GTN Limited
ABN 38 606 841 801
ASX Half-year information
31 December 2021

GTN Limited
Half-year ended 31 December 2021
(Previous corresponding period:
Half-year ended 31 December 2020)

Results for Announcement to the Market

				$ (,000's)
***Revenue** from ordinary activities*	*up*	*14.5%*	*to*	*81,021*
***Net profit** for the period attributable to members*	*up*	*629.7%*	*To*	*2,678*

Dividends/distributions	Amount per security	Franked amount per security
Final dividend – Year ended 30 June 2021	N/A	N/A
Interim FY2022 dividend	N/A	N/A

Net tangible assets / (liabilities) per security

	31 December 2021	**31 December 2020**
Net tangible assets/ (liabilities) per security (cents per share)	$0.42	$0.37

Directors' Report

The Directors of GTN Limited (the "Company") submit the following report for GTN Limited and its subsidiaries (the "Group") for the half-year ended 31 December 2021. In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

Directors

The following people were Directors of the Company for the entire half year ended 31 December 2021 and up to the date of this report:

- Peter Tonagh (Chairman)
- William Yde III (Managing Director)
- David Ryan
- Corinna Keller
- Robert Loewenthal

Principal Activities

The principal activity of the Group during the course of the financial half year was that of provider of an advertising platform to advertisers in Australia, United Kingdom, Canada and Brazil.

Review and Results of Operations

The Group reported revenue of $81.0 million for the six-month period ended 31 December 2021, an increase of 14.5% from $70.8 million for the same period in the prior year. Revenue increased in all markets except Canada, which decreased slightly (less than 1%). While revenue continues to be negatively impacted by the COVID-19 pandemic, revenue has increased significantly since its low point at the onset of the pandemic in all of the Group's markets.

Revenue		**31 December**	**31 December**	
		2021	**2020**	
		$'000	**$'000**	
Australia		37,948	30,592	24.0%
United Kingdom		24,080	22,463	7.2%
Canada		14,095	14,161	(0.5)%
Brazil		4,898	3,565	37.4%
Total		81,021	70,781	14.5%

Changes in foreign exchange rates had a positive impact on reported revenue from the United Kingdom and Canada and a negative impact on Brazil reported revenue.

Revenue: Local Currency		**31 December**	**31 December**	
		2021	**2020**	
		$'000	**$'000**	
Australia	AUD	37,948	30,592	24.0%

United Kingdom	GBP	12,926	12,432	4.0%
Canada	CAD	12,996	13,495	(3.7)%
Brazil	BRL	19,364	13,884	39.5%

EBITDA for the six months ended 31 December 2021 increased 96.1% to $6.1 million compared to $3.1 million for the six months ended 31 December 2020. Adjusted EBITDA, (as defined below) increased 42.8% to $10.2 million for the current period compared to $7.1 million for the prior half-year period. EBITDA and Adjusted EBITDA were positively impacted by the revenue increase for the period. Combined network operations and station compensation expenses, non-cash compensation and selling and general and administrative expenses ("operating expenses") increased 10.5% ($7.1 million). The increase in operating expenses included $2.3 million (4.9%) in station compensation, $2.1 million in sales costs (28.0%) and a $1.2 million (64.9%) reduction in Jobkeeper/Canada Emergency Wage Subsidy ("CEWS") benefits. Some of the factors impacting the increase in station compensation were an increase in expense to a key affiliate in Australia, additional variable expense in the United Kingdom related to the revenue increase as well as changes in foreign exchange rates in Canada and the UK. Sales costs increased both due to higher commissions and bonuses related to the revenue increase for the period as well as additional investments in staff and other sales costs designed to continue the positive revenue momentum the Group has experienced.

The Group recognised Jobkeeper and CEWS benefit of $0.7 million for the half-year period ending 31 December 2021 compared to a benefit of $1.9 million for the half-year period ending 31 December 2020. Jobkeeper and CEWS are reflected as a reduction in general and administrative expenses in the Group's consolidated statement of profit and loss and other comprehensive income. The Group received no similar benefits in its other jurisdictions (Brazil, United Kingdom and United States). Both programs have been discontinued and the Group does not expect to receive Jobkeeper or CEWS subsidies in 2H FY22.

EBITDA is earnings before interest, tax, depreciation, amortisation and intangible impairment charges. Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and tax charges, which are significantly affected by the capital structure and historical tax position of the Group. EBITDA can be useful to help understand the cash generation potential of the business because it does not include the non-cash charges for depreciation and amortisation. However, management believes that it should not be considered as an alternative to net free cash flow from operations and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the Group's results of operations. Adjusted EBITDA is EBITDA adjusted to include the non-cash interest income arising from the long-term prepaid Southern Cross Austereo Affiliate Contract and excluding transaction costs, foreign exchange gains and losses, gains on lease forgiveness and loss on refinancing. The Directors consider that Adjusted EBITDA is an appropriate measure of the Group's underlying EBITDA performance. Otherwise, the EBITDA would reflect significant non-cash station compensation charges without offsetting non-cash interest income arising from the treatment of the Southern Cross Austereo contract as a financing arrangement, one-off costs related to purchasing businesses and raising capital and the non-operating impact of the fluctuation in foreign exchange rates. See Note 8 for a reconciliation of EBITDA and Adjusted EBITDA to profit before taxes.

Cash Resources and Liquidity

The Group continues to maintain significant cash resources with $32.5 million of cash and cash equivalents at 31 December 2021 and net debt (debt less cash) of $7.3 million. Debt consists of a $37 million bank debt facility (fully drawn) and $2.8 million of leases that are considered debt under AASB 16. The Group's total gearing ratio ("TGR") was 0.43x net debt to trailing 12-month Adjusted EBITDA at 31 December 2021.

The Group repaid $13 million of its bank facility during the period and has repaid $23 million of the facility during the past 12 months. The Company anticipates that it will continue to reduce the amount of debt outstanding under the bank facility in the future but has not set a target level of debt repayment or debt outstanding. The repayment date of the bank facility is 30 September 2023 and there are no scheduled mandatory principal payments prior to that date.

Net cash used in operating activities for the period was $2.3 million. This was primarily due to a $6.9 million increase in accounts receivable from 30 June 2021 to 31 December 2021. The increase in accounts receivable relates to the higher revenue in 1H FY22 which increased $10.2 million compared to 1H FY21. We expect, should revenue continue to grow compared to previous periods in the future, that accounts receivable will continue to grow and act as a drag on net cash provided from operating activities.

COVID-19 impact

The ongoing COVID-19 pandemic continues to have a negative impact on the Group's revenue, which due to the fixed cost nature of the Company's business model has a large negative impact on all measurements of profitability, including NPAT, NPATA, EBITDA and Adjusted EBITDA. However, the Group's results have rebounded from the low point of the initial onset of the pandemic. For example, revenue for the half-year ended 31 December 2020 (the initial comparable period impacted by the pandemic), dropped $24.9 million (26%) compared to the previous year period, whereas revenue for the half-year period ended 31 December 2021 increased $10.2 million (14%), recapturing 41% of the initial decrease. Trailing 12-month revenue "bottomed out" in March 2021 at $125.7 million and has subsequently increased $27.8 million (30.4%) over the past nine months (April 2021 – December 2021).

While the Group's revenue and profitability performance has improved, we anticipate that the Group's results will continue to be highly dependent on the impact of the COVID-19 pandemic in the markets in which we operate, and any lockdown or other tightening of restrictions will have further negative impact on the Group's financial results.

Bank debt facility

In December 2020, the Group and its lender agreed to modify certain covenants and other terms of its debt facility. The purpose of these modifications was to allow the Group to remain in compliance with the terms of the debt facility given the ongoing impact of the COVID-19 pandemic on its financial results. As a condition of this relief, the Company agreed to restricted distributions (including the elimination of dividends and share buy-backs) and other "tightening" of the terms of the debt facility agreement for the period of the modification. The Group also agreed to an interest rate margin of 3.25% for the period of the modification. Previously the margin was based on the total gearing ratio with the margin set at 2.50% at a total gearing ratio of less than 2.00x increasing to a maximum of 3.25% at a total gearing ratio in excess of 2.25x. The lender's definition of EBITDA for purposes of the debt facility covenants differs from the EBITDA and Adjusted EBITDA definitions used herein. The lender lowered the margin to 2.50% effective 22 October 2021, the date the Group delivered its compliance certificate for first quarter fiscal 2022.

The Group was in compliance with the revised covenants throughout the period of the modification. The additional restrictions expired effective with the delivery of the Group's compliance certificate for the period ending 31 December 2021, which was delivered in February 2022. The Group expects to continue to be in compliance with its debt facility covenants in the future should the impact of the COVID-19 pandemic remain roughly comparable to what it has been for 1H FY22.

As previously discussed, the Company was prohibited from paying dividends (or repurchasing its shares) while the modifications to its debt facility were in place. After the expiration of the modifications to the debt facility, the restrictions on distributions reverted to the previous limit, which is 100% of NPATA.

Key operating metrics

The Group has continued to maintain its advertising inventory across all its operating regions. Consistent with the increased demand for its advertising inventory (as reflected in the increase in Group revenue for the period), sell-out and spot rate have generally increased in the operating regions with revenue growth for the half-year period ending 31 December 2021 compared to the half-year period ended 31 December 2020.

Key operating metrics by jurisdiction (local currency)

	Notes	1H FY22	1H FY21
Australia			
Radio spots inventory ('000s)	1	498	472
Radio sell-out rate (%)	2	53%	49%
Average radio spot rate (AUD)	3	132	121
Canada			
Radio spots inventory ('000s)	1	340	344
Radio sell-out rate (%)	2	50%	52%
Average radio spot rate (CAD)	3	71	71
United Kingdom			
Total radio impacts available ('000)	4	9,758	9,807
Radio sell-out rate (%)	5	100%	94%
Average radio net impact rate (GBP)	6	1.3	1.3
Brazil			
Radio spots inventory ('000s)	1	240	221
Radio sell-out rate (%)	2	44%	40%
Average radio spot rate (BRL)	3, 7	208	177

1. Available radio advertising spots (primarily adjacent to traffic, news and information reports).
2. The number of radio spots sold as a percentage of the number of radio spots available.
3. Average price per radio spot sold net of agency commission.
4. The UK market measures inventory and units sold based on impacts instead of spots. An impact is a thousand listener impressions.
5. The number of impressions sold as a percentage of the number of impressions available.
6. Average price per radio impact sold net of agency commission.
7. Not adjusted for taxes or advertising agency incentives that are deducted from net revenue.

Foreign exchange rates

A significant portion of the Group's revenue and expenses are in a currency other than Australia dollars ("AUD"). The actual annual exchange rates utilised in preparing the half-year consolidated statement of profit or loss and other comprehensive income are as follows:

	1H FY22	1H FY21
	Actual	**Actual**
AUD:USD	0.73	0.72
AUD:CAD	0.92	0.95

AUD:GBP	0.54	0.55
AUD:BRL	3.95	3.89

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and annual report. Amounts in the directors' report and annual report have been rounded off in accordance with that ASIC Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Distributions and Dividends

The Company did not declare a final dividend for FY 2021 or an interim dividend for 1H FY 2022 consistent with its strategy to conserve cash during the COVID-19 pandemic. The Company was prohibited from paying dividends (or repurchasing its shares) while the modifications to its debt facility were in place. After the expiration of the modifications to the debt facility, the restrictions on distributions reverted to the previous limit, which is 100% of NPATA.

Directors Holdings of Shares

The aggregate number of Company fully paid shares held directly, indirectly or beneficially by Directors of the Company at the date of this report and 30 June 2021 is as follows:

Director	**24 February 2022**	**30 June 2021**
William Yde III	2,803,408	2,803,408
David Ryan	150,000	150,000
Robert Loewenthal	98,293	98,293
Corinna Keller	130,450	130,450
Peter Tonagh	567,287	567,287
Total	3,749,438	3,749,438

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

This report is made in accordance with a resolution of directors.

Peter Tonagh
Chairman
GTN Limited
Sydney, Australia
24 February 2022

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Auditor's Independence Declaration

To the Directors of GTN Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of GTN Limited for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Coulton
Partner – Audit & Assurance

Sydney, 24 February 2022

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by GTN Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

GTN Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at Level 42, Northpoint, 100 Miller Street, North Sydney, NSW. Its shares are listed on the Australian Securities Exchange.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2021

	Notes	31 December 2021 $'000	31 December 2020 $'000
Revenue	3	81,021	70,781
Other income	3	1	86
Interest income on long-term prepaid affiliate contract	3	4,047	4,096
Gains on lease forgiveness	3	31	93
Network operations and station compensation expenses		(58,130)	(55,036)
Selling, general and administrative expenses		(16,343)	(12,225)
Equity based compensation expenses		(434)	(500)
Depreciation and amortisation		(5,297)	(5,516)
Finance costs		(802)	(925)
Foreign currency transaction gain (loss)		(30)	5
Profit before income tax		4,064	859
Income tax expense	5	(1,386)	(492)
Profit for the half year		**2,678**	**367**
Other comprehensive income (loss) for the half year, net of income tax:			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve		446	(1,745)
Total other comprehensive income (loss) for the half year		446	(1,745)
Total comprehensive income (loss) for the half year		3,124	(1,378)
		Cents	Cents
Earnings per share attributable to the ordinary equity holders:			
Basic earnings per share (cents)		1.2	0.2
Diluted earnings per share (cents)		1.2	0.2

Total profit for the year and other comprehensive income are fully attributable to members of the Group

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	31 December 2021 $'000	30 June 2021 $'000
Assets			
Current			
Cash and cash equivalents		32,487	49,376
Trade and other receivables		37,902	31,003
Current tax asset		7,493	4,894
Other current assets		5,539	2,702
Current assets		83,421	87,975
Non-current			
Property, plant and equipment	7	7,391	7,721
Intangible assets	6	36,446	39,525
Goodwill	6	96,571	96,616
Deferred tax assets		4,873	4,857
Other assets		93,077	93,736
Non-current assets		238,358	242,455
Total assets		321,779	330,430
Liabilities			
Current			
Trade and other payables		33,837	32,988
Contract liabilities		622	1,000
Current tax liabilities		204	149
Financial liabilities		1,309	1,286
Provisions		1,013	987
Current liabilities		36,985	36,410
Non-current			
Trade and other payables		71	69
Financial liabilities		38,376	51,689
Deferred tax liabilities		21,834	21,309
Provisions		405	403
Non-current liabilities		60,686	73,470
Total liabilities		97,671	109,880
Net assets		224,108	220,550
Equity			
Share capital		437,508	437,508
Reserves		10,877	9,997
Accumulated losses		(224,277)	(226,955)
Total equity		224,108	220,550

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

	Notes	Issued Capital $'000	Common Control Reserve $'000	Foreign Currency Translation Reserve $'000	Equity Based Payments Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2020		**437,508**	**(24,655)**	**28,781**	**4,338**	**(226,866)**	**219,106**
Total comprehensive income:							
Net profit		-	-	-	-	367	367
Other comprehensive loss		-	-	(1,745)	-	-	(1,745)
		-	-	(1,745)	-	367	(1,378)
Transactions with owners in their capacity as owners:							
Equity based compensation		-	-	-	500	-	500
Repurchase and retire stock options		-	-	-	(260)	-	(260)
		-	-	-	240	-	240
Balance at 31 December 2020		**437,508**	**(24,655)**	**27,036**	**4,578**	**(226,499)**	**217,968**
Balance at 1 July 2021		**437,508**	**(24,655)**	**29,642**	**5,010**	**(226,955)**	**220,550**
Total comprehensive income:							
Net profit		-	-	-	-	2,678	2,678
Other comprehensive income		-	-	446	-	-	446
		-	-	446	-	2,678	3,124
Transactions with owners in their capacity as owners:							
Equity based compensation		-	-	-	434	-	434
		-	-	-	434	-	434
Balance at 31 December 2021		**437,508**	**(24,655)**	**30,088**	**5,444**	**(224,277)**	**224,108**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2021

	Notes	31 December 2021 $'000	31 December 2020 $'000
Operating activities			
Receipts from customers		84,034	66,702
Payments to suppliers and employees		(82,058)	(71,770)
Interest received		1	86
Finance costs		(764)	(897)
Income tax paid		(3,526)	(1,142)
Net cash used in operating activities		**(2,313)**	**(7,021)**
Investing activities			
Purchase of property, plant and equipment		(1,402)	(545)
Net cash used in investing activities		**(1,402)**	**(545)**
Financing activities			
Debt repayment		(13,000)	-
Principal element of lease payments		(752)	(824)
Deferred financing costs		-	(18)
Stock options repurchased		-	(260)
Net cash used in financing activities		**(13,752)**	**(1,102)**
Net change in cash and cash equivalents		(17,467)	(8,668)
Cash and cash equivalents, beginning of year		49,376	57,040
Exchange differences on cash and cash equivalents		578	155
Cash and cash equivalents, end of half year		**32,487**	**48,527**
Property acquired under leases		**518**	**280**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1 Basis of preparation of half year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by GTN Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new and amended standards as set out below:

2 Changes in accounting policies

2.1 New and revised standards that are effective for these financial statements

Standards adopted during the period

The Group has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group. As such, no significant changes are required to the Group's current accounting policies from those disclosed in the financial report for the year ended 30 June 2021.

2.2 Accounting Standards issued but not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published, but are not yet effective, and have not been adopted early by the Group. Management anticipates that all the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. None of these new standards and interpretations are expected to have a material impact on the Group's financial statements.

3 Revenue

	31 December 2021 $'000	31 December 2020 $'000
Sales revenue		
Sale of advertising commercials – net of agency commissions	81,021	70,781
	81,021	**70,781**
Other income		
Interest on cash balances	1	6
Interest from tax refund	-	80

	1	**86**
Interest income on long-term prepaid affiliate contract	**4,047**	**4,096**
Gains on lease forgiveness	**31**	**93**

4 Expenses

	31 December 2021 $'000	31 December 2020 $'000
Profit before income tax includes the following specific expenses:		
Defined contribution superannuation expenses	538	425
Amortisation and depreciation	5,297	5,516
Finance costs of bank loan and leases	802	925
Rental expenses relating to leases	314	216
Foreign exchange losses/(gains)	30	(5)

5 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the statutory tax rate at 30% (2020: 30%) and the reported tax expense in profit or loss are as follows:

	31 December 2021 $'000	31 December 2020 $'000
Profit before tax	4,064	859
Tax rate: 30%	1,219	258
Taxes on foreign earnings	(142)	(28)
Tax effect of permanent differences	218	191
Unrecognised tax losses	34	145
State taxes	-	1
Under provision for income taxes in prior years	12	-
Impact of tax rate changes	(19)	-
Other	64	(75)
Income tax expense	**1,386**	**492**

	31 December 2021 $'000	31 December 2020 $'000
Expense		
Current	877	(296)
Deferred	509	788
Income tax expense	**1,386**	**492**

The recognition of deferred tax assets is limited to the extent that the Group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

The Group has an unrecognised net deferred tax asset of $18,965 thousand (30 June 2021: $18,360 thousand) in relation to the tax losses as management does not anticipate the Group will make sufficient taxable profits in the foreseeable future to utilise this asset in those jurisdictions.

6 Intangible assets

Detail of the Group's intangible assets and their carrying amounts are as follows:

	Goodwill $'000	Trade names $'000	Station contracts $'000	Advertising contracts $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2021	96,616	12,563	88,814	65,858	167,235
Net exchange differences	(45)	33	235	175	443
Balance at 31 December 2021	**96,571**	**12,596**	**89,049**	**66,033**	**167,678**
Amortisation					
Balance at 1 July 2021	-	-	(61,852)	(65,858)	(127,710)
Amortisation	-	-	(3,179)	-	(3,179)
Net exchange differences	-	-	(168)	(175)	(343)
Balance at 31 December 2021	-	-	(65,199)	(66,033)	(131,232)
Carrying amount 31 December 2021	**96,571**	**12,596**	**23,850**	**-**	**36,446**

The Group expects to either renew or replace its advertiser contracts and renew its station contracts beyond their expected life. Amortisation expense for the half-years ended 31 December 2021 and 31 December 2020 was $3,179 thousand and $3,154 thousand, respectively.

Due to the long term and indefinite nature of goodwill and trade names, amortisation expense is not reflected and the Group annually reviews goodwill and trade names for impairment or more frequently should there be indicators of possible impairment.

Management is not currently aware of any other reasonably possible changes in key assumptions that would result in an impairment.

7 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Helicopters and fixed wing aircraft $'000	Recording, broadcasting and studio equipment $'000	Furniture, equipment and other $'000	Right of use assets – real property $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2021	27,521	987	3,063	6,602	38,173
Additions during period	1,217	5	180	518	1,920
Disposals	-	-	-	(654)	(654)
Net exchange differences	(124)	(9)	(58)	(55)	(246)
Balance at 31 December 2021	28,614	983	3,185	6,411	39,193
Depreciation and impairment					
Balance at 1 July 2021	(23,533)	(873)	(2,419)	(3,627)	(30,452)
Disposals	-	-	-	579	579
Net exchange differences	97	5	48	39	189
Depreciation	(1,175)	(27)	(172)	(744)	(2,118)
Balance at 31 December 2021	(24,611)	(895)	(2,543)	(3,753)	(31,802)
Carrying amount 31 December 2021	**4,003**	**88**	**642**	**2,658**	**7,391**

Right of use assets consist of leases of premises.

8 Segment information

The Group's management analyses the Group's performance by geographic area and has identified four reportable segments: Australia, Brazil, Canada and United Kingdom.

The segments' revenues are as follows:

	31 December 2021	31 December 2020
	$'000	$'000
Australia	37,948	30,592
United Kingdom	24,080	22,463
Canada	14,095	14,161
Brazil	4,898	3,565
	81,021	**70,781**

Management tracks performance primarily by Adjusted EBITDA which is defined as EBITDA adjusted for any foreign exchange profit or loss, interest income on the long-term prepaid affiliate agreement, gains on lease forgiveness, losses on refinancings, transaction costs and other unusual non-recurring items.

	31 December 2021	31 December 2020
	$'000	$'000
Adjusted EBITDA by Segments		
Australia	8,553	5,122
United Kingdom	2,049	1,762
Canada	1,398	2,221
Brazil	389	17
Other	(2,228)	(2,006)
Adjusted EBITDA	**10,161**	**7,116**
Foreign exchange (loss) gain	(30)	5
Gains on lease forgiveness	31	93
Less: Interest income on long-term prepaid affiliate contract	(4,047)	(4,096)
EBITDA	6,115	3,118
Depreciation and amortisation	(5,297)	(5,516)
Interest income on long-term prepaid affiliate contract	4,047	4,096
Financing costs net of interest income	(801)	(839)
Profit before income tax	4,064	859
Income tax expense	(1,386)	(492)
Profit	2,678	367

Segment assets and liabilities are classified by their physical location.

	31 December 2021	31 December 2020
	$'000	$'000
Segment assets		
Total Assets:		
Australia	238,742	250,926

UK	43,237	40,565
Canada	27,056	28,874
Brazil	3,705	3,920
Total segment assets	**312,740**	**324,285**
Unallocated:		
Deferred tax assets	4,873	3,854
Others	4,166	9,761
Total assets	**321,779**	**337,900**
Segment liabilities		
Total liabilities:		
Australia	79,883	76,826
UK	7,087	7,966
Canada	4,064	4,163
Brazil	1,856	1,725
Total segment liabilities	**92,890**	**90,680**
Unallocated:		
Deferred tax liabilities	21,834	20,717
Borrowings	39,685	63,626
Intercompany eliminations	(66,768)	(63,346)
Others	10,030	8,255
Total liabilities	**97,671**	**119,932**

9 COVID-19 pandemic impact

On 11 March 2020, the World Health Organisation declared COVID-19 as a pandemic. As at the date of the financial report the pandemic is ongoing. The outbreak and the response of governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the Group's business.

During 1H fiscal 2022 revenue increased 14% compared to fiscal 2021 which was a significant improvement. The Group was able to achieve positive EBITDA, Adjusted EBITDA, NPAT and NPATA for 1H fiscal 2022. However, the Group's revenue and profitability continue to be significantly impacted by the COVID-19 pandemic, especially lockdowns and other government actions designed to deal with flare-ups of the virus and the related reduction in business activity during such periods. While the Group does not anticipate that such activities will have as large an impact as when the COVID-19 pandemic commenced, it is not possible to assure that this will not be so in the future. The Group's business continues to be a primarily fixed cost model, so revenue decreases will likely have significant negative impact on profitability.

Because of this, the Group has focused on reducing debt and conserving cash in order to be able to "ride out" the COVID-19 pandemic and at 31 December 2021 the Group had cash and cash equivalents of $32.5 million and net debt (debt less cash and cash equivalents) of $7.3 million. Part of this strategy included temporarily modifying the financial covenants of the Group's existing bank debt facility to attempt to ensure the Group remained in compliance with the debt facility. The Group was in compliance with its debt facility covenants during the period of the modifications, which ended with the delivery of the 31 December 2021 compliance certificate in February 2022.

However, there can be no assurances that there will not be a covenant default in the future and should there be a covenant default that the bank facility will not be terminated early, and the loan be required to be repaid prior to 30 September 2023. In such a scenario, it may be difficult to find a suitable replacement lender on terms that the Group finds acceptable, or even at all and the Company may be unable to raise sufficient additional equity or sell enough Group assets to satisfy its outstanding debt obligations.

Based on the factors noted above, the Directors have determined that the financial report should be prepared on a going concern basis. Whilst the estimated potential impact of COVID-19 on the future operations of the Group has been taken into account in preparing the financial statements, the scale and duration of the pandemic and impact on the Group's operations remain inherently uncertain.

10 Events subsequent to the reporting period

Other than the matters referred to above, no matters or circumstances have arisen since the end of the financial half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' declaration

In the directors' opinion:

1. The financial statements and notes set out on pages 11 to 19 are in accordance with the *Corporations Act* 2001, including:

   (a) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date and

2. There are reasonable grounds to believe that GTN Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Peter Tonagh
Chairman
GTN Limited
Sydney, Australia

Dated 24th day of February 2022

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Independent Auditor's Review Report

To the Members of GTN Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of GTN Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of GTN Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Coulton
Partner – Audit & Assurance

Sydney, 24 February 2022