guarantee, is owned by its members but has been consolidated as a controlled entity under AASB 10 *Consolidated Financial Statements*.

(b) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 26.

(c) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end, refer to notes 15 and 18).

		Sales to related parties \$	Grants and other income from related parties \$	Purchases from related parties \$
CONSOLIDATED				
<i>Majority shareholder</i>				
News Corporation	2020	54,925	-	106,031
	2019	131,046	-	162,584
<i>Other</i>				
National Rugby League Limited	2020	383,609	15,086,094	326,383
	2019	738,414	12,759,792	505,320

24. RELATED PARTY DISCLOSURE (continued)

(c) Transactions with related parties (continued)

Majority shareholder

News Corporation, via its subsidiary Nationwide News Pty Ltd, owned 68.87% of the Group as at 31 December 2020 (2019: 68.87%). News Corp Australia and its related entities provided the Group with commercial income during the financial year. Advertising and other services were also provided during the financial year by News Corp Australia and its related entities to the value of \$106,031 (2019: \$162,584).

Other

The licence held by the Group during the year was provided by National Rugby League Limited. The licence entitles the Group to receive an annual grant from National Rugby League Limited. Further advertising grants and merchandise royalty income were also provided to the Group during the financial year. Various amounts were paid to the National Rugby League by the Group during the year relating to tickets to rugby league matches and other functions, insurances, travel and other miscellaneous game day related items.

25. INFORMATION RELATING TO BRISBANE BRONCOS LIMITED (THE PARENT)

	Parent Entity	
	2020	2019
	\$	\$
Current assets	13,862,491	14,217,477
Total assets	28,416,909	29,509,434
Current liabilities	750,721	813,228
Total liabilities	9,455,340	9,214,819
Net Assets	18,961,569	20,294,615
Issued Capital	28,991,500	28,991,500
Accumulated profits/(losses)	(10,029,931)	(8,696,885)
Total equity	18,961,569	20,294,615
Profit / (loss) of the Parent Entity	(352,640)	2,279,970
Total comprehensive income / (loss) of the Parent Entity	(352,640)	2,279,970

The Parent has entered into a deed of cross guarantee with a number of its controlled entities as described at note 24.

The Parent guarantees the performance and financial obligations of Brisbane Broncos Rugby League Club Limited (BBRLC) under the terms of the Final Lease described at note 27.

The Parent has a Sub-sublease for a long-term commercial tenancy as described at note 27 as well as a shorter-term agreement with a café tenant at the Clive Berghofer Centre.

The Parent has no contingent liabilities. The Parent entity has no obligations to purchase plant and equipment at balance date (2019: nil).

26. KEY MANAGEMENT PERSONNEL

(a) Compensation of Key Management Personnel

	Consolidated	
	2020	2019
	\$	\$
Short-term employee benefits	1,551,416	2,176,483
Post-employment benefits	128,255	214,459
Termination benefits	167,768	-
Other long-term benefits	32,634	58,531
	1,880,073	2,449,473

There were a total of 14 key management personnel during 2020 (2019: 13).

Brisbane Broncos Limited and its controlled entities

26. KEY MANAGEMENT PERSONNEL (continued)

(b) Shareholdings of Key Management Personnel (Consolidated)

	Consolidated	
	2020	2019
Shares held in Brisbane Broncos Limited (number)	163,778	163,778
Balance as at 31 December	163,778	163,778

Refer to the Remuneration Report in the Directors' Report for details of KMP shareholdings.

(c) Other transactions and balances with Key Management Personnel

As at 31 December 2020, Mr Monaghan and Mr Lawlor were employees of News Corp Australia which is a related party of the Group. Transactions conducted with News Corp Australia and its related entities are disclosed in note 24 of this report.

Effective 1 January 2020, the Group engaged Mr Darren Lockyer to provide leadership consultancy services to the football department. A total of \$33,334 was paid to Mr Lockyer throughout 2020.

27. COMMITMENTS AND CONTINGENCIES

(a) Commitments

(i) Leasing Commitments

Group as lessee

On 4 February 2015, the renewed Hiring Agreement between Brisbane Broncos and AEG Ogden (Brisbane Stadium Management) Pty Ltd as agent for Stadiums Queensland was signed. The terms of the property lease incentivise the parties to grow game day attendances and are more favourable for the Group than the terms of the original agreement. The lease has an eight-year term, with a review anniversary at four years and a renewal option. During 2018, a review was undertaken with no changes required to the Hiring Agreement terms. There is no minimum amount payable under the Hiring Agreement with Suncorp Stadium. Additional amounts payable under this agreement are based on proceeds from sales of corporate facilities, signage, ticket sales, and other revenue per game which cannot be reliably forecast. Throughout 2020, due to the impacts of Covid-19, the Hiring Agreement was amended for the 2020 season only. Refer to note 6 for amounts paid.

Following practical completion and satisfaction pre-requisites, a Final Lease for the Training, Administration and Community Facility (TACF) site at Fulcher Road, Red Hill was granted by the State of Queensland to Brisbane Broncos for a 40-year term commencing on 30 November 2017. The lease allows for the occupation and operation of the completed facility, named the Clive Berghofer Centre and Clive Berghofer Field. The lease requires Brisbane Broncos to meet the requirements of a Community Benefits Plan over the term of the lease. At the time that the lease took effect, other related lease documents and licence agreements required to accommodate the requirements within the Broncos structure also took effect. Given the nature, term and conditions of the lease, a AASB 16 assessment was performed and it was concluded that AASB16 did not have an impact.

Group as lessor

On 5 December 2017, an Agreement for Lease and Sub-sublease document were signed with Qscan for a long-term commercial tenancy at the new facility. The Sub-sublease took effect on 30 April 2018 following a fit-out period. The long-term agreement ensures that the Group has the ability to absorb the operational costs of the new facility.

On 12 February 2018, a Sub-sublease document was fully executed for a café tenancy at the Clive Berghofer Centre. The Sub-sublease took effect on 15 February 2018.

27. COMMITMENTS AND CONTINGENCIES (continued)

(ii) Other Operational Commitments

The Group has entered into commercial leases for the provision of software. No motor vehicles leases are held in the current or prior year. There are no restrictions placed upon the lessee by entering into these leases. Equipment rentals and software commitments have an average life of three years.

Future minimum rentals payable under non-cancellable leases and software agreements as at 31 December are as follows:

	Consolidated	
	2020	2019
	\$	\$
Within one year	113,836	98,072
After one year but not more than five years	<u>107,482</u>	<u>220,524</u>
Total minimum lease payments	<u>221,318</u>	<u>318,596</u>

(iii) Football Related, Community and Merchandise Commitments

Commitments for the payment of coaching staff, player and community staff contracts, affiliate club and merchandise forward orders in existence at the reporting date but not recognised as liabilities are:

	Consolidated	
	2020	2019
	\$	\$
Within one year	14,111,114	14,030,470
After one year but not more than five years	<u>11,216,496</u>	<u>27,596,779</u>
	<u>25,327,610</u>	<u>41,627,249</u>

(iv) Capital Expenditure Commitments

There are no capital expenditure commitments at 31 December 2020 (2019: nil).

(b) Contingencies

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.

28. AUDITORS' REMUNERATION

The auditor of Brisbane Broncos Limited is Ernst & Young.

	2020	Consolidated	2019
	\$		\$
<i>Amounts received, or due and receivable, by Ernst & Young for:</i>			
• an audit or review of the financial report of the entity and any other entity in the consolidated group	97,226		124,400
• other services in relation to the entity and any other entity in the consolidated group			
– compliance and employment taxes	31,700		86,430
	128,926		210,830

29. EVENTS AFTER BALANCE DATE

On 3 February 2021, the Board of Directors announced the appointment of Mr David Donaghy as the Company's new CEO. A summary of the material terms and conditions of Mr Donaghy's employment agreement are outlined in the 3 February 2021 ASX announcement. Following the appointment of Mr Donaghy, the Board announce that a mutual agreement has been reached with current CEO Mr Paul White regarding the cessation of his employment with the Brisbane Broncos. After 10 years in the role, Mr White will finish his tenure as CEO on 28 February 2021.

On 18 February 2021, the Board of Directors declared a final dividend of half of one cent per share franked to 100% at the 30% corporate income tax rate to the holders of fully paid ordinary shares for the financial year ended 31 December 2020. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 December 2020 and will be recognised in the subsequent financial report.

Directors' Declaration

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

1. In the opinion of the directors:
 - (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true view of the Company's and consolidated entity's financial position as at 31 December 2020 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a),
 - (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 24 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.
2. This declaration is made after receiving the declarations required to be made to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial period ended 31 December 2020.

On behalf of the Board



Karl Morris AO
Chairman
Brisbane
18 February 2021



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Independent Auditor's Report to the Shareholders of Brisbane Broncos Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brisbane Broncos Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 31 December 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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* (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Impairment Testing of Intangible Assets and Non-Current Assets

Why significant

The non-current asset impairment assessment was a key audit matter due to the size of the recorded intangible asset (\$12.5 million), property, plant and equipment asset (\$19.5 million) and the degree of estimation required to be made by the Group in determining the recoverable amount of these assets. This involves discounted cash flow forecasts, which incorporate a number of key estimates and assumptions.

Note 13 and 14(a) to the financial statements discloses the property, plant and equipment and intangible asset balances respectively. Note 14(c) discloses the assumptions used by the Group in testing these assets.

How our audit addressed the key audit matter

As part of our audit, we performed the following:

- ▶ Assessed the Group's determination that it consists of a single Cash Generating Unit.
- ▶ Tested the mathematical accuracy of the impairment model.
- ▶ Agreed forecasts to Board approved business plans.
- ▶ Considered the historical accuracy of the Group's cash flow forecasts.
- ▶ We applied our knowledge of the business and corroborated our work with external information where possible, including market capitalisation.
- ▶ We assessed the key assumptions within the cash flow model including the growth rates and discount rate.

We assessed the adequacy of the impairment disclosures in the financial report.

2. Revenue Recognition

Why significant

The recognition of revenue and the carrying value of the related unearned revenue liabilities was a key audit matter due to the size of the amounts involved, the differing nature of revenue streams and timing of when revenue is recognised for each stream in accordance with relevant performance obligations.

The process of revenue recognition and calculation of unearned revenue involves judgment with respect to the period over which revenue is recognised.

Note 2(q) and note 6 to the financial statements details the revenue streams of the Group and associated accounting policies.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ We considered whether the Group's revenue recognition policies comply with applicable Australian Accounting Standards.
- ▶ For all significant revenue related contracts, we assessed whether the Group recognised revenue in accordance with Australian Accounting Standards on a monthly or per home game basis, depending on the performance obligations under the contract.

Specifically, for individual revenue streams our procedures included the following:

Membership, Ticketing, Corporate Sales, Game Day, Sponsorships and Community Revenue

- ▶ For a sample of membership, ticketing, corporate sales, game day, sponsorships and community revenue related revenue contracts we evaluated individual contracts, including any variations to contracts, to determine whether the timing and value of revenue was appropriately recognised in the financial statements.
- ▶ We assessed revenue received but not earned to determine whether unearned revenue balances were correctly calculated at period end.

National Rugby League Grant revenue

- ▶ We agreed the total approved grant revenue to correspondence the Group received from the National Rugby League, bank records and tested its allocation to earned revenue and unearned revenue.

We assessed the financial report disclosures for these revenue items relative to the requirements of Australian Accounting Standards.



Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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, 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.

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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 20 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Brisbane Broncos Limited for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.



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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.

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink that reads "Kellie McKenzie".

Kellie McKenzie
Partner
Brisbane
18 February 2021

ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. This information is current as at 4 February 2021.

(a) Distribution of equity securities

98,040,631 fully paid ordinary shares are held by 800 individual shareholders. All issued shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding in each class is as follows:

Size of holding	Ordinary Shareholders	Ordinary share option-holders
1 – 1,000	72	-
1,001 – 5,000	496	-
5,001 – 10,000	111	-
10,001 – 100,000	102	-
100,001 – OVER	19	-
	<u>800</u>	<u>-</u>
Holding less than a marketable parcel	<u>83</u>	<u>-</u>

(b) Substantial shareholders

Ordinary Shareholders	Fully Paid Shares	Percentage
Nationwide News Pty Ltd	67,521,089	68.87%
BGM Projects Pty Ltd	<u>21,620,972</u>	<u>22.05%</u>
	<u>89,142,061</u>	<u>90.92%</u>

ASX Additional Information (continued)

(c) Twenty largest holders of quoted equity securities

Ordinary Shareholders	Number of Ordinary Shares	Percentage Held
Nationwide News Pty Ltd	67,521,089	68.87
BGM Projects Pty Ltd	21,620,972	22.05
AEG Ogden Pty Ltd	631,666	0.64
Meingrove Pty Ltd	545,626	0.56
Mr Jonathan James Hunter and Mrs Rebecca Mei Liang Hunter	475,000	0.48
Mr Sean Ryan and Mrs Julia Anne Ryan	388,464	0.40
Moonton Pty Ltd	304,151	0.31
A N Burnett Investments Pty Ltd	204,127	0.21
Mr Jonathan James Hunter	180,000	0.18
Mr Jeffrey Noel Hanan	171,331	0.17
Burnett & Ferguson Superannuation Pty Ltd	144,417	0.15
Mrs Anjelica Suzanne Walters	140,402	0.14
Mr Adrian Charles Vos	132,536	0.14
Mr D'Wayne Richard George Wigley and Mrs Lynne Wigley	124,203	0.13
Mr Anthony John Joseph and Mrs Nardia Maree Joseph	120,000	0.12
Mr Christopher Paul Arnold & Mrs Leanne Estelle Arnold	111,282	0.11
Ms Sandra Leigh Lettsome Enever	105,000	0.11
Ms Christine Gayel Lettsome Roney	105,000	0.11
Mr Raymond John Balkin	104,627	0.11
Bushfly Air Charter Pty Ltd	100,000	0.10
Mr John Terence Wood	100,000	0.10
	93,329,893	95.19%