GTN Limited
ABN 38 606 841 801
ASX Half-year information
31 December 2020

GTN Limited
Half-year ended 31 December 2020
(Previous corresponding period:
Half-year ended 31 December 2019)

Results for Announcement to the Market

				$ (,000's)
Revenue *from ordinary activities*	*down*	*26.0%*	*to*	*70,781*
Net profit *for the period attributable to members*	*down*	*95.2%*	*To*	*367*

Dividends/distributions	Amount per security	Franked amount per security
Final dividend – Year ended 30 June 2020	N/A	N/A
Interim FY2021 dividend	N/A	N/A

Net tangible assets / (liabilities) per security

	31 December 2020	**31 December 2019**
Net tangible assets/ (liabilities) per security (cents per share)	$0.37	$0.41

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 2020. 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 2020 (except as noted) and up to the date of this report:

- Robert Loewenthal (Chairman until 27 January 2021)
- William Yde III (Managing Director)
- David Ryan
- Corinna Keller
- Peter Tonagh (appointed 1 September 2020)(appointed Chairman 27 January 2021)

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 $70.8 million for the six-month period ended 31 December 2020, a decrease of 26.0% from $95.7 million for the same period in the prior year. Revenue continued to be negatively impacted by the COVID-19 pandemic. Revenue in Australia was especially impacted as the Melbourne market was in lockdown for the majority of the half-year period. The Melbourne lockdown ended 28 October 2020 and Australia had its best revenue performance of the half-year period (when measured against the previous year month) in December 2020.

Revenue		31 December 2020 $'000	31 December 2019 $'000	
Australia		30,592	46,769	(34.6)%
United Kingdom		22,463	23,339	(3.8)%
Canada		14,161	16,731	(15.4)%
Brazil		3,565	8,835	(59.6)%
Total		70,781	95,674	(26.0)%

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

Revenue: Local Currency		31 December	31 December	
		2020	2019	
		$'000	$'000	
Australia	AUD	30,592	46,769	(34.6)%
United Kingdom	GBP	12,432	12,682	(2.0)%
Canada	CAD	13,495	15,123	(10.8)%
Brazil	BRL	13,884	24,442	(43.2)%

EBITDA for the six months ended 31 December 2020 decreased 77.4% to $3.1 million compared to $13.8 million for the six months ended 31 December 2019. Adjusted EBITDA, which is defined as EBITDA adding back the non-cash interest income related to the long-term prepaid affiliation agreement with Southern Cross Austereo which is treated as a financing transaction, foreign exchange gains or losses, gains on lease forgiveness, losses on refinancing and transaction costs decreased 60.4% to $7.1 million for the current period compared to $18.0 million for the prior half-year period. EBITDA and Adjusted EBITDA were negatively impacted by the revenue decrease as combined network operations and station compensation expenses, non-cash compensation and selling and general and administrative expenses decreased 17.2% ($14.1 million). The decrease in expenses was due to targeted expense reductions (including the termination of the Nine Radio station affiliation agreements), Jobkeeper/Canada Emergency Wage Subsidy ("CEWS") benefits and lower variable costs (primarily sales commissions and bonuses) due to the reduced revenue for the period.

The Group recognized Jobkeeper and CEWS benefit of $1.9 million for the half-year period ending 31 December 2020, which is 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). Due to levels of revenue attained, the Group does not expect to receive material Jobkeeper subsidies in 2H FY21, if any.

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 $48.5 million of cash and cash equivalents at 31 December 2020 and net debt (debt less cash) of $15.3 million. Debt consists of a $60 million bank debt facility (fully drawn) and $3.8 million of leases that are considered debt under AASB 16.

Net cash used in operating activities for the period was $7.0 million. This was primarily due to a $12.8 million increase in accounts receivable from 30 June 2020 to 31 December 2020. Accounts receivable increased due to the higher revenue in 1H FY21 compared to 4Q FY20. The impact was magnified because 2Q FY21 revenue (which constitutes a substantial majority of accounts receivable at 31 December 2020) was $20.7 million higher than that of 4Q FY20 (which constituted a substantial majority of the accounts receivable at 30 June 2020). 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. The impact has varied across the Group's operating regions. United Kingdom and Canada recovered the most, with decreases in revenue in local currency of 2% and 11% respectively. Both of these markets had months where revenue was larger than the corresponding month in the previous year and Canada actually generated more EBITDA in 1H FY21 than in 1H FY20. Australia lagged behind both United Kingdom and Canada. We attribute this to the lockdown in Melbourne (which ended 28 October 2020) as revenue was much stronger in December 2020 than it had been for the previous five months. While certain advertising categories (such as travel) have remained significantly down, the Group's business has proven to be fairly resilient absent lockdowns in the markets in which we operate. Unfortunately, both the United Kingdom and Canada have recently instituted lockdowns of varying degrees and we anticipate this will have a negative impact on revenue from these markets until activities return to a more normal state. Brazil revenue, while down significantly in local currency, has appreciably improved over the course of the half-year period when compared to the previous year. We attribute the lower overall half-year performance to the fact that Brazil had the sharpest negative impact from the COVID-19 pandemic in 4Q FY20 (down 94% in 4Q FY20 v. 4Q FY19). Brazil has also recently enacted restrictions related to the country's attempt to combat the impact of COVID-19. We anticipate that the Group's results will continue 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. Consistent with these restrictions, the Board has terminated the share buy-back and the Company has filed an Appendix 3F (*Final share buy-back notice)* effective 25 February. The Group has 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 Group is currently in compliance with the revised covenants by a wide margin and expects to continue to be in compliance in the future should the impact of the COVID-19 pandemic remain roughly comparable to what it has been for 1H FY21. For example, the Group generated more EBITDA in 2Q FY21 than is required to remain in compliance for the nine-month period from 1 October 1 2020 to 30 June 2021. However, if the Group has negative EBITDA in 2H FY21, it is possible that the Group would no longer be in compliance despite the EBITDA "overage" for the period ending 31 December 2020. The lender's definition of EBITDA for purposes of the debt facility covenants differs from the EBITDA and Adjusted EBITDA definitions used herein.

Key operating metrics

Radio sell-out and spot rate were generally negatively impacted by the lower advertising demand related to the impact of the COVID-19 pandemic. Australia radio spots inventory was lower than the previous year period primarily due to the termination of the Nine Radio group affiliation agreement in July 2020. The termination of Nine Radio resulted in a considerable savings to the Group.

Key operating metrics by jurisdiction (local currency)

	Notes	1H FY21	1H FY20
Australia			
Radio spots inventory ('000s)	1	472	540
Radio sell-out rate (%)	2	49%	62%
Average radio spot rate (AUD)	3	121	135
Canada			
Radio spots inventory ('000s)	1	344	342
Radio sell-out rate (%)	2	52%	61%
Average radio spot rate (CAD)	3	71	68
United Kingdom			
Total radio impacts available ('000)	4	9,807	9,806
Radio sell-out rate (%)	5	94%	99%
Average radio net impact rate (GBP)	6	1.3	1.3
Brazil			
Radio spots inventory ('000s)	1	221	209
Radio sell-out rate (%)	2	40%	60%

Average radio spot rate (BRL)	3, 7	177	224

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 utilized in preparing the half-year consolidated statement of profit or loss and other comprehensive income are as follows:

	1H FY21 Actual	**1H FY20 Actual**
AUD:USD	0.72	0.68
AUD:CAD	0.95	0.90
AUD:GBP	0.55	0.54
AUD:BRL	3.89	2.77

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 2020 or an interim dividend for 1H FY 2021 consistent with its strategy to conserve cash during the COVID-19 pandemic. As previously discussed, the Company is prohibited from paying dividends (or repurchasing its shares) while the modifications to its debt facility are in place. Consistent with these restrictions, the Board has terminated the share buy-back and the Company has filed an Appendix 3F (*Final share buy-back notice)* effective 25 February.

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 2020 is as follows:

Director	**25 February 2021**	**30 June 2020**
William Yde III	2,803,408	3,603,408

David Ryan	150,000	75,475
Robert Loewenthal	98,293	98,293
Corinna Keller	87,600	58,100
Peter Tonagh	567,287	N/A*
Total	3,706,588	3,835,276

*Joined Board of Directors 1 September 2020. Owned 422,519 shares at the time he joined the board as well as at 30 June 2020.

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 9.

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

Peter Tonagh
Chairman
GTN Limited
Sydney, Australia
25 February 2021

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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 2020, 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, 25 February 2021

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 2020 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 2020

	Notes	31 December 2020 $'000	31 December 2019 $'000
Revenue	3	70,781	95,674
Other income	3	86	137
Interest income on long-term prepaid affiliate contract	3	4,096	4,139
Gains on lease forgiveness	3	93	-
Network operations and station compensation expenses		(55,036)	(61,028)
Selling, general and administrative expenses		(12,225)	(20,516)
Equity based compensation expenses		(500)	(319)
Depreciation and amortisation		(5,516)	(5,860)
Finance costs		(925)	(1,569)
Foreign currency transaction gain		5	4
Profit before income tax		859	10,662
Income tax expense	5	(492)	(3,051)
Profit for the half year		**367**	**7,611**
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		(1,745)	1,405
Total other comprehensive income (loss) for the half year		(1,745)	1,405
Total comprehensive income (loss) for the half year		(1,378)	9,016
		Cents	Cents
Earnings per share attributable to the ordinary equity holders:			
Basic and diluted earnings per share (cents)		0.2	3.4

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 2020

	Notes	31 December 2020 $'000	30 June 2020 $'000
Assets			
Current			
Cash and cash equivalents		48,527	57,040
Trade and other receivables		32,688	19,910
Current tax asset		6,588	6,700
Other current assets		5,303	2,856
Current assets		93,106	86,506
Non-current			
Property, plant and equipment	7	7,988	9,858
Intangible assets	6	42,247	45,686
Goodwill	6	96,325	95,998
Deferred tax assets		3,854	4,269
Other assets		94,380	94,988
Non-current assets		244,794	250,799
Total assets		337,900	337,305
Liabilities			
Current			
Trade and other payables		33,165	30,874
Deferred revenue		707	1,266
Current tax liabilities		205	-
Financial liabilities		1,366	1,525
Provisions		1,037	932
Current liabilities		36,480	34,597
Non-current			
Trade and other payables		66	74
Financial liabilities		62,260	62,768
Deferred tax liabilities		20,717	20,344
Provisions		409	416
Non-current liabilities		83,452	83,602
Total liabilities		119,932	118,199
Net assets		217,968	219,106
Equity			
Share capital		437,508	437,508
Reserves		6,959	8,464
Accumulated losses		(226,499)	(226,866)
Total equity		217,968	219,106

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 2019		**444,041**	**(24,655)**	**30,390**	**3,483**	**(217,003)**	**236,256**
Total comprehensive income:							
Net profit		-	-	-	-	7,611	7,611
Other comprehensive income		-	-	1,405	-	-	1,405
		-	-	1,405	-	7,611	9,016
Transactions with owners in their capacity as owners:							
Equity based compensation		-	-	-	319	-	319
Shares repurchased and retired		(674)	-	-	-	-	(674)
Dividends		-	-	-	-	(7,167)	(7,167)
		(674)	-	-	319	(7,167)	(7,522)
Balance at 31 December 2019		**443,367**	**(24,655)**	**31,795**	**3,802**	**(216,559)**	**237,750**
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**

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 2020

	Notes	31 December 2020 $'000	31 December 2019 $'000
Operating activities			
Receipts from customers		66,702	106,041
Payments to suppliers and employees		(71,770)	(91,553)
Interest received		86	137
Finance costs		(897)	(1,244)
Income tax paid		(1,142)	(3,949)
Net cash from/(used) in operating activities		**(7,021)**	**9,432**
Investing activities			
Purchase of property, plant and equipment		(545)	(1,731)
Net cash used in investing activities		**(545)**	**(1,731)**
Financing activities			
Principal element of lease payments		(824)	(804)
Deferred financing costs		(18)	-
Shares repurchased		-	(674)
Stock options repurchased		(260)	-
Dividends		-	(7,167)
Net cash used in financing activities		**(1,102)**	**(8,645)**
Net change in cash and cash equivalents		(8,668)	(944)
Cash and cash equivalents, beginning of year		57,040	50,728
Exchange differences on cash and cash equivalents		155	921
Cash and cash equivalents, end of half year		**48,527**	**50,705**
Property acquired under leases		**280**	**2,030**

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 2020 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 2020 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 2020.

The following Accounting Standards and Interpretations are most relevant to the Group:

Amendment to AASB 16 Leases Covid-19-Related Rent Concessions ("AASB 2020-4")

AASB 2020-4 allows, as a practical expedient, a lessee to elect not to assess whether a rent concession that meets the conditions in paragraph 46B of AASB 16 is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification. The practical expedient in paragraph 46A of AASB 16 applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:
(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
(c) there is no substantive change to other terms and conditions of the lease.

AASB 2020-4 is effective for annual periods beginning on or after 1 June 2020 and early adoption is permitted. The Group applied the practical expedient of AASB 2020-4 to all its qualifying leases. The Group recognized $93 thousand of pre-tax income from the adoption of AASB 2020-4 which in included in the consolidated statement of profit and loss and other comprehensive income as gains on lease forgiveness.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 2020 $'000	31 December 2019 $'000
Sales revenue		
Sale of advertising commercials – net of agency commissions	70,781	95,674
	70,781	**95,674**
Other income		
Interest on cash balances	6	137
Interest from tax refund	80	-
	86	**137**
Interest income on long-term prepaid affiliate contract	**4,096**	**4,139**
Gains on lease forgiveness	**93**	**-**

4 Expenses

	31 December 2020 $'000	31 December 2019 $'000
Profit before income tax includes the following specific expenses:		
Defined contribution superannuation expenses	425	543
Amortisation and depreciation	5,516	5,860
Finance costs of bank loan and leases	925	1,569
Rental expenses relating to leases	216	317
Foreign exchange losses/(gains)	(5)	(4)

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% (2019: 30%) and the reported tax expense in profit or loss are as follows:

	31 December 2020 $'000	31 December 2019 $'000
Profit before tax	859	10,662
Tax rate: 30%	258	3,199
Taxes on foreign earnings	(28)	(100)
Tax effect of permanent differences	191	194
(Recognition of previously unrecognized tax losses)/unrecognized tax losses	145	(219)
State taxes	1	3
Other	(75)	(26)
Income tax expense	**492**	**3,051**

	31 December 2020 $'000	31 December 2019 $'000
Expense		
Current	(296)	2,266
Deferred	788	785
Income tax expense	**492**	**3,051**

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 $17,593 thousand (30 June 2020: $20,748 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 2020	95,998	12,513	88,461	65,599	166,573
Net exchange differences	327	(81)	(586)	(429)	(1,096)
Balance at 31 December 2020	**96,325**	**12,432**	**87,875**	**65,170**	**165,477**
Amortisation					
Balance at 1 July 2020	-	-	(55,288)	(65,599)	(120,887)
Amortisation	-	-	(3,154)	-	(3,154)
Net exchange differences	-	-	382	429	811
Balance at 31 December 2020	-	-	(58,060)	(65,170)	(123,230)
Carrying amount 31 December 2020	**96,325**	**12,432**	**29,815**	**-**	**42,247**

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 2020 and 31 December 2019 was $3,154 thousand and $3,182 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	Recording, broadcasting and studio equipment	Furniture, equipment and other	Right of use assets – real property	Total
	$'000	$'000	$'000	$'000	$'000
Gross carrying amount					
Balance 1 July 2020	25,413	981	2,793	6,442	35,629
Additions during period	506	3	36	280	825
Disposals	-	-	-	(165)	(165)
Net exchange differences	(842)	(21)	(103)	(139)	(1,105)
Balance 31 December 2020	25,077	963	2,726	6,418	35,184
Depreciation and impairment					
Balance 1 July 2020	(20,762)	(814)	(2,028)	(2,167)	(25,771)
Disposals	-	-	-	94	94
Net exchange differences	680	15	83	65	843
Depreciation	(1,361)	(28)	(181)	(792)	(2,362)
Balance 31 December 2020	(21,443)	(827)	(2,126)	(2,800)	(27,196)
Carrying amount 31 December 2020	**3,634**	**136**	**600**	**3,618**	**7,988**

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 2020	31 December 2019
	$'000	$'000
Australia	30,592	46,769
United Kingdom	22,463	23,339
Canada	14,161	16,731
Brazil	3,565	8,835
	70,781	**95,674**

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, transaction costs and other unusual non-recurring items.

	31 December 2020	31 December 2019
	$'000	$'000
Adjusted EBITDA by Segments		
Australia	5,122	14,415
United Kingdom	1,762	2,015
Canada	2,221	1,822
Brazil	17	1,845
Other	(2,006)	(2,147)
Adjusted EBITDA	**7,116**	**17,950**
Foreign exchange gain	5	4
Gains on lease forgiveness	93	-
Less: Interest income on long-term prepaid affiliate contract	(4,096)	(4,139)
EBITDA	3,118	13,815
Depreciation and amortization	(5,516)	(5,860)
Interest income on long-term prepaid affiliate contract	4,096	4,139
Financing costs net of interest income	(839)	(1,432)
Profit before income tax	859	10,662
Income tax expense	(492)	(3,051)
Profit	367	7,611

Segment assets and liabilities are classified by their physical location.

	31 December 2020	31 December 2019
	$'000	$'000
Segment assets		
Total Assets:		
Australia	250,926	258,859
UK	40,565	41,024
Canada	28,874	34,773
Brazil	3,920	8,034
Total segment assets	**324,285**	**342,690**
Unallocated:		
Deferred tax assets	3,854	2,869
Other	9,761	10,432
Total assets	**337,900**	**355,991**
Segment liabilities		
Total liabilities:		
Australia	76,826	80,510
UK	7,966	7,016
Canada	4,163	4,116
Brazil	1,725	2,840
Total segment liabilities	**90,680**	**94,482**
Unallocated:		
Deferred tax liabilities	20,717	19,675
Borrowings	63,626	63,999
Intercompany eliminations	(63,346)	(67,563)
Others	8,255	7,648
Total liabilities	**119,932**	**118,241**

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.

The COVID-19 pandemic has had a material negative impact on the Group's business in all of its operating regions, including a decrease in Group revenue of 57% in fourth fiscal quarter 2020. Group revenue for the first six months of the current fiscal year has improved compared to the fourth fiscal quarter of 2020 decreasing 26% compared to the previous fiscal year. Due to the fixed cost nature of the Group's business, the impact on profitability is generally greater on a percentage basis than the reduction in revenue. The largest fixed cost for the Group is station compensation, which is payments to radio and television stations to provide the commercial spot inventory which is virtually the Group's sole source of revenue.

Because of this, the Group has focused on conserving cash in order to be able to "ride out" the COVID-19 pandemic and at 31 December 2020 the Group had cash and cash equivalents of $48.5 million. Part of this strategy has included modifying the financial covenants of the Group's existing bank debt facility to attempt to ensure the Group will remain in compliance with the facility.

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 would be extremely 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 20 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 2020 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 25th day of February 2021

Grant Thornton

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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 2020 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 2020 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 2020 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, 25 February 2021